

UE-161204 / Pacific Power & Light Company  
March 17, 2017  
PC Data Request 1

### **PC Data Request 1**

Refer to the Direct Testimony of R. Bryce Dalley, Exhibit No. RBD-1T, at 6:9-11, "In some cases, the new electric service provider is ultimately allowed to use the Company's facilities, including conduit and vaults, at minimal or no cost after the permanent disconnection."

Please explain why the new electric service providers, in some cases, are ultimately allowed to use the Company's facilities at *minimal or no cost* after the permanent disconnection. Furthermore, please describe the circumstances under which the new service provider would be allowed to use the Company's facilities at minimal or no cost.

### **Response to PC Data Request 1**

Under the current tariffs, when a customer permanently disconnects, the Company is only able to recover the Net Book Value of facilities less salvage on behalf of the remaining customers. Given the booked depreciation, physically durable facilities in place for a significant amount of time may have nominal or no Net Book Value but represent significant value to the departing customer and the new electric service provider in light of the cost of installing replacement facilities.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

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PC Data Request 14

### **PC Data Request 14**

Refer to the Direct Testimony of R. Bryce Dalley, Exhibit No. RBD-1T, at 7:17-21: “The current one-off permanent disconnections occurring in the Company’s Washington service area provide little in terms of relief to the Company’s remaining customers. In fact, these permanent disconnections, accumulated over time, will only increase the burden on the Company’s remaining customers, including low- and fixed-income customers.”

Please explain if the Company has developed a projection of the increase in “remaining customer” rates if Columbia REA’s activity to cherry-pick customers does not abate?

- a. If so, how have other customers been impacted to date and how could they be impacted in the future?
- b. If not, why has the Company not conducted such analysis?

### **Response to PC Data Request 14**

The Company has not developed a projection of increased rates based on Columbia REA’s activity. The Company is unable to predict the activity of select customers and Columbia REA. The tariff revisions proposed in this filing are intended to protect the Company’s remaining customers from the detrimental effects of the referenced activity.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

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March 30, 2017

PC Data Request 15

**PC Data Request 15****Re: Pacific Power's Low-Income, Conservation, and Energy Efficiency Programs**

Please provide a description of the following programs sponsored by the Company including the data requested below for 2014-2016, on both a budgeted and actual basis. If 2016 data is not yet available for the full year, please provide it in part now and the remaining data when it is all available. In addition to any reference to the Company's tariff, if any, please also identify the sources of revenue and cost allocation mechanism relied upon to fund each program:

- a. Low-Income Assistance Program
  - i. Total dollar amount of funding provided for the last three years (2014-2016).
- b. Conservation Program
  - i. Total dollar amount by rate class on a both a budgeted basis and an actual basis for last three years (2014-2016).
  - ii. Total Savings in kWh achieved by rate class on both a budgeted basis and an actual basis for the last three years (2014-2016).
- c. Energy Efficiency Program.
  - i. Total dollar amount by rate class on a both a budgeted basis and an actual basis for last three years (2014-2016).
  - ii. Total Savings in kWh achieved by rate class on both a budgeted basis and an actual basis for the last three years (2014-2016).

**Response to PC Data Request 15**

- a. The Company offers the Low Income Bill Assistance (LIBA) program to income eligible customers through Schedule 17. Participants receive a discount on their monthly bills during the heating months of November through April. The total credits applied to customer billings through Schedule 17 annually are as follows:

2014: \$1,535,376

2015: \$1,414,385

2016: \$1,265,282

Pacific Power also partners with non-profit agencies, including The Salvation Army in Walla Walla and Yakima, and the Northwest Community Action Center located in Toppenish, to provide donated funds

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as energy assistance to households in-need. This fuel fund program is called Project HELP. Pacific Power matches \$2 for each \$1 contributed by customers. The Project HELP funds applied to recipient's billings annually are as follows:

2014: \$44,402

2015: \$55,539

2016: \$56,445

The federally funded Low Income Home Energy Assistance Program (LIHEAP) is administered in the Company's service area by Blue Mountain Action Council (BMAC) in Walla Walla, Northwest Community Action Center (NCAC) in Toppenish and the Opportunities Industrialization Center of Washington (OIC) in Yakima. LIHEAP energy assistance is applied to the accounts of eligible households. A little over \$2 million in funds have been distributed to our customers each year from 2014-2016.

