



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

November 3, 2017

VIA ELECTRONIC FILING

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

Attn: Filing Center

RE: UE 327—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, Industrial Customers of Northwest Utilities, and the Citizens' Utility Board of Oregon; and
- Joint Testimony in Support of the Stipulation.

If you have questions about this filing, please contact Natasha Siores at (503) 813-6583.

Sincerely,

A handwritten signature in black ink, appearing to read "Etta Lockey", with a long, sweeping horizontal line extending to the right.

Etta Lockey
Vice President, Regulation

Enclosures

CERTIFICATE OF SERVICE

I certify that I served a true and correct copy of PacifiCorp's Stipulation and Joint Testimony on the parties listed below via electronic mail and/or or overnight delivery in compliance with OAR 860-001-0180.

Service List UE 327

ICNU UE 327	
JESSE E COWELL DAVISON VAN CLEVE 333 SW TAYLOR ST., SUITE 400 PORTLAND, OR 97204 jec@dvclaw.com	BRADLEY MULLINS MOUNTAIN WEST ANALYTICS 333 SW TAYLOR STE 400 PORTLAND, OR 97204 brmullins@mwanalytics.com
OREGON CITIZENS UTILITY BOARD	
OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY, STE 400 PORTLAND, OR 97205 dockets@oregoncub.org	MICHAEL GOETZ OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY STE 400 PORTLAND, OR 97205 mike@oregoncub.org
ROBERT JENKS OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY, STE 400 PORTLAND, OR 97205 bob@oregoncub.org	
PACIFICORP UE 327	
PACIFICORP, DBA PACIFIC POWER 825 NE MULTNOMAH ST, STE 2000 PORTLAND, OR 97232 oregondockets@pacificorp.com	ETTA LOCKEY PACIFIC POWER 825 NE MULTNOMAH ST., STE 2000 PORTLAND, OR 97232 etta.lockey@pacificorp.com
MATTHEW MCVEE PACIFICORP 825 NE MULTNOMAH PORTLAND, OR 97232 matthew.mcvee@pacificorp.com	

STAFF UE 327	
SCOTT GIBBENS PUBLIC UTILITY COMMISSION 201 HIGH ST SE SALEM, OR 97301 scott.gibbens@state.or.us	SOMMER MOSER PUC STAFF - DEPARTMENT OF JUSTICE 1162 COURT ST NE SALEM, OR 97301 sommer.moser@doj.state.or.us

Dated this 3rd day of November, 2017.



Katie Savarin
Coordinator, Regulatory Operations

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 327

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

2016 Power Cost Adjustment Mechanism

STIPULATION

INTRODUCTION

1
2 1. PacifiCorp d/b/a Pacific Power (PacifiCorp or Company), Staff of the Public
3 Utility Commission of Oregon (Staff), Industrial Customers of Northwest Utilities (ICNU), and
4 the Oregon Citizens' Utility Board (CUB) (collectively the Stipulating Parties) enter into this
5 Stipulation to resolve all issues in docket UE 327, PacifiCorp's 2016 power cost adjustment
6 mechanism (PCAM). No other party intervened in this docket.

BACKGROUND

7
8 2. The Public Utility Commission of Oregon (Commission) approved PacifiCorp's
9 PCAM in Order No. 12-493 in docket UE 246. The PCAM allows the recovery or refund of the
10 difference between actual net power costs (NPC) incurred to serve customers and the base NPC
11 established in the Company's annual transition adjustment mechanism (TAM) filing. The
12 amount recovered from or refunded to customers for a given year is subject to the following
13 parameters:

- 14 • Asymmetrical Deadband – Any NPC difference between negative \$15 million and
15 positive \$30 million is absorbed by the Company.
16 • Sharing Mechanism – Any NPC difference above or below the deadband is shared
17 90 percent by customers and 10 percent by the Company.

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

6 3. On May 15, 2017, PacifiCorp filed its PCAM for calendar year 2016. On an
7 Oregon-allocated basis, actual PCAM costs were \$60,189 below the base PCAM costs
8 established in the 2016 TAM (Docket UE 296), excluding the impact of costs contested by
9 intervenors.

10 4. On September 6, 2017, Staff and ICNU filed testimony in this proceeding.

