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UTILITIES COMMISSION

August 15, 2023

VIA ELECTRONIC DELIVERY

Jan Noriyuki
Commission Secretary
Idaho Public Utilities Commission
1131 W. Chinden Blvd
Building 8 Suite 201A
Boise, ID 83714

**Re: CASE NO. PAC-E-21-01
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER
FOR APPROVAL OF THE TRANSFER OF THE LOWER KLAMATH
HYDROELECTRIC PROJECT GENERATING FACILITIES**

I. BACKGROUND

On January 14, 2021, PacifiCorp, (the “Company”), filed an application with the Idaho Public Utilities Commission, (“Commission”), requesting an order approving the Property Transfer Agreement, (“Transfer Agreement”), between the Company and the Klamath River Renewal Corporation, (“Renewal Corporation”), with a determination that the property disposition is in the public interest. The Transfer Agreement provided for the transfer of four hydroelectric dams; J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate, (collectively the “Lower Klamath Project”), as well as approximately 8,000 acres of real and personal property associated with the dams from PacifiCorp to the Renewal Corporation.

On July 8, 2021, the Commission issued Order No. 35097; approving the Transfer Agreement, authorizing the Company to create a regulatory asset for any remaining plant balances after the transfer, and requiring PacifiCorp to file bi-annual reports with the Commission on the

status of the license transfer with the Federal Energy Regulatory Commission, (“FERC”), and any additional capital investments on the Lower Klamath Project.

Pursuant to Order No. 35097 PacifiCorp hereby submits its semi-annual status report on the license transfer, along with additional capital investments, and the June 30, 2023, plant balance of the Lower Klamath Project. The report covers the period of January 1, 2023, through June 30, 2023.

II. BI-ANNUAL REPORT

As previously reported, on June 17, 2021, FERC issued an order¹ approving PacifiCorp’s application to transfer the license for the Lower Klamath Project, FERC Project No. 14803, to the Renewal Corporation, the State of Oregon, and the State of California (the “Co-Licensees”). Transfer of the license was to be effective upon transfer of the title of the properties under the Lower Klamath Project to the Co-Licensees and the acceptance by the Co-Licensees of a FERC license surrender order for the project.

FERC approved the license surrender application at its regular meeting on November 17, 2022, and issued the license surrender order² on the same date. Following FERC’s action, the Co-Licensees formally accepted the FERC surrender order and executed the necessary steps with PacifiCorp to complete transfer of the project license and real property, which was effective on December 1, 2022.

PacifiCorp is obligated under the terms of the Klamath Hydroelectric Settlement Agreement to continue to operate and maintain the Lower Klamath Project in compliance with the existing FERC license and other regulatory requirements until the Lower Klamath Project is disconnected from the electrical grid and no longer benefitting customers with generation

¹ *PacifiCorp*, Order Approving Transfer of License, 175 FERC ¶ 61,236 (2021), Issued June 17, 2021, Project Nos. 2082-062, 14803-000, 14803-004, FERC Accession #: 20210617-3060.

² *PacifiCorp*, Order Modifying and Approving Surrender of License and Removal of Project Facilities, 181 FERC ¶ 61,122 (2022), Issued November 17, 2022, Project Nos. 2082-063, 14803-001, FERC Accession #: 20221117-3021.

produced from the facilities. This operation and maintenance obligation is formalized in an amended and restated Operational and Maintenance Agreement between PacifiCorp and the Co-licensees that went into effect on December 1, 2022, concurrent with the transfer of the license. This contract will remain in place with respect to each facility until generation from the facility in Lower Klamath Project ceases.

During this reporting period, the Renewal Corporation began dam removal activities, with its removal contractor mobilizing to the project site in March 2023 to begin improving access roads and bridges, to establishing office areas, temporary worker accommodations, and laydown areas. PacifiCorp ceased hydroelectric generation at the Copco No. 2 development on May 22, 2023, and transferred operational control of the Copco No. 2 diversion dam to the Renewal Corporation on June 1, 2023. Removal of the Copco No. 2 diversion dam was substantially complete by the end of June 2023. At this time, PacifiCorp anticipates that generation from the remaining Lower Klamath Project facilities will cease at the end of 2023.

III. CAPITAL EXPENDITURES

The Lower Klamath Project's net book value, electric plant in-service less accumulated depreciation reserve balances as of June 30, 2023, along with the annual depreciation expense and regulatory asset balance are summarized in Table 1. While amortization of the legacy regulatory asset was completed, a new regulatory asset balance was established in 2023 as a result of the FERC's reply to the Company's proposed accounting entries associated with the disposition of the Lower Klamath Project assets.³ Originally, the Company retained the net book value of the Lower Klamath Project assets in the plant accounts due to its continuing to operate and benefit from the output of the facilities with the intent to transfer the net book value to a regulatory asset upon cessation of operations. However, the FERC did not accept this accounting and directed the

³ FERC Docket No. AC23-26-000 dated May 5, 2023.

Company to transfer the net book value directly to a regulatory asset. As a result, the Company transferred the net book value to a regulatory asset in 2023 upon receiving the FERC’s reply.

Table 1. Lower Klamath Project Net Book Value – June 30, 2023

Description	Total		Idaho	
Electric Plant In-Service	\$	-	\$	-
Accumulated Depreciation	\$	-	\$	-
Net Book Value	\$	-	\$	-
Annual Depreciation Expense	\$	-	\$	-
Regulatory Asset	\$	5,177,820	\$	292,938
Amortization Expense January to June 2023	\$	629,350	\$	35,606

While the Company is generally no longer incurring capital expenditures to support the continued operation of the Lower Klamath Project, residual amounts associated with those investments placed into service in 2022 were incurred between January 1, 2023, through June 30, 2023. These amounts netted to \$(24,463), include final costs and other adjustments such as return of materials and were recorded in the regulatory asset where the associated investments are now reflected. (See Table 2 for project detail).

**Table 2. Lower Klamath Project Residual Capital Additions Reflected in Regulatory Assets
from January to June 2023**

Project	Project Description	Amount (\$) Settled to Regulatory Asset
HKCA/2016/C/007	Iron Gate Hatchery Replace Recirc System	\$ (824)
HKCA/2021/C/011	IGH Supplemental Water Supply Pump	\$ 3,815
HKCA/2022/C/018	Iron Gate Hatchery Housing Upgrades	\$ (4,086)
HKCA/2022/C/019	Iron Gate Hatchery Facility Upgrades	\$ (26,225)
HPOR/2020/C/001	Elec / Instrument / Comm 2020	\$ 950
HPOR/2020/C/002	Facilities 2020	\$ (2,133)
HKCA/2021/C/002	Copco 1 Station Service Breakers Replace	\$ (19,735)
HKCA/2021/C/022	Copco 1 Tailrace Level Sensor Copco 1 Common PLC Cabinet	\$ 19,099
HKCA/2022/C/008	Components	\$ 1,256
HKCA/2021/C/019	Copco 2 Roadway Bridge Refurbishment	\$ 4,934
HKOR/2020/C/008	Copco 2 Refurbish Wood Stave flowline	\$ 465
HPOR/2021/C/002/016	Facilities 2021	\$ (628)
HKOR/2021/C/006	JC Boyle Traveling Screen Rebuild	\$ 755
HKOR/2021/C/009	JC Boyle Road Refurbishment	\$ (6,070)
HKOR/2022/C/003	JC Boyle Canal Road Stabilization	\$ 3,965
Total		\$ (24,463)

Any informal inquiries related to this report may be directed to Mark Alder, Idaho

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Very truly yours,

Joelle R. Steward
Senior Vice President, Regulation and Customer & Community Solutions