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September 12, 2023

VIA ELECTRONIC FILING

Attention: Filing Center
Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, Oregon 97308-1088

Re: UE 420 – *In the Matter of PACIFICORP, dba PACIFIC POWER, 2024 Transition Adjustment Mechanism.*

Attention Filing Center:

Attached for filing in the above-referenced docket is the Stipulating Parties' Stipulation.

Please contact this office with any questions.

Sincerely,

Adam Lowney

Attachments

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 420

In the Matter of
PACIFICORP, d/b/a PACIFIC POWER,
2024 Transition Adjustment Mechanism

STIPULATION

1 The TAM is an annual filing by PacifiCorp d/b/a Pacific Power (PacifiCorp or
2 Company) to update its net power costs (NPC) in rates and set the transition adjustments
3 for direct access customers. This Stipulation resolves all issues in the 2024 Transition
4 Adjustment Mechanism (TAM) among the stipulating parties, with one exception: the
5 treatment of Washington Cap and Invest program costs in the 2024 TAM.

PARTIES

6
7 1. The parties to this Stipulation are PacifiCorp, Staff of the Public Utility
8 Commission of Oregon (Commission) (Staff), the Oregon Citizens' Utility Board (CUB),
9 Calpine Energy Solutions, LLC (Calpine Solutions), Klamath Water Users Association
10 (KWUA), and Vitesse, LLC (Vitesse) (collectively, the Stipulating Parties). Sierra Club
11 and the Alliance of Western Energy Consumers (AWEC) are not parties to this
12 Stipulation.¹

¹ Sierra Club proposed several coal-related adjustments in the 2024 TAM. Non-Company Stipulating Parties do not take a position on Sierra Club's coal recommendations.

1 **BACKGROUND**

2 2. On April 3, 2023, PacifiCorp filed its 2024 TAM with direct testimony and
3 exhibits from Ramon Mitchell, James Owen, and Judith Ridenour. PacifiCorp also filed
4 revised tariff sheets for Schedule 201 to implement the 2024 TAM.

5 3. PacifiCorp’s 2024 TAM filing proposed updates to NPC in rates and test
6 period forecasts for: (1) incremental benefits related to the Company’s participation in the
7 energy imbalance market (EIM); and (2) renewable energy production tax credits (PTC).

8 4. PacifiCorp’s April 3, 2023 TAM filing (Initial Filing) reflected total-
9 company NPC for the test period (the 12 months ending December 31, 2024) of
10 approximately \$2.642 billion. NPC in the Initial Filing were approximately \$754.7
11 million on an Oregon-allocated basis. This amount was approximately \$255.1 million
12 higher than the \$499.6 million Oregon-allocated NPC from the Final Update in the 2023
13 TAM (Docket No. UE 400), and \$163.8 million higher when adjusted for forecasted load
14 changes and PTCs. The Initial Filing reflected an overall average rate increase of
15 approximately 9.5 percent.

16 5. On April 4, 2023, AWEC filed to intervene in this proceeding. On April 6,
17 2023, Calpine Solutions filed a petition to intervene. On April 11, 2023, Sierra Club filed
18 a petition to intervene. On April 12, 2023, CUB filed a Notice of Intervention. On April
19 21, 2023, Vitesse filed a petition to intervene. On May 5, 2023, KWUA filed a petition to
20 intervene. On April 24, 2023, Administrative Law Judge Katharine Mapes held a
21 prehearing conference and subsequently issued a Prehearing Conference Memorandum
22 granting certain requested interventions and adopting a procedural schedule.

1 Administrative Law Judge Katharine Mapes also issued rulings on April 17, 2023 and
2 May 11, 2023 granting the other requested interventions.

3 6. On June 23, 2023, Staff, AWEC, CUB, Sierra Club, Vitesse, and Calpine
4 Solutions filed opening testimony.

