

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION)	DOCKET UE-210402
)	
)	
Complainant,)	THE ALLIANCE OF WESTERN
)	ENERGY CONSUMERS' RESPONSE
v.)	TO PACIFICORP'S MOTION FOR
)	CLARIFICATION OF ORDER 06 AND
PACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANY,)	TO EXTEND THE TIMELINE TO
)	ACCEPT OR REJECT THE
)	CONDITIONS IN THE ORDER
Respondent.)	

I. INTRODUCTION

1 Pursuant to WAC § 480-07-375(4), the Alliance of Western Energy Consumers (“AWEC”) hereby responds to PacifiCorp’s (also “Company”) Motion for Clarification of Order 06 and to Extend the Timeline to Accept or Reject the Conditions in the Order (“Motion”). As outlined below, select portions of the relief requested in the Motion are unnecessary for the Company to effectuate the Commission’s order and seek to predetermine future Commission action. As such, AWEC recommends the Commission deny PacifiCorp’s requested clarification regarding “the functioning of the refund mechanism in the PCAM.”¹ AWEC does not oppose PacifiCorp’s other requests for clarification or relief. Specifically, AWEC does not oppose PacifiCorp’s request to perform the prudence reviews the Commission required in its final order in the 2022 PCAM, does not oppose use of PacifiCorp’s actual 2021 net power costs to perform

¹ Motion, Section B at 3.

the Commission’s requested prudence review over the Company’s hedging practices, and does not oppose an extension of the timeline for the stipulating parties to accept the conditions the Commission imposed in its Final Order in this docket.

II. DISCUSSION

2 On March 29, 2022, the Commission issued as Order 06 in Docket UE-210402 its *Final Order Approving and Adopting Settlement Agreement* (“Order”). Within the Order, the Commission conditioned its acceptance of the Settlement Agreement presented by select parties to Docket UE-210402 on certain conditions. Specifically, the Commission established that

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.²

3 Additionally, the Commission conditioned its acceptance of the Settlement Agreement on a requirement that

PacifiCorp...perform the power cost update as set forth in the Settlement, but the Company’s recovery of the difference between NPC [(net power cost)] baseline based on the March OFPC [(official forward price curve)] and the NPC baseline set forth in the Company’s initial filing will be subject to later review and possible refund.³

² Order, ¶ 154.

³ *Id.*

4 On March 31, 2022, PacifiCorp filed its Motion, seeking clarification regarding these two conditions and an extension to accept the conditions in Order 06, given the Company’s uncertainty on how to effectuate the stated conditions.⁴

5 Specifically, PacifiCorp requests clarification that “the Commission’s use of ‘next PCAM filing’...is a reference to PacifiCorp’s 2022 PCAM and not the 2021 PCAM...and contain a review of the 2021 actual NPC.”⁵ PacifiCorp also requests clarification that a review of the benefits of the Nodal Pricing Model (“NPM”) be conducted in the 2022 PCAM, rather than the 2021 PCAM. Finally, PacifiCorp seeks to clarify that the Commission intends for the prudence review associated with its hedging practices, and any potential remedy, related to the difference between the NPC baseline established by the authorized power cost update based upon the March OFPC and the NPC baseline presented in the Company’s initial filing was intended to be a review of the Company’s *actual* NPC, conducted “with the benefit of information requested in the [Order] and in light of the record in this case.”⁶ Further, PacifiCorp requests clarity that, upon any determination of imprudence, “a disallowance of actual NPC would be reflected in the adjusted cumulative PCAM deferral balance.”⁷

6 As noted above, AWEC does not oppose PacifiCorp’s request that the reviews of the Company’s hedging practices and the benefits of the NPM occur in the 2022 PCAM. AWEC also does not oppose clarification that any prudence disallowance in the 2022 PCAM would

⁴ See generally Motion.

⁵ Motion, ¶ 4.

⁶ *Id.* ¶ 6.

⁷ *Id.*

apply to PacifiCorp’s actual NPC, as opposed to a forecasted baseline NPC. AWEC does, however, oppose PacifiCorp’s request for clarification that “a disallowance of actual NPC would be reflected in the adjusted cumulative PCAM deferral balance.” As AWEC interprets this request, PacifiCorp is asking the Commission in this proceeding to determine that any prudence disallowance in a subsequent PCAM proceeding would flow through the dead bands and sharing bands. AWEC has not formulated a position at this time on whether such treatment would be appropriate or not, and does not believe the Commission should prejudge this issue in a different proceeding.

7 Notably, PacifiCorp does not claim that it cannot effectuate the now-permitted NPC baseline update and file the requisite compliance filing without the requested clarification. As such, the requested clarification regarding “the functioning of the refund mechanism in the PCAM”⁸ is unnecessary at this time. Indeed, as demonstrated by the Company’s own language, the resolution for treatment of any potential disallowance refund is within the relevant PCAM proceeding. The requested “clarification” seeks to codify the treatment of any potential disallowance-based refund in this proceeding, when in fact the refund mechanics are better identified and determined within the holistic context of a PCAM. As such, AWEC recommends the Commission deny PacifiCorp’s clarification regarding how any potential disallowance refund should be addressed within the appropriate PCAM proceeding.

⁸ Motion, Section B at 3.

III. CONCLUSION

For the reasons outlined above, PacifiCorp's second request for clarification as identified in the Motion should be denied.

Dated this 4th day of April, 2022.

/s/ Brent L. Coleman

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