

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP d/b/a PACIFIC POWER &
LIGHT COMPANY,

Respondent.

DOCKET UE-230172 and
UE-230852 (*Consolidated*)

POST-HEARING BRIEF OF PUBLIC COUNSEL

January 31, 2024

**Shaded Information is Designated as Confidential
Per Protective Order in Docket UE-230172 and WAC 480-07-160**

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I. INTRODUCTION

The Public Counsel Unit of the Washington State Attorney General’s Office (Public Counsel) herein provides its opposition to the Settlement Stipulation (Settlement) filed in this Docket on December 15, 2023, on behalf of PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or the Company), the Staff of the Washington Utilities and Transportation Commission (UTC or Commission), the Alliance of Western Energy Consumers (AWEC), The Energy Project (TEP), the NW Energy Coalition (NVEC), and Walmart Inc. (Walmart) (collectively, the Settling Parties).¹ For the reasons explained below, the record fails to demonstrate that the rate increase proposed in the Settlement is fair, just, and reasonable, and it is therefore contrary to law and the public interest.²

The record in this Docket, including the Settlement Stipulation, Joint Testimony, and the Company’s initial filing and rebuttal, is devoid of any evidence to characterize how the proposed rate increases would either correct or perpetuate inequities in the PacifiCorp electric service territory in Washington.³ The record also fails to address equity impacts of the proposal to

¹ See Settlement Stipulation (filed on Dec. 15, 2023); PacifiCorp, Staff, AWEC, TEP, NVEC & Walmart Joint Testimony (filed on Dec. 15, 2023) (hereinafter Joint Testimony).

² See RCW 80.28.010(1); see also *Federal Power Comm’n v. Hope Nat. Gas Co.*, 320 U.S. 591, 64 S. Ct. 281 (1944); *Bluefield Waterworks & Improvement v. Pub. Serv. Comm’n of W. Va.*, 262 U.S. 679, 43 S. Ct. 675 (1923).

³ See Settlement Stipulation; Joint Testimony; PacifiCorp’s Cover Letter (Apr. 19, 2023) (Replacement Tariff Pages, Refiling PacifiCorp’s General Rate Proceeding); Direct Testimony of Matthew D. McVee, Exh. MDM-1T; Direct Testimony of Christina M. Medina, Exh. CMM-1T; Direct Testimony of Robert M. Meredith, Exh. RMM-1T; Direct Testimony of Richard A. Vail, Exh. RAV-1T; Direct Testimony of Jayson Branch, Exh. JB-1T; PacifiCorp’s Cover Letter (Oct. 27, 2023); McVee, Exh. MDM-2T; Rebuttal Testimony of Sherona L. Cheung, Exh. SLC-8T; see also RCW 80.28.425(1); RCW 19.405.010(6); *Wash. Utils. & Transp. Comm’n v. Cascade Nat. Gas Corp.*, Docket UG-210755, Order 09: Final Order ¶¶ 52–58 (Aug. 23, 2022) (hereinafter *Cascade Final Order*); Response Testimony of Corey J. Dahl Exh. CJD-1Tr at 4:17–8:18.

increase the residential basic charge for single-family customers and to perform the pro-forma review on a portfolio rather than project-by-project basis.⁴

For any rate increase the Commission approves in this Docket, the Commission should require PacifiCorp to conduct an equity impact analysis of the rate impacts on highly impacted communities and vulnerable populations (Named Communities)⁵ and provide that analysis in a compliance filing as described in the testimony of Public Counsel witness Corey J. Dahl.⁶ The Commission should enter any rates it approves here on a provisional basis subject to adjustment based on the results of the equity analysis and mitigation efforts the Company may propose, if applicable.⁷ The Commission should also require PacifiCorp to provide an equity impact analysis and submit evidence of those analyses for all future rate filings, including General Rate Cases and Power Cost adjustments.⁸

The Settlement also proposes an unsupported “results-only”⁹ rate of return (ROR) of 7.29 percent. The Settlement fails to incorporate roughly \$8 million of supported downward adjustments and omits two of the 10 performance measures adopted in the two prior multiyear

⁴ See Settlement Stipulation ¶¶ 29–31; Joint Testimony at 15:8–17:26; see also Meredith, Exh. RMM-1T at 11:17–12:2.

⁵ See Dahl, Exh. CJD-1Tr, at 20:14–18, 21:4–26, 22:11–23:17; RCW 19.405.010(6) (CETA provision stating that the public interest includes the “equitable distribution of energy benefits and reduction of burdens to vulnerable populations and highly impacted communities.”); RCW 19.405.020(40), 19.405.020(23) (definitions of “vulnerable populations” and “highly impacted communities,” respectively).

⁶ See Dahl, Exh. CJD-1Tr at 22:11–23:17.

⁷ See Dahl, Exh. CJD-1Tr at 20:14–18, 21:4–16; WAC 480-07-750(2).

⁸ As stated in Dahl, Exh. CJD-1Tr at 21 n.64, Public Counsel believes that all Washington investor-owned utilities should be required to provide an equity impact analysis with rate filings and power cost adjustments.

⁹ *Wash. Utils. & Transp. Comm’n v. Avista Corp.*, Dockets UE-220053 et al., Final Order 10/4 at 2 n.1 (Dec. 12, 2022).

rate plan (MYRP) rate cases.¹⁰ Because the Settlement proposes unfair, unjust, and unreasonable rate increases and omits any evidence regarding equity impacts information, it fails to comply with the law and is inconsistent with the public interest. The Settlement therefore fails to meet the requirements of WAC 480-07-740 and WAC 480-07-540 and should be rejected. At most, based on the testimony of J. Randall Woolridge, the record supports only a ROR of 7.13 percent after applying PacifiCorp’s updated cost of debt.¹¹ The Commission should modify the settlement to include the additional \$8 million of downward adjustments, disallow the Jim Bridger Units 1 and 2 costs as discussed below, and restore the remaining two performance metrics from prior MYRP rate cases.

II. BACKGROUND

On April 19, 2023, PacifiCorp filed with the UTC its first general rate case (GRC) to increase rates and charges for electric service to its Washington customers since the 2021 adoption of Washington’s “multiyear rate plan” (MYRP) statute.¹² PacifiCorp requested a two-year rate plan increasing its annual revenues by \$26.8 million for rate year one (RY1) and by \$27.9 million for rate year two (RY2).¹³ The Company requested to increase its return on equity

¹⁰ See Response Testimony of Andrea C. Crane, Exh. ACC-1Tr at 15:15–31:13; Crane, Exh. ACC-3, at 1:4–7 (PDF version); see also McVee, Exh. MDM-2T; Cheung, Exh. SLC-13C; Cheung, Exh. SLC-11, at 191, 192; *Wash. Utils. & Transp. Comm’n v. Avista Corp.*, Dockets UE-220053 et al., Final Order 10/4 ¶¶ 96-97 (Dec. 12, 2022); *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-220066 et al., Final Order 24/10 ¶ 92 (Dec. 22, 2022).

