

REDACTED

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP, dba
PACIFIC POWER & LIGHT COMPANY,

Respondent.

Docket UE-210402

PacifiCorp's Reply Brief

February 25, 2022

REDACTED VERSION

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I. INTRODUCTION

1 PacifiCorp dba Pacific Power and Light Company (PacifiCorp or Company) respectfully submits this Reply Brief to the Washington Utilities and Transportation Commission (Commission) in support of the Settlement Stipulation (Stipulation) reached in this Power Cost Only Rate Case (PCORC) by the Company, Commission Staff (Staff), The Energy Project, and Walmart, Inc. (collectively, the Settling Parties).¹

2 The Alliance of Western Energy Consumers (AWEC) opposes the Stipulation because it includes a compliance filing net power cost (NPC) update. AWEC's opposition, however, is undermined by its own admissions. AWEC concedes that the Commission sets NPC "using data and cost projections that are as nearly contemporaneous as practicable with the effective date of new rates."² The Stipulation conforms to this practice by updating NPC immediately before rates become effective, while AWEC would set NPC using year-old data.

3 AWEC concedes that the "purpose of a compliance filing is to perform an update to modify a rate calculation in compliance with decisions in a Commission order."³ If approved, the NPC update here will modify the rate calculation to conform to the Commission's order to rerun the Aurora model using updated inputs for market prices and certain contract positions. The specific inputs that will be updated are detailed in the Stipulation and will be approved by the Commission. AWEC cannot claim such an

¹ *WUTC v. PacifiCorp dba Pac. Power & Light Co.*, Docket UE-210402, Settlement Stipulation (Nov. 4, 2021) [hereinafter PCORC Stipulation].

² AWEC's Post-Hearing Brief at ¶ 37 (Feb. 11, 2022) (quoting *WUTC v. Pac. Power & Light Co.*, Dockets UE-140762, UE-140617, UE-131384, & UE-140094 (consolidated), Order 08 at ¶ 8 (Mar. 25, 2015)).

³ AWEC's Post-Hearing Brief at ¶ 26 (citing WAC 480-07-880(1)).

update is outside the scope of a compliance filing, given its own description of that process.

4 AWEC concedes that it previously supported substantively identical compliance filing NPC updates, which the Commission approved as lawful and in the public interest.⁴ AWEC cannot credibly claim in this case that its prior positions were unlawful or that approving the same type of NPC update here violates Washington law or due process of law.

5 The Commission should approve the Stipulation in its entirety and without condition. The Stipulation conforms to Commission precedent, is supported in the record, and is in the public interest.

6 The Commission should also reject AWEC’s adjustment to impute additional Nodal Pricing Model (NPM) benefits because the adjustment lacks evidentiary support. Lastly, the Company does not object to AWEC’s withdrawal of its fly ash revenues adjustment.⁵

II. ARGUMENT

A. The Stipulation’s update ensures a more accurate NPC baseline and is fully supported by the record.

1. The record supports the NPC update.

7 Instead of arguing against the clear Commission precedent supporting NPC updates “based on the most up-to-date information,”⁶ AWEC contends that the record in

⁴ AWEC’s Post-Hearing Brief at ¶ 44 (citing *WUTC v. Puget Sound Energy*, Docket UE-200980, Order 05 at ¶ 11 (June 1, 2021); *WUTC v. Avista Corp. dba Avista Utils.*, Dockets UE-200900, UG-200901, & UE-200894 (consolidated), Partial Multiparty Settlement Stipulation at ¶ 9 (May 27, 2021)).

⁵ AWEC’s Post-Hearing Brief at ¶ 50.

⁶ Docket UE-200980, Order 05 at ¶ 13; *see also WUTC v. Puget Sound Energy, Inc.*, Dockets UE-130583, UE-130617, UE-131099, & UE-131230 (consolidated), Order 02 / 06 at ¶ 33 (Oct. 23, 2013) (reiterating the Commission’s “goal of setting the [power cost] baseline rate as closely as possible to what is expected to be

this case will not support the ultimate rates because the *exact* NPC baseline figure resulting from the update is not in the evidentiary record.⁷ AWEC argues that without this precise NPC baseline figure in the evidentiary record, the resulting NPC update will be “wholly speculative.”⁸ AWEC’s overly narrow view misses the mark.

