

1 at the time. This specifically includes:

- 2 • Wholesale electric sale and purchase contracts that are for long-term firm
- 3 sales and purchases,
- 4 • Short-term firm sales and purchases,
- 5 • Natural gas sales and purchase contracts.

6 **Q. How is PacifiCorp able to complete an update during the rate year in which**  
7 **rates are being forecast?**

8 A. The Company proposes to use the average of settled daily prices in place of broker  
9 quotes for the first three months of the test period, with other inputs to the model  
10 formulated in a manner consistent with the study supporting the direct filing in this  
11 case. This will allow the update to still reflect a normalized forecast, but also solves  
12 the problem of not having broker support for prices covering historical months.

13 **Q. Does PacifiCorp have an estimate of the possible magnitude of this increase?**

14 A. PacifiCorp was able to quantify what an update would look like if it was based on the  
15 September OFPC. While this is only a preliminary update, this does currently  
16 represent the Company's best estimate of what Washington-allocated NPC would  
17 look like for 2022. The Company is forecasting a new NPC baseline of  
18 approximately \$157 million in Washington (an increase of \$43 million). The high-  
19 level impact of an update based on the September OFPC would be an average base  
20 price increase to all classes of 15.42 percent.

21 **Q. What is driving this significant increase?**

22 A. This increase is being driven by electricity prices increasing by approximately  
23 80 percent and natural gas prices increasing by almost 70 percent since the  
24 Company's original filing. Additionally, the Washington allocation of PacifiCorp's  
25 resource mix includes less dispatchable resources compared to other states, so it