The Company also partners with BMAC, NCAC and OIC to install energy efficiency measures in the homes of income-eligible customers. The funding through the Low Income Weatherization Program, available through Schedule 114, reimburses the agencies for 50% of the cost of installing the energy efficiency measures when the agencies have state Match Maker Program funds to leverage with Pacific Power's monies. Importantly, the Company covers 100% of the costs when the agencies deplete their state funds. The weatherization services are available at no cost to homeowners and renters residing in single family homes, manufactured homes and apartments. The three agencies in total can bill the Company up to \$1 million per year. For annual funding provided through the Low Income Weatherization program, please see tables below in 15ci.

- b. See responses to PC15c for Energy Efficiency Programs descriptions.
  - i. See responses to PC 15ci for Energy Efficiency Program total dollar amounts.
  - ii. See responses to PC15cii for Energy Efficiency Program total kWh savings achieved.
- c. Residential Energy Efficiency Programs

For years 2014 and 2015, Pacific Power's residential energy efficiency portfolio was comprised of four programs; Home Energy Savings, Home Energy Reports, Refrigerator Recycling, and Low Income Weatherization. The Refrigerator Recycling program was discontinued at the end of 2015. In 2016, there were three programs.

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- 1) The Home Energy Savings program provides access to and incentives for more efficient products and services installed or received by customers in new or existing homes, multi-family housing units or manufactured homes.
- 2) The Home Energy Reports program is a behavioral program designed to decrease participant energy usage by providing comparative energy usage data for similar homes located in the same geographical area.
- 3) The Refrigerator Recycling program (also known as “See ya later, refrigerator®”) was designed to decrease electricity use (kWh) through voluntary removal and recycling of inefficient refrigerators and freezers. This program was discontinued at the end of 2015.
- 4) The Low Income Weatherization program provides energy efficiency services through a partnership between the Company and local non-profit agencies to residential customers who meet income-eligible guidelines. This program is described more thoroughly above in 15a.

#### Market Transformation Program

The Company also funds Market Transformation through NEEA (Northwest Energy Efficiency Alliance) and includes NEEA’s energy savings reporting as part of its program portfolio. *NEEA* is a non-profit corporation that works collaboratively with its funders and other strategic market partners to accelerate the innovation and adoption of energy-efficient products, services, and practices for both residential and non-residential customer sectors.

#### Non-Residential Energy Efficiency Programs

For the time period stated in the data request, Pacific Power’s non-residential energy efficiency program is promoted to the Company’s agricultural, commercial, and industrial customers as *wattsmart* Business. The *wattsmart* Business program is intended to maximize the efficient utilization of electricity for new and existing non-residential customers through the installation of energy efficiency measures and energy management protocols. Qualifying measures are any measures which, when implemented in an eligible facility, result in verifiable electric energy efficiency improvements.

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Source of Revenue

The expenditures associated with Energy Efficiency programs are recovered through Schedule 191 - System Benefits Charge Adjustment.

Cost Allocation Mechanism

For Schedule 91 Low Income:

When the low income program was first established, program costs were allocated to customer classes based on each class' percentage of base revenues to total Washington base revenues with a price cap of \$50 per month, per customer. For those classes whose allocated price exceeded the \$50 cap, the residual balances for those classes were allocated to the remaining classes based on each remaining class' percentage of the total remaining classes' base revenues. After prices were originally set, further changes in collections for the program were made on an equal percentage basis.

For Schedule 191 SBC:

Costs are allocated to customer classes based on each class' percentage of base revenues to total Washington base revenues.

- i. Total dollar amount by rate class on a both a budgeted basis and an actual basis, for last three years (2014-2016).

	<b>2016 PacifiCorp WA Business Plan Budget</b>	<b>2016 PacifiCorp WA DSM Actual</b>
	<b>Estimated Systems Benefit Expenditures</b>	<b>Systems Benefits Charge Expenditures</b>
Low Income Weatherization	\$780,000	\$690,355
Refrigerator Recycling	\$0	(\$1,150)
Home Energy Savings	\$3,199,903	\$2,467,089
Home Energy Reporting	\$364,526	\$338,703
NEEA	\$909,968	\$869,953
wattsmart Business - Agricultural	\$384,539	\$164,246
wattsmart Business - Commercial	\$3,081,525	\$4,046,759
wattsmart Business - Industrial	\$2,254,460	\$2,563,171

This information will be finalized and provided in the 2016 Annual Report on Conservation.

