

Docket No. UE-230172 and UE-210852 - Vol. IV

**WUTC v. PacifiCorp / In the Matter of Alliance of
Western Energy Consumers**

December 11, 2023



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BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
)
Complainant,)
)
v.) DOCKET NO. UE-230172
) UE-210852
)
PACIFICORP d/b/a PACIFIC POWER)
& LIGHT COMPANY,)
)
Respondent.)
)
)

IN THE MATTER OF ALLIANCE OF WESTERN ENERGY
EVIDENTIARY HEARING

VOLUME IV (PAGES 61 - 182)

ADMINISTRATIVE LAW JUDGE MICHAEL HOWARD PRESIDING
December 11, 2023

* A PORTION OF TESTIMONY IS DESIGNATED CONFIDENTIAL
AND IS SEALED UNDER SEPARATE COVER. *

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1 Lacey, Washington; Monday, December 11, 2023

2 9:00 a.m.

3 -oOo-

4
5 JUDGE HOWARD: Good morning, everyone.

6 Let's get on the record.

7 It's Monday, December 11th, 2023, and the time
8 is 9 a.m. My name is Michael Howard. I'm an
9 administrative law judge with the Washington Utilities
10 and Transportation Commission, and I'm presiding this
11 matter along with the Commissioners who will be joining
12 us shortly.

13 We are here today for an evidentiary hearing
14 in Dockets UE-230172 and UE-210852, which are captioned
15 respectively WUTC versus Pacificorp, doing business as
16 Pacific Power & Light Company; and in the matter of the
17 Alliance of Western Energy Consumers' petition for an
18 order of approving deferral of increased fly ash
19 revenue.

20 Let's start by taking appearances, beginning
21 with the company.

22 MR. KUMAR: Thank you, Your Honor.

23 On behalf of the company, my name is Ajay
24 Kumar. And along with Carla Scarsella and Adam Lowney
25 and Jocelyn Pease of the firm of McDowell Rackner &

1 Gibson.

2 JUDGE HOWARD: All right. Thank you.

3 Could we hear from staff?

4 MR. KUMAR: Thank you, Your Honor.

5 Nash Callaghan, AAG, on behalf of commission
6 staff.

7 JUDGE HOWARD: Thank you.

8 And could we have an appearance by public
9 counsel?

10 MS. GAFKEN: Yes.

11 Good morning.

12 This is Lisa Gafken, Assistant Attorney
13 General, appearing on behalf of public counsel. And my
14 cocounsel, Assistant Attorney General Ann Paisner is
15 also online.

16 JUDGE HOWARD: All right. Thank you.

17 Could we hear from Alliance of Western Energy
18 Consumers or AY?

19 MS. MOSER: Good morning, Your Honor.

20 Sommer Moser with Davison Van Cleve on behalf
21 of AY.

22 JUDGE HOWARD: Thank you.

23 And the Emergency Project?

24 MR. ZAKAI: Good morning, Your Honor.

25 This is Yochanan Zakai with Shute, Mihaly &

1 Weinberger on behalf of The Energy Project today.

2 JUDGE HOWARD: Thank you.

3 Could we have an appearance from Northwest
4 Energy Coalition or NY?

5 MS. SLIGER: Good morning, Your Honor.

6 For the record, this is Joni Sliger with
7 Sanger Law, appearing on behalf of Northwest Energy
8 Coalition. Also with me for at least part of today's
9 hearing is Irion Sanger.

10 JUDGE HOWARD: All right. Thank you.

11 Could we hear from Sierra Club?

12 MS. MONAHAN: Good morning, Your Honor.

13 This is Rose Monahan for Sierra Club's
14 environmental law program on behalf of Sierra Club.

15 JUDGE HOWARD: Thank you.

16 And could we have an appearance for Walmart?

17 MS. CAVIGLIA: Good morning, Your Honor.

18 This is Justina Caviglia from Parsons Behle &
19 Latimer, representing Walmart.

20 JUDGE HOWARD: Thank you.

21 So let's talk about our plans overall for
22 today's hearing.

23 The parties recently advised the Commission
24 that there has been a settlement in principle on some
25 but not all issues in the case joined by all parties

1 except for Sierra Club and public counsel.

2 As I noted in my email to parties last week
3 and in our notice issued last Friday, we are proceeding
4 with the evidentiary hearing today, and we were
5 requiring the settlement and supporting documents to be
6 filed on December 15th as proposed by the parties. I'm
7 working to identify time for a settlement hearing in
8 early or mid-January, and we'll likely have a preparing
9 conference for issue of notice after receiving the
10 settlement on the 15th to finalize some of the details
11 about the settlement hearing and any subsequent
12 briefing.

13 At this moment, I'm looking at January 12th
14 for the settlement hearing. But, again, that's subject
15 to confirming that works with all the parties and
16 Commissioners.

17 And it's my understanding that the parties
18 plan to focus today on NPC, Net Power Cost, and PCAM,
19 Power Cost Adjustment Mechanism issues at the hearing
20 today because these issues are not included in the
21 settlement in principle. The Commission may, however,
22 ask bench questions about issues other than NPC and the
23 PCAM.

24 So in terms of the hearing today and the steps
25 for it, we will turn first to the admission of the

1 prefilled exhibits and testimony, including cross
2 exhibits. The Commissioners will join us at
3 approximately 9:15 a.m., and then we'll allow for brief
4 opening statements limited to ten minutes each before
5 we turn to the cross examination of witnesses following
6 the parties agreed order of presentation.

7 Since the parties have notified us of a
8 settlement in principle, the hearing today will
9 probably conclude before lunch. We will take a
10 midmorning break if it looks like we will be using the
11 majority of the morning, though.

12 And I want to remind the parties to keep their
13 microphones muted unless they are speaking, and also to
14 only use video for those portions of the hearing when
15 they have a speaking role.

16 If you are having any technical issues or you
17 observe that a party that is appearing virtually, for
18 instance, has dropped off the online meeting, please
19 feel free to mention that in the chat, which should be
20 reserved for technical issues or requests for breaks
21 only.

22 Are there any questions before we turn to the
23 admission of the exhibits?

24 (No response.)

25 JUDGE HOWARD: All right. Hearing none,

1 let's move to admitting the exhibits.

2 Do the parties stipulate to the admission of
3 all of the prefiled testimony and exhibits, including
4 the cross-examination exhibits? And I would turn first
5 to the company.

6 MR. LOWNEY: Thank you, Judge Howard.

7 The company does not object to any of the
8 exhibits that were provided by other parties.

9 I will note, given the stipulation, the
10 company will not be offering its cross-examination
11 exhibits today because they are -- address issues that
12 have been resolved.

13 JUDGE HOWARD: So just to be -- just to
14 confirm, the company is not currently moving for those
15 to be admitted into evidence?

16 MR. LOWNEY: Correct.

17 JUDGE HOWARD: And that's all the
18 company's cross-examination exhibits?

19 MR. LOWNEY: Yes. And I have those
20 numbers, if it would be helpful to recite.

21 JUDGE HOWARD: That shouldn't be
22 necessary.

23 All right. I was just making a note of that.

24 Could I hear from staff?

25 MR. CALLAGHAN: No objection from

1 commission staff, Your Honor.

2 JUDGE HOWARD: Thank you.

3 And public counsel?

4 MS. GAFKEN: Public counsel has no
5 objection to the admission of exhibits.

6 JUDGE HOWARD: All right. Thank you.
7 Could we hear from AY?

8 MS. MOSER: No objection from AY.

9 JUDGE HOWARD: All right. Thank you.
10 And The Energy Project?

11 MR. ZAKAI: Your honor, no objection to
12 the admission of exhibits.

13 JUDGE HOWARD: All right.
14 Could we hear from NY?

15 MS. SLIGER: Yes, Your Honor.

16 This is Joni Sliger for NY.

17 No objection to the admission of the exhibits.

18 Thank you.

19 JUDGE HOWARD: All right.
20 And Sierra Club?

21 MS. MONAHAN: This is Rose Monahan for
22 Sierra Club, and we have no objections, Your Honor.

23 JUDGE HOWARD: And Walmart?

24 MS. CAVIGLIA: This is Justina Caviglia for
25 Walmart, and we also have no objections.

1 Thank you.

2 JUDGE HOWARD: All right.

3 With that, I will deem all the prefiled
4 testimony and exhibits as shown on the exhibit list
5 admitted into evidence, with the exception of
6 PacifiCorp's cross-examination exhibits, which are not
7 being moved into evidence at this time.

8 And I will provide the exhibit list to the
9 court reporter following today's hearing.

10 So our next -- our next item would be opening
11 statements. But the Commissioners are going to be
12 joining us here at 9:15. So I appreciate the parties
13 amicability about the exhibits. And we have a few
14 minutes. Let's go off the record for a recess.

15 (Pause in the proceedings.)

16 JUDGE HOWARD: All right. Let's get back
17 on the record.

18 It's 9:16 a.m.

19 The Commissioners have joined us here in the
20 hearing room.

21 Could we have short appearances for the
22 Commissioners, and then we'll turn to opening
23 statements?

24 Let's turn first to the company.

25 MR. LOWNY: Good morning.

1 This is Adam Lowney of the law firm of
2 McDowell Rackner & Gibson, appearing today on behalf of
3 Pacific Power and Light. With me is Ajay Kumar and
4 Carla Scarsella, and Joe Dallas.

5 Thank you.

6 (Reporter clarification.)

7 JUDGE HOWARD: Our microphones have
8 limited range.

9 Mr. Callaghan?

10 MR. CALLAGHAN: Good morning, Your Honor.
11 Nash Callaghan, assistant Attorney General on
12 behalf of commission staff.

13 JUDGE HOWARD: Could we hear from public
14 counsel?

15 MS. GAFKEN: Good morning.

16 Lisa Gafken, assistant Attorney General,
17 appearing on behalf of public counsel along with
18 co-counsel assistant attorney general Ann Paisner.

19 JUDGE HOWARD: Thank you.

20 And AY?

21 MS. MOSER: Good morning.

22 Sommer Moser with Davison Van Cleve on behalf
23 of AY. With me is Tyler Pepple, also with Davison Van
24 Cleve.

25 JUDGE HOWARD: Thank you.

1 And The Energy Project?

2 MR. ZAKAI: Good morning.

3 Yochanan Zakai appearing today on behalf of
4 The Energy Project today.

5 JUDGE HOWARD: Thank you.

6 And NY?

7 MS. SLIGER: Good morning.

8 This Joni Sliger with Sanger Law appearing
9 today on behalf of Northwest Energy Coalition. And
10 with me for a portion of today is Irion Sanger.

11 JUDGE HOWARD: Thank you.

12 And Sierra Club?

13 MS. MONAHAN: Good morning.

14 This is Rose Monahan on behalf of Sierra Club.

15 JUDGE HOWARD: Thank you.

16 And Walmart?

17 MS. CAVIGLIA: Good morning.

18 Justina Caviglia, with Parsons, Behle &
19 Latimer, on behalf of Walmart.

20 JUDGE HOWARD: All right. Thank you.

21 And I will note for the Commissioners that all
22 of the prefiled testimony and exhibits shown on the
23 exhibit list have been admitted into evidence with the
24 exception of PacifiCorp's cross exhibits, which they
25 have not been moved into evidence at this time.

1 So with that, we're providing an opportunity
2 for parties to give brief opening statements.

3 And I would turn first to Pacificorp.

4 MR. LOWNEY: Thank you, Judge Howard.

5 Good morning, Commission Chair Danner,
6 Commissioner Rendahl, and Commissioner Doumit.

7 Before I begin my remarks, I'd like to thank
8 you for the opportunity to appear today. This hearing
9 is the culmination of many months of hard work by the
10 parties, which has resulted in a partial settlement
11 that resolves most of the issues among most of the
12 parties.

13 The settling parties will be submitting that
14 stipulation and supporting testimony on Friday. So I
15 will not discuss that settlement today. Instead, I
16 will limit my comments to the two issues that remain in
17 dispute: The Net Power Cost, or NPC, forecast, and the
18 Power Cost Adjustment Mechanism, or PCAM.

19 Turning first to Net Power Costs.

20 The company proposes to forecast NPV based on
21 calendar year 2024, using a compliance filing update
22 like that used in prior rate cases. In the compliance
23 filing, the company will incorporate all the
24 adjustments recommended by staff in its response
25 testimony. In addition, the company will remove the

1 impacts of the federal Ozone Transport Rule, or OTR.

2 The company will also incorporate several
3 corrections and updates identified in its rebuttal
4 testimony. Together, these accepted adjustments,
5 updates, and corrections collectively reduce power
6 costs by approximately \$8.8 million.

7 Given the company's acceptance of staff's
8 recommendations and removal of the OTR, there are only
9 a handful of power cost issues still in dispute that
10 I'll briefly touch on this morning.

11 First, there's a dispute over the appropriate
12 test period used to forecast NPC. The company's
13 forecast is based on calendar year 2024 to align the
14 NPC forecast with the forecast of all other revenue
15 requirement items, including the capital costs for the
16 generation and transmission resources used to derive
17 the NPC forecast. The company's approach ensures that
18 all cost-of-service components are considered and
19 evaluated at the same point in time, as required by the
20 matching principle. The company's approach is
21 consistent with the forecast used in the last power
22 cost only rate case filing, which was supported by
23 staff and approved by the Commission.

24 AWEC and staff recommend that the company set
25 the power cost baseline to align with the rate

1 effective period. This approach, however, creates a
2 mismatch that would allow customers to, among other
3 things, receive the power cost benefits of new wind and
4 transmission resources without paying the attendant
5 costs of those resources.

6 Adopting a mismatched forecast period also
7 provides little customer relief because the reduced
8 costs in rate year one are offset by higher costs in
9 rate year two as a result of removing coal generation
10 for the months in rate year two that extend into 2026.

11 The next disputed power cost issue is what
12 AWEC refers to as the Washington Balancing Adjustment
13 and relates to how power costs are calculated under the
14 Washington Interjurisdictional Allocation Methodology,
15 or WIJAM. Under the WIJAM, there is an inherent energy
16 deficit for serving Washington load. This deficit is
17 eliminated with modeled market transactions, either
18 through a reduction in market sales or an increase in
19 market purchases. AWEC recommends replacing a portion
20 of increased market purchases with modeled gas
21 generation from gas plants allocated to Washington.

22 AWEC's proposal, however, is contrary to the
23 underlying framework of the WIJAM, which starts with a
24 simulation that models total-system dispatch and then
25 allocates costs to Washington based on only those

1 resources included in Washington rates. This approach
2 benefits Washington by, for example, enabling resources
3 that are not allocated to Washington to hold reserves
4 necessary to integrate renewable generation that is
5 allocated to Washington.

6 To accurately reflect AWEC's adjustment would
7 require the company to create a Washington-only
8 dispatch scenario using only those resources allocated
9 to Washington under the WIJAM. This would
10 fundamentally change the WIJAM and require cascading
11 changes to other NPC elements that, on the whole, would
12 increase Washington rates.

13 The third disputed power cost issue involves
14 the use of market capacity limits, or market caps, in
15 the NPC model. In this case, the company imposed
16 market caps at all market hubs to reflect the company's
17 declining ability to transact in the market. AWEC
18 recommends lifting market caps from three hubs, Mid
19 Columbia, Palo Verde, and Four Corners, which would
20 allow the NPC model to increase sales at those hubs,
21 notwithstanding the historical fact of declining sales
22 at those same hubs.

23 The final NPC issue relates to the company's
24 proposal to include four corrections and two modeling
25 updates in its compliance filing power cost update.

1 Collectively, these six changes reduce
2 Washington-allocated power costs by \$4.4 million. AVEC
3 objects to only one of the corrections, which relates
4 to the Day Ahead and Real Time, or DA/RT, adjustment.
5 The correction fixed a formula error that was imputing
6 unrealistic revenues into the NPC forecast. Fixing
7 this error produces a more accurate NPC forecast.

8 Turning now to the PCAM. The company
9 initially proposed eliminating the dead and sharing
10 bands, thereby aligning the PCAM with the vast majority
11 of similar cost recovery mechanisms across the country
12 and ensuring that Washington customers pay the
13 prudently incurred costs to provide them with service,
14 no more and no less.

15 In response to the company's proposal, staff
16 recommended several changes to the PCAM, most notably a
17 change to a symmetrical 90/10 sharing band. The
18 company agrees with many of staff's conclusions,
19 including that the current PCAM is inequitable, not
20 optimal, unnecessarily complicated, and has resulted in
21 customer losses when actual power costs were lower than
22 forecast power costs.

23 Staff also concluded that the key drivers of
24 power cost variances, like deviations in load,
25 renewable resource generation, and market prices are

1 outside PacifiCorp's control, and that increased
2 renewable generation will increase power cost
3 variability. While staff did not necessarily recommend
4 an immediate change to the PCAM, given that the company
5 largely agrees with staff's conclusions, the company
6 supports staff's 90/10 sharing as a reasonable
7 alternative to the company's primary recommendation and
8 requests that the Commission approve a modification to
9 the PCAM in this case to align with either the
10 company's primary recommendation to eliminate the dead
11 and sharing bands or adopt staff's 90/10 sharing bands.

12 Thank you, and I look forward to presenting
13 our case to you today.

14 JUDGE HOWARD: All right. Thank you.
15 Could we hear from staff?

16 MR. CALLAGHAN: Thank you, Your Honor.
17 In the interest of time, commission staff will
18 waive an opening statement.

19 JUDGE HOWARD: All right.
20 Would public counsel like to provide an
21 opening statement?

22 MS. GAFKEN: Yes, please.

23 JUDGE HOWARD: Please proceed.

24 MS. GAFKEN: Good morning, Chair Danner,
25 Commissioners Rendahl and Doumit, and ALJ Howard.

1 With respect to the settlement that settling
2 parties will be filing shortly, public counsel
3 recognizes that it is premature to address the terms of
4 that settlement and understands that there will be an
5 additional process to address the settlement. As a
6 result, my comments this morning will focus on the
7 litigated power cost issues.

8 As to other issues presented in the case,
9 public counsel's litigation position has not changed
10 from the testimony we filed in response and
11 cross-answering.

12 For these comments, I will focus on the
13 proposals to modify PacifiCorp's Power Cost Adjustment
14 Mechanism, PCAM. Other power cost issues will be
15 addressed on brief.

16 PacifiCorp proposes eliminating the deadband
17 and sharing bands from its PCAM.

18 In rebuttal, PacifiCorp's primary position
19 remained the same, but alternatively recommends that
20 the Commission adopt staff's proposal. Staff's
21 proposal is to modify the PCAM to have a single 90/10
22 sharing band.

23 Public counsel opposes the proposal to
24 eliminate the deadband and sharing bands and also
25 opposes staff's proposal to shift to a single 90/10

1 sharing band.

2 PacifiCorp claims that its potential
3 participation in organized electricity markets and
4 difficulty forecasting an accurate Net Power Cost are
5 reasons to eliminate the deadband and sharing bands.
6 Neither reason is sufficient to grant PacifiCorp's
7 request.

8 Looking first at market participation,
9 PacifiCorp points to its participation or impending
10 participation in markets, including the EIM and EDAM.
11 While the price received for many of its resources may
12 be determined in EDAM, a significant portion will not.

13 Moreover, whether or not PacifiCorp resources
14 are priced through EDAM, PacifiCorp is responsible for
15 the cost of those resources dispatched either through
16 EDAM or another mechanism. PacifiCorp maintains
17 control over how it chooses to bid resources into the
18 EDAM. Even with market participation, PacifiCorp will
19 still have areas in which it should still be expected
20 to optimize its performance.

21 Because PacifiCorp will still need the -- will
22 still have the need and opportunity to actively
23 optimize its resources, it is appropriate to continue
24 applying the deadband and sharing bands, which are
25 designed to appropriately incentivize PacifiCorp to

1 carefully manage its power costs while protecting
2 ratepayers in the event of extraordinary power cost
3 fluctuations that are beyond the company's control.

4 Looking next at -- excuse me.

5 Looking next at PacifiCorp's ability to
6 accurately forecast Net Power Costs. One of the most
7 basic components of a utility's job is to address
8 volatile fuel prices. Fuel prices are well known to be
9 volatile, and the relevant question is whether
10 PacifiCorp has done enough to address volatility and
11 risk.

12 PacifiCorp has two approaches to addressing
13 volatility and risk. One, reliance on long-term
14 contracts; and, two, hedging. Neither practice is
15 optimized on behalf of Washington ratepayers. Both are
16 carried out to optimize on a system-wide basis with no
17 regard to the consequences specific to Washington.

18 PacifiCorp has not established that it would
19 be appropriate to eliminate the deadband and sharing
20 bands of its PCAM. Indeed, doing so would
21 inappropriately place 100 percent of the variance risk
22 on ratepayers, which contradicts the Commission's
23 long-standing approach to power costs.

24 Similarly, staff's proposal to apply a single
25 90/10 sharing band does not appropriately assign risk

1 between PacifiCorp and its ratepayers. The deadband is
2 designed to capture PacifiCorp's normal Net Power Cost
3 variability, while the sharing bands assign how
4 extraordinary cost variances are shared between
5 PacifiCorp and ratepayers.

6 The amount falling within the deadband is not
7 a windfall either PacifiCorp or to ratepayers, but
8 rather recognizes that some variability between
9 forecasted and actual Net Power Costs is reasonable.

10 Evaluating whether the deadband is too large
11 or too small might be warranted - this has not been
12 raised - but its elimination is not appropriate. Staff
13 believes that PacifiCorp's risk should be reduced, but
14 the corollary is increased ratepayer risk. Assigning
15 90 percent of risk to ratepayers is inequitable,
16 especially given that PacifiCorp has a long history of
17 complaining about its inability to manage its power
18 costs. Assigning PacifiCorp a scant 10 percent of the
19 risk eviscerates the incentive for the company to
20 carefully manage its costs.

21 Indeed, the Commission has recognized that
22 establishing a 90/10 sharing band with no deadband
23 fails to adequately balance risk and benefits between
24 shareholders and ratepayers.

25 Staff recognizes that its proposal -- staff

1 recognizes that its proposal will result in rate
2 surcharges in future years because there is a strong
3 probability that actual costs will exceed forecasted
4 costs. Modifying the PCAM with anticipated continuous
5 surcharges is imbalanced and unfair to consumers.

6 Public counsel recommends that the Commission
7 reject PacifiCorp's request to eliminate the deadband
8 and sharing bands of its PCAM, and PacifiCorp's
9 alternative request to adopt staff's proposal of
10 applying a single 90/10 sharing band. Instead, the
11 Commission should retain PacifiCorp's current deadband
12 and sharing bands.

13 PacifiCorp witness Dr. Robert Earle is
14 available to answer questions regarding public
15 counsel's positions with respect to power cost.
16 Witness Andrea Crane is also available for Commissioner
17 questions, as requested. All other public counsel
18 witnesses can be available as well should the
19 Commissioners or Judge wish to ask them questions.

20 Thank you very much.

21 JUDGE HOWARD: Thank you.

22 Would AY like to give an opening statement?

23 MR. PEPPLER: Yes. Thank you, Your Honor.

24 Good morning, Commissioners and Judge Howard.

25 For the record, my name is Tyler Pepple. I'm

1 here on behalf of the Alliance of Western Energy
2 Consumers. I'm going to touch on a couple of power
3 cost issues, and then hand it to my colleague,
4 Ms. Moser, to discuss the PCAM.

5 As PacifiCorp mentioned, one of the issues in
6 dispute is what PacifiCorp calls a correction to the
7 DA/RT adjustment, the Day Ahead and Real Time
8 adjustment. As will be shown, this correction did more
9 than just fix an error in the DA/RT adjustment. It
10 changed how the DA/RT adjustment works.

11 The company has used the DA/RT adjustment
12 since 2015, and it was first included as a component of
13 the Net Power Cost forecast in Washington in the 2019
14 rate case. The stated purpose of the DA/RT adjustment
15 is to reflect system balancing costs that PacifiCorp
16 incurs in actual operations that are not reflected in
17 the power cost model.

18 As PacifiCorp describes it, the DA/RT
19 adjustment has two components, a price component, and a
20 volume component. The price component is designed to
21 recognize that PacifiCorp tends to make more purchases
22 in high-priced hours and make more sales in low-priced
23 hours than is reflected in the model. The volume
24 component is designed to recognize that PacifiCorp
25 needs to continually balance its system -- it's market

1 position through a series of purchases and sales, which
2 are not reflected in the power cost model because that
3 model perfectly balances the system at all times.

4 The quote/unquote "correction" PacifiCorp made
5 was to the volume component of the DA/RT adjustment.
6 However, PacifiCorp did not simply fix an errant number
7 in a spreadsheet or make a minor formulaic correction.
8 Instead, it simply implemented an entirely new formula
9 that fundamentally changes how the modeling -- the
10 model implementing the DA/RT adjustment works. Because
11 PacifiCorp did this in its rebuttal testimony, it has
12 deprived other parties of the ability to review the
13 reasonableness of this change. Moreover, this change
14 is material. It represents a \$5.2 million increase to
15 Washington power costs, equivalent to 2.7 percent of
16 total Washington power costs.

17 Accordingly, AWECC recommends that the
18 Commission reject PacifiCorp's modeling change to the
19 DA/RT adjustment. This change is inconsistent with how
20 the DA/RT adjustment works, as previously approved by
21 the Commission, and lacks a sufficient record
22 supporting its reasonableness. If PacifiCorp wishes to
23 implement this modeling change in the future, it should
24 be required to do so in its opening case where parties
25 have a chance to review and respond to it.

1 Additionally, AWEC continues to recommend that
2 the Commission require PacifiCorp to align its power
3 cost forecast for rate year one with the rate year,
4 instead of basing it on calendar year 2024. This
5 better reflects statutory requirements applicable to
6 multi-year rate plans, and better reflects the power
7 costs customers are likely to pay for the 2024 rate
8 year.

9 The timing of this case relative to when
10 PacifiCorp must remove coal from rates, January 1,
11 2026, makes the timing of any forecast somewhat awkward
12 because the second rate year will extend into 2026.
13 That said, AWEC believes that the most reasonable
14 approach is to use the rate year for the power cost
15 forecast for rate year one, use calendar year 2025 as
16 the forecast period for rate year two, and require
17 PacifiCorp to do a complete update of its power costs
18 through a power cost only rate case effective
19 January 1, 2026.

