

Exhibit No. JP-1T  
Docket UE-22\_\_\_\_  
Witness: Jack Painter

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba  
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-22\_\_\_\_

**PACIFICORP  
DIRECT TESTIMONY OF JACK PAINTER**

**June 2022**

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**ATTACHED EXHIBITS**

Exhibit No. JP-2—2021 PCAM Deferral Calculation

Exhibit No. JP-3—2021 PTC Tracker Calculation

1 **Q. Please state your name, business address, and present position with PacifiCorp**  
2 **dba Pacific Power & Light Company (PacifiCorp or Company).**

3 A. My name is Jack Painter and my business address is 825 NE Multnomah Street, Suite  
4 600, Portland, Oregon 97232. My title is Net Power Cost Specialist.

5 **QUALIFICATIONS**

6 **Q. Briefly describe your education and professional experience.**

7 A. I received a Bachelor of Arts degree in Business Administration with a Finance major  
8 from Washington State University in 2007. I have been employed by PacifiCorp  
9 since 2008 and have held positions in the regulation and jurisdictional loads  
10 departments. I joined the regulatory net power costs group in 2019 and assumed my  
11 current role as a Net Power Cost Specialist in 2020.

12 **Q. Have you testified in previous regulatory proceedings?**

13 A. Yes. I have previously provided testimony to the public utility commissions in Utah,  
14 Wyoming, Idaho, Oregon, and Washington.

15 **PURPOSE OF TESTIMONY**

16 **Q. What is the purpose of your testimony in this proceeding?**

17 A. My testimony presents and supports the Company's calculation of the Power Cost  
18 Adjustment Mechanism (PCAM) for the 12-month period from January 1, 2021,  
19 through December 31, 2021 (Deferral Period). More specifically, I provide the  
20 following:

- 21 • Background on the PCAM and an accounting of how the PCAM balance was  
22 calculated for the Deferral Period;

- 1 • Discussion of the main differences between adjusted actual net power costs  
2 (Actual NPC) and net power costs in rates (Base NPC), both allocated on a  
3 Washington Inter-Jurisdictional Allocation Methodology (WIJAM) basis;<sup>1</sup>
- 4 • Discussion about the Company's participation in the energy imbalance market  
5 (EIM) with the California Independent System Operator (CAISO) and the  
6 benefits from EIM that are passed through to customers; and
- 7 • Background on the Production Tax Credit (PTC) Tracker and an accounting of  
8 how the PTC balance was calculated for the Deferral Period.

9 **Q. Please explain the settlement stipulation in PacifiCorp's last general rate case in**  
10 **docket UE-191024 (2021 Rate Case).**

11 A. The parties to the 2021 Rate Case originally settled the proceeding in July of 2020  
12 and agreed to an update to the Base NPC calculation that would occur in October of  
13 2020 (October Update). The October Update reflected a \$17.9 million increase to  
14 Base NPC over the \$101.7 million that was estimated in the original settlement.  
15 Since the October Update NPC increase was greater than the balance of the PCAM  
16 deferred balancing account at that time, to make up for the shortfall between the Base  
17 NPC from the October Update and the estimated baseline established in the  
18 Stipulation, the Parties proposed, and the Washington Utilities and Transportation  
19 Commission (Commission) approved, the reflection of this difference in the PCAM  
20 deferred balancing account.

21 **Q. How is the incremental increase in Base NPC from the October Update reflected**  
22 **in the PCAM deferral account?**

23 A. A step is added to the calculation of the 2021 PCAM deferral balance to include the  
24 deferred portion of the Base NPC: the Deferred NPC Baseline Adjustment (DNBA).

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<sup>1</sup> The new WIJAM was approved in the Company's last general rate case in Docket UE-191024 and became effective beginning January 1, 2021.

1 The DNBA is equal to the \$/megawatt-hour (MWh) difference between the October  
2 Update (October NPC) and Base NPC multiplied by the actual sales.

