UE-250224 / PacifiCorp
September 29, 2025
AWEC Data Request 069

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Reference Mitchell, Exh. RJM 13CT at 6:20-22: Witness Mitchell states "An accurate forecast therefore must be based on this physical reality, not on artificial accounting lines imposed after the-fact in the spreadsheet method of allocating costs to Washington."

(a) Please identify all "artificial accounting lines imposed after the-fact in the spreadsheet method of allocating costs to Washington" that have been proposed by parties in this proceeding.

(b) Does PacifiCorp agree that its forecast includes costs associated with the day-ahead real-time adjustment, which is added to NPC "after-the-fact" outside of the Aurora model in a spreadsheet? If not, please explain why not.

(c) If the Aurora model produced a result that was clearly inconsistent with physical reality, does PacifiCorp believe it would be important to correct the modeling to produce a more accurate forecast? Please explain your answer.

Response to AWEC Data Request 069

(a) Several parties in this 2026 power costs only rate case (PCORC) have proposed "artificial accounting lines" – after-the-fact adjustments in the cost allocation – that PacifiCorp considers inappropriate because they disconnect Washington's costs from the physical reality of PacifiCorp's integrated system. One clear example is the Alliance of Western Energy Consumers' (AWEC) suggestion that Washington should exclude all cost effects of resources not directly assigned to Washington – essentially drawing an *"artificial accounting wall"* around Washington's net power costs (NPC) calculation. In AWEC's testimony, for instance, AWEC argues *"Washington is not concerned…with the cost of PacifiCorp's coal and gas plants allocated to other states"* and seeks to remove or alter costs related to those resources. PacifiCorp identifies this as an "artificial line" because it ignores how those out-of-state resources physically support Washington (e.g. providing reserves and integration for wind). Another after-the-fact accounting maneuver is AWEC's proposal to strip out the day-ahead / real-time (DA/RT) volume component from Washington's NPC. That adjustment – a spreadsheet calculation– ensures PacifiCorp's NPC forecast accounts for real-world purchasing inefficiencies, yet AWEC labels it "artificial" and wants it removed. Additionally, AWEC suggests disallowing costs for certain contracts not directly serving Washington (such as curtailable industrial load contracts), even though those provide system reserves benefiting Washington. In summary, the "artificial lines" proposed by parties include: (i) excluding *entire categories of cost (and benefit) associated with non-Washington resources*, (ii) removing the *volume component of the DA/RT balancing*

adjustment that aligns our forecast with operational reality, and (iii) stripping out *costs for system reliability contracts* because they were not individually approved by Washington. Each of these is a non-physical, accounting-driven segregation that PacifiCorp did not make in its filing – and which PacifiCorp believes the Washington Utilities and Transportation Commission (WUTC) should reject – because they attempt to allocate costs as if Washington were electrically islanded.

(b) PacifiCorp does include an after-the-fact adjustment – the DA/RT volume component – in its NPC forecast, but PacifiCorp does not agree that this is an improper "artificial accounting line". On the contrary, this spreadsheet adjustment is a deliberate correction to the Aurora model's perfect foresight, added *outside* the model to make the forecast more accurate and aligned with real-world operations. In other words, yes, PacifiCorp's forecast includes costs associated with the DA/RT volume component as an *ex post* addition—it is a prudent measure that ensures that the Company is not underestimating costs. PacifiCorp acknowledges this adjustment is done in a spreadsheet "after the fact", but emphasizes it's done *for good reason*: the Aurora production cost model inherently assumes unrealistic hourly granularity in day-ahead markets, which is not true in practice. The DA/RT volume component therefore adds back the transactional costs of reshaping energy purchases (buying in blocks and later selling excess, as an example) using observed market prices. Far from being arbitrary accounting, this after-the-fact line item corrects the forecast to match physical reality, *in direct contradiction to AWEC's proposal to remove it*. In summary, PacifiCorp agrees that its forecast contains an after-the-fact DA/RT adjustment, but PacifiCorp disagrees with characterizing it as an illegitimate "artificial line" – it is a necessary part of an accurate and well-founded NPC forecast.

(c) Yes. If the Aurora model produced a result clearly inconsistent with physical reality, PacifiCorp believes it is important to correct the modeling or adjust the NPC forecast to produce a more accurate outcome. In fact, that is exactly what the Company does in cases such as the DA/RT volume component discussed above – PacifiCorp identified that the model's output (which effectively showed an unrealistic profit from the inefficiencies of balancing trades) was plainly at odds with real-world economics, therefore, the Company corrected the forecast via a post-model adjustment. More generally, PacifiCorp's approach is to prioritize an accurate **aggregate** forecast over blind adherence to the model. PacifiCorp recognizes, however, that not every model imperfection can be fixed internally; some must be addressed through out-of-model adjustments, as has been done for perfect foresight issues. The key distinction made is between a narrow item and the overall forecast: if a model's specific output is clearly wrong (violating physical constraints or rational economics), PacifiCorp will seek to adjust it – but only if doing so improves the *total system cost forecast* without creating new inaccuracies

elsewhere. In principle, yes, PacifiCorp would (and does) correct the modeling when needed to reflect reality. In practice, PacifiCorp cannot always fix every unrealistic aspect *within* the model (there are trade-offs – improving one area can worsen another), but if a model result is clearly inconsistent with how the grid or markets actually work, the Company believes it is crucial to address it within the time constraints and priority order (either by refining the model or via an external adjustment) to yield the most accurate forecast for customers. PacifiCorp's actions in this case – e.g. implementing the DA/RT volume correction – demonstrate that commitment.

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