Exh. JT-1T
Dockets UE-210532, UE-210328
(*Consolidated*)
Witness: Shelley E. McCoy
Jason L. Ball
Corey Dahl
Bradley G. Mullins
Shawn M. Collins

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **PACIFICORP D/B/A PACIFIC POWER & LIGHT COMPANY,** **Respondent.**	**DOCKETS UE-210532, UE-210328 (*Consolidated*)**

TESTIMONY OF

Shelley E. McCoy
Jason L. Ball
Corey Dahl
Bradley G. Mullins
Shawn M. Collins

Joint Testimony in Support of Settlement Stipulation

November 8, 2021

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I. INTRODUCTION

Q. What is the purpose of this Prefiled Joint Testimony?

A. This prefiled joint testimony (Joint Testimony) recommends that the Washington Utilities and Transportation Commission (Commission) approve the Settlement Stipulation (Stipulation) in this case among PacifiCorp d/b/a Pacific Power & Company (PacifiCorp or the Company), the Staff of the Washington Utilities and Transportation Commission (Staff), the Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel), the Alliance of Western Energy Consumers (AWEC), and The Energy Project (TEP) (individually, Party, and collectively, Parties). The Stipulation resolves all of the issues in this consolidated proceeding. Accordingly, the Stipulation is an all-party settlement in accordance with WAC 480-07-730(2).

Q. Please state your names, titles, and the party you represent in this matter.

A. Our names, titles, and representation are as follows:

- Shelley E. McCoy, Director, Regulation, PacifiCorp
- Jason Ball, Assistant Director, Energy Regulation Section, Staff
- Corey Dahl, Regulatory Analyst, Public Counsel
- Bradley G. Mullins, Consultant, AWEC
- Shawn M. Collins, Director, TEP

Q. Ms. McCoy, please provide information pertaining to your educational background and professional experience.

A. My name is Shelley E. McCoy. My business address is 825 NE Multnomah Street, Suite 2000, Portland, Oregon 97232. I am employed by PacifiCorp as Director, Regulation. Please see Exhibit SEM-1T filed on July 1, 2021, for testimony describing my qualifications.

Q. Mr. Ball, please provide information pertaining to your educational background and professional experience.

A. My name is Jason L. Ball. I am the Assistant Director in the Energy Regulation Section of the Regulatory Services Division at the Commission, and I served as the case lead for Staff in this proceeding. My business address is 621 Woodland Square Loop SE, Lacey, Washington, 98503. My email address is jason.ball@utc.wa.gov.

I earned a degree from New Mexico State University in 2010 with a dual major in Economics and Government. In 2013, I graduated with honors from New Mexico State University with a Master of Economics degree specializing in Public Utility Policy and Regulation. I joined the Commission in 2013 as a Regulatory Analyst in the Energy Regulation section of the Regulatory Services division.

I have testified in a number of Commission proceedings including the following: PacifiCorp general rate cases (GRCs) in Dockets UE-191024, UE-152253, UE-140762; the PacifiCorp Power Cost Adjustment Mechanism (PCAM) review proceeding in Docket UE-170717; Puget Sound Energy (PSE) GRCs in Dockets UE-190529/UG-190530 and UE-170033/UG-170034; PSE's power cost only rate case in Docket UE-141141; Avista Corporation d/b/a Avista Utilities GRCs in Dockets UE-190334/UG-190335, UE-160228/UG-160229, and UE-150204/UG-150205.

Q. Mr. Dahl, please provide information pertaining to your educational background and professional experience.

A. I earned a B.A. in Economics and a B.A. in English from the University of St. Thomas in St. Paul, Minnesota in 2011. In 2016, I earned a Master of Public

Administration degree from the Daniel J. Evans School of Public Policy and Governance at the University of Washington in Seattle. While completing my graduate studies, I worked on low-income and housing policy for a non-profit advocacy organization and worked as a legislative assistant for the Seattle City Council. Additionally, I completed Michigan State University and the National Association of Regulatory Utility Commissioners' Utility Rate School in May 2017.

