October 6, 2014

***VIA ELECTRONIC FILING***

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Drive, S.W.

P.O. Box 47250

Olympia, Washington 98504-7250

Attn: Steven V. King

Executive Director and Secretary

**RE: Docket UE-131723, Rulemaking For Energy Independence Act, WAC 480-109**

Dear Mr. King,

In response to the Washington Utilities and Transportation Commission’s (Commission) September 5, 2014 Notice of Opportunity to File Written Comments and Notice of Proposed Rule Adoption Hearing (Notice), Pacific Power & Light Company (Pacific Power or Company) submits the following written comments. The Notice contained the draft rule language proposed by the Commission (the Draft Rules) and the Company appreciates the opportunity to provide formal comments on these Draft Rules.

The Company previously filed formal comments in this proceeding on November 26, 2013 and May 9, 2014. In addition, Pacific Power worked closely with Staff of the Commission to respond on an informal basis to Staff’s inquiries. Pacific Power commends Staff for its efforts at working collaboratively with stakeholders informally to develop the Draft Rules. The Company provides general comments on aspects of the Draft Rules below. As requested in the Notice, Pacific Power is providing detailed comments on specific language contained in the Draft Rules in the attached Comment Form for EIA Rulemaking (Comment Form). The Company’s general comments and recommendations are contained below.

**Energy and Emissions Intensity Metrics Rules**

The Company continues to have significant concerns with this section of the Draft Rule. The Draft Rules should not include a new section imposing metrics and reporting requirements regarding energy and emissions intensity and the Company recommends proposed WAC 480-109-300 be removed from the Draft Rules in its entirety. It will be a significant undertaking to develop emissions reports as outlined in the Draft Rules. The Company would be required to develop in essence ten separate emission reports for the previous ten years that relies on data that was collected for a different purpose then this type of reporting. Due to the multi-jurisdictional nature of the Company, this type of reporting is extensive. The Company urges Staff to consider alternative methods of soliciting emissions information from investor owned utilities that do not require the promulgation of a burdensome rule that is not required by law.

Proposed WAC 480-109-300 is highly problematic and lacks appropriate statutory support or authorization. As the Company explained in its August 11, 2014, response to Staff’s request for informal comments on this section of the Draft Rules, proposed WAC 480-109-300 exceeds the scope of I-937. Issues related to carbon emission levels from fossil-fueled resources located outside the state of Washington are simply not contemplated in the statutory language. Reliance on a broad policy to “protect clean air and water” in order to expand the scope of I-937 beyond what was originally contemplated and codified is inappropriate. I-937 already includes explicit language describing the type of information to be included in conservation and renewables reporting. This language does not include carbon emissions reporting. If I-937, approved by voters, had intended to include within Washington’s RPS a carbon emissions reporting component, it would have done so clearly and explicitly.

Moreover, it is not clear to the Company what the end use of the emissions intensity reporting will be, especially given that emissions are not a metric for compliance with I-937. If the Commission is interested in better understanding the Company’s emissions levels, the Company is willing to work with Staff to explore informal possibilities for providing the necessary information.

Furthermore, the rule does not apply to a variety of other sources of emissions that are relevant for accurately tracking Washington’s emissions, such as public utility districts. WAC 480-109-300 is therefore unlikely to achieve the goal of providing a comprehensive and state-wide view of emissions but is likely to create confusion (if reporting metrics differ from metrics used by the Departments of Commerce or Ecology) and a high administrative burden on a select group of emitters (investor owned utilities).

If the Commission does continue with the adoption of proposed WAC 480-109-300, it should clarify certain ambiguities and the problematic use of non-utility data. The Company recommends changes as outlined below. WAC 480-109-300 requires reporting on a per capita basis. The Company does not routinely collect or have information about is customers on a per capita basis. Therefore, requiring the use of census data or other population data (which is not necessarily reported by utility service territory) could result in differing interpretations of such data. This may also require burdensome parsing of census data in order to identify the population in a particular service territory or area. Furthermore, because population data is publicly available and is not utility data, it may be more efficient for the Commission to compile utility emissions data from each of the investor-owned utilities and determine its desired per capita metric. If the Commission continues to require data on a per capita basis, it should specify in the rule the source of the data to be used to calculate this metric.

