

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of PACIFICORP
(U 901 E) for Authority to Recover Costs
Recorded in the Catastrophic Event Memorandum
Account.

Application No. 24-09-_____
(Filed September 16, 2024)

**APPLICATION OF PACIFICORP (U-901-E) TO RECOVER COSTS RECORDED IN
THE CATASTROPHIC EVENT MEMORANDUM ACCOUNT**

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Date: September 16, 2024

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I. INTRODUCTION

In accordance with Rules 2.1 and 3.2 of the Commission’s Rules of Practice and Procedure (Rules), Section 454.9(b) of the California Public Utilities Code and Resolution No. E-3238, PacifiCorp, doing business as Pacific Power (PacifiCorp or Company), respectfully submits this Application to the California Public Utilities Commission (Commission) seeking to recover certain costs recorded in its Catastrophic Event Memorandum Account (CEMA). Such costs include incremental expenses and capital-related costs incurred for the purpose of coordinated operations during, restoring service to customers after and repairing damage caused as a result of the August 2023 Smith River Complex and Happy Camp Complex fires. The wildfire response, temporary generation, and asset repair resulted in \$25.3 million in incremental Operations and Maintenance (O&M) and approximately \$4.4 million in capital investment costs on a California-allocated basis. The revenue requirement for the total CEMA-eligible costs PacifiCorp incurred as result of the foregoing efforts and for which PacifiCorp seeks recovery in this Application is

approximately \$25.9 million (before estimated interest accrual) on a California-allocated basis, amortized over a period of approximately two years. This incremental revenue requirement, with estimated interest accrual of approximately \$3.8 million over the deferral and amortization period, results in an annual amortization amount of approximately \$14.8 million on a California-allocated basis.

II. BACKGROUND

PacifiCorp is a multi-jurisdictional utility providing electric retail service to customers in California, Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp serves approximately 45,000 customers in Del Norte, Modoc, Shasta, and Siskiyou counties in northern California. California Public Utility Code Section 454.9(b) allows for recovery in rates costs, including capital costs, incurred in responding to a catastrophic event. Resolution E-3238 authorized utilities to establish catastrophic event memorandum accounts and to record in those accounts the costs related to the following: (1) restoring utility service to customers; (2) repairing, replacing, or restoring damaged utility facilities; and (3) complying with governmental agency orders resulting from declared disasters.¹ Resolution E-3238 also authorized utilities to record capital-related costs such as depreciation and return on capitalized plant additions resulting from restoration activities.² Finally, Resolution E-3238 indicates “[r]ecovery may be limited by consideration of the extent to which losses are

¹ Public Utilities Commission of The State of California, Commission Advisory & Compliance Division, Resolution E-3238, *Order Authorizing All Utilities to Establish Catastrophic Event Memorandum Accounts, As Defined, To Record Cost Resulting From Declared Disasters*, Ordering Paragraph 1 (July 24, 1991).

² *Id.* at p. 2.

covered by insurance, the level of loss already built into existing rates, and possibly other factors relevant to the particular utility and event.”³

PacifiCorp filed Advice Letter No. 238-E in accordance with Resolution E-3238 to establish CEMA by adding Preliminary Statement Part C, Section 3 (Part C) to its approved California tariff book. A copy of PacifiCorp’s Part C, describing the procedures for recording and seeking recovery for CEMA costs, is provided with this Application as Appendix B. Consistent with California Public Utility Code Section 454.9 (1)(3), Part C defines a catastrophic event as an event declared a disaster by competent state or federal authorities.⁴ Part C, consistent with Resolution E-3238,⁵ requires the Company, if possible, to notify the Commission’s Executive Director of a catastrophic event by letter within 30 days of the event if PacifiCorp records costs to its CEMA.

On September 15, 2023, PacifiCorp notified the Commission of its plan to record costs incurred to restore power and repair damaged facilities due to the Smith River Complex and Happy Camp Complex fires in Northern California. Copies of the notice is included with this Application as Appendix C. Further details of the events are included below and in the supporting testimony of Mr. Allen Berreth, included with this Application as Exhibit PAC/100. Testimony from Ms. Sherona L. Cheung (Exhibit PAC/200) discusses the calculation of the California-allocated revenue requirement requested in this application, as well as accounting procedures and the Company’s cost-allocation methodology.

