

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	DOCKET UE-240393
PACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANY	ORDER 01
ACCEPTING TARIFF REVISIONS TO WN U-76, SCHEDULE 191.1, SYSTEM BENEFIT CHARGE INCREASE, SUBJECT TO CONDITIONS	ACCEPTING REVISIONS TO TARIFF WN U-76, SCHEDULE 191.1, SYSTEM BENEFIT CHARGE INCREASE, SUBJECT TO CONDITIONS

BACKGROUND

- 1 Under Washington Administrative Code 480-109-130, Utilities must file with the Commission for recovery of all expected conservation cost changes and amortization of deferred balances. A utility must include its conservation cost recovery procedures in its tariff. Additionally, a utility must make a conservation cost recovery filing no later than June 1 of each year, with a requested effective date at least 60 days after the filing.¹
- 2 On May 24, 2024, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) filed with the Washington Utilities and Transportation Commission (Commission) an increase to its System Benefits Charge (SBC) to recover costs associated with acquiring and administering conservation and demand response programs and proposes to collect the cost of one full-time equivalent (FTE) employee to support equity metrics in the future.

¹ WAC 480-109-130: (1) Utilities must file with the commission for recovery of all expected conservation cost changes and amortization of deferred balances. A utility must include its conservation cost recovery procedures in its tariff.
(2) A utility must make a conservation cost recovery filing no later than June 1st of each year, with a requested effective date at least sixty days after the filing. If the utility believes that a filing is unnecessary, then it must file a request for exception and supporting documents no later than May 1st of each year demonstrating why a rate change is not necessary.
(3) A utility may not accrue interest or incur carrying charges on deferred conservation cost balances. Utilities must base conservation recovery rates on forward-looking budgeted conservation program costs for the future year with revisions to recover only actual program costs of the prior year. Utilities must also include the effects of variations in actual sales on the recovery of conservation costs in the prior year.

3 The Company proposes to recover its projected energy efficiency (EE) program costs and the amount in its balancing account. Recovery of these costs results in a revenue increase of \$1 million. In addition to the increase in the cost of conservation, PacifiCorp proposes to recover the cost of its demand response (DR) programs in the SBC including interest. These costs are primarily administrative in nature and include data analysis and tracking for performance and savings of programs. PacifiCorp is proposing to increase its DR revenue by approximately \$2.2 million.² The total proposed increase, including EE and DR, is approximately \$3 million.

4 When adding the estimated DR expenses (not including accrued interest or the cost of the FTE labor supporting equity metrics) to the increase in conservation expenses, the Company proposes to increase annual revenue from \$21 million to \$24 million. This will result in an increase of \$1.51 (or 1.1 percent) to a residential customer's monthly bill with an average use of 1,200 MWh.

5 On June 3, 2024, the Company started notifying customers by mail about the proposed rate increases outlined in UE-240370 and UE-240393, including both proposals in the same notice. Staff received 16 consumer comments on these proposed increases: 14 were opposed and two were undecided. Many comments focused on the energy assistance filing in UE-240370, which had been discussed in a previous Open Meeting. Additionally, two commenters expressed general opposition to rate increases due to challenges in affording necessities.

6 On July 9, 2024, the Alliance for Western Energy Consumers (AWEC) submitted comments in Docket UE-240393, expressing concerns about where a prudence review for demand response should occur. AWEC argues that the benefits of demand response investments should be assessed to ensure their cost-effectiveness. They also question whether demand response costs should be recovered through Schedule 191. AWEC proposes that, if such recovery is permitted by the Commission, it should be balanced by the anticipated benefits from these investments. Given these concerns, AWEC requests that the Commission deny the cost recovery for PacifiCorp's demand response expenses in this filing.

² *In the Matter of PacifiCorp's d/b/a Pac. Power & Light Co. Revises Tariff WN U-76*, Docket UE-240393, 240393-PAC-Attach-C-5-24-24, at column 2024 totals (May 24, 2024).