My current employment with Public Counsel began in October 2016. Since joining the Attorney General's Office, I have worked on a variety of energy, transportation, and telecommunications matters, including Avista's 2019 General Rate Case (Dockets UE-190335 and UG-190335), Lugg's 2020 Complaint (Docket TV-200029), WasteXpress's 2020 Complaint (Docket TG-200131), Dolly's Petitions for Household Goods Mover Permits (Dockets TV-190593 and TV-190594), CenturyLink's 2017 911 Outage Complaint (Docket UT-190209), Cascade's 2017 General Rate Case (Docket UG-170929), Puget Sound Energy's 2017 General Rate Case (Dockets UE-170033 and UG-170034), Avista's 2017 General Rate Case (Dockets UE-170485 and UG-170486), the Puget Sound Energy Greenwood Explosion Complaint (Docket PG-160924), Pacific Power's Schedule 300 Tariff Revision case (Docket UE-161204), the CenturyLink-Level3 Merger (Docket UT-170042), Cascade Natural Gas Company's 2017 General Rate Case (Docket UG-170929), the Avista-Hydro One Merger (Docket U-170970), Avista's 2018 Depreciation Petition (Dockets UE-180167 and UG-180168), CenturyLink's 2017 911 Outage Complaint (Docket UT-190209), and the 2019 Avista Remand (Dockets UE-150204, UG-150205, and UE-190222).

I testified on behalf of Public Counsel in the 2020 Northwest Natural Gas Company General Rate Case (UG-200994), 2020 Avista General Rate Case Settlement (Dockets UE-200900 and UG-200901), 2019 PacifiCorp General Rate Case Settlement (Docket UE-191024), 2019 Avista General Rate Case Partial Settlement (Dockets UE-190334 and UG-190335), in support of the settlement regarding the merger of CenturyLink and Level3 Communications (Docket UT-170042) in May 2017, on low-income issues in Cascade's General Rate Case (Docket UG-170929), and in the Avista-Hydro One Merger Settlement (Docket U-170970).

Beyond adjudications, I have worked on rulemakings, low-income rate assistance, energy conservation, and integrated resource plan (IRP) issues for multiple Washington utilities. In particular, I have been involved in several rulemakings, including the Intervenor Funding Policy (Docket U-210595), CETA IRP Rulemaking (Docket UE-190698), CETA EIA Rulemaking (Docket UE-190652), CETA CEIP Rulemaking (Docket UE-191023), CETA Purchases of Electricity Rulemaking (Docket UE-190837), generic Cost of Service Collaborative (Dockets UE-170002 and UG-170003), and IRP Rulemaking (Docket U-161024). Additionally, I participate in conservation advisory groups for Puget Sound Energy and Cascade Natural Gas, as well as the Northwest Natural Gas IRP Technical Working Group, Cascade IRP Technical Advisory Committee, and the Avista IRP Technical Advisory Committee. I also participate in low-income advisory groups for Cascade Natural Gas, Puget Sound Energy, and Avista. More recently, I have observed the Puget Sound Energy Equity Advisory Group and participated in

Avista's and Puget Sound Energy's Clean Energy Implementation Plan Advisory Groups.

Q. Mr. Mullins, please provide information pertaining to your educational background and professional experience.

A. My name is Bradley G. Mullins, and I am an Independent Energy and Utilities Consultant representing large energy consumers before state regulatory commissions. I am appearing in this matter on behalf of AWEC. I have a Master of Accounting degree from the University of Utah. I have sponsored testimony in regulatory jurisdictions throughout the United States, including before the Commission.