³ *Id.* at p. 2-3.

⁴ *See* Advice Letter No. 238-E 2d.

⁵ Resolution E-3238, Ordering Paragraph 2.

Consistent with Resolution E-3238,⁶ Part C also provides that costs recorded in CEMA may be recovered in rates “only after a request by the Company, showing of reasonableness, and approval by the Commission.” This Application constitutes PacifiCorp’s formal request for inclusion in rates of the revenue requirement associated with the incremental costs incurred responding to the CEMA events noted above. As explained in the testimony of Mr. Allen Berreth and Ms. Sherona L. Cheung, included as Exhibits PAC/100 and PAC/200, all costs recorded in the CEMA were reasonable and necessary to restore electric service to PacifiCorp’s customers including temporary generation for approximately three weeks and to repair, replace and restore damaged electric facilities. Additionally, these costs would not have been incurred by the Company absent the events and will not be recovered as a part of current base rates. PacifiCorp has met the criteria for recording costs in the CEMA as set forth in Resolution E-3238, California Public Utility Code Section 454.9(b) and PacifiCorp’s Preliminary Statement Part C.

As explained in more detail below, PacifiCorp seeks to recover approximately \$29.6 million, inclusive of estimated interest accrual, on a California-allocated basis associated with CEMA-eligible operating and capital costs incurred responding to catastrophic events, over two years. PacifiCorp is only seeking recovery of the costs that are properly allocated to PacifiCorp’s California customers and that is not recoverable from insurance. PacifiCorp proposes to amortize the CEMA costs in rates for approximately two years beginning March 1, 2025. The calculation of eligible costs and the revenue requirement are detailed in this Application and in supporting testimony and exhibits of Ms. Cheung, Exhibits PAC/200 through PAC/203.

⁶ Resolution E-3238, Ordering Paragraph 3.

III. DESCRIPTION OF CATASTROPHIC EVENTS

A. Happy Camp Complex Fires

On August 15, 2023, a series of lightning caused fires started burning on the western side of the Klamath National Forest. These fires are collectively known as the Happy Camp Complex. On August 16 and August 23, 2023, Siskiyou County proclaimed a local emergency. On August 29, 2023, Governor Gavin Newsome declared a state of emergency in Siskiyou County due to the Happy Camp Complex. The fire continued to grow substantially, and evacuation orders were issued for several nearby communities.

As the fire encroached toward Company transmission facilities, the Company proactively performed structure fire treatment (latex spray and metal guards designed to be better able to withstand wildland fires). As requested by responding fire agencies, PacifiCorp de-energized assets on August 15, 2023, affecting 353 customers. PacifiCorp reconnected residences as they were rebuilt following the fire. The Happy Camp Complex fire eventually covered 29,948 acres before being fully contained on September 8, 2023. Company facilities damaged as a result of the fire, included 18 transmission structures and 23 distribution poles identified by the Company, requiring remediation. Repairs were completed on September 9, 2023. The Company transitioned power from generator power back to transmission service by September 10, 2023. Please refer to Mr. Allen Berreth's, Exhibit PAC/100, for additional information regarding these efforts.

B. Smith River Complex Fires

On August 15, 2023, a series of lightning strikes occurred in the Six Rivers National Forest, which resulted in multiple fires, including the Kelly and Holiday fires. The fires, which became collectively known as the Smith River Complex, were identified on both sides

of a PacifiCorp transmission corridor where two 115-kilovolt transmission lines provide service to Del Norte County. The transmission lines serve approximately 12,954 customers in Crescent City and surrounding communities.

On August 29, 2023, Governor Gavin Newsom declared a state of emergency in Del Norte County. The fire continued to grow substantially, and evacuation orders were issued for several nearby communities.

