

Exhibit No. DMR-8C  
Docket UE-170717  
Witness: Dana M. Ralston

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT  
COMPANY,

2016 Power Cost Adjustment Mechanism

Docket UE-170717

**PACIFIC POWER & LIGHT COMPANY  
REDACTED EXHIBIT OF DANA M. RALSON  
STAFF RESPONSES TO PACIFIC POWER'S DATA REQUESTS**

**March 2018**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED: February 23, 2018  
DOCKET: UE-170717  
REQUESTER: Pacific Power

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

**REQUEST NO. 3:**

Please refer to Exhibit JLB-1CT Page 14, Lines 5 – 9: Identify where in the [REDACTED]

**RESPONSE:**

The referenced testimony states:

- Q. Was the Company aware of the geological conditions at the Jim Bridger Mine?**
- A. Yes. The underground mine has been in operation since 2004 and Bridger Coal Company has been its operator since the beginning. Further, the Company received a detailed geological report in August 2015, four months before the Joy Longwall System became stuck.

Mr. Ball did not discuss [REDACTED] in his direct testimony and could not [REDACTED]. The purpose of this section of testimony is to show what the Company was aware of prior to the events that occurred in December 2016 and whether reasonable precautions were taken. As discussed a few lines later, the geological report specifically [REDACTED]. Additionally, [REDACTED]

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**REQUEST NO. 4:**

Please refer to Exhibit JLB-1CT Page 27, Lines 1 – 11 and Page 28, Lines 1-3, and Confidential Figure 2:

- a. Please explain why Staff’s analysis includes years before the DBT longwall installation in 2007.
- b. In its analysis, did Staff adjust cost figures for inflation?
- c. Please explain why Staff’s analysis does not include the data from the surface mine.

**RESPONSE:**

- a. Mr. Ball’s statistical analysis shows the strong correlation between mining costs and volume. Eliminating data from before 2007 (a single data point), results in an R<sup>2</sup> of .85. Thus, Mr. Ball’s conclusion appears to hold true regardless of the type of underground mining that is employed.
- b. No these numbers were not adjusted for inflation since the analysis is focused on the relationship between cost and volume in each year and not year over year. If the numbers were Net Present Valued (using an assumed 7.3% interest rate and 2016 as the base year) then the R<sup>2</sup> increases only slightly to .91.
- c. Staff’s analysis examined the costs for underground mining operations because only the underground mine experienced prices [REDACTED] than budgeted. Since the surface mine experienced prices that were [REDACTED], the underground mine appeared to be the relevant data set to explain the [REDACTED] delivered coal costs in 2016.