

Docket No. UE-210829 - Vol. VI

**WUTC v. Pacificorp d/b/a Pacific Power & Light
Company**

October 21, 2024



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BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of:)
PACIFICORP D/B/A PACIFIC POWER &)
LIGHT COMPANY'S Revised Clean)
Energy Implementation Plan.)
) Docket UE-210829
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EVIDENTIARY HEARING, VOLUME VI

October 21, 2024

Lacey, Washington

Pages 87 - 369

Administrative Law Judge Connor A. Thompson, Presiding

* A PORTION OF TESTIMONY IS DESIGNATED CONFIDENTIAL
AND IS SEALED UNDER SEPARATE COVER. *

Reporter: John M.S. Botelho, CCR, RPR

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1 BE IT REMEMBERED that on Monday,
2 October 21, 2024, at 621 Woodland Square Loop
3 Southeast, Lacey, Washington, at 9:00 a.m., before
4 the Washington Utilities and Transportation
5 Commission; David W. Danner, Chair; and Connor A.
6 Thompson, Administrative Law Judge, the following
7 proceedings were continued, to wit:

8
9 <<<<<< >>>>>>

10
11 ALJ THOMPSON: Good morning. We
12 are now on the record. It is Monday, October 21st,
13 2024. The time is 9 a.m.

14 My name is Connor Thompson. I am an
15 administrative law judge with the Washington
16 Utilities and Transportation Commission, and I am
17 presiding in this matter along with the
18 commissioners. We are here today for an evidentiary
19 hearing in Docket 21 -- or UE-210829, which is
20 captioned respectfully In the Matter of PacifiCorp,
21 doing business as Pacific Power & Light Company's
22 Revised Clean Energy and Implementation Plan.

23 Let's go ahead and take short appearances on the
24 record, starting with the company.

25 MR. ROGALA: Good morning, Your

1 Honor. Zachary Rogala with PacifiCorp.

2 ALJ THOMPSON: Thank you.

3 And for staff.

4 MS. STRAUSS: Good morning, Your

5 Honor. Josephine Strauss on behalf of staff.

6 ALJ THOMPSON: Thank you.

7 Public counsel.

8 MR. SYKES: Good morning, Your

9 Honor. Rob Sykes on behalf of public counsel.

10 ALJ THOMPSON: Thank you.

11 For the Alliance of the Western Energy Consumers.

12 MS. MOSER: Good morning, Your

13 Honor. Sommer Moser with Davison Van Cleve on behalf

14 of AWEC.

15 ALJ THOMPSON: Thank you.

16 And for The Energy Project.

17 MR. ZAKAI: Good morning, Your

18 Honor. Yochi Zakai with The Energy Project.

19 And for the benefit of the court reporter, the

20 acronym that we use is T-E-P, or TEP.

21 ALJ THOMPSON: Thank you.

22 And for the Alliance of Western Energy Consumers,

23 the acronym that they use is AWEC, A-W-E-C.

24 For Renewable Northwest and the Northwest Energy

25 Coalition.

1 MS. CHILLCOTT: Good morning, Your
2 Honor and Commissioners. Barbara Chillcott with
3 Western Environmental Law Center on behalf of Renewable
4 Northwest and Northwest Energy Coalition.

5 The acronyms we use are RNW and NWECC, or N-W-E-C.
6 Thank you.

7 ALJ THOMPSON: Thank you very much.

8 And for Columbia River Inter-Tribal Fish
9 Commission.

10 MR. CETAS: Good morning. Elijah
11 Cetas with Columbia River Inter-Tribal Fish Commission,
12 here with Patrick Oshie.

13 And for the record, we use the acronym CRITFC.

14 ALJ THOMPSON: Thank you very much.

15 Let's go ahead and talk about our plans for this
16 hearing.

17 First thing this morning, we'll turn to the
18 admission of prefiled exhibits and testimony. We will
19 then allow for brief opening statements. We had
20 multiple parties indicate that they would like to
21 perhaps provide an opening statement, but they might
22 waive that opening statement if the other parties are
23 willing to waive their opening statement as well. And
24 so we'll get to that in just a moment. Openings, if
25 you give them, will be limited to ten minutes each.

1 Before we turn to the cross-examination of
2 witnesses, following the parties' agreed order of
3 presentation, we will also address any outstanding
4 motions. And we will plan on taking a mid-morning
5 break, if needed, but we'll play that by ear. And, if
6 needed, we also will take a lunch break.

7 I do anticipate, given the cross time estimates,
8 that we will be done early afternoon so as not to
9 interfere with any of the time constraints which were
10 conveyed to me via e-mail for some of the witnesses.
11 However, if we are approaching that 3:00 hour, we can
12 stop and address whether or not any of those witnesses'
13 conflicts are going to -- to arise and we need to take
14 those witnesses out of order.

15 I just want to remind the parties, again, to keep
16 their microphones muted unless they are speaking and
17 also to only use video for those portions of the
18 hearing when you have a speaking role.

19 If you do have any technical difficulties, please
20 feel free to let us know via the chat and the Zoom
21 function, but the chat function in the Zoom should only
22 be used for letting us know of technical difficulties.
23 If you have any objections to raise, please unmute
24 yourself and let me know.

25 Are there any questions before we get to the

1 admission of exhibits?

2 Please go ahead.

3 MS. MOSER: Thank you, Your Honor.
4 Just one question. I was curious if there's been any
5 decision on whether witnesses that haven't previously
6 been identified for cross-examination can be excused.
7 Specifically for AWEC, that would be Dr. Kaufman.

8 ALJ THOMPSON: Yes. And I apologize
9 for not letting you know earlier. We discussed that
10 late Friday, and I did not have time to get the e-mail
11 out before end of day.

12 But for witnesses for whom cross-examination has
13 not been indicated, those witnesses can be excused. If
14 they would like to remain in the room or remain on the
15 Zoom, they're welcome to do so. But I do not believe
16 that we will have any bench questions for those
17 witnesses. And if we do, we can address those through
18 a bench request.

19 MS. MOSER: Thank you.

20 ALJ THOMPSON: Thank you.

21 Let's go ahead and turn to the admission of
22 prefiled exhibits.

23 I'll just go ahead and ask: Have the parties had
24 any opportunity to discuss the admission of prefiled
25 exhibits before today's hearing? I know that

1 specifically the company and staff had indicated some
2 objections or partial objections to some exhibits, and
3 I want to know if the parties had an opportunity to
4 sort that out before today's hearing.

5 MR. ROGALA: No, Your Honor, we did
6 not. But at least from PacifiCorp's perspective, we
7 would waive -- or we'd stipulate to the admission of
8 all unobjected-to data requests at this time, and then
9 we can discuss the staff and PacifiCorp objections
10 after that.

11 MS. STRAUSS: Staff's in agreement.
12 We'd be happy to waive any objection to unobjected-to
13 exhibits, with the exception of those that were already
14 previously identified last week.

15 ALJ THOMPSON: Okay. And when does
16 PacifiCorp and staff contemplate raising those
17 objections: As those exhibits come up during
18 cross-examination or when we introduce those witnesses?
19 What makes the most sense to the parties?

20 MR. ROGALA: Your Honor, I'd -- I
21 don't think I have a preference on five of the six
22 exhibits, but I do think we should address one at the
23 start of the hearing, just 'cause I think it's
24 problematic enough, it should be excluded. But I -- I
25 defer to, yeah, your preference or other party

1 preference if, instead, we should address the rest of
2 those other exhibits as they come up in cross.

3 ALJ THOMPSON: Okay. I think -- I
4 think what we should do is go ahead and very briefly
5 outline the objection and the reason for that objection
6 to each of the exhibits which the parties are objecting
7 to for the sake of the record.

8 My concern with doing otherwise is that we will
9 get into cross-examination. Sometimes questions are
10 not asked specifically about an individual exhibit.
11 And I don't want to get to the end of today's hearing
12 and be in a situation where we've not addressed an
13 exhibit through cross, but there's an outstanding
14 objection.

15 And so I will go ahead and start with the company.
16 If you want to identify those exhibits which the
17 company has an objection to and state a brief basis for
18 the objection, and I'll go ahead and note that as
19 you -- you proceed.

20 MR. ROGALA: Thank you, Your Honor.

21 First, a quick question, clarifying question to
22 staff.

23 On MDM-6X, this is PacifiCorp's response to Data
24 Request 27. We don't have an objection if you're
25 looking to use 27D, but I'm not sure if you're also

1 looking to use 27A through C.

2 MS. STRAUSS: Let me pull up the
3 exhibit. Sorry. Don't have it in front of me at the
4 moment.

5 By "D," do you mean at the bottom below D as well?

6 MR. ROGALA: Correct.

7 MS. STRAUSS: Okay. Yeah, we just
8 plan on using D, and it's mostly for briefing.

9 MR. ROGALA: Perfect.

10 Then, Your Honor, we do not have any objections to
11 the use of MDM-6X, DR 27D, and that's understanding
12 that 27A through C will not be used as
13 cross-examination exhibits.

14 Moving on to MDM-17X. This is the annual
15 Berkshire Hathaway 2023 Warren Buffett letter to
16 shareholders. And we -- we object because we don't
17 think it's relevant. 10-Ks are issued nine months
18 after an IRP is filed, two months after the CEP -- CEIP
19 update. So we think it's not relevant, because only
20 then-current facts and circumstances either prior to
21 and up unto the date of filing should be relevant for
22 consideration whether the CEIP update should be
23 approved by this Commission.

24 We also think it assumes facts that are not in
25 evidence, because there's no actual evidence that

1 PacifiCorp plans to, quote, forego resource
2 acquisitions. And actually, you know, the opposite is
3 true, where we've suspended our upstream dividend, and
4 we have strong ring-fencing protections between both us
5 and Berkshire Hathaway Energy and then again between
6 Berkshire Hathaway Energy and Berkshire Hathaway as our
7 ultimate parent.

8 But I think our fundamental objection is it calls
9 for speculation because a witness maybe can't speak for
10 Mr. Buffett or Mr. Abel, and I think it kind of
11 cloudies -- clouds the -- the record to have questions
12 on this exhibit. And I'll stop there.

13 MR. SYKES: And, Your Honor, that's
14 public counsel's exhibit. And I would say that
15 PacifiCorp is making a claim in this hearing that it is
16 limiting resource acquisition based on, among other
17 things, financial metrics. And this statement from
18 Berkshire Hathaway is relevant to that issue about
19 how they're -- about whether or not they are going to
20 invest resources in Washington specifically. And if
21 Mr. McVee can't speak to it, then I would suggest he
22 say so when he's cross-examined rather than rely on the
23 representation of counsel.

24 ALJ THOMPSON: Okay. The objection
25 is noted, and I'll go ahead and make a ruling on all of

1 this once we get to the conclusion. Thank you very
2 much for your response.

3 You can go ahead and continue, Mr. Rogala.

4 MR. ROGALA: Thank you, Your Honor.
5 Moving to MDM-18X and 19X. The first are PacifiCorp's
6 response to DRs 4A through C. The second is a News
7 from the States article. They both deal with the same
8 subject matter, and this is the Utah governor's request
9 for PacifiCorp to investigate, you know, potential
10 divestments of Rocky Mountain Power from PacifiCorp to
11 try and see if there's any benefits that could accrue
12 to Utah customers.

13 Similar to the 10-K, we have a relevance
14 objection. This request was made almost a full year
15 after the CEIP update was filed. We filed in November
16 of last year. This request was, I believe, in June of
17 this year. And there's almost a year and a half after
18 the 2023 IRP wrapped up. So while we understand it's
19 an important issue, we just don't think it is relevant
20 to a document that was filed almost a year prior to the
21 governor issuing this statement.

22 Second, we -- we don't think there's value to
23 their cross-examination exhibit. Because as listed in
24 DRs 4A through C, we have not conducted any analysis at
25 the time when we responded to the DR. And if we have

1 since that time, it remains confidential attorney work
2 product. So we just don't want kind of the -- the --
3 the specter of kind of the Utah governor's request to
4 kind of cloud the issues on what to do on PacifiCorp's
5 CEIP update, so I think it's prejudicial enough that
6 both of these exhibits should be excluded.

7 ALJ THOMPSON: Okay. Thank you.
8 And for your objections, I believe that the next ones
9 are to exhibits for Rohini Ghosh.

10 COMMISSIONER RENDAHL: Did you want
11 to hear public counsel's response to the objection?

12 ALJ THOMPSON: Do you -- do you have
13 a response?

14 MR. SYKES: I do, Your Honor. Thank
15 you.

16 One of the contentions PacifiCorp has made in this
17 proceeding is that its allocation methodology
18 constrained its ability to require resources for
19 Washington. This exhibit has to do with whether that
20 allocation methodology might change and might change
21 the facts of this case. So I submit that it's relevant
22 and -- and Mr. McVee should be subject to
23 cross-examination on the issue.

24 ALJ THOMPSON: Thank you.

25 And before we proceed, Mr. Rogala, if you could

1 just speak a little bit closer to the microphone. It
2 sounds like there's some -- some troubles hearing you.

3 MR. ROGALA: Thank you, Your Honor.
4 Moving to RG-21X. This includes both the Excel
5 spreadsheet and supporting power cost exhibits. We
6 have several objections to this cross-exam exhibit.

7 Primarily, this isn't really a cross-exam exhibit.
8 This is inappropriate surrebuttal testimony. This is
9 Pacifi- -- or sorry -- public counsel-created exhibit
10 based on a compilation of PacifiCorp exhibits and
11 statements from prior dockets in an attempt to
12 calculate some sort of net power cost value.

13 And because it's a public counsel-created
14 document, this is basically an end run of the
15 Commission's procedural schedule. And for those
16 reasons, we think it should be excluded because we
17 don't have the opportunity to examine public counsel's
18 witnesses on this document, nor do we believe that the
19 Commission should allow for that here because it'll
20 dramatically extend the length of the hearing this
21 morning. So we have an initial kind of procedural due
22 process objection, but we also have evidentiary
23 objections as well.

24 First, we have authentication concerns. We're not
25 sure that public counsel can authenticate this exhibit.

1 We don't think there's foundation to move it in.
2 Dr. Ghosh is not a power cost witness, and she
3 testified to that fact in her rebuttal testimony.

4 Dr. Earle has no testimony on this exhibit, so
5 there's no opportunity for the exhibit to be moved in
6 through his testimony.

7 We also think it's not relevant, as we stated in
8 our surrebuttal testimony and plan -- or in our
9 rebuttal testimony and plan to do so in briefing. This
10 is just not a power cost proceeding. It's not a rate
11 case.

12 So we think the Commission should exclude this
13 exhibit, because it's -- it's -- simply it's just a
14 collateral attack on same or similar issues from the
15 current PCAM, and we don't want it to cloud the issues
16 here. Thank you.

17 ALJ THOMPSON: Public counsel.

18 MS. STRAUSS: Your Honor, quick
19 point of clarification.

20 You said RG-21X. Is this the -- do you mean 22X
21 since the exhibit list got renumbered last night?

22 ALJ THOMPSON: Oh. Thank you for
23 that clarification. I -- I can clarify that is now
24 RG-22X with the addition of staff's supplement to
25 RG-18X --

1 MS. STRAUSS: Okay.

2 ALJ THOMPSON: -- which is now
3 marked RG-21XC.

4 MS. STRAUSS: Thank you. Just want
5 to make sure.

6 ALJ THOMPSON: And for the parties
7 just to know, everything below RG-21XC, which includes
8 RG-22X through RG-31X, has been renumbered, so that
9 would be exhibits -- cross exhibits from public
10 counsel, RNW/NWEC. And I believe that that covers
11 everybody.

12 But I just did want to clarify that I sent that
13 e-mail out late last night after having had a chance to
14 review staff's motion on -- on Friday.

15 Public Counsel, if you want to proceed with your
16 response.

17 MR. SYKES: Yes, Your Honor.

18 First, I want to say this is not improper
19 surreply. This is an illustrative exhibit to address
20 testimony that Dr. Ghosh gave on rebuttal. She was
21 asked in DRs whether she had considered the offsetting
22 power cost benefits of Washington procurement to meet
23 CETA requirements, and she said she had not. And this
24 exhibit goes to that issue.

25 PacifiCorp has said in its testimony, both direct

1 and rebuttal, that Washington resources would cost it
2 money and strain its financial metrics, and this shows
3 there would be an offsetting benefit to acquiring situs
4 resources. And for that reason, it is relevant, and
5 it's not a proper surreply.

6 ALJ THOMPSON: Okay. Thank you.

7 MR. ROGALA: And, Your Honor, moving
8 to RG-28X. And I believe this is the right numbering.

9 Thank you, Josephine.

10 We're looking at OPUC Docket UM 2193. This is
11 PacifiCorp's 2022 all-source RFP benchmark bids.
12 Similar concern to above. We don't think this document
13 is relevant. No bids from the '22 all-source RFP
14 informed the '23 IRP CEIP update.

15 So we've come across this issue and similar issues
16 in other planning proceedings. I think there's a real
17 danger in bringing in after-the-fact circumstances from
18 when the utility filed its planning document to call
19 into question the company's decision-making that
20 informed that document.

21 But we just don't think that's relevant, because
22 the company had no knowledge or information of these
23 documents that were filed after the company created
24 and -- sorry -- finished its 2023 IRP update model, or
25 IRP modeling. We have similar -- and I'll stop there.

1 ALJ THOMPSON: Okay. Thank you.

2 And is there one more objection that PacifiCorp
3 has to one of the exhibits from RNW/NWEC? And then
4 we'll give them a chance to respond.

5 MR. ROGALA: Your Honor, we do,
6 and -- okay. I'll just head into that objection as
7 well.

8 So this is to RG-29X. And this is a NewsData
9 article discussing a PacifiCorp purchase. Similar
10 objection as above. We do not think it's relevant.
11 This article lists a PacifiCorp purchase that was
12 almost half a year after the CEIP update was filed and
13 almost a full year after modeling was wrapped up. We
14 just ask the Commission to keep the proper scope.
15 Then-current facts and circumstances matter, not
16 after-the-fact circumstances, which the company had no
17 knowledge about.

18 ALJ THOMPSON: Okay. Thank you.

19 And does counsel for RNW/NWEC have a response to
20 those two objections?

21 MS. CHILLCOTT: Yes, Your Honor.
22 Thank you.

23 We believe these exhibits are relevant to this
24 proceeding. PacifiCorp here has testified in this
25 docket that there were no resources available for it to

1 meet the 2030 targets. These exhibits go to the
2 accuracy of that testimony. They're relevant because
3 initial bids were submitted to OPUC. OPUC staff
4 commented on what was submitted, and those comments are
5 relevant because they indicate Pac could have
6 potentially procured more affordable cost-competitive
7 clean resources had the RFP not been canceled.

8 This speaks to the appropriateness of the
9 suspension of the RFP here. You know, and we note that
10 the company has indicated that the bedrock of its
11 supply-side procurement actions for the revised CEIP
12 are the company's 2020 and 2022 all-source RFPs. So we
13 believe that, you know, Exhibit RG-20X and 29X, we have
14 a similar response to those, and then 30X as well.
15 Thank you.

16 ALJ THOMPSON: Thank you.

17 And was there an objection to what is now marked
18 RG-30X as well?

19 MR. ROGALA: There was, Your Honor.
20 I wasn't sure if you wanted me to address that one as
21 well, because I feel like it was different than the
22 other two, but I can address that one next.

23 Same thing. We believe RG-30X -- this is OPUC
24 Docket LC 82 staff report -- this document is not
25 relevant. So, again, we're here today to discuss

1 PacifiCorp's '23 IRP and the CEIP update which is based
2 on this document. This modeling was finalized in March
3 of 2023. CEIP update filed in November of 2023.

4 Renewable Northwest Exhibit LC 82 staff report, that's
5 based on the 2023 IRP update and CEP supplement. These
6 documents were filed in April of this year. It's hard
7 for me to imagine how a document that analyzes a
8 completely separate modeling universe could be relevant
9 for this proceeding, and for that reason, we think it's
10 not relevant.

11 And we also think it's prejudicial and misleading.
12 There's many incorrect assumptions and conclusions in
13 this staff report. But, for example, there is not and
14 has never been a 2022 all-source RFP short list despite
15 staff's conclusion in that report. So we don't want to
16 cloud the record here on this staff report from an
17 Oregon docket. And I'll stop there.

18 ALJ THOMPSON: Okay. Thank you.

19 And I think we already have a response regarding
20 RG-30X, but if counsel would like to respond further,
21 I'd welcome the opportunity to do so.

22 MS. CHILLCOTT: Thank you, Your
23 Honor. And, no, briefly our response is the same as
24 our response to the objections to the prior two
25 exhibits. We believe this Exhibit 30X is relevant to

1 this proceeding. And I will leave it at that. Thank
2 you.

3 ALJ THOMPSON: Okay. Thank you.

4 And I'd like to hear the objections from staff
5 quickly while we're -- we're handling objections.

6 MS. STRAUSS: Your Honor, staff's
7 objections to Exhibits JNS-31X and 32X are essentially
8 the same. They're only partial objections to the DRs
9 that include those exhibits that were not DRs that were
10 directed to staff nor responded to by staff. Staff
11 believes there is a foundation and a knowledge issue
12 here since these are not DRs produced by staff. Staff
13 is really unable to comment on the responses in those
14 DRs nor the basis for those responses.

15 ALJ THOMPSON: Okay. Thank you.

16 And was there one other objection to one other
17 exhibit? I think there were two partials and one --
18 one objection.

19 MS. STRAUSS: Yes, Your Honor. I do
20 apologize. And then also JNS-30X, a relevance
21 objection. This is a scheduling order from an OPEC
22 docket, not substantive -- not of substantive or that
23 would be informed to anything that's at issue in this
24 case, not something that has any connection to this
25 matter.

1 ALJ THOMPSON: Okay. Thank you.

2 And would the company like to respond?

3 MR. ROGALA: Yes, Your Honor.

4 I was wondering if that would be staff's objection
5 to 31X and 32X. And we have no concerns with their
6 objection to those exhibits that are not directed to
7 Jaclynn Simmons.

8 Regarding JNS-30X, however, Jaclynn Simmons
9 discusses LC 82, which is Oregon commission docket.
10 She discusses Order 24-073. She provides that as an
11 exhibit to her testimony. And, importantly, that order
12 has been used by parties in this case to say, in
13 effect, that PacifiCorp needs to issue an RFP to
14 procure clean energy resources to meet the Oregon clean
15 energy goals of that state.

16 I think that's incorrect factually, and the
17 UM 2345 ruling provides language that clarifies that
18 issue both factually and, from our perspective, as a
19 matter of law as well.

20 ALJ THOMPSON: Okay. Thank you.

21 I appreciate you providing basis for each of the
22 objections which were sent via e-mail. I would ask,
23 before I proceed, if any of the other parties had any
24 other objections to any of the prefiled exhibits or
25 cross exhibits. I do not remember any being indicated,

1 but I want to give you the opportunity now if you do
2 have any.

3 MR. SYKES: Sorry, Your Honor. I'm
4 trying to get the microphone to work.

5 Okay. So public counsel doesn't have any specific
6 objections to any of PacifiCorp's exhibits. There were
7 many that were duplicated across several witnesses.
8 And it's not clear whether or how they'll be used for
9 any other witness. So those objections might be
10 handled during cross-examination, but we have none at
11 this time but wanted to give you a heads-up that there
12 might be further objections.

13 ALJ THOMPSON: Okay. Thank you for
14 that.

15 Anything else from any of the parties?

16 MS. STRAUSS: Staff concurs with
17 public counsel's statement.

18 ALJ THOMPSON: Okay. Please go
19 ahead.

20 MR. CETAS: CRITFC concurs as well
21 and has no objections.

22 ALJ THOMPSON: Okay. I do think
23 that the duplication issue has been somewhat addressed.
24 Our rules do require that parties put witnesses on
25 notice of potential material which they might be

1 cross-examined on, and so I think it was appropriate
2 under the rules for PacifiCorp to provide notice.

3 I do know for the future what we might be able to
4 do is to introduce those once and mark them once under
5 one witness, and then under a subsequent witness you
6 can refer back to that initial marking. So, for
7 example, if it's JNS-30X, you can let a subsequent
8 witness know that they may be asked questions about
9 JNS-30X. That way we don't have the duplication issue.

10 And regarding the objections from PacifiCorp and
11 staff, I do think -- you know, this is an
12 administrative proceeding. We are capable, I think,
13 and the commissioners are capable of providing due
14 weight in weighing the relevance of each of the
15 exhibits brought in. To the extent that any objection
16 pertains to a witness's ability to speak to Berkshire
17 Hathaway's thoughts or Warren Buffett's thoughts or
18 material that they may not have personal knowledge of,
19 those objections can be made during cross if questions
20 go into matters related to knowledge that the specific
21 witness may or may not have.

22 To the extent that we have objections to documents
23 being brought in from the Oregon Public Utilities
24 Commission, I see we have objections from both staff
25 and PacifiCorp related to documents from the OPUC. We

1 are in Washington. That may be persuasive, but it's
2 certainly not binding in any of the decisions, or dicta
3 or writings of the OPUC staff is not binding on this
4 Commission. And we will give that its due weight as we
5 move forward.

6 And, finally, I will note that to the extent we
7 have objections to responses to DRs or news articles or
8 work papers put together by public counsel, that those
9 can be responded to if relied upon in briefing. This
10 is not our only chance to establish the record. We do
11 have two rounds of simultaneous briefing. So to the
12 extent that a party relies on that in their briefs, we
13 do have reply briefs scheduled in this proceeding, and
14 those can be addressed through that -- that medium.

15 And with that said, I've heard all of the
16 objections. I will overrule them for the reasons
17 stated. And with that, all prefiled exhibits and cross
18 exhibits, excluding what has now been marked RG-21XC,
19 which I will get to in just a moment, are admitted at
20 this time into the record.

21 (All prefiled exhibits and
22 cross exhibits, excluding
23 Exhibit RG-21XC, admitted.)

24
25 COMMISSIONER RENDAHL: Do you mean

1 22XC, the renumbered?

2 ALJ THOMPSON: 21XC. That one was
3 filed on Friday, and I just want to give --

4 COMMISSIONER RENDAHL: Okay.

5 ALJ THOMPSON: -- the
6 opportunities --

7 COMMISSIONER RENDAHL: Got it.

8 ALJ THOMPSON: -- the opportunity to
9 the parties to object to that since it was late filed,
10 if there are any objections.

11 And, with that, I do want to note that we did get
12 a motion to file a supplemental cross exhibit, which
13 has been marked RG-21XC. It was filed by staff on
14 Friday afternoon, October 18th, 2024.

15 Does any party have any objection to that exhibit
16 being part of the record?

17 MR. ROGALA: No objection, Your
18 Honor.

19 ALJ THOMPSON: Okay. I'm seeing
20 shaking heads. Okay.

21 That exhibit will be admitted into the record as
22 well.

23 (Exhibit RG-21XC admitted.)

24

25 ALJ THOMPSON: Okay. And I believe

1 that deals with the motion that was filed Friday.

2 Are there any other outstanding motions that I've
3 missed besides the one that was filed Friday?

4 MS. STRAUSS: Your Honor, staff
5 submitted a motion to revise Jaclynn Simmons' testimony
6 a few months ago just to correct an error. And that
7 motion is still outstanding.

8 ALJ THOMPSON: Okay. And are there
9 any others?

10 I believe that was the only other one I saw in the
11 record as well. I did review that motion, and I did
12 review the changes. We did not get any objections
13 filed after that motion was submitted, and so that
14 motion is granted at this time as well.

15 I want to turn to opening statements. I know that
16 the company had indicated they would waive their
17 opening statement. However, a couple of the parties
18 indicated they would like to provide an opening
19 statement. So before we move into opening statements,
20 I just want to go around the room and ask, for those
21 parties who do plan on giving an opening statement, to
22 indicate that they plan on doing so, and then I will
23 leave it to the company to decide if they would like to
24 provide an opening based on parties' responses.

25 So we -- we've heard from the company.

1 Does staff intend to give an opening statement?

2 MS. STRAUSS: Yes, Your Honor.

3 ALJ THOMPSON: Okay. Public
4 counsel?

5 MR. SYKES: Yes, Your Honor.

6 ALJ THOMPSON: Okay. And AWEC?

7 MS. MOSER: Yes, Your Honor, given
8 that other parties haven't waived, the AWEC is prepared
9 to give an opening statement.

10 ALJ THOMPSON: Okay. And The Energy
11 Project.

12 MR. ZAKAI: Yes, Your Honor, given
13 that other parties have not waived, we have a very
14 brief opening statement.

15 ALJ THOMPSON: Okay. And Renewable
16 Northwest and the Northwest Energy Coalition.

17 MS. CHILLCOTT: Yes, Your Honor, we
18 do plan to give a brief, very brief opening statement.
19 Thank you.

20 ALJ THOMPSON: Okay. And Columbia
21 River Inter-Tribal Fish Commission.

22 MR. CETAS: Yes, Your Honor, we plan
23 to give a brief opening statement.

24 ALJ THOMPSON: Okay. And I will go
25 back to the company. Based on the parties' responses,

1 would you like to provide an opening statement as well?

2 MR. ROGALA: Yes, Your Honor.

3 ALJ THOMPSON: Okay. I will just
4 remind the parties that we will keep these under ten
5 minutes. The shorter, I think, the better.

6 And so let's go ahead and proceed, starting with
7 the company.

8 MR. ROGALA: Good morning, Your
9 Honor, Commissioners.

10 From PacifiCorp's perspective, we think there are
11 two cases here today. First, there's PacifiCorp's
12 case. And we request the Commission approve our
13 updated interim targets. And we're primarily focused
14 on the current four-year CEIP planning period, and
15 that's years 2022 through 2025.

16 Now, we're concerned that our previously approved
17 targets are stale. If we can't update them to reflect
18 current realities, it will result in unreasonable
19 compliance costs for our Washington customers either in
20 the form of short-term REC purchases, which are only a
21 temporary solution, or inflated resource costs by
22 having to find, negotiate, and ultimately bring on a
23 resource soon enough that could contribute meaningfully
24 enough to our interim targets for years 2024 and 2025,
25 or in the worst case, our stale targets could result in

1 administrative penalties.

2 But even with our lowered near-term interim
3 targets -- and, again, that's through 2025 -- our CEIP
4 update gets us to CETA's 2030 goal. And, importantly,
5 we think we can achieve CETA's 2045 standard more than
6 a decade early. And that bears repeating. Our current
7 plan indicates we can achieve CETA's 100 percent
8 renewable requirement by 2032. So we readily
9 acknowledge this CEIP update slows our compliance
10 trajectory in the near term, in the first couple years.
11 But within a decade, we plan to be the first Washington
12 utility to serve our customers with 100 percent
13 renewable energy.

14 So regardless of the outcome, we hope this context
15 is not lost on the Commission. So that's PacifiCorp's
16 case. But in a rare alignment of parties, I think it's
17 AWEC's position as well.

18 So now to the second case. The rest of the
19 intervenors are earnestly concerned with the pace of
20 PacifiCorp's energy transition, but most importantly,
21 years '25 through 2030. They're concerned that
22 lowering our interim targets today will prevent
23 compliance by 2030, and because of that concern, the
24 Commission should reject our request and set some sort
25 of example with PacifiCorp, either by holding us to our

1 current interim targets, which everyone concedes are
2 outdated, or approving our proposed targets, though
3 only with an interlocking web of conditions to address
4 intervenor concerns.

5 And I think it's important that these two cases
6 are talking past each other. The intervenors, almost
7 to a witness, do not contradict our justifications for
8 lowered interim targets. Many even accept that our
9 justifications are correct: From increased load, to
10 updated thermal resource assumptions, to actual
11 procurement efforts, to relying on the WIJAM. Each of
12 these issues led to verifiable actual reductions in
13 PacifiCorp's interim targets, and they are uncontested.

14 Instead, these parties are concerned with the
15 precedent it might set if the Commission approves our
16 lowered targets. They want to transform CEIP updates,
17 planning documents, and do a determination of CETA
18 progress, or they want the Commission to assess
19 penalties for even asking the Commission to lower our
20 interim targets even though Washington law allows
21 PacifiCorp to do so. Or they want the Commission to
22 order PacifiCorp to procure resources, something which
23 I think everyone should agree on, a utility Commission
24 has never done before.

25 So given these two theories of the case, we urge

1 the Commission to choose the first and approve our
2 modest updates to reflect reality. But to the extent
3 the Commission shares any of the intervenors' concerns,
4 we ask that you reserve judgment on these issues and
5 address them in our next CEIP, again, which is due in
6 less than a year's time, and it will be focused
7 primarily on the compliance years that intervenors are
8 concerned with: Years '25 through 2029.

