BEFORE THE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PACIFIC POWER & LIGHT COMPANY, Respondent.	)	DOCKET UE-161204 COMMENTS OF BOISE WHITE PAPER, L.L.C. ON COMPLIANCE FILING

1 Pursuant to the Notice issued by the Washington Utilities and Transportation Commission ("WUTC" or the "Commission"),[1/] Boise White Paper, L.L.C. ("Boise") respectfully submits these comments in response to Pacific Power & Light Company's ("Pacific Power" or the "Company") December 1, 2017 Compliance Filing ("Compliance Filing"). As the Notice states, parties are in disagreement as to whether the Company's filing complies with Order 06.[2/] Boise provides these comments to express concern over several Net Removal Tariff ("NRT") revisions that appear to: 1) directly contravene Commission directives in Order 06; 2) be in tension with, or not be fully compliant with Order 06 findings; or 3) at the very least, not be expressly authorized by any Commission findings or instructions.

A. Removal "Only" for Safety or Operational Reasons

2 As an initial matter, Pacific Power has removed the NRT qualification that facilities are "only" to be removed for safety or operational reasons. While disappointing, this

[1/] Notice of Opportunity to File Written Comments (Dec. 5, 2017).
[2/] Id. at 1.

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should not come as a surprise to the Commission, since Boise has explained that the Company has consistently omitted this qualification in recent filings with the WUTC, spanning several years and two distinct proceedings.[3/] Yet, despite multiple and explicit directives from the Commission that "this language should remain" within the NRT,[4/] the compliance filing completely omits the critical qualification that the Company may remove "*only* those facilities that need to be removed for safety or operational reasons."[5/]

3 On a utility level, an appropriate regulatory response to the Company's apparent contravention of an order is best left to the Commission's discretion. Nevertheless, Boise proposes a simple and easily implemented solution to ensure that the revised NRT itself fully complies with Order 06. Essentially, the existing NRT language can "remain" in the revised NRT, as the Commission mandated, by reinsertion of the "only … for safety or operational" qualification language within revised Rule 6.I.1.a. Boise's proposal is illustrated in redline format, as Attachment A to these comments.

B. Stranded Cost Fees and Dispute Resolution Process

4 Next, the Company's revised NRT filing, regarding dispute resolution process on stranded cost recovery fee ("SCRF") calculations, seems deficient—at least, in respect to potential procedures that would be adequate to minimize contention, particularly in possible disputes involving Boise and other large customers. That is, Boise understands Order 06 to have directed Pacific Power to "work with" other parties to develop dispute resolution procedures

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3/ See WUTC v, Pacific Power, Docket UE-161204, Initial Brief of Boise at ¶¶ 78-80 (July 28, 2017).

4/ Docket UE-161204, Order 06 at ¶ 85 (Oct. 12, 2017) ("Order 06"). See also id. at ¶ 174 ("Pacific Power did not offer any rationale for removing the qualifying condition that, upon permanent disconnection, facilities will only be removed for safety or operational reasons"); id. at ¶ 196 ("Pacific Power *must include* in its revised tariff filing language specifying that facilities will only be removed for safety or operational reasons, or at the customer's request") (emphasis added).

5/ Pacific Power Tariff WN-U75, Rule 6.I.1 (emphasis added).

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associated with SCRF calculations,[6/] with the express aim "to reduce the Commission's involvement in those proceedings."[7/] Notwithstanding, the Company has declined to include any of Boise's proposals designed to materially reduce Commission involvement in future dispute process. Unless Boise's proposals are implemented, the revised NRT will virtually guarantee that the Commission's fundamental directive in Order 06 will not be met.