Q. Mr. Collins, please provide information pertaining to your educational background and professional experience.

A. My name is Shawn Collins, and I am the Director of The Energy Project. I have served as Director since 2015. Prior to joining the Energy Project, I held several positions with the Opportunity Council including Associate Director of the Home Improvement Department, Community Energy Challenge Manager, and Community Services Outreach and Development Coordinator. I am a member of the Bonneville Power Administration Low-income Energy Efficiency Workgroup Steering Committee, the Washington State Low Income Home Energy Assistance Program Advisory Committee, and the Washington State Low-income Weatherization Advisory Committee. I earned a Bachelor of Arts degree from Eastern Illinois University in 2002 with a major in English and a minor in Philosophy. I have provided testimony on behalf of The Energy Project in numerous Commission proceedings, including recently Dockets UE-190529/UG-190530 (PSE 2019 GRC) and UE-190334/UG-190335 (Avista 2019 GRC).

Q. Please briefly summarize the Stipulation.

A. This Stipulation is a comprehensive settlement of all the issues in this consolidated docket among all the Parties. The end result of this Stipulation is a decrease in rates of $1,867,250 for customers, which will occur on January 1, 2022. This Stipulation also provides for a one-time refund of $2,847,187 that will be passed back to customers over a 12-month period beginning in January 2022 through Schedule 94, the Rate Case Reconciliation Refund (RCRR), as described in the Direct Testimony of Company witness Robert M. Meredith.

This Stipulation also provides for the approval of the following capital investments as prudently incurred, used and useful, and appropriate for recovery in Washington rates:

- Ekola Flats Wind Facility,
- TB Flats Wind Facility,
- Cedar Springs II Wind Facility,
- Pryor Mountain Wind Facility,
- Dunlap Wind Facility,
- Foote Creek I Wind Facility, and
- the Aeolus to Bridger/Anticline 500 kilovolt (kV) Transmission Line Sequence 4 project and the associated 230 kV network upgrades

The Stipulation provides that Parties are not precluded from reviewing and challenging the prudency of future costs associated with these projects.

Finally, this Stipulation provides for approval of the Company's request to defer from May 13, 2021, the date the petition was filed that initiated Docket UE-210328, the revenue generated by the sale of renewable energy credits (RECs) from the Pryor Mountain Wind Facility.

Q. Do the Parties recommend approval of the Stipulation?

A. Yes.

II. BACKGROUND

Q. Please describe the Company's limited-issue rate filing (LIRF) that initiated Docket UE-210532.

A. On December 13, 2019, PacifiCorp filed a GRC, Docket UE-191024 (2021 Rate Case).[1] In its Final Order issued on December 14, 2020, the Commission approved and adopted a settlement stipulation resolving the issues in the 2021 Rate Case subject to conditions. Specifically, the Commission approved an immediate overall revenue decrease of $4.15 million, which incorporated a decrease in depreciation rates agreed to in Docket UE-180778, the refund of Tax Cuts and Jobs Act deferred tax benefits to customers, and a three-year rate plan with no base rate changes except as specifically provided for in the 2021 General Rate Case settlement stipulation, providing rate stability to the Company's customers.[2]

In accordance with the Commission-approved settlement stipulation in the 2021 Rate Case, the Company filed its LIRF on July 1, 2021, for review of major capital additions included in the 2021 Rate Case that were placed in service after May 1, 2020. Specifically, in its LIRF filing, the Company requested a determination regarding, and provided testimony in support of, the prudency and actual costs of the following capital projects (collectively referred to as LIRF Capital Additions):

- Ekola Flats Wind Facility,

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[1] *WUTC v. Pac. Power & Light Co.*, Docket Nos. UE-191024, UE-190750, UE-190929, UE-190981, UE-180778 (cons.), Order 09 / 07/ 12 (Dec. 14. 2020).

[2] *Id.*

- TB Flats Wind Facility,
- Cedar Springs II Wind Facility,
- Pryor Mountain Wind Facility,
- Dunlap Wind Facility,
- Foote Creek I Wind Facility, and
- the Aeolus to Bridger/Anticline 500 kilovolt (kV) Transmission Line Sequence 4 project and the associated 230 kV network upgrades.

