Exhibit No. BGM-3
Docket UE-161204
Witness: Bradley G. Mullins

BEFORE THE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PACIFIC POWER & LIGHT COMPANY Respondent.	DOCKET UE-161204

EXHIBIT NO. BGM-3

COMPANY RESPONSES TO DATA REQUESTS

UE-161204 / Pacific Power & Light Company
January 30, 2017
Boise 1st Set Data Request 008

Boise Data Request 008

When Pacific Power filed the original net removal tariff, did the Company request that the Commission approve:

a. Fair Market Value charges?

b. Recovery of stranded costs?

If the response to either (a) or (b) is yes, please explain or identify applicable testimony filings in Docket UE-001734.

Response to Boise Data Request 008

Pacific Power did not request either in the original net removal tariff filing.

PREPARER: Melissa Nottingham

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
January 30, 2017
Boise 1st Set Data Request 0013

Boise Data Request 0013

Refer to Exh. RBD-1T at 6:16-19. Please provide all Company data responses from Docket UE-143932, which Mr. Dalley testifies to having "the same general facts necessitating revision of the Company's tariffs" in the present case.

Response to Boise Data Request 0013

The Company objects to this response as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, the Company responds as follows:

Please refer to Attachment Boise 0013-1 and Confidential Attachment Boise 0013-2 for copies of the data responses from Docket UE-143932.

Confidential information is provided subject to the terms and conditions of the protective order in this proceeding.

PREPARER: Kaley McNay

SPONSOR: To Be Determined

040 Please refer to PacifiCorp's Report, page 14, where the Company states: "The Company does not have a specific reporting process that provides a summary of all the facilities that were paid for or provided by customers through a line extension." Given this statement, please explain how the Company: a) was able to determine that "Pacific Power's ratepayers paid $38,388 for the cost to install the conduit and vaults" on Club property, as stated by Ms. Mishoe in the Complaint of the Walla Walla Country Club ("Complaint"), Exhibit ("Exh.") E, page 2; and b) is able to verify that the Club did not pay for some or all of the $38,388 cost stated by Ms. Mishoe.

RESPONSE: In the circumstance of a line extension, customers often install certain facilities without advising Pacific Power of the associated cost. Obviously, Pacific Power knows the costs for materials and labor it provides when completing a line extension. In this particular circumstance, as stated by Ms. Mishoe, those costs totaled $38,388.

SCHWABE, WILLIAMSON & WYATT, P.C.
Attorneys at Law
U.S. Bank Centre
1420 5th Avenue, Suite 3400
Seattle, WA 98101-4010
Telephone: 206.622.1711

047 Please refer to Answer ¶¶ 11 and 14, and PacifiCorp's Report, page 16, where the Company states that, in regard to "how a removal estimate is developed": "If the customer paid for the original installation of the facilities, the estimator calculates the eligible credit." Please provide all eligible credit calculations associated with the Company's: a) "preliminary estimate" of $19,581; and b) its January 2013 estimate of $104,176.

RESPONSE: In accordance with Pacific Power's Washington Removal – Estimating and Reconciliation Process, Section 3.d.3, customer contributions toward original installation costs are credited provided the installation occurred within five years of the request for permanent disconnection and resulting removal of the facilities. The subject facilities on Complainant's property were installed more than five years prior to the request for permanent disconnection.

SCHWABE, WILLIAMSON & WYATT, P.C.
Attorneys at Law
U.S. Bank Centre
1420 5th Avenue, Suite 3400
Seattle, WA 98101-4010
Telephone: 206.622.1711

071 Please refer to the Company's Response to DR 038. Regarding Pacific Power's Washington Removal – Estimating and Reconciliation Process, Section 3.d.3, please: a) state the date this section first went into effect; b) explain and provide supporting documentation of the Company's customer contribution process prior to the effective date indicated in response to subpart (a); and c) provide a narrative response explaining the Company's policy and/or position on the use of "five years" as the period between installation and removal, when determining whether customers receive contribution credits.

