

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANY

Respondent.

DOCKET UE-210829

**CROSS-EXAMINATION EXHIBIT OF MATTHEW D. MCVEE
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT MDM-__X

PacifiCorp's Response to Public Counsel Data Requests No(s). 4-8

October 8, 2024

October 2, 2024

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RE: **WA UE-210829**
PC Data Request (4-8)

Please find enclosed PacifiCorp's Responses to PC Data Requests 4-8.

If you have any questions, please call me at 503-813-5410.

Sincerely,

_____/s/_____
Ariel Son
Regulatory Affairs Manager

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UE-210829 / PacifiCorp
October 2, 2024
PC Data Request 4

PC Data Request 4

Rebuttal Testimony of Matthew D. McVee, Exh. MDM-2T at 8:15–17. Background: PacifiCorp has been asked for a report on potentially splitting some of the Company's jurisdictions from its easternmost jurisdictions.¹

- (a) Please provide all of PacifiCorp's analysis performed in response to the Utah Senate request to date including memos, model runs, supporting spreadsheets and data.
- (b) Please provide all of PacifiCorp's analysis performed concerning any potential separation of parts of PacifiCorp's system from other parts including memos, model runs, supporting spreadsheets and data.
- (c) Please provide copies of all communications with PacifiCorp's board concerning any possible separation of PacifiCorp's jurisdictions from each other including but not limited to presentations to the board, emails, or memos.

Response to PC Data Request 4

PacifiCorp objects to this request as it is not relevant to the scope of the current proceeding, and all responses to this request are otherwise subject to attorney-client privilege and work product. Without waiving these objections, the Company responds:

- (a) PacifiCorp has not performed any analysis at this time. Restructuring raises numerous issues that would need to be identified before any specific analysis could be completed.
- (b) Please refer to the Company's response to subpart (a) above.
- (c) Please refer to the Company's response to subpart (a) above.

PREPARER: Matt McVee

SPONSOR: Matt McVee

¹ Alixer Cabrera, Lawmakers Want RMP to Restructure its Rate System and split PacifiCorp, News From the States (Aug. 21, 2024) <https://www.newsfromthestates.com/article/lawmakers-want-rmp-restructure-its-rate-system-and-split-pacificorp>.

UE-210829 / PacifiCorp
October 2, 2024
PC Data Request 5

PC Data Request 5

Matthew D. McVee, Exh. MDM-2T at 9:5–8.

- (a) Please provide any evidence including any calculations and data that “forced state procurement would impact PacifiCorp’s financial metrics, and could lead to further credit downgrades.”
- (b) Please provide any evidence including any calculations and data that forced state procurement could not lead to improved PacifiCorp financial metrics.
- (c) Suppose the difference between the actual power cost was lowered so as to be closer to the authorized power cost when there is a surcharge. As a result, PacifiCorp absorbed less of the difference between authorized and actual power costs. Would this improve PacifiCorp’s financial metrics? Please explain your answer.

Response to PC Data Request 5

- (a) Please refer to PacifiCorp’s response to WUTC Data Request 6.
- (b) Please refer to PacifiCorp’s response to WUTC Data Request 6.
- (c) PacifiCorp assumes that that the hypothetical presented is referring to the Company’s power cost adjustment mechanism (PCAM) deadband, with the hypothetical asking if PacifiCorp’s PCAM provided dollar-for-dollar recovery, would that improve PacifiCorp’s financial metrics. Based on that assumption, PacifiCorp agrees that improving recovery of costs spent on providing power to customers would assist in improving cash flows, thus having a positive effect on the Company’s financial metrics. The relative impact would, however, depend on other issues, such as the financial impact of additionally mandated procurement.

PREPARER: Matt McVee

SPONSOR: Matt McVee

UE-210829 / PacifiCorp
October 2, 2024
PC Data Request 6

PC Data Request 6

Matthew D. McVee, Exh. MDM-2T at 9:9–13.

