



KATHERINE MCDOWELL
Direct (503) 595-3924
katherine@mrg-law.com

August 25, 2022

VIA ELECTRONIC FILING

Attention: Filing Center
Public Utility Commission of Oregon
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97308-1088

Re: Docket UE 399 – In the Matter of PACIFICORP, dba PACIFIC POWER, Request for a General Rate Revision

Attention Filing Center:

Attached for filing in the above-referenced docket is a First Partial Stipulation on Wildfire Mitigation and Vegetation Management Issues (First Partial Stipulation).

Concurrently with this filing, PacifiCorp, dba Pacific Power, is filing a Motion to Admit First and Second Partial Stipulations and Request for Waiver.

The parties to this First Partial Stipulation plan to offer supporting briefing in their prehearing briefs, due Friday, September 2, 2022.

Please contact this office with any questions.

Sincerely,

Katherine McDowell

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 399

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

**FIRST PARTIAL STIPULATION ON
WILDFIRE MITIGATION AND
VEGETATION MANAGEMENT
ISSUES**

1 This Partial Stipulation resolves all issues related to wildfire mitigation and vegetation
2 management in PacifiCorp d/b/a Pacific Power’s (PacifiCorp or Company) 2022 general rate
3 case, docket UE 399, now pending before the Public Utility Commission of Oregon
4 (Commission).

PARTIES

5
6 1. The parties to this Partial Stipulation are PacifiCorp, Staff of the Public Utility
7 Commission of Oregon (Staff), and the Citizens’ Utility Board (CUB), together referred to as the
8 Stipulating Parties. Other parties have participated in the settlement discussions between Staff
9 and PacifiCorp, and none have objected to this Partial Stipulation.

BACKGROUND

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11 2. On March 1, 2022, PacifiCorp filed its 2022 general rate case, which included
12 direct testimony on wildfire mitigation and vegetation management issues. PacifiCorp also filed
13 a revised Wildfire Mitigation and Vegetation Management Mechanism (WMVM) and a revised
14 tariff sheet for Schedule 94 to implement its proposed WMVM adjustments.

15 3. The Commission approved the WMVM in PacifiCorp’s 2021 general rate case,
16 docket UE 374, to allow the Company to recover incremental wildfire mitigation and vegetation

1 management costs (i.e., those costs PacifiCorp reasonably incurs above the amounts included in
2 base rates) outside a general rate case.

3 4. In its direct testimony, the Company supported an increase in base rates to cover
4 its expanded wildfire mitigation and vegetation management programs. The Company also
5 proposed to remove incremental wildfire mitigation costs covered by the Company’s Wildfire
6 Protection Plan (WPP) from the WMVM. Instead, the Company plans to collect these costs
7 through a WPP automatic adjustment clause, in accordance with ORS 757.963. Finally, the
8 Company proposed modifications to certain components of the WMVM to better align recovery
9 of incremental vegetation management costs with the Company’s vegetation management
10 program.

11 5. On June 22, 2022, Staff and intervenors filed opening testimony. Staff was the
12 only party to submit testimony addressing wildfire mitigation and vegetation management issues.
13 Staff proposed certain adjustments to PacifiCorp’s base rate increase for wildfire mitigation and
14 vegetation management costs and opposed PacifiCorp’s proposed revisions to the WMVM.

15 6. On July 1, 2022, the parties to docket UE 399 convened a settlement conference.

16 7. Thereafter, PacifiCorp filed reply testimony from Joelle R. Steward and Allen
17 Berreth on July 19, 2022, addressing wildfire mitigation and vegetation management issues.

18 8. The parties to docket UE 399 then held another settlement conference on July 28,
19 2022.

20 9. On August 10, 2022, the parties to docket UE 399 held a settlement conference
21 focused only on wildfire mitigation and vegetation management issues. At that settlement
22 conference, the Stipulating Parties reached an agreement that resolves all issues related to
23 wildfire mitigation and vegetation management in this case. The terms of the settlement are

1 captured in this Partial Stipulation.

2 **AGREEMENT**

3 10. Overall Agreement: The Stipulating Parties agree to submit this Partial
4 Stipulation to the Commission and request that the Commission approve the Partial Stipulation
5 as presented. The Stipulating Parties agree that the rate changes resulting from the Partial
6 Stipulation are fair, just, and reasonable, as required by ORS 756.040.

