

Application No. 24-08-____
Exhibit No. PAC/600
Witness: Andrew C. Lillie

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFICORP 2025 ECAC

Direct Testimony of Andrew C. Lillie
Administrative Costs Associated with California's Cap and Trade Program

August 2024

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ATTACHED EXHIBITS

Exhibit PAC/601 – 2013-2024 Recorded/Forecast Administrative Costs

Exhibit PAC/602 – 2025 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 Andrew C. Lillie. My business address is 825 NE Multnomah Street,
5 Suite 600, Portland, Oregon 97232. I am the interim 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 Arts in Spanish Translation and Interpretation from Brigham
9 Young University, an M.A. in Translation from the University of Puerto Rico and an
10 M.A. in Post Secondary Adult Education from Portland State University. I joined
11 PacifiCorp in November 1997. My current position is Lead/Senior Business
12 Specialist in the Complex Billing Department. I assumed the Interim Customer
13 Services Manager of Billing role current in May 2024 and will relinquish this position
14 on July 26, 2024 when the new manager officially takes that role.

15 **Q. Please explain your responsibilities as PacifiCorp's Interim Customer Services**
16 **Manager of Billing within Customer Services.**

17 A. In the interim, I manage the Company's customer billing services for approximately 2
18 million customers, including complex managed accounts billing, and the customer
19 service billing system's implementation of commission-approved price and rate
20 changes for PacifiCorp's six-state service territory.

21 **II. SUMMARY OF TESTIMONY**

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

23 A. My testimony reconciles PacifiCorp's actual recorded administrative costs incurred in

1 2023 and year-to-date through May 31, 2024, as compared to the forecast set out in
2 PacifiCorp's last application filed September 15, 2023.¹ My testimony also provides
3 an overview of the administrative costs the Company expects to incur in 2025 for
4 administering the Greenhouse Gas (GHG) Cap and Trade Program (Cap and Trade
5 Program), namely related to the distribution of Climate Credits.

6 **III. RECONCILIATION OF FORECASTED AND ACTUAL RECORDED 2023**
7 **AND 2024 ADMINISTRATIVE COSTS**

8 **Q. What were the 2023 GHG Program administrative costs?**

9 A. As indicated in Exhibits PAC/601 and PAC/603, the Company incurred \$4,210 in
10 Cap and Trade Program administrative costs in 2023, which was less than the \$5,000
11 originally projected in the 2023 Application. The Company tracked the number of
12 checks requested following the distribution of the California Climate Credits in 2023.

13 **Q. What are the drivers of the administrative costs incurred in 2023?**

14 A. The Company's administrative costs are driven primarily by the cost to issue checks
15 to customers with a surplus account balance. In 2023, a total of 842 checks were
16 issued to customers with a surplus balance who requested payment via check. The
17 Company estimates the incremental cost for issuing each check to be \$5, which
18 represents the cost for the bank to issue and mail a check.² At a cost of \$5 per check,
19 the total cost for issuing 842 checks in 2023 was \$4210.

20 **Q. What administrative costs does PacifiCorp expect to incur in 2024?**

¹ Application (A.) 23-09-008 (2024 Application).

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 A. The budget for 2024 approved in Decision (D.) 24-03-008 is \$5,000. From January 1,
2 2024, through May 31, 2024, PacifiCorp has incurred \$3,000 in administrative costs
3 for issuing checks to customers. There is \$2,000 remaining in the budget for 2024.
4 As indicated in Exhibit PAC/601, the company expects to incur \$4,200 from June 1,
5 2024, through the remainder of the year, for a total of \$7,200. The Company tracked
6 the number of checks requested following the distribution of the April 2024
7 California Climate Credit. A total of 600 checks were issued to customers with a
8 surplus balance remaining in their account. At a cost of \$5, the total cost for issuing
9 checks through May 31 in 2024 was \$3,000. The Company believes it will receive a
10 number of requests after the October 2024 distribution, resulting in administrative
11 costs exceeding the \$5,000 budget for 2024.³ Any difference will be trued-up in the
12 Company's next ECAC application filed in 2025.

13 IV. FORECASTED 2025 ADMINISTRATIVE COSTS

14 **Q. What are the 2024 forecasted administrative costs?**

15 **A.** As indicated in Exhibit PAC/602, PacifiCorp forecasts that it will incur \$7,000 in
16 administrative costs specific to the Cap and Trade Program for 2025. This funding is
17 for administrative activities associated with the semi-annual disbursement of the
18 California Climate Credit, including customer-requested check processing for the
19 surplus account balance.

20 **Q. What is the basis for the 2025 forecasted program administrative costs?**

21 **A.** The forecasted administrative costs reflect trends in the volume of checks requested
22 in 2024 compared to 2023, and changes in the program in 2022 where eligible small

³ See D.21-03-007 at 10.

1 business customers began to receive semi-annual credits in lieu of monthly
2 volumetric credits against usage. The number of checks through May 31, 2024, were
3 73% higher than for the same period in 2023. Accordingly, the Company forecasts
4 \$7,000 for administrative costs in 2025 to cover the costs associated with the issuance
5 of checks.

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

7 A. Yes. Commission Template D-3⁴ provides an overview of forecast and recorded
8 customer outreach and program administrative costs from 2013 to 2025.

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

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

17 A. Yes.

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

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Exhibit No. PAC/601
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BEFORE THE PUBLIC UTILITIES COMMISSION
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PACIFICORP 2025 ECAC

2013-2024 Recorded/Forecast Administrative Costs

August 2024

Exhibit PAC/601
PacifiCorp
2013 - 2024 Recorded/Forecast Administrative Costs
August 1, 2024

Line No.	Description	Recorded (as of 5/31/2024)	Estimated 6/1/2024 - 12/31/2024	Total 12/31/2024
1	Recorded/Forecast Expenses 2013 - 2024:			
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⁾	\$ 4,370	\$ -	\$ 4,370
12	GHG Administrative Costs - 2023 ⁽¹¹⁾	\$ 4,210	\$ -	\$ 4,210
13	GHG Administrative Costs - 2024 ⁽¹²⁾	\$ 3,000	\$ 4,200	\$ 7,200
14	Other	\$ -	\$ -	\$ -
15	Total	\$ 52,105	\$ 4,200	\$ 56,305

⁽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 A.20-08-002 Exhibit PAC/600 page 2-3 for a discussion about actual GHG administrative costs recorded for 2021.

⁽¹⁰⁾ See A.21-08-004 Exhibit PAC/600 page 2-3 for a discussion about actual GHG administrative costs recorded for 2022.

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Exhibit No. PAC/602
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PACIFICORP 2025 ECAC

2025 Forecast Administrative Costs

August 2024

Exhibit PAC/602
PacifiCorp
2025 Forecast Administrative Costs
August 1, 2024

Line No.	Description	Forecast for 2025
1	Forecast Expenses 2025	
2	GHG Administrative Costs ⁽¹⁾	\$ 7,000
3	Total	<u>\$ 7,000</u>

⁽¹⁾ See Exhibit PAC/600 page 3-4.

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PACIFICORP 2025 ECAC

Commission Template D-3 – Detail of Administrative Costs

August 2024

Exhibit PAC/603
PacifiCorp
Commission Template D-3 (Note 1)
Detail of Administrative Costs
August 1, 2024

Line Description	2013		2014		2015		2016		2017		2018		2019		2020		2021		2022		2023		2024 (Note 2)		2025	
	Forecast	Recorded	Forecast	Recorded	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																										
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	4,355	5,000	4,210	7,200	7,200	7,000	-
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	4,355	5,000	4,210	7,200	7,200	7,000	-

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 2024