The forecasted costs of the LIRF Capital Additions were included in rates in the 2021 Rate Case subject to refund pending review in this consolidated proceeding.

Q. Please describe the Company's petition for an accounting order that initiated Docket UE-210328.[3]

A. The Company's petition in Docket UE-210328 requests deferred accounting treatment for the revenue generated from the sale of RECs to Vitesse, LLC from the Pryor Mountain Wind Facility under Oregon Schedule 272 so that those revenues can eventually be passed back to customers through later ratemaking treatment. Pryor Mountain is a 240 megawatt wind project located in Carbon County, Montana that was placed in service on April 1, 2021. As described above, the capital costs for this project have been included in customer rates and are subject to refund consistent with the terms of the Commission-approved stipulation in PacifiCorp's 2021 Rate Case.[4] Approval of deferred accounting treatment would allow PacifiCorp to create a regulatory liability so that these revenues may be returned to customers for ratemaking treatment in a future rate proceeding.

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[3] *In the Matter of PacifiCorp dba Pacific Power & Light Company Petition for an Order Approving Deferral of Revenues Related to Renewable Energy Credits,* Docket No. UE-210328, Petition filed May 13, 2021.
[4] *WUTC v. PacifiCorp d/b/a Pacific Power and Light Company*, Docket No. UE-191024, Final Order 09/07/12 at 23 (Dec. 14, 2020).

Q. Did the Parties conduct discovery in this consolidated proceeding?

A. Yes. The Parties propounded and the Company responded to over 80 data requests.

Q. How did this Stipulation develop?

A. The Parties held an initial settlement conference on September 13, 2021, and subsequent settlement meetings were held on September 22, 2021, and September 24, 2021. The Parties presented proposals and counter-proposals, which culminated in this settlement. Staff notified the administrative law judge on September 29, 2021, that a Stipulation in principle had been reached, and requested suspension of the procedural schedule which the Commission granted on September 30, 2021.

III. THE TERMS OF THE STIPULATION

A. Rate Decrease and One-Time Refund

Q. Please explain the Rate Decrease.

A. Under the Stipulation, PacifiCorp is authorized to implement a rate change designed to decrease its annual revenues from Washington customers by $1,867,250. The rate change will be effective with service on and after January 1, 2022 or as early as practicable. The rate change represents a true-up of Washington rates to reflect actual in-service costs of the LIRF Capital Additions and forecasted costs that were included in rates in the 2021 Rate Case. Specifically, the rate change was computed by comparing the revenue requirement of each forecasted LIRF Capital Addition included in rates in 2021 to the revenue requirement of the completed projects as of December 31, 2021. Additionally, the rate change also reflects the removal of certain transmission-voltage, radial lines that connect generating resources to

PacifiCorp's interconnected network transmission system to properly assign to Washington its accurate share of transmission costs in accordance with the Washington Inter-Jurisdictional Allocation Methodology (WIJAM) Memorandum of Understanding (MOU).[5] As part of this reallocation to better align with WIJAM, similar radial lines connecting to Chehalis and Hermiston generation resources that are included in Washington rates under WIJAM have been reallocated from a system allocation to a control-area allocation. The rate change calculation is provided in Appendix A of the Stipulation.

Q. How will the LIRF rate change be allocated to customers?

A. The Parties agree with the methodology for allocation set forth in the direct testimony of Robert M. Meredith.[6] Specifically, the LIRF rate change will be allocated to customers on the basis of each customer class's share of Generation and Transmission rate base allocated in the final cost of service study that was used in the 2021 Rate Case to calculate rates. The rate change will be incorporated into rates through decreasing energy charges from each rate schedule by its allocated share of the rate change.

