BEFORE THE WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Complainant,

v.

PACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANY,

Respondent.

DOCKET UE-250224

RESPONSE TESTIMONY OF CALLAHAN MORIYASU
ON BEHALF OF THE WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT

EXHIBIT CM-1T

August 20, 2025

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TABLE OF CONTENTS

LIST OF FIGURES

RESPONSE TESTIMONY OF CALLAHAN MORIYASU
DOCKET UE-250224
EXHIBIT CM-1T

EXHIBITS LIST

Exhibit CM-2	PacifiCorp Historical and Proposed Rates – Residential: 2010–2026
Exhibit CM-3	Consumer Price Index, Electricity: 2010–2025
Exhibit CM-4	PacifiCorp's May 2025 Washington Low Income Customer Report
Exhibit CM-5	Pacific Power Washington Energy Burden Update, 2024

I. INTRODUCTION AND SUMMARY

Q. Please state your name and business address.

A. My name is Callahan Moriyasu, and my business address is 800 Fifth Avenue, Suite 2000, Seattle, Washington 98104.

Q. By whom are you employed and in what capacity?

A. I am a Regulatory Analyst with the Public Counsel Unit of the Washington State Office of the Attorney General (Public Counsel).

Q. On whose behalf are you testifying?

A. I am testifying on behalf of Public Counsel.

Q. Please describe your professional qualifications.

A. I have a Master of Public Policy from the University of Southern California, as well as a Bachelor of Arts in Economics and History from Northwestern University. In addition to my formal education, I have completed several utility ratemaking courses, including New Mexico State University's Electricity Regulatory Training Course, Michigan State University's Power Grid School, and NARUC's Fundamentals of Electricity Course.

Prior to joining Public Counsel, I worked for several years as a Policy Analyst with the WORLD Policy Analysis Center at the University of California, Los Angeles, where I performed comparative legal research and statistical analyses on the impact of laws on inequality and health outcomes.

In my current position, I participate in several advisory groups on behalf of Public Counsel, including PacifiCorp's Demand-Side Management, Equity, and Low-Income Advisory Groups. I have provided analysis on a variety of cases, including

Puget Sound Energy's Greenhouse Gas Emissions Cap and Invest Adjustment tariff filing in Docket UE-250321, the petitions for revised no-cost allowance forecast updates for all three electric investor-owned utilities in Dockets UE-220770, UE-220789, and UE-220797, Avista's all-source Request for Proposals in Docket UE-250155, Public Counsel's position on risk-sharing mechanisms in the Commission-led workshop series on the Climate Commitment Act in Docket U-230161, and the development of principles for carrying costs in Policy Docket U-250264.

Q. What exhibits are you sponsoring in this proceeding?

A. I am sponsoring the following exhibits, which were used to create tables in this testimony:

- Exhibit CM-2: PacifiCorp Historical and Proposed Rates – Residential: 2010-2026
- Exhibit CM-3: Consumer Price Index, Electricity: 2010-2025
- Exhibit CM-4: PacifiCorp's May 2025 Washington Low Income Customer Report
- Exhibit CM-5: Pacific Power Washington Energy Burden Update, 2024

Q. Please describe the purpose of your testimony.

A. My testimony discusses the impact of the proposed rates on residential customers. I add context to this filing by evaluating trends in residential rates over time compared with the Consumer Price Index for electricity. My analysis indicates that PacifiCorp's (the Company) proposed rates are unreasonably high given its historical rates and inflation. I then discuss the inadequacy of the Company's analysis in proposing the allocation methodology leading to these unreasonable rate increases.

II. PACIFICORP'S PROPOSED RATES ARE NOT REASONABLE

Q. How will the revenue requirement and tariff changes as initially filed in this PCORC affect the average residential customer's monthly bill?

A. PacifiCorp's request in this filing would increase its revenue requirement by $33.9 million. If the tariff changes go into effect as initially filed, the average residential customer using 1,200 kWh per month would see a bill increase of $10.43, up six percent from rates currently in effect. This equates to an average monthly bill of $180.23.

