

August 18, 2022

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-1166

Re: UE 399—PacifiCorp Errata Filing

PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company) hereby submits the attached Errata to the Reply Testimony (PAC/2000) of Ms. Sherona L. Cheung in the above-referenced docket.

Following review of a recent data request, the Company determined that certain statements made in Ms. Cheung's testimony needed to be corrected. This Errata corrects Ms. Cheung's testimony on page Cheung/65, lines 5-10, related to discussion of prepayment balances in revenue requirement. For convenience, both a red-line and clean version of the corrected testimony are enclosed.

Please direct informal questions to Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,



Shelley McCoy
Director, Regulation

Enclosure

CERTIFICATE OF SERVICE

I certify that I delivered a true and correct copy of **PacifiCorp's Errata Reply Testimony of Sherona L. Cheung** on the parties listed below via electronic mail in compliance with OAR 860-001-0180.

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Dated this 18th day of August 2022.

Carrie Meyer
Adviser, Regulatory Operations

Docket No. UE 399
Exhibit PAC/2000
Witness: Sherona L. Cheung

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

REDLINE
Errata Reply Testimony of Sherona L. Cheung

August 2022

1 This cash working capital amount is used to compensate the Company for the cash
2 outlay needed to operate the Company. In other words, cash working capital
3 represents a timing difference between when revenues are received versus when
4 expenses are paid.

5 AWEC's recommendation is to remove prepayments and long-term prepaid
6 maintenance. The 2015 Lead Lag study ~~includes-excludes~~ consideration of
7 prepayments entirely because these balances are knowingly included in rate base,
8 ~~however, unlike most items, prepayments are recorded using a negative lag. Negative~~
9 ~~lag means that the Company paid an amount in advance of when the services were~~
10 ~~received. Furthermore, negative lag is reducing the cash working capital requirement~~
11 ~~from rate base because the Company records this balance separately in FERC~~
12 ~~account 165.~~ Removing prepayments as recommended by AWEC would
13 provide the Company no compensation for the time value of money in which the
14 Company has funded operations in advance of the service. ~~Additionally, since this~~
15 ~~amount is already credited in the cash working capital calculation, further removing~~
16 ~~the prepayments from rate base would unfairly harm the Company for the advance~~
17 ~~cash outlay.~~

18 Long-term prepaid maintenance largely represents amounts paid in advance
19 for significant maintenance on gas or wind plants. This maintenance is often
20 capitalized to the underlying asset and recovered through depreciation expense.
21 Depreciation expense is not included in the Company's 2015 Lead Lag study. The
22 Company recommends the Commission reject AWEC's proposal to remove these
23 balances that has a long history of being included in rate base.

Docket No. UE 399
Exhibit PAC/2000
Witness: Sherona L. Cheung

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

CLEAN
Errata Reply Testimony of Sherona L. Cheung

August 2022

1 This cash working capital amount is used to compensate the Company for the cash
2 outlay needed to operate the Company. In other words, cash working capital
3 represents a timing difference between when revenues are received versus when
4 expenses are paid.

5 AWEC's recommendation is to remove prepayments and long-term prepaid
6 maintenance. The 2015 Lead Lag study excludes consideration of prepayments
7 entirely because these balances are knowingly included in rate base. Removing
8 prepayments as recommended by AWEC would provide the Company no
9 compensation for the time value of money in which the Company has funded
10 operations in advance of the service.

11 Long-term prepaid maintenance largely represents amounts paid in advance
12 for significant maintenance on gas or wind plants. This maintenance is often
13 capitalized to the underlying asset and recovered through depreciation expense.
14 Depreciation expense is not included in the Company's 2015 Lead Lag study. The
15 Company recommends the Commission reject AWEC's proposal to remove these
16 balances that has a long history of being included in rate base.