

Exh. SLC-1Tr  
Docket UE-230172  
Witness: Sherona L. Cheung

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba  
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-230172

**PACIFICORP**

**DIRECT TESTIMONY OF SHERONA L. CHEUNG**

~~April 19, 2023~~ REVISED July 7, 2023

1 **Q. Please provide a summary of the rate base balances and non-NPC O&M**  
 2 **expenses projected to be in rates associated with Jim Bridger and Colstrip as of**  
 3 **December 31, 2025.**

4 A. Table 2 summarizes the rate base balances and non-NPC O&M expenses, on a  
 5 Washington-allocated basis, projected to be in rates as of December 31, 2025.

**Table 2 – Washington-allocated Jim Bridger  
& Colstrip Balances in Rates at December 31, 2025**

	Jim Bridger – All Units	Colstrip – Unit 4
Gross Plant	\$283.8 million	\$27.5 million
Accumulated Reserves	(\$289.8 million)	(\$28.3 million)
Net Book Value	(\$6.0 million)	(\$0.8 million)
Depreciation Expense	\$2.5 million	\$0.6 million
O&M Expense	<del>\$3.3</del> <u>14.0</u> million	\$1.1 million
Fly Ash Revenues	\$2.3 million	\$0

6 **Q. How will the Company ensure that costs associated with coal-fired resources will**  
 7 **cease to be part of Washington rates starting January 1, 2026?**

8 A. The Company is proposing a compliance filing be made in the fourth quarter of 2025,  
 9 in advance of January 1, 2026, to remove coal-fired generation costs from rates.

10 **Q. How will the necessary change in rates be calculated?**

11 A. In this proposed compliance filing, the Company will calculate the rate change  
 12 required to remove the gross plant balance of Jim Bridger Units 3 and 4, and Colstrip  
 13 Unit 4 from Washington rates. An equivalent balance in accumulated reserves will  
 14 also be removed. The reason accumulated reserves will be removed only up to the  
 15 balance in gross plant is because, as discussed above, these coal-fired generation

1 quantified at this time. However, the impact to NPC for the removal of coal-fired  
 2 resources at the end of 2025 is not yet known. Accordingly, the NPC component  
 3 driving price change for the removal of coal-fired resources from Washington rates  
 4 cannot yet be quantified.

5 **Q. What is the estimated impact for the non-NPC effects of removing coal-fired**  
 6 **resources from Washington rates?**

7 A. Table 3 below highlights key changes in non-NPC components of revenue  
 8 requirement from removing coal-fired resources from Washington rates:

**Table 3 – Summary of Coal-Fired Resources Balances Removed**

	Jim Bridger – Units 3 & 4	Colstrip – Unit 4	Jim Bridger mine
Gross Plant	\$121.9 million	\$27.5 million	\$41.2 million
Accumulated Reserves	(\$121.9 million)	(\$27.5 million)	(\$36.8 million)
Net Book Value	\$0	\$0	\$4.4 million
Depreciation Expense	\$1.4 million	\$0.6 million	\$0
O&M Expense	<del>\$21.00.7</del> million	\$1.1 million	\$0
Fly Ash Revenues	(\$2.3 million)	\$0	\$0

9 By removing the balances as quantified in Table 3, taking into account all  
 10 necessary tax impacts, interest and revenue-sensitive true-ups, the estimated revenue  
 11 requirement impact of changes to non-NPC components from the removal of coal-  
 12 fired resources from Washington rates would result in a rate reduction of  
 13 approximately ~~\$25.64.3~~ million. This estimated reduction would offset any potential  
 14 increases from NPC changes due to the removal of coal-fired resources from  
 15 Washington rates at the end of 2025. It is important to note, that this estimated impact  
 16 is subject to change based on the final approved capital rate base associated with coal-