9 So we look forward to the hearing today, and we're
10 happy to answer any questions you might have. Thank
11 you.

12 ALJ THOMPSON: Thank you.

13 Staff, if you would like to proceed.

14 MS. STRAUSS: Good morning, Your
15 Honor and Commissioners. A Clean Energy Implementation
16 Plan, or CEIP, is intended to demonstrate a company's
17 path towards compliance with the Clean Energy
18 Transformation Act, or CETA. It is a regulatory
19 requirement that utilities submit these plans
20 committing to interim targets that demonstrate progress
21 towards CETA's different compliance deadlines,
22 including the 2030 greenhouse gas neutrality mandate.

23 PacifiCorp filed its first such CEIP in 2021.
24 This CEIP was eventually revised and resolved through a
25 settlement approved by the Commission on October 25th,

1 2023. Seven days later, on November 1st, 2023,
2 PacifiCorp filed its 2030 biennial update to its
3 revised CEIP containing drastically revised interim
4 targets. Interim targets are intended to demonstrate a
5 company's path towards CETA compliance.

6 In its settled and approved CEIP, the company
7 committed to serving retail load with 31 percent
8 renewable non-emitting generation in 2022 and 2023, 40
9 percent in 2024, 60 percent -- and 60 percent in 2025.
10 Based on these numbers, the company projected serving
11 its retail electric load with an average of 41 percent
12 renewable non-emitting generation over the course of
13 the four-year plan. These were tangible targets that
14 demonstrated progress towards achieving the 2030
15 compliance requirement.

16 However, PacifiCorp essentially slashed each of
17 these targets in its biennial update. In its update,
18 PacifiCorp stated it would achieve 31 percent in 2022,
19 26 percent in '23, 25 percent in '24, and 33 percent in
20 '25, averaging 29 percent over the four-year plan. For
21 context, in 2022, PacifiCorp reported actually serving
22 its retail electric load with 31 percent renewable
23 non-emitting generation.

24 When the average for the four years is less than
25 the achievement in the first year, one cannot say that

1 that is progress. Actions speaks louder than words,
2 and PacifiCorp's actions in executing its plan for CETA
3 compliance over the past three years isn't saying very
4 much.

5 PacifiCorp highlights three main reasons for the
6 reduction in targets. First, it contends that the 2021
7 revised CEIP was constructed employing MSP, an
8 unapproved allocation methodology that was still in
9 negotiation. Application of the approved methodology,
10 the WIJAM, was a core reason for the reduction in
11 targets due to Washington's smaller share of system
12 renewable and non-emitting resources.

13 Discussions surrounding the new methodology, like
14 the one incorporated in the revised CEIP, have since
15 been terminated. And under the 2020 protocol,
16 PacifiCorp is required to submit a new methodology.
17 However, in its rebuttal testimony, PacifiCorp --
18 responding to staff, PacifiCorp vehemently opposed
19 filing a new methodology that allocates more system
20 resources, renewable and non-emitting generation, to
21 Washington. It cited a string of reasons and demanded
22 that staff explain how this would impact customers in
23 other states.

24 The Commission does not have jurisdiction over the
25 rates or treatment of the company's customers in other

1 states, just as the Oregon Public Utility Commission
2 does not have power over Washington rates and issues
3 orders based on its regulatory requirements in Oregon,
4 not Washington. PacifiCorp is a multi-jurisdictional
5 utility, and its responsibility to customers in other
6 states is between it and the commissions of those
7 states.

8 PacifiCorp next cites continuing high energy
9 market prices that led it to revise thermal unit
10 assumptions in its analysis of Washington targets.
11 However, use of thermal units does not excuse
12 PacifiCorp from complying with Washington law. While
13 staff commends and encourages utilities to explore
14 options to limit rate impacts during the clean energy
15 transition, PacifiCorp must still follow the law and
16 make prudent investments to ensure it has access to
17 sufficient renewable non-emitting resources at the
18 lowest reasonable cost.

19 Finally, PacifiCorp cites the 2022 repricing of
20 bids received in its 2020 all-source RFP, various
21 supply chain concerns, developments in the ozone
22 transport role, and various world events as other
23 reasons justifying their reduction in targets. Staff
24 is sympathetic to these issues and recognizes that the
25 impacts of some of these developments are outside the

1 control of the utility. However, many of these are not
2 impacts that are unique to PacifiCorp, and like every
3 other utility in the state, it is still required to
4 comply with Washington law.

5 PacifiCorp is required to pursue all
6 cost-effective reliable and feasible conservation and
7 efficiency resources in its path towards the 2030
8 greenhouse gas neutrality requirement. Based on the
9 record and the responses received by -- to staff's data
10 request, staff is unconvinced by the utility's
11 renewable non-emitting generation planning. PacifiCorp
12 has abandoned all efforts -- like canceling its 2020
13 all-source RFP -- to meet Washington law of the
14 required amount of renewable non-emitting generation by
15 2030.

16 Actions speak louder than words, and while its
17 modeling tells a nice story for the eve of 2030,
18 PacifiCorp's actions indicate a severe deficiency in
19 procurement planning that jeopardizes its ability to
20 comply with the law. Plainly stated, this update fails
21 to show how PacifiCorp is showing progress towards CETA
22 compliance. Further delay in acquiring sufficient
23 compliant resources only increases the costs of those
24 resources as more and more utilities start to compete
25 for generating resources with the approaching

1 compliance deadline.

2 Indeed, Washington State utilities may need to
3 compete with other out-of-state utilities as deadlines
4 in other states that have similar laws and similar
5 deadlines in those laws also draws near. PacifiCorp's
6 wait-and-see approach is not a plan. It is
7 procrastination.

8 Evidence submitted by PacifiCorp in this case
9 leaves much for want as the company has failed to show
10 its claim of progress. As the testimony and exhibits
11 demonstrate, PacifiCorp is making no inroads to
12 resource acquisition and is averse to filing a new
13 allocation methodology that allocates more system
14 renewable and non-emitting generation to Washington.

15 Washington law requires that utilities submit
16 CEIPs to show progress in reaching CETA's mandates.
17 Approving a CEIP update that does not -- not only does
18 not demonstrate progress but actually shows a
19 regression is contrary to law. The burden in this case
20 is on PacifiCorp to demonstrate how its plan shows
21 progress under CETA. It has not done that.

22 The Commission should not permit PacifiCorp's
23 update unless the company can demonstrate that it is
24 actually making progress towards CETA compliance. If
25 the Commission does permit them to revise their

1 targets, though, the Commission should order the
2 company to follow staff's eight requirements laid out
3 in its testimony. Actions speak louder than words, and
4 PacifiCorp's actions only demonstrate its intent to
5 procrastinate and thereby jeopardize its ability to
6 meet compliance requirements. Thank you.

7 ALJ THOMPSON: Thank you.

8 Public counsel.

9 MR. SYKES: Good morning, Your Honor
10 and Commissioners.

11 PacifiCorp filed its biennial CEIP update,
12 substantially lowering its interim targets over this
13 compliance period and over the next compliance period.
14 Public counsel recommends the Commission reject the
15 update and penalize PacifiCorp for its failure to plan
16 for Washington.

17 Public counsel does not have a specific
18 recommendation for the company's interim targets, but
19 the evidence shows the company's static targets over
20 this compliance period and grandiose targets over the
21 next compliance period are clearly insufficient.
22 PacifiCorp bears the burden of proving its clean energy
23 planning has been adequate, and the evidence shows that
24 PacifiCorp's planning is plainly inadequate and
25 represents another example of PacifiCorp's failure to

1 plan for Washington's unique circumstances.

2 CETA sets ambitious green energy targets for the
3 state's electric utilities, but it is also a planning
4 statute, and this is a planning proceeding. Utilities
5 must plan to meet statutory targets while maintaining
6 stable and affordable rates. PacifiCorp, however, does
7 not plan for Washington. It plans for its entire
8 six-state system. This approach ignores that
9 Washington is unique within PacifiCorp's system.
10 Washington has CETA.

11 The evidence will show that PacifiCorp's
12 systemwide planning ignores CETA and unnecessarily
13 exposes hardworking Washington rate payers to higher
14 costs. The company should be engaging in Washington-
15 specific planning and procuring Washington-specific
16 resources.

17 In this case, PacifiCorp -- in this case, the
18 PacifiCorp costs and CETA compliance are joined at the
19 hip. PacifiCorp offers a number of excuses for its
20 reduced targets, but one stands out. Higher targets
21 are expensive. Higher targets or situs procurement
22 will stress the company's financial metrics and
23 increase costs to rate payers. The evidence, however,
24 does not support this contention.

25 PacifiCorp's planning creates unnecessary market

1 exposure and raises power costs for everyone. The
2 company cites a \$37 million incremental cost to procure
3 additional resources or situs resources but admits it
4 did not consider the offsetting benefits of lower power
5 costs that would be achieved if it procures resources
6 allocated to Washington. Lowering power costs would
7 also reduce the company's PCAM differential, which
8 would improve the company's cash flow and improve its
9 financial metrics.

10 The Commission should ignore PacifiCorp's
11 contention, 'cause the evidence shows a net benefit to
12 Washington if PacifiCorp procures situs resources in
13 compliance with CETA.

14 PacifiCorp can offer the Commission no assurance
15 that it will procure sufficient resources to meet the
16 2030 targets, and its past actions offer little
17 comfort. PacifiCorp admits it did not pursue
18 additional resources it could have in the 2020 RFP.
19 The company canceled its 2022 RFP, which would have
20 brought additional resources on line in this compliance
21 period. In its 2023 IRP, the company represented it
22 would issue an RFP in 2024 for resources to come on
23 line in the next compliance period. But in the IRP
24 update, the company states it does not plan on issuing
25 an RFP.

1 Washington customers should have a remedy for
2 PacifiCorp's failure to plan, and PacifiCorp clearly
3 needs an incentive, and other utilities should be put
4 on notice that they have planning obligations as well.
5 CETA -- at CETA and the Commission's own rules empower
6 the Commission to penalize PacifiCorp for its failure
7 to comply with CETA. And public counsel recommends the
8 Commission penalize PacifiCorp in the amount of \$1,000
9 per day until PacifiCorp submits a compliant plan or --
10 or to impose a penalty it deems appropriate. Thank
11 you.

12 ALJ THOMPSON: Thank you.

13 AWEC.

14 MS. MOSER: Good morning, Chair
15 Danner, Commissioners Rendahl and Doumit, and Judge
16 Thompson.

17 From AWEC's perspective, the most important
18 question before the Commission in PacifiCorp's 2023
19 CEIP biennial update is its proposed reduction to its
20 interim targets for the current planning period, 2022
21 through 2025. PacifiCorp has testified that a number
22 of changing circumstances necessitate lower interim
23 targets for years 2023, 2024, and 2025, although
24 importantly has not indicated a concern that it will
25 fall short of CETA's 2030 greenhouse-gas-neutral

1 standard.

2 In that sense, PacifiCorp's 2025 CEIP will be
3 critical for demonstrating how PacifiCorp will meet
4 CETA's 2030 standard, but the interim targets for the
5 next planning period, which is 2026 through 2029, are
6 appropriately considered in PacifiCorp's 2025 CEIP
7 based on the evidentiary record in that case. They
8 should not be predetermined in this case.

9 For the current compliance period, approval of
10 PacifiCorp's adjusted interim targets would still
11 ensure that PacifiCorp makes reasonable progress toward
12 meeting CETA requirements. Maintaining PacifiCorp's
13 current higher targets is simply a question of pacing.
14 If PacifiCorp has been imprudent in resource
15 acquisition to date, the remedy for that should not
16 come in the form of higher interim targets for the
17 current compliance period than can be achieved at a
18 reasonable cost.

19 If the Commission maintains current interim
20 targets, the company will be faced with a choice: To
21 either go out and procure, to the extent that resources
22 are even available, either short- or long-term
23 resources to meet these higher interim targets, or to
24 fall short of its interim targets approved by the
25 Commission.

1 Both of these circumstances are not a good outcome
2 for customers. If PacifiCorp decides to go out and
3 procure resources but only short-term market resources
4 are available, there would be no incremental value to
5 customers from a CETA compliance perspective. These
6 resources would come at an additional cost to customers
7 but would not serve to support PacifiCorp's long-term
8 CETA compliance. Even if PacifiCorp were to acquire
9 long-term resources, those resources may not be the
10 lowest reasonable cost considering risk resources that
11 allow the company to meet CETA's 2030 greenhouse-gas-
12 neutral obligations.

13 This shifts the risk to customers that PacifiCorp
14 has spent more money than necessary to achieve CETA
15 compliance and leaves the only resource -- recourse for
16 customers to be a likely lengthy and resource-intensive
17 prudence fight which still does not guarantee a good
18 result for customers.

19 If PacifiCorp decides that achieving higher
20 interim targets is unreasonable, the company takes on
21 the regulatory risk of being out of compliance with the
22 Commission order. If penalties are administered, it is
23 unlikely that they would be recovered in rates. Given
24 this reality, AWEC views it as less likely that
25 PacifiCorp will opt to miss higher interim targets even

1 at unreasonable cost to customers unless it is truly
2 impossible to procure sufficient resources.

3 AWEC urges the Commission to consider these
4 realities when considering whether or not to approve
5 PacifiCorp's update -- updated interim targets in this
6 case. Thank you.

7 ALJ THOMPSON: Thank you.

8 And The Energy Project.

9 MR. ZAKAI: Good morning,
10 Commissioners and Judge Thompson.

11 The Energy Project recommends that the Commission
12 set a minimum designation of energy benefits to named
13 communities for each of PacifiCorp's distributed energy
14 resource program offerings. TEP supports a 30 percent
15 minimum designation as a reasonable baseline.

16 TEP also supports a program design where each type
17 of distributed energy resource is offered to named
18 communities. The cross answering testimony of witness
19 Stokes provides recommendations for how to offer
20 enhanced financial incentives for energy efficiency to
21 named communities without opening up the low-income
22 weatherization program to customers who are not
23 income-qualified.

24 While TEP's testimony did not address CRITFC's
25 recommendations, today I would like to put The Energy

1 Project on the record as supporting CRITFC's
2 recommendations. Specifically, TEP agrees that
3 PacifiCorp should work with the Yakama Nation to
4 address energy sufficiency, weatherization, and DER
5 opportunities in tribal communities and to create a
6 five-year plan for the same.

7 Thank you for your time this morning.

8 ALJ THOMPSON: Thank you.

9 And RNW/NWEC.

10 MS. CHILLCOTT: Good morning, Your
11 Honor and Commissioners. Again, Barbara Chillcott here
12 on behalf of Renewable Northwest and Northwest Energy
13 Coalition. Thank you for the opportunity to provide
14 these opening remarks.

15 My statement primarily focuses on a recommendation
16 that the Commission reject PacifiCorp's biennial Clean
17 Energy Implementation Plan update and hold the company
18 to the approved interim targets in the 2021 revised
19 CEIP. The basis for this recommendation is the fact
20 that PacifiCorp's dramatically reduced interim targets
21 in the biennial update do not demonstrate progress
22 toward Washington's clean energy transformation
23 standards.

24 Moreover, our recommendation underscores the need
25 for consistency with the Commission's Order 12

1 regarding Puget Sound Energy's biennial update, which
2 rejects the utility's proposal to reduce its interim
3 targets for 2022 through 2025 compliance period.

4 In addition to our concerns on the lack of
5 meaningful progress toward implementing the statutory
6 clean energy standards, we've raised multiple concerns
7 with the modeling that informed PacifiCorp's biennial
8 update. Namely, PacifiCorp assumes renewable resource
9 costs substantially higher than can be found in any
10 comparable data source, 15 to 50 percent higher than
11 the 2023 IRP cost assumptions for Portland General
12 Electric and the California PUC through the early
13 2030s.

14 The evidence will show that PacifiCorp
15 artificially inflated its renewable resource cost
16 inputs for the 2021 IRP two-year progress report, which
17 inevitably caused its portfolio modeling tool to select
18 fewer renewable resources than if costs were treated
19 agnostically across technologies. Given the lack of
20 transparency around this modeling and other modeling
21 concerns raised in testimony, we are concerned that
22 PacifiCorp will continually adjust its model to delay
23 procurement, possibly in response to recent wildfire
24 liability issues, which raise challenges to resource
25 procurement.

1 Considering PacifiCorp's substantial compliance
2 need ahead of 2030, we recommend the Commission order
3 PacifiCorp to release an all-source RFP to the market
4 at the time of its 2025 IRP filing next spring, ideally
5 following an accelerated schedule to allow for
6 additional procurement ahead of the 2030 mandate. The
7 Clean Energy Transformation Act grants the Commission
8 the authority to implement flexible regulatory
9 mechanisms where appropriate. And ordering an
10 all-source RFP here appears to be appropriate. Thank
11 you.

12 ALJ THOMPSON: Thank you.

13 And for Columbia River Intertribal Fish
14 Commission.

15 MR. CETAS: Good morning, Chair
16 Danner, Commissioner Rendahl, and Commissioner Doumit.
17 My name is Elijah Cetas, and I represent the Columbia
18 River Inter-Tribal Fish Commission, or CRITFC. I
19 believe this is the first time the CRITFC has appeared
20 before the Washington UTC, and I would like to briefly
21 introduce you to CRITFC and its interests.

22 CRITFC is a technical and policy organization
23 wholly owned by the Confederated Tribes of Warm Springs
24 Indian Reservation of Oregon, the Confederated Tribes
25 of the Umatilla Indian Reservation, the Nez Perce

1 Tribe, and the Confederated Tribes and Bands of Yakama
2 Nation.

3 CRITFC has advocated for the protection of each of
4 its four member tribes' treaty rights, the enhancement
5 of natural resources guaranteed to the tribes in the
6 treaties of 1855 since it was founded in 1977. Our
7 duties include biological assessment, environmental
8 restoration, fish harvest monitoring and evaluation,
9 and advocacy before judicial and administrative bodies.
10 CRITFC is governed by consensus decision-making, the
11 Fish and Wildlife Committee members of each of its four
12 member tribes.

13 In recent years, we've become more involved in
14 assessing the holistic basin-wide impacts from the
15 electric system operations and especially how the
16 treaty rights of our member tribes are affected by the
17 electric grid and the rapidly evolving clean energy
18 transition.

19 In 2022, CRITFC published our most recent tribal
20 energy vision that addresses these impacts and presents
21 a road map of 43 recommendations for how the energy
22 transition in the Northwest can benefit both Columbia
23 Basin salmon, our member tribes and communities all
24 throughout the basin.

25 One of our most important findings that's relevant

1 here today is that investment in energy benefits for
2 communities -- investments like weatherization, energy
3 efficiency, demand response technologies, and
4 distributed energy projects -- these are also
5 fish-friendly solutions and treaty-protective
6 solutions. In essence, the more resilient communities
7 are, the more resilient our grid is and the more
8 resilient is the Columbia River.

9 We view this proceeding as an opportunity for this
10 Commission to develop its understanding of how CETA's
11 requirements that PacifiCorp transform its system to a
12 zero-carbon electric grid can also impact and benefit
13 communities such as the Yakama Nation in PacifiCorp's
14 service territory of Washington. Like other parties,
15 we are concerned by the company's trajectory to achieve
16 its CETA obligations and the risks that a failure to
17 achieve these obligations could pose to vulnerable
18 communities. Three of our four member tribes'
19 reservations are within the service territory of
20 PacifiCorp in Washington and Oregon.

21 Here we also offer a means to reasonably address
22 the impacts by putting studies into action and
23 providing energy benefits as called for by CETA. In
24 closing, CETA requires that the company understand and
25 address the effects of its decisions while transforming

1 its system at a reasonable cost and in a reliable way
2 for rate payers.

3 Citizens of the Yakama Nation are impacted by and
4 could benefit from PacifiCorp's actions in compliance
5 with CETA. For these reasons, we advocate for
6 increased investment in energy efficiency programs,
7 weatherization, demand response, and customer-based
8 generation. Investment in these resources at the
9 earliest onset will benefit PacifiCorp and its
10 customers for years into the future. Thank you.

11 ALJ THOMPSON: Thank you.

12 Okay. Thank you, all, for your opening
13 statements. Let's go ahead and proceed with
14 cross-examination.

15 If PacifiCorp would like to call its first
16 witness, Matthew McVee, to the stand. Typically we
17 have the witness sit at this table here to my left.

18 Mr. Oshie, are you okay with the witness sitting
19 next to you in that empty seat? Is that okay with you?

20 MR. OSHIE: Absolutely, Your Honor.
21 That's not a problem.

22 ALJ THOMPSON: Okay. Okay.
23 Wonderful. Thank you.

24 And if you prefer, you can sit next to counsel.
25 It doesn't -- doesn't really matter, just so long as

1 you have a place to sit and we have a microphone
2 available for you.

3 MR. ROGALA: Well, thank you, Your
4 Honor. We'd like to call witness Matthew McVee.

5 ALJ THOMPSON: Thank you.

6 And --

7 CHAIR DANNER: Perhaps, Mr. Oshie,
8 you could hand your microphone over to the witness.

9 ALJ THOMPSON: You may have to share
10 once you get to questions and answer.

11 And, Mr. McVee, when you're ready, just please let
12 me know.

13 THE WITNESS: I'm ready, Your Honor.

14 ALJ THOMPSON: Okay. If you could
15 please raise your right hand, and I'll swear you in.

16 Do you swear or affirm that the testimony you will
17 provide today will be the truth, the whole truth, and
18 nothing but the truth?

19 THE WITNESS: I do, Your Honor.

20 ALJ THOMPSON: Thank you.

21 You may proceed.

22 MR. ROGALA: Thank you, Your Honor.

23 ////

24 ////

25 ////

1 MATTHEW McVEE, having been first duly sworn
2 by ALJ Thompson, was
3 examined and testified as
4 follows:

5
6 DIRECT EXAMINATION

7 BY MR. ROGALA:

8 Q Mr. McVee, good morning.

9 Can you please state your name and spell it for
10 the record, please.

11 A Yes. My name is Matthew McVee. M-a-t-t-h-e-w
12 M-c-V-e-e.

13 Q And what is your role at PacifiCorp?

14 A I am vice president of regulatory policy and operations
15 at PacifiCorp.

16 Q And I understand you submitted several exhibits in this
17 proceeding.

18 Do you have any clarifications or corrections to
19 those exhibits?

20 A I do not.

21 MR. ROGALA: Thank you, Your Honor.
22 We tender this witness for cross-examination.

23 ALJ THOMPSON: Thank you.

24 Staff, I believe you've indicated cross for this
25 witness. You may proceed.

1 MS. STRAUSS: Yes, Your Honor.

2 Thank you.

3

4 CROSS-EXAMINATION

5 BY MS. STRAUSS:

6 Q Good morning, Mr. McVee.

7 Can you hear me all right?

8 A I can. Good morning.

9 Q Great. Thank you.

10 So to start off with, I would like you to turn to
11 your Exhibit MDM-2T, at Page 2, Lines 2 through 3. And
12 just let me know when you're there.

13 A I'm there.

14 Q Can you just confirm that you asserted in your rebuttal
15 testimony that PacifiCorp's CEIP biennial update
16 continues to show procurement of sufficient resources
17 to meet compliance in 2030, correct?

18 A Correct.

19 Q Okay. Outside of resources acquired from the 2020
20 all-source RFP, PacifiCorp has only acquired battery
21 storage, correct?

22 A At this time, I believe we're in the process of
23 procuring battery storage. We did add, and current, we
24 are putting into service, I believe, a couple wind
25 generation facilities this year.

1 Q But those are the result of things acquired in the 2020
2 all-source RFP, correct?

3 A Well, our 2020 all-source RFP was canceled, so those
4 were resources that we determined, based after
5 repricing, were still prudent for us to procure and met
6 our reliability needs.

7 Q So sorry. Just to clarify: Your 2020 all-source RFP
8 was canceled? Is that what you just said? I believe
9 it's the 2022 that was canceled.

10 A I believe the 2020 was we got to the short list, but
11 there was repricing of the resources in the 2020.

12 Q Mm-hmm.

13 A So we were not able to procure all of the resources we
14 expected.

15 Q But you still procured some resources from the 2020
16 all-source RFP?

17 A Yes. We -- those that we determined were cost-
18 effective.

19 Q Okay. So looking at the battery storage, these
20 batteries are not colocated with renewable generation,
21 are they?

22 A I believe that's correct. But I'm not familiar with
23 each one of those projects.

24 Q And battery storage on its own is not a power-
25 generating resource, correct?

1 A That's my understanding, that it's going to draw power,
2 but it provides other benefits.

3 Q But it doesn't actually generate power?

4 A No. It's storage.

5 Q Okay. Under WAC 480-100-610(4)(a), a utility is
6 required to pursue all cost-effective, reliable, and
7 feasible conservation efficiency resources and demand
8 response, correct?

9 A I don't have that reference. I -- I'd have to look at
10 the reference.

11 Q Okay. Well, subject to check, is that correct?

12 A Subject to check, yes.

13 Q Okay. Thank you.

14 You agree that as the 2030 compliance deadline
15 approaches, utilities subject to CETA in Washington
16 State will all be essentially vying for the same pool
17 of renewable and non-emitting resources, correct?

18 A Oh. No. I disagree. I think that there's -- because
19 it depends on where they're located and what system
20 they're connected to. So because of the wheeling costs
21 to bring it from a different system, a lot of times you
22 look at where those resources are located, and the cost
23 will significantly increase with wheeling costs.

24 PacifiCorp's six-state system allows it to
25 interconnect resources to its system and minimize the

1 wheeling costs. So I don't -- I mean, based on my
2 knowledge, which is I'm not -- I don't run RFPs for the
3 company, but that there is going to be different pools,
4 subsets of pools for resources.

5 Q Okay. So your position is that PacifiCorp is going to
6 have access to resources that other Washington State
7 utilities will not have access to?

8 A They might have access to it, but it's -- the prices
9 are going to be significantly different because of the
10 different location and the potential to wheel.
11 PacifiCorp can interconnect resources in Wyoming, Utah,
12 Oregon, and those can all flow to customers across its
13 six states.

14 Q And so PacifiCorp has done the math and ensuring that
15 those costs are something that would be beneficial to
16 PacifiCorp over those other utilities.

17 Is that what you're saying?

18 A Well, we don't compare to other utilities. We just
19 look at the access. But just as a fact of transmission
20 costs for wheeling, that's generally how we look at it.
21 And it's just that the wheeling costs, you would have
22 to pancake rates to get across two systems. So you're
23 going to be paying a wheeling rate for the system that
24 the generation resource was interconnected, and then
25 you'd have to pay the transmission cost on your system.

1 And if it's two systems away, then you multiply that.

2 Q But you don't necessarily know what PSE or Avista's
3 setup is for --

4 A No.

5 Q -- getting power from other states? Okay.

6 A I don't.

7 Q Thank you.

8 Looking at Exhibit MDX-4X. And just give me a
9 minute to pull it up as well. And that should be
10 DR 20.

11 Do you have that in front of you?

12 A I do.

13 Q Okay. In your response to this DR, you state
14 PacifiCorp will be adding resources to meet CETA
15 requirements to serve its Washington customers. The
16 timing of such acquisitions, however, requires
17 flexibility to minimize adverse impacts to customers;
18 is that correct?

19 A Yes.

20 Q Outside of the resources acquired in the 2020
21 all-source RFP, PacifiCorp does not currently have any
22 executed contracts for acquisition of these resources,
23 correct?

24 A For -- I'm sorry. What do you mean by "these
25 resources"?

1 Q So you said in DR 20 that you will be adding resources
2 to meet the Clean Energy Transition Act but that it
3 requires flexibility to minimize adverse impacts to
4 customers.

5 So my question is: Outside of those resources
6 that were received during the 2020 all-source RFP,
7 PacifiCorp does not currently have any executed
8 contracts for other renewable generation resources?

9 A Well, we're -- we have added -- we're -- well, we're
10 putting into service Rock Creek and Rock River this
11 year. Those are system resources. So there would be a
12 system share that would be going to the benefit of
13 Washington customers. So as far as the other
14 resources, we would be looking to the next RFP to start
15 identifying those.

16 Q So were those Rock Creek projects ones that are
17 identified in the 2020 all-source RFP?

18 A I -- I can't confirm that right now. Subject to check,
19 I believe they might have been identified there, but
20 I'm not sure.

21 Q All right. So outside the 2020 all-source RFP, there
22 are no other contracts outstanding for renewable
23 generation?

24 A No, it's -- we have to manage our -- our current
25 financial situation, so we've -- we're being very

1 judicious on where we spend the cash and what
2 agreements that we sign.

3 Q Okay. And so there are no contracts or transactions
4 that are currently -- you're currently engaged in for
5 additional resources, correct?

6 A I can't speak to the transactions. I'm not in our
7 procurement group. They -- I'm not sure what
8 negotiations they've been working on.

9 Q Okay. And PacifiCorp does not currently have any RFPs
10 for acquisition of renewable or non-emitting generating
11 resources, correct?

12 A Not at this time. We're waiting for the next planning,
13 because that -- the next IRP is going to be completed
14 early next year, and so we're going to wait for that
15 information in order to make sure that we have all of
16 the current data and then procure based on that data.

17 Q But the 2021 IRP, I believe, showed you guys needed
18 resources which were identified in the 2022 all-source
19 RFP; is that correct?

20 A At that time, yes. However, the -- with the new data,
21 as we continue our planning, it showed that --
22 essentially that some of the facts that that was based
23 on were changed, and company witness Ghosh can discuss
24 that a little bit more.

25 Q But the 2022 all-source RFP was terminated, correct?

1 A The 2022?

2 Q Yes.

3 A Yes, it was.

4 Q Okay. So looking at your rebuttal testimony again, so
5 MDM-2T, Page 13.

6 COMMISSIONER RENDAHL: I'm sorry.

7 Could you repeat that exhibit reference.

8 MS. STRAUSS: Yes. MDM-2T. Looking
9 at Page 13, Lines 1, through Page 14, Line 7.

10 Q (By Ms. Strauss) Just to kind of summarize: You talk
11 about concerns with staff's condition that the
12 Commission order PacifiCorp to submit a new allocation
13 methodology.

14 That's what's discussed at this point in your
15 testimony, correct?

16 A Yes, it is.

17 Q Okay. And PacifiCorp objects to this condition?

18 A We object to the second part. I mean, we are fine with
19 incorporating the then-current allocation methodology,
20 the approved allocation methodology, which is the first
21 part. We believe that at the time, much like you
22 forecast future prices, we were believing that the
23 framework issues outlined in the 2020 protocol were
24 appropriate to forecast for. But we understand the
25 concern about that, because if you -- I mean, that

1 was -- you know, it was a hope that we would get there,
2 and we didn't. The second part of the recommendation
3 is where we have concerns.

4 Q And that second part has to do with submitting a new
5 allocation methodology that allocates more renewable
6 non-emitting resources to Washington, correct?

7 A Yes. Or several, I believe is the recommendation.

8 Q And your position is that that second part of that
9 recommendation, about submitting a new methodology that
10 allocates more resources, that should be rejected,
11 correct?

12 A Yes, I do. I believe that's fundamentally unfair.

13 Q And discussions between PacifiCorp and the interested
14 parties regarding MSP have been terminated, correct?

15 A Not MSP. The framework issues work group was
16 terminated because PacifiCorp -- we got to the point
17 where we just realized we could not get agreement. And
18 so PacifiCorp would be coming up with its own
19 allocation methodology to propose to all of the states.

20 Q So looking again at your rebuttal testimony, so that
21 same exhibit, but Page 5. And then looking at Lines 10
22 to 11.

23 Your testimony states that the Commission has
24 already approved several adjustments to the CEIP
25 biennial update in other proceedings, correct?

1 A Correct.

2 Q All right. And the proceedings you're referring to are
3 the 2023 GRC, which was Docket UE-230172, which was
4 consolidated with Docket UE-210852, correct?

5 A Correct.

6 Q You're not referring to any other proceedings in that
7 statement?

8 A In the statement, no. I believe that the -- yeah, I
9 mean, no, not in this statement.

10 Q Okay. So looking at Exhibit MDM-15X.

11 Are you there?

12 A Yes, I am.

13 Q Okay. Great.

14 Let's go -- okay. This is PacifiCorp's response
15 to staff DR 63, correct?

16 A Correct.

17 Q And the response cites the Commission's approval to
18 extend the depreciable lives of Colstrip Unit 4 and Jim
19 Bridger's Unit 3 and 4 until the end of 2025, correct?

20 A Correct.

21 Q Okay. And you assert that the extension of the
22 lives -- of the lives of these thermal resources are a
23 basis for the vision of the PacifiCorp interim targets,
24 correct?

25 A Well, I believe it's -- it is part of the changed

1 circumstances, yes.

2 Q Okay. However, the Commission's order approving the
3 extension of the lives of these facilities was issued
4 on March 19th, 2024, correct?

