

**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

**SETTLEMENT STIPULATION**

1           PacifiCorp dba Pacific Power & Light Company (PacifiCorp or Company); Staff of the Washington Utilities and Transportation Commission (Staff); Packaging Corporation of America (PCA), and the Public Counsel Unit of the Washington Attorney General’s Office (Public Counsel) submit this Settlement stipulation of the deferral calculation of PacifiCorp’s 2018 Power Cost Adjustment Mechanism (PCAM) for approval by the Washington Utilities and Transportation Commission (Commission).

2           Staff, PCA, Public Counsel, and PacifiCorp (collectively, the “Parties,” and individually “Party”) have reached a Settlement Stipulation (Stipulation) resolving all the issues in this proceeding.

3           This Stipulation is being filed with the Commission as a full settlement of the issues remaining in this case in accordance with WAC 480-07-730(1). The Stipulation consists of this document, entitled “Settlement Stipulation”. The Parties understand that the Stipulation is not binding on the Commission or any Party unless the Commission approves it.<sup>1</sup>

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<sup>1</sup> The exception is that before the Commission’s approval of the Stipulation, the Parties agree to support approval of the Stipulation by the Commission.

## I. RECITALS

4           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, PacifiCorp determines the total of any credit or surcharge for the accrued NPC variances, after application of a deadband and tiered sharing bands, and files a report with the Commission. When accruals in the PCAM balancing account reach a certain positive or negative level, this triggers amortization of the balance in rates.<sup>2</sup>

5           On June 3, 2019, PacifiCorp filed its 2018 PCAM report including supporting testimony. In its original filing PacifiCorp 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.

6           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>2</sup> *Wash. Util. & Transp. Comm'n v. Pac. Power & Light Co.*, Docket UE-140762, Settlement Stipulation at 4-5 (May 8, 2015).

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

7           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 in this Stipulation, which constitutes a “full settlement” of the issues in this proceeding.

## **II. AGREEMENT**

### **A. Credit to Customers**

8           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, which are 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 account. This results in a revised annual deferral balance of \$-7,332,177.

### **B. General Provisions**

9           Public Interest. The Parties agree that this Stipulation is in the public interest and will produce rates for the Company that are fair, just, reasonable, and sufficient.

10          Binding on Parties. The Parties agree to support this Stipulation as a settlement of the contested issues between them in this proceeding, Docket UE-190458. The Parties understand that this Stipulation is not binding on the Commission or any Party unless the

Commission approves it.<sup>3</sup> If approved by the Commission, the Parties shall take all actions necessary, as appropriate, to carry out this Stipulation.

11           Integrated Agreement. The Parties agree that this Stipulation represents the entire agreement of the Parties, and supersedes all prior oral and written agreements on the issues addressed. The Parties have negotiated this Stipulation as an integrated document to be effective upon execution and Commission approval. Accordingly, the Parties recommend that the Commission adopt this Stipulation in its entirety.

12           Procedure for Supporting Stipulation. The Parties shall cooperate in submitting this Stipulation promptly to the Commission for acceptance, and cooperate in supporting this Stipulation throughout the Commission’s consideration of this Stipulation. In particular, each Party shall cooperate in developing a narrative and presenting supporting witnesses, and/or presenting supporting testimony, as described in WAC 480-07-740(2)(a) and (b). If necessary, each Party will provide a witness to sponsor and support this Stipulation at a Commission hearing. If the Commission decides to hold such a hearing, each Party will recommend that the Commission issue an order adopting the Stipulation. No Party to this Stipulation or their agents, employees, consultants, or attorneys will engage in advocacy contrary to the Commission’s adoption of this Stipulation.

13           Reservation of Rights. If the Commission rejects this Stipulation, WAC 480-07-750(2)(a) shall apply. If the Commission accepts the Stipulation with new conditions, or approves the resolution of this proceeding through provisions that are different than recommended in this Stipulation, each Party reserves the right, upon written notice to the

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<sup>3</sup> The exception is that before the Commission’s approval of the Stipulation, the Parties agree to support the Stipulation before the Commission.

Commission and all Parties within seven (7) days of the Commission's order, to state its rejection of the conditions. If any Party rejects a proposed new condition, the Parties will: (1) request the prompt reconvening of a prehearing conference for purposes of establishing a procedural schedule for the completion of the case pursuant to WAC 480-07-750(2)(a); and (2) cooperate in the development of a schedule that concludes the proceeding on the earliest possible date, taking into account the needs of the Parties in participating in hearings and preparing briefs.

14           Advance Review of News Releases. The Parties agree: (1) to provide each other the right to review in advance of publication any and all announcements or news releases that any Party intends to make about the Stipulation (with the right of review to include a reasonable opportunity to request changes to the text of such announcements), and (2) to include in any news release or announcement a statement that the Staff's recommendation to approve the settlement is not binding on the Commission itself.

15           No Precedent. The Parties have entered into the Stipulation to avoid further expense, inconvenience, uncertainty, and delay of continuing litigation. The Parties recognize that the Stipulation represents a compromise of the Parties' positions. As such, conduct, statements, and documents disclosed during negotiations of the Stipulation shall not be admissible as evidence in this or any other proceeding. By executing this Stipulation, no Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

16           Execution. The Parties may execute the Stipulation in counterparts and as executed shall constitute one agreement. Copies sent by facsimile or electronic mail are as effective as original documents.

Effective date. The effective date of the Stipulation is the date of the Commission order approving it.

This STIPULATION is entered into by each Party as of the date entered below.

DATED: May 13, 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

\_\_\_\_\_  
Michael Wilding  
Director, Regulatory Policy and Net Power  
Costs  
PacifiCorp

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

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

ROBERT W. FERGUSON  
Attorney General

DAVISON VAN CLEVE, P.C.

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Lisa W. Gafken  
Assistant Attorney General  
Counsel for the Public Counsel Unit of the  
Washington Attorney General’s Office

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Tyler C. Pepple  
Counsel for Packaging Corporation of  
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Attorney General

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*Tyler Pepple*  
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Tyler C. Pepple  
Counsel for Packaging Corporation of  
America

Dated:   May 8  , 2020

Dated:   May 7  , 2020



17            Effective date. The effective date of the Stipulation is the date of the Commission order approving it.


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DATED: May 13, 2020.

ROBERT W. FERGUSON  
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