RESPONSE:

(a) January 21, 2014

(b) Please see Pacific Power's thorough-going report ("Report")

(c) The five year period is consistent with the line extension policies to charge monthly minimum billings for five years

SCHWABE, WILLIAMSON & WYATT, P.C.
Attorneys at Law
1420 5th Avenue, Suite 3400
Seattle, WA 98101-4010
Telephone: 206.622.1711

PacifiCorp/UE-001734
June 22, 2001
WUTC Data Request No. 2.15

WUTC Data Request No. 2.15:

Assume that Customer A's premises is located at the end of a street. PP&L has a distribution line attached to power poles on the street ending at Customer A's premises. All customers on Customer A's street have switched to another electric utility. After Customer A switches, PP&L will have no use for the power poles extending down that street (other than for salvage). PP&L's proposed First Revision of Sheet No. F.3 was in effect during all such "switches." Would any of these customers be billed for the power poles under the proposed First Revision of Sheet No. F.3? If so, which customers, and for which poles? If none, why? Explain your answer in detail.

Response to WUTC Data Request No. 2.15:

Under the language proposed in the response to WUTC Data Request No. 10 customers would not be billed for the removal of the primary facilities in the public right-of-way

[Rob Stewart]

UE-161204 / Pacific Power & Light Company
January 31, 2017
Boise 2nd Set Data Request 0016

Boise Data Request 0016

Refer to Exh. RBD-1T at 10:2-4, where Mr. Dalley states that "the facts and circumstances presented in the Walla Walla Country Club's formal complaint proceeding (Docket UE-143932) clearly illuminated the need to revise the tariffs":

a. Please confirm that the facts and circumstances in UE-143932 are relevant to the current proceeding.

b. If the Company does not confirm, please explain how the facts and circumstances in UE-143932 are not relevant, despite Mr. Dalley's testimony that those same facts and circumstances simultaneously and "clearly" illuminate an alleged need to revise the net removal tariff through the proposals in this proceeding.

Response to Boise Data Request 0016

a. Confirmed. The facts and circumstances presented in Docket UE-143932 helped the Company to identify gaps in the current tariffs.

b. Please see the response to subpart a.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
January 31, 2017
Boise 2nd Set Data Request 0021

Boise Data Request 0021

Refer to Exh. RBD-1T at 11:16-19. Please provide clarification or further definition on what constitutes:

a. "Redundant electric service"; and

b. "Redundant facilities."

If the Company is unable or unwilling to provide clarification or further definition of "redundant" in these contexts, does Pacific Power have any specific proposals for settling potential disagreements between a customer and the Company over what constitutes "redundant" facilities or "redundant" electric service?

Response to Boise Data Request 0021

a. "Redundant electric service" refers to situations in which a customer is simultaneously receiving electric service from more than one provider at the same location. This includes the scenario in which a customer begins to receive electrical service from another provider without permanently disconnecting per the requirements outlined in Rule 6, by changing the internal wiring to bypass the Company's meter.

b. "Redundant facilities" refers to unnecessary and duplicative equipment installed to provide service to a specific customer, which may include but is not limited to distribution lines, poles, risers and transmission lines.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
January 31, 2017
Boise 2nd Set Data Request 0022

Boise Data Request 0022

Refer to Exh. RBD-1T at 11:20-23, where Mr. Dalley explains proposed customer responsibilities which trigger when electric service from another provider is procured "without notifying" Pacific Power. Please identify and explain the operation of specific proposed revision(s) that expressly address a customer's "notifying" requirements.

Response to Boise Data Request 0022

The testimony is referring to a clarification of the financial responsibilities of a customer who allows another service provider to install power to a structure already being served by Pacific Power. No changes are proposed to the customer's responsibility to notify the Company before making any changes to the electrical load. See Pacific Power Rule 12 and the 2016 Electric Service Requirements, which both specify the customer has a responsibility to notify the Company of any increases or changes to their load before making changes.