Q. Are there any other pending proceedings that would increase rates by January 2026?

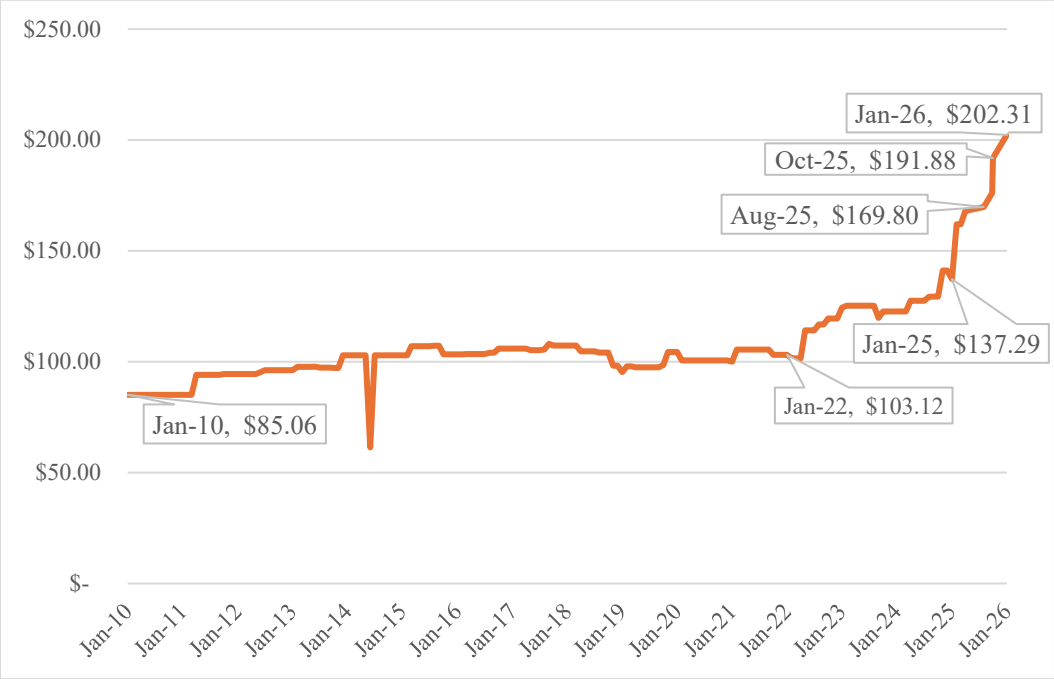
A. Yes. PacifiCorp recently filed a Power Cost Adjustment Mechanism (PCAM) in Docket UE-250474, requesting collection of a $57.3 million surcharge balance in its account to be amortized over one year, for a total revenue increase of $59.5 million. This corresponds to a $17.02 increase in bills for the average residential ratepayer using 1,200 kWh per month. The Company has requested that the PCAM tariff changes go into effect on October 1, 2025. Furthermore, PacifiCorp filed its annual decoupling rate adjustment in UE-250471, which would result in a $11.2 million revenue increase and raise the average residential customer's bill by $6.31 per month. Considering all three filings together, the average residential customer could expect to pay $202.31 in January 2026.

Q. How have PacifiCorp's average residential rates changed in the past year?

A. PacifiCorp's average residential customer using 1,200 kWh per month paid $137.29 in January 2025 (see Figure 1). Considering the increases in this Docket, as well as in

Dockets UE-250474 and UE-2504741 discussed above, the average residential customer will experience a 47 percent increase in electricity bills year-over-year.

