

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-230172
(Consolidated)

In the Matter of

ALLIANCE OF WESTERN ENERGY
CONSUMERS'

Petition for Order Approving Deferral of
Increased Fly Ash Revenues

Docket UE-210852
(Consolidated)

PACIFICORP

EXHIBIT OF MATTHEW D. MCVEE

Docket UE-210829, PacifiCorp Exh. KLE-1T (Testimony of Lee Elder)

October 2023

Exh. KLE-1T
Docket UE-210829
Witness: Kenneth Lee Elder

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PACIFICORP

DIRECT TESTIMONY OF KENNETH LEE ELDER

July 2023

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1 **I. INTRODUCTION AND PURPOSE**

2 **Q. Please state your name, business address, and present position with PacifiCorp**
3 **d/b/a Pacific Power & Light Company (PacifiCorp or Company).**

4 A. My name is Kenneth Lee Elder, Jr. My business address is 825 NE Multnomah
5 Street, Suite 600, Portland, Oregon 97232, and I am employed as PacifiCorp’s Load
6 Forecasting Manager.

7 **Q. Please describe your education and professional experience.**

8 A. I have a Bachelor’s Degree in Agriculture Business from Tarleton State University
9 and a Master’s Degree in Agricultural and Resource Economics from Colorado State
10 University. I have been employed by PacifiCorp since July 2016, where I have
11 managed load forecasting, load research and benefit indicator development. From
12 2008 through 2016, I was an economist for a natural resource consulting firm, and
13 from 2004 through 2008 I was an economist for the University of Alaska Fairbanks.

14 **Q. Have you testified in previous regulatory proceedings?**

15 A. Yes. I have previously filed testimony on behalf of the Company in regulatory
16 proceedings in Utah.

17 **Q. What is the purpose of your testimony in this case?**

18 A. The purpose of my testimony is to explain how the Company developed customer
19 benefit indicators (CBIs) for PacifiCorp’s Clean Energy Implementation Plan (CEIP).
20 Additionally, my testimony provides an overview and response to stakeholder CBI
21 comments.

1 **II. PACIFICORP'S CUSTOMER BENEFIT INDICATORS**

2 **Q. What are CBIs?**

3 A. Washington Administrative Code (WAC) 480-100-605 defines CBIs as “an attribute,
4 either quantitative or qualitative, of resources or related distribution investments
5 associated with customer benefits described in RCW 19.405.040(8).” These CBIs
6 ultimately inform the Company’s resource procurement and CEIP compliance
7 strategies to ensure that the benefits from Washington’s energy transition do not
8 disproportionately burden, and also positively impact, the Company’s customers. For
9 PacifiCorp, it describes CBIs as the specific outcomes that customers seek. Because
10 electricity is an essential service, these customer-driven outcomes can be broad and
11 cover several categories.

12 **Q. Please explain PacifiCorp’s process for developing CBIs.**

13 A. Because CBIs are customer focused, PacifiCorp developed its CBIs through an
14 iterative process that leveraged the input of external stakeholders and internal subject
15 matter experts. This process included several steps, and after the Company
16 incorporated feedback from stakeholders, resulted in the Company’s final list of
17 CBIs.

18 **Q. How did the Company begin developing its CBIs?**

19 A. PacifiCorp began the CBI development process by soliciting input from stakeholders
20 and its Equity Advisory Group (EAG) to identify vulnerable populations that reside in
21 its Washington service territory, and to understand the unique challenges experienced
22 within each community. PacifiCorp primarily serves customers in the Yakima and
23 Walla Walla area of Washington, which includes culturally and ethnically diverse

1 communities with several distinct vulnerable populations. These populations are
2 reflected in Table 1 below.

3 **Table 1 – Vulnerable Populations in PacifiCorp’s Washington Service Territories**

• People with lower education attainment	• Asset Limited, Income Constrained, Employed (ALICE)	• People experiencing homelessness
• Adults 65 years old and above	• Low-income migrants	• People living in rural areas
• Young children	• Low income	• People living in different land statuses (such as land trust vs. fee patent that have different regulatory requirements)
• People with a hearing impairment	• Immigration status (outside of US citizen)	• Agricultural and/or farm workers
• People with a disability	• People who speak limited English	• Gas-heated homes
• People with medical equipment at home	• Renters	• Single parents
• Diverse supplier business owners	• Multi-generational households	
• Energy burdened	• Multi-family households	

4 These vulnerable populations each experience challenges and barriers, from
5 housing insecurity, limited economic opportunities, to access to essential services
6 (from broadband internet, to transportation, to mental health support). Often, though
7 not always, these challenges overlap with what other vulnerable populations have or
8 are currently experiencing. Table 2 below includes examples of the barriers faced by
9 named communities that were identified in our EAG and public input processes.

10 **Table 2 – Challenges and Barriers Faced by Named Communities**

• Access to broadband	• Housing	• Mental health stigmas
• Access to education	• Immigration status	• Monetary resources
• Access to information	• Information on energy use	• Multi-family housing
• Access to transportation	• Lack of education	• Rural challenges
• Affordable housing	• Land management	• Seasonal work
• Cost of living	• Language barriers	• Technology barriers
• Discrimination	• Limited income	• Trust building
• Employment	• Low barrier access	• Utility consistency
• Federal versus state standards	• Mental health needs	• Zoning
• Financial barriers		

1 **Q. How did PacifiCorp use these vulnerable populations and challenges to inform**
2 **CBI's?**

3 A. PacifiCorp mapped and filtered these community challenges to the Clean Energy
4 Transformation Act (CETA)-specified benefit categories in WAC 480-100-640(4)(c),
5 and the Company compared its results with peer utility methodologies from both
6 Avista and Puget Sound Energy to arrive at a draft mapping of challenge-to-benefit
7 categories.

8 **Q. Did the Company share its results with stakeholders for initial feedback?**

9 A. Yes. PacifiCorp shared nine draft CBIs and their associated benefit categories
10 (including reducing burdens, non-energy benefits, energy benefits, environmental,
11 cost reduction, public health, energy resiliency / risk reduction, and energy security)
12 with its stakeholders for review on July 21, 2021.¹

13 After incorporating relevant feedback, PacifiCorp developed and proposed its
14 second draft of 20 draft CBIs to address these challenges and shared these results with
15 the Company's Demand Side Management (DSM) Advisory Group on July 22, 2021.
16 This list of draft CBIs was later expanded to include 22 draft CBIs, which were then
17 shared with the EAG on August 18, 2021² and the public on September 8, 2021.³
18 PacifiCorp catalogued comments received on CBIs from stakeholders during the
19 development of its draft CEIP. Responses to comments are outlined in Appendix A of
20 PacifiCorp's draft December 30, 2021, CEIP submission.

¹ [PacifiCorp EAG Meeting 7.21.2021](#)

² [Slides outline for PAC CBI Metric development \(pacificorp.com\)](#)

³ [CETA – What's Coming Up? \(pacificorp.com\)](#)

1 Further, the development of CBIs was regularly discussed during bi-weekly
2 calls with Commission Staff throughout the fall and winter of 2021. Commission
3 staff also attended monthly EAG meetings and PacifiCorp's CEIP Public
4 Participation Series where the CBI development process was discussed in detail.⁴

5 **Q. How did PacifiCorp ultimately select its final CBIs?**

6 A. After incorporating additional stakeholder guidance, PacifiCorp used data from an
7 EAG workshop to develop weighted scores for each draft CBI to determine which
8 CBIs should be used for the Company's inaugural CEIP. This resulted in prioritizing
9 and the ultimate selection of nine CBIs for the inaugural CEIP. The weighted scores
10 for each potential draft CBI are reflected in Table 3 below.

⁴ [CETA – What's Coming Up? \(pacificorp.com\)](#); [CETA – What's Coming Up? \(pacificorp.com\)](#)

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Table 3 – EAG Draft CBI Prioritization Results