PREPARER: Melissa Nottingham

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
January 31, 2017
Boise 2nd Set Data Request 0025

Boise Data Request 0025

Please refer to Exh. RBD-1T at 12:20-13:3, where Mr. Dalley quotes UE-132027, Order 04, involving a Puget Sound Energy ("PSE") sale of utility assets, before asserting that "[h]aving the sale of the assets valued at Fair Market Value and credited back to the remaining customers properly compensates those customers":

a. Is the Company proposing to allocate any portion FMV sales to itself in conjunction with a remaining customer credit, similar to the partial sale allocation PSE received? (See, e.g., UE-132027, Order 04 at ¶ 73). If yes, please explain how Pacific Power proposes that the Commission would allocate a portion of FMV proceeds to the Company.

b. Please confirm that the Company's proposed method for determining asset FMV, subject to remaining customer credit, would be either FMV "as determined by the Company or a Company requested third party appraisal."

c. Does Pacific Power believe that its FMV determination proposal is consistent with Commission statements in the same order quoted by Mr. Dalley, particularly in UE-132027, Order 04 at ¶ 68? If yes, please explain how an FMV determination "as determined by the Company or a Company requested third party appraisal," which apparently allows for no input from a departing customer, is consistent with an FMV "determined in the context of an arm's length transaction."

d. If the Company and a departing customer disagreed on the FMV, as determined by Pacific Power or an appraiser chosen unilaterally by the Company, would the Commission or a court make a final determination after parties "present the results of their evaluations … based on the evidence"? (See UE-132027, Order 04 at ¶ 68).

e. Considering again the order quoted by Mr. Dalley in respect to the Company's proposal on the FMV of an asset, does Pacific Power believe that the Commission can make "a determination of fair market value"? (See, e.g., UE-132027, Order 04 at ¶ 66; ¶ 14 n.13). If yes, please explain.

f. Please explain how the Company's proposal to *require* FMV from a departing customer is consistent with principles "grounded in the very bedrock of rate regulatory theory and law" in the PSE asset sale order quoted by Mr. Dalley, including the Commission's "agree[ment] with Commission Staff, Public Counsel, and ICNU that PSE is entitled as a matter of law only to the return of the NBV of the property." (See UE-132027, Order 04 at ¶ 29; accord id. at ¶ 18 (quoting Staff as "following these principles … upon the sale of assets" in arguing that "[n]et book value is the foundation of Commission regulation"; UE-143932, Order 05 at ¶ 4 n.2 (citing UE-132027, Order 04 in asserting that "under general principles governing asset transfers by utilities such as Pacific Power …. If the facilities are not fully depreciated, the Company may be entitled to recover their net book value (*i.e.*, original cost less depreciation)").

Response to Boise Data Request 0025

a. No. Pacific Power is proposing to credit all of the proceeds to remaining customers.

b. Confirmed.

c. There may be circumstances in which a Fair Market Value appraisal would not be necessary, e.g. nominal values.

d. Yes. The Company understands that the Commission may make a determination pursuant to the applicable provisions of RCW 80.04.

e. Yes. Please see the response to subpart d.

f. The Commission decision in Docket UE-132027, Order 4, relates to the allocation of sale proceeds between PSE's customers and shareholders, not the appropriate sales price. The Net Book Value represents the minimum amount that is legally allocable to the shareholders. *Id.*, ¶ 21. The Commission approved PSE's asset sales price of $103 million to JPUD in Docket U-101217, Order 3, ¶ 24 (Feb. 1, 2011) by determining that such price represented the fair value of the assets and was "adequate compensation for the sale of these assets." *Id.* In fact, the Net Book Value of the assets sold by PSE was only $46,686,436. Docket UE-132027, Order 4, ¶ 11. As the Commission noted in Docket UE-132027, Order 4, at ¶ 68:

> The Commission expects the utilities it regulates to make any sale of assets, under threat of condemnation or otherwise, at fair market value. The utility has a duty to thus protect not only its shareholders who are entitled to receive the net book value of the assets, but also its customers. Following the risk/reward principle the customers are entitled to receive all, or at least an equitable share of, the net gain, including any appreciation.

