# WUTC v. Pacificorp dba Pacific Power \& Light Company 

Docket No. UE-230172 - Vol. II

## October 12, 2023

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BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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WASHINGTON UTILITIES AND )
TRANSPORTATION COMMISSION,
    Complainant,
vs.
                                ) DOCKET NO. UE-230172
PACIFICORP d/b/a PACIFIC POWER &
LIGHT COMPANY,
    Respondent.
    BEFORE ADMINISTRATIVE LAW JUDGE
        MICHAEL HOWARD
            VERBATIM REPORT OF PROCEEDINGS
        HEARING ON MOTION TO COMPEL - VOL II
    PAGES 22-50
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DATE TAKEN: October 12, 2023
TRANSCRIBED BY: ELIZABETH PATTERSON HARVEY, FAPR, RPR, WA CCR 2731

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October 12, 2023 at 1:30 p.m.
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JUDGE HOWARD: Good afternoon. I see that records center has started the recording of this hearing on staff's motion to compel. I believe this will be transcribed later by our court reporter. So I'm not -I'm looking to see if the court reporter is here right now, but we believe they will be transcribing this later. It's recorded at this time.

So I would consider us on the record. Today is Thursday, October 12, 2023. The time is 1:30 p.m. This case is captioned The Washington Utilities and Transportation Commission versus PacifiCorp, doing business as Pacific Power and Light Company, Docket UE-230172, and we're here holding a hearing following staff's motion to compel discovery.

My name is Michael Howard. I'm an administrative law judge at the commission. I'm presiding in this case alongside the commissioners, but they will not be joining us -- the commissioners will not be joining us at this particular hearing today.

If you are joining us and observing or calling in, please be aware that you likely need to mute your line if your number ends in 1937. I'm not hearing much

1 yet, but you might want to just be aware of that.

All right. So let's take appearances from the parties, and then we'll get to the merits of staff's motion. Could we start with the company?

ATTORNEY PEASE: Good afternoon, your Honor. Jocelyn Pease with McDowell Rackner Gibson, counsel for PacifiCorp.

And I have with me also Ajay Kumar and Carla Scarsella, counsel for PacifiCorp. JUDGE HOWARD: Thank you. Could we hear from staff?

ATTORNEY CALLAGHAN: Thank you, your Honor. Nash Callaghan, assistant attorney general on behalf of commission staff.

JUDGE HOWARD: Thank you.
Could we have an appearance from public counsel?

ATTORNEY GAFKEN: Good afternoon. This is Lisa Gafken, assistant attorney general appearing on behalf of public counsel.

JUDGE HOWARD: Thank you.
Could we have an appearance from AWEC?
All right. It appears AWEC may not be joining us today.

Could we have an appearance from The Energy

Project?
ATTORNEY ZAKAI: Good afternoon. This is
Yochi Zakai, appearing on behalf of The Energy Project. JUDGE HOWARD: Thank you.

Could we have an appearance for Sierra Club? ATTORNEY MONAHAN: Good afternoon, your Honor. This is Rose Monahan on behalf of Sierra Club.

JUDGE HOWARD: Thank you.
Could we hear from Walmart?
All right. It appears Walmart's counsel may not be joining us today.

Could we hear from NWEC?
ATTORNEY SANGER: Good afternoon. This is Irion Sanger appearing today for NWEC.

And Joni Sliger, an attorney in my office, is also here today.

JUDGE HOWARD: All right. Thank you.
So I have reviewed staff's motion to compel responses to data requests -- its Data Requests 152, 154 -- or I should say 154 through 157 -- and the underlying data requests themselves and the responses.

I've also reviewed the company's response to the motion, its supplemental data request responses that were attached to that, and Mitchell's declaration.

I'm going to address staff's motion in two

1 parts. First, I'm going to rule on PacifiCorp's
2 objection to Data Requests 152 and 154 through 147 on the basis that these requests seek rebuttal testimony before the deadline established in the procedural schedule.

And then second, I'm going to address PacifiCorp's objection to Data Request 155 on the basis that this request is unduly burdensome. And I will ask for arguments from the parties on that later point.

For this first point, though, I am just going to provide a ruling. So first, I'm going to address the objections provided to all these data requests on the basis that they seek rebuttal testimony before the deadline established in the schedule. I am finding that this is not a proper objection. This objection should be denied, and the company should be compelled to respond to staff's Data Requests 152 , 154, 156, and 157 by 5:00 p.m. on Monday, October 16, 2023.

I'm going to explain my finding. When the commission or court provides for formal discovery, a party has fairly broad rights to discovery of any information reasonably calculated to lead to admissible evidence. Of course that's balanced by the question of whether it's unduly burdensome and other considerations.

A party is entitled to ask for another party's position or its convention on certain issues, but a court

1 may, of course, allow the answering party additional time
2 until later in the case to develop its positions and 3 conventions so that the answering party has sufficient 4 time to conduct discovery.

1 the issue later in rebuttal.

To the extent this objection is articulated now as being concerned with the burdens of providing this information, this is not persuasive either. This was not clearly raised as an objection to the majority of the data request responses at issue aside from Data Request 155. The company has had adequate time to conduct discovery, and it has been on notice of staff's intent to file a motion to compel at least since October 3. And the commission also issued a notice last week noting the company may be required to respond to these data requests by Monday, October 16.

And finally, there's no allegation here that staff failed to meet and confer as required by our rules.

So next, I'm turning to the company's second objection to staff's Data Request 155, and that it would be unduly burdensome and time consuming to provide this information.

And our rule, WAC 480-07-400, paragraph (1) (c) (iii) provides, "If a party relies on a cost study model or proprietary formula or methodology, the party must be willing on request to rerun or recalculate the study, model, formula, or methodology based on different inputs and assumptions subject to the standards in Subsection (iii) of this section. The commission

1 otherwise will not order a party to respond to a data
2 request that would require creation of new data or

And I would like to hear from staff as the moving party here. Mitchell has stated in their declaration that providing the responses based in part on 2025 calendar year data would require not simply changing the inputs to the model, but new modeling, new forecasts.

Does staff agree with that characterization of what would be required, and if so, does staff have a compelling need for this information?

ATTORNEY CALLAGHAN: Thank you, your Honor. So staff does recognize that the response to DR 155 will take time and resources, given the need to add January to March of 2025 into the model.

But staff urges the commission to provide -to compel the company to provide the answer to DR 155. The reason staff is asking the company to produce those Aurora outputs from April 2014 to March 2025 is because of the suspension date in the prehearing conference order.

Under WAC 480-07-510, Section (3) (c) (ii), the commission rule states that quote, Pro forma fixed and variable power costs, net of power sales, may be calculated directly based either on test year normalized demand and energy load, or on future rate year demand and energy load factored back to the test year loads."

That conjunctive "or" means that under commission rules, power costs must either be based on the test year, which it isn't here or on the future rate year. The company's current recommendation is not based on either. It's calendar year 2024. So the company's current proposal is actually out of compliance with commission rule.

Unfortunately, when staff conducted the initial compliance check-in of this case, this issue wasn't caught. But staff strongly believes that this issue should be remedied now by requiring the company to answer DR 155.

And again, the compelling reason that staff needs this information is the three-month shift from calendar year 2014 to the 12 months ending in March 2025 is potentially significant due to the expected January to April 2024 outage of Jim Bridger 1 and 2.

JUDGE HOWARD: All right. Thank you.
Can I hear from the company?

ATTORNEY PEASE: Yes, thank you, your Honor.
What staff is getting at here is a concern that is raised very late in this proceeding. As our witness, Mitchell, indicated in his declaration, preparing the model at this stage is simply not possible, given the company's resources, to include the 2025 data.

To the extent that the commission may agree with staff's position and may later direct the company to prepare this modeling in a compliance filing, that is something that could be done, potentially.

But at this point -- at this point, that would be premature and would be accepting both AWEC and staff's position, and be incredibly burdensome to the company right now in terms of preparing rebuttal testimony and responding to this data request.

I also understand that we may have additional commentary from Ajay Kumar from the company.

JUDGE HOWARD: All right. If Mr. Kumar would like to speak as well, I'd welcome that.

ATTORNEY KUMAR: Sorry. I'm trying to get my video to show up, your Honor. There.

I think the issue that Mr. Callaghan raised, I think it's one that we're just hearing about now, this sort of -- the notion that we are out of compliance, we haven't heard that before.

I think the -- and to speak maybe to more of the technical side of this, $I$ think we would disagree with that view, because the way we've done the net power cost modeling in this case is actually consistent with how we've done net power cost modeling and the test year in previous cases, and I'm looking specifically at the PCORT (phonetic) that was decided in 2022.