11 5. After application of the deadband, no party recommended a rate change for the
12 2016 PCAM.

13 6. The Stipulating Parties held a settlement conference on September 11, 2017. This
14 conference resulted in a settlement in principle subject to Staff’s additional review of the data
15 provided and the final language of the testimony and stipulation. On November 3, 2017, the
16 parties agreed to the final language of this stipulation and the accompanying testimony.

17 **AGREEMENT**

18 7. The Stipulating Parties agree that the PCAM calculation for calendar year 2016
19 complies with the requirements of Order No. 12-493. The Company’s PCAM results in no
20 change to existing rates.

21 8. PacifiCorp will remove rate of return costs related to its participation in the
22 Energy Imbalance Market from the Company’s 2016 and future PCAM filings (PCAM). The

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 costs will remain in PacifiCorp's TAM filings, but will not be subject to true-up in the PCAM.
2 The revised PCAM calculations reflecting this change are provided as Attachment A, which
3 shows actual PCAM costs on an Oregon-allocated basis were \$49,012 below the base PCAM
4 costs established in the 2016 TAM (Docket UE 296), excluding the impact of costs contested by
5 intervenors. PacifiCorp may request inclusion of these costs in base rates through an appropriate
6 rate proceeding.

7 9. PacifiCorp will supplement future PCAM filings with direct testimony covering
8 any unusual expenses incurred over the course of the applicable PCAM year and identify and
9 discuss large deviations of actual NPC from forecasted NPC. PacifiCorp will also provide with
10 its workpapers a differential worksheet that produces actual minus base power costs for each
11 separate cost category in the PCAM on a gross cost and per mega-watt hour (MWh) unit basis.

12 10. The Stipulating Parties recommend that the Commission not make a finding on
13 the prudence of the Joy Longwall recovery and abandonment costs that were booked in 2016 for
14 purposes of setting PCAM rates.

15 11. The Stipulating Parties agree that the Company's PCAM results in no change to
16 existing rates, regardless of the Joy Longwall recovery and abandonment costs that were booked
17 in 2016 for purposes of setting PCAM rates.

18 12. PacifiCorp agrees to exclude the Joy Longwall recovery and abandonment costs
19 from its 2016 NPC if referenced in future TAM or other NPC proceedings because a prudence
20 determination was not made in relation to these costs.

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

1 14. This Stipulation will be offered in to the record as evidence under OAR 860-001-
2 0350(7). The Stipulating Parties agree to support this Stipulation throughout this proceeding and
3 any appeal, provide witnesses to sponsor the Stipulation at hearing, if required, and recommend
4 that the Commission issue an order adopting the Stipulation.

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

12 16. By entering into this Stipulation, no Stipulating Party approves, admits, or
13 consents to the facts, principles, methods, or theories employed by any other Stipulating Party.

14 17. The Stipulating Parties agree that the Stipulation will not be interpreted to reflect
15 the position of any other party on these issues in another jurisdiction. The Stipulating Parties
16 also agree that the Stipulation will not be interpreted to reflect the position of a witness in
17 another jurisdiction, even if that witness has appeared in this docket on behalf of a Stipulating
18 Party.

19 18. This Stipulation is not enforceable by any Stipulating Party unless and until
20 adopted by the Commission in a final order. Each signatory to this Stipulation avers that they are
21 signing this Stipulation in good faith and that they intend to abide by the terms of this Stipulation
22 unless and until the Stipulation is rejected or adopted only in part by the Commission. The
23 Settling Parties agree that the Commission has exclusive jurisdiction to enforce or modify the

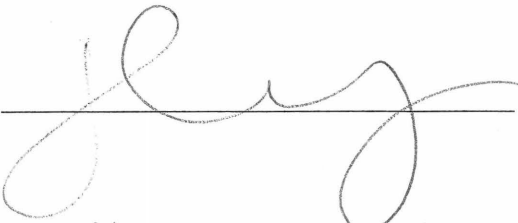
1 Stipulation. If the Commission rejects or modifies this Stipulation, the Stipulating Parties
2 reserve the right to seek reconsideration or rehearing of the Commission order under ORS
3 756.561 and OAR 860-001-0720 or to appeal the Commission order under ORS 756.610.