8 First, the record fully supports the modeling methodology that the Company will use for the NPC update.⁹ In fact, AWEC ostensibly supports the update’s modeling methodology because it recommends using the Company’s initial NPC study,¹⁰ which used the same methodology.¹¹

9 Second, the record supports the need to update the NPC baseline using the most up-to-date information so that rates reflect the conditions that the Company will experience during the rate year.¹² The Company based its initial filing on data from March 2021,¹³ which will not reflect market conditions when rates go into effect.¹⁴ Both Staff and the Company provided extensive testimony that the update comports with the

experienced in the rate year”); *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-072300 & UG-072301 (consolidated), Order No. 13 at ¶ 29 (Jan. 15, 2009) (finding that power cost updates in PCORC proceedings appropriately manage risks for utilities and their customers); *WUTC v. Puget Sound Energy, Inc.*, Dockets UG-040640, UE-040641, UE-031471, & UE-032043 (consolidated), Order 06 at ¶ 107 (Feb. 18, 2005) (“[W]e must strive to determine, with the greatest degree of precision that forward looking models can produce, an accurate estimate of actual costs that PSE will experience in the near and intermediate terms.”).

⁷ AWEC’s Post-Hearing Brief at ¶¶ 16-22.

⁸ AWEC’s Post-Hearing Brief at ¶ 16.

⁹ *See, e.g.*, Wilding, Exh. MGW-1CTr at 14:7-15:8 (Jan. 7, 2022) (discussing the additional functionality and flexibility afforded by the Company’s Aurora model); Wilding, Exh. MGW-3Tr at 9:1-17:14 (Jan. 7, 2022) (discussing in detail the parameters and modeling approach of Aurora); Exh. JT-1CT at 5:15-6:5 (Nov. 5, 2021) (discussing the Company’s supplemental filing detailing the Company’s transition to Aurora, the three workshops conducted by the Company, and the 90 discovery requests answered by the Company in this proceeding).

¹⁰ AWEC’s Post-Hearing Brief, Table 1.

¹¹ Exh. JT-1CT at 10:19-21; *see also* Gomez, Exh. DCG-1CT at 3:18-19 (Dec. 13, 2021) (“This update will be calculated in the same manner as the baseline that was used to derive the revenue requirement in the Stipulation.”).

¹² Wilding, Exh. MGW-6Tr at 3:11-14 (Jan. 7, 2022); Gomez, Exh. DCG-1CT at 4:8-17; *see also* Docket UE-130583 *et al.*, Order 02 / 06 at ¶ 33.

¹³ Wilding, Exh. MGW-1CTr at 5:17-18.

¹⁴ Wilding, Exh. MGW-6Tr at 4:1-5; Gomez, Exh. DCG-1CT at 4:15-17; *see also* Docket UG-040640 *et al.*, Order 06 at ¶ 107.

Commission’s express policies for setting NPC baselines and modeling best practices to produce a more accurate NPC forecast.¹⁵

10 Third, the record supports the Stipulation’s requirement that the Company update only a handful of critical and verifiable model inputs to produce a more accurate baseline.¹⁶ Staff and PacifiCorp explain why updating these limited inputs is essential to establishing an accurate NPC baseline consistent with Commission precedent and sound ratemaking principles.¹⁷ Critically, none of these inputs change or alter the underlying and undisputed model the Company used to calculate its NPC baseline in the initial filing.¹⁸ Staff agrees, plainly stating that “updating the input data in such a formula—is not tantamount to changing the formula itself.”¹⁹ AWEC insists that using a combination of actual and forward prices is not supported in the record.²⁰ But both the Company and Staff testified that doing so is reasonable and does not compromise the accuracy of the NPC forecast.²¹

¹⁵ See, e.g., Wilding Exh. MGW-6Tr at 3:1-4:10 (discussing the policy reasons for including an NPC update); Gomez, Exh. DCG-1CT at 4:11-15 (stating that the NPC update is “a vital element in meeting the stated goal of the PCORC—which is to set the company’s power cost baseline ‘as close as possible to the forecasted power costs during the rate year, based on the most up-to-date information available to the Commission’” (quoting Docket UE-200980, Order 05 at ¶ 13)).