1. A Large Customer SCRF Calculation Should Be Based on an Anticipated Disconnection Date Expressly Stated

5 To begin, Boise requested that an estimated SCRF from Pacific Power should be "based on the date of anticipated disconnection" provided by a customer.[8/] From a practical standpoint, such a provision is imperative for Boise, since the logistical considerations involved with permanent disconnection and transfer of Boise's Wallula Mill to another service provider would almost certainly require many months, if not a year or more, of planning. Moreover, the ability for a large customer like Boise to stipulate a future, anticipated disconnection date is crucial to SCRF calculation, for the very reason noted by the Commission: "Our recent decision in Docket UE-161123 illustrates *the time-sensitivity* of an SCRF calculation …. Public Counsel's witness, Ms. Kelly, acknowledged on cross-examination that, under different circumstances, remaining customers may have owed Microsoft a fee, or there may have been no identifiable

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6/ Order 06 at ¶ 203. Based on context, Boise understands the Commission to have intended to refer to paragraph 140 within this citation, not "139."

7/ Id. at ¶ 140.

8/ Attachment B at 1. Attachment B to these comments is a faithful reproduction of Boise proposals, submitted in redline format to the Company and other parties, as a good-faith effort to comply with the Commission's directive that "parties to this proceeding should work together to develop dispute resolution procedures." Order 06 at ¶ 140. Accord id. at ¶ 203.

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stranded costs."[9/]

6 Accordingly, the obligatory lead time associated with the permanent disconnection of a large industrial load like Boise's could allow Pacific Power considerable opportunity to revise time-sensitive Company cost planning. In turn, this could minimize stranded cost impacts, and quite possibly eliminate stranded costs altogether for a large customer like Boise.

2. An Additional Verification Step for Large Customers Would Be Universally Beneficial and Reduce the Need for Commission Involvement in Disputes

7 Boise then proposed an NRT provision requiring customer verification of a disconnection decision, within 30 days of receiving an SCRF calculation from the Company.[10/] The proposal was developed with an understanding that Pacific Power would require certainty on a large customer disconnection request, to allow for resource planning and stranded cost mitigation, especially in a long lead-time scenario. Moreover, this large customer verification process supports the overarching framework of an effective SCRF dispute resolution process—e.g., by providing such a customer with a near-immediate "off-ramp" from permanent disconnection, if an SCRF calculation indicates that disconnection will not be economical. Also, the verification provision would provide an additional procedural means for the Company to effortlessly retain a large customer, which presumably would be in the interest of both Pacific Power and other customers.

8 As with all of Boise's proposals, however, Pacific Power ignored the suggested disconnection verification provision in its Compliance Filing. This will not further the Order 06

[9/] Order 06 at ¶ 131 (emphasis added).

[10/] Att. B at 1.

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goal to "reduce the Commission's involvement in these proceedings," since the absence of a guaranteed "off-ramp" for large customers exploring a potential disconnection will inevitably produce more disputes than otherwise. Specifically, the binary choice through Pacific Power's proposal—i.e., to either pay the Company's SCRF estimate, or proceed down the dispute resolution process—does not allow for the customer to exit the disconnection process altogether, thereby ending the potential for *any* disputes before the Commission.

3. SCRF Payments by Large Customers Should Have Flexible Terms that Reasonably Correspond to the Long Periods Involved

9 The Company has also decided not to incorporate Boise's proposal to allow a disconnecting customer to "begin paying the SCRF after permanent disconnection has occurred, over a period not to exceed 2 years from the date of disconnection."[11/] As Boise recently explained to the Company, however, this proposal is premised on sound practical and equitable bases and should be included within the revised NRT.

10 First, Boise noted that "… the planning associated with a large customer disconnection could implicate a significant delay between SCRF determination and actual disconnection."[12/] Accordingly, asking a customer like Boise to pay for a potentially large SCRF *well* in advance of actual Company action, in furtherance of disconnection, would be unnecessary and unjust. Similarly, a materially premature SCRF payment requirement would be practically imprudent, given the many intervening possibilities which could render disconnection moot or estimated payment amounts unrealistic or erroneous.

[11/] Id.
[12/] Id.