7 11. Base Rates Expense: The Stipulating Parties agree to increase wildfire mitigation
8 and vegetation management expense included in PacifiCorp's base rates from \$30 million to
9 \$69.7 million, which includes \$50 million in vegetation management expense and \$19.7 million
10 in wildfire mitigation expense. These changes result in a net reduction of expense of
11 approximately \$300 thousand.

12 12. Base Rates Capital: The Stipulating Parties agree that PacifiCorp's base rates
13 should reflect the revenue requirement impact of PacifiCorp's wildfire capital investments in this
14 case. These investments total \$34.9 million, and all will be in service by January 1, 2023. Prior
15 to the rate effective date, the Company will provide a single officer attestation verifying the final
16 dollar amount for wildfire capital projects that have been placed in service by January 1, 2023.
17 In the event that the wildfire capital projects are not complete and in service by January 1, 2023,
18 the revenue requirement associated with those projects will be removed from the test year rate
19 base and the January 1, 2023 base rate change so that customer rates do not reflect charges for
20 plant not presently used and useful.

21 13. Incremental Costs: The Stipulating Parties agree that PacifiCorp's incremental
22 vegetation management costs will be recovered through the WMVM. Parties agree that they will
23 address the request for recovery of incremental wildfire mitigation costs, as set forth in

1 PacifiCorp’s WPP, in PacifiCorp’s application for a WPP automatic adjustment clause, now
2 pending in docket UE 407.

3 14. Resolution of Proposed Adjustments: The Stipulating Parties agree that the
4 settlement resolves Staff’s proposed adjustments for a \$6.5 million reduction in vegetation
5 management and wildfire mitigation costs in base rates and a ten percent “holdback” of forecast
6 costs for vegetation management and wildfire mitigation in base rates.

7 15. Modification of WMVM: The Stipulating Parties agree to modify the current
8 WMVM in three ways. First, the Stipulating Parties agree to eliminate the two-tiered approach,
9 under which the first tier is subject to a more rigorous earnings review than the second tier.
10 Second, the Stipulating Parties agree to extend the WMVM, which now covers incremental costs
11 incurred through the end of 2023, by one year to include incremental costs incurred through
12 2024, unless PacifiCorp files a general rate case with a new forecast for 2024. Third, the
13 Stipulating Parties agree to modify the WMVM violation levels per the table below for recovery
14 of incremental costs:

Performance Metric	Number of Violations	Earnings Test
Below Violation Level I	0-150	None
Above Violation Level I, but below Violation Level II	151-225	Authorized ROE minus 100 basis points
Above Violation Level II, but below Violation Level III	226-325	Authorized ROE minus 150 basis points
Above Violation Level III	326+	Authorized ROE minus 200 basis points

15 16. Application of Modified WMVM: The Stipulating Parties agree that the modified
16 WMVM will apply to requests for recovery under the WMVM filed in 2023 (for 2022 vegetation
17 management and wildfire mitigation costs incremental to \$30 million in base rates), 2024 (for
18 2023 vegetation management costs incremental to \$50 million in base rates), and, unless

1 PacifiCorp has filed another general rate case with new forecast costs for 2024, 2025 (for 2024
2 vegetation management costs incremental to \$50 million in base rates).

3 17. Tracking of Vegetation Management Costs: On an annual basis, PacifiCorp will
4 track its actual vegetation management costs in relation to the \$50.0 million of costs included in
5 base rates to determine the amount of incremental costs or costs below base rate levels.
6 PacifiCorp will defer any annual difference between what has been included in base rates and
7 actual costs when actuals are less than \$50.0 million to allow the Commission to consider how to
8 address this differential. The Stipulating Parties agree to support PacifiCorp’s requests for
9 ongoing deferral of these costs.

10 18. Tracking of Wildfire Mitigation Costs: On an annual basis, PacifiCorp will track
11 its actual wildfire mitigation costs in relation to the \$19.7 million of wildfire mitigation costs in
12 base rates to determine the amount of incremental costs or costs below base rate levels. The
13 Stipulating Parties agree to ask the Commission to address treatment of these differences in the
14 Company’s WPP automatic adjustment clause filing, docket UE 407.

15 19. WPP Automatic Adjustment Clause: Nothing in this Partial Stipulation prevents
16 the Stipulating Parties from taking any position on the legal requirements of ORS 757.963 in
17 docket UE 407 or other proceeding.