And in fact, the manner in which that modeling occurred is very similar to how we've proposed it to occur in this case; and that, of course, was approved by the commission.

And in fact, some of -- parts of this issue around the appropriate scope of the test year was raised in that PCORT, and the commission kind of ruled in our favor and accepted our modeling adjustments in that proceeding.

And so, you know, that's kind of my initial thoughts on that position that staff is taking, and it's -- you know, of course, hearing it for the first time, I'm sure we have additional considerations.

And I think I do want to speak to the fact that, I mean, we have very serious concerns about how staff's -- essentially, that this adjustment would impact sort of the coordination with the other revenue requirement and elements of the case. And that's

1 something that we are going to be speaking to in our
2 rebuttal testimony, as this is an issue that was raised 3 by the intervenors.

JUDGE HOWARD: All right. I appreciate the comments from the parties.

Turning back to -- I'm going to turn back for a moment to Mr. Callaghan, and then I'll open up to whether any of the other parties would like to comment.

So Mr. Callaghan, going to the compelling need issue, I believe you touched on this. You mentioned those early months of 2025. And I've read some of the testimony in this case. I'm not fully read up, as I would be right before the rate case hearing itself. Do you refer to a Jim Bridger outage?

ATTORNEY CALLAGHAN: Yes, that's correct.
JUDGE HOWARD: So could you please explain why the -- those first months of that year are so essential, whereas the company's -- it seems the company is intending to provide a partial response in rebuttal testimony focused on one of the issues raised in this data request, the ozone rule and removing that.

But could you speak more to the first months and why it's so compelling, in light of the compelling needs standard, for staff to receive that?

And not focus so much on the issue of the rule

1 itself, but in terms of staff's presentation for the 2 case.

8 unavailability of those facilities would have an impact 9 on net power costs.

So again, staff recognizes that this is --

1 this would require a lot of work on the company's part, 2 but power costs are a major issue in this case. It is -3 power cost is one of the big drivers of the requested 4 revenue requirement increase in this case.

1 Mr. Mitchell's testimony. But to shift that impact to
2 2025, we'll be able to do that if the commission orders
3 us. We'll absolutely be able to do that in a compliance
4 filing, because how we structure our power cost filings
5 is we start building the model for that upcoming test
6 year, which is usually the following year, '25, so the
7 end of this year. And then that process kind of goes
8 into the beginning of next year. And so if ordered to do
9 that, we'll absolutely be able to do that in a compliance 10 filing.

So there's kind of other ways to look at

1 this, and there's other means to get at this information without requesting the company to do such a, I guess, nearly impossible lift of work.

JUDGE HOWARD: Thank you, Mr. Kumar.
And the Bridger outage does not appear to be discussed in Painter's direct testimony.

ATTORNEY KUMAR: It would be in Mr. Mitchell's direct testimony, I believe.

Mr. Painter is focused on the structure, I believe, of the PCAM.

JUDGE HOWARD: Would any other party like to comment on this issue?

I see Ms. Gafken. Please go ahead.
ATTORNEY GAFKEN: Yes, thank you. I did want to go back to the rule, WAC 480-07-400, and look at that section again under Subsection (1) (iii) (i).

And there's a very specific reason why we require mainly companies to rerun their models based on inputs that other parties would like to see. That rule requires that if a party relies on a cost study or a model or some sort of formula or methodology, they must be willing to rerun the model or recalculate the model based on other inputs that other parties would like to see.
The reason that requirement is there is

1 because those models often are not terribly accessible or 2 easy to run. And so in the past, parties have run into 3 the issue of, well, we tried to rerun the model and the 4 company says we didn't do it right.

1 this 2025 data, is not just new inputs, but new models, 2 new forecasting?

So it's not simply, you know, rerunning the model. You know, that's something that's easier. This is in fact rebuilding an entire model for a specific rate year.

JUDGE HOWARD: Thank you. And I read the similar statements in Mitchell's declaration.

Any comments from any of the other parties?
ATTORNEY CALLAGHAN: So, your Honor, I did also want to briefly go back to the rule.

So first, I appreciate public counsel's comments.

I didn't want to get into the technical terms of whether or not something was an input, because staff felt that even if it wasn't, we met the compelling needs standard.

But I did want to go back to what I think is an important point about the rule, which is a party under the commission rules needs to object, if they're going to object, by the time the response is due. So what the company filed as their objection on October 2, that is their objection.

