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April 1, 2016

***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 redacted version of the Response Testimony and Exhibits of Bradley G. Mullins on behalf of the Industrial Customers of Northwest Utilities ("ICNU").

The confidential portions of ICNU's response testimony and exhibits are being handled pursuant to the general protective order issued in this proceeding and will follow to the Commission via Federal Express.

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

Sincerely,

/s/ Jesse O. Gorsuch  
Jesse O. Gorsuch

Enclosures

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the confidential portions of the Response Testimony and Exhibits of Bradley G. Mullins upon the parties shown below by mailing a copy via First Class U.S. Mail, postage prepaid.

DATED this 1st day April, 2016

Davison Van Cleve, P.C.

/s/ Jesse O. Gorsuch

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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1050**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER )  
 )  
Petition for Approval of the 2017 PacifiCorp )  
Inter-Jurisdictional Allocation Protocol. )  
\_\_\_\_\_ )

**CONFIDENTIAL RESPONSE TESTIMONY OF BRADLEY G. MULLINS  
ON BEHALF OF THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES**

**(REDACTED VERSION)**

**April 1, 2016**

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**EXHIBIT INDEX**

Exhibit ICNU/101: Qualification Statement of Bradley G. Mullins

Confidential Exhibit ICNU/102: Comparison of the Embedded Cost Differential (“ECD”) in the Foundational Studies to the Cap Levels Proposed in the 2017 Protocol

Exhibit ICNU/103: Comparison of the Incremental Production Tax Credit Revenues in Stay-out Period Pursuant to SB 1547 and the *Black-box* Oregon Equalization Adjustment

Confidential Exhibit ICNU/104: Responses to ICNU Data Requests

Exhibit ICNU/105: May 19, 2015 Letter to Kristi Wallis Regarding Corrections to May 18, 2015 MSP Call

Exhibit ICNU/106: Excerpt of Senate Bill 1547

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Bradley G. Mullins, and my business address is 333 SW Taylor Street, Suite  
4 400, Portland, Oregon 97204.

5 Q. PLEASE STATE YOUR OCCUPATION AND ON WHOSE BEHALF YOU ARE  
6 TESTIFYING.

7 A. I am an independent consultant representing industrial customers throughout the western  
8 United States. I am appearing on behalf of the Industrial Customers of Northwest  
9 Utilities (“ICNU”). ICNU is a non-profit trade association whose members are large  
10 industrial customers served by electric utilities throughout the Pacific Northwest,  
11 including Pacific Power (the “Company”).

12 Q. PLEASE SUMMARIZE YOUR EDUCATION AND WORK EXPERIENCE.

13 A. A summary of my education and work experience can be found at ICNU/101.

14 Q. WHAT TOPICS WILL YOUR TESTIMONY ADDRESS?

15 A. My testimony addresses the Company’s December 30, 2015 Petition for Approval of the  
16 2017 Inter-Jurisdictional Allocation Protocol (the “Petition”). The Petition requested that  
17 the Commission approve the 2017 PacifiCorp Inter-Jurisdictional Allocation Protocol  
18 (the “2017 Protocol”),<sup>1/</sup> which would make several changes to Oregon’s existing inter-  
19 jurisdictional allocation methodology (the “2010 Protocol”). Specifically, the new  
20 protocol would change the existing methodology by applying a *black-box* Equalization  
21 Adjustment of \$2.6 million to Oregon rates.<sup>2/</sup> The new protocol would also change the

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<sup>1/</sup> See Exhibit PAC/101.

<sup>2/</sup> Id. at Dalley/15:12-16.

1 existing methodology by limiting the benefits Oregon ratepayers receive from Northwest  
2 hydro facilities through the imposition of a cap and a floor on the Embedded Cost  
3 Differential (“ECD”), sometimes referred to as the Hydro Endowment.<sup>3/</sup> In addition, the  
4 new protocol would include a stay-out provision for Oregon ratepayers, which would  
5 prevent the Company from increasing rates through a general rate case with an effective  
6 date prior to January 1, 2018.<sup>4/</sup>

7 **Q WHAT ARE YOUR SPECIFIC RECOMMENDATIONS TO THE**  
8 **COMMISSION?**

9 A. I recommend that the Commission approve the 2017 Protocol subject to the following  
10 modifications and clarifications:

11 *1) The 2017 Protocol should be modified to reflect the status quo Hydro*  
12 *Endowment for Oregon, eliminating the proposed caps and floor;*

13 *2) The 2017 Protocol should be modified to reduce the Equalization Adjustment*  
14 *deferral by the amount of incremental revenues the Company receives in*  
15 *connection with its ability to forecast production tax credits outside of a general*  
16 *rate case proceeding pursuant to Senate Bill (“SB”) 1547; and*

17 *3) The Commission should acknowledge that the 2017 Protocol provides it with*  
18 *full discretion over the allocation treatment of loads lost to direct access*  
19 *programs in Oregon, as well as loads lost to direct access programs in other*  
20 *states.*

21 **Q. PLEASE SUMMARIZE YOUR TESTIMONY ON THESE THREE ISSUES.**

22 A. Imposing limits on the Hydro Endowment was a compromise that ICNU was not willing  
23 to make during the course of the negotiation of the 2017 Protocol. Because Oregon  
24 customers bear a disproportionate amount of the direct, and indirect, costs associated with

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<sup>3/</sup> Id., Dalley/17:4-11.

<sup>4/</sup> Id., Dalley/16:12-20.

1 the Company's Northwest hydro systems, it would not be appropriate to limit the benefits  
2 Oregon customers receive through the Hydro Endowment, particularly in an interim  
3 protocol. In addition, the foundational studies, which were used to support the  
4 development of the 2017 Protocol, showed that the Oregon ECD could potentially be  
5 much higher than the caps proposed in the 2017 Protocol. In fact, the Oregon ECD was  
6 forecast to be [REDACTED] in 2018 and 2019, respectively.<sup>5/</sup>

7 In addition, SB 1547 was enacted by the Oregon legislature, with the support of  
8 the Company, subsequent to parties' agreement to the reasonableness of the Oregon stay-  
9 out provision. Accordingly, the reasonableness of the proposal to defer the \$2.6 million  
10 *black-box* Equalization Adjustment, "from January 1, 2017, until the 2017 Protocol  
11 Equalization Adjustment is reflected in base rates through the Company's next general  
12 rate case,"<sup>6/</sup> should be re-determined, taking into consideration the additional revenues  
13 that the Company will recognize in connection with its new ability to annually forecast  
14 the value of production tax credits outside of a general rate case proceeding.<sup>7/</sup>

15 Finally, my testimony clarifies ICNU's understanding of the terms related to  
16 direct access programs. ICNU spent a lot of effort to ensure that the terms regarding  
17 permanent direct access programs adopted by other states are fair to Oregon customers.  
18 In light of the possibility that a very large load located in Utah may permanently opt out  
19 of PacifiCorp's cost of service rates, ICNU believed that it was important for the

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<sup>5/</sup> ICNU/102.

<sup>6/</sup> PAC/101, Dalley/15:16-17.

<sup>7/</sup> ICNU/106 at 2.

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.<sup>8/</sup>

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,<sup>9/</sup> 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

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<sup>8/</sup> 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).

<sup>9/</sup> 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.<sup>10/</sup>

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.<sup>11/</sup> In fact, the  
13 Washington Utilities and Transportation Commission continues to use a derivative of this  
14 methodology to make Washington rates, today.<sup>12/</sup> 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.<sup>13/</sup>

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<sup>10/</sup> 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")).

<sup>11/</sup> Re PacifiCorp, Docket UM 1050, Direct Testimony of Randall J. Falkenberg at 2:5-12 (July 19, 2004).

<sup>12/</sup> WUTC v. Pacific Power, Dockets UE-140762 et al., Order 08 at ¶ 66, n.98 (Mar. 25, 2015).

<sup>13/</sup> 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.

1 **Q. WHY DID THE COMMISSION NOT APPROVE THE HYBRID METHOD IN**  
2 **THE REVISED PROTOCOL?**

3 A. When approving the Revised Protocol, the Commission undertook a thorough evaluation  
4 of the Hybrid method.<sup>14/</sup> While it did not ultimately adopt the Hybrid method, the  
5 Commission pointed out many of the Oregon ratepayer benefits associated with the  
6 methodology, and ultimately “agree[d] with ICNU that the Hybrid Method should not be  
7 abandoned.”<sup>15/</sup> In fact, in his concurring opinion, Commissioner Savage went so far as to  
8 state the following:

9 I believe, however, that the Hybrid Method of cost allocation  
10 (Staff/102, Hellman/62-66) is superior to the Revised Protocol in  
11 some ways. The Hybrid Method retains the Hydro Endowment  
12 without the need for offsetting adjustments through the state-situs  
13 allocation of Qualifying Facility costs. The Hybrid Method assigns  
14 costs that are more closely aligned with the principle of cost-  
15 causation than does the Revised Protocol (for example, Oregon is  
16 not as exposed to the costs of meeting load growth in other states  
17 under the Hybrid Method). And it would result in lower costs to  
18 Oregon ratepayers (Staff/202, Wordley/31 and 44). Its failing is that  
19 it is not acceptable to the other states, just as Utah's preferred  
20 approach – the Rolled-In Method – is not acceptable to Oregon.<sup>16/</sup>

21 **Q. DO YOU AGREE WITH THIS CONCLUSION?**

22 A. Yes. Based on the data that I reviewed during the course of Broad Review Work Group  
23 discussions that led up to the 2017 Protocol, my opinion is that sub-regional cost  
24 allocation would result in lower rates for Oregon customers and would be more  
25 consistent with the principles of cost causation.

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<sup>14/</sup> Docket UM 1050, Order 05-021 at 5 (Jan. 12, 2005).

<sup>15/</sup> Id. at 12.

<sup>16/</sup> Id. at 13.

1 **Q. IS SUB-REGIONAL COST ALLOCATION ALSO MORE CONSISTENT WITH**  
2 **OREGON’S LEGACY RIGHTS TO NORTHWEST HYDRO RESOURCES?**

3 A. Yes. At the time of the merger between Pacific Power & Light Company and Utah  
4 Power & Light Company, it was not the intention of the Oregon Commission to submit to  
5 fully rolled-in cost allocation across the Company’s entire system. In Oregon, the  
6 Commission’s order accepting the merger did not endorse or anticipate a rolled-in future,  
7 but rather required divisional allocation. Oregon’s order specifically required an  
8 allocation committee that would be tasked with allocating merger benefits, while  
9 “[a]llocations within each division will be governed by that division’s existing  
10 jurisdictional allocation methods.”<sup>17/</sup> While the Oregon Commission later accepted  
11 stipulations that adopted systems based partially on rolled-in cost allocation, each of  
12 these contained a form of a Hydro Endowment, which gave Oregon customers an  
13 allocation priority to the low cost resources in the Northwest, functioning as a proxy for  
14 sub-regional cost allocation.

15 **Q. DO ALL STATES RECOGNIZE THE HYDRO ENDOWMENT?**

16 A. No. Utah unilaterally eliminated the Hydro Endowment from its inter-jurisdictional cost  
17 allocation methodology in favor of fully rolled-in cost allocation. The decision by Utah  
18 is a key cause of the Company’s allegations that it is under-collecting its costs due to  
19 allocation shortfalls. The decision in Utah has also given the Company greater incentive  
20 to negotiate a solution to the detriment of Oregon ratepayers that eliminates the Hydro  
21 Endowment in favor of fully rolled-in costing for all states. Mr. Falkenberg may have

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<sup>17/</sup> Re PacifiCorp, Docket UF 4000, Order No. 88-767 at 5 (July 15, 1988).

1 had foresight on this matter when he noted that Utah’s decision to unilaterally deviate  
2 from the Revised Protocol, in favor of rate caps based on rolled-in cost allocation, could  
3 “mean[] that the Company will no longer be in a position to serve as an ‘honest broker’  
4 with respect to any disputes concerning the proper interpretation of the Second Revised  
5 Protocol or in its administration.”<sup>18/</sup>

6 **Q. DID THE COMPANY ASSUME THE RISK OF UNDER COLLECTION DUE TO**  
7 **DIFFERENCES IN ALLOCATION METHODOLOGIES BETWEEN THE**  
8 **STATES?**

9 A. Yes. My review of merger documents showed that PacifiCorp repeatedly and  
10 affirmatively stated in both Washington and Oregon that its shareholders would bear the  
11 risk of any under collection due to differences in, or failure to reach agreement on,  
12 allocation methodologies. For example, the Commission order from the proceeding  
13 where the merger was approved makes the following statement:

14 Third, Applicants have committed indefinitely that Pacific’s  
15 customers will not be harmed by the merger and will not subsidize  
16 benefits to Utah Power customers. Applicants recognize that if the  
17 merger results in higher costs, those costs will be borne by the  
18 merged company’s shareholders. Applicants further agree that  
19 shareholders will assume all risks that may result from less than full  
20 system cost recovery if interdivisional allocation methods differ  
21 among the various jurisdictions.<sup>19/</sup>

22 Thus, not only did the Company assume the risk of under-collection between the states, it  
23 also committed that Oregon customers would be held harmless as a result of the merger.

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<sup>18/</sup> Docket UM 1050, Direct Testimony of Randall J. Falkenberg at 14:11-14 (July 19, 2004).

<sup>19/</sup> Docket UF 4000, Order No. 88-767 at 22.

1 **Q. HAVE OREGON CUSTOMERS BEEN HELD HARMLESS AS A RESULT OF**  
2 **THE MERGER?**

3 A. My opinion is no. At the time of the merger, Pacific Power & Light's Oregon industrial  
4 rates were approximately 19% lower than Utah Power & Light's Utah industrial rates.<sup>20/</sup>  
5 Since the merger, Oregon rates have increased much more dramatically than Utah rates.  
6 Now, Oregon industrial rates are approximately 6.9% higher than Utah industrial rates.<sup>21/</sup>  
7 Since the merger, Utah's rates have increased by approximately 29.1%, whereas Oregon  
8 Rates have increase by approximately 64.3%, over twice the amount of rate increases  
9 experienced in Utah. Not only does this dynamic put industrial facilities located in the  
10 Northwest at a competitive disadvantage, this rate inequity is evidence of cost-shifting  
11 between the high-growth states in the east and the low-growth states in the west.  
12 As Mr. Falkenberg noted at the time of the Revised Protocol, "[t]his trend in average  
13 rates makes a compelling argument that the concerns voiced by the Commission in 1988  
14 have now been realized. Based on average rates, Oregon would now appear to be the  
15 'higher cost' system, while Utah is the 'lower cost' system. Clearly, this data strongly  
16 suggests that Oregon has lost ground through the many years of compromise and  
17 negotiation in the MSP process, while Utah has gained ground."<sup>22/</sup>

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<sup>20/</sup> Docket UM 1050, Direct Testimony of Randall J. Falkenberg, Exhibit ICNU/102 (July 19, 2004). In 1988, Oregon industrial rates were 3.78 cents/kWh, compared to Utah industrial rates of 4.50 cents/kWh.

<sup>21/</sup> ICNU/104 at 14 (Company Response to ICNU DR 17.1, Attachment ICNU 17.1).

<sup>22/</sup> Docket UM 1050, Direct Testimony of Randall J. Falkenberg at 8:8-13.

1 **Q. TURNING TO BACK TO THE 2017 PROTOCOL, IS THE 2017 PROTOCOL**  
2 **MEANT TO BE A PERMANENT SOLUTION TO ALL OF THE HISTORICAL**  
3 **COST ALLOCATION ISSUES BETWEEN THE STATES?**

4 A. No. The 2017 Protocol is an interim agreement with a term of only two years, expiring  
5 on December 31, 2018.<sup>23/</sup> The protocol, however, can be extended for an additional one  
6 year term, upon unanimous consent between all state commissions.<sup>24/</sup>

7 **Q. WHY WERE PARTIES UNABLE TO REACH A PERMANENT SOLUTION?**

8 A. ICNU, for one, was not willing to accept a permanent solution based on fully rolled-in  
9 cost allocation, the methodology adopted unilaterally by Utah. In addition, an interim  
10 protocol was expected to provide the parties with time to better understand the  
11 implication of major policy changes, such as the Clean Power Plan, and to better study  
12 alternative allocation methodologies.

13 **Q. WHEN WAS IT DECIDED TO PURSUE AN INTERIM PROTOCOL?**

14 A. The decision to develop an interim protocol was made on May 1, 2015, when the Broad  
15 Review Work Group convened a regional commissioners workshop, with Commission  
16 representatives from all six PacifiCorp states. In that forum, there was “general  
17 agreement: 1) that the Company would continue to analyze and develop a divisional  
18 allocation methodology; and 2) that, given the lack of progress in the MSP process to  
19 date, the parties would convene later this summer to develop an interim solution until the  
20 final Environmental Protection Agency (“EPA”) Section 111(d) Clean Air Act  
21 regulations are issued.”<sup>25/</sup>

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<sup>23/</sup> PAC/100, Dalley/11:21-12:4.

<sup>24/</sup> Id.

<sup>25/</sup> ICNU/105.

1 **Q. ARE THE OREGON-SPECIFIC TERMS CONSISTENT WITH THE INTERIM**  
2 **NATURE OF THE 2017 PROTOCOL?**

3 A. No. The Oregon-specific terms are too far-reaching to be consistent with the interim  
4 nature of the 2017 Protocol. In particular, the implications of the Oregon-specific  
5 provisions to cap the Hydro Endowment are too large to be considered in this interim  
6 methodology. Based on my recollection of the May 1, 2015 commissioner's workshop,  
7 the goal was to maintain the status quo for a few more years, until major policy changes  
8 could be fully understood. The imposition of caps on the Hydro Endowment may have a  
9 substantial impact on Oregon's rates over the term of the 2017 Protocol and may have  
10 even greater implications in the long run. Application of these caps in this interim  
11 protocol, therefore, was ICNU's primary opposition to the 2017 Protocol, as discussed in  
12 the following section.

13 **III. THE CAP AND FLOOR ON THE DYNAMIC ECD**

14 **Q. PLEASE SUMMARIZE WHY ICNU IS OPPOSED TO CAPPING THE**  
15 **DYNAMIC ECD.**

16 A. The Company's request to cap the Oregon ECD at \$10.5 million and \$11.0 million in  
17 2018 and 2019, respectively,<sup>26/</sup> has the potential to be damaging to customers for several  
18 reasons. First, the foundational studies referenced by Mr. McDougal showed that the  
19 ECD has the potential to be much higher than the proposed cap levels over the term of  
20 the 2017 Protocol. Second, imposing caps on the Hydro Endowment is a material change  
21 from the 2010 Protocol, representing a modification that is not suitable for an interim

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<sup>26/</sup> PAC/101, Dalley/17:4-11.

1 protocol. Third, Oregon customers already bear a disproportionate share of the costs  
2 associated with the Northwest hydro systems—for instance, paying approximately \$18.1  
3 million per year in removal costs for the Klamath River dams.<sup>27/</sup> For these reasons,  
4 ICNU did not believe it was fair to propose limits on the benefits that Oregon customers  
5 receive through the Hydro Endowment.

6 **Q. WHAT IS THE HYDRO ENDOWMENT?**

7 A. The Hydro Endowment is a recognition of PacifiCorp’s legacy ownership in the hydro  
8 resources located in the Northwest, which provide a preferential allocation of PacifiCorp  
9 hydro resources to customers in the Northwest. While the calculation has varied over the  
10 years, both the Revised Protocol and 2010 Protocol contained a provision called the  
11 “embedded cost differential” or “ECD,” which would account for the priority allocation  
12 provided under the Hydro Endowment. The ECD typically provides a credit to Oregon  
13 rates relative to fully rolled-in cost allocation; however, it has the potential to be an  
14 additional cost to Oregon customers in the event that the embedded cost of the  
15 Company’s Northwest hydro resources is greater than the embedded cost of other  
16 resources. It is calculated based on the difference between the total embedded cost of the  
17 Company’s Northwest hydro facilities and the embedded cost of all other Company  
18 resources in service prior to 2005.<sup>28/</sup>

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<sup>27/</sup> ICNU/104 at 32-33 (the Company’s Response to ICNU DR 21.1, Att. ICNU 21.1).

<sup>28/</sup> See Docket UM 1050, Order No. 11-244 (July 5, 2011); PPL/101 at 3-8 (2010 Protocol § IV) (Sept. 15, 2010).



1 **Q. WHY DOES THE COMPANY PROPOSE TO CAP THE ECD?**

2 A. My view is that the purpose of the caps is to move Oregon closer to Utah's preferred  
3 methodology of fully rolled-in cost allocation. The Company, on the other hand, claims  
4 that the caps are a negotiated provision meant to mitigate the potential for an allocation  
5 gap.<sup>29/</sup> I disagree. Maintaining the status quo in Oregon will not create the potential for  
6 an allocation gap, other than the allocation gap that was created when Utah made the  
7 unilateral decision to eliminate the Hydro Endowment in favor of fully rolled-in cost  
8 allocation.

9 **Q. DO YOU HAVE REASON TO BELIEVE THAT THE ECD MIGHT EXCEED**  
10 **THE CAPS PROPOSED IN THE 2017 PROTOCOL?**

11 A. Yes. As demonstrated in Confidential Exhibit ICNU/102, the Oregon ECD values could  
12 potentially far exceed the caps over the term of the 2017 Protocol. Confidential Exhibit  
13 ICNU/102 details the Oregon ECD values assumed in the foundational studies referenced  
14 by Mr. McDougal, showing that the Oregon ECD was expected to be a [REDACTED]  
15 [REDACTED] in 2017, 2018 and 2019, respectively. These  
16 amounts far exceeded the caps of \$10.5 million and \$11.0 million in 2018 and 2019,  
17 respectively. Effectively, ICNU viewed the caps as costing customers [REDACTED]  
18 [REDACTED], in 2018 and 2019. This cost to Oregon customers is in addition to the \$2.6  
19 million of additional revenue that the Company negotiated in the *black-box* Oregon  
20 Equalization Adjustment. No other state is being asked to give up so much relative to

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<sup>29/</sup> PAC/100, Dalley/28:11-29:3.

1 their existing allocation methodologies, and accordingly, ICNU could not agree that the  
2 cap and floor levels proposed in the 2017 Protocol were reasonable.

3 **Q. WOULD THE COMPANY BE HARMED BY MAINTAINING THE STATUS**  
4 **QUO?**

5 A. No. If, as Mr. McDougal suggests, the Company believes that the ECD range proposed  
6 in the 2017 Protocol represents a reasonable expectation of what the ECD will be over  
7 the term of the 2017 Protocol,<sup>30/</sup> there will be no financial implications to the Company  
8 associated with maintaining the status quo and eliminating the proposed cap and floor on  
9 the ECD. In addition, the terms of the 2017 Protocol already provide the Company with  
10 the ability to collect an incremental \$2.6 million Oregon Equalization Adjustment. That  
11 is revenue above and beyond what it would have otherwise recovered under the 2010  
12 Protocol, and accordingly, the 2017 Protocol would still be more beneficial to the  
13 Company—and correspondingly, worse for customers—relative to the 2010 Protocol if  
14 the Commission rejects the proposed cap and floor on the ECD.

15 **Q. IS AN INTERIM PROTOCOL THE APPROPRIATE VENUE TO APPLY**  
16 **LIMITATIONS ON THE HYDRO ENDOWMENT?**

17 A. No. The Hydro Endowment is a controversial issue extending back to commitments that  
18 were made at the time of the 1988 Merger. Accordingly, the idea of proposing caps on  
19 the value of the Hydro Endowment in an interim protocol is troubling to ICNU. If  
20 Oregon decides to give up its rights to the Hydro Endowment, it may never regain its  
21 preference to the low cost hydro resources in the Northwest. By applying a cap and floor

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<sup>30/</sup> PAC/200, McDougal/7:8-14; see also ICNU/104 at 41 (Company Response to DR 24.2).

1 on the Hydro Endowment, Oregon would effectively concede a portion of the Hydro  
2 Endowment, which may implicate future, more permanent cost allocation methodologies.

3 **Q. ARE THERE ANY OTHER OREGON-SPECIFIC PROVISIONS THAT**  
4 **PROVIDE REASONABLE CONSIDERATION FOR THE CAPS?**

5 A. No. Neither the ECD “floor” of \$8.2 million,<sup>31/</sup> nor the general rate case stay-out  
6 provision proposed by the Company, justify the imposition of major limitations on the  
7 Hydro Endowment in the interim protocol.