As stated above, Pacific Power proposing to credit all of the proceeds to remaining customers.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
January 31, 2017
Boise 2nd Set Data Request 0032

Boise Data Request 0032

Please refer to Exh. RBD-1T at 14:17-21, where Mr. Dalley testifies that "higher margin customers" leaving "the system" place remaining customers at greater cost risk, and that payment of the proposed stranded cost fee is designed "[t]o prevent shifting the cost to other customers":

a. Does Pacific Power believe that only "high margin customers" create such cost risk? If no, please explain why "high margin customers" are singled out in the referenced testimony, although the Company has proposed to recover stranded cost fees from all classes of departing customers.

b. Please clarify or define what the Company means by "the system"—e.g., does this include the entire PacifiCorp system, or just Washington operations and facilities?

c. Based on the alleged revenue loss from 1999-2016 portrayed in Exh. RBD-3, does Pacific Power believe that cost shifts or subsidies between customer classes have occurred due to permanent disconnections over this time period? If not, please explain.

d. Based on Exh. RBD-3, does Pacific Power believe that industrial customers have subsidized other rate classes due to permanent disconnections? If yes, please explain any efforts undertaken by Pacific Power to protect the industrial class from cost shifting due to permanent disconnections prior to this proceeding. If no, please explain why not.

e. Does the Company consider industrial customers to be "high margin customers"?

Response to Boise Data Request 0032

a. Please refer to the Company's response to Boise Data Request 0011. When any customer leaves the Company's system, there is risk that costs will rise for remaining customers. This risk may be more critical for certain customers, because another utility may be more likely to target and solicit customers that would result in high margins to that utility at minimal cost.

b. By "system," the Company means the entire PacifiCorp system included in Washington rates.

c. The Company believes that the revenue lost from customers leaving its system has resulted in costs being shifted from those departing customers to those who have remained. The Company has not prepared an analysis that specifically quantifies any interclass impacts.

d. Please refer to the Company's response to subpart c. of this request. The Company has not prepared an analysis that specifically quantifies any interclass impacts.

e. Please refer to the Company's response to Boise Data Request 0011.

PREPARER: Robert Meredith

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
January 31, 2017
Boise 2nd Set Data Request 0033

Boise Data Request 0033

Please refer to Exh. RBD-1T at 15:1-16:9, where Mr. Dalley describes how the proposed Stranded Cost Recovery Fee is calculated:

a. Please confirm that the Company is proposing two possible means of calculating stranded costs in all future circumstances, i.e., a single fee of $6,153 for all residential customers or a fee equal to 4.5 times a customer's annual revenue for all non-residential customers. If the Company does not confirm, please explain.

b. In developing this proposal for how stranded cost fees are calculated, did Pacific Power consider the Commission's statement that "'[s]tranded costs' are determined on a case-by-case basis"? (See Dockets UE-001952 and UE-001959 (*consolidated*), Eleventh Suppl. Order at ¶ 34 n.18).

Response to Boise Data Request 0033

a. The Company proposes the same method of calculating stranded costs for both residential and non-residential customers, but proposes a different fee design for residential and non-residential customers. The Company proposes collecting stranded costs from a single fee for all residential customers. For non-residential customers, the Company proposes a revenue multiplier fee.

b. No. The Eleventh Supplemental Order in Dockets UE-001952 and UE-001959 (*consolidated*) related to the approval of a settlement agreement arising from complaints by market rate customers filed during the extreme rate volatility in 2000. As part of the settlement, PSE waived its right to stranded cost recovery as part of an adoption of new rate schedules. *Id.* ¶ 34. In a footnote, the Commission stated that "'Stranded Costs' are determined on a case-by-case basis" and then went on to provide a general definition of stranded costs. *Id.* n. 18. There is no indication by the Commission that the determination of stranded costs, under the particular circumstances of this filing, could not be determined through the adoption of the proposed tariffs. In fact, in the Eleventh Supplemental Order, PSE waived its right to numerous possible claims for stranded costs under its settlement agreement and adopted tariffs.

