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UE-161204 / Pacific Power & Light Company January 30, 2017 Boise 1st Set Data Request 005

Boise Data Request 005

Refer to Exh. RBD-1T at 2:23-3:3 and 4:4-9. Please confirm that Pacific Power does not have a service area agreement with any other neighboring utility apart from Benton REA.

Response to Boise Data Request 005

Confirmed. The only service area agreement Pacific Power has in the State of Washington is with Benton REA.

PREPARER: Bill Clemens

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UE-161204 / Pacific Power & Light Company January 30, 2017 Boise 1st Set Data Request 007

Boise Data Request 007

Please refer to Exh. RBD-1T at 4:12-14. Have customers continuously (i.e., in each year) requested to permanently disconnect from the Company's system and switch service providers since 1999, when the Mr. Dalley testifies that that the Company filed the original net removal tariff?

Response to Boise Data Request 007

Yes.

PREPARER: Melissa Nottingham

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UE-161204 / Pacific Power & Light Company January 30, 2017 Boise 1st Set Data Request 009

Boise Data Request 009

Please refer to Exh. RBD-1T at 4:20-5:2. Regarding "in-person visits to businesses" alleged to a neighboring unregulated utility that "have included offers of rates that are lower than Pacific Power's":

- a. Does the Company agree that this would be a proper competitive practice in Washington? (See Exh. RBD-1T at 5:5-6, where Mr. Dalley offers testimony on "proper" practice, to the extent that the Company needs any guidance on the usage or interpretation of "proper").
- b. Has the Company sought authorization from the Commission to reduce its authorized rates to remain competitive with neighboring utilities? If yes, please explain.
- c. Has the Company made in-person visits to existing business customers to offer rates lower than neighboring utilities? If yes, please explain.

Response to Boise Data Request 009

- a. Columbia REA and its business practices are not regulated by the Commission. The tariffs proposed in this proceeding are necessary to protect Pacific Power's remaining customers from the effects of Columbia REA's competitive practices.
- b. No. There are significant differences between regulated utilities and unregulated utilities that do not allow for an apples-to-apples comparison. A comparison solely based on rates does not capture proper competition between these differently structured utilities.

Unlike unregulated utilities, Pacific Power's rates are based on cost of service and are set and approved by the Washington Utilities and Transportation Commission through a rigorous public process that includes customer participation. Pacific Power's rates are publicly posted and accessible on the Company's website.

Provided below are a few additional notable differences:

- Pacific Power must comply with the State of Washington's renewable portfolio standards requirements, conservation acquisition standards, and the Clean Air Rule.
- Pacific Power does not have access to lower-cost, preference power from Bonneville Power Administration.
- Pacific Power does not have access to grants, tax-free bonds, or lowinterest loans from Federal or non-profit organizations.

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.

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- Pacific Power offers a low income bill assistance program, a low income weatherization program, and energy assistance through Project HELP.
- c. No. The Company is unable to offer rates other than those approved by the Commission in the Company's tariffs.

PREPARER: R. Bryce Dalley

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UE-161204 / Pacific Power & Light Company January 30, 2017 Boise 1st Set Data Request 0011

Boise Data Request 0011

Refer to Exh. RBD-1T at 6:3-5 and Exh. RBD-3. Please explain the term "high-margin customers" in the context of the four rate classes included in Exh. RBD-3 (e.g., does a "high-margin customer" include all customers within non-residential classes or only particular customers within one or more of the four classes).

Response to Boise Data Request 0011

As used in the cited testimony, the reference to "high margin customers" does not correspond to any particular rate class. Rather, the Company is referring to the fact that the departing customers are not those receiving income-based bill assistance.

"High margin customers" also refers to customers that are advantageous for a neighboring utility to "cherry-pick" at minimal cost. These customers may be customers located in areas near existing infrastructure that would involve limited connection costs, customers that provide a strategic avenue to pursue further growth in an area, or high usage customers. A neighboring utility's ability to hand select customers without the obligation to serve the entire area could result in higher margins for that utility.

PREPARER: R. Bryce Dalley

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UE-161204 / Pacific Power & Light Company January 30, 2017 Boise 1st Set Data Request 0014

Boise Data Request 0014

Please refer to Exh. RBD-1T at 8:1-14. Regarding the question of whether Pacific Power is "able to compete" with neighboring utilities:

- a. Please provide a yes or no answer to the question or explain why the Company cannot do so.
- b. Do the facts that Pacific Power is "subject to Commission rate regulation" and must "charge customers based on Commission-approved tariffs" prevent the Company from being competitive?
- c. Is the Company able to "entice" existing customers to remain on Pacific Power's system by any means, as a counter to the alleged ability of non-regulated utilities to "entice" the Company's customers via "special rates"? If yes, please explain.

Response to Boise Data Request 0014

Columbia REA and its business practices are not regulated by the Commission. The tariffs proposed in this proceeding are necessary to protect Pacific Power's remaining customers from the effects of Columbia REA's competitive practices. The Company is unable to offer rates other than those approved by the Commission in the Company's tariffs.

Please refer to the Company's response to Boise Data Request 009 b.

PREPARER: R. Bryce Dalley

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UE-161204 / Pacific Power & Light Company January 30, 2017 Boise 1st Set Data Request 0015

Boise Data Request 0015

Please refer to Exh. RBD-1T at 8:17-9:4. Please confirm that:

- a. When asked about what "current" tariffs provide in the event of a customer request for permanent disconnection, Mr. Dalley does not accurately quote Rule 6, but omits the word "only";
- b. In Docket 143932, Mr. Dalley also omitted the word "only" when quoting Rule 6 (see Exh. RBD-1T at 14:12-15);
- c. In Docket 143932, the Company again omitted the word "only" in briefing when quoting Rule 6 (see Pacific Power Initial Brief at ¶ 1); and
- d. In Docket 143932, in both Order 03 (¶ 16, 17) and Order 05 (¶ 5), the Commission found that "Rule 6 is not reasonably susceptible to Pacific Power's interpretation" by expressly pointing to "[t]he inclusion of the term 'only."