5 A Correct. Our filing was much -- it was ten months or
6 11 months before that.

7 Q Yeah.

8 So the biennial update was filed well before that,
9 correct?

10 A Yes.

11 Q Okay. So the extension of those thermal resources was
12 not actually known at the time that you submitted the
13 biennial update, correct?

14 A Oh. Well, PacifiCorp was proposing that, and I believe
15 the parties were discussing that in settlement before
16 that.

17 Q But it was not approved by the Commission at the time
18 that the biennial update was submitted?

19 A Approved by the Commission, no. But, I mean, again,
20 proposed by the Commiss- -- proposed by the company in
21 the -- at the beginning of the rate case. And, you
22 know, we were going through settlement negotiations,
23 discussing with the parties.

24 Q Okay. So I want to talk a little bit about the credit
25 metrics that you referred to.

1 PacifiCorp's repeatedly asserted that it is
2 concerned with its credit metrics, correct?

3 A Correct.

4 Q Okay. And it is concerned how the acquisition of
5 resources will impact those credit metrics?

6 A Yes.

7 Q Okay. But it cannot numerically substantiate how
8 acquisition of one resource will impact its credit over
9 a different resource, correct?

10 A That's correct. We don't -- the credit ratings -- we
11 get to go off the metrics, but the actual ratings are
12 done by the rating agencies.

13 Q Okay. So PacifiCorp can't say, for example, that
14 acquiring a wind resource will bring down its credit
15 metrics by a certain amount, correct?

16 A No. Generally there's an imputation of -- so there's
17 two different -- there's the debt and the actual equity
18 investments. And so say a power purchase agreement is
19 generally viewed as debt, but at a lower percentage, so
20 not a hundred percent, like taking out a loan or
21 issuing commercial paper. So the more resources that
22 we sign as a PPA, you know, that's going to impact at a
23 different level at some portion of the cost of that
24 PPA.

25 Q Okay. So, but PacifiCorp cannot state with certainty

1 what impact any specific resource will have on its
2 credit, correct?

3 A I believe that it's approximately 25 percent. I mean,
4 subject to check. Again, I'm not in the finance group.
5 But somewhere around 25 percent of the cost of a PPA
6 would be attributed as debt. And so as far as the --
7 the impact to the credit metrics, we don't know. But
8 we do know that, with each one, we're going to have
9 that 2025 percent impact to the -- the credit metrics.

10 Q And what is the impact of battery storage?

11 A All PPAs, it depends on the cost. So I'm not -- I'm
12 not personally aware if there's a difference between
13 battery storage versus wind resources.

14 Q Now, this is turning a little bit again towards just
15 CETA. The rules in 480-100-610 lays out when a utility
16 must achieve specific deadlines for the clean energy
17 transition.

18 You're generally aware of that rule, correct?

19 A Generally, yes.

20 Q Okay. And in the rules, a utility must demonstrate
21 that it's making progress towards CETA standards,
22 correct?

23 A I'm not sure of the exact language.

24 Q I will present to you that the rules say a utility
25 needs to make progress.

1 A Okay.

2 Q Okay. You agree that the interim targets demonstrate
3 how the utility will make such progress towards meeting
4 those standards, correct?

5 A I -- I'm generally aware that there's -- it sets out
6 the filing requirements and the process for it. So I
7 can't testify to the -- the specific language I don't
8 have in front of me. I do know it has also the
9 biennial updates and the chance to change the interim
10 targets, yes.

11 Q Sure.

12 But the interim targets are the measure of how a
13 utility is making progress, correct?

14 A I'd have to look at the actual language. I'm not --

15 Q Well, subject to check.

16 A Again, I'm -- I --

17 MR. ROGALA: Your Honor, I'd like to
18 object here just briefly. I think a lot of these
19 questions are asking witness McVee to determine what he
20 believes are the legal interpretation of CETA statutes
21 and regulations. And I haven't objected up until this
22 point, because I think it's generally helpful to have
23 those discussions, but I think we're past the point of
24 where there's value here, and Mr. McVee is being asked
25 to provide his interpretation of governing authorities,

1 and I don't think that's appropriate for this witness,
2 and we should save that for legal briefing.

3 ALJ THOMPSON: I agree to the extent
4 that we're asking for what the definition of making
5 progress means. That is a legal interpretation. And
6 to my understanding, Mr. McVee is not an attorney or
7 testifying to the legal definitions contained in
8 Commission rules, so we'll sustain and move to the next
9 question, please.

10 Q (By Ms. Strauss) The standard laid out in CETA, that
11 utilities achieve targets at the lowest reasonable cost
12 considering risk, correct?

13 A I believe so, yes.

14 Q Okay. And in your testimony, you stated that CETA
15 requires a least-cost approach to compliance, correct?

16 A I -- I did. That is the typical way we refer to it.
17 It's referred to in different ways in each one of our
18 states. But that's how we refer to it within the
19 company.

20 Q So it's not exactly a least-cost approach, then,
21 correct?

22 MR. ROGALA: Same objection, Your
23 Honor. This is the same issue where staff is asking
24 witness McVee to determine whether a factual statement
25 in his testimony aligns with the Washington statutory

1 language of what planning approach is required for
2 CETA, and I don't think that's the role for Mr. McVee.
3 I think that's the role for legal briefing.

4 MS. STRAUSS: Your Honor, if I may
5 respond briefly.

6 ALJ THOMPSON: You may.

7 MS. STRAUSS: Your Honor, McVee --
8 Mr. McVee is a vice president of regulatory policy at
9 PacifiCorp. He should be very well aware of what the
10 standards are that he needs to be complying with in
11 that role. This is merely asking about a term that
12 PacifiCorp has been using as a statement to identify
13 its approach to CETA compliance and how that compares
14 to what the statute is actually asking.

15 ALJ THOMPSON: I'm going to go ahead
16 and overrule. You do use that language in your
17 testimony. So if you could provide your opinion, I'd
18 appreciate it. Thank you.

19 THE WITNESS: I mean, from my
20 perspective, in my interaction with the planning group,
21 I mean, the -- nothing is ever least cost, so that's
22 not an absolute. It's always the least reasonable
23 cost. We just always use "least cost" as the -- the
24 language. 'Cause you could not have -- and if least
25 cost was an unreasonable approach, then we wouldn't be

1 establishing just and reasonable rates.

2 So it is going to have to be -- you can't operate
3 the utility at a least-cost basis, because you still
4 have to serve load. You still have to meet State
5 requirements. You know, you could -- if it was simply
6 taking a least cost as an extreme, then we would be
7 looking at, you know, trying to avoid certain costs
8 that might be imposed in certain states, you know, for
9 say policy purposes. So you could say, well, it's a
10 least cost, so, you know, that resource, because of the
11 property tax in a certain location, no matter what the
12 benefits are, would be -- you know, would not be
13 reasonable.

14 So I also think that our terminology is generally
15 least cost -- least cost, risk-adjusted; or least cost,
16 least risk. We've used all of those terms. All of
17 that means that we're looking at it in totality, so all
18 of the components of the resource. So I believe
19 it's -- it -- "least reasonable cost" and "least cost,"
20 I believe, are interchangeable terms as far as the
21 utility's perspective.

22 MS. STRAUSS: Okay. That's all my
23 questions. Thank you.

24 ALJ THOMPSON: Thank you.

25 Public Counsel, I believe you've indicated cross

1 as well.

2 MR. SYKES: Yes, Your Honor.

3 ALJ THOMPSON: Thank you.

4

5 CROSS-EXAMINATION

6 BY MR. SYKES:

7 Q Good morning, Mr. McVee.

8 A Good morning.

9 Q Can we please turn to your rebuttal testimony, MDM-2T.

10 A Yes.

11 Q But I'm looking at Page 8, Lines 1 through 11.

12 A Yes.

13 Q You're testifying here that procuring additional
14 resources, be it a situs resources or otherwise, might
15 risk exposing customers and the company to increased
16 costs; is that correct?

17 A That's correct, yes.

18 Q Okay. And can you look at Page 16, 20.

19 A Page 16 of my --

20 Q That'd be your --

21 A -- rebuttal testimony?

22 Q Yes.

23 A Line 20?

24 Q Line 20. And we're going to 17, 7, of the next page.

25 A Yes, I see that.

1 Q Okay. And here you're testifying that procurement
2 might strain the company's financial metrics; is that
3 correct?

4 A Yes.

5 Q Are you familiar with the company's PCAM?

6 A Generally familiar, yes.

7 Q Okay. It allo- -- it -- generally speaking, it
8 allocates a difference in actual power costs to base
9 power costs between the customer and the company; is
10 that right?

11 A That's correct.

12 Q Okay. Can you please turn your attention to
13 Exhibit MDM-18X.

14 A I'm there.

15 Q And just bear with me. I accidentally closed the --
16 closed the exhibit on my end.

17 I'd like you to look at DR 5 -- DR 5C, in
18 particular -- on Page 3 of the exhibit.

19 MR. ROGALA: DR 5 or 4?

20 MR. SYKES: DR 5.

21 MR. ROGALA: I don't think -- oh.

22 DR. There we are. Okay. Thank you.

23 MR. SYKES: Yes. DR 5C.

24 THE WITNESS: I'm there.

25 Q (By Mr. Sykes) Okay. This DR poses a hypothetical of

1 what would happen if the actual power cost was lowered
2 closer to the base power cost.

3 Does that look correct to you?

4 A Yes, I see it.

5 Q Okay. And your answer is that if the actual power cost
6 was lowered, that would improve the company's financial
7 metrics; is that correct?

8 A I believe that the more revenue the company brings in
9 at this time, that helps.

10 Q Okay.

11 A So --

12 Q Increased cash flow would improve the company's
13 financial metrics; is that right?

14 A Correct. Generally, that's correct.

15 Q Okay. Are you familiar with the company's 20 -- 2023
16 general rate case?

17 A Yes, I am.

18 Q Okay. Do you recall the Commission's discussion in
19 that -- in their final order regarding in the net power
20 cost effects of renewable energy?

21 A I believe -- I mean, I believe I recall them. It's
22 been a while --

23 Q Okay.

24 A -- since I've read through that order.

25 Q The Commission noted that renewable energy would lower

1 net power costs with the company?

2 MR. ROGALA: Your Honor, I think I'd
3 object at this point. The general rate case order
4 speaks for itself. And witness McVee, to my knowledge,
5 does not have any testimony in his direct or rebuttal
6 testimony that discusses the impact of net power costs,
7 and so I would object to this line of questioning.

8 MR. SYKES: May I respond, Your
9 Honor?

10 ALJ THOMPSON: You may.

11 MR. SYKES: Your Honor, DRs have
12 been issued on the issue of net power costs. Costs
13 have been an issue in this proceeding. And the general
14 rate case Order 06 was actually submitted by PacifiCorp
15 for cross-examination of Robert Earle. So I would say
16 that if it speaks for itself, it speaks for itself for
17 both parties and shouldn't come in at all. But if
18 PacifiCorp's going to bring it in, then we should be
19 allowed to discuss the general rate case as well.

20 MR. ROGALA: And, Your Honor, I'd
21 like to have one quick response. Costs are relevant
22 here in regards to the impacts to our credit profile
23 and the repricing that was experienced in the 2020
24 all-source RFP, but net power costs are not an issue in
25 this proceeding, nor is the company's revenue

1 requirement.

2 And so I think this line of question again is
3 collateral attack on the company's net power cost
4 proceedings, and I don't think it's appropriate to go
5 down this line of questioning.

6 ALJ THOMPSON: I will withhold a
7 ruling for the moment and hear the question in its
8 entirety and the answer, and then we'll come back.
9 Because I don't think we've -- we've gotten to the
10 point that you're trying to make, and Counsel.

11 THE WITNESS: I'm sorry. Could you
12 repeat the question.

13 MR. SYKES: Yes.

14 Q (By Mr. Sykes) Did the Commission find that renewable
15 resources lowered net power costs?

16 A We have -- I can't remember the specific finding, but I
17 believe that there was some language in it. I believe
18 it's generally true that renewable resources -- adding
19 a certain level of renewable resources because they're
20 a zero-fuel-cost resource, so that when they're
21 generating, you know, that is -- you remove the fuel
22 cost aspect, but you also have the issue of when do
23 they generate, when do they not, because it's a
24 non-dispatchable resource.

25 So if you were to look at it, you know, in more

1 granularly, you would -- you know, if you looked at an
2 hour-by-hour basis, you might not have generation at
3 certain times. So the wind doesn't blow all the time.
4 Solar, sun doesn't shine all the time. So you have to
5 balance those out.

6 That's the advantage of batteries. Then you can
7 store generation from the system when it's cheap, like
8 in the afternoon when you have -- in certain times of
9 the year, when California will pay you to take solar
10 generation, you can store that and then use that at
11 different times.

12 Q Okay. But the -- the question was about the
13 Commission's finding in that order about net power cost
14 being lowered?

15 A I mean, I think it's highly dependent on the situation.
16 I'm not sure that I can speak to that in every
17 situation. But as we add more renewables, just like
18 we've been adding renewables over the past 20 -- I
19 mean, almost 20 years, it has lowered net power costs
20 for the company and for our customers. And we've been
21 adding a significant amount of renewables over that
22 period of time, and that has been reducing net power
23 cost. But there's going to be a point when you -- we
24 need to develop some dispatchable resources that may be
25 fuel-dependent.

1 Q And in this case and in that general rate case,
2 PacifiCorp has contended that there's a benefit to
3 geographical diversity; is that correct?

4 A Yes, we believe so.

5 Q Okay. So geographical diversity has to do with where a
6 resource is physically sited?

7 A Yes. So we've got, you know, wind generation in the
8 Columbia Gorge and then wind generation in Wyoming and
9 some other states. But the Wyoming has a much higher
10 capacity factor, so we're able to take advantage of
11 that for our customers.

12 Q But physical siting does not -- is not the same as
13 allocation; is that correct?

14 A That's correct. We site for the -- to get the best
15 resources, the most cost-effective locations.

16 Q I want to change gears here briefly.

17 ALJ THOMPSON: Before you do, I'm
18 just going to note for the record: The objection is
19 overruled. The questions and the point being made went
20 directly to long-term planning and costs which have
21 been brought up and made an issue.

22 You can go ahead and proceed with your next line
23 of questioning.

24 MR. SYKES: Thank you, Your Honor.

25 Q (By Mr. Sykes) Mr. McVee, the company initiated an RFP

1 in 2022; is that correct?

2 A That's correct. For resources, I think we're in '27
3 and '28 mostly.

4 Q Okay. Were those intended to bring any resources on
5 line for the current CETA compliance period?

6 A I don't believe any of the resources in that RFP,
7 subject to check.

8 Q Subject to check?

9 A Yeah.

10 Q Okay. Would it have brought 1345 megawatts of
11 nameplate capacity? Does that sound about right?

12 MR. ROGALA: Clarification: Is that
13 overall for the '22 all-source RFP?

14 MR. SYKES: Let's say overall.

15 MR. ROGALA: Okay.

16 THE WITNESS: Yeah, subject to
17 check.

18 Q (By Mr. Sykes) Okay. And that was canceled?

19 A The 2022 RFP?

20 Q Yes.

21 A Yes, it was.

22 Q The 2023 IRP, the initial IRP, the company -- or the
23 company indicated that it planned to initiate an RFP in
24 2024; is that correct?

25 A I -- I can't recall what -- about the plan document --

1 Q Okay. Can I --

2 A -- witness Ghosh made.

3 Q Can I present to you that the 2023 IRP made that
4 statement?

5 A Yes.

6 Q Did the company initiate an RFP in 2024?

7 A Did not believe so. Our 20 -- yeah, I believe we
8 terminated the 2022 in 2024, and then with the issues
9 surrounding the changed federal regulations and our
10 financial situation, and given the potential
11 liabilities that we were -- we were facing, I don't
12 know if it was the -- I think the decision was it was
13 not the best time to issue an RFP.

14 Q Quick side point: What are the liabilities the company
15 was facing?

16 A Well, I mean, I think it's been fairly public about the
17 liabilities for various wildfire lawsuits.

18 Q The draft 2025 IRP is due in January; is that right?

19 A I believe so, subject to check, yes.

20 Q Do you suspect it'll identify a resource need in four
21 years?

22 A I have not seen the draft IRP, but I do know that our
23 load is growing generally, so...

24 Q Does the company expect to commence an RFP in 2025?

25 A I believe that's the expectation. But, again, it'll

1 depend on -- the specific RFP, I mean, that will all
2 depend on the planning studies.

3 Q The company's pursuing a nuclear resource; is that
4 right?

5 A We have been working with a developer that is looking
6 at a different type of nuclear resource.

7 Q Is that TerraPower?

8 A That's correct.

9 Q Okay. And that project is called Natrium; is that
10 correct?

11 A Yes. So it's essentially salt storage --

12 Q Yes.

13 A -- with nuclear.

14 Q And that's the -- projected to come on line in 2023; is
15 that right?

16 A I believe so. But I'm -- I -- I'm -- I haven't checked
17 recently.

18 Q And it was initially planned to come on line in 2028?

19 A I believe that is true. I know that there was some
20 fueling issues with development.

21 Q Has a build permit been issued?

22 A I can't speak to that. I don't know. TerraPower is
23 the -- you know, they're the main driving force, so...

24 Q Do you know how many megawatt-hours of generation
25 Natrium is planned to -- anticipated to generate?

1 A Not off the top of my head, no.

2 MR. ROGALA: And just as helpful,
3 some of these specific questions on, you know, Natrium
4 generation capacity, they may be better directed to
5 Dr. Ghosh. I'm not objecting. I'm just --

6 MR. SYKES: Noted.

7 MR. ROGALA: Helpful to the extent
8 Mr. McVee can't answer.

9 Q (By Mr. Sykes) What does PacifiCorp plan to do if
10 Natrium is delayed further?

11 A Again, that's part of our planning process. There's --
12 I know that there's frequent discussions with
13 TerraPower as far as the statement of the development.

14 You know, I think one of our concerns as -- as a
15 utility, as we're approaching not only the state
16 mandates but just decarbonizing our own generation
17 fleet, is that we still need dispatchable resources, so
18 we need dispatchable non-emitting resources, and there
19 is very few out there.

20 So I do think this is -- you know, that's --
21 that's part of the planning process to assess new
22 options as we go, new facts, what's the status, and
23 that's why the -- we do IRPs every two years, and then
24 we do an update every year. For Washington, we do an
25 I -- we file an official IRP every four years and then

1 do a two-year progress, which is essentially our next
2 IRP for filing, but we also do updates in between
3 those.

4 Q And do you know, if Natrium is delayed further, whether
5 PacifiCorp will meet the 2030 statutory target?

6 A I would have to defer to company witness Ghosh about
7 the impacts to the 2030. I know that, you know,
8 that's -- again, we need the dispatchable for 2045.

9 Q Understood.

10 You testified a moment ago about liability the
11 company's facing, particularly wildfire liability?

12 A Correct. Yeah.

13 Q Okay. Have you -- do you have a copy of MDM-17X?

14 A I do.

15 Q And your position in the company is a vice president of
16 regulatory affairs?

17 A Regulatory policy and operations.

18 Q Regulatory policy and operations.

19 Do you -- do you pay attention to what's going on
20 at the Berkshire Hathaway Energy and Berkshire Hathaway
21 level of the -- the structure?

22 A I read news reports at the Berkshire Hathaway,
23 Incorporated, you know. I'm not privy to any of those
24 discussions. Berkshire Hathaway Energy that
25 essentially gets -- you know, those are discussions

1 with our parent, and so there's some services that are
2 centralized there. IT, for example, has generally
3 moved to that.

4 But as far as decision-making, I -- I get some
5 information down from BHE, such as their -- like, their
6 suspension of dividends so that that cash can be
7 retained by the company.

8 Q Have you reviewed the Berkshire Hathaway investor
9 letter from 2023?

10 A I read it when it came out, yes.

11 Q When it came out, when it was released?

12 A Yeah.

13 Q Okay. Can you turn to that exhibit, please?

14 A I'm there.

15 Q Okay. I'm looking at Page 13 of that exhibit.

16 A Yes.

17 Q Okay. Third paragraph, last sentence. "Berkshire can
18 sustain financial surprises, but we will not knowingly
19 throw good money after bad"?

20 A I see that.

21 Q Okay. Has PacifiCorp viewed investment in Washington
22 as throwing good money after bad considering --

23 MR. ROGALA: Your Honor.

24 Q (Continuing by Mr. Sykes) -- wildfire liabilities?

25 MR. ROGALA: That's -- that's --

1 that calls for speculation on one hand, and I think
2 it's prejudicial on the other.

3 As noted at the beginning of the hearing,
4 Mr. McVee has no personal knowledge of the statements
5 contained -- or the intent behind the statements in
6 this letter, and more importantly, there's substantial
7 rate protection measures between both PacifiCorp and
8 Berkshire Hathaway Energy as well as between BHE and
9 Berkshire Hathaway, so I believe it's not relevant to
10 try and establish any sort of connective tissue from
11 what Warren Buffett says as chairman of Berkshire
12 Hathaway to PacifiCorp's CEIP update. And, again, this
13 document was issued, you know, almost a -- almost a
14 year after our '23 IRP was concluded.

15 MR. SYKES: Your Honor, may I
16 respond?

17 ALJ THOMPSON: You can respond.

18 MR. SYKES: So, Your Honor, he
19 testified moments ago about wildfire liability. This
20 particular portion of the letter is about wildfire
21 liability. He has testified that he has -- he read the
22 letter when it was released. And throughout this
23 proceeding, PacifiCorp has contended that assumptions
24 change throughout the planning process. So what they
25 have said or when the -- the document was initially

1 filed is relevant, but the assumptions continue to
2 change, as PacifiCorp has alleged in this proceeding
3 many times. And I think it's a fair question to ask
4 whether the company intends to continue investing in
5 Washington considering wildfire liability.

6 ALJ THOMPSON: To the extent the
7 question goes to the witness's knowledge or lack
8 thereof regarding the opinions of Berkshire or the --
9 the company generally for which he may or may not have
10 full authority to speak for, the question needs to be
11 restated to ask for the witness's opinion, if you
12 could, please.

13 And we'll overrule if you will restate the
14 question to ask for the witness's opinion.

15 MR. SYKES: Let me ask a little bit
16 more directly.

17 Q (By Mr. Sykes) Does PacifiCorp intend to continue
18 investing in Washington considering -- considering
19 wildfire liability?

20 A Yes, we do. I think the issue is, you know, we have to
21 manage a bunch of different aspects about utility, and
22 we can't look at one particular item without
23 identifying the ramifications, you know, across all of
24 our service. And so we have been investing. We
25 continue to invest. We're addressing the hardening of

1 our system to prevent that -- you know, the potential
2 for wildfire ignitions. We're investing in batteries
3 to help with the reliability of the system in a
4 non-emitting way.

5 We do continue to invest for the benefit of our
6 Washington customers. The issue is, you know, we have
7 to plan and manage the business, and so we have to
8 invest in a prudent manner based on the information
9 that we have at the time.

10 Q And moving on. PacifiCorp's eastern subsidiary is
11 Rocky Mountain Power; is that correct?

12 A It's not correct. We're one company. That's a
13 business name. So it's -- our company is PacifiCorp.
14 We do business as Pac Power in California, Oregon,
15 Washington. We do business as Rocky Mountain Power in
16 Wyoming, Utah, and Idaho.

17 Q Understood. Okay.

18 As VP of regulatory affairs, presumably you have
19 knowledge of Rocky Mountain Power's operations in these
20 states, correct?

21 A I have knowledge of PacifiCorp's operations across all
22 six states, yes.

23 Q Okay. Are you familiar with the Utah legislature's
24 recent request for a report: Company restructuring?

25 A I am, yes.

1 Q Okay. The idea there was to limit collaboration
2 between the six states PacifiCorp serves; is that
3 right?

4 A So limit collaboration?

5 Q To align different states with their policy objectives.

6 A I think that's one of the concerns. Oregon -- the
7 Oregon commission ordered a similar study in 2016.

8 Q The study for Utah is due in November; is that right?

9 A Correct. Yes.

10 Q Okay. And in discovery, you testified that no one else
11 has been done; is that right?

12 A No, we're looking at -- I mean, to look at
13 restructuring, what we learned from 20 -- 2016/2017
14 review is that, at that time, because of how we finance
15 the company, it would essentially cost \$4 billion to
16 start addressing how you'd split it apart, and then we
17 started identifying a bunch of operational issues.

18 So this report, we know there is no possible way
19 to do a thorough analysis short of 18 to 24 months to
20 look at it, because you would have to split all of the
21 components apart. Every agreement we have, we would
22 have to look at splitting those apart, reassigning
23 portions, duplicating contracts. We'd have to look at
24 how we do markets. We'd have to assess the impacts on
25 the mortgage and whether we'd have to redeem the

1 mortgage. And then you'd have to figure out the
2 structure. So we don't have an analysis. We are
3 looking at what we would need to start doing to do an
4 analysis.

5 Q And the Western states on your system, they have
6 stronger green energy initiatives relative to Wyoming
7 and Utah, for example; is that correct?

8 A With an exception of the Utah cities. So there is
9 legislation several years ago. Two or three years ago,
10 I believe. Several of the Utah cities got legislation
11 for them to go a hundred percent green. And so they
12 are looking at trying to decarbonize generation for
13 their loads.

14 Q And PacifiCorp has contended that the delay in reaching
15 a new allocation methodology has -- has resulted in, in
16 part, with -- to the lower interim targets?

17 A Well, it's a changed assumption. And so the assumption
18 when we're looking, we just -- essentially we were
19 working on the framework that was established in the
20 2020 protocol. And that framework was what we used as
21 the assumption in the original CEIP and revised CEIP.

22 However, what we have started to realize is that
23 it was getting -- parties were not able to get a
24 consensus around that, and so we were exploring
25 different options as far as how the allocation

1 methodology would go. And so that brought us to that
2 bigger concern that we are using something that is much
3 more speculative. And so much like the change to
4 forward, you know, market price curves, you know, we
5 decided that, for the update, we should go back to just
6 what has been filed.

7 Q And is the allocation methodology -- does it prevent
8 PacifiCorp from allocating from situs allocating
9 resources to Washington?

10 A The allocation methodology does not. We can do situs
11 resources. The problem we have is it significantly
12 changes the operation of the company once you start
13 adding more and more situs resources. Because right
14 now we dispatch as a single portfolio for the benefit
15 of all of our customers. That's how we operate.
16 That's how we participate in the market. It's how we
17 procure.

18 And so when you start looking at more and more
19 situs, that means that the company has to start
20 changing every aspect of that. And then, as I
21 addressed in my testimony, it does get to a little bit
22 of issues that PacifiCorp would have to work out about
23 how do you do procurement when you have the potential
24 for two competing RFPs. One would be situs
25 resources -- or maybe more. Situs, we'd start with

1 system. And then is it situs for Washington, situs for
2 Oregon. In the future, there'd be potentially situs
3 for California, 'cause it has its own clean energy.
4 Plus situs for Utah cities. And then you have customer
5 choice programs.

6 And so I have the potential for a lot of RFPs that
7 would be competing for resources. And so that is one
8 of the issues that, as we go to more situs, it's going
9 to be more and more difficult, and we have to address
10 how we're going to do that.

11 Q Okay. But the allocation methodology, itself, does not
12 prevent situs allocation?

13 A It doesn't. It just makes it so that we have to change
14 a lot of other aspects of our day-to-day operations.

15 MR. SYKES: That's all I have for
16 this witness, Your Honor.

17 ALJ THOMPSON: Thank you.

18 I believe, next, Renewable Northwest and NWECC have
19 indicated some cross-examination --

20 COMMISSIONER RENDAHL: Your Honor.

21 ALJ THOMPSON: -- of this witness.

22 Yes.

23 COMMISSIONER RENDAHL: Do you mind
24 if we take a break now?

25 ALJ THOMPSON: Yeah, that is

1 absolutely fine. I believe when we return, we have
2 approximately 13 more minutes of cross-examination for
3 you, Mr. McVee, from the parties and then questions
4 from the bench.

5 Would 15 minutes be sufficient? Okay. Let's
6 return at 11:10 a.m. We are now off the record.

7 (Pause in proceedings from
8 10:55 a.m. to 11:10 a.m.)

9
10 ALJ THOMPSON: All right. Checking
11 to see if we're okay.

12 Okay. Welcome back, everybody, from our brief
13 recess. Let's please be back on the record.

14 I believe that the next party who's indicated
15 cross-examination for Mr. McVee is Renewable Northwest
16 and NWECC.

17 And you may proceed. Thank you.

18 MS. CHILLCOTT: Thank you, Your
19 Honor.

20
21 CROSS-EXAMINATION

22 BY MS. CHILLCOTT:

23 Q Good morning, Mr. McVee.

24 A Good morning.

25 Q Nice to meet you virtually.

1 Could you please turn back to your rebuttal
2 testimony at Exhibit MDM-2T, at Page 23. And let me
3 know when you're there.

4 A I'm there.

5 Q Great.

6 Regarding Renewable Northwest's recommendation
7 that the Commission direct PacifiCorp to issue an
8 all-source RFP, you testified here at Lines 1 through 4
9 that -- that Renewable Northwest does, in fact,
10 direct -- ask the Commission to direct PacifiCorp to
11 issue an all-source RFP to be released to the market no
12 later than April 2025, with further mandated
13 procurement, if necessary, ahead of 2030. And then you
14 went on to testify that this would be an unprecedented
15 step for the Commission.

16 Did I read that correctly?

17 A That's correct.

18 Q Do you agree that if the Commission directed PacifiCorp
19 to issue an all-source RFP, that the RFP could lead to
20 the company identifying cost-effective resources that
21 it could then proceed to contract with?

22 A I mean, I think that's a -- you know, that is one of
23 the possibilities, yes, that it could.

24 Q Okay.

25 A I also think that there's, you know, other

1 complications, because we would -- around that same
2 time, we would be completing the next IRP, developing
3 the next CEIP, and there would, you know, also possibly
4 be another RFP, also our system RFP.

5 Q Okay. Thanks.

6 In this proceeding, would you agree that the
7 Commission's decision will inform how the company will
8 meet CETA deadlines?

9 A I'm sorry. Could you repeat that question.

10 Q Sure.

11 Would you agree that the Commission's decision in
12 this proceeding, whatever that may be, will serve to
13 inform how the company will comply with CETA deadlines
14 going forward?

15 A Well, I don't think it'll inform how we comply with the
16 2030 deadline. I think this really gets to interim
17 targets and, you know, specifically to, you know, what
18 happens in '24 and '25. And that's the -- kind of
19 the -- the dates of the update, the biennial update
20 that we're filing that we're requesting changes to.

21 There could be additional discussion in the order
22 regarding the next compliance period, which would
23 inform the next CEIP. But, again, that's going to be
24 based on, you know, information that we have now, which
25 may be outdated when we complete the next RFP, next

1 CEIP. And so, you know, there's -- you know, there's
2 the potential that it could inform going forward, but I
3 don't think it will inform 2030 compliance deadline.

4 Q Okay. Okay. So just so I'm clear: So I would imagine
5 you would agree that the decisions -- the Commission's
6 decision here isn't in isolation, that the company will
7 be kind of moving forward with its, you know, plans to
8 meet deadlines in the, you know, near term and as of
9 2030 based on the Commission's deci- -- the outcome of
10 this proceeding, correct?

11 A Well, I'm sorry that I'm struggling to -- to answer
12 that, or it might appear, but it's -- you know, the
13 CETA deadline in the statute is 2030.

14 Q Right.

15 A We're showing that we're meeting that. The -- as we go
16 through the planning process, we'll use updated
17 information to identify how that's approaching. We are
18 looking at new planning processes. Those were -- you
19 know, we -- in our 2023 IRP update, which is not part
20 of the -- the Washington cycle, as I mentioned before.

21 We're looking at different modeling techniques to
22 address the different state requirements, so that's
23 going to inform our planning going forward.

24 We're looking at, you know, the potential for
25 situs resources, and so that's going to inform how

1 operations go.

2 We are developing for a proposal an allocation
3 methodology, because the 2020 protocol is going to
4 expire at the end of next year in our other states.

5 So there's a lot of moving parts, and so I'm not
6 sure that the decision in this case is going to
7 directly inform, specifically because at least the
8 company's position is, I mean, this is about the
9 modifications to the interim targets based on the
10 information that we had.

11 You know, could there be additional direction from
12 the Commission? Yes. You know, may there be other
13 dockets, policy dockets from the Commission or
14 rulemakings that set some of the standards as we go, as
15 we learn from this first effort at clean energy
16 planning? There's a lot of things that can change.

17 Q Thanks.

18 Turning back to your testimony, you indicated that
19 having the -- the Commission ordering the company to
20 issue an all-source RFP would be an unprecedented step;
21 is that true?

