

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
STAFF RESPONSES TO DATA REQUESTS

DATE PREPARED: May 23, 2024	WITNESS: John Wilson
DOCKET: UE-230482	RESPONDER: John Wilson
REQUESTER: PacifiCorp	TELEPHONE:

DATA REQUEST NO. 2:

On page 6, lines 6-7 of Exhibit JDW-15CT, Witness Wilson “recommend[s] that the Commission adopt a system-wide allocation for PacifiCorp’s 2022 hedging-related power costs” with respect to gas hedging. In support of this conclusion, Witness Wilson refers to the figures presented in Mullins, Exh. BGM-1CTr at 44:1-4. Exh. See Wilson, Exh. JDW-15CT at 6:7-7:2.

- a. Did Witness Wilson, in composing cross-answering testimony and/or reaching the conclusions therein, perform and/or apply any adjustment to the figures and/or calculations presented in Mullins, Exh. BGM-1CTr at 44:1-4?
- b. If the answer to Request 1, subpart (a) is yes, please describe and explain the adjustment performed and/or applied and explain why no contemporaneous workpapers or Documents were filed with Wilson, Exh. JDW-15CT to support any such adjustment.
- c. Did Witness Wilson, in composing cross-answering testimony and/or reaching the conclusions therein, conduct any independent verification of the figures and/or calculations presented in Mullins, Exh. BGM-1CTr at 44:1-4?
- d. If the answer to Request 1, subpart (c) is yes, please describe and explain the independent verification conducted and explain why no contemporaneous workpapers or Documents were filed with Wilson, Exh. JDW-15CT to support any such independent verification.
- e. Please provide any and all analyses performed by Witness Wilson (or any Documents reflecting such analyses) to validate or otherwise assess Witness Mullins’ \$15.4 million reallocation as stated in Mullins, Exh. BGM-1CTr at 44:1-4.

RESPONSE:

Shaded Information is CONFIDENTIAL Per Protective Order in Docket UE-230482.

- a. No. However, in preparing this response, witness Wilson recognized that the referenced calculations presented in Exh. BGM-1CTr rely on *forecast* gas requirements rather than *actual* gas requirements. witness Wilson’s recommendation is to allocate system benefits resulting from PacifiCorp’s gas hedges proportionally to the actual natural gas requirements of the west-side plants, which would be [REDACTED] rather than [REDACTED], relying on the figures presented in Confidential Table 5 of Exh.

REDACTED

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BGM-1CTr.1. Using the [REDACTED] allocation percentage, the portion of system gas hedge benefits that should be allocated to the west-side resources would be [REDACTED], with approximately [REDACTED] allocated to Washington customer rates using the CAEW factor of [REDACTED] % as supplied in PacifiCorp's WIJAM model. This would be a more appropriate reduction to Washington NPC than the amount presented in Exh. JDW-15CT at 6.

- b. N/A. There are also no workpapers associated with this response, as the calculations presented in part (a) were performed using a calculator and the inputs may be verified directly from the referenced sources.
- c. No.
- d. N/A.
- e. N/A.

¹ There are two "actual" natural gas requirement figures presented in Confidential Table 5, but both result in approximately the same proportion of west-side natural gas requirements.

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DATA REQUEST NO. 3:

On page 6, lines 6-16, and on page 55, lines 1-11 of Wilson, Exh. JDW-1CT, Witness Wilson recommends that the Commission direct PacifiCorp to participate in a “full third-party audit of the dispatch of Chehalis and Hermiston for 2022.” In connection with this recommendation, Witness Wilson states that: (1) “I do not believe that Chehalis and Hermiston were appropriately and economically dispatched throughout 2022.”; (2) “I was unable to arrive at a conclusive estimate of the economic cost of uneconomic dispatch.”; (3) “I believe a detailed audit with full access to PacifiCorp’s records and models is necessary.”

- a. For purposes of this recommendation by Witness Wilson, please provide your definition and meaning of the word “dispatch” as it concerns the economic operations of Chehalis and Hermiston across the multiple forward horizons and markets (e.g., western bi-lateral markets, CAISO Day Ahead Market, Western Energy Imbalance Market, etc.) that the Company participates in.
- b. For purposes of this recommendation by Witness Wilson, please provide your definition and meaning of the phrase “appropriately and economically dispatched,” in the context of wider utility operations and taking into consideration matters such as, for example, reliability, fuel procurement, etc.
- c. For purposes of this recommendation by Witness Wilson, please clarify our meaning of the phrase “economic cost” in the context of “uneconomic dispatch.”
- d. For purposes of this recommendation by Witness Wilson, please explain and please provide an example of “uneconomic dispatch” as it concerns the economic operations of Chehalis and Hermiston across the multiple forward horizons and markets (e.g., western bi-lateral markets, CAISO Day Ahead Market, Western Energy Imbalance Market, etc.) that the Company participates in.
- e. For purposes of this recommendation by Witness Wilson, please provide your definition and meaning of the phrase “PacifiCorp’s records and models” as would be necessary to complete the audit you recommend.

