

Exhibit No. MGW-2
Docket UE-_____
Witness: Michael G. Wilding

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT
COMPANY,

2016 Power Cost Adjustment Mechanism

Docket UE-_____

PACIFIC POWER & LIGHT COMPANY

EXHIBIT

2016 PCAM DEFERRAL CALCULATION

June 2017

Calendar Year 2016 PCAM Deferral

Actual PCAM Costs (\$/MWh)		\$ 30.35
Base PCAM Costs (\$/MWh)		\$ 31.76
\$/MWh PCAM Cost Differential	\$	<u>(1.41)</u>
Washington Sales (MWh)		3,981,654
Total PCAM Differential*	\$	(5,605,682)
Total Deferrable ABOVE Deadband	\$	-
Total Deferrable BELOW Deadband		(1,605,682)
Washington Deferral after Sharing	\$	(1,204,262)
Interest Accrued through December 31, 2016	\$	(3,956)
Requested PCAM Recovery	\$	<u>(1,208,218)</u>

* Calculated monthly

Washington Power Cost Adjustment Mechanism
Deferral Period: January 1, 2016 - December 31, 2016
Exhibit 2: Power Cost Adjustment Mechanism Calculation

Line No.	UE-140762	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total
Base NPC in Rates:														
1	Total Annual NPC In Rates (5.1)	\$ 127,364,595												
2	Retail Sales @ Meter In Rates (8.1)	\$ 4,010,161												
3	NPC \$/MWh In Rates	\$ 31.76												
Deferral:														
4	Base NPC in Rates	\$ 31,76	\$ 31,76	\$ 31,76	\$ 31,76	\$ 31,76	\$ 31,76	\$ 31,76	\$ 31,76	\$ 31,76	\$ 31,76	\$ 31,76	\$ 31,76	\$ 31,76
5	Actual VFA Sales (MWh)	\$ 381,636	\$ 302,842	\$ 307,696	\$ 281,020	\$ 290,086	\$ 315,193	\$ 349,115	\$ 384,407	\$ 307,978	\$ 330,124	\$ 323,648	\$ 434,134	\$ 3,236,825
6	Actual Collections of Base NPC	\$ 12,122,914	\$ 9,582,077	\$ 9,608,866	\$ 8,290,107	\$ 9,213,595	\$ 10,010,687	\$ 11,088,044	\$ 12,208,959	\$ 9,181,522	\$ 10,484,901	\$ 10,279,224	\$ 13,788,285	\$ 126,459,183
7	Washington Allocated Adjusted Actual NPC	\$ 10,890,723	\$ 8,447,845	\$ 8,211,436	\$ 7,425,248	\$ 9,465,976	\$ 10,632,903	\$ 11,962,130	\$ 13,511,552	\$ 13,511,552	\$ 7,696,516	\$ 9,146,420	\$ 12,370,183	\$ 120,285,595
8	Washington Allocated Actual Non-NPC EIM Costs	\$ 47,325	\$ 47,325	\$ 47,325	\$ 47,325	\$ 47,325	\$ 47,325	\$ 47,325	\$ 47,325	\$ 47,325	\$ 47,325	\$ 47,325	\$ 47,325	\$ 473,225
9	Total PCAM Adjusted Actual Costs	\$ 10,938,048	\$ 8,495,171	\$ 8,258,762	\$ 7,472,574	\$ 9,513,302	\$ 10,680,229	\$ 12,009,456	\$ 13,558,878	\$ 13,558,878	\$ 7,743,842	\$ 9,193,746	\$ 12,417,509	\$ 120,853,507
10	Total Monthly PCAM Differential - Above or (Below) Base	\$ (1,184,866)	\$ (1,086,907)	\$ (1,350,105)	\$ (816,534)	\$ 299,706	\$ 669,541	\$ (517,059)	\$ (199,603)	\$ 3,777,356	\$ (2,741,060)	\$ (1,085,478)	\$ (1,370,777)	\$ (5,605,682)
11	Cumulative PCAM Differential - Above or (Below) Base	\$ (1,184,866)	\$ (2,271,772)	\$ (3,621,877)	\$ (4,438,411)	\$ (4,138,704)	\$ (3,469,163)	\$ (3,986,222)	\$ (4,185,724)	\$ (408,368)	\$ (3,149,428)	\$ (4,234,906)	\$ (5,605,682)	\$ (5,605,682)
Deadband:														
12	Deadband +/- \$4 Million	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000,000
13	PCAM Differential Outside of Deadband	\$ -	\$ -	\$ -	\$ (438,411)	\$ 299,706	\$ 138,704	\$ -	\$ (185,724)	\$ 185,724	\$ -	\$ -	\$ (234,906)	\$ (1,370,777)
12	Cumulative PCAM Differential Outside of Deadband	\$ -	\$ -	\$ -	\$ (438,411)	\$ (138,704)	\$ -	\$ -	\$ (185,724)	\$ -	\$ -	\$ -	\$ (234,906)	\$ (1,605,682)
Asymmetrical Sharing Band :														
14	Amount Deferrable between \$4 million and \$10 million, 50/50 Sharing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Amount Deferrable greater than \$10 million, 90/10 Sharing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Amount Deferrable between (\$4 million) and (\$10 million), 75/25 Sharing	\$ -	\$ -	\$ -	\$ (328,808)	\$ 224,780	\$ 104,028	\$ -	\$ (139,293)	\$ 139,293	\$ -	\$ -	\$ (176,179)	\$ (1,028,082)
17	Amount Deferrable less than (\$10 million), 90/10 Sharing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Total Incremental Deferral After Sharing	\$ -	\$ -	\$ -	\$ (328,808)	\$ 224,780	\$ 104,028	\$ -	\$ (139,293)	\$ 139,293	\$ -	\$ -	\$ (176,179)	\$ (1,028,082)
19	FERC Interest Rate - Published Quarterly	3.25%	3.25%	3.25%	3.46%	3.46%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
20	Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ (329,282)	\$ (105,128)	\$ (1,253)	\$ (1,256)	\$ (140,756)	\$ (1,670)	\$ (1,675)	\$ (1,678)	\$ (178,116)
21	Incremental Deferral After Sharing	\$ -	\$ -	\$ -	\$ (328,808)	\$ 224,780	\$ 104,028	\$ -	\$ (139,293)	\$ 139,293	\$ -	\$ -	\$ (176,179)	\$ (1,028,082)
22	Carrying Charge	\$ -	\$ -	\$ -	\$ (474)	\$ (625)	\$ (153)	\$ (4)	\$ (207)	\$ (207)	\$ (5)	\$ (262)	\$ (2,019)	\$ (2,019)
23	Ending Balance	\$ -	\$ -	\$ -	\$ (329,282)	\$ (105,128)	\$ (1,253)	\$ (1,256)	\$ (140,756)	\$ (1,670)	\$ (1,675)	\$ (1,678)	\$ (1,681)	\$ (1,208,219)