

**PACIFIC POWER DATA REQUEST NO. 007 TO BOISE:**

Please refer to Exhibit No. BGM-1T, p. 32, ll. 7-9 and describe in detail how the value of “freed up capacity” and the “market value of incremental secondary sales” are calculated.

**RESPONSE TO PACIFIC POWER DATA REQUEST NO. 007:**

The Company did not consider the value of freed-up capacity or the market value of incremental secondary sales in its proposed stranded cost fee. Therefore, Mr. Mullins is not aware of how the Company calculated those amounts, other than the fact that the Company did not consider the impact of interjurisdictional allocation factors in its proposed methodology.

The point of the referenced testimony was to note that when a Washington customer departs from the system, the generating assets used to serve that customer are not stranded because the Company can use the resource to serve loads in other jurisdictions. In addition, the value of the freed-up capacity in an interjurisdictional utility is greater than just the market value of energy produced by the generating assets because the freed-up generation provides capacity value to the other jurisdictions. While there are many ways to value capacity, one way to value the capacity value of freed-up generation would be to use the cost of proxy capacity resource, such as a combined cycle combustion turbine.

Date: May 10, 2017
Respondent: Bradley G. Mullins
Witness: Bradley G. Mullins