

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP D/B/A PACIFIC POWER
& LIGHT COMPANY,

Respondent.

DOCKET UE-210532, UE-210328,
(Consolidated)

SETTLEMENT STIPULATION

1 PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company), Staff of the Washington Utilities and Transportation Commission (Staff), the Alliance of Western Energy Consumers (AWEC), the Public Counsel Unit of the Attorney General’s Office (Public Counsel), and The Energy Project (TEP) submit this Settlement stipulation for docket UE-210532, PacifiCorp’s Limited-Issue Rate Filing (LIRF), and docket UE-210328, PacifiCorp’s Petition for an Order Approving Deferral of Revenues Related to Renewable Energy Credits, for approval from the Washington Utilities and Transportation Commission (Commission). The parties to this proceeding, PacifiCorp, Staff, Public Counsel, AWEC, and TEP (collectively, the “Parties,” and individually “Party”) have reached a Settlement Stipulation (Stipulation) resolving all the issues in this consolidated proceeding.

2 This Stipulation is being filed with the Commission as a full settlement of the issues in this consolidated proceeding in accordance with WAC 480-07-730(1). The Stipulation consists of this document, entitled “Settlement Stipulation,” and Appendices

A, B, and C. The Parties understand that the Stipulation is not binding on the Commission or any Party unless the Commission approves it.¹

I. RECITALS

3 On May 13, 2021, PacifiCorp filed a Petition for Order Approving Deferral of Revenues Related to Renewable Energy Credits, which initiated docket UE-210328. Specifically, in its Petition, PacifiCorp requested an order authorizing the Company to defer from the date of the petition forward revenues generated by renewable energy credits (RECs) from the Pryor Mountain Wind Facility. PacifiCorp requested deferral of these revenues to track and preserve them for later ratemaking treatment and for the benefit of the Company's customers.

4 On July 1, 2021, PacifiCorp filed the LIRF with the Commission requesting a decrease in rates of approximately \$616,600. In addition, the Company proposed to refund approximately \$2.1 million to customers. PacifiCorp's LIRF initiated docket UE-210532.

5 The LIRF was filed in accordance with the Commission-approved settlement stipulation in the Company's last filed general rate case, docket UE-191024 (2021 Rate Case).² The LIRF includes the Company's support for the prudence and actual costs of the following capital projects: the Ekola Flats, TB Flats, Cedar Springs II, and Pryor Mountain new wind projects; the Dunlap and Foote Creek I wind repowering projects; and the Aeolus to Bridger/Anticline 500 kilovolt (kV) Transmission Line Sequence 4

¹ The exception is that before the Commission's approval of the Stipulation, the Parties agree to support approval of the Stipulation by the Commission.

² *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).

project and the associated 230 kV network upgrades (collectively, LIRF Capital Additions).

6 On July 28, 2021, the Commission issued an order suspending PacifiCorp’s tariff revisions and allowing parties to conduct discovery consistent with the Commission’s procedural rules.³ On August 17, 2021, the Commission issued a Pre-Hearing Conference Order that set a procedural schedule.⁴ The Pre-Hearing Conference Order also approved the interventions of AWEC and TEP. On September 7, 2021, Staff filed a motion to consolidate dockets UE-210532 and UE-210328. No Party opposed Staff’s motion to consolidate the dockets and the Motion was approved.⁵

7 The Parties held an initial settlement conference on September 13, 2021, and held subsequent settlement meetings 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 an agreement in principle had been reached, and requested suspension of the procedural schedule, which the Commission granted on September 30, 2021.

8 This settlement is a comprehensive resolution of this consolidated proceeding. The terms of the settlement are set forth in the following Stipulation, which the Parties have entered into voluntarily to resolve matters in dispute in the interests of expediting the orderly disposition of this proceeding. The Parties intend to file the Stipulation with the Commission and request Commission approval of the Stipulation.