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11 Second, requiring a customer like Boise to make a potentially massive, lump sum SCRF payment *before* disconnection is fundamentally inequitable, since the Company would calculate an SCRF based on projected cost impacts spanning several years. In this light, allowing a large customer a potential two-year period to pay an SCRF is eminently reasonable, since the Company would only incur purported stranded costs *over an even longer period*. The Company's refusal to incorporate such an allowance in the Compliance Filing, however, has all but ensured that Boise would need to immediately seek Commission intervention to resolve disputes over such equitable payment concerns. Setting up a revised NRT to virtually guarantee disputes is precisely the opposite effect of what the Commission had intended in Order 06.

4. Qualified Mediators Should Be Assigned by the Commission

12 Boise proposed that the Commission should assign a qualified mediator, if informal dispute resolution efforts are unsuccessful.[13/] This proposal is absolutely necessary to ensure full compliance with the mandate of Order 06: "We also require the Company and the departing customer to participate in mediation prior to filing a formal complaint with the Commission."[14/]

13 More specifically, the Compliance Filing merely states that "the Customer may *request* mediation."[15/] But, continued disagreement between the Company and the customer over a suitable mediator would mean that a customer's "request" for mediation may never produce actual mediation, thereby frustrating the Commission mandate that the parties must, in fact, "participate in mediation." Worse, since parties must "… participate in mediation *prior to*

13/ Id.
14/ Order 06 at ¶ 140.
15/ Compliance Filing, Att. B, Proposed Sheet No. R6.5, Rule 6.I.5.g (emphasis added).

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filing a formal complaint with the Commission,"[16] this could leave a customer powerless to file a complaint with the Commission without simultaneously violating the mandate to first participate in mediation. Since this conundrum would be entirely attributable to the Company's refusal to agree on a mediator in the first place, the revised NRT must allow for a solution.

14 Any contention regarding the unlikelihood of this scenario coming to pass cannot be reasonably squared with the Commission's own acknowledgment that stranded cost determination "… will likely be a contentious process,"[17] let alone the reality of the dispute posture that must first exist to necessitate mediation, at all. Moreover, Boise's proposed solution is logical and viable, since the Company explicitly references "WAC 480-07-710" in the Compliance Filing,[18] and the rule section on "Mediators" states: "The commission may assign one or more qualified employees to serve as mediator(s)."[19]

15 Thus, by providing that the Commission "will" assign a mediator, to ensure that the Order 06 mediation mandate can never be hindered (e.g., via Pacific Power disagreement), the WUTC would be prudently utilizing the very rule provision already cited by the Company. Better still, eliminating all potential for dispute over the case-by-case selection of a qualified mediator will further the Commission's aim to "reduce the commission's involvement."[20] Specifically, the simple task of assigning a qualified mediator will vastly reduce the possibility of future Commission involvement, since the Commission could otherwise be called upon to often resolve disputes over different mediators preferred by contending parties.

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[16] Order 06 at ¶ 140 (emphasis added).
[17] Id.
[18] Compliance Filing, Att. B, Proposed Sheet No. R6.5, Rule 6.I.5.g.
[19] WAC 480-07-710(3).
[20] Order 06 at ¶ 140.

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5. The Consistency of Boise Proposals with Order 06 Justifies Incorporation in a Revised NRT

16 Boise fully understands that the Compliance Filing was made by the utility—and not by Boise, Staff, or any other non-Company party—such that no party has a "right" to demand or absolutely expect incorporation of proposals, simply because the Commission has required parties to "work together."[21/] That said, Boise submits that the foregoing SCRF proposals should be included within a revised NRT for two primary reasons. First, the Company's categorical rejection of Boise proposals, on the SCRF dispute resolution process, functionally contravenes the entire purpose of the directive for parties to "work together." Second, Boise's proposals hew closer to the Commission's rationale on SCRF provisions within Order 06, thereby helping to accomplish the Commission's aim of reducing future WUTC involvement in disputes.

17 For instance, the Commission rejected Pacific Power's proposal of a specific SCRF formula, based on a simplistic revenue multiplier, having decided that "… the proposed multiplier fails to account for *time-sensitive factors* such as: 1) the avoided costs created by the *specific* customer departing the system …. Accordingly, adopting Pacific Power's proposal would effectively relieve the Company of its evidentiary burden to prove that the SCRF is fair, just, and reasonable."[22/] Plainly, this means the Commission found that incorporating "time-sensitive factors," relative to a "specific" customer, is appropriate to any legitimate SCRF calculation. This conclusion is also supported by the repeated Commission requirement that any future SCRF must be calculated on a "case-by-case basis."[23/]

[21/] E.g., Order 06 at ¶¶ 140, 142.
[22/] Order 06 at ¶ 130 (emphasis added).
[23/] E.g., Order 06 at ¶¶ 22, 72, 133, 139, 202.

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18 Simply put, all of Boise's proposals would accomplish the Commission's objectives, if incorporated in the revised NRT. Flexibility on SCRF payment accords with a "case-by-case" approach to stranded costs. Likewise, qualified mediator assignment would reduce Commission involvement in repeated resolutions on disputes about preferred party mediators. Perhaps most importantly, however, a tariff provision permitting a large customer to expressly state an anticipated disconnection date will allow Pacific Power "to account for time-sensitive factors," relative to that "specific customer departing the system." For Boise, this would also allow for an SCRF calculation "… representative of the *actual* stranded costs that Boise's departure would create," a result that Pacific Power failed to achieve through its simplistic revenue multiplier proposal in this case.[24/] Conversely, Boise's actual stranded costs would not be accurately represented by the Company's simplistic, "one-size-fits-all" Compliance Filing approach, because those inflexible provisions fail to account for the crucially time-sensitive disconnection date factor.

19 Therefore, since the Company already "… acknowledged that it is possible to accurately identify and estimate the exact cost of a single customer disconnecting from the system,"[25/] there is no rational reason to adopt Compliance Filing provisions that purposely omit time-sensitive factoring—e.g., Boise recommendations that would fully enable the Company to perform accurate large customer stranded cost calculations. Further, expressly incorporating the flexibility suggested by Boise is also important to effectuate the findings of Order 06, because the Commission very deliberately explained that "we are neither approving nor rejecting any

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[24/] Order 06 at ¶ 132 (emphasis added).
[25/] Id.

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specific methodology *or time frame* for calculating stranded costs."[26/] But, if large customers like Boise cannot state anticipated disconnection dates that could materially alter the "time frame" for SCRF calculation, then the Company would be undermining the explicit, "case-by-case basis" for calculations found appropriate in Order 06. Accordingly, the revised NRT ultimately approved by the Commission should incorporate any modification proposed by Boise or other parties which better establishes such purposes and findings within Order 06.

C. Additional NRT Revision Concerns

1. Rule 1 Definitions

20 To better conform with Order 06, the Company's proposed definition for "Net Book Value" ("NBV") should be slightly amended, as shown in the following redline: "The Company-installed cost of an asset less any accumulated depreciation as reflected in the Company's accounting records." This modification satisfies the Boise concern "… that requiring the customer to reimburse the Company for the NBV of … *customer-supplied* facilities would be inappropriate because it would allow the Company to recover costs that it did not incur."[27/] Boise understands that the Commission intended to address this concern, given its later decision statement in Order 06—i.e., that applying a credit to NBV calculation "… will also address Boise's concerns about the Company recovering line extension costs it did not incur."[28/] This is also consistent with the Commission's finding that Pacific Power is "only" entitled to recover NBV that "… will ensure the Company's shareholders receive the full return of *their* investment in those assets without creating a windfall that violates the principles of cost-based

[26/] Id. at ¶ 133 (emphasis added).
[27/] Order 06 at ¶ 77 (emphasis added).
[28/] Id. at ¶ 84.

