

Docket Nos. UE-230172 and UE-210852 - Vol V

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

January 12, 2024



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BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
)
Complainant,)
) DOCKET NOS. UE-230172
v.) UE-210852
)
PACIFICORP d/b/a PACIFIC POWER)
& LIGHT COMPANY,)
)
Respondent.)

IN THE MATTER OF ALLIANCE OF WESTERN ENERGY
VIDEOCONFERENCE SETTLEMENT HEARING
VOLUME V (PAGES 183 - 256)

ADMINISTRATIVE LAW JUDGE MICHAEL HOWARD PRESIDING

* All participants appeared via videoconference *

DATE TAKEN: January 12, 2024

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18 * * * * *

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1 Friday, January 12, 2024

2 9:02 a.m.

3 -oOo-

4

5 JUDGE HOWARD: Good morning.

6 Let's go on the record. It is Friday,
7 January 12th, 2024, and the time is 9:02 a.m.

8 My name is Michael Howard. I'm an
9 administrative law judge with the Washington Utilities
10 and Transportation Commission, and I am presiding in
11 this matter along with the commissioners.

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

18 The Commission convened this hearing following
19 the parties' filing of a partial multiparty
20 settlement -- excuse me -- that resolves some but not
21 all issues in this rate case.

22 Let's take short appearances, beginning with
23 the Company.

24 MS. PEASE: Good morning, Your Honor.

25 This is Jocelyn Pease with McDowell Rackner &

1 Gibson for PacifiCorp.

2 I also have with me on the line Adam Lowney,
3 also with McDowell Rackner & Gibson, for PacifiCorp and
4 Carla Scarsella and Ajay Kumar, counsel for PacifiCorp.

5 JUDGE HOWARD: All right. Thank you.

6 Could we have appearance for staff.

7 MR. CALLAHAN: Thank you, Your Honor.

8 Nash Callaghan, Assistant Attorney General for
9 Commission staff.

10 JUDGE HOWARD: Thank you.

11 Could we hear from public counsel.

12 MS. PAISNER: Good morning.

13 This is Ann Paisner, Assistant Attorney
14 General, for the Public Counsel Unit of the Washington
15 Attorney General's office.

16 Also with me today, my co-counsel, Lisa
17 Gafken, the unit chief of Public Counsel Unit of the
18 Washington State Attorney General's office.

19 JUDGE HOWARD: All right. Thank you.

20 And could we have an appearance for Alliance
21 of Western Energy Consumers or AWEC.

22 MS. MOSER: Good morning, Your Honor.

23 Sommer Moser with Davison Van Cleve on behalf
24 of the Alliance of Western Energy Consumers.

25 JUDGE HOWARD: Thank you.

1 Could we hear from The Energy Project.

2 MR. ZAKAI: Good morning, Your Honor,
3 Commissioners.

4 Yochanan Zakai with Shute, Mihaly &
5 Weinberger, appearing today on behalf of The Energy
6 Project.

7 JUDGE HOWARD: Thank you.

8 And Northwest Energy Coalition or NWECC?

9 MR. SANGER: Good morning, Your Honor.

10 This is Irion Sanger, appearing on behalf of
11 the Northwest Energy Coalition. And with me today is
12 Joni Sliger, both from Sanger Law.

13 JUDGE HOWARD: Thank you.

14 Sierra Club?

15 MS. MONAHAN: Good morning, Your Honor and
16 Commissioners.

17 This is Rose Monahan on behalf of Sierra Club.

18 JUDGE HOWARD: Thank you.

19 And Walmart.

20 MS. CAVIGLIA: Good morning, Your Honor.

21 Justina Caviglia on behalf of Walmart.

22 I apologize. My camera isn't working right
23 now.

24 JUDGE HOWARD: Not a problem.

25 Can you still hear us all right?

1 MS. CAVIGLIA: I can.

2 JUDGE HOWARD: Okay. All right.

3 So with that, let's talk about our plans for
4 this morning.

5 First, we'll briefly touch on the admission of
6 the settlement and supporting testimony. We'll then
7 allow for opening statements on the settlement, limited
8 to ten minutes each, before we turn to the
9 cross-examination of witnesses following the parties'
10 agreed order of presentation, and we will be taking all
11 the witnesses individually, one at a time.

12 Depending on how the morning goes, we will
13 likely take a midmorning break. Given the estimated --
14 the estimates for time, it's -- I think it's unlikely
15 that we'll go past lunch, but we will take a lunch
16 break if needed.

17 I would just remind the parties to keep their
18 microphones muted unless you are speaking and to only
19 use video for those portions of the hearing when they
20 have a speaking role.

21 If you are having any technical issues, and
22 that may very well be the case today with ice on the
23 lines and other things, or you observe that a party or
24 a representative has dropped off the online meeting,
25 please mention that in the chat.

1 The chat should be reserved for technical
2 issues and requests for breaks only because it's not
3 part of the record. I will try to keep an eye on the
4 chat, though.

5 Are there any questions before we turn to the
6 admission of exhibits?

7 (No response.)

8 JUDGE HOWARD: All right. Hearing none,
9 so let's -- let's address the exhibits.

10 At the earlier evidentiary hearing in this
11 docket, I admitted the pre-filed testimony exhibits
12 with certain limited exceptions and noted those on the
13 record at the hearing.

14 In the last several days, I have circulated an
15 updated exhibit list to the parties showing the
16 settlement and supporting testimony that was filed on
17 December 15th and noting certain corrections to the
18 exhibit list.

19 I did not receive any further
20 cross-examination exhibits from the parties before the
21 settlement hearing. Do the parties stipulate to the
22 admission of the settlement and supporting testimony
23 filed on December 15th?

24 I would turn first to the Company.

25 MS. PEASE: Yes, Your Honor. The Company

1 stipulates to the admission of those exhibits.

2 JUDGE HOWARD: Thank you.

3 Staff?

4 MR. CALLAHAN: Yes, Your Honor.

5 JUDGE HOWARD: Thank you.

6 Public counsel?

7 MS. PAISNER: Yes, Your Honor.

8 Thanks.

9 JUDGE HOWARD: Thank you.

10 AWEC?

11 MS. MOSER: Yes, Your Honor.

12 JUDGE HOWARD: Thank you.

13 The Energy Project?

14 MR. ZAKAI: Yes, Your Honor.

15 MR. SANGER: (Speaking simultaneously.)

16 JUDGE HOWARD: All right.

17 NWEC?

18 MR. SANGER: Sorry, Your Honor. I went

19 with -- when The Energy Project spoke.

20 Yes, The Energy -- sorry. Northwest Energy

21 Coalition stipulates the admission of the exhibits.

22 JUDGE HOWARD: All right. Thank you.

23 Not a problem.

24 Could we hear from Sierra Club?

25 MS. MONAHAN: Yes, Your Honor. We

1 stipulate.

2 JUDGE HOWARD: Thank you.

3 And Walmart?

4 MS. CAVIGLIA: Yes, Your Honor.

5 JUDGE HOWARD: All right. Great. Thank
6 you.

7 All right. In that case, the settlement and
8 supporting testimony are deemed admitted, and I
9 will be -- the remaining exhibits are -- the vast
10 majority of the remaining exhibits are already admitted
11 into the record, as I noted at the earlier hearing.
12 And I'll provide a copy of this exhibit list to the
13 court reporter following our hearing today.

14 All right. With that, let's turn to opening
15 statements on the settlement.

16 And the first opportunity would be for
17 PacifiCorp.

18 MS. PEASE: Thank you, Your Honor.

19 Good morning, Judge Howard, Chair Danner,
20 Commissioners Rendahl and Doumit.

21 Thank you for the opportunity to provide these
22 opening remarks. And here, I'm providing an opening
23 statement on behalf of the stipulating parties.

24 For your consideration, the stipulating
25 parties have prepared and presented a partial

1 multiparty settlement which resolves most of the issues
2 in PacifiCorp's 2023 general rate case filing.

3 As was discussed at the December 11th hearing,
4 the settlement does not resolve the parties' disputes
5 concerning net power costs or the power cost adjustment
6 mechanism. But the stipulation addresses the remaining
7 issues in the case among the stipulating parties.

8 The Sierra Club does not join the settlement
9 but does not oppose it.

10 Public counsel does not join the settlement,
11 and it is our understanding that public counsel opposes
12 the settlement. The public counsel has not provided
13 any written objection or testimony in opposition to the
14 settlement at this time.

