

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFIC POWER & LIGHT  
COMPANY, a division of PacifiCorp,

Respondent.

DOCKET UE-190458

**JOINT NARRATIVE IN SUPPORT  
OF SETTLEMENT STIPULATION**

**I. INTRODUCTION**

1           This Joint Narrative in Support of Settlement Stipulation (Narrative) is submitted in accordance with WAC 480-07-740(2) by the settling parties to this proceeding, *i.e.*, PacifiCorp dba Pacific Power & Light Company (PacifiCorp or Company), Staff of the Washington Utilities and Transportation Commission (Staff), the Public Counsel Unit of the Washington Attorney General’s Office (Public Counsel), and the Packaging Corporation of America (PCA) (collectively referred to as the “Parties” and individually as a “Party”). This Narrative summarizes and explains the terms of the Settlement Stipulation (Stipulation), and is not intended to modify any terms of the Stipulation.

**II. NATURE AND SCOPE OF THE PROCEEDING AND THE DISPUTE**

**A. Procedural Background**

2           The PCAM is a rate mechanism designed to recover or refund significant, unexpected variations in power costs. The PCAM calculates the monthly variance between PacifiCorp’s net power costs (NPC) embedded in rates and PacifiCorp’s actual NPC and calculates deferral of these variances in a PCAM balancing account. Annually,

the total of any credit or surcharge for the accrued NPC variances is determined after application of a deadband and tiered sharing bands.<sup>1</sup>

3           The Commission approved the PCAM for PacifiCorp in 2015.<sup>2</sup> Under the Commission's order, PacifiCorp must make annual filings to report its calculation of the deferred amounts for the prior year.<sup>3</sup> Staff and other parties have the opportunity to review these annual filings and to ask the Commission to conduct appropriate process if they dispute the deferral balances reported by the Company.<sup>4</sup>

4           On June 3, 2019, PacifiCorp filed its 2018 PCAM report including supporting testimony. In its original filing the company specified that for the 12-month period ended December 2018, the cumulative PCAM differential was a credit of \$12,576,665 before application of the deadband and sharing band. After application of the deadband and asymmetrical sharing bands, the filing resulted in a credit of \$6,913,591, including interest.

5           On September 26, 2019, Staff filed a motion with the Commission to commence an adjudicative proceeding and consolidate this proceeding with proceedings related to Avista Corporation and Puget Sound Energy to determine the prudence of certain costs related to a 2018 outage at the Colstrip facility. On October 24, 2019, the Commission issued an order opening a separate investigation into the 2018 outage at the Colstrip facility (Docket UE-190882), and moved this proceeding to an adjudicative proceeding.

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<sup>1</sup> *Wash. Util. & Transp. Comm'n v. Pac. Power & Light Co.*, Docket UE-140762, Settlement Stipulation at 4-5 (May 8, 2015)

<sup>2</sup> *Wash. Utils. & Transp. Comm'n v. Pac. Power & Light Co.*, Docket UE-140762, Order 09 (May 26, 2015) (PCAM Order).

<sup>3</sup> See PCAM Order at 8, ¶ 20.

<sup>4</sup> *Id.*

The Commission held a prehearing conference on November 21, 2019, and adopted a procedural schedule on November 22, 2019.

6           On March 20, 2020, the Commission issued an order in Docket UE-190882 disallowing recovery of \$457,000 of costs that were incurred to acquire replacement power resulting from the 2018 Colstrip outage. On April 6, 2020, the parties held a telephonic settlement conference and reached a settlement in principle. Consistent with WAC 480-07-730, the Parties memorialize their agreement with the Stipulation accompanying this Joint Narrative, which constitutes a full settlement of the issues in this proceeding.

### **III. SCOPE OF THE STIPULATION AND ITS KEY ASPECTS**

7           This stipulation is a resolution of all the contested issues in this docket. It results in an increased deferral in the refund direction for customers. Under this stipulation, and consistent with the Order 05 in Docket UE-190882, the Parties agree to an adjustment to reduce the Washington-allocated actual net power costs by \$456,643, the calculated replacement power costs for the 2018 Colstrip outage. This adjustment to Washington-allocated actual net power costs results in an additional credit of \$418,586 to the PCAM balancing. This results in a revised annual deferral balance of \$-7,332,177.

