

Exh. CRM-6T

Dockets UE-230172 and UE-210852

Witness: Chris R. McGuire

**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**

CROSS-ANSWERING TESTIMONY OF

CHRIS R. MCGUIRE

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

*Update on Calculating Revenue Requirement for Staff's Proposed Colstrip/Bridger
Tracker; Formal Adoption of the Response Testimony and Exhibits of Staff Witness
Tellez*

October 27, 2023

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Exh. CRM-7 PacifiCorp Response to Staff Data Request No. 149

CROSS-ANSWERING TESTIMONY
OF CHRIS R. MCGUIRE
DOCKETS UE-230172 and UE-210852

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1
2
3 **I. INTRODUCTION**

4 **Q. Please state your name and business address.**

5 A. My name is Chris McGuire, and my business address is 621 Woodland Square Loop
6 SE, Lacey, Washington, 98503. My business mailing address is P.O. Box 47250,
7 Olympia, Washington, 98504-7250. My business email address is
8 chris.mcguire@utc.wa.gov.

9 **Q. Are you the same Chris McGuire who submitted response testimony on behalf**
10 **of Staff on September 14, 2023, in these dockets?**

11 A. Yes.
12

13 **II. SCOPE AND SUMMARY OF TESTIMONY**
14

15 **Q. Please summarize what you will be addressing in your testimony.**

16 A. The purpose of my testimony is twofold. First, I provide an update on Staff's
17 attempts to identify the appropriate revenue requirement for the first year of rates for
18 Staff's proposed coal facility tracking mechanism. Second, I submit to the record
19 that I formally adopt the response testimony and exhibits originally sponsored by
20 Staff witness Alex Tellez.
21
22
23

1 **Q. Have you prepared exhibits?**

2 A. Yes. I prepared Exh. CRM-7, which is PacifiCorp's response to Staff Data Request
3 No. 149. Exh. CRM-7 shows that (1) PacifiCorp did not identify, and did not
4 perform an analysis of, the annual revenue requirement associated with the non-NPC
5 costs for Colstrip Unit 4 and Jim Bridger Units 3-4, and (2) PacifiCorp appears to
6 indicate that it will produce the requested calculation on rebuttal.

7

8 **III. DISCUSSION**

9

10 **A. Colstrip/Bridger Tracker**

11

12 **Q. Can you please summarize the update you are providing the Commission?**

13 A. Yes. This update is to inform the Commission that Staff was unable to obtain from
14 PacifiCorp its calculation of the portion of its revenue requirement request specific to
15 the Company's coal-fired resources. Therefore, Staff continues to be unable to
16 provide the Commission with a recommendation on revenue requirement for Staff's
17 proposed Colstrip/Bridger tracker.

18 However, in response to discovery, PacifiCorp appears to indicate that the
19 Company will produce the requested calculation on rebuttal. Once PacifiCorp
20 produces its analysis of the coal-specific portion of revenue requirements, Staff
21 recommends that the Commission adjust that revenue requirement to remove costs
22 associated with life extending investments as well as to capture the rate of return the
23 Commission ultimately authorizes in this case.

1 **Q. Why are you providing an update regarding Staff’s recommendation that the**
2 **Commission order PacifiCorp to establish a tracker to capture going-forward**
3 **costs associated with Colstrip Unit 4 and Jim Bridger Units 3-4?**

4 A. While Staff in its responsive case recommended that the Commission order
5 PacifiCorp to establish a Colstrip/Bridger tracker,¹ Staff did not make a
6 recommendation with respect to the revenue requirement for the tracker rates. In its
7 testimony, Staff noted that:

8 Given PacifiCorp’s treatment of the costs of the Company’s coal-fire
9 facilities in its revenue requirement calculation, Staff was not confident it
10 could comprehensively identify all of the cost items that would be
11 appropriate to pull into in a coal cost tracker-specific revenue requirement.²
12

13 Staff further noted that:

14 PacifiCorp is in the best position to identify all of the non-NPC coal cost
15 items and is hopeful that the Company will identify the revenue requirement
16 associated with those costs in its response to Staff’s proposal. In the
17 meantime, Staff intends to issue a data request to PacifiCorp to identify the
18 coal-specific portions of the rate years one and two revenue requirements.
19 With that information, if the Commission wishes to order PacifiCorp to
20 establish a coal tracker, the Commission can simply subtract the coal-specific
21 revenue requirement from overall revenue requirement and then consider the
22 coal-specific portions separately.³
23

24

25

¹ McGuire, Exh. CRM-1T at 62:12-20. “Staff recommends that the Commission order PacifiCorp to establish a tracker that would capture – and allow PacifiCorp to recover – going-forward costs associated with Colstrip Unit 4 and Jim Bridger Units 3-4, except for variable power costs and transmission related costs. In addition to decommissioning and remediation (D&R) costs, Staff recommends that the tracker rates include ongoing expenses (including depreciation, O&M, and amortization of unrecovered plant balances), taxes (including EDIT and treasury grant amortization), and return on rate base. This is consistent with the components included in the Colstrip trackers established for PSE and Avista.

² McGuire, Exh. CRM-1T at 64:19 – 65:1.