15 In accordance with the Washington
16 Administrative Code provision 480-07-740, the
17 Commission will review the stipulation and approve it
18 if the terms are lawful and in the public interest.
19 The stipulating parties before you today ask that the
20 Commission define the settlement as in the public
21 interest, and its terms are lawful based on the record
22 developed in this case.

23 Before turning to the key elements of the
24 settlement, I'd like to begin by highlighting the
25 robust record in this case.

1 Given that the settlement was reached late in
2 the proceeding, the parties had time to develop a
3 complete record for the Commission's consideration. In
4 addition to the joint testimony filed in support of the
5 settlement, the record also includes testimony from the
6 Company, submitted with its initial filing, the staff
7 and intervenor response testimony, the Company's
8 rebuttal filing as well as staff and intervenor
9 cross-answering testimony.

10 It is clear from this record that although the
11 stipulating parties had differing positions and
12 perspectives, there was substantial compromise among
13 the stipulating parties to achieve the outcomes
14 included in the stipulation.

15 The end results include revenue requirement
16 amounts for the two-year rate plan that are
17 significantly reduced in comparison with the Company's
18 initial filing.

19 Notably, the revenue requirement for the rate
20 year 1 increase of \$13.8 million is approximately half
21 of the Company's initial request. The rate year 2
22 increase of \$21.1 million is also reduced from the
23 Company's initial proposal.

24 In addition to the results, only revenue
25 requirement amounts -- sorry.

1 In the addition to the results only revenue
2 requirement amounts, the stipulation addresses key
3 issues raised by parties, including, among others, the
4 amortization of several deferrals covering both costs
5 and revenues; the resolution of pricing and cost of
6 service issues setting a fair and reasonable return for
7 the Company of 7.29 percent, establishing an
8 agreed-upon process for annual updates and review
9 during the rate plan, and establishing a collaborative
10 process to address equity considerations in the
11 Company's future rate case filings.

12 Importantly, the stipulation balances the
13 interests of customers and the Company. As a result of
14 the revenue requirement and pricing changes included in
15 the stipulation, the average residential customer will
16 see an increase of \$4.46 on their monthly bills in the
17 first year followed by an increase of \$6.76 in the
18 second year. These increases are lower than those
19 initially proposed by PacifiCorp.

20 Low-income customers will see further
21 benefits. In addition to the Company's proposed
22 increases to the discount percentages in the low-income
23 bill assistance program as described in the Company --
24 sorry, in the testimony of Company witness Robert
25 Meredith, the stipulation also includes a process for

1 the Company to work with its low-income advisory group
2 and equity advisory group to develop enhancements to
3 the low-income program and create an arrearage
4 management program.

5 The stipulation also provides rate stability
6 for the Company. Achieving positive regulatory
7 outcomes through this settlement will promote the
8 financial strength and integrity of the Company. These
9 positive regulatory outcomes will in turn help the
10 Company maintain its credit ratings and allow the
11 Company to access capital, leading to reduced costs for
12 customers in the long term. Importantly, this
13 settlement achieves these outcomes while balancing the
14 interests of both customers and the Company.

15 The stipulating parties have their witnesses
16 available today for any questions you may have and
17 respectfully request that the Commission find that the
18 settlement is lawful and in the public interest and to
19 approve it without modifications.

20 Thank you.

21 JUDGE HOWARD: All right. Thank you.

22 And that opening statement was on behalf of
23 the settling parties, as I understand?

24 MS. PEASE: (Nonverbal response.)

25 JUDGE HOWARD: All right. Thank you.

1 Would public counsel like to give an opening
2 statement?

3 MS. PAISNER: Yes. Thank you, Your Honor.

4 (Reporter requests to please read slowly
5 when reading.)

6 MS. PAISNER: Good morning, Your Honor,
7 Chair Danner, Commissioner Rendahl, and Commissioner
8 Doumit.

9 Public counsel is here today to represent the
10 interests of residential and small business ratepayers
11 in PacifiCorp's electric service territory.

12 Public counsel has not changed its position
13 from our filed litigation position and does not support
14 the settlement because the rate increase agreed upon
15 for the two-year rate period is too high, and thus it
16 is not fair, just or reasonable.

17 The rate increase proposed in the settlement
18 is also not adequately supported by evidence in the
19 record. Because the rate increase in the settlement is
20 not fair, just, or reasonable, and is not supported by
21 sufficient evidence in the record, the settlement is
22 not in the public interest.

23 This concludes my opening statement on behalf
24 of public counsel.

25 Thank you.

1 JUDGE HOWARD: All right. Thank you.

2 I have the same issues with reading too
3 quickly sometimes.

4 Would Sierra Club like to give an opening
5 statement?

6 MS. MONAHAN: No, we do not have an
7 opening statement this morning, Your Honor. Thank you.

8 JUDGE HOWARD: All right. Thank you.

9 All right. With that, let's turn to the
10 examination of witnesses.

11 Public counsel has indicated cross for the
12 witnesses who submitted testimony supporting the
13 settlement, and our first witness would be Matthew
14 McVee for PacifiCorp.

15 Could Mr. McVee turn on his camera?

16 All right. Great. I see you, Mr. McVee. Can
17 you hear and see me all right?

18 THE WITNESS: Yes, I can.

19 Good morning, Your Honor.

20 JUDGE HOWARD: Good morning.

21 If you'd please raise your right hand, I'll
22 swear you in.

23

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 If the Company could please introduce the
7 witness and tender them for cross.

8 And please note if there's any corrections to
9 the pre-filed testimony.

10 You may be muted.

11 MS. PEASE: My apologies.
12
13

14 DIRECT EXAMINATION

15 BY MS. PEASE:

16 Q. Please state your full name and spell it for
17 the record.

18 A. Hi. My name is Matthew Dale McVee,
19 M-A-T-T-H-E-W, D-A-L-E, M-C-V-E-E.

20 Q. And how are you employed?

21 A. I'm the vice president of regulatory policy
22 and operations for PacifiCorp.

23 Q. In that capacity, have you prepared direct and
24 rebuttal testimony in this proceeding?

25 A. I have.

1 Q. Do you have any changes or corrections to your
2 pre-filed testimony?

3 A. I do not.

4 Q. If I were to ask you the questions set forth
5 in your pre-filed testimony today, would your answers
6 be the same?

7 A. Yes, they would.

8 MS. PEASE: This witness is available for
9 cross-examination.

10 JUDGE HOWARD: Thank you.

11 Public counsel, you may proceed.

12 MS. PAISNER: Thank you.

13

14 CROSS-EXAMINATION

15 BY MS. PAISNER:

16 Q. Good morning, Mr. McVee.

17 A. Good morning.

18 Q. The settlement agreement proposes two rate
19 increases, one for each year over a two-year rate plan;
20 correct?

21 A. That's correct.

22 Q. Is your testimony in support of the settlement
23 PacifiCorp's complete support and rationale for
24 supporting the settlement?

25 A. Yes.

1 Q. Has the Company conducted an equity analysis
2 in connection with the rate increase in this settlement
3 agreement?

4 A. In the settlement agreement, no. We did
5 conduct a distributional equity analysis as part of our
6 rebuttal filing.

7 Q. PacifiCorp's service territory includes
8 vulnerable populations in highly impacted communities
9 or named communities; correct?

10 A. Yes. We have a lower median income than most
11 areas of the state in our service territory.

12 Q. And these named communities will be impacted
13 by the settlement terms and the rate increases under
14 the settlement if the Commission approves it; correct?

15 A. That's correct, yes.

16 Q. PacifiCorp has not mapped or quantified the
17 named communities in its service territory; correct?

18 A. Not yet. That is still an ongoing process.

19 Q. Does PacifiCorp have a complete understanding
20 or characterization of the named communities in its
21 service territory?

22 A. You know, we're developing that and with the
23 interactions, we have established the community benefit
24 indicators through the Clean Energy Implementation
25 Plan, and we're starting to gather more and more

1 information in accordance with the guidance from the
2 Commission and the legislature.

3 Q. How does the settlement spread benefits and
4 burdens fairly among customers in PacifiCorp's service
5 territory?

6 A. As far as fairly, I mean, that is part of --
7 well, one, part of rate spread, you know, to --
8 essentially, based on cost of service and the cost of
9 the service study completed by the Company, and so that
10 addresses the -- you know, the costs among the customer
11 classes.

12 As far as, you know, within classes, we are --
13 and the settlement addresses additional activities to
14 address low-income issues. Also, it sets the stage for
15 the next case so that we have additional information
16 going forward and use that to address equity and the
17 fair allocation of costs.

18 Q. Okay.

19 Just to clarify, those things are
20 forward-looking; right? They don't address the current
21 rate increase that would go into effect on March 1st?

22 A. No, but we do have other components that do.
23 We have addressed the modifications to the fixed charge
24 for single-family versus multifamily homes, and so we
25 have different components within the filing that try to

1 address some of the equity issues as we saw them.

2 Q. Does PacifiCorp have a complete
3 characterization of single-family homes that are used
4 as multifamily homes?

5 A. A characterization of single-family homes used
6 as multifamily homes for this? I don't believe that we
7 have a survey of that. You know, that -- collection of
8 that information would require additional survey
9 information, and that's generally voluntary --
10 voluntarily provided by our customers.

11 So I believe that that's part of our ongoing
12 efforts is to collect more information regarding our
13 customer base.

14 Q. Okay.

15 How does the settlement acknowledge historic
16 inequities and systems of oppression?

17 A. The -- well, I mean, one, we're trying to
18 address those, and we're still developing what the
19 boundaries of that -- how we address those inequities
20 as with all the inequities. The Commission's direction
21 in the Cascade order came out just a few months before
22 we filed this case. And so we're still in the early
23 stages of developing how do we address those issues.

24 Fundamentally, we -- utilities have been
25 addressing lease cost planning as a process for

1 creating equity by keeping costs as low as possible.
2 You know, now, it's -- we're expanding that to start
3 looking at different forms of inequity, and it's going
4 to take some time to, you know, fully incorporate that.
5 But, you know, we are -- we have started to look at
6 that. We are looking at different components of the
7 planning, and, again, planning will take a little while
8 to incorporate that. And part of the stipulation is to
9 include specific components or to develop specific
10 components to be included in our capital planning
11 process.

12 But in addition, in our filing, as we
13 identified in our opening filing and our rebuttal, we
14 have addressed equity issues through different
15 operations and different investments. One is looking
16 at where we locate our headquarters and keeping them in
17 communities that, you know, have different issues.
18 This was our North Temple office in Salt Lake City.
19 Also working with the Yakima Nation for developing
20 transmission to ensure service to their travel utility
21 and to customers in that area.

22 Q. Can you state again -- so your headquarters
23 are not located in Washington; correct?

24 A. Correct. We have headquarters in Portland,
25 Oregon, and Salt Lake City, Utah.

1 Q. Okay.

2 How does the settlement repair harm caused by
3 historic inequities?

4 A. Which historic inequities are you referring
5 to?

6 Q. Okay.

7 And just to clarify, the date for the Cascade
8 order, that was August 2022; correct?

9 A. Correct.

10 Q. Okay.

11 Joint testimony does not present any evidence
12 of either a correction or a perpetuation of inequities,
13 does it?

14 A. I believe it's addressing, you know, the
15 perpetuation of inequities, you know, through the
16 commitment -- or, one, we have also provided the
17 distributional equity analysis, but also, the
18 commitment to start incorporating into capital
19 planning. And so what we're -- what the stipulation
20 does from, you know, the Company's perspective is that
21 it sets some standards for us to use for the next rate
22 case. And so I believe the stipulation does address
23 inequities in that it establishes a process going
24 forward that the Company can use.

25 Q. Right. Those are the terms, but does it

1 present evidence of correction or perpetuation of
2 inequities?

3 A. Does the stipulation itself? Well, the
4 stipulation itself is a -- it is an agreement to move
5 forward on addressing those issues. So I think in and
6 of itself, the stipulation, by having agreement and
7 recognizing that additional information needs to be
8 collected by the Company, that -- you know, the
9 commitment for language access plans, the Commission --
10 the commitments regarding low income, all of those do
11 provide evidence that we are addressing that or
12 beginning to address it.

13 Q. Okay.

14 That seems like more of an agreement of
15 actions you will take in the future; correct?

16 A. Well, I think it's also an agreement that, you
17 know, we recognize that there's more to do as utilities
18 to address inequities within our service areas.

19 Q. The joint testimony and stipulation do not
20 provide any support or evidence of an equity analysis
21 of the impact of the proposed rates in the settlement,
22 do they?

23 A. The supporting testimony in the stipulation,
24 no. But we did provide an equity analysis as part of
25 our rebuttal that addresses the -- at least our

1 rebuttal position, not the settlement position.

2 MS. PAISNER: Okay.

3 I have no other questions.

4 Thank you.

5 JUDGE HOWARD: Do we have any redirect?

6 MS. PEASE: Your Honor, yes, I do. Just
7 one quick question.

8

9 REDIRECT EXAMINATION

10 BY MS. PEASE:

11 Q. Mr. McVee, do you recall the questions that
12 Ms. Paisner had asked you at the outset about the
13 Company's support for the stipulation being limited to
14 the joint testimony?

15 A. Yes.

16 Q. Would it be fair to say that the -- that the
17 stipulation is also supported by the Company's initial
18 filings and rebuttal filing?

19 A. Yes, that would be correct.

20 Q. And with that, would you care to expand on
21 more sources for evidence in the -- in the joint --
22 sorry, in the direct testimony and in the rebuttal
23 testimony regarding the consideration of equity that
24 will also support the settlement?

25 A. Yes. So as part of the initial filing, you

1 know, being aware of the Cascade order and, you know,
2 the kind of the recent cases for, you know, other
3 utilities, including Puget Sound Energy and Avista.
4 You know, we made sure that when we filed, we started
5 to address equity. Now, keeping in mind that it was
6 still relatively -- you know, relatively soon after the
7 initiation of -- or the articulation in the Cascade
8 order of the four tenets of equity, we did include
9 independent testimony on equity and then we addressed,
10 you know, the equity issues in additional testimony
11 from various witnesses where that was included in our
12 capital planning processes.

13 In addition to that rebuttal, we had, as I
14 mentioned, the -- an analysis prepared by company
15 witness Robert Meredith, and we responded to equity
16 concerns raised by various parties.

17 MS. PEASE: Thank you.

18 I have no further questions at this time.

19 JUDGE HOWARD: All right.

20 Do we have any questions from the bench for
21 McVee?

22 COMMISSIONER RENDAHL: I mean, this is --
23 since we don't have a panel convened, I guess I can ask
24 this of the Company and other parties coming along.

25 So in paragraph 29 of the settlement

1 stipulation, the parties agreed to a provisional plant
2 review process and identified a portfolio approach
3 review except for Gateway South, Gateway West, and new
4 wind resources.

5 Do you see that?

6 THE WITNESS: Yes, I do.

7 COMMISSIONER RENDAHL: Okay.

8 So will these exception projects be reviewed
9 under a traditional prudence review process as
10 independent capital projects?

11 THE WITNESS: Yes. Well, we believe
12 prudence review is part of this case. But as far as
13 the spend, an additional prudence review for any excess
14 spend would be independent specific to budget for each
15 one of those three projects.

16 The intent behind the portfolio is to allow
17 flexibility for the utility to address issues through
18 the course of the rate plan. But for those particular
19 projects, it would be -- you know, we would need to
20 prove prudence for any changes or excess spending.

21 COMMISSIONER RENDAHL: Okay.

22 So any changes in the budgeted -- what's
23 included in the settlement in the testimony on the
24 initial and rebuttal for these projects is the basis
25 individually for these projects?

1 THE WITNESS: That's correct.

2 COMMISSIONER RENDAHL: So any variation
3 isn't done as a part of portfolio for these projects.
4 Each one is individual?

5 THE WITNESS: Correct.

6 COMMISSIONER RENDAHL: Okay.

7 So in terms of the wind resources, are those
8 grouped as a portfolio, or are they individually going
9 to be treated as individual projects?

10 THE WITNESS: I believe those are also
11 individual projects within the -- you know, within the
12 scope of the project. So there may be turbines, you
13 know, that -- you know, that -- there's multiple
14 turbines within the project and different costs, but
15 the individual wind projects would be independent.

16 COMMISSIONER RENDAHL: Okay.

17 So even though it just says new wind resources
18 and doesn't specify specific resources, each of those
19 specific wind resources will be handled individually
20 and not as a portfolio collectively of the winds -- the
21 New Wind?

22 THE WITNESS: That is my understanding,
23 yes.

24 COMMISSIONER RENDAHL: Okay. Thank you.

25 That's all I have there.

1 JUDGE HOWARD: Any further questions from
2 the bench?

3 COMMISSION CHAIR DANNER: Yeah, so I have
4 a question about proforma plant.

5 The settlement agreement provides that the
6 plant placed in service before, I think, December 2022
7 is considered traditional proforma plant. So the
8 capital additions for the six-month period of July 1st
9 through December 31st of 2022 will not be reviewed as
10 part of the provisional plant review process. But
11 these additional capital -- these capital addition
12 costs were finalized in the Company's rebuttal filing,
13 and so other parties may have not been provided an
14 opportunity for a thorough prudence review.

15 So why is allowing six months of capital
16 plants into rates without examination in the public
17 interest?

18 THE WITNESS: Well, you know, parties had
19 the opportunity for discovery following the
20 finalization of the rebuttal, and the projects
21 themselves, as far as the prudence, they were
22 identified through our initial filing. And so we
23 believe that there is adequate time for investigation
24 by the parties on those capital projects. And, you
25 know, this is -- through the course, we believe that

1 that's -- you know, that opportunity is there for those
2 proforma plant additions, and parties have reviewed and
3 agreed to that as part of the stipulation. So I
4 believe that that -- that satisfies the public interest
5 standard.

6 COMMISSION CHAIR DANNER: So you believe
7 there is an opportunity for a thorough prudence review?

8 THE WITNESS: Yes. I believe that, you
9 know, through the discovery -- the review of our
10 rebuttal testimony and discovery, parties were able to
11 review that and come to a determination that is part of
12 the settlement that that was okay and that those were
13 in the public interest to be included in rates.

14 COMMISSION CHAIR DANNER: So do you see
15 this as a kind of exception? I mean, is this a special
16 circumstance? Are we setting a precedent here or is
17 this a one-off?

18 THE WITNESS: I don't believe that any
19 stipulation sets a precedent. I believe that this
20 is -- the programs that were included were addressed,
21 you know, throughout the filing. It was the
22 finalization of the costs for those projects that came
23 through rebuttal.

24 COMMISSION CHAIR DANNER: Okay. All
25 right.

1 Thank you.

2 That's all I have.

3 THE WITNESS: Thank you.

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

6 COMMISSIONER RENDAHL: No, Your Honor.

7 COMMISSIONER DOUMIT: No.

8 Thank you, Your Honor.

9 JUDGE HOWARD: All right.

10 I would like to thank witness McVee for his
11 testimony today.

12 And you are excused from the hearing.

13 THE WITNESS: Thank you.

14 JUDGE HOWARD: Our next witness is
15 Christopher McGuire for staff.

16 If Mr. McGuire could turn on his camera.

17 And can you hear and see me all right?

18 THE WITNESS: Yes. Can you hear me all
19 right?

20 JUDGE HOWARD: Yes. If you would please
21 raise your right hand.

22

23 CHRISTOPHER MCGUIRE,

24 having been first duly sworn,

25 testified as follows:

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JUDGE HOWARD: Thank you.

Please introduce the witness.

MR. CALLAHAN: Thank you, Your Honor.

DIRECT EXAMINATION

BY MR. CALLAHAN:

Q. Mr. McGuire, could you state your name and spell your last name for the record.

A. My name is Chris McGuire. Last name is spelled M-C-G-U-I-R-E.

Q. Thank you.

Where are you employed?

A. At the Washington Utilities and Transportation Commission.

Q. All right.

And did you file a response, cross-answering and joint testimony supporting the settlement in this case?

A. I did.

Q. All right.

Do you have any corrections to that testimony?

A. I do not.

MR. CALLAHAN: All right. Thank you.

Mr. McGuire is available for

1 cross-examination.

2 JUDGE HOWARD: Please proceed.

3

4 CROSS-EXAMINATION

5 BY MS. PAISNER:

6 Q. Good morning.

7 A. Good morning.

8 Q. The settlement agreement proposes two rate
9 increases, one for each year across a two-year rate
10 plan; correct?

11 A. It does.

12 Q. Is your testimony in support of the settlement
13 the UTC staff's complete support and rationale for
14 supporting the settlement?

15 A. Yes.

16 Q. Have you seen an equity analysis in connection
17 with terms of this settlement agreement?

18 A. I have not.

19 Q. PacifiCorp's service territory includes named
20 communities; correct?

21 A. It does.

22 Q. And these named communities will be impacted
23 by the settlement terms; correct?

24 A. Likely, yes.

25 Q. And PacifiCorp has not mapped or quantified

1 named communities in its service territory; correct?

2 A. I don't believe that it has.

3 Q. Has PacifiCorp provided a complete
4 characterization of the named communities in its
5 service territory?

6 A. To my knowledge, no.

7 Q. How does the settlement spread benefits and
8 burdens fairly among customers in PacifiCorp's service
9 territory?

10 A. Well, I guess first, we should probably
11 recognize that the Commission recently initiated an
12 equity focus proceeding in Docket A230217 with the aim
13 of exploring the four tenets of energy justice. And
14 given that the Commission is actively considering this
15 matter in another dedicated proceeding, I can't really
16 speculate on how specifically the Commission ultimately
17 is going to require utilities to demonstrate a pursuit
18 of equitable outcomes. But, that said, in Cascade's
19 2021 general rate case, the Commission committed to
20 ensuring that systemic harm is reduced; and also, as
21 described in the response testimony of staff witness
22 Brewer, staff considers an equitable outcome to mean
23 any outcome that successfully promotes the core tenets
24 of energy justice. So therefore, equitable outcomes
25 should, in staff's opinion, demonstrate a reduction of

1 systemic harm and promote the core tenets of energy
2 justice.

3 Staff believes that the settlement terms do
4 make significant progress toward equitable outcomes.
5 It requires the Company to take specific concrete steps
6 toward achieving equity. Specifically, in this
7 settlement, the Company agreed to collaborate with
8 parties to develop an equity framework that it will
9 present in its next general rate case. It will develop
10 a distributional equity analysis, and importantly, it
11 will submit a compliance filing at the end of the
12 multiyear rate plan demonstrating that the
13 distributional equity analysis has been incorporated
14 into the capital planning process for the Company.

15 There are a number of other ways that, in
16 staff's opinion, the settlement makes progress toward
17 equity such as eliminating the tiered rate structure
18 and also, you know, requiring the Company to conduct an
19 equity review of policies and procedures for
20 disconnecting customers for nonpayment.

21 So, yes, in staff's opinion, this settlement
22 does make significant progress toward achieving
23 equitable outcomes.

24 Q. Okay.

25 Just to be clear -- I'm hearing an echo.

1 So I just want to be clear. You used the
2 words that it's taking steps and moving toward, but I
3 suppose I can put the question another way, that
4 there's no equity analysis that has been conducted past
5 tense and presented as evidence for this rate increase;
6 is that correct?

7 A. I believe that's correct.

8 Q. Okay.

9 How does the settlement acknowledge the
10 historic inequities and systems of oppression?

11 A. I don't believe the settlement explicitly
12 addresses that. Although, again, as I just outlined,
13 the Company is -- has committed to making significant
14 progress toward achieving equitable outcomes. And one
15 must recognize inequities in order to agree that those
16 inequities need to be cured.

17 Q. Okay.

18 How does the settlement repair harm caused by
19 historic inequities?

20 A. I have the same answer for that question as
21 the previous two questions.

22 Q. Okay.

23 The joint testimony and stipulation do not
24 provide any support or evidence of an equity analysis
25 of the impact to the proposed rates in the settlement,

1 do they?

2 A. I don't believe that they do.

3 MS. PAISNER: Okay. Thank you.

4 Those are all my questions.

5 JUDGE HOWARD: Any redirect?

6 MR. CALLAHAN: Just briefly. Thank you,

7 Your Honor.

8

9

REDIRECT EXAMINATION

10 BY MR. CALLAHAN:

11 Q. Mr McGuire, in staff's response testimony,
12 staff provided three main recommendations regarding
13 equity; correct?

