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July 24, 2015

Via E-mail and Federal Express

Mr. Steven V. King
Executive Director & Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
P. O. Box 47250
Olympia, WA 98504-7250

Re: Washington Utilities and Transportation Commission v.
Pacific Power & Light Company
Docket UE-144160

Dear Mr. King:

Enclosed for filing in the above-referenced docket, please find an original and one copy of the Cross-Answering Policy Declaration of Bradley G. Mullins on behalf of Boise White Paper, L.L.C.

Thank you for your assistance. If you have any questions, please do not hesitate to contact me.

Sincerely,



Tyler C. Pepple

cc: Service List

CERTIFICATE OF SERVICE

I certify that I have served the attached Cross-Answering Policy Declaration of Bradley G. Mullins upon all parties in this proceeding, as shown below, by sending a copy via electronic mail and by mailing a copy via First Class U.S. Mail, postage prepaid.

DATED this 24th day of July, 2015.

Davison Van Cleve, P.C.



Tyler C. Pepple

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BEFORE THE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
) DOCKET NO. UE-144160
Complainant,)
)
v.) CROSS-ANSWERING POLICY
) DECLARATION OF BRADLEY G.
PACIFIC POWER & LIGHT COMPANY,) MULLINS FOR BOISE WHITE PAPER,
) L.L.C.
Respondent.)
_____)

I, Bradley G. Mullins, declare as follows:

1. I am over the age of twenty-one. I make this declaration based on personal knowledge and am competent to do so.
2. I am an independent consultant representing industrial customers throughout the western United States. I have testified in a number of proceedings before state utility commissions, including in Pacific Power & Light Co.'s (the "Company") most recent general rate case before the Washington Utilities and Transportation Commission ("Commission"). I am appearing on behalf of Boise White Paper, L.L.C. ("Boise") in this proceeding.
3. The purpose of this declaration is to respond to the Declarations of Jeremy B. Twitchell on behalf of the Commission Staff and John R. Lowe on behalf of the Renewable Energy Coalition ("REC"), filed on July 14, 2015 in this proceeding. Specifically, I recommend that the Commission exclude a capacity payment from the Company's avoided cost schedules, as no new resources are being planned in the Western Control Area ("WCA").

4. In this proceeding, the Company has proposed to exclude capacity payments to qualifying facilities when it is in a resource sufficient position, noting that it does not project a need for a new resource until 2027, based on its 2013 IRP.^{1/} The Company argues that it will balance its capacity needs until this time with market purchases, and therefore, QF resources that come online during the sufficiency period will not provide the capacity benefit of a simple-cycle combustion turbine (“SCCT”), on which its current Schedule 37 capacity payments are based.^{2/} I agree with the Company that, so long as it projects to balance its position with market purchases, QFs do not help the Company avoid the capacity costs of a SCCT, and therefore, should not be compensated as if they do. Additionally, it is important to recognize that the next resource the Company plans to build will not be in the WCA. Accordingly, I recommend that no capacity payment be included in the standard avoided cost schedules approved by the Commission.

5. In their responsive declarations, both Mr. Twitchell and Mr. Lowe argue that QFs are providing a capacity benefit even in periods of resource sufficiency.^{3/} In fact, they both propose to *increase* the current capacity payment to QFs in Washington.^{4/} Mr. Twitchell has proposed a capacity payment of \$4.58/ kW-month, approximately \$2 more than the Company’s current avoided cost payments.^{5/} This payment is allegedly based on the projected fixed costs of a combined cycle resource in the Company’s 2013 integrated resource plan.^{6/}

^{1/} Declaration of Brian S. Dickman ¶ 7.

^{2/} Id. ¶ 10.

^{3/} Declaration of Jeremy B. Twitchell ¶ 19; Declaration of John R. Lowe ¶ 27.

^{4/} Declaration of Jeremy B. Twitchell ¶ 37; Declaration of John R. Lowe ¶ 35.

^{5/} Compare, Declaration of Jeremy B. Twitchell with PacifiCorp Schedule 37 at 2, available at: https://www.pacificpower.net/content/dam/pacific_power/doc/About_Us/Rates_Regulation/Washington/Approved_Tariffs/Rate_Schedules/Cogeneration_and_Small_Power_Production.pdf.

^{6/} Declaration of Jeremy B. Twitchell ¶ 37 n. 35.

6. Additionally Staff points to the potential need for a capacity resource in 2028, based on the Company's most recent IRP, and states that "[c]urrent and future QFs also enable the Company to avoid capacity costs associated with the Company's projected 2028 thermal resource."^{7/} That resource, however, is projected to be located in the Eastern Control Area. It will, therefore, provide no capacity benefit to Washington ratepayers and will not be included in Washington rates pursuant to the WCA ratemaking methodology. Thus, avoiding capacity costs associated with the 2028 resource does not avoid any cost to Washington ratepayers. Rather, it avoids costs to ratepayers in the Eastern Control Area. Accordingly, it would not be appropriate for this State, where the cost of QF resources is situs assigned, to pay for cost savings recognized by other states.

7. Setting avoided cost rates that are too high has the potential to result in a large influx of QF developments in a very short time. This was seen recently in Idaho, where, as a result of QF prices that were too high, the Idaho Power Company saw an influx of nearly 1,000 MW QF capacity (approximately 50% of its load) in the late 2000s' to early 2010s'.^{8/} Similarly, the Company has recently filed a request with the Oregon Public Utility Commission ("OPUC") to modify that state's QF requirements as they are applied to it.^{9/} The Company states that, since the OPUC reaffirmed its contract term and eligibility cap requirements in February of 2014, it has seen a striking influx of new QFs seeking contracts.^{10/} PacifiCorp indicates that it has over

^{7/} Declaration of Jeremy B. Twitchell ¶ 20.

^{8/} See Analyzing SAR And IRP Methodologies, Id.PUC Docket GNR-E-11-03, Stokes, DI at 4:4-6:8. Available at:

<http://www.puc.idaho.gov/fileroom/cases/elec/GNR/GNRE1103/intervenor/IDAHO%20POWER%20COMPANY/20120131STOKES%20DIRECT.PDF>.

^{9/} OPUC Docket No. UM 1734, PacifiCorp's Application to Reduce the Qualifying Facility Contract Term and Lower the Qualifying Facility Standard Contract Eligibility Cap (May 21, 2015).

^{10/} Id. at 1. Idaho Power Company has filed a similar request in OPUC Docket No. UM 1725.

1,000 MWs of executed or pending contracts with new QFs in Oregon, representing 56% of the Company's average Oregon retail load.^{11/} It also states that Oregon's allocated share of the Company's QF payments in 2015 will be \$42.6 million.^{12/}

8. Washington's allocation methodology situs assigns the cost of QF resources to Washington ratepayers. Accordingly, an influx of new QF developments in the Company's relatively small service territory in this State has the potential to have very significant impacts on Washington ratepayers. Based on this potential, Boise respectfully request that Commission exercise caution when evaluating methodologies, such as those proposed by Staff and REC, that have the potential to increase customer rates in a manner inconsistent with PURPA's requirement that a utility's avoided costs ensure that customers are indifferent to the cost of QF power.

^{11/} Id. at 2.
^{12/} Id.

9. I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct. Signed in Portland Oregon this 24th day of July, 2015.



Bradley G. Mullins