

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,

Respondent.

DOCKET UE-130043

PARTIAL SETTLEMENT
REGARDING COST OF SERVICE,
RATE SPREAD, AND RATE
DESIGN

I. INTRODUCTION

1 This Partial Settlement is entered in accordance with WAC 480-07-730(3) to compromise and settle all issues concerning cost of service, rate spread, and rate design that have been raised in this proceeding between the Parties. This Partial Settlement sets forth the rate spread and rate design that the Parties agree should be applied to any revenue requirement the Washington Utilities and Transportation Commission (“Commission”) determines at the conclusion of litigation on contested revenue requirement issues. This Partial Settlement Agreement also sets forth requirements regarding the production of information by PacifiCorp that will facilitate the Parties’ analysis of cost of service, rate spread, and rate design issues in PacifiCorp’s next general rate case.

II. SETTLING PARTIES

2 This Partial Settlement is entered into by: PacifiCorp d/b/a Pacific Power & Light Company (“PacifiCorp”); Commission Staff (“Staff”); the Public Counsel Division of the

Attorney General's Office ("Public Counsel"); Boise White Paper L.L.C ("Boise"); and The Energy Project (collectively, "Parties" and individually "Party").

III. BACKGROUND

3 On January 11, 2013, PacifiCorp filed with the Commission certain tariff revisions designed to produce a general rate increase in its rates for electric service to customers in Washington. The proposed revisions provided for a general rate increase of \$42.8 million (14.1 percent) for the electric tariffs. The Commission suspended operation of the tariffs by Order 01 entered on January 24, 2013.

4 A prehearing conference was held on February 13, 2013. The Commission granted petitions to intervene of Boise and The Energy Project.¹

5 On June 21, 2013, Staff, Public Counsel, Boise, and The Energy Project filed response testimony to PacifiCorp raising issues with respect to the revenue increase sought by PacifiCorp and the manner in which any revenue increase ordered by the Commission should be recovered from each class of PacifiCorp's customers.

6 On August 2, 2013, PacifiCorp filed rebuttal testimony and exhibits, decreasing the proposed revenue deficiency from \$42.8 million to \$36.9 million (12.1 percent).

7 The Parties have reached a Partial Settlement under WAC 480-07-730(3) and now wish to present their agreement for Commission approval. In the interests of expediting the orderly disposition of this general rate case, the Parties therefore adopt the following Partial Settlement, which is entered into by the Parties voluntarily to resolve matters in dispute among them regarding electric rate spread and rate design.

¹ Columbia Rural Electric Association was also granted intervention, which was later dismissed by Commission Order 04, issued July 29, 2013.

8

The Parties understand that only Sections IV, V, VI, and VII of this Partial Settlement are subject to Commission approval and hereby respectfully request that the Commission issue an order approving Sections IV, V, VI, and VII of this Partial Settlement in their entirety. The Parties request that the Commission hear evidence concerning their Partial Settlement as part of the hearings scheduled to commence before the Commission on August 26, 2013. The Parties to this Partial Settlement are also filing Joint Testimony in support of their agreement, in accordance with WAC 480-07-740(2).

IV. AGREEMENT—COST OF SERVICE

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For purposes of the Parties' agreement on rate spread and rate design as set forth below in Section V and VI, and subject to the "no precedent" clause set forth below in Section VII, ¶18, the Parties have applied the Company's class cost of service study as presented by Company witness C. Craig Paice in Exhibit No. CCP-5 and summarized in Exhibit No. CCP-2.

V. AGREEMENT—RATE SPREAD

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This Section V describes how the total revenue requirement increase determined by the Commission will be allocated to each class of customers at the conclusion of this general rate case. The Parties agree that the revenue requirement increase will be applied as a uniform percentage increase for all rate schedules, with the exception of street lighting rate schedules, which will receive no increase.

VI. AGREEMENT—RATE DESIGN

11

This Section VI describes how rates will be designed within each customer class at the conclusion of this general rate case. The Parties agree to an equal percentage increase to both demand and energy rate components within each rate schedule.

The Parties also agree that the monthly Basic Charge for residential service under Schedules 16 and 17 should increase from \$6.00 to \$7.75.