The party -- a party responding to a data request cannot supplement their objections later. That is explicitly prohibited by the rule.

So the issue that the company has here is that

1 their initial objection to 155, they have the rebuttal
2 testimony objection, and then they have the objection
3 that it seeks analysis that has not been performed by the 4 company.

1 recording at 2:05. Thank you, everyone.
(Recess.)
JUDGE HOWARD: All right. Thank you. I'll check that we have counsel for the parties back on line. I see that we have counsel for the company and counsel for staff.

All right. Thank you all for letting me have a few minutes, which I frequently don't have when making calls like this. But I did want to try to carefully think this through, and recognizing that depending on what the call is, this could involve some weeks of work for the company's teams.

So first, with regards to staff's recent argument today that the company did not have -- that the company's objection has shifted or they did not articulate an unduly burdensome objection in its initial discovery responses, $I$ take the general point as being correct; that the company is held to what it states in its initial objections.

But here, given that the company stated that staff was seeking analysis not yet performed by the company, $I$ think it's fair to read that as saying that performing that analysis would be burdensome. So I'm not limiting the company so strictly and finding that they did not raise a proper objection that's relevant today.

So I am finding that the company should be required to respond to Staff Data Request 155. I'm going to provide a time line for responding here shortly.

I'm just going to explain some of my reasoning first. First, I think going to that rule that has been discussed today, WAC 480-07-400, paragraph 1(c)(iii), I think the first sentence there, if a party relies on a cost study model or proprietary formula, and it continues, that first sentence there, it's -- it would be, I believe, entirely fair to read that sentence as saying that rerunning the Aurora model for a later year with later data would simply represent rerunning the model with different inputs or assumptions as contemplated by that rule.

If not, though, in the alternative, if it does not merely constitute that, and it requires the company to create new data or documents, the meaning of the rule, I believe that staff has shown a compelling need here. This case is really significantly concerned with power costs, the accuracy of power cost forecasts, proposed changes to the recovery of power costs that necessitate a full and complete record for the commission to have a proper decision on those issues.

So I would disagree that this is something that can be entirely remedied through later updates

1 during a rate plan.

I think that the -- based on my initial review of the evidence, the impact of the closure for the Jim Bridger full facility is a contested issue. It's contested whether the company has properly accounted for that. I'm noting Mullins, AGM-1T, page 20 , is one of the exhibits addressing that issue.

I think staff's point that the -- that power cost forecast needs to be based on either test year or rate year periods of time is well taken. I think it's a bit late in the game to bring up that point. It's not the primary basis for what I'm ordering today. But that point is well taken.

And I think given all the circumstances and the merits of what's at issue in this case, there is a compelling need.

In Mitchell's declaration, I noted that Mitchell said that this would take at least four to six weeks to prepare this response. It looks like November 23 is six weeks from today. I would give the company until November 30 to provide the updated response to Data Request 155. That includes the calendar year 2025 data as requested by staff.

I would also require the company, at an earlier date, the same date as rebuttal and

1 cross-answering testimonies deadline, which is, I
2 believe, October 27, to provide a supplemental data
3 request response to Data Request 155 addressing the
4 removal of the ozone rule and providing that partial
5 response earlier to staff and the other parties on
6 October 27.
7

1 record. But I would hope that the parties could see how
2 I would possibly rule on that and work that out between
3 themselves.

ATTORNEY KUMAR: Thank you, your Honor.
JUDGE HOWARD: Thank you.
Any other questions or anything else that we should address today before we adjourn?

ATTORNEY PEASE: Your Honor, I think we would just like to clarify the timing so that we make sure we have it absolutely clear. So it looks like November 30, then, is the date for responding to 155 with the 2025 data; is that correct?

JUDGE HOWARD: Yes.
ATTORNEY PEASE: Okay. And then the partial update to address the ozone transport rule removal is October 27; is that correct?

JUDGE HOWARD: Yes. And as I recall, rebuttal cross-answering testimony is due the same day. And Mitchell indicated that that issue would be addressed in rebuttal testimony.

So my order on that point is merely requiring the company to provide that supplemental partial answer by that same day to staff in the data request response.

ATTORNEY PEASE: Thank you for that clarification.


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C E R T I F I C A T E
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STATE OF WASHINGTON )
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    COUNTY OF KING )
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    IN WITNESS WHEREOF, I have hereunto set my hand
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