

**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-170717

**SETTLEMENT STIPULATION**

*1* Pacific Power & Light Company (Pacific Power), a division of PacifiCorp; Staff of the Washington Utilities and Transportation Commission; and Boise White Paper, L.L.C submit this Settlement stipulation of the deferral calculation of Pacific Power’s 2016 Power Cost Adjustment Mechanism (PCAM) for approval from the Washington Utilities and Transportation Commission (Commission).

*2* The parties to this proceeding are Pacific Power, Staff of the Washington Utilities and Transportation Commission (Staff), the Public Counsel Unit of the Attorney General’s Office (Public Counsel), and Boise White Paper, L.L.C. (Boise). Staff, Boise White Paper, L.L.C. and Pacific Power (collectively, the “Parties,” and individually “Party”) have reached a Settlement Stipulation (Stipulation) resolving all the issues in this proceeding. Public Counsel has not signed on to this stipulation but has indicated they do not oppose this stipulation.

*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>

## 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 Pacific Power’s net power costs (NPC) embedded in rates and Pacific Power’s actual NPC and calculates deferral of these variances in a PCAM balancing account. Annually, Pacific Power 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 1, 2017, Pacific Power filed its 2016 PCAM report including supporting testimony. In its original filing the company specified that for the 12-month period ended December 2016, the cumulative PCAM differential was a credit of \$5,605,682 before application of the deadband and sharing band. After application of the deadband and asymmetrical sharing bands, the filing resulted in a credit of \$1,208,218, including interest.

6           On October 2, 2017, both Staff and Boise filed requests with the Commission to commence an adjudicative proceeding. The Commission held a prehearing conference on October 23, 2017, and adopted a procedural schedule on October 26, 2017. The

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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.

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

procedural schedule was revised on December 22, 2017, at the request of the parties, and set an evidentiary hearing for May 1, 2018.

7           On January 25, 2018, Staff and Boise filed response testimony in this proceeding to Pacific Power’s original filing. Pacific Power filed rebuttal testimony on March 8, 2018. On April 10, 2018, the parties notified the administrative law judge that a settlement in principle had been reached. On April 20, 2018, the Commission issued an order setting the date for filing this settlement and supporting evidence on May 4, 2018, and setting a hearing before the Commission on June 29, 2018. 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           The Parties agree to a black box adjustment that will result in the deferral of an additional \$3.5 million, for a total credit to customers of \$4,708,218.

### **B. Documentation of Decision-making Analysis**

9           Pacific Power agrees that if an email that provides evidence of an action taken and a record of decision-making analysis (as described below) does not exist elsewhere, then the email should be considered an official company record. An official company record that provides decision-making analysis used by company officers in a decision subject to prudence review by the Commission should be retained for at least three years.

10           Pacific Power commits to retain official company records containing decision-making analysis and to provide them to Staff and other parties upon request in proceedings examining the prudence of specific company actions. Decision-making analysis in this case means, at a minimum, a record of when a decision is made, the

executives involved, and a summary of the pertinent information under consideration at the time of that decision.

**C. Update on actions at the Jim Bridger Coal Mine**

11 Pacific Power will provide Staff a status update 6 months from the Commission’s order approving the settlement of Pacific Power’s progress in implementing the corrective action items for the underground mine at Bridger Coal Company listed in the FINAL Report of Investigation on pages 10 to 11 under the heading “Methods to Prevent a Reoccurrence” attached as Confidential Attachment A. If there are any outstanding corrective action items listed, Pacific Power will provide an additional update every year from the date of the order approving the settlement until all non-recurring action items have been implemented or completed.

**D. General Provisions**

12 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.

13 Binding on Parties. The Parties agree to support this Stipulation as a settlement of the contested issues between them in this proceeding, Docket UE-170717. 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.

14 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

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

to be effective upon execution and Commission approval. Accordingly, the Parties recommend that the Commission adopt this Stipulation in its entirety.

15            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.

16            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 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.

17           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.

18           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.


19           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.

20           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 4, 2018.

ROBERT W. FERGUSON  
Attorney General

  
Jennifer Cameron-Rulkowski  
Assistant Attorney General  
Counsel for the Washington Utilities and  
Transportation Commission Staff

Dated: May 4, 2018

PACIFIC POWER & LIGHT COMPANY

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Etta Lockey  
Vice President, Regulation  
Pacific Power

Dated: \_\_\_\_\_, 2018

DAVISON VAN CLEVE, P.C.

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Tyler C. Pepple  
Counsel for Boise White Paper, L.L.C.

Dated: \_\_\_\_\_, 2018

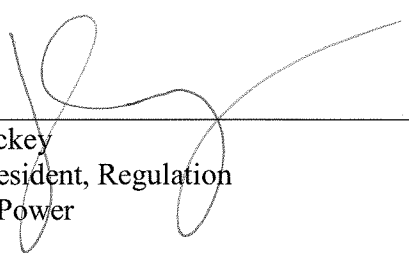
ROBERT W. FERGUSON  
Attorney General

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Jennifer Cameron-Rulkowski  
Assistant Attorney General  
Counsel for the Washington Utilities and  
Transportation Commission Staff

Dated: \_\_\_\_\_, 2018

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Tyler C. Pepple  
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Tyler C. Pepple  
Counsel for Boise White Paper, L.L.C.

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