

Exh. MDM-7
Docket UE-230172
Witness: Matthew D. McVee

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-230172
(Consolidated)

In the Matter of

ALLIANCE OF WESTERN ENERGY
CONSUMERS'

Petition for Order Approving Deferral of
Increased Fly Ash Revenues

Docket UE-210852
(Consolidated)

PACIFICORP

EXHIBIT OF MATTHEW D. MCVEE

Public Counsel's Response to PacifiCorp Data Requests 6-8

October 2023

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

Docket UE-230172

**Washington Utilities & Transportation Commission v. PacifiCorp d/b/a/ Pacific
Power & Light Co.**

**RESPONSE OF PUBLIC COUNSEL TO PACIFICORP
DATA REQUEST NO(S). 6 – 8**

Request No: 006
Directed to: Lisa Gafken, Public Counsel
Date Received: September 29, 2023
Date Produced: October 10, 2023
Prepared by: Andrea Crane
Witnesses: Andrea Crane

**PACIFICORP DATA REQUEST NO. 6:
Re: Regulatory Assets**

In reference to Crane, Exh. ACC-1T, page 21, lines 9-11, Witness Crane states that the Commission should be “reluctant to authorize recovery of a regulatory assets unless there is a compelling reason to do so.” One such deferral involves costs associated with the Equity Advisory Group, which was required by the Clean Energy Transformation Act and the deferral of which was approved in Docket UE-210414.

- a. Is it Public Counsel’s position that complying with state law—such as WAC 480-100-655, which requires the Company to establish its Equity Advisory Group—is a compelling reason to authorize recovery of a regulatory asset? If not, please explain.

RESPONSE:

No. It is Public Counsel’s position that utilities are required to comply with all state and federal laws and that the costs of compliance should be reflected in the base rates through the traditional ratemaking process, unless there is a compelling reason to apply extraordinary ratemaking treatment through a regulatory asset or liability.

Response: Andrea C. Crane

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Docket UE-230172

**Washington Utilities & Transportation Commission v. PacifiCorp d/b/a/ Pacific
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**RESPONSE OF PUBLIC COUNSEL TO PACIFICORP
DATA REQUEST NO(S). 6 – 8**

Request No: 007
Directed to: Lisa Gafken, Public Counsel
Date Received: September 29, 2023
Date Produced: October 10, 2023
Prepared by: Andrea Crane
Witnesses: Andrea Crane

**PACIFICORP DATA REQUEST NO. 7:
Re: COVID Deferral**

In reference to Crane, Exh. ACC-1T, pages 25-26, Witness Crane states that the Company's latest quarterly report indicated that costs related to the Company's COVID deferral relate exclusively to three cost categories: bad debt expenses, waived late fees, and bill payment assistance funds. Witness Crane further states, on page 26, lines 7-16, that these costs consist "of revenues not received rather than actual out-of-pocket incremental expenses," and recommends the Commission reject recovery on that basis.

- a. Is it Public Counsel's position that all bad debt expenses are not appropriate for recovery because they represent foregone revenue?
- b. If Public Counsel's position is that all bad debt expenses are not appropriate for recovery because they represent forgone revenue, what is Public Counsel's position on the incremental bad debt expenses accounted for in the Company's COVID deferral, and bad debt expenses currently in Washington rates?
- c. Please provide a narrative explanation regarding how Public Counsel reconciles its position on COVID-related bad debt in this proceeding with its previous position regarding deferral of the customer assistance programs and bad debt in PacifiCorp's COVID deferral. *See* Docket UE-200234, Revised Declaration of Lisa Gafken, on behalf of Public Counsel, Revised Exhibit 2 (PCU/TEP Exhibit No. 2r) at 1 (Dec. 9, 2020) (noting that "Public Counsel/TEP do not oppose deferral of bad debt variances, limited to actual Account Receivable net write-offs, after application of payment assistance, for years 2020 and 2021" and that "Public Counsel/TEP do not oppose deferral of Petitioners' costs to fund direct customer assistance programs through 2022, for Commission approved programs, to extent not otherwise recovered through tariffs.").

RESPONSE:

- a. No, that is not Public Counsel's position. Public Counsel believes that a normalized level of bad debt expense should be included in base rates through the traditional ratemaking process.
- b. Not applicable. See response to part a, above.
- c. While Public Counsel did not oppose deferral of COVID costs, deferral of these costs did not guarantee recovery in future rates. Therefore, Public Counsel's recommendation on deferrals is not inconsistent with Ms. Crane's recommendations that these deferred costs should not be included in utility rates. Accordingly, no reconciliation is necessary.

Response: Andrea C. Crane

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Power & Light Co.**

**RESPONSE OF PUBLIC COUNSEL TO PACIFICORP
DATA REQUEST NO(S). 6 – 8**

Request No: 008
Directed to: Lisa Gafken, Public Counsel
Date Received: September 29, 2023
Date Produced: October 10, 2023
Prepared by: Andrea Crane
Witnesses: Andrea Crane

**PACIFICORP DATA REQUEST NO. 8:
Re: Decoupling**

In reference to Crane, Exh. ACC-1T, page 21, lines 21-23, Witness Crane states: “The Company currently has a decoupling mechanism that compensates shareholders for revenue shortfalls during the year, which the Company proposes to eliminate.” Please provide a narrative explanation of Public Counsel’s position on PacifiCorp’s proposed elimination of the decoupling mechanism.

RESPONSE:

Public Counsel did not take a position in responsive testimony on PacifiCorp’s proposed elimination of its decoupling mechanism. Public Counsel may take a position in cross answering testimony. Public Counsel will supplement this response as appropriate.

Response: Andrea C. Crane