3 *Deferred NPC Baseline Adjustment*

4 
$$= (\text{October NPC}_{\$/MWh} - \text{Base NPC}_{\$/MWh}) \times \text{Actual Sales}_{MWh}$$

5 The DNBA is calculated and added to the PCAM balance monthly. This amount does  
6 not run through the dead and sharing bands but is added in after the bands are applied.

7 Interest accrues monthly consistent with the past operation of the PCAM.

8 **Q. Are you proposing a rate change to Schedule 97 as part of this proceeding?**

9 A. Yes. If the cumulative PCAM deferred balancing account meets the surcharge or  
10 credit threshold of \$17 million, there would be a proposed change to Tariff  
11 Schedule 97. Since the ending balance in the 2021 PCAM deferred balancing  
12 account is a \$25.6 million surcharge, the Company proposes to change Tariff  
13 Schedule 97.

14 **SUMMARY OF THE PCAM DEFERRAL CALCULATION**

15 **Q. Please briefly describe the Company's PCAM authorized by the Commission.**

16 A. The Commission's Order 09 in docket UE-140762 approved the PCAM to allow the  
17 Company to track unexpected variations in power costs in the PCAM deferral  
18 account. In most years, if the cumulative positive or negative balance in the PCAM  
19 deferral account, including monthly interest, exceeds \$17 million, either a surcharge  
20 or sur-credit is triggered.

1 **Q. Please summarize the Company's calculation of the PCAM deferral for the**  
2 **Deferral Period.**

3 A. For the Deferral Period, the cumulative PCAM differential was a \$41.8 million  
4 charge before application of the deadband and asymmetrical sharing bands. After  
5 application of the deadband and asymmetrical sharing bands, the filing results in a  
6 deferral charge of \$31.6 million. The DNBA adjustment when applied to actual  
7 Washington sales results in a charge of \$18.4 million. Including interest, the total  
8 PCAM recovery for the deferral period is \$49.8 million.

9 **Q. Have you provided detailed support for the calculation of the PCAM balance**  
10 **with your testimony?**

11 A. Yes. Exhibit No. JP-2 includes a detailed calculation of the Company's 2021 PCAM  
12 deferral on a monthly basis. Detailed confidential workpapers supporting Exhibit No.  
13 JP-2 are provided separately.

#### 14 2021 PCAM CALCULATION

15 **Q. Please describe the Company's calculation of the PCAM deferral for the**  
16 **Deferral Period.**

17 A. As previously noted, the PCAM deferral is calculated on a monthly basis as the  
18 difference between Base NPC collected through general rates and Actual NPC. The  
19 accrued PCAM variance is subject to the following parameters:

- 20 • Symmetrical Deadband: Any PCAM difference between negative \$4 million  
21 and positive \$4 million will be absorbed by the Company.
- 22 • Asymmetrical sharing of the PCAM difference as follows:
  - 23 ○ Between \$4 and \$10 million; shared 50 percent by customers and  
24 50 percent by the Company;
  - 25 ○ Greater than \$10 million; shared 90 percent by customers and  
26 10 percent by the Company;

- 1                   ○ Between -\$4 and -\$10 million; shared 75 percent by customers and  
2                   25 percent by the Company; and  
3                   ○ Less than -\$10 million; shared 90 percent by customers and 10 percent  
4                   by the Company.
- 5                   • Amortization of Deferral: The amortization of PCAM variances are deferred  
6                   until the balance of the deferral balancing account results in either a surcharge  
7                   or credit greater than \$17 million.
- 8                   For the Deferral Period, the PCAM differential was a \$41.8 million charge. After  
9                   application of the deadband and asymmetrical sharing bands plus the DNBA  
10                  adjustment, the Company is seeking approval to charge the PCAM balancing account  
11                  with \$49.8 million including interest. A summary of the deferral calculation is shown  
12                  in Table 1.

