

May 24, 2024

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UE-240393

VIA ELECTRONIC FILING

Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503-1036

Re: Advice 24-02—Schedule 191—System Benefits Charge

In accordance with RCW 80.28.060, WAC 480-07-880, and WAC Chapter 480-80, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) submits the following revised tariff sheet applicable to PacifiCorp's electric service in the state of Washington. PacifiCorp respectfully requests an effective date of August 1, 2024.

Fourth Revision to Sheet No. 191.1 Schedule 191 System Benefits Charge Adjustment

The Company proposes to increase the System Benefits Charge (SBC) collection rate, which is administered through Schedule 191 to better align the Company's recovery of costs associated with acquiring and administering cost-effective conservation in its Washington service territory as well as to recover costs associated with demand response programs in Washington and the cost for full time equivalent labor to support Washington equity metrics.

Recent Changes for the System Benefits Charge

In February 2019, the Company implemented an annual collection rate decrease of approximately \$1.5 million to account for uncertainty in costs and savings at the time of the annual rate update. As part of that rate change, the Company also committed to review the collection rate after six months and provide that information to Commission staff. The Company shared that review with the DSM Advisory Group on December 18, 2019, and recommended no change to the collection rate.

After reviewing the account, the Company proposed to leave the rate unchanged and filed an exemption letter May 1, 2020.¹

A System Benefits Charge account review was shared with the DSM Advisory Group on April 28, 2021. Another downward adjustment in 2021 would have likely led to an upward adjustment fairly

¹ PacifiCorp's Request for an Exemption of WAC 480-109-130 and Condition 11(d) in Order 01 in Docket UE-190908 and One-Week Extension for Supporting Documentation.

soon after, so the Company proposed to leave the rate unchanged and filed an exemption letter May 20, 2021.²

The Company reviewed the account and shared results and options with the DSM Advisory Group on April 28, 2022. After reviewing the Company's projected costs, the balance in the balancing account, and the collection rate needed for the 12 months following the rate change, the Company requested a rate increase of \$8.1 million to collect approximately \$18.75 million annually.

After reviewing the account with the DSM Advisory Group in March 2023, the Company proposed to leave the rate unchanged and filed an exemption letter May 1, 2023.³

Proposed Change to System Benefits Charge

The Company reviewed the account and shared results with the DSM Advisory Group on March 26, 2024.⁴ After reviewing the Company's projected energy efficiency program costs, the balance in the balancing account, and the collection rate needed for the 12 months following the rate change, the Company believes a rate increase to \$21 million is appropriate. This is based on the best available forecast of 2024 expenditures and assumes this level of expenditures will continue into 2025. The current 2024 expenditure forecast is lower than 2024 expenditures filed in the Company's 2024-2025 DSM Business Plan in November 2023.

At the March DSM Advisory Group meeting, the Company also proposed to

1. Recover expenses for approved demand response programs in the SBC starting August 1, 2024.
 - a. Demand response program expenses are currently in a deferred account, and with three programs now launched, the balance in the deferred account is growing.
 - b. This proposal is consistent with the Petition for Accounting Order, Docket UE-220848, which states on page 3 "The Company will seek amortization of the deferred amount through Schedule 191 in a future Commission proceeding."
 - c. Demand response expenses plus accrued interest in the deferred account as of August 1, 2024, would be transferred to the SBC account for recovery, and starting August 1, 2024, demand response expenses would be recovered in the SBC.
2. Recover the cost of an FTE to support Washington equity metrics, data analysis and tracking. Include the cost in the SBC starting August 1, 2024.
 - a. Data tracking and analytics, including analysis related to Highly Impacted Communities and Vulnerable Populations are increasingly important but also increasingly labor intensive.

² PacifiCorp's Request for an Exemption of WAC 480-109-130 and Condition 11(d) in Order 01 in Docket UE-190908 and Supporting Documentation.

³ Request for exemption of WAC 480-109-130, Docket UE-230293.

⁴ Slides for this meeting are available online -

https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/ceip/dsm/WA_DSM_Advisory_Group_Mar2024_Meeting_Slides.pdf Note the proposal to add one FTE was discussed but not in the slides.

- b. Adding a new data analyst is necessary to meet the growing requirements. The analyst would be focused on Washington. The role would include tracking for conservation and demand response as well as other areas (e.g., disconnections).
- c. The Company has not added a specific forecast for the new analyst into the attached analysis since the costs are insignificant (less than 1%) compared to the estimated energy efficiency and demand response expenses.
- d. Costs would be tracked separately from conservation and demand response expenses.

With these additional expenses, the Company believes a rate increase to a total of \$24 million annually is appropriate effective August 1, 2024. This is based on the best available forecast of 2024 expenditures for energy efficiency and demand response programs and assumes this level of expenditures will continue into 2025.

Attachment B provides an overview of the balance in the SBC deferred account based on current energy efficiency costs and Schedule 191 revenue projections. Attachment C provides the same analysis with both energy efficiency and demand response expenses included. Attachment D provides the Company's estimated effect of the proposed Schedule 191 prices on revenue and the Company's estimated effect of the proposed Schedule 191 prices on monthly residential bills. The Company estimates the average residential customer using 1,200 kilowatt-hours per month will see a \$1.51 monthly bill increase, or 1.1 percent.

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
Pacific Power
825 NE Multnomah St., Ste 2000
Portland, OR 97232-2152

Please contact Ariel Son at (503) 813-5410 if you have any informal questions.

Sincerely,

/s/

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Enclosures

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