

UE-230482 / PacifiCorp
May 24, 2024
AWEC Data Request 078

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Reference Exh. DRS-1CT at 37:3-4: PacifiCorp states “That amounts to a net increase in system costs of approximately \$42 million.”:

- (a) Does PacifiCorp agree that the increase in system cost identified in the referenced testimony only occurred in Mr. Mullins’ first counterfactual analysis, which used the September 30, 2021 gas requirements forecast detailed in at BGM-1CT at 26 Table 5? If no, please explain.
- (b) Does PacifiCorp agree that Mr. Mullins’ second counterfactual analysis, based on actual gas requirements provided in response to AWEC Data Request 14, resulted in a net reduction of system costs of \$38,271,373? If no, please explain. Note, that this value may be obtained from the Excel version of Exh. BGM-3C by toggling the value in Tab “Conf Table 6,” Cell “D13” to value “1” and summing the incremental hedging gain on Tab “TC Counterfactual Hedging,” Cells “D126:D137”.
- (c) Does PacifiCorp agree that in Mr. Mullins’ third counterfactual analysis, was based on actual gas requirements provided in response to AWEC Data Request 27, resulted in a net reduction of system costs of \$36,732,010? If no, please explain. Note, that this value may be obtained from the Excel version of Exh. BGM-3C by toggling the value in Tab “Conf Table 6,” Cell “D13” to value “2” and summing the incremental hedging gain on Tab “TC Counterfactual Hedging,” Cells “D126:D137”.

Response to AWEC Data Request 078

- (a) Agreed. Using information available to the Company at the time of hedge execution, the approach of the Alliance of Western Energy Consumers’ (AWEC) witness, Bradley G. Mullins would have increased net power costs (NPC).
- (b) Agreed. AWEC witness Mullins was able to create a counterfactual that lowered overall system NPC, but only with foreknowledge of the increase in gas prices, using information unavailable to the Company at the time of hedge execution, and by including activities that would have been speculative in nature (hedging total gas consumption or purchases would each require hedging of gas consumed for energy imbalance market (EIM) export activities, which the Company has made clear should never be done as referenced in the rebuttal testimony of Company witness, Douglas R. Staples, Exhibit DRS-1CT at 33, lines 4 through 10.
- (c) Please refer to the Company’s response to subpart (b) above.

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