22 A Yes.

23 Q Would you agree that the -- that CETA entrusts the
24 Commission with the responsibility to ensure continual
25 progress toward meeting the clean energy mandates?

1 A I'm trying to recall the -- the language. I'm not sure
2 if it's ensure meeting those or -- or just -- I can't
3 remember the exact language, but I believe the -- the
4 Commission does have a responsibility to make sure
5 utilities, and utilities have an obligation under the
6 statute, to meet the deadline set in CETA, which is
7 2030 for kind of the net zero and 2045, a hundred
8 percent non-emitting.

9 Q Would you also agree that in its implementation of
10 CETA, it is conceivable that the Commission may decide
11 to alter the traditional regulatory landscape for
12 planning and procurement when a utility is not making
13 the required progress?

14 MR. ROGALA: I think I'd object on
15 this issue. So what I believe counsel is trying to do
16 is ask witness McVee to opine on whether CETA statutory
17 language that allows for reasonable progress can be
18 squinted at and allow the Commission to take an
19 unprecedented step and direct an all-source RFP in
20 2025. And that's a question of the Commission's
21 authority. And I think it's better served for legal
22 briefing.

23 MS. CHILLCOTT: And if I may
24 respond, Your Honor.

25 ALJ THOMPSON: You may.

1 MS. CHILLCOTT: Mr. McVee, in his
2 testimony at Page 23, starting at Line 4, discusses his
3 opinion with regard to the Commission's authority and
4 opined that it would be inappropriate to -- for the
5 Commission to order the issuance of an RFP outside of a
6 rulemaking process to investigate the Commission's
7 authority, so I would just point the -- Your Honor to
8 Mr. McVee's own testimony, which is what I'm getting at
9 here.

10 MR. ROGALA: Your Honor, that
11 assumes facts not in evidence. The question on Page 24
12 of Matt's rebuttal testimony, starting on Line 4,
13 aligns with our objection. Says, question: Quote,
14 "Could the Commission's new statutory authority be
15 addressed in briefing in this docket?" and -- end
16 quote. And Mr. McVee's response discusses, "That said,
17 however, this is a significant issue of first
18 impression which should mandate the need for, at
19 minimum, a broader rulemaking process open to all
20 parties."

21 So I don't think this discussion about where this
22 question of law should be addressed is the same as
23 Renewable Northwest's question about what the law
24 allows for. One is a question of substance, and one is
25 a question on forum. And I think because Matt's only

1 discusses the latter, that we shouldn't ask this
2 witness's question on the interpretation of Washington
3 law.

4 ALJ THOMPSON: Thank you, both, for
5 the basis and the response.

6 I'm going to go ahead and overrule to the extent
7 that we're asking Mr. McVee for his opinion. I will
8 note that counsel will have an opportunity to brief the
9 legal issues and provide us briefing on the extent of
10 what the statute says under Washington law. But to the
11 extent that the question asks for Mr. McVee's opinion
12 and relates to the testimony on Page 23 of 2T, you can
13 go ahead and answer the question.

14 THE WITNESS: I'm sorry. Could you
15 repeat the question.

16 MS. CHILLCOTT: Sure.

17 Q (By Ms. Chillcott) So, Mr. McVee, would you also agree
18 that in its implementation of CETA, it is conceivable
19 that the Commission may decide to alter the traditional
20 regulatory landscape for planning and procurement where
21 a utility is not making the required progress?

22 A Yes, the Commission has broad discretion on how to
23 address and implement CETA. I think that -- but as I
24 pointed out in my testimony, you know, there is a -- it
25 raises a lot of issues.

1 You know, how is that procurement supposed to be
2 done? Is it -- you know, is it going to be procurement
3 because we're a multistate utility? Is it directing
4 all-source procurement that's not supported by --
5 sorry -- an all -- all-system procurement that's not
6 supported by a system study? Or is it situs?

7 And then if it's situs for the reasons that I
8 stated before in responding to public counsel, is it --
9 does -- how we address that? How do we change our
10 operations?

11 In addition to that, I believe that, you know,
12 this -- it's a very complex environment for utilities
13 to operate in right now, and we are expanding greatly.
14 We're trying to address new statutes that implement
15 energy policy, sometimes diverting -- and diverging
16 energy policy among our states, or at least apparently
17 diverging. I want to say that, you know, some of the
18 eastern states that have different energy policies or
19 at least let's say appears to introduce new energy
20 policies are also trying to keep those costs to that
21 state.

22 But we have to incorporate all of that. In
23 addition to that, we are greatly expanding our -- our
24 outreach in planning. We're trying to incorporate
25 equity into the aspects of our planning and

1 decision-making. All of those things. There are a lot
2 going on. And in a situation where we make a filing,
3 we're updating interim targets based on the specific
4 facts as they've changed, which we believe is
5 fundamental to prudent utility operation.

6 To address that without addressing all of those
7 broader policies about ratemaking, you know, that's --
8 we think that making those decisions in this limited,
9 isolated situation is not going to be helpful, because,
10 you know, regardless of arguments about whether it's
11 precedential or not, it would most likely be
12 precedential for other utilities, and they would not --
13 they're not in this proceeding. They wouldn't be able
14 to -- to kind of raise objections or -- or valid points
15 to that sort of development.

16 So I believe that making a decision in this based
17 on two interim targets the last two years in our first
18 Clean Energy Implementation Plan, you know, is -- it
19 opens up the risk to essentially adverse consequences
20 that we haven't identified.

21 Q Okay. Thanks.

22 You know, I think my question was mostly getting
23 at, you know, I guess, in other words, like, CETA
24 implementation may not necessarily look like business
25 as usual here -- right? -- given the critical and

1 time-sensitive steps that must be taken to meet CETA
2 mandates, and it sounds like what -- your testimony
3 really went to that. So would you agree with that?

4 A I mean --

5 Q We're kind of in a different place here with CETA
6 implementation and things, correct?

7 A I mean, that's a broad question. I mean, you know, is
8 there new things? Yes. Is the -- is it
9 time-sensitive? I think we have another plan that
10 takes us through '29, and we have, you know, five more
11 years to get projects on line.

12 You know, so I do think that there is time. I
13 think, you know, otherwise, I mean, that first CEIP,
14 you know, getting that first CEIP right the first time,
15 you know, that's difficult. And especially difficult
16 as we're trying to navigate all of the other issues.

17 So I do think we have another RFP, and we've got
18 other options as well to address this. So we don't
19 have to go through the RFP. If there's smaller
20 resources, we can ask for exemptions as we find them.
21 You know, we are trying to figure out how we can
22 incorporate situs resources to address kind of that
23 diverging the states' kind of different energy policies
24 and how we'll incorporate and still be able to operate.

25 We do believe that market participation provides

1 some benefit for that, because then you can still take
2 advantage of least-cost dispatch but still meet state
3 energy policies. And so we're looking at ways to make
4 this transition the least cost for our customers.

5 Q Thanks.

6 Let's turn now to Exhibit MDM-20X.

7 Do you have that in front of you?

8 A I do.

9 Q Great.

10 A I'm there.

11 Q Okay. Great.

12 And so this is Data Request 1 from Renewable
13 Northwest and NWECA to PacifiCorp. And in that data
14 request, we ask for bid information for the 2020
15 all-source RFP -- RFP and the 2022 all-source RFP that
16 inform the company's 2023 IRP filings, correct?

17 A Yes.

18 Q And in response, the company indicated that it had no
19 bid information to provide for the 2022 all-source RFP
20 and it relied only on 2022 bid refreshes from the 2020
21 all-source RFP bids; is that right?

22 A I believe so, yes.

23 Q So it looks like the company based their renewable
24 resource cost escalation in its 2023 IRP on bid
25 information received from one RFP process; is that

1 right?

2 A Again, I don't -- I was not part of the procurement
3 process in this, and this was prepared by Dan MacNeil
4 and Ron Schrier for Tom Burns, so I believe that is
5 the -- the general basis for this. You know, one of
6 the issues was the repricing that we got in the 2020
7 RFP. You know, that was issued, you know, prior to
8 COVID. Got bids. And then with all of the -- the
9 issues after that, those were just not reliable, so we
10 were just trying to figure out, re-analyzing based on
11 repricing.

12 And the 2022, we just ran into other issues. So,
13 yeah, I mean, our -- the -- the cost information was
14 limited because of the -- what we faced with those two
15 RFPs.

16 Q Mm-hmm.

17 Are you aware of any other examples in which a
18 utility's IRP reflects inflated renewable resource
19 costs based on bid information received out of a single
20 RFP process?

21 A No. But I don't track other utilities' IRPs over kind
22 of the general kind of high level.

23 MS. CHILLCOTT: Got it.

24 Thank you, Mr. McVee. That's all I have.

25 ALJ THOMPSON: Thank you.

1 And I believe that CRITFC has indicated some cross
2 for this witness as well.

3 You can go ahead and proceed when you're ready.

4 MR. CETAS: Thank you, Your Honor.

5 I just noticed that I'm no longer in the Zoom
6 meeting, so my video is not appearing. Apologies. If
7 you give me one second, I'll be able to join again.

8 ALJ THOMPSON: Okay. Thank you. Go
9 ahead and take your time.

10 MR. CETAS: Okay. I'm back in.
11 Thank you.

12

13

CROSS-EXAMINATION

14

BY MR. CETAS:

15

Q Good morning, Mr. McVee.

16

A Good morning.

17

Q It still is morning.

18

I want to start by discussing a little bit about
19 your service territory in Washington and CETA
20 obligations.

21

So PacifiCorp's service territory includes a
22 segment of the Yakama Nation Reservation; is that
23 correct?

24

A Yes, that is correct.

25

Q And PacifiCorp acknowledges this territory is an area

1 where highly impacted communities reside?

2 A Correct.

3 Q And CETA statutorily defines highly impacted
4 communities to include Indian country as defined by
5 18 USC Section 1151?

6 A That's my understanding, yes.

7 Q And CETA mandates, among other actions, energy
8 assistance programs for highly impacted communities?

9 A I believe so, yes.

10 Q For the record, that's RCW 19.405.120.

11 Specifically under this provision of CETA, it
12 mandates that utilities make programs and funding
13 available starting in 2021 for these communities?

14 A Subject to check.

15 Q Subject to check. Okay.

16 And then submit a biennial assessment of these
17 programs, subject to check?

18 A Yes.

19 Q Okay. And under this assessment, there's an outreach
20 requirement?

21 A Correct.

22 Q To communities and also to Indian tribes, subject to
23 check?

24 A Yeah, I -- I can't recall off the top of my head
25 whether it specifically identifies, but it does include

1 kind of the tribal communities as part of the -- the
2 vulnerable communities that we need to address.

3 MR. CETAS: Your Honor, if I may,
4 for the record, just point to the section. That's 4A.
5 19.405.120(4)(A), Section iii, and it's -- yeah, does
6 identify Indian communities.

7 Q (By Mr. Cetas) Okay. Let's go to your data requests.
8 So this is MDM-21X and 22X.

9 A I'm there.

10 Q Okay. So we asked whether PacifiCorp had met with
11 Yakama Nation tribal council after the passage of CETA.

12 Is that correct?

13 A I believe so. Yes.

14 Q And we asked about whether PacifiCorp had inquired with
15 council about the condition of buildings on the
16 reservation, weatherization needs?

17 A Yes. I believe that was one of --

18 Q And --

19 A -- the requests.

20 Q Sorry. Thank you.

21 And PacifiCorp stated that had not met with tribal
22 council?

23 A That's correct. We have been meeting with
24 representatives from Yakima Power.

25 Q Okay. And that representative is a Mr. Ray Wiseman,

1 general manager of Yakima Power?

2 A That's correct.

3 Q Okay. Mr. Wiseman is a member of PacifiCorp's
4 Washington EAG?

5 A I believe so, yes.

6 Q Okay. And PacifiCorp met with Mr. Wiseman on one
7 occasion after 2021 to 2024?

8 A I believe so, yes.

9 Q Okay. Let's talk about that EAG meeting. So this is
10 part of the attachment MDM-22X.

11 So that group was convened in May of 2022?

12 A I'm sorry. Are you referring to CRITFC Data
13 Request 1.3?

14 Q No. Sorry. This is an attachment. Yeah, this is
15 CRITFC Data Request 1.3, and then there's an attachment
16 which has PacifiCorp's meeting notes and the structure
17 of the group, and that's MDM-22X.

18 A Thank you.

19 Q Okay. So the group convened in May 2022?

20 A The EAG?

21 Q Yeah.

22 A Yes.

23 Q And PacifiCorp went to the stakeholders in Yakima
24 County?

25 A I believe so. I was not part of those meetings,

1 though.

2 Q Okay. And in this attachment, it shows the responses
3 PacifiCorp gathered from the meeting and the takeaways?

4 A Yes, I believe so.

5 Q Okay. And in the takeaways from the meeting notes --
6 and, specifically, this is in the section labeled
7 "Opportunities for PacifiCorp to Engage and Share
8 Information," on Page 3.

9 PacifiCorp noted that, quote, "Ray is very
10 interested in community solar as an opportunity to
11 engage and bring benefits to hard-to-reach customers"?

12 A I see that.

13 Q Okay. And there's not a next step listed in the
14 document, correct?

15 A There is follow-ups lower down on that page.

16 Q Okay. But not a follow-up related to the community
17 solar point?

18 A I don't see one, no.

19 Q Okay. And this 2022 discussion with Mr. Wiseman was
20 the only discussion indicated in the data requests for
21 meeting with a representative of Yakama Nation to
22 discuss weatherization, energy efficiency?

23 A I believe so. But we've partnered our local energy
24 efficiency group in -- I believe has been working with
25 the local organizations and working with -- or, I

1 believe, subject to confirmation, but that there've
2 been ongoing discussions before this and outside of
3 this to talk about energy efficiency.

4 Q Okay. And to your knowledge, has -- have these
5 discussions included representatives from Yakama
6 Nation?

7 A I believe so. I believe it was looking at just Yakima
8 Power, but I'm not -- I have not been engaged in that.
9 I don't -- we have a different group that works on
10 energy efficiency.

11 Q Okay. Moving forward in our data requests, I want to
12 talk a bit about the conservation, what we refer to as
13 conservation dollars but which -- so PacifiCorp refers
14 to as systems benefit charge adjustments. This is on
15 Data Request 1.5 from MDM-21X.

16 COMMISSIONER RENDAHL: Is there a
17 page reference?

18 MR. CETAS: I apologize. We did not
19 put pages down in this document.

20 ALJ THOMPSON: I believe it's Page 6
21 of the PDF.

22 MR. CETAS: Thank you.

23 Q (By Mr. Cetas) So we asked from Yakima County, during
24 2021 to 2024, PacifiCorp collected more than
25 \$40 million in the system benefits charge adjustments?

1 A Yes, I see that.

2 Q Okay. And in this same period, it distributed more
3 than 20 million -- I believe the number is 23.8 million
4 throughout Yakima County?

5 A Are you referring to CRITFC Data Request 1.6?

6 Q Yes, I am now.

7 A Yes, I see for home energy, low-income weatherization,
8 Wattsmart business energy efficiency projects, it was
9 23.8 million.

10 Q Okay. So these four programs are bundled together in
11 that estimate?

12 A I believe so, yes.

13 Q Okay. And does PacifiCorp conduct outreach for those
14 four programs together?

15 A That I don't know.

16 Q Okay. That's fine.

17 Going to 1.7. Of that 23.8 million invested in
18 Yakima County, PacifiCorp responded to our data request
19 that approximately two million was provided to census
20 tracts on the Yakama Nation Reservation lands.

21 Do you see that?

22 A I see that.

23 Q Okay. And to your knowledge, is that based on the
24 census tracts exclusively? So -- sorry.

25 Was that based on the -- the tracts of land, or

1 was there a finer sort of tool for understanding how
2 the -- those benefits were distributed?

3 A Well, as far as the -- the tracking, we had -- I mean,
4 previously we were -- we were tracking by ZIP code, is
5 my understanding, and then --

6 Q Okay.

7 A -- we've gone to census tract to be -- because it
8 provided a little bit more granularity.

9 Q Okay.

10 Okay. I want to go back to your response to --
11 your response testimony, MDM-2T.

12 So you responded in your testimony -- and I don't
13 think there's a need to necessarily cite this, but you
14 responded in your testimony to our witness
15 Ms. DeCoteau's four recommendations; is that right?

16 A Yes.

17 Q And you understood those recommendations to be to work
18 with the Yakama Nation on weatherization; e.e.,
19 distributed energy?

20 A Along with the modeling impacts of Columbia Basin's
21 hydroelectric generation and developing a community
22 benefit indicator specifically for -- or to reflect
23 Yakama Nation treaty rights.

24 Q Okay. And also to develop a plan to achieve these
25 targets as well.

1 Is that your understanding?

2 A For energy efficiency, yes.

3 Q Yeah. Okay.

4 And you said that PacifiCorp is committed to -- to
5 this work, to working with the Yakama Nation?

6 A Yes. I think we're -- we're still developing and
7 trying to figure out, you know, how we can most
8 effectively implement and expand those efforts.

9 Q Okay.

10 A So, yes, we have -- as far as the -- the first two
11 recommendations to work with the Yakama Nation, we want
12 to expand our outreach. And then the five-year plan,
13 we're actively engaging and trying to figure out more,
14 you know, a longer-term way to approach that.

15 Q Okay. I want to refer back in the same response
16 testimony to -- and connect the dots to your response
17 to NVEC's witness Thompson and staff's witness Simmons.

18 And I believe this is on Page -- yeah, this is on
19 Page 12, and this is when you respond to staff's
20 Condition 7.

21 You say, 27 percent of benefits measured across
22 company's distributed energy resources flow -- or you
23 reply, of those 25 -- -7 percent, the company will work
24 with our relevant advisory groups to designate that; is
25 that right?

1 Is that still your position?

2 A Yes, that's my position.

3 I'm sorry. What was the line number for that?

4 Q Oh. Apologies. That's Line -- sort of 6 through 8 --

5 A Yep.

6 Q -- on 12.

7 Okay. That's still your position?

8 A Yes, subject to -- our concern is that the actual
9 participation is beyond our control, and so we have no
10 problem with this being the target to work with, but we
11 believe it should be nonbinding, because if we -- we
12 can try to get participation, but if there is no
13 participation, we may not be able to meet that 27
14 percent.

15 Q Are incentive programs within PacifiCorp's control, in
16 your opinion?

17 A We can create incentives. But the -- you know, it
18 still requires the participation. And then there's a
19 question of how much -- how many customer dollars do
20 you add to advertising and incentive programs, you
21 know, and you may still not get that level of
22 participation. And so you've got to figure out what's
23 cost-effective.

24 Q Mm-hmm.

25 And is -- are -- is outreach and needs assessment

1 discussions, are those part of under PacifiCorp's
2 control?

3 A Yeah. And I think that's important to go. But you
4 still have to have participation. Not everyone is
5 going to want to invite organizations in to go through
6 parts of their house. They may not. These are
7 individual customers and their comfort level with that.

8 Q Okay. So going back to your response to NVEC and
9 staff, you said it's still your position that the
10 company will work with the advisory groups to designate
11 that 27 percent?

12 A That's correct. We believe that's fundamentally part
13 of the outreach, is to -- to work with our advisory
14 group.

15 Q And to achieve that 27 percent, PacifiCorp would
16 presumably develop a plan?

17 A Yeah, we have a set of programs, and so it'd be
18 incorporated in that plan, and their components -- the
19 entire plan or components would be previewed with the
20 EAG.

21 Q And you'd -- you'd combine the 27 percent commitment to
22 the programs? You'd have them speak to one another, in
23 other words?

24 A I'm sorry. The -- the 27 percent commitment with the
25 programs?

1 Q Mm-hmm.

2 A But all the programs would kind of flow in towards, you
3 know, with the target of meeting that goal --

4 Q Okay.

5 A -- of 20 -- 27 percent.

6 Q And presumably this could involve outreach
7 communication with the Yakama Nation about reservation
8 needs?

9 A Yes. I think that would be -- I mean, that would be
10 one of the -- the components of it. I mean, that's --
11 it's -- it's -- our customers in that community, that
12 would be one of the -- the communities that we would
13 clearly develop a target plan for. I mean, recognizing
14 that that's a sovereign nation, so I think we're really
15 interested in expanding the outreach with the Yakama
16 Nation.

17 MR. CETAS: Okay. That concludes my
18 questions. Thank you.

19 ALJ THOMPSON: Thank you.

20 Mr. Rogala, do you have any redirect?

21 MR. ROGALA: Your Honor, actually,
22 just one very short line of questioning following up on
23 CRITFC's question.

24 ////

25 ////

1 REDIRECT EXAMINATION

2 BY MR. ROGALA:

3 Q Mr. McVee, you were just asked several questions about
4 whether the company will work with our relevant
5 advisory groups and whether this would include outreach
6 to the tribal nations.

7 Isn't it correct that PacifiCorp recently hired a
8 tribal liaison to facilitate those engagement efforts
9 as well?

10 A That's correct.

11 Q And do you think that that tribal liaison would be, you
12 know, instrumental in facilitating that stakeholder
13 engagement?

14 A I believe so. You know, that's one of the things that
15 we've expanded, and we know other -- you know, several
16 of the other organizations that we deal with have --
17 have started to do, is try to get more transparency and
18 someone -- and staffing dedicated to working with the
19 tribal nations in our service area, and so that is
20 within the scope of that position.

21 MR. ROGALA: Thank you, Your Honor.

22 No further questions.

23 ALJ THOMPSON: Thank you.

24 And I believe we do have a couple of questions
25 from the bench. If it's okay with the commissioners,

1 I'll go ahead and start.

2 I think I just have four quick questions for you.

3 Do you recall during Mr. Rogala's opening
4 statement, I believe he said that the company would
5 meet the 2045 mandate set by CETA by 2032? Is that the
6 correct date?

7 THE WITNESS: That's what the
8 current -- or the biennial update is showing, yes.

9 ALJ THOMPSON: Okay. And you agree
10 with that assessment?

11 THE WITNESS: Yes. I mean, I think
12 that's where we're looking at the renewable energy.
13 You know, I think that, you know, as we go forward, we
14 just have to -- it's -- getting to a hundred percent
15 is -- the company's always said that that is
16 technology-dependent. Because of the need to -- you
17 either have to store a lot of renewable energy, and
18 you're going to have to build renewable energy so that
19 you can store and serve, or you're going to have to
20 have new technology that's dispatchable to meet all the
21 hours.

22 ALJ THOMPSON: Okay. Thank you.

23 And do you recall during staff's questions, you
24 mentioned that the framework discussions for allocation
25 methodologies, those conversations had ceased?

1 THE WITNESS: Yes. We terminated
2 the negotiations of the framework issues work group,
3 and we're working on our -- PacifiCorp has essentially
4 taken the opportunity to develop its protocol, because
5 we realized we were not going to get agreement with
6 stakeholders across six states.

7 ALJ THOMPSON: And do you have a
8 nonbinding estimate as to when PacifiCorp might be able
9 to put forward that methodology to the State?

10 THE WITNESS: So we are -- we have a
11 deadline of December 31, 2025. So we will be filing
12 something next year to get approval for a new
13 allocation methodology.

14 ALJ THOMPSON: Okay.

15 THE WITNESS: And just to -- it will
16 either be a full allocation methodology, or we may
17 identify certain increments to kind of allow us
18 additional time.

19 ALJ THOMPSON: Okay. And I actually
20 have a fifth question.

21 You mentioned that the company is considering ways
22 to incorporate situs resources.

23 Do you anticipate that the new allocation
24 methodology will have that flexibility built in and
25 anticipate the needs for perhaps situs resources for

1 individual states?

2 THE WITNESS: I mean, I anticipate
3 we're going to have to deal with it somehow. The
4 question is how many other things does it change. And
5 so that's something we've been working on throughout
6 the negotiation process. You know, we were able to get
7 agreement with the parties to the negotiations in the
8 framework issues work group to kind of disclose -- I
9 believe it was late last year or early this year --
10 status.

11 And, you know, we had taken input from the parties
12 and switched from the framework that was outlined in
13 the 2020 protocol. And based on concerns that were
14 raised by several stakeholders in multiple states --
15 both on the east and west side of our system -- we
16 started looking at a new option which essentially would
17 allow us to kind of prioritize non-emitting resources
18 to states with state policy, and so they would get a
19 larger share early, and then that share in those
20 particular resources would decrease over time as we
21 added more renewables to replace emitting resources.

22 You know, so there's different options like that,
23 that we're working on. Those sorts of ways to address
24 that allocation of the system resources, you know, are
25 difficult, but they allow for system dispatch, and that

1 allows us to participate in markets and keep the costs
2 as low as possible.

3 However, we do recognize that that is potentially
4 problematic in certain states, and so we're looking at
5 as many options as we can. But it does lead to issues
6 regarding dispatch, priority of dispatch, priority of
7 procurement. So we were -- that pivot was -- that was
8 suggested by some of the parties we thought was very
9 beneficial, but we were -- we just realized that
10 negotiations were not going to result in something we
11 could file in a timely manner.

12 ALJ THOMPSON: Okay. Thank you for
13 the clarifications.

14 Commissioners.

15 COMMISSIONER RENDAHL: Good morning,
16 Mr. McVee. It's still "good morning."

17 THE WITNESS: Thank you. Good
18 morning.

19 COMMISSIONER RENDAHL: So in your
20 testimony today, you -- you stated that the decisions
21 about resource procurement will -- will depend on the
22 next RFP.

23 Is PacifiCorp considering committing to conduct an
24 RFP in the next -- as a result of the next IRP?

25 THE WITNESS: I'm -- I -- I hesitate

1 only because I'm not in the procurement group, but I
2 believe that we have to. I mean, I believe that we're
3 in a position where, you know, most likely we will have
4 to do that. Because that next RFP is going to be
5 looking at those resources in 2029, maybe in 2030. And
6 so it's -- there's resource needs beyond the system
7 just for compliance. So all indications that I've
8 received from our planning group is that, yes, that
9 there would be an -- an RFP issued.

10 Our concern is that RFP being -- you know, the
11 system RFP is going to allow for the best resources to
12 serve all of our customers, and it spreads the risk so
13 you don't have the risk going to any particular state
14 for any particular resource, so that kind of drops that
15 requirement.

16 Then we go, and what we did with the last RFP,
17 which the 2022, is we came up with a -- the hierarchy.
18 So you had system resources then after that, because we
19 have to benefit all of our customers, State compliance
20 resources, and then customer choice. And so that was
21 the priority in resources.

22 So every indication is yes. The only hesitation I
23 have is that it's depending on the -- the IRP. It's
24 depending on our -- you know, I believe that those
25 resources will hopefully be past our financial issues.

1 We believe that we will be able to get past that in the
2 next couple years. But we do have to manage all of our
3 issues, all of our financial issues, making sure that
4 we're not subjecting customers to higher cost of debt,
5 that we're solvent, and we're still able to provide
6 service and be, you know, a reliable provider of
7 electric service to our customers. But I don't see how
8 we -- we don't at this time issue an RFP.

9 COMMISSIONER RENDAHL: Okay. And in
10 the past, PacifiCorp has conducted its IRP on a
11 systemwide basis even though Washington has requested a
12 state-specific IRP, correct?

13 THE WITNESS: Well, Washington has a
14 different approach. But, again, we're a multistate
15 utility, and so we have to kind of look at that
16 approach. We do, a sense, a separate run, including
17 social cost of greenhouse gas, but we also believe that
18 there's been benefits that have flown -- or flowed to
19 our customers in Washington of having that broad
20 planning.

21 COMMISSIONER RENDAHL: Okay. Well,
22 regardless of whether you agree or not that that
23 provides a benefit to Washington, does a significant
24 reliance on the market for Washington drive the
25 decision for whether there should be an RFP, or does it

1 get washed out in the system RFP?

2 Meaning the need for an RFP, if the IRP -- and I
3 might be getting my acronyms mixed up here. If -- if
4 the system IRP doesn't show a need for an RFP and yet
5 the Washington -- you know, the run is showing a market
6 reliance, how does -- how does PacifiCorp justify not
7 doing an RFP when there's significant market reliance
8 in Washington?

9 THE WITNESS: Well, I think it
10 depends on where the state of the market is.

11 So, I mean, the state of the market has increased
12 over the past, I believe, three years. But prior to
13 that, the market had been lower. And so I think that
14 there is, you know, the potential that relying on a
15 market when the prices are lower than incremental costs
16 of generation that would be situs allocated would be
17 cheaper and more beneficial for customers. But with
18 the market increasing, now we're looking at a different
19 reality.

20 And so in that situation, yes, that's when we
21 would start looking at is there a different way to
22 address CETA or address the -- the needs of the load
23 beyond CETA actually just for least-cost service with
24 the market.

25 COMMISSIONER RENDAHL: But market

1 reliance is not a resource, is it?

2 THE WITNESS: It's not a resource,
3 no. But it could be cheaper for customers. We do --
4 in the planning, we do maintain some open position,
5 because it allows us to go to the market when market
6 prices are better. And you have to analyze that
7 compared to the addition of resources.

8 COMMISSIONER RENDAHL: Okay. You
9 also spoke to conducting planning and resource
10 procurement in a prudent manner.

11 Do you remember that?

12 THE WITNESS: Yes.

13 COMMISSIONER RENDAHL: Okay. So
14 does the company view prudence on a systemwide basis or
15 on a Statewide basis when it's considering potential
16 prudence?

17 THE WITNESS: Both. I mean, we have
18 to show prudence of all of our action in each one of
19 our states for those system resources. So when we're
20 looking at a system resource, we have to make sure that
21 it's going to work for all of the states. That's why
22 we're starting to look at how can we -- you know, how
23 do we incorporate situs, because then you can address
24 that on a state-by-state basis.

25 The issues that we're still trying to go

1 through -- I mean, this first Clean Energy
2 Implementation Plan process is, you know, showing where
3 the gaps are. And one of those is, well, how do you do
4 fair procurement?

5 So, you know, we feel like looking at the system
6 in general first is the best way to do it, and then you
7 can start layering in situs. And that's what we
8 started to do in this last IRP run. We started to look
9 at how can we do system and then what is needed for
10 Washington compliance, what's needed for Oregon
11 compliance, where do those overlap. And so we're
12 improving our planning processes to start addressing
13 this.

14 COMMISSIONER RENDAHL: When you say
15 the last IRP process, that was the 2023?

16 THE WITNESS: It's what we call the
17 2023 IRP update. And so that was provided for
18 informational purposes in Washington. In Washington,
19 we have the 2021 IRP, and then the 2021 IRP progress
20 report, I believe, is the name for what we refer to
21 them on our website and in other jurisdictions that
22 have the two -year IRP cycle. We have the '21 IRP and
23 then the '23 IRP.

24 We also do an update in between those, and so
25 you'd have the 2021 IRP, and then the next year, '21

1 IRP update. And then the 2023 IRP was our progress
2 report. And then we did a 2023 IRP update. And then
3 that update is when we started to introduce new
4 modeling. And company witness Ghosh can talk a little
5 bit more about that.

6 COMMISSIONER RENDAHL: Okay. So in
7 your rebuttal testimony -- and I'll -- at MDM-2T, at
8 Pages 7 to 9, that's where you discuss your concerns
9 with staff's primary recommendation to reject the
10 company's CEIP biennial update, correct?

11 THE WITNESS: I believe so, yes.

12 COMMISSIONER RENDAHL: So do you
13 agree that there is a risk of disallowance if the
14 company continues not to complete RFPs, does not
15 purchase resources in a timely manner, and then has to
16 buy resources at a significant cost to meet the 2030
17 standard?

18 THE WITNESS: I believe that -- I
19 believe that there's a risk either way. I do believe
20 that there's a risk to, as we go through the planning
21 process, the issue of if we're starting to get towards
22 '29, '30, and we haven't started to work on
23 procurement, then there could be adverse issues,
24 because then we have adequate time to address. We've
25 got the market conditions. We're looking at that. We

1 have new forward price curves. So we could start
2 procuring resources in the next, you know, two or three
3 years and then have them in place in '29, 2030, for
4 compliance.

5 What the concern is, is that we need -- we're
6 trying to plan for that least cost or least reasonable
7 cost approach. And so right now we believe that there
8 is too much risk for us, too much risk to our metrics
9 that could increase the cost of debt, make it harder
10 for us to find capital, and those could have long-term
11 consequences. If we continue to not issue RFPs unless
12 we're procuring under other means, seeking waivers of
13 competitive bidding requirements, procuring smaller
14 resources and able to address it that way, then, yes, I
15 think there's concern, but we do have other options.

16 COMMISSIONER RENDAHL: Okay. So --
17 so why should the Commission not disallow costs as
18 unreasonable if the company continues to wait and push
19 out resource acquisition to the very end, which could
20 have significant cost impacts on customers?

21 THE WITNESS: Well, I think we
22 believe that the cost impacts to customers are more --
23 there's more at risk now than later. You know,
24 that's -- I don't think that there's any -- there
25 hasn't been any challenge to our modeling in this

1 filing. And so the supporting documentation shows that
2 the least reasonable cost approach is to procure in a
3 timely manner for compliance.

4 COMMISSIONER RENDAHL: I think
5 reasonable -- Renewable Northwest and NVEC actually did
6 contest some of the modeling, but I will leave it
7 there.

8 CHAIR DANNER: Good afternoon.

9 THE WITNESS: Good afternoon.

10 CHAIR DANNER: It is now afternoon,
11 so...

12 So I wanted to ask you. You said this morning
13 that the 2022 all-source RFP was canceled in part due
14 to the liability issues -- the cash flow issues that --
15 or financial issues that came after the wildfire
16 liability issues arose, but you also said federal
17 regulation. And by that I assume that you were talking
18 about -- and I think you mentioned in your testimony --
19 the ozone transport rule.

20 Is that -- is that the federal regulation you were
21 referring to?

22 THE WITNESS: That was one. I don't
23 have the -- I don't believe that I have the -- the
24 actual notice to the -- the bidders that it goes
25 through, the different reasons behind the termination.

1 But, yes, the OTR was part of that.

2 CHAIR DANNER: So I'm curious.

3 Because the OTR has to do with basically the -- it
4 limits fossil fuel emissions across the state lines.
5 But the all-source RFP was for renewable and
6 non-emitting resources.

7 So what's -- what is it that's in the OTR that is
8 affecting the ability of -- that would have affected
9 the ability of the -- of the RFP to go forward in 2022?

10 THE WITNESS: So the -- the main
11 part of -- my understanding is the main part -- again,
12 not -- I can't get into the details of the -- kind of
13 the -- the underlying aspects of it. But
14 fundamentally, that was an all-source RFP to meet what
15 was identified as a system need. And so those would be
16 for system resources. We have to look across the
17 entire system.

18 And in looking at that, essentially what you have
19 is a significant change to all the underlying use.
20 Because the OTR would essentially shut down, I believe,
21 summer operations at multiple thermal units operated by
22 the company.

23 CHAIR DANNER: And so at no point
24 were you looking at a -- at an RFP that would have
25 basically focused on Washington. You are only going to

1 look at the six-state region?

2 THE WITNESS: At that point, we were
3 looking at a -- we were looking at the system resources
4 first --

5 CHAIR DANNER: Mm-hmm.

6 THE WITNESS: -- with the plan that,
7 after the system, we would look at the state -- any
8 resources needed for state compliance and then
9 resources for customer choice programs. The issue,
10 though, is that if we're looking at system resources,
11 our Washington customers would get somewhere between 7
12 and 8 percent. There is also a change in kind of
13 the -- the relative load of our Washington customers
14 and the -- to the system, and so we have low growth in
15 Washington, which increases kind of the absolute kind
16 of megawatt-hours that we need for compliance, but at
17 the same time, there is greater load growth in other
18 parts of our system, so the share was going down.

19 And so, but that's still a significant part. If
20 you're thinking 7 to 8 percent of the -- the benefits
21 of any new non-emitting or renewable generation flowing
22 to Washington customers, that decreases that
23 incremental need, and so we don't have to overprocure
24 as much to meet state compliance.

25 So it was -- it's a combination of factors where

1 we have to look at, well, how much for the system and
2 then how much for the state. But essentially we just
3 ran into a situation much like the 2020 RFP where our
4 underlying assumptions were we didn't believe they
5 could -- they were valid any longer.

6 And so at that point, we're concerned that how do
7 you move forward and show prudence when you don't even
8 know if all of the assumptions in your study are valid
9 and you know some of them have gone away.

10 CHAIR DANNER: But you knew that you
11 were going to need some non-emitting resources, don't
12 you?

13 THE WITNESS: Yes, of course. We
14 need more non-emitting resources for Washington. The
15 same with Oregon as we progress to their standard in
16 2030. So we do know we need that, but we're also
17 looking holistically at the company's situation. And
18 so we have that issue.

19 In addition, we have that issue that we have to
20 manage our cash on a day-to-day basis right now. And so
21 then we have to look at the metrics, the credit
22 metrics, what are the long-term impacts of that.
23 Essentially, we don't have the capital at this point to
24 build our own, so we're looking at our purchase
25 agreements. And then we essentially had to determine

1 what is the best place to put that cash to essentially
2 maintain the metrics in the best way that we can.

3 We didn't want to drop down too much, because then
4 the credit costs are going to increase substantially,
5 and that's going to affect our customers. 'Cause this
6 is a capital-intensive. We have to go out for capital
7 all the time. We have repairs that we have to do on
8 the lines. We've got the reconductoring, the wildfire
9 mitigation that we have to do, hardening of the system.
10 And so through that process, we determine that the best
11 thing to do was to start looking at where do you get
12 the best bang for the buck, and that is through assets
13 that will help us with reliability.

14 CHAIR DANNER: Mm-hmm.

15 THE WITNESS: That's what led --

16 CHAIR DANNER: All right.

17 THE WITNESS: -- to the batteries.

18 CHAIR DANNER: And you're not aware
19 of any other federal requirements that had changed
20 during this period?

21 THE WITNESS: I believe that there
22 was a list of reasons in that notice. We refer to the
23 notice and put a link in the filing to the --

24 CHAIR DANNER: Okay.

25 THE WITNESS: -- Commission.

1 CHAIR DANNER: Then we'll look at
2 it.

3 THE WITNESS: I can't recall all of
4 those. I know OTR was one of the big ones. I think
5 there was a couple others, subject to check, but I
6 can't recall those.

7 CHAIR DANNER: All right. And then
8 you just mentioned -- in response to Judge Thompson's
9 questions, you said that you'll be able to meet CETA's
10 2045 mandate by 2032, but you said that it would be
11 technology-dependent.

12 Does that mean that it's -- you can meet it only
13 if technologies that are not currently available are
14 made available? Is that what you're saying?

15 THE WITNESS: Yes. And I might have
16 to defer to company witness Ghosh on this. But
17 that's -- one of the fundamental issues that, you know,
18 based on my understanding, is that the dispatchability,
19 you know, to when you have capacity factors of 20, 30,
20 40 percent for renewable generation, you're going to
21 have to install a significant number of batteries, and
22 you'll probably have to overbuild for a lot of those
23 resources.

24 If you get new technology that is non-emitting,
25 you know, that's -- you can then rely on that to

1 dispatch in those hours when your batteries are not
2 available. Because right now you have some, you know,
3 2-, 4-, 6-, 8-, maybe 12-hour batteries. So we need
4 some additional technology.

5 Now, that might be longer-term storage like
6 hydrogen. Because hydrogen, essentially you're going
7 to have to split water to create the hydrogen, burn it
8 later.

9 There may be additional resources you could put in
10 different locations to offset essentially the timing --
11 wind blowing at night, solar in the afternoon -- so
12 that you can take advantage of that. But are you --
13 planning for all of those things together, you still
14 may need something for, you know, those periods of time
15 in the winter when the wind's not blowing and you don't
16 have the solar generation.

17 So I think it's -- you know, it's very complex to
18 look through this. But we do believe, at least with
19 our current planning and what we've been hearing from
20 TerraPower, that they'll be available, and that would
21 be a resource that could be used specifically for
22 states that are looking for non-emitting generation
23 and -- and 24/7/365 service.

24 CHAIR DANNER: Well, I'm -- I'm very
25 hopeful that that comes to fruition.

1 My question is, though: I mean, this is a
2 technology that you've already admitted that 20 --
3 you're moving from 2028 to 2030. It could very well go
4 beyond that. And yet you're saying with certainty --
5 or at least I heard your counsel say with certainty --
6 that you're going to be able to meet the 2045 standard
7 by 2032.

8 What -- what if that technology doesn't come
9 forward? What if it's not available? What if it
10 doesn't come to fruition?

11 THE WITNESS: I think we have -- an
12 entire industry has another 13 years to start working
13 on what are the -- the other technologies, and that's
14 what the continuing planning process does. It allows
15 us to keep evaluating new technologies.

16 I think one of the issues as a -- as a regulated
17 utility -- and this kind of gets to those broader kind
18 of policy issues -- when we have these new statutes,
19 how are we going to start addressing them? There's a
20 lot of questions that need to be answered. It is a
21 question of, you know, how do we as a regulated
22 utility, when we're kind of -- essentially prudent
23 management leads us to use proven technology. You
24 know, we get recovery once something's in service.

25 That's going to be hard when we're trying to

1 develop a new technology. Utilities are not situated.
2 We don't have the regulatory policy set up. We are
3 not -- we're generally risk-averse. We want to keep
4 the costs as low as possible for customers. But I
5 think the entire industry has that issue. And
6 utilities are going to have to approach things in a
7 different way to start developing new technology.
8 Because there's no other buyers for it, but at the same
9 time, utilities are in a position where it's very
10 difficult to justify taking a chance on new technology.

11 You know, in -- 20 years ago, there were some
12 efforts for coal gasification. And I don't believe
13 that any of those projects really worked out. And
14 utilities ended up taking a write-off. It was a -- it
15 was a tough lesson for a lot of those utilities.

16 CHAIR DANNER: So if you get to 2045
17 and none of these new technologies come to fruition,
18 what do you do at that point?

19 THE WITNESS: Well, I think that's
20 where the legislature anticipated the risk there, and I
21 think that's the -- the reliability kind of off-ramp.
22 And that's, you know, why I know parties may
23 misinterpret, you know, the statements by a utility
24 that, you know, we will comply, you know, subject to
25 costs, subject to reliability. And really what it does

1 is comes down to reliability.

2 You know, it's that issue of if we can't serve
3 customers, then do we want to go to a hundred percent?
4 How much do we want to pay to go to a hundred percent?
5 You know, if it is putting a battery on every block
6 and, you know, taking, you know, millions of acres of
7 land for solar and wind, that's probably not going to
8 be popular with a lot of the people that live in the
9 areas where you're building. And so we have to figure
10 out how -- what that balance is. But we -- the primary
11 purpose of a utility is to provide reliable service,
12 and that means you turn on the light switch and it goes
13 on. And so I think we have to plan for that, and it's
14 going to take some time.

15 So I'm not saying that -- I'm not trying to kind
16 of foreshadow not being able to comply, but it's going
17 to take the entire industry to start moving towards
18 developing new technology, is my understanding.

19 CHAIR DANNER: So is it your
20 position, then, that compliance with CETA is not
21 possible without the development of new technologies?

22 THE WITNESS: I would defer to those
23 that know the new technologies. I'm -- I'm not looking
24 at all of the new options. I know that I've talked to
25 our procurement group, and they said there's some new

1 technologies that are coming out. One of the ones that
2 they've most recently told me about is thermal plants
3 that are gas that can switch to hydrogen.

4 And so then, you know, you may have the
5 possibility, if you can, you know, get adequate
6 hydrogen sources and you can store enough at the time
7 when you have energy, that you could then switch over.

8 So I don't think our position is that there won't
9 be. We believe and we're actively working on trying to
10 develop the technologies that will allow for that.

11 CHAIR DANNER: I guess, put another
12 way: Do you believe that it is not possible to comply
13 with CETA using technologies that are available today?

14 THE WITNESS: I mean, I would have
15 to defer to our planners that know more. I mean, I
16 think it would require a significant amount of
17 overbuilding.

18 CHAIR DANNER: Okay. That's all the
19 questions I have. Thank you.

20 COMMISSIONER DOUMIT: So, yeah,
21 thank you, Your Honor. Not to be redundant, but to
22 follow up on my colleague's questions, and maybe to
23 put -- frame it a different way.

24 Okay. You want to take your -- your target to
25 2025 down to 33 percent, which from 31 percent to 33,

1 that's -- that's a flat trend line. Haven't plotted
2 it, but that's a pretty flat trend line, right?

3 THE WITNESS: Generally, yes.

4 COMMISSIONER DOUMIT: Okay. And
5 then you say, okay, but we'll get to 80 percent by
6 2030. And, by the way, we'll get to a hundred percent,
7 counsel says, by 2032, and you -- you deflected that,
8 you know, to some degree. That's -- and by anybody's
9 terms, that's a pretty massive spike -- wouldn't you
10 say? -- from 2025 at 33 percent to meet CETA at 20 --
11 forget about 2032 for the moment -- just to get to
12 2030?

13 THE WITNESS: I mean, I'm trying to
14 get -- wrap my head around the -- the -- the slope is
15 great. But for Washington, we're serving 140,000
16 customers. This is not, you know, taking our full
17 system there. It is -- it's -- you know, this is -- I
18 believe it's our fourth-largest state. So I don't
19 believe that it is that large a step. And company
20 witness Ghosh, I believe she has the numbers for what
21 it is.

22 So I think we can add resources between now and
23 then, and we can meet 2030. It is -- as a percentage
24 basis, it may seem like a lot, but on a actual megawatt
25 basis, it's not going to be as large. You know, is it

1 going to require the addition of additional resources,
2 severe expansion to get to 2030? Yes. Is it going
3 to -- I mean, is it going to increase costs? Yes.

4 If we advance that, is it going to increase costs
5 more than what it would if we plan and time it to meet
6 compliance? I believe that's what the studies are
7 showing, is that we're going to be saving customers
8 money by pushing it out.

9 COMMISSIONER DOUMIT: And, you know,
10 and I understand all the issues that you're facing
11 today, you know, to sort of want to sort of delay these
12 decisions. But, you know, we're sort of faced with a
13 question that counsel again said, Look, we have today's
14 case and, you know, 2025 case. But, you know, the
15 question is: Should we have confidence that you can
16 go -- you can meet that slope?

17 Now, you just said, Look, there are other ways
18 that we can do it. You know, small number of
19 customers, 130,000 customers. You know, "Don't worry,"
20 sort of thing. But I've heard a lot of uncertainty,
21 which, of course, there's uncertainty. You know, is
22 the technology going to be there? you know.

23 So ultimately, you know, you -- you know, if needs
24 being, go out to the market and, you know, big costs,
25 but that's -- that slope is not just getting there.

1 It's also a slope or up-ramp in -- potentially in costs
2 to the customers. So it's a really -- clearly a
3 difficult situation for us. And just to say, you know,
4 "Hey, we'll -- you know, we'll be okay in 2030.
5 Just -- you know, just kick us out to 2025," that's not
6 an easy analysis, and you know that.

7 THE WITNESS: Yes, it is not an easy
8 analysis. I mean, I think the industry is -- is being
9 challenged right now. But I don't believe that
10 changing our interim targets for '24 and '25 is going
11 to change that trajectory. So, I mean, the -- we're
12 not going to be able to have a resource built for 2025.

13 So the result is, either way, we either have to
14 essentially go out and start buying on the short-term
15 market, whatever's available, procuring RECs,
16 whatever's available, to try and get to something that
17 is not supported by the data that we have right now.
18 And then because of that outflow of cash could cause
19 long-term kind of consequences for the company and its
20 customers, or we go out in the next RFP and the next
21 CEIP. We'll have data. We'll be able to identify
22 where that -- where the company is, where it's moving
23 forward.

24 Shortly after that, or around the same time, we'll
25 have an allocation methodology in front of the

1 commissions so that there'll be some understanding of
2 how much would be -- of the system resources would be
3 allocated. And then we can start moving forward with
4 actual resources. So instead of incurring a cost just
5 to meet a target that is not supported by the data
6 right now for '24 and '25, we'll start procuring
7 resources.

8 And so to a certain extent, the procurement of
9 resources to serve Washington customers, so for the
10 benefit of Washington customers, is going to come
11 later, no matter what. Meeting the interim standards
12 is not going to give long-term res- -- provide
13 long-term resources for Washington customers. And we
14 believe anything we do is going to be more expensive if
15 we move it forward. The more we can plan for it, run
16 the RFP, be able to -- the utility be able to dictate
17 the terms of the RFP, the more we can manage those
18 costs for customers.

19 COMMISSIONER DOUMIT: Okay. All
20 right. So what I'm hearing you say is, Look, you know,
21 2025, even if we're at 33 percent, 130,000 cust -- we
22 can get there -- even if technology doesn't catch up
23 with us, even if we're not able to, we'll be able to
24 with this -- in this market get to our 2030 goal. If
25 we have to, we'll go to the market, and we'll -- you

1 know, we'll be able to do that easily.

2 Is that the bottom line?

3 THE WITNESS: Yeah, for 2030 goal?

4 COMMISSIONER DOUMIT: Yes.

5 THE WITNESS: We'll be able to get
6 there. That is the -- the goal of the procurement.
7 That is what the studies are showing. You know, the
8 data that we have today is still showing that meeting
9 that 2030. And so that's -- you know, that is a net
10 zero, so that is not dependent on the new technology.

11 So the -- the real issue is that's the only way to
12 get resources that will be providing the benefits to
13 customers for 10, 20, 30 years in the future instead of
14 short term meeting these interim targets which would
15 just be a cost, 'cause we're not going to have actual
16 resources. We're not putting steel in the ground to
17 serve customers for '24 and '25. We would just be
18 meeting through other means.

19 And so really it is -- our position is we need
20 that next study to give us a little time to essentially
21 address the issues, improve our planning, improve our
22 financial position, and then we start procuring.

23 COMMISSIONER DOUMIT: All right.

24 Thank you. Nothing further. Thanks.

25 COMMISSIONER RENDAHL: Now it's

1 "good afternoon." So just one more question.

2 So on Page 3 of your rebuttal testimony, starting
3 at Line 20 and then continuing on to the top of Page 4,
4 you state that, "...any conclusion that PacifiCorp has
5 not demonstrated reasonable progress needs to evaluate
6 the actual reasons for PacifiCorp's lowered interim
7 targets. That is especially the case where, like here,
8 the Commission has not provided any guidance on what
9 'reasonable progress' requires."

10 Is it your testimony that the company can't
11 address how it's demonstrating reasonable progress
12 towards the CETA requirements unless the Commission
13 tells it what that means?

14 THE WITNESS: No. But this -- that
15 is not the intent. The issue is that from the
16 company's perspective, reasonable progress has to be
17 evaluated, you know, based on the entirety of the
18 circumstances. And so the Commission has not defined
19 reasonable progress. And we believe that reasonable
20 progress can be shown and it'll be blocky. So
21 reasonable progress may be not a trend line of any
22 particular slope unless the Commission goes through a
23 process and sets and says, You need to be at 50 percent
24 by this date, 75 percent by this date.

25 But we also believe that that's not appropriate.

1 We don't think the -- the Commission should do that;
2 that it has to look at the situation that each utility
3 is in, their ability to procure, whether it is going to
4 be less expensive for customers for procurement to be
5 timed for later or to be timed earlier.

6 I believe that the parties in this case have
7 really been pointing to we want procurement right away
8 and not looking at the holistic impact of that. And so
9 I believe that the Commission has not defined that
10 reasonable progress is 25 percent per year, so the
11 company is not targeted for that. Instead, we're
12 trying to manage like a prudent utility: Look at all
13 of the issues, how it affects it, what's most
14 cost-effective for customers, and base it on the data.

15 And so it's -- you know, absent that direction on
16 what reasonable progress means, we believe that there
17 is a reasonable progress requirement. We also believe
18 that we're meeting it by timing it and making sure that
19 we're looking at how we're going to do it in the least
20 reasonable cost way.

21 COMMISSIONER RENDAHL: Thank you. I
22 don't have any further questions.

23 ALJ THOMPSON: Okay. Thank you. I
24 think that concludes the questions for you. You may be
25 excused. Thank you.

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(Witness excused.)

ALJ THOMPSON: At this time, it is 12:25 p.m. I would propose that perhaps we take a lunch break at this time.

Does 35 minutes to 1 p.m. sound sufficient, or do the parties need additional time for a break?

And I will note, before I get answers from the parties, I believe that the Commissioners do have a hard stop time today at 4, 4 p.m., and so I will note that we are through our first witness, but we have a few more to go. And the time estimates for Mr. McVee were a little bit shorter than actuals, so let's take that into consideration before answering.

I'll go ahead and start. It looks like AWEC has a response.

MS. MOSER: Yes. I hate to be the person that says this, but as a nonlocal -- just, I think 35 minutes is pretty tight. If we don't want to go a full hour, I think at least 45 would be kind of helpful.

ALJ THOMPSON: Okay. Does anybody else have any thoughts? Company? Staff? Public counsel? CRITFC? And anybody online?

Okay. We will go ahead and go with 45 minutes.

1 We will be off the record. We will reconvene at
2 1:15 p.m.

3 (Pause in proceedings from
4 12:26 p.m. to 1:18 p.m.)

5
6 ALJ THOMPSON: Good afternoon,
7 everyone. Welcome back. I hope you-all had time to
8 grab a bite to eat. It is now 1:18 p.m. We will go
9 ahead and be on the record.

10 Mr. Rogala, if you would like to call your next
11 witness.

12 MR. ROGALA: Thank you, Your Honor.

13 First, a brief thanks to Sommer Moser. The extra
14 15 minutes was much appreciated for lunch.

15 And we'd like to call Dr. Rohini Ghosh to the
16 stand.

17 ALJ THOMPSON: Thank you.

18 And, Dr. Ghosh, if you could please raise your
19 right hand when you're ready. Thank you.

20 Do you swear or affirm that the testimony you will
21 provide today will be the truth, the whole truth, and
22 nothing but the truth?

23 THE WITNESS: Yes, Your Honor, I do.

24 ALJ THOMPSON: Thank you.

25 You may proceed.

1 MR. ROGALA: Thank you.

2

3 DR. ROHINI GHOSH, having been first duly sworn
4 by ALJ Thompson, was
5 examined and testified as
6 follows:

7

8 DIRECT EXAMINATION

9 BY MR. ROGALA:

10 Q Dr. Ghosh, can you please state and spell your name for
11 the record, please.

12 A Yes. My name is Rohini Ghosh. R-o-h-i-n-i G-h-o-s-h.

13 Q And can you please state your position at the company.

14 A I'm currently the director of clean energy planning at
15 PacifiCorp.

16 Q And I understand you submitted several exhibits in this
17 proceeding.

18 Do you have any clarifications or corrections to
19 those exhibits?

20 A No, I do not.

21 MR. ROGALA: Thank you, Your Honor.

22 We tender this witness for cross-examination.

23 ALJ THOMPSON: Thank you.

24 I believe, staff, you've indicated cross for this
25 witness. You can go ahead and proceed.

1 MS. STRAUSS: Thank you, Your Honor.

2

3

CROSS-EXAMINATION

4

BY MS. STRAUSS:

5

Q Good afternoon, Dr. Ghosh. How are you?

6

A Good afternoon. I'm good. Nice and full.

7

Q Excellent.

8

So just a few questions for you today.

9

The costs that PacifiCorp assign to renewable

10

resources are inputs in its IRP modeling, correct?

11

A Correct. I assume you mean just any inputs regarding

12

resource cost assumptions, yes.

13

Q Yes. Okay.

14

And this modeling informs procurement decisions?

15

A Yes. Our typical strategy and cycle at the company is

16

to run an integrated resource plan that company witness

17

McVee did state that we update a full IRP every two

18

years. And usually based on any near-term need that is

19

identified and described in our action plan, which is

20

usually the next two to six years, that is usually then

21

the basis for going out and doing some kind of request

22

for proposals for projects to fill that need.

23

Q Okay. And the IRP also then forms the basis for the

24

CEIP, correct?

25

A That is correct.

1 Q Okay. And by extension, the interim targets, correct?

2 A That is correct.

3 Q Okay. And PacifiCorp's interim targets in the
4 currently approved 2021 revised CEIP were based on the
5 2021 IRP, correct?

6 A Sorry. I think I blacked out as you were speaking.

7 The current approved interim CEIP clean target --
8 clean interim -- clean energy interim targets are based
9 off of the 2021 integrated resource plan.

10 Q Okay. Great.

11 And in the 2021 IRP, PacifiCorp used what were
12 the -- what were then the most recent NREL numbers at
13 the time as inputs for the price of renewables,
14 correct?

15 A I do believe that is correct.

16 Q Okay. And prior to 2022, PacifiCorp was using the most
17 recently available NREL information for pricing to
18 price renewables in its IRP modeling, correct?

19 A I do believe that is generally correct.

20 Q Okay. And is it standard practice in the utility
21 industry to use the most recently available NREL
22 information for renewable pricing?

23 A I can't speak to whether or not other utilities
24 specifically use the NREL ATB, or annual technology
25 baseline. But, yes, I would believe that all utilities

1 are using whatever the most recently available forecast
2 of renewable cost information is.

3 Q Okay. Thank you.

4 And so to the best of your knowledge, for example,
5 Avista or PSE, they use the NREL information for
6 renewable pricing?

7 A I can't confirm that, because I have not read their
8 latest integrated resource plans.

9 Q Okay. Now, looking at the 2022 repricing of the bids
10 PacifiCorp initially received in the 2020 all-source
11 RFP, the reprice bids were higher than those that were
12 initially received, correct?

13 A That is correct. My understanding is, you know, we
14 received a large number of bids in the 2020 all-source
15 RFP that was initiated sometime in 2019. We received
16 those bids. It was quite a long process to even get
17 through the initial analysis, and there were other
18 delays in signing those contracts. And then come 2022,
19 many developers -- I think all developers probably --
20 requested to reprice their bids. There were even some
21 developers that dropped out entirely because they were
22 no longer able to provide those projects at those
23 originally stated prices.

24 Q Okay. Thank you.

25 And after the bid repricing, PacifiCorp changed

1 the pricing of renewables in its IRP modeling, correct?

2 A Correct. In the 2023 IRP that was filed in the spring
3 of 2023, PacifiCorp's IRP team did reflect actual cost
4 increases that we were seeing in the near term, and
5 that's reflected in the renewable resource costs
6 primarily out through 2028. And I believe 2028 through
7 2032, those manual increases, as they're being called,
8 were linear- -- linearly decreased until being phased
9 out in 2032.

10 Q So those manual increases, or adders, they started --
11 you started adding those to the IRP modeling in 2022,
12 correct?

13 A It was first added in the 2023 IRP that came out.

14 Q Okay. Thank you.

15 And these adders, they were the difference between
16 the NREL numbers and the 2022 repriced bids, and that
17 difference was then added on the NREL number?

18 A I believe that is accurate. I didn't work on those
19 specific cost adjustments, but my understanding is the
20 NREL AT B is fuel-type-specific, technology-type-
21 specific prices. And we took an average of the costs
22 that we were seeing for a specific technology type, and
23 I do believe that that difference or that percentage of
24 that difference was essentially added on top of the ATB
25 prices.

1 MS. STRAUSS: Okay. Your Honor, I
2 do have some questions that could potentially be
3 touching on confidential information coming up. How
4 would you like to handle that at this point?

5 ALJ THOMPSON: Just looking around
6 the room. And, Counsel, please feel free to help me
7 verify. Do we have anybody in the room who has not
8 signed an agreement?

9 MS. STRAUSS: This is just
10 confidential information, not highly confidential.

11 ALJ THOMPSON: Okay.

12 COMMISSIONER RENDAHL: But we also
13 have to go to the --

14 ALJ THOMPSON: And --

15 COMMISSIONER RENDAHL: -- the
16 phone --

17 ALJ THOMPSON: Right.

18 COMMISSIONER RENDAHL: -- and see
19 who's on there.

20 ALJ THOMPSON: And then we will just
21 take a brief moment to look online for those who have
22 signed confidentiality agreements and looking back.

23 Ryan, do you have a list of confidentiality
24 agreements?

25 MR. SMITH: Not on hand. I can pull

1 it up.

2 ALJ THOMPSON: Okay. So if
3 everybody could please just give us a minute so that we
4 can look through the list of participants online. I
5 think the two just left.

6 COMMISSIONER RENDAHL: So for
7 counsel in the room, if you look at the participant
8 list on Zoom and see if there's anybody who you are
9 aware has not signed an NDA for your clients, that
10 would be helpful.

11 MR. ROGALA: Your Honor, there was
12 an attorney from the Sanger law office earlier. And
13 I'm not sure if they've joined again as another party
14 or under a phone, but I just want to make sure that
15 they're not on the line for this part of the call,
16 'cause they're not a intervenor to the proceeding, nor
17 do I believe they've signed an NDA.

18 MS. CHILLCOTT: Your Honor, this is
19 Barbara Chillcott for Renewable Northwest. And that
20 person has left the -- the Zoom room, as indicated in
21 the chat.

22 ALJ THOMPSON: Okay. Thank you for
23 that.

24 The party that's just labeled "PacifiCorp," do we
25 know who that is from the company? That's the witness.

1 Okay.

2 MS. STRAUSS: We're just checking on
3 a couple other staff members, Your Honor.

4 COMMISSIONER RENDAHL: Thank you. I
5 was going to say, there's a lot of staff on the...

6 ALJ THOMPSON: And for those staff
7 members who are present online, if you know that you
8 have not signed a confidentiality agreement in this
9 proceeding or you're not subject to one, I would just
10 ask that you take the proactive step and either
11 identify yourself in the chat or -- or leave the room
12 at this time.

13 COMMISSIONER RENDAHL: So, Your
14 Honor, will this need to be a separate transcript of
15 the confidential portion?

16 ALJ THOMPSON: Yes. If we could
17 just note on the transcript. There'll be one that will
18 have the public section, and then there will be a
19 separate -- the pages will continue on, but there'll be
20 a confidential section, if that makes sense. Okay.

21 COMMISSIONER RENDAHL: So are we all
22 good?

23 MS. STRAUSS: I think we're good on
24 staff's end, yes.

25 COMMISSIONER RENDAHL: Okay. Thank

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you.

ALJ THOMPSON: Okay. Does any other party recognize anybody online that -- from their side who has not signed a confidentiality agreement?

I see shaking of heads.

(Confidential transcript portion begins under separate cover.)

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(Non-confidential proceedings
resume as follows.)

Q (By Ms. Strauss) Thank you for your patience,
Dr. Ghosh?

So PacifiCorp contends that these adders are
necessary because they represent reality, correct?

A Correct.

Q But these are based only on the repricings from a
single RFP?

A I do believe that is true.

Q And this repricing occurred at the height of the supply
chain issues resulting from COVID, correct?

A I do believe that is true.

Q Okay. And is it PacifiCorp's position that the supply
chain issues that were present in 2021 and 2022 are
still persisting at the same level today?

A So I will provide a couple clarifications here.

1 So I don't work directly on RFPs or on resource
2 procurement. You know, just kind of hear what comes
3 out of them. My understanding, when we went into the
4 2023 IRP, you know, where we had just refreshed all of
5 the 2020 all-source RFP bids, that 2022 refresh which
6 was then being represented in our near-term
7 acquisitions in the IRP, the company was just of -- you
8 know, based on that was our latest market information,
9 the company very clearly could see that we were not
10 going to be able to procure resources at such a low
11 price as what was being seen in the NREL ATB.

12 And I understand that it's hard to verify that
13 information. This is based on highly proprietary
14 information. I, myself, don't actually even see these
15 kinds of bids when they come in in our company. And so
16 it's just a representation of what we believed was the
17 actual market conditions that would have impacted
18 near-term procurement.

19 That being said, what I will offer is we have
20 received a lot of feedback on this. We are now, you
21 know, going towards the 2025 IRP and CEIP cycle where
22 we're stepping a couple of years out from that
23 information. And so we are not including any renewable
24 resource escalators or inflations to the price in the
25 2025 cycle.

1 So I will offer that, that as we've stepped a
2 couple of years out, we have opted to not include that
3 information in lieu of using what the NREL forecast
4 shows us and hoping that, you know, we can go out to
5 the market and get things at that price.

6 Q So is PacifiCorp now taking those adders out in 2025
7 versus in 2032?

8 A Correct. There will not be any adders beyond what is
9 in the NREL forecast.

10 Q Okay. So those graphs we just saw, basically you're
11 moving that dot backwards from 2028 to 2025?

12 A Yes. And updating to whatever the latest forecast is.

13 Q Using those NREL numbers?

14 A Correct.

15 Q Okay. Looking at Exhibit JNS-4.

16 A Just confirming: This is PacifiCorp's response to
17 Washington UTC Data Request 9?

18 Q Yep. That's the one.

19 A All right. I'm there.

20 Q You state in that DR that the 2023 IRP update
21 identified battery resources in the preferred
22 portfolio, correct?

23 A Correct.

24 Q And this was after those adders were incorporated into
25 the 2023 IRP, correct?

1 A Correct. The resource adders were in the 2023 IRP as
2 well as they were still present in the '23 IRP update.

3 Q Okay.

4 Okay. So we're going to switch a little bit.

5 Looking at renewable resources generally -- this
6 is not a specific exhibit -- the only renewable or
7 non-emitting resources procured by PacifiCorp since
8 2020 to serve Washington load were those resources that
9 came out of the 2020 all-source RFP, correct?

