

**Docket No. UE-180778 - Vol. II**

**In the Matter of the Petition of Pacific Power & Light  
Company**

**September 4, 2019**



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BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION

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In the Matter of the ) DOCKET UE-180778  
 Petition of )  
 )  
 PACIFIC POWER & LIGHT )  
 COMPANY )  
 )  
 For an Order Approving a )  
 Change in Depreciation )  
 Rates Applicable to )  
 Electric Property )  
 )

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STATUS CONFERENCE, VOLUME II

Pages 15-35

ADMINISTRATIVE LAW JUDGE ANDREW O'CONNELL

September 4, 2019

11:00 a.m.

Washington Utilities and Transportation Commission  
621 Woodland Square Loop Southeast  
Lacey, Washington 98503

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1 A P P E A R A N C E S

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A P P E A R A N C E S (Cont.)

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1 LACEY, WASHINGTON; SEPTEMBER 4, 2019

2 11:00 a.m.

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4 P R O C E E D I N G S

5

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

7 Good morning. Today is Wednesday, September 4th, 2019,  
8 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  
11 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

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

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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.



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 respectfully request that we have another  
25 ten minutes.

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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

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.

Page 24

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

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,

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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

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

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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



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.

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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.

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

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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.

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?

2 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  
6 that, we'll be off the record. Thank you all.

7 (Adjourned at 11:45 a.m.)

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STATE OF WASHINGTON  
COUNTY OF THURSTON

I, Tayler Garlinghouse a Certified Shorthand Reporter in and for the State of Washington, do hereby certify that the foregoing transcript is true and accurate to the best of my knowledge, skill and ability.



Tayler Garlinghouse

Tayler Garlinghouse, CCR 3358

