

November 14, 2016

***VIA ELECTRONIC FILING
AND HAND DELIVERY***

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

RE: Advice No. 16-05—Rule 1-General Rules and Regulations-Definitions, Rule 4-Application for Electric Service, Rule 6-Facilities on Customer’s Premises, and Schedule 300-Charges as Defined by the Rules and Regulations

Pacific Power & Light Company (Pacific Power or Company), a division of PacifiCorp, submits the following proposed tariff sheets in accordance with RCW 80-28-050 and WAC chapter 480-80.

First Revision to Sheet No. R1.1	Rule 1	General Rules and Regulations - Definitions
Second Revision to Sheet No. R1.2	Rule 1	General Rules and Regulations - Definitions
First Revision to Sheet No. R1.3	Rule 1	General Rules and Regulations - Definitions
Second Revision to Sheet No. R4.2	Rule 4	General Rules and Regulations – Application for Electric Service
Second Revision to Sheet No. R6.2	Rule 6	General Rules and Regulations – Facilities on Customer’s Premises
First Revision to Sheet No. R6.3	Rule 6	General Rules and Regulations – Facilities on Customer’s Premises
Original Sheet No. R6.4	Rule 6	General Rules and Regulations – Facilities on Customer’s Premises
Third Revision to Sheet No. 300.1	Schedule 300	Charges as Defined by the Rules and Regulations

The purpose of this filing is to modify the Company’s existing tariffs governing permanent disconnection and removal procedures to eliminate confusion and avoid cost shifting when departing customers opt to receive electric service from another energy provider. Pacific Power agrees to a suspension of the tariffs, but requests that the Commission expeditiously adjudicate the proceeding to help mitigate further cost shifting.

Because Pacific Power agrees to suspend the proposed tariff filing, it is not required to publish notice immediately before or coincident with the date of this letter and filing. Accordingly, the

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Company will provide notice to the public under WAC 480-100-197. In accordance with WAC 480-100-193(1), Pacific Power will also post the proposed changes to its tariff sheets for public inspection and review on its website.

A summary of the proposed tariff revisions and the reasons Pacific Power is seeking this change is provided in the pre-filed direct testimony of Mr. R. Bryce Dalley, Exhibit No. RBD-1T.

It is respectfully requested that all formal correspondence and requests regarding this filing be addressed to:

By e-mail (preferred): datarequest@pacificcorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah St., Suite 2000
Portland, Oregon, 97232

Please direct any informal inquiries regarding this filing to Ariel Son at (503) 813-5410.

Sincerely,

A handwritten signature in black ink, appearing to read "RBDalley", with a long horizontal flourish extending to the right.

R. Bryce Dalley
Vice President, Regulations

Enclosures

Attachment A

cc: Service List in Docket UE-130043

The proposed tariff sheet to be revised in Pacific Power and Light Company's currently effective Tariff WN U-75 are designated as follows:

First Revision to Sheet No. R1.1	Rule 1	General Rules and Regulations - Definitions
Second Revision to Sheet No. R1.2	Rule 1	General Rules and Regulations - Definitions
First Revision to Sheet No. R1.3	Rule 1	General Rules and Regulations - Definitions
Second Revision to Sheet No. R4.2	Rule 4	General Rules and Regulations – Application for Electric Service
Second Revision to Sheet No. R6.2	Rule 6	General Rules and Regulations – Facilities on Customer's Premises
First Revision to Sheet No. R6.3	Rule 6	General Rules and Regulations – Facilities on Customer's Premises
Original Sheet No. R6.4	Rule 6	General Rules and Regulations – Facilities on Customer's Premises
Third Revision to Sheet No. 300.1	Schedule 300	Charges as Defined by the Rules and Regulations

CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all parties of record in this proceeding by electronic mail.

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DATED at Portland, OR this 14th day of November 2016.



Jennifer Angell
Supervisor, Regulatory Operations

Exhibit No. RBD-1T
Docket UE-16____
Witness: R. Bryce Dalley

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT
COMPANY,

Modification of Tariffs Governing Permanent
Disconnection and Removal Procedures

Docket UE-16____

**PACIFIC POWER & LIGHT COMPANY
DIRECT TESTIMONY OF R. BRYCE DALLEY**

November 2016

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ATTACHED EXHIBITS

- Exhibit No. RBD-2: Walla Walla Service Area Maps
- Exhibit No. RBD-3: Cumulative Annual Revenue Loss by Class since 1999
- Exhibit No. RBD-4: Stranded Cost Recovery Fee Calculation

1 **Q. Please state your name, business address, and present position with Pacific**
2 **Power & Light Company (Pacific Power or Company), a division of**
3 **PacifiCorp.**

4 A. My name is R. Bryce Dalley and my business address is 825 NE Multnomah
5 Street, Suite 2000, Portland, Oregon 97232. I am currently employed as Vice
6 President, Regulation for Pacific Power.

7 **QUALIFICATIONS**

8 **Q. Please describe your education and professional experience.**

9 A. I received a Bachelor of Science degree in Business Management with an
10 emphasis in finance from Brigham Young University in 2003. I completed the
11 Utility Management Certificate Program at Willamette University in 2009, and
12 I have also attended various educational, professional, and electric industry-
13 related seminars.

14 I have been employed by Pacific Power since 2002 in various positions
15 within the regulation and finance organizations. I was appointed Manager of
16 Revenue Requirement in 2008 and was promoted to Director, Regulatory Affairs
17 and Revenue Requirement in 2012. I assumed my current position as Vice
18 President, Regulation, in January 2014. I am responsible for all regulatory
19 activities in Washington, Oregon, and California.

20 Additionally, I oversee a number of other departments in the Company,
21 including the Customer Advocacy and Tariff Policy Department. The nine
22 members in that department work closely with the Washington Utilities and
23 Transportation Commission Staff in resolving customer complaints and ensure

1 internal processes and systems comply with all tariffs. Additionally, they
2 represent the Company in the process of seeking approval of tariff revisions.

3 **PURPOSE AND SUMMARY OF TESTIMONY**

4 **Q. What is the purpose of your testimony in this proceeding?**

5 A. My testimony addresses the historical background underlying necessary revisions
6 to the Company's permanent disconnection and removal tariffs. I also address
7 those proposed revisions, including the departing customer's option to either
8 purchase facilities or have them removed, as well as a Stranded Cost Recovery
9 Fee, which are designed to help mitigate the cost shifting caused by customers
10 choosing to permanently disconnect and switch electric service providers.

11 **WALLA WALLA—HISTORICAL CONTEXT**

12 **Q. Does Pacific Power provide electric utility service to communities in Eastern
13 Washington?**

14 A. Yes. In 1910, four small electric companies in Astoria and Pendleton, Oregon,
15 and Walla Walla and Yakima, Washington, became Pacific Power. The new
16 company served 7,000 customers. Since that time, Pacific Power has invested to
17 serve growing communities throughout Eastern Washington.

18 **Q. Is Washington unique among the states served by PacifiCorp?**

19 A. Yes. Unlike any other state jurisdiction in which PacifiCorp provides electric
20 service, Washington does not have statutory provisions granting exclusive service
21 areas to electric utilities. Most utilities in Washington have service area
22 agreements to protect customers, avoid cost shifting, and prevent disputes over
23 service area. In fact, all neighboring utilities in Washington have successfully

1 negotiated service area agreements—including public utility districts, municipal
2 utility districts, rural electric associations and cooperatives, and other investor-
3 owned utilities.

4 In just two counties in Washington (Columbia and Walla Walla), the
5 regulated electric utility (Pacific Power) has been unable to negotiate a service
6 area agreement with the rural electric association (Columbia REA), despite
7 engaging in negotiations—including negotiations mediated by a Commission
8 administrative law judge. Pacific Power customers in these counties can therefore
9 choose to permanently discontinue receiving service from the Company and
10 switch electric service providers. The absence of a service area agreement with
11 Columbia REA stands in stark contrast to the “regulatory compact” under which
12 the state “grants the company a protected monopoly, essentially a franchise, for
13 the sale and distribution of electricity or natural gas to customers in its defined
14 service territory. In return, the company commits to supply the full quantities
15 demanded by those customers at a price calculated to cover all operating costs
16 plus a ‘reasonable’ return on the capital invested in the enterprise.”¹

17 The Commission has recognized the compact as a utility’s “obligation
18 to provide all customers in [its] territory with safe and reliable service in return
19 for the regulator’s promise to set rates that will compensate the utility for the costs
20 incurred to meet that obligation.”² This unique situation mandates adoption of a
21 revised tariff governing the terms of permanent disconnection that allows the

¹ *Walla Walla Country Club v. Pacific Power & Light Company*, Docket UE-143932, Order No. 05 (Separate Statement of Chairman Danner, ¶2) (May 5, 2016).

² *In re Petition of Puget Sound Energy, Inc., for an Accounting Order Approving the Allocation of Proceeds of the Sale of Certain Assets to Public Utility District #1 of Jefferson County*, Docket UE-132027, Order 04 ¶ 15 (September 11, 2014).

1 Company to charge departing customers for the total actual costs of
2 disconnection. Such a tariff is necessary to protect the Company's remaining
3 customers from cost shifting.

4 **Q. Is Pacific Power party to any service area agreements with a rural electric
5 association in Eastern Washington?**

6 A. Yes. For twenty years, Pacific Power and the Benton Rural Electric Association
7 (Benton REA) have enjoyed a mutually beneficial working relationship under a
8 service area agreement. In fact, the Company and Benton REA renewed the
9 agreement in 2015 for another twenty years.

10 **Q. When did Pacific Power start receiving customer requests to permanently
11 disconnect from the Company's system?**

12 A. Customers began requesting to permanently disconnect from the Company's
13 system and switch electric service providers in 1999, and this necessitated the
14 filing of the Company's original net removal tariff. Before that time, Pacific
15 Power and Columbia REA had an informal agreement that whichever utility's
16 facilities were closer to a customer would serve that customer. This informal
17 arrangement prevented duplication of facilities and safety and operational
18 concerns. Columbia REA respected that agreement until a management change in
19 1999.

20 **Q. Please describe some of the customer-acquisition practices employed by
21 Columbia REA in Walla Walla and Columbia counties since 1999.**

22 A. The Company is aware of direct solicitations that Columbia REA has made to
23 existing Pacific Power customers by in-person visits to businesses, media ads, and

1 direct electronic mail. These solicitations have included offers of rates that are
2 lower than Pacific Power's authorized rates, offers to cover the line extension
3 expenses, offers to pay the cost of removing Pacific Power's facilities, as well as
4 offers to lock rates for five years. The Company is even aware of instances where
5 Columbia REA went as far as to coach customers on ways to avoid paying proper
6 disconnection costs.

7 The customer-acquisition practices employed by Columbia REA have
8 drastically changed the landscape in Walla Walla. To illustrate this impact, I have
9 provided maps of Pacific Power's Walla Walla service area as it existed in 1997,
10 2007, 2010, 2013, and 2016, as Exhibit No. RBD-2. These maps show Columbia
11 REA's encroachment into the City of Walla Walla that has traditionally been
12 served by Pacific Power.

13 **Q. Has the Company sustained significant revenue loss, since 1999, due to**
14 **customers choosing to permanently disconnect and switch electric service**
15 **providers?**

16 A. Yes. As reflected in Exhibit No. RBD-3, between 1999 and 2009, the Company
17 sustained gradual revenue loss. Between 2010 and 2016, the Company's per year
18 revenue loss skyrocketed from \$411,026 to \$1,872,445.

19 **Q. How is a permanent disconnection and removal different from**
20 **municipalization or other asset sale scenarios?**

21 A. Unlike other negotiated asset sales or transfers, the current permanent
22 disconnection framework does not include necessary customer safeguards, and
23 essentially allows a non-regulated, neighboring utility to cherry-pick customers

1 that are in some way beneficial to its business goals. When there are no
2 traditional service territories or service area agreements in place, and insufficient
3 measures to protect against cost shifting, a non-regulated, neighboring utility is
4 able to strategically focus on high-margin customers within a service area at
5 minimal cost. Under the current tariffs, which do not contemplate a sale of
6 facilities or recovery of stranded costs, the Company is only able to recover the
7 net book value of those facilities less salvage in cases where facilities are
8 removed.