8 **Q. HOW VALUABLE IS THE PROPOSED ECD FLOOR?**

9 A. The Company has provided no studies or data that would indicate a likelihood of the  
10 Oregon ECD being less than the \$8.2 million floor. Conversely, the Company has  
11 provided studies that indicate a likelihood that the Oregon ECD could significantly  
12 exceed the \$10.5 million and \$11.0 million caps.<sup>32/</sup> Thus, ICNU has not assigned great  
13 value to the proposed ECD floor.

14 **Q. HOW VALUABLE IS THE GENERAL RATE CASE STAY-OUT?**

15 A. The proposed general rate case stay-out would only preclude a general rate increase  
16 during the first year that the 2017 Protocol will be in effect. In fact, it would allow the  
17 Company to file a general rate case as early as next spring. The parties don’t necessarily  
18 have the information to determine whether it would have been beneficial for the  
19 Company to file for a general rate case for 2017. The Company, on the other hand, does  
20 have the information to determine whether there is a financial consequence associated  
21 with postponing a general rate case. Due to this information asymmetry, it is typically

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<sup>31/</sup> PAC/101, Dalley/17:4-11.

<sup>32/</sup> See ICNU/102.

1 difficult for customers to assign much value to a rate case stay-out provision. In addition,  
2 the value of the general rate case stay-out is often illusory, particularly since the  
3 Company will have many other ways to increase rates during the stay-out period.

4 **Q. DOES THE STAY-OUT PROVISION PRECLUDE THE COMPANY FROM**  
5 **SEEKING RATE INCREASES OUTSIDE OF A GENERAL RATE CASE?**

6 A. No. Considering the Company reports that 62% of rate increases since 2006 have been  
7 implemented outside of a general rate case,<sup>33/</sup> there is little reason to believe that a  
8 general rate case stay-out period will preclude the Company from seeking large rate  
9 increases outside of a general rate case. In fact, the Company recently filed for  
10 consecutive 2.99% rate increases in Washington on an “expedited” basis as a means of  
11 avoiding general rate proceeding requirements in that state, since Washington defines any  
12 rate increase request of 3.00% or greater as a general rate case.<sup>34/</sup> In addition, the  
13 likelihood of new rate increases occurring in the Company’s annual power cost update  
14 filings has certainly increased as a result of the passage of SB 1547, which allows the  
15 Company to include production tax credit forecasts in rates, and which may be  
16 implemented via annual power cost filings outside of a general rate case proceeding.<sup>35/</sup>

17 **Q. IS THE COMPANY PROPOSING TO CAP THE COSTS TO OREGON**  
18 **CUSTOMERS ASSOCIATED WITH THE NORTHWEST HYDRO SYSTEM?**

19 A. No. Through the Klamath Dam Removal Surcharge, Oregon customers shoulder a  
20 disproportionate cost burden associated with the Company’s hydro system. Accordingly,

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<sup>33/</sup> ICNU/104 at 30-31 (PacifiCorp Response to ICNU DR 20.6, Att. ICNU 20.6).

<sup>34/</sup> WAC § 480-07-505(1)(a); WUTC v. Pacific Power, Docket UE-152253, Order 03 at ¶ 1 (Dec. 29, 2015).

<sup>35/</sup> ICNU/106 at 2.

1 Oregon customers should not be deprived of the corresponding benefits of the  
2 Company's hydroelectric resources, through a fully dynamic ECD calculation.

3 **Q. HOW MUCH HAVE OREGON CUSTOMERS PAID IN KLAMATH DAM**  
4 **REMOVAL SURCHARGES?**

5 A. As of January 2016, Oregon customers had contributed more than \$100.8 million in  
6 Klamath Dam Removal Surcharges.<sup>36/</sup> PacifiCorp's eastern states have contributed  
7 nothing. Given the magnitude of Oregon contributions directly supporting the  
8 Company's hydro costs and the relative proportion of cost allocation borne by Oregon,  
9 capping the Hydro Endowment for the sake of an interim agreement is not fair to Oregon  
10 customers. Oregon customers are already paying much more to maintain the Northwest  
11 hydro system than the allocation benefit they receive in connection Hydro Endowment.  
12 Imposing a cap on the Hydro Endowment will only serve to make this dynamic even  
13 more damaging to Oregon customers.

14 **Q. SHOULD HYDRO ENDOWMENT BE CONSIDERED AS AN INTEGRAL PART**  
15 **OF LEGISLATION THAT APPROVED THE KLAMATH SURCHARGE?**

16 A. Yes. In requiring the Commission to establish the Klamath Surcharge through SB 76, the  
17 Oregon Legislature allowed for the Company's "recovery of Oregon's allocated share" of  
18 Klamath Dams costs.<sup>37/</sup> The term "allocated share" was defined in SB 76 to mean "the  
19 portion of PacifiCorp's costs assigned to this state under the interjurisdictional cost  
20 allocation methodology used by the Public Utility Commission."<sup>38/</sup>

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<sup>36/</sup> ICNU/104 at 32-33 (the Company's response to ICNU DR 21.1, Att. ICNU 21.1).

<sup>37/</sup> ORS § 757.734(2).

<sup>38/</sup> ORS § 757.732(2).

1 **Q. DO OREGON CUSTOMERS ALSO BEAR A DISPROPORTIONATE AMOUNT**  
2 **OF THE *INDIRECT COST* ASSOCIATED WITH THE NORTHWEST HYDRO**  
3 **RESOURCES?**

4 A. Yes. In addition to Oregon customers' financial commitment to Northwest hydro  
5 facilities, the indirect costs associated with those facilities are largely localized and are,  
6 accordingly, also disproportionately borne by Oregon customers. The indirect costs, such  
7 as toxic algae, for example, are costs to the local communities that rely on the Northwest  
8 river systems. These indirect costs are generally not recognized by the other states when  
9 evaluating complex decisions about whether to decommission or relicense a hydro  
10 facility.

11 **Q. WOULD ACCEPTANCE OF THE ECD CAPS BE PRECEDENTIAL?**

12 A. As a practical matter, yes. If the Commission agrees to the proposed limitations on the  
13 ECD, the ability of Oregon parties to argue in favor of retaining the full Hydro  
14 Endowment in the future will be hindered. Even though the 2017 Protocol requires the  
15 Company to "use the Revised Protocol allocation method for general rate case filings in  
16 Oregon after January 1, 2019,"<sup>39/</sup> changing the status quo will have a profound impact as  
17 the states work towards development of a permanent solution in a future agreement.

18 **Q. WHAT IS THE POSITION OF STAFF AND CUB ON THIS MATTER?**

19 A. Discovery in this proceeding indicates that these parties have, in some cases, been  
20 supportive of ICNU's recommendation to reject the ECD caps.<sup>40/</sup>

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<sup>39/</sup> PAC/101, Dalley/17:19-20.

<sup>40/</sup> See, e.g., ICNU/104 at 9-11 (Staff Responses to DRs 6.1, 6.3, 6.4); id. at 3-4 (CUB Responses to DRs 2.2, 2.3).

1 **Q. PLEASE SUMMARIZE WHY THE COMMISSION SHOULD REJECT THE**  
2 **PROPOSED CAPS AND FLOOR ON THE ECD.**

3 A. It is not a good idea for Oregon to make material concessions with respect to the Hydro  
4 Endowment in this interim protocol. Oregon ratepayers are currently shouldering a  
5 disproportionate burden related to the hydro facilities in the Northwest, and therefore,  
6 should not be foreclosed from receiving the full benefits from the Company's hydro  
7 resources. Keeping a fully dynamic Hydro Endowment over the term of the 2017  
8 Protocol will not harm the Company and is an important consideration, as the parties will  
9 begin negotiations on a new, potentially more permanent agreement soon. In addition,  
10 the data that ICNU relied upon in the process showed that the ECD was expected to  
11 exceed the proposed caps by a substantial margin during the 2017 Protocol, which is a  
12 further reason why the caps should be rejected.

13 **IV. EQUALIZATION ADJUSTMENT DEFERRAL**

14 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATION RELATED TO THE**  
15 **EQUALIZATION ADJUSTMENT DEFERRAL.**

16 A. As a result of the recently enrolled SB 1547, the Company's proposal to defer the \$2.6  
17 million annual equalization adjustment until its next general rate case can no longer be  
18 said to be reasonable. The amount of that deferral was held to be reasonable by Oregon  
19 signatories to the 2017 Protocol prior to the change in law which now provides the  
20 Company with a material increase in the amount of revenue it can collect outside of a  
21 general rate case proceeding. I estimate that, as a result of SB 1547, the Company could  
22 potentially be allowed to collect approximately \$28.5 million of additional revenues

1 outside of a general rate case over the term of the 2017 protocol.<sup>41/</sup> These unforeseen  
2 revenues, which the Company supported only weeks after other parties had accepted the  
3 reasonableness of the stay-out provision,<sup>42/</sup> reduces the value of the rate case stay-out  
4 provision materially. To account for these changed circumstances, I propose to reduce  
5 the Equalization Adjustment deferral by the amount of additional revenues recognized  
6 pursuant to SB 1547, until the Company's next general rate case.

7 **Q. HOW MUCH INCREMENTAL REVENUE WILL THE COMPANY**  
8 **RECOGNIZE IN THE RATE CASE STAY-OUT PERIOD AS A RESULT OF**  
9 **SB 1547?**

10 A. It has not yet been determined how the provision related to production tax credits in  
11 SB 1547 will be implemented for ratemaking purposes. Exhibit ICNU/103, however,  
12 details the incremental production tax credits that I forecast as expiring over the term of  
13 the 2017 Protocol, based on estimated generation profiles from Company-owned wind  
14 resources compiled from various public sources.<sup>43/</sup> As detailed, depending on how the  
15 Commission implements the law, the Company stands to potentially increase rates by  
16 approximately \$18.1 million over the period, an amount which is about seven times  
17 greater than the Equalization Adjustment that the Company proposes to reflect in rates  
18 over the same period. As detailed, the cumulative revenue impact of these potential rate

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<sup>41/</sup> ICNU/103.

<sup>42/</sup> ICNU/104 at 36-38 (the Company's Response to ICNU DRs 22.1 – 22.3).

<sup>43/</sup> The generation data is estimated using data from FERC Form 1 and the Company's non-confidential workpapers in Docket No. UE-152253 before the Washington Utilities and Transportation Commission. The generation profiles don't necessarily tie to what has been used historically for ratemaking in Oregon, though they are expected to be close.



1 increases over the three-year period could result in the Company collecting as much as  
2 \$28.5 million in incremental revenues, without having to file a general rate case.

3 **Q. DID THE PARTIES ANTICIPATE THESE ADDITIONAL REVENUES IN THE**  
4 **STAY-OUT PERIOD WHEN NEGOTIATING THE REASONABLENESS OF**  
5 **THE 2017 PROTOCOL?**

6 A. From my perspective, these are revenues that the Company was not expected to receive at  
7 the time parties negotiated the stay-out provision in the 2017 Protocol. It certainly does  
8 not speak well of the Company that it would pursue these material incremental revenues  
9 through the legislature, within only a few weeks of other parties signing an agreement to  
10 a stay-out provision. Notwithstanding, if the terms of the stay-out provision, including  
11 the \$2.6 million Equalization Adjustment deferral, were found to be reasonable in the  
12 absence of the incremental revenues associated with SB 1547, it follows that the terms of  
13 the stay-out provision can no longer be said to be reasonable after considering the  
14 incremental revenues that the Company now stands to collect outside of a general rate  
15 case. Accordingly, I believe it would be more reasonable to modify the \$2.6 million  
16 Equalization Adjustment deferral to reflect the economics prior to the passage of  
17 SB 1547. Specifically, my proposal is to reduce the Equalization Adjustment deferral by  
18 the amount of incremental revenues that the Company collects pursuant to SB 1547  
19 outside of a general rate case.

