

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

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

Respondent.

Docket No. UE-230172

PacifiCorp’s Response to the Alliance of
Western Energy Consumer’s Motion for
Clarification

In the Matter of

ALLIANCE OF WESTERN ENERGY
CONSUMERS,

Petition for Order Approving Deferral of
Increased Fly Ash Revenues.

Docket No. UE-210852
(Consolidated)

I. INTRODUCTION

I PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or the Company) submits this Response to the Alliance of Western Energy Consumers’ (AWEC) Motion for Clarification (Motion) of Order 08/06 (Order) in the above-named dockets, asking that the Commission direct the Company to remove coal costs from rates by filing a Power Cost Only Rate Case (PCORC) no later than April 1, 2025. Due to the potential net power cost (NPC) implications associated with removing coal from rates, and changes in resource allocation that may unfold over the next year as a result of the Company’s multi-state cost allocation process (MSP), PacifiCorp respectfully requests that the Commission leave open the possibility that the Company may remove coal costs from Washington rates through either a PCORC—as requested by AWEC—or through some other means, such as

a NPC update or a petition to amend the multi-year rate plan (MYRP) approved in the Order to allow a new rate plan to take effect on January 1, 2026.

II. BACKGROUND

2 The Company’s service territory spans six contiguous western states. Generation and transmission in these states are interconnected and shared between the states. All six of these states have separate commissions that independently regulate the Company. Due to this fragmented regulatory environment, the Company seeks to allocate costs among states based on applying a consistent allocation methodology across the states. This comprehensive agreement is approved by commissions in each of the states in which the Company operates and are negotiated and executed by various commission staff, regulatory agencies, and intervenors.¹ Washington uses a different allocation methodology than what is used across the other five states.² The Company and parties from all the states are currently negotiating to develop a new cost-allocation methodology, which may shift the allocation of current and future PacifiCorp resources. This would have implications for the Company’s Washington customers.

3 The Washington Clean Energy Transformation Act (CETA) requires that all coal-fired resources be removed from Washington rates on or before December 31, 2025.³ Consistent with that requirement, the Commission allowed the Company to include Jim Bridger Units 3 and 4 and Colstrip Unit 4 in rates only through December 31, 2025.⁴ Until

¹ *Wash. Utils. & Transp. Comm’n v. PacifiCorp d/b/a Pac. Power & Light Co.*, Dockets UE-191024, UE-190750, UE-190929, UE-190981, UE-180778 (Consolidated), Final Order 09/07/12 at ¶¶ 93-103 (Dec. 14, 2020).

² *Id.*

³ RCW 19.405.030(1)(a).

⁴ Order at ¶ 322 (Mar. 19, 2024).

that date, those resources will continue to provide benefits to Washington customers by mitigating increasing NPC.⁵

4 In the Order, the Commission approved a two-year MYRP for the Company.⁶ Because the two-year MYRP extends through February 2026, the Company will be required to remove coal-fired generation from its Washington rates close to but before the end of the second year of MYRP. The Commission did not specify a process by which the Company must remove these costs from Washington rates.

5 On March 27, 2024, AWEC filed its Motion, asking the Commission to require that PacifiCorp file a PCORC to remove coal-fired generation from Washington rates.

III. LEGAL STANDARD

6 A motion for clarification is appropriate to: “(a) Clarify the meaning of, or requirements in, the order so that the parties can accurately prepare compliance filings; (b) Make technical changes to reconcile the application of principle to data, resolve inconsistencies, or correct patent error without the need for parties to request reconsideration and without delaying post-order compliance; or (c) Correct typographical or other ministerial errors.”⁷

IV. ARGUMENT

A. A PCORC is not the only process for removing costs associated with coal-fired generation from Washington rates.

7 In its Motion, AWEC argues that the Commission should require the Company to file a PCORC to remove from Washington rates all coal-fired generating resources before the expiration of the MYRP.⁸ While the Company agrees that a PCORC may be an

⁵ See McVee, Exh. MDM-2T at 61:4-11.

⁶ Order at ¶¶ 411-412.

⁷ WAC § 480-07-835(1)(a)-(c).

⁸ Motion at ¶¶ 10-13.

appropriate process to remove coal-fired resources from rates, other processes remain available, including the Company's proposal in its testimony to perform a NPC update in October 2025,⁹ or other options such as filing a new general rate case for a MYRP with rates effective January 1, 2026. At this stage, the Commission should not mandate one specific process for removing costs associated with coal-fired resources from Washington rates.