20 Moreover, the components of these forecasts
21 should include, among other things, incremental
22 wheeling revenues that will be realized when Gateway
23 West and Gateway South go into service, as well as an
24 update to production tax credits. While AWEC now
25 agrees with PacifiCorp that the production tax credit

1 rate will stay at 2.9 cents per kilowatt for 2024, it's
2 highly likely that this rate will increase to 3.0 cents
3 in 2025 based on inflationary trends. With new wind
4 resources coming online, and going into customer rates,
5 customers should receive the full value of PTCs
6 associated with these and PacifiCorp's other wind
7 resources.

8 And I'll turn it over to Ms. Moser.

9 MS. MOSER: Good morning, Chair Danner,
10 Commissioners Rendahl and Doumit, and Judge Howard.

11 I'm Sommer Moser. I am offering a brief
12 statement on behalf of AWEC related to PacifiCorp's
13 primary proposal to eliminate consumer protections from
14 the Power Cost Adjustment Mechanism, as well as staff's
15 proposal to restructure the PCAM in a way that reduces
16 ratepayer protections.

17 In this case, PacifiCorp is proposing to fully
18 eliminate the deadbands and sharing bands in the PCAM
19 that were first established in 2015 through a
20 collaborative process. In response, staff recommends
21 changes to the PCAM that would retain, but nevertheless
22 alter the applicable deadbands.

23 (Reporter requests to please read slowly
24 when reading.)

25 MS. MOSER: Sorry. Absolutely.

1 As Mr. Mullins' testimony recounts, the
2 Commission has long held ratepayer interests and
3 protections in mind in PCAM design, rejecting several
4 previous attempts from PacifiCorp to disturb the
5 balance of protecting ratepayers and shareholder
6 interests including attempts to implement
7 dollar-for-dollar recovery of actual power costs.

8 As the Commission noted in its -- in
9 PacifiCorp's 2012 General Rate case, deadbands and
10 sharing bands are critically important elements that
11 provide an incentive for the company to manage
12 carefully its power costs and that protect ratepayers
13 in the event of extraordinary power cost excursions
14 that are beyond the company's ability to control.

15 COMMISSIONER RENDAHL: Ms. Moser, could
16 you slow down just a bit?

17 MS. MOSER: Yes.

18 COMMISSIONER RENDAHL: Thank you.

19 MS. MOSER: Sorry.

20 In this case, the Commission should again
21 reject all proposals that would modify the current PCAM
22 structure. As demonstrated by AWEC witness Mr.
23 Mullins' testimony in this proceeding, the PCAM is in
24 fact functioning as the Commission intended, and
25 therefore there is no basis to modify its design. In

1 fact, PacifiCorp's own analysis demonstrates that
2 actual Net Power Cost has been above the baseline in
3 most years, meaning that PacifiCorp over-collected its
4 NPC in total.

5 When that has not been the case, for example
6 in 2021, there were non-Net Power Cost drivers to the
7 scale of those impacts. Given the imperfection
8 inherent in forecasting, actual Net Power Costs will
9 always or generally be higher or lower than forecast.
10 But based on experience to date, there is no indication
11 of a bias that would warrant adoption of PacifiCorp's
12 proposal.

13 The Commission should also not be swayed by
14 PacifiCorp's arguments that certain circumstances,
15 namely difficulties in forecasting Net Power Cost,
16 increasing renewable resources as a result of CETA, its
17 potential participation in an organized market, and the
18 lack of control over NPC drivers are either accurate or
19 weigh in favor of eliminating the deadbands and sharing
20 bands in the PCAM. Again, as the testimony of Mr.
21 Mullins demonstrates, PacifiCorp's arguments on these
22 issues are easily rebutted and without merit.

23 AWEC continues to recommend that the
24 Commission preserve the PCAM in its current state and
25 reject modifications offered by PacifiCorp and other

1 parties to this proceeding.

2 JUDGE HOWARD: Thank you.

3 Would The Energy Project like to give an
4 opening statement?

5 MR. ZAKAI: Thank you, Your Honor, and
6 Commissioners.

7 The Energy Project does not intend to offer an
8 opening statement today.

9 JUDGE HOWARD: All right.

10 Would NY like to provide an opening statement?

11 MS. SLIGER: Thank you, Commissioners, and
12 Judge Howard.

13 (Inaudible Zoom audio) staff and The Energy
14 Project, and we waive opening statement today.

15 JUDGE HOWARD: All right. Thank you.

16 Same question to Sierra Club.

17 MS. MONAHAN: I do, Your Honor. Yes, we
18 do have a brief opening statement.

19 JUDGE HOWARD: Please proceed.

20 MS. MONAHAN: Good morning, Chair Danner,
21 Commissioner Rendahl, and Commissioner Doumit.

22 For the record, my name is Rose Monahan, and I
23 am appearing today on behalf of Sierra Club.

24 Sierra Club intervened in this proceeding to
25 address PacifiCorp's proposed changes to the Power Cost

1 Adjustment Mechanism, or PCAM. I will do my best not
2 to repeat arguments heard this morning but add Sierra
3 Club's perspective.

4 As the company has many times before, it once
5 again asks this Commission to authorize yearly,
6 dollar-for-dollar recovery of its Net Power Costs
7 outside the confines of a rate case, although it is
8 willing to accept staff's proposal to eliminate the
9 deadband and limit the sharing band to 90/10.

10 The Commission has long recognized the
11 significant benefits that adjuster mechanisms provide
12 to utility shareholders and the resulting shifting of
13 risk onto ratepayers. As a result, the Commission has
14 been steadfast that PacifiCorp's PCAM must include
15 ratepayer protections in the form of deadbands and
16 sharing bands.

17 Indeed, this Commission rejected PacifiCorp's
18 PCAM proposals no less than four times because the --
19 because the company had not included sufficient
20 customer protections. And it is worth briefly
21 reviewing these decisions.

22 In 2006, the Commission first rejected the
23 company's PCAM proposal. As public counsel noted, at
24 that time, the company proposed a 90/10 sharing band
25 and no deadband, as is proposed today, and the

1 Commission concluded that these limited protections did
2 not equitably apportion risk between ratepayers and
3 shareholders.

4 A year later, in 2007, PacifiCorp's PCAM
5 proposal was rejected again because the proposed
6 deadbands and sharing bands did not recognize the
7 asymmetry of power cost risk. Here, the Commission
8 emphasized that a PCAM for PacifiCorp must reflect this
9 asymmetry in the design of deadbands and sharing bands.

10 In 2013, the Commission once again rejected
11 the company's proposal because this time, and despite
12 clear Commission direction, the proposal included
13 neither deadbands nor sharing bands. The Commission
14 described these elements as critically important in
15 providing an incentive for the company to carefully
16 manage its power costs and in protecting ratepayers in
17 the event of extraordinary power cost excursions.

18 Finally, in 2015, when the company once again
19 proposed an adjuster mechanism that would provide
20 dollar-for-dollar annual recovery, the Commission
21 flatly rejected the proposal and provided the company
22 with an extremely short timeframe to propose an
23 acceptable PCAM, which resulted in the current
24 structure that PacifiCorp has today with both a
25 deadband and asymmetrical sharing bands.

1 The Commission thus considered PacifiCorp's
2 PCAM for over 11 years before authorizing an adjuster
3 mechanism. The Commission never wavered from its
4 determination that both a deadband and asymmetrical
5 sharing bands are necessary components. And there is
6 no compelling evidence raised in this case to modify
7 the Commission's extensive and well-reasoned precedent.

8 At most, PacifiCorp raises two arguments for
9 change that we've heard about today. The first is the
10 company argues that the volatility of Net Power Costs
11 justifies a 100 percent pass-through mechanism. But
12 volatility is nothing new, and is, in fact, one of the
13 primary reasons why PacifiCorp was granted a PCAM in
14 the first place. The company complains that the
15 volatility of Net Power Costs is becoming worse due to
16 the increasing penetration of renewable energy,
17 particularly wind. Sierra Club expert witness Ronald
18 Binz explained through responsive and cross-answering
19 testimony that the company greatly exaggerates the
20 impact of renewable energy on Net Power Cost
21 volatility.

22 The biggest variable -- the biggest variable
23 driving Net Power Costs is natural gas, an
24 unpredictable, global commodity that the company
25 knowingly chooses to rely upon. Conversely, renewable

1 energy only has a limited impact on Net Power Cost
2 volatility, and for the vast majority of the year,
3 variability in renewable generation will not cause Net
4 Power Costs to be erratic or difficult to forecast
5 because it only has a small impact on market prices,
6 which are dominated by the natural gas market.

7 To the extent that renewable energy will cause
8 swings in Net Power Costs, this is restricted to hours
9 when demand is high. But utility planners know that
10 wind generation tends not to track with peak demand and
11 thus plan to meet that demand with other resources with
12 higher capacity factors. In other words, the
13 variability of renewable energy is not forcing
14 PacifiCorp to make unplanned decisions that are driving
15 up Net Power Costs. Indeed, the record evidence
16 establishes that renewable energy drives down Net Power
17 Costs.

18 Second, PacifiCorp suggests that its
19 participation in the Extended Day-Ahead Market, or
20 EDAM, will drive down Net Power Costs and the company
21 will not be incentivized through a sharing band or
22 deadband to further reduce costs.

23 The timing of their entrance into the EDAM is
24 uncertain, but, at a minimum, will not occur until
25 2026. And even after the company enters the EDAM, this

1 will not be a reason to eliminate the deadband or
2 asymmetrical sharing bands. As public counsel noted
3 this morning, the company will still retain significant
4 responsibility for controlling its Net Power Costs,
5 perhaps most importantly through its resource
6 acquisition decisions.

7 It is notable that none of the parties
8 weighing in on the PCAM modifications, Sierra Club,
9 AWEC, public counsel, and staff, support moving to a
10 dollar-for-dollar recovery model. In the majority of
11 parties, Sierra Club, AWEC, and Public Counsel, support
12 maintaining the PCAM's current structure.

13 The support for cost-sharing mechanisms is
14 unsurprising, as they achieve multiple purposes,
15 including encouraging PacifiCorp to reduce costs,
16 equitably sharing risk between shareholders and
17 ratepayers, and ensuring that PacifiCorp has some skin
18 in the game when it decides which resources it should
19 rely upon. In sum, these customer protection
20 mechanisms achieve the purposes that the Commission
21 originally intended them to achieve, and the Commission
22 should retain them.

23 We look forward to this hearing and the
24 Commission's careful consideration of the record
25 evidence. Thank you.

1 Thank you.

2 JUDGE HOWARD: Thank you.

3 Would Walmart like to give an opening
4 statement?

5 MS. CAVIGLIA: Thank you, Your Honor and
6 Commissioners.

7 Walmart waives its opening statement.

8 JUDGE HOWARD: All right. Thank you.

9 So that concludes our opening statements this
10 morning.

11 Let's now turn to the cross-examination of
12 witnesses.

13 And the parties revised order of presentation
14 shows two witnesses for this morning. We may call
15 additional ones for bench questions as needed.

16 Our first witness is Ramon Mitchell for
17 Pacificorp.

18 Is Mr. Mitchell Present?

19 JUDGE HOWARD: Mr. Mitchell, if you would
20 please raise your right hand, I'll swear you in.

21

22 RAMON J. MITCHELL,
23 having been first duly sworn,
24 testified as follows:

25

1 JUDGE HOWARD: Thank you.

2 Could the company please introduce the witness
3 and [inaudible] for cross.

4 MR. KUMAR: Yes.

5 Thank you, Judge Howard.

6

7 DIRECT EXAMINATION

8 BY MR. KUMAR:

9 Q. Witness Mitchell, could you please state and
10 spell your name for the record.

11 A. Ramon Mitchell, spelled, first name,
12 R-A-M-O-N; Mitchell, last name, spelled
13 M-I-T-C-H-E-L-L.

14 Q. And how are you employed?

15 A. I am the manager of Net Power Costs at Pacific
16 Power.

17 Q. And in that capacity, did you file direct and
18 rebuttal testimony in this case?

19 A. Yes, I have.

20 Q. And do you have any corrections to that
21 testimony?

22 A. No, I do not.

23 Q. And if I were to ask you the same questions
24 today, would your answers be the same?

25 A. Yes, they would.

1 MR. KUMAR: Thank you.

2 Witness Mitchell is available for
3 cross-examination.

4 JUDGE HOWARD: All right.

5 AY indicated cross for this witness. You may
6 proceed.

7

8 CROSS-EXAMINATION

9 BY MR. PEPPLER:

10 Q. Good morning, Mr. Mitchell.

11 A. Good morning.

12 Q. Thank you for being here.

13 I would like to discuss today the Day Ahead
14 and Real Time adjustment with you, which I will refer
15 to as the DA/RT adjustment.

16 Do you know what I'm talking about when I
17 refer to the DA/RT adjustment?

18 A. I believe you're referring to page 14 of my
19 rebuttal testimony where I list four corrections and
20 two more updates. One of them is titled "Day Ahead
21 Realtime (DA/RT) Volume Component" as number 4.