Q. Please explain the one-time refund.

A. The Parties have agreed to a one-time refund of $2,847,187 that will be passed back to customers over a 12-month period through Schedule 94. The one-time refund is comprised of two components: (1) a refund of $2,077,302 related to the update to the

[5] The WIJAM is the inter-jurisdictional cost allocation methodology that was approved by the Commission in the 2021 Rate Case. *See,* PacifiCorp Ex. SEM-1T at 10-12; *see also, WUTC v. Pac. Power & Light Co*., Docket Nos. UE-191024, UE-190750, UE-190929, UE-190981, UE-180778 (cons.), Order 09 / 07/ 12 (Dec. 14. 2020).

[6] PacifiCorp Exh. RMM-1T at 2-3.

costs for the LIRF Capital Additions for rates paid in 2021; and (2) a refund of $769,885 related to the adjustment required to reallocate transmission-voltage, radial lines that connect generating resources to PacifiCorp's interconnected network transmission system in order to properly assign to Washington its accurate share of transmission costs in accordance with the WIJAM MOU. The one-time refund for the LIRF Capital Additions was computed by comparing on a monthly basis the revenue requirement included in rates in 2021 to the revenue requirement of in-service amounts for each project. The refund of the reallocated transmission-voltage radial lines was computed by calculating the revenue requirement included in 2021 rates for the reallocated assets. The calculation of the one-time refund is provided in Appendix B of the Stipulation.

Q. How will the one-time refund be passed back to customers?

A. The Parties agree with the methodology set forth in the direct testimony of Robert M. Meredith.[7] The one-time refund will be passed back to customers over a 12-month period through Schedule 94, RCRR. The RCRR is spread to customers on each rate schedule using the same Generation and Transmission rate base allocator as the LIRF.

B. Prudency of Capital Investments

Q. Please explain the Parties' agreement on the LIRF Capital Additions.

A. Pursuant to the Commission-approved settlement in the 2021 Rate Case, the Company filed the LIRF on July 1, 2021, to allow a prudency review of the LIRF Capital Additions that were placed in service after May 1, 2020, but placed into rates

[7] PacifiCorp Exh. RMM-1T at 3.

subject to refund. In its LIRF filing, the Company submitted the direct testimony of the following witnesses supporting the LIRF Capital Additions:

- Timothy J. Hemstreet explained and testified in support of the development and implementation of the Ekola Flats, TB Flats, and Cedar Springs II New Wind Facilities and the Dunlap and Foote Creek I Repowered Facilities;[8]
- Robert Van Engelenhoven explained and testified in support of the development and implementation of the Pryor Mountain Wind Facility;[9]
- Richard A. Vail explained and testified in support of the development and implementation of the Aeolus to Bridger/Anticline 500 kilovolt (kV) Transmission Line Sequence 4 project and the associated 230 kV network upgrades;[10] and
- Rick T. Link presented and explained the economic analysis that he testified demonstrated that the LIRF Capital Additions are prudent, used and useful, and in the public interest.[11]

Parties also engaged in discovery regarding the LIRF Capital Additions. Based on the record evidence and through discovery, as part of the Stipulation, the Parties agree that the LIRF Capital Additions are prudently incurred investments, used and useful, and appropriate for recovery in Washington rates.

[8] PacifiCorp Exhs. TJH-ITC through TJH-8.
[9] PacifiCorp Exhs. RV-ITC and RV-2.
[10] PacifiCorp Exhs. RAV-1T and RAV-2.
[11] PacifiCorp Exhs. RTL-1TC through RTL-7.

Q. At what costs are the LIRF Capital Additions being reflected in Washington rates?

A. The Parties agree that with the exception of TB Flats, capital expenditures included in rates are reflected at their actual amounts through May 2021. As TB Flats was placed in service during the Summer 2021, capital expenditures for this project are included in rates at the projected amount through July 2021. All plant related balances are reflected in Washington rates on a December 31, 2021 end-of-period basis.

