WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF RESPONSE TO DATA REQUEST

DATE PREPARED: April 25, 2016

WITNESS:

Jason L. Ball

DOCKET:

UE-152253

RESPONDER: Jason L. Ball

REQUESTER:

Bench

TELEPHONE: (360) 664-1279

BENCH REQUEST NO. 3: Staff adjusted the Company input data for the supporting model relating to Adjustment 8.13 - Idaho Power Asset Exchange citing complex modeling issues. In reference to the table at the top of page 63 of Jason L. Ball's testimony exhibit, Exh. No. JLB-1T, please provide separately the revenue requirement impact of the Reassignment Asset adjustment and the Correction Assets as proposed by Staff.

RESPONSE: Below is a table showing the revenue requirement impact for Reassignment Assets and Correction Assets. During the course of responding to this bench request, Staff discovered an error in the calculation of the effect of the Reassignment Assets as reflected in Exhibit No. JLB-2. The corrected calculation is incorporated into the revenue requirement impacts below.

Adjustment	Exchange Assets	Reassignment Assets	Correction Assets	Total
Adj. 6.1 – End-of-Period Reserves		\$2,186	\$10,989	\$13,175
Adj. 6.2 – Annualized Depr/Amrt Exp.		\$4,882	\$565	\$5,447
Adj. 7.1 - Interest Sync (For these asset categories only)	(\$50,962)	(\$42,974)	(\$152,238)	(\$246,174)
Adj. 8.10 – Investors Supplied Working Cap.		(\$5,008)	(\$30,982)	(\$35,990)
Adj. 8.11 – End-of-Period Plant Bal.		\$25,594	\$3,738	\$29,332
Adj. 8.13 – Idaho Asset Exchange	\$395,500			\$395,500
Input data		\$180,922	\$1,231,047	\$1,411,969
Total Impact of Asset Reassignment/Exchange	\$344,538	\$165,602	\$1,063,119	\$1,573,259

Impact due to change in WCA Factors ¹	\$	1,841	\$ 5,867

¹ Staff did not include these impacts in its responsive testimony or in the total calculation in this response because the effect is minimal.

Attached are workpapers prepared in response to this bench request.

Staff devoted as much time as was possible to respond to this bench request and attempted to fully reconcile the Staff outcome to the numbers provided in the Company's response to Bench Request No. 03; but we were unable to do so in the time allotted.

Attachment to Staff Response to Bench Request 3

Adjustment	Exchange Assets	Reassignment Assets	Correction Assets	Total
Adj. 6.1 – End-of-Period Reserves	7135013	\$2,186		\$13,175
Adj. 6.2 – Annualized Depr/Amrt Exp.		\$4,882	\$565	\$5,447
Adj. 7.1 - Interest Sync	(\$50,962)	(\$42,974)	(\$152,238)	(\$246,174)
Adj. 8.10 – Investors Supplied Working Cap.		(\$5,008)	(\$30,982)	(\$35,990)
Adj. 8.11 – End-of-Period Plant Bal.		\$25,594	\$3,738	\$29,332
Adj. 8.13 – Idaho Asset Exchange	\$395,500			\$395,500
Input data (Reassignment)		\$180,922	\$1,231,047	\$1,411,969
Total Impact of Asset Reassignment/Exchange	\$344,538	\$165,602	\$1,063,119	\$1,573,259

			5 867
Impact due to change in WCA Factors			
3		 	

¹ Staff did not include these impacts in its responsive testimony or directly in this response because their effect is minimal.

				Reallocation	
Staff A	Adjustment for Modeling Effects		Exchange Assets	Assets	Correction Assets
	Depreciation Expense	PRO	-	(204,870)	(27,546)
	Amortization Expense	PRO	-	(20,578)	(14,216)
	Electric Plant in Service	PRO	•	(11,960,217)	(2,303,664)
	Accum. Prov. For Depreciation	PRO	-	3,049,116	812,805
	Accum. Prov. For Amortization	PRO	-	82,389	58,926

Interest Syncronization (Adj 7.1)			
Other Interest Expense - Restating	427	RES	
Other Interest Expense - Pro Forma	427	PRO	

Exchange	Reallocation	Correction
Assets	Assets	Assets
329,904	10,645	203,848
309,426	306,987	307,785