Response to Boise Data Request 0015

The initial omission, which occurred in Mr. Dalley's testimony in Docket UE-143932 was entirely inadvertent. The subsequent omissions were equally inadvertent as they resulted from cutting and pasting the relevant portion of the testimony. Regardless, the absence of "only" does not impact how the rule was previously applied nor how the proposed rules will be applied to customers. The definition of Permanent Disconnection in Rule 1, page 2, clearly identifies the facilities that would be subject to Rule 6 and Schedule 300. The proposed rules no longer include the undefined term "safety or operational reasons," which led to confusion, and in the case of the Walla Walla Country Club proceeding, dispute.

The proposed language for Rule 1.2 is as follows:

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.

The Company does not intend to remove facilities providing service to customers not requesting permanent disconnection.

PREPARER: Melissa Nottingham

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.

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UE-161204 / Pacific Power & Light Company January 31, 2017 Boise 2nd Set Data Request 0017

Boise Data Request 0017

Refer to Exh. RBD-1T at 10:8-11:3, where Mr. Dalley proposes the customer options of "Payment of the Actual Cost of Removal" or "Fair Market Value Purchase" in the event of future permanent disconnections:

- a. Please confirm that the amounts required under the two customers payment/purchase "options" will be roughly equal.
- b. If the Company does not confirm, please explain relative to the following Company statement in UE-143932, Pacific Power Initial Brief at ¶ 11: "Given the fair market value figure necessarily incorporates the cost of installation, it stands to reason that the estimated cost to remove the subject facilities is *roughly equal*." (Emphasis added).

Response to Boise Data Request 0017

- a. Not confirmed.
- b. In the circumstance of the Walla Walla Country Club requesting to permanently disconnect, the fair market value of the subject facilities was roughly equal to the actual cost to remove those facilities. The facts and circumstances presented in other instances of a departing customer requesting to permanently disconnect may result in the Fair Market Value of the subject facilities differing from the Actual Cost of Removal.

PREPARER: R. Bryce Dalley

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UE-161204 / Pacific Power & Light Company January 31, 2017 Boise 2nd Set Data Request 0018

Boise Data Request 0018

Refer to Exh. RBD-1T at 10:21-11:1, where Mr. Dalley proposes a customer option "to purchase certain facilities (e.g., underground conduit and vaults)" at fair market value ("FMV"):

- a. Please confirm that the Company's FMV assessment of underground conduit and vaults in Docket UE-143932 was 62% higher than the Company's highest offer to sell those same underground conduit and vaults prior to FMV assessment. (See, e.g., UE-143932, Order 03 at ¶ 6; UE-143932, Pacific Power Initial Brief at ¶ 10).
- b. Please confirm that the Company's FMV assessment of underground conduit and vaults in Docket UE-143932 was 1,130% higher than the Company's lowest offer to sell those same underground conduit and vaults prior to FMV assessment. (See, e.g., UE-143932, Order 03 at ¶ 6; UE-143932, Pacific Power Initial Brief at ¶ 10).

Response to Boise Data Request 0018

- a. Confirmed. Pacific Power's indications of willingness to sell the subject facilities before securing the fair market value appraisal did not include a number of recognized elements of fair market value such as the cost of installation.
- b. Confirmed. Pacific Power's indications of willingness to sell the subject facilities before securing the fair market value appraisal did not include a number of recognized elements of fair market value such as the cost of installation.

PREPARER: R. Bryce Dalley

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UE-161204 / Pacific Power & Light Company January 31, 2017 Boise 2nd Set Data Request 0019

Boise Data Request 0019

Refer to Exh. RBD-1T at 10:21-11:3, where Mr. Dalley explains that, under the Company's proposed FMV purchase option for facilities such as "underground conduit and vaults," a "departing customer will assume ownership and liability in any way arising from the facilities following the purchase":

- a. Please confirm that the Company no longer holds to the position stated in UE-143932, where Mr. Dalley "testified that he believes the Company must perpetually maintain the underground facilities upon permanent disconnection because the Company may not transfer ownership of its underground facilities." (See Order 03 at ¶ 22).
- b. If the Company does not confirm, please explain how Mr. Dalley's testimony in the two proceedings are not contradictory.

Response to Boise Data Request 0019

- a. The Company interprets the NESC to require perpetual maintenance of facilities, but defers to the Commission's findings and conclusions entered in Docket UE-143932.
- b. Please see the response to subpart a.

PREPARER: R. Bryce Dalley

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UE-161204 / Pacific Power & Light Company January 31, 2017 Boise 2nd Set Data Request 0020

Boise Data Request 0020

Refer to Exh. RBD-1T at 11:4-14, where Mr. Dalley testifies that the Company now "seeks the flexibility to abandon and decommission facilities":

- a. Please confirm that, in relation to National Electric Safety Code ("NESC") requirements, "the Company's argument that the NESC prohibits the Company from abandoning" facilities, as argued in UE-143932, is no longer the position of Pacific Power in this proceeding. (See UE-143932, Order 03 at ¶ 22).
- b. If the Company does not confirm, please explain why Pacific Power is asking the Commission to grant the Company "sole discretion" to abandon facilities, if the NESC prohibits facilities abandonment.

Response to Boise Data Request 0020

- a. The Company interprets the NESC to require perpetual maintenance of facilities, but defers to the Commission's findings and conclusions entered in Docket UE-143932.
- b. Please see the response to subpart a.

PREPARER: R. Bryce Dalley

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UE-161204 / Pacific Power & Light Company January 31, 2017 Boise 2nd Set Data Request 0023

Boise Data Request 0023

Please refer to Exh. RBD-1T at 12:14-20, explaining why "Pacific Power believes" FMV calculations are fair and appropriate under the proposed facilities purchase option:

- a. Does Pacific Power believe that transferred facilities benefit a "departing customer in its relationship with the new electric service provider" in all circumstances? Please explain.
- b. Does Pacific Power believe that transferred facilities "represent significant value to the departing customer and the new electric service provider" in all circumstances? Please explain.
- c. Please explain the relevance of alleged facilities benefit or value to a new electric service provider in relation to "appropriate compensation to the Company's remaining customers." (See, e.g., Order 04 at ¶ 12 ("The Commission will not broaden the scope of the proceeding to address how those [proposed] rates, terms and conditions may affect the legal or property interests of the nonregulated utilities")).
- d. Does the Company believe its arguments in support of FMV calculations apply to circumstances in which a departing customer would supply its own electric service? Please explain.
- e. Does Pacific Power believe its arguments in support of FMV calculations apply to circumstances in which a departing customer would permanently disconnect from the Company's system but not procure any new electric service (e.g., a homeowner plans to stop receiving electric service for any reason, such as to demolish a building and create a greenspace)? Please explain.

Response to Boise Data Request 0023

- a. The Company is not aware of circumstances in which transferred facilities would not benefit a departing customer and/or a new provider, as evidenced by the customer electing to purchase the facilities.
- b. The Company is not aware of circumstances in which transferred facilities would not represent value to a departing customer and/or a new provider, as evidenced by the customer electing to purchase the facilities.

Exh. RBD______ Witness: R. Bryce Dalley Page 14 of 37

UE-161204 / Pacific Power & Light Company January 31, 2017 Boise 2nd Set Data Request 0023

- c. Objection. Subpart c. is vague, confusing and not likely to lead to the discovery of admissible evidence.
- d. Yes. Regardless of how a departing customer ultimately secures electric service, the Company seeks to ensure that its remaining customers are properly compensated upon the sale of facilities. A departing customer's election to purchase facilities evidences the value of those facilities.
- e. Yes. Again, a departing customer's election to purchase facilities in lieu of removal evidences the value of those facilities.

PREPARER: R. Bryce Dalley

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UE-161204 / Pacific Power & Light Company January 31, 2017
Boise 2nd Set Data Request 0024

Boise Data Request 0024

Please refer to Exh. RBD-1T at 12:17-13:3, where Mr. Dalley references circumstances in which departing customer "facilities in place for a significant amount of time may have nominal or no Net Book Value" ("NBV"), and quotes UE-132027, Order 04, before asserting that "[h]aving the sale of the assets valued at Fair Market Value and credited back to the remaining customers properly compensates those customers":

- a. Does Pacific Power agree with the Commission's definition of asset NBV as "original cost less accumulated depreciation," as stated in the same order which Mr. Dalley quotes? (See UE-132027, Order 04 at ¶ 11). If not, please explain the Company's understanding of asset NBV and in what respects the Company believes the Commission was in error.
- b. If "facilities in place for a significant amount of time" have nominal or no NBV, does the Company agree that such circumstances are the result of customers having paid most or all of the original asset cost to the Company, through authorized rates (including both a return of and a return on the asset cost), over that same "amount of time"? If not, please explain.
- c. If facilities have nominal or no NBV after having been "in place for a significant amount of time," does the Company agree that such circumstances are the result of facilities having been used and useful to customers for that "amount of time"? If not, please explain, including a narrative on how the Company would be authorized to charge for asset costs over a "significant amount of time" for facilities that are not used and useful to customers.
- d. If facilities have nominal or no NBV after having been "in place for a significant amount of time," does the Company agree that customers have been properly compensated for facilities payment through rates via the use and usefulness of those facilities during that same "amount of time"? If not, please explain.
- e. If departing customer facilities have nominal or no NBV after having been "in place for a significant amount of time," does the Company agree that such circumstances could be the result of existing customers, including the departing customer, having paid most or all of the original asset cost through rates? If not, please explain.
- f. If existing customers, including a departing customer, have been properly compensated for facilities payment through rates via the use and

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Exh. RBD____ Witness: R. Bryce Dalley Page 16 of 37

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usefulness of those same facilities "in place for a significant amount of time," does the Company agree that the proposed FMV asset sale accreditation "back to remaining customers" would result in a "windfall" or extra compensation for remaining customers, at the expense of the departing customer? If not, please explain.

Response to Boise Data Request 0024

- a. Yes.
- b. Yes.
- c. Yes.
- d. Yes.
- e. Yes.
- f. No. It would be treated the same as any sale of facilities. The Company objects to Boise's characterization of this scenario as "windfall". A sale at Fair Market Value would properly compensate customers for the facilities purchased on behalf of customers.

PREPARER: R. Bryce Dalley

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Boise Data Request 0029

Please refer to Exh. RBD-1T at 13:13-18, where Mr. Dalley alleges that stranded cost assignment is appropriate to a "unique circumstance" in which a non-regulated entity is "cherry-picking large commercial or high-density customers." Does the Company agree that Exh. RBD-3 indicates that the industrial class does not comprise a majority of this alleged "cherry-picked" class of customers? If not, please explain.

Response to Boise Data Request 0029

No. The Company does not agree. The tariff is intended to be broad enough to capture any customer class. Please refer to the response to Boise DR 0010 which is incorporated herein by reference.

PREPARER: R. Bryce Dalley

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Boise Data Request 0031

Please refer to Exh. RBD-1T at 14:12-21. Does the Company seek recovery of alleged stranded costs for any investments that have not yet been approved and authorized for recovery in rates by the WUTC (e.g., for any PacifiCorp system investments outside Washington)? If yes, please explain.

Response to Boise Data Request 0031

No.

PREPARER: Robert Meredith

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UE-161204 / Pacific Power & Light Company March 29, 2017 Boise 4th Set Data Request 0060

Boise Data Request 0060

Reference Docket PAC-E-16-16 before the Idaho Public Utility Commission: Please provide a confidential copy of any and all contracts between the Company and the City of Idaho Falls necessary to effectuate the transfer to the underlying customer, as discussed in the referenced docket. Please provide a confidential copy of the contract, with all private customer information redacted.