The Company also recommends that the Commission clarify what is intended by proposed WAC 480-109-300(2)(a)-(b). As proposed, these sections would require megawatt-hours per residential customer and per commercial customer. It is not clear whether the Commission is seeking an average usage number (i.e., total megawatt-hours for the state divided by total residential and total commercial customers) or a list of usage by each residential and each commercial customer. As the latter would be very burdensome and voluminous, the Company recommends that the language be clarified to specify an “average MWh per residential customer” and “average MWh per commercial customer.”

**Conservation and Energy Efficiency Rules**

The Draft Rules significantly change the existing framework for conservation and efficiency in Washington. The Company continues to support efforts to clarify the rules and conform the rules to existing practices. However, several of the changes contained in the Draft Rules are significant and the Company is concerned that the rationales for these changes have not been identified. For example, in newly-proposed WAC 480-109-060(18), the definition of “pro rata” has been changed but no explanation has been provided and the new definition contains a calculation that is inconsistent with the methodologies used by the Northwest Power Planning Council. Pacific Power recommends that, to the extent no issue with existing rules or processes has been identified, that the existing rules not be amended.

**Renewable Portfolio Standard (RPS) Rules**

The Draft Rules relating to the RPS strike an appropriate balance between the need for guidance and the need for flexibility. The Company is particularly pleased to see that utilities retain the flexibility to choose from one of three methods for the calculation of incremental hydropower. In addition, the Company supports the use of a five-year historical period for method two (proposed WAC 480-109-200(7)(b)(i)); the use of a five-year historical period produces accurate results while limiting the administrative burden on the calculating utility.

The Draft Rules set forth a new process for the calculation of incremental cost of compliance with the RPS. In general, the Company is supportive of the Draft Rules and the clarifying guidance for calculation of incremental cost. In particular, the Company appreciates the efforts of Staff to address an issue raised in PacifiCorp’s July 17, 2014, informal comments regarding WAC 480-109-210(2)(i)(E) and the use of the depreciable life of the eligible resource as the time period for calculating the levelized capacity cost of the non-eligible resource. In its comments, PacifiCorp raised the issue of changes in the depreciable life of the eligible resource and whether and how the incremental cost calculation would need to be updated. The current Draft Rules appear to address this by instead using “facility life” in place of “depreciable life.” However, the Company continues to be concerned that, because the Draft Rules contemplate a one-time calculation of incremental cost, it is unclear what action, if any, will need to be taken in order to update the incremental cost calculation if the underlying inputs change.

In addition, as the Company expressed in its July 17, 2014 response to Staff’s July 10, 2014 request for informal comments, the Draft Rules appear tailored to reflect acquisition of a utility-owned eligible renewable resource. The Draft Rules should address acquisition of eligible renewable resources through a power purchase agreement (PPA) or eligible incremental hydro upgrades. For example, WAC 480-109-210(2)(i)(E) of the Draft Rules would require the utility to calculate the levelized capacity cost for the noneligible resource using a time period equal to the facility life of the eligible resource. But if the eligible resource is a PPA, the rule should be clear that the life of the facility should be set equal to the term of the PPA.

Finally, the Company continues to recommend that proposed rule section WAC 480-109-210(2)(f), which would require utilities to report information related to the sales of renewable energy credits (RECs), specify that the reporting requirement applies only to the sales of RECs allocated to Washington. Requiring a multi-jurisdictional utility such as PacifiCorp to report on the sales of *all* RECs would create a significant administrative burden for the Company. In addition, the Company questions the value to the Commission of adopting a rule requiring the Company to report on RECs generated from facilities that are not paid for by Washington customers.

**Conclusion**

Pacific Power appreciates the opportunity to provide these comments and looks forward to the upcoming rulemaking hearing. Please direct inquiries to Natasha Siores, Director of Regulatory Affairs, at (503) 813-6583.

Sincerely,

R. Bryce Dalley

Vice President, Regulation