5 7. On July 24, 2023, PacifiCorp filed reply testimony from Ramon Mitchell,
6 James Owen, Zepure Shahumyan, and Matthew McVee, along with an updated NPC
7 forecast (Reply Update). The Reply Update reflected total-company NPC for the test
8 period (the 12 months ending December 31, 2024) of approximately \$2.527 billion. On an
9 Oregon-allocated basis, NPC in the Reply Update were approximately \$722.1 million.
10 This amount was approximately \$222.5 million higher than the \$499.6 million Oregon
11 allocated NPC from the 2023 TAM Final Update, and \$130.8 million higher when
12 adjusted for forecasted load changes and PTCs.

13 8. On August 16, 2023, Staff and intervenors filed rebuttal testimony. Two
14 weeks later, on August 30, 2023, PacifiCorp filed surrebuttal testimony from Ramon
15 Mitchell, James Owen, Matthew McVee, Ryan Fuller, and Michael Wilding. In that
16 testimony, the Company indicated that it would remove costs associated with the Ozone
17 Transport Rule (OTR) from the 2024 TAM, for a \$19 million decrease in total company
18 NPC, or \$5.5 million in Oregon-allocated NPC.

19 9. The parties convened settlement conferences on August 11, 21, and 28,
20 2023. All parties initially engaged in the settlement discussions, although AWEC and
21 Sierra Club ultimately ceased their participation. At a final settlement conference on
22 September 6, 2023, the Stipulating Parties reached a settlement in principle that resolved
23 all issues among the Stipulating Parties, except the treatment of Washington Cap and

1 Invest program costs. The Stipulating Parties informed the Commission of this settlement
2 at the start of the hearing in this case on September 7, 2023.

3 10. The settlement establishes baseline 2024 NPC in rates, subject to the Final
4 Update. The terms of the settlement are captured in this Stipulation.

5 **AGREEMENT**

6 11. Overall Agreement: The Stipulating Parties agree to submit this
7 Stipulation to the Commission and request that the Commission approve the Stipulation as
8 presented. The Stipulating Parties agree that the rate change resulting from the
9 Stipulation, including the resolution of the remaining unsettled issue, results in rates that
10 are fair, just, and reasonable, as required by ORS 756.040.² The Stipulation results in a
11 decrease to the Reply Update of approximately \$18.5 million on an Oregon-allocated
12 basis, consisting of the removal of OTR costs (\$5.5 million Oregon-allocated), as
13 discussed in the Company’s surrebuttal testimony and in Paragraph 13, and a \$13 million
14 Oregon-allocated, unspecified adjustment to NPC, as described in Paragraph 18. The
15 Stipulation results in a total company NPC baseline of \$2.463 billion and an Oregon-
16 allocated NPC baseline of \$703.6 million, subject to the Final Update. This reflects an
17 overall average rate increase of approximately \$112.3 million, subject to the Final Update,
18 when adjusted for forecasted load changes and PTCs as shown in Exhibit 1; or 6.5 percent
19 as shown in Exhibit 2.

20 12. TAM Adjustments and Updates: The Stipulating Parties agree that
21 PacifiCorp will file a Final Update to its 2024 TAM filing consistent with the TAM

² Sierra Club proposed several coal-related adjustments in the 2024 TAM. Non-Company Stipulating Parties do not take a position on Sierra Club’s coal recommendations, or whether resolution of Sierra Club’s recommendations result in rates that are fair, just, and reasonable.

1 Guidelines, including the adjustments described in this Stipulation. The Stipulating
2 Parties recognize that the estimated impact of the agreed-upon adjustments may change in
3 the TAM Final Update, along with the NPC baseline and overall rate change.

4 13. Ozone Transport Rule (OTR): PacifiCorp will remove the modeling
5 impacts of the OTR on the Company’s generation, which is approximately \$5.5 million
6 Oregon-allocated, in the 2024 TAM Final Update. In the event that PacifiCorp is required
7 to implement the OTR in 2024 and the costs of OTR implementation exceed \$5.5 million
8 on an Oregon-allocated basis, the Company will file a deferral to capture these costs. The
9 Stipulating Parties agree not to oppose PacifiCorp’s deferral. The Stipulating Parties may
10 contest the amortization of any costs included in the deferral in the proceeding in which
11 PacifiCorp seeks to amortize the deferral.