Primary Benefit Category	Outcome	Draft CBI	Weighted Score
Reduction of Burdens	Improved education and awareness	Increase efforts to support clean energy education	10.2
		Improve culturally and linguistically responsive outreach and marketing to increase awareness of energy and conservation programs	10.3
	Reduced barriers for program participation	Increase participation in bill assistance, weatherization and energy efficiency programs and grant opportunities	8.8
		Expand in-language services across written, spoken and visual services	9.2
Non-Energy Benefit	Increased economic / community engagement	Increase participation in community-focused efforts and investments	9.3
		Provide support for job training programs	6.8
		Track and support increased diversity in local program delivery	7.8
Energy Benefit	Increased amount of clean energy	Expand electrification opportunities	7.8
		Increase participation in company energy and efficiency programs*	9.3
Environmental	Reduced greenhouse gas emissions	Increase in renewable energy resources	9.8
		Lower Greenhouse Gas emissions	9.5
Cost Reduction	Minimize the cost of clean energy transition	Reduce number of households experiencing high energy burden*	8.8
		Increase participation in company energy and efficiency programs*	9.3
		Increase awareness of and participation in billing assistance programs	8.3
		Reduce number of customers in arrearages	8.0
Public Health	Improved health and well-being	Decrease wood use for home heating*	9.3
		Improve home comfort	7.0
Energy Resiliency / Risk Reduction	Low frequency and duration of outages	Reduce frequency and duration of energy outages	8.0
		Optimize grid investments	7.7
		Support customer programs related to community resiliency	7.8
Energy Security	Improved local energy systems	Develop local/regional infrastructure to promote long-term reliable service	9.0
	Reduced residential disconnections	Reduce number of residential customer disconnections	9.5

*CBIs were refined based on input received from the Joint Advocates on July 30, 2021. Bolded CBIs were carried forward as PacifiCorp’s final CBIs within the CEIP. Increase participation in company energy and efficiency programs was listed twice, as it was considered to fall within two separate CBI benefit categories (Energy Benefit and Cost Reduction).

2 This scoring exercise allowed the Company to prioritize the highest-scoring
3 draft CBI in each benefit category. However, in some instances multiple CBIs were
4 highly rated by the EAG, but those specific draft CBIs were not the highest scoring

1 draft CBI in a given CETA primary benefit categories. This was the case for the draft
2 CBI that measured reduced number of households experiencing high energy burden,
3 which received the second highest score within the primary benefit category of Cost
4 Reduction. PacifiCorp elected to utilize this CBI, recognizing previous stakeholder
5 input and the significance of this outcome within the CEIP. Similarly, the draft CBI
6 that measured greenhouse gas emissions within the Environmental category was not
7 the highest scoring CBI within that category, however PacifiCorp adopted this CBI
8 given the importance to measure renewable energy resources and the resulting
9 emissions.

10 **Q. Can you describe these different benefit categories?**

11 A. Yes. Table 4 below summarizes PacifiCorp's nine CBIs and 17 metrics in the
12 Company's CEIP. Initially in the CBI development process, PacifiCorp envisioned
13 that each CBI would be associated with one statutory element. Later in the process of
14 developing the CEIP, it became apparent that not all CBIs would be associated with a
15 discrete statutory element. The Company's CBIs illustrate the reality that some CBIs
16 touch upon more than a single benefit category. The concept of multiple benefit
17 categories for some CBIs was socialized in the October 19, 2021 Washington CEIP
18 Technical Workshop and the October 20, 2021 EAG meeting.

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Table 4 – PacifiCorp CBIs, Benefit Categories, and Metrics

CBI	Benefit Categories	Metric(s)
Culturally and linguistically responsive outreach and program communication	<ul style="list-style-type: none"> • Reduction of burdens • Non-energy benefit 	<ul style="list-style-type: none"> • Outreach in non-English languages • Percentage of responses to surveys in Spanish*
Community-focused efforts and investments	<ul style="list-style-type: none"> • Non-energy benefit • Reduction of burden • Public health 	<ul style="list-style-type: none"> • Workshops on energy related programs • Headcount of staff supporting program delivery in Washington who are woman, minorities, and/or can show disadvantage* • Number of public charging stations in named communities*
Participation in company energy and efficiency programs and billing assistance programs	<ul style="list-style-type: none"> • Cost reduction • Reduction of burden • Non-energy benefit • Energy benefit 	<ul style="list-style-type: none"> • Number of households/businesses, including named communities, who participate in company energy/efficiency programs • Percentage of households that participate in billing assistance programs • Number of households/businesses who participate/enroll in demand response, load management, and behavioral programs*
Efficiency of housing stock and small businesses, including low-income housing	<ul style="list-style-type: none"> • Energy benefit 	<ul style="list-style-type: none"> • Number of households and small businesses that participate in company energy/efficiency programs • Energy efficiency expenditures*
Renewable energy resources and emissions	<ul style="list-style-type: none"> • Environmental 	<ul style="list-style-type: none"> • Amount of renewables/non-emitting resources serving Washington • Washington allocated greenhouse gas emission from Washington allocated resources
Households experiencing high energy burden	<ul style="list-style-type: none"> • Cost reduction • Reduction of burden 	<ul style="list-style-type: none"> • Number of customers suffering from high energy burden by: Highly Impacted Community (HIC), vulnerable populations, low-income bill assistance (LIBA) and Low-Income Weatherization participants, and other residential customers*
Indoor air quality	<ul style="list-style-type: none"> • Public health • Non-energy benefit 	<ul style="list-style-type: none"> • Number of households using wood as primary or secondary heating • Non-electric to electric conversions for Low-Income Weatherization program*
Frequency and duration of energy outages	<ul style="list-style-type: none"> • Energy resiliency • Risk reduction • Energy benefit 	<ul style="list-style-type: none"> • SAIDI, SAIFI, and CAIDI** at area level including and excluding major events
Residential customer disconnections	<ul style="list-style-type: none"> • Energy security 	<ul style="list-style-type: none"> • Number of residential customer disconnections including disconnections within named communities

