BEFORE THE WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PACIFICORP d/b/a PACIFIC POWER AND LIGHT CO., Respondent.	DOCKET UE-250224

CROSS ANSWERING TESTIMONY OF BRADLEY G. MULLINS

ON BEHALF OF

ALLIANCE OF WESTERN ENERGY CONSUMERS

September 17, 2025

I. INTRODUCTION AND SUMMARY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Bradley G. Mullins, and my business address is Vihikari 10 Suite 4023, Kempele Finland FI-90440.

Q. ARE YOU THE SAME BRADLEY G. MULLINS WHO FILED RESPONSE TESTIMONY IN THIS DOCKET?

A. Yes.

Q. PLEASE SUMMARIZE YOUR CROSS-ANSWERING TESTIMONY.

A. My cross-answering testimony responds to certain issues and recommendations made by the Washington Utilities and Transportation Commission Staff ("Staff") and Public Counsel. Overall, while there is some divergence of position among the non-PacifiCorp parties in this case, there is also a good deal of overlap.

For instance, no party supports approval and implementation of PacifiCorp's Washington 2026 Protocol as presented.[1] My Response Testimony identifies a number of issues in the Washington 2026 Protocol that are not suitable for review, and should not be approved, in a Power Cost Only Rate Case.[2] Staff opposes the inclusion of costs that are not associated with net power costs ("NPC") in rates in this case and, instead, recommends that these costs be deferred for later review and recovery in a general rate

[1] *See generally* BGM-1T at 63-77; JDW-1T at 7-37; RLE-1CT at 5-14.
[2] *See* BGM-1T at 5:2-6, 12:5-14, 63:1-6, and 72:5-8.

case.[3] Staff also recommends against fixing the System Generation factor.[4] Public Counsel opposes the 2026 Protocol outright.[5]

Further, despite raising concerns with certain provisions of the 2026 Protocol, it is worth highlighting that both AWEC and Staff support at least one provision, which is the reassignment of the Chehalis gas generation facility entirely to Washington.[6]

All parties recognize the need to remove the market premium for CETA-compliant energy products that PacifiCorp assumed, due to the passage of HB 1329.[7] AWEC and Staff both recommend removing modeled future hedges from NPC.[8] Both AWEC and Public Counsel recommend removing the Jim Bridger steam gas turbines from Washington rates, although AWEC recommends that this be done in this case while Public Counsel recommends waiting until 2029.[9] Finally, all parties[10] raise concerns about the cost of allocating an incremental share of the Rolling Hills wind facility to Washington; although, as I show in my Response Testimony, resolving the Aurora model's unnecessary curtailments of PacifiCorp's wind resources significantly improves the economics of this resource.[11]

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3 JDW-1T at 21:9-17.
4 *Id.* at 32:6-33:8.
5 RLE-1CT at 3: 13-15.
6 BGM-1T at 66:15-67:2; *see also* JDW-1T at 11:9-12.
7 BGM-1T 51:14-52:2; JDW-1T at 11:14-12:2 ; *and* RLE-1CT at 13:15-18.
8 BGM-1T at 57:13-58:2; *see also* JDW-1T at 45:10-46:7.
9 BGM-1T at 68:1-4; *see also* RLE-1T at 3:20-22.
10 BGM-1T at 71:8-18; *see also* JDW-1T at 23:18-24:8; *and* RLE-1CT at 21:5-22:2.
11 BGM-1T 71:1-18.

II. RESPONSE TO PARTIES

Q. DO YOU AGREE WITH STAFF THAT COSTS NOT ASSOCIATED WITH NPC IN THIS CASE SHOULD BE REMOVED AND DEFERRED FOR LATER RECOVERY IN A GENERAL RATE CASE?

A. No. If the Commission agrees that changes to PacifiCorp's allocation of generation resources to Washington in this case are appropriate (and AWEC generally agrees that it is), then the matching principle is better promoted by including both the rate base and the NPC of these resources in rates. Staff's proposal is arguably consistent with the matching principle as well because non-NPC costs will be deferred, but this means that interest will accrue on this deferral and ultimately result in higher rates for customers later.

Staff also argues that including non-NPC costs in this case constitutes disfavored single-issue ratemaking.[12] That argument only goes so far, though, since a PCORC itself is single-issue ratemaking – being limited only to a subset of PacifiCorp's costs. From this perspective, including certain generation-related non-NPC costs in rates in this case provides a more holistic review of PacifiCorp's costs than looking only at NPC in isolation.

Q. SHOULD THE COMMISSION'S DECISION IN THIS CASE BE GUIDED BY PACIFICORP'S RECOVERY OF GENERATION PLANTS ON A TOTAL COMPANY BASIS?

A. No. Staff points out that different allocations of a resource approved by different states have the potential to result in PacifiCorp recovering more (or less) than 100% of the costs

[12] JDW-1T at 16:1-4.

of that resource.[13] For instance, if Washington accepts 100% reassignment of Chehalis and other states do not agree to give up their shares of Chehalis, PacifiCorp's rates on a total-company basis will recover more than the cost of Chehalis. The Commission, however, should not set rates for Washington ratepayers based on a review of total-company costs. Each state commission will make allocation decisions based on what is best for that state's ratepayers, and the Washington Commission should do the same. It is nearly inevitable, now that there is no longer a consensus allocation protocol, that states will approve different allocations of resources and this will lead to PacifiCorp over-recovering some costs and under-recovering others. That is a risk PacifiCorp has accepted and has no bearing on the Commission's determination of a fair, just, reasonable, and sufficient rate for Washington customers.

Q. WHY DOES PUBLIC COUNSEL OPPOSE REASSIGNMENT OF CHEHALIS TO WASHINGTON?

A. Public Counsel's opposition is primarily related to PacifiCorp's need to comply with the Clean Energy Transformation Act ("CETA").[14] Public Counsel also raises concerns that an increased allocation of Chehalis will also increase the costs of compliance with the Climate Commitment Act ("CCA"), and that Washington will be over-reliant on a single resource.[15]

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13 JDW-1T at 17:4-12; *see also* Table 2.

14 RLE-1T at 3:20-22; *see also* RLE-1T at 12:1-10.

15 *See* RLE-1T at 12:11-13:5 and 18:3-14.

Q. ARE THESE CONCERNS LEGITIMATE?

A. It is possible that reassignment of Chehalis will impact PacifiCorp's compliance with CETA; however, this is not currently known because PacifiCorp has not filed its final 2025 Clean Energy Implementation Plan where the impact of a full reassignment of Chehalis will be evaluated.[16] Thus, rejecting reassignment of Chehalis, or accepting reassignment only on the condition that it be entirely removed from rates in 2029, as Public Counsel recommends, is premature. If the Commission does not adopt the Washington 2026 Protocol in full, as all non-PacifiCorp parties appear to recommend, then it is really only making allocation decisions in this case. These decisions can be revisited in PacifiCorp's next general rate case if it is apparent that reducing Chehalis' allocation to Washington is necessary for CETA compliance and will not trigger the CETA cost cap.

Public Counsel's other concerns are not persuasive. With respect to CCA allowances, Ecology has taken a clear position with respect to PacifiCorp's generation allocation that it will provide free allowances only for the portion of generation allocated to Washington retail customers.[17] Thus, PacifiCorp does not currently receive free allowances for all of Chehalis' emissions, and at the same time has been unsuccessful in recovering from other states the cost of allowances associated with Chehalis generation allocated to these other states. It stands to reason, therefore, that if Chehalis is entirely

[16] Docket No. UE-250617, PacifiCorp 2025 Draft Clean Energy Implementation Plan at 44 (Aug. 15, 2025).

