

UE-130043/PacificCorp
April 22, 2013
PC Data Request 70

PC Data Request 70

On page 22 of his testimony Mr. McDougal discusses the major plant capital additions. Please provide the requested information and answer the following questions:

- (a) Explain why the Company chose to make only pro-forma adjustments for plant additions greater than \$10 million.
- (b) For each capital project included in the pro-forma adjustments, provide a schedule in Excel showing the detailed cost components for each item exceeding \$100,000 for each month from July 2012 to February 2014.
- (c) For each monthly total, or components thereof, specify whether the capital additions are actual, estimated, forecasted, or contractually obligated to be spent with a vendor. If a month has a combination of these situations, specify the amount pertaining to each category.
- (d) Explain if the Company has included electricity sales revenues through February 2014 related to these capital additions. If yes, please provide those sales volumes and revenues by month for each facility and identify on what line of Exhibit SRM-2 they are included.
- (e) Workpaper 8.4.1 shows Hydro Production O&M expenses of \$1,038,000. Please identify on what line of Exhibit No. SRM-2 these expenses are included. Provide the components of these expenses by facility and by month with the supporting calculations and assumptions.
- (f) Workpaper 8.4.2 shows depreciation expense for the capital additions in column K. Please provide the calculation in Excel that supports these amounts.
- (g) On page 23, lines 2-4, of his testimony, Mr. McDougal states that the production factor adjustment was applied to adjust cost and balances for the test period. Please:
 - i. Explain why this adjustment is necessary.
 - ii. Provide the production factor, the calculation of this factor in Excel and explain how it was developed.
 - iii. Provide the calculation in Excel showing how this production factor adjustment was applied to the pro-forma capital addition revenue requirement components to adjust the costs and balances to the historical Test Period levels.
- (h) Explain why the \$(949,180) of NOI, \$38,505,986 of rate base adjustment and \$6,387,496 shown on line 50 of Exhibit No. SRM-2 do not directly tie to the amounts shown in Workpaper 8.4. Please provide the workpaper that shows how the amounts on line 50 of Exhibit No. SRM-2 were calculated and bridge the difference between the exhibit and Workpaper 8.4.

UE-130043/PacificCorp
April 22, 2013
PC Data Request 70

- (i) Explain why the JBG and CAGW allocation factors of 22.498% and 22.626% to the WA jurisdiction shown in Workpaper 8.4 are appropriate allocation factors for the related cost items.

Response to PC Data Request 70

- (a) The Company reviewed discrete projects for possible inclusion in the case and set a materiality amount of \$10 million. The \$10 million threshold resulted in five pro-forma plant additions, of which three were renewable resources that would be in service before the date of the Company's filing.
- (b) Please refer to Attachment PC 70-1 and Confidential Attachment PC 70-2.
- (c) For the information provided in response to subpart (b), all line item detailed costs through February 2013 are actual costs. Remaining amounts for March 2013 forward are forecast. The majority of the forecast amounts are contractually obligated, except for the \$750,000 reserved for confidential construction claims.
- (d) Of the listed capital additions in Workpaper 8.4, only the Jim Bridger turbine upgrade is expected to affect the Company's generation output and result in potential changes to wholesale sales. Because the expected in-service date for the Bridger upgrade is May 2013, the upgraded capacity was used in the calculation of pro forma net power costs (calendar year 2014). Therefore, additional generation, fuel cost, and wholesale sales revenues associated with the upgrade are included for this period. The Company has not prepared a net power cost study distinguishing the share of these items associated with the turbine upgrade. Please refer to the Company's response to Administrative Law Judge Bench Request 2; the folder entitled "Duvall," and "NPC Workpapers Set 1," the confidential file entitled "_WA GRC CY14 WCA NPC Study CONF_2012 12 07.xlsm." Total Jim Bridger generation and capacity is listed on tab "NPC" at rows 574 and 733, respectively.
- (e) The Washington-allocated hydro O&M expense of \$234,863 (\$1,038,000 total company) can be found on line 51 of page 1 of Exhibit No. ___ (SRM-2) as part of the (\$949,180) net operating income (NOI) figure, which also includes \$1,310,203 of depreciation expense, \$112,889 of federal taxes, and (\$708,775) of deferred tax expense. Please reference the Company's electronically filed supplemental model or page 8.0 for additional detail. The Company has not performed the requested monthly analysis. Please refer to the Company's responses to WUTC Data Requests 66, 182, and 184 for detail pertaining to these O&M costs.

The hydro O&M expenses are explained in Mark R. Tallman's direct testimony, Exhibit No. ___ (MRT-1T) on lines 19 through 23 of page 4 and

UE-130043/PacifiCorp
April 22, 2013
PC Data Request 70

lines 16 through 19 of page 6.

- (f) Please see Attachment PC 70-3 for the calculation supporting the depreciation expense shown in column K of work paper 8.4.2.
- (g)
- i. The production factor is a means of adjusting the production component of the revenue requirement to test year expense and balance levels. This factor has been applied to the generation-related pro forma components of the revenue requirement. The application of a production factor component is consistent with the treatment of Exhibit No. ___ (RBD-3) in Docket UE-111190. The production factor calculated in the prior general rate case resulted in a reduction to the Company's revenue requirement.
 - ii. Please refer to Steven R. McDougal's electronic workpaper, "9.1—Production Factor" for the requested information.
 - iii. Please refer to the Company's response to subpart (g)(ii) above.
- (h) Line 51 of Exhibit No. ___ (SRM-2) relates to adjustment 8.4, Major Plant Additions; the total Net Operating Income (NOI) figure of (\$949,180) is the sum of: \$234,863 hydro expense, \$1,310,203 of depreciation expense, \$112,889 federal taxes, and (\$708,775) deferred income tax expense. Please refer to the Company's supplemental model titled "Revenue Requirement Summary Model—2013 WA GRC" filed as an electronic workpaper for Company witness Steven R. McDougal or page 8.0 of Exhibit No. ___ (SRM-3) for more detail.
- (i) Referring to the Company's adjustment 8.4, adjustments listed with the Jim Bridger Generation (JBG) factor relate to the Jim Bridger U2 Turbine upgrade (see page 8.4.1). Page 15 of the West Control Area Handbook, submitted as Exhibit No. ___ (SRM-5), states "The JBG factor is used to allocate production and transmission plant and operating costs associated with the Jim Bridger plant." Adjustments listed with the Control Area Generation West (CAGW) factor relate to west side generation projects (see page 8.4.1). Page 7 of the West Control Area Handbook states, "CAGW is used to allocate generation and transmission related costs that are assigned to the west control area." The Company has applied factors to all adjustments consistent with the West Control Area allocation methodology. The West Control Area Handbook was filed as Exhibit No. ___ (RBD-2).

Confidential information is provided subject to the terms and conditions of the protective order in this proceeding.

Attachment PC 70-1 and Confidential Attachment PC 70-2 are provided electronically.

UE-130043/PacifiCorp
April 22, 2013
PC Data Request 70

PREPARER: Gary Tawwater /Karl Mortensen

SPONSOR: To Be Determined

PACIFICORP'S RESPONSE TO PUBLIC COUNSEL DATA REQUEST 70

CONFIDENTIAL ATTACHMENT PC 70-2

IS CONFIDENTIAL IN ITS ENTIRETY

PAGE 5 TO 6

REDACTED VERSION