* Metrics informed by Joint Advocate input.

**System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), Customer Average Interruption Duration Index (CAIDI).

1 **Q. Why did PacifiCorp prioritize and ultimately select nine CBIs for the**
2 **Company’s Inaugural CEIP?**

3 A. The Company’s CBI prioritization process was informed by several factors. First, this
4 was the Company’s inaugural CEIP, and the Company fully expects to incorporate
5 additional Commission guidance and stakeholder feedback as the Company continues
6 to further develop and refine its CBIs over the coming years. Second, nine CBIs
7 satisfies the Commission’s requirement for at least one CBI for each benefit category
8 as required in WAC 480-100-640(4)(c), and establishes a manageable number of
9 CBIs for the Company to implement and track as it begins taking steps to comply
10 with CETA.

11 **Q. Were stakeholders provided a final opportunity to review and comment on this**
12 **revised list of CBIs?**

13 A. Yes. Prior to the draft CEIP filed on November 1, 2021, the draft CBIs were
14 presented in the Washington CEIP Technical Workshop on October 19, 2021⁵ and the
15 EAG meeting on October 20, 2021.⁶

16 **Q. Please provide an overview of stakeholder comments on the CBIs in**
17 **PacifiCorp’s 2021 CEIP.**

18 A. As documented in Appendix A of PacifiCorp’s CEIP, the Company received and
19 responded to 345 stakeholder comments, of which 85 were related to CBIs or metrics.
20 In addition to these stakeholder comments, PacifiCorp also received and responded to
21 comments from the Joint Advocates issued on July 30, 2021. These joint comments

⁵ [WA CEIP Second Technical Meeting.pdf \(pacificorp.com\)](#)

⁶ [Clean Energy Transformation Act Washington Equity Advisory Group Fifth EAG Meeting September 15, 2021 \(pacificorp.com\)](#)

1 on CBIs were provided on behalf of The Energy Project, Front and Centered, NW
2 Energy Coalition, and the Washington State Office of the Attorney General, Public
3 Counsel Unit (Joint Advocates) which called for a total of 17 CBIs and 57 metrics.⁷
4 PacifiCorp actively sought, continues to seek, and appreciates the robust input it has
5 received as part of its initial and ongoing CEIP process.

6 **Q. Did stakeholders generally appreciate PacifiCorp’s engagement efforts?**

7 A. Yes. Over the course of 2021, the Company worked with its EAG on various CETA-
8 related concerns. This work was facilitated in part by the Rocky Mountain Institute
9 (RMI). At the conclusion of this work, RMI provided PacifiCorp’s EAG Staff with its
10 reflections on the Company’s EAG process, and I highlight a few of those reflections
11 for the Commission’s consideration.

12 RMI noted that, based on its “understanding of CETA’s objections and
13 outcomes,” it believes that “PacifiCorp’s CEIP was the most comprehensive of
14 Washington’s three [investor owned utilities], demonstrating commitment to
15 identifying named communities and developing CBIs across a diverse array of
16 specific actions.”⁸ This conclusion was based in part on the health of PacifiCorp’s
17 EAG, where over “80% of all original EAG members are still actively involved in
18 EAG meetings,” where PacifiCorp’s successful measures to support retention
19 included “taking pulse checks of EAG members and incorporating their feedback into
20 meetings, actively listening and responding to comments from members, providing
21 compensation both for preparation time and meetings, and visiting EAG members in

⁷ For more information, please see PacifiCorp’s Revised CEIP, Appendix B.

⁸ Exhibit KLE-2—RMI Letter, at 1.