9 In some cases, the new electric service provider is ultimately allowed to
10 use the Company's facilities, including conduit and vaults, at minimal or no cost
11 after the permanent disconnection. A good example occurred when the Walla
12 Walla Country Club chose to permanently disconnect and receive electric service
13 from Columbia REA. In applying Pacific Power's current tariff as written, the
14 Commission ordered that the Company must choose between removing the
15 facilities at its expense or leaving the facilities in the ground.³ Commission
16 Chairman Danner issued a Separate Statement at the conclusion of the Final
17 Order, expressing concerns about policy issues underlying the facts that gave rise
18 to the case—the same general facts necessitating revision of the Company's
19 tariffs governing the terms of permanent disconnection—the undermining of the
20 regulatory compact “when a utility established in one community builds

³ *Walla Walla Country Club v. Pacific Power & Light Company*, Docket UE-143932, Order 05 (May 5, 2016). Following issuance of this Order, the Company elected to remove the facilities at the Country Club at its own expense. The Country Club and Columbia REA preferred to avoid the business disruption associated with the excavation and removal of extensive underground facilities. Consequently, the parties reached a negotiated settlement under which Columbia REA purchased certain facilities for a negotiated price, and the remaining facilities were decommissioned in place (with ownership and liability for all remaining facilities transferring to Columbia REA).

1 duplicative infrastructure and cherry-picks large commercial or high-density
2 customers in another.”⁴

3 Chairman Danner noted that if Columbia REA “can continue to ‘cherry-
4 pick’ the existing large commercial or high-density customers inside what
5 traditionally has been Pacific Power’s service territory, then over time we can
6 expect cost shifts and higher prices for Pacific Power’s remaining customers, who
7 must continue to cover the fixed costs of infrastructure that Pacific Power must
8 maintain to ensure vital electric services to their communities.”⁵

9 In circumstances when a municipality, public utility district, or other
10 public entity exercises its power of eminent domain, or in a traditional asset sale
11 scenario, facilities are typically purchased at the end of negotiations between the
12 buying and selling parties. In addition, as a regulated utility, any proceeds from
13 the sale are allocated back to the utility’s customers. This was the case in Puget
14 Sound Energy’s (PSE) sale of assets to Jefferson County Public Utility District
15 No. 1, and the Commission determined that “the purchase price was appropriate
16 and sufficient to fully compensate PSE...”⁶

17 The current one-off permanent disconnections occurring in the Company’s
18 Washington service area provide little in terms of relief to the Company’s
19 remaining customers. In fact, these permanent disconnections, accumulated over
20 time, will only increase the burden on the Company’s remaining customers,
21 including low- and fixed-income customers.

⁴ *Id.* (Separate Statement of Chairman Danner, ¶7).

⁵ *Id.* (Separate Statement of Chairman Danner, ¶4).

⁶ *In re Petition of Puget Sound Energy, Inc., for a Declaratory Order Regarding the Transfer of Assets to Jefferson County Public Utility District*, Docket U-101217, Order 03 ¶ 26 (February 1, 2011).

1 **Q. Is Pacific Power able to compete with neighboring non-regulated utilities?**

2 A. Pacific Power is required to charge customers based on Commission-approved
3 tariffs—no more, no less. However, non-regulated utilities are able to entice
4 customers with special rates or line extension packages. They are not subject to
5 Commission rate regulation and are also eligible to purchase power from BPA on
6 a preference and priority basis. One of the Company’s concerns is that the
7 customers who are offered special, competitive programs are typically customers
8 with high enough margins to recover the costs of those special programs. These
9 special programs are not offered to the low- or fixed-income population; but they,
10 along with the rest of the Company’s remaining customers, will be burdened to
11 cover the fixed costs of infrastructure that the Company is required to maintain.
12 Based on 2014 data from the United States Department of Agriculture, those
13 living in poverty in the counties served by Pacific Power range from 14.2 percent
14 to 20.5 percent.⁷

15 **PACIFIC POWER’S PERMANENT DISCONNECTION AND REMOVAL**
16 **TARIFFS**

17 **Q. What do the current tariffs provide regarding the allocation of costs in the**
18 **event a customer requests permanent disconnection?**

19 A. Pacific Power’s tariffs governing permanent disconnections are contained in Rule
20 1, Rule 6, and Schedule 300. Permanent Disconnection is defined as follows:
21 “Disconnection of service where the customer has either requested the Company
22 permanently disconnect the Company’s facilities or chosen to be served by

⁷ U.S. Department of Agriculture, *2014 Poverty Data by County* (USDA April 4, 2016) - <http://data.ers.usda.gov/reports.aspx?ID=14843>.

1 another electric utility provider.”⁸ Rule 6 provides: “When Customer requests
2 Permanent Disconnection of Company’s facilities, Customer shall pay to
3 Company the actual cost for removal less salvage of those facilities that need to
4 be removed for safety or operational reasons”⁹ Pacific Power is required to
5 provide an estimate of the cost of removing facilities, before initiating the work.¹⁰
6 The customer is required to pay the estimated amount, before disconnection and
7 removal of the facilities¹¹ No later than 60 days after disconnection and removal,
8 Pacific Power determines the actual cost for removal less salvage, and issues
9 either an invoice for additional costs or refund of any overpayment.¹²

10 Schedule 300 also provides that the rate charged for removal of facilities
11 for “non-residential service removals” is the “actual cost less salvage.”¹³

12 **Q. Why is Pacific Power seeking to revise its permanent disconnection and**
13 **removal tariffs?**

14 A. The primary reason Pacific Power is seeking to revise its tariffs governing
15 permanent disconnection and removal is to eliminate confusion and avoid cost
16 shifting to remaining customers when departing customers opt to permanently
17 disconnect from the Company’s system and receive service from another electric
18 service provider.

19 Additional modifications are necessary to govern the sale of underground
20 conduit and vaults upon permanent disconnection. The Company’s current tariffs

⁸ Rule 1.

⁹ Rule 6.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ Schedule 300.

1 do not contemplate the sale of facilities and the associated necessary transfer of
2 liability. As I mentioned previously, the facts and circumstances presented in the
3 Walla Walla Country Club’s formal complaint proceeding (Docket UE-143932)
4 clearly illuminated the need to revise the tariffs.

5 **PROPOSED REVISIONS TO THE TARIFFS**

6 **Q. Please describe the Company’s proposed revisions to the permanent**
7 **disconnection and removal tariffs.**

8 A. The Company is proposing to revise Rule 6 to provide two options for customers
9 who opt to obtain service from another provider and permanently disconnect from
10 the Company’s system.

11 Option One – Payment of the Actual Cost of Removal

12 The departing customer may elect to pay the actual cost of removing the
13 facilities used to provide service to that customer.¹⁴ The facilities subject to
14 removal may be located in right of ways, private property, or any other property
15 used to provide the departing customer electric service.

16 Under Rule 6, the departing customer will receive an estimate of the cost
17 of removal and any applicable fee, which must be paid by the departing customer
18 prior to permanent disconnection and removal. Following removal of the
19 facilities, the Company will prepare an invoice for the Actual Cost of Removal
20 and either collect or refund the balance due.

21 Option Two – Fair Market Value Purchase

22 As an alternative, the departing customer may elect to purchase certain
23 facilities (e.g., underground conduit and vaults) from the Company at fair market

¹⁴ “Actual Cost of Removal” as defined in Rule 1 (Revision of Sheet No. R1.1).

1 value.¹⁵ In the event of a fair market value purchase, the departing customer will
2 assume ownership and liability in any way arising from the facilities following the
3 purchase.

4 **Q. How does Pacific Power plan to address permanent disconnections where
5 removal may negatively impact service or create safety concerns?**

6 A. In certain circumstances, removing or selling facilities may present service
7 reliability and/or safety concerns. Consequently, the Company seeks the
8 flexibility to abandon and decommission facilities when, in the Company's sole
9 discretion, service may be negatively impacted or safety issues may arise as a
10 result of removal or purchase by the departing customer. In the event the
11 Company elects to abandon and decommission facilities, the departing customer
12 will assume ownership and liability in any way arising from the facilities
13 following decommission completed in a safe manner consistent with best industry
14 practices.

15 **Q. Does Pacific Power propose any other revisions to the tariffs?**

16 A. The proposed revisions also clarify the responsibility of customers who receive
17 redundant electric service from another provider without first notifying the
18 Company and permanently disconnecting from the Company's system. The
19 resulting redundant facilities present a major safety concern for the Company.
20 The revised language provides that customers who choose to procure electric
21 service from another provider without notifying the Company in an attempt to
22 avoid paying permanent disconnection costs will be responsible to pay all
23 permanent disconnection costs and the appropriate Stranded Cost Recovery Fee.

¹⁵ "Fair Market Value" as defined in Rule 1 (Third Revision of Sheet No. R1.2).

1 To support the revisions outlined above, the Company added definitions
2 for the terms:

- 3 • Facilities;
- 4 • Fair Market Value;
- 5 • Actual Cost of Removal;
- 6 • Net Book Value;
- 7 • Salvage; and
- 8 • Stranded Cost Recovery Fee.

9 The Company is also proposing to replace the defined term “Permanent
10 Disconnection,” with “Permanent Disconnection and Removal,” to associate
11 permanent disconnection with the removal of the Company’s equipment.

12 **Q. Why is the Company proposing to charge Fair Market Value rather than Net**
13 **Book Value when a customer opts to purchase facilities in lieu of removal?**

14 A. Pacific Power believes that Fair Market Value is the more appropriate calculation
15 that fairly balances appropriate compensation to the Company’s remaining
16 customers and payment for facilities benefiting the departing customer in its
17 relationship with the new electric service provider. Physically durable facilities in
18 place for a significant amount of time may have nominal or no Net Book Value
19 but represent significant value to the departing customer and the new electric
20 service provider in light of the cost of installing replacement facilities. As the
21 Commission noted during the allocation proceeding arising from Puget Sound
22 Energy’s sale to Jefferson PUD “ratepayers of utilities subject to

1 the Commission’s jurisdiction bear most, if not all, of the risk of ownership.”¹⁶
2 Having the sale of the assets valued at Fair Market Value and credited back to the
3 remaining customers properly compensates those customers.

4 **STRANDED COST RECOVERY FEE**

5 **Q. Is Pacific Power proposing any other revisions to its tariffs?**

6 A. Yes. Pacific Power is proposing to establish a Stranded Cost Recovery Fee in
7 Schedule 300. Under this tariff, the departing customer will be required to pay a
8 Stranded Cost Recovery Fee before permanent disconnection.

9 **Q. Why is Pacific Power proposing to add a Stranded Cost Recovery Fee?**

10 The purpose of the proposed Stranded Cost Recovery Fee is to mitigate the
11 financial impact to remaining customers when a customer opts to permanently
12 disconnect and receive service from another service provider.

13 The unique circumstance presented in Columbia and Walla Walla
14 counties, with the Company, a regulated utility, in competition with a non-
15 regulated entity that is building duplicative infrastructure and cherry-picking large
16 commercial or high-density customers is just the type of circumstance in which
17 assignment of stranded costs to departing customers is the appropriate method of
18 recovery. Stranded costs “affect different segments of the public utility industry
19 to varying degrees as they move toward competition and deregulation.”¹⁷

20 Stranded costs must necessarily be borne by the departing customers,
21 remaining customers, shareholders or some combination of the three. FERC has

¹⁶ *In re Petition of Puget Sound Energy, Inc., for an Accounting Order Approving the Allocation of Proceeds of the Sale of Certain Assets to Public Utility District #1 of Jefferson County*, Docket UE-132027, Order 04 ¶ 59 (September 11, 2014).

