Exh. JDW-6
Docket UE-250224
Witness: John D. Wilson

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-250224**

EXHIBIT TO TESTIMONY OF

JOHN D. WILSON

ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

PacifiCorp Response to Staff Data Request No. 21

August 20, 2025

WUTC Data Request 21

Regarding Exhibit No. RJM-1CT 29:4-6, please explain whether it is reasonable to interpret the $22.8 million cost of hedging modeling update as representing the forecast cost to Washington customers of risk reduction obtained through hedging. If there are any other benefits associated with this $22.8 million cost, please explain in detail.

Response to WUTC Data Request 21

No. It is not reasonable to interpret the forecasted impact of the hedging requirements as representative of the forecast cost to Washington customers for risk reduction obtained through hedging. The Aurora model optimizes the system perfectly, executing sales and purchase transactions within fractions of a megawatt-hour (MWh), resulting in the lowest possible net power cost (NPC) forecast based on the provided inputs.

The Aurora model accounts for energy obligations, outage events and exact renewable energy capabilities during its optimization, producing results that are perfect, particularly evident through its market transactions. By inputting quarterly incremental 25 megawatt (MW) energy blocks directly into the Aurora model, in line with the Company's hedging program, the model's ability to unrealistically perfect the system is limited by the realistic presence of the incremental 25 MW energy blocks as hedges.

This calculated impact can only be used to analyze the effect of adding incremental 25 MW energy blocks to a model with perfect foresight. It is not comparable to determining the "impact" of a hedging policy on actual operations, where energy obligations, outage events, and renewable capabilities are not known perfectly in advance. Hedging in actual operations provides benefits to Washington customers through both price and supply risk reductions, which are important in actual operations as the Company does not have perfect foresight or the unrealistic optimization capabilities which are achieved in the Aurora model.

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