12 14. Technical Workshops: PacifiCorp agrees to hold the following technical
13 workshops. To this end, the intent of the participants in the workshop is to identify,
14 specify, and describe the modeling, inputs, and forecasting of the topics identified below.
15 As part of PacifiCorp’s participation in the workshops, PacifiCorp will provide workshop
16 attendees standalone descriptions of how these topics are modeled in Aurora or outside of
17 the NPC model. The Stipulating Parties reserve the right to object to the Company’s
18 approach to these issues in the 2025 TAM, including but not limited to the purpose of the
19 Company’s modeling adjustments.

- 20 a. Coal Contracting
- 21 b. Coal Dispatch
- 22 c. Day-Ahead and Real-Time (DA/RT) Adjustment
- 23 d. Wind Forecasting
- 24 e. Short-Term Transmission
- 25 f. Extended Day-Ahead Market/EIM

1 15. Coal Reporting: PacifiCorp will work with Staff to provide the following
2 information in the 2023 Power Cost Adjustment Mechanism (PCAM) filing regarding the
3 operation of PacifiCorp’s coal facilities. The Stipulating Parties will meet prior to the
4 filing of the 2026 TAM to discuss if the reporting should be modified and continued for
5 subsequent years.

- 6 a. Generation per plant
 - 7 i. Forecasted in the previous TAM
 - 8 ii. Actual
 - 9 iii. Variance
- 10 b. Amount of coal consumed per plant
 - 11 i. Forecasted in the previous TAM
 - 12 ii. Actual
 - 13 iii. Variance
- 14 c. Price of coal consumed for the month at each plant
 - 15 i. Forecasted in the previous TAM;
 - 16 ii. Actual; and
 - 17 iii. Variance.
- 18 d. PacifiCorp will provide a report comparing the monthly actual
19 generation against the forecasted generation for each coal facility, and
20 provide an explanation for each variance in coal generation greater than 10
21 percent when compared to the forecast. This report will also compare the
22 annual forecasted coal price for each facility in the TAM against the actuals
23 provided in the PCAM. For each variance greater than 10 percent,
24 PacifiCorp will provide an explanation of the variance.
25
26
27

28 16. PCAM: The Company agrees to work with the Stipulating Parties on the
29 rate effective date of revised Schedule 206 in the 2022 PCAM, Docket No. UE 421, to
30 minimize the impact on customers during the 2023-2024 winter heating season.
31 PacifiCorp agrees that if the combined January 1, 2024 rate increase for residential
32 customers from the 2024 TAM, 2022 PCAM, the Renewable Adjustment Clause rate
33 change, and any other rate change exceeds 15 percent, PacifiCorp will seek to delay the

1 rate effective date of revised Schedule 206, the PCAM tariff, until April 1, to keep the rate
2 increase to residential customers below 15 percent.

3 17. DA/RT Adjustment in the Calculation of the Transition Charge: In
4 calculating the transition adjustment for direct access, PacifiCorp will apply the DA/RT
5 adjustment for the market prices used for valuing changes in generation³ for months when
6 the net change in the Company’s generation is a reduction of generation attributable to
7 direct access. For months in which there is a net increase in PacifiCorp generation
8 attributable to direct access, PacifiCorp will not apply the market adjustment to the net
9 generation increase, but rather PacifiCorp will value it at cost. PacifiCorp will continue to
10 apply the DA/RT adjustment to changes in sales and purchases.

11 18. Unspecified Monetary Adjustment: For the sole purpose of settling the
12 Stipulating Parties’ NPC adjustments in the 2024 TAM, PacifiCorp agrees to reduce
13 Oregon-allocated NPC through an unspecified monetary adjustment of \$13.0 million.