10 A Generally that is correct.

11 Q And no -- no resources were procured as part of the
12 2022 all-source RFP?

13 A That is correct.

14 Q And PacifiCorp is not currently in negotiations for any
15 renewable or non-emitting resources?

16 A No. But we are pursuing bilateral negotiations for
17 valuable significant storage resources.

18 Q But those batteries are not colocated with any
19 generating resource, correct?

20 A No, they're not. But something that I did want to add
21 to the statements that company witness McVee made
22 earlier: It's not just that we have capital
23 constraints right now. We do. We have -- we have
24 limited capital. We have a limited budget. And we are
25 having to work within that to make resource

1 procurements and acquisitions in the near term that
2 will best serve all of our customers.

3 And something that has become very apparent to us,
4 you know, through our last kind of peak cycles in this
5 last summer, in this last winter, is we have a pretty
6 great need for some firm capacity, for some reliable
7 energy in a few very, very high-energy-cost hours. And
8 renewable resources, unfortunately, don't provide that
9 same level of reliability benefit unless you're
10 building megawatts on megawatts, and you have to build
11 quite a bit to get, you know, a relative certainty in
12 how much you get.

13 So given that we have limited capital constraints
14 right now with all of the -- the financial hurdles that
15 we are facing, as company witness McVee has tested
16 [sic] to, those batteries are the best use of that.
17 And while they are not colocated -- and you're correct
18 in identifying that -- it's still the case that those
19 batteries do provide an opportunity for something like
20 excess wind generation to charge it at night.

21 So typically we might have wind power plants in
22 Wyoming that are very productive in the middle of the
23 night. Power is not very valuable in the middle of the
24 night, because there's not that much demand. And so
25 even though the battery's not colocated, if the

1 batteries are placed around the system with adequate
2 transmission access to the rest of our system, those
3 wind power plants that are typically curtailed might be
4 able to continue to generate and actually charge those
5 batteries that will discharge it, you know, in during
6 the next day at 5 p.m. when that's highly valuable.

7 So while it is true that the generation that comes
8 out of a battery is not CETA-compliant and we don't
9 ever count it as such, it is still very much the case
10 that with significant storage capability on our system,
11 like, you know, 500 megawatts' worth of batteries that
12 we are considering, could really increase the capacity
13 factors of our wind and our solar fleet around our
14 system. And so it's overall definitely a net benefit.
15 And these batteries and standalone storage systems are
16 really important for our ability to reliably provide
17 power as we bring on more intermittent generation.

18 And I think the technology around colocating a
19 battery with say a wind plant, I think, has just not
20 been as -- I'm not sure if it's -- if it's the
21 technological constraints or the economic constraints,
22 but it's just generally been found that it's just more
23 efficient to do that standalone storage, though we are
24 pursuing Green River as solar plus storage colocated
25 project, which you can see in my Exhibit RG-3, in the

1 table of new resources, which I'd have to find.

2 But you can see that we did pursue Green River
3 Solar 1 and 2. It's a PPA we did identify through the
4 2020 all-source. That is an example of a fairly
5 significant project with solar colocated with battery,
6 and we will see how that performs. But I just really
7 want to stress that the benefits from batteries are
8 very, very high for the reliability benefits and, I
9 think, absolutely necessary to facilitate this
10 transition. Because we just really, really have a
11 strong need for firm capacity. And storage will help
12 us reduce our reliance on market purchases in those
13 peak need hours.

14 Q Okay. But the batteries aren't actually giving
15 Washington a larger share of the renewable or
16 non-emitting resources from the system?

17 A So that somewhat remains to be seen. Because we don't
18 yet have these significant batteries in operations, I
19 don't have, like, the data for you. And I don't think
20 we've been able to run a counterfactual on the IRP yet,
21 though that's something that we should look at.

22 Our expectation is having more storage resources
23 on the system will hopefully lead to less curtailment
24 of our renewable resources. And so if that's the case,
25 that wind plant in Wyoming that Washington customers

1 take a share of will generate more RECs in a given
2 year, and so Washington customers would receive a share
3 of that higher number of RECs. I don't have the data
4 to back it up until they go into operations, but that's
5 absolutely our expectation.

6 Q But that's all conjecture. There's no actual basis to
7 determine that that's -- that's what will happen?

8 A I don't have the actuals for you. But it is very much
9 the case that we have a lot of wind that gets generated
10 at very low-value hours and ultimately gets curtailed.
11 And so having more storage on the system, that's
12 essentially a place for that power to go.

13 Q Okay. But what's also likely is that these batteries
14 get charged from generation say from a natural gas
15 plant, correct?

16 A I mean, that's possible. But natural gas generators --
17 I mean, of course it depends if this is a base load or
18 a peaking unit. But our natural gas generators are not
19 typically generating as much during kind of a low-value
20 hour. So the economics are such that batteries
21 typically get charged when power is very, very, very
22 cheap. That's typically when there's an excess of wind
23 or an excess of solar. And then they discharge during
24 a high-value hour, like peak demand hour. They can
25 only discharge for maybe four to eight hours. But

1 that's a super high-valued hour.

2 And so then the same hour, gas might be
3 generating, but I don't think it's as likely that gas
4 will char- -- as an example that natural gas will
5 charge the battery. But, yes, it is -- you know, we
6 can never track exactly what goes into the battery, but
7 again, the economics tell us that it's likely to be
8 charged by this excess wind or excess solar.

9 Q Okay. So but at the end of the day, a battery is not
10 actually generating additional power. It's just
11 storing power that's already been generated?

12 A Correct.

13 Q And it's not increasing the allocation that Washington
14 receives from renewable resources on other parts of the
15 system?

16 MR. ROGALA: Now, I think I'm going
17 to object, 'cause this has been asked and answered.
18 Staff asked Dr. Ghosh if a battery would increase the
19 share of CETA-compliant energy that our pre-existing
20 CETA-compliant resources would provide to Washington,
21 and she says yes, because if these wind resources can
22 continue to blow throughout the nighttime when they
23 would normally be curtailed, that does increase the
24 share of CETA-compliant energy that is currently
25 serving -- that would be serving Washington customers.

1 MS. STRAUSS: Your Honor, if I may.

2 ALJ THOMPSON: Please go ahead.

3 MS. STRAUSS: I'm just trying to
4 make sure we have a very clear record of Dr. Ghosh's
5 responses, and some of her responses are quite lengthy,
6 and I'm just trying to make sure we have a clear
7 record.

8 ALJ THOMPSON: I don't necessarily
9 want you to go through the entire response, but if
10 there is a clarifying question that can be asked, if
11 you could reframe your question, I'll allow you to go
12 ahead and ask, but I do believe that that particular
13 question was answered.

14 Q (By Ms. Strauss) Okay. So, Dr. Ghosh, just to be
15 clear: The batteries don't increase the percentage of
16 resources that are allocated to Washington under the
17 current allocation agreements?

18 A I think the line of questioning is more confusing now.
19 Because now you're talking about generation from a
20 resource and allocations of resources, which I consider
21 to be two very separate issues.

22 Q Okay. I can go into that a little bit.

23 So there's -- there's an allocation agreement that
24 allocates percentages of power amongst PacifiCorp
25 states, correct?

1 A Correct. I assume you're referring to the 2020
2 protocol, and of course there's WIJAM specific to
3 Washington.

4 Q Yes.

5 So the batteries, themselves, don't actually amend
6 those agreements?

7 A None of our resource selections that we are talking
8 about or resource acquisitions would impact
9 allocations.

10 Q Okay. So the allocations that are in those agreements
11 remain the same?

12 A Yes.

13 Q Okay. Thank you. That's it.

14 So I want to look at the update, the -- the
15 biennial update, itself.

16 In that update, PacifiCorp said it'll be serving
17 load with 60 percent renewable non-emitting generation
18 by 2029, correct?

19 A That sounds correct, yes.

20 Q Okay. So under the projections in the biennial update,
21 PacifiCorp estimates getting to 33 percent in 2025,
22 correct?

23 A That is correct.

24 Q And then it estimates jumping from 33 percent in 2025
25 to 62 percent in 2029?

1 A That is correct.

2 Q Okay. So PacifiCorp is estimating it's going to take
3 roughly five years to double the renewable non-emitting
4 capacity for serving Washington retail load?

5 A Based on then-current modeling inputs and assumptions,
6 that is correct.

7 Q But then it's anticipating jumping from 62 percent to
8 82 percent between 2029 and 2030, correct?

9 A That is also correct.

10 Q And PacifiCorp canceled its 2022 all-source RFP,
11 correct?

12 A That is correct.

13 MS. STRAUSS: That's all my
14 questions, Your Honor.

15 ALJ THOMPSON: Thank you.

16 Public Counsel, you can go ahead and proceed.

17 MR. SYKES: Thank you.

18

19 CROSS-EXAMINATION

20 BY MR. SYKES:

21 Q Good afternoon, Dr. Ghosh.

22 A Good afternoon.

23 Q Earlier we heard some questions from the bench about
24 new technologies.

25 Are you familiar with the Natrium project by

1 TerraPower?

2 A Yes.

3 Q Would you agree that's a new technology?

4 A Yes, I believe small modular nuclear reactors are a new
5 technology as it relates to nuclear.

6 Q Has PacifiCorp calculated the effect of a Sodium delay
7 on the company's 2030 target?

8 A I don't believe we've explicitly considered a delay so
9 much as a scenario in which it just doesn't occur. I
10 don't have that portfolio in front of me. But we
11 actually submitted it as part of our 2024 annual
12 progress report. It was part of our conditions from
13 our refiled CEIP. So we did do an analysis where there
14 was no Sodium at all and what would -- what would the
15 portfolio look like and what would the recast targets
16 look like, but I unfortunately don't have that in front
17 of me.

18 Q I think the -- I think the -- as far as the target,
19 PacifiCorp would miss CETA's 2030 target by 3 percent.

20 Does that sound right to your --

21 A That sounds reasonable --

22 Q -- recollection?

23 A -- because I believe Sodium -- the generator plus the
24 storage unit can generate about 50 megawatts' worth of
25 capacity, and Washington customers are forecasted to

1 receive about 40 megawatts of that. So that would
2 probably be around 3 to 5 percent of our 2030 need --

3 Q Okay.

4 A -- in terms of targets.

5 Q Can you please turn to your rebuttal testimony, RG-2T.
6 And I'm looking at Page 13, Lines 9 through 11.

7 A I am there.

8 Q You're asked here to explain the cost implications for
9 Washington customers if the Commission rejects the
10 biennial update interim targets.

11 Am I reading that correctly?

12 A Yes. That is correct.

13 Q And can you turn to 14, Lines 3 through 5?

14 A Yes.

15 Q Here you testify that this does not consider any
16 offsetting power cost benefits which would reduce net
17 cost of the resource and reduce the impact on rates?

18 A That is correct.

19 Q Can you please turn to RG-22X.

20 A Sorry. Give me a second. I got too much in this
21 binder.

22 MR. ROGALA: Maybe while Dr. Ghosh
23 is finding that witness [sic], I'll just lodge my
24 objection now. I don't think there's foundation for
25 this exhibit.

1 ALJ THOMPSON: The data request?
2 MR. ROGALA: Are we talking about
3 the PCAM --
4 MR. SYKES: Not yet.
5 MR. ROGALA: -- exhibits?
6 MR. SYKES: No, not -- not yet.
7 MR. ROGALA: Oh. I haven't
8 renumbered my... I will pull back that --
9 THE WITNESS: Yeah, mine are --
10 MR. ROGALA: -- objection.
11 THE WITNESS: -- also --
12 MR. ROGALA: I was looking at the
13 wrong one.
14 THE WITNESS: Mine are also not
15 numbered correctly.
16 Okay. So this is --
17 MR. SYKES: Maybe it's -- try 21X.
18 Maybe I have it wrong. This is the PacifiCorp DR
19 responses to public counsel.
20 MR. ROGALA: R-21X?
21 THE WITNESS: Oh. Wait.
22 ALJ THOMPSON: I believe, for
23 clarification for counsel, before the update last
24 night, I believe this was 22X, and it is now 23X. It's
25 the responses to DRs.

1 MR. ROGALA: Oh.

2 THE WITNESS: Through --

3 MR. ROGALA: Okay. Let's -- let's

4 just -- is it -- is it staff DR 64 or public counsel

5 DRs 4 through 8?

6 MR. SYKES: The exhibit should be

7 public counsel DRs 4 through 8.

8 MR. ROGALA: Okay. Perfect. Thank

9 you.

10 THE WITNESS: I've got it.

11 Q (By Mr. Sykes) Okay. And Data Request 8 on the last

12 page of the exhibit. You were asked if the company has

13 performed any calculation at the offsetting power cost

14 benefits to its \$37 million incremental cost estimate.

15 And you answered in this DR that PacifiCorp has

16 not done that analysis; is that correct?

17 A That is correct. That would require a full IRP run

18 that we would have had to have assumed the -- past the

19 current interim targets were binding, the ones from the

20 refile, to get kind of a full portfolio cost view, and

21 we have done that analysis.

22 Q Okay.

23 A That's correct.

24 Q And at 8C, at the last sentence, you answer that there

25 likely would be a reduction in power costs as a -- as

1 a -- as a -- associated with additional resource?

2 A Yes. I do believe that's true just from the offset of,
3 you know, basically zero-cost variable energy from wind
4 or solar offsetting some fuel costs. But we don't
5 anticipate that those benefits would be enough to
6 offset the entire incurred capital cost of that
7 resource.

8 Q Okay. But the analysis hasn't been done?

9 A This is correct.

10 Q Okay. So counsel earlier stated that you're not a
11 power cost expert, and I understand that.

12 But are you familiar with PacifiCorp's PCAM, how
13 it works?

14 A Honestly, no.

15 Q Okay. Let's ask it this way.

16 Are you familiar that -- are you aware that
17 PacifiCorp's six-state system -- pardon me -- leaves
18 Washington short on generation relative to its load?

19 A I'm not really aware. I know what the WIJAM allocation
20 generally looks like for Washington customers, but I'm
21 not really aware of, you know, Washington's short
22 position relative to other states.

23 Q Okay. Were you involved in the -- are you involved in
24 the process of developing the IRPs?

25 A I used to be. I was on the IRP team when we developed

1 the 2021 and the 2023 IRPs.

2 Q Okay. And the 2021 IRP, following that, the company
3 issued a all-source RFP for 2022; is that correct?

4 A That is correct.

5 Q Okay. And as Mr. McVee --

6 A Or wait. Sorry. Let me think about the timing.

7 Yes, I believe that the '21 IRP was filed in
8 September of 2021, and the 2022 all-source RFP was
9 filed -- was initiated a few months later, yeah.

10 Q Okay. And the 2022 RFP, as Mr. McVee testified
11 earlier, some of those resources or most of those
12 resources would have come on line during the 2027 or
13 2028 period?

14 A That is correct. I'm not familiar with the full range
15 of bids, but I think just given the time it takes for
16 developers to get their project completed, the time it
17 takes for us to contract, we did not expect them to
18 reasonably come on line at least before 2026.

19 Q Okay. And the 2025 IRP is due soon, I think in
20 January; is that right?

21 A The 2025 IRP is due, I believe, March 31st, 2023 [sic],
22 but we do have a draft coming out --

23 Q Okay.

24 A -- in January.

25 Q Correct. My mistake.

1 If the 2025 IRP identifies a need for resources,
2 the company would likely issue an RFP for 2026.

3 Does that sound about right?

4 A I think it would be called a 2025 RFP, because I think
5 it will be issued in 2025. It takes months to receive
6 bids, so it's, I think, definitely expected that we
7 could issue the RFP nearly concurrently with the IRP,
8 and by the time we receive bids and are ready to start
9 analyzing them, we would have well completed the IRP.

10 Q Okay. And when do you expect resources would come on
11 line from that RFP?

12 A I think the earliest, the absolute earliest could be
13 2027, but I think more reasonably we are expecting 2028
14 and 2029.

15 Q Okay.

16 A And I say all of that not as the expert, but that is
17 what I'm hearing.

18 MR. SYKES: Okay. That's all I
19 have.

20 ALJ THOMPSON: Thank you.

21 AWEC, you can go ahead and proceed. I think
22 you've indicated cross.

23 MS. MOSER: Yes, Your Honor. Thank
24 you.

25 ////

1 CROSS-EXAMINATION

2 BY MS. MOSER:

3 Q Good afternoon, Ms. Ghosh. How are you?

4 A Good afternoon.

5 Q Dr. Ghosh. Apologies.

6 A It's okay.

7 Q So I am going to focus on a pretty singular issue
8 that's in your rebuttal testimony. That's the
9 incremental cost estimate.10 And then I'm going to refer to another exhibit,
11 which I think has been marked as RG-6. And I think it
12 might just be efficient if we just have that available
13 now.

14 A Are you prepared to pull it up?

15 Q I can share my screen, if that's just -- that is
16 helpful?17 A That's okay with me, because I don't -- I don't think I
18 have a printout of it.

19 Q Okay. Let me do that now.

20 Okay. Can you see this okay?

21 A Yeah.

22 Q Okay. So if we turn to your rebuttal testimony
23 starting at Page 13.

24 A I'm there.

25 Q Okay. Starting in the Q & A, or this section,

1 Section D, it's talking about the, I guess,
2 PacifiCorp's best estimate or current estimate of
3 incremental cost associated with meeting the higher
4 interim targets recommended by staff, correct?

5 A Correct.

6 Q And then the company is -- your testimony is that that
7 would cost at least \$37 million on a Washington
8 allocated basis?

9 A That is correct. In terms of the incurred capital
10 costs.

11 Q Right.

12 And so to get to this calculation, you refer to a
13 work paper that's in Footnote 31, and that is this work
14 paper, as I understand it?

15 A Yes. That is correct.

16 Q Okay. So I just want to make sure that I understand
17 how this -- I guess, first, how this number has been --
18 been calculated.

19 So if I look at these cells for '24 and '25,
20 there's about a little shy of seven million and then
21 almost 31 million.

22 And these would be the estimated costs for the
23 extra shortfall for Washington?

24 A That is correct. I believe that I did this calculation
25 by looking at the revised 2021 CEIP targets, which are

1 in Row 8 -- my eyesight is terrible; sorry -- Row 9,
2 compared to Row 10, which had, you know, the lower
3 near-term interim targets from our biennial update.

4 And essentially if you just multiply that by the
5 forecast -- and this is our current retail sales
6 forecast, which, you know, notably is actually higher
7 than what was in our 2021 CEIP, so even that 40 percent
8 multiplied by that is going to result in a higher
9 number of megawatt-hours.

10 And I simply came up with, you know, the
11 additional shortfall from where we would reasonably
12 expect to be in those years, you know, given the higher
13 targets.

14 And then in order to come up with the cost, which
15 I believe is what you had highlighted in Row 29; is
16 that correct?

17 Q Yes.

18 A To come up with an estimate of that incremental capital
19 cost without doing, you know, an entire run, this
20 really assumes best-case scenario that we could
21 reasonably go out, sign a PPA tomorrow, and have
22 however many megawatts that would be required to supply
23 this situs assigned to Washington.

24 So in order to come up with just a cost, a
25 dollar-per-megawatt-hour estimate, I referred to the

1 levelized cost of energy estimates that we actually
2 last published in our '23 IRP update just because that
3 was the most recent. And if you look at Column C,
4 which is highlighted in blue, I simply chose the
5 cheapest resource option.

6 And so this is based off of a Wyoming wind
7 resource, a proxy resource, inclusive of PTCs, which
8 are production tax credits that, you know, do provide a
9 bit of a subsidy for those resources. And I simply
10 multiplied that megawatt-hour shortfall in the given
11 year by the corresponding price per megawatt-hour in
12 that Column C. And if you look across all the other
13 columns, those are other example proxy resources at
14 different locations or different technology types, also
15 without a PTC, if you wanted to know what that looked
16 like.

17 And I chose the cheapest possible resource as a
18 really low-range estimate of what that might cost.
19 And, again, that's assuming I could go out and sign a
20 PPA for a long-term resource today and have that be
21 available in 2024. This is definitely, you know, a
22 best -- a best scenario for long-term resources.

23 Q Okay. And so bottom line, this is -- your estimate is
24 the most conservative estimate that could -- the
25 company could develop based on the resource

1 information -- cost information that you have at this
2 point?

3 A Yes. Definitely the lowest-cost estimate.

4 Q Okay. And these are all for long-term proxy resources.
5 These aren't specific resources that PacifiCorp has in
6 mind?

7 A No. These are long-term proxy resources.

8 Q Okay. And it's possible that the company could rely on
9 short-term resources to meet higher targets in the
10 current planning period, correct?

11 A Yes. That is correct. Though I don't have any
12 evidence currently of what short-term resource options
13 are. I don't know if now is a good opportunity, but I
14 will offer that the company has recently issued a
15 short-term RFP, so we are soliciting bids for
16 short-term energy for Q3 of 2025 to help meet peak
17 needs next year, and we have specifically included two
18 product options that we are requesting bids for that
19 look for CETA-compliant, you know, REC-bundled energy.

20 But I don't know if we will have received any
21 viable bids for those products, and even if we did, you
22 know, I'm not sure it's enough if we're talking about
23 needing to meet these short-term shortfalls -- these
24 near-term shortfalls. Sorry.

25 Q Okay. And no indication at this point -- either

1 through IRP analysis or, as you've indicated, the --
2 the recently issued RFP -- of what pricing would be,
3 so --

4 A No. But, you know, as many people have talked about
5 today, there's obviously a lot of competition out here,
6 I think for CETA-compliant resources, short term or
7 long term. And, you know, it's definitely -- this is
8 definitely the best-case scenario of, I think, an
9 affordable resource. It's very possible that the
10 actual prices, particularly in the near term to get
11 something this quickly, would be higher.

12 Q Okay. And in -- so going back to long-term costs and
13 going back to this work paper with the \$35 Wyoming wind
14 with PTC that was the basis for your \$37 million
15 incremental cost estimate, I just want to confirm, or
16 if you can clarify: You didn't choose that because you
17 thought that Wyoming wind with PTCs at that price point
18 was a more likely resource option for the company. It
19 was just based on pure cost as the most conservative
20 estimate; is that correct?

21 A That's correct. I didn't want to get accused of using
22 too high of a price, so I just picked the lowest number
23 I could find.

24 Q Okay. Okay. And just one last question.

25 Would you agree that it's possible that actual

1 costs for resources that PacifiCorp could procure to
2 meet its currently approved interim targets in the
3 current planning period could be much higher than
4 \$37 million?

5 A Like I said, I don't have any current estimates, but I
6 think that my expectation is this is the low end. And
7 to do something more drastic, especially with
8 short-term contracts, would likely cost more.

9 MS. MOSER: Okay. Thank you. No
10 further questions.

11 THE WITNESS: Thanks.

12 ALJ THOMPSON: Thank you.

13 I believe that Renewable Northwest and NWECC has
14 indicated cross for this witness as well.

15 And you can go ahead and proceed when you're
16 ready.

17 MS. CHILLCOTT: Yes, Your Honor.
18 Thank you. I'm just -- yeah, thanks. Just waiting for
19 the screen share to end.

20
21 CROSS-EXAMINATION

22 BY MS. CHILLCOTT:

23 Q Good afternoon, Dr. Ghosh. My name is Barbara
24 Chillcott.

25 A Good afternoon.

1 Q Hi.

2 Could you please turn to your rebuttal testimony,
3 again Exhibit RG-2T, at Page 23.

4 A I am there.

5 Q Great.

6 So starting on Line 6, you testified that -- and
7 this is going back to the issue with the -- the adders
8 that you talked about with staff earlier.

9 You testified that PacifiCorp agrees that it
10 manually inflated renewable costs but was justified in
11 doing so because of the extraordinary circumstances
12 surrounding the COVID epidemic.

13 Is that correct?

14 A Yes, that is correct.

15 Q The COVID-related global and domestic supply chain
16 issues were not limited to resources required for
17 renewable energy development, were they?

18 A I'm not an expert on how that impacted other parts of
19 our markets.

20 Q Okay. But in your testimony, you do discuss that, you
21 know, as a justification for the company's inclusion of
22 the -- the adders for renewable resources, that that
23 was one of the reasons, was COVID-related supply
24 issues; is that true?

25 A I think we cite COVID as one of the reasons. But in

1 actuality, you know, I may not know what all of the
2 reasons were that contributed to the developers
3 repricing. It definitely seemed like the most obvious
4 one, and there were obvious supply chain issues going
5 on. But, you know, regardless, what we saw was
6 developers needing to reprice all of their original
7 bids in 2022.

8 Q You saw that for developers for renewable resource
9 projects, right?

10 A Correct. Largely renewable resource projects. There
11 was a much smaller repricing that impacted storage
12 resources.

13 Q And just to clarify: The company did not apply any
14 cost escalators to the other resources, other emitting
15 resources, right?

16 A I do not believe there were any cost escalators for
17 emitting resources.

18 Q There were also emitting resources in PacifiCorp's 2020
19 all-source RFP final short list, right?

20 A I honestly do not recall. So I won't say no.

21 The 2020 all-source RFP was that, an all-source
22 RFP. So anything could have been bid in. I'm not
23 personally aware of resources that weren't wind, solar,
24 or storage, but I don't want to commit to that. And I
25 don't remember what the rest of the -- the RFP list

1 looked like.

2 Q So, I guess, going back to the use of the -- the
3 renewable resource cost escalators: Would you agree
4 that if PacifiCorp's portfolio modeling tool applied
5 cost inputs for real-world events like COVID on a
6 technology or agnostic basis, the outcome of that
7 modeling would have been different?

8 A I'm not sure I understand your question. Can you
9 restate that, please.

10 Q Yeah. I can just rephrase.

11 What I'm really getting at is, you know, if the
12 company would have applied kind of this cost escalation
13 or across the board and not just isolated that to
14 renewable resources, would the outcome -- don't you
15 agree the outcome would be different?

16 A Okay. So if I'm understanding your question, you're
17 saying that if there were renewable -- if there were --
18 sorry -- if there were higher costs being observed for
19 all technology types and those had been applied across
20 the board, that would have changed results.

21 I mean, I think that's a -- technically a true
22 statement. But, again, I can't confirm that there were
23 other resource types other than wind, solar, and
24 storage being considered in the 2020 all-source RFP at
25 least in the short lists. So I don't know that there

1 was other information to consider.

2 And, you know, generally in the 2023 IRP, you
3 know, we were considering our proxy -- our long-term
4 proxy resource options were generally non-emitting
5 resources for the most part, if not entirely.

6 Q Thanks.

7 And so turning back to Page 23 of your rebuttal
8 testimony at RG-2T, you -- you testified that the issue
9 with -- you know, so as you know, my clients are --
10 have concerns about their adder for renewable
11 resources. You testified that, you know, PacifiCorp
12 had addressed this issue in multiple venues. And then
13 in Footnote 47, you -- as an example, you bring up the
14 meeting from October of 2022, the -- the PIM; is that
15 correct?

16 A Yes, that is correct.

17 Q And could you please turn to Exhibit RG-24X.

18 A Sorry. I think my numbers are a little mixed up.

19 Which exhibit is that?

20 Q Yeah, so it's this -- it would be the slide deck from
21 the October 13, 2022, IRP PIM meeting. And I think it
22 might be off by a number if the numbers weren't updated
23 after last night's change.

24 A Sorry. I've got two binders, and this one's giving up
25 on me.

1 Okay. I am at the public input meeting slide deck
2 from October 13th, 2022.

3 Q Great.

4 Could you please turn to Page 4 or Slide 4 of that
5 exhibit.

6 A Yes. I am here.

7 Q Okay. Great.

8 And then the third bullet down, it says, "Wind,
9 solar, and battery storage equipment are impacted by
10 the supply change issues and worldwide inflation and
11 tariffs on solar equipment. Demand for this equipment
12 is also high."

13 Is this the -- to your knowledge, is this the
14 meeting in which the company informed stakeholders
15 initially about this -- about the cost escalation for
16 the renewable resources?

17 A I do believe so. If it was -- if this information was
18 provided to stakeholders prior to this meeting, it's
19 possible, but I don't currently have record of it.

20 Q Okay. And then on the next slide, Slide 5 -- and these
21 are the -- kind of the same -- this is basically
22 depicting in graphical form what the point was made
23 above about the -- the cost to increase, correct?

24 A That is correct.

25 Q There's no recording or transcript from that October

1 13th, 2022, meeting, is there?

2 A No. Prior to the most recent IRP cycle, as in the 2025
3 IRP cycle and the ongoing stakeholder process, we
4 actually did not record meetings. In the past, we had
5 chosen not to because we thought that not recording
6 meetings helped garner a lot more public discourse.
7 And, of course, we were operating in a weird post-COVID
8 world where we were doing everything remote rather than
9 in person.

10 But starting this year, we have started recording
11 all of our public input meetings. And we do make those
12 available, I believe, to the public. And so that is a
13 key change in our 2025 IRP stakeholder process.

14 Q Great.

15 Were you at this meeting, or did you attend
16 virtually or in person?

17 A I honestly cannot recall. I listened in to a lot of
18 IRP public input meetings. But if I was not on deck to
19 present, which I was not in this meeting, I don't
20 remember.

21 Q Yeah, that's okay.

22 Are you aware at this meeting that stakeholders
23 raised concerns about the information shared by the
24 company with regard to the use of cost escalators for
25 renewable resources?

1 A The only feedback that I'm aware of is what's in
2 writing. And I do believe that there has been written
3 feedback to that effect.

4 Q And you're also aware that staff expressed some
5 disappointment in that -- in the kind of lack of
6 information leading into this meeting about the use of
7 the cost escalators?

8 A I can't confirm that.

9 Q Could you please pull up Exhibit 20- -- RG-25X,
10 which -- and if your numbering is off, it's the
11 PacifiCorp stakeholder feedback form for the 2023 IRP.

12 A Got it.

13 Q Have you reviewed this document before?

14 A I have reviewed it since it was submitted as a cross
15 exhibit.

16 Q Okay. Great.

17 So, I guess, you know, we're just -- this exhibit
18 kind of is from, you know, staff and demonstrates kind
19 of the staff was disappointed, you know, quote, that
20 the company didnot at its January 13, 2023, PIM
21 discuss its draft 2023 IRP preferred portfolio results,
22 et cetera.

23 And, I guess, you know, the question is: You're
24 aware that staff was also concerned, correct?

25 A Yes. I'm aware of the feedback in this feedback form,

1 and I'm aware that there was definitely some concerns
2 expressed with not being able to present those results
3 in January of '23.

4 Q So PacifiCorp did not provide any portfolio modeling
5 results to stakeholders as part of the 2023 IRP
6 development process prior to finalizing and filing the
7 IRP, did it?

8 A I can't recall off the top of my head if something was
9 provided between, you know, the time of this feedback
10 form and the ultimate filing.

11 And I'll also point out, the '23 IRP was a bit
12 interesting in timing. So we filed the 2023 IRP, which
13 was known as the 2021 two-year IRP progress report in
14 Washington. We filed it with all commissions March
15 31st, 2023. And then we gave all of our stakeholders
16 notice that this was an opportunity for public comment
17 to kind of address those concerns that they didn't have
18 time to digest the modeling.

19 And then we did allow stakeholders to provide
20 feedback. And we subsequently filed an amended final
21 version of the 2023 IRP, I believe May 31st, 2023, with
22 all of our six commissions.

23 And so that is actually why there's kind of a
24 funny timing on that filing and there's -- there's two,
25 and it's because we tried to give 60 days in between if

1 there was any really important feedback or additional
2 sensitivities that needed to be addressed during that
3 time, because we knew that, you know, we had gotten a
4 little bit behind on our schedule of -- of getting all
5 of that out ahead of time.

6 Q So given that, the kind of the -- the tight time frame
7 there, would you expect that stakeholders would --
8 would have had the opportunity to request model run
9 revisions or, you know, for example, to understand the
10 effects of the renewables cost escalators?

11 A You know, it's hard for me to speak to this now.
12 Looking back, it feels like so long ago and kind of a
13 blur. You know, at the very least, the renewable cost
14 escalators were presented in October of 2022, which
15 was, you know, still several months before both the
16 March and the May filing.

17 Again, you know, I am aware of this written
18 feedback. I don't know -- I don't remember off the top
19 of my head how much additional feedback or requests
20 there were to look into alternatives to those renewable
21 cost escalators, but at the very least, stakeholders
22 were aware before the portfolios were filed. Again, I
23 don't recall how much feedback we got between the March
24 and the May filings. And it could -- it could have
25 been enough time, and it could not have.

1 I will say, you know, to -- to redo all of the
2 renewable cost assumptions and run a new suite of
3 portfolios could have potentially been too big of an
4 ask in that time frame for the IRP. It's hard for me
5 to really comment on that.

