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December 15, 2017

### VIA UTC WEB PORTAL AND ABC LMI

Steven V. King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Pk. Dr. S.W.  
P. O. Box 47250  
Olympia, WA 98504-7250

Re: *Washington Utilities and Transportation Commission v. Pacific Power & Light Company*,  
Dockets U-161204

Dear Mr. King:

The Public Counsel Unit of the Attorney General's Office (Public Counsel) respectfully submits comments in response to the Commission's Notice of Opportunity to File Comments, issued on December 5, 2017. Public Counsel actively participated throughout this proceeding and appreciates the chance to comment on important aspects of Pacific Power's (Company) compliance filing. We offer our insight on the issues of Stranded Cost Recovery Fee (SCRF) calculations and facility decommissioning.

### **I. Disputed Stranded Cost Recovery Fee Calculations**

#### ***Public Counsel's Recommendation***

The Commission's Order does not differentiate between calculating and reviewing stranded costs for different customer classes. Therefore, each fee should be reviewed by the Commission in some manner. Alternatively, if this was not the Commission's intent, the Final Order should be clarified.

Public Counsel agrees, in part, that it is reasonable to distinguish between customer classes when determining a fair and reasonable SCRF. The Company, in its compliance tariff filing, appropriately distinguishes between customers who consume more or less than 1MW annually.<sup>1</sup> This distinction is reflected in the Company's rate schedules as a clear division between small and large customers. Furthermore, it follows that the administrative burden for the Company and Commission Staff to review the fairness of SCRF calculations varies proportionately with customer size (i.e. calculating or evaluating a fee for a large industrial customer is likely more complex and burdensome than a small residential customer). As such, it is reasonable to pursue different processes for small and large customers who opt to depart the Company's system.

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<sup>1</sup> Company Compliance Tariff Filing, Original Sheet No. R6.4, Sec. I (a) and (b)



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At the same time, however, the Commission's determination indicates that stranded costs should be calculated on a "case-by-case basis."<sup>2</sup> In making this determination, the Commission does not specify any distinction between customer classes, but only indicates that every instance of customer disconnection should be examined based on the quantifiable costs stranded costs associated with each departing customer. As such, every SCRF should receive some form of review by the Commission. Failure to conduct review could result in a failure to provide necessary due process to those who seek to depart Pacific Power's system and are willing to bear the cost of their decision.

Given the Commission's order and recognition that there is likely a difference in the administrative burden between evaluating SCRF calculations for different size customers, Public Counsel supports a modified or more limited SCRF review for departing customers who consume less than 1MW annually. For example, a residential customer's SCRF could appear on the Commission's Open Meeting consent agenda following Commission Staff review.

Public Counsel acknowledges that this is a novel process. It is unclear what volume or types of customers will choose to depart Pacific Power's system with a SCRF in place. With this in mind, it would be beneficial for the Commission and stakeholders to review the process annually for two or three years. If Staff, the Company, or departing customers are experiencing great difficulty with the process, there should be means to review and make adjustments as needed.

Finally, through discussions among the stakeholders, it appears that there is some uncertainty regarding the Commission's intent in Order 06. If it is the case that the Commission did not intend to review every departing customers' SCRF calculation, then the Commissioners should provide clarification on their position by filing errata to the final order.

### II. Additional Issue with Stranded Cost Recovery Fee Calculation

#### *Public Counsel's Recommendation*

In its compliance filing, the Company specifies their ability to revise their calculations with new data in the event that a dispute lasts longer than a year. This ability should also be afforded to departing customers.

The Company outlines a process by which departing customers can resolve differences in opinion regarding the fairness of the Company's SCRF calculation. Customers are permitted to seek a third-party opinion and mediation, if necessary. Public Counsel believes that these steps are fair and reasonable. However, the compliance filing only provides the Company an opportunity to revise their calculation with new data if the duration of the dispute exceeds one year.<sup>3</sup> Customers should be provided the same opportunity to revise their alternative calculation, if they so choose. Obviously, there is a preference to establish a fair, reasonable SCRF without a dispute, but customers should have the same ability as the Company to update their proposals.

<sup>2</sup> Docket UE-161204, Order 06 ¶ 22.

<sup>3</sup> Company Compliance Tariff Filing, Original Sheet No. R6.5, Sec. I (h)



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**III. Decommissioning Facilities in Place**

***Public Counsel's Recommendation***

Public Counsel supports the Company's provision to decommission facilities in place if they pose a safety concern. However, there should be a safeguard in place for customers who feel the assessment is incorrect or unfair.

During the pendency of the case, various parties disputed the prevalence of – or even the necessity to consider – instances in which existing customer facilities pose a safety threat. The Company raised examples in which duplicate facilities, both Pacific Power and Columbia REA, were serving the same customer. Although this has not been found to be a common occurrence, there should be a process in place to address situations in which decommissioning facilities in place is necessary to maintain safety. Public Counsel witness Kathleen Kelly recommended applying the National Electrical Safety Code (NESC) to provide clarity and direction to the Company's originally proposed tariff.<sup>4</sup> Public Counsel believes that the Company's compliance filing adequately addresses this concern.<sup>5</sup> The NESC is a widely recognized set of best practices. If correctly applied, this standard is not ad hoc and would lead to reasonable and fair results.

Public Counsel also understands that the Company's determination to abandon facilities in place, rather than allowing departing customers to purchase said facilities, could be incorrect. As such, customers should have the ability to seek an independent review of the Company's decision to abandon facilities in place. If there is a difference in opinion, the independent review should stand.

In closing, Public Counsel recognizes concerns raised by other parties regarding the Company's compliance tariffs as filed. Compromise can be reached by modifying the filed tariffs to ensure that customer disconnections can move forward in a fair and orderly manner.

Sincerely,



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<sup>4</sup> Exh. KAK-1T at 57:23-59:4.

<sup>5</sup> Company Compliance Tariff Filing, Original Sheet No. R6.3, Sec. I (2).