

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	DOCKET NO. UE-161204
)	
Complainant,)	
)	
v.)	
)	
PACIFIC POWER & LIGHT)	
COMPANY,)	
)	
Respondent.)	

**Reply Brief of
Columbia Rural Electric Association**

August 17, 2017

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF CONTENTS.....	i
TABLE OF AUTHORITIES	ii
I. INTRODUCTION	1
II. ARGUMENT	2
A. The Company has failed to satisfy its burden to demonstrate that its tariff revisions are just and reasonable and in the public interest.	2
1. Stranded Cost Recovery Fee	2
2. Purchase of Facilities at Fair Market Value	4
B. The regulatory compact alone does not provide the Company with a reasonable expectation of continued service to a customer and is not a justification for recovering stranded costs from a departing customer.....	6
C. The evidence does not support the Company’s allegations against Columbia REA.....	9
D. Public Counsel’s and The Energy Project’s support for the Company’s proposals results from an uncritical acceptance of the Company’s position.....	11
1. Public Counsel.....	11
2. The Energy Project.....	13
III. CONCLUSION.....	15

TABLE OF AUTHORITIES

<u>Cases</u>	<u>Page</u>
<u>Bernsen v. Big Bend Elec. Co-op.</u> , 68 Wash. App. 427 (1993)	8
<u>Inland Empire Rural Electrification, Inc. v. Dept. of Public Service of Wash.</u> , 199 Wash. 527 (1939).....	8
<u>State v. McDonald</u> , 98 Wash.2d 521 (1983).....	5
<u>State ex rel. Northwestern Elec. Co. v. Superior Court in and for Clark County</u> , 28 Wash.2d 476 (1947)	5
<u>Transmission Access Policy Study Group v. FERC</u> , 225 F.3d 667 (2000).....	3

Administrative Orders

	<u>Page</u>
<u>Re Avista Corp. for Authority to Sell its Interest in the Coal-Fired Centralia Power Plant</u> , Docket Nos. UE-991255/UE-991262, 3d Supp. Order (March 14, 2000)	6
<u>Re Bonneville Power Administration</u> , Docket BP-18-A-04, Administrator’s Final Decision (July 2017)	10
<u>City of Alma, Michigan</u> , 88 FERC ¶63,002 (July 16, 1999).....	8
<u>City of Las Cruces, New Mexico</u> , 87 FERC ¶61,201 (May 26, 1999).....	3
<u>Petition of PSE For an Accounting Order Approving the Allocation of Proceeds of the Sale of Certain Assets to Public Utility District #1 of Jefferson County</u> , Docket No. UE-132027, Order 04 (Sept. 11, 2014)	7
<u>Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities</u> , 61 Fed. Reg. 21,540 (May 10, 1996)	3
<u>Walla Walla Country Club v. Pacific Power & Light Co.</u> , Docket No. UE-143932, Order 05 (May 5, 2016)	6

Statutes and Rules

WA. Const. Art. I, § 16.....	5
RCW § 24.06.065	8
RCW § 24.06.153	8
RCW § 34.05.476	9
RCW § 80.28.020	6
RCW § 80.28.060	11
WAC § 480-07-495.....	10

I. INTRODUCTION

1 Pacific Power & Light Company (“Pacific Power” or the “Company”) has failed to satisfy its burden to demonstrate that its tariff revisions are just and reasonable and in the public interest. Its Initial Post-Hearing Brief offers no legal justification at all for the Stranded Cost Recovery Fee or the requirement that customers purchase Facilities at Fair Market Value if they choose not to pay for their removal. Rather, its brief lays bare the true reason why it commenced this docket: “If adopted by the Commission, the balanced tariff revisions proposed by the Company may facilitate productive negotiations toward service area agreements with unregulated cooperative associations”^{1/} The Company seeks to use these revisions as a stick to induce Columbia Rural Electric Association (“Columbia REA”) to agree to terms of a service area agreement that are favorable to Pacific Power. In reality, approval of the Company’s tariff revisions will nullify the need for a service area agreement altogether by making the legal exercise of customer choice economically prohibitive. This will be done in the name of protecting remaining customers from insignificant, and potentially nonexistent, cost-shifting.