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

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

PACIFICORP

STAFF of the PUBLIC UTILITY
COMMISSION OF OREGON

By:  _____

By: _____

Date: November 2, 2017

Date: _____

OREGON CITIZENS' UTILITY BOARD

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

By: _____

By: _____

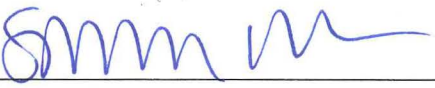
Date: _____

Date: _____

PACIFICORP

STAFF of the PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By:  _____

Date: _____

Date: 11/2/17 _____

OREGON CITIZENS' UTILITY BOARD

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

By: _____

By: _____

Date: _____

Date: _____

PACIFICORP

STAFF of the PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By: _____

Date: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

By: 

By: _____

Date: 11/1/17

Date: _____

PACIFICORP

STAFF of the PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By: _____

Date: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

By: _____

By: _____

Date: _____

Date: 11-2-17

ATTACHMENT A

Oregon Power Cost Adjustment Mechanism

January 1, 2016 - December 31, 2016

Attachment A - Power Cost Adjustment Mechanism Calculation

Line No.	Reference	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total
Actual:														
1	Total Company Adjusted Actual NPC (2.1)	\$ 127,203,521	\$ 112,912,254	\$ 112,294,611	\$ 101,852,203	\$ 109,216,551	\$ 138,794,928	\$ 143,265,430	\$ 144,254,617	\$ 134,916,244	\$ 107,845,931	\$ 103,931,350	\$ 130,998,259	\$ 1,467,485,897
2	Actual EIM Costs (4.1)	349,018	349,018	349,018	349,018	349,018	349,018	349,018	349,018	349,018	349,018	349,018	349,018	4,188,222
3	Actual Other Revenues (5.1)	(1,561,364)	(1,812,986)	(1,869,116)	(1,768,781)	(1,747,381)	(1,715,988)	(843,778)	(797,737)	(855,595)	(942,661)	(919,598)	(940,098)	(15,775,084)
4	Total PCAM Adjusted Actual Costs Sum Lines 1 - 3	\$ 125,991,175	\$ 111,448,286	\$ 110,774,513	\$ 100,432,440	\$ 107,818,188	\$ 137,427,959	\$ 142,770,670	\$ 143,805,898	\$ 134,409,668	\$ 107,252,288	\$ 103,360,770	\$ 130,407,180	\$ 1,455,899,035
5	Actual System Retail Load (6.1)	4,833,660	4,251,115	4,200,833	3,955,473	4,170,986	4,816,827	5,211,360	5,068,349	4,217,359	4,241,153	4,201,068	5,090,010	54,258,193
6	Actual PCAM Costs \$/MWh Line 4 / Line 5	\$ 26.07	\$ 26.22	\$ 26.37	\$ 25.39	\$ 25.85	\$ 28.53	\$ 27.40	\$ 28.37	\$ 31.87	\$ 25.29	\$ 24.60	\$ 25.62	\$ 26.83
Base:														
7	Total Company Base NPC (3.1)	\$ 129,704,091	\$ 124,621,208	\$ 128,411,605	\$ 116,595,444	\$ 120,105,052	\$ 123,171,745	\$ 141,512,037	\$ 136,778,990	\$ 120,121,765	\$ 123,606,984	\$ 122,089,847	\$ 134,350,901	\$ 1,521,069,669
8	Adjustment for Direct Access (3.3)	(518,134)	(394,672)	(489,196)	(386,213)	(546,451)	(535,448)	(879,666)	(834,168)	(638,019)	(542,783)	(540,723)	(686,514)	(6,991,986)
9	Base EIM Costs (3.4)	300,305	300,305	300,305	300,305	300,305	300,305	300,305	300,305	300,305	300,305	300,305	300,305	3,603,654
10	Base Other Revenues (5.2)	(1,283,916)	(1,283,916)	(1,283,916)	(1,283,916)	(1,283,916)	(1,283,916)	(1,283,916)	(1,283,916)	(1,283,916)	(1,283,916)	(1,283,916)	(1,283,916)	(15,406,994)
11	Total PCAM Base Costs Sum Lines 7 - 10	\$ 128,202,345	\$ 123,242,924	\$ 126,938,797	\$ 115,225,620	\$ 118,574,989	\$ 121,652,685	\$ 139,648,759	\$ 134,961,210	\$ 118,500,135	\$ 122,080,590	\$ 120,565,513	\$ 132,680,775	\$ 1,502,274,343
12	Base System Retail Load (6.1)	4,958,951	4,509,671	4,534,700	4,289,404	4,407,265	4,569,872	5,235,253	5,102,162	4,477,075	4,474,992	4,565,913	5,001,303	56,126,562