1 person for 1:1 meetings.”⁹

2 This engagement led to robust non-energy impact analyses and CBIs, where
3 RMI noted that PacifiCorp “has consistently brought CBIs to the EAG to allow for
4 iterative improvements, including relating desired CBI outcomes to real challenges
5 felt by PacifiCorp customers.”¹⁰ Before providing recommendations for future work,
6 RMI concludes: “None of the above would be possible without the dedication of
7 PacifiCorp’s staff to CETA projects. PacifiCorp’s internal and external SMEs have
8 shown growth in their understanding of the importance of the EAG and have worked
9 to integrate the EAG’s feedback into their work.”¹¹

10 While RMI’s feedback represents only a sliver of the views of PacifiCorp’s
11 engagement processes, and there are always opportunities for the Company to
12 continue to learn and improve its engagement processes, the Company is proud of its
13 work with its EAG and how those efforts impacted the Company’s CEIP efforts.

14 **Q. Were there any stakeholder concerns related to the CBIs in PacifiCorp’s 2021**
15 **CEIP?**

16 **A.** Yes. The Company received comments from the EAG and Joint Advocates. The EAG
17 comments were focused on understanding and bolstering the Company’s draft CBIs
18 and relevant metrics, and the Joint Advocates’ comments expressed concern that
19 PacifiCorp was not adopting enough CBIs and metrics.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

1 **Q. How does PacifiCorp respond to these concerns?**

2 A. PacifiCorp undertook a thoughtful approach to addressing stakeholder input,
3 questions and concerns throughout the development of its CBIs and metrics.

4 For example, specific to the July 30, 2021, Joint Advocate Comments on
5 CBIs, PacifiCorp completed a comprehensive review. The Company compared the
6 Joint Advocates' proposed CBIs and metrics to PacifiCorp's draft CBIs, and as a
7 result, the Company concluded that many of the CBIs and metrics proposed by the
8 Joint Advocates were the same or similar to those proposed by PacifiCorp. Where the
9 Joint Advocates CBIs were superior, PacifiCorp refined several of its CBIs and
10 adopted additional metrics. These improvements for CBIs are listed in Table 3, while
11 the improved metrics adopted by PacifiCorp are provided in Table 4.

12 To increase transparency, this comparative analysis was communicated to the
13 Joint Advocates on October 25, 2021, and PacifiCorp initiated and participated in a
14 conference call with the Joint Advocates on November 19, 2021, to discuss the draft
15 CBIs contained in the November 1, 2021, draft CEIP as well as PacifiCorp's mapping
16 exercise.

17 Similarly, The Energy Project completed a comparative analysis of the CBIs
18 and metrics proposed by the Joint Advocates to those proposed by PacifiCorp. The
19 Energy Project concluded that—while the Company did not adopt all of the
20 recommended CBIs—many of the Joint Advocate proposed CBIs and metrics were at
21 least partially addressed by PacifiCorp's CBIs and metrics. Both PacifiCorp's and
22 The Energy Projects comparative analyses are found in Appendix B of the final CEIP.

1 **Q. Do you believe the CBIs in PacifiCorp’s CEIP are sufficient?**

2 A. Yes. PacifiCorp believes that it has met and exceeded the regulatory requirements set
3 forth by CETA when developing its CBIs. As previously described, PacifiCorp
4 developed nine CBIs, which are associated with the eight benefit categories identified
5 in WAC 480-100-640(4), and PacifiCorp relied on input from stakeholders and all its
6 customers through a survey to develop appropriate weighting factors for its CBIs in
7 compliance with WAC 480-100-655(2).

8 **Q. Is there anything additionally you would like to add regarding the development
9 of CBIs?**

10 A. Yes. Because CBIs are the result of iterative processes, PacifiCorp recognizes and
11 appreciates that CBIs will continue to be modified and developed, as the outcomes its
12 customers seek to achieve from the clean energy transformation will undoubtedly
13 evolve over time. PacifiCorp welcomes the opportunity to work with stakeholders to
14 develop, modify and create additional CBIs and metrics as we proceed with
15 developing forthcoming CEIPs.

16 **III. CONCLUSION**

17 **Q. Please summarize your testimony.**

18 A. My testimony discusses the Company’s iterative processes that created the nine CBIs
19 included in the Company’s inaugural CEIP, and provides an overview and response
20 to select stakeholder CBI comments.

21 **Q. Does this conclude your direct testimony?**

22 A. Yes.