PREPARER: Robert Meredith / R. Bryce Dalley

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
March 3, 2017
Boise 3rd Set Data Request 0042

Boise Data Request 0042

Please provide (or identify, if publicly and easily accessible) any and all documentation and manuals surrounding the Company's line extension policies and electric service requirements.

Response to Boise Data Request 0042

The Company's tariff rules are readily available online at:
https://www.pacificpower.net/about/rr/wri.html.
Rule 14, Line Extensions is the primary rule addressing line extensions.

The Company's Electric Service Requirements are readily available online at:
https://www.pacificpower.net/con/esr.html.

PREPARER: F. Robert Stewart

SPONSOR: TBD

UE-161204 / Pacific Power & Light Company
March 3, 2017
Boise 3rd Set Data Request 0047

Boise Data Request 0047

Please reference Exh. RBD-1T at 10:21-11:3: If a customer constructs a trench in order to obtain service from the Company, please confirm that the Company does not assume any ownership interest in the soil, backfill or any other aspect of a trench once a customer begins to take service? If the Company does not confirm, please explain.

Response to Boise Data Request 0047

Confirmed. The Company does not "assume any ownership interest" but rather acquires certain other legal rights. Please see the Company's responses to Boise Data Requests 0044 and 0045.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
March 3, 2017
Boise 3rd Set Data Request 0048

Boise Data Request 0048

When a customer provides, at its own expense, the trenching, conduit, and equipment foundations necessary to take underground service from the Company, how does the Company reflect the underground facilities supplied by the customer in rate base, for purposes of ratemaking?

Response to Boise Data Request 0048

Where there is no cost incurred by Company, there is no cost reflected in ratebase.

PREPARER: F. Robert Stewart

SPONSOR: TBD

UE-161204 / Pacific Power & Light Company
March 3, 2017
Boise 3rd Set Data Request 0054

Boise Data Request 0054

Please reference Exh. RBD-4: Does the Company agree that if a customer were to depart the Company's system, the amount of revenue requirement allocated to remaining Washington customers would decline as a result of reductions to Washington inter-jurisdictional allocation factors? If no, please explain.

Response to Boise Data Request 0054

If a customer disconnects from Pacific Power's system in Washington, assuming no other changes, Washington's allocation factors would decrease. The reduced allocation factor would impact Washington's allocation of costs that are shared between jurisdictions. It would not, however, reduce Washington's share of situs investments since those amounts are not allocated between states. Any shift of costs associated with situs investments would be borne by remaining Washington customers.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
March 3, 2017
Boise 3rd Set Data Request 0055

Boise Data Request 0055

Please reference Exh. RBD-4: Does the referenced exhibit account for the change in allocation factors, and the ensuing amount of revenue requirement allocated to remaining Washington customers, as a result of the departing load?

Response to Boise Data Request 0055

No.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
March 3, 2017
Boise 3rd Set Data Request 0056

Boise Data Request 0056

Please reference Exh. RBD-4: Please provide justification for why 10 years is appropriate in the referenced calculation.

