

# Davison Van Cleve PC

Attorneys at Law  
TEL (503) 241-7242 • sjm@dvclaw.com  
Suite 430  
107 SE Washington Street  
Portland, Oregon, 97214

Received  
Records Management  
Aug 27, 2024

August 27, 2024

## *Via Electronic Filing*

Jeff Killip  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

Re: *In the Matter of UE-240393 - Advice 24-02—Schedule 191—System Benefits Charge*

***Response to Commission Staff Open Meeting Memo of the Alliance of Western Energy Consumers***

Dear Executive Director Killip:

The Alliance of Western Energy Consumers (“AWEC”) appreciates the opportunity to submit this Response to Washington Utilities and Transportation Commission (“Commission”) Staff’s (“Staff”) August 29, 2024 Open Meeting Memo regarding PacifiCorp’s (or “Company”) Advice 24-02, wherein PacifiCorp requests to increase its System Benefits Charge by \$5.25 million (to a total of \$24 million),<sup>1</sup> which equates to an overall average rate increase of 1.1 percent, in order to collect the anticipated level of expenditures for energy efficiency programs and demand response (“DR”) costs.

Consistent with its comments filed previously in this docket, AWEC recommends that the Commission order PacifiCorp to continue to defer the amounts associated with expenses for DR programs until such time as a prudence review of the Company’s DR costs, as a whole, can be determined. More specifically, AWEC continues to have concerns regarding PacifiCorp’s

---

<sup>1</sup> Staff’s Open Meeting Memorandum identifies the cost increase as \$3 million; however, AWEC understands that the current funding level for Schedule 191 is \$18.75 million, not \$21 million, and thus the total increase is \$5.25 million.

request to recover \$2.17 million in DR costs for August through December 2024, as well as \$1.58 million in DR costs for calendar year 2025.<sup>2</sup>

Staff’s recommendation to approve recovery of the majority of DR costs PacifiCorp requests is based primarily on Staff’s understanding that these costs are administrative in nature.<sup>3</sup> Staff relies on the Commission’s decision in Docket No. UE-230028 wherein the Commission approved Puget Sound Energy’s (“PSE”) deferral of administrative costs associated with DR programs.<sup>4</sup> Staff’s reliance on this docket is misplaced. The Commission’s approval in the PSE docket was for a *deferral* of DR administrative costs, not approval to recover those costs in customer rates, as PacifiCorp requests here. Moreover, in the PSE deferral, the Commission specifically allowed PSE to recover costs (if and when recovery was authorized) through Schedule 120, its Electric Conservation Service Rider.<sup>5</sup> The analogous PacifiCorp docket is not the current docket, it is UE-220848 in which the Commission also approved a *deferral* of PacifiCorp’s DR costs.<sup>6</sup> As the Commission is well aware, approval of a deferral of costs does not guarantee the utility recovery of these deferred costs, or the manner in which the utility requests recovery.<sup>7</sup> Moreover, in PacifiCorp’s deferral, the Commission did not grant the same authorization it provided to PSE to allow PacifiCorp to recover DR costs through Schedule 191; the Commission’s order was silent as to the method of cost recovery.<sup>8</sup> While AWEC did not challenge the Commission’s order in PSE’s deferral, as a general matter AWEC believes the appropriate time to determine the method by which costs are recovered is when the utility seeks cost recovery, not when the utility seeks a deferral of costs. Thus, even though the Commission authorized PSE to recover DR administrative costs through that utility’s Schedule 120, AWEC does not believe this decision should support the same treatment for PacifiCorp.

Additionally, Staff’s recommendation to approve recovery of DR costs in Schedule 191 is based upon a prudence review of these costs that included a “site visit” wherein Staff “examin[ed]...invoices for translation services, radio/TV ads, labor for time worked, and installation of LED lighting and heat pumps,” “reviewed PacifiCorp’s DR balancing account” and “asked for a copy of the job description and compensation details for the new FTE request.”<sup>9</sup> Based upon Staff’s description of its audit, it appears that Staff’s prudence review was limited to a verification that expenses were in fact incurred rather than an assessment of the reasonableness of those incurred expenses. Notably, PSE’s administrative costs for 2023 approved in its deferral were \$1 million<sup>10</sup> – less than half of what PacifiCorp requests in this case – even though PSE

---

<sup>2</sup> Docket No. UE-240393, PacifiCorp Advice No. 24-02 at Attachment C, columns 2024 Totals and 2025 Totals (May 24, 2024).

<sup>3</sup> Staff Memo at 2.

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

<sup>5</sup> Docket No. UE-230028, Order 01 ¶ 14 (Feb. 23, 2023).

<sup>6</sup> Docket No. UE-220848, Order 01 ¶ 16 (Jan. 26, 2023).

<sup>7</sup> *See, e.g.*, Docket Nos. UE-200780/UG-200781, Order 01 ¶ 17 (Dec. 10, 2020) (“This Order does not preapprove or guarantee recovery of any of the costs we approve for deferral in this docket.”)

<sup>8</sup> *See* Docket No. UE-220848, Order 01 ¶ 16.

<sup>9</sup> Staff Memo at 3

<sup>10</sup> Docket No. UE-230028, Order 01 ¶ 2(Feb. 23, 2023).

serves nearly ten times the number of electric customers as PacifiCorp.<sup>11</sup> Thus, even if the Commission were to look to the PSE deferral order as a basis for approval of cost recovery in this case, the discrepancy in the level of costs between these two utilities indicates that a fuller prudence review is necessary before cost recovery should be approved.

AWEC continues to believe that DR costs, administrative or otherwise, are not appropriately recovered under Schedule 191 and should not be recovered until the benefits of these programs are also included in customer rates, namely through reduced power costs. The best way to achieve this matching of costs and benefits is to allow PacifiCorp to continue to defer the DR costs at issue until its next general rate case (indeed, it is unclear why PacifiCorp did not seek to recover these costs in its last general rate case).

If, however, the Commission agrees with Staff's recommendation, then AWEC does not oppose Staff's two recommended conditions: 1) Demand Response cost will not accrue interest or be able to recover interest at any time per WAC 480-109-130(3) and; 2) The full-time employee ("FTE") position shall not be allowed to be recovered at this time.<sup>12</sup> AWEC also does not oppose the increase to Schedule 191 associated with energy efficiency costs.

Dated this 27th day of August 2024.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

*/s/ Sommer J. Moser*

Sommer J. Moser, OR State Bar No. 105260  
Tyler C. Pepple, WA State Bar No. 50475  
107 SE Washington St., Ste. 430  
Portland, OR 97214  
Telephone: (503) 241-7242  
sjm@dvclaw.com  
tcp@dvclaw.com  
*Of Attorneys for the  
Alliance of Western Energy Consumers*

---

<sup>11</sup> PSE serves approximately 1.2 million electric customers: <https://www.pse.com/en/about-us>. PacifiCorp serves 136,363 customers: <https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/about/state-fact-sheet-washington.pdf>.

<sup>12</sup> Docket No. UE-240393, Commission Staff Open Meeting Memo for the August 29, 2024, Open Meeting at 1 (Aug. 29, 2024) ("Staff Memo").