

# MEMORANDUM



**DATE:** September 17, 2020

**TO:** John Crider

**FROM:** Steve Storm

**SUBJECT:** **Verification of PacifiCorp’s Docket No. UE 369 Schedule 202 RAC Rates Effective September 18, 2020 and Compliance Filing Advice No. 20-011**

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The Public Utility Commission of Oregon adopted, in Order No. 20-067, a Stipulation of all Parties settling all issues raised by Parties in Docket No. UE 369, which was PacifiCorp’s 2020 Renewable Adjustment Clause (RAC) proceeding.

This memorandum concerns only the Dunlap wind repowering project in that proceeding and its associated September 18, 2020 revised rate effective date. PacifiCorp’s Advice No. 20-011 requests a rate effective date of September 18, 2020 whereas the rate effective date contemplated in the Stipulation associated with the Dunlap project was October 15, 2020.<sup>1</sup>

Pursuant to the all-party Stipulation reached in Docket No. UE 369<sup>2</sup> and the requirements of Commission Order No. 20-067,<sup>3</sup> PacifiCorp’s updated costs for this project<sup>4</sup> indicate a revenue requirement that exceeds that reflected in confidential exhibit PAC/401. Therefore, the revenue requirement in confidential exhibit PAC/401 in PacifiCorp’s initial filing in this proceeding are appropriately used to establish Schedule 202 Renewable Adjustment Clause – Supply Service Adjustment rates in accordance with Section 11 of the Stipulation.

PacifiCorp’s Advice 20-011 stated that the September 18, 2020 rate change in UE 369 associated with rate recovery of the Dunlap repowering project will affect approximately 627 thousand PacifiCorp customers in Oregon and will result in an annual revenue requirement increase the Company estimates at approximately \$3.3 million for cost recovery of the Dunlap repowering project in Schedule 202 (RAC) rates. This increase is partially offset by a reduction in Schedule 201 (TAM/NVPC) rates as a result of the net power costs (NPC) and Production Tax Credits (PTC) benefits associated with this project. The two changes—to Schedule 201 (TAM) and Schedule 202 (RAC)—collectively result in a net increase in annual revenue requirement associated with the Dunlap repowering project PacifiCorp estimates at approximately

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<sup>1</sup> Section 11 on page 3 of the Stipulation. Language in Section 11 indicated the Company would file its final cost update for the Dunlap project two weeks prior to the rate effective date.

<sup>2</sup> Section 11 on Page 3 of the Stipulation. The Commission approved the Stipulation with Order No. 20-067.

<sup>3</sup> See page 8.

<sup>4</sup> As in PacifiCorp’s confidential Attachment 2 “Final Cost Update to Confidential Exhibit PAC/401 – Annual RAC repowering Revenue Requirement for Dunlap” to the September 17, 2020 compliance filing. These values are supported by an Excel file “Confidential Oregon 2020 RAC Repower Rev Reqt Work Papers 2020-9-15” also including with the Advice 20-011 filing.

\$1.5 million, or 0.1 percent.<sup>5</sup> A typical residential customer using 850 kWh monthly will see a monthly bill increase of \$0.12.<sup>6</sup>

Workpapers PacifiCorp provided in support of the September 17, 2020 Advice 20-011 compliance filing in UE 369 included the impact of the Dunlap revenue requirement in confidential exhibit PAC/401.

I reviewed the Stipulation, the confidential exhibit PAC/401 revenue requirement, and information and materials PacifiCorp included in its September 17, 2020 compliance filing to verify the accuracy of the UE 369 Schedule 202 RAC monthly rates to be effective September 18, 2020, as calculated by the Company, and their conformance with Order No. 20-067 and the related Stipulation. I performed the following activities associated with this verification.

- Verifying that Attachments 1 (final cost update) and 2 (confidential exhibit PAC/401) to PacifiCorp's Advice 20-011, each of which demonstrate the Company's calculation of the September 18, 2020 incremental Schedule 202 annual revenue requirement, identified the calculations as those for the Dunlap wind repowering project.
- Verifying that PacifiCorp's estimated annual revenue requirement for the Dunlap wind repowering project to be reflected in Schedule 202 rates was the lower of the estimate included in the Stipulation (Attachment 2) or the final cost update (Attachment 1) filed September 17, 2020 (as discussed above).
- Verifying that total system costs associated with the Dunlap repowering project were appropriately allocated to Oregon.
- Verifying PacifiCorp's calculation of Oregon UE 369 Schedule 202 annual revenue requirement associated with the Dunlap repowering project.
- Reviewing the affidavit filed by the Company on September 17, 2020 and signed on September 16, 2020 by Mark Sturtevant, PacifiCorp's Vice President, Renewable Resources, attesting that the Dunlap wind repowering project has been placed in service and is operational as of the signed date of the affidavit.

Sabrina Soldavini examined PacifiCorp's translation of incremental Schedule 202 annual revenue requirement into new Schedule 202 monthly rates using materials provided by the Company. Her examination included:

- Verifying the appropriate rate spread values were used in calculating the incremental revenue requirement for individual rate classes.
- Verifying that PacifiCorp appropriately calculated the incremental Schedule 202 monthly rates appearing in column 6 of Attachment 5 (page 1) to the September 17, 2020 UE 369 compliance filing for each rate schedule.

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<sup>5</sup> Page 2 of PacifiCorp's Advice No. 20-011.

<sup>6</sup> Ibid.

- Verifying that the monthly rates to be effective September 18, 2020 appropriately included those currently in effect plus those related to the incremental revenue requirement associated with the Dunlap project.
- Verifying that the monthly rates calculated by PacifiCorp in materials included with its September 17, 2020 compliance filing and to be effective September 18, 2020 matched those in the Company's updated and revised Schedule 202 included in the same filing.

I conclude that, based on my and Sabrina's reviews, PacifiCorp's updated Schedule 201 and Schedule 202 rates in the September 17, 2020 compliance filing in UE 369, with a rate effective date of September 18, 2020, are consistent with Order No. 20-067 and the Stipulation in Docket No. UE 369.

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Steven T. Storm