

June 14, 2019

VIA ELECTRONIC FILING

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

RE: Docket UE-170002—Pacific Power & Light Company’s Comments

On May 6, 2019, the Washington Utilities and Transportation Commission (Commission) issued a Notice of Informal Draft Rules and Opportunity to File Written Comments (Notice) in the rulemaking to address electric and natural gas cost of service. Pacific Power & Light Company (Pacific Power), a division of PacifiCorp, provides these comments to address the questions raised by the Commission and provide suggested edits to the draft informal rules.

I. Staff Questions

The Notice included a series of questions to be answered by all stakeholders and requested certain specific cost of service scenarios be conducted by the utilities. Pacific Power’s scenarios will be provided concurrently with these comments, and the responses to the series of questions for all stakeholders are provided below:

1. How should a cost of service study reflect special contracts?

This question is not applicable to the company, since Pacific Power does not have any special contract customers in Washington.

2. Are the proposed input data types (advanced metering infrastructure, special contracts, load studies) sufficient, or should there be other types of data?

Utilities should be allowed to incorporate other relevant types of data as appropriate. Limiting the data input types to advanced metering infrastructure (AMI), special contracts, and load studies is not sufficient. For smaller customer classes with fixed usage periods, such as street lighting customers, it is necessary to utilize monthly energy usage to estimate load profiles. Requiring a load research study or AMI for these customers would not be cost effective when compared against the size of their load.

3. How often should load studies be performed?

Pacific Power recommends that a load study occur with each test period that is used in a rate case proceeding. Sample rotation for the load research meters should occur less frequently

than each rate case proceeding. Without AMI, the sample meters used in load research studies must be rotated periodically. This often requires replacing the physical meter for a meter that is capable of recording profile data. Pacific Power recommends against codifying a set schedule for sample meter rotation. With the potential for continued AMI deployment across the state, requiring a specific schedule for sample meter rotation may be too prescriptive. For example, if a utility were very close to deploying AMI, it would be an unwise use of scarce resources and create undue expense for customers to change out meters for a new load research sample rotation that would only be used for a very limited time.

II. Pacific Power's Proposed Edits to the Informal Draft Rules

Pacific Power appreciates the significant effort that the Staff of the Commission has undertaken to produce these informal draft rules. In support of that effort, Pacific Power provides the following edits and explanations for those edits below. A complete redline is attached as well.

WAC 480-xxx-030 (2)

~~(2) — “Basic charge” means a rate that does not vary with energy usage and is charged to each customer within a customer class during each billing cycle.~~

Pacific Power recommends the elimination of the definition of basic charge. The purpose of these rules as articulated in these drafts rules are to establish the minimum filing requirements for a cost of service study that is filed with the commission. Defining a basic charge in these rules is unnecessary and could create a proscriptive presumption for future rate design proposals.

WAC 480-xxx-030 (5)

~~(5) “Marginal cost study” means an analysis of the cost for a customer to bypass a utility’s system compared to the incremental cost needed for the utility to serve that one additional customer, unit of energy, or unit of demand.~~

Pacific Power proposes clarifying edits to the definition of a marginal cost of service study. A marginal cost of service study is primarily a way of evaluating the cost to serve customer load on an incremental basis. While marginal cost may be useful when examining customer bypass, it can also be useful in other contexts and its definition should not therefore be so limited. In essence, marginal cost analysis is the study of what the next unit of consumption costs.

WAC 480-xxx-040

~~(1) — The commission shall initiate a formal rulemaking proceeding under RCW 80.04.160 to review cost of service rules in this chapter every five years. If the commission finds that initiating a formal rulemaking proceeding to review cost of service is not in the public interest, the commission may postpone the rulemaking to a specified date.~~

~~(2) — The formal rulemaking process shall be completed within 12 months after initiation. The commission may, upon a finding of good cause, extend the rulemaking proceeding.~~

Pacific Power recommends elimination of this section in its entirety and against the codification of a requirement to initiate formal rulemaking proceedings on a formal five-year timeline. The Commission's rules should be formulated in a way that does not require frequent revisiting and revising, which would increase the burden on all stakeholders and increase the potential for confusion. A formal rulemaking can be, and should be, initiated at the Commission's discretion on an as-needed basis. Washington law authorizes the Commission to promulgate and revise rules as necessary to carry out its duties.¹ But more importantly, the rules that are established as part of this multi-year effort should be intended for longevity, barring any significant changes in the regulatory environment. In addition, the established rules should be widely applicable to all utilities. It is not feasible, efficient, or necessary to have rules change every five years, and doing so would diminish the weight and significance of the Commission's established rules.

