

**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-210402

**PACIFICORP’S MOTION FOR
CLARIFICATION OF ORDER 06
AND TO EXTEND THE TIMELINE
TO ACCEPT OR REJECT THE
CONDITIONS IN THE ORDER**

I. INTRODUCTION

1 In accordance with WAC 480-07-835, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company), respectfully moves the Washington Utilities and Transportation Commission (Commission) for expedited clarification of Order 06, entered on March 29, 2022, and to extend the timeline for acceptance of the Commission’s conditions.¹ The request for clarification pertains to the condition that the Commission added in approving the settlement in Order 06, and clarification is necessary for the Company to fully understand its responsibilities under Order 06.

2 A party may request clarification to “ensure that the parties know their rights and responsibilities under the final order” and may request that the Commission modify or take action to “[c]larify the meaning of, or requirements in, the order so that the parties can accurately prepare compliance filings” or “resolve inconsistencies” in the order.²

¹ *WUTC v. PacifiCorp d/b/a Pacific Power & Light Company*, Docket UE-210402, Order 06 (March. 29, 2022) (Order 06).

² WAC 480-07-835(1).

The Company seeks clarification of two aspects of Order 06 so that the Company can ensure that it appropriately understands its compliance obligations under the order. Order 06 contains requirements for providing information that depends on information from calendar year 2022 in the Company's next Power Cost Adjustment Mechanism (PCAM) filing. The Company seeks clarification that the PCAM referenced is the 2022 PCAM filing (which will be filed on June 15, 2023).³ Additionally, the Company seeks clarification on the process outlined regarding the Commission's continued review of the prudence of PacifiCorp's power costs with relation to the Company's risk management practices and market exposure.⁴ Finally, PacifiCorp seeks to extend the deadline for accepting the Commission's conditions in this order to two business days beyond the issuance of a clarification by the Commission.

3 PacifiCorp has conferred with the settling parties in this proceeding, and this motion is supported by the Staff of the Commission and Walmart, Inc. The Energy Project supports the Commission clarifying any ambiguities in Order 06 and does not oppose this motion.

II. REQUEST FOR CLARIFICATION

A. The Timing of the Information Requested in the PCAM

4 PacifiCorp's PCAM filing is made on June 15 of every year, and contains the Company's actual net power costs (NPC) for the preceding calendar year. For example, PacifiCorp's 2021 PCAM filing will be filed on June 15, 2022, and will contain PacifiCorp's actual 2021 NPC. In Order 06, the Commission identified the following condition on the approval of the settlement in this proceeding for the Company:

³ Order 06 at ¶154 and ¶163.

⁴ Order 06 at ¶154.

In its *next PCAM* filing, the Company must address the issue of the prudence of its power costs, specifically the prudence of its risk management practices for hedging for its Washington-allocated resources over *calendar year 2022* and its choice of market exposure for its Washington-allocated portfolio given the concerns raised by the Commission over a number of years.⁵

The information requested by the Commission is for calendar year 2022. Information regarding the prudence of actual NPC will be available in the 2022 PCAM which will be filed on June 15, 2023. Therefore, PacifiCorp seeks clarification that the Commission’s use of “next PCAM filing” in this context is a reference to PacifiCorp’s 2022 PCAM and not the 2021 PCAM, which will be filed on June 15, 2022, and contain a review of the 2021 actual NPC.

5 The Commission additionally includes a directive for additional information regarding the benefits of the Nodal Pricing Model (NPM) in the next PCAM filing. Specifically, the Company “must provide evidence as to whether the use of Aurora with NPM resulted in more accurate NPC forecasts.”⁶ Again, PacifiCorp respectfully requests confirmation that this is the 2022 PCAM filing that is referenced. The 2021 PCAM filing will compare actual NPC against a baseline developed not with Aurora, but with PacifiCorp’s previous modeling software, the Generation and Regulation Initiative Decision (GRID) tool. Therefore, the request of this information seems to be coordinated with the 2022 PCAM filing. The Company seeks clarification that its understanding of this requirement is accurate.

