BEFORE THE WASHINGTON

UTILITIES & TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Complainant,

v.

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

Respondent.

DOCKET UE-210829

RESPONSE TESTIMONY OF DR. ROBERT L. EARLE ON BEHALF OF THE WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL PUBLIC COUNSEL UNIT

EXHIBIT RLE-1T

August 21, 2024

RESPONSE TESTIMONY OF DR. ROBERT L. EARLE

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1 **I. INTRODUCTION & SUMMARY**

2 **Q. Please state your name and business address.**

3 A. My name is Robert Earle. My business address is 1388 Haight St. #49, San
4 Francisco, CA, 94117.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Alea IE, LLC as the owner.

7 **Q. On whose behalf are you testifying?**

8 A. I am testifying on behalf of the Public Counsel Unit of the Washington State
9 Attorney General's Office (Public Counsel).

10 **Q. Please describe your professional qualifications.**

11 A. I have over two decades of experience in the electric power and natural gas
12 industries. This includes working on infrastructure planning, environmental
13 mitigation, and analysis of gas and electric power markets. I taught graduate level
14 classes in statistical machine learning at the University of Zürich for five years
15 and supervised two masters' theses. I have Ph.D. and M.S. degrees from Stanford
16 University in operations research, and an A.B. in mathematics from the College of
17 William and Mary. My curriculum vitae is attached as Exhibit RLE-2.

18 **Q. What exhibits are you sponsoring in this proceeding?**

19 A. I am sponsoring the following exhibits:

20 Exhibit RLE-2 Curriculum Vitae of Robert Earle

21 Exhibit RLE-3 PacifiCorp Response to Public Counsel Data
22 Request 3

1 **Q. Please give an overview of your testimony.**

2 A. Over many years, PacifiCorp (the Company) has neglected to adequately perform
3 long-term planning in order to protect Washington customers from exposure to
4 the market. More recently, in order to achieve the Clean Energy Transformation
5 Act (CETA) 80 percent clean energy target by 2030 at the lowest reasonable cost,
6 PacifiCorp has also failed to adequately plan. While PacifiCorp puts forth a
7 number of excuses such as market or regulatory uncertainty or the constraints of
8 the Western Inter-Jurisdictional Allocation Methodology (WIJAM) in its Biennial
9 Clean Energy Implementation Plan Update (BCEIP), none of these have merit.
10 PacifiCorp has failed to plan adequately for its Washington customers.

11 **Q. What is your recommendation to the Washington Utilities and**
12 **Transportation Commission (Commission)?**

13 A. Public Counsel recommends the Commission impose a penalty of $1,000 per
14 violation per day as authorized by WAC 480-100-665 on PacifiCorp until the
15 Company develops a CEIP and Integrated Resource Plan (IRP) that protect
16 Washington consumers and reasonably meets CETA requirements and such plans
17 are approved by the Commission. PacifiCorp has had years of warning that it has
18 failed to plan to protect Washington consumers. Its failure to adequately plan by
19 taking specific actions at the lowest reasonable cost on behalf of Washington
20 consumers has put their CEIP out of compliance. Please refer to the testimony of
21 Stefan de Villiers for additional details concerning the appropriate penalty.

1
2

II. WASHINGTON CUSTOMERS HAVE HIGHER NPC THAN CUSTOMERS IN OTHER JURSIDICTIONS

3 **Q. Why do you say that Washington customers have higher Net Power Costs**
4 **(NPC) than customers in other PacifiCorp jurisdictions?**
5 A. NPC for Washington customers have exploded starting in 2021, with power costs
6 on a $/MWh basis increasing year-over-year by 46 percent in 2021, 29 percent in
7 2022, and 15 percent in 2023, resulting in power costs more than doubling for
8 Washington customers since 2020. Moreover, Washington's $/MWh power costs
9 have been consistently higher than in PacifiCorp's other jurisdictions on a net
10 system load basis. If Washington's net power costs had been similar to those in
11 other PacifiCorp jurisdictions from 2021 through 2023, Washington customers'
12 net power costs would have been $163 million less than those claimed by
13 PacifiCorp.

