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BEFORE THE WASHINGTON

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UTILITIES AND TRANSPORTATION COMMISSION

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4 In the Matter of the )DOCKET UE-180778

Petition of )

5 )

PACIFIC POWER & LIGHT )

6 COMPANY )

)

7 For an Order Approving a )

Change in Depreciation )

8 Rates Applicable to )

Electric Property )

9 )

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STATUS CONFERENCE, VOLUME II

11

Pages 15-35

12

ADMINISTRATIVE LAW JUDGE ANDREW O'CONNELL

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14

September 4, 2019

15

11:00 a.m.

16

17 Washington Utilities and Transportation Commission

621 Woodland Square Loop Southeast

18

Lacey, Washington 98503

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0016

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LACEY, WASHINGTON; SEPTEMBER 4, 2019

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11:00 a.m.

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P R O C E E D I N G S

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JUDGE O'CONNELL: Let's be on the record.

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Good morning. Today is Wednesday, September 4th, 2019,

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and the time is approximately 11:00 a.m.

9

We're here today for a status conference in

10

Docket UE-180778 regarding Pacific Power & Light

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Company's petition for an order approving a change in

12

the Company's depreciation rates for electric property.

13

The Commission suspended the procedural

14

schedule in this matter consistent with an unopposed

15

motion from Pacific Power. We set this status

16

conference in order to discuss the reinitiation of the

17

procedural schedule in this matter.

18

My name is Andrew O'Connell. I'm an

19

administrative law judge with the Washington Utilities

20

and Transportation Commission, and I am presiding in

21

this matter along with the Commissioners.

22

To begin, let's take appearances starting

23

with the Company.

24

MR. MCVEE: Matt McVee on behalf of

25 PacifiCorp. Along with me is Etta Lockey, Vice

0019

1

President for regulation for Pacific Power.

2

JUDGE O'CONNELL: Okay. Thank you. To turn

3

on your microphone, it'll turn green, the little circle

4

around the microphone at the bottom. There you go.

5

Okay. Thank you, Mr. McVee.

6

I'll start next with Staff.

7

MR. CALLAGHAN: Nash Callaghan, Assistant

8

Attorney General, on behalf of Commission Staff.

9

JUDGE O'CONNELL: And Public Counsel?

10

MS. SUETAKE: Nina Suetake on behalf of

11

Public Counsel.

12

JUDGE O'CONNELL: And Packaging Corporation

13

of America?

14

MR. COLEMAN: Brent Coleman of the law firm

15

of Davison Van Cleve on behalf of Packaging Corporation.

16

JUDGE O'CONNELL: And I note the name change

17

that we have. It's no longer Boise White Paper, but

18

Packaging Corporation of America; is that correct?

19

MR. COLEMAN: That is correct.

20

JUDGE O'CONNELL: Okay. Is Mr. Pepple also

21

still a representative?

22

MR. COLEMAN: Yes.

23

JUDGE O'CONNELL: Okay. And for Sierra

24

Club?

25 MR. GERHART: Matthew Gerhart representing

0020

1

Sierra Club.

2

JUDGE O'CONNELL: Okay. Thank you.

3

So the big topic I want to discuss today is

4

the procedural schedule. Have the parties discussed a

5

procedural schedule?

6

MR. CALLAGHAN: So, Your Honor, I don't

7

believe that all the parties are in agreement about how

8

to move forward in this case.

9

JUDGE O'CONNELL: Okay. Would the parties

10

benefit from having some time to talk now or have you

11

already attempted to talk and there's no hope of

12

reaching an agreement?

13

MR. CALLAGHAN: I -- we had some

14

communication through email yesterday. I don't think

15

we'll ultimately reach an agreement if -- if we were to

16

recess, Your Honor.

17

JUDGE O'CONNELL: Okay.

18

MR. MCVEE: Your Honor, I think maybe if we

19

could have ten minutes, we might be able to just discuss

20

and make sure where all the parties are. I, you know,

21

agree with the attorney for Staff, that I'm not sure we

22

could get everyone, but it might just benefit all

23

parties to -- to have maybe five minutes to talk to see

24

if there's a -- maybe we can develop some consensus or

25 maybe there is a possible resolution.