³ McGuire, Exh. CRM-1T at 65:5-13.

1 In other words, Staff is providing an update now because Staff stated in its response
2 testimony it was going to attempt to obtain information from the Company that
3 would allow the Commission to calculate revenue requirement for a Colstrip/Bridger
4 tracker if the Commission decides such a tracker should be established.

5
6 **Q. Did Staff issue the discovery it said in responsive testimony that it intended to**
7 **issue?**

8 A. Yes. Staff issued a data request asking PacifiCorp to identify the annual revenue
9 requirements for rate years one and two that PacifiCorp included in its direct case
10 related to the non-NPC costs for Colstrip Unit 4 and Jim Bridger Units 3-4.⁴

11
12 **Q. Did PacifiCorp provide Staff with the information Staff requested in that data**
13 **request?**

14 A. No. In its response to Staff’s discovery, PacifiCorp stated that “[t]he requested
15 analysis has not been performed by the Company.”⁵

16
17 **Q. Do the workpapers PacifiCorp references in its discovery response contain**
18 **information sufficient for the Commission to calculate revenue requirement**
19 **were it to order PacifiCorp to establish a coal tracker?**

20 A. No. Given that PacifiCorp stated in its discovery response that the Company hasn’t
21 performed the analysis that would identify the non-NPC costs for the Company’s

⁴ McGuire, Exh. CRM-7 at 2.

⁵ McGuire, Exh. CRM-7 at 2.

1 coal-fired facilities, the workpapers PacifiCorp references cannot be said analysis.
2 Therefore, the referenced workpapers shouldn't be used as the basis for calculating
3 the revenue requirement for a coal tracker.
4

5 **Q. Does PacifiCorp intend to provide the Commission with an analysis of the non-**
6 **NPC revenue requirement for PacifiCorp's coal fired resources in its rebuttal**
7 **testimony?**

8 A. It would appear so given that PacifiCorp objected to Staff's data request on the
9 grounds that "it seeks rebuttal testimony prior to the schedule established by the
10 Washington Utilities and Transportation Commission in Order 03."⁶ Staff's data
11 request was asking PacifiCorp to identify the revenue requirement related to the non-
12 NPC costs for the Company's coal-fired resources. Given that PacifiCorp equates
13 Staff's request as a request for rebuttal testimony, one can only conclude that
14 PacifiCorp's rebuttal testimony will identify the revenue requirement related to the
15 non-NPC costs for the Company's coal-fired resources.
16

17 **Q. Is there anything the Commission should be aware of as it is considering**
18 **PacifiCorp's analysis of the coal-specific portion of revenue requirement?**

19 A. Yes. The coal-specific portion of revenue requirement that PacifiCorp identifies in
20 its rebuttal testimony is likely to continue to include costs associated with life-
21 extending investments in Colstrip Unit 4 and Jim Bridger Units 3-4. Therefore,

⁶ McGuire, Exh. CRM-7 at 2.

1 consistent with the recommendation Staff offered in its responsive case,⁷ Staff
2 recommends that the Commission adjust PacifiCorp's calculation of the coal-specific
3 revenue requirement to remove costs associated with life extending investments. The
4 revenue requirement also will need to be adjusted to capture the rate of return that
5 the Commission ultimately authorizes in this case.

6 Finally, as with Staff's overall revenue requirement in response testimony,
7 the adjustments accounted for in Staff witness Huang's cross answering testimony
8 does not account for the proposed removal of coal resources into a tracker. If the
9 Commission orders PacifiCorp to establish a Colstrip-Bridger tracker, the revenue
10 requirement for the tracker will need to be removed from the base rate revenue
11 requirement.

12
13 **B. Adoption of the Response Testimony and Exhibits of Staff Witness Tellez**

14
15 **Q. Can you please identify the response testimony and exhibits sponsored by Staff**
16 **witness Tellez?**

17 A. Yes. Staff witness Tellez sponsored response testimony, Exh. AMT-1T, as well as
18 supporting Exhibits AMT-2 through AMT-23.

19
20 **Q. Is Staff witness Tellez still employed with the Commission?**

21 A. No.

22

⁷ McGuire, Exh. CRM-1T at 26:11-35:13.

1 **Q. Who will be adopting the response testimony and exhibits sponsored by Staff**
2 **witness Tellez?**

3 A. I will be adopting Exh. AMT-1T as well as Exhs. AMT-2 through AMT-23.
4

5 **Q. What issues are addressed in the testimony and exhibits of Staff witness Tellez?**

6 A. Staff witness Tellez addressed: (1) PacifiCorp's proposal to eliminate its decoupling
7 mechanism, (2) pro forma general wage increases, Adjs. 4.3 and 13.2, (3) pro forma
8 pension and retirement benefits, Adj. 4.4, and (4) the petition for deferred accounting
9 treatment for excess fly ash revenues, filed by the Alliance for Western Energy
10 Consumers (AWEC) in Docket UE-210852.
11

12 **Q. Are you familiar with these issues and the positions taken in Exh. AMT-1T?**

13 A. Yes.
14

15 **Q. Does this conclude your testimony?**

16 A. Yes.