14 19. Washington Cap and Invest: The treatment of Washington Cap and Invest
15 program in PacifiCorp’s 2024 TAM is excluded from this Stipulation and will remain a
16 contested issue in this proceeding.

17 20. Other Adjustments: Any adjustment to PacifiCorp’s Initial or Reply Filing
18 not incorporated into this Stipulation directly or by reference is resolved among the
19 Stipulating Parties without an adjustment or recommendation for the purposes of this
20 proceeding, except for the Washington Cap and Invest issue identified in Paragraph 19.
21 This stipulation allows for the settlement of this case without agreement of parties on the
22 methodology for issues raised by the Stipulating Parties, including but not limited to

³ PAC/100, Mitchell/44, line 17 – PAC/100, Mitchell/45, line 10.

1 market caps, and the day-ahead/real-time price adder. Approval of the Stipulation does not
2 represent the Commission adopting any parties' methodologies for those adjustments. The
3 issues raised by Sierra Club are not resolved by this Stipulation; however, the non-
4 PacifiCorp Stipulating Parties agree to take no position on the Sierra Club issues.

5 21. Entire Agreement: The Stipulating Parties agree that this Stipulation
6 represents a compromise among competing interests and a resolution of the contested
7 issues raised by the Stipulating Parties in this proceeding. Any other adjustment to
8 PacifiCorp's Initial Filing or Reply Update previously recommended by any Stipulating
9 Party but not incorporated into this Stipulation directly or by reference is resolved without
10 an adjustment for the purposes of this proceeding.

11 22. This Stipulation will be offered into the record of this proceeding as
12 evidence pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this
13 Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this
14 Stipulation at the hearing, and recommend that the Commission issue an order adopting
15 the settlements contained herein. The Stipulating Parties also agree to cooperate in
16 drafting and submitting joint testimony or a brief in support of the Stipulation in
17 accordance with OAR 860-001-0350(7)(a).

18 23. If this Stipulation is challenged, the Stipulating Parties agree that they will
19 continue to support the Commission's adoption of the terms of this Stipulation. The
20 Stipulating Parties agree to cooperate in any hearing and put on such a case as they deem
21 appropriate to respond fully to the issues presented, which may include raising issues that
22 are incorporated in the settlements embodied in this Stipulation.

1 24. The Stipulating Parties have negotiated this Stipulation as an integrated
2 document. If the Commission rejects all or any material part of this Stipulation or adds
3 any material condition to any final order that is not consistent with this Stipulation, each
4 Stipulating Party reserves its right, pursuant to OAR 860-001-0350(9), to present evidence
5 and argument on the record in support of the Stipulation or to withdraw from the
6 Stipulation. The Stipulating Parties agree that in the event the Commission rejects all or
7 any material part of this Stipulation or adds any material condition to any final order that
8 is not consistent with this Stipulation, the Stipulating Parties will meet in good faith within
9 15 days and discuss next steps. A Stipulating Party may withdraw from the Stipulation
10 after this meeting by providing written notice to the Commission and other Stipulating
11 Parties. The Stipulating Parties shall be entitled to seek rehearing or reconsideration
12 pursuant to OAR 860-001-0720 in any manner that is consistent with the agreement
13 embodied in this Stipulation.

14 25. By entering into this Stipulation, no Stipulating Party shall be deemed to
15 have approved, admitted, or consented to the facts, principles, methods, or theories
16 employed by any other Stipulating Party in arriving at the terms of this Stipulation, other
17 than those specifically identified in the body of this Stipulation. No Stipulating Party shall
18 be deemed to have agreed that any provision of this Stipulation is appropriate for
19 resolving issues in any other proceeding, except as specifically identified in this
20 Stipulation.

21 26. The Stipulating Parties agree to make best efforts: (1) to provide each other
22 any and all news releases that any Stipulating Party intends to make about the Stipulation
23 two business days in advance of publication, and (2) to include in any news release or

1 announcement a statement that the Staff's recommendation to approve the settlement is
2 not binding on the Commission itself.

