



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

May 9, 2016

*VIA ELECTRONIC FILING
AND COURIER DELIVERY*

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504-7250

**RE: Docket UE-152253—Pacific Power & Light Company's Response to Bench Request
No. 6**

Pacific Power & Light Company, a division of PacifiCorp, encloses for filing an original and six copies of its response to Bench Request No. 6, including attachments.

Confidential information is provided subject to the terms and conditions of the protective order in this docket.

Please contact me with any questions at (503) 813-6389 or Bryce.Dalley@PacifiCorp.com.

Sincerely,

R. Bryce Dalley /AS
R. Bryce Dalley
Vice President, Regulation

Enclosures

cc: Service List UE-152253
ALJ Marguerite Friedlander (E-mail)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all parties of record in this proceeding by electronic mail.

Boise White Paper, L.L.C.

Jesse E. Cowell
Jesse Gorsuch (e-mail)
Davison Van Cleve, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
jec@dvclaw.com; jog@dvclaw.com

Boise White Paper, L.L.C.

Patrick A. Loupin
Corporate Purchasing Manager – Energy
PO Box 990050
Boise, ID 83799-0050
Patrick.loupin@packagingcorp.com

Public Counsel

Simon ffitich, Lisa W. Gafken, Kym Bostelle (e-mail),
Chanda Mak (e-mail)
Office of the Attorney General
800 5th Avenue – Suite 2000
Seattle WA 98104-3188
simonf@atg.wa.gov; lisaw4@atg.wa.gov;
kymH@atg.wa.gov; chandam@atg.wa.gov

PacifiCorp

R. Bryce Dalley
Vice President, Regulation
825 NE Multnomah, Suite 2000
Portland, OR 97232
bryce.dalley@pacificorp.com

PacifiCorp

Matthew McVee
Assistant General Counsel
825 NE Multnomah, Suite 1800
Portland, OR 97232
matthew.mcvee@pacificorp.com

Washington Utilities & Transportation Commission

Christopher M. Casey, Julian H. Beattie, ALJ Marguerite
E. Friedlander, Betsy DeMarco, Krista Gross, Jason Ball,
Tom Schooley (e-mail)
mfriedla@utc.wa.gov; ccasey@utc.wa.gov;
jbeattie@utc.wa.gov; bdemarco@utc.wa.gov;
kgross@utc.wa.gov; jball@utc.wa.gov;
tschoole@utc.wa.gov

Boise White Paper, L.L.C.

Bradley Mullins
333 S.W. Taylor, Suite 400
Portland, OR 97204
brmullins@mwanalytics.com

Sierra Club (electronic)

Gloria Smith, Travis Ritchie, Alexa Zimbalist
85 Second Street
San Francisco, CA 94105
gloria.smith@sierraclub.org; travis.ritchie@sierraclub.org;
alexa.zimbalist@sierraclub.org

PacifiCorp

Katherine McDowell
McDowell Rackner & Gibson PC
419 SW 11th Avenue, Suite 400
Portland, OR 97245-2605
Katherine@mcd-law.com

PacifiCorp

Natasha Siores, Ariel Son, Washington Dockets (e-mail)
Natasha.siores@pacificorp.com;
Ariel.son@pacificorp.com;
washingtondockets@pacificorp.com

Washington Utilities & Transportation Commission

Patrick J. Oshie
Jennifer Cameron-Rulkowski
Assistant Attorneys General
PO Box 40128
Olympia, WA 98504-0128
poshie@utc.wa.gov; jcameron@utc.wa.gov

NW Energy Coalition

Wendy Gerlitz
1205 SE Flavel Street
Portland, OR 97202
wendy@nwenergy.org

Energy Project
Brad M. Purdy
2019 N. 17th Street
Boise, ID, 83702
bmpurdy@hotmail.com

NW Energy Coalition
Joni Bosh
811 1st Avenue, Ste 305
Seattle, WA 98104
ioni@nwenergy.org

Energy Project
Shawn Collins
shawn_collins@oppco.org

DATED at Portland, OR this 9th of May, 2016



Jennifer Angell
Supervisor, Regulatory Operations

Bench Request No. 6

For Pacific Power & Light Company (Pacific Power or Company):

1. In Mr. Link's rebuttal testimony, he asserts that Staff's presentation of the consultants' forecasts is inaccurate because Staff presents two of the three prices in real dollars, not nominal dollars.¹ On page 13, line 14, Mr. Link provides a corrected average nominal levelized price of the three consultants' forecasts. Please document how this average nominal levelized price was calculated, including but not limited to:
 - (a) The name of each consultant;
 - (b) The date each consultant provided the forecast used in the average;
 - (c) The levelized price associated with each forecast;
 - (d) The calculation that the company made to convert the forecast from real to nominal dollars, if any; and
 - (e) The spreadsheet or supporting documents used to compute the average.
2. Please provide all the dates that Company received natural gas price forecasts from these consultants, or any other consultants, in 2013. Please provide a narrative explaining why the consultants provide the Company forecasts on this schedule.
3. If the Company supplied the three consultant's forecasts listed on page 13, line 14 in real or levelized form to a party or parties in a response to a data request in this proceeding, please provide that data request response.

Pacific Power's Response to Bench Request No. 6

1. This information is contained in Confidential Attachment ALJ Bench Request 6-1 named "Figure 2 – CONF.xlsx," which was provided as a confidential work paper for the Rebuttal Testimony of Company witness, Rick T. Link, on April 7, 2016. This file shows how the corrected average nominal levelized price of the three consultants' forecasts was calculated, shows how the average nominal levelized price was calculated, and includes the name of each consultant. The date each consultant provided its forecast is as follows:
 - IHS CERA (CERA) = August 23, 2013
 - PIRA Energy Group (PIRA) = September 4, 2013
 - Wood Mackenzie = May 22, 2013

¹ Link, Exhibit RTL-11CT at 13:1-7.

Please also refer to the Company's response to WUTC Data Request 92, dated February 10, 2016, provided herewith as Attachment ALJ Bench Request 6-2 and Confidential Attachment ALJ Bench Request 6-3. This response provided the consultants' forecast data the Company used to calculate corrected nominal levelized prices. Specifically, the Company used the following files provided within Confidential Attachment WUTC 92 to calculate the corrected average nominal levelized price of the three consultants' forecasts:

- CERA_Monthly_Gas_Briefing_outlook_Redacted_tables_-_August_2013_(2013_09).xlsx
- ForecastPrices LT nominal_2013_09_04_Redacted_PIRA_(2013_09_OFPC).csv
- nags_ltv_price_outlook_spring_2013_Redacted_WM_(2013_06_and_09_OFPC).xls

The Company did not have to convert the CERA forecast from real to nominal dollars. Washington Utilities and Transportation Commission (WUTC) Staff used nominal price data from the CERA price forecast in its calculation.

The Company did not have to convert the PIRA forecast from real to nominal dollars. PIRA provided its forecast in both real and nominal dollars. The Company used the nominal price forecast as provided by PIRA, which was [REDACTED] per MMBtu

The Company converted the Wood Mackenzie forecast from real to a nominal levelized price of [REDACTED] per MMBtu as follows, using data in the confidential file named

"nags_ltv_price_outlook_spring_2013_Redacted_WM_(2013_06_and_09_OFPC).xls" provided in the Company's response to WUTC Data Request 92:

- In the worksheet named "Basis (real)," the Company added the values in cells B241:B255 to the values in C241:C255 to arrive at real prices for the Opal market.
- The Company multiplied the calculated real prices at the Opal market by the CPI inflator data provided by Wood Mackenzie in the worksheet named "Economic Assumptions," cells F28:F42.

Staff testimony JBT-1CT also referenced real forward price curves from other sources, which the Company converted to nominal forward price curves using an annual inflation rate of 1.9 percent. These calculations are contained in Confidential Attachment ALJ Bench Request 6-4 named "Figure 3 –

CONF.xlsx,” which was provided as a confidential work paper for the Rebuttal Testimony of Company witness, Rick T. Link, on April 7, 2016.

2. In 2013, PacifiCorp subscribed to three third-party forecasting services – CERA, PIRA, and Wood Mackenzie.
 - In 2013, the Company received long-term natural gas price forecasts from CERA on a monthly basis. The exact date of the monthly release varies, but forecasts were issued toward the end of each month.
 - PIRA regularly issues two (spring / fall) long-term natural gas price forecasts per year, but produces interim forecasts when fundamentals warrant. Based on a review of its files, the Company received notification of five long-term forecasts in 2013: February 23, 2013, September 4, 2013, October 12, 2013, November 12, 2013, and December 11, 2013.
 - Wood Mackenzie issued two long-term natural gas price forecast updates and two “no-carbon” scenarios in 2013: *North American Gas Fall 2012 No-Carbon Case* [Feb 5, 2013]; *North American Gas Long-Term View: Spring 2013* [May 10, 2013]; *North American Gas Spring 2013 No-Carbon Case* [August 2013]; and *North American Gas Long-term View: Fall 2013* [October 22, 2013].

Each consultant establishes its own schedule for issuing natural gas price forecasts. The Company is one of many subscribers to each of these services, and does not control when the consultant forecast updates are issued. Each of the forecast providers offer short-term (approximately two years forward) forecast updates. As noted above, CERA provides monthly long-term forecast updates. PIRA regularly produced biannual long-term natural gas price forecasts in the fall and spring; however, PIRA issued interim forecast updates as warranted, in its sole discretion. Wood Mackenzie also produces biannual long-term forecasts in the spring and fall.

Please refer to the Company’s response to WUTC Data Request 92; provided herewith as Attachment ALJ Bench Request 6-2 and Confidential Attachment ALJ Bench Request 6-3.

3. Please refer to the Company’s response to item 1 above. The Company provided forecast information with its response to WUTC Data Request 92 on February 10, 2016. In WUTC Data Request 92, the Company provided the Wood Mackenzie spring 2013 forecast in real 2012 dollars, labeled as such, also provided Wood Mackenzie’s published deflators for converting to nominal dollars. The Company provided the PIRA forecast of September 4, 2013 in both nominal and real 2012 dollars, labeled accordingly. The Company provided the CERA forecast of August 23, 2013, in nominal dollars,

UE-152253 / Pacific Power & Light Company
May 9, 2016
ALJ Bench Request No. 6

because that is how it was issued to the Company but also provided CERA's deflators for converting to real dollars.

Confidential information is provided subject to the terms and conditions of the protective order in this proceeding.

PREPARER: Connie Clonch and Rick Link

SPONSOR: Rick Link