### **IV. STATEMENTS OF THE PARTIES THAT THE STIPULATION SATISFIES THEIR INTERESTS AND THE PUBLIC INTEREST**

8           This Stipulation provides concrete benefits to customers including an additional \$418,586 credit to customers. For that reason, and those contained in the individual statements of the Parties below, the Stipulation as a whole is in the public interest.

### **A. Statement of Staff**

9 In Final Order 05, in Docket UE-190882, the Commission disallowed \$456,643 in replacement power costs incurred by Pacific Power as a result of the 2018 Colstrip Outage.<sup>5</sup> The Commission stated in Final Order 05:

We leave for resolution in the Companies' separate power costs dockets how the post-outage costs allowed and disallowed for recovery for Washington ratepayers by this Order should interact with each the Companies' separate power cost mechanism.<sup>6</sup>

Accordingly, how this disallowance impacts the deferral balance within Pacific Power's Power Cost Adjustment Mechanism (PCAM) is to be resolved in this docket.

10 This settlement stipulation implements Final Order 05 in Docket UE-190882 by reducing the Washington-allocated actual power costs by \$456,643. This adjustment results in an additional credit of \$418,586 within the PCAM deferral balance. This in turn results in a revised annual deferral balance of \$-7,332,177. Staff does not contest any other deferred costs within this docket. Accordingly, Staff supports this settlement as an efficient resolution of this docket that is in the public interest and recommends that the Commission adopt this settlement as a resolution of all issues in this case.

### **B. Statement of PacifiCorp**

11 This settlement reflects the implementation of Order 05 in Docket UE-190882, which represents the only contested part of PacifiCorp's 2018 PCAM costs. With the implementation of that Order through this settlement, PacifiCorp supports this settlement

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<sup>5</sup> UE-190882, Final Order 05 at ¶ 113. The Commission also allowed Pacific Power to recover \$338,240 in operations and maintenance and capital expense associated with correction post-outage actions. The \$338,240 in operations and maintained and capital expenses will not be recovered by Pacific Power in this docket.

<sup>6</sup> UE-190882. Final Order 05, at ¶ 68.

as in the public interest and recommends that the Commission adopt this settlement as the resolution of all the issues in this case.

### **C. Statement of Public Counsel**

12 Public Counsel also believes this settlement reflects the implementation of Order  
05 in Docket UE-190882 appropriately. No other contested issues are present in  
PacifiCorp's 2018 PCAM filing, and therefore, Public Counsel supports this settlement.  
Public Counsel believes the settlement is in the public interest, and recommends the  
Commission approve this settlement.

### **D. Statement of PCA**

13 PCA supports the settlement for the same reasons articulated by Public Counsel.  
PCA also recommends approval of the settlement.

## **V. LEGAL POINTS THAT BEAR ON PROPOSED SETTLEMENT**

14 In WAC 480-07-700, the Commission states its support for parties' informal  
efforts to resolve disputes without the need for contested hearings when doing so is  
lawful and consistent with the public interest. The Parties have resolved all of the issues  
in dispute between them, and their resolution complies with Commission rules and, as  
explained above, is consistent with the public interest.

## **VI. CONCLUSION**

15 The resolution of issues complies with Commission rules and, as explained above,  
satisfies the Parties' interests and is consistent with the public interest. The Parties  
request that the Commission approve the Stipulation in its entirety.

Respectfully submitted this 13<sup>th</sup> day of May, 2020.

ROBERT W. FERGUSON  
Attorney General

PACIFICORP

*Joe Dallas*

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Joe Dallas  
Assistant Attorney General  
Counsel for the Washington Utilities and  
Transportation Commission Staff

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Michael Wilding  
Director, Regulatory Policy and Net Power  
Costs  
PacifiCorp

Dated: \_\_\_\_\_ 5/11 \_\_\_\_\_, 2020

Dated: \_\_\_\_\_ May 13 \_\_\_\_\_, 2020

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Counsel for Packaging Corporation of  
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Dated: \_\_\_\_\_ May 8 \_\_\_\_\_, 2020

Dated: May 8 \_\_\_\_\_, 2020

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Dated: May 13, 2020

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Dated: \_\_\_\_\_, 2020

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