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ratemaking."[29/] Lastly, the hyphenated convention of "Company-____," as an adjective, finds usage by Pacific Power itself in the new Rule 1 definition of "Facilities," as "*Company-owned* electric infrastructure …."[30/] Thus, Boise's recommendation of "Company-installed," as an adjective within the NBV definition, is perfectly reasonable.

21 Similarly, a minor addition to the Company's revised definition of "Permanent Disconnection" will ensure that an Order 06 directive is realized, via the following redline: "Disconnection of Facilities dedicated to exclusively serve the Customer …." Specifically, the Commission expressly noted "the caveat" that "the Company may remove those facilities that are dedicated to serving the departing customer – and that serve *no other customer* – if demonstrable safety or operational reasons exist."[31/] To this end, the "exclusively" clarification will obviate future dispute that may undermine the Commission's very particular caveat.

22 Regarding the Company's new definition for "Salvage," Boise is uncertain as to the basis for this definition in the Compliance Filing. The Commission determined: "We reject Pacific Power's proposed tariff revisions and require the Company to file revised tariff pages consistent with the decisions in this Order."[32/] Yet, despite this general rejection of the Company's proposed tariff revisions, Pacific Power included a substantively identical "Salvage" definition within the Compliance Filing.[33/] Order 06 does not appear to contain any direct decision that would authorize retention of the "Salvage" definition. At best, the retention of this

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29/ Id. at ¶ 22 (emphasis added).
30/ Compliance Filing, Att. B, Proposed Sheet No. R1.2 (emphasis added).
31/ Order 06 at ¶ 90 (emphasis added).
32/ Id. at ¶ 21.
33/ Compare Meredith, Exh. RMM-3r at 3 ("Salvage: Estimated resale value at the end of *its* useful life as determined by the Company"), with Compliance Filing, Att. B, Proposed Sheet No. R1.3 ("Salvage: Estimated resale value at the end of *the Facilities'* useful life as determined by the Company") (emphases added to show differences).

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definition might be justified by the Commission's determination that "… net book value, less any salvage value, ensures the Company is made whole … with *an appropriate credit* for the remaining value of the facilities at the time they are removed."[34/] To the extent a definition is justified by this determination, however, Boise recommends that the following redline edits would better capture the finding of an "appropriate" salvage credit, rather than allowance for a plenary Company determination: "Estimated resale value at the end of the Facilities' useful life as an appropriate credit."

Deleted:

23 Finally, Boise recommends that the Commission approve a slight modification to the Company's new definition of "Stranded Cost Recovery Fee." Specifically, conformance to Order 06 could be improved via the addition shown in the following redline: "The Stranded Cost Recovery Fee will be calculated on a case-by-case basis and will include the impact of the customer's departure on energy efficiency and low-income stranded costs." This modification not only aligns the new Rule 1 definition with the explicit text of the Commission's instruction in Order 06,[35/] but the addition is also consistent with the actual Conclusion of Law in Order 06, stating that Pacific Power must revise the NRT to specify "… that stranded costs will be calculated on a case-by-case basis, which will *include components for* low-income and energy efficiency program fees."[36/] In sum, the Commission repeatedly emphasized the need for SCRF calculation to include the "impact of" or "components for" costs associated with energy efficiency and low-income program fees—not a guarantee of those costs being included within an SCRF, as the proposed Company definition now implies. Also, allowing for the possibility,

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34/ Order 06 at ¶ 84 (emphasis added).
35/ Order 06 at ¶ 134.
36/ Order 06 at ¶ 202 (emphasis added).

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but not the absolute certainty, of such cost recovery on a case-by-case basis is consistent with the Commission's acknowledgment that there may be "… no identifiable stranded costs" in certain circumstances, or even a fee owed by remaining customers to a large departing customer. Thus, the modest edit recommended by Boise will eliminate the potential for later dispute over whether stranded costs must *always* be assessed for recovery of these program costs.

2. Further Rule 6 Proposals

24 Consistent with the foregoing recommendation to add "exclusively" to the revised NRT definition of "Permanent Disconnection" in Rule 1, Boise also recommends that "exclusively" be added to Rule 6.I.1.a, as illustrated in Attachment A. This will reduce the potential for confusion or later dispute over which facilities are subject to Company removal charges, while effectuating the findings of Order 06 that limit removal to exclusive-use facilities.[37/] In addition, Boise recommends other Rule 6 modifications, as explained in more detail below.

a. Order 06 Findings on Customer Disconnection Options Are Not Properly Reflected in the Compliance Filing

25 Boise also recommends modifications to Rule 6.I.1.b in the Compliance Filing, as shown in Attachment A, to better align the NRT with actual statements of the Commission in Order 06. For instance, the relevant Conclusion of Law states: "Pacific Power must include in its revised tariff filing language specifying that any customers may purchase *facilities* at Net Book Value upon permanent disconnection."[38/] Crucially, the Commission's finding does not limit the mandatory use of NBV for purchase valuation to "underground conduit and vaults," as the

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[37/] Order 06 at ¶ 90.
[38/] Order 06 at ¶ 198 (emphasis added).

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Company now proposes.[39/] The explicit text of Order 06 reaches to any relevant "facilities." Indeed, the Commission made such a construction indisputable by explaining that "… the Company is entitled to recover only the NBV of *any* facilities sold to a departing customer upon permanent disconnection."[40/]

26 At worst, Boise's recommendation to substitute "Facilities" for "underground conduit and vaults" would fully cover all circumstances limited to the purchase and transfer of conduit and vaults, such that the Company would not be adversely affected by the change. But, departing customers could be harmed considerably, and the Commission subject to needless dispute resolution, if Pacific Power tries to limit valuation at NBV to *only* "underground conduit and vaults," while attempting to sell other facilities at fair market value ("FMV"). The Company has unsuccessfully attempted to gain approval for FMV recovery before the WUTC twice in recent years,[41/] and Boise is concerned about the establishment of a glaring loophole that seems tailormade for Pacific Power to persist in further attempts to gain approval for purchase valuation at FMV.

27 Further, Boise proposes that the revised NRT state that a facilities purchase option simply be "in lieu of removal."[42/] This aligns with the text of Order 06, where the Commission found: "Pacific Power did not demonstrate that fair market value is the appropriate measure of costs for customers who wish to purchase facilities *in lieu of removal* upon permanent disconnection."[43/]

[39/] Compliance Filing, Att. B, Proposed Sheet No. R6.3, Rule 6.I.1.b.
[40/] Order 06 at ¶ 22 (emphasis added).
[41/] See, e.g., Order 06 at ¶ 197; Walla Walla Country Club v. Pacific Power, UE-143932, Initial Brief of Pacific Power at ¶ 10 (Oct. 16, 2015).
[42/] Att. A at 1.
[43/] Order 06 at ¶ 175 (emphasis added).

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28 Moreover, the simple substitution of "in lieu of removal" eliminates potential controversy associated with the Company's proposal that, apart from NBV purchases limited to underground conduit and vaults, the customer must "… pay the Actual Cost of Removal for *all remaining Facilities* less salvage consistent with Schedule 300."[44/] Under the Company's paradigm, a customer would pay for actual removal costs for "all" facilities other than underground conduit and vaults, which would mandate the removal of facilities *regardless* of any predicate finding of "safety or operational reasons" necessitating removal. Obviously, this would undercut the Commission's determination that, "[a]bsent a safety or operational concern, the Company may not require removal if the customer wishes to purchase the facilities,"[45/] thereby supporting the modification Boise has proposed.