Del Norte Emergency and Yurok Tribe Emergency Manager initially notified the Company of wildfire proximity of the transmission corridor, potentially impacting nearby communities, on August 16, 2023. That same day, the Pacific Power Emergency Coordination Center (ECC) activated to provide operational response to the fire's potential impact to infrastructure. The Company coordinated infrastructure protection by clearing vegetation and adding fire-retardant wrap or trap to transmission and distribution assets.

On August 18, 2023, Del Norte County proclaimed a local emergency due to the Smith River Complex fires, which had grown by 13,000 acres without containment. De-energization was initiated on August 18, 2023, due to the proximity of the fires threatening firefighting efforts and personnel safety and risk. The Company activated a County Emergency Operations Center (EOC), where real-time coordination efforts continued throughout the duration of the event. The Company also established two Community Resource Centers (CRCs) to support Crescent City, which served approximately 4,000 individuals, and to support the Klamath/Yurok tribe, which served approximately 250 individuals.

The Company received authorization to complete repairs and inspect all remaining structures impacted by the fires. Personnel identified five transmission structures,

14 distribution poles, and 31 hazard trees for remediation. Repairs were completed by September 9, 2023. On September 10, 2023, the Company transitioned from generator power to transmission service for each substation.

IV. OVERVIEW OF COSTS AND PROPOSED RECOVERY

PacifiCorp has recorded approximately \$29.6 million to its CEMA account related to the operating and capital costs to provide temporary generation, repair and replace facilities, restore service, and respond to customer inquiries for the catastrophic events described in this Application. In determining the costs recorded in the CEMA, PacifiCorp ensured such costs were incremental and not duplicative of costs included in the Company's base rates.

While some of the costs incurred are classified as transmission-related costs, PacifiCorp's transmission system is considered an asset that serves customers throughout PacifiCorp's six-state service territory. Similarly, functions such as dispatch and customer service are centralized and serve customers throughout PacifiCorp's system. As a result, these costs are shared by all of PacifiCorp's customers and California is allocated only a very small share of these costs. The testimony and exhibits of Ms. Cheung describe the allocation of costs and the calculation of the revenue requirement included for recovery through this Application.

The Company proposes a revenue requirement associated with the CEMA-eligible costs of approximately \$25.9 million, on a California-allocated basis, before estimate interest accrual. PacifiCorp proposes to amortize the total amount over approximately two years beginning March 1, 2025, resulting in an annual revenue increase of \$14.8 million to its approved California revenue requirement, an average net increase of approximately 10.2 percent. Because the costs included for recovery are primarily transmission and

distribution-related, the Company proposes to spread the costs to customer classes based on each class's share of distribution plus state transmission revenues. Recovery would occur through the CEMA tariff rider, Schedule S-96, provided in Appendix A to this Application. Also included in Appendix A is a statement of present and proposed rates and a table showing the impact of proposed Schedule S-96 on each customer rate schedule. The surcharge rates proposed in this filing are designed to collect the total CEMA revenue requirement over a two-year period, based on the customer energy usage in a test period. Actual collections through the proposed surcharge will be monitored and PacifiCorp will file an advice letter to turn off the CEMA surcharge at such time that the amounts approved through this Application are fully collected, which may be slightly more or less than the targeted two-year period, depending on actual customer energy usage.

PacifiCorp's proposed increase from rates presently in effect would result in the following overall average annual increase by customer class:

Customer Class	Proposed Price Change	
	Dollars	Percent (%)
Residential	\$8,170,966	10.7 percent
Commercial/Industrial	\$6,543,994	9.7 percent
Lighting	\$98,063	15.0 percent
Overall	\$14,813,023	10.2 percent

The rate impact of the Company's proposal is described in the direct testimony of Ms. Cheung (Exhibit PAC/200).

V. STATUTORY AND REGULATORY REQUIREMENTS

A. Applicant and Correspondence (Rules 2.1(a) and (b))

PacifiCorp is a public utility organized and existing under the laws of the state of Oregon. PacifiCorp engages in the business of generating, transmitting, and distributing

electric energy in portions of northern California and in Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp's principal place of business is 825 NE Multnomah Street, Suite 2000, Portland, Oregon 97232.

