

UE-161204 / Pacific Power & Light Company  
March 17, 2017  
PC Data Request 13

### **PC Data Request 13**

Refer to the Direct Testimony of R. Bryce Dalley, Exhibit No. RBD-1T, at 3:4-20: “In just two counties in Washington (Columbia and Walla Walla), the regulated electric utility (Pacific Power) has been unable to negotiate a service area agreement with the rural electric association (Columbia REA), despite engaging in negotiations—including negotiations mediated by a Commission administrative law judge. Pacific Power customers in these counties can therefore choose to permanently discontinue receiving service from the Company and switch electric service providers. The absence of a service area agreement with Columbia REA stands in stark contrast to the ‘regulatory compact’ under which the state ‘grants the company a protected monopoly, essentially a franchise, for the sale and distribution of electricity or natural gas to customers in its defined service territory. In return, the company commits to supply the full quantities demanded by those customers at a price calculated to cover all operating costs plus a ‘reasonable’ return on the capital invested in the enterprise. The Commission has recognized the compact as a utility’s ‘obligation to provide all customers in [its] territory with safe and reliable service in return for the regulator’s promise to set rates that will compensate the utility for the costs incurred to meet that obligation.’”

Please explain whether the State of Washington, or other parties, has taken any actions legislatively to establish franchises for utilities in specific service territories.

- a. If so, what have the actions been and what has been the result of those actions?
- b. If not, why has the Company opted not to take action or advocate for legislative actions to establish franchises for specific service territories?

### **Response to PC Data Request 13**

The Company objects to this Request on the ground that it lacks sufficient knowledge or information to respond regarding the actions of third-parties. The Company does not collect and maintain such information in the ordinary course of business. Subject to and without waiving this objection, the Company responds as follows:

The Company was involved in several legislative proposals during the last three years in which it advocated for the inclusion of provisions to strengthen service territory protections in the State of Washington. For example, with House Bill (HB) 2176 (2014) and HB 1301 (2014), the Company proposed and supported language that would have only allowed the incumbent utility to provide solar

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by attorney-client privilege or other applicable privileges or law may have been included in response to these data requests. Accordingly, PacifiCorp reserves its right to seek the return of any privileged or protected materials that may have been inadvertently disclosed, and respectfully advise that any inadvertent disclosure should not be considered a waiver of any applicable privileges or rights. PacifiCorp respectfully requests that you inform PacifiCorp immediately if you become aware of any such materials in these responses.

UE-161204 / Pacific Power & Light Company

March 17, 2017

PC Data Request 13

leasing services, effectively prohibiting competing utilities from offering that service in another utility's service territory. Similarly, with SB 6132 (2015), the Company proposed and supported language that would have required utilities to enter into service territory agreements and included a resolution process to govern circumstances in which the neighboring utilities could not otherwise reach agreement. The efforts of the Company in both the 2014 and 2015 legislative sessions were unsuccessful.

PREPARER: Etta Lockey

SPONSOR: TBD

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by attorney-client privilege or other applicable privileges or law may have been included in response to these data requests. Accordingly, PacifiCorp reserves its right to seek the return of any privileged or protected materials that may have been inadvertently disclosed, and respectfully advise that any inadvertent disclosure should not be considered a waiver of any applicable privileges or rights. PacifiCorp respectfully requests that you inform PacifiCorp immediately if you become aware of any such materials in these responses.