¹⁶ PCORC Stipulation at ¶ 12.

¹⁷ See, e.g., Wilding, MGW-6Tr at 6:1-3 (explaining that PacifiCorp will conduct its power cost update using the same inputs used to update power costs in the Company’s last general rate case); Gomez, Exh. DCG-1CT 4:19-5:11 (discussing the precise inputs the Company will update in the proposed compliance filing).

¹⁸ See Wilding, TR. at 59:3-24 (explaining that the process for updating the power costs in the compliance filing “would just include some row updates for things like the latest official price curve”).

¹⁹ Gomez, Exh. DCG-1CT at 16:20-17:1.

²⁰ AWEC also argues that certain modeling assumptions included in the NPC forecast, such as the Day-ahead / Real-Time adjustment, will need to be “reevaluated” because they are premised on forward-looking modeling adjustments. AWEC’s Post-Hearing Brief at ¶ 35. AWEC’s fears are unfounded. Short-term firm transactions—which the Company will update per the Stipulation—do not include real-time balancing transactions. Wilding, Exh. MGW-6Tr at 10:7-9. In fact, the process for importing these short-term transactions into Aurora is specifically limited to power purchases and sales that do not involve day-ahead or real-time balancing efforts. Wilding, Exh. MGW-6Tr at 10:9-12.

²¹ Gomez, Exh. DCG-1CT at 17:18-19 (testifying that the “use of settled daily prices as opposed to forwards does not change the operation of the model itself”); Wilding, Exh. MGW-6Tr at 9:11-13 (“[U]sing actual market prices as inputs to the model does not fundamentally change the model itself or the optimization logic that informs its results.”).

11 AWEC’s insistence that the record include the exact NPC figures, which will be included in the compliance filing and subject to review at that time, ignores the nature of compliance filings, which may require updated model runs of various kinds where the precise numeric outcome is not known until the compliance filing.²² AWEC’s position here is also entirely at odds with well-established Commission precedent²³ and AWEC’s prior support for NPC updates, including compliance filing updates where the exact NPC figures were not known until the compliance filing.²⁴

12 AWEC further claims that the Stipulation is unsupported because the only NPC study in the record is the Company’s initial filing.²⁵ In fact, at hearing, AWEC introduced into the record the NPC study provided by the Settling Parties based on the September 2021 Official Forward Price Curve (OFPC).²⁶ The Company does not support setting the NPC baseline using that illustrative NPC study.²⁷ But that additional NPC study is included in the record here and provides evidentiary support for the need for an update while providing a preliminary indication of the potential impact of an update.²⁸

²² See, e.g., *WUTC v. PacifiCorp dba Pac. Power & Light Co.*, Docket UE-100749, Order 06 at ¶¶ 193, 375 (Mar. 25, 2011) (directing PacifiCorp to re-run its NPC model to reflect the Commission-approved adjustments and ordering PacifiCorp to “make a compliance filing reflecting net power costs with the adjustments approved in this Order. PacifiCorp and Staff are required to determine the precise amount of net power costs during review of the compliance filing”).

²³ See, e.g., Docket UE-200980, Order 05 at ¶ 13 (June 1, 2021); *WUTC v. Pac. Power & Light Co.*, Docket UE-140762 *et al.*, Order 07 at ¶ 4 (Dec. 5, 2014); Docket UE-130583 *et al.*, Order 02 / 06 at ¶ 33; Docket UE-072300 *et al.*, Order 13 at ¶ 29; Docket UG-040640 *et al.*, Order 06 at ¶ 107.