B. The functioning of the refund mechanism in the PCAM

6 PacifiCorp’s second request concerns the condition identified in the order regarding the Commission’s assessment of the Company’s risk management practice and

⁵ Order 06 at ¶154 (Emphasis Added).

⁶ Order 06 at ¶163.

exposure of Washington-allocated NPC to market prices. As quoted above, the information from the Company is being provided in the context of a prudence review of the Company's power costs in the PCAM.⁷ However, prior to the description of the condition, the Commission included the following language on the remedy if the Commission determines the Company is imprudent:

PacifiCorp will perform the power cost update as set forth in the Settlement, but the Company's recovery of the difference between NPC baseline based on the March OFPC and the NPC baseline set forth in the Company's initial filing will be subject to later review and possible refund.⁸

The remedy for imprudence identified in the order is a possible refund of the difference between two forecasted NPC values (not actual costs). In particular, a possible refund of the difference between the baseline established in the compliance filing and the NPC baseline from the initial filing within the PCAM. The Company seeks guidance on how this is intended to operate in conjunction with the operation of the PCAM mechanism. Assuming the requested information is to be provided in the 2022 PCAM, PacifiCorp will be filing actual NPC for calendar year 2022 in that filing. PacifiCorp seeks to clarify that the Commission intends for this to be a prudence review of the Company's actual NPC that occurs with the benefit of the information requested in the order and in light of the record in this case. The Commission will then examine that information and make a prudence determination and actual disallowance to PacifiCorp's actual NPC if the Commission determines the Company was imprudent. A disallowance of actual NPC would be reflected in the adjusted cumulative PCAM deferral balance.

⁷ *Id.*

⁸ Order 06 at ¶154.

7 This approach would be consistent with how the Commission has treated issues of prudence determinations for NPC in the past, where actual NPC has been reduced to reflect the disallowance of actual incurred imprudent costs.⁹ If the Commission intends for a determination of imprudence to result in a refund between two forecasted baselines, however, the Company has concerns about the ability to implement such a process and would need additional guidance from the Commission on this matter.

III. REQUEST TO EXTEND THE DEADLINE FOR ACCEPTING THE CONDITIONS IN ORDER 06

8 Order 06 identifies that the settling parties shall have three business days from the date of the order to notify the Commission whether they accept or reject the conditions imposed by the Commission.¹⁰ PacifiCorp has filed this motion in an expedited fashion to request an order that extends the deadline for notifying the Commission of acceptance of the condition before the expiration of that deadline. As PacifiCorp is specifically requesting this clarification on the Commission's condition to the settlement, PacifiCorp would additionally request two business days to review any clarification provided by the Commission before notifying the Commission of acceptance or rejection of the condition.

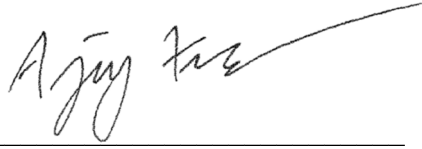
IV. CONCLUSION

9 The Company respectfully requests that the Commission clarify Order 06 in this case as outlined above, and extend the timeline for acceptance of these conditions to two days business beyond the issuance of a clarification.

⁹ *WUTC v. PacifiCorp d/b/a Pacific Power & Light Company*, Docket No. UE-190458, Final Order 06 at ¶11-13 (May 29, 2020) (The Commission disallowed certain costs related to the 2018 Colstrip Outage, which resulted in an adjustment to reduce Washington-allocated actual NPC).

¹⁰ Order 06 at ¶213.

Respectfully submitted this 31st day of March, 2022.



Ajay Kumar, OSB#183903
Carla Scarsella
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Phone: (503) 813-5161
ajay.kumar@pacificorp.com
carla.scarsella@pacificorp.com

Attorneys for PacifiCorp