13	Base PCAM Costs \$/MWh Line 7 / Line 12	\$ 25.85	\$ 27.33	\$ 27.99	\$ 26.86	\$ 26.90	\$ 26.62	\$ 26.67	\$ 26.45	\$ 26.47	\$ 27.28	\$ 26.41	\$ 26.53	\$ 26.77
14	System PCAM Unit Cost Differential \$/MWh Line 6 - Line 13	\$ 0.21	\$ (1.11)	\$ (1.62)	\$ (1.47)	\$ (1.05)	\$ 1.91	\$ 0.72	\$ 1.92	\$ 5.40	\$ (1.99)	\$ (1.80)	\$ (0.91)	\$ 0.07 #
15	Oregon Retail Load (6.1)	1,226,008	1,034,270	1,055,078	934,416	981,763	1,046,903	1,119,465	1,165,821	940,033	989,523	1,019,959	1,355,734	12,868,974
Deferral:														
16	Monthly PCAM Differential - Above or (Below) Base Line 15 * Line 14	\$ 260,724	\$ (1,150,457)	\$ (1,712,512)	\$ (1,375,553)	\$ (1,035,630)	\$ 1,999,814	\$ 807,536	\$ 2,240,189	\$ 5,078,412	\$ (1,971,284)	\$ (1,838,083)	\$ (1,232,390)	\$ 70,767
<i>Situs Resource True-Up:</i>														
17	Black Cap Actual (2.2)	\$ (2,552)	\$ (3,322)	\$ (2,831)	\$ (4,011)	\$ (4,623)	\$ (10,209)	\$ (12,827)	\$ (13,156)	\$ (10,801)	\$ (4,340)	\$ (2,568)	\$ (2,861)	\$ (74,102)
18	Black Cap Forecast CY2016 TAM	\$ (3,339)	\$ (5,943)	\$ (5,718)	\$ (8,280)	\$ (9,523)	\$ (11,042)	\$ (15,326)	\$ (14,459)	\$ (11,484)	\$ (7,706)	\$ (4,725)	\$ (4,189)	\$ (101,735)
19	Total Black Cap Situs Resource True-Up Line 17 - Line 18	\$ 787	\$ 2,622	\$ 2,887	\$ 4,269	\$ 4,899	\$ 833	\$ 2,499	\$ 1,303	\$ 683	\$ 3,366	\$ 2,157	\$ 1,328	\$ 27,633
20	Old Mill Solar Actual (2.3)	\$ -	\$ -	\$ -	\$ 50,486	\$ 52,422	\$ 86,976	\$ 82,652	\$ 67,068	\$ 60,110	\$ 32,530	\$ 25,090	\$ 12,110	\$ 469,443
21	Old Mill Solar Forecast CY2016 TAM	\$ 19,025	\$ 35,188	\$ 40,197	\$ 62,370	\$ 79,804	\$ 96,174	\$ 78,109	\$ 63,050	\$ 58,423	\$ 43,055	\$ 23,719	\$ 17,742	\$ 616,856
22	Total Old Mill Situs Resource True-Up Line 20 - Line 21	\$ (19,025)	\$ (35,188)	\$ (40,197)	\$ (11,883)	\$ (27,382)	\$ (9,198)	\$ 4,543	\$ 4,018	\$ 1,686	\$ (10,525)	\$ 1,371	\$ (5,632)	\$ (147,412)
23	Total Monthly PCAM Differential - Above or (Below) Base Line 16 + Line 19 + Line 22	\$ 242,486	\$ (1,183,024)	\$ (1,749,822)	\$ (1,383,167)	\$ (1,058,112)	\$ 1,991,448	\$ 814,578	\$ 2,245,510	\$ 5,080,781	\$ (1,978,443)	\$ (1,834,554)	\$ (1,236,693)	\$ (49,012)
24	Cumulative PCAM Differential - Above or (Below) base	\$ 242,486	\$ (940,538)	\$ (2,690,360)	\$ (4,073,526)	\$ (5,131,639)	\$ (3,140,191)	\$ (2,325,613)	\$ (80,103)	\$ 5,000,679	\$ 3,022,236	\$ 1,187,682	\$ (49,012)	
25	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
26	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)
27	Amount Deferrable - ABOVE Deadband	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	Amount Deferrable - BELOW Deadband	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	Total Incremental Deferrable Line 27 + Line 28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	Total Incremental Deferral After 90%/10% Sharing Band Line 29 * 90%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Balancing Account:														
31	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%
32	Beginning Balance Prior Month Line 35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Incremental Deferral Line 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	Interest Line 31 * (Line 32 + 50% x Line 33)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35	Ending Balance ∑ Lines 32-34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings Test:														
36	Earned Return on Equity (7.1)													9.87%
37	Allowed Return on Equity UE 246													9.80%
38	100bp ROE Revenue Requirement													\$ 28,879,676
39	Allowed Deferral After Earning Test													\$ -
40	Total Deferred													\$ -

