Boise Data Request 001

Please refer to Exh. RBD-1T at 2:8-10. Regarding the proposed Stranded Cost Recovery Fee "designed to help mitigate the cost shifting by customers choosing to permanently disconnect and switch electric service providers":

a. Does the Company agree that permanent disconnections may provide net benefits to remaining customers, e.g., via avoided generation costs, rather than resulting in cost shifting or stranded costs?

b. In preparing his direct testimony, did Mr. Dalley consider testimony in Docket UE-161123, in which both Puget Sound Energy (PSE) and Microsoft Corporation calculated overall net benefits to PSE customers resulting from the proposed loss of non-residential load (see, e.g., Exh. JAP-1CT at 5:15-16; Exh. GSS-1T at 6:6-16, 11:6-10)?

c. Provide any documents supporting the Company's responses to (a) & (b).

Response to Boise Data Request 001

a. Permanent disconnections result in cost shifting because fewer customers will be left to pay existing infrastructure costs. The Company has not evaluated the impact of permanent disconnections on future infrastructure costs, but net benefits to remaining customers can only be achieved if the impact is large enough to defer or eliminate the need for future investments.

b. At the time he prepared his direct testimony, Mr. Dalley was generally familiar with the concepts presented in the publicly available testimony in Docket UE-161123.

   Mr. Dalley's testimony, however, is based on facts and issues unique to Pacific Power. Under Puget Sound Energy's (PSE) proposed Schedule 451, Microsoft would still remain connected to PSE's system and would continue to pay for some delivery-related costs. In contrast, the situation from which the Company is requesting relief to protect remaining customers involves departing customers who permanently disconnect from the Company's system. Also PSE anticipates a need for new generating capacity to replace Colstrip Units 1 and 2 in 2022 and therefore reflects a benefit from the reduction in retail load for Microsoft around that timing.[1] In contrast, the Company's preferred portfolio from its most recent 2015 Integrated Resource Plan does not show a need for new generating

[1] See Exh. JAP-1CT at 6:3-13

capacity until 2028.

c. None available.

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