¹⁷ 1 Robert L. Hahne et. al., *Accounting For Public Utilities*, 20-19 (2006).

1 concluded that “recovery of legitimate and verifiable stranded costs should be
2 allowed and that direct assignment of stranded costs to departing customers is the
3 appropriate method for recovery.”¹⁸ In support of that conclusion, FERC noted
4 that “public utilities have invested billions of dollars in facilities built under a
5 regulatory regime in which they have been permitted to recover all prudently
6 incurred costs and further that utilities should be allowed to recover the costs
7 incurred under the old regulatory regime according to the expectations of cost
8 recovery established under that regime.”¹⁹ Additionally, FERC argued that
9 “alternatives to the direct assignment method for allocating stranded costs (i.e. to
10 do nothing or broadly allocate costs among all customers) were in violation of its
11 long standing cost causation principle.”²⁰

12 The Company, as a regulated entity, is required to plan and maintain
13 resources to provide safe and reliable service to its customers. Significant
14 investments are made to ensure the Company is able to provide the service our
15 customers depend on. While the Company continually evaluates and reviews its
16 load and the resources needed to serve that load, it is unable to unravel the
17 investments that are made to serve a community. When higher margin customers
18 within a community leave the system, the remaining customers are at risk of being
19 required to pick up a larger portion of the costs as a result. To prevent shifting the
20 costs to other customers, departing customers would pay the fee before
21 permanently leaving the network.

¹⁸ *Id.* at 20-20.

¹⁹ *Id.*

²⁰ *Id.*

1 **Q. How is the Stranded Cost Recovery Fee calculated?**

2 A. To calculate the Stranded Cost Recovery Fee for residential customers the
3 Company first subtracts net power cost revenues from total revenues. The
4 Company then divides this revenue by average annual customers to develop non-
5 net power cost revenue per customer. Finally, a discount rate of 6.38 percent²¹ is
6 applied to calculate the net present value of the non-net power cost revenue paid
7 by Washington customers over a ten-year period.

8 The Stranded Cost Recovery Fee for non-residential customers (Schedules
9 24, 36, 40, and 48) is calculated the same way as for residential customers, except
10 the resulting non-net power cost revenue paid by non-residential customers over
11 the ten-year period is divided by the average annual revenue instead of the
12 number of customers to calculate a cost-to-revenue ratio. Please refer to Exhibit
13 No. RBD-4 for the calculation of Stranded Cost Recovery Fees for residential and
14 non-residential customers. Using a ten-year period is consistent with the time
15 period utilized in Pacific Power's calculation of the Consumer Opt-Out Charge on
16 Schedule 296 in Oregon for customers voluntarily opting out of the system.

17 **Q. What is the proposed Stranded Cost Recovery Fee for residential customers?**

18 A. The Company is proposing a single fee of \$6,153 for all residential customers.
19 The costs incurred to serve residential customers as well as the size of their loads
20 typically do not vary to the same extent as for non-residential customers. Using a
21 single value for residential customers will help them to more easily understand the
22 financial impact of leaving the Company's system.

²¹ The after-tax return on rate base set in Docket UE-140762.

1 **Q. What is the proposed Stranded Cost Recovery Fee for non-residential**
2 **customers?**

3 A. For non-residential customers, the Company is proposing a Stranded Cost
4 Recovery Fee equal to 4.5 times the customer's annual revenue. Non-residential
5 customers may not have similar electrical load requirements and may vary
6 considerably in their size and requirements. The use of a revenue multiplier
7 captures the variances in size and impact of the departing non-residential load to
8 the existing infrastructure and the forecasts used to provide electric service to all
9 of the Company's customers.

10 **Q. What does Pacific Power propose for the treatment of Stranded Cost**
11 **Recovery Fees in rates?**

12 A. To ensure the revenue is benefitting the Company's remaining customers,
13 collected fees would be tracked by rate schedule and deposited in the deferral
14 account set up by the decoupling mechanism.

15 **Q. Does this conclude your direct testimony?**

16 A. Yes.

Exhibit No. RBD-2
Docket UE-16____
Witness: R. Bryce Dalley

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT
COMPANY,

Modification of Tariffs Governing Permanent
Disconnection and Removal Procedures

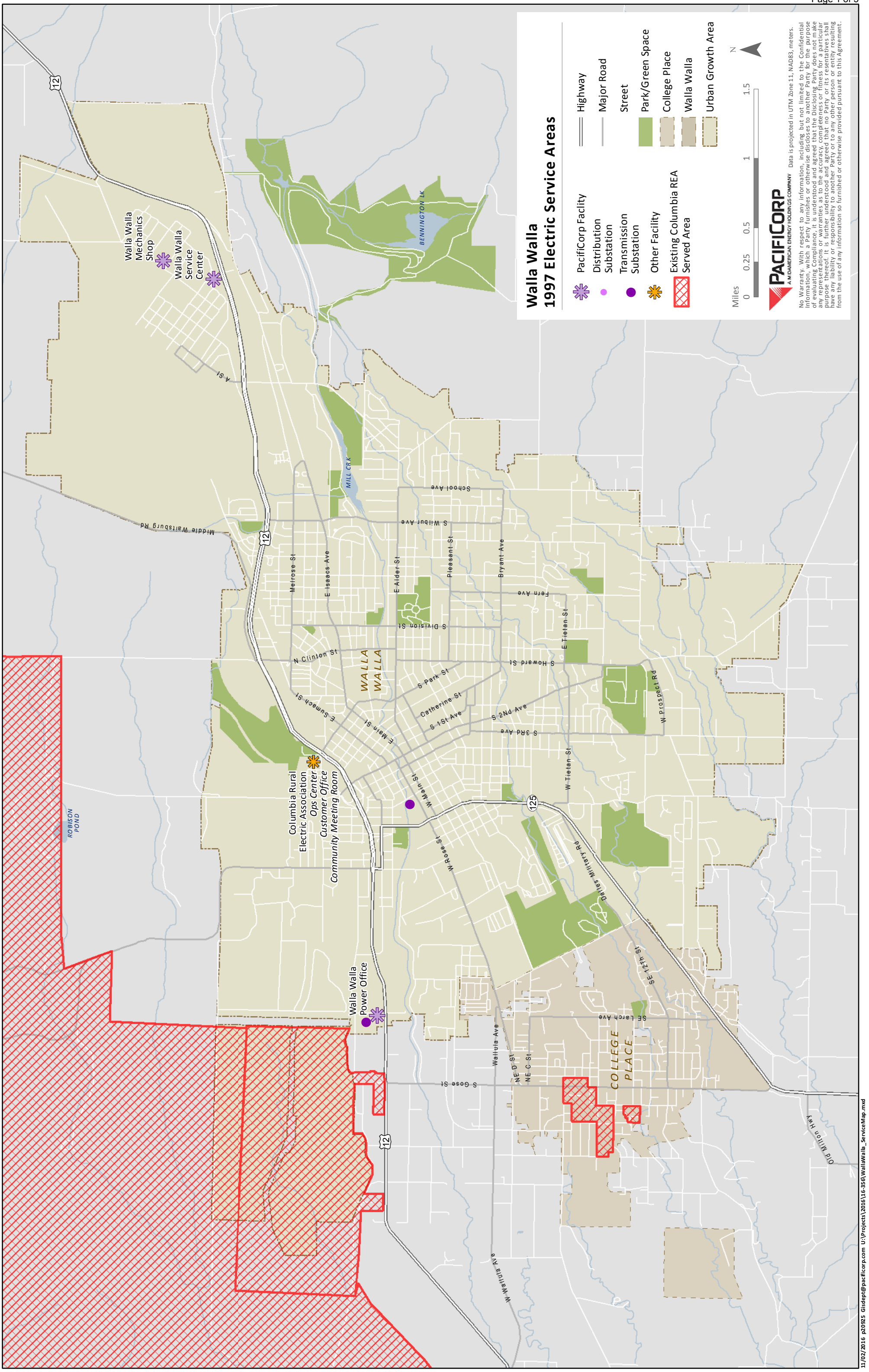
Docket UE-16____

PACIFIC POWER & LIGHT COMPANY













EXHIBIT

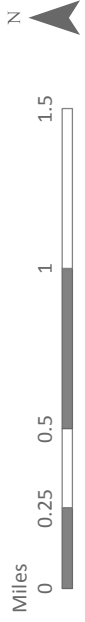
WALLA WALLA SERVICE AREA MAP

November 2016

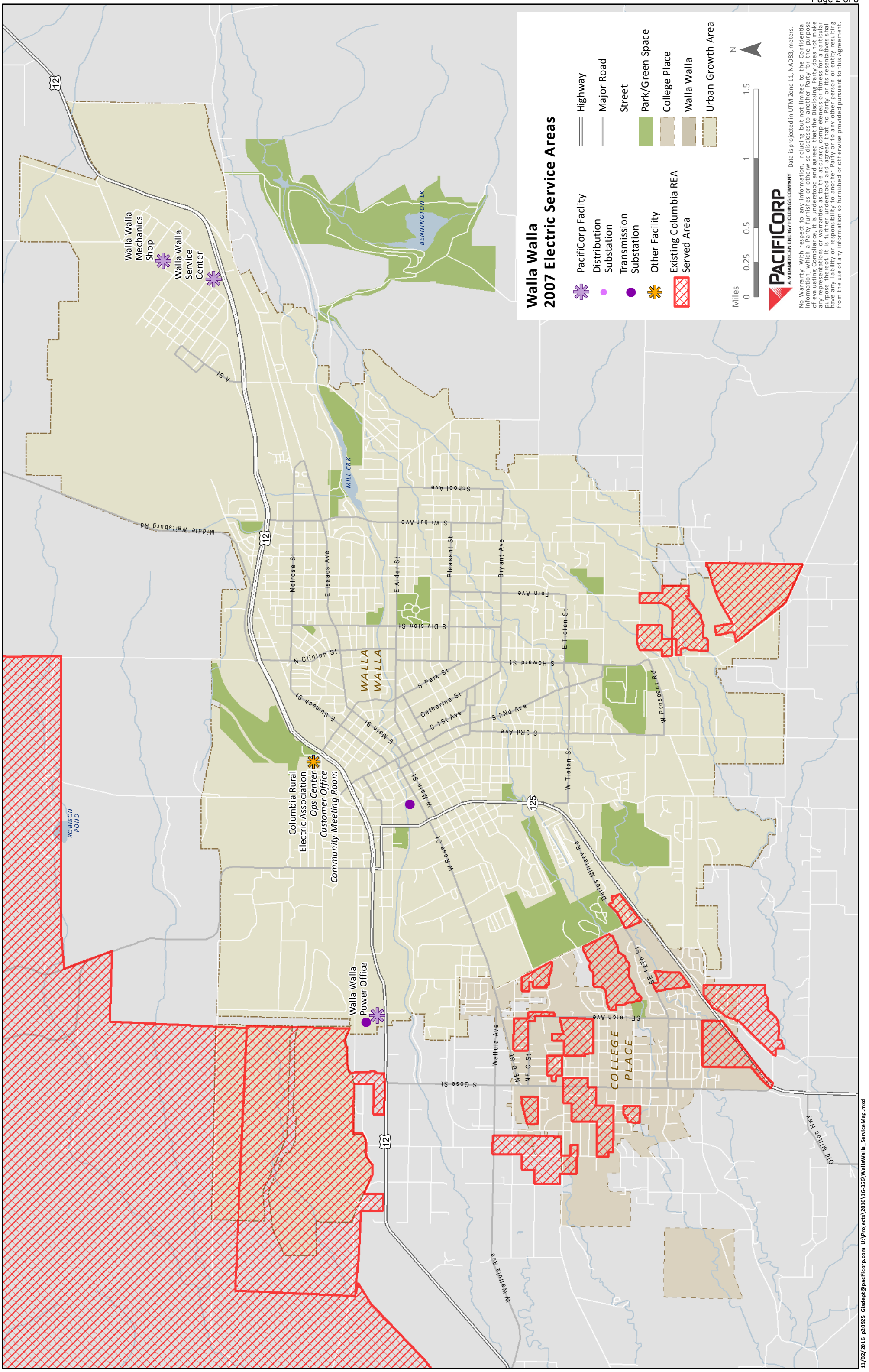


Walla Walla 1997 Electric Service Areas

-  PacifiCorp Facility
-  Distribution Substation
-  Transmission Substation
-  Other Facility
-  Existing Columbia REA Served Area
-  Highway
-  Major Road
-  Street
-  Park/Green Space
-  College Place
-  Walla Walla
-  Urban Growth Area

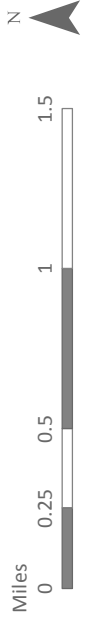


Data is projected in UTM Zone 11, NAD83, meters.
No Warranty. With respect to any information, including but not limited to the Confidential Information, which a Party furnishes or otherwise discloses to another Party for the purpose of evaluating Compliance, it is understood and agreed that the Disclosing Party does not make any representations or warranties as to the accuracy, completeness or fitness for a particular purpose of such information. The Disclosing Party shall not be liable for any errors or omissions, and shall have no liability or responsibility to another Party or to any other person or entity, resulting from the use of any information so furnished or otherwise provided pursuant to this Agreement.

