

**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

**PACIFICORP & ALLIANCE OF WESTERN ENERGY CONSUMERS**

**JOINT TESTIMONY**

December 20, 2024

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## I. INTRODUCTION

1 **Q. What is the purpose of this Joint Testimony?**

2 A. This joint testimony (Joint Testimony) recommends that the Washington Utilities  
3 and Transportation Commission (Commission) approve the Settlement Stipulation  
4 (Stipulation) in this case among PacifiCorp d/b/a Pacific Power & Light Company  
5 (PacifiCorp or the Company), the Staff of the Washington Utilities and  
6 Transportation Commission (Staff), and the Alliance of Western Energy  
7 Consumers (AWEC) (individually, “Party,” and collectively, “Parties”). The  
8 Public Counsel Unit of the Attorney General’s Office (Public Counsel) does not  
9 join the Stipulation. The Stipulation resolves all issues among the Parties in this  
10 proceeding. Accordingly, the Stipulation is a full multiparty settlement under  
11 WAC 480-07-730(3)(a).<sup>1</sup>

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

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

- 14 • Jack Painter, Net Power Cost Adviser, PacifiCorp. My qualifications are  
15 provided in Exh. JP-1CT.
- Bradley G. Mullins, an independent consultant appearing on behalf of  
AWEC. My qualifications are provided in Exh. BGM-1.

16 **Q. Is Staff joining in this testimony?**

17 A. No. Staff is filing separate testimony in support of the Stipulation.

18 **Q. Would you briefly summarize the Stipulation?**

19 A. Yes. The Stipulation resolves all issues among the Parties in this docket. In the  
20 Stipulation, PacifiCorp agrees to make the hedging reallocation adjustment the

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

1 Commission ordered in the 2022 Power Cost Adjustment Mechanism (PCAM).  
2 Specifically, if the natural gas hedge ratio for the west natural gas position is  
3 below 50 percent in a given month, then swap volumes sufficient to the task of  
4 getting the Washington hedge ratio to 50 percent will be reallocated from the east  
5 gas swap position to the west gas swap position using the average mark-to-market  
6 value per Million British Thermal Units of east side hedges settled during that  
7 month, and using the final gas requirement forecast published before the contract  
8 month moved into spot. PacifiCorp also agrees to reduce Washington-allocated  
9 net power costs (NPC) by \$1,000,000 for an unspecified monetary adjustment to  
10 resolve this proceeding. The Parties also request a February 1, 2025 rate effective  
11 date to prevent the accrual of additional interest on the PCAM balance and  
12 amortization of the PCAM balance over a one-year period. Finally, in future  
13 PCAM filings, PacifiCorp will provide outage logs in the Company's initial  
14 workpapers.

15 **Q. What is Public Counsel's position on the Stipulation?**

16 A. Public Counsel does not join the Stipulation and intends to file separate  
17 comments.

18 **Q. Do you recommend approval of the Stipulation?**

19 A. Yes.

## II. BACKGROUND

20 **Q. Please describe the Company's initial filing in this proceeding.**

21 A. On June 14, 2024, PacifiCorp filed testimony, exhibits, and supporting  
22 documentation related to power costs deferred under the PCAM for the period

1 January 1, 2023, through December 31, 2023 (Initial Filing). In its Initial Filing,  
2 PacifiCorp specified that for the 12-month period ended December 2023, the  
3 cumulative PCAM differential was a surcharge of \$87.5 million before  
4 application of the deadband and sharing band. After application of the deadband  
5 and asymmetrical sharing bands and including interest, the filing resulted in a  
6 surcharge of \$81.0 million, including interest.

7 **Q. Has Staff opined on the Company's Initial Filing?**

8 A. Yes. Staff prepared a memorandum summarizing Staff's position and presented  
9 the memorandum at the Commission's Open Meeting on September 26, 2024. In  
10 its memorandum, Staff deemed PacifiCorp's narrative testimonies and workbooks  
11 adequate for purposes of this PCAM, but asserted that Staff could not make a  
12 determination of whether the rates and related cost recovery are fair, just,  
13 reasonable, and sufficient, without the Commission providing further guidance in  
14 Docket UE-230482. The Commission agreed with Staff's recommendation, and  
15 concluded that a decision in this matter would greatly benefit from the completion  
16 of Docket UE-230482. The Commission suspended this matter and set this  
17 docket for adjudication.

18 **Q. Has the Commission since completed Docket UE-230482?**

19 A. Yes. On October 30, 2024, the Commission issued its Final Order in Docket  
20 UE-230482, finding that the Company's 2022 PCAM, after applying PacifiCorp's  
21 recommended adjustments, was prudent.<sup>2</sup> The Commission also directed

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<sup>2</sup> *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 at ¶ 155 (Oct. 30, 2024).*

1 PacifiCorp to conduct a third-party audit of the dispatch process for the  
2 Company's Hermiston and Chehalis natural gas plants.<sup>3</sup>

3 **Q. How did this Stipulation develop?**

4 A. After the Final Order in the 2022 PCAM was issued, the Parties worked together  
5 via email and ultimately reached a settlement in principle on December 10, 2024.

### III. THE TERMS OF THE STIPULATION

6 **Q. Please explain the final PCAM balance agreed to in the Stipulation.**

7 A. As discussed above, after application of the deadband and asymmetrical sharing  
8 bands, the PCAM balance in PacifiCorp's Initial Filing<sup>3</sup> would result in a  
9 surcharge of \$81.0 million, including interest. The Stipulation results in a \$1.7  
10 million downward adjustment to the balance, resulting in a final PCAM balance  
11 of \$79.3 million.

12 **Q. What is the rate effective date for this case?**

13 A. In the Stipulation, the Parties recommend that the Commission adopt a  
14 February 1, 2025 rate effective date to avoid incurring significantly greater  
15 interest on the PCAM balance. The Parties also request that the PCAM balance  
16 be amortized over a one-year period.

17 **Q. Did the Parties reach an agreement on other adjustments?**

18 A. Yes. The Parties agree that the Stipulation represents a compromise among  
19 competing interests and a resolution of all contested issues in this proceeding,  
20 with exception to any adjustments that may arise out of the findings of the audit  
21 ordered by the Commission of dispatch of the Chehalis and Hermiston gas plants.

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<sup>3</sup> Docket UE-230482, Order 07 at ¶¶ 118-19.

1 Any adjustment to PacifiCorp’s Initial Filing not incorporated into the Stipulation  
2 directly or by reference would be resolved without an adjustment or  
3 recommendation for the purposes of this proceeding.

4 **Q. Did the Parties agree to any additional reporting requirements in future  
5 PCAMs?**

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

11 **IV. STATEMENTS OF PACIFICORP AND AWEC**

12 **Q. Please explain why PacifiCorp supports this Stipulation and believes it is in  
13 the public interest.**

14 A. The Commission had previously declined to issue a final order regarding the  
15 Company’s 2023 PCAM pending guidance from Docket UE-230482, but the  
16 Commission has since provided that guidance in its final order resolving that  
17 docket. This Stipulation reflects an adjustment consistent with the adjustment that  
18 the Commission adopted in Docket UE-230482. With the continued  
19 implementation of the adjustment adopted in Docket UE-230482, this Stipulation  
20 provides consistent treatment of PacifiCorp’s recovery of NPC. PacifiCorp  
21 supports this settlement as in the public interest and recommends that the  
22 Commission adopt this settlement as the resolution of all the issues in this case.

23 **Q. Please explain why AWEC supports this Stipulation and believes it is in the**

1           **public interest.**

2    A.     While AWEC did not agree with the result and conclusions of the Commission's  
3           Final Order in Docket UE-230482, AWEC accepts that this order is likely  
4           dispositive in this docket with respect to the hedging issues AWEC raised in the  
5           context of the 2022 PCAM. In addition, the Stipulation provides an incremental  
6           and reasonable \$1 million reduction to resolve 2023 power cost issues that were  
7           unrelated to hedging. As such, AWEC believes the Stipulation is in the public  
8           interest.

9    **Q.     Have you evaluated the overall fairness of the Stipulation?**

10   A.     Yes. We have reviewed the record in this case and the Stipulation and agree that  
11          the rates resulting from the Stipulation are just, fair, reasonable and sufficient, and  
12          represent a reasonable compromise of the issues presented in this case.

13   **Q.     What do you recommend regarding the Stipulation?**

14   A.     We recommend that the Commission adopt the Stipulation as the basis for  
15          resolving all of the issues in this case.

16   **V.        CONCLUSION**

17   **Q.     Do you recommend that the Commission approve the Stipulation?**

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

21   **Q.     Does this conclude the Joint Testimony in support of the Stipulation?**

22   A.     Yes.