

Exh. JDW-30

Dockets UE-230172 and UE-210852

Witness: John D. Wilson

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**PACIFICORP d/b/a PACIFIC POWER
AND LIGHT COMPANY,**

Respondent.

**DOCKETS UE-230172 and
UE-210852 (Consolidated)**

In the Matter of

**ALLIANCE OF WESTERN ENERGY
CONSUMERS'**

**Petition for Order Approving Deferral of
Increased Fly Ash Revenues**

**EXHIBIT TO
CROSS-ANSWERING TESTIMONY OF**

JOHN D. WILSON

**ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PacifiCorp Response to UTC Staff Data Request 156, 2nd Supplemental

December 27, 2023

UE-230172 / PacifiCorp
October 16, 2023
WUTC Data Request 156 - 2nd Supplemental

WUTC Data Request 156

Power Costs - Please state whether Exh. BGM-7C represents the monthly price of coal for Jim Bridger Units 3 and 4 (expressed in \$/ton).

- (a) If not, please explain the difference and provide any supporting documentation or calculations necessary to fully understand PacifiCorp's position.
- (b) If it does, please reconcile that monthly price of coal with the annual price of coal (expressed in \$/MMBtu) found in work papers 230172-PAC-RJM-AGMFuelPrices (C), tab "yr_x". (Note that the same data are also presented in workpaper 230172-PAC-RJM-Aurora2024NPCMasterBaseWA1 (C), tab "Coal Expense Calculation").
- (c) Please explain whether PacifiCorp's coal expenses included in Exh. RJM-2 include the depreciation and reclamation costs discussed in Exh. BGM-1CT at 32 33.
- (d) In either case, noting that Exh. BGM-7C provides coal prices on a monthly basis and the "Coal Expense Calculation" provides coal consumption on a monthly basis, please provide witness Mitchell's opinion as to whether coal expense should be calculated using monthly consumption and prices or using annual figures. Please provide any supporting calculations for this response.

2nd Supplemental Response to WUTC Data Request 156

Further to the Company's prior responses to WUTC Data Request 156 and to the Motion to Compel issued by the Washington Utilities and Transportation Commission (WUTC) on October 12, 2023, the Company provides the following response:

- (a) No. Alliance of Western Energy Users' (AWEC) Exhibit BGM-7C does not represent the monthly costs for Jim Bridger Unit 3 and Jim Bridger Unit 4. AWEC Exhibit BGM-7C represents the costs incurred for operation and production at the maximum level of two draglines at the Bridger Coal Company (BCC). Since the Aurora model did not select the maximum volume available from BCC, the coal cost per ton (\$/ton) is different as a result of the lower volume modeled. In addition, AWEC Exhibit BGM-7C does not include the dollars and volumes associated with coal received from Black Butte at Jim Bridger Plant. Please refer to confidential file "230172-PAC-RJM-Aurora2024NPCMasterBaseWA1 (C)", tab "Coal Expense Calculation", which provides BCC and Black Butte assumed minimums and BCC incremental pricing modeled in Aurora.

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- (b) Please refer to the Company's response to subpart (a) above.
- (c) Costs included in the direct testimony of Company witness, Ramon J. Mitchell, Exhibit RJM-2, include baseline depreciation and reclamation costs assuming a 2028 mine closure. In the previous general rate case (GRC), Docket UE-191024, settling parties agreed to accelerate the depreciation of coal-fired resources to 2023, and the same exit date assumption was applied to the Bridger Mine. Accordingly, as part of the settlement agreement, the parties agreed that the Company would establish a balancing account that will be part of rate base to record the recovery of Washington's share of additional, incremental reclamation and depreciation that Washington would not be paying through annual fuel costs embedded in net power costs (NPC) assuming Washington were to stop receiving an allocation of fuel costs after 2023.

In this GRC proceeding, the Company has proposed revising the exit deadline of coal-fired resources for Washington from 2023 to 2025 and has recalibrated the incremental depreciation and reclamation costs required to be accrued through the regulatory liability to reflect these assumptions. Accordingly, NPC in this GRC continues to reflect fuel costs that capture the level of reclamation and depreciation expense based on the system operation life of Bridger Mine, while the approved regulatory liability captures the estimated incremental amounts that Washington customers would not have an opportunity to pay through fuel cost after the 2025 exit date. Amounts already collected since 2021 through the regulatory liability will be used to offset (i.e., reduce) the total amount of incremental depreciation and reclamation costs in the Company's rebuttal calculations. The two components are not duplicative. Nonetheless, reclamation costs of Bridger Mine will be trued-up once actual amounts are known.

- (d) The Aurora modeled inputs for coal prices are annual prices and the Aurora modeled inputs for coal volumes are annual volumetric limits. The coal expense is therefore an annual amount. Using fuel consumption at sub-annual granularity, the costs can be spread out at sub-annual granularity, but that is simply pro-rating the annual amount across finer divisions of time.

The Company continues to evaluate intervenor testimony and positions and any opinions or positions articulated in this response may be changed, modified, or updated in the Company's next round of testimony.

PREPARER: Ramon J. Mitchell / Heather Garcia / Dan Moody / Sherona Cheung

SPONSOR: Ramon J. Mitchell