

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PACIFICORP d/b/a PACIFIC POWER &
LIGHT COMPANY,

 Petitioner,

2023 Power Cost Adjustment Mechanism
Annual Report.

Docket No. UE-240461

SETTLEMENT STIPULATION

1. PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company), Staff of the Washington Utilities and Transportation Commission (Staff), and the Alliance of Western Energy Consumers (AWEC) submit this Settlement Stipulation (Stipulation) of the deferral calculation of PacifiCorp’s 2023 Power Cost Adjustment Mechanism (PCAM) for approval from the Washington Utilities and Transportation Commission (Commission).

2. PacifiCorp, Staff, and AWEC (collectively, the “Parties,” and individually “Party”) have reached a full multiparty settlement as defined under WAC 480-07-730(3)(a).¹ The Public Counsel Unit of the Attorney General’s Office (Public Counsel) does not join the Stipulation and will be filing separate comments.

3. This Stipulation is being filed with the Commission as a full multiparty settlement of the issues in this proceeding in accordance with WAC 480-07-730(3)(a). The Stipulation resolves all issues among the Parties in this proceeding. The Stipulation consists of this document, entitled “Settlement Stipulation.” The Parties understand that

¹ WAC 480-07-730(3)(b) (“A full multiparty settlement is an agreement among some, but not all, parties to resolve all disputed issues between them.”).

the Stipulation is not binding on the Commission or any Party unless the Commission approves it.²

I. RECITALS

3. The PCAM is a rate mechanism designed to recover or refund significant, unexpected variations in power costs. The PCAM calculates the monthly variance between PacifiCorp's net power costs (NPC) embedded in rates and PacifiCorp's actual NPC and calculates deferral of these variances in a PCAM balancing account. Annually, PacifiCorp determines the total of any credit or surcharge for the accrued NPC variances, after application of a deadband and tiered sharing bands, and files a report with the Commission. When accruals in the PCAM balancing account reach a certain positive or negative level, this triggers amortization of the balance in rates.³
4. On June 14, 2024, PacifiCorp filed testimony, exhibits, and supporting documentation related to NPC deferred under the PCAM for the period January 1, 2023, through December 31, 2023 (Initial Filing). In its Initial Filing, PacifiCorp specified that for the 12-month period ended December 2023, the cumulative PCAM differential was a surcharge of \$87.5 million before application of the deadband and sharing band. After application of the deadband and asymmetrical sharing bands, the filing results in a deferral charge of \$72.7 million. Including interest, the total PCAM recovery requested in the Initial Filing is \$81.0 million.⁴

² The exception is that before the Commission's approval of the Stipulation, the Parties agree to support approval of the Stipulation by the Commission.

³ *Wash. Util. & Transp. Comm'n v. Pac. Power & Light Co.*, Docket UE-140762, Settlement Stipulation at 4-5 (May 8, 2015).

⁴ Exh. JP-1CT at 3:5-9.

5. AWEC filed a Motion to Intervene on July 11, 2024. Public Counsel filed its Notice of Appearance on July 16, 2024.
6. Staff prepared a memorandum summarizing Staff's position and presented the memorandum at the Commission's Open Meeting on September 26, 2024. In its memorandum, Staff deemed PacifiCorp's narrative testimonies and workbooks adequate for purposes of this PCAM but asserted that Staff could not make a determination of whether the rates and related cost recovery are fair, just, reasonable, and sufficient without the Commission providing further guidance as to the prudence of PacifiCorp's 2022 PCAM in Docket UE-230482.
7. On September 27, 2024, the Commission issued Order 01 in this docket. The Commission declined to approve PacifiCorp's 2023 PCAM Report at that time, noting that the Commission was still evaluating the prudence of PacifiCorp's 2022 PCAM Report in Docket UE-230482. The Commission concluded that a decision in this matter would greatly benefit from the completion of Docket UE-230482. The Commission suspended this matter and set this docket for adjudication.
8. On October 30, 2024, the Commission issued its Final Order in Docket UE-230482, finding that the Company's 2022 PCAM was prudent and accepting the proposed adjustments PacifiCorp had offered.⁵ This includes allocation of gas hedges to Washington.⁶ The Commission also directed PacifiCorp to conduct a third-party audit of the dispatch process for the Company's Hermiston and Chehalis natural gas plants.⁷

⁵ *In the Matter of the Petition of PacifiCorp, d/b/a Pac. Power & Light Co., 2022 Power Cost Adjustment Mechanism*, Docket UE-230482, Order 07 (Oct. 30, 2024).

⁶ Docket UE-230482, Order 07 at ¶ 115.

⁷ Docket UE-230482, Order 07 at ¶¶ 118-19.

9. The Parties worked together via email and reached a settlement in principle on December 10, 2024. Consistent with WAC 480-07-730, the Parties memorialize their agreement in this Stipulation, which constitutes a “full multiparty settlement” of the issues in this proceeding.

II. AGREEMENT

A. Specific Provisions

1. Reallocation of Gas Hedges to Washington

8. PacifiCorp agrees to make the reallocation adjustment that the Commission ordered in the 2022 PCAM.⁸ Specifically, if the natural gas hedge ratio for the west natural gas position is below 50 percent in a given month, then swap volumes sufficient to the task of getting the Washington hedge ratio to 50 percent are reallocated from the east gas swap position to the west gas swap position using the average mark-to-market value per Million British Thermal Units of east side hedges settled during that month, and using the final gas requirement forecast published before the contract month moved into spot. PacifiCorp agrees to make this adjustment in future PCAM proceedings until a new cost allocation methodology is adopted. This adjustment results in a \$0.7 million reduction in the PCAM balance.

2. Rate Effective Date

9. The Parties agree to recommend that the Commission adopt a February 1, 2025, rate effective date for this proceeding to avoid incurring significantly greater interest on the PCAM balance.

⁸ Docket UE-230482, Order 07 at ¶¶ 65, 115.

3. Amortization Period

10. The Parties agree that the PCAM balance will be amortized over a one-year period.

4. Unspecified Monetary Adjustment

11. In addition to the reduction described in Section A.1 of this Agreement, PacifiCorp agrees to reduce Washington NPC by \$1,000,000 as an unspecified monetary adjustment to resolve this proceeding.

5. Other Adjustments

12. The Parties agree that this Stipulation represents a compromise among competing interests and a resolution of all contested issues in this proceeding, with exception to any adjustments that may arise out of the findings of the audit ordered by the Commission of dispatch of the Chehalis and Hermiston gas plants. Any adjustment to PacifiCorp's Initial Filing not incorporated into this Stipulation directly or by reference would be resolved without an adjustment or recommendation for the purposes of this proceeding. Every party reserves the right to object to any adjustment in future PCAM proceedings.

6. Outage Information

13. In future PCAM filings, PacifiCorp will provide outage logs in the Company's initial workpapers. These outage logs will include the name of the plant where the outage occurred, the duration of the outage, and the megawatt-hour impact of the outage for outages that occurred at any generating plant allocated to Washington during the PCAM period.

B. General Provisions

14. 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. While certain adjustments were specifically addressed in the Stipulation, they are being accepted only as part of this 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 Stipulation.
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, equitable, and sufficient.
16. Binding on Parties. The Parties agree to support this Stipulation as a settlement of the contested issues between them in this proceeding. The Parties understand that this Stipulation is not binding on the Commission or any Party unless the Commission approves it.⁹ If approved by the Commission, the Parties shall take all actions necessary, as appropriate, to carry out this Stipulation.
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.

⁹ The exception is that prior to the Commission's approval of the Stipulation, the Parties agree to support the Stipulation before the Commission.

18. Procedure for Supporting Stipulation. The Parties shall cooperate in submitting this Stipulation promptly to the Commission for acceptance and shall 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)(b) 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 to timely reject any Commission condition, upon written notice to the Commission and all Parties. Otherwise, pursuant to WAC 480-07-750(2)(b)(i), each Party will timely notify the Commission 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 new condition imposed by the Commission, 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, inconvenience, 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.
24. This STIPULATION is entered into by each Party as of the date entered below.

Dated: December 20, 2024.

ROBERT W. FERGUSON
Attorney General



Josephine R. K. Strauss
Assistant Attorney General
Counsel for the Washington Utilities
and Transportation Commission Staff

Dated: December 20, 2024.

PACIFICORP

Matthew McVee
Vice President, Regulatory Policy
and Operations
PacifiCorp

Dated: _____, 2024.

ALLIANCE OF WESTERN
ENERGY CONSUMERS

Tyler Pepple
Davison Van Cleve
Counsel for AWEC

Dated: _____, 2024.

ROBERT W. FERGUSON
Attorney General

PACIFICORP

Josephine R. K. Strauss
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and Transportation Commission Staff



Matthew McVee
Vice President, Regulatory Policy
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PacifiCorp

Dated: _____, 2024.

Dated: December 20, 2024.

ALLIANCE OF WESTERN ENERGY
CONSUMERS

Tyler Pepple
Davison Van Cleve
Counsel for AWEC

Dated: _____, 2024.

ROBERT W. FERGUSON
Attorney General

PACIFICORP

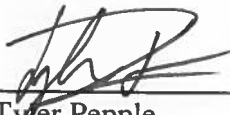
Josephine R. K. Strauss
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and Transportation Commission Staff

Matthew McVee
Vice President, Regulatory Policy
and Operations
PacifiCorp

Dated: _____, 2024.

Dated: _____, 2024.

ALLIANCE OF WESTERN ENERGY
CONSUMERS



Tyler Pepple
Davison Van Cleve
Counsel for AWEC

Dated: December 19, 2024.