

**PUBLIC COUNSEL DATA REQUEST PC-2 TO CREA:**

**PC-2. Re: Low-Income Rate Assistance Programs**

Please confirm whether or not any customers who qualify for CREA's low-income programs have switched their electric service from Pacific Power to CREA? If confirming, please provide a count of the customers qualifying for low-income rate assistance who have acquired electric service from CREA after departing Pacific Power's system during the last three years, 2014-2016. If final data for 2016 is not yet available, please provide the most up-to-date data now and the remaining data when available.

**RESPONSE TO PUBLIC COUNSEL DATA REQUEST PC- 2:**

CREA objects to Public Counsel Data Request No. PC-2 on the basis that the information requested is not relevant to the "primary issue in this proceeding [which] relates to the rates, terms, and conditions of [Pacific Power's] proposed tariff filings"<sup>2/</sup> and is not reasonably calculated to lead to the discovery of admissible evidence. Without waiving the foregoing objections, CREA responds as follows:

No customers who qualify for CREA's low-income programs have switched their electric service from Pacific Power to CREA. Although residential customers switch their service to CREA each year, CREA's residential rates are higher than Pacific Power's. CREA does not have any direct knowledge of the circumstances that influence a low-income customer to choose to stay with their existing provider or to switch providers, but CREA assumes that cost is a driving factor for these customers and that this factor trumps other benefits of CREA membership, including a member-focused service, local control, and an ownership interest in the cooperative.

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<sup>2/</sup> Order 04 ¶ 12 (Jan. 4, 2017).

Date: March 28, 2017  
Respondent: Scott Peters  
Witness: Les Teel

**PUBLIC COUNSEL DATA REQUEST PC-6 TO CREA:**

PC-6. Refer to the Direct Testimony of R. Bryce Dalley, RBD-1T at 11:16-19, which states:

“The proposed revisions also clarify the responsibility of customers who receive redundant electric service from another provider without first notifying the Company and permanently disconnecting from the Company’s system. The resulting redundant facilities present a major safety concern for the Company.”

Please explain:

- a. The processes that CREA *currently* has in place to ensure that “redundant” service and associated safety issues are avoided. Include in your response any supporting documentation, in addition to the title of individuals CREA must notify, and the order in which those individuals must be notified, who work for Pacific Power, the Customer, the municipality and the local first responders, and CREA.
- b. If no such process is in place, please recommend what steps CREA plans to make, and in what time frame, to provide such assurances.
- c. If CREA has no current plans for such a process, what would CREA suggest the process should be to ensure safety is not endangered as a result of duplicative infrastructure in these counties?

**RESPONSE TO PUBLIC COUNSEL DATA REQUEST PC-6:**

CREA objects to Public Counsel Data Request No. PC-6 on the basis that the information requested is not relevant to the “primary issue in this proceeding [which] relates to the rates, terms, and conditions of [Pacific Power’s] proposed tariff filings”<sup>6/</sup> and is not reasonably calculated to lead to the discovery of admissible evidence. Without waiving the foregoing objections, CREA responds as follows:

- a. The above-quoted testimony of R. Bryce Dalley mischaracterizes CREA’s practices. In addition, CREA objects to the use of the word "redundant" as being vague and ambiguous to include the suggestion that Pacific Power (“Company”) is not notified of disconnection from the Company's system. Without waiving said objection, CREA interprets the phrase “redundant service” to mean service provided to a single location by two separate service providers simultaneously. CREA does not install "redundant" service.

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<sup>6/</sup> Order 04 ¶ 12 (Jan. 4, 2017).

CREA performs all electric service installations in accordance with National Electric Code, national electric safety code, and Washington State Bureau of Labor and Industries requirements. When a Pacific Power customer decides to disconnect its electric services, the customer will arrange for disconnection and receive a schedule or date for the disconnection. CREA will then make arrangements to provide electric services. When the customer advises that a disconnection has been arranged with Pacific Power, CREA will coordinate its construction activities between the CREA general foreman and Pacific Power foreman. Disconnection and reconnection work is programmed to occur with minimal service disruption to the customer. If the customer has modified or changed the service, CREA will not energize without State Labor & Industries approval.