¹¹ See McVee, Exh. MDM-2T; Cheung, Exh. SLC-13C; Response Testimony of J. Randall Woolridge, Exh. JRW-1T.

¹² See RCW 80.28.425; Engrossed Substitute S. B. 5295, 67th Leg., 2021 Reg. Sess., § 2(7) (Wash. 2021); PacifiCorp’s Cover Letter (Apr. 19, 2023); McVee, Exh. MDM-1T at 7:8–11.

¹³ McVee, Exh. MDM-1T at 1:21–2:7. This initial request corresponds to a \$12.11 per month increase in RY1 for the average residential customer using 1,200 kilowatt-hours per month, and an additional \$9.34 increase in RY2. See

(shareholder profit) from 9.5 to 10.3 percent and a capital structure yielding an overall ROR of 7.60 percent.¹⁴ The Company also requested to increase the residential basic monthly charge for only single family, not multifamily customers, to adopt eight of the 10 performance metrics the Commission approved for the recent GRCs for Avista Corporation (Avista) and Puget Sound Energy (PSE),¹⁵ and for permission to perform the annual pro-forma capital project costs review on a portfolio instead of case-by-case project basis.¹⁶ The Company's initial filing references its equity-related actions including participation in advisory groups and efforts to comply with the Clean Energy Transformation Act (CETA), and connects other actions to equity considerations, but did not provide any distributional equity analysis of how the requested rate increase might affect equity in its service territory.¹⁷

Public Counsel filed opposing testimony on September 14, 2023. Public Counsel revenue requirement witness Andrea C. Crane recommended adjustments that would reduce the rate increase for RY1 to approximately \$5.6 million (\$20.8 million less than the initial request) and for RY2 to approximately \$23.2 million (\$4.4 million less than the initial request).¹⁸ Crane also recommended that the Commission approve not just eight but all 10 of the same performance

Wash. Utils. & Transp. Comm'n v. Pacific Power & Light Co, Dockets UE-230172 & UE-210852 Order 03/01 ¶1 (May 24, 2023); Meredith, Exh. RMM-1T; Meredith, Exh. RMM-6.

¹⁴ McVee, Exh. MDM-1T at 3:6–10.

¹⁵ See *Wash. Utils. & Transp. Comm'n, v. Puget Sound Energy*, Dockets UE-220066 et al., Order 24/10 ¶ 92 (Dec. 22, 2022); *Wash. Utils. & Transp. Comm'n v. Avista Corp.*, Dockets UE-220053 et al., Order 10/04 ¶¶ 96, 97 (Dec. 12, 2022).

¹⁶ Meredith, Exh. RMM-1T at 11:15–12:2 (residential basic charges); McVee, Exh. MDM-1T at 37:15–18 (wildfire mitigation costs); Direct Testimony of Allen L. Berreth, Exh. ALB-1T (wildfire mitigation costs); McVee, Exh. MDM-1T at 27:2–32:9 (performance metrics); McVee, Exh. MDM-1T at 25:3–16 (portfolio basis review).

¹⁷ See Direct Testimony of Christina Medina, Exh. CMM-1T; Direct Testimony of Richard A. Vail, Exh. RAV-1T; Branch, Exh. JB-1T.

¹⁸ Crane, Exh. ACC-1Tr.

metric tracking for PacifiCorp that it approved for Avista and PSE, and recommended the annual pro-forma project cost reconciliation review be conducted on a project-by-project basis instead of portfolio basis.¹⁹

Public Counsel's cost of capital witness Dr. J. Randall Woolridge recommended a Return on Equity (ROE) of 9.25 percent with a capital structure yielding an ROR of 6.97 percent.²⁰

Public Counsel witness David E. Dismukes recommended that the Commission reject PacifiCorp's proposal to increase the residential basic monthly charge for single family and not multi-family customers to avoid disincentivizing energy efficiency and to avoid an even greater disparity with the lower average monthly customer charge for peer investor-owned utilities (IOUs) in the region.²¹ Public Counsel witness Corey J. Dahl provided testimony criticizing the lack of analysis or other information to characterize inequities in the Company's electric service area and equity impacts that could result from the proposed rate changes.²²

In its October 27, 2023, rebuttal filing, PacifiCorp increased its cost of debt upward to 5.09 percent, reduced its proposed cost of equity to 10.3 to 10.0 percent, but maintaining its requested ROR of 7.60 percent.²³ Accepting the increase in cost of debt, but retaining Public Counsel's recommended capital structure and cost of equity, Public Counsel's resulting overall cost of capital or ROR is 7.13 percent.²⁴

¹⁹ Crane, Exh. ACC-1Tr at 9:6–15:16; 31:14–33:19.

²⁰ Woolridge, Exh. JRW-1T at 3:15–5:5.

²¹ Response Testimony of David E. Dismukes, Exh. DED-1T at 25:7–38:10.

²² See Dahl, Exh. CJD-1Tr.

²³ See McVee, Exh. MDM-2T at 4:19–21, 10:1–9.

²⁴ See *id.*; Woolridge, Exh. JRW-1T at 3:15–5:4.

The Company's rebuttal revised its estimated capital costs associated with the Jim Bridger Units 1 and 2 gas conversion from \$20.9 million to \$48.9 million, which increases the Washington jurisdictional revenue requirement by approximately \$0.5 million.²⁵ The Company also reduced its projected Jim Bridger post-gas conversion operation and maintenance (O&M) costs by \$3.3 million.²⁶ PacifiCorp also increased its insurance costs of \$6.9 million and reduced net power costs by \$9.9 million.²⁷ The Company also updated capital projects anticipated to be completed during the year, including removal of the North Temple Office project in Salt Lake City, Utah, which is not expected to be in-service during 2025.²⁸

The Company's rebuttal also reflected several adjustments that were included in Public Counsel's responsive testimony, including updated pension expense, removal of cancelled Colstrip projects, and a reduction to Jim Bridger repowering expenses.²⁹ The result of these revisions in rebuttal is that PacifiCorp's revised rate increases reduced to \$18,747,331 in RY1 and \$21,974,219 in RY2.³⁰ The remaining Public Counsel accounting adjustments relate to the CETA Deferral, COVID Deferral, EV Pilot Deferral and incremental transmission and distribution (T&D) O&M costs. These adjustments total approximately \$8 million.³¹ Public

²⁵ See Cheung, Exh. SLC-8T at 24: 8–13.