VII. DOCUMENTATION REQUIREMENTS

12 In addition to the Parties' agreement on cost of service, rate spread, and rate design set forth above in Sections IV, V, and VI, respectively, PacifiCorp agrees to provide the following analyses and documentation:

- PacifiCorp will file a new class cost of service study in its next general rate case.
- PacifiCorp will include direct testimony in its next general rate case describing its review and analysis of the proposed changes to the cost of service study recommended by Staff witness Christopher T. Mickelson, as summarized in Exhibit No. CTM-1T at page 4, and whether his proposals were ultimately adopted by the Company and why or why not. Mr. Mickelson's proposed changes concern:
 - The peak credit methodology used to weight generation- and transmission-related allocation factors;
 - The allocation of wind plant, related expenses, and wind power contracts; and
 - The allocation of corporate account managers.
- PacifiCorp will include direct testimony in its next general rate case that analyzes the current residential tiered block rate design and possible alternatives, including changes in the number of blocks, size of blocks, and impacts on low-income customers.

- PacifiCorp will conduct and provide to all Parties, no later than July 31, 2014, a new survey for residential end-use consumption and rate design for the Company's Washington service area, as described by Company witness Joelle R. Steward in Exhibit No. JRS-7T at pages 17-18.

13 By entering into this Partial Settlement, no Party waives its right to seek discovery in any future rate proceeding on the subject matters addressed by the documentation and analyses required by this Section VII, or any other relevant subject matter, subject to the requirements of WAC 480-07-400 through -410.

VIII. MISCELLANEOUS PROVISIONS

14 The Parties agree to support the terms and conditions of this Partial Settlement as a settlement of all contested issues between them in the above-captioned consolidated proceedings regarding electric rate spread and rate design.

15 This Partial Settlement represents an integrated resolution of rate spread and rate design. Accordingly, the Parties recommend that the Commission adopt and approve Sections IV, V, VI, and VII of this Partial Settlement in their entirety.

16 The Parties shall cooperate in submitting this Partial Settlement promptly to the Commission for approval of Sections IV, V, VI, and VII above, and shall cooperate in developing supporting testimony as required in WAC 480-07-740(2)(b). The Parties agree to support the Partial Settlement throughout this proceeding, provide witnesses to sponsor this Partial Settlement at a Commission hearing, and recommend that the Commission issue an order adopting the Partial Settlement in its entirety.

17 If the Commission rejects Sections IV, V, VI, and VII of the Partial Settlement, the provisions of WAC 480-07-750(2)(a) will apply. If the Commission accepts Sections IV, V,

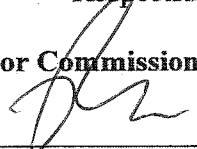
VI, and VII of the Partial Settlement, subject to conditions not proposed in this Partial Settlement, each Party reserves the right, upon written notice to the Commission and all other Settling Parties to this proceeding within five (5) days of the Commission order, to state its rejection of the conditions. In that event, the Parties immediately will request that hearings be held on the appropriateness of the conditions or upon other cost of service, rate spread, or rate design proposals of the Parties. In any further proceedings triggered by this paragraph, the Parties agree to cooperate in development of a hearing schedule that concludes any such proceeding at the earliest possible date. Any further proceedings triggered by this paragraph will not delay any compliance filing of PacifiCorp ordered by the Commission and that compliance filing will remain in effect pending any further proceeding.

18 The Parties enter into this Partial Settlement to avoid further expense, uncertainty, and delay. By executing this Partial Settlement, no Party will be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Partial Settlement, and except to the extent expressly set forth in this Partial Settlement, no Party will be deemed to have agreed that this Partial Settlement is appropriate for resolving any issues in any other proceeding. No Party will represent that any of the facts, principles, methods, or theories employed by any Party in arriving at the terms of this Partial Settlement are precedents in any other proceeding or as to any matter remaining in dispute in this proceeding.

This Partial Settlement may be executed in counterparts, through original or electronically mailed signature, and each signed counterpart constitutes an original document.


Respectfully submitted,

For Commission Staff:




Robert D. Cedarbaum
Assistant Attorney General
Date: 8/21/13

For PacificCorp:



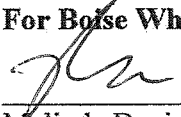
Sarah K. Wallace
Senior Counsel
Date: 8-21-13

For Public Counsel:




Lisa W. Gafken
Assistant Attorney General
Public Counsel
Date: 8/21/13

For Boise White Paper:



Melinda Davison *per Ms. Davison per counsel*
Davison Van Cleve *authoritative*
Date: _____

For The Energy Project:



Brad Purdy
Date: 8-21-13