	<b>2015 PacifiCorp WA Business Plan Budget</b>	<b>2015 PacifiCorp WA DSM Actual</b>
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	Estimated Systems Benefit Expenditures	Systems Benefits Charge Expenditures
Low Income Weatherization	\$900,000	\$858,071
Refrigerator Recycling	\$254,310	\$150,597
Home Energy Savings	\$2,305,015	\$2,597,140
Home Energy Reporting	\$478,288	\$340,566
NEEA	\$881,334	\$884,208
wattsmart Business - Agricultural	\$2,856,020	\$230,076
wattsmart Business – Commercial	\$3,133,060	\$3,648,592
wattsmart Business - Industrial	\$34,441	\$1,934,463

This information is provided in the 2015 Annual Report on Conservation, page 18.

[http://www.pacificorp.com/content/dam/pacificorp/doc/Energy\\_Sources/Demand\\_Side\\_Management/2016/2015\\_WA\\_Annual\\_Report.pdf](http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Demand_Side_Management/2016/2015_WA_Annual_Report.pdf)

	2014 PacifiCorp WA Business Plan Budget	2014 PacifiCorp WA DSM Actual
	Estimated Systems Benefit Expenditures	Systems Benefits Charge Expenditures
Low Income Weatherization	\$919,500	\$698,964
Refrigerator Recycling	\$238,382	\$173,384
Home Energy Savings	\$1,772,063	\$2,243,020
Home Energy Reporting	\$144,000	\$274,248
NEEA	\$1,249,843	\$1,174,914
wattsmart Business - Agricultural	\$29,092	\$160,700
wattsmart Business – Commercial	\$2,352,790	\$2,379,871
wattsmart Business - Industrial	\$2,484,180	\$3,250,740
Production Efficiency*	\$962	-

This information is provided in the 2014 Annual Report on Conservation, page 17.

[http://www.pacificorp.com/content/dam/pacificorp/doc/Energy\\_Sources/Demand\\_Side\\_Management/2015/WA\\_AnnualReport\\_FINAL-Report-CORRECTED\\_050815.pdf](http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Demand_Side_Management/2015/WA_AnnualReport_FINAL-Report-CORRECTED_050815.pdf)

\*Production Efficiency: Actual Production Efficiency expenditures and savings track completed projects at plants which may span multiple years. Production efficiency costs related to engineering analysis were recovered through the SBC. Costs for construction the projects and additional engineering work were through mechanisms consistent with recovery of other costs for generation plants.

- ii. Total Savings in kWh achieved by rate class on both a budgeted basis and an actual basis for the last three years (2014-2016).

	2016 PacifiCorp WA Business Plan Budget		2016 PacifiCorp WA DSM Actual	
	kWh/Yr Savings (at site)	kWh/Yr Savings (at generator)	kWh/Yr Savings (at site)	kWh/Yr Savings(at generator)
Low Income Weatherization	243,540	267,090	294,462	322,936
Refrigerator Recycling	0	0	6,644	7,286

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Home Energy Savings	12,665,222	13,889,949	7,030,808	7,710,687
Home Energy Reporting	8,911,279	9,773,000	9,164,167	10,050,342
NEEA	1,984,871	2,176,130	1,984,871	2,176,808
wattsmart Business - Agricultural	1,409,700	1,546,018	690,513	757,286
wattsmart Business – Commercial	10,852,890	11,887,278	16,642,825	18,229,052
wattsmart Business - Industrial	11,765,975	12,726,196	13,210,222	14,288,308

This information will be finalized and provided in the 2016 Annual Report on Conservation.

	2015 PacifiCorp WA Business Plan Budget		2015 PacifiCorp WA DSM Actual	
	kWh/Yr Savings (at site)	kWh/Yr Savings(at generator)	kWh/Yr Savings(at site)	kWh/Yr Savings(at generator)
Low Income Weatherization	150,000	164,505	144,648	158,635
Refrigerator Recycling	930,863	1,020,877	788,344	864,568
Home Energy Savings	11,877,460	13,026,010	12,006,640	13,167,682
Home Energy Reporting	10,931,580	11,988,644	7,720,142	8,466,680
NEEA	6,587,939	7,224,424	3,063,405	3,357,471
wattsmart Business - Agricultural	135,990	149,140	1,246,917	1,367,494
wattsmart Business – Commercial	11,277,055	12,351,871	12,977,707	14,214,612
wattsmart Business - Industrial	12,370,955	13,380,549	9,434,502	10,204,452

This information is provided in the 2015 Annual Report on Conservation, page 18.

