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Via Electronic Filing and Federal Express

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: PACIFICORP, dba PACIFIC POWER
Petition for Approval of the 2017 Inter-Jurisdictional
Allocation Protocol
Docket No. UM 1050

Dear Filing Center:

Enclosed for filing in the above-referenced docket, please find the errata pages to the redacted Response Testimony of Bradley G. Mullins on behalf of the Industrial Customers of Northwest Utilities (“ICNU”).

This filing corrects errors on pages 4 and 5 of ICNU’s Response Testimony; specifically, footnotes 8 and 10 were inadvertently transposed. The enclosed errata pages reflect ICNU’s changes in redline.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosure

1 Commission to have full discretion regarding the allocation treatment of loads lost to
2 direct access in states other than Oregon.

3 II. BACKGROUND

4 Q. WHAT WAS ICNU'S INVOLVEMENT IN DEVELOPING THE 2017 5 PROTOCOL?

6 A. ICNU was an active party in the development of the 2017 Protocol. While ICNU was not
7 ultimately able to join the agreement, it was involved from the time that negotiations
8 began in January 2015 and was also involved in the series of Broad Review Work Group
9 discussions that led up to the negotiation phase of the process.^{8/}

10 Q. WHAT PRINCIPLES DID ICNU ADVOCATE FOR IN THE PROCESS?

11 A. During the process, ICNU principally advocated for sub-regional inter-jurisdictional cost
12 allocation, with the sub-regions defined based on the Company's existing east and west
13 balancing authority area. ICNU's preferred methodology was similar to the Western
14 Control Area methodology currently used in Washington State,^{9/} where the production
15 and transmission costs assigned to the west balancing area are based on the costs of
16 resources that are actually used to serve loads in the west balancing area. ICNU's general
17 view has been that such a methodology is more consistent with the principles of cost
18 causation, in comparison to a fully rolled-in cost allocation methodology, where all of the

^{8/} [See also ICNU/104 at 42-44 \(Company Responses to Data Requests \("DRs"\) 24.8-24.10 \(confirming the provision of foundational studies to ICNU and other Broad Review Work Group parties prior to "settlement negotiations"\)\). See ICNU/104 at 9, 11, 3, 4 \(Staff Responses to Data Requests \("DRs"\) 6.1, 6.4; CUB Responses to Data Requests 2.2, 2.3\).](#)

^{9/} [Wash. Utils. & Transp. Comm'n \("WUTC"\) v. PacifiCorp](#), Docket UE-061546, Order 08 at ¶ 43 (June 21, 2007).

1 production and transmission costs are merged, irrespective of where the resources are
2 actually used or located.^{10/}

3 Allocation by balancing area also had the potential to give states more control
4 over the resources that are actually used to serve their loads, providing states in the
5 respective balancing areas with a better opportunity to achieve their own policy
6 objectives. This was an important consideration because Oregon, Washington and
7 California have similar policy preferences compared to the Company's eastern states,
8 Wyoming, Utah and Idaho.

9 **Q. HAS ICNU SUPPORTED SIMILAR METHODOLOGIES IN THE PAST?**

10 A. Yes. ICNU has long supported sub-regional cost allocation. For example, ICNU witness
11 Randy Falkenberg testified in 2004 regarding a sub-regional allocation methodology,
12 then termed the "Hybrid" method, with respect to the Revised Protocol.^{11/} In fact, the
13 Washington Utilities and Transportation Commission continues to use a derivative of this
14 methodology to make Washington rates, today.^{12/} The methodology includes only the
15 cost of resources actually used to serve Northwest loads, taking into consideration the
16 notion that the costs of resources used to serve Northwest loads are generally less than
17 what Oregon ratepayers currently pay based on the 2010 Protocol.^{13/}

^{10/} [See ICNU/104 at 9, 11, 3, 4 \(Staff Responses to DRs 6.1, 6.4; CUB Responses to DRs 2.2, 2.3\). See also ICNU/104 at 42-44 \(Company Responses to DRs 24.8-24.10 \(confirming the provision of foundational studies to ICNU and other Broad Review Work Group parties prior to "settlement negotiations"\)\)](#).

^{11/} [Re PacifiCorp](#), Docket UM 1050, Direct Testimony of Randall J. Falkenberg at 2:5-12 (July 19, 2004).

^{12/} [WUTC v. Pacific Power](#), Dockets UE-140762 et al., Order 08 at ¶ 66, n.98 (Mar. 25, 2015).

^{13/} Evidenced by the fact that the Company has historically argued that Washington revenue requirement calculated using the WCA methodology is typically less than what it would be using fully rolled-in cost allocation.