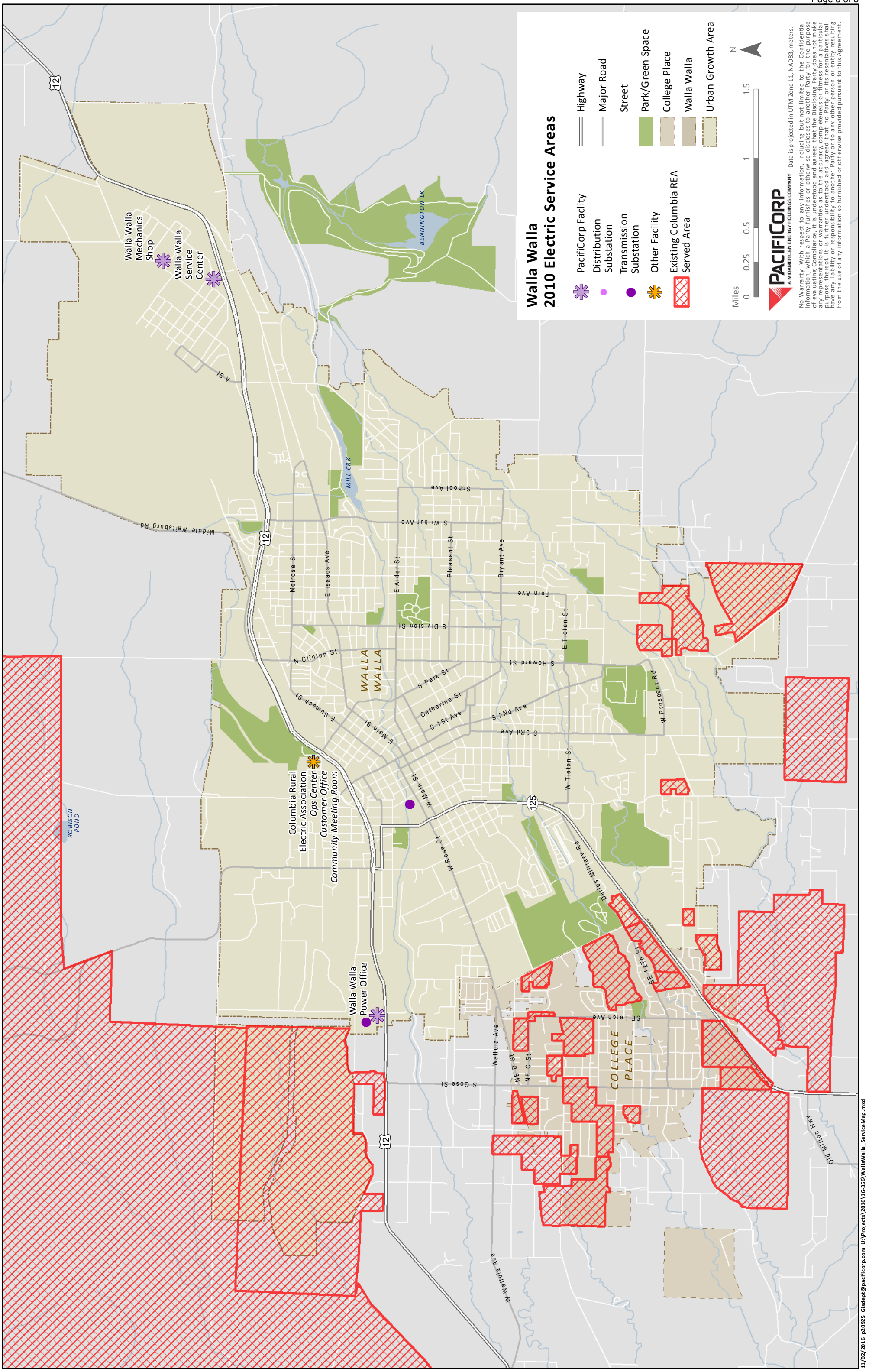


Walla Walla 2007 Electric Service Areas













- PacifiCorp Facility
- Distribution Substation
- Transmission Substation
- Other Facility
- Existing Columbia REA Served Area
- Highway
- Major Road
- Street
- Park/Green Space
- College Place
- Walla Walla
- Urban Growth Area

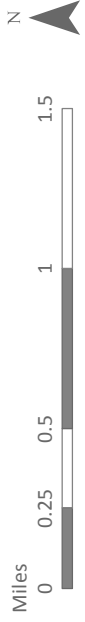


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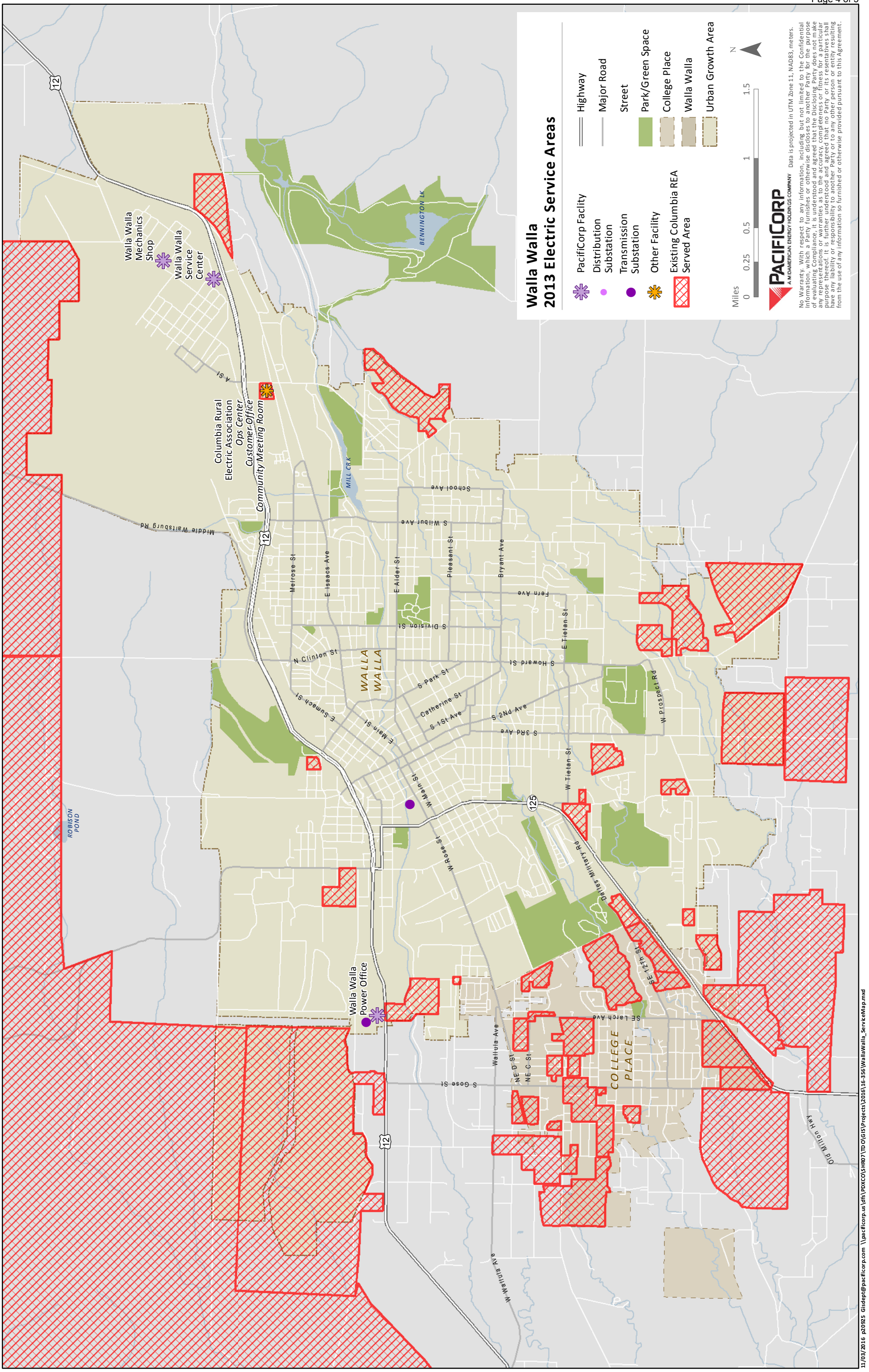


Walla Walla 2010 Electric Service Areas

-  PacifiCorp Facility
-  Distribution Substation
-  Transmission Substation
-  Other Facility
-  Existing Columbia REA Served Area
-  Highway
-  Major Road
-  Street
-  Park/Green Space
-  College Place
-  Walla Walla
-  Urban Growth Area