²⁴ AWEC’s Post-Hearing Brief at ¶ 44 (conceding its support for Puget Sound Energy’s compliance filing update in PSE’s 2020 PCORC and a post-hearing update to Avista’s power supply pro forma adjustments in its most recent general rate case).

²⁵ AWEC’s Post-Hearing Brief at ¶ 17.

²⁶ Exh. MGW-9CX; Wilding, TR. at 63:13-14 (questioning Mr. Wilding on Exhibit MGW-9CX).

²⁷ Exh. JT-1CT at 12:11-14.

²⁸ See Exh. JT-1CT at 12:15-13:3 (discussing some of the primary drivers of NPC costs and the need for recent OFPCs to accurately predict NPC).

2. The NPC update is a proper compliance filing.

13 AWEC argues that the compliance filing process is legally insufficient because there is no opportunity for discovery, testimony, and a hearing in response to the compliance filing.²⁹ AWEC’s argument misconstrues the Commission rules. The Commission’s rules only allow compliance filings that (1) implement the specific terms of the final order, (2) limit themselves to the requirements contained in the final order, and (3) do not relate to the filing of new or revised tariffs “other than the tariffs that initiated the proceeding.”³⁰ If the Commission adopts the Stipulation here, the Company’s compliance filing will meet all three of these requirements.

14 The Company will strictly comply with the Commission’s directives in its final order and limit its update to the specific and verifiable inputs the Commission authorizes. AWEC suggests that an order directly requiring the Company to update specific inputs within its NPC baseline model violates the compliance filing rules because such an order would constitute a general direction from the Commission.³¹ AWEC has no citations to support this claim, which is particularly egregious considering AWEC’s support for practically the same settlement language in Puget Sound Energy’s 2020 PCORC³² and the Commission’s established use of late-stage NPC updates, even at the compliance stage.³³

15 AWEC argues that because PacifiCorp uses a slightly different implementation of the Aurora model than some other Washington utilities and that the Stipulation’s

²⁹ See Mullins, Exh. BGM-1CT at 13:20-14:4; AWEC’s Post-Hearing Brief at ¶¶ 26-32.

³⁰ WAC 480-07-880(1).

³¹ AWEC’s Post-Hearing Brief at ¶ 28.

³² Docket UE-200980, Order 05, App’x A at ¶ 11 (June 1, 2021).

³³ Docket UE-140762 *et al.*, Order 07 at ¶ 4.

proposed update will include actual and forward prices as inputs, the update will be controversial, non-mechanical, and less predictable, making it beyond the scope of a compliance filing.³⁴ But if the Commission approves the Stipulation, the final order will clearly direct the Company to update its NPC baseline according to the terms of the Stipulation. There will be no controversy over the nature of the updated inputs at that point because the Commission will have resolved the controversy by approving the Stipulation.

16 Moreover, AWEC produces no quantifiable evidence that the Company’s Aurora model is less predictable or verifiable than other Washington utility Aurora models.³⁵ And contrary to AWEC’s claim,³⁶ the “use of settled daily prices as opposed to forwards does not change the operation of the model itself.”³⁷

17 Finally, nothing in the Stipulation requires PacifiCorp to file new or revised tariff sheets not already considered in this proceeding. Because the Company will strictly follow the Commission’s final order and only update specific and verifiable model inputs, the NPC update will conform to the Commission’s compliance filing rules.

3. The Stipulation’s NPC update does not violate due process of law.

18 AWEC suggests that the compliance filing process included in the Stipulation violates its right to due process because the update will be controversial, and the review process will be inadequate.³⁸ This claim rings hollow. First, the controversy AWEC cites will be largely—if not entirely—resolved by the Commission’s final order. If the

³⁴ AWEC’s Post-Hearing Brief at ¶¶ 3, 30-32.

³⁵ See PacifiCorp’s Post-Hearing Brief at ¶ 20 (discussing the need for modeling updates in all Aurora modeling projections).

