

July 25, 2018

VIA ELECTRONIC FILING

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

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COMMISSION

RE: Docket UE-180493—Pacific Power and Light Company’s Response to Boise White Paper, LLC’s Comments

On June 1, 2018, Pacific Power & Light Company (Pacific Power), a division of PacifiCorp, submitted an advice filing to reduce its collection rate for Schedule 191, System Benefits Charge, by approximately \$1.75 million. On July 23, 2018, Boise White Paper, LLC (Boise) submitted comments requesting that the Commission require Pacific Power to modify its proposed tariff and provide Schedule 48T customers with the same level of decrease provided to residential customers, and further reduce its System Benefits Charge rate. Pacific Power provides the following clarifications in response to Boise’s comments.

I. Pacific Power’s Proposed Rate Provides an Equal Reduction to All Rate Schedules

On page 1 of its comments, Boise stated that, “Pacific Power’s customers would see their per kilowatt hour rates adjusted downward in amounts varying between .0231 cents and 0.330 cents per kilowatt hour.” These numbers, however, point to the proposed per kilowatt hour rate, not the proposed decrease.

Schedule 48T customers currently have the lowest rate at .0265 cents per kilowatt hour, and would continue to have the lowest rate at .0231 cents per kilowatt hour under the proposed rates. This is consistent with the company’s historically approved rate spread and rate design, and consistent with the Commission’s order in the company’s 2018-2019 biennial conservation target proceeding, which requires rate spread and rate design for Schedule 191 to match the company’s underlying base volumetric rates.¹ The proposed annual Schedule 191 revenue is spread to each of the rate schedules based on each schedule’s base revenue as a percentage of total Washington base revenue.

In addition, the company’s proposal is to reduce the Schedule 191 collection rate at the same level for each rate schedule. As shown on column 13 on Attachment C of the company’s filing, Schedule 48T customers are receiving an approximately 0.5 percent overall bill decrease, which

¹ Order 01 in Docket UE-171092, page 15 (9)(b).

is in line with all of the other rate schedules.² On a more granular level, the Schedule 191 rate itself is being decreased by approximately 12.8%, which is also in line with all of the other rate schedules.

II. Pacific Power's Proposal Minimizes Risk of Potential Rate Shock

Boise's comments also contend that the potential magnitude of the projected over-collection for the company's conservation tariff rider is excessive and unnecessary. While the company has historically been able to forecast and monitor its conservation expenditures and closely match that with its collection rate, the company is faced with some inherent challenges in forecasting actual costs for the near future. The company's projected over-collection, as described in its advice letter, does not account for the uncertainty in costs and savings in the near term as current delivery contract terms come to an end or any impact from the directive to include a social cost of carbon in the planning assumptions for the 2019 integrated resource plan. Rather than being reactive to the potential for rate volatility, Pacific Power's proposal reflects the company's intent to proactively manage its rates and provide rate stability for its customers. In the event that the company's concerns for rate stability turn out to be unwarranted, the rate could be adjusted further downward at that time with no harm to customers. However, on the flip side, if the rate is reduced further only to be drastically increased again in the near term, it will be difficult to avoid upward rate shock for customers.

Accordingly, Pacific Power recommends the Commission approve Pacific Power's proposed Schedule 191 System Benefits Charge filing, effective August 1, 2018.

Informal questions can be directed to Ariel Son, Regulatory Affairs Manager, at (503) 813-5410.

Sincerely,

/s/

Etta Lockey
Vice President, Regulation
Pacific Power & Light Company
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
(503) 813-5701
etta.lockey@pacificorp.com

² The overall average net bill decrease is 0.5% for all Washington customers.