20 **Q. DOES THE EQUALIZATION ADJUSTMENT REPRESENT A COST TO THE**  
21 **COMPANY ELIGIBLE FOR DEFERRED ACCOUNTING?**

22 A. No. If the Commission does not modify the Equalization Adjustment deferral to reflect a  
23 more reasonable outcome, then the Equalization Adjustment deferral should be rejected

1 altogether on the basis that it does not meet Oregon’s standard for deferral. The  
2 Equalization Adjustment was a black-box number agreed to between the states, and is not  
3 necessarily representative of any particular cost that is capable of satisfying the  
4 requirements of ORS § 757.259(2)(e). To be eligible for deferral, that statute requires a  
5 showing of “[i]dentifiable utility expenses or revenues, the recovery or refund of which  
6 the commission finds should be deferred in order to minimize the frequency of rate  
7 changes or the fluctuation of rate levels or to match appropriately the costs borne by and  
8 benefits received by ratepayers.” Neither the Company, nor any of the parties supporting  
9 the 2017 Protocol, has made such a showing. By its very definition, a *black-box*  
10 adjustment does not qualify as an expense that is “identifiable.” I also do not believe that  
11 it can be said that the deferral of a *black-box* amount matches costs and benefits received  
12 by ratepayers.<sup>44/</sup>

13 **Q. WHAT DO YOU RECOMMEND?**

14 A. If one were to assume, for the sake of the argument, that *before* SB 1547 was enacted, it  
15 would be equitable for the Commission to approve a \$2.6 million annual deferral for the  
16 Oregon Equalization Adjustment to reduce an alleged “allocation shortfall the Company  
17 was experiencing with the 2010 Protocol,”<sup>45/</sup> then the continuing equity of such increases  
18 must be reconsidered *after* SB 1547 has become law, considering that the Company  
19 stands to recover much more than \$2.6 million on an annual basis during the stay-out

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<sup>44/</sup> Cf. ICNU/104 at 45 (Company Response to DR 24.17) (stating “[t]he 2017 Protocol was a negotiated settlement” and denying the Company relied on foundational studies to determine the reasonableness of the 2017 Protocol).

<sup>45/</sup> PAC/100, Dalley/6:18-21.

1 period. Accordingly, if a deferral is to be approved for the Equalization Adjustment until  
2 the Company's next general rate case, it should be reduced by the unforeseen revenues  
3 the Company now stands to recover pursuant to SB 1547. If the incremental revenues  
4 received pursuant to SB 1547 exceed the Oregon Equalization Adjustment deferral, my  
5 recommendation is that the deferral be a credit to customers.

## 6 V. DIRECT ACCESS PROGRAMS

### 7 **Q. WHAT IS YOUR RECOMMENDATION REGARDING PERMANENT DIRECT** 8 **ACCESS PROGRAMS?**

9 A. Section X of the 2017 Protocol, related to direct access programs, contains several  
10 provisions that are materially different than those included in the 2010 Protocol. In  
11 general, the new provisions should provide the Commission with great flexibility  
12 regarding the treatment of loads lost to direct access programs in Oregon, as well as in  
13 other jurisdictions. There seems to be no disagreement between the parties on this  
14 matter, so my recommendation is that the Commission simply acknowledge that it has  
15 full discretion regarding the allocation treatment of loads lost to direct access programs in  
16 Oregon, as well as the allocation treatment of loads lost to direct access programs in other  
17 states.

### 18 **Q. ARE YOU PROPOSING ANY CHANGES TO THE COMMISSION'S CURRENT** 19 **TREATMENT OF LOADS LOST TO DIRECT ACCESS PROGRAMS?**

20 A. No. The Commission's current treatment of loads lost to direct access programs in  
21 Oregon is generally described in Section X, Parts A.1. and A.2. of the 2017 Protocol.  
22 Pursuant to this treatment, loads lost to direct access programs are generally included in  
23 the Load-Based Dynamic Allocation Factors or All Resources for a period of ten years

1 after the direct access load has opted to leave cost of service rates. While I do not  
2 necessarily believe that a ten-year period is the most appropriate amount of time to  
3 include a direct access load in the Load-Based Dynamic Allocation Factors, it is not  
4 critical to readdress that issue in this docket.

5 **Q. WHAT WAS THE CRITICAL ISSUE TO ADDRESS IN THIS DOCKET WITH**  
6 **RESPECT TO DIRECT ACCESS IN THE 2017 PROTOCOL?**

7 A. The critical issue in this docket is to ensure that the Commission understands that it has  
8 the authority to adopt a consistent treatment between loads lost to direct access programs  
9 in Oregon and the loads lost to direct access programs in other states. It is also important  
10 that the Commission recognize that it is not restricted by the 2017 Protocol from adopting  
11 new allocation policies with respect to the loads lost to direct access programs.

12 **Q. WHY IS IT IMPORTANT THAT THE COMMISSION ADOPT CONSISTENT**  
13 **TREATMENT FOR DIRECT ACCESS LOADS IN OREGON AND IN OTHER**  
14 **STATES?**

15 A. ICNU did not want Oregon to be in the unfair situation where loads lost to direct access  
16 programs in Oregon were included in the Load-Based Dynamic Allocation factors for ten  
17 years, while the loads lost to direct access programs for another state were included in the  
18 Load-Based Dynamic Allocation for some shorter period of time. Thus, if ten years is to  
19 be used for Oregon direct access loads, it should also be used for the loads lost to direct  
20 access in other states.

1 **Q. ARE THERE ANY DIRECT ACCESS PROGRAMS CURRENTLY UNDER**  
2 **DEVELOPMENT IN OTHER STATES?**

3 A. Yes. In its 2015 legislative session, the State of Utah enacted the Utah Eligible Customer  
4 Program.<sup>46/</sup> Under that program, a certain large customer in Utah is now eligible to  
5 transfer service to a non-utility energy supplier. Absent the Oregon Commission's ability  
6 to determine the allocation treatment of that large customer's load, a material amount of  
7 costs could be shifted to Oregon customers as a result of the departure of that Utah  
8 customer's load.

9 **Q. HOW DOES THE 2017 PROTOCOL PROVIDE THE COMMISSION WITH**  
10 **FLEXIBILITY REGARDING THE ALLOCATION OF LOADS LOST TO**  
11 **DIRECT ACCESS PROGRAMS?**

12 A. Section X of the 2017 protocol explicitly describes the treatment of loads lost to Oregon  
13 Direct Access Programs.<sup>47/</sup> The 2017 Protocol also explicitly states that Oregon may re-  
14 determine its treatment of loads lost to Oregon Direct Access programs, pursuant to  
15 changed laws or regulations.<sup>48/</sup> Thus, if the Commission were to decide to change its  
16 policy on the 10-year period in which loads lost to direct access programs in Oregon are  
17 included in the Load-Based Dynamic Allocation factors, it would not violate the 2017  
18 Protocol for the Commission to do so.

19 While the 2017 Protocol does not explicitly describe how the treatment of loads  
20 lost to direct access programs in other states will be handled under the 2017 Protocol, this  
21 omission was intentional. Rather, each state retains the right to independently determine

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<sup>46/</sup> Utah Code Annotated § 54-3-32.

<sup>47/</sup> PAC/101, Dalley/9:12-10:11.

<sup>48/</sup> Id., Dalley/10:12-15.

1 the impact of potential loads lost to direct access programs in states other than Oregon,  
2 pursuant, in part, to the following language:

3 Nothing in the 2017 Protocol is intended to abrogate a State  
4 Commission’s right and/or obligation to [...] consider the impact of  
5 changes in laws, regulations, or circumstances on inter-  
6 jurisdictional allocation policies and procedures when determining  
7 fair, just, and reasonable rates.<sup>49/</sup>

8 Thus, in the absence of explicit language regarding the allocation treatment of  
9 loads lost to direct access pursuant to Utah’s Eligible Customer Program, the Oregon  
10 Commission retains the right to independently consider the impacts of that program on  
11 Oregon’s inter-jurisdictional allocation policies and procedures over the term of the 2017  
12 Protocol.

13 **Q. HOW DO THE OREGON PARTIES TO THE 2017 PROTOCOL INTERPRET**  
14 **THESE PROVISIONS?**

15 A. The Company, Staff, and CUB all appear to hold the same understanding, based on  
16 responses received in discovery. Each party was individually asked the same series of  
17 questions regarding the Oregon application of these customer safeguards.

18 First, each party answered affirmatively when asked whether it would “agree that,  
19 pursuant to the terms of the 2017 Protocol, the Oregon Public Utility Commission will  
20 retain full discretion regarding the allocation treatment of loads lost to direct access  
21 programs of other states.”<sup>50/</sup> Next, each party also answered affirmatively when asked  
22 whether it would “agree that, pursuant to the terms of the 2017 Protocol, the decisions

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<sup>49/</sup> Id., Dalley/3:13-18.

<sup>50/</sup> ICNU/104 at 34, 6, 2 (Company Response to ICNU DR 21.7; Staff Response to ICNU DR 5.1; CUB Response to ICNU DR 1.7).

1 made by other state public utility commissions regarding the allocation treatment of loads  
2 lost to direct access programs will have no binding effect on Oregon’s treatment of those  
3 loads.”<sup>51/</sup>

4 **VI. MODIFICATION TO THE 2017 PROTOCOL**

5 **Q. IS IT APPROPRIATE FOR THE COMMISSION TO MODIFY THE TERMS OF**  
6 **THE 2017 PROTOCOL?**

7 A. Yes. The Oregon-specific terms of the 2017 Protocol can be modified by the  
8 Commission for application in this state without undermining the approval process in  
9 other states. In fact, other state commissions have taken a very jurisdictionally focused  
10 position when modifying Multi-State Process (“MSP”) protocol terms in the past, and  
11 interpreted the public interest standard as applying to the interests of individual states.<sup>52/</sup>

12 **Q. DID THE COMMISSION MODIFY THE 2010 PROTOCOL?**

13 A. Yes. The Commission partially modified the 2010 Protocol when approving its terms, as  
14 amended, in 2011.<sup>53/</sup> In fact, the modifications approved by the Commission pertained to  
15 similar issues raised in this testimony, such as the Hydro Endowment and Klamath Dam  
16 Removal Surcharge calculations.<sup>54/</sup>

17 **Q. WOULD MODIFICATION OF THE 2017 PROTOCOL UNDERMINE THE**  
18 **APPROVAL PROCESS IN OTHER STATES?**

19 A. No. When the Commission approved the Revised Protocol in 2005, the following  
20 concerns were stated in the context of proposed modifications: “We are also concerned

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<sup>51/</sup> ICNU/104 at 38, 7, 2 (Company Response to ICNU DR 21.8; Staff Response to ICNU DR 5.2; CUB Response to ICNU DR 1.8).

<sup>52/</sup> See ICNU/104 at 27-28 (Company Response to ICNU DRs 19.1 and 19.2)

<sup>53/</sup> Re PacifiCorp, UM 1050, Order No. 11-244.

<sup>54/</sup> UM 1050, Order No. 11-244 at 3.

1 that these proposed conditions would undermine the consensus reached among the states.  
2 To possibly jeopardize the overall agreement by adding unacceptable conditions to the  
3 Revised Protocol is not in the public interest.”<sup>55/</sup> While the Commission’s initial concern  
4 about jeopardizing the entire MSP process through protocol modification was  
5 understandable in 2005, modification of the Oregon-specific negotiated terms in the 2017  
6 Protocol should have no impact on the other states’ agreements. The state-specific  
7 negotiated terms were negotiated independently between the state parties and the  
8 Company, so a modification to the Oregon-specific terms should have no impact on the  
9 reasonableness of the protocol to the other states.

## 10 VII. CONCLUSION

11 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS TO THE COMMISSION.**

12 A. First, I recommend that the Commission protect Oregon ratepayer interests by  
13 maintaining the status quo and rejecting the proposed ECD caps and floor in the 2017  
14 Protocol. ICNU was clear during the course of negotiations that it was not willing to  
15 modify the existing structure of the Hydro Endowment in an interim allocation  
16 methodology. Second, the additional revenue to be recognized by the Company pursuant  
17 to SB 1547 during the general rate case stay-out period should be recognized as an offset  
18 to the Equalization Adjustment deferral, in order for that deferral to be found to be  
19 reasonable. Finally, I request that the Commission acknowledge its broad discretion  
20 regarding the treatment of loads lost to direct access programs.

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<sup>55/</sup> UM 1050, Order No. 05-021 at 11.



1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes.

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

**UM 1050**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER )  
 )  
Petition for Approval of the 2017 PacifiCorp )  
Inter-Jurisdictional Allocation Protocol. )  
\_\_\_\_\_ )

**EXHIBIT ICNU/101**

**QUALIFICATION STATEMENT OF BRADLEY G. MULLINS**

**APRIL 1, 2016**

1 **Q. PLEASE SUMMARIZE YOUR EDUCATION AND WORK EXPERIENCE.**

2 A. I received Bachelor of Science degrees in Finance and in Accounting from the University  
3 of Utah. I also received a Master of Science degree in Accounting from the University of  
4 Utah. After receiving my Master of Science degree, I worked as a Tax Senior at Deloitte  
5 Tax, LLP, where I provided tax compliance and consulting services to multi-national  
6 corporations and investment fund clients. Subsequently, I worked at PacifiCorp Energy  
7 as an analyst involved in regulatory matters primarily surrounding power supply costs. I  
8 began performing independent consulting services in September 2013 and provide  
9 consulting services to large utility customers, and independent power producers on  
10 matters ranging from power costs and revenue requirement to power purchase agreement  
11 negotiations.

