

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
)
Complainant,)
)
v.) DOCKET NOS. UE-140762 and
) UE-140617 (*consolidated*)
PACIFICORP D/B/A PACIFIC POWER &)
LIGHT COMPANY,)
)
Respondent.)
_____)
)
In the Matter of the Petition of)
)
PACIFIC POWER & LIGHT) DOCKET NO. UE-131384
COMPANY,) (*consolidated*)
)
For an Order Approving Deferral of)
Costs Related to Colstrip Outage)
_____)
)
In the Matter of the Petition of)
)
PACIFIC POWER & LIGHT) DOCKET NO. UE-140094
COMPANY,) (*consolidated*)
)
For an Order Approving Deferral of)
Costs Related to Declining Hydro)
Generation)
_____)

EXHIBIT NO.__(RRS-10)

Staff's Response to Boise's Data Request Nos. 3 and 5

November 14, 2014

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED:	November 5, 2014	WITNESS:	Jeremy Twitchell
DOCKET:	UE-140762, et al.	RESPONDER:	Jeremy Twitchell
REQUESTER:	Boise White Paper	TELEPHONE:	(360) 664-1302

3. In reference to Testimony of Jeremy Twitchell, Exhibit No. JBT-1T, page 16, lines 7-15, Mr. Twitchell asserts a mismatch between how the Company recovers its wind resource costs and how it passes back the federal tax credits generated by those resources to customers. Has Mr. Twitchell considered addressing this perceived mismatch by adjusting the “passing back” mechanism, rather than assigning different renewable plant costs to these customers? If so, please explain Mr. Twitchell’s analysis, including all workpapers.

RESPONSE:

As noted in my testimony, the issue was raised by former UTC staff employee Christopher Mickelson in his testimony for Pacific Power’s 2013 general rate case. I have not performed any analysis on this matter. I also reviewed Mr. Mickelson’s work papers from the 2013 case, and was unable to locate his analysis of the issue.

While this issue supports Staff’s arguments for its use of the non-distributable generation (NDG) allocation factor, it is not the principle argument in this case. Staff’s main argument in support of the NDG factor in this case is cost causation, as I explained in my direct testimony on page 18 at lines 5-17. Staff would be willing to consider a proposal to address the “passing back mechanism” as suggested, but would still support the NDG factor from a cost causation standpoint.

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5. In reference to Testimony of Jeremy Twitchell, Exhibit No. JBT-1T, page 22, lines 1-12, please explain how Staff would allocate the increase to customer classes if the Commission approves a level of increase different from Staff's recommended 2.41%. Please provide Staff's allocation proposal for each of the following percentage increase scenarios:

- a. 0%
- b. 5%
- c. 8.5%

RESPONSE:

Assuming that costs have been classified and allocated in a manner consistent with Staff's proposed cost-of-service study, Staff would likely respond to those scenarios in the following manner:

Under the 0 percent increase scenario, Staff would propose rates that bring the classes closer to parity. One possible approach would be to set a target parity ratio of 0.95 for the Residential and Dedicated Facilities classes, and then identify a parity ratio for the remaining classes that results in a net increase of zero percent (by my analysis, that ratio would be approximately 1.01). Under this approach, the classes would be allocated the following increases (decreases).

- Residential: 3.21%
- Small General Service: (7.57%)
- Large General Service < 1,000 kw: (1.32%)
- Large General Service > 1,000 kw: 1.6%
- Dedicated Facilities: 1.76%
- Agricultural Pumping Service: (5.63%)
- Street Lighting: (5.87%)

Under the 5 percent scenario, Staff would propose to take the same approach as it took in its prepared rate spread: 150 percent of the increase applied to the Residential and Dedicated Facilities classes, 100 percent of the increase applied to the Large General Service > 1000 kw class and the remaining increase applied to the Large General Service < 1000 kw class. This would result in the following increases and parity ratios:

- Residential: 7.5%, 0.96 parity ratio
- Small General Service: 0%, 1.06 parity ratio

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- Large General Service < 1,000 kw: 3.52%, 1.03 parity ratio
- Large General Service > 1,000 kw: 5%, 1.02 parity ratio
- Dedicated Facilities: 7.5%, 0.98 parity ratio
- Agricultural Pumping Service: 0%, 1.04 parity ratio
- Street Lighting: 0%, 1.04 parity ratio

Under the 8.5 percent scenario, Staff would propose to assign 125 percent of the increase to the Residential and Dedicated Facilities classes, 100 percent of the increase to the two Large General Service classes, and approximately 34 percent of the increase to the remaining classes. This would result in the following increases and parity ratios:

- Residential: 10.63%, 0.96 parity ratio
- Small General Service: 2.92%, 1.06 parity ratio
- Large General Service < 1,000 kw: 8.5%, 1.05 parity ratio
- Large General Service > 1,000 kw: 8.5%, 1.02 parity ratio
- Dedicated Facilities: 10.63%, 0.98 parity ratio
- Agricultural Pumping Service: 2.92%, 1.03 parity ratio
- Street Lighting: 2.92%, 1.04 parity ratio