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Via Electronic Filing

Mr. Steven V. King
Executive Director & Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
P. O. Box 47250
Olympia, WA 98504-7250

Re: WUTC v. Pacific Power & Light Co.
Docket UE-152253

Dear Mr. King:

Boise White Paper, L.L.C. (“Boise”) respectfully submits these comments regarding Pacific Power & Light Company’s (“Pacific Power” or the “Company”) attestation and compliance filings in support of a second step rate increase.^{1/} While Boise understands that the Washington Utilities and Transportation Commission (“WUTC” or the “Commission”) authorized the Company to file for a \$7,998,615 base rate increase, subject to Attestation and effective September 15, 2017,^{2/} Boise is concerned that the Attestation process does not allow for adequate review of known and measurable impacts to the Company’s second year revenue requirement.

As noted by WUTC Staff (“Staff”) in its September 12, 2017 letter concerning the Attestation process (“Staff Letter”), there are two factors of particular concern to Boise. First, while authorizing a very precise second year base rate increase—i.e., down to the dollar, in a seven-figure revenue requirement allowance—the Commission did not provide workpapers that would allow for Staff, Boise, or any other interested parties to verify the propriety of the second

^{1/} On June 28, 2017, the Company submitted a compliance filing in this docket titled “Attestation and Actual Cost Updates for Pro Forma Rate Base Additions,” followed by a second compliance filing titled “Revisions to Pacific Power & Light Company’s General Tariffs Second Step Rate Increase,” submitted on August 2, 2017. ICNU refers to these submissions collectively as the Company’s “Attestation” filings for convenience throughout.

^{2/} See, e.g., WUTC v. Pacific Power, Docket UE-152253, Order 15 at ¶ 42 (Sept. 30, 2016); Docket UE-152253, Order 12 at ¶ 308 (Sept. 1, 2016).

year rate amount.^{3/} This has not gone unnoticed by Pacific Power, in that the Company has repeatedly responded to requests to verify the accuracy of the second year base rate increase by effectively claiming that the authorized revenue increase is a black box. For instance, attached to these comments is a copy of the Company's responses to Boise data requests during the Attestation process, in which Pacific Power simply notes that the WUTC "calculated the increase revenues of \$7,998,615," leaving the Company with no choice but "to comply with the requirements of Order 15 issued in Docket UE-155253 [sic], which requires the Company to file tariff sheets to increase revenues of \$7,998,615 for the second year of the rate plan, effective September 15, 2017."^{4/}

Second, Boise concurs that the lack of Commission workpapers prohibits verification of discrete rate year impacts, such as those attributable to production tax credits ("PTC").^{5/} Indeed, the Company uses this circumstance to deflect responsibility for decreasing the second year rate figure to account for recognized PTC impacts: "The [WUTC] calculated the increase revenues of \$7,998,615 and did not share its workpapers with the Company. As such, the Company cannot confirm or deny whether the increased revenues of \$7,998,615 includes a revenue requirement adjustment of \$4,849,759 to reflect expected changes in the amount of production tax credits."^{6/} Yet, Pacific Power agrees that the Company's own filings in this docket "regarding the production tax credit revenue requirement adjustment in the second rate year *assumed* a production tax credit rate of 2.3 cents per kilowatt hour," and that "if the new production tax credit rate of 2.4 cents per kilowatt hour had been incorporated . . . the Company's calculations of the second year revenue requirement increase would decline by \$128,578 on a Washington-allocated basis."^{7/}

From Boise's perspective, a more patently appropriate adjustment than the \$128,578 decrease to second year rates attributable to PTC could scarcely be identified—yet, the Company appears content to avoid it, by reliance on the perceived black-box nature of the Commission's workpaper-less revenue requirement allowance. This predicament exposes, Boise would hope, a shortcoming in the Attestation process that is obvious to the Commission as well. If a review of the propriety of subsequent rate year increases within a multi-year rate plan is to be a feature in Commission ratemaking, then a more robust and verifiable review process would seem only fair, just, and reasonable.

Conversely, the somewhat farcical (if unintended) nature of the present Attestation process is perhaps no better illustrated than by the Company's objection to Attestation discovery because "the proceeding is *closed* and the last day to issue discovery requests in this proceeding was April 19, 2016."^{8/} One not only wonders why Pacific Power is bothering to make any filings and go through the pretense of an Attestation in this docket, if the proceeding is truly "closed," but the Company's own Attestation cover letter "respectfully"

^{3/} Staff Letter at 2.

^{4/} Att. A at 2 (the Company's Response to Boise Data Request ("DR") 0134(b)-(d)).

^{5/} Staff Letter at 2.

^{6/} Att. A at 4-5 (the Company's Response to Boise DR 0135(a)).

^{7/} Id. at 5 (the Company's Response to Boise DR 0135(b-c)) (emphasis added).

^{8/} Id. at 2, 4 (the Company's Responses to Boise DRs 0134-35) (emphasis added).

directs “that all formal correspondence and requests regarding this filing be addressed to ... [datarequest@pacificorp,](mailto:datarequest@pacificorp.com)” via email, or to “Data Request Response Center,” if by regular mail.^{9/} Apparently, Boise should respectfully follow the Company’s requests to issue “formal” data requests, only for them to be objected to as procedurally improper.

Boise’s intent in filing these comments is not to be flippant, but to shine a bright light on a real problem. Not only do the flaws in the Attestation process affect Pacific Power ratepayers now, through the apparent inability of Staff and other parties to reasonably challenge the accuracy of a second-year rate increase, but Boise and other utility customers can expect the same insurmountable challenges if the Commission explores preemptive rate approvals for electric utilities in the future, subject to *later* verification process and potential refund. This new paradigm was suggested by the Commission quite recently, during the Open Meeting on August 10, 2017. While Boise appreciates that this new concept (at least, for electric utilities) was broached in a good faith discussion context, the Attestation process highlights the extreme danger of beginning down such a path. In short, without material improvements, the current Attestation process demonstrates that preemptive rate approvals force Staff and ratepayer advocates to effectively shoulder the burden of proof to disprove the reasonableness of rates, without the means to effectively do so.

Sincerely,

/s/ Jesse E. Cowell

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^{9/} Docket UE-152253, Compliance Filing—Order 12 in Docket UE-152253 Attestation and Actual Cost Updates for Pro Forma Rate Base Additions, Cover Letter at 1 (June 28, 2017).