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VIA ELECTRONIC FILING

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Washington Utilities and Transportation Commission
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UTIL. AND TRANSP.
COMMISSION

RE: Docket UE-170002—Pacific Power & Light Company’s Comments

On August 30, 2019, the Washington Utilities and Transportation Commission (Commission) issued a Notice of Workshop in the rulemaking to address electric and natural gas cost of service. Pacific Power & Light Company (Pacific Power), a division of PacificCorp, appreciates the opportunity to comment on the draft informal cost of service rules. While supportive of most of the proposed rule language, the company provides these comments to address a few concerns.

Electric Cost of Service Template

Staff prepared a draft electric cost of service template with the informal draft rules, which contained two tabs relating to revenue requirement and three tabs relating to cost of service. Since this rulemaking pertains to cost of service, the company recommends that the first two tabs pertaining to revenue requirement be removed from the standard template. The company’s models for state allocation (revenue requirement) and customer class allocation (cost of service) are separate spreadsheets and managed by different teams. The company believes that coordinating the presentation of both into a single template imposes an undue burden, particularly as the revenue requirement information goes beyond the purpose of the new rules, which is to streamline, improve, and promote efficiency in analyzing cost of service studies.

Workpaper Index

Draft WAC 480-xxx-040(1)(b)(iii) mandates that “(e)ach electronic workbook must have an index identifying each spreadsheet and its relationship to other spreadsheets.” The company recommends that this requirement be eliminated, because it is unduly burdensome and unnecessary. Each workbook filed will already need to be fully functional with all formulas intact, and therefore an index that explicitly identifies how every spreadsheet relates to other spreadsheets is not needed for an analyst to track all of the dependencies. Furthermore, the exercise of creating an index for the company’s cost of service model, which contains many tabs that reference each other would be laborious and likely result in no benefit for someone reviewing the model.

Recommendations for Table 2 in WAC 480-xxx-060 Cost of Service Methodology

The company generally agrees with the classification and allocation methodologies listed on Table 2 with some minor revisions. The company recommends that the Distribution Substation and Distribution Poles and Wires categories be listed as “Demand” for Classification Method. The company also recommends that the Distribution Line Transformers category be listed as “Customer/Demand” under Classification Method. For the allocation method for Distribution Substations, the company recommends that the first sentence be modified to read, “Direct assignment to large customer classes when they are fed from a dedicated substation.” This is consistent with how the company currently allocates these costs for one of its large customers who is in its own class. The company believes that requiring direct assignment for all large customers would be burdensome for relatively little gain in accuracy.

Finally, the company recommends a couple of enhancements to the description of the allocation method for transformers. First, it recommends that the requirement of “(s)econdary customers directly assigned where possible.” be modified to read “(s)econdary customers directly assigned where practical.” While it may be possible to track down the accounting details for each individual transformer in the field, the extraordinary efforts required to do so would not be worth the small increase in precision. Second, the company recommends that an additional sentence be added that states, “Allocation to the lighting class/classes may be based upon its proportion of non-coincident peak to the sum of non-coincident peaks for all secondary voltage customers.” Since street and area lights are typically un-metered, the ability to determine the transformers to which they are connected in the company’s geographic information system can be challenging. The company recommends the use of the word “may” here to indicate that this is an optional allocation method, and provide flexibility to utilities. The company provides a blackline of its proposed edits to Table 2 in the draft rules below.

Proposed Edits to Table 2 (Excerpt)

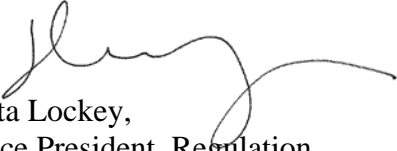
Functionalized Cost	Classification Method	Allocation Method
Generation	Scenarios	Scenarios
Transmission	Scenarios	Scenarios
Distribution Substation	TBD based on the results from the scenarios <u>Demand</u>	Direct assignment to large customer classes based on load ratio share of substations they are fed from <u>when they are fed from a dedicated station</u> . All other classes use an average of the relative share of the summer coincident peak and the relative share of the winter coincident peak.
Distribution Line Transformers	TBD based on the results from the scenarios <u>Customer/Demand</u>	Secondary customers directly assigned where possible <u>practical</u> . All remaining costs are allocated using a relative ratio of transformers at current installation costs.

		<u>Allocation to the lighting class/classes may be based upon its proportion of non-coincident peak to the sum of non-coincident peaks for all secondary voltage customers</u>
Distribution Poles and Wires	TBD based on the results from the scenarios <u>Demand</u>	Primary system customers are allocated using the same method as distribution substation. Secondary system customers are allocated using the same method as distribution line transformers.

Conclusion

Pacific Power appreciates the incredible effort that Staff has put into this rulemaking, and remains committed to continue working with stakeholders through this process.

Sincerely,



Etta Lockey,
Vice President, Regulation