³⁶ AWEC’s Post-Hearing Brief at ¶¶ 30, 33-40.

³⁷ Gomez, Exh. DCG-1CT at 17:18-19.

³⁸ AWEC’s Post-Hearing Brief at ¶¶ 41-45.

Commission directs the Company to perform the NPC update consistent with the Stipulation, the Company will use both actual and forward price inputs.³⁹ At the compliance filing stage, the only dispute will be whether PacifiCorp used the correct actual and forward price inputs, not whether PacifiCorp *should* use actual and forward price inputs because that controversy would have been resolved here. Second, the due process afforded by the Stipulation is greater than that afforded by the Commission’s own rules.⁴⁰ Third, AWEC acknowledges that the Commission has approved similar NPC updates and that AWEC itself previously supported these types of updates.⁴¹

19 Taken together, the Commission’s current rules for compliance filings,⁴² the expanded review process in the Stipulation,⁴³ and the complete adjudicative process provided in this proceeding satisfy procedural due process requirements.

4. AWEC provided no evidence PacifiCorp’s hedging is imprudent.

20 Much of AWEC’s brief and its criticism of the Stipulation stems from AWEC’s assumption that the Company’s hedging practices are imprudent.⁴⁴ But AWEC produced no evidence to support this assumption.

21 AWEC claims that when PacifiCorp filed its case, PacifiCorp’s hedging policy stated that “for activity 13 to 24 months into the future, the maximum change in NPC should be contained at ■%.”⁴⁵ AWEC then concludes that the Company’s hedging practices were imprudent because the illustrative update based on the September 2021

³⁹ Wilding, Exh. MGW-6Tr at 8:21-9:6.

⁴⁰ Compare WAC 480-07-880(4) (requiring five business days to file a response to compliance filings) with PCORC Stipulation at ¶ 13 (allowing a two-week review period).

⁴¹ See Docket UE-200980, Order 05 at ¶¶ 8 & 11; see also Docket UE-200900 *et al.*, Order 08 / 05, App’x A at ¶¶ 1 & 9 (Sept. 27, 2021).

⁴² WAC 480-07-880.

⁴³ PCORC Stipulation at ¶ 13.

⁴⁴ AWEC’s Post-Hearing Brief at ¶¶ 10-15.

⁴⁵ AWEC’s Post-Hearing Brief at ¶ 12.

OFPC increased NPC by “over [REDACTED] the magnitude provided for under PacifiCorp’s internal hedging policy.”⁴⁶ The Company explained that the [REDACTED] percent limit was a target;

however, “[REDACTED]

[REDACTED]

[REDACTED]⁴⁷ The Company testified that since the initial filing, market prices for electricity and natural gas nearly doubled, which led to greater than expected changes to NPC, but that the hedging activity remained in compliance with the Company’s hedging policy.⁴⁸ The simple fact that market prices doubled and NPC increased more than [REDACTED] percent is not evidence of imprudent hedging. This is particularly true here because the undisputed evidence also shows that the increase in Washington-allocated NPC was due in large part to the lack of thermal resources allocated to Washington, not imprudent hedging.⁴⁹

22 AWEC also continues to rely on the faulty analysis found in Exhibit BGM-3C to claim that the Company has under-hedged its natural gas position when compared to its updated hedging policy.⁵⁰ At hearing, PacifiCorp explained that Exhibit BGM-3C did not reflect the Company’s hedging position because the exhibit does not contain the

⁴⁶ AWEC’s Post-Hearing Brief at ¶ 12.

⁴⁷ Wilding, TR. at 76:24-77:5.

⁴⁸ Wilding, TR. at 78:6-23.

⁴⁹ See Wilding, TR. at 61:21-62:2 ([REDACTED])

[REDACTED]; see also Wilding, TR. at 62:13-23 ([REDACTED])

⁵⁰ See AWEC’s Post-Hearing Brief at ¶ 13 (citing BGM-3C to suggest that the Company has only hedged [REDACTED] of Washington’s natural gas positions at the time of the initial filing).

correct data.⁵¹ Therefore, AWEC’s comparison of Exhibit BGM-3C to the Company’s hedging policy is meaningless. AWEC simply ignores this evidence.

