

March 31, 2020

***VIA ELECTRONIC FILING***

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

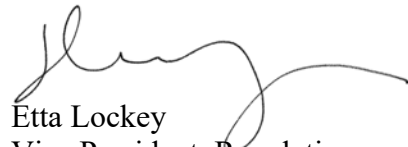
Attn: Filing Center

**RE: UE 374—PacifiCorp's Motion to Expand Scope of Case and Supplement Filing**

PacifiCorp d/b/a Pacific Power encloses for filing its Motion to Expand Scope of Case and Supplement Filing in the above-referenced docket.

Please direct any informal inquiries regarding this filing to Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,



Etta Lockey  
Vice President, Regulation

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 374**

In the Matter of  
  
PACIFICORP, d/b/a PACIFIC POWER,  
  
Request for a General Rate Increase.

**PACIFICORP’S MOTION TO EXPAND  
SCOPE OF CASE AND SUPPLEMENT  
FILING**

**I. INTRODUCTION**

In accordance with ORS 756.528 and OAR 860-001-0600, PacifiCorp d/b/a Pacific Power (PacifiCorp) respectfully requests a ruling from the Public Utility Commission of Oregon (Commission) expanding the scope of this case to include a determination of the depreciation rates for PacifiCorp’s coal-fired resources and allowing PacifiCorp to supplement its filing with materials now on file in docket UM 1968, PacifiCorp’s pending application for revised depreciation rates. If granted, all depreciation issues for PacifiCorp’s coal-fired resources will be substantively addressed in docket UE 374. Concurrently with this motion, PacifiCorp is filing a motion in docket UM 1968 to segregate the determination of depreciation rates for PacifiCorp’s coal-fired resources from that docket. PacifiCorp conferred with the parties to this case and understands that no party objects to the relief sought in this motion.

**II. BACKGROUND**

On February 14, 2020, PacifiCorp filed this general rate case. Under the schedule issued on March 6, 2020, the target date for a final order is December 16, 2020.

As a part of this case, PacifiCorp has requested that the Commission implement the process in Section 4.1 of the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol (2020 Protocol),<sup>1</sup> by which a commission may issue “Exit Orders” that provide for specific “Exit Dates.”<sup>2</sup> An Exit Order approves a state’s discontinuation of the use of an existing resource and excludes the costs and benefits of that resource on a date certain; an Exit Date means the date on which PacifiCorp will discontinue the allocation and assignment of costs and benefits of that resource to the state issuing the Exit Order.<sup>3</sup> The 2020 Protocol sets forth proposed Oregon Exit Dates for all of PacifiCorp’s coal-fired resources, with the exception of the Hayden plant (i.e., 23 of PacifiCorp’s 24 coal-fired resources). PacifiCorp has requested Exit Orders reflecting the proposed Oregon Exit Dates.<sup>4</sup>

The 2020 Protocol also addresses responsibility for decommissioning costs for coal-fired resources subject to an Exit Order, and PacifiCorp has asked the Commission to allocate decommissioning costs to Oregon according to the 2020 Protocol.<sup>5</sup>

On September 13, 2018, PacifiCorp filed its application for revised depreciation rates, effective January 1, 2021, in docket UM 1968. On February 15, 2019, in response to PacifiCorp’s unopposed motion, the Commission issued an order holding docket UM 1968 in abeyance.

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<sup>1</sup> The Commission adopted the 2020 Protocol on January 23, 2020. *In the Matter of PacifiCorp, dba Pacific Power, Request to Initiate an Investigation of Multi-Jurisdictional Issues and Approve an Inter-Jurisdictional Cost Allocation Protocol*, Docket No. UM 1050, Order No. 20-024 (Jan. 23, 2020).

<sup>2</sup> Direct Testimony of Etta Lockey, PAC/200, Lockey/15.

<sup>3</sup> *Id.* at PAC/200, Lockey/13.

<sup>4</sup> *Id.* at PAC/200, Lockey/14-15.

<sup>5</sup> *Id.* at PAC/200, Lockey/21-22.

On January 16, 2020, PacifiCorp filed a Decommissioning Study in docket UM 1968, designed to implement provisions of the 2020 Protocol.<sup>6</sup> This Decommissioning Study includes the Hunter, Huntington, Dave Johnston, Jim Bridger, Naughton, Wyodak and Hayden plants.

