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July 23, 2018

Via Electronic Filing

Mr. Mark L. Johnson
Executive Director
Washington Utilities & Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
P. O. Box 47250
Olympia, WA 98504-7250

Re: Pacific Power & Light Co. – Advice 18-03 – Schedule 191
System Benefits Charge Adjustment
Docket UE-180493

Dear Mr. Johnson:

Boise White Paper, LLC, (“Boise”) submits the following comments to the Washington Utilities and Transportation Commission (“Commission”) in response to Pacific Power & Light Company’s Advice Letter 18-03 (“Advice Letter”), dated June 1, 2018. In its Advice Letter, Pacific Power & Light Company (“Pacific Power” or “Company”) proposes that funds collected from ratepayers under Schedule 191 be reduced by approximately \$1.75 million.^{1/} Pacific Power would accomplish this reduction by way of a downward revision to all customer rate schedules listed on its published Tariff Sheet 191.1.^{2/} ~~Per its revised tariff sheet, Pacific Power’s customers would see their per kilowatt hour rates adjusted downward in amounts varying between .0231 cents and .0330 cents per kilowatt hour.^{3/} If the Company’s tariff filing were allowed to go into effect, Boise and the other customers taking service under Schedule 48T would receive the smallest proposed rate decrease of .231 cents per kilowatt hour.^{4/}~~

^{1/} See Advice Letter 18-03, dated June 1, 2018, and docketed as UE-180493.

^{2/} See Advice Letter 18-03 at page 1 and Attachment D.

~~^{3/} See id.~~

~~^{4/} The one customer on Schedule 47T would also receive a .0231 cent rate decrease. See Advice Letter 18-03 at page 1 and Attachment D.~~

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Boise takes service from Pacific Power under Schedule 48T, and is the Company's largest customer in Washington, as measured by both kilowatt hours sold and revenues generated.^{5/} As to Schedule 191, Boise contributes over \$1.2 million to the system benefits fund managed by the Company for its customers.^{6/} No other customer contributes more to the system benefits fund than Boise. In fact, Boise contributes more to the fund than all other Schedule 48T customers combined and more than several of Pacific Power's other customer classes.^{7/} Without question, Boise's contribution to Pacific Power's system and to support other customers is significant.

Boise requests that the Commission require the Company to modify its proposed tariff by ~~decreasing the as-filed rates for providing Boise and other similarly situated customers, and allowing more of Pacific Power's forecast over-collection to be returned to Boise between now and the Company's next System Benefit Charge rate filing, with the same level of decrease provided the residential customers taking service under Schedule 16 or .0330 cents per kilowatt hour.~~^{8/} The support for Boise's request is set forth below.

Pacific Power's proposal to decrease its System Benefits Charge is based upon its current forecast that the conservation program's collections from ratepayers would exceed its costs by over \$4.1 million by June 2019.^{9/} To mitigate the impact of over-collection, the Company proposes to decrease its over-collection by \$1.75 million, as reflected in its revised Schedule 191. If allowed to go into effect by the Commission as-filed, the Company's tariff would still require ratepayers to pay approximately \$2.35 million more than necessary to fund the program by June 2019.^{10/} Boise believes the potential magnitude of the projected over-collection to be excessive and unnecessary.

The monies accumulated in the conservation fund are those paid by and managed solely for the benefit of the ratepayer. Said simply, it is the ratepayer's money. Ideally, Pacific Power's System Benefits Charge would collect only the monies needed to fund its conservation program in the applicable period – no more and no less. However, the program funding mechanism looks forward to future costs, leaving margin for forecasting error and the over- and under-collection of ratepayer monies needed to run the program. The forecasting error in this circumstance is significant, resulting in a projected over-collection of ~~over~~nearly \$4.1 million in the applicable period. There is no compelling reason offered by the Company to continue to withhold at the rate expected to yield a \$2.35 million cushion in the program fund. For example, rates could be reduced by another \$1.0 million and still produce a \$1.35 million cushion by June of 2019.

^{5/} As measured by Boise's monthly electric use can be expected to exceed 38.2 million kilowatt hours. See Attachment C, line 8.

^{6/} See id.

^{7/} See id.

~~^{8/} See Attachment D.~~

^{9/} See Advice Letter 18-03 at page 2. ("Based on the current balance, expenditure forecast, and collection rate, Pacific Power estimates an over-collection of \$4.09 million by June 2019.")

^{10/} \$4.1 million minus \$1.75 million = approximately \$2.35 million.

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The Company offers three explanations for continuing to over-collect from ratepayers. First, it maintains that its Home Energy Savings and portions of its *wattsmart* Business Program will be subject to renegotiation at the end of 2018. The Company suggests the possibility that costs could increase, but offers no evidence supporting this result.^{11/} ~~To this end, it does not even speculate as to whether costs could increase by 5%, 10% or more.~~ Therefore, the Commission cannot link these suggested costs to any specific funds needed by the conservation program in the future. Next, the Company offers possible adjustments to the conservation savings assigned to certain programs or measures, pointing to updates delivered by or expected from the Regional Technical Forum.^{12/} Again, the Company offers no estimate of the financial impacts associated with adjusting the conservation savings from its program. Finally, the Company draws uncertainty from the Commission's directive to include the social cost of carbon in its IRP assumptions.^{13/} However, there is no information in Pacific Power's Advice Letter that links forecasted program costs with the Commission's planning directive. Even if such a direct tie were made, the IRP is a planning tool only and requires additional action by the Company or Commission to impact programs or funding. The question of cost, if any, will likely be addressed after June 2019.

In summary, the conservation funds held by Pacific Power are paid by and held to benefit its ratepayers. The forecasted \$4.1 million over-collection of ratepayer monies is excessive and should be reduced by more than the \$1.75 million proposed by the Company. Without question, Staff too believes the over-collection of program funds requires corrective action. To this point, Boise has been informed that Staff believes the over-collection in the conservation program fund would be closer to \$1 million by June of 2019, if the Commission allows the as-filed rates to go into effect.^{14/} As it is unclear to Boise how Staff estimated the Company's future program costs, it relies upon the Company's over-collection forecast of \$4.1 million by June of 2019 to make its recommendation in this docket.

Finally, it is both fair and just for the Commission to limit the Company's collection of ratepayer funds to the demonstrated needs of the conservation fund. The Company's Advice Letter makes no attempt to reconcile its recommendation to retain approximately \$2.35 million in the fund with its future cost requirements. From the Company's filing, the Commission can only determine that program costs are going down, and the over-collection in the program fund will continue unless the Commission acts to reduce rates. Any speculation as to possible future costs should not overwhelm the apparent cost reductions experienced by Pacific Power and the benefits provided ratepayers by further reducing rates. ~~To this end, Boise requests that the Commission increase the rebate back to customers and suggests that the Schedule 48T rate decrease should equal that of the residential class—.0330 cents per kilowatt hour.~~

^{11/} See Advice Letter 18-03 at page 2.

^{12/} Id.

^{13/} Id.

^{14/} Per a phone conversation with Commission Staff on July 25, 2018.

Sincerely,

/s/ Patrick J. Oshie
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