

March 19, 2021

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Administrator

RE: **Docket No. 20-035-17 – Application of Rocky Mountain Power for a Deferred Accounting Order Regarding Costs Incurred Due to the COVID-19 Public Health Emergency**
Reply Comments

PacifiCorp (“the Company”) hereby submits for filing with the Public Service Commission of Utah (“Commission”) its reply comments in accordance with the Commission’s Notice of Filing and Comment Period issued on March 5, 2021 in the above referenced matter.

Background

On April 3, 2020, the Company filed an application for a deferred accounting order for approval to defer certain costs incurred due to the COVID-19 pandemic (“Application”). Over the next several months the Division of Public Utilities (“Division”) and Office of Consumer Services (“Office”) filed comments with various recommendations. After a hearing on August 4, 2020, the Commission issued an order on September 15, 2020 (“Order”) approving the Company’s Application with the certain conditions, namely:

1. Approval to establish a regulatory asset to defer incremental bad debt expense, including carrying charges;
2. Requirement to identify, track and report other costs and savings associated with the pandemic;
3. Quarterly reporting of the regulatory asset balance, other costs and savings identified, and other information recommended by the Office in comments;
4. A preliminary expiration date of the deferral of December 31, 2020.

On November 4, 2020 and February 2, 2021, PacifiCorp filed its first and second Quarterly Compliance Filings in accordance with the Order and as agreed to by the Company in reply comments. The Commission acknowledged the November 4, 2020 compliance report on December 8, 2020. On February 2, 2021, the Commission issued an Action Request and Supplemental Action Request to the Division requesting the Division review the Company’s February 2, 2021 compliance filing and provide recommendations, specifically related to the December 31, 2020 expiration date and regulatory treatment of the deferral balance.

In its Supplemental Action Request Response the Division recommends that the Commission acknowledge the Company's compliance filing and that the Company be required to continue quarterly reporting through June 30, 2021. The Division notes that the pandemic is still ongoing, and the full impacts may take time to be fully captured on the Company's financial and accounting records. The Division suggested the Company present its recommendations for continuation of the tracking and regulatory treatment of the deferred balance with its June 30, 2021 filing. On March 5, 2021, the Commission issued a Notice of Filing and Comment Period seeking comments on the Division's comments and the expiration date of the deferral period. The Company hereby submits its response accordingly.

Response

The Company's comments address and make recommendations with respect to the following questions:

1. Should the deferral period be extended beyond the initial December 31, 2020 termination date or allowed to expire?
2. Should the Company be required to continue the reporting requirements to present the deferred amounts and report on the other costs and savings associated with the pandemic?
3. What regulatory treatment of the deferred balance is appropriate at this time?

1. Extension of the Deferral Period Beyond December 31, 2020

Currently the only item approved for deferral is incremental bad debt expense. Based on the recommendations of the Office, the Company agreed that the deferral period would expire unless the Company requested an extension. The Company is not seeking an extension of the deferral period because the incremental bad debt expense is not expected to amount to a material level as the economy opens up.

2. Extension of the Reporting Requirements/Tracking of Additional Costs and Savings

Additional reporting beyond the December 31, 2020 period is not necessary as the implementation of new rates from the Company's recent general rate case, Docket No. 20-035-04 ("2020 GRC") now account for the impact of the pandemic on the cost categories that would otherwise be tracked in this proceeding. One of the issues in the 2020 GRC was the appropriate escalation factors to apply to the Company's non-labor operations and maintenance expense. The Commission required the Company to apply the escalation factors from the IHS Global Insight Markit first quarter 2020 forecast issued in May 2020 which resulted in an adjustment decreasing the Company's revenue requirement request.¹ The escalation factors in the May 2020 forecast were negative because they took into account the effects of the COVID-19 pandemic. Therefore, reporting beyond December 31, 2020 is unnecessary and would result in a double count of COVID-19 savings.

¹ *Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 20-035-04, Confidential Order at 21-22 (December 30, 2020).

3. Regulatory Treatment of the Deferred Balance

The Company's Application recommended that the deferral be subject to review and approval for recovery in future regulatory proceeding. The Company specifically recommends the regulatory treatment of the deferral balance and other costs and savings identified and tracked through December 31, 2020 be determined in a future general rate case.

Conclusion

The Company appreciates the opportunity to provide recommendations and input to the Commission in this matter. The Company recommends the deferral period be allowed to expire and that parties be allowed to present their recommendations for the treatment of the December 31, 2020 balance of the regulatory asset, with applicable interest, and the other costs and savings identified December 31, 2020 in the Company's next general rate case proceeding.

Sincerely,



Joelle Steward
Vice President, Regulation

CC: Service List - Docket No. 20-035-17

CERTIFICATE OF SERVICE

Docket No. 20-035-17

I hereby certify that on March 19, 2021, a true and correct copy of the foregoing was served by electronic mail to the following:

Utah Office of Consumer Services

Alyson Anderson akanderson@utah.gov
Bela Vastag bvastag@utah.gov
Alex Ware aware@utah.gov
ocs@utah.gov

Division of Public Utilities

Madison Galt mgalt@utah.gov
dpudatarequest@utah.gov

Assistant Attorney General

Patricia Schmid pschmid@agutah.gov
Justin Jetter jjetter@agutah.gov
Robert Moore rmoore@agutah.gov
Victor Copeland vcopeland@agutah.gov

Rocky Mountain Power

Data Request Response Center datarequest@pacificorp.com
Jana Saba jana.saba@pacificorp.com
utahdockets@pacificorp.com
Emily Wegener emily.wegener@pacificorp.com



Katie Savarin
Coordinator, Regulatory Operations