Figure 1: PacifiCorp's Average Residential Bill at 1,200 kWh Per Month, 2010-2026[1]



Q. What has been the trend in PacifiCorp's average residential bills over the last several years?

A. As seen in Figure 1, the average residential bill for PacifiCorp customers has increased significantly in the last few years. From 2010 to 2022, residential bills remained relatively stable, increasing only about $16 over 12 years. Starting in 2022, the previous trend of relatively stable rates ended. If proposed rates go into effect in January 2026, residential bills will have increased 96 percent, or $99.19, over four years. To put it in context, a customer whose energy usage remained stable at 1,200

[1] The short, sudden drop-in rates in 2014 was due to a one-time credit which gave average residential customers using 1300 kWh/month approximately $45 under Schedule 96.

kWh per month would have paid $103.12 in January 2022 for the same energy that would cost $202.31 in January 2026.

Q. How will these rate increases affect known low-income households?

A. Known low-income residential customers are subject to the same per kWh rate increases as non-low-income ratepayers under this filing. Known low-income customers participating in the Company's Schedule 17 Tariff service receive bill assistance according to their income level, but their energy bills will also increase. For example, under current Schedule 17 rules, a known low-income customer with an income between 101 to 200 percent of the Federal Poverty Level receives a 16 percent discount on their bill. A known low-income ratepayer using 1,200 kWh per month will experience a bill increase of $8.76 per month from this filing. Considering all proposed rate increases filed for an effective date on or before January 1, 2026, this same customer could expect to pay $166.76 per month for electricity by the beginning of next year, up 16 percent from $139.45 as of August 2025. For a four-person household at 101 percent of the Federal Poverty Level, that equates to a high energy burden of 6 percent – even with PacifiCorp's Low-Income Bill Assistance (LIBA) program.

Q. How many known low-income customers does PacifiCorp serve?

A. As of May 2025, PacifiCorp has 8,473 residential agreements that are known low-income. That is, customers that have received bill assistance or Schedule 17 service in the past 12 months.[2] Known low-income customers represent 7.6 percent of the Company's residential agreements.

[2] *See* Callahan Moriyasu, Exh. CM-4 (PacifiCorp's May 2025 Washington Low Income Customer Report).

Q. Are there any unknown low-income customers in PacifiCorp's service territory in Washington?

A. According to a 2024 Energy Burden Report[3] commissioned by PacifiCorp, yes. The Company's report states that there are an estimated 47,000 households in PacifiCorp's Washington service territory that have an income at or below the higher of 200 percent of the Federal Poverty Line or 80 percent of Area Median Income. Concerningly, this implies that approximately 38,000 low-income households in PacifiCorp's service territory are not accessing LIBA. These unidentified low-income customers are extremely vulnerable to rate increases that will have an unmitigated impact on their energy burden.

Q. Can the increase in rates be fully explained by nationwide trends in electricity inflation?

A. No, the increase in rates is not fully explained by inflation. As shown in Figure 2, inflation for electricity was abnormally high from 2022 to early 2023, with a peak of 15.8 percent in August 2022. However, it has since stabilized to more average levels since the Spring of 2023, with an average over the past two years of 3.76 percent.

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[3] *See* Moriyasu, Exh. CM-5 (Pacific Power Washington Energy Burden Update, 2024).

Figure 2: Annual Inflation Rate for Electricity, 2010-2025

Source: Bureau of Labor Statistics

Despite the relative stabilization of inflation over the past two years, PacifiCorp's rates have continued to increase as if inflation remained as high as it was in 2022. To compare the amount of the increase in rates attributable to inflation alone, I have compared the current actual average residential bill to the theoretical average residential bill if rates had only increased as much as inflation since 2010, as shown in Figure 3.