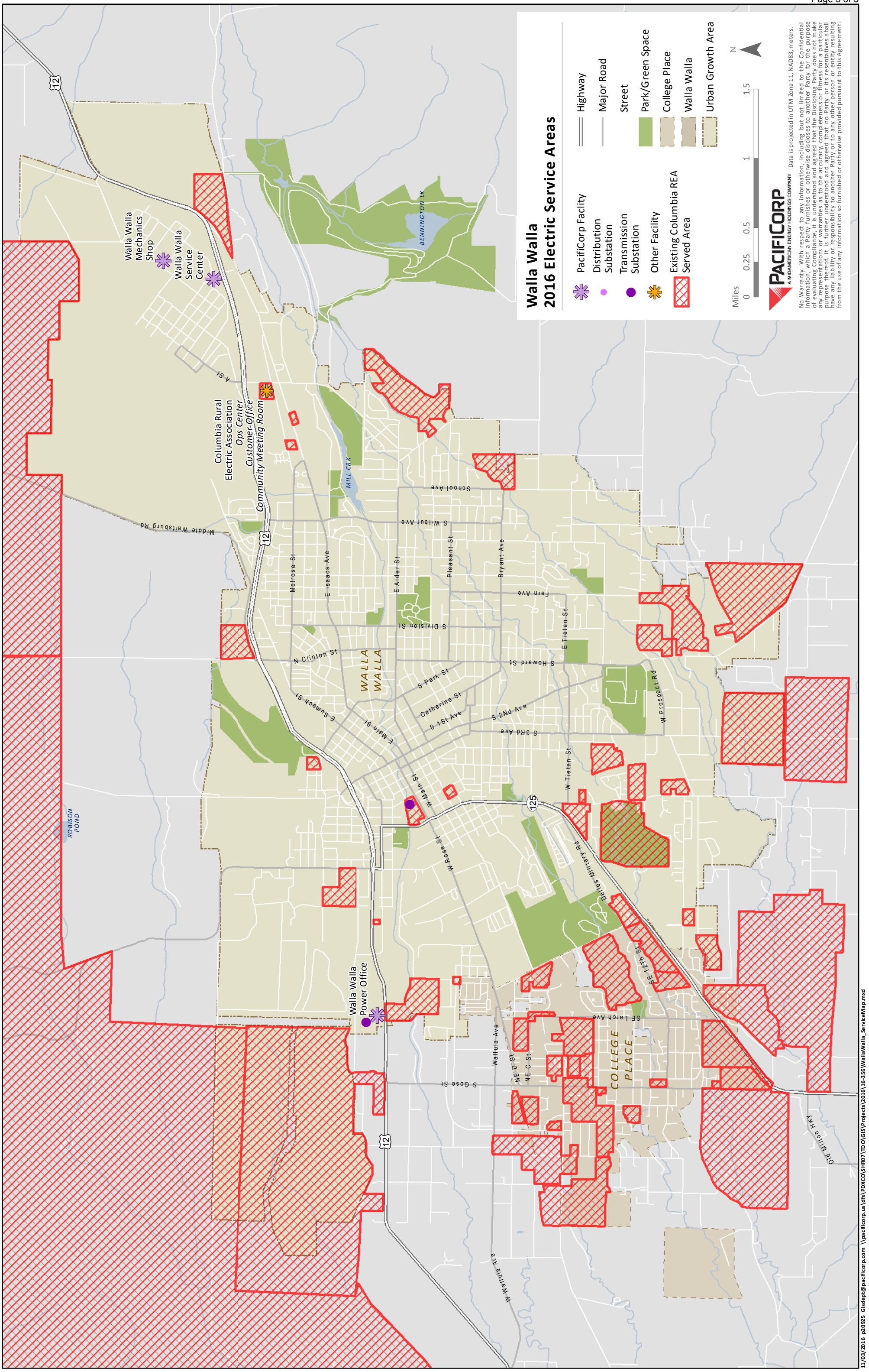
Data is projected in UTM Zone 11, NAD83, meters.
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PACIFICORP
A MIDAMERICAN ENERGY HOLDINGS COMPANY

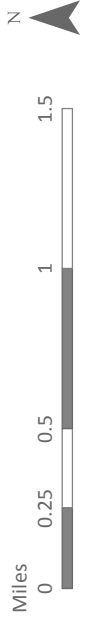
Data is projected in UTM Zone 11, NAD83, meters.

No Warranty. With respect to any information, including but not limited to the Confidential Information, which a Party furnishes or otherwise discloses to another Party for the purpose of evaluating Compliance, it is understood and agreed that the Disclosing Party does not make any representations or warranties as to the accuracy, completeness or fitness for a particular purpose of such information. The Disclosing Party shall not be liable for any errors, omissions, or liability or responsibility to another Party or to any other person or entity resulting from the use of any information so furnished or otherwise provided pursuant to this Agreement.



Walla Walla 2016 Electric Service Areas

- PacifiCorp Facility
- Distribution Substation
- Transmission Substation
- Other Facility
- Existing Columbia REA Served Area
- Highway
- Major Road
- Street
- Park/Green Space
- College Place
- Walla Walla
- Urban Growth Area



Data is projected in UTM Zone 11, NAD83, meters.
No Warranty. With respect to any information, including but not limited to the Confidential Information, which a Party furnishes or otherwise discloses to another Party for the purpose of evaluating Compliance, it is understood and agreed that the Disclosing Party does not make any representations or warranties as to the accuracy, completeness or fitness for a particular purpose of such information. The Disclosing Party shall not be liable for any errors, omissions, liability or responsibility to another Party or to any other person or entity resulting from the use of any information so furnished or otherwise provided pursuant to this Agreement.

Exhibit No. RBD-3
Docket UE-16____
Witness: R. Bryce Dalley

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT
COMPANY,

Modification of Tariffs Governing Permanent
Disconnection and Removal Procedures

Docket UE-16____

PACIFIC POWER & LIGHT COMPANY

EXHIBIT

CUMULATIVE ANNUAL REVENUE LOSS BY CLASS SINCE 1999

November 2016

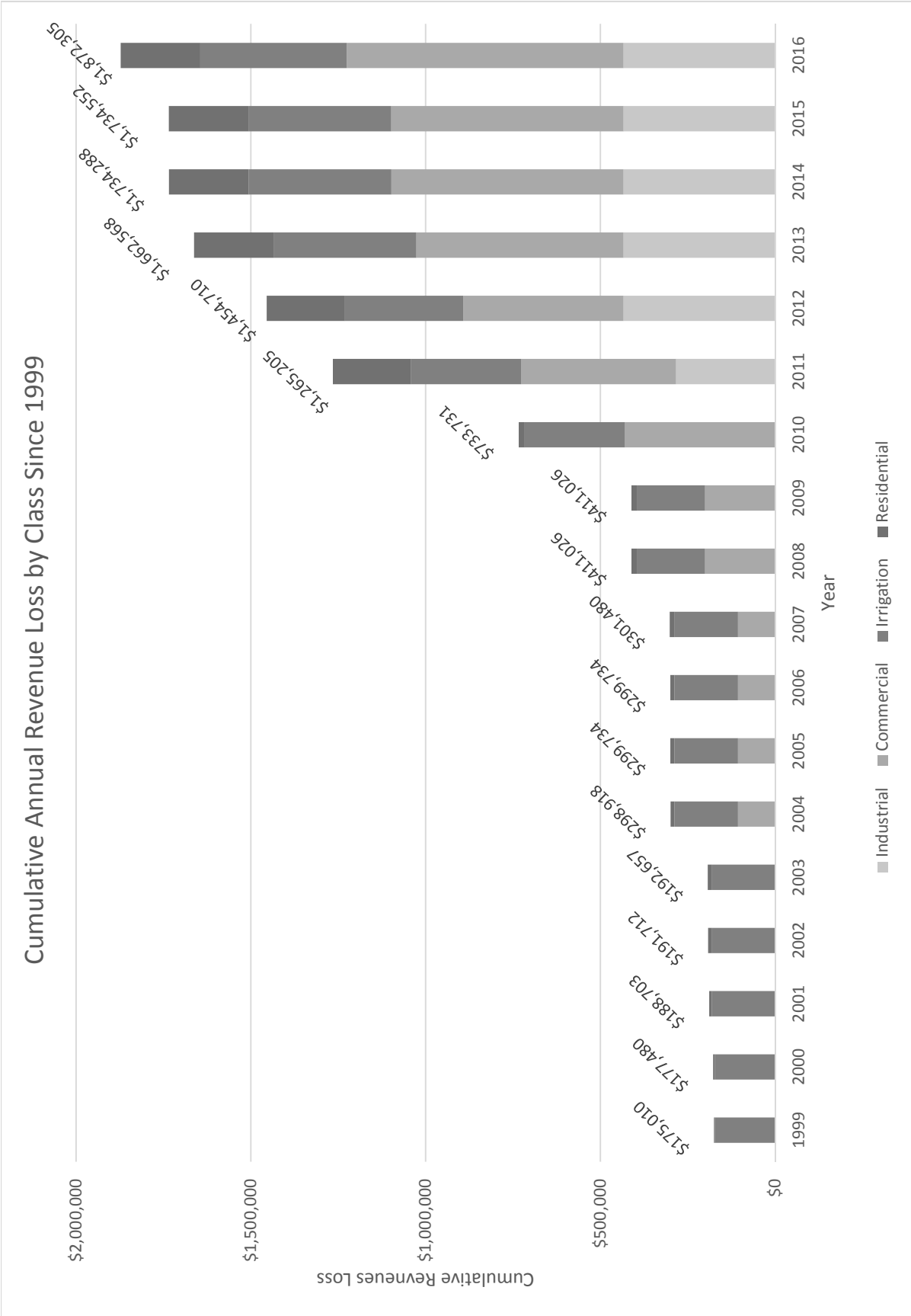


Exhibit No. RBD-4
Docket UE-16____
Witness: R. Bryce Dalley

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT
COMPANY,

Modification of Tariffs Governing Permanent
Disconnection and Removal Procedures

Docket UE-16____

PACIFIC POWER & LIGHT COMPANY

EXHIBIT

STRANDED COST RECOVERY FEE CALCULATION

November 2016

**PacifiCorp
State of Washington
Stranded Cost Analysis
10 Year**

Row No.	Description	Residential (A)	Non Residential (B)
1	Total Revenue ¹	\$145,355,240	\$193,197,821
2	Net Power Cost-Related Revenue	\$55,772,734	\$73,666,731
3	Stranded Cost-Related Revenues ²	\$89,582,506	\$119,531,090
4	Average Annual Customers	105,259	25,423
5	Stranded Cost-Related Revenues per Customer	\$851	\$4,702
6	Discount Rate	6.38%	6.38%
7	10 Year Net Present Value of Stranded Costs per Customer	\$6,153	\$33,991
8	Average Annual Revenue per Customer	\$1,381	\$7,599
9	Stranded Cost to Revenue Ratio	4.5	4.5

Footnotes

- 1 From Docket No. UE-152253 rates effective October 4, 2016.
- 2 Stranded costs are calculated as non-net power cost related revenue.

PacifiCorp
State of Washington
Stranded Cost
Net Present Value Analysis
10 Year

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
General Service Stranded Costs										
Total Revenue										
NPC Revenue		\$3,428	\$3,428	\$3,428	\$3,428	\$3,428	\$3,428	\$3,428	\$3,428	\$3,428
Non NPC Revenues										
Average Annual Customers		25,357								
Non NPC Revenues per Customer		\$3,428								
Discount Rate			6.38%							
Net Present Value			\$24,786							
Average Annual Revenue per Customer			\$5,393							
Investment to Revenue Ratio			4.6							
Schedule 48 Stranded Costs Non Ded										
Total Revenue										
NPC Revenue		\$277,650	\$277,650	\$277,650	\$277,650	\$277,650	\$277,650	\$277,650	\$277,650	\$277,650
Non NPC Revenues										
Average Annual Customers		65								
Non NPC Revenues per Customer		\$277,650								
Discount Rate			6.38%							
Net Present Value			\$2,007,286							
Average Annual Revenue per Customer			\$451,801							
Investment to Revenue Ratio			4.4							
Schedule 48 Dedicated Facility Stranded Costs										
Total Revenue										
NPC Revenue		\$14,506,097	\$14,506,097	\$14,506,097	\$14,506,097	\$14,506,097	\$14,506,097	\$14,506,097	\$14,506,097	\$14,506,097
Non NPC Revenues										
Average Annual Customers		1								
Non NPC Revenues per Customer		\$14,506,097								
Discount Rate			6.38%							
Net Present Value			\$104,872,463							
Average Annual Revenue per Customer			\$27,004,253							
Investment to Revenue Ratio			3.9							

Tariff Revisions

Legislative and Clean

General Rules and Regulations – Rules 1, 4 and 6

Charges as Defined by the Rules and Regulations – Schedule 300

First Revision of Sheet No. R1.1
Canceling Original Sheet No. R1.1

Rule 1
GENERAL RULES AND REGULATIONS - DEFINITIONS

The following terms when used in this tariff and in the application or agreement for electric service shall have the following meanings, unless otherwise indicated:

Actual Cost of Removal: All removal costs, including, but not limited to labor costs, contractor costs, costs to investigate redundant services, and Net Book Value of Facilities less Salvage.

Adult Family Home: A regular family abode in which a person or persons provides care, special care, room and board to more than one, but not more than six adults who are not related by blood or marriage to the person or persons providing the services.

Applicant: A person or agency requesting Company to supply electric service.

Billing Period or Billing Month: An interval of approximately 30 days between successive meter reading dates.

Commission: Washington Utilities and Transportation Commission.

Company: Pacific Power & Light Company.