[http://www.pacifiCorp.com/content/dam/pacifiCorp/doc/Energy\\_Sources/Demand\\_Side\\_Management/2016/2015\\_WA\\_Annual\\_Report.pdf](http://www.pacifiCorp.com/content/dam/pacifiCorp/doc/Energy_Sources/Demand_Side_Management/2016/2015_WA_Annual_Report.pdf)

	2014 PacifiCorp WA Business Plan Budget		2014 PacifiCorp WA DSM Actual	
	kWh/Yr Savings (at site)	kWh/Yr Savings(at generator)	kWh/Yr Savings(at site)	kWh/Yr Savings(at generator)
Low Income Weatherization	267,156	292,990	156,456	171,585
Refrigerator Recycling	900,915	988,033	667,926	732,514
Home Energy Savings	7,312,374	8,019,481	12,757,968	13,991,663
Home Energy Reporting	5,078,730	5,569,843	4,670,171	5,121,777
NEEA	6,468,181	7,088,896	6,400,566	7,015,950
wattsmart Business - Agricultural	126,203	138,407	878,483	963,432
wattsmart Business – Commercial	10,206,531	11,179,315	9,405,487	10,301,924
wattsmart Business - Industrial	10,776,511	11,655,982	15,688,384	16,968,713
Production Efficiency*	3,371	3,371	-	-

This information is provided in the 2014 Annual Report on Conservation, page 17.

[http://www.pacifiCorp.com/content/dam/pacifiCorp/doc/Energy\\_Sources/Demand\\_Side\\_Management/2015/WA\\_AnnualReport\\_FINAL-Report-CORRECTED\\_050815.pdf](http://www.pacifiCorp.com/content/dam/pacifiCorp/doc/Energy_Sources/Demand_Side_Management/2015/WA_AnnualReport_FINAL-Report-CORRECTED_050815.pdf)

\*Production Efficiency: See note on Production Efficiency under the 2014 table in 15ci for more information.

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UE-161204 / Pacific Power & Light Company

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PC Data Request 15

PREPARER: Becky Eberle, Kari Greer, Esther Giezendanner, Don Jones, Jr.,  
Robert Meredith, Mike Zimmerman.

SPONSOR: TBD

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### PC Data Request 27

Regarding the calculation of Stranded Cost Recovery Fees in Exhibit No. RBD-4, please answer the following:

- (a) Did Pacific Power consider using any escalation (or de-escalation) factors for the projection of annual fixed costs per customer over time, which is used to estimate the NPV?
  - i. If so, what factors did Pacific Power consider and why?
  - ii. If so, please provide all work papers showing the impact of the escalation (or de-escalation) on the results.
  - iii. If not, why not?
  
- (b) Did Pacific Power consider accounting for plant retirements over the ten-year period?
  - i. If so, how?
  - ii. Please provide all work papers showing the impact of plant retirements on the results.
  - iii. If not, please justify why departing customers should continue to be responsible for the same annual fixed cost amount for ten years even though some plant currently in service will retire at the end of its useful life within that timeframe.
  
- (c) Did Pacific Power consider accounting for any increase in market sales margins (defined as the difference in market price compared to PacifiCorp's incremental dispatch cost) due to the loss of departing customer load?
  - i. If so, how?
  - ii. If not, why not?

### Response to PC Data Request 27

- (a) No.
  - iii. While the Company does believe that some level of fixed cost escalation may be appropriate, it did not include escalation in its calculations to reduce potential controversy.
  
- (b) No.
  - iii. While some plants may be retired within the ten year period, there is also related decommissioning costs that may be greater than the plant's ongoing costs. To keep the calculations simple and reduce

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potential controversy, the Company's analysis did not consider potential plant retirements.

- (c) No. While the Company excluded revenue associated with net power costs from its calculation, it did not specifically prepare power cost studies to examine a difference in margin on wholesale sales for resale.
  - ii. To keep the calculations simple and reduce potential controversy, the Company did not include specific power cost studies in its analysis.

PREPARER: Robert Meredith

SPONSOR: R. Bryce Dalley