

Application No. 22-08-____
Exhibit No. PAC/600
Witness: Anthony B. Worthington

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFICORP

Direct Testimony of Anthony B. Worthington
Administrative Costs Associated with California's Cap and Trade Program

August 2022

TABLE OF CONTENTS

I. INTRODUCTION AND QUALIFICATIONS 1

II. SUMMARY OF TESTIMONY 1

III. RECONCILIATION OF FORECASTED AND ACTUAL RECORDED 2020 AND
2021 ADMINISTRATIVE COSTS 2

IV. FORECASTED 2023 ADMINISTRATIVE COSTS 3

ATTACHED EXHIBITS

Exhibit PAC/601 – 2013-2022 Recorded/Forecast Administrative Costs

Exhibit PAC/602 – 2023 Forecast Administrative Costs

Exhibit PAC/603 – Commission Template D-3 – Detail of Administrative Costs

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name, business address, and present position with PacifiCorp**
3 **d/b/a Pacific Power (PacifiCorp or Company).**

4 A. My name is Anthony B. Worthington. My business address is 825 NE Multnomah
5 Street, Suite 600, Portland, Oregon 97232. I am the Customer Services manager of
6 billing within the Company.

7 **Q. Briefly describe your education and business experience.**

8 A. I hold a Bachelor of Business Administration from the University of Oregon. I joined
9 PacifiCorp in May 1997 and assumed my current position in December 2015.

10 **Q. Please explain your responsibilities as PacifiCorp’s Manager of Billing within**
11 **Customer Services.**

12 A. I manage the Company’s customer billing services for approximately 2.0 million
13 customers, including complex managed accounts billing, and the customer service
14 billing system’s implementation of commission-approved price and rate changes for
15 PacifiCorp’s six-state service territory.

16 **II. SUMMARY OF TESTIMONY**

17 **Q. Please summarize your direct testimony.**

18 A. My testimony reconciles PacifiCorp’s actual recorded administrative costs incurred in
19 2021 and year-to-date through May 31, 2022, as compared to the forecast set out in
20 PacifiCorp’s last application filed August 2, 2021.¹ My testimony also provides an
21 overview of the administrative costs the Company expects to incur in 2023 for

¹ Application (A.) 21-08-004 (2022 ECAC).

1 administering the Greenhouse Gas (GHG) Cap and Trade Program (Cap and Trade
2 Program), namely related to the distribution of Climate Credits.

3 **III. RECONCILIATION OF FORECASTED AND ACTUAL RECORDED 2021**
4 **AND 2022 ADMINISTRATIVE COSTS**

5 **Q. What were the 2021 GHG Program administrative costs?**

6 A. The Company incurred \$2,895 in Cap and Trade Program administrative costs in
7 2021, which was less than the \$5,000 originally projected in the 2022 ECAC. *See*
8 Exhibits PAC/601 and PAC/603. The Company tracked the number of checks
9 requested following the distribution of the California Climate Credits in 2021.

10 **Q. What are the drivers of the administrative costs incurred in 2021?**

11 A. The Company's administrative costs are driven primarily by the cost to issue checks
12 to customers with a surplus account balance. In 2021, a total of 579 checks were
13 issued to customers with a surplus balance who requested payment via check. The
14 Company estimates the incremental cost for issuing each check to be \$5,² which
15 represents the cost for the bank to issue and mail a check. At a cost of \$5 per check,
16 the total cost for issuing 579 checks in 2021 was \$2,895.

17 **Q. What administrative costs does PacifiCorp expect to incur in 2022?**

18 A. The budget for 2022 approved in Decision (D.) 21-03-007 is \$5,000. From January 1,
19 2022, through May 31, 2022, PacifiCorp has incurred \$1,580 in administrative costs
20 for issuing checks to customers. There is \$3,420 remaining in the budget for 2022.

21 The Company expects to incur the remaining \$3,420 from June 1, 2022, through the

² *See* Direct Testimony of Ms. Valerie F. Smith Exhibit PAC/300 at page 3 in A.14-08-003. Administrative costs include the costs for printing and mailing the check and do not include internal labor costs. The Company will continue to monitor this process and if it finds that incremental labor is required, it may include these costs in the future.