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

Docket No. UE 327
Joint Stipulating Parties/100
Witnesses: Gibbens-Jenks-
Mullins-Wilding

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

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

November 2017

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

2 A. My name is Scott Gibbens. My business address is 201 High Street SE, Suite 100,
3 Salem, Oregon 97301. I am employed as a Senior Utility Analyst in the Energy
4 Rates, Finance and Audit Division of the Public Utility Commission of Oregon
5 (Commission). My Witness Qualification Statement is found in Exhibit Staff/101.

6 My name is Bob Jenks. My business address is 610 SW Broadway, Suite 400,
7 Portland, Oregon 97205. I am the Executive Director of the Oregon Citizens' Utility
8 Board (CUB). My Witness Qualification Statement is found in Exhibit Joint
9 Stipulating Parties/101.

10 My name is Bradley G. Mullins, and my business address is 333 SW Taylor
11 Street, Suite 400, Portland, Oregon 97204. I am testifying on behalf of the Industrial
12 Customers of Northwest Utilities (ICNU). My Witness Qualification Statement is
13 found in ICNU/101.

14 My name is Michael Wilding. My business address is 825 NE Multnomah
15 Street, Suite 2000, Portland, Oregon 97232. My title is Manager, Net Power Costs
16 for PacifiCorp d/b/a Pacific Power. My Witness Qualification Statement is found in
17 Exhibit Joint Stipulating Parties/102.

18 **JOINT TESTIMONY SUPPORTING STIPULATION**

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

20 A. Staff of the Public Utility Commission of Oregon (Staff), PacifiCorp, CUB, and
21 ICNU, collectively the Stipulating Parties, jointly provide this testimony in support of
22 the Stipulation, filed concurrent with this Joint Testimony. The Stipulating Parties
23 request that the Commission issue an order approving the Stipulation and

1 implementing its terms.

2 **Q. Have all parties to docket UE 327 joined in the Stipulation?**

3 A. Yes. After a settlement conference held September 11, 2017, all parties to this
4 proceeding agreed that PacifiCorp's actual net power costs (NPC) would not result in
5 a change in rates to customers under the Company's Power Cost Adjustment
6 Mechanism (PCAM). After additional settlement communications, the Stipulating
7 Parties executed the Stipulation by November 3, 2017.

8 **Q. Does the Stipulation resolve all issues in docket UE 327?**

9 A. Yes. The Stipulation resolves all issues in docket UE 327. The Stipulating Parties
10 agree that the calculation of the power cost adjustment mechanism (PCAM) for
11 calendar year 2016 complies with Order No. 12-493. The Stipulating Parties further
12 agree that issues raised by Staff and intervenors in this proceeding, if adopted by the
13 Commission, would not result in a change to PacifiCorp's rates. Commission
14 approval of the Stipulation will result in just and reasonable rates and an efficient
15 resolution of this proceeding.

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

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

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 filed its 2016 PCAM, reflecting actual NPC for calendar year 2016, on May 15, 2017.

