

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.

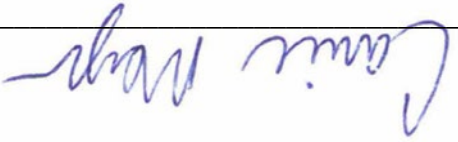
### Service List UE 399

| <b>PACIFICORP</b>   |   |
|---|---|
| PACIFICORP, DBA PACIFIC POWER<br>825 NE MULTNOMAH ST, STE 2000<br>PORTLAND, OR 97232<br><a href="mailto:oregondockets@pacificorp.com">oregondockets@pacificorp.com</a>  | KATHERINE A MCDOWELL<br>MCDOWELL RACKNER & GIBSON PC 419<br>SW 11TH AVE., SUITE 400<br>PORTLAND, OR 97205<br><a href="mailto:katherine@mrg-law.com">katherine@mrg-law.com</a> |
| CARLA SCARSELLA (C)<br>PACIFICORP<br>825 NE MULTNOMAH ST STE 2000<br>PORTLAND, OR 97232<br><a href="mailto:carla.scarsella@pacificorp.com">carla.scarsella@pacificorp.com</a>   |   |
| <b>STAFF</b>  |   |
| JILL D GOATCHER (C)<br>PUC STAFF--DEPARTMENT OF JUSTICE<br>BUSINESS ACTIVITIES SECTION<br>1162 COURT ST NE<br>SALEM, OR 97301-4096<br><a href="mailto:jill.d.goatcher@doj.state.or.us">jill.d.goatcher@doj.state.or.us</a>                          | MATTHEW MULDOON (C)<br>PUBLIC UTILITY COMMISSION OF OREGON<br>PO BOX 1088<br>SALEM, OR 97308<br><a href="mailto:matt.muldoon@state.or.us">matt.muldoon@state.or.us</a>        |
| JOHANNA RIEMENSCHNEIDER (C)<br>PUC STAFF - DEPARTMENT OF JUSTICE<br>BUSINESS ACTIVITIES SECTION<br>1162 COURT ST NE<br>SALEM, OR 97301-4796<br><a href="mailto:johanna.riemenschneider@doj.state.or.us">johanna.riemenschneider@doj.state.or.us</a> |   |
| <b>AWEC</b>   |   |
| BRENT COLEMAN (C)<br>DAVISON VAN CLEVE, PC<br>1750 SW HARBOR WAY, SUITE 450<br>PORTLAND, OR 97201<br><a href="mailto:blc@dvclaw.com">blc@dvclaw.com</a>   | JESSE O GORSUCH (C)<br>1750 SW HARBOR WAY STE 450<br>PORTLAND, OR 97201<br><a href="mailto:jog@dvclaw.com">jog@dvclaw.com</a>   |

|   |  |
|---|--|
| <p>TYLER C PEPPLER (C)<br/>         DAVISON VAN CLEVE, PC<br/>         1750 SW HARBOR WAY STE 450<br/>         PORTLAND, OR 97201<br/> <a href="mailto:tcp@dvclaw.com">tcp@dvclaw.com</a></p>                                       |  |
| <p><b>CALPINE SOLUTIONS</b></p>   |  |
| <p>GREGORY M. ADAMS (C)<br/>         RICHARDSON ADAMS, PLLC<br/>         PO BOX 7218<br/>         BOISE, ID 83702<br/> <a href="mailto:greg@richardsonadams.com">greg@richardsonadams.com</a></p>                                   | <p>GREG BASS<br/>         CALPINE ENERGY SOLUTIONS, LLC<br/>         401 WEST A ST, STE 500<br/>         SAN DIEGO, CA 92101<br/> <a href="mailto:greg.bass@calpinesolutions.com">greg.bass@calpinesolutions.com</a></p> |
| <p>KEVIN HIGGINS (C)<br/>         ENERGY STRATEGIES LLC<br/>         215 STATE ST - STE 200<br/>         SALT LAKE CITY, UT 84111-2322<br/> <a href="mailto:khiggins@energystrat.com">khiggins@energystrat.com</a></p>              |  |
| <p><b>CUB</b></p>   |  |
| <p>MICHAEL GOETZ (C)<br/>         OREGON CITIZENS' UTILITY BOARD<br/>         610 SW BROADWAY STE 400<br/>         PORTLAND, OR 97205<br/> <a href="mailto:mike@oregoncub.org">mike@oregoncub.org</a></p>                           | <p>WILLIAM GEHRKE (C)<br/>         OREGON CITIZENS' UTILITY BOARD<br/>         610 SW BROADWAY, STE 400<br/>         PORTLAND, OR 97205<br/> <a href="mailto:will@oregoncub.org">will@oregoncub.org</a></p>              |
| <p>OREGON CITIZENS' UTILITY BOARD<br/>         610 SW BROADWAY, STE 400<br/>         PORTLAND OR 97205<br/> <a href="mailto:dockets@oregoncub.org">dockets@oregoncub.org</a></p>  |  |
| <p><b>FRED MEYER</b></p>  |  |
| <p>JUSTIN BIEBER (C)<br/>         FRED MEYER/ENERGY STRATEGIES LLC<br/>         215 SOUTH STATE STREET, STE 200<br/>         SALT LAKE CITY, UT 84111<br/> <a href="mailto:jbieber@energystrat.com">jbieber@energystrat.com</a></p> | <p>KURT J BOEHM (C)<br/>         BOEHM KURTZ &amp; LOWRY<br/>         36 E SEVENTH ST - STE 1510<br/>         CINCINNATI, OH 45202<br/> <a href="mailto:kboehm@bkllawfirm.com">kboehm@bkllawfirm.com</a></p>             |
| <p>JODY KYLER COHN (C)<br/>         BOEHM KURTZ &amp; LOWRY<br/>         36 E SEVENTH ST - STE 1510<br/>         CINCINNATI, OH 45202<br/> <a href="mailto:jkylercohn@bkllawfirm.com">jkylercohn@bkllawfirm.com</a></p>             |  |

