

Boise Data Request 0102

Re: Rebuttal testimony of R. Bryce Dalley:

Refer to 3:19-4:3; 22:5-7; and Pacific Power's Petition ("Petition") at ¶¶ 32-33. Please confirm that the Company is now stating a different basis for the proposed second-year rate increase—i.e., in the Petition, the Company states that "[t]he second-year increase is *based on* Pacific Power's 10-year *trend of earnings attrition*," and that "[t]he second-year step increase is *also supported* by four major cost drivers in 2016," while on rebuttal the Company states that alleged historical under-earning only "provides *additional support* for the rate plan," that the Company is not relying "on trending analysis ... to establish the Company's second-year rate increase," but that the "second-year rate increase is *based on* limited, discrete adjustments." (Emphasis added). If the Company cannot confirm, please explain how the Company equates the referenced Petition statements and rebuttal testimony, rather than stating different bases for a second-year rate increase.

Response to Boise Data Request 0102

Not confirmed. Pacific Power's basis for its proposed second-year increase is both earnings attrition and major plant investments. The referenced excerpts from Exh. No. RBD-3T are portions of a response to Public Counsel's and Boise's recommended rejection of the Company's proposed rate plan because the filing did not include a formal attrition study.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

Boise Data Request 0103

Re: Rebuttal testimony of R. Bryce Dalley:

Refer to 6:9-13. Please confirm that Ms. Hymas does not expressly demonstrate that Boise's proposed adjustments are "inconsistent with Staff's previous testimony regarding the proper presentation of limited-issue cases." If the Company cannot confirm, please identify, by specific reference, where Ms. Hymas explicitly discusses "Staff's previous testimony regarding the proper presentation of limited-issue cases."

Response to Boise Data Request 0103

Ms. Hymas' testimony states: "In this limited issue filing, the Company conservatively excluded all post-test-year wage and labor adjustments from its proposed revenue requirement." Exh. No. KCH-1T 2:11-12. Although it is not explicitly cited, this testimony refers to Staff's testimony from Docket UE-130043, where Staff indicated that in an expedited rate filing there would be no post-test-period wage and labor adjustments. *Washington Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-130043, Exh. No. DJR-3.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

Boise Data Request 0104

Re: Rebuttal testimony of R. Bryce Dalley:

Refer to 7:21-8:1 and Exh. No. BGM-1CT at 3:3-5. Does the Company agree that both Pacific Power and Boise are recommending that the accelerated depreciation issue in this proceeding should be determined by the Commission on a policy basis? If the Company does not agree, please explain, with specific consideration of the referenced testimony, in which the Company testifies to “seeking a policy-based change in the depreciation lives of one set of assets,” while Boise testifies that the Commission should evaluate accelerated depreciation as “a policy question.”

Response to Boise Data Request 0104

Pacific Power agrees that its proposal is not based on a change in technical depreciation assumptions, methodologies, or calculations and is instead seeking a policy-based change in the depreciation lives of one set of assets based on new and proposed laws and regulations that may impact the useful lives of those assets.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

Boise Data Request 0105

Re: Rebuttal testimony of R. Bryce Dalley:

Refer to 17:17-18 and Exh. No. BGM-1CT at 4:18-19. Please explain why the Company has concluded that Boise made an “*incorrect assumption* that a 2025 depreciable life means that the Jim Bridger plant will be removed from Washington rates entirely in 2025,” given that Boise testified that “[t]he Commission *could adopt a policy* specifying that any investment attributable to operating those facilities after 2025 is not used and useful to Washington ratepayers.” (Emphasis added).

Response to Boise Data Request 0105

Assuming the Commission could adopt a policy that eliminated the Jim Bridger plant from rates at the end of the plant’s depreciable life, the Commission has not done so at this time, and it is therefore inappropriate to limit the economic analysis of the SCR investments based on that non-existent policy. Note that Mr. Dalley’s testimony in Exhibit No. RBD-3T, 17:17-18 was in response to Mr. Mullins’s testimony in Exhibit No. BGM-1CT, 14:9-11, not BGM-1CT at 4:18-19. Boise’s testimony incorrectly described the installation of the selective catalytic reduction systems (SCRs) as an investment “to extend the economic life of the facility....” Boise Exh. No. BGM-1CT at 14:8-11. As discussed in Pacific Power Exh. No. CAT-1CT 11:11-17, the SCRs are required to be installed by the end of 2015 for Unit 3 and 2016 for Unit 4. The Jim Bridger Plant Units 3 and 4 would not be able to continue to operate beyond the end of 2015 and 2016, respectively, without the installation of the SCRs.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

