

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
STAFF RESPONSES TO DATA REQUESTS

DATE PREPARED: July 10, 2013	WITNESS: David Gomez
DOCKET: UE-130043	RESPONDER: David Gomez
REQUESTER: Public Counsel	TELEPHONE: 360-664-1240

REQUEST NO. 1: On page 23, lines 13-16, of his testimony. Staff witness David Gomez states: "Mr. Duvall's testimony and exhibits reaffirm Staff's support for a properly designed PCAM for the reason previously stated in the 2006 rate case: that the Company faces variability in NPC sufficient to justify such a mechanism." Please provide an explanation and a copy of the analysis performed by Staff in conjunction with this rate case to support Mr. Gomez's statement that the Company faces variability in NPC sufficient to justify a PCAM.

RESPONSE:

Please see Company Exhibit No. ___ (GND-4) and the underlying workpaper, Table 1 – NPC In Rates vs Actual. In the tab "Annual Details" of this workpaper, actual annual NPC variability is in the range of \$67 million (above and below a mean of \$507 million), compared to the variability in NPC of \$26 million that Staff testified to in the 2006 rate case.

In the 2006 rate case, the Commission concluded in Order 08 at paragraph 71 that:

... the Company is subject to significant power cost variability. We find the amount of potential variability sufficient to warrant consideration of a PCAM as a means to accommodate this variability in ratemaking.

Therefore, the Company faces variability in NPC sufficient to justify a Power Cost Adjustment Mechanism. However, as Mr. Gomez testifies, such a mechanism must be properly designed. The Company has not met that condition in this case. Moreover, a potential revision to interstate cost allocation procedures across the Company's service territory makes even a properly designed PCAM premature in this case.