Response to Boise Data Request 0060

A copy of the executed agreement is provided as Attachment Boise 0060. The contract is non-confidential and was filed for approval by the Idaho Public Utilities Commission.

PREPARER: Daniel Solander

SPONSOR: TBD

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ASSET PURCHASE AGREEMENT BETWEEN ROCKY MOUNTAIN POWER AND CITY OF IDAHO FALLS, IDAHO

This Asset Purchase Agreement (the "Agreement"), dated this <u>10th</u> day of <u>February</u>, 2016 is between City of Idaho Falls, Idaho, a municipal corporation of the State of Idaho d/b/a Idaho Falls Power, ("Buyer"); and PacifiCorp, an Oregon corporation, d/b/a in Idaho as Rocky Mountain Power ("Rocky Mountain Power"). Rocky Mountain Power and Buyer are sometimes referred to collectively as "Parties" and individually as "Party."

WHEREAS, Rocky Mountain Power owns certain distribution assets located at 6766 South 5th West, Idaho Falls, Bonneville County, Idaho and more particularly described in Exhibit C, attached to this Agreement and incorporated herein.

WHEREAS, Buyer has agreed to purchase the distribution assets from Rocky Mountain Power and Rocky Mountain Power hereby agrees to sell the distribution assets to Buyer in accordance with and subject to all of the terms and conditions of sale as expressed herein; and

NOW, THEREFORE, for and in consideration of the mutual promises and covenants and conditions set forth in this Agreement, the sufficiency of which is hereby mutually acknowledged and accepted, the Parties hereto agree as follows:

1. Definitions.

For purposes of this Agreement, the following terms used herein but not otherwise defined herein shall have the following meaning when used with initial capitalization, whether singular or plural:

- 1.01 "Assets" means those distribution assets owned by Rocky Mountain Power, as set forth in Exhibit A. A map showing the location of the Assets is attached as Exhibit C.
 - 1.02 "Commission" means the Idaho Public Utilities Commission.
- 1.03 "Revenue Reimbursement Costs" means the amount equal to one hundred sixty seven percent (167%) of the total of revenue for the most current twelve (12) months usage from each of the customers transferred with the Assets and pursuant to this Agreement, as shown in Exhibit B and previously agreed upon between the Parties in that certain Asset Allocation Agreement, dated.
- 1.04 "Legal and Transaction Costs" means costs in additional to the total cost of the Assets and incurred by Rocky Mountain Power in order to effectuate this transaction, as set forth in Exhibit A.

Idaho Falls City Asset Purchase Agreement Page 1 of 15

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1.05 "Purchase Price" means the total price Buyer will pay to Rocky Mountain Power for (a) the Assets and (b) the Revenue Reimbursement Costs pursuant to Section 2 of this Agreement.

- 1.06 "Transferred Customers" means the Customers that will be transferred to Idaho Falls Power as a result of this transaction and whose meter numbers are listed in Exhibit B.
- 1.07 "Transfer Date" means the date upon which Rocky Mountain Power executes the bill of sale for the Assets and all of the Transferred Customers shall become the customers of Idaho Falls Power.

2. Sale and Purchase of Assets.

- 2.01 <u>Assets to Be Sold</u>. Subject to all of the terms and conditions of this Agreement, Rocky Mountain Power agrees to sell and Buyer agrees to buy all of Rocky Mountain Power's right, title and interest in the Assets.
- 2.02 <u>Purchase Price</u>. The Purchase Price shall be FOUR THOUSAND EIGHT HUNDRED FIFTY AND 67/100 (\$4,850.67).
- 2.03 Payment. The Purchase Price shall be paid to Rocky Mountain Power by Buyer within fifteen (15) days of the date this Agreement is executed by both Parties; such payment shall be by check.
- 2.04 <u>Instruments of Conveyance and Transfer</u>. Subject to the satisfaction of the conditions precedent set forth in Section 8 of this Agreement, and pursuant to all of the terms and conditions of this Agreement, Rocky Mountain Power shall execute and deliver to Buyer a bill of sale to vest in Buyer good and marketable title to the Assets, subject to no security interests, liens or encumbrances, and substantially in the form of the bill of sale attached hereto as Exhibit D.
- 2.05 <u>Sales, Transfer, and Other Taxes</u>. Any sales, excise, transfer, purchase, use, or similar tax which may be payable by reason of the sale of all or a portion of the Assets shall be borne and paid by Buyer.

3. Ownership; Separation and Transfer, Operation and Maintenance; Risk of Loss

- 3.01 Ownership. Rocky Mountain Power shall own the Assets until the Transfer Date.
- 3.02 <u>Separation and Transfer</u>. The Parties mutually agree upon the following procedures for transferring possession and operation of the Assets: After the Transfer Date, the Assets shall no longer be, or deemed to be, part of Rocky Mountain Power's electrical system. Rocky Mountain Power will read its meters as of the Transfer Date and issue a final billing to the Transferred Customers for any energy used, and any other charges that have accrued prior to the Transfer date.

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3.03 Immediately upon the Transfer Date Buyer shall be responsible for the reliable provision of electric service to, and all billings and collections from, the Transferred Customers and for any and all maintenance obligations of the Assets.

- 3.04 <u>Transfer of Customers</u>. Rock Mountain Power shall relinquish electrical service to all of its residents at 11:59 a.m. Idaho Falls local time on the Transfer Date, or such other date as mutually agreed to by the parties in writing. Rocky Mountain Power shall be obligated to continue to provide service and entitled to receive payment from the sale and delivery of electric service up to the Transfer Date and Buyer shall have the authority and the obligation to provide electric service to the Transferred Customers and shall be entitled to receive payment from any electric service from and after 12:00 p.m. Idaho Falls local time on the day after the Transfer Date, unless otherwise agreed to by the Parties in writing. From and after the Transfer Date, service to the Transferred Customers shall be provided by Buyer.
- 3.05 Operation and Maintenance; Risk of Loss. After the Transfer Date, Buyer shall own and be solely responsible for the operation and maintenance of the Assets and risk of loss of the Assets. Prior to the Transfer Date, Rocky Mountain Power shall be responsible for the operation and maintenance of the Assets.
- 4. Representations and Warranties of Rocky Mountain Power.

Rocky Mountain Power represents and warrants as follows:

- 4.01 <u>Organization and Powers of Rocky Mountain Power</u>. Rocky Mountain Power is an Oregon corporation, duly organized and validly existing under the laws of the State of Oregon, and is duly qualified to do business in the State of Idaho. Rocky Mountain Power has all requisite power and authority to own the Assets.
- Authority Relative to Agreement; Governmental Authorization. Rocky Mountain Power has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly authorized and constitutes the valid and binding obligation of Rocky Mountain Power enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedies of specific performance and injunctive relief are subject to the discretion of the court before which any proceeding may be brought. No declaration, filing or registration with, or notice to, or authorization, consent or approval of, any governmental or regulatory body or authority is necessary for the execution and delivery of this Agreement by Rocky Mountain Power or the consummation by Rocky Mountain Power of the transactions contemplated by this Agreement, provided that Rocky Mountain Power makes no representation or warranty with respect to approvals which may be required from the Idaho Public Utilities Commission or the Federal Energy Regulatory Commission.
- 4.03 <u>Non-Contravention; Approvals</u>. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not violate, conflict with or result in a breach of any provision of, or constitute a default under, or result in the termination of any note, bond, mortgage, indenture, deed of trust, contract, lease or other instrument, obligation

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or agreement of any kind to which Rocky Mountain Power is now a Party or by which any of its assets may be bound or affected.

- 4.04 <u>Title to the Assets</u>. Rocky Mountain Power has good and marketable title to the Assets free and clear of all liens, mortgages, pledges, claims, charges, security interests or other encumbrances.
- 4.05 Condition of Assets. The Assets will be sold to Buyer "AS IS, WHERE IS." Rocky Mountain Power hereby disclaims and excludes herefrom, (a) any express or implied representation or warranty as to the value, condition, design, operation, or quality of the materials or workmanship in, or any defects in, the Assets, (b) any express or implied warranty of merchantability or fitness for use or for a particular purpose, or (c) any express or implied representation, guarantee, obligation, liability or warranty of Rocky Mountain Power, express or implied, of any kind, arising by law or from course of performance, course of dealing, or usage of trade.

5. Representations and Warranties of Buyer.

Buyer represents and warrants as follows:

- 5.01 <u>Organization and Powers of Buyer</u>. Buyer is duly qualified to do business in the State of Idaho. Buyer has all requisite power and authority to own the Assets.
- 5.02 Authority Relative to Agreement; Governmental Authorization. Buyer has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly authorized and constitutes the valid and binding obligation of Buyer enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedies of specific performance and injunctive relief are subject to the discretion of the court before which any proceeding may be brought. No declaration, filing or registration with, or notice to, or authorization, consent or approval of, any governmental or regulatory body or authority is necessary for the execution and delivery of this Agreement by Buyer or the consummation by Buyer of the transactions contemplated by this Agreement, provided that Buyer makes no representation or warranty with respect to approvals which may be required from the Idaho Public Utilities Commission or the Federal Energy Regulatory Commission.
- 5.03 Non-Contravention; Approvals. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not violate, conflict with or result in a breach of any provision of, or constitute a default under, or result in the termination of any note, bond, mortgage, indenture, deed of trust, contract, lease or other instrument, obligation or agreement of any kind to which Buyer is now a Party or by which any of its assets may be bound or affected.
- 5.04 <u>Condition of Assets</u>. The Assets will be purchased by Buyer "AS IS, WHERE IS." Buyer acknowledges that Rocky Mountain Power disclaims and excludes herefrom, (a) any

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express or implied representation or warranty as to the value, condition, design, operation, or quality of the materials or workmanship in, or any defects in, the Assets, (b) any express or implied warranty of merchantability or fitness for use or for a particular purpose, or (c) any express or implied representation, guarantee, obligation, liability or warranty of Rocky Mountain Power, express or implied, of any kind, arising by law or from course of performance, course of dealing, or usage of trade.

6. Covenants of Rocky Mountain Power.

Rocky Mountain Power covenants and agrees as follows:

- 6.01 <u>Conduct of Business</u>. Rocky Mountain Power shall own and operate the Assets for the time periods set forth in Section 3 of this Agreement in accordance with its past practices and shall engage in no material transactions relating to the Assets out of the ordinary course of business, including entering into any contract or financing arrangement that limits Rocky Mountain Power's ability to sell the Assets to Buyer.
- 6.02 <u>Insurance</u>. Until the Transfer Date, Rocky Mountain Power shall continue to self-insure or carry insurance currently in effect related to the Assets, adequate to insure the Assets against loss or damage by fire and other risks, and public liability consistent with and in accordance with its past practices.
- 6.03 <u>Reasonable Efforts</u>. Subject to the terms of this Agreement and fiduciary obligations under applicable law, Rocky Mountain Power shall use commercially reasonable efforts to effectuate the transactions contemplated by this Agreement and to fulfill all of the conditions of the Parties' obligations under this Agreement and shall do all such acts and things as reasonably may be required to carry out Rocky Mountain Power's obligations hereunder and to complete the transaction contemplated by this Agreement.
- 6.04 <u>Notification</u>. Rocky Mountain Power will give Buyer prompt written notice of any event, condition or fact arising prior to the Transfer Date that would cause any of its representations and warranties in this Agreement to be untrue in any material respect.
- 6.05 <u>Access to Assets</u>. Until the Transfer Date, Rocky Mountain Power shall allow Buyer and its authorized agents and representatives reasonable access to the Assets.

7. Covenants of Buyer.

Buyer covenants and agrees as follows:

- 7.01 <u>Insurance</u>. After the Transfer Date, Buyer shall carry insurance or liability coverage adequate to insure the Assets against loss or damage by fire and other risks, and public liability consistent with and in accordance with its past practices for like assets.
- 7.02 <u>Reasonable Efforts</u>. Subject to the terms of this Agreement and fiduciary obligations under applicable law, Buyer shall use commercially reasonable efforts to effectuate the transactions contemplated by this Agreement and to fulfill all of the conditions of the Parties' obligations under this Agreement and shall do all such acts and things as reasonably may be

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required to carry out Buyer's obligations hereunder and to complete the transaction contemplated by this Agreement.

- 7.03 <u>Notification</u>. Buyer will give Rocky Mountain Power prompt written notice of any event, condition or fact arising prior to the Transfer Date that would cause any of its representations and warranties in this Agreement to be untrue in any material respect.
- 7.04 <u>Indemnity</u>. Buyer shall defend, indemnify, and hold harmless Rocky Mountain Power, its officers, directors, employees, and agents, from and against any and all liability, loss, damage, claims, suit or cause of action arising out of or relating to Buyer's ownership, operation or maintenance of the Assets. This obligation shall survive the termination of this Agreement and completion of the transactions contemplated by this Agreement.
- 7.05 <u>Rights-of-way</u>. Prior to the Transfer Date, Buyer shall independently obtain at Buyer's own expense, all easements or other real property rights, licenses or permissions, ("rights-of-way") necessary for Buyer to lawfully operate and maintain the Assets as they presently exist, and upon request, Buyer shall provide reasonably satisfactory evidence of having done so to Rocky Mountain Power.
- 7.06 Operation, Maintenance, Repair, or Replacement of the Assets. Buyer has or will arrange for qualified personnel to operate, maintain, and repair the Assets, and will in no way rely on Rocky Mountain Power for such services. Buyer has or is prepared to locate and procure on its own behalf, replacement components, including transformers, in the event of failure of any or all of the Assets at any time. Buyer takes full responsibility for the installation of such replacement components.

8. Conditions Precedent; Bill of Sale.

All of the obligations of Rocky Mountain Power under this Agreement are subject to the fulfillment, prior to and upon the Transfer Date, of each of the following conditions:

- 8.01 Representations, Warranties and Covenants of Buyer. All representations and warranties made in this Agreement by Buyer shall be true and correct in all material respects as of the Transfer Date as fully as though such representations and warranties had been made on and as of the Transfer Date, and as of the Transfer Date, Buyer shall have complied in all material respects with all covenants made by it in this Agreement.
- 8.02 <u>Litigation</u>. At the Transfer Date, there shall not be in effect any order, decree, or injunction of a court of competent jurisdiction restraining, enjoining, or prohibiting the consummation of the transactions contemplated by this Agreement (each Party hereby agreeing to use its reasonable efforts, including reasonable appeals to higher courts, to have any such order, decree or injunction set aside or lifted), and no action shall have been taken, and no statute, rule, or regulation shall have been enacted, by any state or federal government or governmental agency in the United States which would prevent the consummation of such transactions.

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Additionally, Rocky Mountain Power's obligation to transfer title to the Assets to Buyer by providing Buyer with the bill of sale contemplated herein shall be contingent upon the following:

- 8.03 <u>Payment of Purchase Price</u>. Buyer shall have paid to Rocky Mountain Power the Purchase Price.
- 8.04 <u>Rights-of-way</u>. Buyer shall have provided to Rocky Mountain Power the evidence of necessary rights-of-way provided for in Section 7.05 of this Agreement.

9. Survival of Representations and Warranties.

All representations and warranties of the Parties, and all liability therefor, shall survive for a period of one year past the Transfer Date, at which time the obligations under this agreement shall cease and expire. Notwithstanding the forgoing, obligations under Section 7.04 of this Agreement shall continue indefinitely.

10. Termination.

- 10.01 <u>Termination</u>. This Agreement may be terminated and abandoned at any time prior to the Transfer Date if:
 - (a) The Parties agree in writing to terminate this Agreement by mutual consent; or
- (b) Buyer delivers a written notice to Rocky Mountain Power to the effect that Rocky Mountain Power has defaulted in a material respect under one or more of its covenants and agreements contained herein (which shall be specified in detail in such notice), and such condition or conditions have not been satisfied or such default or defaults have not been remedied (or waived by Buyer) within thirty (30) days after the date such notice is delivered by Buyer to Rocky Mountain Power; or
- (c) Rocky Mountain Power delivers a written notice to Buyer to the effect that Buyer has defaulted in a material respect under one or more of its covenants and agreements contained herein (which shall be specified in detail in such notice), and such condition or conditions have not been satisfied or such default or defaults have not been remedied (or waived by Rocky Mountain Power) within thirty (30) days after the date such notice is delivered by Rocky Mountain Power to Buyer; or
- (d) The Transfer Date shall not have occurred on or before December 16, 2016 or such later date to which the term of this Agreement may be extended pursuant to mutual agreement of the Parties, provided that one of the Parties gives notice to the other so terminating this Agreement and that the Party seeking such termination has not defaulted in a manner responsible for delaying the Transfer Date past May 31, 2017.
- 10.02 <u>Effect of Termination</u>. Except where specific terms and conditions of this Agreement provide that such terms and conditions survive termination of this Agreement, any termination pursuant to this Section 10 shall relieve both Parties hereto of their obligations set

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forth herein, and any such termination constitutes a failure of the conditions to the obligations of the Parties to implement this Agreement, except that nothing herein will relieve any Party from liability for any breach of this Agreement.

11. Assignment.

Neither Party may assign its rights under this Agreement to any third party without the written consent of the other Party.

12. Jurisdiction of Regulatory Authorities

In the event that the Commission or any other state, federal, or municipal authority determines that any provision of this Agreement conflicts with or is in violation of applicable law, or issues any rules, regulations, or orders which require Rocky Mountain Power to alter or amend any of the provisions of this Agreement or to terminate this Agreement, or that otherwise preclude or materially interfere with or rescind the transfer of assets contemplated herein, this Agreement automatically shall be amended to comply with such determination, amendment, rule, regulation or order; or, if so ordered, this Agreement shall terminate without effecting transfer of the Assets to Buyer, or the Assets and the purchase price shall be returned if transfer has already occurred; and in any of the foregoing events, Rocky Mountain Power shall not be liable to Buyer for damages or losses of any kind whatsoever, including consequential damages, which Buyer may sustain as a result of such determination, amendment, rule, regulation, or order, or modification or termination of this transaction, and Buyer shall pay all Disconnect Costs incurred by Rocky Mountain Power, or irrevocably committed to, on or before the date of any such regulatory action.

13. Miscellaneous.

- 13.01 <u>Amendment</u>. This Agreement may be amended only by an instrument in writing executed by the Parties which expressly refers to this Agreement and states that it is an amendment hereto.
- 13.02 <u>Section and Paragraph Headings</u>. The Section and Subsection headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.
- 13.03 <u>Waiver</u>. Any of the terms or conditions of this Agreement may be waived at any time and from time to time, in writing, by the Party entitled to the benefit of such terms or conditions.
- 13.04 <u>Jury Waiver</u>. To the fullest extent permitted by law, each of the Parties waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this Agreement. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

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13.04 <u>Limitation of Remedies</u>. UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE FOR ANY CONSEQUENTIAL, EXEMPLARY, PUNITIVE, SPECIAL, INDIRECT OR INCIDENTAL DAMAGES OR ECONOMIC LOSSES ARISING OUT OF ANY CLAIM, DEMAND, OR ACTION BROUGHT WITH RESPECT TO THIS AGREEMENT.

13.05 <u>Notices</u>. All notices, requests, demands, and other communications given by Buyer or Rocky Mountain Power shall be in writing and shall be deemed to have been duly given when telecopied, when delivered personally in writing or when deposited into the United States mail, to the following addresses:

If to Rocky Mountain Power: Rocky Mountain Power

Aaron Gibson 70 North 200 East

American Fork, Utah 84003

With a copy to: Rocky Mountain Power

Office of General Counsel 1407 N. West Temple Suite 320 Salt Lake City, Utah 84116

If to Buyer: Idaho Falls City Power

Jackie Flowers

140 South Capital Avenue

Box 50220

Idaho Falls, ID 83405

or to such other address as Buyer or Rocky Mountain Power may designate in writing.

- 13.06 <u>Integrated Agreement</u>. This Agreement, when executed, constitutes the entire agreement between the Parties hereto with respect to the Assets defined in this Agreement, and supersedes and negates all prior line extension agreements and understandings, oral and written, between the Parties hereto with respect to the Assets.
- 13.07 <u>Counterparts</u>. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original and which shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the Parties have signed this Agreement as of the date first above written.

IDAHO FALLS POWER

Name: Rebecca Casper

Title: Mayor, Idaho Falls

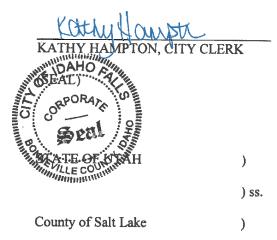
ROCKY MOUNTAIN POWER

Name: R. Jeff Richards

Title: Vice President and General Counsel

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ATTEST:



On this 10th day of 2016, personally appeared before me R. Jeff Richards, whose identity is personally known to me and who my me was duly sworn or affirmed stated that he is the Vice President and General Counsel of Rocky Mountain Power and that said document was signed by him in behalf of said Rocky Mountain Power by Authority of its Bylaws, and said R. Jeff Richards acknowledged to me that said Rocky Mountain Power executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(Seal)



Law 65 M Oranko

Exh. RBD____ Witness: R. Bryce Dalley Page 31 of 37

EXHIBIT A DESCRIPTION OF ASSETS

Property Valuation Sale in Place - Distribution Facilities For: Idaho Falls Power Asset Valuation

Asset Description	FERC ACCOUNT	Vintage	QUANTITY	Sales Price
Pole,Wood,40 FT. CL3	364	2016	1	1,661
POLE,WOOD,35 FT,CL 4	364	1968	1	522
POLE,WOOD,35 FT,CL 4	364	1968	1	522
CONDUCTOR #6 CU	365	1968	730	584
CONDUCTOR #6 CU	365	1968	800	640
CONDUCTOR #6 CU	365	1968	190	152
CONDUCTOR #2 OHTX	365	1968	125	87
XFMR,POLE,10,7.2	368	1960	1	579
Total Equipment			-	4,747

Exh. RBD____ Witness: R. Bryce Dalley Page 32 of 37

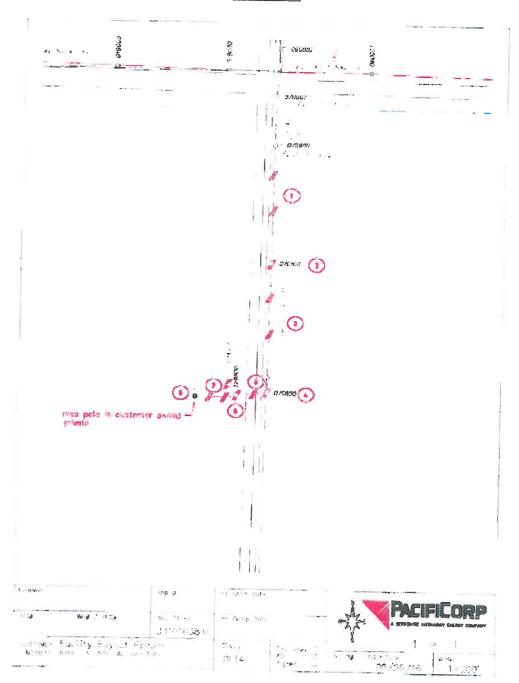
EXHIBIT B 12 Prior Months Electric Bills

Idaho Falls

	Meter
	23589672
October 2015	5.11
September	5.11
August	5.11
July	5.23
June	5.45
May	5.33
April	5.11
March	5.11
February	5.11
January-15	5.11
December-14	5.11
November	5.19
Total	62.08
	X 167%
Total	\$ 103.67

Exh. RBD____ Witness: R. Bryce Dalley Page 33 of 37

EXHIBIT C



Idaho Falls City Asset Purchase Agreement Page 14 of 15

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EXHIBIT D

BILL OF SALE

SELLER:

ROCKY MOUNTAIN POWER

BUYER:

IDAHO FALLS

FOR VALUABLE CONSIDERATION totaling FOUR THOUSAND EIGHT HUNDRED FIFTY AND 67/100 (\$4,850.67), the receipt of which is hereby acknowledged, Rocky Mountain Power ("Seller"), hereby grants, bargains, sells and delivers to Idaho Falls Power ("Buyer"), pursuant to an Asset Purchase Agreement dated as of February 10, 2017 _____, all of its right, title, and interest in and to all of the Assets listed on Exhibit A, attached to said Asset Purchase Agreement, and presently in the possession of Seller.

THE ASSETS ARE SOLD AND DELIVERED TO BUYER "AS IS, WHERE IS."

ROCKY MOUNTAIN POWER HEREBY DISCLAIMS AND EXCLUDES HEREFROM, (A) ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE VALUE, CONDITION, DESIGN, OPERATION, OR QUALITY OF THE MATERIALS OR WORKMANSHIP IN, OR ANY DEFECTS IN, THE ASSETS, (B) ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE OR FOR A PARTICULAR PURPOSE, OR (C) ANY EXPRESS OR IMPLIED REPRESENTATION, GUARANTEE, OBLIGATION, LIABILITY OR WARRANTY OF SELLER, EXPRESS OR IMPLIED, OF ANY KIND, ARISING BY LAW OR FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE.

DATED this 10th day of February, 2016.

By:

Rocky Mountain Power

Name: R. Jeff Richards

Title: Vice President and General Counsel

Idaho Falls City Asset Purchase Agreement Page 15 of 15

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UE-161204 / Pacific Power & Light Company March 29, 2017 Boise 4th Set Data Request 0061

Boise Data Request 0061

Reference Docket PAC-E-16-16 before the Idaho Public Utility Commission: Please provide a confidential copy of any and all contracts between the Company and the customer whose service area the Company transferred to the City of Idaho Falls, as discussed in the referenced docket. Please provide a confidential copy of the contract, with all private customer information redacted.

Response to Boise Data Request 0061

There was no active customer at the location when the assets were transferred to the City of Idaho Falls. There was no exchange of service area; the service entrance was transferred as provided for in the Idaho Electric Supplier Stabilization Act.

PREPARER: Daniel Solander

SPONSOR: TBD

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UE-161204 / Pacific Power & Light Company March 31, 2017 Boise 5th Set Data Request 0064

Boise Data Request 0064

Refer to Exh. RBD-1T at 3:11-21, where Mr. Dalley testifies about a "regulatory compact [A]s a utility's 'obligation to provide all customers ... with safe and reliable service":

- a. Is Pacific Power under a "regulatory compact" obligating the Company to provide its Washington customers "with safe and reliable service"?
- b. If Pacific Power answers affirmatively to Boise Data Request 0064(a), please confirm that the Company attempts to meet this obligation by means specified in response to Boise Data Request 0038, i.e., "Pacific Power consistently endeavors to provide quality customer service";
- c. If the Company confirms Boise Data Request 0064(b), please explain why Boise Data Request 0039, asking whether Pacific Power has "conducted any customer satisfaction or similar type of surveys for customers in Washington," is objectionable on relevance related grounds; and
- d. If the Company confirms Boise Data Request 0064(b), please provide the results of any customer satisfaction or similar type of surveys for customers in Washington, both as conducted by the Company and by each of the three independent market research firms indicated in the Company's response to Boise Data Request 0039, redacting any proprietary or confidential customer data. In providing this information, please include all reports and deliverables prepared by the three firms identified, as well as any data in the Company's possession underlying all reports and deliverables.

Response to Boise Data Request 0064

- a. Yes.
- b. Pacific Power endeavors to provide quality customer service in accordance with the Commission's rules and regulations, as well as the Company's tariffs and customer guarantees program. The Company's actions and achievements in this regard are not necessarily tied to the regulatory compact.
- c. Please see the Company's objections to Boise Data Requests 0038 and 0039.
- d. Please see the Company's objections to Boise Data Requests 0038 and 0039.

PREPARER: Ariel Son

SPONSOR: R. Bryce Dalley

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.

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UE-161204 / Pacific Power & Light Company March 31, 2017 Boise 5th Set Data Request 0069

Boise Data Request 0069

Refer to the Company's proposed Rule 6.I.1, where Pacific Power proposes to expand the application of the rules governing permanent disconnection and removal of Company facilities to include a three-part disjunctive application standard:

- a. Please confirm that Mr. Dalley did not demonstrate the reasonableness of this proposed change in his Direct Testimony (i.e., Exh. RBD-1T); and
- b. If the Company does not confirm, please identify the specific portions of Mr. Dalley's Direct Testimony that purportedly demonstrate the reasonableness of this proposed change.

Response to Boise Data Request 0069

Please refer to Exhibit No. RBD-1T at 9:12-10:4. The Company is proposing this change to eliminate confusion, avoid cost shifting to remaining customers, and govern the sale of underground conduit and vaults upon permanent disconnection. To clarify, the two options available to departing customers, namely removal or purchase of certain facilities, will be available in the absence of Company determination that service may be negatively impacted or safety issues may arise as a result of removal or purchase.

PREPARER: R. Bryce Dalley