22 Q. All right.

23 That is part of it.

24 At the moment, I'm mostly just interested in
25 making sure that you understand what the DA/RT

1 adjustment is when I say "the DA/RT adjustment."

2 A. Yes. I believe that is what you're referring
3 to, as I mentioned previously.

4 Q. Okay.

5 And as you mentioned, one of the components of
6 the DA/RT adjustment is the volume component; correct?

7 A. Yes, that is correct.

8 Q. Okay.

9 Could you turn to AY Cross Exhibit RJM-14CX?
10 This is an excerpt of Mr. Wildings's testimony for the
11 company in PacifiCorp's 2019 general rate case
12 discussing the DA/RT adjustment.

13 Let me know when you're there.

14 COMMISSIONER RENDAHL: Excuse me.

15 What page of the testimony are you looking at?

16 MR. LOWNEY: If you could turn to page 7
17 of the exhibit, which is page 57 of the testimony.

18 THE WITNESS: I am there.

19 BY MR. PEPPLER:

20 Q. Okay.

21 Are you familiar with this testimony?

22 A. I am generally familiar. I have not read it
23 in quite some time.

24 Q. Okay.

25 Could you just -- I don't think we need to

1 read it into the record, but could you just review the
2 question that starts on page 11 and the response.
3 Please describe the volume component of the DA/RT
4 adjustment.

5 A. Page 11 of this?

6 Q. Line 11, page 7.

7 A. Would you like me to read it out loud, or...?

8 Q. I think if you just review it and refresh your
9 recollection on that, that would be fine.

10 A. I am complete.

11 Q. Okay.

12 Are you aware this was the first time the
13 company implemented the DA/RT adjustment in Washington?

14 A. No, I'm not aware.

15 Q. Okay. That's fine.

16 Are you aware that the company was using grid
17 as its NPC forecast model in this case?

18 A. Yes, I am aware.

19 Q. Okay.

20 Can you now turn to what's been marked as AWEC
21 cross exhibit RJM-13CX. This is an excerpt of
22 Mr. Staple's testimony for the company in PacifiCorp's
23 2021 power cost only rate case, which also discusses
24 the DA/RT adjustment.

25 And, again, for the volume component

1 discussion, I'll refer you to page 7 of the exhibit,
2 which is line -- page 20 of the testimony.

3 Just let me know when you're there.

4 A. I'm there.

5 Q. Okay.

6 Can you review that question and response as
7 well. Please describe the volume component of the
8 DA/RT adjustment.

9 A. I am complete.

10 Q. Okay.

11 Now, would you agree with me that both
12 Mr. Wilding's testimony and Mr. Staple's testimony
13 describe the volume component of the DA/RT adjustment
14 in substantially the same way?

15 A. Yes. They both do describe it in
16 substantially the same way.

17 Q. Okay.

18 And I'll try to summarize it, but then you
19 feel free to correct me to the extent that you need to.

20 But my understanding of the volume component
21 is that it is needed, in the company's mind, because
22 both grid and Aurora balance the company market
23 position with perfect foresight at all times, which
24 does reflect how things work in reality. In reality,
25 the company takes an iterative approach to balancing

1 its system, which requires numerous purchases and sales
2 of products that aren't reflected in grid or Aurora.

3 Would you say that's accurate?

4 A. That is only half the story.

5 The other half of the story is that in the
6 bilateral markets in the west, energy is traded in
7 heavy-load-hour and light-load-hour products. These
8 are 16-hour and 8-hour block products. And when these
9 products are purchased, energy is purchased in
10 increments of 25 megawatts. So we have incremental
11 energy blocks and blocks of time. Grid and Aurora has
12 no concept of incremental energy blocks, nor does it
13 have a concept of blocks spread across time, such as
14 the heavy load and light load that I referred to.

15 That inefficiency in the real western
16 bilateral markets that is not reflected in these
17 perfect models is the second reason for the adoption of
18 the DA/RT volume component.

19 Q. Okay. Thank you.

20 And just to make sure we're clear,
21 Mr. Staple's testimony, this was based on the Aurora
22 model in the PCAM; is that correct?

23 A. Correct.

24 Mr. Wilding's testimony was based on the grid
25 model. Mr. Staple's testimony was based on the Aurora

1 model.

2 Q. Okay.

3 And can you now turn now to page 18, line 17,
4 of your rebuttal testimony?

5 Looking at the question that says "What is the
6 DA/RT volume component?"

7 Do you see that?

8 A. Yes, I do see it.

9 Q. Okay.

10 And would you agree with me that your
11 description of the volume component in this testimony
12 is also substantially similar to the description that
13 Mr. Staples and Mr. Wilding gave in their testimony?

14 A. With the caveat that my description is a bit
15 more complete. It describes that second component to
16 where in the real bilateral markets have heavy-load and
17 light-load-hour products, Increments of 25 megawatt
18 hours, 16-hour blocks, 8-hour blocks.

19 Q. Okay. Thank you.

20 And since you mentioned both grid and Aurora,
21 and this has been used in both models, I take it as a
22 given that you feel that the volume component and the
23 DA/RT adjustment more generally is necessary regardless
24 of whether you're using grid or Aurora; is that true?

25 A. It is necessary so long as the model used is a

1 perfect [indecipherable] set model that balances the
2 entire year in one go, executes transactions to within
3 a fraction of a megawatt, and does not have the concept
4 of heavy load hours or light load hours when it does
5 the simulations of market transactions.

6 Q. Okay.

7 And would that description apply to both
8 Aurora and grid?

9 A. Yes.

10 Q. Okay.

11 And in your rebuttal testimony, you describe
12 what you call a correction to the volume component of
13 the DA/RT adjustment.

14 Do you recall that?

15 A. Yes, I do.

16 Q. Okay.

17 And can you just summarize what that
18 correction is?

19 A. In the DA/RT volume component, in the initial
20 filing, there was an arbitrage revenue produced of over
21 \$100 million. And by that, I mean the result of the
22 DA/RT volume component was a reduction to Net Power
23 Costs of over \$100 million.

24 The DA/RT volume component, however, was
25 designed to address the inefficiencies in the real

1 western bilateral markets and designed to reflect
2 costs.

3 The approximately \$100 million revenue is
4 unsupported by the historical data of arbitrage
5 revenues and unachievable in actual operations. And
6 for that reason, the formulaic pricing of the DA/RT
7 volume component was corrected to remove this
8 artificial arbitrage revenue of over \$100 million and
9 retain the real arbitrage revenue that is implicit in
10 the historical data.

11 Q. Thank you.

12 And then looking at page 19, line 17 to 18,
13 you reference \$102 million total company. That -- is
14 that the same \$100 million that you were just
15 mentioning?

16 A. Yes, it is.

17 Q. Okay.

18 And if you could turn to page 20 of your
19 rebuttal testimony. I'm looking at lines 13 through
20 19.

21 A. I am there.

22 Q. Okay.

23 And here you identify the work paper that was
24 used for the DA/RT adjustments in your initial
25 testimony and also the work paper that was used in the

1 rebuttal testimony.

2 Do you see that?

3 A. Yes, I do.

4 Q. Okay.

5 MR. PEPPLER: At this time, Judge Howard, I
6 need to go into confidential session and do my best to
7 share my screen. And we'll see how that goes.

8 JUDGE HOWARD: All right. Certainly.

9 So what we are going to do is transfer --
10 since we're both in person and online, we're going to
11 transfer the online portion into a breakout room in the
12 Zoom meeting.

13 And we have made a list of everyone who signed
14 confidentiality agreements in this proceeding, but I
15 appreciate the company's attorneys also confirming that
16 we have the appropriate people in that breakout room
17 once we set it up here in a moment. And then for the
18 people in the room, we would need to confirm that
19 everyone here has signed a confidentiality agreement or
20 works directly with the Commissioners such as an ALD or
21 policy.

22 And I'm looking around the hearing room, and
23 I'm seeing Keith Quinata.

24 Mr. Quinata, you signed confidentiality
25 agreement?

1 (Nonverbal response.)

2 JUDGE HOWARD: Okay.

3 I'm not really concerned about anyone else in
4 the hearing room.

5 Does the company have any concerns about
6 anyone in the hearing room?

7 MR. KUMAR: No. It appears that the rest
8 of the hearing room works for the company.

9 JUDGE HOWARD: All right.

10 Mr. Smith, could you transfer us over to the
11 breakout room for the Zoom call?

12 And I would also ask that the court reporter
13 segregate this portion of the record that we're about
14 to start here any moment and prepare it under a
15 separate cover page.

16 MR. PEPPLER: Let me know if I'm okay to
17 share.

18 JUDGE HOWARD: Certainly.

19 Let's -- let's just give it one moment, and
20 I'm going to look through the participant list. I
21 encourage the company's attorneys to do the same as
22 well. We've tried to create the breakout room based on
23 our list of everyone who signed confidentiality
24 agreements.

25 I'm not seeing anyone concerning on here.

1 Does the company identify anyone who should not be in
2 the breakout room?

3 MR. KUMAR: Judge Howard, do we
4 automatically move into the breakout room?

5 JUDGE HOWARD: It should -- it should have
6 sent a prompt. It sent me a prompt asking me to join
7 the breakout session.

8 MR. KUMAR: It says for me, I think, "The
9 host has open breakout rooms. Please wait to be
10 assigned."

11 MR. SMITH: What is the name that you're
12 under?

13 MR. KUMAR: Ajay Kumar.

14 MR. SMITH: Yeah, that's because I didn't
15 have you on here.

16 Let me add you.

17 JUDGE HOWARD: I will -- and then I think
18 the only [indecipherable].

19 (Reporter clarification.)

20 JUDGE HOWARD: Yes, Courtney Wagner is
21 employed in the records center here at the Commission
22 and is one of our staff. So I would not, yeah, find it
23 necessary for her to sign it.

24 MR. KUMAR: And then is Beshan Giza
25 [phonetic] a commission employee.

1 JUDGE HOWARD: Likewise, he's an ALD.

2 MR. KUMAR: Okay.

3 Yeah, then I don't think we have any concerns.

4 JUDGE HOWARD: Okay. Great. Thank you.

5 Mr. Pepple, you may share your screen.

6 MR. PEPPLER: Thank you.

7 I would note that Ms. Gafken had her hand
8 raised.

9 JUDGE HOWARD: Oh.

10 Ms. Gafken?

11 MS. GAFKEN: I apologize. I was going to
12 go into the chat too. It looked like the majority of
13 my team also missed the breakout prompt. So Ann
14 Paisner, Andrea Crane, Robert Earle, and Corey Dahl
15 (inaudible Zoom audio) --

16 MR. SMITH: I didn't have them on the
17 list --

18 (Speaking simultaneously. Unreportable
19 crosstalk.)

20 MS. GAFKEN: -- breakout room.

21 JUDGE HOWARD: Let's go off the record for
22 a moment.

23 (Pause in the proceedings.)

24 JUDGE HOWARD: Mr. Pepple, you may
25 proceed.

1 [*CONFIDENTIAL TESTIMONY*

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10 *CONFIDENTIAL TESTIMONY*]

11 So our next witness is Sherona Cheung for the
12 company.

13 Is Ms. Cheung present?

14 MR. KUMAR: Yes.

15 JUDGE HOWARD: Please -- please come
16 forward, and I'll swear you in.

17 Please raise your right hand.

18

19 SHERONA CHEUNG,

20 having been first duly sworn,

21 testified as follows:

22

23 JUDGE HOWARD: All right. Thank you.

24 Please introduce the witness and confirm if
25 there are any changes to the prefiled testimony.

1 MR. KUMAR: Yes.

2

3 DIRECT EXAMINATION

4 BY MR. KUMAR:

5 Q. Ms. Cheung, could you please state and spell
6 your full name.

7 A. My name is Sherona Cheung. That's spelled
8 spend S-H-E-R-O-N-A; last name C-H-E-U-N-G.

9 Q. And how are you employed by the company?

10 A. I am the revenue requirement manager at
11 Pacificorp.

12 Q. And have you filed direct and rebuttal
13 testimony along with attendant exhibits in this
14 proceeding?

15 A. I have.

16 Q. Do you have any changes or corrections to
17 those exhibits that have not already been filed in an
18 errata?

19 A. I have no corrections or changes.

20 Q. If I were to ask you those same questions in
21 that testimony today, would you give the same answers?

22 A. I would.

23 Q. Thank you.

24 MR. KUMAR: Your Honor, this witness is
25 available for cross-examination.

1 JUDGE HOWARD: All right. Thank you.

2 AWEC, you may proceed.

3 MS. MOSER: All right.

4 Thank you, Your Honor.

5

6 CROSS-EXAMINATION

7 BY MS. MOSER:

8 Q. Good morning, Ms. Cheung.

9 Thank you so much for being here and answering
10 some questions for me.

11 I think maybe the easiest place to start is at
12 your rebuttal testimony. If we turn to page 26, and
13 you can let me know when you're there.

14 A. I'm there.

15 Q. Thank you.

16 And this section of your testimony is
17 responsive to an adjustment raised by AWEC witness,
18 Mr. Mullins, related to Bridger Mine appreciation
19 reclamation costs; is that correct?

