

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY, a
division of PacifiCorp,

Respondent.

In the Matter of

PACIFIC POWER & LIGHT COMPANY

Petition for an Order Approving Deferral of the
Washington-Allocated Revenue Requirement
Associated with the Merwin Fish Collector.

In the Matter of

PACIFICORP d/b/a PACIFIC POWER & LIGHT
COMPANY

Petition for an Order Approving Deferral of costs
Related to Colstrip Outage.

In the Matter of

PACIFICORP d/b/a PACIFIC POWER & LIGHT
COMPANY

Petition for an Order Approving Deferral of Costs
Related to Declining Hydro Generation.

DOCKET UE-140762 and UE-140617
(consolidated)

DOCKET UE-131384

DOCKET UE-140094

INITIAL BRIEF ON BEHALF OF COMMISSION STAFF (REVISED)

January 22, 2015

ROBERT W. FERGUSON
Attorney General

PATRICK J. OSHIE
JENNIFER CAMERON-RULKOWSKI
BRETT SHEARER
Assistant Attorneys General
Office of the Attorney General
Utilities & Transportation Division
1400 S Evergreen Park Drive S.W.
P.O. Box 40128
Olympia, WA 98504-0128
(360) 664-1188

I. INTRODUCTION

1 PacifiCorp d/b/a Pacific Power & Light Company (“PacifiCorp” or “Company”) seeks to
increase its base electric prices by \$31.927.2 million or 9.98.5 percent.¹ The Company also
requests approximately \$6.8 million relating to treatment of several accounting deferrals.²

2 Commission Staff (“Staff”) proposes an increase in base electricity rates of
approximately \$6.5 million or 2.0 percent.³ Staff recommends approving approximately \$1.5
million related to the accounting deferrals in this case.⁴ Staff’s total revenue requirement is
approximately \$8.0 million or 2.51 percent.⁵ Staff also proposes a power cost adjustment
mechanism (“PCAM”).⁶

3 The differences between the proposals of Staff and the Company present several issues:

- Should the Commission calculate PacifiCorp’s cost of capital using an unnecessarily excessive amount of equity capitalization and an overstated return on equity, despite falling capital costs and the Company’s stable credit rating?
- Should the Commission revisit the Company’s previously-rejected proposal to burden Washington ratepayers with the cost of purchase power agreements (“PPAs”) with Qualified Facilities (“QFs”) in Oregon and California?
- Should the Commission accept the Company’s alternative QF pricing proposals, which contravene Washington policy for treatment of QFs and achieve the same unfair result of burdening Washington ratepayers with the cost of policy decisions made in Oregon and California?

¹ PacifiCorp initially filed for an annual revenue increase of \$27.2 million, or 8.5 percent. Reiten, Exh. No. RPR-1T at 2:20. The Company’s rebuttal testimony increased its proposal to \$31.9 million, or 9.9 percent.

² The Commission consolidated several prior dockets involving PacifiCorp into the current rate case. *Utilities & Transp. Comm’n v. Pacific Power & Light Co.*, Docket UE-140762, Order 05, (June 24, 2014). See also Ball, Exh. No. JLB-1T at 4:18-5:3 (including Table 1 – Revenue Requirement as Proposed by Pacific Power”).

³ This is an increase from Staff’s response case of \$6.1 million. See Ball, Exh. No. JLB-1T at 7:1-8 (including Table); Ball, Exh. No. JLB-2 (Revenue Requirement Model). The increase results from Staff’s agreement to various Company rebuttal adjustments as noted in the Final Issues List. Staff will submit a fully revised revenue requirement model (Exhibit JH-2) if directed by the Commission.

⁴ This is an increase from Staff’s response case of \$7.7 million. See Ball, Exh. No. JLB-1T at 7:1-8 (including Table); Ball, Exh. No. JLB-2 (Revenue Requirement Model). The increase results from Staff’s agreement to various Company rebuttal adjustments.

⁵ Ball, Exh. No. JLB-1T at 7:1-8 (including Table); Ball, Exh. No. JLB-2 (Revenue Requirement Model).

⁶ Gomez, Exh. No. DCG-1T at 18-24.