**Table 1**  
**Summary of PCAM Account Balance**

<b><u>Calendar Year 2021 PCAM Deferral</u></b>	
Actual PCAM Costs (\$/MWh)	\$ 39.24
Base PCAM Costs (\$/MWh)	29.28
PCAM Cost Differential (\$/MWh)	<u>9.96</u>
Washington Sales (MWh)	4,198,961
Total PCAM Differential*	\$ 41,805,222
Total Deferrable ABOVE Deadband	-
Total Deferrable BELOW Deadband	37,805,222
Washington Deferral after Sharing	31,624,700
DNBA Adjustment	18,377,216
Interest Accrued through December 31, 2021	(151,967)
<b>Requested PCAM Recovery</b>	<b><u><u>\$ 49,849,948</u></u></b>
<i>* Calculated monthly</i>	

1 **Q. How is the PCAM differential calculated on a monthly basis?**

2 A. The PCAM differential is calculated by subtracting the NPC collected in base rates  
3 from the PCAM Adjusted Actual Costs as shown in the formula below:

$$\text{PCAMC} - (\text{Base NPC}_{\$/\text{MWh}} \times \text{Actual Sales}) = \text{PCAM Differential}$$

Where:

PCAMC - Adjusted actual WIJAM NPC costs allocated to Washington using allocation factors calculated with actual jurisdictional load

Base NPC<sub>\$/MWh</sub> - Base NPC unit cost; calculated by dividing Washington-allocated NPC as established in a rate proceeding by the Washington sales-at-meter used to set rates in the rate proceeding

Actual Sales - Actual Washington retail sales at the meter

4 The cumulative PCAM variance is first compared against the symmetrical  
5 deadband. Cumulative amounts in excess of the symmetrical deadband are then  
6 subject to the sharing bands. The customer portion of the PCAM variance is tracked  
7 in the deferral balancing account and monthly balances accrue interest at the current  
8 Federal Energy Regulatory Commission (FERC) interest rate. A rate change is  
9 triggered when the customer surcharge or credit exceeds \$17 million.

10 **Q. What were the WIJAM-adjusted Actual NPC for the Deferral Period and how  
11 were they determined?**

12 A. The WIJAM-adjusted Actual NPC in the Deferral Period was approximately  
13 \$165 million. This amount captures all components of NPC as defined in the  
14 Company's general rate case proceedings and modeled by the Company's Generation  
15 and Regulation Initiative Decision Tool (GRID) model. Booked NPC are adjusted to



1 reflect a balanced WIJAM consistent with the methodology used in the 2021 Rate  
2 Case. Specifically, it includes amounts booked to the following FERC accounts:

3 Account 447 - Sales for resale;

4 Account 501 - Fuel, steam generation; excluding fuel handling, start-up fuel  
5 (gas and diesel fuel, residual disposal) and other costs that are  
6 not modeled in GRID;

7 Account 503 - Steam from other sources;

8 Account 547 - Fuel, other generation;

9 Account 555 - Purchased power; and

10 Account 565 - Transmission of electricity by others.

11 **Q. What adjustments are made to Actual NPC and why are they needed?**

12 A. The Company adjusts Actual NPC to reflect the ratemaking treatment of several  
13 items, including:

- 14 • out of period accounting entries booked in the Deferral Period that relate to  
15 operations before implementation of the PCAM on April 1, 2015;
- 16 • reductions to coal costs for legal fees related to fines and citations;
- 17 • revenue from a contract related to the Leaning Juniper wind resource;
- 18 • situs assignment of Oregon allocated excess amortization related to a prepaid  
19 wheeling expense;
- 20 • an adjustment for costs related to participation in the Western Power Pool's  
21 (WPP)<sup>2</sup> Western Resource Adequacy Program (WRAP); and
- 22 • an adjustment for costs of the EIM Body of State Regulators (BOSR) fees  
23 charged for commission related work as a participant in the EIM.

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<sup>2</sup> Western Power Pool was formerly known as Northwest Power Pool.

1 **Q. Please state the amount of the adjusted Actual NPC that were allocated to**  
2 **Washington and describe how the amount was calculated.**

3 A. Washington-allocated Actual NPC were approximately \$164.8 million during the  
4 Deferral Period. To arrive at this value, the Company applied the allocation  
5 methodology approved by the Commission using actual allocation factors from  
6 calendar year 2021.