1 remainder of the year, for a total of \$5,000. *See* Exhibit PAC/601. The Company
2 tracked the number of checks requested following the distribution of the California
3 Climate Credit in April 2022. A total of 316 checks were issued to customers with a
4 surplus balance remaining in their account. At a cost of \$5, the total cost for issuing
5 checks through May 31 in 2022 was \$1,580. The Company believes it will receive a
6 number of requests after the October–November 2022 distribution, resulting in
7 administrative costs equal to at least the \$5,000 budget for 2022.³ Any difference will
8 be trued-up in the Company’s next Energy Cost Adjustment Clause application filed
9 in August 2023.

10 IV. FORECASTED 2023 ADMINISTRATIVE COSTS

11 **Q. What are the 2023 forecasted administrative costs?**

12 A. For 2023, PacifiCorp forecasts that it will incur \$5,000 in administrative costs
13 specific to the Cap and Trade Program. This funding is for administrative activities
14 associated with the semi-annual disbursement of the residential California Climate
15 Credit, including customer-requested check processing for the surplus account
16 balance. *See* Exhibit PAC/602.

17 **Q. What is the basis for the 2023 forecasted program administrative costs?**

18 A. The forecasted administrative costs reflect trends in the volume of checks requested
19 in 2022 compared to 2021, and changes in the program in 2022 where eligible small
20 business customers began to receive semi-annual credits in lieu of monthly
21 volumetric credits against usage. The number of checks issued in 2022 was higher
22 than in 2021, reversing a reduction in customers requesting refunds since the start of

³ *See* D.21-03-007 at 10.

1 the program. Accordingly, the Company forecasts \$5,000 for administrative costs in
2 2023 to cover the costs associated with the issuance of checks.

3 **Q. Has the Company included Commission Template D-3 with this application?**

4 A. Yes. Commission Template D-3⁴ provides an overview of forecast and recorded
5 customer outreach and program administrative costs from 2013 to 2023.

6 Administrative costs are addressed in my testimony and customer outreach costs are
7 addressed in the testimony of Company witness Selyna Bermudez. Because these
8 topics are addressed by different PacifiCorp witnesses, the template has been divided
9 into two parts. Template D-3 – Detail of Administrative Costs is provided as Exhibit
10 PAC/603. Much of this same data may also be found in Exhibits PAC/601 and
11 PAC/602. For Template D-3 – Detail of Outreach Costs, refer to Ms. Bermudez’s
12 Exhibit PAC/504.

13 **Q. Does this conclude your direct testimony?**

14 A. Yes.

⁴ See D.14-10-033, D.14-10-055, and D.15-01-024.

Application No. 22-08-____
Exhibit No. PAC/601
Witness: Anthony B. Worthington

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFICORP

Exhibit Accompanying Direct Testimony of
Anthony B. Worthington
2013-2022 Recorded/Forecast Administrative Costs

August 2022

Exhibit PAC/601
PacifiCorp
2013 - 2022 Recorded/Forecast Administrative Costs
August 1, 2022

| Line No. | Description | Recorded (as of 5/31/2022) | Estimated 6/1/2022 - 12/31/2022 | Total 12/31/2022 |
|----------|---|-------------------------------|---------------------------------------|---------------------|
| 1 | Recorded/Forecast Expenses 2013 - 2022: | | | |
| 2 | GHG Administrative Costs - 2013 ⁽¹⁾ | \$ - | \$ - | \$ - |
| 3 | GHG Administrative Costs - 2014 ⁽²⁾ | \$ 6,345 | \$ - | \$ 6,345 |
| 4 | GHG Administrative Costs - 2015 ⁽³⁾ | \$ 6,580 | \$ - | \$ 6,580 |
| 5 | GHG Administrative Costs - 2016 ⁽⁴⁾ | \$ 5,645 | \$ - | \$ 5,645 |
| 6 | GHG Administrative Costs - 2017 ⁽⁵⁾ | \$ 3,960 | \$ - | \$ 3,960 |
| 7 | GHG Administrative Costs - 2018 ⁽⁶⁾ | \$ 5,015 | \$ - | \$ 5,015 |
| 8 | GHG Administrative Costs - 2019 ⁽⁷⁾ | \$ 5,645 | \$ - | \$ 5,645 |
| 9 | GHG Administrative Costs - 2020 ⁽⁸⁾ | \$ 4,440 | \$ - | \$ 4,440 |
| 10 | GHG Administrative Costs - 2021 ⁽⁹⁾ | \$ 2,895 | \$ - | \$ 2,895 |
| 11 | GHG Administrative Costs - 2022 ⁽¹⁰⁾ | \$ 1,580 | \$ 3,420 | \$ 5,000 |
| 12 | Other | \$ - | \$ - | \$ - |
| 13 | Total | \$ 42,105 | \$ 3,420 | \$ 45,525 |

⁽¹⁾ See A.14-08-003 Exhibit PAC/300 page 2 for a discussion about actual GHG administrative costs incurred in 2013.

⁽²⁾ See A.15-08-004 Exhibit PAC/400 page 2 for a discussion about actual GHG administrative costs recorded in 2014.

⁽³⁾ See A.16-08-001 Exhibit PAC/400 page 2 for a discussion about actual GHG administrative costs recorded in 2015.

⁽⁴⁾ See A.17-08-005 Exhibit PAC/400 page 2 for a discussion about actual GHG administrative costs recorded in 2016.

⁽⁵⁾ See A.18-08-001 Exhibit PAC/400 page 2 for a discussion about actual GHG administrative costs recorded in 2017.

⁽⁶⁾ See A.19-08-002 Exhibit PAC/400 page 2 for a discussion about actual GHG administrative costs recorded in 2018.

⁽⁷⁾ See A.20-08-002 Exhibit PAC/400 page 2 for a discussion about actual GHG administrative costs recorded in 2019.

⁽⁸⁾ See A.21-08-004 Exhibit PAC/400 page 2 for a discussion about actual GHG administrative costs recorded in 2020.

⁽⁹⁾ See Exhibit PAC/600 page 2-3.

⁽¹⁰⁾ See Exhibit PAC/600 page 2-3.

Application No. 22-08-____
Exhibit No. PAC/602
Witness: Anthony B. Worthington

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFICORP

Exhibit Accompanying Direct Testimony of

Anthony B. Worthington

2023 Forecast Administrative Costs

August 2022

Exhibit PAC/602
PacifiCorp
2023 Forecast Administrative Costs
August 1, 2022

| Line No. | Description | Forecast for 2023 |
|----------|---|----------------------|
| 1 | Forecast Expenses 2023 | |
| 2 | GHG Administrative Costs ⁽¹⁾ | \$ 5,000 |
| 3 | Total | <u>\$ 5,000</u> |

⁽¹⁾ See Exhibit PAC/600 page 3-4.

Application No. 22-08-____
Exhibit No. PAC/603
Witness: Anthony B. Worthington

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFICORP

Exhibit Accompanying Direct Testimony of
Anthony B. Worthington
Commission Template D-3 – Detail of Administrative Costs

August 2022

Exhibit PAC/603
PacifiCorp
Commission Template D-3 (Note 1)
Detail of Administrative Costs
August 1, 2022

| Line Description | 2013 | | 2014 | | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | | 2021 | | 2022 (Note 2) | | 2023 | | |
|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------------|----------|----------|----------|---|
| | Forecast | Recorded | Forecast | Recorded | Forecast | Recorded | Forecast | Recorded | Forecast | Recorded | Forecast | Recorded | Forecast | Recorded | Forecast | Recorded | Forecast | Recorded | Forecast | Recorded | Forecast | Recorded | |
| 1 Utility Administrative | - | - | - | 6,345 | 5,000 | 6,580 | 7,500 | 5,645 | 7,000 | 3,960 | 5,000 | 5,015 | 4,500 | 5,645 | 5,100 | 4,440 | 5,600 | 2,895 | 5,000 | 5,000 | 5,000 | - | - |
| 2 Detail of administrative activities | - | - | - | 6,345 | 5,000 | 6,580 | 7,500 | 5,645 | 7,000 | 3,960 | 5,000 | 5,015 | 4,500 | 5,645 | 5,100 | 4,440 | 5,600 | 2,895 | 5,000 | 5,000 | 5,000 | - | - |
| 3 Total Administrative Expenses | - | - | - | 6,345 | 5,000 | 6,580 | 7,500 | 5,645 | 7,000 | 3,960 | 5,000 | 5,015 | 4,500 | 5,645 | 5,100 | 4,440 | 5,600 | 2,895 | 5,000 | 5,000 | 5,000 | - | - |

Note 1: This is Commission Template D-3. The template provided by the Commission included outreach and administrative costs in the same table. The template has been split into two tables, one for outreach costs and one for administrative costs, so that each table may be included as an exhibit for the appropriate Company witness. Exhibit PAC/504 provided with the testimony of Ms. Bermudez is the detail of outreach costs. Exhibit PAC/603 is detail of administrative costs.

Note 2: Recorded amount includes forecast expenditures for the remainder of 2022.