

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	DOCKET UE-240461
PACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANY,	ORDER 01
Petitioner,	COMPLAINT AND ORDER SUSPENDING FOR ADJUDICATION
2023 Power Cost Adjustment Mechanism Annual Report	

BACKGROUND

- 1 On May 26, 2015, the Washington Utilities and Transportation Commission (Commission) issued Order 09 in Docket UE-140762 (Order 09). Order 09 approved and adopted a full Settlement Agreement that, among other things, authorized PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company)¹ to implement a Power Cost Adjustment Mechanism (PCAM) allowing for positive or negative adjustments to its rates to account for fluctuations in power costs outside of an authorized band for power-cost recovery in base rates. Under the Settlement Stipulation, PacifiCorp is required to file a request for the Commission to confirm and approve the deferred PCAM balance for the previous calendar year by June 1 of each year.²
- 2 The Company’s June 1 filings are intended to be sufficient to provide the Commission and interested parties with an opportunity to audit and review the prudence of the PCAM deferrals for the year in question. Although the Settlement Stipulation contemplates a 90-day review period, the parties can agree to extend it.³

¹ In 2019, PacifiCorp changed its business name with the Commission from “Pacific Power & Light Company” to “PacifiCorp d/b/a Pacific Power & Light Company.” See Pacific Power & Light Company’s Request to Change Name to PacifiCorp, Docket UE-191004 (December 5, 2019).

² Settlement Stipulation in Docket UE-140762 at ¶ 19 (May 8, 2015) (Settlement Stipulation).

³ *WUTC v. Pacific Power & Light Company*, Docket UE-140762, Order 09 ¶ 20 (May 26, 2015).

3 On June 14, 2024, PacifiCorp filed testimony, exhibits, and supporting documentation
related to power costs deferred under the PCAM for the period January 1, 2023, through
December 31, 2023.

4 The proposed revised tariff sheets seek total net power cost variance recovery with
interest of \$84.5 million⁴ representing a 20 percent bill increase to all Schedule 97
affected ratepayers and a PTC variance recovery of \$1.2 million representing a 17.7
percent bill increase or \$23.57 per month for the average residential ratepayer under
Schedules 16, 17, and 19.

5 Commission staff (Staff) has reviewed the 2023 PCAM Report and believes that it
contains sufficient narrative testimonies and workbooks. However, notwithstanding the
sufficiency of the filing, Staff does not believe that it can make a determination of
whether the rates and related cost recovery are fair, just, reasonable, and sufficient,
without the Commission providing further guidance in Docket UE-230482. Staff submits
that an adjudication is therefore warranted.

6 On July 11, 2024, the Alliance of Western Energy Consumers (AWEC) filed a petition
for intervene in this matter.

7 This matter came before the Commission at its regularly scheduled open meeting on
September 26, 2024.

DISCUSSION

8 After considering all of the testimony and comments submitted, we decline to approve
PacifiCorp's 2023 PCAM Report at this time. We conclude that an adjudication is the
most appropriate course of action.

9 The Commission is still evaluating the prudence of PacifiCorp's 2022 PCAM Report, in
Docket UE-230482. We conclude that a decision in this matter would greatly benefit
from the completion of that adjudicative proceeding. Although the Commission routinely
considers power cost adjustment mechanism filings through its open meeting process, we
have previously indicated the need for further evaluation of PacifiCorp's hedging
practices.⁵ Given the concerns and the lack of present guidance from Docket UE-230482,

⁴ All million-dollar figures (\$MM) described in this memorandum are rounded approximates.

⁵ *WUTC v. PacifiCorp d/b/a Pacific Power and Light Co.*, Docket No. UE-210402, Order 06 at ¶
154 (Mar. 29, 2022) (discussing the need to consider "prudence of its risk management practices
for hedging for its Washington-allocated resources over calendar year 2022 and its choice of

we conclude that we do not have a sufficient record at this time to approve the 2023 PCAM Report. This matter should therefore be suspended and set for adjudication. The Commission shall consider whether to approve the 2023 PCAM Report in its final order resolving the coming adjudication.

FINDINGS AND CONCLUSIONS

- 10 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 11 (2) PacifiCorp is a public service company subject to Commission jurisdiction. PacifiCorp is engaged in the business of providing electric service within the state of Washington.
- 12 (3) The tariff revisions PacifiCorp filed on June 14, 2024, would increase charges and rates for service provided by PacifiCorp and might injuriously affect the rights and interests of the public.
- 13 (4) PacifiCorp has not yet demonstrated that the tariff revisions would result in rates that are fair, just, reasonable, and sufficient.
- 14 (5) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130, the Commission believes it is necessary to investigate PacifiCorp’s books, accounts, practices, and activities; to make a valuation or appraisal of PacifiCorp’s property; and to investigate and appraise various phases of PacifiCorp’s operations.
- 15 (6) The Commission finds that this docket meets the criteria of WAC 480-07-400(2)(b)(i) and that the parties may conduct discovery pursuant to the Commission’s discovery rules in WAC 480-07-400 – 425.
- 16 (7) As required by RCW 80.04.130(4), PacifiCorp bears the burden to prove that the proposed increases are fair, just, reasonable, and sufficient.

market exposure for its Washington-allocated portfolio given concerns raised by the Commission over a number of years.”).

- 17 (8) PacifiCorp may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with RCW 80.20.020.

ORDER

THE COMMISSION ORDERS:

- 18 (1) The tariff revisions PacifiCorp d/b/a Pacific Power & Light Company filed on June 14, 2024, are suspended.
- 19 (2) The Commission will hold hearings at such times and places as may be required.
- 20 (3) PacifiCorp d/b/a Pacific Power & Light must not change or alter the tariffs filed in this docket during the suspension period unless authorized by the Commission.
- 21 (4) The Commission will institute an investigation of PacifiCorp d/b/a Pacific Power & Light's books, accounts, practices, activities, property, and operations as described above.
- 22 (5) The parties may conduct discovery pursuant to the Commission's discovery rules in WAC 480-07-400 – 425 and the Commission will issue a Protective Order as soon as possible in this Docket.
- 23 (6) PacifiCorp d/b/a Pacific Power & Light shall pay the expenses reasonably attributable and allocable to the Commission's investigation consistent with RCW 80.20.020.

DATED at Lacey, Washington, and effective September 27, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner