

Bench Request 7

Regarding the 2021 PCORC that is included in the Settlement, please explain in detail the scope and the process expected, including identification of the individual topics affecting rates that will be included and those that will be excluded. Please also specify any procedural conditions of the PCORC, *i.e.*, stay-out provisions, requirements to restate a power cost baseline through a general rate case following the PCORC, and also any scoping procedures that might frame the PCORC's topics and goals.

Response to Bench Request 7

The settlement states that “Parties agree that the NPC baseline will be updated based on a nodal dispatch through a PCORC filed in 2021. The only effect from this PCORC on rates will be a change in the NPC baseline, which could be higher or lower.”

The scope of the Power Cost Only Rate Case (PCORC):

1. Reset the net power costs (NPC) baseline using a calendar year 2022 forecast based on the nodal pricing dispatch that the Company is currently implementing.
2. Review the deferred accounting treatment for major maintenance expense at Colstrip Unit 4 for inclusion in the next general rate case (GRC).
3. Incorporate the change in the NPC baseline into base rates.

The process of the PCORC:

The Company's energy supply management (ESM) group is currently working with the California Independent System Operator (CAISO) to implement a nodal dispatch and is expected to be fully functional by the end of January 2021. Concurrently, the Company is working to develop the AURORA optimization model to forecast the Company's NPC in a manner that closely reflects the nodal dispatch being implemented in operations. The Company expects the AURORA model to be functional by the end of January 2021.

PacifiCorp will file the PCORC no later than June 1, 2021. The time between implementation of the AURORA model (January 1, 2021) and the filing date (June 1, 2021) will be used to refine the model and hold workshops with interested parties discussing the methods used to forecast NPC. The Company will seek input from parties as to the topics that will be covered in the workshops but some expected topics would include the model topology, hydro generation, wind generation, and market prices.

UE-191024 / PacifiCorp

November 10, 2020

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The parties anticipate that the PCORC will be processed as an adjudicative proceeding incorporating prefiled testimony. Once the PCORC is filed on or before June 1, 2021, parties will work together to set a procedural schedule that will provide for a Commission order before January 1, 2022. This schedule will identify dates for responses to the filing by the parties, a hearing date, the process for data requests, and any other information needed for processing the request. The parties agree that a rate change, if necessary, should be implemented as close to January 1, 2022, as possible to implement the new NPC baseline into rates. The rate change resulting from the NPC baseline update should also use the same rate spread as this case, Docket UE-191024.

As described in paragraphs 11 and 12 of the Stipulation, Parties agreed to a three year stay out period until the next general rate case. There is no additional stay-out provision regarding the PCORC. Additionally, there is no requirement to restate the NPC baseline through a general rate case. Base rates will be updated accordingly as a result of the PCORC.