UE-210447

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Via Electronic Filing

Mr. Mark L. Johnson
Executive Director/Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: In the Matter of PacifiCorp d/b/a Pacific Power & Light Company
2020 Power Cost Adjustment Mechanism.
Docket UE-210447

Dear Mr. Johnson:

The Alliance of Western Energy Consumers ("AWEC") files these comments in the above-referenced docket for consideration at the September 30, 2021 Open Meeting. AWEC recommends that the Washington Utilities and Transportation Commission ("Commission) require PacifiCorp to refund the full balance in its power cost adjustment mechanism ("PCAM") deferral account to customers over a two-year period. This will ensure customers receive at least a portion of the benefit of over-collected power costs while also maintaining rate stability.

PacifiCorp filed its annual PCAM on June 15, 2021. The PCAM tracks the difference between actual and forecasted power costs. Any positive or negative difference is held in a deferral account after it passes through a dead band and sharing bands. Pursuant to the settlement stipulation approved by Order 09 in Dockets UE-140762, *et al*. ("PCAM Stipulation"), if the deferral account reaches $17 million, a refund or surcharge is triggered, which is to be refunded to, or collected from, customers over a 12-month period.[1/]

PacifiCorp's 2021 PCAM filing shows a total deferral in the refund direction of $23.1 million. This consists of over-recovered power costs of $9.5 million in 2020, $13 million in 2019, and approximately $600,000 of interest.[2/] This does not include additional over-recovered amounts that have already flowed to PacifiCorp's shareholders by virtue of the dead band and sharing bands. Thus, under the PCAM Stipulation, the entire $23.1 million should be refunded to customers over a 12-month period.

[1/] PCAM Stipulation ¶ 18.
[2/] Exh. No. JP-1T at 12 (table 2).

PacifiCorp, however, opposes any refund and instead proposes to hold the over-collected amounts back to offset a potential under-recovery in 2021. PacifiCorp notes that, in its 2020 general rate case, Docket UE-191024, the parties agreed to carry forward in its 2021 PCAM excess power costs from an update it performed in October 2020, thus building in a $17.5 million deferral balance in the surcharge direction for 2022. Holding back the over-collected amounts from 2019 and 2020, PacifiCorp asserts, will help avoid a surcharge in 2022, thus maintaining rate stability.[3/]

Whether a surcharge occurs, however, depends on whether PacifiCorp over- or under-recovers its power costs in 2021 – another year of over-recovery may reduce the $17.5 million balance below the $17 million threshold for triggering a surcharge. Moreover, the possibility of a surcharge is insufficient justification to withhold *all* funds owed to customers over the past two years. PacifiCorp shareholders have benefitted immediately from these overcollections, but the Company is asking customers to continue to wait for a return of their own money in order to avoid a hypothetical situation.

The last time PacifiCorp faced a refund situation in the PCAM, in 2018, it made similar rate stability arguments in proposing that the refund be amortized over a two-year period, rather than the 12 months provided in the PCAM Stipulation. In that case, Docket UE-180494, the refund amount was approximately $17.9 million. In denying PacifiCorp's requested two-year amortization period, the Commission noted that the refund amount was not significantly higher than the $17 million threshold for triggering a refund, and that the parties had agreed that a 12-month amortization period was reasonable for that amount.[4/] It also rejected PacifiCorp's proposal to delay the beginning of the refund to align with its projected rate case effective date (which PacifiCorp had not yet filed). The Commission noted that "the filing of a general rate case does not guarantee that it will result in an increase to customers' rates," (which, indeed, it did not) and that it was "neither reasonable nor consistent with the public interest to withhold from customers the benefit of the refund for a full year from the end of the 2017 deferral period."[5/]

Similarly here, it is not reasonable or consistent with the public interest to withhold the entire $23.1 million refund from customers, potentially indefinitely, on the possibility that customers will face a surcharge in 2022. Nevertheless, AWEC does agree that circumstances here are sufficiently different from 2018 to warrant a one-time modification to the PCAM Stipulation to amortize the $23.1 million over two years. For one, the $23.1 million balance is substantially larger than the $17.9 million in 2018 or the $17 million refund trigger in the PCAM Stipulation. Further, the $17.5 million balance against customers for 2021 does create a real potential for a surcharge to occur in 2022.

A reasonable balance of the interests in this case, therefore, is to authorize a refund of the full $23.1 million over a 24-month period. That way, customers will see the benefit of a

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3/ Exh. No. JP-1T at 5.

4/ Docket No. UE-180494, Order 02 ¶ 12 (Oct. 19, 2018).

5/ Id. ¶ 13.

substantial portion of these over-collections in the next year, while the second year of the refund can be used to offset any surcharge that might occur in 2022. This will substantially mitigate any rate instability for 2022; and if no surcharge occurs, then customers will receive the full benefit of the refund to which they are entitled under the PCAM Stipulation.

Respectfully submitted,

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