14 A. That's correct, yes.

15 Q. All right.

16 And do you recall how those recommendations
17 compare to what is in the settlement that staff is
18 supporting today?

19 A. Yes. Two of those three recommendations are
20 incorporated into the settlement stipulation.

21 Q. All right.

22 And so had staff litigated these aspects of
23 this case, those would have been the recommendations
24 that staff would have advocated for; correct?

25 A. Yes. Those would have been our

1 recommendations regarding equity.

2 Q. All right.

3 MR. CALLAHAN: No further questions, Your
4 Honor.

5 Thank you.

6 JUDGE HOWARD: Any questions from the
7 bench?

8 COMMISSION CHAIR DANNER: So I would just
9 ask:

10 Mr. McGuire, you heard my question to
11 Mr. McVee about the capital additions for the six-month
12 period of July 1st through December 31st, and I asked
13 whether this was in the public interest or whether it
14 created a precedent.

15 Do you recall that question?

16 THE WITNESS: Yes, I do.

17 COMMISSION CHAIR DANNER: Yeah. Do you
18 have any further comment on that?

19 THE WITNESS: Yes. I think it would be
20 helpful to recognize that -- you know, what we -- what
21 we used to do before there was a change in law,
22 specifically, the multiyear rate plan statute, we used
23 to allow proforma plant adjustments into rates as long
24 as those projects -- as long as the projects in
25 question were in service and able to be audited by a

1 date early enough in the case where we could respond
2 to, you know, the final project costs, and we could
3 complete a prudence examination.

4 Were this case a traditional case or, you
5 know, reviewed under the traditional standard, we
6 likely would have reviewed projects that were placed in
7 service all the way up until staff's responsive
8 testimony.

9 Staff's responsive testimony was filed in
10 September of 2023. So the projects that -- that you're
11 referring to were in --

12 I may have the date wrong there. I'm sorry.
13 It was a little earlier than that, I believe. I may
14 get the dates wrong.

15 But regardless, it was well into 2023 when
16 staff filed its responsive testimony.

17 And the projects you're asking about were
18 placed in service in 2022. Although there may not have
19 been final project costs presented in the Company's
20 direct case, those projects were completed in 2022 and
21 through discovery step would have been able to look at
22 the final project costs prior to filing its response
23 testimony.

24 So from staff's perspective, allowing the 2022
25 projects in your rates at this time and not subjecting

1 those projects to retrospective prudence review and the
2 annual provisional plant review is not necessarily a
3 problem.

4 COMMISSION CHAIR DANNER: All right.

5 Thank you for that.

6 JUDGE HOWARD: Any further questions from
7 the bench?

8 (No response.)

9 JUDGE HOWARD: All right. Hearing none,
10 Mr. McGuire --

11 COMMISSIONER RENDAHL: Actually, Your
12 Honor --

13 JUDGE HOWARD: Oh.

14 COMMISSIONER RENDAHL: -- if I could just
15 ask --

16 JUDGE HOWARD: Certainly.

17 COMMISSIONER RENDAHL: You heard my
18 question about the portfolio review interpretation of
19 the settlement in paragraph 29.

20 Do you concur just -- do you concur with Matt
21 McVee's characterization of paragraph 29?

22 If you'd like to --

23 THE WITNESS: I do.

24 COMMISSIONER RENDAHL: Oh, okay.

25 THE WITNESS: I do.

1 And the fact that they are -- well, this is my
2 perspective (inaudible Zoom audio).

3 The fact that they're called out specifically
4 in my opinion implies that each project would need to
5 be evaluated on its own on a one-by-one basis.

6 COMMISSIONER RENDAHL: Okay.

7 Thank you very much just for clarifying that.

8 THE WITNESS: Sure.

9 COMMISSIONER RENDAHL: I have nothing
10 further, Your Honor.

11 JUDGE HOWARD: All right.

12 Any further questions from the bench?

13 COMMISSIONER DOUMIT: No, Your Honor.

14 JUDGE HOWARD: All right.

15 Thank you, witness McGuire, for your
16 testimony.

17 You are excused.

18 Our next witness is Bradley Mullins for AWEC.

19 And I see you on the video feed. If you would
20 please raise your right hand.

21

22 BRADLEY MULLINS,
23 having been first duly sworn,
24 testified as follows:

25

1 JUDGE HOWARD: All right. Great.

2 Thank you.

3 Please introduce the witness.

4 MS. MOSER: Thank you, Your Honor.

5

6 DIRECT EXAMINATION

7 BY MS. MOSER:

8 Q. Mr. Mullins, can you please state and spell
9 your name for the record.

10 A. My name is Bradley Mullins, spelled
11 B-R-A-D-L-E-Y, M-U-L-L-I-N-S.

12 Q. Thank you.

13 And how are you employed?

14 A. I'm the principal of MW Analytics, a
15 consulting firm that represents large utility
16 customers.

17 Q. And in your role, did you cause to be filed in
18 this case a pre-filed response, cross-answering, and
19 testimony supporting the settlement along with --

20 A. I did.

21 Q. Thank you.

22 Do you have any changes or corrections to make
23 to your pre-filed testimony?

24 A. I do not.

25 Q. Thank you.

1 MS. MOSER: This witness is ready for
2 cross-examination.

3 JUDGE HOWARD: All right. Thank you.

4 And, Ms. Moser, you may want to check the
5 volume of your microphone or the distance to your
6 microphone. I can hear you, it just is coming across a
7 little -- a little quieter than what might be intended.

8 Public counsel indicated cross.

9 You may now proceed.

10 COMMISSION CHAIR DANNER: Before you do,
11 Judge, I'm sorry. I am losing my battery power, and I
12 don't have a power cord. I was wondering if, with
13 the -- does anyone object to me turning my video off?
14 I will still be in attendance and turn my video on if I
15 have questions.

16 JUDGE HOWARD: I'm hearing no objections.

17 COMMISSION CHAIR DANNER: All right.

18 Then I'm going to turn my video off for a
19 while just to save battery. Thank you.

20 JUDGE HOWARD: Certainly.

21 All right. Public counsel may proceed.

22 MS. PAISNER: Thank you.

23

24 ///

25 ///

1 CROSS-EXAMINATION

2 BY MS. PAISNER:

3 Q. Mr. Mullins, the settlement agreement proposes
4 two rate increases, one for each year over a two-year
5 rate plan; correct?

6 A. Correct.

7 Q. Is your testimony in support of the settlement
8 AWEC's complete support and rationale for supporting
9 the settlement?

10 A. The complete rationale would be the settlement
11 testimony along with the other testimony, you know,
12 response and rebuttal that's been submitted in the
13 case.

14 Q. Okay.

15 But there's nothing else that hasn't been
16 submitted that would constitute AWEC's support for the
17 settlement?

18 A. Nothing that's not in the record.

19 Q. Okay.

20 A. Right. Correct.

21 Q. Have you seen an equity analysis in connection
22 with the terms of this settlement agreement?

23 A. I think the settlement agreement itself
24 requires an equity analysis. And, you know, maybe
25 to -- just to clarify, you know, I'm not necessarily an

1 expert on equity issues, per se, but paragraph 9 of the
2 stipulation does address equity, and all of the parties
3 to the stipulation supported that -- the process that
4 was outlined there.

5 Q. Okay.

6 PacifiCorp's territory includes vulnerable
7 populations in highly impacted communities or named
8 communities; correct?

9 A. That's my understanding.

10 Q. And the named communities will be impacted by
11 the settlement?

12 A. I think all communities and ratepayers in
13 PacifiCorp's service, territory, including named
14 communities, will be impacted.

15 Q. Has PacifiCorp mapped or quantified or
16 otherwise provided a complete characterization of the
17 named communities in its territory?

18 A. So I'm not aware of what progress that they
19 have made. You know, I listened to witness McVee's
20 testimony earlier today on that subject. But I will
21 say that, you know, gathering this sort of information
22 is very challenging for a number of reasons. You know,
23 it's hard -- you know, all -- normally, all the utility
24 will see is, you know, a meter and how much is being
25 consumed. But, you know, starting to look further down

1 as to who's, you know, using, you know, the electricity
2 and how it impacts them, I think, is -- it's difficult
3 data to collect.