Response to Boise Data Request 0056

The Company believes ten years is a reasonable timeframe in light of the Company's long-term planning cycle.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
March 31, 2017
Boise 5th Set Data Request 0063

Boise Data Request 0063

Refer to Exh. RBD-1T at 11:19, where Mr. Dalley testifies that "redundant facilities present a major safety concern for the Company":

a. Please confirm that there are no redundant facilities in the Company's Washington service area that currently "present a major safety concern for the Company";
b. If the Company does not confirm, please respond to Boise Data Request 0041;
c. If the Company objects to the request in Boise Data Request 0063(b) on any relevance related grounds, please explain why the provision of a map detailing Company owned distribution facilities in its Washington service area is not relevant to (e.g., will not help determine the veracity of) Mr. Dalley's testimony that major safety concerns are currently presented by redundant facilities in Pacific Power's Washington service area; and
d. If the Company objects to the request in Boise Data Request 0063(b) on any overly burdensome related grounds, please limit the response to a map detailing Company owned distribution facilities in Walla Walla and Columbia counties.

Response to Boise Data Request 0063

a. In the referenced portion of Mr. Dalley's testimony, "redundant facilities" was used in the context of redundant service – a single customer or structure receiving power from two electric service providers simultaneously. Please refer to Pacific Power's response to Boise Data Request 0021 subpart b.

   With that clarification, to the Company's knowledge, there are currently no circumstances of redundant service and resulting redundant facilities in Pacific Power's Washington service area.

   It is Pacific Power's practice to disconnect service if the Company discovers a hazardous situation of redundant service. The Company's proposed revisions to the tariffs in this proceeding are intended to address the financial responsibility of customers who choose to receive redundant electric service without going through a proper permanent disconnection process with Pacific Power.

b. Not applicable.

c. Not applicable.

d. Not applicable.

PREPARER: Dave O'Neill

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
March 31, 2017
Boise 5th Set Data Request 0067

Boise Data Request 0067

Refer to Boise Data Request 0046, where Pacific Power was asked whether "fair market value calculations proposed by the Company include the cost of trenching and excavating," and the Company's Response:

a. Please confirm that the portion of Mr. Dalley's testimony referenced in the Company's Response to Boise Data Request 0046, Exh. RBD-1T at 12:12-13:3, does not address "the cost of trenching and excavating";
b. Please confirm that the remaining text of the Company's Response to Boise Data Request 0046 does not address "the cost of trenching and excavating";
c. If the Company does not confirm either Boise Data Request 0067(a) or (b), please explain;
d. Please explicitly state whether the Company intends to include the cost of trenching and excavating in the fair market value calculations it proposes in testimony; and
e. If the Company answers affirmatively to Boise Data Request 0067(d), please explain why including the cost of trenching and excavating would be reasonable, considering that customers must provide the trenching and excavation at their own expense.

Response to Boise Data Request 0067

a. Confirmed.

b. Confirmed.

c. N/A

d. The Company does not intend to include the cost of trenching and excavating in Fair Market Value assessments if assets are sold to the customer who was originally responsible for the cost of trenching and excavation with the installation.

e. N/A

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
March 31, 2017
Boise 5th Set Data Request 0068

Boise Data Request 0068

Refer to the Company's Response to Boise Data Request 0038, where Pacific Power states that "it cannot solicit new customers outside of its service area":

a. Please explain why the Company cannot solicit new customers outside of its service area;
b. Please explain how the Company defines its "service area" for purposes of determining whether a new customer is inside or outside of its service area, and thus, potentially eligible to be solicited;
c. Please provide a map of Walla Walla and Columbia County, detailing the areas that the Company understands to be its service area; and
d. Does the Company propose to apply the proposed stranded cost fee a on new customer located in what Pacific Power understands to be its service area, if the customer decides to take service from a competitor rather than the Company?

Response to Boise Data Request 0068

a. The Company considers contacting a customer of another electric service provider with the ultimate goal of causing that customer to switch providers to be a form of "solicitation"—a business practice that Pacific Power does not engage in. As used in the Company's response to Boise Data Request 0038, "new customers" refers to customers of another electric service provider who would be "new" to the Company.

b. The Company considers its "service area" to be the areas the Company has traditionally served, which are those areas near existing Pacific Power distribution facilities.

c. The Company is not aware of a single map that depicts the "service area" as described in subpart b. above.

d. Pacific Power objects on the ground this subpart is vague with use of an undefined term. Subject to and without waiving this objection, the Company proposes to charge the Stranded Cost Recovery Fee to all departing customers who choose to permanently disconnect from Pacific Power's system.