20 A. That's correct.

21 Q. Okay.

22 COMMISSIONER RENDAHL: I'm sorry. Can you
23 remind me which page you're at on the rebuttal?

24 MS. MOSER: Yes. Page 26.

25 COMMISSIONER RENDAHL: Thank you.

1 BY MS. MOSER:

2 Q. And so the first thing I want to ask you about
3 is the operational life of the Bridger Mine on a system
4 basis.

5 And so on page 27, line 9 of your rebuttal
6 testimony --

7 A. Okay.

8 Q. -- am I correct in understanding that the
9 expenses calculated were based on Bridger Mine being
10 operational through 2037?

11 A. You're referring to, in the previous rate
12 case, where it was approved. That's the baseline
13 assumption, yes.

14 Q. Okay.

15 So PacifiCorp's position is that in the last
16 rate case, the baseline system operational life for
17 Bridger Mine was 2037?

18 A. Yes.

19 Q. Okay.

20 And so then am I also correct that -- if we
21 just turn the page to page 28, line -- starting on 8
22 and 9, then in this case Pacificorp revised that system
23 operational date until -- to 2028; correct?

24 A. Yes.

25 Q. Okay.

1 Can I please have you turn -- do you have all
2 of the cross exhibits?

3 A. I believe I do, yes.

4 Q. Okay.

5 I'm going to be a little funny, and I'm going
6 to actually refer you to one from Mr. Mitchell. It's
7 RJM-14X.

8 A. I apologize. I have all of the cross exhibits
9 directed to me. I don't have all the cross exhibits.

10 Q. Okay.

11 Maybe counsel can help you.

12 A. Okay. I have them.

13 Q. Okay.

14 And I'm going to direct you to page 12 of that
15 exhibit, which is page 64 on the pdf. So depending
16 on --

17 COMMISSIONER RENDAHL: I'm sorry.

18 Which -- I'm having trouble finding my exhibits.

19 MS. MOSER: Oh, I'm sorry.

20 COMMISSIONER RENDAHL: Which exhibit are
21 we on?

22 MS. MOSER: RJM-14X.

23 MR. KUMAR: What's the name of the
24 exhibit?

25 MS. MOSER: It's Mr. Wildings's testimony

1 in the 2019 general rate case. It is the exhibit that
2 Mr. Pepple referred to -- referred Mr. Mitchell to
3 earlier.

4 THE WITNESS: It had a total of 13 pages?

5 MS. MOSER: I believe -- yes.

6 THE WITNESS: It's the redacted --

7 MS. MOSER: Yes.

8 THE WITNESS: -- direct testimony?

9 MS. MOSER: Yes.

10 THE WITNESS: Okay. I'm there in the
11 right place.

12 Thank you.

13 BY MS. MOSER:

14 Q. And so starting in the Q&A on line 3.

15 I don't think we need to necessarily read it
16 into the record, but do you want to take a moment just
17 to read that Q&A?

18 A. Can you point me to that page again, please.

19 Q. Yes. Page 12, line 3.

20 A. Okay. I've read that Q&A.

21 Q. Okay. Thank you.

22 And so would you agree with me that
23 Mr. Wilding's testimony in the 2020 rate case makes
24 clear that the test period projects surface coal
25 deliveries cease in 2028, and the underground mine

1 production terminates in 2021?

2 A. That's what it says, yes.

3 Q. Okay.

4 So would you also agree with me, then, that
5 the company, in the previous case, made the adjustment
6 from 2037 to 2028?

7 A. I'm sorry. I don't follow.

8 Q. On the system operational life, the adjustment
9 that we were just talking about in your testimony where
10 you stated that in the 2020 rate case, the assumption
11 was a 2037 life -- system operational life for Bridger
12 Mine?

13 A. That is my understanding, that it was assumed
14 to be 2037.

15 Q. Okay.

16 And so then I'm asking you, in looking at
17 Mr. Wilding's testimony in the Q&A that we just
18 referenced, am I correct in understanding that, in
19 fact, in the 2020 rate case, the test period assumed
20 that coal deliveries for the surface mine would cease
21 in 2028?

22 A. That is what the testimony says; however, I
23 was not participating in that case, and so I don't -- I
24 don't have a full comprehension of what -- how all
25 those played into the numbers. But it is my

1 assumption -- my understanding that the incremental
2 reclamation costs established in the last case was
3 based on mine closure date of 2037.

4 Q. Okay.

5 And so -- okay. And now I'm going to turn you
6 to your rebuttal testimony again, starting on page 26.

7 A. I'm there.

8 Q. And here you describe that PacifiCorp is
9 proposing to recover, again, Bridger Mine reclamation
10 and unrecovered investment costs for 2024 and 2025 as
11 part of Net Power Costs. Is that correct?

12 A. Yes. So as established in the 2020 rate case
13 outcome, I believe there is a cross exhibit directed
14 for me with the ordering paragraph in there. Without
15 looking at it, based on memory, I recall the ordering
16 paragraph outlining that when the balancing account for
17 incremental reclamation cost was established, that
18 there was an acknowledgment that in the baseline Net
19 Power Cost that there would be a contribution to that
20 reclamation amount. So the two is understood to exist
21 simultaneously.

22 Q. Okay.

23 And so I guess in determining the amounts that
24 are going to be included in both Net Power Costs and
25 the regulatory liability in this case, your testimony

1 is that you recalibrated those amounts?

2 A. Yes. The company has recalibrated those
3 amounts --

4 Q. Sure.

5 A. -- taking into account the changes in the
6 currently assumed closure dates and the currently
7 assumed coal removal date for Washington costs.

8 Q. Okay.

9 And so in that recalibration, my question is:
10 Were the assumptions about reclamation and depreciation
11 from the 2020 rate case carried forward to the amounts
12 that are recovered in this case, or were those numbers
13 updated?

14 A. They were updated.

15 Q. Okay.

16 And so they -- okay.

17 And can you, I guess, describe what specific
18 costs were updated as part of this proceeding?

19 A. I can at a high-level describe what was
20 updated. And I think I would point you to an
21 illustration in my rebuttal testimony that I think best
22 describes the updates that's been changed.

23 So specifically it's page 30 of my rebuttal
24 testimony. It's -- if your version is printed in color
25 like mine, it should be quite colorful.

1 So what's illustrated here is the changes that
2 we have made to the reclamation recovery assumed in
3 Washington rates.

4 And so taking a couple steps back. At
5 the top -- so this picture here shows three scenarios.
6 The top scenario reflects a reality where there is no
7 early exit date from coal for Washington customers.
8 And so if that were the case, then the reclamation
9 contribution would just be built in to rates through
10 Net Power Costs through fuel cost until the end of
11 whatever operational life is assumed for the coal
12 mines. And there would be no need to establish any
13 incremental recovery for those amounts that would not
14 be reflected through fuel costs in Washington rates.

15 Now, you take a step down into that second
16 bar, where now there's a blue and green section, what's
17 happening there is this is depicting what was approved
18 in the last rate case, where the assumption was that as
19 of the end of 2023, there were no longer going to be
20 coal costs in Washington's Net Power Cost calculations.

21 And so what happens, then, is after 2023,
22 there would be no place in Washington's rates where
23 that reclamation contribution is reflected because coal
24 costs isn't part of Net Power Costs anymore.

25 And so accordingly, acknowledging that that

1 was going to be the case, in the last rate case, the
2 balancing account to capture that incremental
3 reclamation cost was established. And that amount had
4 started to be built into rates affective, I believe,
5 2021.

6 And in '21, '22, '23, the company has
7 accumulated an annual amount of approximately two and a
8 half million dollars a year. The approval for that
9 balancing account was to record that accumulation over
10 ten years, at that time, through 2030. So that was
11 what was approved in the last case.

12 Now, in this case, that's the third bar at the
13 bottom of the illustration, you'll notice now that in
14 blue, which represents the recovery of reclamation cost
15 through Net Power Cost, we show the blue bar extending
16 now through 2025. But then beyond that, because the
17 mine is still operational, however, in Washington's Net
18 Power Cost, there will no longer be fuel costs
19 associated with coal. There is still a red bar now
20 that still needs to be captured by the balancing
21 account.

22 So the reality that resulted in the
23 establishment of that balancing account in the 2021
24 rate case where Washington was going to cease receiving
25 coal cost prior to the mine ceasing operation, that

1 reality is still a reality today, even with the
2 two-year extension of coal usage through Net Power
3 Costs.

4 And so that leaves us with the red bar at the
5 bottom there. But not only that, the company has also,
6 as I mentioned, collected for three years, since '21,
7 \$2.5-give-or-take million a year into that balancing
8 account.

9 And so what the company has now reflected in
10 its rebuttal revenue requirement is the delta between
11 the red bar and the green bar. That amount is now
12 spread over the remaining time through the end of 2030
13 to be collected from customers as the incremental
14 reclamation cost that would not otherwise be reflected
15 in Net Power Cost. And that amount, on an annual
16 basis, compared to the two and a half that was approved
17 in the last case as a rebuttal recalculation, that
18 amount has decreased to just below \$2 million.

19 Q. Thank you, Ms. Cheung. That's a helpful
20 description of the mechanics of the company's cost
21 recovery.

22 I guess, am I correct, then, in understanding
23 that the decrease in costs that you just mentioned
24 going from about two and a half million to 2 million is
25 a total number for both the regulatory liability --

1 what would be recovered through the regulatory
2 liability and through a Net Power Costs?

3 A. No. I'm only speaking to the incremental
4 reclamation amounts that's accumulating through the
5 balancing account.

6 Q. And do you know, if we add those two together,
7 if those costs are greater or less than what was
8 stipulated in the rate case -- the 2020 rate case?

9 A. When you say "add the two together," you're
10 talking about the amounts that we have collected since
11 '21, and then the updated amounts projected through
12 2030?

13 Q. Yes.

14 A. Okay.

15 Yes, it is lower. So the math goes -- in the
16 last case, we were approved about \$2.5 million per year
17 for ten years. If we do the quick math, that's about
18 \$25 million. \$25 and a half million over ten years.

19 In this case, with the update that will be
20 effective in 2024, that number becomes three years of
21 collection at about \$2.5 million. So that even seven
22 and a half million dollars for the first three years
23 accumulated, plus, let's say, about \$2 million -- it's
24 just below that, but we'll say it's \$2 million -- for
25 the next seven years remaining for the balancing

1 account. That's about \$14 million. So 14 plus the
2 seven and a half that's already been collected is only
3 \$21 and a half million dollars.

4 So overall, over the ten-year time frame, it's
5 about 3 and a half, \$4 million lower over the lifetime
6 of the balancing account that it's been approved for.

7 Q. Thank you.

8 And, I guess -- I guess my other -- my other
9 question, and I apologize if this was answered in that
10 response, is whether the NPC portion of what was
11 assumed in rates in the 2020 rate case and then the NPC
12 portion that is assumed in rates in PacifiCorp's
13 proposal, is the current case, those costs, higher or
14 lower than what is in the 2020 rate case? Just the Net
15 Power Cost portion.

16 A. I'm not equipped to speak to what has been
17 built into the Net Power Cost in this case.

18 Q. Okay.

19 And are you aware, is there a witness that
20 Pacificorp sponsored to speak to the specific
21 components, coal costs, that went into in Net Power
22 Cost in this case?

23 A. I suspect witness Mitchell would be closer to
24 it than I am. Nonetheless, the coal costs that are
25 built into our Net Power Cost forecast, as well as in

1 this incremental reclamation cost calculation, that
2 calculation is done by our fuels resource group. And I
3 don't believe that we have a company witness currently
4 available to respond to that, but I assume we can find
5 answers.

6 Q. Thank you, Ms. Cheung.

7 I just have one more -- one more line of
8 questioning.

9 If we turn to page 29 now of your rebuttal
10 testimony.

11 A. I'm there.

12 Q. In the Q&A, beginning on line 9, you discuss a
13 correction to the calculation of the Bridger Mine
14 reclamation and depreciation adjustment; is that
15 correct?

16 A. That is correct.

17 Q. And that amounts to about \$250,000?

18 A. Yes.

19 Q. Okay.

20 I'm hoping that you can just tell me what
21 specific costs were corrected in that rebuttal
22 correction.

23 A. I sure can. In fact, it's actually
24 illustrated in the illustration that we were looking at
25 earlier. The correction is attributable to the green

1 bar. So that represents the amount that had been
2 accumulating since the approval of the balancing
3 account 2021.

4 In rebuttal, upon examining all the party's
5 positions on this issue, we recognize that we had
6 neglected to take into account the amounts that had
7 already been collecting in the balancing account. And
8 so that correction was to make sure that we offset that
9 against essentially the red bar that's been calculated
10 in this case.

11 Q. And just to be clear, is it that the number
12 that was assumed to have already been collected, that
13 you then corrected, was just different, or are you
14 saying that the company did not include at all?

15 A. In the original -- in the initial filing, the
16 company had neglected to include that balance as an
17 offset all together.

18 MS. MOSER: Okay. Thank you.

19 I have no further questions.

20 JUDGE HOWARD: Any redirect?

21 MR. KUMAR: Just a -- just few questions,
22 Your Honor.

23

24 ///

25 ///

1 REDIRECT EXAMINATION

2 BY MR. KUMAR:

3 Q. Now, Ms. Cheung, is it your understanding of
4 the WIJAM that Washington customers -- that that
5 agreement intended for actual decommissioning and
6 remediation costs -- sorry [inaudible].