²⁶ See *id.* at 3 (Table 1).

²⁷ *Id.*

²⁸ See *id.* at 23:19–22.

²⁹ See *id.* at 3–4 (Tables 1, 2).

³⁰ See Cheung, Exh. SLC-11 at 2 and SLC-12 at 2.

³¹ See Crane, Exh. ACC-3 at 1:4–7 (PDF version). Note that the Company updated its CETA Deferral and EV Pilot Deferral in the Cheung, Exh. SLC-11 at 191 and 192, but these updates do not have a material impact on Public Counsel's recommendation revenue requirement.

Counsel also continues to recommend disallowance of certain costs associated with Jim Bridger Units 1 and 2.³²

PacifiCorp and the other Settling Parties then filed the Settlement at issue in this Docket on December 15, 2023. The Sierra Club neither joined nor opposed the Settlement.³³ Paragraph eight of the Settlement presents the Settling Parties’ proposed increase to annual revenue requirement of \$13,786,955 for RY1 and \$21,065,564 for RY2. Paragraph 10 proposes a “results-only” 7.29 percent ROR, without specifying a capital structure or return on equity. The Settlement includes terms for O&M and Capital Additions for Jim Bridger Units 1 and 2 in paragraph 14, Wildfire Mitigation costs in paragraph 26, Performance Metrics in paragraph 27, and proposes a portfolio level annual provisional pro-forma capital review in paragraph 29. Public Counsel opposes the terms related to Jim Bridger costs, T&D O&M costs related to wildfire mitigation, recommends the Commission require all of the same performance metrics for PacifiCorp that it required in the Avista and PSE MYRP cases, and recommends that the Commission require the pro-forma capital review process to be performed on a case-by-case basis and not portfolio level.

Paragraph 18 of the Settlement provides terms on equity but provides virtually no actual analysis or proposal. On equity, the Company proposes to “collaborate” with the Parties on a methodology “to develop an equity framework...in the Company’s next general rate case, to

³² See Response Testimony of Robert L. Earle, Exh. RLE-1CT at 9:19–21.

³³ Settlement Stipulation ¶ 1.

“develop” a distributional equity analysis and “submit a compliance filing *at the end of the MYRP*”, and to “develop” a benefits and costs for use in planning.

The Settlement includes Low-Income/Language Access Plan/Disconnection terms that include the Company’s initial proposal to increase the LIBA discount percentages³⁴ and raising the dollar threshold for residential disconnections for nonpayment from \$50 to \$150.³⁵ The remainder of these terms, similar to the equity terms, are forward-looking commitments “to develop enhancements” and “discuss and seek consensus” regarding a list of improvements to programs on these topics. Promising an April 30, 2025 proposal, the plan stops short of stating any commitments on the content of that proposal, and stating only that it will come after PacifiCorp has engaged in discussions related to these items.

Similarly, the terms addressing development of a Language Access Plan specify that a draft is due six months after the Commission’s final order in this proceeding, and articulates a plan to share and further develop a final plan with advisory groups, and states that “PacifiCorp will make best efforts to implement” the plan “prior to the filing of PacifiCorp’s next general rate case,” which would be approximately in the first half of 2025 to be effective in March 2026 at the end of the current-proposed two year rate plan.³⁶ However, the Language Access terms do not include any commitments to enhance language access during the two-year rate plan itself.

Public Counsel maintains its positions as filed in its September 14, 2023, responsive testimony, including approximately \$8 million of downward adjustments that the Company did not adopt in its rebuttal, disallowance of certain costs related to Jim Bridger Units 1 and 2, an

³⁴ Meredith, Exh. RMM-1T at 28–29.

³⁵ Settlement Stipulation ¶¶ 21, 23.

³⁶ See generally RCW 80.04.130(1).

alternative ROR of 7.13 percent with a 49.1 common equity percentage and 9.25 return on equity, opposition to portfolio basis pro forma capital projects review, opposing any increase to the residential basic monthly charge, adoption of all 10 of the performance measures adopted in the last Avista and PSE general rate cases, and a recommendation that any rate increase the Commission approves in this Docket should be approved only on a provisional basis until PacifiCorp makes a compliance filing containing the requisite equity information.³⁷

III. STANDARD OF REVIEW

WAC 480-07-750(2) sets forth the legal standard the Commission must apply in its review of any settlement agreement, that “[t]he commission will approve a settlement if it is lawful, supported by an appropriate record, and consistent with the public interest in light of all the information available to the commission.”³⁸ Pursuant to RCW 80.28.020, the Commission must determine utility rates that are fair, just, and reasonable.³⁹ Accordingly, the Commission must judge the reasonableness of a settlement under its statutory standards, and may approve the settlement subject to conditions or reject the settlement if it finds that it fails the standard.⁴⁰

The parties filing a partial multiparty settlement bear the burden to provide “supporting documentation sufficient to demonstrate that the settlement is consistent with the law and the

³⁷ See Crane, Exh. ACC-3 at 1:4–7 (PDF version). Note that the Company updated its CETA Deferral and EV Pilot Deferral in the Cheung, Exh. SLC-11 at 191 and 192, but these updates do not have a material impact on Public Counsel’s recommendation revenue requirement.

³⁷ See Earle, Exh. RLE-1CT at 9:19–21; Woolridge, Exh. JRW-1T at 3:15–5:4; Dahl, Exh. CJD-1Tr; *Cascade Final Order* ¶¶ 52–58; Woolridge, Exh. JRW-1T at 3:15–5:5.

³⁸ WAC 480-07-750(2).

³⁹ RCW 80.28.020.

⁴⁰ *Id.*

public interest.”⁴¹ Moreover, because PacifiCorp is seeking to modify existing rates in this Docket, it bears an additional burden of proof to justify its requested rate change.⁴² As the opposing party, Public Counsel has the right to offer evidence and argument in opposition.⁴³

In addition, the Commission must resolve the issues in this case based on the record before it, while determining whether it will accept, reject, or modify the partial multiparty settlement.⁴⁴ The Commission “weighs the evidence offered in support of the common positions advocated by the settling parties against the evidence opposing the results advocated by the settling parties, and evidence offered by non-settling parties in support of the alternative results that they advocate.”⁴⁵ The Commission’s decision on “[e]ach contested issue is decided on its merits considering the full record.”⁴⁶

Lastly, in Order 09 of the Cascade Natural Gas Company’s 2021 General Rate Case (Cascade Order 09), the Commission clarified equity considerations it expects companies to provide in rate cases.⁴⁷ The Commission provides in Cascade Order 09 that “regulated companies should inquire whether each proposed modification to rates, practices, or operations correct or perpetuate inequities,” and that “[c]ompanies likewise should be prepared to provide testimony and evidence to support their position.”⁴⁸

⁴¹ WAC 480-07-740(3).

