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May 20, 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. 8 and 10

Pacific Power & Light Company, a division of PacifiCorp, encloses for filing an original and six copies of its response to Bench Request No. 8 and 10, including attachments.

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.

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DATED at Portland, OR this 20th of May, 2016



Jennifer Angell
Supervisor, Regulatory Operations

Bench Request No. 8

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

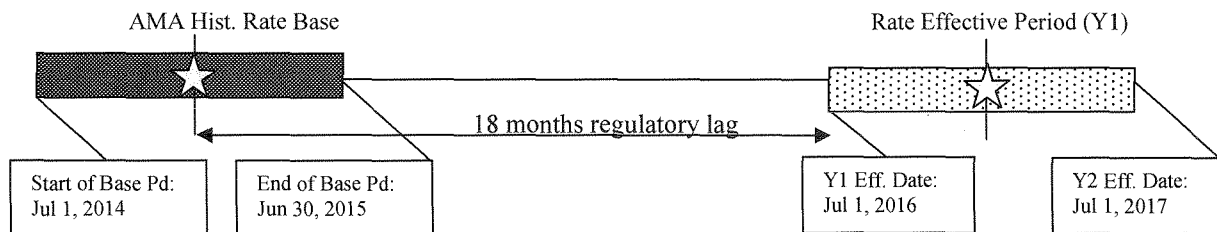
1. Please provide a recalculation of all restating and pro forma adjustments to average-of-monthly-averages (AMA) for Shelley E. McCoy Exh. No. SEM-7 and SEM-8 filed in rebuttal testimony on April 7, 2016.
2. Please provide a separate recalculation of all restating and pro forma adjustments to end-of-period basis (EOP) for Shelley E. McCoy Exh. No. SEM-7 and SEM-8 filed in rebuttal testimony on April 7, 2016.

Pacific Power’s Response to Bench Request No. 8

Please refer to Attachments ALJ Bench Request 8-1 through 8-4 for requested recalculation of Shelley E. McCoy Exh. No. SEM-7 and SEM-8, per Bench Request No.8, Questions 1 and 2, respectively. Only those specific adjustments that are impacted by this request have been included in the workpapers provided in support of below attachments.

Attachment	Description
Attach ALJ Bench Request 8-1	Revised Exh. No. SEM-7, all AMA adjustments
Attach ALJ Bench Request 8-2	Revised Exh. No. SEM-8, all AMA adjustments
Attach ALJ Bench Request 8-3	Revised Exh. No. SEM-7, all EOP adjustments
Attach ALJ Bench Request 8-4	Revised Exh. No. SEM-8, all EOP adjustments

The Company’s position is that setting rates using an all average-of-monthly-averages (AMA) approach to rate base is inappropriate, as AMA rate base reflects rate base at a level materially lower than levels representative of the rate base balances that will be in service and serving customers during the rate-effective period. The diagram below illustrates this principle:



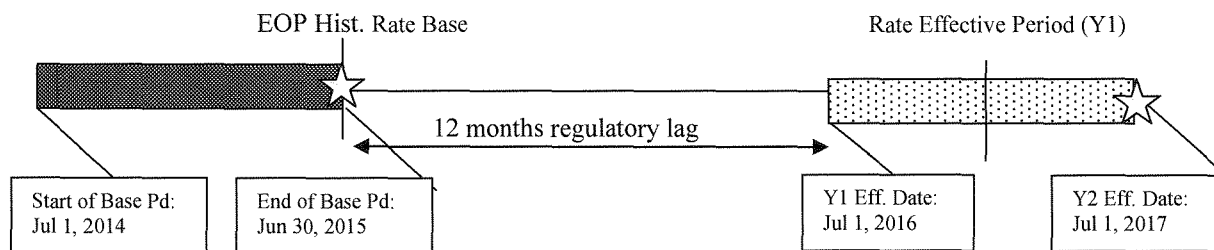
AMA balances represent approximately the mid-point balances of a given time period. In the current filing, with base period data sourced from the 12 months ended June 2015, AMA rate base would set balances at approximately December 2014 levels. In other words, using an all AMA rate base approach in the Company’s current filing, which includes a two-year rate plan, means rates would

¹ McCoy, Exh. No. SEM-1T at 9:22-11:6; McCoy, Exhibit No. SEM-6T at 17:4-18:2.

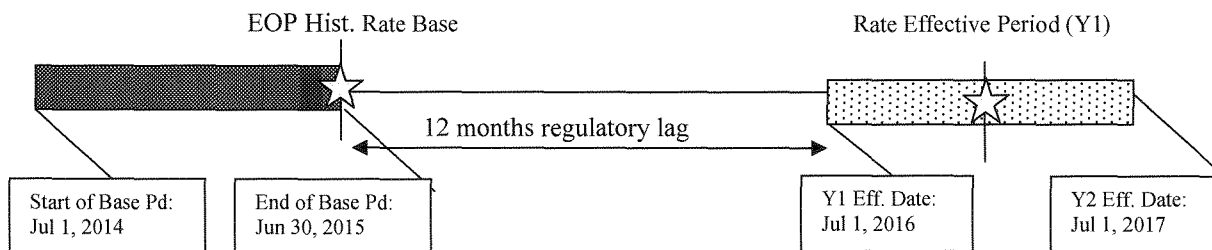
² Ball, Exh. No. JLB-1T at 61:2-17.

reflect the rate base actually in place 18 months before the requested rate-effective date for Year 1 of the rate plan, and 30 months before the rate-effective date of Year 2.