Communications regarding this Application should be addressed to:

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Email: Katherine.Smith@pacificorp.com

Additionally, PacifiCorp respectfully requests that all data requests in this case be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

B. Statutory and Other Authority (Rule 2.1)

Rule 2.1 requires that all applications state clearly and concisely the authorization or relief sought, cite by appropriate reference the statutory provision or other authority under which Commission authorization or relief is sought, and be verified by the applicant. The relief being sought is summarized in Sections I and II above and is further described in the testimony, exhibits and appendices supporting this Application. The statutory and other

authority under which this relief is being sought includes Rules 2.1 and 3.2, Sections 451, 454, 491, 701, and 728 of the CPUC, Resolution No. E-3238 and the Commission's prior decisions, orders, and resolutions. An officer of PacifiCorp has verified this Application as required by Rules 1.11 and 2.1.

C. Proposed Categorization, Need for Hearing, Issues to be Considered, Relevant Safety Considerations and Proposed Schedule (Rule 2.1(c))

1. Proposed Categorization and Issues to be Considered

PacifiCorp proposes that the Commission classify this proceeding as "ratesetting." In this Application, PacifiCorp seeks to recover incremental expenses and capital-related costs incurred in responding to the catastrophic events that occurred in PacifiCorp's northern California service territory as described in this Application. The issues to be considered include whether such costs were reasonable.

2. Safety Considerations

Relevant safety considerations in evaluating the reasonableness of costs included in this Application include whether the costs were incurred in a manner that promoted public safety and protected the safety of the resources deployed to perform the work. These considerations are addressed in this Application, including the description of the Company's approach to safety and its safety record set forth below, and in the prepared testimony.

The Company is committed to promoting the health, safety, comfort, and convenience of customers and the public at large and prioritizes restoration efforts in response to catastrophic events. The Company has policies, including emergency response plans to coordinate with local authorities and state agencies to maximize the safety impact of PacifiCorp's response to major catastrophic events, including the catastrophic events described in this Application. For example, these policies outline coordination efforts to

assist first responders and coordinate the response to the event, such as coordinating targeted restoration of power to assist in fire response activities. Restoration crews are then dispatched to make the situation safe and evaluate needed steps to restore power if electrical service was disrupted. Next, recognizing that restoration of electrical service is in and of itself critical to public safety, the Company restores power to as many customers as quickly as possible by prioritizing repairs of Company electrical facilities in the following order: (i) transmission lines; (ii) substations; (iii) distribution circuit backbones; (iv) distribution tap-lines; and (v) customer service lines. In connection with these efforts, PacifiCorp is in regular communication with emergency response officials and prioritizes restoration of electrical service to hospitals, warming shelters, police and fire stations and other providers of critical services. Finally, in responding to these events, PacifiCorp takes measures to ensure the safety of its personnel performing these operations.

3. Need for Hearing and Proposed Schedule

If no party objects, hearings may not be necessary. PacifiCorp’s Application and the supporting appendices, testimony and exhibits constitute a sufficient record for the Commission to rule on PacifiCorp’s CEMA Application without the need for hearings. However, in the event hearings are requested, PacifiCorp has provided adequate time in the proposed schedule below:

Event	Estimated Timeline
Application Filed	September 16, 2024
Protests/Responses Due	Due 30 days after it appears on the Commission’s daily calendar.
Response to Protests Due	Due within 10 days of the protest deadline.
Prehearing Conference	October 25, 2024
Scoping Memo	November 2024
Proposed Decision	January 2025
Final Commission Decision	February 2025

D. Organization and Qualification to Transact Business – (Rule 2.2)

A certified copy of PacifiCorp’s Articles of Incorporation, as amended and presently in effect, was filed with the Commission in Application 97-05-011, which resulted in Commission issuance of Decision 97-12-093 and is incorporated by reference under Rule 2.2.

E. Balance Sheet and Income Statement – (Rule 3.2(a)(1))

A copy of PacifiCorp’s recent balance sheet and income statement, contained in the Annual Report on Form 10-K, filed with the Securities and Exchange Commission, for the period ending December 31, 2023, is provided as Appendix D.

