

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: May 20, 2016
DOCKET: UE-152253
REQUESTER: Bench

WITNESS: Jason L. Ball
RESPONDER: Jason L. Ball
TELEPHONE: (360) 664-1279

BENCH REQUEST NO. 9:

1. Please provide a recalculation of all restating and pro forma adjustments to end-of-period (EOP) for Jason L. Ball corrected Exh. No. JLB-2r filed on April 29, 2016.
2. Please provide a separate recalculation of all restating and pro forma adjustments to average-of-monthly-averages (AMA) for Jason L. Ball corrected Exh. No. JLB-2r filed on April 29, 2016.

RESPONSE:

1. Staff supports the use of end-of-period and this, generally, is already reflected in Exh. No. JLB-2r. However, after consultation with Pacific Power, Staff determined that there are three additional adjustments in Staff's case that may be impacted by the use of end-of-period. Staff reviewed the potential impact and information available for each of these adjustments and determined that the presentation of end-of-period currently reflected in Exh. No. JLB-2r is the best possible representation of the impact of end-of-period balances on Staff's case. Each of the three adjustments is listed below along with the reason that it is already adequately reflected in Exh. No. JLB-2r.
 - a. Adjustment 7.1, Interest True-up – This adjustment is calculated using restated and pro forma rate base amounts and is therefore affected by any change in ratebase.
 - b. Adjustment 7.4, Power/Tax ADIT – This adjustment reflects the Company's accumulated deferred income tax balances using its PowerTax software. Staff does not have access to the PowerTax software and has been unable to calculate an exact adjustment in the level of PowerTax ADIT *in Staff's case* using end-of-period. We estimate the difference between the PowerTax ADIT amounts reflected in Staff's and the Company's end-of-period cases to be relatively small and believe that the difference could be corrected at the time of compliance.
 - c. Adjustment 8.4, Pro Forma Plant Additions (Jim Bridger SCR) – As detailed in the testimony of Staff witness Jeremy Twitchell, Staff recommends that the Commission find the decision to install Selective Catalytic Reduction at the Jim Bridger Plant to be an imprudent decision. Based on Mr. Twitchell's findings, Staff recommends that the Commission use the cost of natural gas conversion at Jim Bridger in place of the Jim Bridger SCR upgrades. Staff's

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adjustment is a disallowance reflecting the difference in cost that Staff calculates between installing SCR and converting the plant to natural gas. Because the disallowance is calculated partially based on imputed costs, the minimal difference between end-of-period and average-of-monthly-averages is ultimately insignificant.

2. Please see the attached excel spreadsheet showing a recalculation of all restating and pro forma adjustments using average-of-monthly-averages. Workpapers are voluminous and are being provided in electronic format only.

Pacific Power GRC UE-152253
Rate Plan Year 1 - Staff Proposed Revenue Requirement Increase
Summary of Adjustments - AMA vs EOP

	Adj. No.	Staff As Filed (EOP)			Bench Request 09 (AMA)			Revenue Requirement Difference
		NOI Impact	Net Rate Base Impact	Revenue Requirement Impact	NOI Impact	Net Rate Base Impact	Revenue Requirement Impact	
1	Per Books	\$ 53,650,957	\$ 781,321,066	\$ 4,073,319	\$ 53,650,957	\$ 781,321,066	\$ 4,073,319	\$ -
2	Adjustments							
3	REVENUE							
4	Temperature Normalization	3.1 (571,522)	-	\$ 921,602	(571,522)	-	\$ 921,602	\$ -
5	Revenue Normalizing	3.2 (5,477,991)	-	\$ 8,833,474	(5,477,991)	-	\$ 8,833,474	\$ -
6	Effective Price Change	3.3 5,273,122	-	\$ (8,503,116)	5,273,122	-	\$ (8,503,116)	\$ -
7	SO2 Emission Allowance Sales	3.4 1,855	(1,645)	\$ (3,182)	1,855	(1,645)	\$ (3,182)	\$ -
8	Renewable Energy Credits	3.5 (288,403)	-	\$ 465,060	(288,403)	-	\$ 465,060	\$ -
9	Wheeling Revenue	3.6 58,935	-	\$ (95,035)	58,935	-	\$ (95,035)	\$ -
10								
11	O & M							
12	Miscellaneous Expense & Revenue	4.1 44,465	-	\$ (71,702)	44,465	-	\$ (71,702)	\$ -
13	General Wage Increase (Annualizing)	4.2 (62,648)	-	\$ 101,023	(62,648)	-	\$ 101,023	\$ -
14	Legal Expenses	4.3 65,657	-	\$ (105,874)	65,657	-	\$ (105,874)	\$ -
15	Irrigation Load Control Program	4.4 1,650	-	\$ (2,661)	1,650	-	\$ (2,661)	\$ -
16	Remove Non-Recurring Entries	4.5 (90,925)	-	\$ 146,620	(90,925)	-	\$ 146,620	\$ -
17	DSM Expense Removal	4.6 7,496,439	-	\$ (12,088,302)	7,496,439	-	\$ (12,088,302)	\$ -
18	Insurance Expense	4.7 (184,003)	-	\$ 296,711	(184,003)	-	\$ 296,711	\$ -
19	Advertising	4.8 15	-	\$ (25)	15	-	\$ (25)	\$ -
20	Memberships & Subscriptions	4.9 14,966	-	\$ (24,134)	14,966	-	\$ (24,134)	\$ -
21	Revenue-Sensitive/ Uncollectible Expense	4.10 (269,665)	-	\$ 434,845	(269,665)	-	\$ 434,845	\$ -
22								
23	POWER COSTS							
24	Net Power Costs - Removal	5.1 4,882,290	-	\$ (7,872,883)	4,882,290	-	\$ (7,872,883)	\$ -
25	Colstrip #3 Removal	5.2 430,352	(7,809,780)	\$ (1,599,437)	430,351	(8,010,771)	\$ (1,622,739)	\$ (23,302)
26								
27	DEPRECIATION/AMORTIZATION							
28	End-of-Period Plant Reserves	6.1 -	(15,053,829)	\$ (1,745,364)	-	-	\$ -	\$ 1,745,364
29	Annualization of Base Period Depr./Amort. Expense	6.2 (347,063)	214,125	\$ 584,479	(197,475)	-	\$ 318,436	\$ (266,043)
30	Hydro Decommissioning	6.3 -	(160,400)	\$ (18,597)	-	-	\$ -	\$ 18,597
31	Accelerated Depreciation on Jim Bridger & Colstrip	6.4 -	-	\$ -	-	-	\$ -	\$ -
32								
33	TAX ADJUSTMENTS							
34	Interest True Up	7.1 178,930	-	\$ (288,532)	112,942	-	\$ (182,123)	\$ 106,409
35	Property Tax Expense	7.2 -	-	\$ -	-	-	\$ -	\$ -
36	Production Tax Credit	7.3 47,086	-	\$ (75,927)	47,086	-	\$ (75,927)	\$ -
37	PowerTax ADIT Balance	7.4 -	9,496,797	\$ 1,101,073	-	13,399,695	\$ 1,553,582	\$ 452,509
38	WA Low Income Tax Credit	7.5 12,289	-	\$ (19,816)	12,289	-	\$ (19,816)	\$ -
39	Flow-Through Adjustment	7.6 (2,123,178)	(2,260,168)	\$ 3,161,660	(2,123,178)	(2,260,168)	\$ 3,161,660	\$ -
40	Remove Deferred State Tax Expense & Balance	7.7 54,571	(78)	\$ (88,007)	71,221	(78)	\$ (114,856)	\$ (26,849)
41	WA Public Utility Tax Adjustment	7.8 (182,112)	-	\$ 293,663	(182,112)	-	\$ 293,663	\$ -
42	AFUDC Equity	7.9 (1,353)	-	\$ 2,182	(1,353)	-	\$ 2,182	\$ -
43								
44	RATE BASE							
45	Jim Bridger Mine Rate Base	8.1 -	27,838,518	\$ 3,227,641	-	28,996,225	\$ 3,361,868	\$ 134,227
46	Environmental Remediation	8.2 (35,835)	(327,345)	\$ 19,832	(35,835)	(327,345)	\$ 19,832	\$ -
47	Customer Advances for Construction	8.3 -	(997,745)	\$ (115,680)	-	(997,745)	\$ (115,680)	\$ -
48	Pro Forma Major Plant Additions	8.4 (299,361)	8,287,311	\$ 1,443,576	(299,361)	8,287,311	\$ 1,443,576	\$ -
49	Miscellaneous Rate Base	8.5 -	(23,631,671)	\$ (2,739,893)	-	(23,631,671)	\$ (2,739,893)	\$ -
50	Removal of Colstrip #4 AFUDC	8.6 17,991	(342,058)	\$ (68,669)	17,991	(342,058)	\$ (68,669)	\$ -
51	Trojan Unrecovered Plant	8.7 2,901	(277,124)	\$ (36,808)	2,901	(277,124)	\$ (36,808)	\$ -
52	Customer Service Deposits	8.8 (2,831)	(3,272,583)	\$ (374,863)	(2,831)	(3,272,583)	\$ (374,863)	\$ -
53	Misc. Asset Sales and Removals	8.9 -	210,870	\$ 24,449	-	210,870	\$ 24,449	\$ -
54	Investor Supplied Working Capital	8.10 -	23,919,007	\$ 2,773,207	-	23,919,007	\$ 2,773,207	\$ -
55	End-of-Period Plant Balances	8.11 -	26,987,763	\$ 3,129,003	-	-	\$ -	\$ (3,129,003)
56	Chehalis Regulatory Asset Adjustment	8.12 -	(1,861,470)	\$ (215,822)	-	(1,861,470)	\$ (215,822)	\$ -
57	Idaho Asset Exchange	8.13 27,145	(1,431,933)	\$ (209,793)	27,145	(1,431,933)	\$ (209,793)	\$ -
58								
59	Production Factor	9.1 -	-	\$ -	-	-	\$ -	\$ -
60	Total Adjustments	62,324,726	820,847,628	(5,330,703)	62,424,975	813,719,583	(6,318,794)	(988,091)
61								
62	Conversion Factor			0.62014				
63								
64	Capital Structure			Staff				
65				Structure			Weighted Cost	
66		Long-term Debt	50.69%	5.21%	2.64%	2.641%		
67		Short term Debt	0.19%	2.15%	0.00%	0.004%		
68		Preferred Stock	0.02%	6.75%	0.00%	0.001%		
69		Common Stock	49.10%	9.25%	4.54%	4.542%		
70	Weighted Average Cost of Capital		100.00%		7.190%	7.190%		