PREPARER: Bill Clemens

SPONSOR: TBD

UE-161204 / Pacific Power & Light Company
March 17, 2017
PC Data Request 3

PC Data Request 3

Refer to the Direct Testimony of R. Bryce Dalley, Exhibit No. RBD-1T, at 10:22 – 11:1, "As an alternative, the departing customer may elect to purchase certain facilities (e.g., underground conduit and vaults) from the Company."

Please answer the following:

a. Please confirm if underground conduits and vaults are the only facilities available for purchase through the proposed Option Two revision under Rule 6. If not confirming, please provide a full list of facilities available for purchase under proposed Option Two.
b. Please confirm if the purchase is for all or a portion of a particular facility.

Response to PC Data Request 3

Confirmed. The Company's conductors and transformers are connected to other Company facilities, and it is not the intent of the Company to integrate its equipment with that of another electric service provider.

PREPARER: Melissa Nottingham

SPONSOR: TBD

UE-161204 / Pacific Power & Light Company
March 17, 2017
PC Data Request 9

PC Data Request 9

Refer to the Direct Testimony of R. Bryce Dalley, Exhibit No. RBD-1T, at 15:2-16:
"To calculate the Stranded Cost Recovery Fee for residential customers the Company first subtracts net power cost revenues from total revenues. The Company then divides this revenue by average annual customers to develop non-net power cost revenue per customer. Finally, a discount rate of 6.38 percent is applied to calculate the net present value of the non-net power cost revenue paid by Washington customers over a ten-year period.

The Stranded Cost Recovery Fee for non-residential customers (Schedules 24, 36, 40, and 48) is calculated the same way as for residential customers, except the resulting non-net power cost revenue paid by non-residential customers over the ten-year period is divided by the average annual revenue instead of the number of customers to calculate a cost-to-revenue ratio. Please refer to Exhibit No. RBD-4 for the calculation of Stranded Cost Recovery Fees for residential and non-residential customers. Using a ten-year period is consistent with the time period utilized in Pacific Power's calculation of the Consumer Opt-Out Charge on Schedule 296 in Oregon for customers voluntarily opting out of the system."

Please answer the following:

a. Please explain how the Company determines if the Stranded Cost Recovery Fee and its associated calculations are fair and equitable.
b. Please explain what net power cost revenues are and why they are subtracted from total revenues.
c. Please explain why it is appropriate to estimate stranded costs based on non-net power cost revenue.
d. Please confirm if the calculation of the Stranded Cost Recovery Fee is affected by a customer's decision to pay the actual removal cost or Fair Market Value for facilities. If confirming, please explain how and why the Stranded Cost Recovery Fee is affected.
e. Please describe what utility infrastructure or functions are specifically tied to the stranded fixed costs to be recovered by the Stranded Cost Recovery Fee.
f. Please explain if the collected Stranded Cost Recovery Fees from residential and non-residential customers will be distributed to remaining customers within the same class or across customer classes.

UE-161204 / Pacific Power & Light Company
March 17, 2017
PC Data Request 9

Response to PC Data Request 9

a. Please refer to Company witness Mr. R. Bryce Dalley's direct testimony beginning on line 9 of page 13 through line 14 of page 16 for a discussion of the Stranded Cost Recovery Fee including its calculation and why it is fair and equitable.

b. Net power costs include the cost of fuel, wholesale power purchases, and wheeling expense and are offset by wholesale sales revenue. Net power costs were subtracted from retail revenues, because they are costs that are generally variable in nature and can reasonably be assumed to be avoidable from loads that switch to another utility.

c. It is appropriate to estimate stranded cost from non-net power cost-related revenue because by doing so the Company recovers all of the costs required to serve customers that are essentially fixed and not avoidable if a customer decides to switch to another utility.