2 **Q. What was PacifiCorp's actual NPC for calendar year 2016 on an Oregon-**
3 **allocated basis as identified in PacifiCorp's initial filing?**

4 A. On an Oregon-allocated basis, PacifiCorp stated its actual PCAM costs were \$60,189
5 below base PCAM costs established in the 2016 TAM (Docket UE 296). As
6 discussed below, however, parties are in disagreement as to the prudence of the costs
7 associated with the Joy Longwall.

8 **Q. Did PacifiCorp's actual NPC exceed the deadband in the PCAM?**

9 A. No. On an Oregon-allocated basis, actual PCAM costs did not exceed the deadband
10 in the PCAM, regardless of whether the Joy Longwall costs are included or excluded.

11 **Q. What is the rate impact resulting from actual NPC exceeding the base NPC**
12 **established in the 2016 TAM?**

13 A. PacifiCorp's 2016 PCAM results in no change to rates because the actual NPC did
14 not exceed the deadband identified in Order No. 12-493.

15 **Q. Do the Stipulating Parties agree to any other terms in this Stipulation?**

16 A. Yes, the Stipulating Parties agree that: (1) PacifiCorp will remove certain rate of
17 return costs associated with its participation in the Energy Imbalance Market (EIM)
18 from current and future PCAM filings, (2) PacifiCorp will file additional information
19 in its future PCAM filings, and (3) the Stipulating Parties recommend that the
20 Commission not make any finding regarding the prudence of the Joy Longwall
21 recovery and abandonment costs that were booked in 2016 for purposes of setting
22 PCAM rates.

1 **Q. Please explain the costs associated with PacifiCorp's participation in the EIM**
2 **that will be removed from this and future PCAM filings?**

3 A. PacifiCorp will remove rate of return costs related to its participation in the EIM from
4 its 2016 and future PCAM filings. The costs will remain in PacifiCorp's TAM
5 filings, but will not be subject to true-up in the PCAM. PacifiCorp may request
6 inclusion of these costs in base rates through an appropriate rate proceeding.

7 **Q. Please explain the additional information that PacifiCorp will file in future**
8 **PCAM filings?**

9 A. PacifiCorp will include direct testimony in future PCAM filings that will address any
10 unusual expenses incurred over the course of the applicable PCAM year and identify
11 and discuss large deviations of actuals from forecasted costs. PacifiCorp will also
12 provide with its workpapers a differential worksheet that produces actual minus base
13 power costs for each separate cost category in the PCAM on a gross cost and per
14 megawatt-hour (MWh) unit basis.

15 **Q. Please explain what occurred at the Jim Bridger coal mine in December 2015.**

16 A. During mining operations on or about December 23, 2015 on the 14th Right
17 Longwall Panel of the Jim Bridger coal mine, there was an abrupt thinning of the coal
18 seam near the middle of the longwall face.² The Joy Longwall operators attempted to
19 navigate through this area and exposed the soft claystone material. In this area of the
20 mine, the floor consisted of a variable thickness of sandy shale with extremely soft
21 gray shale underneath. When the shearer cut through the hard sandstone floor

² Confidential Staff/103, Gibbens/15 (Pittsburgh Safety and Health Technology Center report provided by the U.S. Department of Labor, Mine Safety and Health Administration).

1 material near the center of the face, the pan (the base upon which the shearer body
2 moves to mine the coal seam) and several shields sank and tipped forward toward the
3 face, resulting in inadequate clearance for the shearer to pass by the misaligned
4 shields. However, the shearer (the part of the longwall that cuts into the coal seam)
5 was unable to operate because it was colliding with other parts of the Joy Longwall.
6 The lack of clearance limited the longwall crew's ability to reestablish a hard,
7 competent floor.

8 **Q. Please summarize Joy Longwall recovery efforts.**

9 A. The Company incurred recovery costs in an effort to return the Joy Longwall to
10 operations over a period of nine months. Efforts to pull the Joy Longwall out of the
11 soft claystone material and reestablish competent roof conditions included pumping
12 foams, chemicals, and grout in the area above the Joy Longwall, installing supports
13 beneath the Joy Longwall, freezing the soft claystone material, and injecting bonding
14 agents into the floor and roof. Ultimately, working conditions became unsafe and a
15 decision to terminate Joy Longwall recovery efforts was made in early October 2016.

