

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP D/B/A PACIFIC POWER &
LIGHT
COMPANY,

Respondent.

DOCKET UE-180778

SETTLEMENT STIPULATION

1 PacifiCorp d/b/a 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 Attorney General’s Office (Public Counsel) submit this Multi-Party Settlement Stipulation for PacifiCorp’s 2018 Depreciation Study proceeding for approval from the Washington Utilities and Transportation Commission (Commission). PacifiCorp, Staff, PCA, and Public Counsel (collectively, the “Settling Parties” and individually “Settling Party”) have reached a Settlement Stipulation (Stipulation) resolving all the issues in this proceeding.¹

2 This Stipulation is being filed with the Commission as a full multiparty settlement of the issues in this proceeding in accordance with WAC 480-07-730(3)(a), with the effects of this Stipulation incorporated into the full settlement in the consolidated proceeding.² The Stipulation consists of this document, entitled “Settlement Stipulation”. The Settling Parties understand that the terms of the Stipulation, other than the agreement

¹ Sierra Club is the only non-settling party and does not oppose the settlement.

² Docket UE-191024, UE-190750, UE-190929, UE-190981, and UE-180778 (Consolidated).

to support Commission approval, are not binding on the Commission or any Settling Party unless the Commission approves it.

I. RECITALS

3 On September 13, 2018, PacifiCorp submitted a petition requesting approval of a proposed change to its depreciation rates applicable to electric property with the Commission. To support its petition, the Company submitted the direct testimony and exhibits of Ms. Nikki Kobliha, Mr. Steven R. McDougal, Mr. John J. Spanos, Mr. Chad A. Teply, and Mr. Timothy Hemstreet.

4 On February 22, 2019, the Commission issued Order 03, granting the Company's request that the procedural schedule be suspended and held in abeyance until additional information in the 2019 Integrated Resource Plan (IRP) was available. On September 11, 2019, the Commission issued Order 04 continuing suspension of the procedural schedule until the Company's general rate case (GRC) could be filed on December 13, 2019.³

5 On February 3, 2020, the Commission issued a Pre-Hearing Conference Order consolidating this proceeding with the Company's GRC, and set a procedural schedule, which allowed for the filing of Supplemental Testimony updating PacifiCorp's revenue requirement on April 1, 2020, based on decommissioning studies that were currently ongoing at the time.⁴

6 The Settling Parties have conducted discovery in this proceeding and have held multiple settlement conferences on the issues in this proceeding. A settlement agreement in principle was reached on June 24, 2020.

³ Docket UE-191024.

⁴ Order 03 at Appendix B (Feb. 3, 2020).

7 This settlement is a comprehensive resolution of all issues in this docket. The terms of the settlement are set forth in the following Stipulation, which the Settling Parties have entered into voluntarily to resolve matters in dispute in the interests of expediting the orderly disposition of this proceeding. The Settling Parties intend to file the Stipulation with the Commission and request Commission approval of the Stipulation.

II. **AGREEMENT**

A. **Proposed Reduction to Depreciation Rates**

8 Settling Parties agree that the proposed depreciation changes set forth in Attachment 1, Depreciation Study Changes, which modifies the initial depreciation study filed by the Company in September 2018, together represent just and reasonable depreciation rates. Attachment 2 shows the effect of these changes relative to the Company’s original request filed on September 13, 2018, on both a total-Company and Washington-allocated basis. Attachment 3 contains the consolidated depreciation rates agreed to by the Settling Parties. These changes result in a reduction to the Washington-allocated depreciation rates of \$1,481,335, at the filed plant balance. The final depreciation expense included in the GRC settlement agreement is calculated based on the settled depreciation rates and the settled plant in this Stipulation. Settling Parties agree that the depreciation rates proposed by this settlement agreement are proper and adequate, as required by RCW 80.04.350.

B. **Proposed Changes**

9 As a result of the settlement discussions, Settling Parties have agreed to the changes to the following accounts as shown in Attachment 1:

- Hydro Account 331 Hydro Structure
- Simple Cycle Gas Account 343 for Gadsby Peakers

- Transmission Accounts 350.2, 352, 353, 354, 355, 356, 357, 358, and 359
- Washington Distribution Accounts 360.2, 361, 362, 364, 365, 366, 367, 368, 369.1, 369.2, 370, 371, and 373
- Washington General Plant Account 390, 392.01, 392.05, 392.09, 392.03, and 396.07
- Wyoming General Account 390

10 PacifiCorp agrees that if the Company develops or acquires new solar and/or battery storage assets before the Company files its next depreciation study, the Company will use a 25-year life span for solar facilities with corresponding depreciation rates based on the Iowa Curves and Net Salvage values set forth in Table 3 until the effective date of the Company’s next depreciation study, which is expected to be filed in 2025.