2 As Staff recognizes, the solution to the fact that the Company has lost a handful of customers to Columbia REA over the past 17 years is for the Company to “just more effectively compete” with Columbia REA,^{2/} not to seek protection from the very agency it blames for inhibiting its ability to compete. This will benefit both utilities’ customers. Adopting the Company’s tariff revisions, conversely, will only benefit Pacific Power by reducing competitive pressures on the Company. This is not in the public interest.

^{1/} Pacific Power Initial Post-Hearing Brief ¶ 28.

^{2/} Staff Initial Post-Hearing Brief ¶ 80.

II. ARGUMENT

A. The Company has failed to satisfy its burden to demonstrate that its tariff revisions are just and reasonable and in the public interest.

1. Stranded Cost Recovery Fee

3 As Columbia REA argued in its Initial Post-Hearing Brief, the Company's Stranded Cost Recovery Fee is illegal because it discriminates against customers disconnecting for a competing utility and unduly prejudices these customers.^{3/} The Company's Initial Post-Hearing Brief does nothing to alter these conclusions. The only claim it makes is that a disconnecting customer imposes additional costs relative to a customer who takes direct access because the direct access customer is still connected to the Company's distribution system.^{4/} This distinction, however, can easily be resolved by requiring customers to purchase dedicated facilities at their net book value.^{5/} The Stranded Cost Recovery Fee is designed to recover far more than that. It is purportedly designed to recover *system* costs that would be "stranded" from a customer departure. As Columbia REA argued, and as Staff also recognizes, these same system costs would be stranded through any customer decision to reduce or eliminate load.^{6/} The Company provides no rational justification for singling out permanent disconnection customers for different and prejudicial treatment.

4 Columbia REA also argued that recovery of stranded costs when a utility faces a known risk of competition is inconsistent with well-established principles in other jurisdictions governing the recovery of such costs.^{7/} Columbia REA and Commission Staff both noted that

^{3/} Columbia REA Initial Post-Hearing Brief ¶¶ 26-33.

^{4/} Pacific Power Initial Post-Hearing Brief ¶ 49.

^{5/} Exh. No. __ (MPG-8T) at 3:7-12.

^{6/} Staff Initial Post-Hearing Brief ¶ 71; Columbia REA Initial Post-Hearing Brief ¶¶ 27-30.

^{7/} Columbia REA Initial Post-Hearing Brief ¶¶ 34-41.

recovery of stranded costs was generally limited to circumstances in which there is a fundamental restructuring of the electricity market, such as when a state deregulates this market, or when FERC adopted rules governing open access transmission.^{8/} The Company’s Initial Post-Hearing Brief, meanwhile, does not identify a *single instance* in which a jurisdiction has authorized recovery of stranded costs in circumstances comparable to those the Company is in. It cites City of Las Cruces for the proposition that FERC has authorized recovery of stranded costs over a 20-year period.^{9/} In that case, however, the utility operated with an exclusive service territory which FERC found protected the utility from competition from other providers.^{10/} Recovery of stranded costs, therefore, was predicated on a finding that the utility had a reasonable expectation of continued service to the departing customer, something FERC undoubtedly would not find with respect to Pacific Power’s customers in Washington. Furthermore, FERC’s decision to award stranded costs over a 20-year period was based on the particular circumstances of that case; the reasonable expectation period is a fact-based inquiry that is performed on a case-by-case basis in which the utility claiming stranded costs bears the burden of proof and persuasion.^{11/}

5 Columbia REA also argued that the Company’s Stranded Cost Recovery Fee did not identify verifiable stranded costs nor accurately calculate them.^{12/} If anything, the Company’s brief supports this conclusion. It notes that the Company’s “Oregon Direct Access

^{8/} Id.; Staff Initial Post-Hearing Brief ¶ 63.

^{9/} Pacific Power Initial Post-Hearing Brief ¶ 11.

^{10/} City of Las Cruces, New Mexico, 87 FERC ¶61,201 at P.61,746-47 (May 26, 1999).

^{11/} Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, 61 F.R. 21,540, 21,658 (May 10, 1996); Transmission Access Policy Study Group v. FERC, 225 F.3d 667, 701 (D.C. Cir. 2000).