7 (Reporter clarification.)

8 MR. KUMAR: And I'll start again.

9 BY MR. KUMAR:

10 Q. Ms. Cheung, with regards to the agreement in
11 the WIJAM, is it your understanding of that agreement
12 that it is meant to include actual remediation costs in
13 rates?

14 MS. MOSER: I'm going to object.

15 I'm sorry. This is just outside of the scope
16 of the questioning that I asked the witness.

17 MR. KUMAR: I think it reflects on the
18 updates that were discussed and how they were updated
19 and why they were updated.

20 MS. MOSER: I would just have a follow-up
21 question, then, to that question.

22 JUDGE HOWARD: I'm going to allow it.

23 And I will provide a brief follow-up
24 opportunity.

25 THE WITNESS: Yes. It is my understanding

1 that under WIJAM Washington customers will ultimately
2 be paying for the actual remediation costs for the coal
3 resources. And so that's why in the last rate case the
4 approval was to have the collected amounts be recorded
5 to a balancing account. That balancing account will be
6 trued up, whether the collected amounts are above or
7 below the amounts that have been established in the
8 last rate case.

9 BY MR. KUMAR:

10 Q. And I believe this may have already been
11 covered in some of Ms. Moser's questioning, but when
12 you, you know, identified the -- essentially the
13 remediation amounts for Bridger Coal Company, or BCC,
14 those reflected updated amounts that you had received
15 from the company's fuel resources group; correct?

16 A. Yes, they do.

17 JUDGE HOWARD: Let's be careful to ask
18 open-ended questions of the witness on redirect as
19 well.

20 MR. KUMAR: Okay.

21 BY MR. KUMAR:

22 Q. My next question, understanding that you're
23 not an NPC witness, can you generally explain why it is
24 important to include a certain portion of BCC
25 remediation costs in the fuel cost?

1 A. I can at a high-level. And as Ms. Moser
2 eluded to, there is -- there has always been a baseline
3 collection for a reclamation cost in Net Power Cost.
4 And the reason, as I understand it, is because the fuel
5 cost, reflecting reclamation cost, properly reflects
6 the cost of coal.

7 And then the Net Power Cost model, and of
8 course witness Mitchell is much more versed in this
9 world than I am, but it is my very basic understanding
10 that having that reclamation cost reflected in the in
11 Net Power Cost properly informs the model how much coal
12 to dispatch. And so there is a modeling implication to
13 making sure that there is a base allocation of that
14 coal cost in Net Power Cost. Or, sorry, reclamation
15 cost inside the coal cost in Net Power Cost. That is
16 my understanding.

17 MR. KUMAR: I have no further questions.

18 JUDGE HOWARD: All right.

19 And I'll allow a brief cross follow-up.

20 MS. MOSER: Thank you, Your Honor.

21

22

RECROSS-EXAMINATION

23 BY MS. MOSER:

24 Q. Just -- do you recall Mr. Kumar talking to you
25 about the WIJAM in your response?

1 Would you agree, though, that the WIJAM is a
2 cost allocation? Or it's what's used to allocate costs
3 among the states. It does not represent or
4 predetermine rate making treatment; is that correct?

5 A. I don't believe the WIJAM would preclude any
6 further commission opinion on whether costs are --
7 should or should not be appropriately built into rates.
8 I mean, I think that isn't -- it doesn't preclude any
9 of that. However, it does give us an indication as to
10 what should be considered. And under the WIJAM, it
11 would -- it's my understanding that remediation costs
12 are agreed upon to be the responsibility -- prudent
13 remediation costs will ultimately be borne by
14 Washington customers.

15 Q. And just one last question.

16 Are you aware, or would you agree that
17 Mr. Mitchell's testimony references you as the witness
18 to discuss coal updates or NPC forecast?

19 A. I am not aware of that specifically. Perhaps
20 you could point me to that section of his testimony.

21 I think in the context of aligning Net Power
22 Cost forecast to the rest of the revenue requirement
23 forecast, I can certainly attest to that. But the
24 technicalities of Net Power Cost modeling and
25 forecasting is certainly outside of my wheelhouse.

1 Q. And I don't want to go down it. We can
2 address it in briefing. I just -- I can be done with
3 questions.

4 Thank you.

5 JUDGE HOWARD: Okay.

6 Any re-direct following those couple of cross
7 questions?

8 MR. KUMAR: No, I do not have any
9 additional.

10 JUDGE HOWARD: Thank you.

11 Do we have any questions from the bench for
12 this witness?

13 COMMISSIONER DOUMIT: Yes, Your Honor.
14 Thank you.

15 JUDGE HOWARD: Please, go ahead.

16 COMMISSIONER DOUMIT: Kind of clearing up
17 a discrepancy in direct testimony of the witness.

18 In your direct testimony, Exhibit SLC-1T at
19 page 21.

20 Are you there?

21 THE WITNESS: Yes, I'm there.

22 COMMISSIONER DOUMIT: Okay.

23 At the top of the page, there's a graphic.
24 And the first line, January 31, 2024, is the first NPC,
25 update.

1 You see that, right?

2 THE WITNESS: Yes.

3 COMMISSIONER DOUMIT: Okay.

4 Now, if you look at -- and I don't know if you
5 have it with you or not -- but witness McVee's direct
6 testimony.

7 Do you have that?

8 THE WITNESS: I don't have a copy of that
9 testimony, but I'm sure I can get a copy.

10 COMMISSIONER DOUMIT: All right.

11 And I can just tell you, as well, unless
12 you -- yeah, go ahead.

13 It's a similar graph. There's just a
14 discrepancy in the dates.

15 And so that's at page 27.

16 Do you see his first update would be
17 February 16th of 2024?

18 THE WITNESS: I do see that.

19 COMMISSIONER DOUMIT: And I'm just
20 wondering which -- which is -- do you know which is
21 correct?

22 THE WITNESS: I suspect that my testimony
23 reflected an outdated date. I would go by Mr. McVee's
24 testimony.

25 COMMISSIONER DOUMIT: Okay. Great.

1 Thank you.

2 That's all from me. Thank you.

3 JUDGE HOWARD: Any further questions from
4 the bench?

5 CHAIR DANNER: Yeah, I have some questions
6 on other topics.

7 Good morning.

8 THE WITNESS: Good morning.

9 CHAIR DANNER: I wanted to ask you about
10 the -- the question regarding fly ash deferral.

11 Referring to your rebuttal testimony, you
12 assert that there are various errors with AWEC's
13 calculations. And you discuss the impact of AWEC's and
14 staff's proposals for returning the amortized fly ash
15 revenues back to customers.

16 If the Commission grants AWEC's petition for
17 deferred accounting treatment in Docket 210852, and
18 commission accepts the corrections you have identified
19 at pages 58 to 60 of or your rebuttal testimony, does
20 the company take any position on AWEC's proposal for
21 returning the amortized balance to customers over one
22 year as opposed to staff's proposal to return balance
23 to customers over two years?

24 THE WITNESS: I believe this is part of
25 the settlement agreement that has been reached. In my

1 testimony, however, I did not offer a preference
2 between one year or two years.

3 CHAIR DANNER: Okay.

4 So of course we don't have the benefit of any
5 proposed settlement. So I will hold off on that.

6 Insurance liability, is that also covered in
7 the proposed settlement?

8 THE WITNESS: Yes, it is.

9 CHAIR DANNER: So because we have only a
10 partial settlement, I'm going to ask the question
11 anyway. And you can respond as you see fit.

12 Both you and Witness Coleman testified the
13 increased insurance premiums related to wildfires. You
14 both highlight significant increases in the year over
15 year amounts. But I need some clarification.

16 Coleman notes that this results in an increase
17 of 6.6 million, whereas you estimate this number to be
18 around 6.9 million. And I want to know if this
19 discrepancy reflects an application of gross effect or
20 is this an inconsistency in the testimony?

21 THE WITNESS: Will you kindly point me to
22 the specific page?

23 CHAIR DANNER: In Mr. Coleman's testimony,
24 it's exhibit MVC-IT, at page 5, lines 10 to 14.

25 THE WITNESS: I don't happen to have

1 Ms. Coleman's testimony with me.

2 CHAIR DANNER: You can then look at your
3 own testimony --

4 THE WITNESS: Yes.

5 CHAIR DANNER: -- at SLS-AT --

6 THE WITNESS: Okay.

7 CHAIR DANNER: -- at page 25, line 7.

8 THE WITNESS: Thank you very much.

9 There it is. Thank you.

10 Yes. So in my testimony, the \$6.9 million
11 reference is a revenue requirement number.

12 CHAIR DANNER: Whereas Mr. Coleman's
13 testimony --

14 THE WITNESS: Would be an expense number.

15 CHAIR DANNER: All right.

16 Thank you for that.

17 Does the company have any reason to believe
18 that the significant increase for insurance premiums
19 negotiated in August 2023 has any relationship to
20 downgrades of credit ratings, or are these just due to
21 other factors that are more within the company's
22 control.

23 THE WITNESS: I would have to defer those
24 questions to Ms. Coleman or Mr. McVee.

25 CHAIR DANNER: All right.

1 Thank you.

2 I have no further questions.

3 JUDGE HOWARD: All right.

4 Any further questions from the bench for this
5 witness?

6 (No response.)

7 JUDGE HOWARD: Thank you for your
8 testimony today, Ms. Cheung.

9 You are excused.

10 No party can do cross for any of the remaining
11 witnesses from the company or the other non-company
12 parties at this time.

13 Do we have any questions from the bench for
14 witnesses McVee, Zacharia, Meredith, Kaufman, Crane,
15 Berreth, or Coleman?

16 And you can take those in time [inaudible].

17 COMMISSIONER RENDAHL: Yes, we do.

18 JUDGE HOWARD: All right.

19 Any questions for McVee to begin?

20 COMMISSIONER RENDAHL: I believe so, yes.

21 Yes, we do have a question for McVee.

22 JUDGE HOWARD: Will you please raise your
23 right hand.

24

25 ///

1 MATTHEW D. McVEE,
2 having been first duly sworn,
3 testified as follows:

4
5 JUDGE HOWARD: All right. Thank you.
6 Please introduce the witness.

7
8 MR. LOWNEY: Witness McVee, could you
9 please state and spell your name for the record.

10 THE WITNESS: Yes. My name is Matthew
11 McVee, spelled M-A-T-T-H-E-W; last name, M-C-V-E-E.

12 MR. LOWNEY: And how are you employed?

13 THE WITNESS: I am the vice president of
14 regulatory policy and operations for Pacificorp.

15 MR. LOWNEY: And in that capacity, did you
16 file testimony in this case?

17 THE WITNESS: I did.

18 MR. LOWNEY: And if I were to ask you the
19 same questions today, would your answers be the same?

20 THE WITNESS: They would.

21 MR. LOWNEY: Thank you.

22 Mr. McVee is available for commissioner
23 questions.

24 COMMISSIONER RENDAHL: Thank you.

25 Good morning, Mr. McVee.

1 THE WITNESS: Good morning.

2 COMMISSIONER RENDAHL: So I'm going to ask
3 you a question about performance measures. And if you
4 would like to, it's at your testimony MDM-1T at
5 page 30, lines 9 through 12.

6 THE WITNESS: I'm sorry. Could you state
7 the page again.

8 COMMISSIONER RENDAHL: Sure. Page 30,
9 lines 9 through 12.

10 THE WITNESS: I'm there.

11 COMMISSIONER RENDAHL: So your testimony
12 indicates that PacifiCorp is currently unable to track
13 performance measures by census tract without
14 significant expense. But both staff and AWEC -- staff
15 and AWEC and public counsel submit testimony regarding
16 the company's 2022 Washington energy burden assessment,
17 in which census tract data was reported by the company.

18 So can the company obtain the census tract
19 data as completed by its contractor for the 2022
20 assessment until such time as Pacificorp can determine
21 how to integrate that metadata into their system?

22 THE WITNESS: Well, let me start by saying
23 this is an issue that was part of the negotiations of
24 the parties. And the -- I'm not familiar with the
25 study, but, yes, it was done through a contractor.

1 Right now, our systems do not collect the data
2 at the census tract level. So we would have to go out
3 and procure the services of a contractor to help us
4 convert that data.

5 COMMISSIONER RENDAHL: So you could hire
6 the contractor again to get that data?

7 THE WITNESS: I believe we could. It
8 would just then be manipulating the data and, you know,
9 to -- with additional information to translate it.

10 COMMISSIONER RENDAHL: Okay. Thank you.

11 I'm looking to see if I have any other
12 questions for you.

13 I don't believe I do.

14 Thank you very much.

15 JUDGE HOWARD: Any further questions from
16 the bench?

17 (No response.)

18 JUDGE HOWARD: All right.

19 Thank you, Mr. McVee.

20 Do we have any questions from the bench for
21 company witness Zacharia or Meredith?

22 COMMISSIONER RENDAHL: Yes. Both.

23 JUDGE HOWARD: All right.

24 And is Zacharia present?

25 MR. KUMAR: Yes.

1 JUDGE HOWARD: All right.
2 If you would please raise your right hand.

3
4 ISAIAH M.R. ZACHARIA,
5 having been first duly sworn,
6 testified as follows:

7
8 JUDGE HOWARD: Thank you.
9 Please introduce the witness.

