

September 12, 2016

***VIA ELECTRONIC FILING***

***AND OVERNIGHT DELIVERY***

Steven V. King

Executive Director and Secretary

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Drive SW

P.O. Box 47250

Olympia, WA 98504-7250

**RE:** **Docket UE-152253—Pacific Power & Light Company’s Motion for Clarification of Order 12 and 13 and Alternative Compliance Filing**

In accordance with WAC 480-07-835, Pacific Power & Light Company (Pacific Power or Company), a division of PacifiCorp, submits its motion for clarification of Orders 12 and 13. In its motion, the Company requests clarification regarding the rate base treatment of the pro forma capital additions at Jim Bridger Units 3 and 4 that are separate from the selective catalytic reduction (SCR) systems. The Company also requests clarification of the deferral period and timeline applicable to the approved decoupling mechanism.

Attached to the motion is an alternative set of compliance tariffs, a summary of the Company’s modeled alternative revenue requirement for both years of the rate plan, and supporting workpapers. The alternative compliance tariffs implement the Company’s requested clarification on the rate base issue only; the Company’s requested clarification on the decoupling mechanism does not affect the language of the decoupling tariff, Schedule 93.

The Company discussed this filing and the revenue requirement calculations with Commission Staff before submitting this filing.

**Alternative Compliance Filing for the First Year of the Rate Plan**

In support of its motion for clarification of Orders 12 and 13 in Docket UE-152253, Pacific Power submits the following revised tariff sheets.

# The revised tariff sheets are designated as follows:

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| Ninth Revision to Sheet No. INDEX.3 |  | Tariff Index |
| Fourth Revision to Sheet No. 15.1 | Schedule 15 | Outdoor Area Lighting Service – No New Service |
| Fourth Revision to Sheet No. 16.1 | Schedule 16 | Residential Service |
| Fourth Revision to Sheet No. 17.1 | Schedule 17 | Low Income Bill Assistance Program – Residential Service Optional for Qualifying Customers |
| Third Revision to Sheet No. 18.1 | Schedule 18 | Three Phase Residential Service Rider |
| Fourth Revision to Sheet No. 24.1 | Schedule 24 | Small General Service |
| Fourth Revision to Sheet No. 24.2 | Schedule 24 | Small General Service |
| Fourth Revision to Sheet No. 36.1 | Schedule 36 | Large General Service – Less Than 1,000 kW |
| Fourth Revision to Sheet No. 36.2 | Schedule 36 | Large General Service – Less Than 1,000 kW |
| Fourth Revision to Sheet No. 40.1 | Schedule 40 | Agricultural Pumping Service |
| Second Revision to Sheet No. 40.2 | Schedule 40 | Agricultural Pumping Service |
| Fourth Revision to Sheet No. 48T.1 | Schedule 48T | Large General Service – Metered Time of Use 1,000 kW and Over |
| Fourth Revision to Sheet No. 51.1 | Schedule 51 | Street Lighting Service – Company-Owned System |
| Fourth Revision to Sheet No. 52.1 | Schedule 52 | Street Lighting Service – Company-Owned System No New Service |
| Third Revision to Sheet No. 53.1 | Schedule 53 | Street Lighting Service – Customer-Owned System |
| Third Revision to Sheet No. 54.1 | Schedule 54 | Recreational Field Lighting – Restricted |
| Third Revision to Sheet No. 57.1 | Schedule 57 | Mercury Vapor Street Lighting Service – No New Service |
| Third Revision to Sheet No. 57.2 | Schedule 57 | Mercury Vapor Street Lighting Service – No New Service |
| First Revision to Sheet No. 80.1 | Schedule 80 | Summary of Effective Rate Adjustments |
| Original Sheet No. 93.1 | Schedule 93 | Decoupling Revenue Adjustment |
| Original Sheet No. 93.2 | Schedule 93 | Decoupling Revenue Adjustment |
| Original Sheet No. 93.3 | Schedule 93 | Decoupling Revenue Adjustment |

Order 13 authorized a revenue requirement increase of $5,395,338 to the Company’s base rates, effective September 15, 2016.[[1]](#footnote-2) The Company’s calculations, as provided in its simultaneous compliance filing, resulted in a revenue deficiency of $5,624,706. This variance of $229,368 is due to a correction to the Idaho Power asset exchange adjustment, and modifications to the associated interest and tax related adjustments.