12 **Q. PLEASE PROVIDE A LIST OF YOUR REGULATORY APPEARANCES.**

13 A. I have sponsored testimony in regulatory proceedings throughout the Western United  
14 States, including the following:

- 15 • Wa.UTC, UE-152253: In re Pacific Power & Light Co., General rate increase for  
16 electric services
- 17 • Wy.PSC, 20000-469-ER-15 In The Matter of the Application of Rocky Mountain  
18 Power for Authority of a General Rate Increase in Its Retail Electric Utility Service  
19 Rates in Wyoming Of \$32.4 Million Per Year or 4.5 Percent
- 20 • Wa.UTC, UE-150204: In re Avista Corporation, General rate increase for electric  
21 services

- 1 • Wy.PSC, 20000-472-EA-15: In re the Application of Rocky Mountain Power to  
2 Decrease Rates by \$17.6 Million to Recover Deferred Net Power Costs Pursuant To  
3 Tariff Schedule 95 to Decrease Rates by \$4.7 Million Pursuant to Tariff Schedule 93
- 4 • Wa.UTC, UE-143932: Formal complaint of The Walla Walla Country Club against  
5 Pacific Power & Light Company for refusal to provide disconnection under  
6 Commission-approved terms and fees, as mandated under Company tariff rules
- 7 • Or.PUC, UE 296: In re PacifiCorp, dba Pacific Power, 2016 Transition Adjustment  
8 Mechanism
- 9 • Or.PUC, UE 294: In re Portland General Electric Company, Request for a General Rate  
10 Revision
- 11 • Or.PUC, UM 1662: In re Portland General Electric Company and PacifiCorp dba  
12 Pacific Power, Request for Generic Power Cost Adjustment Mechanism Investigation
- 13 • Or.PUC, UM 1712: In re PacifiCorp, dba Pacific Power, Application for Approval of  
14 Deer Creek Mine Transaction
- 15 • Or.PUC, UM 1719: In re Public Utility Commission of Oregon, Investigation to  
16 Explore Issues Related to a Renewable Generator's Contribution to Capacity
- 17 • Or.PUC, UM 1623: In re Portland General Electric Company, Application for Deferral  
18 Accounting of Excess Pension Costs and Carrying Costs on Cash Contributions
- 19 • Bonneville Power Administration, BP-16: 2016 Joint Power and Transmission Rate  
20 Proceeding
- 21 • Wa.UTC, UE-141368: In re Puget Sound Energy, Petition to Update Methodologies  
22 Used to Allocate Electric Cost of Service and for Electric Rate Design Purposes

- 1 • Wa.UTC, UE-140762: In re Pacific Power & Light Company, Request for a General  
2 Rate Revision Resulting in an Overall Price Change of 8.5 Percent, or \$27.2 Million
- 3 • Wa.UTC, UE-141141: In re Puget Sound Energy, Revises the Power Cost Rate in WN  
4 U-60, Tariff G, Schedule 95, to reflect a decrease of \$9,554,847 in the Company's  
5 overall normalized power supply costs
- 6 • Wy.PSC, 20000-446-ER-14: In re The Application of Rocky Mountain Power for  
7 Authority to Increase Its Retail Electric Utility Service Rates in Wyoming  
8 Approximately \$36.1 Million Per Year or 5.3 Percent
- 9 • Wa.UTC, UE-140188: In re Avista Corporation, General Rate Increase For Electric  
10 Services, RE: Tariff WN U-28, Which Proposes an Overall Net Electric Billed Increase  
11 of 5.5 Percent Effective January 1, 2015
- 12 • Or.PUC, UM 1689: In re PacifiCorp, dba Pacific Power, Application for Deferred  
13 Accounting and Prudence Determination Associated with the Energy Imbalance Market
- 14 • Or.PUC, UE 287: In re PacifiCorp, dba Pacific Power, 2015 Transition Adjustment  
15 Mechanism.
- 16 • Or.PUC, UE 283: In re Portland General Electric Company, Request for a General Rate  
17 Revision
- 18 • Or.PUC, UE 286: In re Portland General Electric Company's Net Variable Power Costs  
19 (NVPC) and Annual Power Cost Update (APCU)
- 20 • Or.PUC, UE 281: In re Portland General Electric Company 2014 Schedule 145  
21 Boardman Power Plant Operating Adjustment

- 1           • Or.PUC, UE 267: In re PacifiCorp, dba Pacific Power, Transition Adjustment, Five-
- 2           Year Cost of Service Opt-Out (adopting testimony of Donald W. Schoenbeck).

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1050**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER )  
 )  
Petition for Approval of the 2017 PacifiCorp )  
Inter-Jurisdictional Allocation Protocol. )  
\_\_\_\_\_ )

**CONFIDENTIAL EXHIBIT ICNU/102**

**COMPARISON OF THE EMBEDDED COST DIFFERENTIAL (“ECD”) IN THE  
FOUNDATIONAL STUDIES TO THE CAP LEVELS PROPOSED IN THE 2017  
PROTOCOL**

**(REDACTED VERSION)**

**APRIL 1, 2016**

Confidential Exhibit ICNU/102 contains Protected Information as defined in Order No. 15-416 and has been redacted in its entirety.



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1050**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER )  
 )  
Petition for Approval of the 2017 PacifiCorp )  
Inter-Jurisdictional Allocation Protocol. )  
\_\_\_\_\_ )

**EXHIBIT ICNU/103**

**COMPARISON OF THE INCREMENTAL PRODUCTION TAX CREDIT REVENUES  
IN STAY-OUT PERIOD PURSUANT TO SB 1547 AND THE *BLACK-BOX* OREGON  
EQUALIZATION ADJUSTMENT DEFERRAL**

**APRIL 1, 2016**



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1050**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER )  
 )  
Petition for Approval of the 2017 PacifiCorp )  
Inter-Jurisdictional Allocation Protocol. )  
\_\_\_\_\_ )

**CONFIDENTIAL EXHIBIT ICNU/104  
RESPONSES TO ICNU DATA REQUESTS**

**(REDACTED VERSION)**

**APRIL 1, 2016**



# Citizens' Utility Board of Oregon

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March 8, 2016

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**Re: UM 1050 – CUB’s Response to ICNU Data Request Set 1**

## **ICNU Data Request 1.1:**

Please provide copies of any and all data requests submitted to you by any party to this proceeding and your corresponding responses to those data requests. This is an ongoing request.

## **CUB’s Response to ICNU Data Request 1.1:**

To date, CUB has not received data requests from any party to this proceeding other than those from ICNU. CUB will supplement this response as necessary.

## **ICNU Data Request 1.2:**

Please review ICNU Data Request 4.2 to OPUC Staff. Does CUB agree that potential impacts of House Bill (“HB”) 4036 are relevant to consideration of the 2017 Protocol?

## **CUB’s Response to ICNU Data Request 1.2:**

CUB objects to this request to the extent that it is not relevant and otherwise not reasonably calculated to lead to the discovery of admissible evidence. CUB does not believe that the impacts of HB 4036 are relevant to this matter.

## **ICNU Data Request 1.3:**

If CUB answered no to ICNU Data Request 1.2 above, refer to Exhibit PAC/101, Dalley/16:17-20. Please explain why CUB does not believe the potential impacts of HB 4036, and in

**ICNU Data Request 1.7:**

Does CUB agree that, pursuant to the terms of the 2017 Protocol, the Oregon Public Utility Commission will retain full discretion regarding the allocation treatment of loads lost to direct access programs of other states? If no, please explain.

**CUB's Response to ICNU Data Request 1.7:**

Yes.

**ICNU Data Request 1.8:**

Does CUB agree that, pursuant to the terms of the 2017 Protocol, the decisions made by other state public utility commissions regarding the allocation treatment of loads lost to direct access programs will have no binding effect on Oregon's treatment of those loads? If no, please explain.

**CUB's Response to ICNU Data Request 1.8:**

Yes.

**ICNU Data Request 1.9:**

Please refer to Exhibit PAC/101, Dalley/16:12-14. Does CUB consider the referenced terms to constitute a general rate case stay out provision? If no, please provide a narrative explanation as to: a) CUB's understanding of how the referenced terms should be characterized; and b) why the referenced terms provide a ratepayer benefit, if they do not constitute a rate case stay out agreement.

**CUB's Response to ICNU Data Request 1.9:**

CUB believes that the referenced terms constitute a rate case stay out provision.

**For the following questions please refer to the following article regarding HB 4036, published on February 17, 2016, on Oregonlive.com ("HB 4036 Article"):**  
[http://www.oregonlive.com/politics/index.ssf/2016/02/state\\_utility\\_regulators\\_were.html](http://www.oregonlive.com/politics/index.ssf/2016/02/state_utility_regulators_were.html)

**ICNU Data Request 1.10:**

Does CUB agree that HB 4036 "discussions gathered momentum last November," during the same month in which PacifiCorp claims that MSP parties reached an agreement-in-principle leading to the finalized 2017 Protocol? If no, please explain.

**CUB's Response to ICNU Data Request 1.10:**

CUB objects to this request to the extent that it is not relevant and otherwise not reasonably calculated to lead to the discovery of admissible evidence. The discussions related to HB 4036 were unrelated to the 2017 Protocol.



# Citizens' Utility Board of Oregon

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March 14, 2016

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**Re: UM 1050 – CUB’s Response to ICNU Data Request 2**

**ICNU Data Request 2.1:**

Please refer to Exhibit PAC/100, Dalley/5:14-16, 19-20. Does CUB agree that a key criterion that the 2017 Protocol allocation method should have incorporated was to “[p]rovide an equitable solution for the Company and all states based on principles of cost causation”?

**CUB’s Response to ICNU Data Request 2.1:**

CUB agrees that that was one of the principles that was adopted by the Broad Review Work Group.

**ICNU Data Request 2.2:**

As a signatory to the 2017 Protocol, does CUB consider the 2017 Protocol to be based on principles of cost causation? If no, please explain.

**CUB’s Response to ICNU Data Request 2.2:**

That was one of the criteria that was considered—though it is clear that different states have different views of cost causality. CUB’s support of the hydro endowment is based on the principle of cost causality. CUB believes that Pacific Northwest customers of PacifiCorp developed these hydro facilities as long-term investments meant to bring long-term benefits to customers. The principle of cost causality says that Pacific Northwest customers should get the benefits from the hydro facilities in proportion to the costs that they paid for those facilities.

CUB also recognizes that hydro is a unique resource because of its localized impact on scenic rivers, water flows, irrigation, and fish and wildlife. CUB believes that the costs associated with this localized impact are within the Pacific NW and that the principles of cost causality suggest that the benefits should follow the costs.

**ICNU Data Request 2.3:**

Please refer to PacifiCorp's responses to ICNU Data Requests 18.2 and 18.6, in which the Company states: "The 2017 Protocol does not attempt to determine the way in which resources are used." Does CUB agree with that statement?

**CUB's Response to ICNU Data Request 2.3:**

No, CUB would characterize the 2017 Protocol differently. The 2017 Protocol maintains a hydro endowment (EDC). CUB believes the hydro endowment ensures that the benefits of hydro resources continue to benefit the Pacific Northwest states.

**ICNU Data Request 2.4:**

If CUB answered yes to Data Requests 2.2 and 2.3 above, please explain CUB's understanding as to how the 2017 Protocol is based on principles of cost causation while the 2017 Protocol does not attempt to determine how resources are used.

**CUB's Response to ICNU Data Request 2.4:**

CUB did not answer yes to 2.3. In addition, see 2.2 above.

**ICNU Data Request 2.5:**

Please refer to the Company's response to ICNU Data Request 19.1, Attachment 19.1, Utah Public Service Commission ("Utah PSC"), Docket 02-035-04, Order issued February 3, 2012, pp. 19-20. Does CUB agree that the Utah PSC approved the 2010 Protocol, subject to the terms and conditions of a Utah party agreement which modified 2010 Protocol provisions relating to ECD and Klamath Dam removal surcharge terms, based on the Utah PSC's order that "[t]he principle based, Rolled-In method and its current cost-causation rationale, for determining Utah's revenue requirement, achieves appropriate inter-jurisdictional cost allocation and is in the public interest"?

**CUB's Response to ICNU Data Request 2.5:**

CUB was not a party to the Utah Case, and is not in a position to interpret the Utah PSC's order.

**ICNU Data Request 2.6:**

For purposes of responding to any data requests related to House Bill 4036, please also consider all subsequent iterations of that legislation, including House and Senate amendments and Senate Bill 1547, as appropriate.

ICNU Data Request 4.2:

- 4.2 Please refer to Docket UM 1754, Staff's Initial Comments on PacifiCorp's 2017-2021 Renewable Portfolio Standard Implementation Plan, filed February 17, 2016. In those comments, on page 3, Staff states that, "given ... Oregon's potentially increasing RPS requirements to 50 percent by 2040, [and] House Bill 4036 impacts on a utility's ability to bank RECs ... Staff is uncertain whether PacifiCorp is *adequately considering* the risks associated with a fully-banked REC compliance strategy." (Emphasis added) Staff goes on to state that, among other things, "potential impacts of the CPP [] may make PacifiCorp's banked REC strategy untenable." By filing these comments, ICNU understands that Staff believes PacifiCorp should consider potential impacts related House Bill 4036, in association with future PacifiCorp actions.

Does Staff agree that potential impacts of House Bill 4036 are relevant to consideration of the 2017 Protocol?

Staff Response to ICNU Data Request 4.2:

- 4.2 Staff objects to this request as not reasonably calculated to lead to discoverable information. Without waiving such objection, Staff answers as follows:

No. House Bill 4036 is not currently law and any consideration of it at this point is mere speculation.

Staff's comments in UM 1754 specifically relate to PacifiCorp's unbundled REC strategy and mention the potential of House Bill 4036 as one of many considerations, also including the Clean Power Plan, and California's RSP requirements, with full compliance decades away. In those comments, Staff suggests that PacifiCorp should consider all of these items as it relates to future potential use of unbundled RECs as a compliance strategy.

By its own terms the 2017 Protocol is only applicable for 2017 and 2018 (with an option to extend for one additional year). Even if one were to speculate about the potential for new laws, it is important to consider that the 2017 Protocol is for a very limited period of time that would be early in any assumed new law for compliance by 2040.





# Oregon

Kate Brown, Governor

**Public Utility Commission**

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Salem, OR 97301

**Mailing Address:** PO Box 1088

Salem, OR 97308-1088

**Consumer Services**

1-800-522-2404

Local: 503-378-6600

**Administrative Services**

503-373-7394

March 8, 2016

RE: Docket No. UM 1050

Staff Response to ICNU's 5<sup>th</sup> Set of Data Request 5.1 to 5.4

Filed February 23, 2016, due March 8, 2016.

ICNU Data Request 5.1:

5.1 Does Staff agree that, pursuant to the terms of the 2017 Protocol, the Oregon Public Utility Commission will retain full discretion regarding the allocation treatment of loads lost to direct access programs of other states? If no, please explain.

Staff Response to ICNU Data Request 5.1:

5.1 Yes.

ICNU Data Request 5.2:

- 5.2 Does Staff agree that, pursuant to the terms of the 2017 Protocol, the decisions made by other state public utility commissions regarding the allocation treatment of loads lost to direct access programs will have no binding effect on Oregon's treatment of those loads? If no, please explain.

Staff Response to ICNU Data Request 5.2:

- 5.2 Yes.

ICNU Data Request 5.4:

- 5.4 Please refer to the following article regarding House Bill (“HB”) 4036, published on February 17, 2016, on Oregonlive.com (“HB 4036 Article”):

[http://www.oregonlive.com/politics/index.ssf/2016/02/state\\_utility\\_regulators\\_were.html](http://www.oregonlive.com/politics/index.ssf/2016/02/state_utility_regulators_were.html)

In regard to HB 4036, the HB 4036 Article reports that Staff’s chief policy adviser, Jason Eisdorfer, stated: “This is complicated stuff,” involving “significant changes changes [sic] to the regulatory construct in Oregon.” When signing the 2017 Protocol, did Staff consider the ratepayer impacts of any “significant changes” to Oregon’s regulatory construct associated with HB 4036?

Staff Response to ICNU Data Request 5.4:

- 5.4 No.



# Oregon

Kate Brown, Governor

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**Administrative Services**

503-373-7394

March 9, 2016

RE: Docket No. UM 1050

Staff Response to ICNU's 6<sup>th</sup> Set of Data Request 6.1 to 6.6.

Filed February 25, 2016, due March 10, 2016.

### ICNU Data Request 6.1:

- 6.1 Please refer to Exhibit PAC/100, Dalley/5:14-16, 19-20. Does Staff agree that a key criterion that the 2017 Protocol allocation method should have incorporated was to “[p]rovide an equitable solution for the Company and all states based on principles of cost causation”?

### Staff Response to ICNU Data Request 6.1:

- 6.1 Staff agrees that PacifiCorp's testimony lists certain criteria for consideration in an allocation methodology, but notes that it is PacifiCorp's, not Staff's, testimony.

Staff disagrees with the question as written (e.g. the “2017 Protocol should have incorporated”) because it implies that the 2017 Protocol does not provide an equitable solution for the Company and all states based on principles of cost causation.

Even though the question refers to PacifiCorp's testimony, Staff agrees that cost causation is one principle among many that should be considered in reviewing an allocations methodology.

ICNU Data Request 6.3:

- 6.3 Please refer to PacifiCorp's responses to ICNU Data Requests 18.2 and 18.6, in which the Company states: "The 2017 Protocol does not attempt to determine the way in which resources are used." Does Staff agree with that statement?

Staff Response to ICNU Data Request 6.3:

- 6.3 Yes

ICNU Data Request 6.4:

- 6.4 If Staff answered yes to Data Requests 6.2 and 6.3 above, please explain Staff's understanding as to how the 2017 Protocol is based on principles of cost causation while the 2017 Protocol does not attempt to determine how resources are used.

Staff Response to ICNU Data Request 6.4:

- 6.4 Costs are generally allocated in proportion to usage and, therefore, generally follow cost causation. There is an ECD that is intended to provide benefits of the PNW low-cost hydro resources, which could be viewed as an equity consideration.

ICNU Data Request 6.5:

- 6.5 Please refer to the Company's response to ICNU Data Request 19.1, Attachment 19.1, Utah Public Service Commission ("Utah PSC"), Docket 02-035-04, Order issued February 3, 2012, pp. 19-20. Does Staff agree that the Utah PSC approved the 2010 Protocol, subject to the terms and conditions of a Utah party agreement which modified 2010 Protocol provisions relating to ECD and Klamath Dam removal surcharge terms, based on the Utah PSC's order that "[t]he principle based, Rolled-In method and its current cost-causation rationale, for determining Utah's revenue requirement, achieves appropriate inter-jurisdictional cost allocation and is in the public interest"?

Staff Response to ICNU Data Request 6.5:

- 6.5 No. That is why Staff supports modifications to the allocations methodology as a long-term resolution. However, the 2017 Protocol is a short-term agreement.

ICNU Data Request 6.6:

- 6.6 For purposes of responding to any data requests related to House Bill 4036, please also consider all subsequent iterations of that legislation, including House and Senate amendments and Senate Bill 1547, as appropriate.

Staff Response to ICNU Data Request 6.6:

- 6.6 See Staff's previous response to ICNU Data Request 4.2.



Attachment ICNU 17.1

State	Schedule	Demand (MW)	Load Factor	Monthly Energy Usage (kWh)	Bill*	Average monthly rate (¢/kWh)
CA	AT - 48	50	85%	31,028,400	\$ 3,150,009	<b>10.15</b>
ID**	9	50	85%	31,028,400	\$ 1,800,620	<b>5.80</b>
OR	48	50	85%	31,028,400	\$ 1,925,895	<b>6.21</b>
UT	9	50	85%	31,028,400	\$ 1,803,636	<b>5.81</b>
WA	48T - Dedicated Facilities	50	85%	31,028,400	\$ 1,816,539	<b>5.85</b>
WY	48T	50	85%	31,028,400	\$ 1,885,386	<b>6.08</b>

Notes:

\*Assumes service taken at highest delivery voltage available (i.e., transmission level voltage for all states except Washington, which assumes service at primary voltage.)

\*\*Assumes Sch 9 rates in Idaho, however, customers with load in excess of 15,000 kW are subject to special contract arrangements (see ID Sch 9 tariff).

UM-1050/PacifiCorp  
February 5, 2015  
ICNU Data Request 18.2

**ICNU Data Request 18.2**

**Please refer to the Petition for Approval of the 2017 Protocol:**

Paragraph 6. Is it accurate for the Company to state that “all of the Company’s generation and transmission resources and other common or general functions are deemed to be used to serve the Company’s customers in all of its state jurisdictions”? If yes, please explain why the 2017 Protocol assigns or allocates costs according to “State Resources” or “System Resources” categories. If no, please revise the quoted statement.

**Response to ICNU Data Request 18.2**

The 2017 Protocol does not attempt to determine the way in which resources are used. The 2017 Protocol is an inter-jurisdictional allocation methodology.

UM-1050/PacifiCorp  
February 5, 2015  
ICNU Data Request 18.6

### **ICNU Data Request 18.6**

**Please refer to PAC/100:**

Dalley/13:13-15. Mr. Dalley testifies that “System Resources ... contribute to retail service across the Company’s entire multi-jurisdictional service territory.” Based on this statement, is it accurate to conclude that State Resources *do not* contribute to retail service across the Company’s entire multi-jurisdictional service territory? If that conclusion is not accurate, please explain.

### **Response to ICNU Data Request 18.6**

No. Please refer to Section IV, part B of the 2017 Protocol, specifically, it states “All Resources that are not State Resources are System Resources.” The 2017 Protocol does not attempt to determine the way in which resources are used. The 2017 Protocol is an inter-jurisdictional allocation methodology.

UM 1050/PacifiCorp  
March 24, 2016  
ICNU Data Request 18.9

**ICNU Data Request 18.9**

**Please refer to PAC/200:**

McDougal/2:18-21. Please provide: (a) the “foundational studies” prepared by the Company in 2013; and (b) the 2014 updated “base data in the foundational study.”

**1<sup>st</sup> Supplemental Response to ICNU Data Request 18.9**

PacifiCorp continues to object to this request as not reasonably calculated to lead to the discovery of admissible evidence. Without waiving its objection, PacifiCorp responds as follows:

After discussions with ICNU’s Counsel, ICNU requested to use two documents from a data disc provided to the Multi-State Process Broad Review Workgroup in October 2014. The disc was titled: “Multi-State Process | Broad Review Workgroup | MSP Studies | October 16, 2014.” Please refer to Confidential Attachment ICNU 18.9-1 1<sup>st</sup> Supplemental and Confidential Attachment ICNU 18.9-2 1<sup>st</sup> Supplemental. PacifiCorp is open to discussing the provision of additional documents provided to the Broad Review Workgroup upon request.

The confidential attachments are designated as confidential under the protective order in these proceedings and may only be disclosed to qualified persons as defined in that order.

Pages 18 – 26 of Confidential Exhibit ICNU/104 contain Protected Information as defined in Order No. 15-416 and have been redacted in their entirety.

UM-1050/PacifiCorp  
February 16, 2015  
ICNU Data Request 19.1

### **ICNU Data Request 19.1**

Please identify the docket number, order or determination number, and issuance date for each jurisdictional state commission's approval of: a) the Revised Protocol; and b) the 2010 Protocol. Please also include the order or determination number and issuance date for any supplemental, modifying, or similar order associated with an order or determination initially approving either Protocol.

### **Response to ICNU Data Request 19.1**

#### **Idaho:**

- Revised Protocol - Case No. PAC-E-02-03, Order No. 29708 issued February 28, 2005.
- 2010 Protocol - Case No. PAC-E-10-09, Order No. 32346 issued August 31, 2011.

#### **Oregon:**

- Revised Protocol - UM 1050, Order No. 05-021 issued January 12, 2005.
- 2010 Protocol - UM 1050, Order No. 11-244 issued July 5, 2011.

#### **Utah:**

- Revised Protocol - Docket 02-035-04, Order issued December 14, 2004.
- 2010 Protocol – Docket 02-035-04, Order issued February 3, 2012.

