
BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of
PACIFICORP, dba PACIFIC POWER,
Request for a General Rate Revision

Docket No. UE 374
OPENING BRIEF OF WALMART INC.

OPENING BRIEF

Pursuant to the Prehearing Conference Memorandum issued by the Public Utility Commission of Oregon (“Commission”) in this case on March 6, 2020, Walmart Inc. (“Walmart”) hereby submits its Opening Brief.

I. INTRODUCTION

On February 14, 2020, PacifiCorp d/b/a Pacific Power (“PacifiCorp” or the “Company”) filed a request for a general rate revision, requesting an increase in rates of approximately \$78 million to go into effect January 1, 2021. In its opening testimony and its rebuttal testimony, PacifiCorp requested a return on equity (“ROE”) of 10.2%.¹ Finally, in its surrebuttal testimony filed on August 14, PacifiCorp reduced its requested ROE to 9.8%, its current rate in Oregon.²

On August 17, 2020, the parties to this docket filed a Partial Stipulation that settled all the issues related to rate design and rate spread. Walmart supported the Partial Stipulation and was a

¹ UE 374 – PAC/400/Bulkley/4; UE 374 – PAC 2200/ Bulkley/2.

² UE 374 – PAC/3500/Bulkely/16.

signatory thereto. The Commission conducted a hearing remotely on September 9 – 11, 2020, on the remaining issues of Cost of Capital and Revenue Requirement.

Walmart’s opening testimony addressed ROE and certain rate design/rate spread issues. As a result of the Partial Stipulation, Walmart’s remaining position is on the ROE.

II. POSITION

As noted in Walmart’s testimony, electricity is one of the most significant operating costs for many commercial retailers such as Walmart.³ Increasing retailers’ electricity costs puts pressure on the consumer prices they must charge, especially in an economic environment such as the current one in light of the COVID-19 epidemic.

Pursuant to ORS 756.040, the Commission represents the customers of PacifiCorp and the public generally.⁴ The Commission is to protect PacifiCorp’s customers and the public generally from unjust and unreasonable exactions and practices and to obtain for them adequate service at fair and reasonable rates.⁵ The interests of PacifiCorp’s shareholders and its customers must be balanced by the Commission in establishing fair and reasonable rates.⁶ Based on this, the Commission should thoroughly and carefully consider the impact on the PacifiCorp customers it represents and the public generally when setting the ROE in this case.

As stated by PacifiCorp in its Opening Brief, “[r]egulatory decisions in other jurisdictions provide a basic test of reasonableness and a benchmark considered by investors when evaluating

3 UE 374 – Walmart/100/Chriss/3.

4 ORS 756.040(1).

5 *Id.*

6 *Id.*

PacifiCorp’s authorized ROE against other regulated utilities with comparable risk.”⁷ PacifiCorp notes that from “January 2018 through May 2020, the average authorized return for vertically integrated utilities was 9.7 percent, with a median of 9.73 percent.”⁸ In addition, the “median ROE for vertically integrated utilities like PacifiCorp for the first quarter of 2020 was 9.75 percent.”⁹

As Walmart’s opening testimony demonstrated, the average of the 129 reported electric utility rate case ROEs authorized by state commissions to investor-owned utilities from 2017 to present was 9.6% and the average for vertically integrated utilities from 2017 to present was 9.73%.¹⁰ The Commission should carefully consider the risk of the Berkshire Hathaway Energy-owned PacifiCorp when evaluating how it should rank in these comparables. Is PacifiCorp above the average or median risk or below?

III. CONCLUSION

Based on the foregoing, when deciding the ROE to award to PacifiCorp, Walmart asks that the Commission carefully consider the trickle-down effect an increase in electricity prices has on ultimate consumers in Oregon compared to the risks borne by PacifiCorp’s shareholders.

⁷ UE 374 – PacifiCorp Op. Br. at 15.

⁸ *Id.*

⁹ *Id.* at 16.

¹⁰ UE 374 – Walmart/100/Chriss/8-9.

DATED this 12th day of October 2020.

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