Table 3

<u>Accounts at Issue</u>	<u>Iowa Curve</u>	<u>Net Salvage (%)</u>
Solar Production (projected)		
341 - Structures and Improvements	R3-40	-2%
344 - Generators	S2.5-25	-2%
345 - Accessory Electric Equipment	S2-25	0%
Battery Storage (projected)		
	L3-15	-5%

11 PacifiCorp agrees to analyze and provide robust support for its proposed lives and net salvage values for all Company-owned solar and/or battery storage assets in its next depreciation study.

12 PacifiCorp agrees to conduct an analysis of Account 390 entries in Oregon and Utah, based on information available from the year 2000 and forward. This analysis will accompany the filing of the next depreciation study. The intent of this additional analysis (situs vs. system-allocated) will be to provide more transparency into the derivation of the

life and net salvage characteristics considered when determining a single depreciation rate for Oregon Account 390 and when determining a single rate for Utah Account 390.

13 In addition, PacifiCorp agrees to collect the depreciation study data for Account 390 in Oregon and Utah in separate situs and system-allocated depreciation study groups beginning with data entered from January 2020 and forward.

14 The Settling Parties agree that, other than as agreed to in this Stipulation, the proposed depreciation rates for all other accounts will be consistent with those in the Company's initial filing and the settlement stipulation reached in Consolidated Dockets UE-191024, UE-190750, UE-190929, and UE-190981.⁵

C. General Provisions

15 **Comprehensive Settlement.** The agreement above includes specific items reflected in the Company's revenue requirement. While certain adjustments were specifically addressed in the settlement, they are being accepted only as part of a comprehensive settlement stipulation that resolves all issues associated with the Company's initial filing. As such, they should be viewed in the broader context of the total settlement stipulation.

16 Discovery. The Settling Parties agree to suspend all discovery in this proceeding pending filing and consideration of this Stipulation. In the event the case resumes, the Settling Parties agree to work cooperatively to develop a new schedule taking into consideration the delay associated with this settlement.

⁵ Specially, the provisions in paragraphs 25 (accelerated depreciation) and 26 (decommissioning and remediation) of the Settlement Stipulation resolving all issues in Dockets UE-191024, UE-100750, UE-190929, and UE-190981, filed in the consolidated proceeding on July 17, 2020.

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

18 Binding on Settling Parties. The Settling Parties agree to support this Stipulation as a settlement of the contested depreciation issues between them in this consolidated proceeding. The Settling Parties agree to support approval of the Stipulation by the Commission, but understand that this Stipulation is not binding on the Commission or any Settling Party unless the Commission approves it.⁶ If approved by the Commission, the Settling Parties shall take all actions necessary, as appropriate, to carry out this Stipulation.

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

20 Procedure for Supporting Stipulation. The Settling 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 Settling Party shall cooperate in developing testimony and offering to present one or more supporting witnesses to testify in support of the Stipulation, as described in WAC 480-07-740(2)(a) and (3)(a)-(b). If necessary, each

⁶ The exception is that prior to the Commission's approval of the Stipulation, the Settling Parties agree to support the Stipulation before the Commission.

Settling 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 Settling Party will recommend that the Commission issue an order adopting the Stipulation. No Settling Party to this Stipulation or their agents, employees, consultants, or attorneys will engage in advocacy contrary to the Commission's adoption of this Stipulation.

21 Reservation of Rights. 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, WAC 480-07-750(2)(b) shall apply. Consistent with WAC 480-07-750(2)(b)(ii), each Settling Party reserves the right, upon written notice to the Commission and all Settling Parties within seven (7) days of the Commission's order, to state its rejection of the conditions. Otherwise, pursuant to WAC 480-07-750(2)(b)(i), each Settling Party will notify the Commission within seven (7) days of the Commission's order that it accepts the conditions. If the Commission rejects this Stipulation, WAC 480-07-750(2)(c) shall apply. In the event that the Commission rejects this Stipulation or if any Settling Party rejects a proposed new condition, the Settling Parties will: (1) request the prompt reconvening of a prehearing conference for purposes of establishing a procedural schedule for the completion of the case consistent with WAC 480-07-750(2)(c); 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 Settling Parties in participating in hearings and preparing briefs.

22 Advance Review of News Releases. The Settling Parties agree: (1) to provide each other the right to review in advance of publication any and all announcements or news releases that any Settling 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.

23 No Precedent. The Settling Parties have entered into the Stipulation to avoid further expense, inconvenience, uncertainty, and delay of continuing litigation. The Settling Parties recognize that the Stipulation represents a compromise of the Settling 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 Settling Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

24 Execution. The Settling 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.

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

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

below.

ROBERT W. FERGUSON
Attorney General

PACIFICORP

Nash Callaghan
Assistant Attorney General
Counsel for the Washington Utilities and
Transportation Commission Staff

Etta Lockett
Vice President, Regulation
PacifiCorp

Dated: _____, 2020

Dated: July 17, 2020

ROBERT W. FERGUSON
Attorney General

PACKAGING CORPORATION OF
AMERICA

Nina Suetake
Assistant Attorney General
Public Counsel Unit of the Attorney General's
Office

Brent L. Coleman
Davison Van Cleve
Counsel for Packaging Corporation of
America

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Vice President, Regulation
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