

UE-161204 / Pacific Power & Light Company

January 31, 2017

Boise 2nd Set Data Request 0034

Boise Data Request 0034

Please refer to Exh. RBD-1T at 15:8-16, where Mr. Dalley explains the calculation of the Stranded Cost Recovery Fee for non-residential customers, including the use of “a ten-year period” for revenue payments consistent with Pacific Power calculations in Oregon’s Schedule 296 “Consumer Opt-Out Charge”:

- a. Please confirm that Pacific Power charges associated with the Company’s Oregon consumer opt-out program are on appeal at the Court of Appeals of the State of Oregon, CA A161359. If the Company does not confirm, please explain.
- b. Please confirm that the Public Utility Commission of Oregon does not calculate appropriate revenue requirement using “the modified historical test year approach upon which the [WUTC] continues to rely.” (See Dockets UE-160228 and UG-160229 (*consolidated*), Order 06 at ¶ 61 n. 119).
- c. Did the Company consider any alternatives to the stranded cost fee calculation proposed, including either different analysis periods or variations in rate allocation associated with cost of service methodology, such as those currently being considered in UE-161123, the pending PSE proceeding involving a determination of alleged stranded costs relative to a potentially departing non-residential customer load? (See, e.g., Exh. GSS-1T at 6:9-11, 7:3-11; Exh. JAP-1CT at 11:5-13:12). If yes, please explain and provide any supporting documents for alternative calculation approaches.
- d. Does Pacific Power believe that proposed stranded cost calculations would be affected if the Company were to comply with Commission expectations to complete a collaborative process prior to the second year of its current rate plan to “examine the issues surrounding the classification and allocation of costs from the prior general rate case which remain unresolved”? (See Docket UE-152253, Order 12 at ¶¶ 229-230). If no, please explain why not. If yes, when does the Company plan to initiate the collaborative “to address cost of service, rate spread, and rate design issues” that may affect stranded cost calculations?

Response to Boise Data Request 0034

- a. Confirmed.

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by attorney-client privilege or other applicable privileges or law may have been included in response to these data requests. Accordingly, PacifiCorp reserves its right to seek the return of any privileged or protected materials that may have been inadvertently disclosed, and respectfully advise that any inadvertent disclosure should not be considered a waiver of any applicable privileges or rights. PacifiCorp respectfully requests that you inform PacifiCorp immediately if you become aware of any such materials in these responses.

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- b. Confirmed. However there are many similarities between Oregon's forecast test period and Washington's modified historical test year. Both approaches begin with a twelve-month historical test period and make discrete adjustments to arrive at the test period data, including:
- Net power costs are updated for pro forma changes.
 - Operations and maintenance labor costs are adjusted for known or projected changes.
 - Adjustments are made for capital additions that are placed in service after the end of the historical period.
- c. Yes. The Company considered using the net present value for the different periods of 20, 15, 8, 6, and 4 years. Please refer to Attachment Boise 0034 for the calculation of different approaches that were considered.
- d. The stranded cost calculations would be impacted inasmuch as any agreement would result in changes to current rates. Commission Staff has already initiated the collaborative process "to address cost of service, rate spread, and rate design issues" with the first meeting scheduled for February 8, 2017.

PREPARER: Robert Meredith / R. Bryce Dalley

SPONSOR: R. Bryce Dalley

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