7 **Q. How much of base PCAM costs did the Company collect from Washington**  
8 **customers during the Deferral Period?**

9 A. During the Deferral Period, the Company received \$123 million in base PCAM  
10 revenue from Washington customers, \$41.8 million less than Washington-allocated  
11 Actual NPC.

12 **Q. What was the total amount of the deferral over the Deferral Period?**

13 A. After application of the deadband and asymmetrical sharing bands to the NPC  
14 differential plus the DNBA adjustment, the deferral was a \$49.8 million charge  
15 including interest, as shown in Table 1.

16 **Q. Please describe how the interest on the PCAM deferral balance was determined.**

17 A. Interest is accrued monthly on the PCAM deferral balance at the FERC interest rates  
18 that are published quarterly. Over the Deferral Period, the PCAM balance accrued  
19 \$152 thousand of interest.

20 **Q. Please describe the adjustments to NPC for the prepaid wheeling expense and**  
21 **costs for the WPP WRAP and EIM BOSR included in the PCAM.**

22 A. The PCAM includes a true-up for the amortization of a prepaid wheeling expense.  
23 The amortization of Mead-Phoenix wheeling expense was updated to reflect the

1 Cholla Unit 4 Oregon depreciation schedule. Therefore, the incremental change in  
2 amortization expense associated with Mead-Phoenix is situs-assigned to Oregon.

3 Costs have also been included related to the participation in the WPP WRAP  
4 and the EIM BOSR for commission related work as a participant of the EIM.

5 **Q. Please explain the purpose of the EIM BOSR.**

6 A. The EIM BOSR is a body that addresses the regional nature of the EIM through the  
7 EIM governance process. The purpose of the EIM BOSR is to provide “a forum for  
8 state commissioners to (1) select a voting member of the EIM Governing Body  
9 Nominating Committee, (2) learn about and discuss the EIM and CAISO markets,  
10 and (3) express a common position in CAISO stakeholder processes or the EIM  
11 Governing Body on EIM issues.”<sup>3</sup>

12 **Q. Please describe the new fee that is associated with the EIM BOSR.**

13 A. The fee is allocated to state-regulated market participants and is used to pay for  
14 personnel and indirect expenses, meeting expense, travel expense, and consultants  
15 and contracts.<sup>4</sup> The BOSR’s activities support the goal of consistent and informed  
16 regulator engagement on regional market operations and developments, which is  
17 crucial to efficient and sustainable markets that deliver public benefits.

18 **Q. Please describe the adjustment to the PCAM for the EIM BOSR Fees.**

19 A. The WIJAM-allocated cost in the PCAM is \$5,611.

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<sup>3</sup> *WEIM BOSR Energy Imbalance Market Body of State Regulators*, WESTERN INTERSTATE ENERGY BOARD, <https://www.westernenergyboard.org/western-energy-imbalance-market-body-of-state-regulators/> (last accessed April 13, 2022).

<sup>4</sup> See Western Energy Imbalance Market Body of State Regulators 2021 Business Plan and Budget, December 11, 2020, available at <https://www.westernenergyboard.org/wp-content/uploads/EIM-BOSR-2021-Business-Plan-and-Budget-11-Dec-2020.pdf> (last accessed April 13, 2022).

1 **Q. What is the WPP WRAP?**

2 A. The WPP WRAP is a new regional resource adequacy initiative that is being  
3 implemented by many utilities and power producers across the west to ensure that the  
4 region is better able to plan for its regional resource adequacy needs. The WPP  
5 WRAP is currently in Phase 3A of implementation, which is a non-binding testing  
6 phase that will allow the Company to test the effectiveness of the WRAP without  
7 making operational commitments or incurring financial penalties for non-  
8 compliance.<sup>5</sup>

9 **Q. Please explain the WPP WRAP fee.**

10 A. The WPP WRAP fee pays for facilitation and coordination of staff resources related  
11 to the Phase 3A Scope of Work; direct costs of performing the Phase 3A Scope of  
12 Work including the costs to contract a Program Operator; and other binding program  
13 preparation costs including preparation for FERC filings, setting up an independent  
14 board and preparing WPP to undertake the obligations required to house the program  
15 as a public utility under the Federal Power Act.