#### **Wyoming:**

- Revised Protocol - Docket 20000-EI-02-183 (Record No. 7395), Order issued March 2, 2005.
- 2010 Protocol – Docket No. 20000-381-EA-10 (Record No. 12624), Order issued March 24, 2011.

Copies of the orders identified above are provided as Attachment ICNU 19.1.

UM-1050/PacifiCorp  
February 16, 2015  
ICNU Data Request 19.2

**ICNU Data Request 19.2**

Did any state commission approve either the Revised Protocol or 2010 Protocol, subject to conditions? If yes, please identify all such conditions, including reference to applicable state docket and order numbers.

**Response to ICNU Data Request 19.2**

PacifiCorp objects to this request as unduly burdensome. Without waiving its objection, PacifiCorp responds as follows:

Yes, certain state commissions conditionally approved either the Revised Protocol or 2010 Protocol. Please see Attachment ICNU 19.1.

UM-1050/PacifiCorp  
February 18, 2015  
ICNU Data Request 20.4

#### **ICNU Data Request 20.4**

Please refer to PAC/101, Dalley/16:12-20. Please indicate whether the 2017 Protocol would have any effect upon the operation or application of any rate adjustment mechanism established or affected by the following HB 4036 Sections:

- (a) Section 9(2)(a) (adding “costs related to associated electricity transmission and costs related to associated energy storage” to costs which may be recovered in an existing automatic adjustment clause);
- (b) Section 12 (contemplating “changes to the methodology for recovery of variable costs associated with supplying electricity”);
- (c) Section 16 (directing the Commission to “establish the means by which an electric company may track, and credit or charge customers for production tax credit differences); and
- (d) Section 25 (providing for Commission established means to “credit or charge customers, under section 16”).

#### **Response to ICNU Data Request 20.4**

PacifiCorp objects to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiving its objection, the 2017 Inter-Jurisdictional Allocation Protocol would not have an effect upon the operation or application of any rate adjustment mechanism. See PAC/101, Dalley/16:17-18.



UM-1050/PacifiCorp  
February 18, 2015  
ICNU Data Request 20.6

**ICNU Data Request 20.6**

Please refer to PAC/101, Dalley/16:12-20. For each of the past 10 years, 2006-2015, inclusive, please identify percentage annual rate increases attributable to:

- (a) general rate case increases; and
- (b) non-general rate case increases, including but not limited to any increases attributable to deferral amortizations, single-issue rate cases, or rate adjustment mechanisms.

**Response to ICNU Data Request 20.6**

Please see Attachment ICNU 20.6. General rate case increases are shown on separate lines.

OR UM 1050  
ICNU 20.6

**OR UM 1050  
ICNU 20.6**

			Net Change
			Overall
Oregon Docket/Advice No.	Filing	Rate Effective Date	%
UE 170	TAM	1/06	0.4
06-002	Cancel Y2K Surcharge	2/06	(0.0)
UE 170/06-011	Klamath Basin Irrigation Year 1	4/06	0.2
06-008, 06-010	SB1149 Phase VI plus Shopping Incen. Surcharge	5/06	0.3
UE 170	GRC reconsideration	7/06	0.8
06-015	BPA Credit Reduction	10/06	0.9
UE 179, 06-016	GRC	1/07	3.8
UE 179, 06-016	TAM and Transaction and Def. Tax Adj.	1/07	1.8
07-004	Misc. Deferred Accounts Credit Elimination	2/07	0.2
07-005	SB1149 Phase VII	3/07	0.2
07-010, 07-013	Intervenor Funding and BPA Credit Suspension	6/07	6.5
07-015	Cancel Trail Mine Surcharge	8/07	(0.3)
UE 191	TAM	1/08	2.5
07-022, 07-026	ECC and Transaction and Def. Tax Adj. Elimination	1/08	0.7
08-004	Klamath Irrigation Year 3 and Large SB1149 Adj. Elim.	4/08	(0.8)
UE 177, 08-008	Income Tax Adjustment and Intervenor Funding	6/08	2.9
08-011	BPA Credit Return	11/08	(2.2)
08-016	Residential & Small SB1149 Adj. Elimination	11/08	(0.2)
UE 199, UE 200, 08-019, 08-017, 08-018	TAM, RAC, Renew Def, Ind. Evaluator, Property Sales	1/09	4.8
09-001	RAC Revision	1/09	0.6
09-004, 09-005	Intervenor Funding and Shopping Incen. Surcharge	2/09	(0.2)
09-006	Klamath Irrigation Year 4	4/09	0.0
UE 177	Income Tax Adjustment	06/09	(0.8)
09-013	BPA Credit Increase	10/09	(0.7)
UE 207, 09-015, 09-017	TAM, RAC Deferral, ECC	1/10	1.0
UE 210	GRC	2/10	4.8
UE 219	Klamath Dam Removal Surcharges	3/10	1.7
10-004	Shoping Incentive Surcharge Cancellation	3/10	(0.0)
09-018	ECC	4/10	0.1
10-006	RAC Deferral	4/10	0.1
10-011	Income Tax Adjustment	6/10	(1.5)
10-015, 10-014	Prop. Sales and Trans. Plan-Oregon Cancellation	8/10	(0.1)
UE 217	GRC	1/11	7.9
UE 216, 10-015, 10-021	TAM, Property Sales, RAC Deferral	1/11	5.9
11-010	Independent Evaluator	5/11	(0.1)
11-009	Income Tax Adjustment	6/11	1.0
11-014	BPA Credit Change	10/11	0.5
11-017	RAC Deferral	11/11	(0.4)
UE 227, 11-019, 11-020, 11-021	TAM, OSIP, ECC, 2010 Protocol Adj.	1/12	4.5
12-006	Klamath Irrigation Year 7	4/12	0.0
12-009	MEHC CIC Adj Cancellation	5/12	(0.2)
12-010	Income Tax Adjustment Cancellation	5/12	(1.3)
12-015	Grid West Adjustment Cancellation	11/12	0.0
UE 246	GRC	1/13	0.6
UE 245, 12-020	TAM, ECC	1/13	0.3
12-019, 13-001	OSIP, 2010 Protocol Cancellation	2/13	0.3
13-008	Property Sales	4/13	0.3
13-011	Transmission Investment Adj.	6/13	0.9
13-010	Klamath Dam Removal Surcharges	6/13	0.1
13-016	BPA Credit Change	10/13	(0.2)
13-017	Distribution Safety Surcharge	11/13	0.1
UE 263	GRC	1/14	2.0
UE 264	TAM	1/14	(0.2)
13-022	Cancel UE 246 Gen. Credit	1/14	1.5
13-019, 13-025	OSIP, RAC Deferral	2/14	0.2
14-008	Generation Investment Adjustment	6/14	1.8
14-009	ECC	7/14	(0.1)
UE 287, 14-012, 14-014	TAM, OSIP, ECC	1/15	0.2
15-001	RAC Deferral	2/15	(0.0)
15-002	Distribution Safety Surcharge Cancellation	3/15	(0.1)
15-009	Deer Creek Mine Transaction	6/15	0.2
15-011	BPA Credit Change	10/15	(1.6)
UE 296, 15-016	TAM, Intervenor Funding	1/16	0.9

UM-1050/PacifiCorp  
March 2, 2015  
ICNU Data Request 21.1

**ICNU Data Request 21.1**

Please provide the amounts that Oregon consumers have paid in Klamath Dam Removal Surcharges, on an annual basis and by rate class, since the surcharge was initially implemented.

**Response to ICNU Data Request 21.1**

Please refer to Attachment ICNU 21.1.

PACIFIC POWER  
STATE OF OREGON  
KLAMATH DAM REMOVAL SURCHARGES  
ACTUAL COLLECTIONS

Line No.	Description	Sch No.	Actual Collections Mar-Dec 2010	Actual Collections 2011	Actual Collections 2012	Actual Collections 2013	Actual Collections 2014	Actual Collections 2015	Actual Collections Jan 2016	Total Actual Collections March 2010 - Jan 2016
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
<b><u>Residential</u></b>										
1	Residential	4	\$5,078,272	\$7,389,998	\$7,341,033	\$7,722,702	\$7,804,117	\$7,703,782	\$963,294	\$44,003,198
2	<b>Total Residential</b>		\$5,078,272	\$7,389,998	\$7,341,033	\$7,722,702	\$7,804,117	\$7,703,782	\$963,294	\$44,003,198
<b><u>Commercial &amp; Industrial</u></b>										
3	Gen. Svc. < 31 kW	23	\$1,098,596	\$1,541,161	\$1,540,603	\$1,599,978	\$1,597,190	\$1,578,038	\$158,562	\$9,114,128
4	Gen. Svc. 31 - 200 kW	28	\$1,921,775	\$2,615,111	\$2,653,332	\$2,775,078	\$2,933,236	\$2,923,379	\$274,902	\$16,096,814
5	Gen. Svc. 201 - 999 kW	30	\$1,234,997	\$1,680,970	\$1,710,016	\$1,864,537	\$1,943,761	\$1,918,516	\$164,591	\$10,517,388
6	Large General Service >= 1,000 kW	48	\$1,999,914	\$2,778,591	\$2,907,734	\$3,228,705	\$3,491,098	\$3,494,724	\$268,104	\$18,168,870
7	Partial Req. Svc. >= 1,000 kW	47	\$152,122	\$144,621	\$58,223	\$62,239	\$78,099	\$79,474	\$4,605	\$579,384
8	Agricultural Pumping Service	41	\$223,060	\$228,933	\$254,505	\$326,552	\$339,101	\$328,718	\$982	\$1,701,851
9	<b>Total Commercial &amp; Industrial</b>		\$6,630,466	\$8,989,388	\$9,124,412	\$9,857,090	\$10,382,484	\$10,322,848	\$871,746	\$56,178,434
<b><u>Lighting</u></b>										
10	Outdoor Area Lighting Service	15	\$17,548	\$22,783	\$22,190	\$22,647	\$22,782	\$22,474	\$1,859	\$132,283
11	Street Lighting Service	50	\$13,809	\$17,623	\$17,049	\$17,078	\$16,261	\$15,477	\$1,377	\$98,674
12	Street Lighting Service HPS	51	\$42,740	\$57,717	\$58,610	\$61,157	\$63,447	\$63,489	\$5,576	\$352,737
13	Street Lighting Service	52	\$1,356	\$1,153	\$1,039	\$822	\$814	\$772	\$87	\$6,043
14	Street Lighting Service	53	\$7,999	\$11,123	\$11,023	\$10,921	\$11,675	\$11,540	\$984	\$65,265
15	Recreational Field Lighting	54	\$1,267	\$1,793	\$1,681	\$2,168	\$2,192	\$2,266	\$181	\$11,548
16	<b>Total Public Street Lighting</b>		\$84,719	\$112,193	\$111,592	\$114,793	\$117,171	\$116,017	\$10,064	\$666,549
17	<b>TOTAL</b>		\$11,793,457	\$16,491,579	\$16,577,037	\$17,694,584	\$18,303,773	\$18,142,647	\$1,845,105	\$100,848,182

UM-1050/PacifiCorp  
March 2, 2015  
ICNU Data Request 21.7

**ICNU Data Request 21.7**

Does the Company agree that, pursuant to the terms of the 2017 Protocol, the Oregon Public Utility Commission will retain full discretion regarding the allocation treatment of loads lost to direct access programs of other states? If no, please explain.

**Response to ICNU Data Request 21.7**

Yes. The 2017 PacifiCorp Inter-Jurisdictional Allocation Protocol (2017 Protocol) contemplates the state commissions and parties working together to address any concerns over inter-jurisdictional allocations during the term of the 2017 Protocol. Fundamentally, however, nothing in the 2017 Protocol is intended to abrogate a state commission's rights and/or obligations to consider the impact of changes in laws, regulations or circumstances on inter-jurisdictional allocation policies and procedures when determining fair, just, and reasonable rates. PacifiCorp has committed to inform each state commission if any state adopts laws or regulations governing customer access to alternative electricity suppliers, such as direct access programs. If any party, including a state commission, believes that such laws or regulations would adversely impact the 2017 Protocol, PacifiCorp anticipates that parties will initiate discussions to attempt to address and resolve specific concerns.

UM-1050/PacifiCorp  
March 2, 2015  
ICNU Data Request 21.8

**ICNU Data Request 21.8**

Does the Company agree that, pursuant to the terms of the 2017 Protocol, the decisions made by other state public utility commissions regarding the allocation treatment of loads lost to direct access programs will have no binding effect on Oregon's treatment of those loads? If no, please explain.