10 MR. KUMAR: Thank you.
11 Could you please state and spell your name for
12 the record.

13 THE WITNESS: My name is Isaiah Zacharia.
14 That's I-S-A-I-A-H, Z-A-C-H-A-R-I-A.

15 MR. KUMAR: Now, Mr. Zacharia did have
16 cause to file rebuttal testimony in this proceeding?

17 THE WITNESS: I did.

18 MR. KUMAR: Do you have any changes or
19 corrections to that testimony?

20 THE WITNESS: I do not.

21 MR. KUMAR: If I were to ask you those
22 same questions today, would you give the same answer?

23 THE WITNESS: Yes.

24 MR. KUMAR: Mr. Zacharia is available for
25 commissioner questions.

1 COMMISSIONER RENDAHL: Good morning,
2 Mr. Zacharia.

3 THE WITNESS: Good morning.

4 COMMISSIONER RENDAHL: So I'm going to ask
5 you about your testimony on page 5 relating to the
6 liquid markets issue.

7 THE WITNESS: I'm there.

8 COMMISSIONER RENDAHL: Okay.

9 So you testified that the Four Corners, Mid
10 Columbia, and Palo Verde are not liquid.

11 Why should the Washington balancing adjustment
12 in the WIJAM assume to address a short position in
13 Washington using forecast prices or market purchases if
14 there's such low trading volume at these hubs.

15 (Pause.)

16 COMMISSIONER RENDAHL: Do you want me to
17 repeat the question?

18 THE WITNESS: Yes, please.

19 COMMISSIONER RENDAHL: So why should the
20 Washington balancing adjustment in the WIJAM assume to
21 address the short position in Washington using forecast
22 prices of market purchases if there is such low trading
23 or illiquid trading at these hubs?

24 THE WITNESS: I believe that would -- that
25 would have to be because of the settlement agreements

1 made around the introduction of the WIJAM. And I would
2 have to refer any specifics to those settlement
3 agreements around the WIJAM to [inaudible] control.

4 COMMISSIONER RENDAHL: Okay.

5 Well, maybe you can answer the next question.
6 And if not, I will talk to Mr. Mitchell.

7 Would the declining trading volumes lead to
8 higher prices making a different option better for
9 filling the short position, such as sales from
10 Chehalis, Hermiston, Jim Bridger units 1 or 2, or
11 another resource?

12 THE WITNESS: Could you repeat the
13 question, please?

14 COMMISSIONER RENDAHL: Sure.

15 Would the declining trading volumes lead to
16 higher prices, making a different option better for
17 filling the short position, such as sales from
18 Chehalis, Hermiston, Jim Bridger units 1 or 2, or
19 another resource?

20 THE WITNESS: I believe, subject to check,
21 that that option was discussed in Mr. Mitchell's
22 testimony. So, again, I'll have to refer you to
23 Mr. Mitchell.

24 COMMISSIONER RENDAHL: Okay. Thank you.

25 I don't have anything further for

1 Mr. Zacharia.

2 JUDGE HOWARD: Any further questions for
3 this witness?

4 CHAIR DANNER: No, Your Honor.

5 JUDGE HOWARD: All right.

6 Thank you for your testimony.

7 Any questions from the bench for company
8 witness Meredith?

9 COMMISSIONER RENDAHL: I believe I do have
10 one, yes.

11 JUDGE HOWARD: All right.

12 Is Meredith present?

13 Or we had a time...

14 MR. KUMAR: Would you like to call
15 Mr. Mitchell back?

16 COMMISSIONER RENDAHL: We can bring
17 Mitchell back.

18 JUDGE HOWARD: Can we have Mr. Mitchell
19 return to the witness stand.

20 Mr. Mitchell, since I excused you earlier from
21 the hearing, I will swear you in, just to err on the
22 side of formality here.

23

24 ///

25 ///

1 RAMON J. MITCHELL,
2 having been first duly sworn,
3 testified as follows:

4
5 JUDGE HOWARD: All right. Thank you.

6 COMMISSIONER RENDAHL: Okay.

7 Good morning again.

8 THE WITNESS: Good morning.

9 COMMISSIONER RENDAHL: So you've heard the
10 questions, but I'll repeat them for you.

11 The first one is: Why should the Washington
12 balance adjustment in the WIJAM assume to address the
13 short position in Washington using forecast prices of
14 market purchases if there is such low volume trading at
15 the Four Corners, Mid Columbia, and Palo Verde hubs?

16 THE WITNESS: As an initial matter, the
17 short position in the WIJAM is primarily related to
18 imputing market purchases; modeled market transactions,
19 which are market purchases. The lack of liquidity and
20 the lessened trading volumes experienced by the company
21 are related to sales volumes. Specifically, the market
22 capacity limits in the model are only applied to sales.

23 And, more broadly, in the bilateral energy
24 markets across the west, there is energy available for
25 purchase from certain entities/utilities in the region.

1 These are specific counterparties that during certain
2 periods of the year have volume from their
3 hydroelectric facilities available. Purchasing in
4 those time periods tend to not be an issue; although
5 there will, of course, be scarcity pricing expressed in
6 general across the markets, as we have seen for the
7 past three years.

8 And so the market capacity limits discussed by
9 witness Zacharia is relevant to the sales that the
10 company is able to achieve, and not so much to the
11 purchases.

12 As a first answer to your question, I would be
13 more than happy to elaborate.

14 COMMISSIONER RENDAHL: I think for now
15 that's sufficient.

16 And I guess the second question would be:
17 Would the declining trading volumes lead to higher
18 prices, making a different option better for filling
19 the short positions, such as sales from Chehalis,
20 Hermiston, Jim Bridger units 1 or 2, or another
21 resource?

22 THE WITNESS: There's a curious phenomenon
23 for load serving entities that must balance the system
24 and serve load no matter what the market conditions
25 are. And this pertains, interestingly enough, to the

1 Day Ahead and Real Time adjustment.

2 Load serving entities tend to purchase, of
3 course, when they must purchase. And that often
4 happens over peak load periods. Stress system
5 conditions prices are high, and they must purchase the
6 energy.

7 Conversely, when entities find themselves with
8 a surplus of energy, it is often the case that all
9 entities in a similar situated region also find
10 themselves with a surplus of energy. As we
11 transition -- as the energy transition moves towards
12 more renewables, as an example, wind. Specifically, as
13 a more specific example, in the Columbia Gorge, when it
14 blows, it blows across all the facilities for all the
15 utilities.

16 And so when the company and all of the
17 utilities experience that surplus of energy that they
18 must get rid of because the system must be balanced and
19 supply must always be equivalent to demand, absent the
20 prevalence of large-scale batteries, then the price
21 becomes depressed in the markets, and the energy is
22 sold at very low prices. And so it would be observed
23 that those low prices tend to be less than the dispatch
24 prices on average at those power plants that you
25 referenced.

1 And in the WIJAM, the short position is first
2 closed by reversing the market sales and then bringing
3 in market purchases. And so there is that dynamic
4 wherein the low-priced market sales are backed down, so
5 to speak, and the short position is closed. So in
6 other words, in energy that we sold, we model it as
7 being bought back at the same low price.

8 And then after the short position is closed
9 with those model market sales, the WIJAM then closes
10 the remainder of the position with model market
11 purchases by purchasing energy at the same prices on
12 average that we purchased in the -- in the actual deals
13 during the test period.

14 COMMISSIONER RENDAHL: But in a situation
15 where there's not the wind, why aren't those resources
16 that are in the western control area being used to
17 address the short position instead of the market prices
18 that are significantly higher because of the gas
19 prices?

20 THE WITNESS: The reasons are primarily
21 transmission availability to move the energy from the
22 generation to the load, wherever that load may be. And
23 also, the reserves held on those resources to integrate
24 the large volume of wind and solar resources on the
25 system to regulate further intermittent generation.

1 And so whenever there is not that surplus of
2 energy that I referenced, and they are using gas
3 plants, as an example, those plants available with what
4 may be perceived as capacity that could be converted
5 into energy and dispatched up, the economics of the
6 system generally don't support that ability because of
7 transmission and because of reserves.

8 And there were one other -- one or two other
9 factors that I identified in my testimony. I can take
10 a moment to look.

11 COMMISSIONER RENDAHL: That's okay.

12 So I'm going go back and clarify on the first
13 question.

14 I'm not sure you addressed the declining
15 trading volume at the hubs and what impact that should
16 have on the forecast of prices. I'm assuming it goes
17 up with the reduced trading volume.

18 THE WITNESS: In the Aurora model that we
19 used to simulate those trading volumes, which flow into
20 the WIJAM, prices do not move. The way the company
21 utilizes Aurora, the prices input into the model are
22 the real forward market prices. That is to say, energy
23 traded today for delivery six months from now, as an
24 example. And so no matter how the model dispatches its
25 resources, the sales prices and the purchase prices,

1 they never change. They remain constant.

2 COMMISSIONER RENDAHL: Okay. Thank you.

3 I don't believe I have any other questions,
4 unless my colleagues have questions.

5 (No response.)

6 COMMISSIONER RENDAHL: Thank you.

7 JUDGE HOWARD: All right.

8 Thank you, Mr. Mitchell.

9 Do we have any questions from the bench for
10 Meredith?

11 COMMISSIONER RENDAHL: Yes, I have one.

12 JUDGE HOWARD: All right.

13 And did -- is Meredith present right now?

14 Please raise your right hand, and I'll swear
15 you in.

16

17 ROBERT M. MEREDITH,
18 having been first duly sworn,
19 testified as follows:

20

21 JUDGE HOWARD: Thank you.

22 Please introduce your witness.

23 MR. KUMAR: Mr. Mitchell, could you please
24 state and spell your name for the record.

25 THE WITNESS: Sure. My name is Robert

1 Meredith. R-O-B-E-R-T; Meredith is spelled
2 M-E-R-E-D-I-T-H.

3 MR. KUMAR: And in what capacity are you
4 employed by Pacificorp?

5 THE WITNESS: I'm employed by Pacificorp
6 as the director of pricing and tariff policy.

7 MR. KUMAR: And have you filed direct and
8 rebuttal testimony, including [inaudible] exhibits in
9 this proceeding?

10 THE WITNESS: Yes.

11 MR. KUMAR: Do you have any changes or
12 corrections to those exhibits?

13 THE WITNESS: I do not.

14 MR. KUMAR: And if I were to ask you the
15 same questions in that testimony today, would you give
16 the same answer?

17 THE WITNESS: I would.

18 MR. KUMAR: This witness is available for
19 commissioner questions.

20 COMMISSIONER RENDAHL: Okay. Thank you.

21 And this is related to the low income rates.
22 And I realize this may be per the settlement, but
23 there's some clarification of your testimony that I
24 think would be helpful, just to be -- have some clarity
25 in the record.

1 So in your direct testimony at page 12, lines
2 4 through 9.

3 THE WITNESS: I'm there.

4 COMMISSIONER RENDAHL: Okay.

5 You indicate that the company shared the
6 proposed rate structure with its Equity Advisory Group,
7 and that feedback was provided to the company.

8 You also indicate that members of the Equity
9 Advisory Group raised some concerns. Can you tell me
10 which agencies or parties participated in the EAG and
11 what specific feedback was provided?

12 THE WITNESS: I don't know that I know
13 exactly all of the entities who are part of the Equity
14 Advisory Group. I believe it does include agencies,
15 local agencies, who administer low income assistance
16 programs. I think it also includes a member who is
17 part of a technical institute that's local in the
18 Yakima area, and also some other nonprofit entities.

19 I presented this information to the Equity
20 Advisory Group. I think that we heard from several
21 members that they thought that the changes were
22 positive and were a good way to advance equity, advance
23 issues that could help low income customers with high
24 energy burdens.

25 There was one member who was a little bit

1 concerned that maybe instead of entirely getting rid of
2 tiered rates, maybe a different type of structure could
3 be employed, like a higher tier, I think was what that
4 individual expressed at the Equity Advisory Group. And
5 so that was why I mentioned that it was generally
6 supportive, but there was one concern from one member.

7 COMMISSIONER RENDAHL: So did you talk
8 about ways to address that concern?

9 THE WITNESS: We talked about it. I think
10 that one of the concerns that we had, and others had,
11 is just how with tiered rates it really can't -- they
12 really can't impact, especially large households, large
13 multi-generational households. I think there was just
14 maybe some disagreement.

15 COMMISSIONER RENDAHL: Okay.

16 Was there any concern about -- I'm going to
17 move to another topic here.

18 Your exhibit in RMM-6 indicates that the
19 company plans to use time-of-use rates in conjunction
20 with the seasonal rates. Again, this is the company's
21 proposal. I realize there may be differences in
22 settlement.

23 Were there any concerns by the Equity Advisory
24 Group about the complexity involved or simplification
25 involved in time-of-use rates with the seasonal rate.

1 THE WITNESS: There weren't any concerns
2 that there was -- about the complexity of the nexus
3 between those two, time-of-use and seasonal rates.