- 7 Staff recommends the Commission issue an order accepting PacifiCorp’s revisions to Tariff WN U-76, Schedule 191.1, System Benefits Charge Adjustment, in Docket UE-240393, subject to the conditions set out in detail in Staff’s memo. In summary, the conditions require the Company to:
- a. Demand response costs will not accrue interest or be able to recover interest per WAC 480-109-130(3).
 - b. The FTE position request shall not be allowed to be recovered at this time.
- 8 This matter came before the Commission at its regularly scheduled open meeting on August 29, 2024, where the Commission heard comments from Staff, PacifiCorp, and AWEC. Staff reiterated their position and commented that the filing through Schedule 191 was appropriate, as the costs will be reviewed annually, and any future prudence determination is reserved for a future date. The Company provided comments that it is seeking only costs already incurred in this matter and is not seeking interest, although the Company is entitled to do so. The Company also noted that it believes Schedule 191 is the appropriate recovery mechanism for these costs and asked that the Commission approve Staff’s recommendation, except condition one. The Company also explained that the administrative costs, although greater than those incurred by other utilities, are reasonable and were addressed through the Company Clean Energy Implementation Plan and with advisory groups and are Washington centric. Further the Company explained that although benefits are not considered in this proceeding, they will be immediately apparent through the power cost adjustment mechanism.
- 9 In turn, AWEC commented that it has concerns that in this filing we are not seeing benefits at this time and that the costs are not refundable and therefore there will be no opportunity for a prudence review in the future. PacifiCorp responded to concerns regarding uncertain benefits, stating that the programs were carefully designed through a process involving stakeholders, benefits are forecasted to be at least equal to costs, and the Company will adaptively manage these programs to ensure benefits are met. Staff also responded that the costs incurred were reviewed for prudence.

DISCUSSION AND DECISION

- 10 We agree with Staff’s recommendation and accept PacifiCorp’s revisions to Tariff WN U-71, Schedule 191.1, System Benefits Charge, to certain conditions. We accept PacifiCorp’s forecast calculations, subject to the conditions below:

1. Demand Response cost will not accrue interest at this time per WAC 480-109-130(3) and,
2. The FTE position shall not be allowed to be recovered at this time.

11 We agree with Staff that the public interest requires imposing additional conditions to accept the Company's proposed SBC tariff revisions. The recovery of conservation costs, coupled with the proposed conditions, will serve to demonstrate that the WAC is being followed for conservation and that there are not any costs that were not verified in the tariff.

FINDINGS AND CONCLUSIONS

- 12 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property, and affiliated interests of public service companies, including electric companies.
- 13 (2) The Commission has the authority to determine investor-owned utilities' compliance with RCW 19.285.040(1) and RCW 19.285.060(6). The Commission may rely on its standard practice in exercising that authority. The Commission has adopted WAC 480-109-010 to implement RCW 19.285.040(1).
- 14 (3) PacifiCorp is an electric company and a public service company subject to Commission jurisdiction. Pacific Power is a qualifying investor-owned electric utility under RCW 19.285.030.
- 15 (4) On May 31, 2024, PacifiCorp filed its cost recovery tariff, with revisions on June 21, 2024.
- 16 (5) This matter came before the Commission at a scheduled open meeting on August 29, 2024.
- 17 (6) PacifiCorp's calculation of its forecasted system benefits charges for years 2024 and 2025 are based on the prior year 2023 actuals per WAC 480-109-130.
- 18 (7) It is in the public interest to accept PacifiCorp's revisions to tariff WN U-76, Schedule 191.1, System Benefits Charge Adjustment, as authorized by RCW

19.285.040 and WAC 480-109-120(5), subject to the conditions set forth in Paragraph 10.

- 19 (8) The Commission should accept PacifiCorp's revisions to tariff WN U-76, Schedule 191.1, System Benefits Charge Adjustment; subject to the conditions listed above.

ORDER

THE COMMISSION ORDERS:

- 20 (1) PacifiCorp d/b/a Pacific Power & Light Company's approval of Schedule 191.1, System Benefit Charge, are accepted subject to the conditions as laid out above in paragraph 10.
- 21 (2) The Commission retains jurisdiction over this matter for purposes of effectuating this Order.

DATED at Lacey, Washington, and effective August 30, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner