



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

September 10, 2019

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center

RE: UE 361—Stipulation and Joint Testimony

PacifiCorp d/b/a Pacific Power encloses for filing in this docket the following documents:

- The Stipulation between PacifiCorp, Staff of the Public Utility Commission of Oregon, and the Oregon Citizens' Utility Board; and
- Joint Testimony in Support of the Stipulation.

If you have questions about this filing, please contact Cathie Allen at (503) 813-5934.

Sincerely,

A handwritten signature in black ink, appearing to read "Etta Lockey", with a long, sweeping underline.

Etta Lockey
Vice President, Regulation

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 361

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

2018 Power Cost Adjustment Mechanism

STIPULATION

INTRODUCTION

1. PacifiCorp d/b/a Pacific Power, Public Utility Commission of Oregon (Commission) Staff, and the Oregon Citizens' Utility Board (CUB) (collectively the Stipulating Parties) enter into this Stipulation to resolve all issues in docket UE 361, PacifiCorp's 2018 power cost adjustment mechanism (PCAM). The Alliance of Western Energy Consumers (AWEC) has intervened but is not signatory to this stipulation, however, AWEC does not oppose this stipulation. No other party has intervened in this proceeding.

BACKGROUND

2. The Commission approved PacifiCorp's PCAM in Order No. 12-493 in docket UE 246. The PCAM allows the recovery or refund of the difference between actual costs incurred to serve customers and the rates established in PacifiCorp's annual transition adjustment mechanism (TAM) filing. The amount recovered from or refunded to customers for a given year is subject to the following parameters:

- Asymmetrical Deadband – Any net power cost (NPC) difference between negative \$15 million and positive \$30 million is absorbed by the company.
- Sharing Mechanism – Any NPC difference above or below the deadband is shared 90 percent by customers and 10 percent by the company.

- Earnings Test – If the company’s earned return on equity (ROE) is within plus or minus 100 basis points of the allowed ROE, there is no recovery from or refund to customers.
- Amortization Cap – The amortization of deferred amounts are capped at six percent of the revenue for the preceding calendar year.¹

3. On May 15, 2019, PacifiCorp filed its PCAM for calendar year 2018.

Attachment A to this Stipulation is a summary of the company’s PCAM calculation. On an Oregon-allocated basis, actual PCAM costs exceeded base PCAM costs established in the 2018 TAM (Docket UE 323), by approximately \$19.1 million.

4. After application of the deadband, there is no recovery for the 2018 PCAM.

5. The Stipulating Parties held a settlement conference on July 29, 2019. This conference resulted in an agreement resolving all issues in this docket.

AGREEMENT

6. The Stipulating Parties agree that PacifiCorp’s PCAM calculation for calendar year 2018, as set forth in the company’s initial filing and summarized above, complies with Order No. 12-493 and results in no change to existing rates.

7. The Stipulating Parties agree to submit this Stipulation to the Commission and request that the Commission approve the Stipulation as presented. The Stipulating Parties agree that this Stipulation will result in rates that meet the standard in ORS 756.040.

8. This Stipulation will be offered in to the record as evidence under OAR 860-001-0350(7). The Stipulating Parties agree to support this Stipulation throughout this proceeding and

¹ *In the Matter of PacifiCorp d/b/a Pacific Power’s Request for a General Rate Revision*, Docket UE 246, Order No. 12-493 at 15 (Dec. 20, 2012).

any appeal, provide witnesses to sponsor the Stipulation at hearing, if required, and recommend that the Commission issue an order adopting the Stipulation.

9. The Stipulating Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material portion of this Stipulation or imposes additional material conditions in approving this Stipulation, any of the Stipulating Parties are entitled to withdraw from the Stipulation or exercise any other rights provided in OAR 860-001-0325(9). To withdraw from the Stipulation, a Stipulating Party must provide written notice to the Commission and the other Stipulating Parties within five days of service of the final order rejecting, modifying, or conditioning this Stipulation.

10. By entering into this Stipulation, no Settling Party approves, admits, or consents to the facts, principles, methods, or theories employed by any other Settling Party.

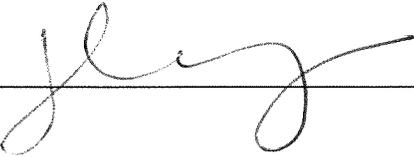
11. This Stipulation is not enforceable by any Settling Party unless and until adopted by the Commission in a final order. Each signatory to this Stipulation avers that they are signing this Stipulation in good faith and that they intend to abide by the terms of this Stipulation unless and until the Stipulation is rejected or adopted only in part by the Commission. The Settling Parties agree that the Commission has exclusive jurisdiction to enforce or modify the Stipulation. If the Commission rejects or modifies this Stipulation, the Settling Parties reserve the right to seek reconsideration or rehearing of the Commission order under ORS 756.561 and OAR 860-001-0720 or to appeal the Commission order under ORS 756.610.

12. This Stipulation may be executed in counterparts and each signed counterpart constitutes an original document.

This Stipulation is entered into by each Settling Party on the date entered below such Settling Party's signature.

PACIFICORP

STAFF of the PUBLIC UTILITY
COMMISSION OF OREGON

By:  _____

By: _____

Date: SEPTEMBER 9, 2019

Date: _____

OREGON CITIZENS' UTILITY BOARD

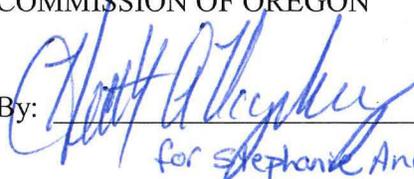
By: _____

Date: _____

PACIFICORP

STAFF of the PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By:  054044
for Stephanie Andrus

Date: _____

Date: 9-9-19 _____

OREGON CITIZENS' UTILITY BOARD

By: _____

Date: _____

ATTACHMENT A

Oregon Power Cost Adjustment Mechanism
January 1, 2018 - December 31, 2018
Attachment A - Power Cost Adjustment Mechanism Calculation

| Line No. | Reference | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Total |
|----------------------------------|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Actual: | | | | | | | | | | | | | | |
| 1 | Total Company Adjusted Actual NPC (2.1) | \$ 121,926,980 | \$ 116,484,275 | \$ 120,443,189 | \$ 109,983,944 | \$ 107,102,701 | \$ 135,171,527 | \$ 199,837,850 | \$ 188,095,073 | \$ 125,381,451 | \$ 119,455,927 | \$ 122,775,130 | \$ 128,315,648 | \$ 1,594,973,694 |
| 2 | Actual Allocated PTC (4.1) | (9,817,338) | (8,010,095) | (6,806,363) | (6,818,701) | (3,135,677) | (4,059,875) | (2,820,558) | (3,306,793) | (3,704,143) | (4,864,130) | (6,987,690) | (7,654,905) | (67,986,269) |
| 3 | Actual EIM Costs (5.1) | 270,701 | 270,701 | 270,701 | 270,701 | 270,701 | 270,701 | 270,701 | 270,701 | 270,701 | 270,701 | 270,701 | 270,701 | 3,248,416 |
| 4 | Actual Other Revenues (6.1) | (1,067,523) | (1,228,634) | (1,033,533) | (1,016,877) | (866,342) | (917,836) | (756,278) | (873,792) | (774,223) | (721,761) | (949,472) | (984,974) | (11,191,246) |
| 5 | Total PCAM Adjusted Actual Costs Sum Lines 1 - 4 | 111,312,820 | 107,516,247 | 112,873,994 | 102,419,067 | 103,371,383 | 130,484,517 | 196,531,715 | 184,185,189 | 121,173,786 | 114,140,738 | 115,108,668 | 119,946,471 | 1,519,044,596 |
| 6 | Actual System Retail Load (8.1) | 4,679,407 | 4,180,523 | 4,325,158 | 4,083,879 | 4,282,507 | 4,737,662 | 5,550,557 | 5,121,109 | 4,401,376 | 4,275,097 | 4,446,091 | 4,958,110 | 55,041,477 |
| 7 | Actual PCAM Costs \$/MWh Line 5 / Line 6 | \$ 23.79 | \$ 25.72 | \$ 26.10 | \$ 25.08 | \$ 24.14 | \$ 27.54 | \$ 35.41 | \$ 35.97 | \$ 27.53 | \$ 26.70 | \$ 25.89 | \$ 24.19 | \$ 27.60 |
| Base: | | | | | | | | | | | | | | |
| 8 | Total Company Base NPC (3.1) | \$ 128,200,948 | \$ 117,316,146 | \$ 120,728,957 | \$ 112,051,688 | \$ 118,238,124 | \$ 128,703,642 | \$ 145,100,787 | \$ 136,906,560 | \$ 119,165,738 | \$ 115,912,750 | \$ 115,537,372 | \$ 125,454,893 | \$ 1,483,317,604 |
| 9 | Adjustment for Direct Access (3.3) | (972,797) | (685,519) | (757,291) | (490,249) | (349,357) | (781,585) | (1,339,808) | (1,084,639) | (922,420) | (889,145) | (721,540) | (790,713) | (9,785,065) |
| 10 | Base Allocated PTC (2.2) | (5,552,855) | (5,552,855) | (5,552,855) | (5,552,855) | (5,552,855) | (5,552,855) | (5,552,855) | (5,552,855) | (5,552,855) | (5,552,855) | (5,552,855) | (5,552,855) | (66,634,263) |
| 11 | Base EIM Costs (3.4) | 373,967 | 373,967 | 373,967 | 373,967 | 373,967 | 373,967 | 373,967 | 373,967 | 373,967 | 373,967 | 373,967 | 373,967 | 4,487,599 |
| 12 | Base Other Revenues (6.2) | (980,563) | (980,563) | (980,563) | (980,563) | (980,563) | (980,563) | (980,563) | (980,563) | (980,563) | (980,563) | (980,563) | (980,563) | (11,766,752) |
| 13 | Total PCAM Base Costs Sum Lines 8 - 12 | 121,068,699 | 110,471,176 | 113,812,214 | 105,401,987 | 111,729,316 | 121,762,605 | 137,601,528 | 129,662,469 | 112,083,867 | 108,864,154 | 108,656,380 | 118,504,729 | 1,399,619,124 |
| 14 | Base System Retail Load (8.1) | 4,821,206 | 4,287,440 | 4,363,025 | 4,098,706 | 4,282,717 | 4,484,513 | 5,123,039 | 4,917,807 | 4,330,167 | 4,233,900 | 4,308,957 | 4,786,649 | 54,038,127 |
| 15 | Base PCAM Costs \$/MWh Line 8 / Line 14 | \$ 25.11 | \$ 25.77 | \$ 26.09 | \$ 25.72 | \$ 26.09 | \$ 27.15 | \$ 26.86 | \$ 26.37 | \$ 25.88 | \$ 25.71 | \$ 25.22 | \$ 24.76 | \$ 25.90 |
| 16 | System PCAM Unit Cost Differential \$/MWh Line 7 - Line 15 | \$ (1.32) | \$ (0.05) | \$ 0.01 | \$ (0.64) | \$ (1.95) | \$ 0.39 | \$ 8.55 | \$ 9.60 | \$ 1.65 | \$ 0.99 | \$ 0.67 | \$ (0.57) | \$ 1.70 # |
| 17 | Oregon Retail Load (8.1) | 1,154,791 | 1,112,096 | 1,088,764 | 993,821 | 953,744 | 1,012,409 | 1,170,588 | 1,127,070 | 943,769 | 977,627 | 1,082,144 | 1,250,410 | 12,867,233 |
| Deferral: | | | | | | | | | | | | | | |
| 18 | Monthly PCAM Differential - Above or (Below) Base Line 16 * Line 17 | \$ (1,528,827) | \$ (53,225) | \$ 12,474 | \$ (633,111) | \$ (1,860,148) | \$ 390,733 | \$ 10,006,437 | \$ 10,819,835 | \$ 1,553,878 | \$ 964,409 | \$ 728,782 | \$ (706,947) | \$ 19,694,290 |
| 19 | Oregon Situs Resource True-Up (7.1) | (5,566) | (9,415) | (16,474) | (31,548) | (7,934) | (36,805) | (186,288) | (150,955) | (35,847) | (55,039) | (51,629) | (33,863) | (621,364) |
| 20 | Total Monthly PCAM Differential - Above or (Below) Base Line 18 + Line 19 | (1,534,394) | (62,640) | (4,000) | (664,659) | (1,868,082) | 353,928 | 9,820,150 | 10,668,879 | 1,518,030 | 909,370 | 677,153 | (740,810) | 19,072,926 |
| 21 | Cumulative PCAM Differential - Above or (Below) base (1,534,394) | (1,597,033) | (1,601,034) | (2,265,692) | (4,133,774) | (3,779,846) | 6,040,303 | 16,709,182 | 18,227,213 | 19,136,583 | 19,813,736 | 19,072,926 | | |
| 22 | Positive Deadband - ABOVE Base Order: 12-493 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| 23 | Negative Deadband - BELOW Base Order: 12-493 | (15,000,000) | (15,000,000) | (15,000,000) | (15,000,000) | (15,000,000) | (15,000,000) | (15,000,000) | (15,000,000) | (15,000,000) | (15,000,000) | (15,000,000) | (15,000,000) | (15,000,000) |
| 24 | Amount Deferrable - ABOVE Deadband | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Amount Deferrable - BELOW Deadband | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 26 | Total Incremental Deferrable Line 24 + Line 25 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | Total Incremental Deferral After 90%/10% Sharing Band Line 26 * 90% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Energy Balancing Account: | | | | | | | | | | | | | | |
| 28 | Monthly Interest Rate Note 1 | 0.64% | 0.64% | 0.64% | 0.64% | 0.64% | 0.64% | 0.64% | 0.64% | 0.64% | 0.64% | 0.64% | 0.64% | 0.64% |
| 29 | Beginning Balance Prior Month Line 32 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 30 | Incremental Deferral Line 27 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 | Interest Line 28 * (Line 29 + 50% x Line 30) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | Ending Balance Σ Lines 29:31 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Earnings Test: | | | | | | | | | | | | | | |
| 33 | Earned Return on Equity (9.1) | | | | | | | | | | | | | 8.67% |
| 34 | Allowed Return on Equity UE 246 | | | | | | | | | | | | | 9.80% |
| 35 | 100bp ROE Revenue Requirement | | | | | | | | | | | | | \$ 23,548,943 |
| 36 | Allowed Deferral After Earning Test | | | | | | | | | | | | | 3,172,191 |
| 37 | Total Deferred | | | | | | | | | | | | | \$ - |

Notes:
 Note 1: 7.621% annual interest rate based on Oregon approved rate of return

Docket No. UE 361
Joint Stipulating Parties/100
Witnesses: Gibbens-Jenks-
Wilding

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

**Stipulating Parties' Joint Testimony of
Scott Gibbens, Bob Jenks, and Michael Wilding**

September 2019

TABLE OF CONTENTS

Joint Testimony Supporting Stipulation 1

1 **Q. Please state your names, business addresses, and present positions.**

2 A. My name is Michael G. Wilding. My business address is 825 NE Multnomah Street,
3 Suite 2000, Portland, Oregon 97232. My title is Director, Net Power Costs and
4 Regulatory Policy for PacifiCorp d/b/a Pacific Power. My witness qualifications are
5 set forth in PAC/100, Wilding/1.

6 My name is Scott Gibbens. My business address is 201 High Street SE, Suite
7 100, Salem Oregon 97301. I am employed as a Senior Economist in the Energy
8 Rates, Finance and Audit Division of the Public Utility Commission of Oregon
9 (Commission). My Witness Qualification Statement is found in Exhibit Joint
10 Stipulating Parties/101.

11 My name is Bob Jenks. My business address is 610 SW Broadway, Suite 400,
12 Portland, Oregon 97205. I am the Executive Director of the Oregon Citizens' Utility
13 Board (CUB). My Witness Qualification Statement is found in Exhibit Joint
14 Stipulating Parties/102.

15 **JOINT TESTIMONY SUPPORTING STIPULATION**

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

17 A. Commission Staff, PacifiCorp, and CUB, collectively the Stipulating Parties, jointly
18 provide this testimony in support of the Stipulation, filed concurrent with this Joint
19 Testimony. The Stipulating Parties request that the Commission issue an order
20 approving the Stipulation and implementing its terms.

21 **Q. Which parties to docket UE 361 have joined in the Stipulation?**

22 A. After a settlement conference held July 29, 2018, all parties to docket UE 361 agreed
23 that PacifiCorp's actual net power costs (NPC) would not result in a change in rates

1 to customers. After additional settlement communications, Staff, CUB and
2 PacifiCorp executed the Stipulation on September 9, 2019. The Alliance of Western
3 Energy Consumers (AWEC) has intervened but is not signatory to this stipulation,
4 however, AWEC does not oppose this stipulation. No other party has intervened in
5 this proceeding.

6 **Q. Does the Stipulation resolve all issues in docket UE 361?**

7 A. Yes. The Stipulation resolves all issues in docket UE 361. The Stipulating Parties
8 agree that the company's power cost adjustment mechanism (PCAM) for calendar
9 year 2018, as set forth in its initial filing, complies with Order No. 12-493 and results
10 in no change to PacifiCorp's rates. Commission approval of the Stipulation will
11 result in just and reasonable rates and an efficient resolution of this proceeding.

12 **Q. What is the purpose of PacifiCorp's PCAM?**

13 A. In Order No. 12-493, the Commission approved a PCAM to allow PacifiCorp to
14 recover the difference between actual NPC incurred to serve customers and the base
15 NPC established in the company's annual transition adjustment mechanism (TAM)
16 filing. The amount received from or refunded to customers for a given year is subject
17 to deadbands, sharing bands, an earnings test, and an amortization cap.¹ PacifiCorp
18 filed its 2018 PCAM for calendar year 2018, on May 15, 2019.

19 **Q. What was the variance between actual PCAM costs and base PCAM costs for**
20 **calendar year 2018?**

21 A. The actual PCAM costs exceeded base PCAM costs for calendar year 2018 by

¹ *In the Matter of PacifiCorp d/b/a Pacific Power's Request for a General Rate Revision*, Docket No. UE 246, Order No. 12-493 at 15 (Dec. 20, 2012).

1 approximately \$19.1 million on an Oregon allocated basis.

2 **Q. Did the PCAM variance exceed the deadband for 2018?**

3 A. No.

4 **Q. What is the rate impact resulting from the 2018 PCAM?**

5 A. PacifiCorp's 2018 PCAM results in no change to rates because the PCAM variance
6 did not exceed the deadband identified in Order No. 12-493.

7 **Q. Does this conclude your joint stipulating parties testimony?**

8 A. Yes.

Docket No. UE 361
Joint Stipulating Parties/101
Witnesses: Gibbens-Jenks-
Wilding

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

**Exhibit Accompanying Joint Testimony
Witness Qualifications of Scott Gibbens**

September 2019

Docket No. UE 361

WITNESS QUALIFICATION STATEMENT

NAME: Scott Gibbens

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Economist
Energy Rates, Finance and Audit

ADDRESS: 201 High St. SE Ste. 100
Salem, OR 97301-3612

EDUCATION: Bachelor of Science, Economics, University of Oregon
Masters of Science, Economics, University of Oregon

EXPERIENCE: I have been employed at the Oregon Public Utility Commission (Commission) since August of 2015. My current responsibilities include analysis and technical support for electric power cost recovery proceedings with a focus in model evaluation. I also handle analysis and decision making of affiliated interest and property sale filings, rate spread and rate design, as well as operational auditing and evaluation. Prior to working for the OPUC I was the operations director at Bracket LLC. My responsibilities at Bracket included quarterly financial analysis, product pricing, cost study analysis, and production streamlining. Previous to working for Bracket, I was a manager for US Bank in San Francisco where my responsibilities included coaching and team leadership, branch sales and campaign oversight, and customer experience management.

Docket No. UE 361
Joint Stipulating Parties/102
Witnesses: Gibbens-Jenks-
Wilding

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

**Exhibit Accompanying Joint Testimony
Witness Qualifications of Bob Jenks**

September 2019

WITNESS QUALIFICATION STATEMENT

NAME: Bob Jenks

EMPLOYER: Oregon Citizens' Utility Board of Oregon

TITLE: Executive Director

ADDRESS: 610 SW Broadway, Suite 400
Portland, OR 97205

EDUCATION: Bachelor of Science, Economics
Willamette University, Salem, OR

EXPERIENCE: Provided testimony or comments in a variety of OPUC dockets, including UE 88, UE 92, UM 903, UM 918, UE 102, UP 168, UT 125, UT 141, UE 115, UE 116, UE 137, UE 139, UE 161, UE 165, UE 167, UE 170, UE 172, UE 173, UE 207, UE 208, UE 210, UE 233, UE 246, UE 283, UG 152, UM 995, UM 1050, UM 1071, UM 1147, UM 1121, UM 1206, UM 1209, UM 1355, UM 1635, UM 1633, and UM 1654. Participated in the development of a variety of Least Cost Plans and PUC Settlement Conferences. Provided testimony to Oregon Legislative Committees on consumer issues relating to energy and telecommunications. Lobbied the Oregon Congressional delegation on behalf of CUB and the National Association of State Utility Consumer Advocates.

Between 1982 and 1991, worked for the Oregon State Public Interest Research Group, the Massachusetts Public Interest Research Group, and the Fund for Public Interest Research on a variety of public policy issues.

MEMBERSHIP: National Association of State Utility Consumer Advocates
Board of Directors, OSPIRG Citizen Lobby
Telecommunications Policy Committee, Consumer Federation of America
Electricity Policy Committee, Consumer Federation of America
Board of Directors (Public Interest Representative), NEEA