⁴² WAC 480-07-540.

⁴³ WAC 480-07-740(2)(c).

⁴⁴ *In re Puget Sound Energy*, Dockets UE-121373 et al., Order 06/07: Order Rejecting Multiparty Settlement ¶ 17 (June 25, 2013).

⁴⁵ *Id.* ¶ 20.

⁴⁶ *Id.*

⁴⁷ *Cascade Final Order* ¶¶ 52–58.

⁴⁸ *See id.* ¶ 58.

IV. ARGUMENT

A. The Settlement is Contrary to Law and the Public Interest Because it is Not Fair, Just, and Reasonable and Fails to Provide Any Evidence Addressing Equity Impacts of the Rate Increase.

Seventeen months ago, the Commission directed companies to provide testimony and evidence about how each proposed modification to rates, practice, or operations impacted equity. Paying lip service to this requirement, PacifiCorp proposes to postpone equity considerations for another two years. While collaborating with parties on an equity framework, developing a distributional equity analysis and an equity benefit cost analysis for the next rate filing is laudable, PacifiCorp's failure to provide equity analysis for this proposed rate plan is inexcusable and must carry consequences. The Commission should not permit companies to further delay equity analysis and should either reject PacifiCorp's rate plan entirely until the Company performs the required analysis or make any rates approved here provisional subject to adjustments based on the results of an equity impact analysis of the rate impacts on Named Communities as described in the testimony of Public Counsel witness Corey J. Dahl.⁴⁹ Any rates approved should be provisional subject to adjustment based on the results of the equity analysis and mitigation efforts the Company may propose, if applicable.⁵⁰ The Commission should reaffirm the requirement of an equity impact analysis for all future rate filings, including GRCs and Power Cost adjustments.⁵¹

⁴⁹ See Dahl, Exh. CJD-1Tr at 20:14–18, 21:4–26, 22, 11–23:17.

⁵⁰ See Dahl, Exh. CJD-1Tr 20:14–18, 21:4–16; WAC 480-07-750.

⁵¹ As stated in Dahl, Exh. CJD-1Tr, at 21 n.64, Public Counsel believes that all Washington investor-owned utilities should be required to provide an equity impact analysis with rate filings and power cost adjustments.

Such equity analysis was, and is, possible now. As Public Counsel witness Corey J. Dahl provided by way of illustration, the Company could have used the Washington Department of Health’s Environmental Health Disparities Map conduct analysis of whether Named Communities will bear a disproportionate share of the proposed rate increase compared to the general customer population, because this tool provides data about disparities on a zip code level. This type of analysis, or something comparable, could better inform changes to rate spread and rate design, among other proposals. If the analysis shows any disproportionate impacts, the Company must then explain why the proposed increase is fair, just, and reasonable and provide a clear path to mitigate the harm.⁵² The Commission’s guidance in Cascade Order 09 does not require perfect analysis and the Company should both qualify its conclusions based on the quality of data and analysis and continue to improve its methodology through collaboration with interested parties. But the analysis must be done for this rate plan. Systemic inequities perpetuate in the absence of attention. The Commission should take this opportunity to focus the Company’s attention very clearly.

1. The Settlement lacks any evidence of equity impacts of the proposed rate increase, increase to monthly basic charge, and portfolio basis pro forma review.

Despite PacifiCorp’s many references in this Docket to its past and future actions surrounding the idea of equity, the Settlement, like PacifiCorp’s initial and rebuttal filings, fails to provide any evidence addressing how the rate increases for RY1 and RY2 in the Settlement will impact equity in the PacifiCorp electric service territory. The record also lacks any evidence

⁵² Dahl, Exh. CJD-1Tr at 23:3–13.

to show what equity impacts will result from the proposed increase in the residential basic monthly charge for single-family home customers or from the proposal to perform PacifiCorp’s annual pro forma cost review on an overall portfolio basis instead of individual project basis. This failure to address equity impacts of the terms of the Settlement is inconsistent with the public interest and the Commission’s guidance in Cascade Order 09. The Settlement therefore fails to meet the WAC 480-07-740 and WAC 480-07-540 requirements for approval. WAC 480-07-740 sets forth the requirements for settlement approval and states that the Commission “will review all settlement agreements to determine whether they comply with applicable legal requirements and whether the approval of the agreements is consistent with the public interest.”⁵³ In Cascade Order 09, the Commission reduced the revenue requirement increase proposed in a settlement agreement and articulated specific guidance on equity considerations for companies to address before the Commission to satisfy the public interest standard.⁵⁴ Through this policy guidance the Commission “sets expectations for inclusive settlement negotiation processes going forward.”⁵⁵ The Commission clarified that “if the Non-settling Parties demonstrate that the Settlement’s terms are contrary to the public interest, we may modify the Settlement to ensure that it results in a fair, just, reasonable, sufficient, and equitable outcome.”⁵⁶

In Cascade Order 09, the Commission adopted the principles of equity established in the statute establishing the Washington Office of Equity in 2020. The Commission also committed to “ensuring that systemic harm is reduced rather than perpetuated by [their] processes, practices,

⁵³ WAC 480-07-740.

⁵⁴ *Cascade Final Order* ¶¶ 52–58.

⁵⁵ *Id.*

⁵⁶ *Id.* ¶ 51. *See also* WAC 480-07-750.

and procedures.”⁵⁷ The principles of equity are that the Office of Equity must 1) develop policies to distribute and prioritize resources to historically marginalized people; 2) eliminate systemic barriers created by entrenched systems of oppression; and 3) “[achieve] procedural and outcome fairness, promoting dignity, honor, and respect for all people.”⁵⁸

The Commission recognized the four “core tenets” of energy justice as critical to reaching “the goal of achieving equity in Washington energy regulation:”⁵⁹

- Distributional justice: establishes the goal to spread benefits and burdens fairly;
- Procedural justice: establishes the need for fair, inclusive decision-making processes;
- Recognition justice: establishes that historic inequities and systems of oppression must be acknowledged, and
- Restorative justice: establishes the practice of using public policy and practices to repair the harm caused by historic inequities.