Company's Operating Convenience: The utilization, under certain circumstances, of facilities or practices not ordinarily employed which contribute to the overall efficiency of Company's operations; does not refer to the customer's convenience nor to the use of facilities or adoption of practices required to comply with applicable laws, ordinances, rules or regulations, or similar requirements of public authorities.

Customer: Any individual, partnership, corporation, firm, other organization or government agency supplied with service by Company at one location and at one point of delivery unless otherwise expressly provided in these rules, or in a rate schedule or contract.

Date of Issuance: The date upon which a bill is mailed, transmitted or delivered by Company to the customer.

Demand: The average rate in kilowatts at which electric energy is delivered during any specified length of time.

Duplicate Service Facilities: Two services, one duplicating part or all of the capacity of the other and providing, usually for only a portion of the total path of energy flow, a second possible path of supply in the event of the failure of the first.

Emergency Service: Service in supply to, or made available to, load devices which are operated only in emergency situations or in testing for same. Such service contemplates frequency and intensity of operation reflective of emergency conditions and excludes service to freeze protection devices which operate in the coldest period of the year.

Energy: Electric energy, measured in kilowatt-hours.

(continued)

Issued: ~~May 13, 2011~~ November 14, 2016
Advice No. ~~44-0416-05~~

Effective: ~~June 13, 2011~~ December 15, 2016

Issued By Pacific Power & Light Company

By:  ~~Andrea L. Kelly~~ R. Bryce Dalley **Title:** Vice President, Regulation

~~Second-Third~~ Revision of Sheet No. R1.2
Canceling ~~First-Second~~ Sheet No. R1.2

Rule 1
GENERAL RULES AND REGULATIONS - DEFINITIONS

Extension: A branch from, a continuation of, or an increase in the capacity of Company owned transmission or distribution lines or facilities, that have not been removed, at customer request, within the last five years. An Extension may be single-phase, three-phase, or a conversion from single-phase to three-phase. The Company will own, operate and maintain all Extensions made under these Rules.

Facilities: Electric infrastructure designed, built, and installed to provide service, including but not limited to transmission and distribution lines, service drops, transformers, poles, risers, conduit, vaults, and any other equipment used to supply electricity.

Fair Market Value: The price at which Facilities would sell on the open market between a willing buyer and a willing seller as determined by the Company or a Company requested third party appraisal.

Intermittent Service: Service to equipment having high demands of short duration requiring that the Company provide additional or excess investment in transformers, services or other facilities. This includes, but is not limited to, service to furnaces, pelletizers, elevator or hoist motors, welders, and x-ray equipment.

Kilovar (kvar): A unit of reactive power equal to 1,000 reactive volt-amperes.

Kilovar-hours (kvarh): The amount of reactive flow in one hour, at a constant rate of kilovar.

Kilowatt (kW): A unit of power equal to 1,000 watts.

Kilowatt-hour (kWh): The amount of energy delivered in one hour, when delivery is at a constant rate of one kilowatt.

Meter Failure or Malfunction: A mechanical malfunction or failure that prevents the meter or any ancillary data collection or transmission device from registering or transmitting the actual amount of energy used. A meter failure or malfunction includes, but is not limited to, a stopped meter, a meter that is faster or slower than the metering tolerance specified in WAC 480-100-338, or an erratic meter.

Net Book Value: The installed cost of an asset less any accumulated depreciation as reflected in the Company's accounting records.

Permanent Disconnection and Removal: Disconnection and Removal of the Company's Facilities in place to service where the Customer has either requested the Company permanently disconnect the Company's facilities or chosen to be served by another electric utility provider. Facilities subject to Permanent Disconnection and Removal may be located in right of ways, private property, or any other property.


Premises: All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by a dedicated street, highway or other public thoroughfare, or railway.

(continued)

Issued: ~~July 1, 2016~~ November 14, 2016
Advice No. 16-0405

Effective: ~~August 19, 2016~~ December 15, 2016

Issued By Pacific Power & Light Company

By:  R. Bryce Dalley

Title: Vice President, Regulation

PACIFIC POWER & LIGHT COMPANY

WN U-75

~~Second-Third~~ Revision of Sheet No. R1.2
Canceling ~~First-Second~~ Sheet No. R1.2

Rule 1
GENERAL RULES AND REGULATIONS - DEFINITIONS

~~Remote Service: Service to distant or isolated locations which, in the Company's opinion, will not have sufficient annual Schedule Billings to cover the Company's annual incurred costs. A distant location is any location, or group of locations, more than one-half mile from the Company's existing distribution facilities. An isolated location is one where additional development is unlikely due to geographical constraints, and may be less than one-half mile from existing distribution facilities.~~


~~Schedule Billing: The total of charges for service, including minimums, computed in accordance with Company's applicable rate schedule.~~

(continued)

~~Issued: July 1, 2016~~ November 14, 2016
~~Advice No. 16-0405~~

~~Effective: August 19, 2016~~ December 15, 2016

Issued By Pacific Power & Light Company

By:  R. Bryce Dalley

Title: Vice President, Regulation

PACIFIC POWER & LIGHT COMPANY

WN U-75

~~First Second~~ Revision of Sheet No. R1.3
Canceling ~~Original First Revision of~~ Sheet No. R1.3

Rule 1

GENERAL RULES AND REGULATIONS - DEFINITIONS

Remote Service: Service to distant or isolated locations which, in the Company's opinion, will not have sufficient annual Schedule Billings to cover the Company's annual incurred costs. A distant location is any location, or group of locations, more than one-half mile from the Company's existing distribution facilities. An isolated location is one where additional development is unlikely due to geographical constraints, and may be less than one-half mile from existing distribution facilities.

Salvage: Estimated resale value at the end of its useful life as determined by the Company.

Schedule Billing: The total of charges for service, including minimums, computed in accordance with Company's applicable rate schedule.

Seasonal Service: Service for annually recurring periods of use where service is disconnected or curtailed during part of the year. This includes frost protection service and other services of a seasonal nature, both agricultural and non-agricultural.

Service: As used herein, usually refers to the availability of electric power and energy at the point of delivery for use by the Customer irrespective of whether power or energy is actually utilized. The word "Service" may also be used to refer to the wires between Company's supply and the Customer's entrance conductors.

Stranded Cost Recovery Fee: Charge to recover the stranded fixed costs associated with providing electric service to a departing Customer. The Stranded Cost Recovery Fee is listed in Schedule 300, Rule 6, Sheet R6.3.

Standby Service: Service made available to a load which is served part or all of the time by another power source for reasons of increased reliability of supply through duplication of source.

Supplementary Service: Service made available to a load which receives some degree of simultaneous supply from another power source for additional supply or greater economy of supply at peak or light load conditions.

Temporary Service: Service requested for a limited period of time or of questionable duration such as, but not limited to, service for construction power, seasonal sales lots, carnivals, rock crushers or paving plants. Temporary service does not include emergency, breakdown or standby service.


Unassigned Energy Usage Meter: A meter that is installed at a valid service address and accurately records energy usage during a period of time where there was no active electric service account at that premises.

Utility: Pacific Power & Light Company.

Issued: ~~July 1, 2016~~ November 14, 2016
Advice No. 16-0405

Effective: ~~August 19, 2016~~ December 15, 2016

Issued By Pacific Power & Light Company

By:  R. Bryce Dalley

Title: Vice President, Regulation

~~First-Second~~ Revision of Sheet No. R4.2
Canceling ~~Original-First Revision of~~ Sheet No. R4.2

**Rule 4
GENERAL RULES AND REGULATIONS – APPLICATION FOR ELECTRIC
SERVICE**

C. CHANGE OF CUSTOMER'S SERVICE OR EQUIPMENT:

In the event that the Customer shall make any material change either in the amount or character of the electric appliances, apparatus or equipment installed upon his premises to be supplied with electric energy by Company, the Customer shall give Company prior written notice of this fact. This rule is intended to be consistent with WAC 480-100-148, "Service Responsibility," of the "Washington Administrative Code."

D. IMPAIRMENT OF SERVICE TO OTHER CUSTOMERS:

Company reserves the right to refuse service to loads of a character that may seriously impair service to any other Customers. In the case of hoist or elevator motors, welders, furnaces, compressors and other installations of like character, where the use of electricity is intermittent or subject to violent fluctuations, Company may require the Customer to provide at his own expense suitable equipment to reasonably limit such fluctuations.

E. CHANGE OF OCCUPANCY:

When a change of occupancy occurs, notice of such change must be given to Company prior to the date of such change, or the outgoing Customer will be held responsible for all service supplied at that location until such notice has been received by Company.

F. AVAILABILITY OF FACILITIES:

Company shall not be required to maintain facilities in place or to continue the availability of facilities installed for the customer's service when:

1. Facilities are not being utilized to provide service in accordance with an application for service; or
2. Such service is not furnished in accordance with contract provisions set forth in this tariff.
3. Customer requests ~~p~~Permanent ~~d~~Disconnection of Company's facilities. Refer to Rule 6 for requirements of Permanent Disconnection and Removal of Company Facilities.
4. Customer has refused to provide authorized representatives of the Company access to the Customer's property during reasonable hours to perform necessary functions such as meter reading, maintenance, repairs, testing, installation or removal of the Company's property. The Company must provide photo identification to Company representatives who are authorized to enter Customers' premises. Customers have the right to see the Company-provided identification before allowing entry to the Customer's property.

(continued)

Issued: ~~June 7, 2012~~November 14, 2016
Advice No. ~~42-0416-05~~

Effective: ~~July 13, 2012~~December 15, 2016

Issued By Pacific Power & Light Company

By:  ~~William R. Griffith~~ R. Bryce Dalley Title: Vice President, Regulation

~~First~~ Second Revision of Sheet No. R6.2
Canceling ~~Original~~ First Revision of Sheet No. R6.2

**Rule 6
GENERAL RULES AND REGULATIONS – FACILITIES ON CUSTOMER'S
PREMISES**

D. RIGHTS-OF-WAY:

The Applicant shall provide without cost to Company all rights-of-way and easements required for the installation of facilities necessary or convenient for the supplying of electric service.

E. ACCESS TO FACILITIES:

The Customer shall provide safe, unobstructed access to Company representatives during reasonable hours to maintain the Company's electric transmission and distribution facilities. The Customer shall also permit the Company to trim trees and other vegetation to the extent necessary to avoid interference with the Company's lines and to protect public safety.

F. ACCESS TO METERS:

The Customer shall provide safe, unobstructed access to Company representatives during reasonable hours for the purpose of reading meters, inspecting, repairing, or removing metering devices and wiring of the Company.

G. IMPAIRED CLEARANCE:

Whenever any of the clearances required by the applicable laws, ordinances, rules, or regulations of public authorities from the service drops to the ground or any object becomes impaired by reason of any change made by the owner or tenant of the premises, the Customer shall at his own expense, provide a new and approved support, in a location approved by Company, for the termination of Company's existing service wires and shall also provide all service entrance conductors and equipment necessitated by the change of location.

H. RELOCATION OF SERVICES AND FACILITIES:

If relocation of service or distribution facilities on or adjacent to the Customer's premises, including Company-owned transformers, is for the convenience of the Applicant or the Customer, such relocation will be performed by Company provided the Applicant or the Customer pays in advance, a nonrefundable sum equal to the estimated installed cost of the relocated facilities, including operating expense, plus estimated removal cost, less estimated salvage and less depreciation of the facilities to be removed.

