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PACIFICORP’S COMBINED RATE FILINGS
RESULT IN RATE DECREASE FOR 2021

SALEM, Ore. – The Oregon Public Utility Commission (PUC) today authorized an overall $20.9 million, or 1.6 percent decrease in PacifiCorp’s revenue requirement, delaying the recovery of certain costs until after further investigation next year. The decrease in customer rates, effective January 1, 2021, is a result of the general rate case review, which was the company’s first since 2012. Earlier this fall, the PUC issued a separate decision to reduce PacifiCorp’s net variable power costs charged to customers by $49.8 million or 3.8 percent. The specific rate impact to customers resulting from these decisions will be finalized later this month.

Below is a breakdown of the two filings that led to the overall decrease in rates for 2021 highlighted above.

Rate Case Filing

In February 2020, PacifiCorp filed for a general rate increase of $78.0 million, or 6 percent. The requested rate increase was driven by updated depreciation rates, decommissioning costs, a requested increase in its rate of return, and increased operating costs, as well as capital investments in wind and transmission resources, emissions control investments for coal-fired facilities, and advanced metering infrastructure. During the course of the proceeding, PacifiCorp reduced its request to a rate increase of $46.3 million, or approximately 3.5 percent.

“The process to evaluate PacifiCorp’s rate case filing was a significant undertaking, with many new, complex issues arising since PacifiCorp last filed for a base rate adjustment in 2012,” said Megan Decker, PUC Chair. “The filing was heavily scrutinized by customer advocate groups and PUC staff to ensure that Commissioners had the information we needed to make decisions in the best interest of customers.”

Following that scrutiny, the PUC reduced PacifiCorp’s request to a $20.9 million, or a 1.6 percent decrease, based on decisions on disputed cost issues and to delay adding certain costs to customer bills. Most significantly, the PUC declined, for now, to allow PacifiCorp to include incremental decommissioning costs for PacifiCorp’s remaining coal plants, representing $27.3 million of the reduction from the company’s request. Under Senate Bill 1547, passed by the Oregon Legislature in 2016, Oregon utilities are required to phase out coal-fueled generation prior to 2030. According to an agreement among PacifiCorp’s six states, Oregon customers must pay their share of the future cost to decommission coal-fired generating units. Concluding that PacifiCorp’s estimates of future decommissioning costs had not been adequately vetted, the PUC agreed with PUC Staff, the Citizens’ Utility Board, and the Alliance of Western Energy Consumers not to allow those costs into customer rates at this time. The PUC will investigate these costs, and expects approving an additional rate change next year, following a more thorough vetting of the company’s decommissioning costs.

Docket No. UE 374 – PacifiCorp Request for a General Rate Revision
“We must ensure that PacifiCorp’s transition away from coal resources is fair to Oregon customers,” said Decker. “This order takes significant steps along that transition path. Decommissioning costs are real and significant costs that Oregon customers will incur as part of the coal transition, and we need to improve Oregonian’s confidence in the cost estimates through additional PUC staff and stakeholder review before we include PacifiCorp’s projected costs in rates.”

Also related to SB 1547, the PUC generally approved the parties’ jointly proposed dates for Oregon to exit certain coal-fired facilities well before 2030, where those dates were supported by evidence of customer benefits. The PUC also generally approved PacifiCorp’s new wind and transmission investments. Additionally, the PUC reduced PacifiCorp’s cost recovery for investments at certain coal plants where it found that PacifiCorp had not adequately evaluated alternatives to continuing coal-fired operations nor fully analyzed the customer benefits and costs of the upgrades.

The PUC also adopted a special mechanism to allow PacifiCorp to recover incremental wildfire mitigation and vegetation management costs over the coming years in order to quickly reduce wildfire risk. Recovery is partly dependent on PacifiCorp’s successful management of vegetation.

“We’ve given PacifiCorp a clear path to recover costs for investments that improve wildfire resilience, but we also want to ensure their investments are risk-based, and that the opportunity to quickly recover the cost of risk reduction comes with transparent accountability for maintaining vegetation standards around utility lines,” commented Decker.

The overall impact of this rate case filing was a 1.6 percent decrease in customer rates. The tabled issues will continue to be evaluated in 2021 for an anticipated increase in customer rates as early as 2022.

Decker added, “While this case results in a rate decrease, we want to be clear that a significant portion of PacifiCorp’s requested costs will be recovered through customer rates in the near future, after additional processes that we decided were necessary to protect customers.”

Transition Adjustment Mechanism (TAM) Filing

Concurrent with its rate case, PacifiCorp also filed its annual TAM to update rates to reflect the company’s costs to produce and purchase electricity in 2021. The TAM contained customer benefits from PacifiCorp’s new wind projects that lower the company’s fuel costs and earn Production Tax Credits (PTCs) that reduce customers’ rates.

After a thorough review and input by numerous customer advocate groups, in October the PUC adopted the parties’ agreement. The costs have since been updated and are now expected as a rate reduction of $41.37 million on January 1, 2021, with an additional estimated decrease of $6.4 million once the final two wind projects are in service later in 2021. The TAM rate decrease will be combined with the rate case decrease on January 1, 2020.

PacifiCorp serves approximately 615,000 customers in Oregon, and approximately 1.9 million total retail customers in California, Idaho, Oregon, Utah, Washington, and Wyoming.

About the PUC

The PUC regulates customer rates and services of the state’s investor-owned electric, natural gas and telephone utilities, as well as select water companies. The PUC’s mission is to ensure Oregon utility customers have access to safe, reliable, and high quality utility services at just and reasonable rates. This is done through robust analysis and independent decision-making conducted in an open and fair process.

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