16 **Q. Please describe the adjustment to the PCAM for the WPP WRAP Fees.**

17 A. The WIJAM-allocated cost in the PCAM is \$10,399.

18 **Q. Is the Company requesting a rate change with this filing?**

19 A. Yes. The PCAM balancing account exceeds the customer surcharge or credit  
20 threshold of \$17 million and the Company is requesting a rate change to schedule 97.

21 See Table 2 for a summary of the deferred balancing account.

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<sup>5</sup> See WRAP Announces Full Participation of Phase 3A, Rebecca Sexton, <https://www.westernpowerpool.org/news/wrap-announces-full-participation-of-phase-3a> (last accessed April 13, 2022).

1 **Q. What is the 2016 – 2017 PCAM Regulatory Liability True-Up?**

2 A. In the 2017 PCAM, docket UE-180494, a change to Schedule 97 was made to return  
3 the cumulative balance in the deferred balancing account to customers because it  
4 exceeded the \$17 million threshold. Over the rate schedule period, the full balance  
5 was not returned to customers and has remained in the regulatory liability account.  
6 The residual balance to return to customers is \$1.2 million including interest is shown  
7 in Table 2 and reduces the recovery in this PCAM filing.

8 **Q. What are the Temporary Aurora Licenses from docket UE-210402?**

9 A. Between the last general rate case and the power cost only rate case (PCORC),  
10 PacifiCorp transitioned NPC forecasting models from GRID to Aurora, which  
11 requires a license for individual intervenors in the Company's NPC forecast cases like  
12 a general rate case or a PCORC in order to have access to the model. For the  
13 PCORC, there were three licenses issued at \$4,000 apiece for a total of \$12,000.  
14 These costs have been included in the PCAM balance as a separate line item outside  
15 of the deadbands and sharing band.

**Table 2**  
**Deferred Balancing Account**

	<b>Washington Customers</b>
<b>Balancing Account Activity</b>	
Beginning Deferral Balance	\$ (23,111,786)
2021 PCAM Deferral	31,624,700
DNBA Adjustment	18,377,216
Interest	<u>(151,967)</u>
<b>Activity Through December 31, 2021</b>	<u>26,738,162</u>
2016 - 2017 PCAM Regulatory Liability True-Up	(1,177,816)
UE-210402 PCORC Temporary Aurora Licenses	12,000
<b>December 31, 2021 Ending Balance</b>	<u><u>\$ 25,572,345</u></u>

1

**DIFFERENCES IN NPC**

2 **Q. On a WIJAM basis, what was the difference between Actual NPC and Base NPC**  
3 **for the Deferral Period?**

4 A. Actual NPC for the Deferral Period were \$165 million, which was \$43 million more  
5 than Base NPC for the Deferral Period. Table 3 below provides a high-level summary  
6 of the difference between the Base NPC and Actual NPC by category on a WIJAM  
7 basis.

**Table 3**  
**Net Power Cost Reconciliation (\$millions)**

<b>Base NPC</b>	<b>\$ 122</b>
Increase/(Decrease) to NPC:	
Wholesale Sales Revenue	3
Purchased Power Expense	25
Coal Fuel Expense	(1)
Natural Gas Expense	12
Wheeling and Other Expense	2
<b>Total Increase/(Decrease)</b>	<u>41</u>
2021 GRC Settlement Adjustment	1
<b>Total Company NPC Difference</b>	<u>\$ 43</u>
<b>Adjusted Actual NPC</b>	<u><u>\$ 165</u></u>

1 **Q. Please describe the Base NPC the Company used to calculate the NPC component**  
2 **of the PCAM deferral.**

3 A. The Base NPC of \$122 million was established in the 2021 Rate Case using a test  
4 period of January 2021 through December 2021 and became effective January 1,  
5 2021.