If the Commission grants clarification and authorizes the Company to include the return on rate base of the non-SCR-related capital projects at Jim Bridger Unit 3, the Company’s calculations result in a first year revenue requirement increase of $5,941,277, $316,571 higher than the Company’s compliance filing. Attachment A provides a comparison of the revenue requirement calculation between the compliance filing and this alternative compliance filing. A summary of the Company’s modeled revenue requirement for both years of the rate plan is reflected in Attachment B.

Included as Attachment C are the estimated impacts of the price changes, including billing determinants and monthly billing comparisons. Electronic copies of the Company’s revenue requirement models are also included in the workpapers accompanying this filing.

The first year revenue requirement increase reflected in the attached alternative compliance filing reflects an overall increase of 1.77 percent.  The average residential customer using 1,200 kWh per month will see an increase of $1.93 per month. The filing also reflects an increase in Pacific Power’s Low Income Bill Assistance Program benefits per participant of 3.5 percent.

Consistent with paragraph 321 in Order 12, the Company will record an offset to the balance being recovered through Schedule 96 to account for the residual credit balance related to the hydro deferral. In this manner, the $132,000 credit balance in the hydro deferral account will be returned to customers.

**Alternative Compliance Filing for the Second Year of the Rate Plan**

The Commission authorized the Company to file a compliance filing to effectuate the second year rate increase of $7,607,991, effective September 15, 2017.[[2]](#footnote-3) The Company’s calculations, as provided in its simultaneous compliance filing, resulted in a revenue requirement deficiency of $7,901,569, reflecting a variance of $293,578 associated with interest expense and tax impacts of the Commission-ordered adjustments.

If the Commission grants clarification and authorizes the Company to include the return on rate base of the non-SCR-related capital projects at Jim Bridger Unit 4, the Company’s calculations result in an alternative revenue requirement increase of $8,197,405, $295,836 higher than the Company’s compliance filing.

In accordance with Order 12, the Company will submit attestations and final project costs of the Company’s Supervisory Control and Data Acquisition Energy Management System (SCADA EMS), the Union Gap substation, and Jim Bridger Unit 4 investments included in the second year rate adjustment no later than 60 days before September 15, 2017.[[3]](#footnote-4) Also, if parties are able to reach a consensus agreement as part of the cost of service, rate spread, and rate design collaborative, the Company will submit a filing for the Commission’s approval of that agreement.[[4]](#footnote-5) If a consensus agreement is not achieved, the Company’s filing will apply the second year rate increase on an equal percentage basis to each schedule. The Company will submit a compliance filing with tariff sheets that reflect rates for the second year of the rate plan at least five full business days before the September 15, 2017 effective date.

Please direct informal inquiries to Ariel Son, Regulatory Projects Manager, at (503) 813-5410.

Sincerely,



R. Bryce Dalley

Vice President, Regulation

Enclosures

Attachments

Attachment A: Revenue Requirement Summary Comparison

Attachment B: Summary of Revenue Requirement for Years 1 & 2

Attachment C: Estimated Effect of Base Rate Increase, Billing Determinants, and Monthly Billing Comparisons

Attachment D: Compliance Tariff Sheets (Legislative)

Attachment E: Compliance Tariff Sheets (Clean)

1. Order 13, ¶ 3. [↑](#footnote-ref-2)
2. Order 13, ¶ 3. [↑](#footnote-ref-3)
3. Order 12, ¶ 122. [↑](#footnote-ref-4)
4. *Id.*, ¶ 229. [↑](#footnote-ref-5)