4 COMMISSIONER RENDAHL: Okay.

5 So how would adding in a time-of-use rate
6 simplify that structure for customers?

7 THE WITNESS: How -- I'm sorry. Can you
8 ask that again? How would --

9 COMMISSIONER RENDAHL: How would adding in
10 a time-of-use variable to the seasonal rates simplify
11 matters for customers?

12 THE WITNESS: So in my direct testimony,
13 and also in my rebuttal testimony, which are different
14 than what ultimately was settled, which I know you
15 don't have before you right now, there was not a
16 proposal for imposing any new time-of-use rates. There
17 was a proposal to have something, which we call net
18 billing, for customer generators after we had reached
19 our cap. In my rebuttal testimony, we withdrew that
20 proposal.

21 So I -- there is not, right now, any sort of
22 time-of-use proposal before the Commission. We do have
23 an optional time-of-use opt-in rate schedule that's
24 currently effective on a pilot basis. There's no
25 change being proposed to that right now.

1 COMMISSIONER RENDAHL: Okay.

2 And the last question I have for you has to do
3 with the proposal for seasonal rates that eliminates
4 the tiered energy rates currently in the rate
5 structure.

6 And then your testimony also discusses meeting
7 the multiyear rate plan statute requirement for low
8 income programs.

9 And so I know that those -- there are
10 discounted rates in there as well. So by proposing to
11 eliminate the tiers for the rate structure, you're not
12 eliminating the discounted rate tiers?

13 THE WITNESS: No. No, Commissioner. What
14 we are proposing is -- so let me -- let me break that
15 apart into two -- two pieces here. And it might be
16 confusing because we use the word "tier" both to
17 discuss the discount levels within our Low Income Bill
18 Assistance Program, or LIBA.

19 Additionally, in the residential rates that
20 customers pay, the energy charges are tiered such that
21 the first 600 kilowatt hours of usage during a monthly
22 billing period receives a lower price, and kilowatt
23 hours 601 and beyond have a higher price.

24 So we are proposing no change to the low
25 income discount tier levels, those levels that are

1 based upon federal poverty level percentages, and also
2 the area -- sorry, federal property level and the area
3 median income. I'm sorry. I had to remember what the
4 other measurement was.

5 There's two different variables that are
6 considered to determine which tier of discount level a
7 customer who is participating in low income bill
8 assistance falls under. And we're not proposing any
9 changes to that, but we are proposing that following
10 the legislation for the multiyear rate plan -- I have
11 an exhibit, which makes sure that we're complying with
12 that such that whatever increase is ordered for
13 residential customers that there is double the increase
14 in benefits to low income bill assistance participants.

15 COMMISSIONER RENDAHL: Okay. Thank you.

16 I think it was the use of the word "tiers" --

17 THE WITNESS: Yeah.

18 COMMISSIONER RENDAHL: -- that confused
19 me. So I appreciate your clarification.

20 That's all I have for Mr. Meredith.

21 JUDGE HOWARD: Any further questions for
22 this witness.

23 (No response.)

24 JUDGE HOWARD: Thank you for your
25 testimony.

1 THE WITNESS: Thanks.

2 JUDGE HOWARD: Are there any questions
3 from the bench for AWEC witness Kaufman?

4 CHAIR DANNER: Yes, I have one question for
5 Kaufman.

6 JUDGE HOWARD: Is Kaufman online?

7 MS. MOSER: I believe he is.

8 JUDGE HOWARD: Good morning, Mr. Kaufman.
9 Can you hear and see me all right?

10 THE WITNESS: I can hear you.
11 Can you hear me?

12 JUDGE HOWARD: Yes.

13 If you can, please raise your right hand, and
14 I'll swear you in.

15
16 LANCE D. KAUFMAN,
17 having been first duly sworn,
18 testified as follows:

19
20 JUDGE HOWARD: Thank you.

21 CHAIR DANNER: All right. Thank you.
22 Good morning, Mr. Kaufman.

23 I have a question about liability insurance.

24 In your testimony, in exhibit LDK-1CT at page
25 48, line 10, you state that the 2019-2020 figure

1 includes an abnormal level of injuries, and therefore a
2 two-year average should be used.

3 And I wanted to ask first, why is this 2019 to
4 2020 figure considered abnormal?

5 THE WITNESS: If I recall, it was about
6 ten times higher than the other two years (inaudible
7 Zoom audio).

8 (Reporter clarification.)

9 JUDGE HOWARD: Mr. Kaufman, could you
10 repeat that? It came through a little garbled due to
11 the connection.

12 THE WITNESS: Sure.

13 Let me adjust my audio here.

14 Does this sound better?

15 JUDGE HOWARD: Possibly.

16 THE WITNESS: Okay.

17 Well, I'll try and speak -- I'll try and speak
18 a little louder.

19 The -- I believe that the rate for 2019 was
20 around ten times more than the other two years, give or
21 take maybe five to ten times more. And I was not able
22 to determine the reason for the -- the abnormal level.

23 CHAIR DANNER: Okay.

24 So you know that they were about ten times
25 higher, but you don't know the reasons why that year

1 was abnormal?

2 THE WITNESS: That's correct.

3 CHAIR DANNER: Okay.

4 Is it your view, then, that that year should
5 be removed from the calculation?

6 THE WITNESS: That was my recommendation,
7 yes.

8 CHAIR DANNER: Okay. All right.
9 That's all I have. Thank you.

10 JUDGE HOWARD: Any further questions?
11 (No response.)

12 JUDGE HOWARD: All right.
13 Thank you for your testimony.

14 Are there any questions from the bench for
15 public counsel witness Crane?

16 COMMISSIONER DOUMIT: Yes, Your Honor.
17 Thank you.

18 JUDGE HOWARD: All right.

19 Is Witness Crane in the online meeting here?

20 THE WITNESS: Yes, I am.

21 JUDGE HOWARD: Thank you.

22 Would you please raise your right hand, and I
23 will swear you in.

24

25 ///

1 ANDREA C. CRANE,
2 having been first duly sworn,
3 testified as follows:

4
5 THE WITNESS: Yes, I do.

6 COMMISSIONER DOUMIT: Thank you.

7 Thank you for appearing.

8 I'm referring to your recommendations at -- in
9 direct testimony ACC-1T, at page 29, lines 8 through
10 15, the recommendation to set the O&M expenses at
11 10 percent on an annual basis, resulting in a
12 27 percent increase by rate year ten.

13 Did you intend to refer there to rate years
14 one or two, or was that -- is that correct what you
15 meant there?

16 THE WITNESS: No, I did not mean rate
17 year -- I did not mean rate year ten. Thank you for
18 that catch. On net rate year one.

19 And then I go on to state the company did not
20 include a separate adjustment for rate year two, so I
21 just carried over my rate year one adjustment to rate
22 year two as well.

23 COMMISSIONER DOUMIT: Great. Thank you
24 for that clarification. That was all. I just wanted
25 to get that on the record.

1 Thank you.

2 THE WITNESS: Thank you.

3 JUDGE HOWARD: Any further questions?

4 (No response.)

5 JUDGE HOWARD: Are there any questions
6 from the bench for company witnesses Berreth or
7 Coleman?

8 And we may have limited availability for one
9 of these witnesses at this time.

10 COMMISSIONER DOUMIT: I have a -- I have
11 some questions for witness Berreth.

12 JUDGE HOWARD: Is Berreth available right
13 now, or is that -- or is Berreth available after noon?

14 MR. LOWNEY: Witness Berreth is available
15 this afternoon.

16 We do have witness Coleman available now, if
17 there are any questions for her.

18 COMMISSIONER DOUMIT: I think this could
19 be addressed through a bench request, Your Honor, for
20 witness Berreth.

21 COMMISSIONER RENDAHL: And I think we may
22 have addressed the questions for Coleman because they
23 were also to Ms. Cheung.

24 JUDGE HOWARD: Am I correct that that's
25 the end of the bench questions at this time?

1 CHAIR DANNER: Yes.

2 COMMISSIONER RENDAHL: Well, I do have a
3 question for Mr. Mullins, if he's available. I don't
4 know if he's available. The time change may be
5 significant, but I don't know if he's available.

6 JUDGE HOWARD: Is Mr. Mullins on the line?

7 MR. PEPPLER: We told him he was excused --

8 COMMISSIONER RENDAHL: That's quite all
9 right. I understand he's in a very different time
10 zone. So --

11 MR. PEPPLER: Sorry. We didn't see him on
12 the list of --

13 JUDGE HOWARD: We can issue a bench
14 request if needed.

15 All right. That brings us to the end of our
16 witness examinations this morning.

17 I have a couple of housekeeping items before
18 we adjourn.

19 Turning to the issue of public comments and
20 public participation.

21 Normally at this point, at the end of a rate
22 case hearing, I would be asking -- I would be
23 discussing the issue of the public comment exhibit with
24 public counsel. But here we have the recent
25 settlement. And I would expect that it would be likely

1 to hold a public comment hearing on the settlement
2 itself. And that would be scheduled in early to mid
3 January, which would mean that time is of the essence
4 for scheduling this and for getting our notice out to
5 customers.

6 I would plan to make an oral ruling here that
7 the public comment hearing on the settlement is a date
8 to be determined with customer notice 30 days prior, as
9 required by our rules. Ms. Gafken, do you have any
10 concerns with that approach?

11 MS. GAFKEN: (Inaudible Zoom audio.)

12 JUDGE HOWARD: I believe you are muted.

13 MS. GAFKEN: Yes, I am. I double muted.
14 Sorry about that.

15 Judge Howard, I have no -- no concerns with
16 that approach.

17 Thank you.

18 JUDGE HOWARD: All right. Thank you.

19 In that case, my rulings were what I just
20 indicated.

21 On the issue of briefing, post-hearing
22 briefing, we currently have one round of post-hearing
23 briefing on the schedule at the moment. Those are due
24 January 12th.

25 And as I indicated earlier, we plan to hold a

1 pre-hearing conference or issue a notice providing
2 briefing following the settlement hearing. And the
3 briefing for that would likely allow the parties their
4 post-hearing briefing around the settlement.

5 Yes, I see the company would like to make a
6 comment.

7 MR. KUMAR: Yeah.

8 And I apologize, Your Honor. I want to just
9 maybe go back to the notice issue, just to make sure
10 that we know exactly what we're doing.

11 I think we -- did you waive the 30-day notice
12 period? I just want to make sure I understand because
13 we -- I think we have to do newspaper notices, and then
14 that would take us from one to two weeks.

15 JUDGE HOWARD: I see.

16 So is the concern primarily, then, around the
17 lead-up to publishing the newspaper notices?

18 MR. KUMAR: Yeah. And it will take us
19 about one to two weeks to get the newspaper notices
20 completed and noticed.

21 JUDGE HOWARD: Would it be possible to
22 hold the public comment hearing towards the end of
23 January and still meet all of these deadlines or rules
24 if we acted now and we file a motion requesting
25 exemption if not?

1 MR. KUMAR: Yes. As long as I -- I don't
2 think there's anything required on the evidentiary
3 hearing to happen after the public comment hearing
4 [inaudible whispering].

5 (Reporter clarification.)

6 (No response.)

7 JUDGE HOWARD: Yes, we have the
8 flexibility to make that as we need to.

9 MR. KUMAR: Okay.

10 JUDGE HOWARD: Let's plan on that for now.
11 And if the company wants to request an exemption, it
12 can later.

13 MR. KUMAR: Okay.

14 Thank you, Your Honor.

15 So for the briefs that we currently have on
16 the schedule, which I would understand the parties
17 would likely limit their arguments to NPC and PCAM
18 issues in these briefs, due January 12th. And that's
19 one round of briefing on the schedule. We would set
20 the page limit for those briefs to be 40 pages. Four,
21 zero pages. And we'll address any subsequent briefing
22 following the settlement hearing at a later time.

23 Are there any questions from the parties
24 before we adjourn?

25 (No response.)

1 JUDGE HOWARD: All right.

2 Hearing none, thank you to all of the -- was
3 there a question from the company?

4 MR. KUMAR: Your Honor, I don't know if
5 you want to handle this on or off the record, but we --
6 I think before we were on the -- we previously had
7 identified a date for the evidentiary hearing, and
8 there was some scheduling stuff. So I don't know if
9 you want to do that now or later.

10 JUDGE HOWARD: Let's discuss the
11 scheduling of that at a later time.

12 MR. KUMAR: Okay.

13 JUDGE HOWARD: That may be after the
14 commission receives the settlement on the 15th, and we
15 will act quickly to schedule it then.

16 MR. KUMAR: Okay.

17 JUDGE HOWARD: Any other questions from
18 any other parties?

19 (No response.)

20 JUDGE HOWARD: All right.

21 Thanks to all the parties, their attorneys,
22 and their witnesses.

23 We are adjourned.

24 (The hearing concluded at 11:43 a.m.)

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STATE OF WASHINGTON
COUNTY OF PIERCE

I, Tia Reidt, a Certified Court Reporter in
and for the State of Washington, do hereby certify that
the foregoing transcript of the Evidentiary Hearing,
Volume IV, on December 11, 2023, is true and accurate
to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have hereunto set my
hand and seal this 26th day of December, 2023.

Tia B. Reidt



/S/ Tia B. Reidt
Tia B. Reidt, RPR, CCR 2798
NOTARY PUBLIC, State of
Washington.
My commission expires
5/15/2026.