F. Present and Proposed Rates – (Rule 3.2(a)(2) and (3))

Present and proposed rates resulting from the recorded CEMA costs are shown in Appendix A.

G. Summary of Earnings – (Rule 3.2(a)(5))

The statement of earnings included in this Application as Appendix E is stated on a California-allocated basis for the period ending December 31, 2023.

H. List of Appendices and Exhibits

PacifiCorp’s submissions to support this Application include the following:

Appendix A contains proposed Schedule S-96 to recover the CEMA costs, a statement of present and proposed rates, and a table showing the impact of the proposed rates to each customer class.

Appendix B is a copy of PacifiCorp’s current Preliminary Statement Part C, Section 3.

Appendix C contains a copy of the letter from PacifiCorp dated September 15, 2023, providing notice of the CEMA events to the California Public Utilities Commission Executive Director. This notice also includes copies of Governor Newsom’s Declaration of a State of Emergency for the Happy Camp Complex in Siskiyou

County and Governor Newsom’s Declaration of a State of Emergency for the Smith River Fire Complex in Del Norte County.

Appendix D provides a copy of PacifiCorp’s recent balance sheet and income statement, contained in the Annual Report on Form 10-K, filed with the Securities and Exchange Commission, for the period ending December 31, 2023.

Appendix E provides a summary of the Company’s earnings.

Exhibit PAC/100 presents the testimony of Mr. Allen Berreth, describing the damage caused by the Happy Camp and Smith River Complex fires and the Company’s restoration efforts.

Exhibits PAC/200 through PAC/204 present the testimony and exhibits of Ms. Sherona L. Cheung, describing the Company’s accounting procedures that ensure only incremental catastrophic event-related costs were booked to the CEMA, the costs incurred related to the restoration efforts, the calculation of the revenue requirement requested in this Application, and a discussion regarding the allocation methodology from PacifiCorp’s Commission-approved 2020 Inter-Jurisdictional Allocation Methodology (the 2020 Protocol) applied in this proceeding in determining the California-allocated revenue requirement.

I. Statement of Basis for Requested Increase – (Rule 3.2(a)(10))

Rule 3.2(a)(10) requires PacifiCorp to state whether its request is limited to passing through to customers “only increased costs to the corporation for the services or commodities furnished by it.” PacifiCorp requests permission to pass through to customers increased costs to the corporation for the services or commodities furnished by it in serving its California retail customers.

J. Public Notice – (Rule 3.2(b), (c) and (d))

The cities and towns that would be affected by the rate changes resulting from this Application include Yreka, Crescent City, Alturas, Mount Shasta, Weed, Dunsmuir, Fort Jones, Dorris, and Tulelake. The counties affected by this Application are Siskiyou, Del Norte, Modoc, and Shasta. As required by Rule 3.2(b), (c) and (d), notice of filing of this Application will be: (1) served on the Attorney General and the Department of General

Services when the state is a customer or subscriber whose rates would be affected by the proposed increase; (2) served on the County Counsel (or District Attorney if the county has no County Counsel) and County Clerk, and the City Attorney and City Clerk, listed in the current roster published by the Secretary of State in each county and city in which the proposed increase is to be made effective; (3) published in a newspaper of general circulation in each county in PacifiCorp's service territory within which the rate changes would be effective; (4) included with regular bills mailed to all customers affected by the proposed changes or by electronically linking to notice of this Application for customers that receive their bills electronically; and (5) served on any other persons whom PacifiCorp deems appropriate or as required by the Commission.

VI. CONCLUSION

Based on the information provided in this Application, including the accompanying appendices, testimony and exhibits, PacifiCorp respectfully requests that the Commission issue an order approving the proposed rate increase, effective March 1, 2025, to allow PacifiCorp timely recovery of its catastrophic event costs.

Respectfully submitted this September 16, 2024, from Portland, Oregon.

By



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VERIFICATION

I am an officer of the applicant in the above-captioned proceeding and am authorized to make this verification on its behalf. The statements in the foregoing document are true on my own knowledge, except as to matters which are stated therein on information or belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 16, 2024, at Portland, Oregon.



Matthew McVee
Vice President, Regulatory Policy and Operations