

July 2, 2018

***VIA ELECTRONIC FILING***

Public Utility Commission of Oregon  
201 High Street, SE, Suite 100  
Salem, OR 97301-3398

Attn: Filing Center

**RE: UM 1824 – PacifiCorp’s Response to Staff’s Status Report on the Staff Investigation into PacifiCorp’s Oregon Specific Cost Allocation Issues.**

**I. INTRODUCTION**

PacifiCorp d/b/a Pacific Power appreciates the time and effort that Public Utility Commission of Oregon (Commission) Staff and the other parties have placed into this investigation and supports Commission Staff’s recommendation to take no action at this time and have this docket remain uncontested. This docket has provided opportunities for other parties to explore alternative allocation methodologies, and discuss how allocation methodologies affect Oregon in a reasonable and productive manner. Therefore, PacifiCorp supports continuing this process in support of those collaborative opportunities.

PacifiCorp remains committed to this uncontested process and supporting Staff’s analysis of the proposal produced in the Multi-State Process (MSP) and alternate proposals. However, PacifiCorp does have some clarifications to Staff’s Status Report filed June 28, 2018, that are outlined below.

**II. CLARIFICATIONS TO STAFF’S STATUS REPORT**

**A. The History of PacifiCorp’s Inter-Jurisdictional Cost Allocation Methods**

Staff’s update provides a short overview of what is a long history of inter-jurisdictional cost allocation methodologies and multi-state negotiations.<sup>1</sup> Staff’s overview is concise, simple, and provides a strong basis for understanding what has been a long and complex process that has taken place over nearly three decades. However, it is important to view any inter-jurisdictional allocation methodology through the standards that have been established by the Commission. Since 2002, the Commission has been consistent that inter-jurisdictional allocation methodologies must meet the following three goals: “(1) allow PacifiCorp an opportunity to recover its prudently incurred costs; (2) ensure that Oregon’s share of costs is equitable; and, (3)

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<sup>1</sup> Staff’s Status Report at 1-5 (June 12, 2018).

meet the public interest standard.”<sup>2</sup> These goals remain a critical component of analysis of any inter-jurisdictional methodology.

## **B. The Current Status of MSP Discussions**

For the past two months, PacifiCorp has been meeting individually with the stakeholders in the MSP process in order to better understand their views and concerns with PacifiCorp’s Coal Life Evaluation, Allocation and Realignment (CLEAR) Proposal for inter-jurisdictional cost allocation. The CLEAR Proposal aims to address diverging state energy and carbon policy goals through, among other things, the realignment of coal units to individual states, a subscription process for new resources, and nodal pricing for net power costs. This process is occurring after over a year of productive meetings with the MSP Broad Review Working Group, during which PacifiCorp has refined the CLEAR Proposal and produced presentations that have quantified the revenue requirement impacts for the major elements of the proposal. PacifiCorp will continue to meet with stakeholders between now and the next MSP Broad Review Working Group meeting in August.

In their Status Report, Staff raised concerns about Utah’s “insistence that an MSP agreement be consistent with rolled-in.”<sup>3</sup> PacifiCorp acknowledges that at the January 2018 Commissioner Forum, Utah Public Service Commission (UPSC) Chairman Thad LeVar indicated that his preference is a rolled-in allocation methodology, and that in considering alternative allocation methods, it would be the benchmark that would be used to determine the public interest and impacts to Utah. Because of the precedent in prior orders, rolled-in is a basis for measurement of a new method, not necessarily the end result. UPSC Commissioner Jordan White stated that he favors collaboration and creativity, and is always open to considering new ways for benefits to reach customers, but fairness principles must be adhered to. Indeed, the UPSC in their recent order approving PacifiCorp’s Energy Vision 2020 projects implicitly acknowledged their future consideration of allocation issues consistent with the CLEAR Proposal. When discussing jurisdictional allocation for the projects, the UPSC stated that they are expecting to assess a “subscription” based MSP proposal in the future:

Finally, the OCS requests we set a specific jurisdictional allocation of the Combined Projects that we will allow Utah to incur. We conclude this issue is premature and better resolved in a future docket that evaluates, on the whole, the multi-state jurisdictional allocation method and the appropriate share of costs attributable to Utah. We observe that among the proposals PacifiCorp is discussing with stakeholders and regulators is a “subscription”

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<sup>2</sup> *In the Matter of PacifiCorp d/b/a Pacific Power, Petition for the Approval of the 2017 Inter-Jurisdictional Allocation Protocol*, Docket No. UM 1050, Order No. 16-319 at footnote 18 (Aug. 23, 2016) (citing *In the Matter of PacifiCorp Requesting to Initiate and Investigation of Multi-Jurisdictional Issues*, Docket No. UM 1050, Order No. 02-193 at 1-2 (Mar. 26, 2002)).

<sup>3</sup> Staff’s Status Report at 7.

program. The OCS' recommendation is sufficiently, if not wholly, analogous to such an approach that we conclude it would be premature for us to adopt it here.<sup>4</sup>

The UPSC has not precluded the future evaluation of the CLEAR Proposal, and the Utah parties continue to evaluate the CLEAR Proposal, including the Utah Division of Public Utilities who recently spent a day at PacifiCorp's offices in Salt Lake City reviewing PacifiCorp's modeling, analysis, and other detailed technical aspects of the CLEAR Proposal. PacifiCorp is currently working with Staff to set up a similar meeting to allow robust evaluation of the CLEAR Proposal.

### **C. PacifiCorp's Commitment to working with Stakeholders**

PacifiCorp remains committed to collaboratively working with Staff and stakeholders in this docket to provide them with information and pursue Oregon-specific concerns. PacifiCorp appreciates Staff's patience as PacifiCorp provides them with the data that has been requested and updated with the most recent figures. PacifiCorp understands Staff's concerns with the timing of responses to information requests and commits to redoubling efforts to provide Staff and stakeholders the data requested. The informal investigation has provided a constructive and collaborative process with which to analyze inter-jurisdictional issues. PacifiCorp would like to see this process continue.

## **III. CONCLUSION**

The informal investigation in this docket has provided value by allowing stakeholders an Oregon-specific forum with which to address the concerns that arise in the larger MSP process. As long as this process remains uncontested, it continues to inform the larger MSP process and provide Oregon stakeholders the opportunity to develop and assess alternatives to the CLEAR Proposal. PacifiCorp appreciates the continued commitment of Staff and stakeholder to productively working with the company to find an equitable resolution to these issues.

PacifiCorp appreciates the opportunity to provide these comments and will attend the July 3, 2018 public meeting to provide any further discussion and answer any questions regarding these comments or the process in this docket.

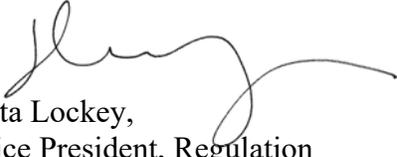
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<sup>4</sup> *Application of Rocky Mountain Power for Approval of Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision*, Pub. Serv. Comm'n of Utah, Docket No. 17-035-04, Order at 35 (June 22, 2018) available at <https://pscdocs.utah.gov/electric/17docs/1703540/3030221703540o6-22-2018.pdf>.

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Please direct any questions on this filing to Natasha Siores at (503) 813-6583.

Sincerely,

A handwritten signature in black ink, appearing to read 'Etta Lockey', with a long horizontal flourish extending to the right.

Etta Lockey,  
Vice President, Regulation