d. The Stranded Cost Recovery Fee is not affected by a customer's decision to pay the actual removal cost or Fair Market Value for facilities.

e. The Stranded Cost Recovery Fee is designed to recover stranded utility costs that are fixed in nature, including fixed transmission costs, fixed generation costs, distribution costs (includes substations, poles and conductor, line transformers and meters), customer service costs, as well as administrative and general expense.

f. Please refer to lines 10 through 14 on page 16 of Mr. Dalley's direct testimony. Stranded Cost Recovery Fees would ultimately be distributed to remaining customers within the same class.

PREPARER: Robert Meredith

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
March 13, 2017
CREA Data Request 002

CREA Data Request 002

Please explain whether Pacific Power interprets the Net Removal Tariff to apply to customers who move or shut down operations for economic, operational, or any other reason. Please provide your answer with respect to: (1) the Net Removal Tariff as it exists today; and (2) as the Company has proposed to revise it in this proceeding.

Response to CREA Data Request 002

The proposed revisions to the Company's tariffs only apply to customers who are requesting to permanently disconnect from the system. Customers who move or shut down operations do not permanently disconnect from the system. These customers will close their accounts, but the facilities will remain in place to serve a future customer.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

UE-161204 / Pacific Power & Light Company
March 23, 2017
CREA Data Request 0025

CREA Data Request 0025

Referring to page 11 of Mr. Dalley's testimony, please identify the number of instances where Pacific Power has had a customer that has procured redundant services from an entity other than Pacific Power.

Response to CREA Data Request 0025

a. In 2015, the Company received a request from a customer to temporarily disconnect service. After discussing with the electrician hired by the customer, it was determined the customer was switching to another service provider. The Company prepared an estimate and the customer was told removal costs would need to be paid before permanently disconnecting the service. The customer filed an informal commission complaint requesting the immediate disconnection of service. The staff at the Washington Utilities and Transportation Commission supported the Company, and the disposition of the complaint was "Company Upheld." After the energy usage dropped, the Company discovered the other utility provider had energized a transformer and service drop to a second meter base on the other side of the building. The Pacific Power meter was still energized at that time.

b. The Company has received a request for permanent disconnection for one meter in a multi-meter building. If that request had been approved, two service providers would install two transformers with one providing service to one meter and Pacific Power providing power to two other meters on the same building. The request was not approved by the Washington Department of Labor and Industries.

PREPARER: Melissa Nottingham

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CREA Data Request 0041

CREA Data Request 0041

Refer to Pacific Power's response to Public Counsel data request PC-24(a). Please describe each and every instance Pacific Power is aware of to support its statement that "CREA installs redundant service to customers," including: (1) the year the "redundant" service was installed; and (2) the circumstances of this installation that rendered it "redundant" from Pacific Power's perspective.

Response to CREA Data Request 0041

Pacific Power defines redundancy as the duplication of one or more components of electric facilities providing power to one structure. The Company is aware of two such instances when CREA installed and energized duplicate electric facilities at facilities that were already being served by Pacific Power.

In 2013 and 2016, Pacific Power discovered where CREA had energized redundant electric facilities at locations where Pacific Power was already providing electric service. In 2013, Pacific Power was providing service to a residence while the home was simultaneously receiving electric service from CREA. In 2016, a business contacted Pacific Power about the costs to switch over to CREA. When the electrical usage dropped significantly, Pacific Power discovered CREA had already energized a line and both utilities were providing service to the customer. In both instances, the customer had not permanently disconnected from Pacific Power's system before CREA installed and energized redundant lines and began providing redundant service to current Pacific Power customers.

This response does not include examples of CREA installing facilities up to a structure but not energizing the line at the same time the customer continues to receive electricity from Pacific Power. Nor does this response cover instances of energized primaries sharing a public utility easement.

PREPARER: Melissa Nottingham

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