3 27. This Stipulation is not enforceable by any Stipulating Party unless and until
4 adopted by the Commission in a final order. Each signatory to this Stipulation
5 acknowledges that they are signing this Stipulation in good faith and that they intend to
6 abide by the terms of this Stipulation unless and until the Stipulation is rejected or adopted
7 only in part by the Commission. The Stipulating Parties agree that the Commission has
8 exclusive jurisdiction to enforce or modify the Stipulation.

9 28. This Stipulation may be executed in counterparts and each signed
10 counterpart shall constitute an original document.

STAFF

By: /s/ Stephanie Andrus

Date: 9/12/2023

PACIFICORP

By: _____

Date: _____

VITESSE, LLC

By: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: _____

Date: _____

CALPINE ENERGY SOLUTIONS LLC

By: _____

Date: _____

KLAMATH WATER USERS ASSOCIATION

By: _____

Date: _____

STAFF

By: _____

Date: _____

PACIFICORP

/s/ Matthew McVee

By: _____

Date: 9/12/2023

VITESSE, LLC

By: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: _____

Date: _____

CALPINE ENERGY SOLUTIONS LLC

By: _____

Date: _____

KLAMATH WATER USERS ASSOCIATION

By: _____

Date: _____

STAFF

By: _____

Date: _____

PACIFICORP

By: _____

Date: _____

VITESSE, LLC

/s/ Irion Sanger
By: _____

Date: 9/12/2023 _____

OREGON CITIZENS' UTILITY BOARD

By: _____

Date: _____

CALPINE ENERGY SOLUTIONS LLC

By: _____

Date: _____

KLAMATH WATER USERS ASSOCIATION

By: _____

Date: _____

STAFF

By: _____

Date: _____

PACIFICORP

By: _____

Date: _____

VITESSE, LLC

By: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: /s/ Michael Goetz _____

Date: 9/12/2023 _____

CALPINE ENERGY SOLUTIONS LLC

By: _____

Date: _____

KLAMATH WATER USERS ASSOCIATION

By: _____

Date: _____

STAFF

By: _____

Date: _____

PACIFICORP

By: _____

Date: _____

VITESSE, LLC

By: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: _____

Date: _____

CALPINE ENERGY SOLUTIONS LLC

By:  _____

Date: 8-12-23 _____

KLAMATH WATER USERS ASSOCIATION

By: _____

Date: _____

STAFF

By: _____

Date: _____

PACIFICORP

By: _____

Date: _____

VITESSE, LLC

By: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: _____

Date: _____

CALPINE ENERGY SOLUTIONS LLC

By: _____

Date: _____

KLAMATH WATER USERS ASSOCIATION

By: /s/ Paul Simmons _____

Date: 9/12/2023 _____

Docket UE 420

Exhibit 1

to

Stipulation

Docket UE 420

Exhibit 2

to

Stipulation

PACIFIC POWER
ESTIMATED EFFECT OF PROPOSED PRICE CHANGE
ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS
DISTRIBUTED BY RATE SCHEDULES IN OREGON
FORECAST 12 MONTHS ENDED DECEMBER 31, 2024