On February 14, 2020, PacifiCorp filed supplemental testimony in docket UM 1968 updating depreciable lives to align with the 2019 Integrated Resource Plan and the 2020 Protocol. The supplemental testimony also revised decommissioning rates to reflect information in PacifiCorp's Decommissioning Study. PacifiCorp's general rate case filing reflects the revised depreciation rates presented in the supplemental testimony in docket UM 1968.

### **III. ARGUMENT**

In this case, PacifiCorp asks the Commission implement the 2020 Protocol and address both useful lives and decommissioning costs for PacifiCorp's coal-fired generation resources. The requested Exit Orders will set an Exit Date, which will determine the remaining life of PacifiCorp's coal-fired resources for purposes of serving Oregon customers. The proposed treatment of decommissioning costs will also help determine the net salvage value for each resource.

The issues in this case partially overlap with PacifiCorp's filing in docket UM 1968, which seeks to set revised depreciation rates for all of PacifiCorp's capital assets, including its coal-fired resources. Depreciation accounting spreads the unrecovered costs of a capital asset, less any salvage value, over the estimated remaining useful life of the asset.<sup>7</sup> A key input to

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<sup>6</sup> PacifiCorp updated the Decommissioning Study to include additional information related to Colstrip Units 3 and 4 and filed the new study in this docket on March 16, 2020.

<sup>7</sup> Docket UM 1968, Direct Testimony of Nikki L. Koblaha, PAC/100, Koblaha/4.

the calculation of depreciation rates, therefore, is the terminal life of a resource.<sup>8</sup> Another key input is salvage value, which includes the costs of dismantlement or decommissioning for steam and other production resources.<sup>9</sup>

For judicial efficiency and to avoid inconsistent orders, PacifiCorp proposes to expand the scope of this docket to include determining the depreciation rates for its coal-fired resources. The depreciation rates now proposed in docket UM 1968 reflect the proposed Exit Dates in the Exit Orders PacifiCorp is seeking in this case. If the Commission changes the Exit Dates here, however, this will also change the depreciation rates now proposed in UM 1968. Because a final order in docket UM 1968 will precede a final order in this case, this could result in misaligned outcomes between the two cases. In addition, the allocation of decommissioning costs to Oregon is a key input to depreciation rates for PacifiCorp's coal-fired generation, but a determination of that issue in this case will also come after the final order date in docket UM 1968.

Under ORS 756.528, the Commission has broad discretion to segregate issues and order separate hearings. Under OAR 860-001-0600, the Commission also has discretion to consolidate proceedings for hearing. The Commission should exercise its discretion here to segregate the determination of depreciation rates for coal-fired resources from other issues in docket UM 1968, and allow this issue to be addressed and resolved in this case.

A list of the testimony, exhibits and studies relevant to depreciation rates for coal-fired resources filed in docket UM 1968, including certain general and background information, follows below. PacifiCorp seeks to supplement this case with these filings. Because certain

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<sup>8</sup> Docket UM 1968, Direct Testimony of John C. Spanos, PAC/200, Spanos/4.

<sup>9</sup> *Id.* at PAC/200, Spanos/9-10.

of these documents, such as the depreciation study filed by Mr. John Spanos, contain information that also relate to other issues in docket UM 1968, PacifiCorp does not plan to withdraw these filings from docket UM 1968 at this time.

- Direct Testimony of Nikki Kobliha, PAC/100, Kobliha/8, line 7 - Kobliha/9, line 17
- Direct Testimony and Exhibits of John J. Spanos, PAC/200 - PAC 203
- Direct Testimony and Exhibits of Chad Teply, PAC/400 - PAC/402
- Supplemental Direct Testimony and Exhibits of John J. Spanos, PAC/600 – PAC/601.
- Supplemental Direct Testimony and Exhibits of Steven R. McDougal, PAC/700 – PAC/702
- Supplemental Direct Testimony and Exhibits of Chad A. Teply, PAC/800 – PAC/803
- Decommissioning Study for Hunter, Huntington, Dave Johnston, Jim Bridger, Naughton, Wyodak and Hayden plants, filed January 16, 2020
- Decommissioning Study Update for Colstrip plant, filed March 16, 2020

#### **IV. CONCLUSION**

To promote judicial efficiency, PacifiCorp respectfully requests that the Commission expand the scope of this docket to include a determination of the depreciation rates for PacifiCorp's coal-fired resources. PacifiCorp also requests that it be permitted to supplement its filing in this case with the documents from docket UM 1968 listed above.

Respectfully submitted this 31<sup>st</sup> day of March, 2020.



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