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Salt Lake City, UT 84116

August 21, 2023

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. 23-035-40
Application of Rocky Mountain Power for a Deferred Accounting Order

Pursuant to Utah Code Ann. §54-4-23, Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or the “Company”), submits this application for an accounting order authorizing the Company to record a regulatory asset associated with incremental costs from increased insurance premiums.

Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

By E-mail (preferred): datarequest@pacificorp.com
Jana.saba@pacificorp.com
utahdockets@pacificorp.com
carla.scarsella@pacificorp.com
ajay.kumar@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Informal inquiries may be directed to Jana Saba at (801) 220-2823.

Sincerely,

Joelle Steward
Senior Vice President, Regulation and Customer/Community Solutions

Carla Scarsella
Ajay Kumar
Rocky Mountain Power
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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)	Docket No. 23-035-40
Rocky Mountain Power for a Deferred)	
Accounting Order Regarding Insurance)	
Costs)	
)	APPLICATION FOR
)	DEFERRED ACCOUNTING ORDER
)	

Pursuant to Utah Code Ann. §54-4-23, Rocky Mountain Power, a division of PacifiCorp, (“Rocky Mountain Power” or the “Company”), applies to the Public Service Commission of Utah (“Commission”) for a deferred accounting order authorizing the Company to record a regulatory asset associated with the costs associated with increased insurance premiums (“Deferred Amount”). Wildfire liability risk is impacting the commercial insurance markets with an increase in the premiums for available insurance coverage.

In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a public utility in the state of Utah and is subject to the jurisdiction of the Commission with regard to its rates and service. Rocky Mountain Power also provides retail electric service in the states of Idaho and Wyoming.
2. Communications regarding this Application should be addressed to:

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utahdockets@pacificorp.com
carla.scarsella@pacificorp.com
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Rocky Mountain Power
825 NE Multnomah St., Suite 2000
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Jana Saba
Rocky Mountain Power
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Telephone: (801) 220-2823
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3. Wildfires across the western United States have resulted in significantly increasing wildfire costs and an inability to acquire insurance at rates and coverage levels that have been consistent with past premiums. Liability insurance, including wildfire liability insurance, is a prudent business expense that protects the Company and customers against financial losses from third-party claims.

4. Rocky Mountain Power's currently approved rates include premiums for commercial insurance covering third-party liability for claims in excess of \$10 million (the Company self-insures for small claims under \$10 million), and a self-insurance reserve for property damage in each state. However, because the wildfire risk for utilities in the western United States has radically changed in the past few years, the premiums for available commercial insurance have significantly increased. As noted in the Insurance Journal, insurers have taken note of the fact that, "[l]iability on the scale imposed by the Oregon jury presents an existential threat

to an industry that faces increasing wildfire risk from more extreme weather fueled by climate change.”¹

5. As discussed above, Rocky Mountain Power requests authorization to defer the incremental costs associated with Company’s insurance coverage. Based on the best available information known at the time of its last general rate case, Rocky Mountain Power’s rates were approved to reflect a reasonable level of self-insurance and commercial insurance related to third-party claims, as an expense of providing electric service to customers. The costs identified in this application would account for the incremental cost of acquiring coverage for the policy periods commencing August 15, 2023 or later. As such, all costs are related to claims against Rocky Mountain Power resulting from providing service to its customers.

6. The combined amount of these insurance premiums, and continued ability to maintain coverage may represent a material impact to the financial stability of the Company that resulted from unique and unforeseen circumstances outside the Company’s reasonable control. The potential magnitude of the insurance costs exceeds normal costs anticipated by Rocky Mountain Power and included in its retail rates, and could also far exceed the reasonable business risk associated with these claims.

7. If this application is approved, the Company will record deferred amounts by debiting Federal Energy Regulatory Commission (“FERC”) Account 182.3-Other Regulatory Assets and crediting FERC Account 925-Injuries and damages. If this application is denied, the costs will remain in FERC Account 925.

8. PacifiCorp estimates that the commercial insurance costs are approximately \$125 million (total company) for the policy period beginning August 15, 2023 or later. Current rates

¹ Joel Rosenblatt, *Utility Investors Wary of Exposures After Buffet’s PacifiCorp Held Liable for Wildfires*, INSURANCE JOURNAL (July 19, 2023), <https://www.insurancejournal.com/news/national/2023/07/19/731224.htm>.

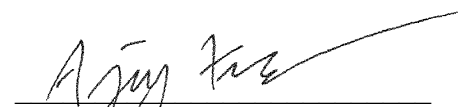
reflect approximately \$10 million (total company) in insurance costs, which would result in a deferral for Utah's allocated share of approximately \$115 million (total company) for the difference between the new costs and the amount in rates.

9. The Company acknowledges that the Commission's approval of deferred accounting treatment for these increased insurance costs will not, in itself, constitute approval of ultimate recovery of those costs. Recovery of the costs would be subject to a prudence review and a final decision on rate recovery in a future regulatory filing.

WHEREFORE, Rocky Mountain Power respectfully requests an accounting order authorizing it to record a regulatory asset to FERC Account 182.3 (Other Regulatory Assets). Recovery of the deferred insurance costs will only be authorized through a subsequent regulatory filing.

DATED: August 21, 2023

Respectfully submitted,



Ajay Kumar
Carla Scarsella

Attorneys for Rocky Mountain Power

CERTIFICATE OF SERVICE

Docket No. 23-035-40

I hereby certify that on August 21, 2023, a true and correct copy of the foregoing was served by electronic mail to the following:

Utah Office of Consumer Services

Michele Beck mbeck@utah.gov
ocs@utah.gov

Division of Public Utilities

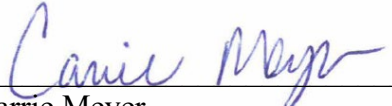
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