



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

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Governor

SPENCER J. COX
Lieutenant Governor

MEMORANDUM

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Date: September 1, 2017

Re: **Revised Recommendation, No Action**

Docket No. 17-999-01. PacifiCorp Dividend Declaration with Intended Payment on September 7, 2017.

RECOMMENDATION

After reviewing PacifiCorp's responsive letter and discussing the issue with the Company, and having (previously) found no indication that payment of the dividend will impair the capital and operations of PacifiCorp (Company), the Division of Public Utilities (DPU) revises its initial proposals and recommends that the Public Service Commission (Commission) take no action in the above referenced matter.

ISSUE/DISCUSSION

In response to the Commission's Action Request, the DPU filed on August 31, 2017, a review of the Company's dividend declaration noting that the Company "failed to timely notify the Commission of its \$300 million dividend declaration pursuant to UCA 54-4-27(2)(a)." The statute specifies that the Company must notify the Commission within five days of the declaration of any dividend. According to the Company's application, its board of directors declared a dividend on August 8, 2017, and the Company notified the Commission nine days later on August 17, 2017. In

its initial memo, the DPU recommend that the Commission direct the Company to re-declare its dividend followed by proper notice to the Commission.

The Company filed a responsive letter on September 1, 2017, correctly pointing out that the statute does not specify whether the five day notice requirement is calendar or business days. If calendar days, the notice was four days past the notice requirement; if business days, the notice was two days past the statutory requirement. The Company also explained that a change in key personnel located in Portland lead to the delay in notification. Additionally, the Company points out that:

1. The notice was at a maximum four days late assuming calendar days (two if assuming business days);
2. The delay was inadvertent and not intended to obstruct the Commission's review;
3. The delay was a first time offense; and;
4. The DPU found no indication that payment of the dividend would impair the operations of the Company.

Finally, the Company commits to implement improved internal controls that will systematically ensure the Company's future compliance with the notice requirement. Namely, parallel controls where key Utah personnel initiate regular contact with the responsible Oregon personnel, and vice versa. The Company also commits to report back to the DPU on the development and implementation of these controls.

The Division discussed these controls with the Company and is satisfied that the Company is committed to meeting its notice requirements and the controls as described will help ensure future compliance. Therefore, the DPU revises its initial comments and recommends that the Commission take no action at this time in the above referenced matter.

CC Jeffery Larsen, PacifiCorp
Michele Beck, Office of Consumer Services