Q. Does the Stipulation preclude Parties from reviewing and challenging future costs associated with these projects?

A. No. The Parties may review and challenge the prudency of future costs associated with the LIRF Capital Additions, including but not limited to the purchase or sale of RECs by the Company.

C. PacifiCorp's Petition for an Accounting Order

Q. Have the Parties agreed that the Company's petition be approved?

A. Yes. The Parties agree that it is appropriate that PacifiCorp be allowed to defer from the date the petition was filed that initiated docket UE-210328, or May 13, 2021, forward its revenue generated by RECs from the Pryor Mountain Wind Facility. The Parties agree that the Company will defer these revenues to track and preserve them for later ratemaking treatment and the benefit of PacifiCorp customers.

IV. THE STIPULATION SATISFIES THE PARTIES' INTERESTS AND IS CONSISTENT WITH THE PUBLIC INTEREST

A. Statement of PacifiCorp (Shelley E. McCoy)

Q. Please explain why PacifiCorp supports this Stipulation and believes it is in the Public Interest.

A. This settlement supports significant benefits to customers. First, it supports a finding the Company has prudently invested in the LIRF Capital Additions, which represents significant new capital investments in renewable energy. Second, it reduces rates to reflect the actual costs of the LIRF Capital Additions and passes back to customers a refund to reflect the difference between the actual in-service costs of the LIRF Capital Additions and forecasted costs that were included in rates and paid by customers in 2021 and the WIJAM reallocation. Finally, it provides a mechanism for the Company to defer the revenues generated by RECs from the Pryor Mountain Wind Facility. With an accounting order allowing for such deferral, the Company can track and preserve them for later ratemaking treatment for the benefit of the Company's customers.

Q. Is the methodology used to calculate the base rate change agreed to by the Parties in the Stipulation the same methodology proposed by the Company in direct testimony?

A. For the transmission reallocation, the calculation is the same as proposed by the Company. However, the methodology agreed to by the Parties for calculating the base rate change related to the LIRF Capital Additions is slightly different than the methodology proposed by the Company.

Q. Do you agree with the methodology used to calculate the base rate change for purposes of the Stipulation?

A. Yes, I do. There are multiple variables to consider when calculating a rate change with a variety of reasonable methods for making the calculation. Following a discussion with the Parties, for the purposes of resolving all issues in the consolidated proceeding PacifiCorp has agreed to the stipulated methodology on a non-precedential basis.

Q. Is the methodology used to calculate the one-time refund agreed to by the Parties in the Stipulation the same methodology proposed by the Company in direct testimony?

A. As with the base rate change, the calculation of the refund for the transmission reallocation is the same as proposed by the Company. However, the methodology agreed to by the Parties for calculating the refund related to the LIRF Capital Additions varies somewhat from the Company's proposed calculation.

Q. Do you agree with the methodology used to calculate the one-time refund for purposes of the Stipulation?

A. Yes, I do. There are a number of valid ways to calculate the refund for ratemaking purposes. Following a discussion with the Parties, for the purposes of resolving all issues in the consolidated proceeding PacifiCorp has agreed to this methodology on a non-precedential basis.

Q. Does this complete your testimony on behalf of PacifiCorp?

A. Yes.

B. Statement of Commission Staff (Jason L. Ball)

Q. Please explain why Staff supports this Stipulation and believes it is in the Public Interest.

A. Staff believes the Stipulation is in the public interest and appropriate for the Commission's acceptance without conditions under WAC 480-07-750(2)(a). Staff carefully reviewed the costs presented by the Company, and there was limited controversy. Staff believes it is in the public interest to resolve this case at an early stage without the further expenditure of public resources, and without the uncertainty and delay inherent in a litigated outcome. It is important to Staff that the Stipulation benefits customers by locking in a 2022 rate reduction of $1,867,250 (compared to a $616,600 reduction in the Company's filed case), and further provides a one-time refund to customers of $2,847,187 (compared to an approximately $2.1 million refund in the Company's filed case) over a 12-month period, offering some economic relief to customers during the ongoing COVID-19 pandemic.

The Commission has expressed its support for negotiated resolutions of disputes: "the commission supports parties' informal efforts to resolve disputes without the need for contested hearings when doing so is lawful and consistent with the public interest . . ." WAC 480-07-700. Staff believes the Stipulation is lawful and consistent with the public interest, and Staff therefore respectfully requests that the Commission issue an order approving the Stipulation without conditions pursuant to WAC 480-07-750(2)(a).

Q. Does this complete your testimony on behalf of Staff?

A. Yes.

C. Statement of Public Counsel (Corey Dahl)

Q. What is the purpose of your testimony?

A. I am testifying on behalf of the Public Counsel Unit of the Washington State Office of the Attorney General (Public Counsel) to express support for the Settlement Agreement.

Q. Please state your role with Public Counsel and business address.

A. I serve as a Regulatory Analyst for Public Counsel. My business address is 800 5th Ave, Suite 2000, Seattle, Washington, 98104.

Q. Have you previously testified in this proceeding?

A. No, this is my first time testifying in this proceeding.

Q. Is the Settlement Agreement in the public interest?

A. Yes, I believe the terms of the Settlement Agreement are in the public interest. The terms of the Settlement fairly and reasonably resolve all the issues contained in the Company's filing. The Settlement Agreement is the result of good faith negotiations among all Parties.

Q. What issues does your testimony address?

A. My testimony will primarily address two issues:

- The overall reduction in customer rates as a result of the revenue requirement reduction and customer refund; and
- The ability of Parties to challenge the prudency of future costs related to capital projects in the LIRF, including associated REC purchases or sales.

Q. Please describe the rate reduction and why it is in the public interest.

A. The Company's original filing in this docket would have reduced the overall revenue requirement by $616,000. Through negotiation, the parties agreed to further reduce the revenue requirement, resulting in a reduction of $1,867,250. This reduction in the revenue requirement will remain in place until the Company's next general rate case and will result in reduced customer rates. The revenue requirement reduction is the result of lower-than-forecasted Company costs.

Further reductions to the revenue requirement are in the public interest. PacifiCorp's customers should only be required to pay actual costs. Furthermore, the ongoing COVID-19 public health and economic crises have impacted the ability of many Washingtonians to afford their energy bills. Lower revenue requirement, and the subsequent impact on rates, benefits PacifiCorp's customers, particularly those who are vulnerable.

Q. Please describe the one-time refund and why it is in the public interest.

A. The Settlement Agreement includes a one-time customer refund totaling $2,847,187 set to be spread over 12 months, beginning January 1, 2022. Parties agreed to a larger refund than originally filed. The Company initially included a $2.1 million one-time refund in their filing. As described above, the agreed upon refund is due to lower costs for capital projects and an adjustment to the Washington allocation of transmission equipment at generation facilities as part of the WIJAM memorandum of understanding.

The increased customer refund is in the public interest for the same reasons the revenue requirement reduction is in the public interest. Although the one-time refund is effective for only 12 months, it will immediately benefit customers facing hardship due to the ongoing public health and economic crises.

Q. Why is it in the public interest to preserve Parties' ability to challenge the prudency of future expenses related to LIRF Capital Additions, including Renewable Energy Credit acquisitions and sales?

A. The Settlement Agreement explicitly preserves the ability of Parties to review and challenge the prudency of expenses, including REC purchases and sales, associated with the LIRF Capital Additions. As the Company approaches initial compliance deadlines for the Clean Energy Transformation Act (CETA), it is critical that prudent decisions are made in acquiring resources and RECs to meet mandates.

For example, if the Company is required to make acquisitions to meet mandates that are higher than they otherwise would be as the result of taking advantage of clean energy attributes associated with existing resources, it could be considered imprudent. As the ratepayer advocate, it is critical that Public Counsel is able to ensure that customers are not paying more than what is necessary to comply with CETA.

Q. What is Public Counsel's overall recommendation?

A. Public Counsel recommends that the Commission approve the all-party Settlement without conditions.

Q. Does this complete your testimony on behalf of Public Counsel?

A. Yes.

D. Statement of AWEC (Bradley G. Mullins)

Q. Mr. Mullins, please summarize AWEC's support for the stipulation.

A. AWEC supports the stipulation as a reasonable compromise and resolution of the issues it identified in this docket. Specifically, AWEC was concerned with ensuring the revenue requirement calculations included in the LIRF were consistent with the amounts that were included in the general rate case, Docket No. UE-191024. While some of the calculations presented in PacifiCorp's initial filing for items such as Accumulated Deferred Income Taxes and Depreciation reserves did not correspond directly to the amounts included in the general rate case, AWEC is satisfied that the revised calculations are consistent with the rate case filing and represent an accurate depiction of the incremental savings due to customers relative to the costs included in the general rate case.

Q. Does this complete your testimony on behalf of AWEC?

A. Yes.

E. Statement of The Energy Project (Shawn M. Collins)

Q. Mr. Collins, could you please summarize the purpose of your testimony?

A. The purpose of my testimony is to provide support for approval of the Stipulation.

Q. Please provide a summary of the elements of the Stipulation that are particularly beneficial to low-income customers.

A. TEP supports the Stipulation because it includes a larger rate decrease and refund to customers compared with the Company's request, and it preserves the ability for ratepayer advocates to challenge the prudency of certain costs in the future. The Stipulation does not include components that specifically address low-income customer issues.

Q. Please explain TEP's support for the amount of the rate decrease and refund to customers.

A. The Energy Project is pleased that as a result of the Stipulation rates will decrease more than originally proposed by the Company. The Company's original filing proposed a decrease in rates of approximately $0.6 million while the Stipulation provides that rates will decrease by approximately $1.9 million.

The Energy Project is also pleased that as a result of the Stipulation the amount refunded to customers will increase compared with the Company's original request. The Company's initial filing proposed to refund approximately $2.1 million to customers, while the Stipulation provides that the Company will refund customers approximately $2.8 million. These changes will reduce rates for residential and low-income customers at a time when energy bills are a real hardship for many customers.

Q. Does the Stipulation preserve the rights of parties in future proceedings?

A. Yes. The Stipulation benefits customers by explicitly preserving the right of non-Company parties, including ratepayer advocates, to challenge the prudency of future costs, including the purchase and sale of RECs. This provision is important because the Company occasionally sells RECs from wind facilities it owns, *e.g.,* Pryor Mountain. Accordingly, the Company cannot use RECs it sold to meet its REC retirement obligations. This settlement leaves undisturbed both 1) the Company's obligation to prudently plan to make REC purchases at a lower price than REC sales, and 2) the ability of non-Company parties to challenge the prudency of the Company's purchase or sale of RECs in the future. Going forward, non-Company parties may also review the impact of the Company's purchase or sale of REC's on the Company's CETA compliance.

Q. Does TEP support approval of the Agreement?

A. Yes. TEP believes the Stipulation is in the public interest and recommends that it be approved by the Commission. TEP fully supports the Stipulation filed with the Commission and appreciates the work of PacifiCorp and the other parties to reach this agreement.

Q. Does this complete your testimony on behalf of The Energy Project?

A. Yes.

V. CONCLUSION

Q. Do you recommend that the Commission approve this Stipulation?

A. The resolution of issues complies with Commission rules and, as explained above, satisfies the Parties' interests and is consistent with the public interest. The Parties request that the Commission approve the Stipulation in its entirety.

Q. Does this conclude the Parties' Joint Testimony in support of the Stipulation?

A. Yes.