

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED:	November 14, 2014	WITNESS:	David Parcell
DOCKET:	UE-140762, et al.	RESPONDER:	David Parcell
REQUESTER:	Pacific Power	TELEPHONE:	(360) 664-1307 (Tom Schooley)

47. Refer to page 39, lines 1-6, which states, "I recommend the low end of this range, or 9.0 percent. This is justified for the following reasons: PacifiCorp has above-average debt ratings; My DCF and CE conclusions focus on the highest results; and Possible implementation of a Power Cost Adjustment Mechanism."
- a. Is it Mr. Parcell's testimony that the utilities in his and Mr. Strunk's Proxy Groups operate without Power Cost Adjustment Mechanisms?
  - b. Is it Mr. Parcell's testimony that the Proxy Group-based estimate of the required return on equity does not capture any cost of capital benefits that Power Cost Adjustment Mechanisms might provide?

**RESPONSE:**

- a. No. It is Mr. Parcell's testimony that a PCAM, if approved, would be a new risk-reducing mechanism to PacifiCorp.
- b. No. Some of the proxy companies have some form of Power Cost Adjustment Mechanisms in some of the jurisdictions in which they operate. Please see response to Data Request 47 a, above.