6 But, you know, there was time between the filing
7 of the IRP and the filing of the Clean Energy
8 Implementation Plan update. The biennial CEIP update
9 was filed November of 2023. And while I was not the
10 primary point person when that filing was being made, I
11 don't -- and I -- you know, subject to check, I don't
12 specifically recall receiving feedback in that process
13 to this extent and being asked to run, you know,
14 different portfolios for the purpose of the CEIP. And
15 we do have a separate CEIP engagement process that we
16 hold meetings a couple times in the year, and we try
17 to -- to bridge that communication gap between filing
18 of an IRP and filing of a CEIP.

19 So, you know, there was at least, I think,
20 opportunity there to have provided that feedback and
21 ask for additional modeling.

22 Q Got it. Okay. Thanks.

23 So if you could please turn to the next exhibit,
24 which is what is -- should be marked RG-26X, and it's
25 the slides from the April 13th, 2023, PIM meeting.

1 A Yes, I believe I am there.

2 Q Great.

3 So if you turn to Slide 4 of that exhibit, Page 4.

4 A Yes. I'm there.

5 Q So this kind of is a summary, it looks like, of the
6 2023 IRP filing status, right?

7 A Yes. I think that details the timeline I was just
8 talking about.

9 Q Great.

10 So it looks like -- so the IRP was filed March
11 31st, 2023. And then this is, I think, what you were
12 just speaking to: The extended public comment period
13 began on April 1st?

14 A Correct.

15 Q And then April 14th, the public data disks were
16 provided, which is -- looks like the day after this
17 meeting.

18 And then the comment period ended on April 30th?

19 A That's correct. That's what I see here.

20 Q Great.

21 So it looks like that left -- so if you kind of
22 look at a calendar -- about ten business days for
23 stakeholders to access, understand, and analyze
24 PacifiCorp's IRP data to find and quantify the
25 renewables cost escalators, then prepare and submit

1 modeling recommendations, correct?

2 A Based on the time from when people would have received
3 the data disk, yes, that is true. But they would have
4 at least had, again, the public information about what
5 the escalators were, how big they were, what they
6 looked like, and at least the preferred portfolio
7 outcomes prior to that.

8 Q Okay. But before April 14th, they were kind of
9 operating with not a full suite of information, I
10 guess, to base --

11 A They did not have the portfolio resource files. That's
12 true.

13 Q Great.

14 Could you please now turn to -- back to your
15 rebuttal exhibit, or rebuttal testimony at
16 Exhibit RG-2T and then Page 25.

17 A I am there.

18 Q Great.

19 So here, starting at Line 9, you're responding to
20 RNW and NWECC's criticism of PacifiCorp's thermal
21 resource assumptions, so -- and, you know, referencing
22 testimony from Renewable Northwest about questionable
23 reasoning.

24 You indicate that, starting on Line 14, this
25 argument is unsupported and the Commission should

1 disregard my client's concern on this point. Instead,
2 consistent with the Commission's decision and
3 PacifiCorp's 2023 general rate case, the Commission
4 should conclude that PacifiCorp's thermal resource
5 assumptions are reasonable and should be used to inform
6 the interim targets in the CEIP biennial update.

7 Did I read that right?

8 A Yes. I believe that's correct.

9 Q And are you familiar with -- well, you can just quickly
10 turn to, if you can, Exhibit RG-27X. And that would be
11 the 2023 -- or the March 19th, 2024, final order in
12 that rate case, which I believe you were referring to
13 in your testimony; is that correct?

14 A Yes, I believe that is correct.

15 Q So PacifiCorp filed the -- this biennial CEIP update on
16 November 1st of 2023, right?

17 A That is correct.

18 Q And then the Commission's order in this general rate
19 case was issued on March 19th of this year, right?

20 A That is correct.

21 Q So does the Commission's final order in the general
22 rate case discuss or make any connection between the
23 decision in the GRC and its relevance to the company's
24 biennial CIP -- CEIP update?

25 A This is a very long order that I've read one time.

1 But, no, I do not believe it specifically references
2 the biennial CEIP update.

3 Q So do you agree that the Commission never gave
4 PacifiCorp the direction to base its IRP or its
5 biennial CEIP update on the outcome of the 2023 general
6 rate case?

7 A So I'm not -- I don't know if I would answer that
8 question "yes" or "no," because I -- I'm not sure I
9 completely understood the phrasing. But a little bit
10 of context that I will supply.

11 It was in the spring of 20- -- or actually, I
12 guess, very early in 2023 that we would have been doing
13 the 2023 IRP. And in the '23 IRP, we do come up with a
14 CETA-compliant portfolio. You know, we basically don't
15 put out that IRP without having that. And so, you
16 know, in the beginning of 2023, when we were doing what
17 would those CETA interim targets look like, that
18 ultimately requires us to make some post-modeling
19 determinations of allocations and kind of assess the
20 need for Washington customers based on that.

21 And if you recall in our refiled CEIP, in our
22 original 2021 CEIP, we were using then-future
23 assumptions that we thought we would realign Chehalis
24 to be a hundred percent, which actually was a very
25 significant supply of thermal energy. You know, we

1 have since, starting in the 2023, we thought, Okay,
2 well, there is -- there has not been a successful
3 proposal that we knew of at the time to realign
4 Chehalis, so we thought, Okay, we should -- we should
5 align our thermal assumptions with what we think is
6 representative of reality.

7 Quite frankly, I go to regulation. I go to
8 revenue requirement. And I say, Hey, what do
9 allocations look like today? What should I be basing
10 this off of?

11 And the company, at the time, I believe -- I do
12 not work on rate cases, and so I also kind of defer to
13 company witness McVee to clarify -- I believe at the
14 time the company was working on the proposals to both
15 extend Washington customers' participation in coal
16 units through the end of 2025 as well as proposed
17 participating in Jim Bridger 1 and 2 after they convert
18 to natural gas.

19 So in the 2021 IRP, we did not actually include
20 Washington customers in that natural gas conversion,
21 because at the time, we had no way of knowing if that,
22 you know, was reasonable or not. And by the time we
23 were sitting in 2023, I was hearing that, yes, there's
24 significant benefits to Washington customers, and so we
25 aligned those assumptions. Again, we have to make

1 guesses about the future. And, you know, it is -- it
2 is fortunate that the company was vetting that proposal
3 and eventually got buy-in.

4 But I also want to comment on the way that I
5 believe Renewable Northwest and NWECC was characterizing
6 these assumptions in their testimony, which is what I
7 disagreed with, was it sounded like the company was
8 looking at market conditions and then arbitrarily
9 making assumptions in its IRP modeling about thermals.
10 And that's just not correct.

11 The coal lives of units like Jim Bridger 3 and 4
12 or Colstrip, the natural gas conversion of Jim
13 Bridger 1 and 2, those are fully based on a completely
14 endogenous optimized IRP modeling. Those have been
15 fully justified in whatever prudence review that has
16 been required, and that is based off of, you know, the
17 full suite of information about the forecast. Those
18 were not simply based off of, you know, one year of
19 market data or something like that.

20 And I -- I perceived the comments in Renewable
21 Northwest and NWECC's testimony to be characterizing it
22 as such. The lives of those units, the conversion,
23 that was already justified in the IRP model. If that
24 had not been selected, we would not have had the option
25 of allocating it to Washington customers.

1 But in terms of choosing the allocations, yes, we
2 aligned that with the proposal. That was, you know, my
3 best guess of the future. So I think it's worth
4 reiterating that when we do our planning, we don't have
5 a crystal ball. It's been ever complicated by
6 state-specific policies and really needing to adapt the
7 way that we do our IRP.

8 And, you know, we are making strides. I'll put a
9 plug for the IRP team. They're doing great work. And
10 they're making strides to get -- get to a point where
11 the tool has really evolved to do that. But we just
12 didn't quite have that capability when we did the '23
13 IRP.

14 So sorry. I know that I gave a long-winded
15 answer. Feel free to re- -- recast your question so I
16 can give you a "yes" or "no." But I just wanted to
17 provide that context to kind of why I was disagreeing
18 with the -- the position that RNW and NVEC were taking.

19 Q It's helpful. Thank you.

20 Let me just see here.

21 Let's move on to back to your testimony, your
22 rebuttal testimony, at Page 26.

23 A Okay. I'm there.

24 Q Starting at Line 8.

25 And so this is about the 2022 all-source RFP that

1 we've talked about a bit today.

2 In your testimony, you -- you testify that there
3 was no initial short list from the 2022 all-source RFP
4 and then the OPUC staff was incorrect when they
5 concluded otherwise; is that correct?

6 A Yes, that is correct. And we've provided that same
7 clarification to the Oregon commission staff in that
8 other proceeding.

9 Q And in that other proceeding, are you aware of if staff
10 has issued a revised report or -- or any other --
11 anything in writing to clarify their understanding
12 after whatever you've submitted to clarify to them?

13 Does that make sense?

14 A Yeah. I think the only thing that has been in writing
15 is probably their data requests asking for their short
16 list and us telling them there's no short list.

17 Q Mm-hmm.

18 A I'm not sure that they have had any kind of revised
19 statement to acknowledge the -- that misunderstanding.

20 Q Will you please turn to Exhibit 20- -- RG-28X. This is
21 the March 13th, 2023, letter from PacifiCorp filed in
22 the UM 2193 docket.

23 A Got it. I am there.

24 Q Great.

25 So on March 13th, 2023, PacifiCorp filed in this

1 OPUC docket its benchmark bid evaluations for the 2022
2 all-source RFP, correct?

3 A Yeah, these aren't evaluations really. They're just
4 benchmark bids. So these are -- benchmarks refer to
5 projects that the company is looking into as
6 self-built, or -- I don't know -- based on the naming
7 conventions, I'm not -- I'm not sure if this includes
8 build-to-transfer agreements, BTAs, which do get
9 financed similarly.

10 But essentially this is just a bunch of benchmarks
11 that the company found projects that could be
12 self-built, and these get reviewed by the IEs, the
13 independent evaluator, and they typically would get
14 analyzed against market bid information to see if any
15 of them are competitive.

16 Q Thanks.

17 And so now could you please turn to
18 Exhibit RG-30X, which is a redacted staff report dated
19 August 1st, 2024.

20 A Yes. I am there.

21 Q Great.

22 And so if you could please turn to Page 10. And
23 that's also PDF Page 10 of that staff report.

24 A This is a heavily redacted page, correct?

25 Q Yeah. That's right. Correct.

1 So just beginning underneath the graphic there, it
2 says, "Staff would assert PacifiCorp had other resource
3 options available to it in '23 and '24 when it chose to
4 pursue its current de facto strategy of increased
5 reliance on coal power, higher levels of market
6 purchases, and bilateral storage contracts."

7 It goes on on the next page after kind of a series
8 of redacted information and says, "Yet the company
9 chose to take resource actions that increased reliance
10 on market purchases, bilaterally contract for storage
11 at unknown prices, build more gas plants, increase
12 reliance on coal plants and speculative CCUS
13 technology, all while falling short of emission
14 reduction targets."

15 Did I read that correctly?

16 A Yes, you did read that correctly.

17 Q When you were testifying earlier about OPUC staff's --
18 that they were incorrect regarding their conclusion
19 that there were other resources available, is this
20 the -- is this what you were referring to?

21 MR. ROGALA: Your Honor, I'd like to
22 object twice here.

23 First, again, if you look at the top of that
24 Page 10 that NWEA began with, this is the '23 IRP
25 update. This is a document a year after we filed the

1 IRP. So this has no relevance to the '23 IRP nor to
2 the CEIP update.

3 And I'd also like to object that Dr. Ghosh has
4 already testified that there is no final short list in
5 the '22 all-source RFP. That's a well-known fact. And
6 Oregon commission is incorrect in this.

7 But I need to make those two objections.

8 ALJ THOMPSON: Okay. Thank you.
9 Those objections have been noted. I believe we dealt
10 with the first at the beginning of the proceeding. And
11 to the extent that Dr. Ghosh has already answered a
12 question regarding what resources were, weren't
13 available, and the accuracy of this document, that has
14 been noted as well.

15 I'd ask counsel to not re-ask that question but to
16 continue along with your line of questioning. And the
17 Commission will give that its due weight moving
18 forward. Thank you.

19 MS. CHILLCOTT: Thank you, Your
20 Honor.

21 Q (By Ms. Chillcott) And one question about, I guess,
22 the -- this nonexistent list.

23 PacifiCorp actually acquired the development
24 rights to a project, a 300-megawatt wind and solar
25 project in Idaho -- right? -- that emerged from the

1 2022 all-source RFP, correct?

2 A That's incorrect, actually. So I assume you're
3 referring to the ARCO project that was, I think,
4 actually brought in in your other exhibit.

5 And so, one, I don't believe that was found
6 through the 2022 all-source RFP process. I believe it
7 was being explored as a build-to-transfer agreement.
8 Just, you know, we have people on our company that are
9 always out there, looking for projects, keeping tabs on
10 what's available. And I believe that when, you know,
11 nobody could acquire this resource from the originally
12 planned developer, they sold the rights to develop in
13 the future this ARCO project to PacifiCorp.

14 So I just really want to clarify. This is not any
15 form of significant financial investment. It is not a
16 commitment. It is simply PacifiCorp acquiring the
17 rights to build in the future at any point in time
18 should they choose. I believe this is standard utility
19 practice, a way of keeping our options open.

20 And, again, just for context on timing, the 2022
21 all-source RFP, I believe we received market bids in
22 the spring of 2023, in March sometime, and it wasn't
23 until the summer that the RFP team had even gone
24 through that list and determined bids that were
25 conforming or nonconforming. And all that means is,

1 was this bid even eligible? 'Cause we do receive bids
2 that are not eligible sometimes.

3 And then from that process onwards, they would
4 have begun to -- to narrow down an initial short list,
5 but then the RFP was paused in September of 2023 before
6 the RFP team could make and/or publicize that
7 determination.

8 I don't know what information the OPUC staff are
9 referring to, to be perfectly honest. It might be the
10 benchmark bids, which are not market bids. It might be
11 the 2022 refresh of the 2022 -- of the 2020 all-source.
12 I really can't speak to what -- what they are referring
13 to.

14 Q Okay. Fair enough.

15 ALJ THOMPSON: And quickly, Counsel.
16 I apologize for interrupting you. But I just wanted to
17 check regarding the number of questions that you have
18 left. I'm just looking at the time and the time
19 estimate that was given, and I just wanted to see where
20 we're at.

21 MS. CHILLCOTT: Yeah. I will say I
22 probably have about five more minutes, if that's okay.

23 ALJ THOMPSON: Okay. Go ahead and
24 proceed.

25 MS. CHILLCOTT: Okay.

1 Q (By Ms. Chillcott) The last thing on this, Dr. Ghosh,
2 is whenever you referred to market bids, what do you
3 mean by "market bids"?

4 A Yeah, so there's a distinction between what we call
5 benchmark bids, which is what was referred to in that
6 earlier exhibit, and then there are market bids.

7 So benchmarks are simply PacifiCorp goes out and
8 looks for projects that could be self-built, like I was
9 saying earlier. They just go and look for options.
10 Doesn't necessarily mean we build them often or at all.

11 And then when we do something like an RFP of any
12 kind, that's an issuance to the market where we're
13 requesting the bids. And all of that bid information
14 that comes in because of that initiation of an RFP,
15 those are what we call market bids. And so typically
16 when we're talking about some kind of short list in an
17 RFP, we're usually referring to a short list of market
18 bids. And I would -- that's what I was clarifying that
19 we never got there in the 2022 all-source RFP.

20 Q Gotcha. So okay. That's fine. Great.

21 Sorry. Thank you.

22 So just last line of questioning on -- back to
23 your rebuttal testimony at Page 26.

24 A Yes.

25 Q And starting at -- let's see -- Line 20. You testified

1 that you disagree with RNW witness Ware's statement
2 that effectively PacifiCorp does not plan to acquire
3 new resources through RFPs before 2030 CETA target.
4 But if supported by the then-relevant modeling,
5 PacifiCorp does intend to issue a 2025 RFP; is that
6 correct?

7 A Yes, that is correct.

8 Q And we've heard testimony today regarding the
9 company's -- I don't think you've gone so far as make
10 the commitment to issue an RFP in 2025, but would you
11 say -- I guess, what is your characterization of the
12 company's intent with regard to issuing a 2025 RFP?

13 A Yeah, I won't speak for the company or the procurement
14 team. I have no authority to do so. But what is
15 within my purview is how we plan to meet our 2030
16 targets. And so that is my personal priority. That's
17 the goal for my team.

18 And so we -- you know, based on massively changed
19 circumstances, we had absolutely no choice but to -- to
20 pause and ultimately terminate the 2022 all-source RFP.
21 That's just the unfortunate reality of -- of -- of
22 having to manage a utility and a company like this.

23 But the 2025 IRP and subsequent CEIP, I think,
24 will represent a very important, much-needed
25 refreshment, not just to the inputs and assumptions

1 and -- and current circumstances, but in our modeling
2 approach.

3 Something we have sort of spoken to -- spoken to a
4 little bit today is, you know, the risk of overbuilding
5 when we do things like situs state-specific
6 procurement. And so the IRP team's been working on
7 revising its tool so that we can actually do a final
8 integrated portfolio that balances all of these
9 state-specific needs and specifically for Washington
10 customers so that we can try to avoid that overbuild
11 and yet meet those targets.

12 And so, you know, I can't say that we absolutely
13 commit, because I don't have that authority. But, you
14 know, we fully intend to -- to model and address our
15 need and to come up with a viable action plan for 2030.
16 And my best guess is that will involve, you know, both
17 system and state-specific procurement possibly, and
18 that needs to be supported by that IRP. And, you know,
19 we will issue an RFP.

20 Again, I have no authority to commit, but I would
21 be very shocked if we didn't. And if we didn't, it
22 must be another global epidemic.

23 Sorry. I don't say I predicted it.

24 Q Okay. Thanks.

25 So just to clarify: Pac has made no, you know,

1 firm commitment to procure any additional resources
2 before 2030. And given that, PacifiCorp has shared no,
3 quote/unquote, specific action supporting its biennial
4 update, correct?

5 A Sure. I think for us, we were really focused on the
6 near-term targets and recasting those in our biennial
7 update, because we felt that was the most important
8 thing to recast, and that was really based on what we
9 could do at the time.

10 It is the case perhaps that there's not any firm
11 action plan out there right now for what that path of
12 resource acquisition looks like through 2030, though of
13 course we have shown a couple -- you know, we've done a
14 couple IRPs now that have shown some proxy resource
15 selection to get there. But, again, the 2025 IRP and
16 CEIP, I think, will be absolutely vital in determining
17 that action plan. And I firmly believe it gives us
18 enough time to procure those resources in the next CEIP
19 period.

20 MS. CHILLCOTT: Thank you, Dr. Ghosh
21 I have no further questions.

22 THE WITNESS: Thanks.

23 ALJ THOMPSON: Thank you.

24 Turning to CRITFC.

25 MR. CETAS: Thank you, Your Honor.

1 And we'll be brief.

2

3

CROSS-EXAMINATION

4

BY MR. CETAS:

5

Q Good evening, Dr. Ghosh. I want to ask you some

6

questions or actually in an exhibit we attach for your

7

colleague Mr. McVee. But they were sponsored --

8

they're data requests sponsored by you. So I'd like to

9

ask you some questions about them. But you won't need

10

this information if --

11

A Okay.

12

Q -- you don't have it.

13

A I don't have --

14

Q Okay.

15

A I can get them, but --

16

Q Okay. I can project it as well too, or read it off.

17

A We probably have copies.

18

Q Okay.

19

MR. ROGALA: And, Elijah, are we

20

asking about CRITFC DRs 1 through 20?

21

MR. CETAS: We're asking -- yes.

22

And specifically questions around CRITFC DR 1.8 to

23

1.10, which are about customer benefits indicators.

24

THE WITNESS: Got it. Okay. I

25

believe I have the whole set. Just direct me to the

1 specific number.

2 COMMISSIONER RENDAHL: And which
3 exhibit is this?

4 MR. CETAS: Sorry. This is MDM-22X.

5 COMMISSIONER RENDAHL: Thank you.

6 MR. CETAS: And we maybe don't need
7 this. I'm going to just ask broad questions right now.

8 Q (By Mr. Cetas) So PacifiCorp collects customer
9 benefits indicator data as part of its obligations
10 under CETA; is that right?

11 A I believe that's correct.

12 Q And these CBI reflect the information PacifiCorp
13 collects around vulnerable communities and the impacts
14 they face as a result of energy decisions?

15 A That's one aspect. We do name and track some CBIs and
16 metrics that are related to our entire customer base in
17 terms of things like environmental impacts or, you
18 know, other improvements.

19 But, yes, we do have specific mandates to consider
20 low-income, highly impacted communities. We are
21 currently developing our working definition and
22 measuring methodology -- it's a weird way to say
23 that -- for vulnerable populations. We're doing so
24 with a ton of stakeholder input.

25 And, yes, so we have -- some of our CBI metrics

1 are more focused on those specific populations, and
2 many of our CBI metrics we report for, you know, both
3 all customers and those subgroups.

4 Q And the CBIs that you report for all customers, are
5 those what you refer to as portfolio CBIs?

6 A Not necessarily. The portfolio CBIs are meant to
7 differentiate CBIs and metrics that are specifically
8 reported off of our IRP portfolio. Because CBIs are
9 customer benefit indicators, most of that information
10 or outcomes that we want to impact are so localized in
11 terms of, you know, that specific customer or customer
12 class that it benefits or impacts, it can be hard to
13 model or track that in an IRP, because it's just
14 really, really high level. So we have some portfolio
15 CBIs which are things that we track at the portfolio
16 level. And I would say that those are meant to
17 represent benefits at all customers in Washington.

18 Q And those portfolio CBIs, they can inform the resource
19 decisions?

20 A Yes. And I admit we are -- we were very new in this in
21 our first IRP CEIP cycle. We're getting -- we're
22 getting better at it. And so at -- as of now, it's
23 information we report. And so to the extent that you
24 might have a range of variant portfolios that we want
25 to consider as the optimal CEIP portfolio, those CBI

1 metrics we report could help identify which portfolio
2 is preferred. It hasn't really swayed the outcome in
3 the last IRP and CEIP cycle. But I think we're working
4 on improving our -- our methods around that.

5 Q And you're working on additional proposed portfolio
6 CBI?

7 A Yes. I don't know if we've had a chance to talk about
8 it in the public sphere. We will hopefully do so in
9 the New Year in our equity advisory group meetings.
10 But, yes, we have been thinking about this question of
11 how do you consider somewhat more localized benefits or
12 impacts of a portfolio.

13 So usually our portfolio CBIs are really focused
14 on, you know, total -- total emissions, total renewable
15 energy added to the portfolio. Energy unserved is one
16 of them, which is a measure of reliability, but pretty
17 much all of our portfolios have very little energy
18 unserved, because they're designed that way.

19 So a new portfolio CBI that we are planning to --
20 to roll out once we get stakeholder feedback and buy-in
21 is the impact of local pollutants. So we -- we
22 typically focus on global pollutants, which is
23 greenhouse gas emissions or -- or carbon dioxide.
24 Because a global pollutant is something that, once it's
25 emitted into the air, it's just considered to be kind

1 of adding to that overall quantity in the air, and
2 it's -- it's global. It doesn't matter where you emit
3 it.

4 Local pollutants, particularly SOx and NOx -- and
5 if I tell you what those are, I will say them wrong, so
6 I don't want to embarrass myself -- but these are
7 examples of local pollutants, which can be generated at
8 a thermal emitting plant. And the -- the significance
9 of local pollutants like these is they stay in a higher
10 concentration closest to the plant.

11 And there are other sources of these emissions,
12 not just an electricity generator. And so there are
13 other factors in a community that might impact how much
14 of that local pollution level there is. But it's
15 actually something that we model in our IRP and can
16 look at. And so we want to think about can we look at
17 that for Washington-located plants or plants that are
18 located within a certain number of miles from
19 Washington customers. And, you know, could we -- could
20 we look at the offsetting benefit of -- of offsetting
21 in local pollution emission.

22 So sorry. That was kind of a long answer, but
23 that is -- that is something we're thinking about.

24 Q Thank you.

25 And could portfolio CBI -- could they be -- could

1 they have an impact on RFPs?

2 A I think so. Again, we're sort of in the early phases.
3 In the 2022 all-source RFP, which, yes, was ultimately
4 terminated, but something new in that RFP was we had an
5 equity questionnaire. And I think this was more borne
6 out of, you know, other equity -- evolving equity
7 requirements in Washington policy.

8 But in this next RFP, we are trying to figure
9 out -- and, again, this is something that we've got to
10 get buy-in from our interested parties and make sure it
11 makes sense to everybody. But we are trying to adapt
12 and grow from that equity questionnaire approach and
13 figure out, you know, what types of questions can we
14 ask developers and what other non-price score impacts
15 can we build in for a type of resource, either based on
16 its fuel type or its location, that would let us have a
17 non-price score that might weight more because of its
18 positive impact towards a CBI or metric.

19 MR. CETAS: Okay. Thank you. No
20 more questions.

21 THE WITNESS: Thanks.

22 ALJ THOMPSON: Thank you.

23 And does the company have any redirect for this
24 witness?

25 MR. ROGALA: Yes, Your Honor. I'll

1 be -- I'll be brief.

2

3

REDIRECT EXAMINATION

4

BY MR. ROGALA:

5

Q First, I'd just like to start with these renewable cost
6 assumptions. And I think we've really lost sight of
7 the forest here.

8

Dr. Ghosh, no one contests that bid repricing from
9 the 2020 all-source RFP actually happened, correct?

10

A I believe that's correct.

11

Q And as a result, we purchased close to two gigawatts of
12 resources at these inflated prices, correct?

13

A I believe that's correct. We -- we're bringing on line
14 1900-plus megawatts of capacity.

15

Q And would it surprise you to know that all of these
16 purchases that were included in our 2023 general
17 electric rate case and which are now in our revenue
18 requirements, that the Commission approve the full rate
19 recovery of these resources based on these higher
20 prices?

21

A I wasn't really aware of that, but that doesn't
22 surprise me, because we need the significant renewable
23 growth for CETA.

24

Q And so then to put a point to it, would it have been
25 reasonable, in your opinion, to on one hand actually

1 buy two gigawatts of resources at these higher prices,
2 but then on the other, not include those prices in the
3 2023 IRP/CEIP update based on an average of what we
4 actually saw and what we, in fact, procured resources
5 from?

6 A I don't think it would have been reasonable, because I
7 think the problem is, you know, we run the risk of
8 running an IRP that has near-term renewable resource
9 costs that are artificially low. And based on that, we
10 might select a lot of stuff in the near term and then
11 go out and realize we can't get this at this price.

12 And so I believe it was a reasonable assumption
13 based on very significant repricing that we were seeing
14 in the market. And at the end of the day, you know, I
15 do believe utilities know what the options really are.
16 I mean, we are always reviewing our options, looking at
17 self-build projects, looking at PPAs. You know, we're
18 always evaluating for what is going to be the next
19 lowest-cost option. And so I think it was absolutely
20 reasonable to reflect our reality. We do that, you
21 know, all the time, using our best judgment, when we
22 set up our IRP models.

23 Q Thank you.

24 And then moving to another line of question on
25 Natrium.

1 I understand the concern that if Natrium doesn't
2 come on line like we plan for it to come on line, that
3 could leave a, in your words, a 3 to 5 percent gap in
4 the company's compliance position by 2030.

5 But a resource not coming on line on this
6 commercial operation deadline, is that a problem that's
7 unique with just Natrium, or is it a problem with all
8 resources?

9 A I think at least in recent history, it's been a problem
10 with all resources. You know, we've seen developers of
11 other technology types end up having significant delays
12 in the timing of when they can get stuff on line.

13 It's -- it's unfortunate. I'm not really aware of why.
14 I don't know a lot about sourcing materials and all of
15 that and getting, you know, probably permits. But I do
16 think it's unfortunately a risk for most new projects
17 that you want to bring on line.

18 Q And would you agree that it's routine contracting
19 practice that there are contractual provisions about
20 delayed commercial operation deadlines? So in the
21 event Natrium does not come on line by 2030, there's
22 some sort of contractual recourse in that hypothetical
23 situation?

24 A I'm not familiar with the terms of our Natrium
25 contract.

1 One thing I will offer, though, is we did learn
2 some lessons from the 2020 all-source RFP. And because
3 of delays in signing contracts, developers were able to
4 just reprice things or pull out. And so we have
5 learned lessons from that process, and that has been
6 built into the RFP.

7 I don't know the specifics. But I believe there
8 are, you know, different provisions in the contracts
9 that developers sign when they submit bids. That
10 hopefully helps disincentivize their ability to just
11 walk away unscathed, to hopefully give us some
12 insulation against that. But we -- we can't control it
13 all.

14 Q And I appreciate that. And I'm not trying to downplay
15 the concerns with Natrium. I wanted to bring some
16 perspective to it.

17 So let's -- let's talk to your 3 to 5 percent
18 example here.

19 So let's say Natrium does not come on line. Can
20 you provide some context to what a 3 to 5 percent miss
21 would mean for PacifiCorp? Because percentages are one
22 thing, but megawatt-hours are another. And so I think
23 it might be helpful to have some context on this
24 potential definition.

25 A Would you like me to share a work paper where I can

1 show you where the numbers come from, or should I just
2 say it?

3 Q I defer to the -- the witness, Commission, I guess.

4 THE WITNESS: Your Honor, can I
5 share a work paper on my screen?

6 ALJ THOMPSON: You may. You can
7 also just say it, if you'd like.

8 THE WITNESS: I don't know. I'll
9 just share it, if I can do this correctly.

10 Okay. Sorry. This is going to be hard to see.
11 Try to make these numbers bigger.

12 So this is the -- the summary calculation of our
13 interim targets that were submitted in our CEIP
14 biennial update that are the subject of today's
15 conversation. And I -- I did just want to bring some
16 context here.

17 So up here on Row 3 is our retail sales forecast.
18 So this determines our entire need trajectory, right?
19 Our -- our interim targets are based off of how many
20 REC-generating resources that we can supply to meet
21 that need.

22 And so in 2030, which is, you know, our first year
23 of -- of GHG-neutral compliance, we expect to serve 82
24 percent of that retail sales with either, you know,
25 non-emitting or renewable resources. And I -- we do

1 categorize those slightly differently, though it is
2 expected that they all must generate renewable energy
3 credits in order to -- to satisfy this.

4 And so in Row 7, we have what is made up by
5 nuclear and non-emitting peakers. And in Row 8 we have
6 basically everything else, so wind, solar, hydro, the--
7 the standard stuff.

8 And so, you know, 186,000 megawatts on meeting a
9 four-million-megawatt-hour need in 2030 is made up
10 of -- of nuclear and non-emitting peakers. And for
11 perspective, you can see kind of how small that number
12 is.

13 So the number of megawatt-hours that we are
14 getting from the Natrium plant forecasted in 2030 to
15 serve, you know, Washington customers their -- their
16 system share, it's only 186,000 megawatt-hours. Again,
17 that's, like, barely 5 percent of that total retail
18 sales.

19 And so it's definitely conceivable that if we were
20 sitting in 2028 and we found out there was to be a
21 delay, we could probably go out and sign a PPA or -- or
22 explore some other means to fill 186,000
23 megawatt-hours. It's just for perspective really not
24 that much. Meanwhile, we're projecting bringing on
25 3. -- three million -- I'm sorry; numbers are -- are

1 hard at 3 p.m. -- you know, three million
2 megawatt-hours of renewable generating stuff. And so
3 that's -- that gets us just to 77 percent of that -- of
4 that interim target goal.

5 So it's -- you know, it's a -- it's a concern,
6 obviously, partly because it's -- it's dispatchable,
7 reliable generation, and replacing that is probably the
8 real concern. But, you know, I think at that point, we
9 will know the risks in 2028. And if we need to get a
10 little bit more extra renewable resources to cover
11 that, I think we can.

12 But I think the real risk is -- is just not having
13 enough dispatchable stuff to provide reliability.
14 That's the real risk. Same with -- same with peakers.
15 Peakers don't run very much in a year. They're
16 probably, like, 1 percent of our targets during any of
17 these years. But those non-emitting peakers are really
18 essential for making sure that we can reliably provide
19 power.

20 MR. ROGALA: Wow. That was great.
21 Thank you, Dr. Ghosh. No further questions. Thank
22 you.

23 ALJ THOMPSON: Thank you.

24 Any questions from the bench?

25 CHAIR DANNER: No, I just -- very

1 quickly.

2 So when your counsel was talking about if you
3 don't meet a contract, there are provisions in that
4 contract for delays. But there's no replacement power
5 that are part of those contracts as far as you know.
6 It's just about damages or not having to -- to pay
7 whatever bill?