Line No.	Description	Sch No.	No. of Cust	MWh	Present Revenues (\$000)			Proposed Revenues (\$000)			Change				Line No.
					Base Rates	Adders ¹	Net Rates	Base Rates	Adders ¹	Net Rates	Base Rates		Net Rates		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
							(5) + (6)			(8) + (9)	(8) - (5)	(11)/(5)	(10) - (7)	(13)/(7)	
Residential															
1	Residential	4	540,041	5,829,081	\$737,548	\$8,977	\$746,525	\$779,459	\$8,977	\$788,436	\$41,911	5.7%	\$41,911	5.6%	1
2	Total Residential		540,041	5,829,081	\$737,548	\$8,977	\$746,525	\$779,459	\$8,977	\$788,436	\$41,911	5.7%	\$41,911	5.6%	2
Commercial & Industrial															
3	Gen. Svc. < 31 kW	23	85,313	1,166,351	\$149,483	\$2,496	\$151,978	\$157,386	\$2,496	\$159,882	\$7,904	5.3%	\$7,904	5.2%	3
4	Gen. Svc. 31 - 200 kW	28	10,587	2,084,027	\$186,116	\$20,590	\$206,706	\$200,055	\$20,590	\$220,645	\$13,938	7.5%	\$13,938	6.7%	4
5	Gen. Svc. 201 - 999 kW	30	872	1,325,081	\$105,890	\$12,417	\$118,307	\$114,580	\$12,417	\$126,997	\$8,690	8.2%	\$8,690	7.4%	5
6	Large General Service >= 1,000 kW	48	182	6,123,426	\$435,177	\$16,877	\$452,053	\$473,256	\$16,877	\$490,132	\$38,079	8.7%	\$38,079	8.4%	6
7	Partial Req. Svc. >= 1,000 kW	47	6	32,263	\$4,320	\$88	\$4,409	\$4,511	\$88	\$4,600	\$191	8.7%	\$191	8.4%	7
8	Dist. Only Lg Gen Svc >= 1,000 kW	848	1	0	\$1,219	\$111	\$1,329	\$1,219	\$111	\$1,329	\$0	0.0%	\$0	0.0%	8
9	Agricultural Pumping Service	41	7,913	237,644	\$30,384	(\$2,916)	\$27,468	\$31,919	(\$2,916)	\$29,003	\$1,535	5.1%	\$1,535	5.6%	9
10	Total Commercial & Industrial		104,874	10,968,792	\$912,589	\$49,663	\$962,251	\$982,927	\$49,663	\$1,032,589	\$70,338	7.7%	\$70,338	7.3%	10
Lighting															
11	Outdoor Area Lighting Service	15	5,703	8,050	\$788	\$242	\$1,031	\$807	\$242	\$1,049	\$18	2.3%	\$18	1.8%	11
12	Street Lighting Service Comp. Owned	51	1,121	21,063	\$2,715	\$933	\$3,648	\$2,770	\$933	\$3,703	\$56	2.1%	\$56	1.5%	12
13	Street Lighting Service Cust. Owned	53	292	7,519	\$392	\$221	\$613	\$409	\$221	\$630	\$17	4.3%	\$17	2.8%	13
14	Recreational Field Lighting	54	100	1,394	\$88	\$52	\$140	\$91	\$52	\$143	\$3	3.6%	\$3	2.3%	14
15	Total Public Street Lighting		7,215	38,026	\$3,983	\$1,448	\$5,431	\$4,077	\$1,448	\$5,525	\$94	2.4%	\$94	1.7%	15
16	Subtotal		652,131	16,835,899	\$1,654,120	\$60,087	\$1,714,207	\$1,766,463	\$60,087	\$1,826,550	\$112,343	6.8%	\$112,343	6.6%	16
17	Employee Discount		975	13,481	(\$419)	(\$5)	(\$424)	(\$443)	(\$5)	(\$449)	(\$24)		(\$24)		17
17	Paperless Credit				(\$2,072)		(\$2,072)	(\$2,072)		(\$2,072)	\$0		\$0		17
18	AGA Revenue				\$3,521		\$3,521	\$3,521		\$3,521	\$0		\$0		18
19	COOC Amortization				\$1,767		\$1,767	\$1,767		\$1,767	\$0		\$0		19
20	Total Sales with AGA		652,131	16,835,899	\$1,656,916	\$60,082	\$1,716,998	\$1,769,235	\$60,082	\$1,829,317	\$112,319	6.8%	\$112,319	6.5%	20

¹ Excludes effects of the Low Income Bill Payment Assistance Fund (Sch. 91), Low Income Discount Cost Recovery Adjustment (Sch. 92), BPA Credit (Sch. 98), Public Purpose Charge (Sch. 290) and System Benefits Charge (Sch. 291).

² Percentages shown for Schedules 48 and 47 reflect the combined rate change for both schedules