



# 2019 PACIFICORP GENERAL RATE CASE INFORMATION SHEET

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## How much is PacifiCorp's requested rate increase?

On December 13, 2019, PacifiCorp filed a request with the Washington Utilities and Transportation Commission (UTC) to increase its rates and charges for electric service effective January 1, 2021. The requested increase in revenues totaled \$3.1 million, but would be offset by returning approximately \$7.1 million in tax benefits to customers. This would have resulted in an overall reduction of about \$4.0 million for customers. PacifiCorp updated its filing in March 2020 to include additional costs, resulting in a total revenue increase of \$29.8 million, which resulted in an overall increase of \$11 million to customers, after accounting for tax benefits. With the update, the average residential customer would have seen an \$11.26 increase in their monthly bills, or a 10.8 percent monthly increase.

## What would the requested rate increase pay for?

The Company requested the rate increase to pay for investments in electricity generation capacity, including renewable energy acquisitions. The updated March filing included the cost to accelerate the depreciation of the Jim Bridger and Colstrip coal-generating plants, including decommissioning costs. Washington's Clean Energy Transformation Act requires all electric utilities to remove costs associated from coal-generating plants from customer rates by 2025.

The Company's request also shifted a larger share of the rate increase to residential customers, compared to other customer classes.

## What is the current status of this case?

The Parties to this case reached a Settlement Agreement, filed with the Commission on July 17, 2020. The Settlement resolves all of the issues in the Company's filing. The Settlement results in reduced customer rates for three years beginning January 1, 2021. If the Commission approves the Settlement, PacifiCorp's average customer will see their monthly bills decrease slightly for an annual savings of approximately \$6.60.

## Who are the parties in this settlement?

- PacifiCorp
- UTC Staff\*
- Washington Attorney General's Office, Public Counsel Unit (residential and small business customer advocate)
- Packing Corporation of America
- The Energy Project (low income customers)
- Walmart

\*In formal UTC proceedings, regulatory Staff participates like any other party and UTC Commissioners make the decision. The Commissioners, the presiding administrative law judge, and the Commissioners' policy and accounting advisors do not discuss the merits of the proceeding with any party, including UTC Staff, without giving notice and an opportunity for all parties to participate.

## What are the main components of the settlement agreement?

**Three-year Rate Freeze:** The agreement locks in reduced base rates charged to customers through 2023. The average electric customer will pay 55 cents less on their monthly bill. The rate decrease and rate stability are especially critical in light of the growing public health and economic crises.

**Return on Equity (ROE) and Cost of Capital:** PacifiCorp's initial request included a major increase to the ROE (profits the Company is authorized to provide to investors through customer rates in exchange for providing equity financing for capital projects). Under the Settlement, the ROE will remain at the current 9.5 percent through January 1, 2024, as opposed to the Company's request of 10.2 percent. The Settlement also maintains the amount of debt financing permitted to finance operations and capital expenditures.

**Tax Benefits:** Though the Company previously returned a portion of benefits related to the Tax Cuts and Jobs Act, the Settlement passes back the remainder of the tax benefits to customers.

**Coal Plant Depreciation, Decommissioning, and Remediation:** The Settlement includes the costs of removing coal-burning generation plants from customer rates ahead of the state-mandated date of December 31, 2025. The settlement accelerates the removal of coal from customer rates without an increase to monthly bills.



## Components of the settlement (continued)

**Rate Spread and Rate Design:** The Settlement spreads the rate changes to all of the customer classes (residential, commercial, etc.) equally. This ensures that residential customers are not shouldering an unfair or increased proportion of rates in the midst of the economic recession, as the Company proposed. The Settlement also includes provisions to flatten the differential in rates charged to low- and high-use residential customers by 25 percent.

**Basic Charges and Fees:** The Settlement keeps the residential basic charge at \$7.75 per month, as opposed to the Company's proposed increase to \$9.50 monthly. Basic charges are included in customer bills every month, regardless of how much energy a customer actually uses. This term is also important for customers facing tighter budgets due to the economic crisis. Customers will also no longer be charged a fee for using pay stations.

**Low-income Customer Benefits:** The Company's current rate discount offered to income-qualifying customers will be examined by the newly formed Low-Income Bill Assistance Advisory Group. This will ensure that customers facing financial hardship are able to afford their monthly electric bills.

**Major Capital Additions:** The Company's initial filing included several major capital additions set to go into service between May 2020 and early 2021. Under the Settlement, these major investments will be reviewed by stakeholders once they are completed to ensure that customers do not pay for wasteful or improper spending.

**Power Costs:** The settlement includes a \$10.5 million reduction to the amount that customers pay, through rates, for the cost of acquiring electricity (i.e. fuel). The amount collected in rates will be reset in 2021 to better reflect power-related costs at that time.

## When will there be a decision?

The UTC will determine whether or not the settlement is in the best interest of the public and PacifiCorp's customers. There will be a hearing held on August 24, 2020, for Commissioners to assess the Settlement and ask questions of participating parties. A decision will be made in advance of new rates going into effect on January 1, 2021.

## How can customers comment to the UTC about this case?

**Virtual Public Comment Hearing:** The UTC Commissioners would like to hear from PacifiCorp's customers how the settlement agreement and proposed rate changes will impact them. The UTC is holding a virtual public comment hearing rather than an in-person hearing due to the COVID-19 pandemic.

- Wednesday, August 5th at 6:00 pm
- By phone at (360) 407-3810; Conference ID: 2189684
- Via Skype online at <https://lync.wa.gov/utc.wa.gov/meet/aldcalendar/FJVHDFZW>

If you would like to comment during the public hearing, please sign up prior to the hearing by contacting the Commission's records center at (360) 664-1234 or by email at [records@utc.wa.gov](mailto:records@utc.wa.gov). Please include your name and mailing address, the name of the company, and the related Docket Number (UE-191024).

For more information about this case and the public hearing, please visit: [www.utc.wa.gov/191024](http://www.utc.wa.gov/191024)

**Other Opportunities to Comment:** In addition to providing comments at the August 5th Public Hearing, customers can provide comments in the following ways:

- Via UTC web form at: <https://www.utc.wa.gov/consumers/Pages/PublicCommentForm.aspx>  
By e-mail at: [comments@utc.wa.gov](mailto:comments@utc.wa.gov)
- By mail at: UTC, P.O. Box 47250, Olympia, WA 98504-7250
- By phone: 1-888-333-WUTC (9882)

Please include your name and mailing address, the name of the company, and the related Docket Number (UE-191024). For more information, see <https://www.utc.wa.gov/>, or call 1-800-562-6150.

## Who is Public Counsel?

The Public Counsel Unit of the Washington Attorney General's Office represents residential and small business customers of state-regulated electric, natural gas, and telecommunications companies. Public Counsel advocates on behalf of customers before the UTC and courts regarding utility rates, mergers, business practices, service quality, energy efficiency, and policy matters. You can contact Public Counsel by email at: [utility@atg.wa.gov](mailto:utility@atg.wa.gov), or by mail at: Attorney General's Office, Public Counsel Unit, 800 Fifth Avenue, Suite 2000, Seattle, WA 98104.