0021

1

JUDGE O'CONNELL: Okay. Well, in the event

2

that there isn't an agreement when I come back, the two

3

dates I'm going to be looking at as discussing are the

4

date for response testimony and the date for an

5

evidentiary hearing. I see all dates kind of falling

6

around those -- all other dates falling around those

7

two, but let's take some time and we will recess for ten

8

minutes. The time is currently 11:05, so I will come

9

back at 11:15 and we will pick up from there. We will

10

be off the record. Thank you.

11

(Recess taken from 11:05 a.m.

12

until 11:15 a.m.)

13

JUDGE O'CONNELL: Let's be back on the

14

record.

15

Mr. McVee, can I ask you for an update from

16

the parties?

17

MR. MCVEE: Yeah, unfortunately, we had some

18

technical issues in that we didn't realize that we

19

needed to speak into the mics to discuss with people on

20

the phone.

21

JUDGE O'CONNELL: Oh.

22

MR. MCVEE: So unfortunately, Sierra Club

23

was not party to the discussion that was going on, so we

24

would like to respectively request that we have another

25 ten minutes.

0022

1

JUDGE O'CONNELL: I think it's appropriate

2

to make sure that all the parties can hear the

3

conversation and partake in it, so we will be off the

4

record for ten more minutes. I'll return at 11:25.

5

MR. MCVEE: Thank you, Your Honor.

6

(Recess taken from 11:16 a.m.

7

until 11:26 a.m.)

8

JUDGE O'CONNELL: Let's be on the record,

9

then. Can I please have an update on the parties?

10

MR. MCVEE: Yeah, Matt McVee for PacifiCorp.

11

PacifiCorp is -- requests that this proceeding continue

12

to be held in abeyance. We have our IRP we filed

13

notifying the Commission that -- or requesting

14

additional extension to file the IRP. We think that the

15

coal issues in the IRP will have some effect on this

16

proceeding. We do think there is still time because we

17

did not request rates to be effective until

18

January 1, 2021. We will be filing our general rate

19

case in mid December. And that is the effective date of

20

the new depreciation -- depreciable lives from the study

21

was going to be -- coincide with that rate effective

22

date.

23

We would -- you know, we are open to

24

continuing settlement discussions to address certain

25 issues in this proceeding -- that have been raised by

0023

1

the parties in this proceeding during the abeyance

2

period or while this is held in abeyance, and we do have

3

an all-state meeting to try to resolve on a

4

comprehensive basis with all of our states, the non-coal

5

lives scheduled for October 22nd.

6

And so we're continuing to work through this

7

proceeding to get the study and address the issues from

8

representatives and stakeholders from all of our states,

9

and we think that that process can continue to play out

10

and would benefit this proceeding. And then after we go

11

into the rate case, that would provide -- if we hold

12

this proceeding in abeyance, that would allow for

13

consolidation with the rate case, which would align all

14

of the -- the rate effectives and allow all parties to

15

raise issues and potentially reach a settlement.

16

JUDGE O'CONNELL: Okay. You mentioned the

17

Company's IRP. When is that going to be submitted?

18

MR. CALLAGHAN: October 18th.

19

JUDGE O'CONNELL: Okay. Okay. Well, I'm

20

going to take that request into consideration when

21

deciding how we're going to proceed in this matter. But

22

I would like to hear from the other parties to hear

23

their perspective, both on what Pacific Power just

24

proposed and any other thoughts you have on the

25 schedule.

0024

1

Let's start with Staff. Mr. Callaghan?

2

MR. CALLAGHAN: Thank you, Your Honor.

3

Commission Staff is in agreement. We would like this

4

docket to remain suspended, and hopefully that would

5

allow us to consolidate with the GRC when that is filed

6

in December. There are a few reasons for that.

7

First, the -- the IRP has been continued.

