

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP d/b/a PACIFIC POWER & LIGHT CO.,

Respondent.

DOCKET UE-230482

**CROSS-EXAMINATION OF WESLEY YEOMANS
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT WY-__X

UTC Staff Response to Public Counsel Data Request No. 2

May 28, 2024

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
STAFF RESPONSES TO DATA REQUESTS

DATE PREPARED: April 15, 2024	WITNESS: Wesley Yeomans
DOCKET: UE-230482	RESPONDER: Wesley Yeomans
REQUESTER: Public Counsel	TELEPHONE:

DATA REQUEST NO. 2:

Re: Direct Testimony of Wesley Yeomans, Exh. WY-1CT at 9:19–20

Please provide in Excel format any calculations made along with a narrative description to support the conclusion that the “design of PacifiCorp’s hedging program is prudent.”

RESPONSE:

This Data Request No. 2 is citing “Exh. WY-1CT at 9:19-20”. This citation does not refer to hedging program prudence. I believe Public Counsel intended the reference of “at 9:10-15. With that assumption I respond below.

A prudent power and natural gas hedging program utilizes a risk-responsive approach for balancing the costs of hedging products with potential costs to customers as the result of extreme market volatility. The important characteristics of a risk-responsive hedging program includes processes to update all relevant forecast data to serve as input to the energy and credit risk models, execute the energy and credit risk models, produce energy credit exposure reports as measured against defined energy and credit risk limits, and require that hedging actions are taken to manage the portfolio risk within defined risk limits. My analysis performed a review of PacifiCorp’s formal risk policies and energy management procedures to ensure the important characteristics of a risk-responsive program are “memorialized” in their policies and procedures. My analysis included a review of some daily spreadsheets to ensure processes existed to update forecast asset and portfolio information, update market conditions, update load demands, update transmission capability, and calculate risk exposures with associated reporting and requirement. My analysis also included a review to ensure hedging transactions were executed.