The Commission explained:⁶⁰

Recognizing that no action is equity-neutral, *regulated companies should inquire whether each proposed modification to their rates, practices, or operations corrects or perpetuate inequities. Companies likewise should be prepared to provide testimony and evidence to support their position.* Meeting this expectation will require a comprehensive understanding of the ways in which systemic racism and other inequities are self-incumbent upon regulated companies to educate themselves on topics related to equity just as it is incumbent upon the Commission to do the same.⁶¹

Acknowledging that its equity guidance was not comprehensive and would expand in future proceedings, the Commission emphasized its intention “to express clearly our expectation that

⁵⁷ *Cascade Final Order* ¶ 55.

⁵⁸ *Id.* ¶ 54.

⁵⁹ *Id.* ¶ 56.

⁶⁰ *Id.* ¶ 58.

⁶¹ *Id.* ¶ 58.

the Company will integrate equity into each of its proposals going forward” and that it would retain “discretion to evaluate equity on a case by case basis.”⁶²

a. The record lacks evidence of equity impacts of the rate increase.

The December 15, 2023, Settlement and supporting Testimony contain no discussion, analysis, or other evidence to describe existing inequities in the PacifiCorp electric service territory, how the proposed rate increase will impact those inequities, or how the rate increase would correct or perpetuate inequities.⁶³ The Settling Parties confirmed on the record at the January 12, 2024, settlement hearing that PacifiCorp has not mapped or quantified Named Communities in its service territory, although they acknowledge that these populations are present there and will be impacted by the rate increases proposed in the Settlement.⁶⁴ The Settling Parties further confirmed that PacifiCorp has not conducted any analysis on how the rate increases proposed for RY1 and RY2 will correct or perpetuate inequities.⁶⁵

The Settlement’s equity terms in paragraph 18 simply state a plan to make a plan for how to characterize and address inequities to be reported at the end of the two-year MYRP in 2026 and implemented in the next rate case after the current one. Beyond the forward-looking actions described in Paragraph 18 of the Settlement, there is no discussion of how the rate increases proposed to be effective in March 2024 and March 2025 will correct or perpetuate inequities.

⁶² *Id.* ¶ 59.

⁶³ Settlement Stipulation; Joint Testimony.

⁶⁴ *See* McVee, TR. 203:1–18; McGuire, TR. 216:16–218:6; Mullins, TR. 228:21–230:9; Stokes, TR. 237:24–238:24; McCloy, TR. 244:6–245:3; Kronauer, TR. 250:24–252:8.

⁶⁵ *See id.*

At the January 12, 2024, settlement hearing, witnesses for each of the Settling Parties were asked to explain how the settlement addresses distributional justice, recognition justice, and restorative justice, as those terms are described in Cascade Order 09. When asked how the settlement will spread benefits and burdens fairly among customers (distributional justice), PacifiCorp’s witness Matthew McVee pointed to the Company’s cost of service study, which considers ratepayer classes, but does not provide an analysis of equity considerations. McVee also explained that the Settlement “sets the stage for the next case” but did not explain how the Settlement or Joint Testimony for the current rate case encapsulates equity considerations.⁶⁶

When asked how the Settlement acknowledges historic inequities and systems of oppression (recognition justice), PacifiCorp witness McVee clarified that the Company is still unsure how to begin to think about these considerations, but claims that they have made efforts to keep costs as low as possible. McVee also referenced the selection of the location of the North Temple Property, which is in Salt Lake City, Utah, as well as “working with the Yakima [sic] Nation” in distribution planning.⁶⁷ PacifiCorp witnesses Christina Medina and Richard Vail testify with slightly more specificity that the Company considered and complied with Yakama Nation restrictions on upgrades of distribution facilities on tribal lands that supply areas off tribal lands evaluating alternatives in the Company’s decisions to construct two new substations on Yakama Nation land.

⁶⁶ McVee, TR. 204:3–205:1.

⁶⁷ *Id.* at 205:15–206:25.

However, as UTC Staff witness Molly Brewer notes in her responsive testimony, “this is inadequate because the Company is expected to respect a tribal nation’s restrictions regardless of any equity laws or frameworks.”⁶⁸ Brewer goes on to explain that the reference to these communications with the Yakama Nation does not constitute applying an equity framework at the time of making the decision, or actively applying the tenets of equity justice. Brewer “speculates that because the projects were in relation to a tribe, the Company may have listed these projects as related to equity, while not necessarily applying an equity lens to the decision” and “is simply arguing post hoc that these projects are equity related.”⁶⁹ It likewise remains unclear how siting an office building in Salt Lake City will address historic inequities and systems of oppression in Washington.

When asked how the Settlement will repair harm caused by historic inequities (restorative justice), UTC Staff witness Chris McGuire answered that the Settlement does not explicitly address this tenet of equity, but that the Company “has committed to making significant progress toward achieving equitable outcomes.”⁷⁰ AWEC witness Bradley Mullins pointed to the process outlined in the Settlement, which is aimed at analyzing equity impacts for the next rate case, not the current one.⁷¹

Neither PacifiCorp nor any of the other Settling parties could point to any analysis or evidence anywhere in the record for this docket regarding the equity impacts of the proposed rate increases during the two-year rate plan on Named Communities in PacifiCorp’s service

⁶⁸ See Direct Testimony of Molly A. Brewer, Exh. MAB-1T at 15:16–16:15.

⁶⁹ See Brewer, Exh. MAB-1T at 16:7–15.

⁷⁰ McGuire, TR. 220:7–21.

⁷¹ Mullins, TR. 230:22–231:10.

territory.⁷² Thus, as Public Counsel witness Corey Dahl states in his Response Testimony in Exhibit CJD-1Tr the “Company has not provided the Commission with the evidence it needs to make a clear assessment as to whether the rate request is in the public interest on an equity basis.”⁷³ This omission was not cured in the Settlement Stipulation or accompanying Joint Testimony.

The record shows that PacifiCorp’s omission is not harmless. PacifiCorp has “some of the lowest median income levels in the state.”⁷⁴ In the public comments, several customers who live on Social Security and fixed income expressed concern and opposition to having to pay a greater amount for electricity through increased rates.⁷⁵ Still other customers noted concerns about the gap between hourly wages and the ability to afford ever-increasing cost of electricity.⁷⁶ Even where the Settlement includes terms that are likely to have beneficial impact, the lack of equity analysis hampers the Commission’s ability to evaluate those programs. For example, raising the disconnection floor from \$50 to \$150 has a salutary effect, but there is no analysis or evidence to determine if such a change is sufficient. Similarly, the lack of analysis makes PacifiCorp’s promise to provide enhancements to its Language Access Plan or Low-Income programs virtually impossible to evaluate.