16 **Q. Do the Stipulating Parties agree about the prudence of the costs associated with**
17 **the Joy Longwall?**

18 A. No. Staff and ICNU both submitted testimony questioning the prudence of the costs.
19 PacifiCorp's position is that the costs associated with the Joy Longwall are prudent.
20 CUB did not file testimony in the proceeding.

21 **Q. Please summarize Staff's position regarding the prudence of the Joy Longwall**
22 **costs.**

23 A. Staff states that improper operations led to the issues surrounding the Joy Longwall

1 equipment. In opening testimony, Staff noted four practices it believes were
2 imprudent: insufficient staffing to maintain operations and respond to situations;
3 insufficient communication practices between shifts and employee levels;
4 inconsistent mining practices; and insufficient training associated with the unique
5 geologic characteristics of the mine.³ In light of these findings, Staff previously filed
6 testimony recommending that the Commission find the costs directly associated with
7 the Joy Longwall abandonment imprudent.

8 **Q. Please summarize ICNU's position regarding the prudence of the Joy Longwall**
9 **costs.**

10 A. ICNU's testimony and supporting exhibits contested that the Joy Longwall costs were
11 not prudently incurred.⁴ ICNU stated that the Company did not make a reasonably
12 adequate geological assessment of the suitability of the Joy Longwall in the 14th Right
13 Longwall Panel when making the decision to use the Joy Longwall at BCC.
14 Accordingly, ICNU continues to maintain the positions stated in pre-filed testimony,
15 that the Company acted imprudently in connection with the failure of the Joy
16 Longwall.

17 Nevertheless, ICNU understands that application of the deadband in the
18 PCAM results in no change to existing rates, regardless of the treatment of Joy
19 Longwall costs. Accordingly, ICNU deems further time and resource expense
20 unnecessary in this proceeding, so long as the Commission approves the Stipulation,

³ Staff/100, Gibbens/6-7.

⁴ ICNU/100, Mullins/4.

1 including the agreement by Settling Parties that a definitive finding of prudence on
2 Joy Longwall costs need not be made.⁵

3 Finally, ICNU is agreeing to the Stipulation in this proceeding as a party. Mr.
4 Mullins is participating as a witness for ICNU, and his position in this Joint
5 Testimony should not be interpreted as a reflection of Mr. Mullins' position in any
6 other proceeding, for any party in another jurisdiction. Mr. Mullins also does not
7 necessarily agree with the characterizations and information presented by other
8 parties in this Joint Testimony surrounding the failure of the Joy Longwall, except for
9 the question directly addressed to ICNU.

10 **Q. Please summarize PacifiCorp's position regarding the prudence of the Joy**
11 **Longwall costs.**

12 A. PacifiCorp believes that the costs associated with the Joy Longwall were prudently
13 incurred by the company because they were due to an unanticipated combination of
14 factors contributing to the event. PacifiCorp further believes its response was
15 reasonable given the information available and, when read in their entirety, the
16 numerous after-the-fact analyses indicate a difficult situation for operations.⁶ Most
17 notably, operators encountered reduced coal seam thickness (less than operational
18 constraints of the longwall system), combined with rapid undulations in the floor
19 (structural rolls), combined with a downward slope of the coal seam. The company

⁵ ICNU/100, Mullins/5.

⁶ See e.g. Confidential Staff/103, Gibbens/40 (overview of PacifiCorp's root cause analysis); Confidential Staff/103, Gibbens/58 (Golder Associates review of ground control measures finding measures constituted "best practice" for recovery); Confidential ICNU/105 (U.S. Department of Labor, Mine Safety and Health Administration Memorandum describing the Bridger Mine as "a unique mine with challenging roof conditions"); and Confidential ICNU/106, Mullins/12 (root cause analysis illustration of face profile showing a rise in the hard floor, coupled with thinning of the same, as the coal seam dipped lower).

1 maintains this combination of factors could not have been anticipated.