b. Multiple Changes to the Decommissioning Section Are Necessary to Comply with Order 06

29 First, the revised NRT should require all decommissioning activity to be at Pacific Power's expense, rather than a customer's.[46/] This modification would be consistent with the Commission's accurate understanding of what the Company represented throughout this proceeding: "Pacific Power also requests that it be granted sole discretion to determine whether facilities should be abandoned and decommissioned in place …. *The customer would pay no fee* in connection with the Company's decision to decommission and abandon facilities …."[47/] Hence, the Company's unexplained, last-minute reversal in the Compliance Filing, to allow that Pacific Power "may decommission, at the Customer's expense,"[48/] is completely unsupportable.

44/ Compliance Filing, Att. B, Proposed Sheet No. R6.3, Rule 6.I.1.b (emphasis added).
45/ Order 06 at ¶ 86.
46/ Att. A at 1.
47/ Order 06 at ¶ 5 (emphasis added).
48/ Compliance Filing, Att. B, Proposed Sheet No. R6.3, Rule 6.I.2.

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30 Likewise, the Company has failed to comply with the Order 06 finding that the Company's decommissioning "… proposal is overly broad."[49/] In particular, the Commission had agreed with Public Counsel that the Company's proposal to decommission facilities "in its sole discretion" was too broad.[50/] Yet, the Compliance Filing would allow Pacific Power to decommission facilities, "at the Customer's expense," in what is tantamount to a rephrasing of the rejected "sole discretion" proposal—that is, "*if the Company finds* that removal of the underground equipment would create a safety or operational concern, *or* when the departing Customer declines to purchase."[51/]

31 This proposed disjunctive construct, whereby the Company can mandate decommissioning whether by its own finding "or" a customer decision not to purchase facilities, retains sole Company discretion for future decommissioning determinations. Put differently, the customer cannot avoid a decommissioning determination by an election to purchase facilities, since the "or" construct allows Pacific Power to always rely on its discretionary finding about a safety or operational concern. Once more, however, this is the opposite result to what Pacific Power has previously represented to the Commission regarding safety or operational concerns, in that decommissioning was to occur "… only when those concerns make removal *or purchase* not feasible."[52/]

32 In fact, the ability of a departing customer to avoid a decommissioning scenario altogether, by choosing to purchase facilities, was affirmed by the Company via its own decommissioning language proposal. Pursuant to the Commission's directive for parties to

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[49/] Order 06 at ¶ 142.
[50/] Order 06 at ¶ 141.
[51/] Compliance Filing, Att. B, Proposed Sheet No. R6.3, Rule 6.I.2 (emphasis added).
[52/] Order 06 at ¶ 93 (emphasis added).

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"work together" on such language, the Company recently proposed decommissioning only "… if a safety or operation concern exists, *and* the departing Customer declines to purchase the equipment."[53/] Boise commented favorably on this proposed conjunctive requirement, since "… this allows a departing customer the means to avoid the entire decommissioning scenario—i.e., decommissioning is premised on meeting a two-fold conjunctive requirement, including the customer first declining an opportunity to purchase."[54/]

33 Such a result is consistent with the Commission's own understanding, even under the Company's "overly broad" proposal, that Pacific Power did not seek allowance for decommissioning, so long as a facilities purchase was "feasible."[55/] Accordingly, the redline to proposed Rule 6.I.2, suggested by Boise in Attachment A, would align the revised NRT with prior Company representations, and ensure that Pacific Power could not improperly exert "sole discretion" on future decommissioning determinations.[56/]

34 Finally, if the Company's attempt to charge customers for decommissioning expense is rejected, Boise recommends a conforming deletion to proposed Rule 6.I.3. Specifically, the proposal to include "unbilled costs for decommissioning equipment," in actual removal costs, should be deleted.[57/]

c. Revisions to SCRF Sections Are Justified

35 Consistent with Boise's prior recommendations for modifications implementing SCRF provisions to the new tariff language, Attachment A contains several redline proposals for

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53/ Att. B at 2 (emphasis added).
54/ Id.
55/ Order 06 at ¶ 93.
56/ Att. A at 1.
57/ Att. A at 2.