The Settlement terms include actions that the Company will take in the future to address concerns about inequities in the PacifiCorp service territory. To date, however, PacifiCorp has

⁷² See Dahl, Exh. CJD-1Tr 11:3–6; Dahl, Exh. CJD-3 (PacifiCorp Response to Public Counsel Data Request 233).

⁷³ *Id.* at 11:10–12.

⁷⁴ McVee, Exh. MDM-1T at 4:13–21; see McVee, TR. 203:7–11.

⁷⁵ See Bench Request No. 3, Attach. 1 at 1 (filed Jan. 19, 2024) (UTC Comment Matrix, comment of Maureen Chandler)

⁷⁶ See *id.* at 3 (Comment of Antonia Soto).

not provided any support or evidence to show that it has a basic understanding of highly impacted communities or vulnerable populations in its service territory, let alone how inequities toward these ratepayers would be corrected or perpetuated upon effectiveness of the rate increase proposed in the Settlement.

As stated in the Settlement, the Company agrees to collaborate with the parties on a methodology to develop an equity framework to evaluate in the company's next rate case, but not this one.⁷⁷ The Settlement provides without explanation that providing an equity assessment "would present difficulties" and unidentified "constraints" because it is a multistate entity. It remains unclear why PacifiCorp is unable to provide information it has available about its Washington customers who may be within Named Communities.⁷⁸

The Settlement assumes that PacifiCorp must have the paragraph 18 terms approved to have complied with the broad guidance in Cascade Order 09. To the contrary, PacifiCorp has considerable leeway to meet the minimal threshold stated in the Commission's guidance in Cascade Order 09, which simply asks companies requesting rate increases to:

- 1) assess whether the company's request is reducing or perpetuating systemic harms, in line with the Washington State Office of Equity's goals;⁷⁹
 - 2) demonstrate how the company's filing adheres to the four tenets of energy justice;⁸⁰
- and

⁷⁷ Settlement Stipulation ¶ 18.

⁷⁸ RCW 19.405.010(6) (CETA provision stating that the public interest includes the "equitable distribution of energy benefits and reduction of burdens to vulnerable populations and highly impacted communities."); RCW 19.405.020(40), 19.405.020(23) (definitions of "vulnerable populations" and "highly impacted communities," respectively)

⁷⁹ *Cascade Final Order* ¶ 54; Dahl, Exh. CJD-1T at 22:17–20.

⁸⁰ *Cascade Final Order* ¶ 56; Dahl, Exh. CJD-1T at 23:1–2.

3) analyze whether Named Communities will bear a disproportionate share of the proposed rate increase compared to the general customer population.⁸¹

In other words, the Company must provide some inquiry into whether proposed modifications to its rates, practices, or operations might correct or perpetuate inequities.⁸²

The Commission’s guidance was available to PacifiCorp since the issuance date of Cascade Order 09 of August 23, 2022. Given that we are now in the first quarter of 2024, PacifiCorp has had ample time to provide some input to begin to facilitate a “comprehensive understanding” regarding racism and other inequities in PacifiCorp’s service territory, and for PacifiCorp to “educate themselves on topics related to equity, just as it is incumbent on the Commission to do the same.”⁸³

As the Commission acknowledges in Cascade Order 09, no action is equity-neutral, and PacifiCorp should inquire whether the proposed rate increase in this Settlement, not one in a rate case to come, corrects or perpetuates inequities. The Settlement’s failure to address equity is inconsistent with the public interest and the Commission’s guidance in Cascade Order 09, and therefore fails to meet the WAC 480-07-740 requirements for Settlement approval.

If the Commission approves rate modifications in this Docket, the Commission should require PacifiCorp to conduct an equity impact analysis of the rate impacts on Named Communities and provide that analysis in a compliance filing as discussed by Public Counsel Witness Corey J. Dahl.⁸⁴ The Commission should enter any rates it approves here on a

⁸¹ *Cascade Final Order* ¶¶ 52, 56.

⁸² *Id.* ¶ 58.

⁸³ *Id.* ¶ 58.

⁸⁴ *See* Dahl, Exh. CJD-1Tr at 20:10–23:17.

provisional basis subject to adjustment based on the results of the equity analysis and mitigation efforts the Company may propose, if applicable.⁸⁵ The Commission should also require PacifiCorp to provide an equity impact analysis and submit evidence of those analyses for all future rate filings, including GRCs and Power Cost adjustments.⁸⁶

b. The record lacks evidence of equity impacts of the proposal to increase the residential basic charge for single-family home customers.

PacifiCorp's failure to provide equity analysis is not academic. For example, the Settlement proposes to increase the residential basic customer charge for single-family customers. Without question, increasing the fixed cost burden for single-family customers will have an equity impact. Increased customer charges also shifts the rate burden within a customer class to lower-use customers, which is unfair in that lower-use customers have been shown to be consistently associated with lower-income households.⁸⁷ Considering variability in kWh usage among customers, increasing the residential basic charge increases bills by a higher percentage for customers who use less electricity.⁸⁸ The Company believes that increasing the basic charge only for single-family customers is more equitable than applying it to all residential customers. However, it is unclear how the Company will accurately apply such a distinction, nor has the Company provided evidence on what the impact of this proposed increase will be. This is one

⁸⁵ See *id.* at 20:14–18, 21:4–16; WAC 480-07-750.

⁸⁶ As stated in Dahl, Exh. CJD-1Tr, 21 n.64, Public Counsel believes that all Washington investor-owned utilities should be required to provide an equity impact analysis with rate filings and power cost adjustments.

⁸⁷ Dismukes, Exh. DED-1T at 32:13–17.

⁸⁸ *Id.* at 32:18–33:12.

example of how the Company's obligation to provide equity analysis should inform the Commission's decision making.

Separately, Public Counsel opposes the proposal in the Settlement to increase to the residential basic customer charge for single-family customers because it disincentivizes energy efficiency and is already well above the average basic monthly charge for peer investor owned utilities (IOUs) in the region.⁸⁹ The Company's current residential customer charge of \$7.75 per month is above the average residential customer charge of \$7.16 for other regional IOUs.⁹⁰ Increasing the residential basic customer charge is inconsistent with the promotion of energy efficiency and conservation in Washington by placing more costs into the fixed component of rates than in the variable component. This reduces economic incentives for ratepayers to control monthly utility bills through energy efficiency and conservation efforts, because only the variable component of bills can be altered through behavior changes or use of more efficient appliances and measures.⁹¹ As discussed at length in Dismukes' testimony, recovering fixed costs solely in the fixed portion of customer bills can have the unintended effect of reducing customer incentive to use less electricity by eliminating their volumetric charges and billing a fixed monthly rate, regardless of how much the customer consumes.⁹² Increasing the basic charge for any portion of residential customers is bad policy for energy efficiency.⁹³

⁸⁹ See Settlement Stipulation ¶ 31; Dismukes, Exh. DED-1T at 33:13–34:2; see also McVee, TR. 205:2–13.

