

UE-152253 / Pacific Power & Light Company
April 19, 2016
Boise 12th Set Data Request 0126

Boise Data Request 0126

Refer to 15:5-12 and 18:21-19:2. Please confirm that the Company disagrees with Boise's rate design proposal because "[a]pplying the same rate design to all customer types on Schedule 48T *ignores differences in cost characteristics for the different types of customers,*" while simultaneously "recommend[ing] that the Commission adopt the Company's proposed rate design for other Schedule 48T customers, which is based on *applying the class average* increase to all billing charges" in order to provide "more reasonable and *consistent impacts* across the other customers." (Emphasis added). If the Company cannot confirm, please explain how the Company's rate design proposal should be understood or interpreted, considering the testimony referenced.

Response to Boise Data Request 0126

Yes. As explained in the referenced testimony, the Company disagrees with Boise's "rate design" proposal to combine Schedule 48T and Schedule 48T – Dedicated Facilities into a single class for purposes of designing rates because it ignores the recent history that supports separate treatment in cost of service for Schedule 48T – Dedicated Facilities based on the significant differences in cost characteristics for this customer. It also ignores the Commission's identified considerations on rate design of fairness, gradualism, and rate stability. The Company continues to recommend that the Commission adopt the Company's proposed rate design for other Schedule 48T customers, which is based on applying the class average increase to all billing charges to provide more reasonable and consistent impacts across all Schedule 48T customers.

PREPARER: Joelle R. Steward

SPONSOR: Joelle R. Steward

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Boise 12th Set Data Request 0128

Boise Data Request 0128

Refer to 15:17-18 and 17:6-7. Please confirm that the Company continues to maintain both of the following positions in this docket: a) Boise's rate design "proposal results in a *significantly* lower increase to the Dedicated Facilities customer than to the other customers on Schedule 48T"; and b) "the cost of serving this primary voltage customer from dedicated facilities differs *significantly* from other Schedule 48T customers." (Emphasis added). If the Company cannot confirm, please provide a narrative response explaining any differences in the Company's current position(s).

Response to Boise Data Request 0128

The Company confirms it continues to maintain the stated positions. For proper context, the difference in the cost of serving the Dedicated Facilities customer is captured in cost of service studies. The cost of service studies over the past few years show that the revenues from the Dedicated Facilities customer has been less than the cost of serving them. Boise's proposal, which ignores cost allocation before rate design, fails to take these cost of service differences into account.

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Refer to 16:10-13. Does the Company continue to “agree[] that the service characteristics of the Company’s largest Schedule 48T customer significantly differ[] from other Schedule 48T customers and therefore justif[y] separate consideration in the cost of service and pricing models”? If the Company no longer agrees, please provide a narrative response explaining the Company’s current position.

Response to Boise Data Request 0129

Yes.

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SPONSOR: Joelle R. Steward

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Boise Data Request 0130

Refer to 17:10-15 and Exh. No. BGM-1CT at 44:1-10. Does the Company agree that it would be fair for Schedule 48T – Dedicated Facilities customers to receive a different increase relative to other Schedule 48T customers? If the Company does not agree, please explain, given that the Company has stated that, since 2009, “Schedule 48T – Dedicated Facilities has been treated as a separate class in cost of service and rate design from other Schedule 48T customers in order to account for the different characteristics.”

Response to Boise Data Request 0130

No. The Company’s position is that Dedicated Facilities should receive the same increase as other classes, including the other Schedule 48T customers. Please refer to Table 1 in Ms. Steward’s rebuttal testimony. While Dedicated Facilities shares the same rate schedule number (Schedule 48T) as other large commercial and industrial customers, the rates for Dedicated Facilities have been designed separately based on Dedicated Facilities being treated as a separate class for cost of service. Please refer to Table 1 and page 4, lines 7 through 16 in Ms. Steward’s direct testimony for a justification of the Company’s proposed equal percentage rate spread.

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Boise 12th Set Data Request 0131

Boise Data Request 0131

Refer to 17:16-18:12. Please confirm that the Company's testimony concerning cost of service, parity percentages, and the reasonableness of Boise's proposed rate design is not based on an updated cost of service study prepared for this case. If the Company cannot confirm, please provide all updated studies upon which the Company's referenced testimony is based.

Response to Boise Data Request 0131

The Company confirms that it did not prepare an updated cost of service study for this case for the reasons explained in Ms. Steward's direct testimony on pages 5-6. Consistent with past Commission practice, cost of service is a guide for allocating costs and designing rates, balanced against the policy considerations noted in response to Boise Data Request 0126. The Company's proposed rate spread and rate design in this case is consistent with these principles, based on the cost of service results from the last rate case.

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Boise Data Request 0132

Refer to 18:2-4. Please confirm that the Company has indicated that Schedule 48 – Dedicated Facilities is under-collecting for demand and customer charges and over-collecting for energy and reactive charges. If the Company cannot confirm, please explain and provide all supporting documentation.

Response to Boise Data Request 0132

Confirmed. Please refer to Table 2 and page 12 lines 14 through 20 and page 13 lines 1 through 7 of Ms. Steward's direct testimony.

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