Figure 3: PacifiCorp's Actual Residential Average Bills vs. Residential Average Bills Increased for Inflation Only, January 2010 - June 2025

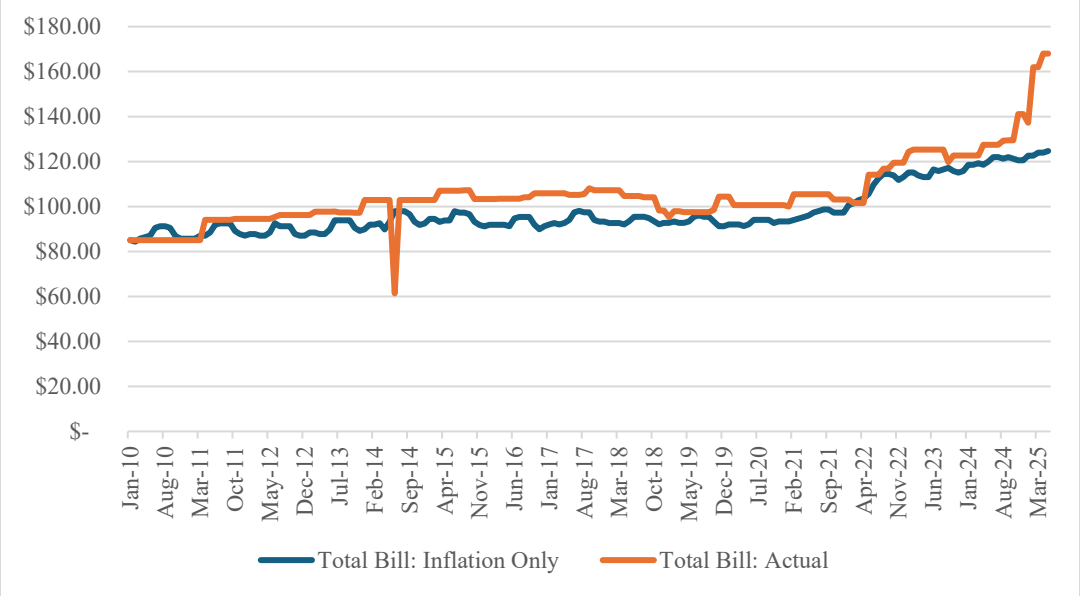

Figure 3 reveals that, since March 2024, PacifiCorp's rates have significantly outpaced inflation. If PacifiCorp's rates had increased in line with inflation, then the average residential monthly bill in June 2025 would have been $130.16, that is $39.64 less than the actual average bill of $169.80. With this Power Cost Only Rate Case (PCORC) filing and the two other pending filings, average residential bills will increase another $32.51, pushing PacifiCorp's rates even more out of line with inflation.

Q. How do these findings on inflation and rates impact this PCORC filing?

A. PacifiCorp witness, Joelle R. Steward, states that the filing of this PCORC and the changes to the interjurisdictional cost allocation methodology are in response to the Washington Utilities and Transportation Commission's (Commission) Order 07 in the 2022 PCAM.[4] In that Order, the Commission ordered PacifiCorp to "propose alternatives" to Washington Inter-Jurisdictional Allocation Methodology (WIJAM) "to ensure Washington customers experience fair, just and reasonable rates."[5] We must evaluate, then, the extent to which the tariff changes filed in this PCORC result in fair, just, and reasonable rates for Washington ratepayers. Another eight percent increase–in rates that have already seen unprecedented increases–is prima facie potentially unreasonable and requires, at minimum, rigorous documentation and analysis to prove that the resulting cost burden is absolutely necessary.

Q. Does this filing adequately prove that the proposed rates are in the public interest?

[4] Direct Testimony of Joelle R. Steward, Exh. JRS-1T at 3:1–12.
[5] *See In re PacifiCorp d/b/a Pacific Power & Light Co., 2022 PCAM Annual Report*, Docket UE-230482, Order 07 ¶ 111 (Oct. 30, 2024).

A. No. Statute states that Commission determinations for the fair value of utility property for ratemaking should also consider whether "inclusion is in the public interest."[6] The Clean Energy Transformation Act (CETA), clarifies that the public interest includes the "equitable distribution of energy benefits and reduction of burdens to vulnerable populations and highly impacted communities."[7] The significant rate increases proposed in this filing have the potential for an inequitable impact on vulnerable populations, specifically ratepayers experiencing adverse socioeconomic factors, as shown in the analysis above. PacifiCorp has not evaluated the impact of this filing on vulnerable populations within its service territory and has not proven that the filed rate increase is in the public interest.