23 By relying on purported hedging activity as of March 2021, AWEC also ignores the evidence that the Company most actively manages hedges on a 12-month planning window. Thus, AWEC’s analysis is also flawed because nine months of the 2022 test period were outside the Company’s active planning window when the Company made its initial filing based on March 31, 2021, data.⁵²

24 AWEC’s argument is also disconnected from its proposed remedy. If AWEC believes that the Company has executed too few hedges, the remedy should not exclude hedges from the NPC forecast. But that is the effect of AWEC’s opposition to the NPC update. Hedges are short-term contracts—precisely the type of contracts the Stipulation would require the Company to update in the compliance filing.⁵³ If AWEC is concerned about the lack of hedging in the NPC forecast, it should logically support an update that includes additional hedging contracts.

25 Finally, the Company agrees with AWEC that hedging practices are appropriately addressed in PacifiCorp’s Power Cost Adjustment Mechanism.⁵⁴

⁵¹ See Wilding, TR. at 81:17-82:7, 100:5-101:1 ([REDACTED]).

⁵² Wilding, Exh. MGW-6Tr at 8:1-3; Gomez, Exh. DCG-1CT at 18:15-19:7.

⁵³ PCORC Stipulation at ¶ 12 (requiring the Company to include the “latest gas and electric hedging and contract positions” at the time of the compliance filing).

⁵⁴ AWEC’s Post-Hearing Brief at ¶ 15.

5. The Washington Inter-Jurisdictional Allocation Methodology is beyond the scope of this case.

26 Many of AWEC’s arguments are directed not to the Stipulation but to the recently adopted Washington Inter-Jurisdictional Allocation Methodology (WIJAM).⁵⁵ For example, AWEC contends that the impact of the NPC update does not represent actual costs to PacifiCorp because it results from how NPC is allocated to Washington,⁵⁶ that Washington-allocated NPC is imprudent simply because Washington NPC is rising while total-Company NPC is falling,⁵⁷ that the WIJAM is “volatile” and “unpredictable,”⁵⁸ and that the WIJAM somehow allocates an excessive and unreasonable share of hedges to Washington customers.⁵⁹ These arguments directed to the WIJAM are outside the scope of this case and have no bearing on the reasonableness of the Stipulation.

27 Moreover, even if the WIJAM were relevant, AWEC mischaracterizes the cost drivers behind the WIJAM’s allocated NPC. The difference between Washington and total-system NPC is driven primarily by the lack of thermal resources allocated to Washington, which are supplied by fixed coal contracts, and as a result are less susceptible to increasing market prices.⁶⁰ Because Washington rates do not include most of the Company’s thermal resources, the difference is made up by market transactions,

⁵⁵ See *WUTC v. PacifiCorp dba Pac. Power & Light Co.*, Dockets UE-191024, UE-190750, UE-190929, UE-190981, & UE-180778 (consolidated), Order 09 / 07 / 12 at ¶ 97 (Dec. 14, 2020) (approving the WIJAM in the Company’s last general rate case).

⁵⁶ AWEC’s Post-Hearing Brief at ¶ 23.

⁵⁷ AWEC’s Post-Hearing Brief at ¶ 10.

⁵⁸ AWEC’s Post-Hearing Brief at ¶ 20.

⁵⁹ AWEC’s Post-Hearing Brief at ¶¶ 11, 24.