8

Originally this docket was suspended in February.

9

Because the IRP had been continued, it's been continued

10

again, so we think that that is a good reason to

11

continue this out.

12

Another reason is the recent legislation

13

that was passed this summer. Given that this changes

14

some of the requirements for depreciation, this would

15

mean if we set a separate schedule, procedural schedule

16

in this case, that the Company would have to file

17

supplemental testimony with regard to depreciation on

18

especially some of the coal generation plants anyway.

19

We also think that if this was consolidated

20

with the GRC, it would allow the parties to consider

21

solutions that -- to the accelerated depreciation issue,

22

which would not be available to us in this accounting

23

petition. Thank you, Your Honor.

24

JUDGE O'CONNELL: Thank you, Mr. Callaghan.

25 Mr. McVee, I need to come back to you for a

0025

1

moment and ask a question about the Company's planned

2

GRC. Is there an estimated date when the Company

3

expects to file?

4

MR. MCVEE: Yes, at this point, December

5

13th is our expected filing date.

6

JUDGE O'CONNELL: Okay. Ms. Suetake for

7

Public Counsel?

8

MS. SUETAKE: Thank you, Your Honor. Public

9

Counsel is concerned about a number of items. One is

10

the need to accelerate coal depreciation, and I don't

11

want to wait on at least that portion, if possible.

12

However, I'm cognizant of the fact that the IRP -- past

13

IRP is coming out and that might have an effect on all

14

of -- everything that we're discussing here.

15

I am not ready to say yes, just wait until

16

the GRC, but given that we have the all-state meeting

17

coming up in October after the IRP is released, I would

18

be interested in at least waiting until we -- we can

19

talk to everybody, we can see the -- the IRP that's

20

filed, and then maybe we have a little bit better idea

21

of the landscape we're looking at. I feel like right

22

now we're kind of fumbling around trying to make all the

23

pieces fit without actually knowing what the pieces look

24

like.

25 Oh, in addition, Your Honor, sorry, to add,

0026

1

we're also worried about the fact that this depreciation

2

study was done in 2017, we wouldn't be implementing

3

rates until 2021. There's this question of stale

4

information, stale data, and if we go forward with, you

5

know, waiting until the GRC, would there be an

6

opportunity and requirement for the Company to update

7

the depreciation rates or explain how things have not

8

changed, how and why?

9

JUDGE O'CONNELL: Well, I think that's a

10

reasonable question to ask. Would the Company plan on

11

updating the depreciation study in its GRC?

12

MR. MCVEE: I -- we need to discuss that

13

internally within the Company. However, I just want to

14

note that while it was based on the 2017 actual data,

15

which was the -- the newest information when -- that the

16

Company could use, the -- the most recent actual data

17

that the Company could use when it was preparing this

18

case, it was based on forecasts through

19

December 31, 2020. So it's -- the -- the data was

20

updated best based on the information that we had on the

21

time and forecasted forward.

22

So I mean, as far as the -- the actual

23

information being stale, I mean, it was still forecasted

24

forward and, you know, the -- subsequent as we go

25 through to this process, the subsequent depreciation

0027

1

studies are filed, that will generally kind of true-up

2

those, you know, any -- any errors with the forecast

3

that maybe have been included.

4

JUDGE O'CONNELL: Okay. Thank you.

5

Mr. Coleman for Packaging Corporation of

6

America?

7

MR. COLEMAN: Thank you, Your Honor. PCH

8

shares many of the concerns expressed by Public Counsel.

9

I think we -- we agree and share the concern with

10

respect to the vintage of the -- of the study. We have

11

a concern with respect to the continued delay of the

12

implementation of the new rates and -- and sort of

13

the -- the restriction of the time that that results

14

in -- in the -- so amplification of the effect of the

15

new rates on -- or of the new depreciation lives on --

16

on the -- and rates with respect to the -- the issues at

17

hand.