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the Compliance Filing. Specifically, these are found in proposed Rule 6, Section 5.[58/]

d. Clarification Is Needed for Rule 6 Exceptions

36 Boise proposes a modest clarification to proposed Rule 6.I.8—adding a final "to another utility" qualifier—to ensure the new exception does not unintentionally swallow up the rule and subvert Order 06 findings.[59/] As the Commission noted, Yakama Power's witness expressed "… concern that the Company may intend to apply the proposed tariff revisions to the negotiated sales or transfers of assets *to another utility*."[60/] Then, the Commission accurately observed that, "[t]o address Yakama Power's concerns, Pacific Power specified that the tariff will not apply to negotiated sales and transfers of assets *to another utility* …."[61/] From there, however, the important distinction that this NRT exception would only be applied in regard "to another utility" does not expressly appear in Order 06.[62/] The distinction is important because, without this express "to another utility" qualification, Rule 6.I.8 could subsequently be used to support exceptions to Rule 6.I, as applied to *customers*.

37 Boise notes that there would be no harm in adding the qualifier, as a response to any contention that the express qualifier is unnecessary (e.g., perhaps on the notion that application of the exception, "only" to a utility, is implicit). On the other hand, individual participants in the recent proceeding—to whom the application of this exception only "to another utility" may be obvious—will probably not all be involved in later proceedings, where

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58/ Att. A at 2-3.
59/ Att. A at 3.
60/ Order 06 at ¶ 155 (emphasis added).
61/ Order 06 at ¶ 157 (emphasis added).
62/ See, e.g., Order 06 at ¶ 165 ("… Mr. Bolton clarified that the proposed permanent disconnection and removal tariff does not apply to negotiated sales and transfers. The Company must include a statement to that effect in its revised filing"); id. at ¶ 186 ("Pacific Power clarified on rebuttal that the proposed tariff will not apply to negotiated sales and transfers of facilities").

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interpretation of the revised NRT could be critical. Accordingly, obviating all potential for future dispute by adding the proposed qualifier is prudent, thereby ensuring that another party can never attempt to argue for improper Rule 6.I exceptions applied to a departing customer.

3. Schedule 300 Revision

38 Boise is also concerned by the Company's new R6.2 line addition to the revised Schedule 300, which states that "Permanent Disconnection and Removal" will be charged at "Actual Charge."[63/] The concerning aspect of this proposal is that, currently, Rule 6 charges for "Nonresidential Service Removals" are at "Actual *Cost*, Less Salvage."[64/] Inexplicably, the Company now seeks approval to charge not for actual costs, but for "actual charges." This plainly implicates a scenario in which a departing customer might contend with Pacific Power about costs supporting alleged removal "charges," only to be informed that the Commission has approved a tariff mandating customer payment of any charges, independent from actual costs.

39 Although Boise hopes that the WUTC would not ultimately allow Pacific Power to demand removal "charges" simply because they were "actually" charged, regardless of any connection to underlying costs, the Company's proposal unnecessary invites future dispute resolution process whereby the burden would effectively be on a customer to demonstrate that "actual charges" did not represent "actual costs" for removal. The Company would also have an opportunity to claim a right to sundry charges asserted to bear some relation to the disconnection and removal process, but which have not been authorized by Order 06. Thus, Boise recommends that future dispute be averted by requiring Pacific Power to retain the "Actual Cost, Less Salvage" language, as found in the currently effective Schedule 300.

63/ Compliance Filing, Att. B, Proposed Sheet No. 300.1.

64/ Pacific Power Tariff WN-U75, Second Revision of Sheet No. 300.1 (emphasis added).

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Respectfully submitted,

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