RESPONSE:

- a. Dispatch decisions would be taken in two parts. First, the decision to start up Chehalis or Hermiston either in CT-only operation or in full operation. I would expect that such decisions would be made by PacifiCorp’s operators as informed by its physical dispatch model(s). Second, I understand that PacifiCorp’s plants are dispatched in response to instructions from the EIM on a sub-hourly level. (Exh. DRS-1CT, p. 32)

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- b. The phrase “appropriately and economically dispatched” is taken from PacifiCorp’s response to a data request and is not Mr. Wilson’s chosen phrasing. (Exh. JDW-14C.) Mr. Wilson understands this phrase to refer to “consideration of prevailing gas nomination restrictions and regulation instructions.” Mr. Wilson also understands this to refer to an effective response to instructions from the EIM model, and to PacifiCorp’s delivery of a cost-based “generator bid” and an accurate “minimum operating level” as referenced in the attachment to the same data request. Mr. Wilson would expect that the “minimum operating level” would be based on reasonable unit commitment decisions made by PacifiCorp’s operators as informed by its physical dispatch model(s) in advance of the submission of the “generator bid.”
- c. The phrase “economic cost” is explained on p. 53, line 19 through p. 54, line 6, specifically the difference between each plant’s marginal operating cost and an appropriate market price benchmark.
- d. See Exh. JDW-1CT, p. 47, line 7 through p. 49, line 2.
- e. Mr. Wilson would expect that the records and models that would be examined in a third-party audit would include (but would not be limited to):
- Physical dispatch model(s) used by PacifiCorp to determine the minimum operating level submitted to the EIM;
 - Inputs, assumptions, and model configurations used by PacifiCorp to determine its generator bid submitted to the EIM;
 - Records, including any physical dispatch model(s) (also including relevant inputs, assumptions, and model configurations) establishing the basis for decisions regarding PacifiCorp’s gas nominations (as discussed in Exh. DRS-1CT, p. 32); and
 - Records of regulation instructions and any exercise of discretion by PacifiCorp staff with respect to execution of regulation instructions. Note that PacifiCorp did not provide any explanation of how it “was able to ensure system reliability or provide ancillary services during the hours in which both [Chehalis and Hermiston] units were offline.” (Exh. JDW-14C; PacifiCorp response to WUTC DR-40(a)). The purpose of regulation reserves is of course to hold capacity required to respond to load variations, forced outages (of generation or transmission equipment), and variations in output from variable energy resources, in order to maintain frequency, voltage, and otherwise satisfy system reliability requirements.

The audit would also consider records of any other circumstances that may have affected unit dispatch, such as the coal supply issues discussed in Exh. DRS-1CT at 34.

REDACTED

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DATA REQUEST NO. 4:

On page 6, lines 6-7 of Exhibit JDW-15CT, Witness Wilson “recommend[s] that the Commission adopt a system-wide allocation for PacifiCorp’s 2022 hedging-related power costs” with respect to gas hedging.

- a. Do you agree or disagree that adoption of this recommendation would result in a greater percentage allocation of gas hedges for plants residing in the Eastern Control Area to Washington ratepayers as compared to Witness Staples’ proposal? If you do not agree, please provide a detailed response explaining why you do not agree.
- b. Please confirm that allocation of gas hedges for plants residing in the Eastern Control Area to Washington ratepayers would include hedges based on thermal generation resources (*i.e.*, Lake Side, Currant Creek, Gadsby, and Naughton) that are not included in Washington rates?

RESPONSE:

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Please note that witness Wilson’s recommendation is based on the Company’s gas hedging policy, which “plainly states that [REDACTED]” as confirmed by witness Staples. (Exh. DRS-1CT at 25, lines 7-8)

- a. Agreed.
- b. Mr. Wilson understands that PacifiCorp’s [REDACTED], and that those settlements are directed towards PacifiCorp’s [REDACTED] and thus are not based on specific forecast requirements for individual thermal generation resources. (Exh. DRS-1CT at 28, lines 6-18)

REDACTED

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DATA REQUEST NO. 5:

Do you agree that, under your proposal to have “the Commission adopt a system-wide allocation for PacifiCorp’s 2022 hedging-related power costs,” Washington net power costs would reflect the value of gas hedges from plants residing in the Western Control Area and the Eastern Control Area? If you do not agree, please provide a detailed response explaining why you do not agree.

RESPONSE:

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No. PacifiCorp’s [REDACTED], and those settlements are directed towards PacifiCorp’s [REDACTED] and thus are not based on specific forecast requirements for individual thermal generation resources. (Exh. DRS-1CT at 28, lines 6-18) witness Wilson’s recommendation is based on the Company’s gas hedging policy, which “plainly states that [REDACTED].” (Exh. DRS-1CT at 25, lines 7-8) A system-wide allocation for hedging-related costs, which are actually net benefits, allocates those system benefits proportionally to the natural gas requirements of the west-side plants. (Exh. JDW-15CT at 6, lines 6-12.) Thus, the recommended allocation would not result in assigning the proportion of gas hedges from plants residing in the Eastern Control Area to Washington net power costs since the appropriate portion of system gas hedge benefits would be allocated proportionally to the requirements of the east-side plants as well.