6 **Q. Please describe some of the weather events that impacted NPC during the**  
7 **Deferral Period.**

8 A. Calendar year 2021 was characterized by many extreme and unforeseeable weather  
9 events. Collectively, they shaped actual NPC throughout the year. For instance, the  
10 Company experienced a significant impact to NPC with the Western North America  
11 heat wave, a 13-day long extreme weather event that occurred between June 25, 2021,  
12 and July 7, 2021, that saw a temperature peak of 119 degrees Fahrenheit in the  
13 Western United States and had a significant impact on market prices for June and July

1 as compared to the same period in 2020.

2 Additionally, February 2021 saw a polar vortex that brought record cold  
3 temperatures to a significant portion of the United States from February 6, 2021,  
4 through February 22, 2021, with temperatures falling as much as 25-50 degrees  
5 Fahrenheit below average. Combining this event with the 2021 Texas power crisis  
6 created a perfect storm and market prices were significantly higher during this period.

7 **Q. Please describe how drought conditions have an effect on NPC.**

8 A. Ongoing drought has increased NPC because it impacts the availability of hydro  
9 resources. In 2021, actual generation from hydro resources was 56,337 MWh, or  
10 21 percent lower, than forecasted generation. Unrealized hydro MWh need to be  
11 replaced to meet customer demand through system dispatch of other resources,  
12 reducing market sales, increasing market purchases, or any combination of these  
13 options. The estimated impact to WIJAM NPC of the decreased hydro MWh due to  
14 drought is \$2.6 million.

15 **Q. Please describe the differences between Actual NPC and Base NPC.**

16 A. Actual NPC were higher than Base NPC due to a \$25 million increase in purchased  
17 power expense, a \$12 million increase in natural gas fuel expense, a \$2 million  
18 increase in wheeling and other expenses, and a \$3 million decrease in wholesale sales  
19 revenues. These increased expenses were partially offset by a \$1 million reduction in  
20 coal fuel expense.

21 **Q. Please explain the changes in wholesale sales revenue.**

22 A. Wholesale sales revenue declined relative to Base NPC due to a reduction in  
23 wholesale sales volume of market transactions (represented in GRID as short-term



1 firm and system balancing sales). Revenue from market transactions was  
2 approximately \$3.1 million lower than Base. Actual wholesale market volumes were  
3 128 gigawatt-hours (GWh), or 89 percent, lower than Base NPC.

4 **Q. Please explain the changes in purchased power expense.**

5 A. Purchased power expense increased primarily due to higher market purchases of  
6 \$24.9 million (represented in GRID as short-term firm and system balancing  
7 purchases) with a significant impact tied to the polar vortex in February, the Western  
8 North America heat wave in June and July, and drought which saw elevated market  
9 prices extend through October. Actual market purchases were approximately  
10 412 GWh, or 33 percent, higher than Base NPC and the average price of actual  
11 market purchase transactions was \$46.82/MWh, or 140 percent, higher than Base  
12 NPC.

13 For the polar vortex in February, the Mid-Columbia market hub saw average  
14 market prices increase 188 percent for peak hours and 151 percent for off-peak hours  
15 while the Four Corners market hub saw average market prices increase 520 percent  
16 for peak hours and 242 percent for off-peak hours.

17 With the heat wave in June and July, the Mid-Columbia market hub saw an  
18 average increase in high load hour market prices of 620 percent and 560 percent,  
19 respectively, while the Four Corners market hub saw an average increase in high load  
20 hour market prices of 464 percent and 150 percent, respectively. The impact of  
21 higher market prices results in a NPC variance of \$17.9 million above Base NPC in  
22 just June and July 2021 alone on a WIJAM basis.

1 **Q. Please explain the changes in coal fuel expense.**

2 A. While coal generation volume increased by 145 GWh, or 8 percent, compared to Base  
3 NPC, overall coal fuel expense decreased due to the lower average cost of coal  
4 generation from \$26.87/MWh in Base NPC to \$24.09/MWh, or 10 percent, in the  
5 Deferral Period.

6 **Q. Please explain the changes in natural gas fuel expense.**

7 A. The total natural gas fuel expense in Actual NPC increased by \$12.1 million  
8 compared to Base NPC due to an increase in the average cost of natural gas  
9 generation from \$30.18/MWh in Base NPC to \$32.33/MWh, or 7 percent in the  
10 deferral period. Additionally, natural gas volumes were 340 GWh, or 66 percent,  
11 higher than Base NPC during the Deferral Period.

12 Natural gas market prices were also affected by extreme weather events in  
13 2021. At the Opal natural gas trading hub, average market prices in June and July  
14 2021 as compared to the same period in 2020 were 115 percent and 135 percent  
15 higher, respectively. Overall, gas prices at Opal were 137 percent higher in 2021 as  
16 compared to 2020.

17 **IMPACT OF PARTICIPATING IN THE EIM**

18 **Q. Are the actual benefits from participating in the EIM with CAISO included in**  
19 **the PCAM deferral?**

20 A. Yes. Participation in the EIM provides benefits to customers in the form of reduced  
21 Actual NPC. The EIM benefits are embedded in Actual NPC through lower fuel and  
22 purchased power costs. While the Base NPC from the 2021 Rate Case had forecasted  
23 a total-company EIM benefit of \$49.5 million, the benefits for customers were even

1 greater. For 2021, CAISO's EIM benefits report shows \$115.5 million in EIM  
2 benefits for PacifiCorp and \$391.4 million since the inception of the EIM.<sup>6</sup>

### 3 **PTC TRACKER**

4 **Q. What are PTCs?**

5 A. Renewable electricity PTCs are tax credits derived from the generation at certain  
6 eligible company-owned facilities. For each kilowatt-hour of energy generated, the  
7 Company receives a \$0.025 credit for a duration of 10 years beginning on the date  
8 which the facility became commercially operational. The credit is included as an  
9 offset to the Company's federal income taxes and is credited to customers for rate-  
10 making purposes.

11 **Q. What is the PTC Tracker?**

12 A. In the 2021 Rate Case, the settlement stipulation and order outlined that PTCs will be  
13 credited to customers in a manner that matches the cost in the PCAM without running  
14 through the mechanism. Instead, the differences between Base PTCs and Actual  
15 PTCs will receive separate accounting treatment and be trued-up on an annual basis.  
16 The PTC Tracker will return or recover the variance in Base PTCs as compared to  
17 Actual PTCs on an annual basis consistent with the structure of the PCAM.

18 **Q. Please summarize the Company's calculation of the PTC Tracker for the**  
19 **Deferral Period.**

20 A. For the Deferral Period, the cumulative PTC differential was a \$3.0 million charge.  
21 Including interest, the total PTC recovery for the deferral period is \$3.1 million. The  
22 PTC differential was primarily driven by less production due to delays in the actual

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<sup>6</sup> <https://www.westerneim.com/Pages/About/QuarterlyBenefits.aspx>.

1 in-service dates for several wind plants. In the Company’s limited-issue rate case,  
 2 docket UE-210532, Parties agreed that a one-time refund be issued to customers to  
 3 update for the delayed in-service dates for these plants, but did not address the  
 4 differential to the related PTCs at that time because the PTC Tracker existed and was  
 5 intended to address these discrepancies. A summary of the PTC Tracker calculation is  
 6 shown in Table 4.

7 **Q. Have you provided detailed support for the calculation of the PCAM balance**  
 8 **with your testimony?**

9 A. Yes. Exhibit No. JP-3 includes a detailed calculation of the Company’s 2021 PTC  
 10 deferral on a monthly basis. Detailed confidential workpapers supporting Exhibit No.  
 11 JP-3 are provided separately.

**Table 4**  
**Summary of PTC Tracker Deferral**

<b><u>Calendar Year 2021 PTC Tracker</u></b>	
Actual PTCs (\$/MWh)	\$ 3.97
Base PTCs (\$/MWh)	4.69
PTC Differential (\$/MWh)	<u>(0.72)</u>
Washington Sales (MWh)	4,198,961
Total PTC Differential*	\$ 3,013,905
Interest Accrued through December 31, 2021	61,443
<b>Requested PTC Recovery</b>	<b><u><u>\$ 3,075,348</u></u></b>
<i>* Calculated monthly</i>	

1 Q. Does this conclude your direct testimony?

2 A. Yes.