On the other hand, using an all end-of-period (EOP) approach to rate base would serve to mitigate six months of regulatory lag for historical rate base balances. (See diagram below). However, using EOP for **pro forma adjustments** would lead to rates being set on pro forma balances reflective of rate base levels that will be in place at the end of the rate-effective period, which is not representative of levels that would be in service and serving customers during that same time period.



Accordingly, the Company's proposal in this proceeding is to use EOP rate base for historical rate base, while applying AMA methodology for pro forma adjustments. This approach mitigates regulatory lag on historical balances and most accurately reflects rate base levels that will be in service and serving customers during the rate-effective period.



PREPARER: Shelley McCoy

SPONSOR: Shelley McCoy

¹ McCoy, Exh. No. SEM-1T at 9:22-11:6; McCoy, Exhibit No. SEM-6T at 17:4-18:2.

² Ball, Exh. No. JLB-1T at 61:2-17.

Bench Request No. 10

At hearing on May 2, 2016, Mr. Brad Purdy, on behalf of the Energy Project, indicated that some contested issues affecting low-income customers may be resolved. If the following issues have been resolved, please provide a description of the resolution:

For Pacific Power and Staff:

1. Staff recommends that the Company be required to commit at least \$50,000 in shareholder funding to its low-income conservation program as a condition of the Commission approving a decoupling mechanism. (Ball, Exh. JLB-1T at 42:23-24)

For Pacific Power and the Energy Project:

1. The Energy Project recommends that Pacific Power be required to submit a comprehensive plan addressing both funding and modification for its low-income bill assistance program (LIBA), as well as its low-income weatherization program, by January 31, 2017. (Collins, Exh. No. SMC-1T at 8:12-19)

2. The Energy Project recommends that Pacific Power be required to hire a professional facilitator to lead its low-income collaborative. (Collins, Exh. No. SMC-1T at 8:21-22)

3. The Energy Project recommends that Pacific Power be required to finance and fully cooperate in a study of its eligible low-income customer population to procure the data necessary to satisfy the Commission's order in its last GRC. (Collins, Exh. No. SMC-1T at 10:15-22)

For Pacific Power, Northwest Energy Coalition, and the Energy Project:

1. Northwest Energy Coalition and the Energy Project recommend that Pacific Power be required to increase LIBA rate credits proportionately with any annual increases in residential bills as a result of decoupling surcharges. (Cavanagh, Exh. No. RC-1T at 5:2-5; Collins, Exh. No. SMC-3T at 7:8-10)

Pacific Power's Response to Bench Request No. 10

For Pacific Power and Staff:

1. This issue is not resolved. The Company's position remains unchanged from the position described in the rebuttal testimony of Joelle R. Steward, Exhibit JRS-9T, at pages 5-6. However, as part of the collaborative process, overall funding levels for the Company's low-income programs, including the low income weatherization program will be re-evaluated consistent with any other changes to the program.

For Pacific Power and the Energy Project:

¹ McCoy, Exh. No. SEM-1T at 9:22-11:6; McCoy, Exhibit No. SEM-6T at 17:4-18:2.

² Ball, Exh. No. JLB-1T at 61:2-17.

1. Resolved. The Company commits to holding separate collaborative sessions with parties to identify changes, modifications, and proposals for both the low income weatherization program and the low income bill assistance program. The Company and parties will complete a proposal addressing plans or modifications to both programs by the end of the first quarter of 2017 such that changes can be filed with the Commission before the expiration of the current low income bill assistance program, which comes to an end on April 30, 2017.
2. Resolved. The Company, community action agencies, the Energy Project, and other parties continue to have positive working relationships, making the cost of a professional facilitator unnecessary. If any disputes arise, the parties may seek to use the Commission's existing dispute resolution process.
3. Resolved. As part of the collaborative process, the Company commits to working with interested stakeholders to evaluate what data is currently available, where data gaps may exist, and potential sources to fill those gaps. Through this process the stakeholders can evaluate the most efficient way to estimate the number of low income customers, their electricity usage characteristics, and energy burden in the Company's service territory.

For Pacific Power, Northwest Energy Coalition, and the Energy Project:

1. This issue is not resolved. As explained in the rebuttal testimony of Ms. Steward, pages 10-11, the Company maintains that it is not appropriate to tie the level of LIBA rate credits to changes in adjustment schedules such as the Company's proposed Schedule 93. The Company has proposed to increase the LIBA rate credits at two times the average residential customer increase for base rate changes in this filing for both 2016 and 2017. LIBA rate credits are not modified with price changes related to other adjustment schedules that are not a part of base revenues.

PREPARER: Natasha Siores

SPONSOR: Joelle Steward

¹ McCoy, Exh. No. SEM-1T at 9:22-11:6; McCoy, Exhibit No. SEM-6T at 17:4-18:2.

² Ball, Exh. No. JLB-1T at 61:2-17.