ALLOCATED	1	6,922	,	4,747	•	7,182	18,851		•	(37)	1	(4,620)	1	r	1	,	1	•	(4,658)	(42.107)	(43,197)				1	1	1	4,781	,	204,427	•	41,622	1	(27,651)		(200)	ı	2,849	× .
FACTOR FACTOR % ALLOCATED	%000.0	22.565%	%000.0	22.565%	%000.0	22.565%			%000.0	22.565%	0.000%	22.565%	%000.0	22.565%	%000.0	22.565%	%000.0	22.565%		100.0000	100.000%	2000	0.000%	22.565%	%000.0	22.565%	0.000%	22.565%	%000.0	22.565%	%000.0	22.565%	0.000%	22.565%	0.000%	22.565%	0.000%	22.565%	
ACTOR	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW			CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW		117.4	WA	ŗ	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	
Reallocation Assets	(30,674)	30,674	(21,039)	21,039	(31,827)	31,827			144	(166)	19,542	(20,475)	•	•	,		1	1		(42.103)	(43,197)		•	1	•	•	(21,188)	21,188	(905,944)	905,944	(184,453)	184,453	122,539	(122,539)	2,216	(2,216)	(12,624)	12,624	
LLOCATED	1	7,928	•	76,512	•	10,339	94,779			75	1	(614)	,	•	•	ŧ	•	•	(539)	£10	(797,717)		,	•	t	•	ı	ı	•	,		•		27,651	t	6,489	•	(1,898) 32 242	** - *** (***)
FACTOR % ALLOCATED	0.000%	22.565%	%000.0	22.565%	0.000%	22.565%			0.000%	22.565%	%000.0	22.565%	0.000%	22.565%	%000.0	22.565%	0.000%	22.565%		\00000 0000 0000	100.000%	1	%000.0	22.565%	0.000%	22.565%	0.000%	22.565%	%000.0	22.565%	%000.0	22.565%	0.000%	22.565%	0.000%	22.565%	%000.0	22.565%	
FACTOR	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW			CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW		,	× A		CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	CAGE	CAGW	
Correction Assets <u>F</u>	(35,135)	35,135	(339,075)	339,075	(45,818)	45,818		6.2)	(288)	331	2,598	(2,722)		1	•	,	•			i i	(267,217)			1		•	r	ı	•	•		1	(122,539)	122,539	(28,756)	28,756	8,412	(8,412)	
Company As Filed	(3.236.390)	(1,509,132)	(22,528,637)	(6,146,398)	(2,161,379)	(7,062,184)		ortization Expense	156,095	31,808	1,012,641	274,502	4,250,424	922,752	(1,613,079)	(350,193)	1,613,079	350,193	,		23,962,204		979,310	3,439,001	13,981,723	1,441,727	6,176,471	2,348,767	15,201,980	4,855,895	3,793,976	831,079	11.897,056	3,331,788	8,074,594	2,298,309	4,069,115	964,444	
TYPE	t) RES	RES	RES	RES	RES	RES		ation/Am	RES	RES	RES	RES	RES	RES	RES	RES	RES	RES		Adj 8.10)	RES	(1)	RES	RES	RES	RES	RES	RES	RES	RES	RES	RES	RES	RES	RES	RES	RES	RES	
ACCOUNT TYPE	End-of-Period Plant Keserves (AdJ 6.1) 108GP	108GP	108TP	108TP	111IP	111IP		Annualization of Base Period Depreciation/Amortization Expense (Adj	403GP	403GP	403TP	403TP	SCHMAT	SCHIMAT	41010	41010	282	282		Investor Supplied Working Captial (Adj 8.10)	CWC	End-of-Period Plant Balances (Adj 8.11)	303	303	350	350	352	352	353	353	354	354	355	355	356	356	397	397	

	Staff Model without Idaho Power Asset Exchange	Reallocation Assets	Correction Assets
Modeling Impacts due to changes in WCA Allocation Factors Staff Revenue Requirement Model JAM Revenue Requirement Model Difference	\$ (6,255,972)	(6,265,650) (6,259,783) 5,867	(5,338,084) (5,336,243) 1,841
			t

Pacific Power GRC UE-152253 Rate Plan Year 1 - Staff Proposed Revenue Requirement Increase Conversion Factor

1	Operating Revenue	100.0000%
2	Operating Revenue Deductions:	
3	Uncollectible Accounts	0.5208%
4	State Utility Tax ((3.8734%- (Line 3 * 3.8734%))	3.8734%
5	WUTC Fee	0.2000%
6	Sub-Total	95.4058%
7		
8	State Income Tax	0.0000%
9		
10	Sub-Total	95.4058%
11		
12	Federal Income Tax @ 35%	33.3920%
13		
14	Net Operating Income Conversion Factor	62.0140%
15		
16	Company uses inverse known as "Net to Gross Bump-up".	161.2539%
17		
18	Revenue Sensitive Tax Rates:	
19	customer accounting	0.5208%
20	other taxes	4.0734%
21		
22	Nominal Tax Rate	0.35
23		

Pacific Power GRC UE-152253 Rate Plan Year 1 - Staff Proposed Revenue Requirement Increase Weighted Average Cost of Capital

	COMPANY	PROPOSED			
1	Type of Capital	Cap.Structure	Cost	Weighted Cost	Debt Rate
2 Long-term Debt	•	50.88%	5.18%	2.634%	
3 Short term Debt		0.00%	0.00%	0.000%	2.63%
4 Preferred Stock	·	0.02%	6.75%	0.001%	
5 Common Stock		49.10%	9.50%	4.665%	
6	Weighted Average Cost of Capital	100.00%		7.300%	
7					
8					
9	STAFF PR	ROPOSED			
10					
11	Type of Capital	Cap.Structure	Cost	Weighted Cost	Debt Rate
12 Long-term Debt		50.69%	5.21%	2.641%	
13 Short term Debt		0.19%	2.15%	0.004%	2.64500%
14 Preferred Stock	!	0.02%	6.75%	0.001%	
15 Common Stock		49.10%	9.25%	4.542%	
16	Weighted Average Cost of Capital	100.00%		7.190%	