18 20. Entire Agreement: The Stipulating Parties agree that this agreement represents a
19 compromise among competing interests and a resolution of all contested issues in this docket.

20 21. This Partial Stipulation will be offered into the record of this proceeding as
21 evidence pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this Partial
22 Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this Partial
23 Stipulation at the hearing, and recommend that the Commission issue an order adopting the

1 settlements contained herein. The Stipulating Parties also agree to cooperate in drafting and
2 submitting joint testimony or a brief in support of the Partial Stipulation in accordance with OAR
3 860-001-0350(7).

4 22. If this Partial Stipulation is challenged, the Stipulating Parties agree that they will
5 continue to support the Commission's adoption of the terms of this Partial Stipulation. The
6 Stipulating Parties agree to cooperate in any hearing and put on such a case as they deem
7 appropriate to respond fully to the issues presented, which may include raising issues that are
8 incorporated in the settlements embodied in this Partial Stipulation.

9 23. The Stipulating Parties have negotiated this Partial Stipulation as an integrated
10 document. If the Commission rejects all or any material part of this Partial Stipulation or adds
11 any material condition to any final order that is not consistent with this Partial Stipulation, each
12 Party reserves its right, pursuant to OAR 860-001-0350(9), to present evidence and argument on
13 the record in support of the Partial Stipulation or to withdraw from the Partial Stipulation. The
14 Stipulating Parties agree that in the event the Commission rejects all or any material part of this
15 Partial Stipulation or adds any material condition to any final order that is not consistent with this
16 Partial Stipulation, the Stipulating Parties will meet in good faith within 15 days and discuss next
17 steps. A Stipulating Party may withdraw from the Partial Stipulation after this meeting by
18 providing written notice to the Commission and other Stipulating Parties. The Stipulating Parties
19 shall be entitled to seek rehearing or reconsideration pursuant to OAR 860-001-0720 in any
20 manner that is consistent with the agreement embodied in this Partial Stipulation.

21 24. By entering into this Partial Stipulation, no Stipulating Party shall be deemed to
22 have approved, admitted, or consented to the facts, principles, methods, or theories employed by
23 any other Stipulating Party in arriving at the terms of this Partial Stipulation, other than those

1 specifically identified in the body of this Partial Stipulation. No Stipulating Party shall be
2 deemed to have agreed that any provision of this Partial Stipulation is appropriate for resolving
3 issues in any other proceeding, except as specifically identified in this Partial Stipulation.

4 25. The Stipulating Parties agree to make best efforts to provide each other any and
5 all news releases that any Stipulating Party intends to make about the Partial Stipulation two
6 business days in advance of publication. This provision is not binding on the Commission itself.

7 26. This Partial Stipulation is not enforceable by any Stipulating Party unless and
8 until adopted by the Commission in a final order. Each signatory to this Partial Stipulation
9 acknowledges that they are signing this Partial Stipulation in good faith and that they intend to
10 abide by the terms of this Partial Stipulation unless and until the Partial Stipulation is rejected or
11 adopted only in part by the Commission. The Stipulating Parties agree that the Commission has
12 exclusive jurisdiction to enforce or modify the Partial Stipulation.

13 27. This Partial Stipulation may be executed in counterparts and each signed
14 counterpart shall constitute an original document. The Stipulating Parties further agree that any
15 electronically-generated signature of a Stipulating Party is valid and binding to the same extent
16 as an original signature.

17 28. This Partial Stipulation may not be modified or amended except by written
18 agreement among all Stipulating Parties who have executed it.

19 *////*

20 *////*

21 *////*

22 *////*

23 *////*

**PUBLIC UTILITY COMMISSION OF
OREGON STAFF**

PACIFICORP

By: /s/ Johanna Riemenschneider

By: _____

Date: August 24, 2022

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: _____

Date: _____

**PUBLIC UTILITY COMMISSION OF
OREGON STAFF**

PACIFICORP

By: _____

By: _____

Date: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: /s/ Michael Goetz _____

Date: August 25, 2022 _____

**PUBLIC UTILITY COMMISSION OF
OREGON STAFF**

By: _____

Date: _____

PACIFICORP

By: Jilli Stinson

Date: Aug 25, 2022

OREGON CITIZENS' UTILITY BOARD

By: _____

Date: _____