4 I think that PacifiCorp is working on that.
5 I'm not, you know, aware of precisely what they're
6 doing. But I do know it's -- it's challenging, and I
7 think the first step in any type of equity analysis is
8 going to be collecting that sort of data. And until
9 you have it, it's difficult to make any steps further.

10 Q. Right.

11 How does the settlement spread benefits and
12 burdens fairly among customers in PacifiCorp's service
13 territory?

14 A. Specifically, you know, related to equity, the
15 settlement establishes the requirement that a
16 distributional equity analysis be presented in the next
17 rate case, you know, along with a number of other, you
18 know, requirements around that. And so I think that
19 that's how, you know, the benefits of the settlement
20 are, you know, impacting equity and being spread fairly
21 to those communities.

22 Q. How does settlement acknowledge historic
23 inequities and systems of oppression?

24 A. I don't think it explicitly does, but, I mean,
25 I think we could all, you know, sit here today and

1 acknowledge -- and acknowledge that is an issue.

2 Q. How does the settlement repair harm caused by
3 historic inequities?

4 A. I think as I mentioned earlier, you know, this
5 is not something that you can really do overnight.
6 It's -- you know, it's sort of a lengthy process. You
7 have to take steps, and the first step is, you know,
8 collecting data and performing the analysis. And I
9 think that's the process that is laid out in the
10 stipulation.

11 Q. The joint testimony does not present evidence
12 regarding correction or perpetuation of inequities,
13 does it?

14 A. Well, I mean, it -- we discussed the equity
15 provisions of the stipulation. So, you know -- and the
16 purpose of that is to, you know, not perpetuate
17 inequity. So, you know, to that extent, I think it
18 does.

19 Q. Okay.

20 The joint testimony and stipulation do not
21 provide any support or evidence of an equity analysis
22 that's been done of the impact of these proposed rates,
23 do they?

24 A. I think, the -- yeah, the point of paragraph 9
25 is to, you know, collect the data and perform the

1 analysis and present it in the next rate case. I
2 believe I heard witness McVee say earlier that there
3 was some, you know, analysis presented in his testimony
4 as well. So, you know, there was -- you know, a fair
5 amount of analysis done in this case. There's more
6 analysis to be done in the future and the settlement,
7 you know, outlines that process. And I think it's a
8 workable process.

9 Q. For the future; correct?

10 A. Correct.

11 MS. PAISNER: Thank you. Those are all my
12 questions.

13 JUDGE HOWARD: Any redirect?

14 MS. MOSER: No, thank you, Your Honor. No
15 redirect.

16 JUDGE HOWARD: Any questions from the
17 bench for witness Mullins?

18 COMMISSIONER DOUMIT: No questions here.
19 Thank you.

20 COMMISSIONER RENDAHL: Brad Mullins, would
21 you -- you have heard the questions the commissioners
22 asked to Matt McVee and Chris McGuire.

23 Do you have any difference with their answers
24 about the settlement provisions we discussed?

25 THE WITNESS: Not particularly. I think

1 on the -- on the discrete versus nondiscrete or
2 portfolio versus discrete items, you know, I will point
3 out that the -- you know, the new wind and Gateway West
4 is about \$25 million in rate year 2. So that's the
5 majority of rate year 2. So having those as sort of a
6 discrete capital review process, it made sense to me.

7 And then to Chairman Danner's question -- so,
8 you know, when we went through the settlement, my
9 understanding was that the provisional capital between
10 June 30th and December 31st, '23, would be a part of
11 that rate year 1 review process. Looking at the
12 settlement language, I don't think that's necessarily
13 clear, and I don't know if there was necessarily a
14 meeting of minds on that particular issue.

15 So -- but it's a -- you know, it's -- I guess
16 it's a valid sort of open issue that the chairman
17 identified.

18 COMMISSIONER RENDAHL: So those aren't
19 included in the -- you would say they're part of the
20 provisional review, not the -- not the revenue
21 requirement settlement?

22 THE WITNESS: Right. So in paragraph 14,
23 there's a --

24 Maybe I'm misunderstanding this here.

25 You know, actually, I think that's -- I think

1 that's right. So -- so the -- sorry. I'll take back
2 what I just said.

3 So the capital placed in service in 2023, even
4 if it -- you know, since -- you know, between June 31st
5 and December 31st, that will be -- that will be part of
6 the 2023 capital review process. So --

7 COMMISSIONER RENDAHL: Okay.

8 THE WITNESS: You're right.

9 COMMISSIONER RENDAHL: So the six months
10 of capital plants from the period of July 1st through
11 December 31, 2022, which was the subject of Chair
12 Danner's questions --

13 THE WITNESS: Right.

14 COMMISSIONER RENDAHL: -- you are okay
15 with how witness McVee and witness McGuire described
16 that?

17 THE WITNESS: Potentially. All right. So
18 I think I've completely confused myself on the dates
19 here.

20 So the 2022 capital, I had thought was going
21 to be included in the 2023 capital review process. But
22 reading the table that's on page 12, I'm not sure if
23 that was explicitly specified. You know, if -- and I'm
24 not sure that it's something that we necessarily talked
25 about. You know, the way that it's written here, it

1 does say January 1, '23, through December 31, '23.

2 So, you know, I think that's a -- it's valid
3 point that there will be sort of -- if we strictly
4 follow that language, there'd be no true-up for that
5 six-month period.

6 COMMISSIONER RENDAHL: Okay. Thank you.

7 JUDGE HOWARD: Any further questions from
8 the bench?

9 (No response.)

10 JUDGE HOWARD: All right.

11 Thank you, Mr. Mullins, for your testimony
12 today.

13 THE WITNESS: Thank you.

14 JUDGE HOWARD: And you are excused from
15 the hearing.

16 Our next witness is Shaylee Stokes for The
17 Energy Project.

18 If you could turn on your camera.

19 All right. I do see you. Can you hear and
20 see me all right?

21 THE WITNESS: Yes. Thank you.

22 JUDGE HOWARD: All right.

23 Could you please raise your right hand, and
24 I'll swear you in.

25

1 SHAYLEE STOKES,
2 having been first duly sworn,
3 testified as follows:
4

5 JUDGE HOWARD: Thank you.
6 The Energy Project, please introduce the
7 witness.

8
9 DIRECT EXAMINATION

10 BY MR. ZAKAI:

11 Q. Hello. This is Yochanan Zakai for The Energy
12 Project.

13 Witness Stokes, could you please state and
14 spell your name for the record.

15 A. My name is Shaylee Stokes. First name,
16 S-H-A-Y-L-E-E; last name, S-T-O-K-E-S.

17 Q. On whose behalf are you testifying and what is
18 your employment title?

19 A. I'm testifying on behalf of The Energy
20 Project. I am the director of The Energy Project.

21 Q. Did you pre-file written testimony and joint
22 testimony supporting the settlement in this case?

23 A. Yes.

24 Q. Do you have any revisions or corrections to
25 your pre-filed testimony?

1 A. I do not.

2 MR. ZAKAI: Your Honor, this witness is
3 available for questions.

4 JUDGE HOWARD: Thank you.

5 Public counsel, you may proceed.

6 MS. GAFKEN: Thank you. Good morning.

7 Before I get into the questions, I want to do
8 an audio check.

9 Am I coming through clearly?

10 THE WITNESS: Yes, I can hear you.

11 MS. GAFKEN: Okay. Perfect.

12

13 CROSS-EXAMINATION

14 BY MS. GAFKEN:

15 Q. Well, good morning, Ms. Stokes.

16 The settlement agreement proposes two rate
17 increases, one for each year over the two-year rate
18 plan; is that correct?

19 A. Yes.

20 Q. Is your testimony in support of the settlement
21 The Energy Project's complete support and rationale for
22 supporting the settlement?

23 A. Yes.

24 Q. Have you seen an equity analysis in connection
25 with the terms of the settlement agreement?

1 A. I have not in connection with the terms of the
2 settlement agreement.

3 Q. Is it your understanding that PacifiCorp's
4 service territory includes vulnerable populations and
5 highly impacted communities, both of which are often
6 referred to as named communities?

7 A. Yes, they do.

8 Q. These named communities will be impacted by
9 the settlement terms and rate increases under the
10 settlement if the Commission approves it; correct?

11 A. Yes.

12 Q. Is it your understanding that PacifiCorp has
13 not mapped or quantified named communities in its
14 service territory?