I. PERMANENT DISCONNECTION AND REMOVAL OF COMPANY FACILITIES:

1. ~~Except as set forth in I.2. below, when a departing Customer 1) requests the Company to permanently disconnect Company's facilities; 2) chooses to be served by another electric utility provider; or 3) obtains redundant service from another electric utility provider, the departing Customer shall must either:~~
 - a. ~~Pay to Company the actual cost for of removal less salvage of only those facilities as defined in Rule 1. The Company will provide an estimate of the applicable charges per Schedule 300, and the departing Customer is required to pay the estimated amount before the Permanent Disconnection and Removal of any facilities; or that need to be removed for safety or operational reasons, and only if those facilities were necessary to provide service to Customer. However, the actual~~

(continued)

Issued: ~~June 7, 2012~~ November 14, 2016
Advice No. 42-0416-05

Effective: ~~July 13, 2012~~ December 15, 2016

Issued By Pacific Power & Light Company

By:  William R. Griffith R. Bryce Dalley Title: Vice President, Regulation

PACIFIC POWER & LIGHT COMPANY

WN U-75

~~First~~ Second Revision of Sheet No. R6.2
Canceling ~~Original~~ First Revision of Sheet No. R6.2

**Rule 6
GENERAL RULES AND REGULATIONS – FACILITIES ON CUSTOMER'S
PREMISES**

~~cost for removal less salvage charged to Customer making a request under this paragraph shall not include any amount for any facilities located on public right of way (other than the meter and service drop) or for the removal of area lights which have been installed and billed for a minimum of three years. When the facilities removed by Company are the overhead or underground residential service drop and meter only, the Customer shall pay the applicable Residential Service Removal Charge as Described in Schedule 300.~~

(continued)

~~Issued: June 7, 2012~~ November 14, 2016
~~Advice No. 12-04~~ 16-05

~~Effective: July 13, 2012~~ December 15, 2016

Issued By Pacific Power & Light Company

By:  ~~William R. Griffith~~ R. Bryce Dalley Title: Vice President, Regulation

First Revision of Sheet No. R6.3
~~Canceling Original Sheet No. R6.3~~

Rule 6
GENERAL RULES AND REGULATIONS – FACILITIES ON CUSTOMER'S PREMISES

I. PERMANENT DISCONNECTION AND REMOVAL OF COMPANY FACILITIES: (continued)

- b. Purchase underground conduit and vaults at Fair Market Value in lieu of removal, and pay Actual Cost of Removal of all Facilities not sold. Remaining Washington Customers are allocated the net proceeds from the sale of conduit and vaults. The departing Customer will assume all responsibility and liability associated with purchased underground conduit and vaults at the time of disconnection. The Company will provide an estimate of the applicable charges per Schedule 300, and the departing Customer is required to pay the estimated amount before the Permanent Disconnection and Removal of any Facilities.
2. In lieu of removal or purchase by the departing Customer as set forth in I.1. above, the Company may abandon some or all of the Facilities when, in the Company's sole discretion, service may be negatively impacted or safety issues may arise as a result of removal or purchase by the departing Customer. The Company will decommission and leave in place such Facilities in a safe manner consistent with best industry practices. The departing Customer will assume all responsibility and liability associated with abandoned and decommissioned Facilities at the time of disconnection. When Customer requests Permanent Disconnection of Company's facilities and Customer also requests Company to remove specific facilities, Customer shall pay to Company the amounts described in paragraph 1 above, as well as the actual cost for removal less salvage of any different facilities Customer requests be removed. Notwithstanding the last sentence of paragraph 1, the actual cost for removal less salvage charged to a Customer making a request under this paragraph may include amounts for facilities located on public right of way if Customer specifically requests such facilities be removed. However, the Company will not charge the Customer for the removal of area lights which have been installed and billed for a minimum of three years, even if the removal of those facilities were requested by the Customer.
3. No later than 90 days after removal of Facilities not purchased by the departing Customer, or not abandoned and decommissioned by the Company, the Company shall will determine the Actual Cost of Removal and adjust the estimated bill to that amount. The Company will refund any overpayment from the estimated amount, and will issue a bill for any underpayment remove facilities pursuant to paragraph 1 and 2 only to the extent it can do so without an adverse impact on the service provided, or to be provided, to other Customers.
- 3.4. The departing Customer will pay the Stranded Cost Recovery Fee before Facilities are disconnected. The Stranded Cost Recovery Fee is listed in Schedule 300.
- 4.5. Facilities subject to Permanent Disconnection and Removal may be located in a right of way, private property, or any other property used to provide the departing Customer electric service. In billing for removal of facilities under paragraphs 1 and 2, Company shall charge Customer for the actual cost for removal, less salvage, unless the specific charge stated in paragraph 1 applies. Company shall provide an estimate of such

(continued)

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By:  ~~William R. Griffith~~ R. Bryce Dalley Title: Vice President, Regulation

First Revision of Sheet No. R6.3
Canceling Original Sheet No. R6.3

Rule 6
GENERAL RULES AND REGULATIONS – FACILITIES ON CUSTOMER'S PREMISES

~~charges to Customer prior to removal of facilities. The Customer shall pay the amount estimated prior to disconnection and removal of facilities. The facilities shall be removed at a date and time convenient to both the Customer and Company. No later than 60 days after removal, Company shall determine the actual cost for removal less salvage, and adjust the estimated bill to that amount, unless the Residential Service Removal Charge applies.~~

~~5-6. If the departing Customer is a tenant, the departing Customer must obtain clear and specific written agreement of the owner's agent to permanently disconnect and remove Facilities. The departing Customer must provide the Company with a notarized affidavit stating that the departing Customer has obtained the owner's permission for the Permanent Disconnection and Removal of Facilities. For the purpose of Permanent Disconnection and Removal of Company Facilities, salvage is defined as the non-zero value difference between the salvage value and net book value of the Company facilities that are removed.~~

J. MAINTENANCE OF CUSTOMER'S FACILITIES:

Customers are responsible for maintaining their own facilities. If a Customer requests a service call, and the problem is in the Customer's facilities, the Company may charge for the service call as specified in Schedule 300.

~~**K. OTHER WORK AT CUSTOMER'S REQUEST:**~~

~~The Company may collect a charge specified in Schedule 300 when it performs work at the Customer's request.~~

~~**L. LIABILITY:**~~

~~Company's liability shall cease at the point of delivery and the use of electric service beyond said point is at the risk and responsibility of the customer.~~

(continued)

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**Rule 6
GENERAL RULES AND REGULATIONS – FACILITIES ON CUSTOMER'S
PREMISES**

K. OTHER WORK AT CUSTOMER'S REQUEST:

The Company may collect a charge specified in Schedule 300 when it performs work at the Customer's request.

L. LIABILITY:

Company's liability shall cease at the point of delivery and the use of electric service beyond said point is at the risk and responsibility of the customer.

DRAFT

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PACIFIC POWER & LIGHT COMPANY

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Third Revision of Sheet No. 300.1
 Canceling First Second Revision of Sheet No. 300.1

**Schedule 300
 CHARGES AS DEFINED BY THE RULES AND REGULATIONS**

PURPOSE:

The purpose of this Schedule is to list the charges referred to in the General Rules and Regulations.

AVAILABLE:

In all territory served by Company in the State of Washington.

APPLICABLE:

For all Customers utilizing the services of the Company as defined and described in the General Rules and Regulations.

SERVICE CHARGES:


<u>Rule No.</u>	<u>Sheet No.</u>	<u>Description</u>	<u>Charge</u>
2	R2.1	<u>Demand Pulse Access Charge:</u>	Actual Cost
4	R4.1	<u>Connection Charge:</u> Monday through Friday except holidays 8:00 A.M. to 4:00 P.M. 4:00 P.M. to 7:00 P.M.	No Charge \$75.00
		Weekends and holidays 8:00 A.M. to 7:00 P.M.	\$175.00
6	R6.1	<u>Meter Repair/Replacement Charges:</u> Arising from careless or misuse by Customer	Actual Repair/ Replacement Cost
6	R6.2	<u>Permanent Disconnection and Residential Service Removal Charge:</u> Overhead service drop and meter only Underground service drop and meter only	\$200.00 Actual Cost of Removal \$400.00
6	R6.3	<u>All Other Residential and Nonresidential Service Removals</u> Purchase of Underground Facilities:	Fair Market Value Actual Cost, Less Salvage
6	R6.3	<u>Stranded Cost Recovery Fee:</u> Residential	\$6,153
		Nonresidential, including Irrigation	4.5 times annual revenue (revenue from the 12 month period preceding permanent disconnection)
6	R6.3	<u>Service Call Charge (Customer facilities):</u>	Actual Cost
6	R6.3	<u>Other Work at Customer's Request:</u>	Actual Cost

(continued)

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Canceling ~~First~~ Third Revision of Sheet No. 300.1
Second Revision of Sheet No. 300.1

Schedule 300
CHARGES AS DEFINED BY THE RULES AND REGULATIONS


8	R8.2	<u>Meter Test Charge:</u>	\$50.00
8	R8.3	<u>Meter Verification Charge:</u>	\$20.00 per unit

(continued)

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PACIFIC POWER & LIGHT COMPANY

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First Revision of Sheet No. R1.1
Canceling Original Sheet No. R1.1

Rule 1 GENERAL RULES AND REGULATIONS - DEFINITIONS

The following terms when used in this tariff and in the application or agreement for electric service shall have the following meanings, unless otherwise indicated:

Actual Cost of Removal: All removal costs, including, but not limited to labor costs, contractor costs, costs to investigate redundant services, and Net Book Value of Facilities less Salvage. (N)

Adult Family Home: A regular family abode in which a person or persons provides care, special care, room and board to more than one, but not more than six adults who are not related by blood or marriage to the person or persons providing the services. (N)

Applicant: A person or agency requesting Company to supply electric service.

Billing Period or Billing Month: An interval of approximately 30 days between successive meter reading dates.

Commission: Washington Utilities and Transportation Commission.

Company: Pacific Power & Light Company.

Company's Operating Convenience: The utilization, under certain circumstances, of facilities or practices not ordinarily employed which contribute to the overall efficiency of Company's operations; does not refer to the customer's convenience nor to the use of facilities or adoption of practices required to comply with applicable laws, ordinances, rules or regulations, or similar requirements of public authorities.

Customer: Any individual, partnership, corporation, firm, other organization or government agency supplied with service by Company at one location and at one point of delivery unless otherwise expressly provided in these rules, or in a rate schedule or contract.

Date of Issuance: The date upon which a bill is mailed, transmitted or delivered by Company to the customer.

Demand: The average rate in kilowatts at which electric energy is delivered during any specified length of time.

Duplicate Service Facilities: Two services, one duplicating part or all of the capacity of the other and providing, usually for only a portion of the total path of energy flow, a second possible path of supply in the event of the failure of the first.

Emergency Service: Service in supply to, or made available to, load devices which are operated only in emergency situations or in testing for same. Such service contemplates frequency and intensity of operation reflective of emergency conditions and excludes service to freeze protection devices which operate in the coldest period of the year.

Energy: Electric energy, measured in kilowatt-hours.

(continued)

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Third Revision of Sheet No. R1.2
Canceling Second Sheet No. R1.2

Rule 1

GENERAL RULES AND REGULATIONS - DEFINITIONS

Extension: A branch from, a continuation of, or an increase in the capacity of Company owned transmission or distribution lines or facilities, that have not been removed, at customer request, within the last five years. An Extension may be single-phase, three-phase, or a conversion from single-phase to three-phase. The Company will own, operate and maintain all Extensions made under these Rules.

Facilities: Electric infrastructure designed, built, and installed to provide service, including but not limited to transmission and distribution lines, service drops, transformers, poles, risers, conduit, vaults, and any other equipment used to supply electricity.

Fair Market Value: The price at which Facilities would sell on the open market between a willing buyer and a willing seller as determined by the Company or a Company requested third party appraisal.

Intermittent Service: Service to equipment having high demands of short duration requiring that the Company provide additional or excess investment in transformers, services or other facilities. This includes, but is not limited to, service to furnaces, pelletizers, elevator or hoist motors, welders, and x-ray equipment.

Kilovar (kvar): A unit of reactive power equal to 1,000 reactive volt-amperes.

Kilovar-hours (kvarh): The amount of reactive flow in one hour, at a constant rate of kilovar.

Kilowatt (kW): A unit of power equal to 1,000 watts.