18

I think we would share, to the extent

19

possible, that -- the concept of we can maybe focus on

20

some of the -- some of the coal assets and get -- get

21

that up and -- up and running, we'd appreciate that. I

22

think that -- I understand -- also, I think how much

23

some of these issues overlap, but I'm not necessarily

24

sure that when -- when historically decisions were made

25 to -- to postpone that there was an understanding that

0028

1

that would also postpone -- postponing A would postpone

2

B.

3

Not -- certainly not trying to impugn any

4

sort of nefarious actions, but I'm not sure that -- that

5

that was really a comprehensive understanding when the

6

decision was made to, you know, postpone the IRP and

7

then this would also continue to be postponed. And --

8

and we would just like to see some movement on this

9

particular -- on this case.

10

JUDGE O'CONNELL: And does PCA have an

11

opinion on whether to wait until after the multistate

12

collaborative that the Company and Public Counsel

13

mentioned?

14

MR. COLEMAN: I don't -- I can't say for --

15

I don't find that as like an offensive proposal. That

16

might not be the right word, but so certainly open to

17

the concept, but don't have a strong position on it.

18

JUDGE O'CONNELL: Okay. And Sierra Club?

19

MR. GERHART: Thank you, Your Honor. So the

20

Sierra Club has a similar position to what I understood

21

Public Counsel's position -- position to be, which is we

22

would support continued suspension to wait until

23

October, in particular for us to allow the IRP to be

24

filed in mid October. Sierra Club is definitely

25 interested in a prompt implementation of the statutory

0029

1

directed to accelerate coal depreciation. But given the

2

IRP is slated to come out in just a little over a month

3

and that -- that IRP might further change the -- how

4

depreciation is handled for coal units, I think from

5

Sierra Club's perspective, it makes sense to -- would

6

make sense to have another status conference the last --

7

towards the end of October to revisit it.

8

With respect to suspending the case until

9

the GRC is filed, at this time Sierra Club doesn't have

10

a position on that. I'm not able to support that right

11

now, but we can support an interim continued suspension

12

until the end of October.

13

JUDGE O'CONNELL: Okay. So I'm going to

14

think on the request whether to suspend -- continue the

15

suspension of this procedural schedule until the next

16

GRC as well as whether a more brief suspension would be

17

justified until October. But at this conference, I want

18

to make sure I understand all of the other positions

19

regarding setting the procedural schedule. And I

20

understand that the IRP is going to come out in October.

21

With that understanding, I would like to hear from the

22

parties who have to file responsive testimony, at least

23

currently in this case, how long those parties need or

24

want in order to file response testimony regarding the

25 depreciation rates.

0030

1

Let's start with Staff.

2

MR. CALLAGHAN: Thank you, Your Honor. In

3

the previous procedural schedule, the prehearing

4

conference was on December 20th and the Staff, Public

5

Counsel, intervenor's response testimony was due May

6

16th, so that is about five months. I don't know that

7

we would need that long necessarily, but certainly we

8

would need sufficient time to respond to any supplements

9

that the Company files with respect to the changes in --

10

in these statutes.

11

JUDGE O'CONNELL: And Public Counsel?

12

MS. SUETAKE: Your Honor, Public Counsel --

13

just so -- Public Counsel and PCA are jointly sponsoring

14

a witness for this proceeding. We haven't had a chance

15

to speak to him as to what his schedule looks like. I

16

don't think we need the entire five months that -- off

17

the top of my head. That's about as far as I could

18

promise at this point for the schedule.

19

JUDGE O'CONNELL: Okay. And PCA?

20

MR. COLEMAN: As she -- as noted, we -- we

21

have the same question, we're sharing the -- sharing the

22

same witness, so not -- not sure the lead time that we

23

would need. May need to just sort of check with his --

24

with his availability. Five months does seem on the

25 long side.

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1

JUDGE O'CONNELL: Okay. Sierra Club?