[17] WAC 173-446-230(2)(a)-(b); *see also*, Ecology Concise Explanatory Statement, Chapter 173-446 WAC Climate Commitment Act Program at 239 (Sept. 2022) (stating that "the plain language of the law and legislative intent is clear that the concept of cost burden relates to how the costs associated with covered emissions are passed on to customers in the State of Washington").

allocated to Washington, the only consistent position Ecology can take is to increase the amount of free allowances attributable to Chehalis accordingly.

Finally, in response to Public Counsel's concern that reassignment of Chehalis makes Washington too reliant on a single resource,[18] the question really is what Washington would be reliant on in the absence of reassignment. Since Washington must eliminate coal-fired generation from rates at the end of this year, the only viable options to fill this gap are gas generation or market purchases. Relying on market purchases will expose Washington ratepayers to greater costs, as evident by the cost reductions recognized from the assignment of Chehalis to Washington. Relying on market purchases will also expose Washington ratepayers to greater price risk, due to the variability in market prices. Thus, using Chehalis to fill Washington's capacity position is more favorable to ratepayers, which is the alternative AWEC recommends

Q. ARE THERE OTHER CONSIDERATIONS THE COMMISSION SHOULD EVALUATE WITH RESPECT TO THE REASSIGNMENT OF CHEHALIS?

A. Yes. Reassignment of Chehalis to Washington reduces customer cost and increases reliability. PacifiCorp's rates have increased substantially in recent years, to the point that it is threatening economic viability in the utility's service territory.[19] Mitigating rate impacts should be of paramount concern to the Commission during this time. Additionally, it is well documented that the reliability of the electric system is under

[18] RLE-1T at 13:17-18.

[19] *See, e.g., PacifiCorp v. WUTC*, Docket No. UE-250474, Staff Report at 5-6 (Sept. 11, 2025).

increasing strain.[20] Having access to the full capacity of a dispatchable, flexible resource in this period is valuable for resource adequacy and should be weighed heavily in the Commission's determination as well.

Q. WHAT IS YOUR RESPONSE TO STAFF'S PROPOSAL TO UPDATE THE SYSTEM GENERATION FACTOR WITH EACH RATE CASE OR PCORC?

A. AWEC believes there is value in adopting static fixed system generation factors for Washington in this case. Foremost, Staff's proposal to reevaluate the generation allocation in each rate case or PCORC will result in effectively reverting back to a dynamic allocation of generation resources.[21] In fact, the only substantive difference between what Staff has recommended in this case compared to the current allocation is that the SG factors would not be updated in subsequent PCAM proceedings.

AWEC does not support Staff's recommendation because continuation of a dynamic method for allocating generation resources has the potential to dilute Washington's investment in renewable resources on PacifiCorp's system. Loads in states other than Washington have historically been growing at a rate that exceeds Washington's load growth.[22] If this trend continues, a dynamic allocation method will result in a larger portion of system renewable resources being allocated to other states, and a smaller portion being allocated to Washington in future proceedings. This is a problematic outcome because Washington customers will have paid for a larger share of

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20 For example, an article from the Internation Energy Agency summarizes the strain rapid growth and extreme weather events have placed on the electric system, https://www.iea.org/reports/electricity-2025/reliability.

21 JDW-1T at 34:5-10.

22 PacifiCorp, 2025 Integrated Resource Plan Volume 2, Appendix A at 8-9.

these resources, but due to a dynamic allocation, would be allocated a smaller share of the ongoing benefits from the resources, as Washington's dynamically calculated interest is diluted. Given the fact that a generation resource's revenue requirement is often concentrated in the first few years of a resource's life, with larger benefits received in the later part of the resource's life, this dilution of the benefits that Washington receives from system renewable resources through the continued use of a dynamic allocation factor would be an inequitable outcome. AWEC believes that adopting PacifiCorp's proposal for truly fixed allocation factors will be beneficial to Washington in the long run, and therefore, does not support Staff's recommendation.

Q. DOES THIS CONCLUDE YOUR CROSS-ANSWERING TESTIMONY?

A. Yes.