

**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-210402

SETTLEMENT STIPULATION

1 PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company), Staff of the Washington Utilities and Transportation Commission (Staff), The Energy Project (TEP), and Walmart Inc. (Walmart) submit this Settlement Stipulation (Stipulation) for PacifiCorp’s Power Cost Only Rate Case (PCORC) for approval from the Washington Utilities and Transportation Commission (Commission). The parties to this proceeding, PacifiCorp, Staff, TEP, and Walmart (collectively, the “Parties,” and individually “Party”) have reached a full multi-party settlement as defined under WAC 480-07-730(3)(a).¹ The Public Counsel Unit of the Attorney General’s Office does not oppose the Stipulation.

2 This Stipulation is being filed with the Commission as a full settlement of the issues in this proceeding in accordance with WAC 480-07-730(1). The Stipulation consists of this document, entitled “Settlement Stipulation.” The Parties understand that

¹ WAC 480-07-730(3)(a) (“A full multiparty settlement is an agreement among some, but not all, parties to resolve all disputed issues between them.”).

the Stipulation is not binding on the Commission or any Party unless the Commission approves it.²

I. RECITALS

3 On June 1, 2021, PacifiCorp filed this PCORC with the Commission as required by the settlement from the Company's 2021 general rate case in docket UE-191024 (2021 Rate Case),³ requesting a new, adjusted baseline for net power costs (NPC) of approximately \$114.8 million. This was a decrease of approximately \$4.7 million compared to the \$119.5 million NPC baseline established by the Commission in the 2021 Rate Case.⁴ The NPC baseline in this filing reflected the normalized pro forma costs for the 12-month period ending December 31, 2022, the rate effective period in this case. Due to the Deferred NPC Balancing Adjustment (DNBA),⁵ this filing decreased the NPC baseline, but would result in an increase of \$13.1 million or 3.73 percent for customer rates.

4 On June 15, 2021, the Commission issued an order suspending PacifiCorp's tariffs and allowing parties to conduct discovery consistent with the Commission's procedural rules.⁶ On June 25, 2021, the Commission issued a Pre-Hearing Conference Order that set a procedural schedule.⁷ The Pre-Hearing Conference Order also approved the interventions of the Alliance of Western Energy Consumers, TEP, and Walmart.

² The exception is that before the Commission's approval of the Stipulation, the Parties agree to support approval of the Stipulation by the Commission.

³ *WUTC v. Pac. Power & Light Co.*, Docket Nos. UE-191024, UE-190750, UE-190929, UE-190981, and UE-180778, Final Order 09 / 07 / 12 at ¶165 (Dec. 14, 2020).

⁴ Exhibit No. DRS-1CT at 2.

⁵ See Exhibit No. DRS-1CT at 25-26.

⁶ Order 01 (Jun. 15, 2021).

⁷ Order 03 at Appendix B (Jun. 15, 2021).

5 On September 3, 2021, PacifiCorp filed Supplemental testimony along with a
motion to allow Supplemental testimony in this proceeding. An order was issued on
September 10, 2021 granting this motion and allowing the filing of Supplemental
testimony.

6 The Parties have conducted discovery and held multiple workshops in this
proceeding. The Parties held an initial settlement conference on September 1, 2021, and
held a subsequent meeting on September 21, 2021, and continued to communicate
electronically. The Parties presented proposals and counterproposals that culminated in
this settlement. Staff notified the administrative law judge on October 8, 2021, that an
agreement had been reached.

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

II. AGREEMENT

A. Net Power Costs

8 Parties agree that the NPC baseline will be set using the methodology identified in
PacifiCorp's testimony and updated in the compliance filing after a Commission order to
reflect the latest power and gas forward prices as well as electric and gas hedging
positions at the time, with the adjustments included in the following table and described
in greater detail below:

Table 1. Adjustments in Stipulation

2022 NPC Baseline (As Updated in the Compliance Filing)	To be determined in compliance filing
Production Factor Adjustment	Baseline multiplied by 99.437%
Nodal Pricing Model Fee Correction	\$0
Production Tax Credit Adjustment ⁸	(\$764,930)

1. Production Factor

9 PacifiCorp will apply a production factor to the proposed NPC baseline to bring the forecasted power cost for the rate year down to the test year level before calculating the NPC baseline rate and the PCORC revenue deficiency. Based on the Company’s rate year load and the Company’s normalized test year load used for rate spread, a production factor of 99.437 percent will be used to match the load and cost.

2. Production Tax Credit Update

10 As part of the settlement approved by the Commission in the 2021 Rate Case,⁹ PTCs receive separate accounting treatment and are trued up annually to return them to customers in a manner that matches the actual PTCs received by the Company. However, a forecasted level of PTCs at 2.5 cents/kWh is included in the current base rates, and PacifiCorp agrees to update the PTC that is currently reflected in base rates to the expected PTC rate of 2.6 cents/kWh in this proceeding.