If the service connection requires work to be done within the public right-of-way, CREA activates the "one-call" system and notifies the affected local jurisdiction according to its franchise agreements/ordinances. CREA line and electric service installations are inspected by the Washington State Department of Labor and Industries.

- b. Not applicable.
- c. Not applicable.

**PUBLIC COUNSEL DATA REQUEST PC-9 TO CREA:**

**PC-9. Re: Response Testimony of Michael P. Gorman, Exhibit No. MPG-1T**

Please refer to MPG-1T, page 11, lines 17-26, which states:

If a customer chooses to leave PP's service, under the terms and conditions approved by the WUTC, then that customer should be obligated to pay no more than necessary to provide PP compensation for the facilities that were used to provide service to the customer. Requiring customers to compensate PP for these facilities at the fair market value, which will likely exceed the facilities' net book value, will result in unjust charges to departing customers. If the customers had not left the system, they would have compensated PP based on net book value of the facilities via the original cost rate base form of setting rates. As such, compensation for facilities dedicated to a customer should be purchased from PP at their net book value.

Based on this statement, please explain:

- a) How did Mr. Gorman determine that the fair market value of these facilities would likely exceed the facilities' net book value?
- b) If Columbia REA were to acquire the same facilities today and install them to serve its customers, would the cost be higher than PP's net book value?
- c) What is Columbia REA's policy for requiring departing customers to pay for facilities that must be removed because they are no longer needed to serve that customer?
- d) Please provide Columbia REA's terms of service for commercial and industrial customers, including the on-going cost for service and any one-time charges for commencing or terminating service.

**RESPONSE TO PUBLIC COUNSEL DATA REQUEST PC- 9:**

- a. This is Mr. Gorman's understanding based on his experience in evaluating fair market value of utility assets for regulatory proceedings. Both Indiana and Arizona are fair market value jurisdictions. Assessing the difference between fair market value and original cost in measuring a utility's rate base is standard practice in these two jurisdictions. Generally, fair market value exceeds original cost when these measurements are performed. Mr. Gorman has participated in several rate cases in both of these jurisdictions over the last 30 years.
- b. Columbia REA objects to this request on the grounds that the information requested is not relevant to the issues in this proceeding, is vague, and calls for speculation. Without waiving the foregoing objections, Columbia REA responds as follows: Columbia REA cannot state with certainty whether "the cost to acquire the same facilities" as those currently used by PP to serve its customers would be higher or lower, as this depends on the condition of the facilities and whether and under what conditions they are available

for purchase, which is why requiring a fair market valuation is problematic. Additionally, while Columbia REA could incur additional costs to install the referenced facilities, such costs have no impact on PP's remaining customers and, therefore, are not relevant to the rates, terms, and conditions of PP's service to its customers.

- c. Columbia REA objects to this request on the grounds that the information requested is not relevant to the issues in this proceeding. Without waiving said objection, Columbia REA responds as follows: If Columbia REA installed a line extension to the customer, that customer could be required to reimburse the cooperative for a prorated portion of any costs Columbia REA incurred to install the line extension, depending on how long the customer took service from the cooperative. See Attachment A to Columbia REA's Response to PC-9c for a copy of Columbia REA's form Electric Service Agreement, which provides more specifics on how these costs may be incurred. Please also see Confidential Attachment A to Columbia REA's Response to Staff Data Request No. 1 for a copy of Columbia REA's line extension policy. Columbia REA does not otherwise charge departing customers for the cost of disconnection and has no tariffs that are equivalent to Pacific Power's tariffs at issue in this proceeding.
- d. See Attachment A to Columbia REA's Response to PC-9c and Confidential Attachment B to Columbia REA's response to Staff Data Request No. 1.