

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED:	December 8, 2014	WITNESS:	David C. Gomez
DOCKET:	UE-140762, et al.	RESPONDER:	David C. Gomez
REQUESTER:	Pacific Power	TELEPHONE:	

Referring to the testimony of Jason L. Ball, Exhibit No. JLB-1T:

59. Refer to page 6, line 9. Does Staff agree with definition of cost causation as described in the excerpt below from the testimony of Alan P. Buckley, Exhibit No. TC(APB-1TC), page 23, lines 3-9 from Docket Nos. UE-050684 and UE-050412:

- Q. What principles should the Commission apply in evaluating the merits of an inter-jurisdictional cost allocation method?
- A. An appropriate cost allocation method should be able to match the allocation of the costs of a service or facility with the customers benefiting from those services or facilities (“cost causation”), and it should be straightforward and efficient to administer. Cost causation reflects a most basic concept of fairness.

RESPONSE:

Yes. I agree that Mr. Buckley’s response speaks to the general principle that a facility’s costs should be allocated to the customers that benefit from that facility. In Order 4 in UE-0506684, the Commission made clear that the Company has the burden to demonstrate the “quantifiable benefits” associated with a facility or service before its costs can be allocated and recovered. The burden to demonstrate such “quantifiable benefits” would be even higher for facilities that provide indirect service, which the Commission went on to define as a facility providing “occasional” service to Washington. In my opinion, the language used by the Commission in Order 4 sets forth the principle that a company bears the burden of proof to quantify the service provided and costs of the service before recovery will be allowed from Washington customers.