^{12/} Columbia REA Initial Post-Hearing Brief ¶¶ 42-49.

program presents a markedly different circumstance than what Pacific Power encounters in Washington.”^{13/} If this is indeed the case, then it is puzzling why the Company initially justified its proposal to calculate stranded costs over a 10-year period *exclusively* on this Oregon program.^{14/} Even the six years it now supports as a “compromise” of positions is patently unreasonable.^{15/} Customers have left the Company for a competitive alternative at an average rate of four per year.^{16/} During the same period the Company has acquired an average of 700 customers per year.^{17/} If “stranded costs” are incurred due to the loss of load from a departing customer, then clearly it does not take six years for the Company to replace this lost load with new customer additions. It does not even take one year.

2. Purchase of Facilities at Fair Market Value

6

With respect to the Company’s proposal to require customers to purchase Facilities at their Fair Market Value, Columbia REA noted that this was inconsistent with long-established principles governing the regulatory valuation of utility plant, which relies on the net book value of facilities.^{18/} The Company’s brief provides no legal justification at all for requiring a customer to pay Fair Market Value. It relies exclusively on a statement from Public Counsel’s witness, Kathleen Kelly, that Fair Market Value “is a standard means of addressing the transfer of electric utility facilities in the United States.”^{19/} When cross-examined on this

^{13/} Pacific Power Initial Post-Hearing Brief ¶ 48.

^{14/} Exh. No. __ (RBD-1T) at 15:14-16; Revised Exh. No. __ (RMM-1T) at 19:10-12.

^{15/} Pacific Power Initial Post-Hearing Brief ¶ 53.

^{16/} Revised Exh. No. __ (DJP-1T) at 14:4-5.

^{17/} Id. at 15:1-2.

^{18/} Columbia REA Initial Post-Hearing Brief ¶¶ 60-64.

^{19/} Pacific Power Initial Post-Hearing Brief ¶ 67.

issue, however, Ms. Kelly was unable to provide any examples of fair market valuation outside of the context of eminent domain.^{20/}

7 Through eminent domain, a utility is constitutionally entitled to receive fair market value for facilities acquired for a “public use,” but not for facilities dedicated to serving a departing customer when that customer leaves its system.^{21/} In the context of condemnation, the whole point is that the acquiring utility is paying “just compensation” to acquire the other utility’s facilities with the intention of making “public use” of those facilities. Here, a departing customer is not “taking” the Company’s Facilities. That customer is electing to discontinue service and connect to a *different utility*. In this circumstance, the condemnation analogy is misplaced; net book value is the appropriate valuation method.^{22/}

8 The Company expressly acknowledged that its “operating income and net income return to shareholders are not affected” if it sells Facilities to departing customers at their net book value.^{23/} Mr. Gorman testified that this “is clear evidence that this method accomplishes the objective of ensuring that [the Company] will fully recover exiting customers’ dedicated costs and will not need to seek recovery of dedicated costs associated with an exiting customer, from customers that remain on the system.”^{24/} The Company has not disputed this conclusion either in rebuttal testimony or in its Initial Post-Hearing Brief. There simply is no basis for

^{20/} Tr. at 337:9-338:14.

^{21/} Wa. Const. art. I, § 16; State v. McDonald, 98 Wash.2d 521, 525-26 (1983); State ex rel. Northwestern Elec. Co. v. Superior Court in and for Clark County, 28 Wash.2d 476, 483 (1947).

^{22/} Recall under the Company’s proposal the departing customer would be required to pay Fair Market Value for Facilities either it purchased or paid to have installed. Having to pay twice for installed facilities is egregious. Especially, since those customer facilities are transferred to the Company under operation of Rule 1 (see definition of “Extension”) or by agreement. See Initial Post-Hearing Brief of Columbia REA ¶¶ 69-70.

^{23/} Exh. No.__(MPG-7).

^{24/} Exh. No.__(MPG-8T) at 3:9-12.

requiring a departing customer to purchase Facilities at Fair Market Value other than to erect additional economic barriers to that customer's departure for a competitive alternative.

B. The regulatory compact alone does not provide the Company with a reasonable expectation of continued service to a customer and is not a justification for recovering stranded costs from a departing customer.

9 The parties have made much in this proceeding about the “regulatory compact.”^{25/} Columbia REA does not deny the existence of the regulatory compact in Washington in some form, but does dispute its relevance to the Company's tariff revisions. According to the Company, the regulatory compact imposes upon it a mandatory obligation to serve; therefore, the prospect of customers having competitive alternatives to its service undermines this compact by requiring Pacific Power to invest in infrastructure to serve these customers without an assurance that they will remain a Pacific Power customer.^{26/} But the other side of the regulatory compact is that, in exchange for a mandatory obligation to serve, the Company is assured sufficient revenue to recover its costs and an opportunity to earn a reasonable return.^{27/} That return is designed to compensate the Company for the aggregate risks its incurs in operating a utility system, risks that include the loss of customers, by whatever means, for which the utility has planned.^{28/}

10 There is no evidence in the record to suggest that competition with Columbia REA presents an incremental risk to Pacific Power in terms of magnitude relative to any other

^{25/} Pacific Power Initial Post-Hearing Brief ¶¶ 12-13; Public Counsel Initial Post-Hearing Brief ¶¶ 31-33; Boise White Paper Initial Post-Hearing Brief ¶¶ 88-94; Exh. No. __ (DJP-1T) at 5:1-6:5.

^{26/} Revised Exh. No. __ (RBD-5T) at 12:5-14:22.

^{27/} RCW § 80.28.020; Walla Walla Country Club v. Pacific Power, Docket No. UE-143932, Order 05, Separate Statement of Chairman Danner ¶ 2 (May 5, 2016).

^{28/} Re Petition of Puget Sound Energy for an Accounting Order Allocating the Proceeds of the Sale of Certain Assets to Public Utility District #1 of Jefferson County, Docket No. UE-132027, Order 04 ¶ 31 (Sept. 11, 2014) (holding that risk of municipalization is accounted for in rate of return); Re Avista Corp. for Authority to Sell its Interest in the Coal-Fired Centralia Power Plant, Docket Nos. UE-991255/UE-991262, 3d Supp. Order ¶ 203 (March 14, 2000) (Commissioner Hemstad dissenting) (noting that “[i]n the absence of exclusive service territories, utilities have always faced the risk of loss of customers”).

utility in the state. The record on this issue is now well developed. The Company has lost 68 customers to competition over 17 years, while it has seen a net gain of 12,000 customers over the same period.^{29/} Its cumulative lost revenue from customer departures amounts to one-half of one percent of the Company's 2015 revenue.^{30/} In terms of load lost, the impact is equally uneventful. Since 1999, Pacific Power has lost 28,873 MWhs (cumulative) of load due to customer departures for competitive alternatives.^{31/} To put this amount in perspective, its current Biennial Conservation Plan projects that it will save nearly 88,000 MWhs of electricity through energy efficiency in 2016 and 2017 alone, over *three times* what it has lost to customer departures over a 17-year period.^{32/} Furthermore, even if the Company incurs some modest incremental risk in its competition with Columbia REA, that risk has been present for nearly two decades, if not longer.^{33/} It stands to reason that the Company's rate of return would have incorporated this risk long ago. In other words, the return the regulatory compact ensures the Company is provided an opportunity to earn more than compensates the Company for the negligible risk of competition in its Washington service area.

11 In any event, in other jurisdictions, the "regulatory compact" does not, by itself, justify the recovery of "stranded costs." As Columbia REA noted in its Initial Post-Hearing Brief, the only case in which FERC has awarded stranded costs to a utility that operated without an exclusive service territory was due to the fact that this utility operated for many years without any serious threat of competition from another utility."^{34/} That is in stark contrast to Pacific

^{29/} Revised Exh. No. __ (DJP-1T) at 14:4-5, 15:1-2.

^{30/} Id. at 17:10-12.

^{31/} Exh. No. __ (DJP-2) at 4-6.

^{32/} Docket No. UE-152072, Order 01 ¶ 9 (Dec. 17, 2015).

^{33/} Exh. No. __ (RBD-1T) at 4:12-19.

^{34/} City of Alma, Michigan, 88 FERC ¶ 63,002 at P. 65,017 (July 16, 1999).

Power's situation in Washington. In People's Nat. Gas Co. v. Pennsylvania Pub. Util. Comm'n, a Pennsylvania court upheld the utility commission's decision not to award stranded costs to a gas utility that operated in competition with another utility and explicitly rejected the gas utility's reliance on the regulatory compact for an award of such costs.^{35/}

12 Finally, as Columbia REA also noted in its Initial Post-Hearing Brief, the risk the Company complains of is not one-sided.^{36/} Columbia REA may not be subject to the "regulatory compact," but it cannot simply disconnect a member for no reason or because it does not want to incur risks of investing to serve its membership. Doing so would subject it to various tort claims, such as negligence or discrimination, breach of contract based on its membership agreements with its members, and could potentially subject Columbia REA's Board of Directors to liability based on a breach of their duties of care and loyalty to the cooperative.^{37/} Thus, while Columbia REA may, in theory, be able to select its members,^{38/} it has just as much of an obligation to serve the members it has as Pacific Power has to serve its customers, and if a member leaves for a competitive alternative, Columbia REA is subject to the same "stranded costs" of which Pacific Power complains. Columbia REA has minimized this risk by focusing on providing competitive rates and high-quality service to its members. The Company should do the same.

^{35/} Exh. No. __ (KAK-21X) at 9 (dismissing utility's argument that competition is "unfair because it allegedly allows territorial competition without price competition between utilities").

^{36/} Columbia REA Initial Post-Hearing Brief ¶ 41.

^{37/} See, e.g., Bernsen v. Big Bend Elec. Co-op., 68 Wash. App. 427, 436-37 (1993) (finding electric cooperative discriminated against member by refusing to provide service unless the member paid the debts of another former member); see also RCW §§ 24.06.065, 24.06.153.

^{38/} Inland Empire Rural Electrification, Inc. v. Dept. of Public Service of Wash., 199 Wash. 527, 537-539 (1939).

C. The evidence does not support the Company’s allegations against Columbia REA.

13 As evidence of the unreasonable nature of the Company’s tariff revisions, it is striking to note that the Company spends less time justifying and supporting these revisions in its Initial Post-Hearing Brief than it does discussing its competition with unregulated utilities and its supposed inability to match those utilities’ practices.^{39/} The Company’s litigation strategy in this case apparently is to attempt to influence the Commission to approve its revisions not because they are justifiable on their own but because it believes Columbia REA deserves to be punished. As noted in Columbia REA’s Initial Post-Hearing Brief, however, the vast majority of the Company’s allegations are supported in the record only by the Company’s unsubstantiated testimony, testimony the Company repeats essentially verbatim in its opening brief.^{40/}

14 In some instances, the Company cites to questioning from its *own counsel* as evidence of Columbia REA’s practices.^{41/} In another instance, it states that the “records in this docket and Docket UE-143932 are replete with evidence that Columbia REA has constructed duplicative facilities ...”, a statement that was unaccompanied by a single citation to either referenced docket.^{42/} In fact, in some cases, the Company does not even get the parties straight. It states that Columbia REA “minimizes the fact that it receives preference power rates from the Bonneville Power Administration (BPA) by noting that Pacific Power participates in BPA’s Residential Exchange Program.”^{43/} Actually, Columbia REA never mentioned the Residential

^{39/} Compare Pacific Power Initial Post-Hearing Brief ¶¶ 1-44, 77 with id. ¶¶ 45-76.

^{40/} Compare Revised Exh. No. __ (RBD-1T) at 4:22-5:6 with Pacific Power Initial Post-Hearing Brief ¶ 19.

^{41/} Pacific Power Initial Post-Hearing Brief ¶ 35.

^{42/} Id. ¶ 25. Of course, the Company may not rely on the record in UE-143932 in any event. RCW § 34.05.476(3).

^{43/} Pacific Power Initial Post-Hearing Brief ¶ 22.

Exchange. It “minimized” the importance of its access to preference power from BPA by noting that BPA’s power rates are well above market rates available to Pacific Power,^{44/} a situation that, incidentally, is not improving.^{45/} Access to BPA preference power is not a competitive advantage.

15 One of the Company’s most persistent criticisms, that Columbia REA “cherry-picks” “high-margin” customers, is affirmatively refuted by the record evidence. Since 1999, the customers who have switched to Columbia REA are as follows:

- 1) 18 Residential customers totaling \$227,573 in revenue;
- 2) 20 Commercial customers totaling \$792,024 in revenue;
- 3) 5 Industrial customers totaling \$433,578 in revenue;
- 4) 25 Irrigation customers totaling \$419,130 in revenue.

If Columbia REA were targeting a particular class of customers, one would expect a disproportionate number of customers or amount of revenue to come from that class. Instead, no one class represents more than 42% of the total revenue the Company claims it has lost and no class represents more than 37% of the total number of customers lost. Some of these customers have annual revenue below \$300.^{46/} This looks more like Columbia REA is accepting members who request to disconnect from Pacific Power’s service, not targeting particular “high-margin” customers for disconnection.

^{44/} Tr. 93:1-94:6; Columbia REA Initial Post-Hearing Brief ¶ 16.

^{45/} Re Bonneville Power Administration, Docket No. BP-18-A-04, Administrator’s Final Record of Decision at P-1 (July 2017) (noting 5.4% power rate increase for the BP-18 rate period), available at: <https://www.bpa.gov/secure/Ratecase/openfile.aspx?fileName=BP-18-A-04+Final+ROD.pdf&contentType=application%2fpdf>. Columbia REA requests that the Commission take official notice of BPA’s Final Record of Decision pursuant to WAC 480-07-495(2)(a)(i)(A).

^{46/} Exh. No. __ (DJP-2) at 2-3.

D. Public Counsel's and The Energy Project's support for the Company's proposals results from an uncritical acceptance of the Company's position.

1. Public Counsel

16 Public Counsel supports the Company's tariff revisions primarily based on its understanding that disconnecting customers shift costs to other customers, which it states is inconsistent with regulatory principles of cost causation.^{47/} Public Counsel's concern for cost-shifting to remaining customers is understandable, but it fails to put such cost-shifting in perspective and does not consider countervailing legal issues.

17 For instance, Public Counsel fails to recognize that any cost-shifting that occurs is *de minimis* and, in fact, there likely is no cost-shifting occurring at all. When a customer departs, other customers' rates do not automatically increase to make up for the lost load. The Company must file a rate case to change rates.^{48/} Because the Company has been losing customers to competitive alternatives at a rate of four per year, but has been gaining customers at a rate of 700 per year, by the time Pacific Power files a rate case the impact of a departing customer will have been fully absorbed by the load increases attributable to new customers. The Company's witness confirmed that loss of customers to a competitive alternative has never been a driving factor for a requested rate increase.^{49/}

18 Further, Public Counsel makes the same argument as Pacific Power that stranded costs incurred from customer departures are distinguishable from stranded costs incurred from load lost for other reasons – such as a customer moving or shutting down operations, installing

^{47/} Public Counsel Initial Post-Hearing Brief ¶¶ 4-5.

^{48/} RCW § 80.28.060.

^{49/} Tr. 187:15-19.

self-generation, or fuel switching – because when a customer permanently disconnects a new customer cannot move in to the same site.^{50/} Columbia REA addressed this argument in its Initial Post-Hearing Brief. It noted that this is legally irrelevant because if a customer simply shuts down the Company will incur the exact same stranded costs it does when a customer permanently disconnects and may incur them for the same amount of time, or even longer.^{51/} The fact that the site remains usable for another customer has no impact on the *type* of stranded costs that are incurred. Further, if a customer reduced its load through the installation of self-generation or fuel switching, the same stranded costs would also exist, and no new customer could enter the same site to make up for the lost load. This renders the Stranded Cost Recovery Fee discriminatory and unduly prejudicial to customers who permanently disconnect.

19 Public Counsel also does not recognize the benefits that may accrue to Pacific Power’s customers by the Company being forced to compete, which should put pressure on the Company to control costs and keep rates low. Rather than holding the Company accountable for its apparent failure or refusal to compete, Public Counsel simply accepts without analysis that competition results in stranded costs.^{52/} Public Counsel does not, for instance, discuss what would happen if competition worked in Pacific Power’s favor and customers were leaving Columbia REA for the Company.

20 Finally, Public Counsel argues that the Company’s tariff revisions should be competitively neutral, and that these revisions as modified on rebuttal meet this goal.^{53/}

^{50/} Public Counsel Initial Post-Hearing Brief ¶ 6.
^{51/} Columbia REA Initial Post-Hearing Brief ¶¶ 26-33.
^{52/} Public Counsel Initial Post-Hearing Brief ¶¶ 13-14.
^{53/} Id. ¶¶ 17-20.

Columbia REA’s Initial Post-Hearing Brief, however, identified all of the ways in which the Company’s tariff revisions are not competitively neutral and are, in fact, designed specifically to prevent competition, even as revised in accordance with Public Counsel’s recommendations.^{54/}

Staff’s Initial Post-Hearing Brief also recognizes this. It notes that:

[T]he proposed tariff revisions would shelter Pacific Power from competition more than they would safeguard customers from cost shifts. The proposed tariff revisions would erect significant economic barriers to disconnection, and in effect, grant the Company the exclusive service territory that Washington law does not provide to it.^{55/}

Columbia REA does not begrudge Public Counsel for being concerned with cost-shifting. The problem is that the cost-shifting it is concerned with is likely not occurring, and even if it is, is immeasurably small and is indistinguishable from cost-shifting that occurs through any number of customer activities. The impact of the Company’s revisions on competition is far more dramatic and Public Counsel does not provide any independent justification for their approval.

2. The Energy Project

21

The Energy Project (“TEP”) does not take a position on whether the Commission should approve the Company’s Stranded Cost Recovery Fee, but if it does, advocates for the inclusion of low-income tariff rider costs in this fee.^{56/} If the Commission found that the Stranded Cost Recovery Fee was discriminatory and unduly preferential, was bad policy, or was simply unnecessary, then TEP presumably would not dispute this conclusion, including with respect to low-income costs.

^{54/} Columbia REA Initial Post-Hearing Brief ¶¶ 43-49, 58-64.

^{55/} Staff Initial Post-Hearing Brief ¶ 4.

^{56/} TEP Initial Post-Hearing Brief ¶ 1.

22

TEP argues that inclusion of low-income costs in the Stranded Cost Recovery Fee “is a reasonable and necessary response to the potential for cost-shifting.”^{57/} Like Public Counsel, however, TEP simply accepts without analysis that cost-shifting is in fact occurring. As noted above, the Company’s load is growing and far more customers are entering the Company’s system than are permanently disconnecting. Thus, any reductions to funding for low-income programs due to permanent disconnections are more than offset by new customer connections.

23

Furthermore, even if one views the impact to the Company’s low-income programs from a customer departure in isolation, this impact is *de minimis* even for a customer on a fixed income. Most of the Company’s customers pay a per-month surcharge to fund its Low-Income Bill Assistance (“LIBA”) program.^{58/} Forty-three of the 68 customers who have permanently disconnected from the Company in favor of Columbia REA are either commercial or irrigation customers served under Schedule 24 or Schedule 40, respectively.^{59/} Under the Company’s Stranded Cost Recovery Fee, a Schedule 24 customer would pay \$104.80 toward low-income assistance, while a Schedule 40 customer would pay \$80.46.^{60/} TEP’s Initial Post-Hearing Brief indicates that there are 4,700 customers that qualify for the Company’s LIBA program.^{61/} Thus, the contribution of a departing Schedule 24 or 40 customer to the LIBA program would result in each low-income customer realizing an additional \$0.02 of bill assistance as a consequence.

^{57/} Id. ¶ 11.

^{58/} Pacific Power Schedule 91.

^{59/} Exh. No. __ (DJP-2)

^{60/} Exh. No. __ (RMM-2) at 3, 5 (for Schedule 24: \$2,595 x 0.04; for Schedule 40: \$2,682 x 0.03).

^{61/} TEP Initial Post-Hearing Brief ¶ 3.

24

Ultimately, the Company’s low-income customers benefit more from the fact that Pacific Power has the lowest residential rates of any investor-owned utility in the region.^{62/} That is likely the primary reason why these customers have elected to stay with the Company and not switch their service to Columbia REA.^{63/} Columbia REA’s ability to compete with Pacific Power should, ultimately, benefit the Company’s low-income population more than eliminating competition through approval of the Stranded Cost Recovery Fee.

III. CONCLUSION

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For the foregoing reasons, and for the reasons discussed in its Initial Post-Hearing Brief, Columbia REA recommends that the Commission reject the Company’s tariff revisions. If the Commission is to approve any changes at all, it should limit them to a requirement that customers permanently disconnecting from Pacific Power purchase dedicated facilities at their net book value if they do not need to be removed for safety or operational reasons.

Dated this 17th day of August, 2017.

Respectfully submitted,

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^{62/} Exh. No.__(MPG-4).

^{63/} Exh. No.__(MPG-12X) at 1.