2

MR. GERHART: Thank you, Your Honor. Sierra

3

Club doesn't need a full five months because our -- the

4

scope of the issues that we're addressing is narrower

5

than what I assumed was the scope for other parties. So

6

I'm sensitive to the fact that other parties are

7

interested in a much larger set of issues. We're

8

focused primarily on depreciation for the coal units, so

9

for us something on the order of two months would be

10

fine, but we're definitely not the limiting factor here

11

and understand that other parties are going to need more

12

time than we do.

13

JUDGE O'CONNELL: Okay. Thank you.

14

I -- I note that we suspended the schedule

15

in this case February 22nd, which was about three months

16

from the date that response testimony was due and that

17

February 22nd was also about five months prior to the

18

evidentiary hearing that we had set. If -- and thinking

19

about what procedural schedule we should adopt in this

20

matter, if we decide that we want to set an evidentiary

21

hearing, do the parties think that five months from the

22

date of the IRP is appropriate? Is there -- should

23

the -- should the parties need more time than that?

24

MR. CALLAGHAN: Your Honor, I don't believe

25 that Staff would. It is the case that certain matters

0032

1

in this case would change with the IRP, but also certain

2

matters would stay the same. So I think that five

3

months would be appropriate.

4

JUDGE O'CONNELL: And Public Counsel?

5

MS. SUETAKE: Could I -- a clarifying

6

question. Do you mean five months between when the IRP

7

comes out and evidentiary hearing, so it includes

8

response testimony and rebuttal testimony in the five

9

months?

10

JUDGE O'CONNELL: Yes, to have response

11

testimony and rebuttal testimony, yes.

12

MS. SUETAKE: Sorry, Your Honor, I was just

13

looking at the old schedule.

14

JUDGE O'CONNELL: Sure.

15

MS. SUETAKE: I think that that might work.

16

Again, we have -- we don't have any view into what our

17

witnesses schedule looks like.

18

JUDGE O'CONNELL: Okay. And PCA?

19

MR. COLEMAN: Again, I -- I would share and

20

echo Public Counsel. Likely -- we likely can make it

21

work, but...

22

JUDGE O'CONNELL: Okay.

23

MR. COLEMAN: Not -- not fully educated and

24

informed to make -- to make a commitment statement at

25 the moment.

0033

1

JUDGE O'CONNELL: And Sierra Club?

2

MR. GERHART: Your Honor, five months out

3

from the IRP submittal to the evidentiary hearing would

4

be fine for us.

5

JUDGE O'CONNELL: Okay. Let me ask the

6

Company. What does Pacific Power think?

7

MR. MCVEE: I think we're in a similar

8

situation to PCA and Public Counsel, in that we do have

9

to coordinate with our -- our witnesses. We are using a

10

Consultant, and so without discussing his schedule, we'd

11

have to -- we -- we couldn't commit to any date. But

12

five months, we can work around that.

13

JUDGE O'CONNELL: Okay. So I think I

14

understand everyone's -- all the parties' positions on

15

how to proceed. I intend to issue an order early next

16

week with the decision. Is there anything else that we

17

need to discuss that the parties would like to add for

18

my consideration?

19

MR. CALLAGHAN: Not at this time, Your

20

Honor.

21

MR. MCVEE: Nothing from PacifiCorp, Your

22

Honor.

23

MS. SUETAKE: Nothing from Public Counsel.

24

MR. COLEMAN: And nothing from PCA, thank

25 you.

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1

JUDGE O'CONNELL: And Sierra Club?

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MR. GERHART: Nothing further, Your Honor.

3

JUDGE O'CONNELL: Okay. And then with that,

4

I plan to issue an order early next week, maybe --

5

probably not Monday, but Tuesday or Wednesday. So with

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that, we'll be off the record. Thank you all.

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(Adjourned at 11:45 a.m.)

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C E R T I F I C A T E

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STATE OF WASHINGTON

4

COUNTY OF THURSTON

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6

I, Tayler Garlinghouse a Certified Shorthand

7

Reporter in and for the State of Washington, do hereby

8

certify that the foregoing transcript is true and

9

accurate to the best of my knowledge, skill and ability.

10

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\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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Tayler Garlinghouse, CCR 3358

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