Kilowatt-hour (kWh): The amount of energy delivered in one hour, when delivery is at a constant rate of one kilowatt.

Meter Failure or Malfunction: A mechanical malfunction or failure that prevents the meter or any ancillary data collection or transmission device from registering or transmitting the actual amount of energy used. A meter failure or malfunction includes, but is not limited to, a stopped meter, a meter that is faster or slower than the metering tolerance specified in WAC 480-100-338, or an erratic meter.

Net Book Value: The installed cost of an asset less any accumulated depreciation as reflected in the Company's accounting records.

Permanent Disconnection and Removal: Disconnection and Removal of the Company's Facilities in place to serve the Customer. Facilities subject to Permanent Disconnection and Removal may be located in right of ways, private property, or any other property.


Premises: All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by a dedicated street, highway or other public thoroughfare, or railway.

(continued)

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Title: Vice President, Regulation

(N)

(N)

PACIFIC POWER & LIGHT COMPANY

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Second Revision of Sheet No. R1.3
Canceling First Revision of Sheet No. R1.3

**Rule 1
GENERAL RULES AND REGULATIONS - DEFINITIONS**

Remote Service: Service to distant or isolated locations which, in the Company's opinion, will not have sufficient annual Schedule Billings to cover the Company's annual incurred costs. A distant location is any location, or group of locations, more than one-half mile from the Company's existing distribution facilities. An isolated location is one where additional development is unlikely due to geographical constraints, and may be less than one-half mile from existing distribution facilities. (M) R1.2

Salvage: Estimated resale value at the end of its useful life as determined by the Company. (M) R1.2

Schedule Billing: The total of charges for service, including minimums, computed in accordance with Company's applicable rate schedule. (N) (M) R1.2 (M) R1.2

Seasonal Service: Service for annually recurring periods of use where service is disconnected or curtailed during part of the year. This includes frost protection service and other services of a seasonal nature, both agricultural and non-agricultural.

Service: As used herein, usually refers to the availability of electric power and energy at the point of delivery for use by the Customer irrespective of whether power or energy is actually utilized. The word "Service" may also be used to refer to the wires between Company's supply and the Customer's entrance conductors.

Stranded Cost Recovery Fee: Charge to recover the stranded fixed costs associated with providing electric service to a departing Customer. The Stranded Cost Recovery Fee is listed in Schedule 300, Rule 6, Sheet R6.3. (N) (N)

Standby Service: Service made available to a load which is served part or all of the time by another power source for reasons of increased reliability of supply through duplication of source.

Supplementary Service: Service made available to a load which receives some degree of simultaneous supply from another power source for additional supply or greater economy of supply at peak or light load conditions.

Temporary Service: Service requested for a limited period of time or of questionable duration such as, but not limited to, service for construction power, seasonal sales lots, carnivals, rock crushers or paving plants. Temporary service does not include emergency, breakdown or standby service.


Unassigned Energy Usage Meter: A meter that is installed at a valid service address and accurately records energy usage during a period of time where there was no active electric service account at that premises.

Utility: Pacific Power & Light Company.

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By:  R. Bryce Dalley

Title: Vice President, Regulation

**Rule 4
GENERAL RULES AND REGULATIONS – APPLICATION FOR ELECTRIC
SERVICE**

C. CHANGE OF CUSTOMER'S SERVICE OR EQUIPMENT:

In the event that the Customer shall make any material change either in the amount or character of the electric appliances, apparatus or equipment installed upon his premises to be supplied with electric energy by Company, the Customer shall give Company prior written notice of this fact. This rule is intended to be consistent with WAC 480-100-148, "Service Responsibility," of the "Washington Administrative Code."

D. IMPAIRMENT OF SERVICE TO OTHER CUSTOMERS:

Company reserves the right to refuse service to loads of a character that may seriously impair service to any other Customers. In the case of hoist or elevator motors, welders, furnaces, compressors and other installations of like character, where the use of electricity is intermittent or subject to violent fluctuations, Company may require the Customer to provide at his own expense suitable equipment to reasonably limit such fluctuations.

E. CHANGE OF OCCUPANCY:

When a change of occupancy occurs, notice of such change must be given to Company prior to the date of such change, or the outgoing Customer will be held responsible for all service supplied at that location until such notice has been received by Company.

F. AVAILABILITY OF FACILITIES:

Company shall not be required to maintain facilities in place or to continue the availability of facilities installed for the customer's service when:


1. Facilities are not being utilized to provide service in accordance with an application for service; or
2. Such service is not furnished in accordance with contract provisions set forth in this tariff.
3. Customer requests permanent disconnection of Company's facilities. Refer to Rule 6 for requirements of Permanent Disconnection and Removal of Company Facilities. (C)
4. Customer has refused to provide authorized representatives of the Company access to the Customer's property during reasonable hours to perform necessary functions such as meter reading, maintenance, repairs, testing, installation or removal of the Company's property. The Company must provide photo identification to Company representatives who are authorized to enter Customers' premises. Customers have the right to see the Company-provided identification before allowing entry to the Customer's property.

(continued)

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Title: Vice President, Regulation

**Rule 6
GENERAL RULES AND REGULATIONS – FACILITIES ON CUSTOMER'S
PREMISES**

D. RIGHTS-OF-WAY:

The Applicant shall provide without cost to Company all rights-of-way and easements required for the installation of facilities necessary or convenient for the supplying of electric service.

E. ACCESS TO FACILITIES:

The Customer shall provide safe, unobstructed access to Company representatives during reasonable hours to maintain the Company's electric transmission and distribution facilities. The Customer shall also permit the Company to trim trees and other vegetation to the extent necessary to avoid interference with the Company's lines and to protect public safety.

F. ACCESS TO METERS:

The Customer shall provide safe, unobstructed access to Company representatives during reasonable hours for the purpose of reading meters, inspecting, repairing, or removing metering devices and wiring of the Company.

G. IMPAIRED CLEARANCE:

Whenever any of the clearances required by the applicable laws, ordinances, rules, or regulations of public authorities from the service drops to the ground or any object becomes impaired by reason of any change made by the owner or tenant of the premises, the Customer shall at his own expense, provide a new and approved support, in a location approved by Company, for the termination of Company's existing service wires and shall also provide all service entrance conductors and equipment necessitated by the change of location.

H. RELOCATION OF SERVICES AND FACILITIES:

If relocation of service or distribution facilities on or adjacent to the Customer's premises, including Company-owned transformers, is for the convenience of the Applicant or the Customer, such relocation will be performed by Company provided the Applicant or the Customer pays in advance, a nonrefundable sum equal to the estimated installed cost of the relocated facilities, including operating expense, plus estimated removal cost, less estimated salvage and less depreciation of the facilities to be removed.

I. PERMANENT DISCONNECTION AND REMOVAL OF COMPANY FACILITIES:

1. Except as set forth in I.2. below, when a departing Customer 1) requests the Company to permanently disconnect Company's Facilities; 2) chooses to be served by another electric utility provider; or 3) obtains redundant service from another electric utility provider, the departing Customer must either:

- a. Pay Actual Cost of Removal of Facilities as defined in Rule 1. The Company will provide an estimate of the applicable charges per Schedule 300, and the departing Customer is required to pay the estimated amount before the Permanent Disconnection and Removal of any Facilities; or

(C)
|
(C)

(continued)

**Rule 6
GENERAL RULES AND REGULATIONS – FACILITIES ON CUSTOMER'S
PREMISES**

I. PERMANENT DISCONNECTION AND REMOVAL OF COMPANY FACILITIES: (continued)

- b. Purchase underground conduit and vaults at Fair Market Value in lieu of removal, and pay Actual Cost of Removal of all Facilities not sold. Remaining Washington Customers are allocated the net proceeds from the sale of conduit and vaults. The departing Customer will assume all responsibility and liability associated with purchased underground conduit and vaults at the time of disconnection. The Company will provide an estimate of the applicable charges per Schedule 300, and the departing Customer is required to pay the estimated amount before the Permanent Disconnection and Removal of any Facilities.
- 2. In lieu of removal or purchase by the departing Customer as set forth in I.1. above, the Company may abandon some or all of the Facilities when, in the Company's sole discretion, service may be negatively impacted or safety issues may arise as a result of removal or purchase by the departing Customer. The Company will decommission and leave in place such Facilities in a safe manner consistent with best industry practices. The departing Customer will assume all responsibility and liability associated with abandoned and decommissioned Facilities at the time of disconnection.
- 3. No later than 90 days after removal of Facilities not purchased by the departing Customer, or not abandoned and decommissioned by the Company, the Company will determine the Actual Cost of Removal and adjust the estimated bill to that amount. The Company will refund any overpayment from the estimated amount, and will issue a bill for any underpayment.
- 4. The departing Customer will pay the Stranded Cost Recovery Fee before Facilities are disconnected. The Stranded Cost Recovery Fee is listed in Schedule 300.
- 5. Facilities subject to Permanent Disconnection and Removal may be located in a right of way, private property, or any other property used to provide the departing Customer electric service.
- 6. If the departing Customer is a tenant, the departing Customer must obtain clear and specific written agreement of the owner's agent to permanently disconnect and remove Facilities. The departing Customer must provide the Company with a notarized affidavit stating that the departing Customer has obtained the owner's permission for the Permanent Disconnection and Removal of Facilities.

(C)

(C)

J. MAINTENANCE OF CUSTOMER'S FACILITIES:

Customers are responsible for maintaining their own facilities. If a Customer requests a service call, and the problem is in the Customer's facilities, the Company may charge for the service call as specified in Schedule 300.

(M) R6.4

(continued)

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Title: Vice President, Regulation

Rule 6
GENERAL RULES AND REGULATIONS – FACILITIES ON CUSTOMER'S PREMISES

K. OTHER WORK AT CUSTOMER'S REQUEST:

The Company may collect a charge specified in Schedule 300 when it performs work at the Customer's request.

(M) R6.3

L. LIABILITY:

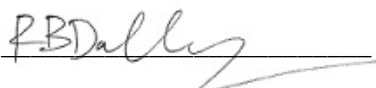
Company's liability shall cease at the point of delivery and the use of electric service beyond said point is at the risk and responsibility of the customer.

(M) R6.3

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Schedule 300
CHARGES AS DEFINED BY THE RULES AND REGULATIONS

PURPOSE:

The purpose of this Schedule is to list the charges referred to in the General Rules and Regulations.

AVAILABLE:

In all territory served by Company in the State of Washington.

APPLICABLE:

For all Customers utilizing the services of the Company as defined and described in the General Rules and Regulations.

SERVICE CHARGES:

<u>Rule No.</u>	<u>Sheet No.</u>	<u>Description</u>	<u>Charge</u>	
2	R2.1	<u>Demand Pulse Access Charge:</u>	Actual Cost	
4	R4.1	<u>Connection Charge:</u> Monday through Friday except holidays 8:00 A.M. to 4:00 P.M. 4:00 P.M. to 7:00 P.M.	No Charge \$75.00	
		Weekends and holidays 8:00 A.M. to 7:00 P.M.	\$175.00	
6	R6.1	<u>Meter Repair/Replacement Charges:</u> Arising from careless or misuse by Customer	Actual Repair/ Replacement Cost	
6	R6.2	<u>Permanent Disconnection and Removal:</u>	Actual Cost of Removal	(C)
6	R6.3	<u>Purchase of Underground Facilities:</u>	Fair Market Value	(N)
6	R6.3	<u>Stranded Cost Recovery Fee:</u> Residential	\$6,153	(N)
		Nonresidential, including Irrigation	4.5 times annual revenue (revenue from the 12 month period preceding permanent disconnection)	(N)
6	R6.3	<u>Service Call Charge (Customer facilities):</u>	Actual Cost	
6	R6.3	<u>Other Work at Customer's Request:</u>	Actual Cost	
8	R8.2	<u>Meter Test Charge:</u>	\$50.00	
8	R8.3	<u>Meter Verification Charge:</u>	\$20.00 per unit	

(continued)

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