15 A. I don't believe they have fully mapped or
16 quantified named communities in their service
17 territory, but I would defer to the Company's response
18 concerning this question.

19 Q. Has PacifiCorp provided a complete
20 characterization of the named communities in its
21 service territory, to your knowledge?

22 A. I don't believe they have completed a complete
23 characterization. But, again, I would defer to their
24 response.

25 Q. How does the settlement spread benefits and

1 burdens fairly among customers in PacifiCorp's service
2 territory?

3 A. So TEP believes that the settlement does
4 require the Company to take steps to more thoroughly
5 incorporate equity into its operations as on
6 stipulation 9 as well as into some of its programming,
7 which is in the low-income stipulation 10. I do
8 specifically think that the low-income terms will
9 result in changes that help benefits spread to named
10 communities more fairly.

11 Q. How does the settlement acknowledge historic
12 inequities and systems of oppression?

13 A. One of the terms in the settlement that was in
14 The Energy Project's original testimony is a language
15 access plan. This is a methodical, structured approach
16 with a deliverable of a policy that the Company would
17 follow that includes a whole process of specifically
18 looking at needs assessments and finding gaps and
19 looking at services that they need to incorporate in
20 order to better serve limited-English-proficiency
21 customers and then goes through a process of
22 communication with those customers as well as
23 translation needs with their company messaging and
24 notices and collateral and then training of company
25 staff and company partner staff around it and then

1 evaluation. So we think that this specific element
2 does acknowledge that they -- they are populations that
3 are -- need to be served in a more equitable way in the
4 service area, and we are taking steps to do that.

5 Another element in the settlement is a couple
6 of improvements to the weatherization -- low-income
7 weatherization program, specifically a pilot program
8 that allows funds to be used for deferred maintenance
9 and large repairs that are needed in order to properly
10 weatherize a home that often are expensive and prevent
11 the program from fully serving people who need it most.
12 And we believe that the pilot program will address that
13 element as well. So we're pleased with that part of
14 the settlement.

15 Q. The joint testimony does not present any
16 evidence regarding correction or perpetration of
17 inequities, does it?

18 A. Sorry, can you repeat the question?

19 Q. Absolutely.

20 The joint testimony does not provide -- let me
21 start that over again.

22 The joint testimony does not present any
23 evidence regarding correction or perpetuation of
24 inequities, does it?

25 A. The joint testimony is very general in terms

1 of its equity provisions. A couple of the stipulations
2 approach some of those elements, but I would say the
3 overall just does not touch on it directly.

4 Q. And the joint testimony and stipulation do not
5 provide any evidence or support of an equity analysis
6 on the impact of the proposed rate under the
7 settlement, do they?

8 A. I do not recall seeing such an analysis.

9 MS. GAFKEN: Thank you. I have no further
10 questions.

11 THE WITNESS: Thank you.

12 JUDGE HOWARD: Any redirect?

13 MR. ZAKAI: No, Your Honor.

14 JUDGE HOWARD: Any questions from the
15 bench for witness Stokes?

16 COMMISSION CHAIR DANNER: Not from me,
17 Your Honor.

18 COMMISSIONER DOUMIT: No.

19 Thank you, Your Honor.

20 COMMISSIONER RENDAHL: No.

21 JUDGE HOWARD: All right. Thank you for
22 your testimony today. You are excused for the
23 remainder of the hearing.

24 THE WITNESS: Thank you, Your Honor.

25 JUDGE HOWARD: Our next witness is Lauren

1 McCloy with NWEAC.

2 If you could please turn on your camera.

3 How is your -- how does your connection seem?

4 Good?

5 THE WITNESS: Yes.

6 JUDGE HOWARD: All right.

7 If you could please raise your right hand.

8

9 LAUREN MCCLOY,

10 having been first duly sworn,

11 testified as follows:

12

13 JUDGE HOWARD: All right. Please

14 introduce the witness.

15

16 DIRECT EXAMINATION

17 BY MR. SANGER:

18 Q. Thank you, Your Honor.

19 This is Irion Sanger for NWEAC.

20 Ms. McCloy, can you please state and spell

21 your name for the record.

22 A. Lauren McCloy. L-A-U-R-E-N, M-C-C-L-O-Y.

23 Q. Thank you.

24 And with whom are you employed and who are you

25 representing in this proceeding?

1 A. I am employed with and representing the
2 Northwest Energy Coalition.

3 Q. Thank you.

4 Did you help prepare the pre-filed testimony
5 in support of the stipulation in this case?

6 A. Yes.

7 Q. And do you have any corrections to your
8 testimony?

9 A. No.

10 MR. SANGER: Thank you.

11 Your Honor, the witness is available for
12 cross-examination and direct examination by the
13 commissioners.

14 JUDGE HOWARD: And, public counsel, you
15 may proceed.

16 MS. GAFKEN: Thank you.

17 Oh, shoot. My dog just started barking.

18 My apologies for that.

19

20 CROSS-EXAMINATION

21 BY MS. GAFKEN:

22 Q. Lauren McCloy, the settlement agreement
23 proposes two rate increases, one for each year over the
24 two-year rate plan; correct?

25 A. Yes.

1 Q. Is your testimony in support of the settlement
2 NWECC's complete support and rationale for supporting
3 the settlement?

4 A. Yes. However, I would note that the
5 settlement is also based on the pre-filed testimony.

6 Q. Have you seen any analysis -- any equity
7 analysis in connection with the terms of the settlement
8 agreement?

9 A. No.

10 Q. And PacifiCorp service territory includes
11 vulnerable populations and highly-impacted communities,
12 also collectively referred to as named communities;
13 correct?

14 A. Yes.

15 Q. And these named communities will be impacted
16 by the settlement terms and rate increases under the
17 settlement if the Commission approves it; is that
18 correct?

19 A. Presumably, yes.

20 Q. To your knowledge, PacifiCorp has not mapped
21 or quantified named communities in its service
22 territory; correct?

23 A. Not to my knowledge, no.

24 Q. Has PacifiCorp provided a complete
25 characterization of the named communities in its

1 service territory, to your knowledge?

2 A. Not to my knowledge. And not in this
3 proceeding.

4 Q. How does the settlement spread benefits and
5 burdens fairly among customers in PacifiCorp's service
6 territory?

7 A. I would note that the settlement includes a
8 number of equity provisions that serve to lay the
9 foundation for PacifiCorp to achieve more equitable
10 distribution of benefits throughout its service
11 territory, particularly to named communities.

12 One area in particular which I would note is
13 the low-income provisions, which include commitments
14 from PacifiCorp to develop enhancements to its
15 low-income weatherization programs, including a pilot
16 program to overcome inability to weatherize homes
17 because of deferred maintenance or large repairs. We
18 think that the evidence shows that many of these
19 barriers are often faced by low-income customers in
20 vulnerable populations, and so expanding access to this
21 program serves to more equitably distribute the
22 benefits.

23 Q. How does the settlement acknowledge historic
24 inequities and systems of oppression?

25 A. There are provisions in the settlement

1 stipulation which we do think address this. While it's
2 not acknowledged explicitly in the settlement, these
3 provisions include raising the dollar threshold for
4 disconnecting residential customers for nonpayment from
5 \$50 to \$150. Energy-burdened customers are more likely
6 to incur higher arrearages and are at a higher risk of
7 disconnection. And raising the dollar threshold will
8 likely reduce the number of customers who are burdened
9 with disconnection notices for nonpayment.

10 The settlement also includes enhancements to
11 PacifiCorp's bill discount program and creation of an
12 arrearage management plan -- well, a commitment to
13 develop an arrearage management plan, which will
14 further reduce harm to those customers that are
15 energy-burdened and at risk of disconnection.

16 And then finally, the stipulation also
17 requires a robust equity review of disconnection
18 policies and procedures for nonpayment, which we think
19 is a significant commitment to making further progress
20 on reducing harms and system of oppression.

21 Q. The joint testimony does not present any
22 evidence regarding correction or perpetuation of
23 inequities, does it?

24 A. It doesn't explicitly do that. However, I do
25 think in general, the stipulation does address equity

1 as an important topic. And for the first time,
2 PacifiCorp has made commitments to address equity going
3 forward.

4 Q. The joint testimony and stipulation do not
5 provide any support or evidence of an equity analysis
6 of the impact of the proposed rate under the
7 settlement, do they?