8 As AWEC acknowledges in the Motion,¹⁰ including coal-fired resources in PacifiCorp's rates provides economic benefits to the Company's customers. When these resources are removed from rates, it is likely that the Company's NPC will sharply increase as the Company secures alternative resources to serve its customers. To optimize allocation of its generation resources in light of CETA and the regulatory requirements of the Company's other jurisdictions, the Company will likely have to modify future resource allocations to Washington consumers. The Company is discussing this, and options for existing resources, in PacifiCorp's multi-state process negotiations. As a result, it is possible that resource reallocation could potentially result in lower-cost alternatives to mitigate rate impacts to Washington customers.

9 Given the uncertainty at this time and the potential cost increases that may arise when the Company removes coal-fired generation from Washington rates, a PCORC may not be the best tool to mitigate rate impacts to Washington customers. For that reason, the Commission should not specify only one option for removing coal costs from rates, but instead should provide the Company the flexibility to either utilize a PCORC, update its

⁹ Order at ¶ 250, Table 7.

¹⁰ Motion at ¶ 3.

NPC forecast to remove coal costs, or to amend the MYRP to allow PacifiCorp to begin a new MYRP with rates effective January 1, 2026.

B. The Commission has authority to amend the MYRP to allow the Company to remove coal costs from Washington rates through a new MYRP.

10 AWEC’s motion suggests that the Commission must identify in its order approving the MYRP the process for removing coal-fired resources from the Company’s rates. However, even assuming that the Commission must specify the means for removing coal-fired resources during the term of a MYRP, there is no need to narrowly identify the process for doing so at this stage—or prescribe a PCORC as the only option—because the Commission has authority to amend a MYRP in the future if necessary.

11 In accordance with RCW 80.28.425, any electric utility seeking a general rate revision must include a proposal for a MYRP.¹¹ The Commission then considers the MYRP proposal applying the same standards as other general rate case filings,¹² including that any charged rate must be just, fair, reasonable and sufficient.¹³ If the Commission approves a MYRP, the electric utility will be bound by the terms of the MYRP for at least the first two rate years of the MYRP.¹⁴

12 However, the Commission retains the authority to amend a MYRP, pursuant to its broad authority to amend its prior orders in accordance with RCW 80.04.210.¹⁵ Indeed, prior to enactment of RCW 80.28.425, the Commission previously exercised this authority

¹¹ RCW 80.28.425(1).

¹² *Id.*

¹³ RCW 80.28.010(1).

¹⁴ RCW 80.28.425(5).

¹⁵ WAC 480-07-875(1) also provides that the Commission may amend “any order that the commission has entered.”

to amend a rate plan before the term of the plan had ended.¹⁶ The MYRP statute specifically provides that the “provisions of this section may not be construed to limit the existing rate-making authority of the commission.”¹⁷ Additionally, while not specific to the term of the MYRP, the Commission is currently entertaining a petition from Puget Sound Energy asking that its approved MYRP be amended.¹⁸

13 Moreover, RCW 80.28.425(9) requires that the Commission align the timing of a MYRP with a utility’s Clean Energy Implementation Plan, which is required under CETA.¹⁹ Here, allowing the flexibility for the Company to amend its MYRP at a later date to enable the removal of coal-fired resources is particularly appropriate because the MYRP process was intended to work in tandem with the Company’s obligations under CETA. To further this goal of lining up MYRPs with CETA implementation, the Commission could amend the Company’s MYRP to allow the Company to file a new MYRP to remove coal-fired resources from Washington rates prior to end of the term of the MYRP the Commission recently approved.

V. CONCLUSION

14 AWEC’s request that the Commission require the Company to file a PCORC to remove coal-fired generation from Washington rates is unduly restrictive, and may not be aligned with customers’ interests. While the PCORC is one potential option for removing coal costs from rates, other processes are also available to remove coal-fired generation

¹⁶ See *Wash. State Att’y Gen.’s Office, Pub. Counsel Section v. Wash. Utils. & Transp. Comm’n*, 128 Wn. App. 818, 825-26, 116 P.3d 1064 (2005) (affirming the Commission’s authority to amend its prior orders, including abrogating terms of settlement establishing a rate plan).

¹⁷ RCW 80.28.425(10).

¹⁸ *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-220066 and UG-220067 (Consolidated), Order 29/15 (Oct. 6, 2023) (adopting procedural schedule for considering proposed amendment regarding credit and collections practices).

¹⁹ RCW 19.405.060.

while better mitigating rate impacts to Washington customers. To provide flexibility, the Company respectfully requests that the Commission decline to adopt AWEC's proposal to require the Company to file a PCORC, and instead direct that the Company may file a NPC update in October 2025, or alternatively, may file a PCORC or new MYRP for rates effective January 1, 2026.

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