III. PACIFICORP LACKS A RIGOROUS ANALYSIS OF ITS PROPOSED COST ALLOCATION METHODLOGY

Q. What standards has the Commission used previously to evaluate inter-jurisdictional cost allocation methodologies?

A. According to statute, property included in a utility's rate base must be "used and useful for service in this state."[8] In Order 04 in Docket UE-050684, the Commission interpreted this phrase to mean either direct or indirect benefits to ratepayers in Washington. For resources with indirect benefits such as only occasional use or reduced costs through exchange contracts, the Commission affirmed: "While such resources may still be compensable under our statutory scheme, they require more

[6] RCW 80.04.250 (2).
[7] RCW 19.405.010 (6).
[8] RCW 80.04.250.

complex analysis, which must consider and quantify any indirect benefit sought to be recovered in rates."[9]

Q. Who bears the burden of proof to identify whether proposed rates included only resources which are used and useful and that the resulting rates are fair, just and reasonable?

A. The Company bears the burden of proof and therefore perform an analysis of the benefits of resources to be allocated to Washington ratepayers.[10]

Q. Has PacifiCorp met the burden of proof to support the rate increase in this filing?

A. No, it has not. PacifiCorp has not submitted any conventional analyses of cost allocation, such as a cost-of-service study or documentation showing the functionalization, classification, and allocation of costs. Nor has the Company submitted any kind of a cost-benefit analysis of alternatives, or any other type of holistic, rigorous analysis to support the rate increase. Furthermore, unlike in the approval of the WIJAM methodology, it cannot be said that PacifiCorp "expended considerable effort to design" the 2026 Protocol, nor to engage with Staff or other interested parties in a collaborative process preceding this filing.[11]

Q. Against what principles has PacifiCorp evaluated the costs and benefits of the updated cost allocation methodology for Washington?

[9] *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pacific Power & Light Co.,* Docket UE-050684, Order 04 ¶¶ 50–51 (Apr. 17, 2006).
[10] RCW 80.04.130.
[11] *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pacific Power & Light Co.,* Dockets UE-191024, UE-190750, et. al., Order 09 ¶ 97 (Dec. 14, 2020).

A. PacifiCorp did not present any evaluation of alternatives to the 2026 Protocol in its initial filing, and therefore did not present a robust analysis with principles against which to compare WIJAM, the 2026 Protocol, or any other alternatives. Instead, the testimony of the Company's witness, Michael G. Wilding, discusses only two principles: resource adequacy and market exposure. Wilding, discusses only two principles: resource adequacy and market exposure.[12] Furthermore, some of the changes, such as the System Overhead (SO) factor update, are included for the Company's convenience, not for a better alignment with any stated principle.

Q. Does this filing adequately prove that the proposed rates are fair, just and reasonable?

A. No. Despite the Company's analyses of resource adequacy and market exposure, evaluating only a handful of principles in isolation does not allow the Company, or the Commission, to make a full determination of whether the Company's reallocation results in what is best for Washington ratepayers. PacifiCorp has not shown that the increase in state-specific resource adequacy is necessary and worth the cost or that the new allocation methodology more closely aligns with cost causation principles. In particular, PacifiCorp has not proven that its proposed allocation to Washington of 100 percent of the generation from the Chehalis natural gas plant and 34.873 percent of the Rolling Hills wind resource, both significantly above the currently approved 7.897 percent share, are used and useful in this state.

[12] Direct Testimony of Michael G. Wilding, Exh. MGW-1CT at 2:20–10:13.

Q. Do you believe that the 2026 Protocol is an appropriate cost allocation methodology?

A. Without a full analysis of multiple alternatives compared against criteria that aligns with statutory and regulatory principles of utility ratemaking, it is impossible to determine whether the proposed 2026 Protocol cost allocation methodology is appropriate and fair to Washington ratepayers.

Q. Does this conclude your testimony?

A. Yes.