Boise Data Request 0107

Re: Rebuttal testimony of R. Bryce Dalley:

Refer to 18:10-11; 23:10-11; 30:19-20; 32:12-13; and 33:14-15. The Company alternately states that, if the proposed rate plan is approved, then Pacific Power will defer/stay out/not file another “general rate” or “rate” case with an effective rate change date prior to June 1, 2018. Please clarify whether the stay out period applies strictly to a “general rate case” or to any “rate case.” If the stay out applies strictly to a “general rate case,” please explain how the Company proposes to define what constitutes a “general rate case” filing.

Response to Boise Data Request 0107

Please refer to Mr. Dalley’s testimony at Exhibit No. RBD-1T, 18:18-19:3. If the Company’s revenue requirement proposals are not materially modified by the Commission, the Company is committing that it will not file a general rate case (or another expedited rate filing) with a rate-effective date earlier than June 1, 2018. Pacific Power clarified in Exhibit No. RBD-1T 19:1,n.36, that the rate plan is subject to any adjustments that may be necessary to implement a final order in the Company’s 2013 and 2014 general rate cases that are currently on appeal, and retains the right to file for deferrals, subject to the Commission’s review, during the stay-out period. Pacific Power also clarified that the stay out will not alter the operation or application of existing or new rate adjustment mechanisms authorized by the Commission, including the Company’s power cost adjustment mechanism and deferrals under the emissions performance standard.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

Boise Data Request 0108

Re: Rebuttal testimony of R. Bryce Dalley:

Refer to 18:10-11; 23:10-11; 33:14-15; and 26:16-27:2, in which the Company proposes deferring or staying out of rate cases “for several years” along with the use of an attestation period “before rates change.” Please explain how the Company has determined that the proposed rate case deferral or stay out would be for “several” years—e.g., the Company could file a new rate case as early as July 2017 seeking a rate change effective June 1, 2018, which would be hardly more than 12 months after initial process is complete in the present docket, and amounting to less than 12 months of overall process “stay out” when factoring a 60-day attestation period commencing on or about May 1, 2017.

Response to Boise Data Request 0108

Pacific Power has filed general rate cases in Washington every year since 2008, with the exception of 2012. The Company’s proposal would break this cycle by providing a stay-out period of approximately two years from the effective date of the first-year rate change in this filing, July 1, 2016, and the earliest a rate change from the next rate case could become effective, which is June 1, 2018.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

Boise Data Request 0110

Re: Rebuttal testimony of R. Bryce Dalley:

Refer to 20:10-14. Please confirm that the Company's agreement "to a stay-out period" is conditional upon Pacific Power's subjective determination, in "circumstances" in which the Commission "materially reduces the Company's proposed revenue requirement for the first year of the rate plan." If the Company cannot confirm, please provide a bright-line or objective determination standard as to what constitutes "materially" reduced revenue requirement, sufficient for the Company to elect not "to accept the rate plan as modified."

Response to Boise Data Request 0110

Pacific Power confirms that it reserves the right to evaluate the Commission's order and determine whether to accept the rate plan as modified if the Commission adopts Staff's or other parties' adjustments.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

Boise Data Request 0111

Re: Rebuttal testimony of R. Bryce Dalley:

Refer to 23:12-14 & n.47. Please confirm that, in the referenced order citation, the Commission made no express determination as to “the Company’s *inability* to achieve its authorized return since 2006,” but stated only “the fact that the Company *failed* in the past to earn its authorized return.” (Emphasis added). If the Company cannot confirm, please explain why the Company equates an “inability” to achieve an authorized return with a Commission determination that found that the Company “failed” to earn its authorized return, especially given the Commission’s explicit finding that there was no evidence in the prior general rate case that the Company’s failure to earn its authorized return had been “due to factors beyond the Company’s control.”

Response to Boise Data Request 0111

Pacific Power confirms that in paragraph 146 of Order 08 in Dockets UE-140762, *et al.*, the Commission stated that the “Company failed in the past to earn its authorized return.”

Please also refer to Exhibit No. RBD-3T 25:1-15 for discussion of the factors outside the Company’s control that have contributed to its under-earning.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley