

Exhibit No. RMM-2
Docket UE-161204
Witness: Robert M. Meredith

**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-161204

PACIFIC POWER & LIGHT COMPANY

EXHIBIT

REVISED STRANDED COST RECOVERY FEE CALCULATION

May 2017

PacifiCorp
State of Washington
Stranded Cost Analysis
6 Year - Modified

No.	Description	Residential (A)	Non-Residential (B)
1	Total Revenue ¹	\$145,355,240	\$193,197,821
3	Less: Meters, Services & Transformers	\$10,638,320	\$6,635,312
4	Customer Accounts and Service Expense less FERC Account 902	\$5,105,105	\$1,059,178
5	Stranded Cost-Related Revenue	\$129,611,815	\$185,503,331
6	Low Income Assistance Program Revenue	\$881,771	\$1,136,452
7	System Benefits Charge Revenue	\$5,185,387	\$7,318,340
8	Average Annual Customers	105,259	25,423
9	Stranded Cost-Related Revenue per Customer	\$1,231	\$7,297
10	Low Income Assistance Program Revenue per Customer	\$8	\$45
11	Demand Side Management-Related Revenues per Customer	\$49	\$288
12	Discount Rate	6.38%	6.38%
13	6-Year Net Present Value Stranded Costs per Customer	\$5,983	\$35,456
14	6-Year Net Present Value Freed-Up Energy Value per Customer	(\$2,348)	(\$12,840)
15	Net Stranded Cost per Customer	\$3,636	\$22,616
16	6-Year Net Present Value Low Income Assistance Program Cost per Customer	\$41	\$217
17	6-Year Net Present Value Demand Side Management Cost per Customer	\$239	\$1,399
18	Average Annual Revenue per Customer	\$1,381	\$7,599
19	Net Stranded Cost Revenue Ratio	2.63	2.98
20	Low Income Assistance Program Cost to Revenue Ratio	0.03	0.03
21	Demand Side Management Cost to Revenue Ratio	0.17	0.18
22	Percentage Change from Initial Filing	-36%	-29%

1 From Docket No. UE-152253 rates effective October 4, 2016.

PacifiCorp
State of Washington
Stranded Cost Analysis
6 Year - Modified

	6-Year Period					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Schedules 16/18 Stranded Costs						
Total Revenue		\$145,355,240				
Less: Meters, Services & Transformers		\$10,638,319.78				
Customer Accounts and Service Expense less FERC Account 902		\$5,105,105				
Stranded Cost-Related Revenue		\$129,611,815				
Low Income Revenue		\$881,771				
Conservation Revenue		\$5,185,387				
Average Annual Customers	105,259					
Stranded Cost-Related Revenue per Customer	\$1,231	\$1,231	\$1,231	\$1,231	\$1,231	\$1,231
Freed-Up Energy Value per Customer		(\$456)	(\$462)	(\$482)	(\$515)	(\$547)
Low Income Assistance Program Revenue per Customer	\$8	\$8	\$8	\$8	\$8	\$8
Demand Side Management-Related Revenues per Customer	<u>\$49</u>	\$49	\$49	\$49	\$49	\$49
Discount Rate		6.38%				
6-Year Net Present Value Stranded Costs per Customer		\$5,983				
6-Year Net Present Value Freed-Up Energy Value per Customer		(\$2,348)				
6-Year Net Present Value Low Income Assistance Program Cost per Customer		\$41				
6-Year Net Present Value Demand Side Management Cost per Customer		<u>\$239</u>				
Average Annual Revenue per Customer		\$1,381				
Low Income Assistance Program Cost to Revenue Ratio		0.03				
Demand Side Management Cost to Revenue Ratio		0.17				
Net Stranded Cost Revenue Ratio		2.63				

PacifiCorp
State of Washington
Stranded Cost Analysis
6 Year - Modified

	6-Year Period					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Schedule 24 Stranded Costs						
Total Revenue	\$49,430,455					
Less: Meters, Services & Transformers	\$3,009,538.33					
Customer Accounts and Service Expense less FERC Account 902	\$739,990.34					
Stranded Cost-Related Revenue	\$45,680,926					
Low Income Revenue	\$356,542					
Conservation Revenue	\$1,871,570					
Average Annual Customers	19,046					
Stranded Cost-Related Revenue per Customer	\$2,398	\$2,398	\$2,398	\$2,398	\$2,398	\$2,398
Freed-Up Energy Value per Customer		(\$788)	(\$798)	(\$832)	(\$889)	(\$945)
Low Income Assistance Program Revenue per Customer	\$19	\$19	\$19	\$19	\$19	\$19
Demand Side Management-Related Revenues per Customer	\$98	\$98	\$98	\$98	\$98	\$98
Discount Rate	6.38%					
6-Year Net Present Value Stranded Costs per Customer	\$11,655					
6-Year Net Present Value Freed-Up Energy Value per Customer	(\$4,057)					
6-Year Net Present Value Low Income Assistance Program Cost per Customer	\$91					
6-Year Net Present Value Demand Side Management Cost per Customer	\$477					
Average Annual Revenue per Customer	\$2,595					
Low Income Assistance Program Cost to Revenue Ratio	0.04					
Demand Side Management Cost to Revenue Ratio	0.18					
Net Stranded Cost Revenue Ratio	2.93					

PacifiCorp
State of Washington
Stranded Cost Analysis
6 Year - Modified

	6-Year Period					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Schedule 36 Stranded Costs						
Total Revenue	\$73,313,049					
Less: Meters, Services & Transformers	\$2,192,878.15					
Customer Accounts and Service Expense less FERC Account 902	\$114,271					
Stranded Cost-Related Revenue	\$71,005,900					
Low Income Revenue	\$493,716					
Conservation Revenue	\$2,776,556					
Average Annual Customers	1,086					
Stranded Cost-Related Revenue per Customer	\$65,392	\$65,392	\$65,392	\$65,392	\$65,392	\$65,392
Freed-Up Energy Value per Customer	(\$22,117)	(\$22,040)	(\$22,312)	(\$23,284)	(\$24,879)	(\$26,435)
Low Income Assistance Program Revenue per Customer	\$455	\$455	\$455	\$455	\$455	\$455
Demand Side Management-Related Revenues per Customer	\$2,557	\$2,557	\$2,557	\$2,557	\$2,557	\$2,557
Discount Rate	6.38%					
6-Year Net Present Value Stranded Costs per Customer	\$317,754					
6-Year Net Present Value Freed-Up Energy Value per Customer	(\$113,484)					
6-Year Net Present Value Low Income Assistance Program Cost per Customer	\$2,209					
6-Year Net Present Value Demand Side Management Cost per Customer	\$12,425					
Average Annual Revenue per Customer	\$67,517					
Low Income Assistance Program Cost to Revenue Ratio	0.03					
Demand Side Management Cost to Revenue Ratio	0.18					
Net Stranded Cost Revenue Ratio	3.03					

PacifiCorp
State of Washington
Stranded Cost Analysis
6 Year - Modified

	6-Year Period					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Schedule 40 Stranded Costs						
Total Revenue	\$14,013,389					
Less: Meters, Services & Transformers	\$739,668.90					
Customer Accounts and Service Expense less FERC Account 902	\$144,792.69					
Stranded Cost-Related Revenue	\$13,128,927					
Low Income Revenue	\$81,770					
Conservation Revenue	\$530,887					
Average Annual Customers	5,225					
Stranded Cost-Related Revenue per Customer	\$2,513	\$2,513	\$2,513	\$2,513	\$2,513	\$2,513
Freed-Up Energy Value per Customer		(\$754)	(\$763)	(\$796)	(\$851)	(\$904)
Low Income Assistance Program Revenue per Customer	\$16	\$16	\$16	\$16	\$16	\$16
Demand Side Management-Related Revenues per Customer	\$102	\$102	\$102	\$102	\$102	\$102
Discount Rate	6.38%					
6-Year Net Present Value Stranded Costs per Customer	\$12,210					
6-Year Net Present Value Freed-Up Energy Value per Customer	(\$3,881)					
6-Year Net Present Value Low Income Assistance Program Cost per Customer	\$76					
6-Year Net Present Value Demand Side Management Cost per Customer	\$494					
Average Annual Revenue per Customer	\$2,682					
Low Income Assistance Program Cost to Revenue Ratio	0.03					
Demand Side Management Cost to Revenue Ratio	0.18					
Net Stranded Cost Revenue Ratio	3.11					

PacifiCorp
State of Washington
Stranded Cost Analysis
6 Year - Modified

	6-Year Period					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
General Service Stranded Costs						
Total Revenue	\$136,756,893					
Less: Meters, Services & Transformers	\$5,942,085					
Customer Accounts and Service Expense less FERC Account 902	\$999,054					
Stranded Cost-Related Revenue	\$129,815,754					
Low Income Revenue	\$932,028					
Conservation Revenue	\$5,179,014					
Average Annual Customers	25,357					
Stranded Cost-Related Revenue per Customer	\$5,120	\$5,120	\$5,120	\$5,120	\$5,120	\$5,120
Freed-Up Energy Value per Customer	(\$1,697)	(\$1,691)	(\$1,712)	(\$1,786)	(\$1,909)	(\$2,028)
Low Income Assistance Program Revenue per Customer	\$37	\$37	\$37	\$37	\$37	\$37
Demand Side Management-Related Revenues per Customer	\$204	\$204	\$204	\$204	\$204	\$204
Discount Rate	6.38%					
6-Year Net Present Value Stranded Costs per Customer	\$24,877					
6-Year Net Present Value Freed-Up Energy Value per Customer	(\$8,707)					
6-Year Net Present Value Low Income Assistance Program Cost per Customer	\$179					
6-Year Net Present Value Demand Side Management Cost per Customer	\$992					
Average Annual Revenue per Customer	\$5,393					
Low Income Assistance Program Cost to Revenue Ratio	0.03					
Demand Side Management Cost to Revenue Ratio	0.18					
Net Stranded Cost Revenue Ratio	3.00					

PacifiCorp
State of Washington
Stranded Cost Analysis
6 Year - Modified

Schedule 48 Stranded Costs Non Ded

Total Revenue	\$29,436,675
Less: Meters, Services & Transformers	\$645,734
Customer Accounts and Service Expense less FERC Account 902	\$35,712,21
Stranded Cost-Related Revenue	\$28,755,228
Low Income Revenue	\$201,326
Conservation Revenue	\$1,012,563

	6-Year Period					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Average Annual Customers	65					
Stranded Cost-Related Revenue per Customer	\$441,342	\$441,342	\$441,342	\$441,342	\$441,342	\$441,342
Freed-Up Energy Value per Customer	(\$150,400)	(\$149,871)	(\$151,723)	(\$158,335)	(\$169,180)	(\$179,761)
Low Income Assistance Program Revenue per Customer	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090
Demand Side Management-Related Revenues per Customer	\$15,541	\$15,541	\$15,541	\$15,541	\$15,541	\$15,541

Discount Rate	6.38%
6-Year Net Present Value Stranded Costs per Customer	\$2,144,585
6-Year Net Present Value Freed-Up Energy Value per Customer	(\$771,701)
6-Year Net Present Value Low Income Assistance Program Cost per Customer	\$15,015
6-Year Net Present Value Demand Side Management Cost per Customer	\$75,518

Average Annual Revenue per Customer	\$451,801
Low Income Assistance Program Cost to Revenue Ratio	0.03
Demand Side Management Cost to Revenue Ratio	0.17
Net Stranded Cost Revenue Ratio	3.04

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State of Washington
Stranded Cost Analysis
6 Year - Modified

Schedule 48 Dedicated Facility Stranded Costs

Total Revenue	\$27,004,253
Less: Meters, Services & Transformers	\$47,492.75
Customer Accounts and Service Expense less FERC Account 902	\$24,411.45
Stranded Cost-Related Revenue	\$26,932,349
Low Income Revenue	\$3,099
Conservation Revenue	\$1,126,764

	6-Year Period					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Average Annual Customers	1					
Stranded Cost-Related Revenue per Customer	\$26,932,349	\$26,932,349	\$26,932,349	\$26,932,349	\$26,932,349	\$26,932,349
Freed-Up Energy Value per Customer	(\$10,793,664)	(\$10,755,699)	(\$10,888,579)	(\$11,363,151)	(\$12,141,449)	(\$12,900,764)
Low Income Assistance Program Revenue per Customer	\$3,099	\$3,099	\$3,099	\$3,099	\$3,099	\$3,099
Demand Side Management-Related Revenues per Customer	\$1,126,764	\$1,126,764	\$1,126,764	\$1,126,764	\$1,126,764	\$1,126,764

Discount Rate	6.38%
6-Year Net Present Value Stranded Costs per Customer	\$130,870,592
6-Year Net Present Value Freed-Up Energy Value per Customer	(\$55,382,137)
6-Year Net Present Value Low Income Assistance Program Cost per Customer	\$15,057
6-Year Net Present Value Demand Side Management Cost per Customer	\$5,475,208

Average Annual Revenue per Customer	\$27,004,253
Low Income Assistance Program Cost to Revenue Ratio	0.00
Demand Side Management Cost to Revenue Ratio	0.20
Net Stranded Cost Revenue Ratio	2.80

PacifiCorp
State of Washington
Stranded Cost Analysis
6 Year - Modified

	6-Year Period					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Schedule 48 Stranded Costs						
Total Revenue	\$56,440,927					
Less: Meters, Services & Transformers	\$693,227					
Customer Accounts and Service Expense less FERC Account 902	\$60,124					
Stranded Cost-Related Revenue	\$55,687,577					
Low Income Revenue	\$204,425					
Conservation Revenue	\$2,139,326					
Average Annual Customers	66					
Stranded Cost-Related Revenue per Customer	\$841,786	\$841,786	\$841,786	\$841,786	\$841,786	\$841,786
Freed-Up Energy Value per Customer	(\$311,286)	(\$310,191)	(\$314,024)	(\$327,710)	(\$350,156)	(\$372,054)
Low Income Assistance Program Revenue per Customer	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090
Demand Side Management-Related Revenues per Customer	\$32,339	\$32,339	\$32,339	\$32,339	\$32,339	\$32,339
Discount Rate	6.38%					
6-Year Net Present Value Stranded Costs per Customer	\$4,090,438					
6-Year Net Present Value Freed-Up Energy Value per Customer	(\$1,597,205)					
6-Year Net Present Value Low Income Assistance Program Cost per Customer	\$15,016					
6-Year Net Present Value Demand Side Management Cost per Customer	\$157,141					
Average Annual Revenue per Customer	\$853,174					
Low Income Assistance Program Cost to Revenue Ratio	0.02					
Demand Side Management Cost to Revenue Ratio	0.18					
Net Stranded Cost Revenue Ratio	2.92					

PacifiCorp
State of Washington
Stranded Cost Analysis
6 Year - Modified

<u>Non Residential Stranded Costs</u>							
Total Revenue	\$193,197,821						
Less: Meters, Services & Transformers	\$6,635,312						
Customer Accounts and Service Expense less FERC Account 902	\$1,059,178						
Stranded Cost-Related Revenue	\$185,503,331						
Low Income Revenue	\$1,136,452						
Conservation Revenue	\$7,318,340						
		6-Year Period					
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Average Annual Customers	25,423						
Stranded Cost-Related Revenue per Customer	\$7,297	\$7,297	\$7,297	\$7,297	\$7,297	\$7,297	\$7,297
Freed-Up Energy Value per Customer		(\$2,502)	(\$2,494)	(\$2,524)	(\$2,634)	(\$2,815)	(\$2,991)
Low Income Assistance Program Revenue per Customer	\$45	\$45	\$45	\$45	\$45	\$45	\$45
Demand Side Management-Related Revenues per Customer	\$288	\$288	\$288	\$288	\$288	\$288	\$288
Discount Rate	6.38%						
6-Year Net Present Value Stranded Costs per Customer	\$35,456						
6-Year Net Present Value Freed-Up Energy Value per Customer	(\$12,840)						
6-Year Net Present Value Low Income Assistance Program Cost per Customer	\$217						
6-Year Net Present Value Demand Side Management Cost per Customer	\$1,399						
Average Annual Revenue per Customer	\$7,599						
Low Income Assistance Program Cost to Revenue Ratio	0.03						
Demand Side Management Cost to Revenue Ratio	0.18						
Net Stranded Cost Revenue Ratio	2.98						