⁸ Production Tax Credits are not part of the variable power cost baseline calculation, however, they will be tracked and credited to customers consistent with the stipulation and order from the 2021 rate case. This PTC adjustment will reduce base rates in this proceeding. *See WUTC v. Pac. Power & Light Co.*, Docket Nos. UE-191024, UE-190750, UE-190929, UE-190981, and UE- 180778, Final Order 09 / 07 / 12 at Appendix B, ¶19.

⁹ *WUTC v. Pac. Power & Light Co.*, Docket Nos. UE-191024, UE-190750, UE-190929, UE-190981, and UE- 180778, Final Order 09 / 07 / 12 at ¶70 (Dec. 14, 2020).

3. Nodal Pricing Model Fee

11 As described in the supplemental testimony of Douglas R. Staples, PacifiCorp incurs an \$8.3 million annual fee for its Nodal Pricing Model.¹⁰ However, due to an error PacifiCorp only included \$4 million of this fee in the proposed PCORC baseline.¹¹ As part of this settlement, PacifiCorp has agreed to forego making the correction (\$312,000 Washington-allocated) in this proceeding.¹²

4. Update

12 The revenue requirement in this Stipulation includes a NPC baseline of approximately \$114.2 million, after application of a production factor of 99.437 percent representing an approximate \$5.4 million reduction from the baseline of \$119.5 million approved in the 2021 Rate Case. The NPC baseline will be updated in a compliance filing after the Commission issues an Order on this settlement. This update will be calculated in the same manner as the baseline that was used to derive the revenue requirement in this settlement. The update will be based on the most recent Official Forward Price Curve (OFPC) available (which is anticipated to be the March 2022 OFPC) and reflect the Company's latest electric and gas hedging and contract positions at the time.

5. Rate effective Date

13 The Parties recommend the Commission adopt a rate effective date on the first of the month to ensure administrative efficiency. The Company does request at least two

¹⁰ Exhibit No. DRS-3T at 7-8.

¹¹ Exhibit No. DRS-3T at 8.

¹² PacifiCorp reserves the right to make a correction to the Nodal Pricing Model Fee in its next General Rate Case. The language of this term is not intended to create any new deferral of any type. The correct Nodal Pricing Model Fee will be reflected in actual power costs in the PCAM imbalance calculation.

weeks after the Commission issues an order to allow the Company to prepare an update in a compliance filing. Based on the current procedural schedule, the Parties would request the Commission issue an order by the end of March to achieve a May 1, 2022 rate effective date. Parties agree that upon the rate effective date for the revised NPC baseline, the DNBA will no longer be necessary as the revised baseline will be reflected in customer rates. As a result, the DNBA will be reflected in the 2022 PCAM (which will be filed in 2023) for the months before the rate effective date of this PCORC. The DNBA will not be reflected in the 2022 PCAM for the months after the rate effective date of this PCORC.

6. Colstrip Unit 4

14 The Parties agree not to contest the prudence of the deferral of major maintenance expenses at Colstrip Unit 4 through 2020 and early 2021 as described in the Company’s testimony¹³ and these expenses can be recovered in rates as part of the Company’s next general rate case.

B. General Provisions

15 Comprehensive Settlement. The agreement above includes specific items reflected in the Company’s revenue requirement. This Stipulation resolves all the disputed issues in this proceeding and acts as a modification to PacifiCorp’s proposed filing on the issues included in this Stipulation. 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

¹³ See Exhibit No. CLT-1T.

Company's initial filing. As such, they should be viewed in the broader context of the total settlement stipulation.

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

17 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.

18 Binding on Parties. The Parties agree to support this Stipulation as a settlement of the contested issues between them in this consolidated proceeding. The Parties understand that this Stipulation is not binding on the Commission or any Party unless the Commission approves it.¹⁴ If approved by the Commission, the Parties shall take all actions necessary, as appropriate, to carry out this Stipulation.

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

20 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 testimony and offering to present one

¹⁴ The exception is that prior to the Commission's approval of the Stipulation, the Parties agree to support the Stipulation before the Commission.

or more witnesses to testify in support of the Stipulation, as described in WAC 480-07-740(2)(a) and (3)(a)-(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.

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 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. Otherwise, pursuant to WAC 480-07-750(2)(b)(i), each 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 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 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 Parties in participating in hearings and preparing briefs.

22 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.

23 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.

24 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.

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 Party as of the date entered below.

DATED: November 4, 2021.

ROBERT W. FERGUSON
Attorney General

PACIFICORP

Joe Dallas
Joe Dallas
Assistant Attorney General
Counsel for the Washington Utilities and
Transportation Commission Staff

Michael Wilding
Michael Wilding
Vice President, Energy Supply Management
PacifiCorp

Dated: 11/4, 2021

Dated: _____, 2021

THE ENERGY PROJECT

WALMART Inc.

Yochanan Zakai
Yochanan Zakai
Shute, Mihaly & Weinberger, LLP
Counsel for The Energy Project

Vicki Baldwin
Vicki Baldwin
Parsons Behle & Latimer
Counsel for Walmart

Dated: _____, 2021

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Michael Wilding
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Dated: _____, 2021

Dated: November 4th, 2021