

Agenda Date: May 21, 2020

Item Numbers: A2 & A5

Dockets: UE-190908 and UE-200406

Company: PacifiCorp d/b/a Pacific Power & Light Company

Staff: Nikita Bankoti, Regulatory Analyst

Recommendation

Issue an order to PacifiCorp d/b/a Pacific Power and & Light Company:

1. Consolidating Dockets UE-190908 and UE-200406;
2. Retaining the biennial EIA target, penalty threshold, decoupling commitment and ten-year potential approved in Order 01 in Docket UE-190908;
3. Exempting the company in calendar year 2020 from complying with the annual requirement to file revisions to its Schedule 191, System Benefits Charge Adjustment, under WAC 480-109-130(2) and Condition 11(d) in Order 01 in Docket UE-190908; and
4. Granting the request for a one-week extension to file supporting documentation as required by WAC 480-109-130(2).

Background

On November 1, 2019, Pacific Power & Light Company (PacifiCorp or company) filed its 10-Year Conservation Potential and 2020-2021 Biennial Conservation Plan (BCP or Plan) with the Washington Utilities and Transportation Commission (commission) in Docket UE-190908, as required by the Energy Independence Act (EIA). Commission staff (staff) filed comments responding to the Plan on December 6, 2019, and the commission issued Order 01 in Docket UE-190908 approving the company's conservation-related targets and thresholds on December 17, 2019.

On April 15, 2020, as required by Order 01, PacifiCorp filed a petition (target petition) in Docket UE-190908 asking to retain the biennial conservation EIA target, penalty threshold, decoupling commitment and ten-year conservation potential established in that order.¹

On May 1, 2020, PacifiCorp filed a second petition (tariff petition) in Dockets UE-190908 and UE-200406 requesting three things:

- An amendment to Condition 11(d) in Docket UE-190908, Order 01, Attachment A, waiving the June 1, 2020, cost recovery tariff filing requirement.
- An exemption from WAC 480-109-130 requiring a cost recovery filing June 1, 2020; and

¹ Docket UE-190908, Order 01, Attachment A, condition 1(b).

- A one week extension to file supporting documentation under WAC 480-109-130(2).

Given the closely related subject matter, Docket UE-200406 should be consolidated with UE-190908.

PacifiCorp serves approximately 130,000 electric customers in its Washington service territory with the majority located in Columbia, Walla Walla, and Yakima counties.

Retaining the EIA Targets and Thresholds

PacifiCorp's target petition filed April 15 proposes to retain the following conservation-related targets and thresholds previously approved in Docket UE-190908, Order 01:

- The 10-year electric conservation potential of 509,495 megawatt-hours (MWh),
- EIA Target of 93,189 MWh,
- EIA Penalty Threshold of 86,979 MWh, and
- Decoupling Penalty Threshold of 4,660 MWh pursuant to Order 12, UE-152253.

To support its request, the company must consider the impacts of the Clean Energy Transformation Act (CETA). The target petition must also explain how the social cost of greenhouse gas emissions (AKA the social cost of carbon, SCC) was included in the evaluation of conservation targets and why the methodology used is appropriate.

Based on PacifiCorp's workpapers supporting the target petition, and only for the purposes of the target petition, staff accepts that PacifiCorp's current targets adequately incorporated the effects of CETA, including the SCC.

Incorporating the Social Cost of Carbon

At the January 16, 2020, SCC workshop held by the commission, PacifiCorp presented its methodology for including the SCC in its Integrated Resource Plan (IRP). PacifiCorp applied the SCC dispatch cost adder (dollars/ton) to the proxy emitting resources and to existing emitting resources. The resulting portfolio was evaluated with and without the SCC for comparison. This approach is acceptable for purposes of retaining the 2020-2021 BCP target.

Staff notes that the method for including the SCC as either an adder or a tax in the IRP has not been settled and remains under consideration in the commission's open IRP rulemaking, Docket UE-190698. Staff's acceptance of the targets and thresholds in the target petition does not indicate that this approach will be adopted or accepted under future commission rules related to the social cost of carbon.

No Changes to Conservation Cost Recovery Schedule 191

On May 1, 2020, PacifiCorp filed a tariff petition in Dockets UE-200406 and UE-190908 requesting an exemption from the requirement to file a June 1, 2020, revision to its conservation cost recovery tariff. The tariff petition included a request for permission to file supporting documentation by May 8. As of December 31, 2019, the Schedule 191 DSM balance account was \$3.7 million, which covers the expected difference between the forecasted conservation cost and revenue.

The company submitted sufficient information on May 8 to demonstrate that a rate change is not necessary through August 31, 2020. Staff agrees with PacifiCorp that it is a good idea to minimize the number of rate changes that customers could see during the COVID-19 pandemic. Further, staff appreciates the company's commitment to review the impact of COVID-19 on its revenues, expenditures, and account balance.

Conclusion

Staff recommends that the commission issue an order as described above.