

July 30, 2013

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STATE OF WA
UTIL. AND TRAV.
COMMISSION

RE: **Docket UE-130043**
Bench Requests 3 and 4

Enclosed are PacifiCorp's Responses to Bench Requests 3 and 4. Attachments BR 3-1a, 3-1b, and 3-2a are provided on the enclosed CD. Confidential Attachment BR 3-2b is provided on the enclosed Confidential DVD.

Confidential information is provided subject to the terms and conditions of Order 02 in Docket UE-130043.

If you have any questions, please call Bryce Dalley at (503) 813-6389.

Sincerely,


Bryce Dalley
Director, Regulatory Affairs & Revenue Requirements

Enclosures

cc: Service List in UE-130043

Bench Request No. 3

Mr. McDougal testifies in Exhibit No. SRM-1T at 3:10-12 (emphasis added) that: "Washington results of operations in this proceeding are based on the WCA, as approved by the Commission in Order 08, docket UE-061546, *with certain modifications.*" Please explain why Mr. McDougal's results of operations exhibit (*i.e.*, Exhibit No. SRM-3) states per books results of operations and rate base that do not conform fully to the requirements of the Commission's final order (*i.e.*, Order 08 in Docket UE-061546) resolving the Company's most recently completed general rate case, as required by WAC 480-07-510(3)(h). What is the Company's justification for deviating from this requirement?

PacifiCorp's Response to Bench Request 3

The Company's filing does not deviate from the requirements of WAC 480-07-510. The Company understands that Staff reviewed this filing, concluded that it complied with the Commission's procedural rules, including WAC 480-07-510, and recommended acceptance of the filing. As a result, the Commission suspended this case in Order 01, issued January 25, 2013.

Mr. Steven R. McDougal's results of operations exhibit (Exhibit No. ___ (SRM-3)) states per books results of operations and rate base in a manner that conforms to the requirements of WAC 480-07-510(1). That rule requires the utility "to provide an exhibit that includes a results-of-operations statement showing test year results and the restating and pro forma adjustments in columnar format supporting its general rate increase." The exhibit must show "each restating and pro forma adjustment and its effect on the results of operations." Exhibit No. ___ (SRM-3) includes all adjustments defined as "restating actual adjustments" or "pro forma adjustments" under WAC 480-07-510(3)(e)(ii)-(iii) and shows their effect on the results of operations.

The Company's workpapers provided with its filing also conform to the requirements of WAC 480-07-510(3). WAC 480-07-510(3)(e) requires a utility to include the "derivation of interstate and multiservice allocation factors" in its workpapers. WAC 480-07-510(3)(h) also requires a utility's workpapers to include a representation of test period results calculated in the manner used by the Commission in the Company's most recent order granting the company a general rate increase.

In this case, the Company provided workpapers that show the derivation of the allocation factors used to calculate Exhibit No. ___ (SRM-3), which include specific modifications as discussed in Mr. McDougal's testimony (Exhibit No. ___ (SRM-1T)).¹ The Company also

¹ As described in Mr. McDougal's testimony on page 28, lines 9-12, the Company provided the West Control Area Inter-Jurisdictional Allocation Methodology Manual as Exhibit No. ___ (SRM-5). This manual also outlines the derivation of each of the allocation factors, including the modifications proposed by the Company.

provided workpapers showing the derivation of allocation factors using the Company's most recent order granting a general rate increase, *WUTC v. PacifiCorp, d/b/a Pacific Power & Light Company*, Docket UE-111190, Order 07 (March 30, 2012).²

The Company previously provided the Commission with the portions of its workpapers that were responsive to Bench Requests 1 and 2. To further facilitate the Commission's review of this case, however, the Company is submitting a new, consolidated workpaper that identifies and reconciles all changes to the West Control Area inter-jurisdictional allocation methodology proposed in the Company's initial filing (Attachment Bench Request 3-1a). Also included are back-up files and models supporting the consolidated workpaper (Attachment Bench Request 3-1b), and a complete set of workpapers for Mr. Gregory N. Duvall (Attachment Bench Request 3-2a and Confidential Attachment Bench Request 3-2b).

PREPARER: R. Bryce Dalley/Steven R. McDougal

SPONSOR: R. Bryce Dalley/Steven R. McDougal

² These workpapers were provided in response to Bench Requests 1 and 2 in the "McDougal" folder under the filename "Revenue Requirement Workpaper Approved Factors."

Bench Request No. 4

Please explain why Ms. Huang's results of operations exhibit (i.e., Exhibit JH-2) states per books results of operations and rate base that do not conform fully to the requirements of the Commission's final order resolving the Company's most recently completed general rate case, as required by WAC 480-07-510(3)(h). It appears that Staff is accepting the modifications (essentially pro forma adjustments) to the Commission-approved WCA allocation methodology that PacifiCorp proposes through Mr. McDougal and other witnesses. Since Staff opposes the proposed modifications, why does Staff accept the Company's portrayal of per books results of operations that include the modifications?

PacifiCorp's Response to Bench Request 4

Bench Request 4 implies that the Company's results of operations, upon which Staff based its Exhibit No. ___ (JH-2), do not conform fully to the requirements of the Company's most completed rate case as required by WAC 480-07-510(3)(h). For the reasons outlined in PacifiCorp's Response to Bench Request 3, PacifiCorp respectfully disagrees with this position.

In addition, Bench Request 4 refers to the Company's proposed changes to WCA allocation factors as "essentially pro forma adjustments." Changes to allocation factors do not fall within the definition of "pro forma adjustments" under WAC 480-07-510(3)(e)(iii). This rule defines pro forma adjustments as those that "give effect for the test period to all known and measurable changes that are not offset by other factors." Allocation factors are not a known and measurable change to test period results; they are an input to the model used to calculate the Company's Washington-allocated results. The Company has provided all of the workpapers WAC 480-07-510(3) requires for the allocation factors used in the filing, including those to which the Company has proposed changes.

PREPARER: R. Bryce Dalley/Steven R. McDougal

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