⁹⁰ Dismukes, Exh. DED-1T at 29:12–17.

⁹¹ *Id.* at 30:3–10.

⁹² *Id.* at 31:5–21.

⁹³ See McVee, TR. 205:2–13.

c. The record fails to address equity impacts of the proposal to Perform the pro forma project cost reconciliation on a portfolio basis.

PacifiCorp's failure to conduct equity analysis also impacts the Commission's analysis of the Company's proposal to perform pro form project cost reconciliation on a portfolio basis.

Public Counsel opposes this proposal for two reasons. First, aggregating project cost reconciliation into a portfolio would prevent the necessary equity analysis of each project.

Because PacifiCorp has made no effort to evaluate each project for its impact on equity, its bid for "flexibility" should be rejected until those impacts are described to the Commission.

Second, as described in Public Counsel witness Andrea Crane's testimony beginning at page 9, line 6, Public Counsel recommends the Commission require a detailed reconciliation of costs for each project included in the Company's MYRP, and not just for major projects proposed by PacifiCorp.⁹⁴ To enable the Commission to evaluate the accuracy of the Company's projections and identify variables creating significant variance, the Company should be required to explain cost differences over a certain percentage to show variation for each project that exceeds a set percentage such as five percent.⁹⁵ Otherwise, the Commission's review would be less meaningful and helpful to develop an effective and efficient framework to make decisions regarding equity impacts of MYRPs in the future.⁹⁶

The Commission should retain the discretion and flexibility to disallow specific project costs if those costs exceed the estimates presented in this case or are otherwise found to be unreasonable or to have a disproportionate impact on highly impacted communities or vulnerable

⁹⁴ Crane, Exh. ACC-1Tr at 13:9.

⁹⁵ *Id.* 13:9–20.

⁹⁶ *Id.* at 13:9–20.

populations. The Commission should not allow a portfolio approach in the true-up review and should retain the ability to impose disallowances if there are significant variations between actual project costs and costs authorized in the MYRP. The Commission should also retain the ability to disallow costs if the Company substitutes new projects for those authorized in the MYRP.

2. The rate increase and ROR proposed in the settlement are not fair, just, and reasonable.

The rate increase proposed in the Settlement is unreasonably high and unsupported by evidence in the record. The Settlement Stipulation proposes to increase rates by \$13.78 million in RY1, and \$21.06 for RY2, with a ROR of 7.29 percent. These numbers are well above reasonable levels and the Commission should therefore reject them as contrary to law and the public interest. The Commission should apply downward adjustments discussed below that are presented in Public Counsel's witness testimony filed on September 14, 2023.

a. The Commission should adjust the rate increases proposed in the settlement downward by approximately \$8 million, and reduce the ROR from 7.29 to 7.13 percent.

Consistent with the Responsive Testimony of Public Counsel witness Andrea Crane and considering updates in the Company's rebuttal, the \$13.78 million increase proposed in the Settlement for RY1 does not incorporate downward adjustments described in Crane's testimony for the PacifiCorp's CETA Deferral of \$1,008,480, for PacifiCorp's COVID Deferral of \$5,541,786, for PacifiCorp's EV Pilot Deferral of \$941,043, and of \$632,602 for incremental

T&D O&M costs associated with wildfire mitigation and vegetation management.⁹⁷ These downward adjustments total approximately \$8 million.

Applying the Company's updated cost of debt from its rebuttal testimony and exhibits adjusts Public Counsel's ROR recommendation from 6.97 percent to 7.13 percent. A 7.13 percent ROR is significantly lower than the 7.29 percent proposed in the Settlement, and which would further adjust rate increase proposed in the Settlement.

The parties to the Settlement provide only their Joint Testimony to support the rate increase and ROR recommendations. The Joint Testimony fails to explain how the public benefits from the failure to incorporate Public Counsel's adjustments in the Settlement. The record also fails to demonstrate how those additional amounts are justified beyond simply stating that the terms "represent a reasonable compromise of competing interests" among the Settling Parties.⁹⁸ The "results-only" nature of the ROR term lacks transparency for ratepayers and investors alike. In contrast, witness J. Randall Woolridge explains at length the rationale for a 6.97 percent ROR, with a capital structure with 49.1 percent common equity and 9.25 percent ROE. Adjusting his testimony for the Company's updated cost of debt, the record supports adjusting the ROR to 7.13 percent. The 7.13 percent is the only ROR with sufficient evidence in the record to support a finding that the rates are fair and reasonable. The free-floating "results-only" number, while a convenient mechanism for the Settling Parties, is contrary to law and to the public interest. As noted in the public comments below, customers are concerned that these companies, and this Commission, are putting corporate profits ahead of the needs of the public.

⁹⁷ See Crane, Exh. ACC-1Tr; McVee, Exh. MDM-2T.

⁹⁸ Joint Testimony at 19:9–11.

Hiding the necessary calculus in a black box settlement exacerbates that tension. Although Public Counsel acknowledges past orders permitting the practice, the Commission should reject the Settlement term in favor of the percentages calculated by J. Randall Woolridge.

The Settlement does not specify a rate base amount, so it is impossible to quantify with precision the rate impact of a 7.29 percent ROR versus 7.13 percent.⁹⁹ However, assuming the rate base the Company provided in its rebuttal¹⁰⁰ and Public Counsel's recommended 49.1 percent equity ratio and 9.25 percent ROE, reducing the ROR to 7.13 percent would reduce the rate increase by approximately \$7.33 million for RY1 and \$8.75 million in RY2.¹⁰¹

b. The Commission should also disallow certain costs related to Jim Bridger Units 1 and 2.

1. PacifiCorp plans to convert Jim Bridger Units 1 and 2 from coal-fired generation units to gas-fired generation units.¹⁰² The Commission should disallow revenue requirement amounts for this conversion because PacifiCorp has not provided documentation for [REDACTED]
[REDACTED]
[REDACTED].¹⁰³ Ratepayers and the Commission are entitled to see documentation for amounts a utility seeks to include in rates, and that information is omitted from the Settlement.¹⁰⁴

⁹⁹ See Settlement Stipulation ¶¶ 8–10.