|  |   |
|--|---|
| <b>KWUA</b>  |   |
| LLOYD REED (C)<br>REED CONSULTING<br>10025 HEATHERWOOD LANE<br>HIGHLANDS RANCH, CO 80126<br><a href="mailto:lloyd.reed@lloydreedconsulting.com">lloyd.reed@lloydreedconsulting.com</a> | CRYTAL RIVERA (C)<br>SOMACH SIMMONS & DUNN<br>500 CAPITOL MALL STE 1000<br>SACRAMENTO, CA 95814<br><a href="mailto:crivera@somachlaw.com">crivera@somachlaw.com</a>                   |
| <b>NEWSUN ENERGY</b>   |   |
| JACOB (JAKE) STEPHENS<br>NEWSUN ENERGY<br>3500 S DUPONT HWY<br>DOVER, DE 19901<br><a href="mailto:jstephens@newsunenergy.net">jstephens@newsunenergy.net</a>                           | MAX YOKLIC<br>NEW SUN ENERGY LLC<br>2033 E. SPEEDWAY BLVD, SUITE 200<br>TUCSON, AZ 85719<br><a href="mailto:myoklic@newsunenergy.net">myoklic@newsunenergy.net</a>                    |
| MARIE P BARLOW<br>NEWSUN ENERGY LLC<br>390 SW COLUMBIA ST STE 120<br>BEND OR 97702<br><a href="mailto:mbarlow@newsunenergy.net">mbarlow@newsunenergy.net</a>                           |   |
| <b>NIPPC</b>   |   |
| CARL FINK<br>BLUE PLANET ENERGY LAW LLC<br>628 SW CHESTNUT ST, STE 200<br>PORTLAND, OR 97219<br><a href="mailto:cmfink@blueplanetlaw.com">cmfink@blueplanetlaw.com</a>                 | SPENCER GRAY<br>NIPPC<br><a href="mailto:sgray@nippc.org">sgray@nippc.org</a>   |
| <b>OREGON FARM BUREAU</b>  |   |
| PAUL S SIMMONS (C)<br>OREGON FARM BUREAU FEDERATION<br>550 CAPITOL MALL STE 1000<br>SACREAMENTO, CA 95814<br><a href="mailto:psimmons@somachlaw.com">psimmons@somachlaw.com</a>        | MARY ANNE COOPER (C)<br>OREGON FARM BUREAU FEDERATION<br>1320 CAPITOL ST NE STE 200<br>SALEM, OR 97301<br><a href="mailto:maryanne@oregonfb.org">maryanne@oregonfb.org</a>            |
| <b>SBUA</b>  |   |
| GRANT HART (C)<br>SMALL BUSINESS UTILITY ADVOCATES<br><a href="mailto:grant@utilityadvocates.org">grant@utilityadvocates.org</a>   | DIANE HENKELS<br>SMALL BUSINESS UTILITY ADVOCATES<br>621 SW MORRISON ST. STE 1025<br>PORTLAND, OR 97205<br><a href="mailto:diane@utilityadvocates.org">diane@utilityadvocates.org</a> |
| WILLIAM STEELE (C)<br>BILL STEELE AND ASSOCIATES, LLC<br>PO BOX 631151<br>HIGHLANDS RANCH, CO 80164<br><a href="mailto:w.steele1@icloud.com">w.steele1@icloud.com</a>                  |   |

Dated this 18<sup>th</sup> day of August 2022.



Carrie Meyer  
 Adviser, Regulatory Operations

|  |  |
|--|--|
| <b>VITESSE</b>   |  |
| DENNIS BARTLETT<br>META PLATFORMS, INC.<br>1 HACKER WAY<br>MENLO PARK, CA 94025<br><a href="mailto:dbart@fb.com">dbart@fb.com</a>  | LIZ FERRELL<br>META PLATFORMS, INC.<br>1 HACKER WAY<br>MENLO PARK, CA 94025<br><a href="mailto:eferrell@fb.com">eferrell@fb.com</a>  |
| <b>WALMART</b>   |  |
| IRION A SANGER<br>SANGER LAW PC<br>1041 SE 58TH PLACE<br>PORTLAND, OR 97215<br><a href="mailto:irion@sanger-law.com">irion@sanger-law.com</a>                                    | STEVE W CHRISS (C)<br>WAL-MART STORES, INC.<br>2001 SE 10TH ST<br>BENTONVILLE, AR 72716-0550<br><a href="mailto:stephen.chriss@wal-mart.com">stephen.chriss@wal-mart.com</a> |
| VICKI M BALDWIN (C)<br>PARSONS BEHLE & LATIMER<br>201 S MAIN ST STE 1800<br>SALT LAKE CITY, UT 84111<br><a href="mailto:vbaldwin@parsonsbehle.com">vbaldwin@parsonsbehle.com</a> | ALEX KRONAUER (C)<br>WALMART<br><a href="mailto:alex.kronauer@walmart.com">alex.kronauer@walmart.com</a>   |

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

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**PACIFICORP**

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**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**

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**CLEAN**  
Errata Reply Testimony of Sherona L. Cheung

August 2022



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8 prepayments as recommended by AWEC would provide the Company no  
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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.