- (a) Is it PacifiCorp's contention that the cost of debt for a Washington-specific resource would be higher than its current cost of debt? If the answer is yes, please provide evidence for your answer including any calculations and data in Excel.
- (b) Does PacifiCorp have any credit profiles that are not system-wide?
- (c) If the answer to subpart b. is yes, please provide details of each credit profile that is not system-wide including any ratings, borrowing facilities/agreements, amounts, and interest rates as available.
- (d) If the answer to subpart b. is no, then for any facilities that Washington does not receive a share of, should those enjoying the benefits of those facilities not be held responsible for the increased borrowing costs caused by those facilities?
- (e) Are Washington ratepayers responsible for a share of the damages for wildfires in other jurisdictions, or will they be? Please explain your answer.

Response to PC Data Request 6

- (a) No.
- (b) No, that is the concern raised by the Company. State-mandated procurement could negatively impact the Company as a whole.
- (c) Not applicable.
- (d) PacifiCorp does not fund individual investments with specific debt or equity issuances but a portion of new PPAs would be imputed as debt. PacifiCorp is managing all borrowing to support its financial metrics to minimize adverse impacts to the cost of long-term debt, which could lead to increased customer rates. It is PacifiCorp's position that any state-mandated resource procurement removes the Company's ability to manage its financial situation, and, therefore, the risks associated with any such mandate resulting in adverse consequences should be borne by customers in that state.
- (e) The Company objects to this request as not relevant to the scope of the proceeding, which is not a rate recovery proceeding.]

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

UE-210829 / PacifiCorp
October 2, 2024
PC Data Request 6

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UE-210829 / PacifiCorp
October 2, 2024
PC Data Request 7

PC Data Request 7

Matthew D. McVee, Exh. MDM-2T at 23:20–24:4.

- (a) Is it the Company’s contention that an RFP not mandated by the Washington Utilities and Transportation Commission (Commission) does not remove “the utility’s ability to negotiate the lower possible price and best terms for customers”? Please explain your answer.
- (b) Please provide all instances that PacifiCorp is aware of in which a Commission mandated an RFP for a utility and the utility was unable to negotiate the lower possible price and best terms for customers.” Please provide supporting details that show the inability to negotiate the lowest possible price and best terms for each instance cited.

Response to PC Data Request 7

- (a) To maintain the ability to negotiate the lowest possible price in a power purchase agreement (PPA), the utility must have the ability to terminate negotiations. Directing a utility to issue a request for proposals (RFP) puts the utility in a weaker negotiation position because the Company no longer controls all aspects of the process. The result is an increased risk that customers will pay higher prices for power.
- (b) PacifiCorp is not aware of any instances where the Washington Utilities and Transportation Commission (WUTC), or any other state utility commission, has mandated procurement of generation resources outside broader legislative action associated with the energy sector, or in response to failed generation divestment.

PREPARER: Matt McVee

SPONSOR: Matt McVee

UE-210829 / PacifiCorp
October 2, 2024
PC Data Request 8

PC Data Request 8

Rebuttal Testimony of Rohini Ghosh, Exh. RG-2T at 13:17–14:6.

- (a) Has PacifiCorp performed any calculation of the “offsetting power cost benefits” to its \$37 million estimate?
- (b) If the answer to subpart a. is yes, please provide the calculation and data in Excel format along with a narrative description of the calculation.
- (c) If the answer to subpart b. is no, please explain why PacifiCorp claims \$37 million “provides a general estimate of the incremental costs.”

Response to PC Data Request 8

- (a) No. PacifiCorp has not done the analysis required to estimate total impacts to the present value of revenue requirements (PVRR) of a portfolio if the Company were held to higher targets.
- (b) Please refer to the Company’s response to subpart (a) above.
- (c) While PacifiCorp has not analyzed the costs of a Washington-compliant portfolio with the higher interim targets as binding (i.e. the interim targets in PacifiCorp’s Revised 2021 Clean Energy Implementation Plan (CEIP)), the latest CEIP portfolio from the 2023 Biennial CEIP Update represents the least-cost path to 2030 Clean Energy Transformation Act (CETA) compliance, given then-current modeling conditions. Because this outcome resulted in lower interim targets, relative to the Revised CEIP, it would have been more costly to increase renewable and non-emitting energy procurement sooner. The figure of \$37 million is an estimate of this incremental capital cost associated with near-term situs cost-allocated procurement that would increase rates for Washington customers. While there would likely be a reduction in power costs associated with this resource, power cost reductions would not entirely offset the cost of the resource because the resource is not part of the least cost plan.

PREPARER: Rohini Ghosh

SPONSOR: Rohini Ghosh