¹⁰⁰ Cheung, Exh. SLC-9 at 1 shows that in RY1 the rebuttal rate base is \$1,101,856,329. Assuming a 7.13 percent ROR yields a revenue requirement reduction of \$7,333,407. In RY2, the rebuttal rate base is \$1,314,117,548, as shown in the Exh. SLC-10 at 1. Assuming the Public Counsel ROR of 7.13 percent, the revenue requirement would be reduced by \$8,746,099.

¹⁰¹ See Cheung, Exh. SLC-9 at 1; Cheung, Exh. SLC-10 at 1.

¹⁰² Earle, Exh. RLE-1CT at 9:9–118; Direct Testimony of Brad D. Richards, Exh. BDR-1Tr at 3:1–18.

¹⁰³ Earle, Exh. RLE-1CT at 9:19–21.

¹⁰⁴ See Settlement Stipulation ¶¶ 14, 15.

2. Public Counsel requested documentation of [REDACTED]
[REDACTED]
[REDACTED] in discovery.¹⁰⁵ PacifiCorp provided [REDACTED]
[REDACTED].¹⁰⁶ Regulated utilities have the burden of proof, and to meet that
burden, they must provide appropriate documentation and evidence.¹⁰⁷ The Commission should
disallow [REDACTED] for Jim Bridger Units 1 and 2 for rate years 2024 and 2025 in the
amounts of \$2,512,499.50 for RY1 and \$735,463.15 for RY2.¹⁰⁸

c. The Commission should order PacifiCorp to track and report on the same performance measures ordered for Avista and PSE.

As described in Andrea Crane’s testimony beginning at page 31, line 14, Public Counsel recommends that in addition to the performance measures identified in the Settlement, the Commission order PacifiCorp to track and report the same performance measures that the Commission ordered Avista and PSE to perform in their respective most recent general rate case orders. There were two measures adopted for Avista and PSE relating to two energy burden performance measures that track customer information by census tract. PacifiCorp should also be required to comply with any additional Performance Measures that may be adopted by the Commission through the generic proceeding during the two-year period of the MYRP.

¹⁰⁵ Earle, Exh. RLE-1CT at 10:4–7; Earle, Exh. RLE-5C (PacifiCorp Response to Public Counsel Data Request 84 with Attachment); Earle, Exh. RLE-6C (PacifiCorp Response to Public Counsel Data Request 192 with Attachment).

¹⁰⁶ Earle, Exh. RLE-1CT at 10:7–11:11; Earle, Exh. RLE-5C (PacifiCorp Response to Public Counsel Data Request 84 with Attachment); Earle, Exh. RLE-6C (PacifiCorp Response to Public Counsel Data Request 192 with Attachment).

¹⁰⁷ WAC 480-07-540; WAC 480-07-740(3).

¹⁰⁸ Earle, Exh. RLE-1CT at 12:1–2.

As explained in Crane’s testimony at page 33, lines 11 through 19, requiring PacifiCorp to track and report the additional performance measures and metrics currently being tracked and reported by Avista and PSE would allow for comparison among the measures and metrics across utilities.

V. PUBLIC COMMENT

Any rate increase PacifiCorp may implement will have a measurable and significant impact on customers, especially considering the presence of historically impacted communities and vulnerable populations existing in PacifiCorp’s service territory. PacifiCorp also has “some of the lowest median income levels in the state.”¹⁰⁹ The effect of the rate increases in the proposed Settlement in this Docket must play an important role in the Commission’s deliberations. Several customers submitted written comments opposing and expressing concerns regarding the impact of the proposed rate increases.¹¹⁰

Customers who live on Social Security and fixed incomes, and single customers who rely on only one source of income for their household, expressed concern and opposition to having to pay a greater amount for electricity through increased rates.¹¹¹ Customers raise concerns regarding the repeated occurrence of multiple rate increases year after year, and ask when it will end.¹¹² Customers complained that despite taking actions to conserve energy and installing energy efficient appliances and energy saving behaviors, failing to see those actions reflected in

¹⁰⁹ McVee, Exh. MDM-1T at 4:13–21; Bench Request No. 3, Attach. 1.

¹¹⁰ See Bench Request No. 3, Attach. 1 at 1–4.

¹¹¹ See *id.* at 1 (Comment of Maureen Chandler).

¹¹² See *id.* at 1 (Comment of Jack L. Parker).

lower bills.¹¹³ One customer notes that their electric bill in the last 15 years has increased from \$50 to \$175.¹¹⁴ The customer also observes that companies appear to value profit over customers.¹¹⁵

Other customers noted concerns about the gap between hourly wages and the ability to afford ever-increasing cost of electricity while the Companies continue to earn increased profits.¹¹⁶ Customers are alarmed and oppose rate increases that occur every single year between four and 10 percent. Customers also stated concerns that Washingtonians should not have to pay additional amounts in rates for PacifiCorp's unprofitable or inappropriate actions in other states it serves.¹¹⁷

In addition to concerns regarding the ever-increasing cost of electricity, PacifiCorp customers also express interest in conservation, renewable energy, and energy efficiency, and wonder why they are not seeing more benefits of renewable energy sources in Washington state.¹¹⁸ Public Counsel implores the Commission to keep these customers' concerns in mind when deliberating over the Settlement proposal in this Docket.

VI. CONCLUSION

The Settlement proposal to increase PacifiCorp's rates by approximately \$13.78 million in RY1 and \$21.06 million in RY2 with a 7.29 percent ROR is unreasonably excessive, unfair, unjust, and unreasonable and omits any evidence regarding the equity impacts that will result

¹¹³ *See id.* at 1–2 (Comment of Kim Foley, comment of Kerri Schrindel).

¹¹⁴ *See id.* (Comment of Kim Foley).

¹¹⁵ *See id.* at 3 (Comment of Kim Foley, comment of Gail Barton, comment of Conrad Mercer).

¹¹⁶ *See id.* at 3 (Comment of Antonia Soto).

¹¹⁷ *See id.* at 3–4 (Comment of Conrad Mercer).

¹¹⁸ *See id.* at 3–4 (Comment of Rick Cecil, comment of James Davison).

from these rate increases and other terms in the Settlement. The Settling Parties have not met their burden to justify the proposed rate change as required in WAC 480-07-740 and WAC 480-07-540. An unjustified rate increase of this magnitude will have an even greater negative impact on already highly-impacted communities and vulnerable populations and is therefore fundamentally inequitable. The proposed rate increase in the Settlement is not justified on the record and will harm ratepayers. Public Counsel recommends that the Commission reject the proposed settlement and apply adjustments and the alternative ROR in Public Counsel's recommendations.

DATED this 31st day of January, 2024.

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