14

Figure 1
Washington Customers' Power Costs Have Exploded

1 **Q. Is all of the $163 million differential solely due to the overexposure of**
2 **Washington customers to the market?**
3 A. Possibly not. But, as documented below, Washington's market overexposure has
4 been an excuse and a concern for Washington NPC for a very long time.
5 Moreover, for 2021 through 2023, $190 million of the increase to NPC[1] was
6 attributed to purchased power expense and natural gas expense.[2] In other words,
7 market exposure drove the increase in NPC. PacifiCorp has known that exposure
8 to the market was a problem for its Washington customers from the inception of
9 the West Control Area Inter-Jurisdictional Allocation Methodology (WCA) in
10 2007.[3] Yet, it has done nothing to specifically address Washington customers'
11 market overexposure.
12 **Q. Is the planning for CETA compliance and the IRP linked?**
13 A. It should be. There is a difference in emphasis between CEIP planning and IRP
14 planning. While CEIP planning focuses on progress towards CETA compliance,
15 IRP planning focuses on meeting future needs in a cost-effective manner.
16 However, both CEIP and IRP planning should be planning the same resources to
17 meet future needs whether they are CETA compliance or least cost provision of
18 power. While the timeframes might differ, if CEIP and IRP plans differ in the
19 resources planned, there is cause for concern. This is why PacifiCorp's failure to

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[1] In each year there were some offsetting factors as well.
[2] Direct Test. of Jack Painter, Exh. JP-1T at 14, Table 3, *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-220441 (June 15, 2022); Direct Test. of Jack Painter, Exh. JP-1T at 11, Table 3, *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-230482 (June 15, 2023) (hereinafter *2022 PCAM Docket*); Direct Test. of Jack Painter, Exh. JP-1CT at 11, Table 3, *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-240461 (June 14, 2024).
[3] Direct Test. of Ramon J. Mitchell, Exh. RJM-1T at 14:7–9, *2022 PCAM Docket,* (filed June 15, 2023).

1 adequately plan to meet Washington's needs in its IRP process is relevant to its
2 failure to plan to meet Washington's needs in its BCEIP.

3 III. PACIFICORP HAS A LONG HISTORY OF IGNORING COMMISSION 4 WARNINGS ON LONG-TERM PLANNING

5 **Q. Why do you say that PacifiCorp has a long history of ignoring Commission**
6 **warnings on long-term planning?**

7 A. The Commission recently reaffirmed what it said 10 years ago that PacifiCorp has
8 a "responsibility to manage its power costs using integrated resource planning,
9 carefully structured hedging practices, conservation initiatives, and other means
10 available to PacifiCorp and other utilities."[4] In 2022, the Commission listed
11 numerous warnings to PacifiCorp about risk exposure to market fluctuations and
12 specifically directed the Company to demonstrate that its "portfolio of long-term
13 resources the Company acquired or chose not to acquire" was prudent.[5]

14 In the Power Cost Only Rate Case (PCORC) order, the Commission
15 details how in its acknowledgment letters for the 2011, 2015, and 2017 IRPs, it
16 cautioned PacifiCorp on its reliance on market purchases.[6] The Commission went
17 on to say "PacifiCorp has made significant investments in recent years, but the
18 evidence in this case shows that the Company's continued reliance on market
19 purchases has exposed Washington customers to significant price increases."[7]

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[4] *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pacific Power & Light Co.*, Dockets UE-230172 and UE-210852, Order 08/06, ¶ 402 (Mar. 19, 2024) (citing *Wash. Utils. & Transp. Comm'n v. PacifiCorp*, Docket UE-130043, Order 05, ¶ 172 (Dec. 4, 2013)).

[5] *See, Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-210402, Order 06, ¶ 108 (Mar. 29, 2022) (hereinafter *PCORC Docket*). The Commission also stated (¶ 3) that, "We are concerned, however, that the Company may not have prudently managed market risk for its Washington customers."

[6] *Id.* ¶¶ 142–144.

[7] *Id.* ¶ 146.

1 The Commission concludes "despite these clear indications from the Commission,
2 the Company continues to rely on market purchases to meet Washington
3 customers' load."[8]

4 **Q. Did PacifiCorp provide any evidence that its decisions prior to 2023 were**
5 **prudent in its long-term planning and consequent exposure of Washington**
6 **customers to market prices?**

7 A. No, contrary to the Commission's order in the PCORC Docket, the Company
8 does not provide any evidence that its long-term decisions concerning
9 Washington customer market exposure were prudent prior to 2023. PacifiCorp
10 says that it evaluated the risk of its market reliance in its 2023 IRP,[9] but provides
11 no evidence that its decisions prior to 2023 were prudent.

12 The only discussion in PacifiCorp's 2022 PCAM Docket testimony
13 concerning long-term procurement prior to its 2023 IRP is of the ratemaking
14 exposure for Washington customers that resulted from WCA and continues under
15 WIJAM.[10] The important point to be gleaned from this discussion is that
16 PacifiCorp knew from the inception of the WCA in 2007 that Washington "would
17 have to meet a higher proportion of its retail load with market purchases than is
18 the case in the east control area."[11]

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[8] *Id.* ¶ 147.
[9] Mitchell, Exh. RJM-1T at 12:8–13:10., *2022 PCAM Docket,* (filed June 15, 2023).
[10] *Id.* at 13:11–14:17.
[11] *Id.* at 14:7–9. PacifiCorp says the Commission knew about this, strangely suggesting that it absolved PacifiCorp from addressing the issue.

1 **Q. Has PacifiCorp been helpless and unable to specifically address Washington**
2 **customers' market overexposure or environmental requirements?**
3 A. No, contrary to what PacifiCorp claimed in the 2022 PCAM docket—that it is all
4 the fault of the WCA and WIJAM—PacifiCorp could have specifically addressed
5 Washington's market overexposure in its long-term procurement. However,
6 PacifiCorp has continued to unreasonably rely on the mantra that it "optimizes for
7 the system as whole."[12] This is at the core of the problem facing PacifiCorp and
8 the Commission in the CEIP as well. PacifiCorp views compliance with a
9 Washington state statute as an optional and negotiable requirement that can be
10 subservient to the needs of a multi-state system. Compliance with a clear statute
11 is, however, not optional either in planning or in practice. PacifiCorp's allocation
12 agreements do not prevent PacifiCorp from acquiring resources specific to
13 Washington. If PacifiCorp insists that they do, it should be understood that
14 PacifiCorp's allocation agreements are choices PacifiCorp made, and those
15 agreements should then be reexamined or altered to reach compliance. When
16 viewed from that perspective, simply following the allocation protocols in
17 planning is imprudent.

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[12] *Id.* at 2:15–28 (citing *PCORC Docket* Order 06, ¶ 147); Robert L. Earle, Exh. RLE-3, *2022 PCAM Docket*, (filed Mar. 28, 2024) (PacificCorp Response to Public Counsel Data Request No. 01, subpart g.); PacificCorp, *Integrated Resource Plan*, Vol. 1, at 55, 162, 218 (Mar. 31, 2023), https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2023-irp/2023_IRP_Volume_I.pdf.

1 **Q. Does the WIJAM prevent PacifiCorp from procuring long-term resources**
2 **for Washington customers to address their market overexposure?**
3 A. Not at all. It should be emphasized that the issue concerning long-term
4 procurement in this proceeding for meeting clean energy targets (or for limiting
5 Washington market exposure) does not have to do with any constraints imposed
6 by WIJAM. WIJAM, and the WCA before it, address the issue of allocation of the
7 costs of power resources *shared* by customers across jurisdictions. The allocation
8 methodologies, however, do not address whether PacifiCorp's actions have been
9 prudent. Nor do the allocation methods relieve PacifiCorp or the Commission of
10 the obligation to ensure that rates are just and reasonable. Perhaps WIJAM should
11 be reformed, but that is irrelevant to the prudency of PacifiCorp's long-term
12 planning actions. The WIJAM explicitly says:

13 Nothing in this Agreement is intended to abrogate the Commission's
14 right or obligation to: (1) determine fair, just, and reasonable rates
15 based upon applicable laws and the record established in rate
16 proceedings conducted by the Commission; (2) consider the impact
17 of changes in laws, regulations, or circumstances on
18 interjurisdictional allocation policies and procedures when
19 determining fair, just, and reasonable rates; or (3) establish different
20 allocation policies and procedures for purposes of allocating costs
21 and revenues to different customers or customer classes.[13]

22 That is, under WIJAM, the Commission has been able to approve a
23 proposal by PacifiCorp to acquire long-term resources that would specifically be
24 for the sole benefit of Washington customers and paid for by Washington

[13] Michael G. Wilding, Exh. MGW-2 at 3, *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-191024 (filed Sept. 25, 2020) (Western Inter-Jurisdictional Allocation Methodology, Section 2).

1 customers. The costs (and benefits) of such resources would not have to be
2 subject to WIJAM allocation.
3 As the Commission points out in its PCORC Order, "there is no evidence
4 that WIJAM, or the associated 2020 PacifiCorp Inter-Jurisdictional Allocation
5 Protocol, prevents the Company from performing more comprehensive market
6 risk reliance assessments or from prudently managing the risks of its Washington-
7 allocated power costs."[14]
8 The Commission further points out that PacifiCorp "admits that the terms
9 of WIJAM do not relieve the Company from considering Washington's market
10 exposure."[15]
11 Despite this, the Company failed to consider Washington's
12 disproportionate market exposure in its procurement of long-term resources. It
13 lumped Washington's exposure into the exposure of the system as a whole,
14 willfully disregarding the impacts on its Washington customers.
15 **Q. PacifiCorp says that some market exposure is reasonable.[16] Does this absolve**
16 **it from addressing the market overexposure of its Washington customers?**
17 A. While some market exposure may be desirable under some circumstances,
18 PacifiCorp has optimized (so it claims) for its system market exposure, leaving its
19 Washington customers bearing a larger amount of exposure than the system as a
20 whole. Applying the standards for market exposure of the system to Washington

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[14] *PCORC Docket*, Order 06, ¶ 151.
[15] *Id.* ¶ 150.
[16] Mitchell, Exh. RJM-1T at 13:1–10, *2022 PCAM Docket* (filed June 15, 2023).

1 customers means not only that the Washington customers are overexposed, but
2 also customers in other jurisdictions are necessarily underexposed.

3 **Q. Does the Company's PCAM testimony establish what level of market**
4 **exposure is reasonable and whether it has stayed within that reasonable level**
5 **of market exposures?**

6 A. Not it does not. This is another example of the Company's failure to comply with
7 the Commission's direction to "address the issue of the prudency of its power
8 costs…and ***its choice of market exposure*** for its Washington-allocated portfolio
9 given the concerns raised by the Commission over a number of years."[17]

10 **Q. Does the 2023 IRP provide any hope that the Company will resolve**
11 **Washington's market overexposure going forward?**

12 A. No, it does not. Not only does the 2023 IRP provide no justification for
13 PacifiCorp's previous failures, but it does also not provide any reassurance that
14 Washington specific issues will be addressed in the future.

15 **Q. How do you respond to PacifiCorp's claims that procuring some resources**
16 **separately for Washington would increase costs?**

17 A. The Company argued in the 2022 PCAM Docket that "a state-specific resource
18 situs-assigned to Washington would, by definition be more expensive than the
19 least-cost, least-risk solution identified through PacifiCorp's Integrated Resource
20 Plan (IRP)."[18] This is a specious argument. While it is possible that a resource
21 selected to meet a Washington-specific requirement would be more expensive

[17] *Id.* at 2:6–11 (citing *PCORC Docket* Order 06, ¶ 147). (Emphasis added).
[18] PacifiCorp Post-Hearing Brief ¶ 69, *2022 PCAM Docket* (filed July 3, 2024).

1 than one selected through the IRP ignoring Washington's needs, PacifiCorp
2 ignores a couple of important facts.
3 First, the question is, more expensive for whom? A state-specific resource
4 selected for Washington would be paid for by Washington ratepayers. It would
5 not impose costs on other states. Importantly though, the Washington-specific
6 resource could ameliorate Washington's problem of excessive market exposure or
7 need to meet CETA goals. Second, under PacifiCorp's approach to the IRP,
8 Washington-specific issues are not addressed, so even if a system-selected
9 resource is cheaper, only a portion of it would be allocated to Washington. As a
10 result, Washington's overexposure would not be solved.
11 For example, suppose Washington needed an additional 100 MW[19] of
12 resources allocated to it to bring its market exposure in line with the market
13 exposure of other PacifiCorp's jurisdictions. Under PacifiCorp's approach of
14 having no Washington-specific resources, if 100 MW in resources were added,
15 under the WIJAM allocation only about 8 percent, or around 8 MW would be
16 allocated to Washington, leaving Washington still needing 92 MW. To get to the
17 100 MW needed for Washington using the WIJAM allocation, 1250 MW would
18 need to be built (1250 MW x 8% = 100 MW). This would very likely be an
19 expensive outcome. Instead, a Washington-specific resource of 100 MW could be
20 built for Washington and paid for by Washington ratepayers.
21 Relying on allocation through WIJAM makes meeting CETA targets far
22 harder, whereas developing Washington specific resources would facilitate

[19] 100 MW is meant as an illustration, not an actual objective.

1 progress towards CETA compliance (as well as addressing Washington's market
2 overexposure).

3 PacifiCorp might complain that a Washington-specific resource would
4 bring up other problems such as integration into the system, making having a
5 Washington-specific resource impossible. This would be a spurious complaint.
6 Puget Sound Energy (PSE) contracted for renewable resources for a subset of its
7 customers through its Green Direct program.[20] The customers receive renewable
8 power under the program and pay for the renewable resources assigned to them
9 but are still integrated into the PSE system and pay the appropriate charges for
10 their usage of the PSE system. The experience with PSE's Green Direct program
11 shows that it is possible for a subset of customers to exclusively receive the
12 benefits of renewable power without disadvantaging other customers.

13 The purpose of planning documents is to explore alternative options to
14 meet regulatory requirements and customer needs at the lowest cost for
15 Washington customers. PacifiCorp should have explored alternatives that
16 included Washington specific resources, but it did not.

17 Indeed, PacifiCorp's Vice President of Regulatory Policy and Operations
18 has indicated that developing resources for specific states has some benefit.[21]

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[20] A description of the Green Direct program can be found here: https://www.pse.com/en/green-options/Renewable-Energy-Programs/green-direct.
[21] Public Counsel Cross-Exam. Exh. 230482_PC (1)_Exh. MGW-__Xr - Recess Open Meeting Transcript Docket UE-210829_5-29-2024 TR. 91:22–92:5, *2022 PCAM Docket* (filed May 29, 2024).

1 **Q. How do you respond to PacifiCorp's claims that it has added "significant**
2 **new renewable generation" and thus has addressed Washington customers**
3 **market overexposure?**[22]

4 A. PacifiCorp's claims miss the point. While it is true that PacifiCorp has added
5 significant new renewable generation, only a small percentage of that is allocated
6 to Washington. For the wind projects that the Company brags contribute to
7 Washington's resources, only 9.9 percent of the output is allocated to Washington
8 by the Company.[23] PacifiCorp has taken no actions specific to Washington in its
9 long-term resource planning to alleviate Washington's market exposure. While
10 PacifiCorp could have built or acquired long-term resources specifically for
11 Washington, it did not do so. PacifiCorp's testimony in this docket suffers from
12 the same problem.[24]

13 The Company bizarrely complains that Public Counsel did not provide
14 evidence that "the acquisition of some resource would have reduced costs for
15 Washington customers."[25] PacifiCorp bears the burden of proof to show that its
16 actions were prudent, not Public Counsel, Staff, or any other interested Party. The
17 fact is that PacifiCorp did not bother to examine if a Washington-specific resource
18 would have reduced costs for Washington consumers. An additional Washington-
19 specific resource would have certainly reduced Washington's market exposure.

[22] Rebuttal Test. of Michael G. Wilding, MGW-1T at 13:6–14, *2022 PCAM Docket,* (filed May 2, 2024).
[23] *Id.* at 11, Table.
[24] Direct Test. of Matthew D. McVee, Exh. MDM-1T at 22:3–10.
[25] Wilding, MGW-1T at 13:12–14, 14:4–7, *2022 PCAM Docket*.

1 **Q. How do you respond to PacifiCorp's earlier assertion that because its $/kWh**
2 **overall rates are "consistently comparable to other investor-owned utilities in**
3 **Washington" that its planning has been prudent?**[26]
4 A. Many different costs go into rates. These include distribution system costs and
5 transmission system costs, Moreover, the three investor-owned utilities (IOUs) in
6 Washington have different customer bases, legacy generation, distribution
7 systems, and transmission systems. While comparing rates across the Washington
8 IOUs is interesting, the results of such a comparison cannot result in a pre-
9 determination of prudency. For example, Avista is endowed with a relatively
10 large amount of hydro generation. That does not make its current decisions
11 concerning generation prudent. Likewise, PacifiCorp's overall rates in
12 Washington do not indicate that it has been prudent in its planning.
13 **Q. How do you respond to PacifiCorp's earlier assertion that "building or**
14 **acquiring new resources alone is not going to solve a market exposure issue**
15 **given Washington's recent energy policies and the need to plan for new types**
16 **of resources."**[27]
17 A. This is a strange and false contention for several reasons. First, on a system level
18 PacifiCorp builds or acquires to adjust its system-wide market exposure. There is
19 nothing stopping it from building or acquiring new resources specifically for
20 Washington to reduce Washington's market exposure. Washington's market
21 exposure is greater than the market exposure of PacifiCorp's other jurisdictions.

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[26] *Id.* at 14:15–17.
[27] *Id.* at 15:7–9.

1 Washington-specific resources could bring down Washington's market exposure
2 towards the level of PacifiCorp's other jurisdictions. Second, Washington's recent
3 energy policies did not prevent PacifiCorp from reducing Washington's market
4 exposure 13 years ago when the Commission started to warn PacifiCorp about the
5 need to reduce Washington's market exposure. Third, the need to plan for new
6 types of resources has been evident for years before CETA or CCA were enacted.
7 In the event the legislation was enacted, PacifiCorp could have been ready to
8 acquire new types of resources had it done contingency planning.
9 Any argument that PacifiCorp might similarly make that building or
10 acquiring resources for Washington specifically for CETA compliance would not
11 solve progress towards similarly fails. As discussed elsewhere in this testimony,
12 PacifiCorp has admitted this.
13 **Q. How do you respond to PacifiCorp's earlier assertion that it is not the role of**
14 **the IRP process to mitigate a specific market exposure, it is to find the least**
15 **cost, least risk resource mix for serving customers, and that has always**
16 **included market purchases?"[28]**
17 A. This illustrates the Company's obstinate refusal to plan for the needs of
18 Washington customers when they differ from that of the system as a whole.
19 PacifiCorp pointed to the 2023 IRP specifically when it said it evaluated the
20 degree of market reliance as appropriate. But it did not evaluate how much market
21 reliance was reasonable for Washington even though the Commission instructed
22 PacifiCorp to do so, as discussed above. The Company says it is not the role of

[28] *Id*. at 17:14–16

1 the IRP to address Washington's market overexposure, but it also does not
2 address that overexposure elsewhere. PacifiCorp could, if it wanted to, address
3 Washington's market exposure in the IRP, but refuses to, saying it optimizes for
4 the system as a whole. PacifiCorp's position is completely unreasonable. The
5 Vice President of Regulatory Policy and Operations of PacifiCorp has
6 contradicted this position in the context of discussing the 2023 IRP:[29]

> 7 [D]eveloping resources just for particular states is probably where
> 8 we have to go, and there's some benefit to that. What that does mean
> 9 is instead of Washington taking 8 percent of a resource, a solar
> 10 resource, say, a 200 megawatt solar resource, it might take 100
> 11 percent of split it with Oregon, but take larger shares. That gives us
> 12 incremental improvement, much more than we would have as just a
> 13 system development.

14 IV. PACIFICORP HAS CONTINUED WITH ITS TRADITION OF FAILING 15 TO PLAN FOR WASHINGTON WITH ITS BCEIP FILING

16 **Q. Why do you say that PacifiCorp has continued with its tradition of failing to**
17 **plan for Washington in its BCEIP filing?**

18 A. PacifiCorp presents five excuses for its not just lack of progress, but backward
19 movement from CEIP goals. A delay in replacing WIJAM, changed assumptions
20 concerning thermal resources, repricing of bids and bid withdrawals in 2020
21 leading to fewer near-term resources on-line by 2025, limited short-term contract
22 options, and changing load and retail sales.[30] None of these excuses have merit.

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[29] Public Counsel Cross-Exam Exh. 230482_PC (1)_Exh. MGW-__Xr - Recess Open Meeting Transcript Docket UE-210829_5-29-2024. TR. 91:22–92:5, *2022 PCAM Docket* (filed May 29, 2024).
[30] McVee, Exh. MDM-1T at 8:20–9:2.

1 **Q. Why does the excuse of changing load and retail sales lack merit?**

2 A. PacifiCorp says that changing load and retail forecasts relative to the rest of the
3 system are problematic. The issue here appears to be the "mix of resources that
4 will be allocated to serve Washington customers."[31] The changes in relative load
5 and retail forecasts would not matter if the Company treated Washington, at least
6 in part, as a special case in its planning. In other words, a Washington-specific
7 resource allocated 100 percent to Washington would not have its allocation
8 changed if the load and retail sales of Washington changed either in absolute
9 terms or relative to other PacifiCorp jurisdictions. It would remain 100 percent.
10 This excuse is emblematic of PacifiCorp's unreasonable insistence on not
11 performing any planning specific for its Washington customers.

12 **Q. Why do the excuses of limited short-term contract options and problems with**
13 **the 2020 all source (AS) request for proposals (RFP) lack merit?**

14 A. These excuses are related. PacifiCorp does not have short-term contract options in
15 hand for 2025 because, amongst other reasons, it cancelled the 2022 AS RFP.
16 Moreover, the Company admits it did not pursue the options for the 2020 AS RFP
17 because it would have required "substantial additional analysis."[32] This candid
18 admission can only indicate one of two things. Either, PacifiCorp has a startling
19 insouciance towards the needs of its Washington customers. Indeed, other
20 evidence in the record in this docket and the 2022 PCAM Docket supports this.
21 Or, the Company did not want to spend the resources necessary to analyze the

[31] *Id.* at 11:17–23.
[32] *Id.* at 22:22–23:1.

1 revised offers in 2020. If PacifiCorp did not have the internal resources or skills to
2 do the analysis, it could have hired consultants to do the analysis. Getting outside
3 resources, however, would have decreased shareholder return.

4 **Q. Why does the excuse of changed assumptions concerning thermal resources**
5 **lack merit?**

6 A. PacifiCorp claims that it needed to continue supplying Washington customers
7 from certain thermal resources because of market prices. This was a short-term
8 issue, that as discussed above, had the Company put in the requisite effort and
9 attention to Washington's specific needs, would not have developed.

10 **Q. Why does the excuse of the delay in replacing WIJAM lack merit?**

11 A. The excuse of "the WIJAM made me do it" appears to be PacifiCorp's fallback
12 excuse for its planning failures over the past several years. But this excuse lacks
13 foundation. As discussed above, WIJAM provides no impediments to PacifiCorp
14 building or acquiring resources to specifically serve the needs of its Washington
15 customers.

16 Indeed, PacifiCorp appears to want to extend the lifespan of this excuse as
17 long as possible. PacifiCorp has been dragging its feet on the development of an
18 alternative. Framework Issues Working Group (FIWG) discussions are not on-
19 going, and no further meetings are planned.[33] It appears there will be no
20 resolution before the 2025 CEIP deadline because PacifiCorp asked for

[33] Earle, Exh. RLE-3 (PacifiCorp Response to Public Counsel Data Request No(s). 1 through 3).

1 (presumably) and received an additional two-year extension of the 2020 Protocol
2 in Oregon, Wyoming, Utah, and Idaho.[34]

3 V. THE COMMISSION SHOULD IMPOSE A PENALTY OF $1,000 PER 4 VIOLATION PER DAY UNTIL PACIFICORP IS IN COMPLIANCE 5 WITH ITS PLANNING OBLIGATIONS

6 **Q. Please explain your recommendation to the Commission.**

7 A. As demonstrated in my testimony above, PacifiCorp has not adequately planned
8 to achieve planned to achieve 80 percent clean energy by 2030 at the lowest
9 reasonable cost. The Company's planning and procurement failures have resulted
10 in reduced interim targets for its 2023 BCEIP from its 2021 CEIP. Moreover,
11 PacifiCorp's planning has exposed Washington ratepayers to increased costs
12 because of unaddressed market exposure. PacifiCorp had other approaches
13 available to it in meeting the goals of its Washington customers, but despite
14 Commission warning over many years it has not addressed the particular needs of
15 its Washington customers.

16 Public Counsel recommends the Washington Utilities and Transportation
17 Commission (Commission) impose a penalty of $1,000 per violation per day as
18 authorized by WAC 480-100-665 on PacifiCorp until the Company develops a
19 CEIP and IRP that protect Washington consumers and reasonably meets CETA
20 requirements and such plan is approved by the Commission. Please refer to the
21 testimony of Stefan de Villiers for a more in-depth discussion of the appropriate
22 penalty.

[34] McVee, Exh. MDM-1T at 17:22–18:1.

1 **Q. Does that conclude your testimony?**

2 A. Yes, it does.