8 THE WITNESS: Yeah, I believe that's
9 the case.

10 CHAIR DANNER: Okay.

11 THE WITNESS: You know, I'm -- I'm
12 not aware of --

13 ALJ THOMPSON: All right. So far as
14 you know. All right.

15 THE WITNESS: -- a different
16 version, yeah.

17 CHAIR DANNER: Okay. Thank you.
18 That's all the questions I have.

19 ALJ THOMPSON: Okay. Thank you.

20 I believe that concludes all of the questions for
21 you. You may be excused at this time.

22 (Witness excused.)

23
24 ALJ THOMPSON: And I believe that
25 the next witness is staff's witness. And so once

1 Dr. Ghosh is able to close down, we can go ahead and
2 call our next witness.

3 And I will remind the parties just quickly that
4 I -- I believe the commissioners still have a hard stop
5 at 4:00.

6 MR. ROGALA: Your Honor, do we --
7 oh.

8 ALJ THOMPSON: Sorry. Go ahead,
9 Mr. Rogala.

10 MR. ROGALA: I apologize. Dr. Ghosh
11 was just shutting her computer. Do we need --

12 MS. STRAUSS: She has her own.

13 MR. ROGALA: Okay. Got it. Okay.

14 MS. STRAUSS: Staff calls Jaclynn
15 Simmons.

16 ALJ THOMPSON: Okay. And if you
17 could please raise your right hand, I'll swear you in.

18 Do you swear or affirm that the testimony you will
19 provide today will be the truth, the whole truth, and
20 nothing but the truth?

21 THE WITNESS: Yes.

22 Yes.

23 ALJ THOMPSON: Thank you.

24 You can go ahead and proceed.

25 ////

1 JACLYNN SIMMONS, having been first duly sworn
2 by ALJ Thompson, was
3 examined and testified as
4 follows:

5
6 DIRECT EXAMINATION

7 BY MS. STRAUSS:

8 Q Good afternoon, Ms. Simmons.

9 Could you please state your name and spell your
10 last for the record.

11 A Jaclynn Simmons, S-i-m-m-o-n-s.

12 Q Ms. Simmons, did you submit testimony and exhibits in
13 support of your testimony today?

14 A Yes.

15 Q And do you have any corrections or alterations you need
16 to make to that testimony or any of those exhibits?

17 A Yes, ma'am. I have three corrections.

18 Q Okay. Could you please list those now.

19 A Yes.

20 For Exhibit JNS-19, staff recommendations
21 conditions list, the numbering is incorrect. And for
22 the record -- sorry; I got to get to it -- the
23 numbering should be as follows:

24 No. 1 is public participation plan.

25 No. 2 is allocation methodology.

1 No. 3 is IRA, IIJA.
2 No. 4 is resource acquisition.
3 No. 5 is 2025 resource acquisition.
4 No. 6 is minimum designation and program design
5 regarding distributed resources.
6 No. 7 is resource adequacy.
7 I think I missed one. My apologies.
8 No. 6 -- No. 6 should be interim targets.
9 No. 7 should be minimum designations and program
10 design.
11 And then No. 8 is resource adequacy.
12 So the next portion of my corrections will be in
13 Exhibit JNS-1HCT(R).
14 On Page 3, Line 6, it currently states OPCU also
15 ordered the company to start a new RFP. That
16 correction is that the OPCU ordered a docket to
17 initiate an investigation of their own legal ability to
18 issue -- make the company issue an RFP and to get an
19 outcome of that RFP.
20 And then additionally, I have one more correction.
21 And that is on Page 13 of my testimony as well,
22 Lines 11 through 12. It states the allocation of the
23 resources to Washington changed from dynamic allocation
24 to using MSP to set percentage through WIJAM. It's the
25 opposite. It was set percentage to a dynamic

1 allocation.

2 COMMISSIONER RENDAHL: And which
3 page was that?

4 THE WITNESS: That is Page 13. And
5 that would be Line 11 through 12.

6 Q (By Ms. Strauss) Ms. Simmons, do you have any other
7 corrections or alterations you need to make?

8 A No, ma'am.

9 MS. STRAUSS: Your Honor, I tender
10 the witness for cross.

11 ALJ THOMPSON: Thank you.
12 The company can go ahead and proceed.

13 MR. ROGALA: Thank you.

14

15 CROSS-EXAMINATION

16 BY MR. ROGALA:

17 Q Afternoon, Ms. Simmons.

18 A Good afternoon.

19 Q We have the sun. The rain has stopped shining. So
20 let's get through these quickly.

21 I just have three lines of questions. They're
22 mostly just clarifying questions. First, I'd like to
23 discuss your concerns with our interim targets.

24 Now, I understand staff has strong objections to
25 our updated targets. I mean, if approved, that they

1 wouldn't result in reasonable progress. And I get
2 that. And I'm not here to argue or discuss those
3 concerns right now. I just want to focus on staff's
4 analysis of our interim targets.

5 So I'd like to direct you to JNS-31X.

6 A Okay.

7 Q And on your response to PacifiCorp DR 1, it appears
8 that staff does not contest that PacifiCorp correctly
9 incorporated the WIJAM in the CEIP update, correct?

10 A Correct.

11 Q And on DR 2, staff agrees PacifiCorp correctly
12 incorporated several relevant planning assumptions and
13 conditions from the Commission's recent approval in
14 PacifiCorp's '23 general rate case, correct?

15 A Correct.

16 Q And on to 4, DR 4. It appears staff agrees that
17 PacifiCorp correctly updated its resource procurement
18 from the 2020 all-source RFP to reflect actual as
19 opposed to planned resources, correct?

20 A And just to clarify, that's for the biennial update?

21 Q Yes. Sorry. I didn't make that clear.

22 A That is correct.

23 Q And then same exhibit to DR 6. Staff did not submit
24 any conflicting evidence that discredits the
25 justifications for our updated interim targets,

1 correct? And I'm speaking specifically on our
2 modeling.

3 A At the time of the status request, staff did not have
4 any issues or reflect any issues in its testimony about
5 the company's modeling. However, after reading
6 Ms. Ware's testimony and doing some data requests to
7 the company, staff has some concerns about the price
8 adders to the modeling.

9 Q Thank you. I appreciate that.

10 Okay. Moving to staff's Alternative Condition 5.

11 MR. ROGALA: For everyone's benefit,
12 this is the condition that would prevent PacifiCorp
13 from canceling, suspending, or otherwise terminating an
14 RFP that could originate from the '25 IRP or CEIP
15 update.

16 Q (By Mr. Rogala) As an initial matter, I think your
17 position is it's much more reasonable than NWECC and
18 Renewable Northwest's position, because you're not
19 asking the Commission to order us to procure resources.
20 But I do want to ask you one line of questions
21 regarding your recommendation that we could not cancel
22 or suspend any future RFP.

23 First, would staff be open to a revised condition
24 such that if there's a material change in
25 circumstances, PacifiCorp could seek Commission

1 approval to cancel, suspend, or otherwise terminate an
2 RFP from the '25 IRP/CEIP?

3 A Staff did not discuss this internally, so I would not
4 be able to answer that question.

5 Q Do you think PacifiCorp should have that ability to do
6 so?

7 A PacifiCorp already has the ability to be able to file
8 anything with the Commission and request an exemption
9 from an order. So there's already that ability built
10 in.

11 Q And do you think PacifiCorp should have the ability to
12 request an amendment of a Commission decision that
13 would prevent us from canceling or suspending an RFP?
14 For -- for -- for example, you know, what if we don't
15 receive any cost-effective bids in the RFP?

16 MS. STRAUSS: Your Honor, I'm going
17 to just object. This is the exact same question
18 counsel just asked of Ms. Simmons, and she responded
19 already.

20 MR. ROGALA: This is a specific
21 example of what could be a material change in
22 circumstances. And I think it's relevant to hear just
23 how broad this condition could be or could not be. And
24 I just want to walk down a few examples of where we
25 think a suspension or a canceling of an RFP would be

1 justified.

2 ALJ THOMPSON: I will go ahead and
3 overrule the objection to the extent that counsel is
4 asking for responses on specific examples with the
5 caveat that the witness has already indicated they
6 cannot speak for staff and this is the witness's
7 opinions. I would also ask counsel to keep these
8 examples very limited in number.

9 MR. ROGALA: Thank you, Your Honor.

10 Q (By Mr. Rogala) Ms. Simmons, would it be reasonable to
11 cancel the -- any RFP from the 2025 IRP or CEIP if
12 there's a material change in state policy; for example,
13 if the Climate Commitment Act is repealed this
14 November?

15 A It would be reasonable for the company to submit a
16 request for exemption of the order.

17 Q And then I think I only have two more examples.

18 Would it be reasonable to request an exemption if
19 our next multistate allocation methodology no longer
20 requires additional resources in the near term? For
21 example, with a realignment of PacifiCorp resources,
22 for example, with some sort of assignment of all of a
23 converted Chehalis generation facility to serve
24 Washington customers?

25 MS. STRAUSS: Your Honor, I'm going

1 to object. This is an improper hypothetical that's
2 beyond the scope of Ms. Simmons' testimony at this
3 point.

4 MR. ROGALA: Your Honor, we've
5 already limited this line of questioning down pretty
6 dramatically. I have this hypothetical and then one
7 more. I think this gets to the point about how broad
8 or narrow this condition should be.

9 ALJ THOMPSON: I will go ahead and
10 overrule. We will consider how broad the hypothetical
11 is and just ask for a response to the question, please.

12 THE WITNESS: Could you repeat your
13 question.

14 MR. ROGALA: Happy to.

15 Q (By Mr. Rogala) Ms. Simmons, would it be reasonable
16 for PacifiCorp to have the ability to cancel or suspend
17 an RFP from a future 2025 IRP action plan if, for
18 example, our next multistate allocation methodology
19 removed the need for additional Washington resources;
20 for example, assigning all of Chehalis generation to
21 serve Washington customers?

22 A If the allocation methodology you're speaking of has
23 already been approved by the Commission, then staff
24 believes that it would be reasonable for the -- the
25 company to file a request for an exemption of the

1 order.

2 Q Thank you.

3 Then final examples: What if procurement would
4 either, A, trigger CETA's cost cap, or, B, materially
5 impact our financial profile and credit metrics? Would
6 those provide reasonable circumstances to request an
7 amendment of the Commission's order approving this
8 condition?

9 A Again, the company can submit a request for an
10 exemption, submit all the evidence, and it can be
11 reviewed by the Commission.

12 Q Thank you.

13 And I just have one more line of questioning, and
14 I'd like to discuss staff Alternative Condition 2.

15 MR. ROGALA: For everyone's benefit,
16 this is the condition that would have PacifiCorp submit
17 several new allocation methodologies in our next rate
18 case to increase the share of PacifiCorp's non-emitting
19 or renewable resources that serve Washington customers.

20 Q (By Mr. Rogala) I want to explore several of the
21 implications from this condition to our customers in
22 other states.

23 Ms. Simmons, can you turn to JNS-28X. This is
24 your response to DR 20.

25 A I'm there.

1 Q What was staff's response when asked whether staff
2 could provide additional discussion for why impacts to
3 other states from staff's recommendation were not
4 relevant?

5 A You just want me to read the response to you?

6 Q Correct.

7 A "The Washington UTC only regulates actions" -- "utility
8 actions in Washington State or actions that impact
9 Washington customers. Impacts to customers in other
10 states are outside the jurisdiction of Washington UTC
11 and not subject to staff review. See RCW 80.01.040.

12 "PacifiCorp Data Request 10 asked questions
13 related to whether staff considered impacts to other
14 states because Washington UTC does not have authority
15 over cost allocations adopted by other jurisdictions.
16 These questions were not relevant to the biennial CEIP
17 update."

18 Q Thank you.

19 And then moving to 21C. PacifiCorp asked: Is it
20 staff's position that a public utility's compliance
21 with its legal obligations and mandates outside of the
22 state of Washington is not relevant to proceedings
23 before the Commission?

24 What was your response in Subpart C?

25 A "No. Staff objected to the relevance of the specific

1 question in DR 10. Staff is not arguing that
2 compliance with legal obligations in other states is
3 never relevant in proceedings before the Commission."

4 Q Thank you.

5 And so based on those two responses, the
6 Commission can confirm that staff has not analyzed
7 implications that could result from its alternative
8 recommendation to PacifiCorp's customers in other
9 states, correct?

10 A Can you repeat your question.

11 Q The -- based on your read of your responses to DRs 20
12 and 21, the Commission can confirm that staff has not
13 analyzed implications that could result from staff's
14 alternative recommendation to PacifiCorp's customers in
15 other states, correct?

16 A No. Staff's responsibility is to Washington State.

17 Q And, for example, staff has not analyzed if PacifiCorp
18 has any non-emitting or renewable resources in other
19 states that could actually be allocated to Washington,
20 correct?

21 A No.

22 Q And, in fact, PacifiCorp does not have any
23 CETA-compliant resources that are not currently in
24 customer rates, correct?

25 A Can you repeat your question.

1 Q And to the point, there is no pool of unallocated
2 CETA-compliant resources that are not currently in
3 customer rates, correct?

4 A Staff is unsure of that.

5 Q And staff has not analyzed any rate implications to
6 customers in other states from a forced realignment of
7 PacifiCorp resources?

8 A No.

9 Q And, finally, staff has not analyzed implications to
10 PacifiCorp's compliance with other state energy
11 policies that could result with a forced realignment;
12 for example, realignment of resources that are
13 contributing to Oregon's clean energy policies,
14 correct?

15 A No, staff analyzed what was in front of us and per
16 Washington State only.

17 MR. ROGALA: I appreciate that.

18 Ms. Simmons, no further questions. Thank you.

19 THE WITNESS: Thank you.

20 ALJ THOMPSON: And does staff have
21 any redirect?

22 MS. STRAUSS: Just one brief
23 question, Your Honor.

24 ////

25 ////

1 REDIRECT EXAMINATION

2 BY MS. STRAUSS:

3 Q Ms. Simmons, in staff's work, does staff ever look at
4 rate impacts to other customers in other states?

5 A In energy planning, we do not.

6 MS. STRAUSS: Thank you, Your Honor.

7 ALJ THOMPSON: And any questions
8 from the bench?9 COMMISSIONER RENDAHL: This is just
10 a clarification.11 Looking at the exhibit book and also the exhibit
12 list, the link includes a reference saying this data
13 response is due but hasn't been received yet.14 Is that -- has that been actually filed with the
15 Commission? This is 28X, JNS-28X. 'Cause if it has
16 not yet, then it needs to be submitted and included in
17 the record.18 ALJ THOMPSON: Commissioner, I will
19 double-check on that. And I can let the company know
20 or staff know if we've not received that, and we can go
21 ahead and make sure that that is put into the record.
22 It could have been that I put the wrong link into our
23 exhibit list, but I'll double-check that right now.24 COMMISSIONER RENDAHL: Okay. Thank
25 you.

1 Okay. I think that concludes the questions. You
2 can go ahead and be excused at this time.

3 THE WITNESS: Thank you.

4 ALJ THOMPSON: Thank you.

5 (Witness excused.)

6
7 ALJ THOMPSON: And with that, we'll
8 turn to public counsel here in just a moment to call
9 your next witness. And I'm going to look into the
10 exhibit question.

11 MS. STRAUSS: Thank you.

12 MR. SYKES: Your Honor, public
13 counsel calls Dr. Robert Earle as its first witness.

14 ALJ THOMPSON: Good afternoon,
15 Dr. Earle. If you could please raise your right hand,
16 and I'll swear you in.

17 Do you swear or affirm that the testimony you will
18 give today will be the truth, the whole truth, and
19 nothing but the truth?

20 THE WITNESS: I do.

21 ALJ THOMPSON: Thank you.

22 Public Counsel, you can go ahead and proceed.

23 ////

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1 DR. ROBERT EARLE, appearing remotely, having
2 been first duly sworn
3 by ALJ Thompson, was
4 examined and testified as
5 follows:

7 DIRECT EXAMINATION

8 BY MR. SYKES:

9 Q Dr. Earle, good afternoon.

10 Can you please state and spell your name for the
11 record.

12 A My name is Robert Earle, R-o-b-e-r-t E-a-r-l-e.

13 Q And, Dr. Earle, did you submit testimony and sponsor
14 exhibits as part of this proceeding?

15 A I did.

16 Q Do you have any corrections or adjustments to those --
17 that testimony or exhibits?

18 A I do not.

19 MR. SYKES: Your Honor, I tender the
20 witness for cross.

21 ALJ THOMPSON: Thank you.

22 Counsel for the company, you can go ahead and
23 proceed.

24 ////

25 ////

1 CROSS-EXAMINATION

2 BY MR. ROGALA:

3 Q Dr. Earle, afternoon.

4 A Good afternoon.

5 Q Now, I understand you have strong concerns with
6 PacifiCorp's long-term planning and recent increases in
7 Washington net power costs.8 I understand those concerns. I don't share them,
9 but I understand them. But I'm not here to discuss
10 those issues today. Instead, I'd like to focus on the
11 justifications for PacifiCorp's decreased interim
12 targets.13 Can you please turn to RLE-5X and your response to
14 DR 2A, please.

15 A I'm sorry. DR...

16 Q 2A.

17 A 5X?

18 Q Should be 5X.

19 A I have as 5X: Selected party responses to PacifiCorp
20 data requests, exhibit of Matthew D. McVee.21 Q Correct. And that MDM-3 should be -- includes several
22 DRs, and one of them includes your response to DR 2A.

23 I believe it's at the bottom of that list of exhibits.

24 A No. I see Commission staff DRs, and then I see

25 RNW/NWEC DRs. I don't see any directed towards me.

1 I'm looking at Exhibit MDM-3. Is that the right
2 exhibit?

3 Q It should be. I show it on mine.

4 MR. SYKES: Counsel -- Counsel, are
5 you looking at RG-4 maybe?

6 MR. ROGALA: Maybe my numbering's
7 off again, but let's try RG-4.

8 Q (By Mr. Rogala) Do you see -- can you see DR 2A and
9 RG-4?

10 A I have it labeled RLE-6X, RG -- Exhibit RG-4.

11 Okay. Yes. 2A.

12 MR. ROGALA: Thank you, everyone,
13 for brief runaround there again.

14 Q (By Mr. Rogala) Okay. Response to DR 2A.

15 Now, when asked whether public counsel analyzed or
16 identified any errors with the company's retail load
17 assumptions in the CEIP update, you confirm that public
18 counsel did not do so, correct?

19 A Correct.

20 Q And then just a few brief general questions about your
21 testimony.

22 Can you please confirm that public counsel does
23 not contest that our CEIP update correctly uses the
24 WIJAM in our resource allocation assumptions?

25 A I'm sorry. Could you repeat the question.

1 Q Sure.

2 Can you please confirm that your testimony does
3 not contest that our CEIP update correctly uses the
4 WIJAM in our resource allocation assumptions?

5 A No.

6 Q Can you point me to where in your testimony you contest
7 that we correctly use the WIJAM?

8 A Well, let me -- let me give you a general answer, and
9 then we can shuffle through my testimony.

10 I think that the -- there's an important
11 distinction that we disagree about. But the
12 distinction is between shared resources that are
13 subject to WIJAM and situs resources from Washington
14 that are not.

15 So to the degree we're talking about situs
16 resources, which are possible under WIJAM, as Mr. McVee
17 said earlier, then, no, because -- because,
18 unfortunately, PacifiCorp did not study or consider
19 situs resources. To the degree that resources are
20 shared, I didn't look at the arithmetic around the
21 percentages assigned to Washington of those shared
22 resources.

23 Q And I can understand your concern around the
24 potentiality for situs resources. But when looking at
25 the narrower question of whether we use the post-MSP

1 methodology from the revised CEIP or whether we, in
2 fact, use the WIJAM in this proceeding, you did not
3 contest that we used the WIJAM correctly?

4 A Again -- again, I -- I want -- I want to be clear. I
5 don't contest that you use the WIJAM correctly as it
6 applies to shared resources.

7 Q Moving on to the next line of question. Similar vein.

8 Can you please confirm that your testimony does
9 not refute that our actual procurement from the 2020
10 all-source RFP was lower than what the company had
11 actually planned for in the '21 revised CEIP?

12 A I -- I don't refute that. As a matter of fact, I think
13 that's one of the problems, that PacifiCorp did not
14 follow through, as Mr. McVee said in his testimony --
15 paraphrasing here -- that they didn't want to go
16 through the analytical exercise for the rest of the
17 resources in the 2020 RFP.

18 Q And to your knowledge, after the Commission approved
19 full rate recovery for all of these resources, no party
20 raised the argument that you just raised that the
21 company should have engaged in some sort of subsequent
22 procurement effort that could have informed our
23 procurement efforts from the 2020 all-source RFP?

24 A I'm -- I'm sorry. I got lost in the question. Do you
25 mind repeating, please?

1 Q To your knowledge, did any party in the company's 2023
2 rate case similarly argue that the company's resource
3 procurement efforts from the 2020 all-source RFP were
4 unreasonable or otherwise imprudent for not engaging in
5 even more repricing negotiations?

6 A I'm not aware of that.

7 Q Next question.

8 Can you please confirm that your testimony does
9 not contest that our CEIP update assumes that
10 Washington customers will receive service from Colstrip
11 Unit 4 and Jim Bridger Units 3 and 4 through 2025?

12 A You're ask -- I'm sorry. You're asking me to confirm
13 that Washington customers will receive service from
14 those facilities?

15 Q Correct. Yeah.

16 A Yes, they will.

17 Q And can you please confirm that your testimony does not
18 contest that our CEIP update assumes that Washington
19 customers will continue to receive electricity from Jim
20 Bridger Units 1 and 2 through 2029 after both units
21 have been converted to run on natural gas?

22 A I believe that assumption is in -- is in the update,
23 yep.

24 Q And can you please confirm that your testimony does not
25 contest that our CEIP update assumes that Washington

1 retains a system share of Chehalis and Hermiston
2 natural-gas-fired plants?

3 A Washington does retain a share. Correct.

4 Q So it's fair to say that our CEIP update is consistent
5 with the revenue requirement realities in the company's
6 current revenue requirement, correct?

7 A I'm not sure what you mean by "revenue requirement
8 realities."

9 Q It's kind of a vague question, so I will strike the
10 question and move on to a different one.

11 All four of the prior examples, Dr. Earle -- just
12 to refresh your memory, that's actual procurement
13 efforts, Colstrip Units 4 and Jim Bridger Units 1
14 through 4, and realignment of Chehalis and Hermiston --
15 all those prior examples are now reflected in
16 PacifiCorp's current revenue requirement, correct?

17 A So I believe they are from the 2023 GRC proceeding. I
18 think the -- the -- the problem is, is the results of
19 those are the result of decisions made that excluded
20 Washington from being considered separately in -- in
21 the IRP and in the CEIP, in the biennial update.
22 Washington was not considered separately because of
23 its -- and should have been because of its net short
24 position. It was perfectly possible for PacifiCorp to
25 do so, but it did not do so.

1 MR. ROGALA: And I appreciate that.

2 And, Dr. Earle, no further questions. Thank you.

3 THE WITNESS: Thank you.

4 ALJ THOMPSON: Thank you.

5 Any redirect?

6 MR. SYKES: No, Your Honor.

7 ALJ THOMPSON: Any questions from
8 the bench?

9 Okay. Dr. Earle, thank you for your testimony.

10 You are excused at this time.

11 THE WITNESS: Thank you, Your Honor.

12 ALJ THOMPSON: Thank you.

13 (Witness excused.)

14
15 ALJ THOMPSON: And, Public Counsel,
16 I believe the last witness is yours to call as well.

17 MR. SYKES: Yes, Your Honor. Public
18 counsel calls Stefan de Villiers to the stand.

19 ALJ THOMPSON: And if you could
20 please raise your right hand, and I'll swear you in.

21 Do you swear or affirm that the testimony you will
22 provide today will be the truth, the whole truth, and
23 nothing but the truth?

24 THE WITNESS: I do, Your Honor.

25 ALJ THOMPSON: Thank you.

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You can go ahead and proceed, Counsel.

STEFAN DE VILLIERS, having been first duly sworn
by ALJ Thompson, was
examined and testified as
follows:

DIRECT EXAMINATION

BY MR. SYKES:

Q Good afternoon, Mr. de Villiers.

Can you please state and spell your name for the
record.

A Yes. My name is Stefan de Villiers. That's Stefan,
S-t-e-f-a-n, de Villiers, d-e, space, V-i-l-l-i-e-r-s.

Q And, Mr. de Villiers, did you submit testimony and
sponsor exhibits in this proceeding?

A I did.

Q Do you have any corrections to that testimony or those
exhibits?

A I do not.

MR. SYKES: Your Honor, I tender the
witness.

ALJ THOMPSON: Thank you.

Mr. Rogala, you can go ahead and proceed.

MR. ROGALA: Thank you.

1 CROSS-EXAMINATION

2 BY MR. ROGALA:

3 Q Afternoon, Mr. de Villiers.

4 A Hi there.

5 Q Similar to the prior two witnesses, I just have a few
6 clarifying or confirming questions. I'd like to ask a
7 few questions about your penalty recommendations.8 Can you please turn to RLE-4X. And this might
9 be -- have the same problem. It might be 5X. But I'm
10 looking for DR 15.

11 A That is in RG-4, or...?

12 Q Should be an RLE-4X.

13 A Oh.

14 Q I'm looking at public counsel's responses to DRs 13
15 through 28, and I'm looking at DR 15 specifically.

16 A I have that in front of me.

17 Q Perfect.

18 Can you confirm that when asked to list every
19 proceeding where public counsel has requested penalties
20 against a Washington utility, you only listed two
21 proceedings, correct?22 A We have provided some cases in which public counsel has
23 recommended penalties.

24 Q Correct.

25 And there's only two, correct?

1 A In this response, there are two.

2 Q And then same exhibit, next DR, on 16.

3 Can you please confirm that, when asked to list
4 every proceeding that you are aware of where the
5 Commission has, in fact, issued penalties against a
6 Washington utility, you do not cite a single example,
7 correct?

8 A I don't believe there's an example cited here where
9 public counsel has requested a penalty and the UTC has
10 authorized it.

11 Q So then same exhibit, DR 17.

12 Can you confirm that when asked to list every
13 proceeding where the Commission has issued penalties
14 without a party first filing a pleading or requesting
15 to initiate a penalty proceeding, you do not cite a
16 single case, correct?

17 A Again, this -- this response, similar to the other
18 responses, talks about how penalties are authorized by
19 statute and provides an example of a case in which a
20 penalty has been issued by the Commission.

21 Q But this was not an example where a party did not first
22 file a pleading or request to initiate a penalty
23 proceeding, correct?

24 A No. But I do not have intimate awareness of the
25 details in Docket UE 031942.

1 Q Great.

2 Then moving on to DR 19. Can you please confirm
3 that, when asked what renewable energy interim target
4 would, in fact, demonstrate reasonable progress for
5 CETA purposes, public counsel declined to provide a
6 specific target, correct?

7 A In -- yes, in this case, public counsel's response
8 reflects the fact that our determination of
9 PacifiCorp's progress towards CETA targets is not based
10 on a specific set of interim targets, but rather, on a
11 holistic evaluation of its CEIP.

12 Q Perfect.

13 And last question, and we will be done. Same
14 exhibit, DR 22.

15 Can you please confirm that, when asked what is
16 public counsel's maximum requested penalty, public
17 counsel stated that penalties would accrue daily,
18 quote, from the date of the Commission order in this
19 docket authorizing them until PacifiCorp develops a
20 CETA-compliant CEIP and that CEIP is approved by the
21 Commission, end quote?

22 A You read that correctly.

23 MR. ROGALA: Thank you, Mr. de
24 Villiers. No further questions.

25 ALJ THOMPSON: Thank you.

1 Any redirect?

2 MR. SYKES: Yes, Your Honor. Just
3 one. Two.

4

5 REDIRECT EXAMINATION

6 BY MR. SYKES:

7 Q Mr. de Villiers, is it your understanding that CETA and
8 the rules administering CETA authorize penalties
9 against a utility?

10 A Yes, that is my understanding.

11 Q When was CETA enacted?

12 A CETA was signed into law in 2019.

13 Q Okay. And how -- how many CEIP cycles have we gone
14 through?

15 A Yes, there are three investor-owned electric utilities
16 that are subject to CETA, and each has only submitted
17 one CEIP in 2021.

18 MR. SYKES: Thank you. No further
19 questions.

20 ALJ THOMPSON: Thank you.

21 Any questions from the bench?

22 Okay. I think that concludes all the questions
23 for you. You may be excused at this time. Thank you.

24 THE WITNESS: Thank you, Your Honor.

25 (Witness excused.)

1 ALJ THOMPSON: We do have a couple
2 of housekeeping items to address before we adjourn
3 today.

4 Does public counsel have an estimate as to when we
5 can expect public comments that have been received to
6 be filed in the docket?

7 MR. SYKES: Yes, Your Honor. Yes.
8 So we have requested a deadline for public comment for
9 today. And we will have an exhibit on the 28th by end
10 of -- by end of day.

11 ALJ THOMPSON: Okay. Thank you.

12 For the purposes of marking that, let's go ahead
13 and mark that as Bench Exhibit 01. And then I believe
14 we also will have another request forthcoming, and
15 we'll go ahead and mark that one as No. 2, as we
16 discussed earlier in today's proceeding.

17 MS. STRAUSS: Your Honor, sorry.
18 Just for clarification. Is that second bench request
19 for that DR 54?

20 ALJ THOMPSON: It is.

21 MS. STRAUSS: Okay.

22 ALJ THOMPSON: That's correct.

23 And if -- if we want to file that before there's a
24 formal notice that goes out for that, that's fine, and
25 we can go ahead and just mark that as other response to

1 No. 2.

2 MS. STRAUSS: Okay. Thank you.

3 ALJ THOMPSON: Thank you.

4 We do have two rounds of simultaneous post-hearing
5 briefs, with the first due November 12th of 2024. By
6 rule, we have a page limit of 60. However, do the
7 parties have any thoughts on page limits for that
8 initial round of briefing for a number under 60?

9 MR. ROGALA: Your Honor, my gosh, I
10 don't think we'll go close to 60 pages. But would you
11 allow the parties to submit a motion if they would like
12 to exceed 60 pages? But I don't intend to.

13 ALJ THOMPSON: We can -- we can do
14 that, but I'll give the other parties an opportunity to
15 respond quickly.

16 AWEC, go ahead.

17 MS. MOSER: I don't think we're
18 going to exceed 60 pages either, so I think a motion is
19 appropriate.

20 ALJ THOMPSON: Okay.

21 MS. STRAUSS: I don't believe staff
22 would exceed 60 pages either.

23 MR. SYKES: Public counsel will not
24 exceed 60 pages.

25 ALJ THOMPSON: Okay. Thank you. I

1 was looking for somebody to jump forward and say, "We
2 think we can get it done in 20," and everyone to agree,
3 but we'll go ahead and proceed with that.

4 Are there any questions from the parties regarding
5 any other housekeeping items before we adjourn?

6 MS. STRAUSS: Your Honor, did you
7 want to have a page limit for the replies?

8 ALJ THOMPSON: We will go ahead and
9 we'll go with 20 for now. If there is a request to go
10 beyond 20, that can be filed via motion.

11 And I will also note just one other housekeeping
12 item. On the -- or the DRs 20 and 21 that I said I
13 would look up, those were submitted, not with the
14 initial filing of the cross exhibits, but I believe a
15 day later. And I did find those in the record. So
16 those are in the record, and there's no need to file
17 those.

18 And, Mr. Rogala, it looked like you might have one
19 other -- okay.

20 Does anybody else?

21 CHAIR DANNER: Your Honor, can you
22 tell me the date of the reply briefs?

23 ALJ THOMPSON: The date of the reply
24 briefs is November 27th.

25 CHAIR DANNER: Thank you.

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ALJ THOMPSON: Okay. I believe that concludes our matters today. I want to thank all the parties, witnesses, and representatives for attending today.

We are adjourned and off the record. Thank you.

(Proceedings adjourned at
3:56 p.m.)

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STATE OF WASHINGTON) I, John M.S. Botelho, CCR, RPR,
) ss a certified court reporter
County of Pierce) in the State of Washington, do
) hereby certify:

That the foregoing proceedings were taken in my presence and were adjourned on October 21, 2024, and thereafter were transcribed under my direction; that the transcript is a full, true and complete transcript of the said proceedings and was transcribed to the best of my ability;

That I am not a relative, employee, attorney or counsel of any party to this action or relative or employee of any such attorney or counsel and that I am not financially interested in the said action or the outcome thereof;

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of November, 2024.

John M.S. Botelho, CCR, RPR
Certified Court Reporter No. 2976
(Certification expires 5/26/2025.)