WAC 480-xxx-050 (1)(a) and WAC 480-xxx-050(1)(b)(iii)

(a) Supporting testimony. All cost of service studies must be filed with supporting testimony. ~~If supporting testimony references or discusses data, models, calculations, or associated information is found only in the supporting work papers, the supporting testimony must cite to the work papers.~~

(iii) ~~Each electronic workbook must have an index identifying each spreadsheet and its relationship to other spreadsheets.~~

Pacific Power recommends the elimination of the above requirement as administratively burdensome. Indexing and cross-referencing the work papers in the requested manner places a significant burden on producing these documents. The Commission's procedural rules have already established very specific requirements for the filing and organization of work papers after input from stakeholders in several rounds of comments and workshops in a formal rulemaking.² It is not appropriate to affect additional changes to the procedural rules as part of this proceeding.

WAC 480-xxx-060 (1)

(1) The rate schedule usage data for any cost of service study must come from one of the following sources, which are ranked from most to least preferred: advanced metering infrastructure; special contracts; or, a load study. For small customer classes whose usage is pattern is readily known such as streetlights who only use energy from dusk to dawn, estimation based upon overall class energy usage is acceptable.

Pacific Power recommends the addition of language that allows for more flexibility for small customer classes for where it is impractical to conduct a load study. An example of this is street-lighting customers, a small class whose energy use is based on a known schedule. Requiring a load research study for these customers is an inefficient use of limited resources.

¹ See RCW 80.01.040; RCW 80.01.160.

² Wash. Admin. Code 480-07-510(4).

WAC 480-xxx-070

(a) Electric studies shall use the FERC accounts outlined in Table 1 to functionalize the cost of service. When practical, costs shall be directly functionalized where information is readily available. Functionalized costs will be classified and allocated by the methods outlined in Table 2.

Pacific Power recommends language here that allows more flexibility for utilities to determine when it is appropriate to directly assign costs. Always requiring direct assignment of costs would be administratively burdensome and provide minimal benefits.

WAC 480-xxx-080 (1)

(1) The commission may grant an exemption from the provisions of any rule or section in this chapter. ~~Any exemption from this chapter may only be applied to rate proceedings initiated subsequent to the approval of the exemption.~~

Pacific Power recommends that the requirement that approval of exemptions occur before the filing of a general rate case be eliminated. Requiring the request for exemptions to the Cost of Service study before the cost of service study is even filed presents a great deal of difficulty for utilities preparing their filing, and for stakeholders reviewing the request for exemptions.. Preparing a general rate case is a time intensive process, and the utility is often making adjustments until the filing date, and requiring utilities to make an exemption filing months before a rate case in order to receive Commission approval is not practical.

Table 2

Pacific Power recommends that in Table 2, the allocation method for distribution substations be revised to read “Allocated based on twelve weighted distribution system coincident peaks, where each peak is weighted by the nameplate of substations that peak each month.” Pacific Power believes the direct assignment methodology in the draft rules requires significant effort and is unduly burdensome on the individuals producing the study. Pacific Power’s allocation method provides a high level of accuracy without the as significant a burden.

III. Conclusion

Cost of Service is a complex and technical subject, and Pacific Power appreciates the years of effort that Staff has put into this investigation. Pacific Power remains committed to extensively participating in this proceeding and working with the Commission and stakeholders through this process. Pacific Power further appreciates the continued opportunity to provide written comments and feedback on these draft rules as this investigation progresses.

Washington Utilities and Transportation Commission

June 14, 2019

Page 5

Sincerely,

_____/s/_____

Etta Lockey

Vice President, Regulation

Pacific Power & Light Company

825 NE Multnomah Street, Suite 2000

Portland, OR 97232

(503) 813-5701

etta.lockey@pacificorp.com