⁶⁰ See Wilding, TR. at 62:13-23, 74:21-24 [REDACTED]”); see also Exh. JT-ICT at 12:7-10 (“Washington’s allocation of generation resources remains short against Washington loads after the allocation of hedges and resources. As a consequence, more than 20 percent of Washington load has to be satisfied using modeled market interactions.”).

which include short-term contracts for the purchase of electricity—i.e., hedges.⁶¹ This does not mean, however, that Washington is allocated an unreasonable share of short-term contracts. Washington’s share of market transactions includes the same level of hedged transactions as other states.⁶² AWEC provides no evidence that the WIJAM is “unpredictable” and “highly volatile” because of its greater reliance on market transactions.⁶³

28 AWEC also claims, again without evidence, that the potential impacts of hedging allocations were unknown when the Commission approved the WIJAM because the WIJAM did not define how hedging costs were to be allocated.⁶⁴ But Washington’s higher allocation of market transactions, including short-term contracts, was well known when the WIJAM was approved; indeed, it is consistent with the West Control Area (WCA) Inter-Jurisdictional Allocation Methodology that it replaced.⁶⁵ Hedges are not defined in the WIJAM because they are simply a subset of the Company’s market transactions reflected as short-term contracts.⁶⁶

⁶¹ Wilding, TR. at 62:18-23 (“ [REDACTED] ”) (emphasis added); *see also* Wilding, TR. 91:2-20 [REDACTED];

Docket UE-210402, Settling Parties Response to Bench Request 4 at 1.

⁶² *See* Wilding, TR. at 74:10-12 (explaining that PacifiCorp hedges “[REDACTED]”); *see also* Wilding, TR. at 63:2-12 ([REDACTED]); Wilding, TR. 91:2-23 (describing in more detail the [REDACTED] in the September indicative NPC study).

⁶³ AWEC’s Post-Hearing Brief at ¶ 20.

⁶⁴ AWEC’s Post-Hearing Brief at ¶ 25.

⁶⁵ *See WUTC v. PacifiCorp dba Pac. Power & Light Co.*, Docket UE-061546 & UE-060817 (consolidated), Order 08 at ¶ 50 (June 21, 2007) (observing that the “WCA must meet a higher proportion of its retail load with market purchases”).

⁶⁶ *See* Wilding, TR. at 162:3-15 (describing how the WIJAM, like the WCA before it, includes hedges in its allocation of net power costs based on the load and resource balance allocated to Washington customers); *see also*

B. AWEC provides no evidence that the Nodal Pricing Model warrants a reduction to the Aurora NPC forecast.

29 AWEC continues to claim that PacifiCorp has improperly withheld NPM benefits in this proceeding because the Company’s NPM implementation could result in lower *actual* NPC.⁶⁷ But AWEC has provided no evidence that the NPM results in lower *modeled* NPC.⁶⁸ Indeed, AWEC’s brief concedes that the NPM reduces actual NPC⁶⁹ but does not even dispute the Company’s evidence that the NPM benefits are already included in the Aurora forecast by its perfectly optimized resource dispatch.⁷⁰ AWEC’s singular focus on the inability to quantify the NPM benefits is irrelevant because the benefits are not incremental to the Aurora forecast.

III. CONCLUSION

30 For the foregoing reasons, the Commission should approve the Stipulation because it is lawful, the settlement terms are supported by an appropriate record, and the result is consistent with the public interest. AWEC’s opposition to the Stipulation is contrary to well-established and non-controversial Commission precedent and lacks evidentiary support. AWEC’s additional NPM adjustment is also unsupported in the record.

Wilding, TR. at 67:1-5 (explaining how Washington-allocated NPC limits the resources Washington customers participate in, which results in a larger allocation of market transactions); Wilding, TR. 91:2-20 (explaining how Washington-allocated NPC has increased relative to total-Company NPC based on [REDACTED], which is not included in Washington-allocated NPC).

⁶⁷ AWEC’s Post-Hearing Brief at ¶¶ 46-49.

⁶⁸ Wilding, Exh. MGW-3Tr at 3:17-4:6.

⁶⁹ AWEC’s Post-Hearing Brief at ¶ 46.

⁷⁰ Wilding, Exh. MGW-3Tr at 3:21-4:1 (“[A] more efficient day-ahead set-up results in fewer changes between the day-ahead setup and real-time dispatch, which lowers NPC by avoiding those changes.”).

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