8 A. The settlement requires PacifiCorp to conduct
9 a distributional equity analysis going forward, but the
10 analysis itself is not provided in the settlement.

11 MS. GAFKEN: All right. Thank you so
12 much.

13 I have no further questions.

14 JUDGE HOWARD: Any redirect?

15 MR. SANGER: No, Your Honor.

16 JUDGE HOWARD: Any questions from the
17 bench?

18 COMMISSIONER DOUMIT: None here.

19 Thank you, Your Honor.

20 COMMISSION CHAIR DANNER: No, Your Honor.

21 COMMISSIONER RENDAHL: McCloy, I would
22 just ask if you have any concerns about -- if you would
23 agree with the responses of Matt McVee and Chris
24 McGuire to the two questions, one regarding the
25 portfolio review and the individual projects, and the

1 second relating to review of the plant from the last
2 half of 2022. So do you have any disagreement or do
3 you agree with their characterization?

4 THE WITNESS: I would respond by saying I
5 did not specifically address this issue in my
6 testimony. However, based on the responses that I
7 heard from witness McGuire and witness McVee this
8 morning, I do not disagree with their assessment.

9 COMMISSIONER RENDAHL: Thank you.

10 JUDGE HOWARD: Any further questions?

11 COMMISSIONER RENDAHL: Nothing further.
12 Thank you very much.

13 JUDGE HOWARD: Thank you.

14 Witness McCloy, thank you for your testimony
15 today, and you are excused from the hearing.

16 Our next and last witness is Alex Kronauer for
17 Walmart.

18 THE WITNESS: Good morning.

19 JUDGE HOWARD: Good morning. I can hear
20 you.

21 Can you hear and see me all right?

22 THE WITNESS: I can, yes.

23 JUDGE HOWARD: Great.

24 Will you please raise your right hand.

25 THE WITNESS: Sure.

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ALEX KRONAUER,
having been first duly sworn,
testified as follows:

JUDGE HOWARD: Thank you.
Please introduce the witness.

MS. CAVIGLIA: Thank you, Your Honor.

DIRECT EXAMINATION

BY MS. CAVIGLIA:

Q. Mr. Kronauer, can you please state your name
and spell your name for the record.

A. Sure.

My name Alex Kronauer, spelled A-L-E-X. And
my last name is spelled K-R-O-N as in Nancy A-U-E-R.

Q. Can you please explain who you work for and
who are you testifying for today.

A. Sure.

I work for Walmart, and I'm a senior manager
on the utility partnerships team.

Q. Were you a signatory to the joint testimony
that was filed in this case?

A. I was, yes.

Q. And do you continue to support that testimony

1 today?

2 A. Yes, I do.

3 Q. Do you have any changes to that pre-filed
4 testimony?

5 A. I do not, no.

6 MS. CAVIGLIA: Mr. Kronauer is available
7 for cross.

8 JUDGE HOWARD: Public counsel, you may
9 proceed.

10 MS. GAFKEN: Great. Thank you so much.

11

12 CROSS-EXAMINATION

13 BY MS. GAFKEN:

14 Q. Witness Kronauer, the settlement agreement
15 proposes two rate increases, one for each year over the
16 two-year rate plan; is that correct?

17 A. That's my understanding, yes.

18 Q. Is your testimony in support of the settlement
19 Walmart's complete support and rationale for supporting
20 the settlement?

21 A. Yeah. So my original testimony focused on
22 return on equity, and I believe that the settled return
23 on equity is reasonable, yes.

24 Q. Have you seen an equity analysis in connection
25 with the terms of the settlement agreement?

1 A. I have not had a chance to review that, no.

2 Q. Do you know whether one exists?

3 A. I believe it does exist, yes.

4 Q. All right.

5 Let me make sure that the question is clear.

6 Are you aware of an equity analysis that's
7 particular to the terms of the settlement agreement?

8 A. Oh, I apologize. I misunderstood the
9 question.

10 No, I am not.

11 Q. Let's see. Okay. Is it your understanding
12 that PacifiCorp's service territory includes vulnerable
13 populations and highly impacted communities, also
14 sometimes referred to collectively as named
15 communities?

16 A. I have not done an analysis on that.

17 Q. Okay.

18 Let me clarify. Does that mean that you're
19 not aware that there are named communities in
20 PacifiCorp's service territory?

21 A. I mean, again, I'm not sure. I have not done
22 an analysis on that.

23 Q. Do you know whether PacifiCorp has mapped or
24 quantified named communities in its service territory?

25 A. Not that I am aware of.

1 Q. All right.

2 How does the settlement spread benefits and
3 burdens fairly among customers in PacifiCorp's service
4 territory?

5 A. So, to clarify, my testimony -- my original
6 testimony solely focused on the return on equity that
7 PacifiCorp should receive on its investment. I didn't
8 do any rate analysis as part of that.

9 Q. And you are being presented as the witness
10 supporting the settlement; correct?

11 A. Yes.

12 Q. I'm going to ask you questions similar to what
13 I've asked previous witnesses and, you know, just
14 answer to the best of your ability. Is that okay?

15 A. Sure.

16 Q. How does the settlement acknowledge historic
17 inequities and systems of oppression?

18 A. I'm not sure.

19 Q. How does the settlement repair harm caused by
20 historic inequities?

21 A. I'm not sure.

22 Q. The joint testimony does not present any
23 evidence regarding correction or perpetuation of
24 inequities, does it?

25 A. I'm sorry. Can you repeat the question,

1 please?

2 Q. Sure.

3 The joint testimony does not present any
4 evidence regarding correction or perpetuation of
5 inequities, does it?

6 A. Not that I'm aware of.

7 Q. And last question. The joint testimony and
8 stipulation do not provide any support or evidence of
9 an equity analysis of the impact of the proposed rates
10 under the settlement agreement, do they?

11 A. Not that I'm aware of.

12 MS. GAFKEN: Okay. Thank you.

13 I have no further questions.

14 JUDGE HOWARD: Any redirect?

15 MS. CAVIGLIA: No, thank you.

16 JUDGE HOWARD: All right.

17 Any questions from the bench?

18 COMMISSIONER DOUMIT: Not from me.

19 COMMISSIONER RENDAHL: Not from me, no,

20 Your Honor.

21 COMMISSION CHAIR DANNER: No thanks, Your
22 Honor.

23 JUDGE HOWARD: Thank you, witness

24 Kronauer, for your testimony today.

25 You are excused.

1 THE WITNESS: Thank you.

2 JUDGE HOWARD: That brings us to the end
3 of our cross-examination of witnesses.

4 We have a couple of items to address before we
5 adjourn. This is normally when we address the
6 preparation of the public comment exhibit, and I
7 believe I touched on this at the earlier hearing in
8 December and we reserved it for this hearing, as I
9 recall.

10 And turning to Paisner or Gafken, how long
11 would public counsel need to compile the public comment
12 exhibit?

13 MS. GAFKEN: Thank you, Your Honor. I
14 believe that we started to collect that material to
15 present to the Commission. I would want to touch bases
16 again with the Commission staff that is also involved
17 in that process. I would say we could turn that in
18 within a week. So could we set the 19th as the due
19 date for the public comment exhibit?

20 JUDGE HOWARD: Yes. The 19th -- the 19th
21 should work.

22 And it can be marked as Bench Exhibit 1 in
23 that case.

24 MS. GAFKEN: Perfect. Thank you.

25 JUDGE HOWARD: All right. Thank you.

1 And we also have the post-hearing briefs in
2 our schedule. We have -- essentially, we have the
3 earlier round of briefing which the parties are using
4 to address the disputed power cost issues, and we have
5 an additional round of briefing on the settlement. And
6 those are due on February 2nd, 2024, and those briefs
7 will be limited to 30 pages each. Three, zero pages
8 each.

9 Are there any questions from the parties or
10 anything else that we should address before we adjourn
11 today?

12 (No response.)

13 JUDGE HOWARD: All right. Hearing none,
14 thank you all to all the parties, the witnesses and the
15 representatives.

16 Was that someone there trying to raise a
17 question?

18 Okay. Just checking.

19 We are adjourned, then. Thank you.

20 (The settlement hearing concluded at
21 10:26 a.m.)

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C E R T I F I C A T E

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 Videoconference Settlement Hearing, taken on January 12, 2024, 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 23rd day of January, 2024.

Tia B. Reidt



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