2 These difficult and unanticipated conditions were encountered while mining
3 personnel were still developing familiarity with the equipment and during the
4 holidays when staffing is reduced. Additionally, unforeseen equipment failures
5 halted advancement of the longwall exacerbating the situation.⁷

6 **Q. Has the Joy Longwall recovery and abandonment been examined, or are such**
7 **costs currently being examined, by Commissions in other jurisdictions in which**
8 **the Company operates?**

9 A. Yes. The Joy Longwall costs are currently under review by: the Public Utilities
10 Commission for the State of California (CPUC) in PacifiCorp's annual Energy Cost
11 Adjustment Clause proceeding;⁸ the Utah Public Service Commission (UPSC) in
12 PacifiCorp's annual Energy Balancing Account proceeding;⁹ the Washington Utilities
13 and Transportation Commission (WUTC) in PacifiCorp's annual Washington PCAM
14 filing;¹⁰ and the Public Service Commission of Wyoming in PacifiCorp's annual
15 Wyoming PCAM filing.¹¹ Mr. Mullins has filed testimony on behalf of the Wyoming
16 Industrial Energy Consumers in the Wyoming proceeding.¹² Mr. Mullins may also
17 appear as a witness on behalf of Boise White Paper, L.L.C (Boise) in the Washington
18 proceeding, after the WUTC opened an adjudicative proceeding, at the request of

⁷ Confidential Staff/103, Gibbens/40.

⁸ CPUC Application 17-08-005 (No interested parties have intervened or protested PacifiCorp's filing).

⁹ UPSC Docket No. 17-035-01.

¹⁰ WUTC Docket No. UE-170717.

¹¹ WPSC Docket No. 20000-514-EA-17.

¹² ICNU/103.

1 Washington Staff and Boise, to investigate the prudence of Joy Longwall costs. The
2 Idaho Public Utilities Commission (IPUC) completed its examination in PacifiCorp’s
3 annual Energy Cost Adjustment Mechanism proceeding, which included costs related
4 to the Joy Longwall failure, and “Staff agreed with the Company’s accounting
5 treatment of the Longwall failure.”¹³

6 **Q. Do the Stipulating Parties recommend that the Oregon Public Utility Commission**
7 **take a position on the prudence of the costs associated with the Joy Longwall?**

8 A. No, the Stipulating Parties agree that any adjustment to NPC resulting from the Joy
9 Longwall recovery and abandonment would not exceed the deadband identified in
10 Order No. 12-493, even under ICNU’s review of cost impacts. Therefore, the
11 Stipulating Parties recommend that the Commission does not take a position on the
12 prudence of the Joy Longwall recovery and abandonment.

13 Additionally, the Stipulating Parties agree that their support of this settlement
14 will not be interpreted to reflect the position of any party on these issues in another
15 jurisdiction. As a result, this Stipulation should not be used to reflect the position of
16 any witness in another jurisdiction.

17 **Q. Does this conclude the Joint Stipulating Parties testimony?**

18 A. Yes.

¹³ IPUC, Case No. PAC-E-17-02, Order No. 33776 at 3-4 (May 31, 2017).

Docket No. UE 327
Joint Stipulating Parties/101
Witness: Bob Jenks

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

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

November 2017

WITNESS QUALIFICATION STATEMENT

NAME: BOB JENKS

EMPLOYER: 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, UG 152, UM 995, UM 1050, UM 1071, UM 1147, UM 1121, UM 1206, UM 1209, UM 1355, UM 1635, UE 233, UE 246, UE 283, 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

Docket No. UE 327
Joint Stipulating Parties/102
Witness: Michael Wilding

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

**Exhibit Accompanying Joint Testimony
Witness Qualifications of Michael Wilding**

November 2017

WITNESS QUALIFICATION STATEMENT

NAME: MICHAEL WILDING

EMPLOYER: PACIFICORP

TITLE: MANAGER, NET POWER COSTS

ADDRESS: 825 N.E. Multnomah Street, Suite 600
Portland, Oregon, 97232

EDUCATION: Master of Accounting,
Weber State University, Ogden Utah

Bachelor of Science, Accounting
Utah State University, Logan, Utah

EXPERIENCE: I am a Certified Public Accountant licensed in the state of Utah. Prior to joining the Company, I was employed as an internal auditor for Intermountain Healthcare and an auditor for the Utah State Tax Commission. I have been employed by the Company since February 2014.