³ Order 01 (July 28, 2021).

⁴ Order 03 at Appendix B (Aug. 17, 2021).

⁵ See Docket No. UE-210532, Order 04; Docket No. UE-210328, Order 01.

II. AGREEMENT

A. Rate Change, One-time Refund, and Rate Effective Date

9 The Parties agree that, beginning in 2022, rates will decrease by \$1,867,250. Further, the Parties agree to a one-time refund of \$2,847,187 that will be returned to customers over a 12-month period. The refund is attributable to (1) an update for the LIRF Capital Additions that represents the difference between actual and forecasted in-service dates and capital expenditure and depreciation amounts; and (2) an adjustment required to reallocate 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. A breakdown of the one-time refund is set forth below:

2021 Refund – LIRF Capital Additions Update	(\$2,077,302)
2021 Refund – WIJAM Reallocation	(\$769,885)
Total 2021 Refund	(\$2,847,187)

Appendix B reflects the calculation of this rate change and refund. The Parties agree that the rate change identified herein will be effective with service on and after January 1, 2022 or as early as practicable.

The Parties agree with the method to allocate the rate change to customers and pass back the refund set forth in the direct testimony of Robert M. Meredith. With respect to the rate change, 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. The refund will be passed back to customers over a 12-month period through Schedule 94, the Rate Case Reconciliation Refund (RCRR). The RCRR is spread to customers on each rate schedule using the same Generation and Transmission rate base allocator as the LIRF.

B. Project Prudency

10 The Parties agree that the LIRF Capital Additions are prudently incurred investments, used and useful, and appropriate for recovery in the Company’s Washington rates. 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.

C. Prudency of Future Operating Decisions

11 The Parties agree that the Stipulation entered into by the Parties to resolve all issues in docket UE-210532 and UE-210328 (consolidated) does not preclude the ability of Staff, AWEC, The Energy Project, and Public Counsel to review and challenge the prudency of future costs incurred with respect to the LIRF Capital Additions, including but not limited to the purchase or sale of RECs by the Company.

D. Petition for Accounting Order

12 The Parties agree that it is appropriate that PacifiCorp be allowed to defer revenue received from the sale of RECs from the Pryor Mountain Wind Facility from May 13, 2021, the date the petition was filed that initiated docket UE-210328. The Parties agree

that the Company will defer these revenues to track and preserve them for later ratemaking treatment and the benefit of PacifiCorp's customers.

E. General Provisions

13 Comprehensive Settlement. The agreement above includes specific items reflected in the Company's revenue requirement. This Stipulation resolves all the disputed issues in this proceeding and acts as a modification to PacifiCorp's proposed filing on the issues included in this Stipulation. While certain adjustments were specifically addressed in the settlement, they are being accepted only as part of a comprehensive settlement stipulation that resolves all issues associated with the Company's initial filing. As such, they should be viewed in the broader context of the total settlement stipulation.

14 Discovery. The Parties agree to suspend all discovery in this proceeding pending filing and consideration of this Stipulation. In the event the case resumes, the Parties agree to work cooperatively to develop a new schedule taking into consideration the delay associated with this settlement.

15 Public Interest. The Parties agree that this Stipulation is in the public interest and will produce rates for the Company that are fair, just, reasonable, and sufficient.

16 Binding on Parties. The Parties agree to support this Stipulation as a settlement of the contested issues between them in this consolidated proceeding. The Parties understand that this Stipulation is not binding on the Commission or any Party unless the Commission approves it.⁶ If approved by the Commission, the Parties shall take all actions necessary, as appropriate, to carry out this Stipulation.

⁶ The exception is that prior to the Commission's approval of the Stipulation, the Parties agree to support the Stipulation before the Commission.

17 Integrated Agreement. The Parties agree that this Stipulation represents the entire agreement of the Parties, and supersedes all prior oral and written agreements on the issues addressed. The Parties have negotiated this Stipulation as an integrated document to be effective upon execution and Commission approval. Accordingly, the Parties recommend that the Commission adopt this Stipulation in its entirety.

18 Procedure for Supporting Stipulation. The Parties shall cooperate in submitting this Stipulation promptly to the Commission for acceptance, and cooperate in supporting this Stipulation throughout the Commission’s consideration of this Stipulation. In particular, each Party shall cooperate in developing testimony and offering to present one or more witnesses to testify in support of the Stipulation, as described in WAC 480-07-740(2)(a) and (3)(a)-(b). If necessary, each Party will provide a witness to sponsor and support this Stipulation at a Commission hearing. If the Commission decides to hold such a hearing, each Party will recommend that the Commission issue an order adopting the Stipulation. No Party to this Stipulation or their agents, employees, consultants, or attorneys will engage in advocacy contrary to the Commission’s adoption of this Stipulation.

19 Reservation of Rights. If the Commission accepts the Stipulation with new conditions, or approves the resolution of this proceeding through provisions that are different than recommended in this Stipulation, WAC 480-07-750(2)(b) shall apply. Consistent with WAC 480-07-750(2)(b)(ii), each Party reserves the right, upon written notice to the Commission and all Parties within seven (7) days of the Commission’s order, to state its rejection of the conditions. Otherwise, pursuant to WAC 480-07-750(2)(b)(i), each Party will notify the Commission within seven (7) days of the

Commission's order that it accepts the conditions. If the Commission rejects this Stipulation, WAC 480-07-750(2)(c) shall apply. In the event that the Commission rejects this Stipulation or if any Party rejects a proposed new condition, the Parties will: (1) request the prompt reconvening of a prehearing conference for purposes of establishing a procedural schedule for the completion of the case consistent with WAC 480-07-750(2)(c); and (2) cooperate in the development of a schedule that concludes the proceeding on the earliest possible date, taking into account the needs of the Parties in participating in hearings and preparing briefs.

20 Advance Review of News Releases. The Parties agree: (1) to provide each other the right to review in advance of publication any and all announcements or news releases that any Party intends to make about the Stipulation (with the right of review to include a reasonable opportunity to request changes to the text of such announcements); and (2) to include in any news release or announcement a statement that the Staff's recommendation to approve the settlement is not binding on the Commission itself.

21 No Precedent. The Parties have entered into the Stipulation to avoid further expense, uncertainty, and delay of continuing litigation. The Parties recognize that the Stipulation represents a compromise of the Parties' positions. As such, conduct, statements, and documents disclosed during negotiations of the Stipulation shall not be admissible as evidence in this or any other proceeding. By executing this Stipulation, no Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

22 Execution. The Parties may execute the Stipulation in counterparts and as executed shall constitute one agreement. Copies sent by facsimile or electronic mail are as effective as original documents.

23 Effective date. The effective date of the Stipulation is the date of the Commission order approving it.

This STIPULATION is entered into by each Party as of the date entered below.
DATED: November 8, 2021.

ROBERT W. FERGUSON
Attorney General

PACIFICORP

/s/ Daniel J. Teimouri

Daniel J. Teimouri
Assistant Attorney General
Counsel for the Washington Utilities and
Transportation Commission Staff

/s/ Ryan Flynn

Ryan Flynn
Senior Vice President and Chief Legal
Officer
PacifiCorp

Dated: November 4, 2021, 2021

Dated: November 4, 2021, 2021

ROBERT W. FERGUSON
Attorney General

ALLIANCE OF WESTERN ENERGY
CONSUMERS

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/s/ Brent L. Coleman

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Davison Van Cleve
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Consumers

Dated: November 4, 2021, 2021

Dated: November 5, 2021, 2021

THE ENERGY PROJECT

/s/ Yochanan Zakai

Yochanan Zakai
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Attorneys for The Energy Project

Dated: November 4, 2021, 2021