**Response to ICNU Data Request 21.8**

Yes. Decisions by other state commissions will have no binding effect on Oregon's treatment of loads lost to direct access programs. Nothing in the 2017 PacifiCorp Inter-Jurisdictional Allocation Protocol (2017 Protocol) is intended to abrogate a state commission's rights and/or obligations to consider the impact of changes in laws, regulations or circumstances on inter-jurisdictional allocation policies and procedures when determining fair, just, and reasonable rates.

UM-1050/PacifiCorp  
March 8, 2015  
ICNU Data Request 22.1

**ICNU Data Request 22.1**

Please provide the date on which Mr. Dalley signed the 2017 Protocol, filed as Exhibit PAC/101, Dalley/20.

**Response to ICNU Data Request 22.1**

Mr. Dalley signed the 2017 Protocol on December 17, 2015.

UM-1050/PacifiCorp  
March 8, 2015  
ICNU Data Request 22.2

**ICNU Data Request 22.2**

Please provide the date(s) on which the Company received the signature pages filed as Exhibit PAC/101, Dalley/22-23.

**Response to ICNU Data Request 22.2**

The Company received signatures from the following parties:

- WOCA – Ivan Williams – December 17, 2015
- OCS – Michele Beck - December 17, 2015
- DPU – Chris Parker - December 17, 2015
- OPUC – Jason Jones – December 21, 2015
- IPUC – Terri Carlock – December 21, 2015
- WPSC – Darrell Zlomke - December 22, 2015
- WIEC – Robert Pomeroy - December 28, 2015
- CUB – Bob Jenks - December 30, 2015



UM-1050/PacifiCorp  
March 8, 2015  
ICNU Data Request 22.3

**ICNU Data Request 22.3**

Please confirm all dates in November and December 2015 on which a Broad Review Workgroup meeting took place, whether via teleconference or in person.

**Response to ICNU Data Request 22.3**

A Broad Review Workgroup meeting was held on November 17, 2015 by teleconference.

UM-1050/PacifiCorp  
March 10, 2016  
ICNU Data Request 23.3

**ICNU Data Request 23.3**

Please refer to Wyoming Public Service Commission (“WPSC”), Docket No. 20000-381-EA-10 (Record No. 12624), Order issued July 7, 2011, at ¶ 31 and p. 12, Ordering ¶ 2, regarding the WPSC’s conditional approval of the 2010 Protocol and Stipulation. Did the WPSC subsequently “initiate proceedings to determine whether they should reaffirm their prior ratification of the 2010 Protocol,” following the Utah Public Service Commission’s order in Docket 02-035-04, issued February 3, 2012, approving the 2010 Protocol, “subject to the terms and conditions of the Agreement” executed by the Company, the Utah Division of Public Utilities, the Utah Office of Consumer Services, and the Utah Association of Energy Users? If yes, please indicate the docket number and any orders constituting such reaffirmation, and issue a supplemental response to ICNU Data Request 19.1.

**Response to ICNU Data Request 23.3**

No.

UM-1050/PacifiCorp  
March 10, 2016  
ICNU Data Request 23.4

**ICNU Data Request 23.4**

For purposes of responding to any data requests related to House Bill 4036, please also consider all subsequent iterations of that legislation, including House and Senate amendments and Senate Bill 1547, as appropriate.

**Response to ICNU Data Request 23.4**

PacifiCorp objects to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence.

UM-1050/PacifiCorp  
March 29, 2016  
ICNU Data Request 24.2

**ICNU Data Request 24.2**

Does the Company expect that a fully dynamic ECD calculation will produce an Oregon ECD credit that exceeds the proposed Cap in any year during the pendency of the 2017 Protocol? If no, please provide the Company's workpapers to demonstrate that the Cap will not be exceeded in any of those years. Please provide these files in a format consistent with how they are traditionally provided in a general rate case, including detail by FERC account.

**Response to ICNU Data Request 24.2**

No. Please refer to the Company's responses to ICNU Data Requests 18.15 and 18.16. The Oregon embedded cost differential (ECD) projections for 2017 and 2018 are within parameters negotiated as part of the 2017 Protocol.

UM-1050/PacifiCorp  
March 29, 2016  
ICNU Data Request 24.8

**ICNU Data Request 24.8**

Please provide, or identify, all foundational studies, or other similar documentation, which were provided to the Utah Public Service Commission, as a part of the Broad Review Work Group.

**Response to ICNU Data Request 24.8**

Representatives of the Utah Public Service Commission participated as part of the Broad Review Work Group until negotiations began, during that period they were provided the same studies that ICNU and all other Broad Review Work Group parties received.

UM-1050/PacifiCorp  
March 29, 2016  
ICNU Data Request 24.9

**ICNU Data Request 24.9**

Please provide, or identify, all foundational studies, or other similar documentation, which were provided to the Wyoming Public Service Commission, as a part of the Broad Review Work Group.

**Response to ICNU Data Request 24.9**

Representatives of the Wyoming Public Service Commission participated as part of the Broad Review Work Group and were provided the same studies that ICNU and all other Broad Review Work Group parties received.

UM-1050/PacifiCorp  
March 29, 2016  
ICNU Data Request 24.10

**ICNU Data Request 24.10**

Did the Utah Public Service Commission participate in settlement negotiations with regard to the 2017 Protocol? If no, please explain why the Utah Public Service Commission did not participate in negotiations.

**Response to ICNU Data Request 24.10**

No. The Utah Public Service Commission chose not to participate. The Company does not have authority to represent or speak for the Utah Public Service Commission.

UM-1050/PacifiCorp  
March 29, 2016  
ICNU Data Request 24.17

**ICNU Data Request 24.17**

Did the Company rely on the foundational studies to determine that its proposed 2017 Protocol is reasonable?

**Response to ICNU Data Request 24.17**

No. The 2017 Protocol was a negotiated settlement between most of the parties in the Broad Review Work Group.



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1050**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER )  
 )  
Petition for Approval of the 2017 PacifiCorp )  
Inter-Jurisdictional Allocation Protocol. )  
\_\_\_\_\_ )

**EXHIBIT ICNU/105**

**MAY 19, 2015 LETTER TO KRISTI WALLIS REGARDING CORRECTIONS TO  
MAY 18, 2015 MSP CALL**

**APRIL 1, 2016**

May 19, 2015

*Via Electronic Mail*

Kristi Wallis  
716 39th Avenue  
Seattle, WA 98122

Re: Corrections to the MSP call on May 18, 2015

Dear Ms. Wallis:

The Industrial Customers of Northwest Utilities (“ICNU”) is disappointed by recent developments in the Multi-state Protocol (“MSP”) process for PacifiCorp (the “Company”). ICNU believes that the Company and certain parties have developed an incorrect recounting of the discussions and agreements made during the most recent Commissioners’ workshop held on May 1, 2015. We request the distribution of a faithful, accurate record of the minutes of that workshop, including the general agreement: 1) that the Company would continue to analyze and develop a divisional allocation methodology; and 2) that, given the lack of progress in the MSP process to date, the parties would convene later this summer to develop an interim solution until the final Environmental Protection Agency (“EPA”) Section 111(d) Clean Air Act regulations are issued.

Specifically, on May 1, 2015, Commissioners representing all six of the Company’s jurisdictions convened a workshop to discuss the status of the ongoing MSP negotiations. Also in attendance were the Company and several other interested parties, including ICNU. By the conclusion of that meeting, the Company had agreed to the continued analysis and development of a divisional allocation approach, in addition to consideration of the rolled-in approach favored by certain stakeholders in the eastern division. Further, because the parties involved in the MSP process have been unable to reach consensus on permanent MSP methodology, a general agreement was reached to direct the broad review workgroup to develop an interim solution. At no time was there any general agreement made to discard the continued review of a divisional allocation methodology, nor to proceed with a rolled-in approach on a permanent basis. In fact, Chair Ackerman of the Oregon Public Utility Commission stated a strong desire to see the results of further Company analysis regarding a divisional approach, with an interim solution adopted during such development until the issuance of final EPA Section 111(d) rules.

K. Wallis  
May 19, 2015  
Page 2

Given these facts, ICNU finds the recent recounting of the May 1, 2015 Commissioners' workshop, made by the Company and by several other parties during the May 18, 2015 phone conference, to be an unacceptable and disappointing development. Claims made by the Company and certain other stakeholders that the divisional allocation approach had been taken "off the table" at the last Commissioners' workshop, with an agreement allegedly reached to simply adopt a rolled-in methodology on a permanent basis, are simply false. After the May 1 workshop, if the Company decided to pursue a different course, then that would be the Company's prerogative; however, it is not appropriate to revise what was actually discussed to match any changes in the Company's thinking. ICNU strenuously objects to such gross mischaracterizations, and believes that you, as the neutral facilitator, should correct such errors. Consequently, ICNU requests the production of accurate minutes of the May 1, 2015 Commissioners' workshop.

Notwithstanding our disappointment in recent developments, ICNU has confidence in your ability to correct the mischaracterizations made during the recent May 18, 2015 phone conference. ICNU thanks you in advance for your consideration.

Sincerely yours,



Melinda J. Davison

Cc: MSP Workgroup

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1050**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER )  
 )  
Petition for Approval of the 2017 PacifiCorp )  
Inter-Jurisdictional Allocation Protocol. )  
\_\_\_\_\_ )

**EXHIBIT ICNU/106**

**EXCERPT OF SENATE BILL 1547**

**APRIL 1, 2016**

**Enrolled**  
**Senate Bill 1547**

Sponsored by Senator BEYER; Senators BATES, BURDICK, DEMBROW, DEVLIN, GELSER, HASS, MONNES ANDERSON, MONROE, RILEY, ROSENBAUM, SHIELDS, STEINER HAYWARD, Representatives VEGA PEDERSON, WILLIAMSON (Presession filed.)

CHAPTER .....

AN ACT

Relating to public utilities; creating new provisions; amending ORS 469A.005, 469A.020, 469A.052, 469A.055, 469A.060, 469A.075, 469A.100, 469A.120, 469A.135, 469A.140, 469A.145, 469A.210 and 757.375; repealing ORS 757.370; and declaring an emergency.

**Be It Enacted by the People of the State of Oregon:**

**ELIMINATION OF COAL FROM ELECTRICITY SUPPLY**

**SECTION 1.** (1) **As used in this section:**

(a) **“Allocation of electricity” means, for the purpose of setting electricity rates, the costs and benefits associated with the resources used to provide electricity to an electric company’s retail electricity consumers that are located in this state.**

(b)(A) **“Coal-fired resource” means a facility that uses coal-fired generating units, or that uses units fired in whole or in part by coal as feedstock, to generate electricity.**

(B) **“Coal-fired resource” does not include a facility generating electricity that is included as part of a limited duration wholesale power purchase made by an electric company for immediate delivery to retail electricity consumers that are located in this state for which the source of the power is not known.**

(c) **“Electric company” has the meaning given that term in ORS 757.600.**

(d) **“Retail electricity consumer” has the meaning given that term in ORS 757.600.**

(2) **On or before January 1, 2030, an electric company shall eliminate coal-fired resources from its allocation of electricity.**

(3)(a) **The Public Utility Commission shall adjust any schedule of depreciation approved by the commission for an electric company’s coal-fired resource if:**

(A) **The electric company holds a minority ownership share in only one coal-fired resource, with no more than four generating units; and**

(B) **The electric company serves at least 800,000 retail electricity consumers and only retail electricity consumers that are located in this state.**

(b) **The adjusted depreciation schedule described in paragraph (a) of this subsection must require the coal-fired resource described in paragraph (a)(A) of this subsection to be fully depreciated on or before December 31, 2030.**

(4) **Notwithstanding subsections (2) and (3) of this section, for the number of years requested by the electric company, not to exceed five years after the coal-fired resource is fully**

(4) The commission may determine the stranded costs obligation in accordance with the Federal Energy Regulatory Commission's current methodology for determining stranded costs under the same or similar circumstances.

(5) This section does not interfere with or supersede the jurisdiction of the Federal Energy Regulatory Commission.

#### INCLUSION OF STATE AND FEDERAL PRODUCTION TAX CREDITS IN VARIABLE POWER COST FORECASTING PROCESS

**SECTION 18a.** Section 18b of this 2016 Act is added to and made a part of ORS chapter 757.

**SECTION 18b.** Each public utility that makes sales of electricity shall forecast on an annual basis the projected state and federal production tax credits received by the public utility due to variable renewable electricity production, and the Public Utility Commission shall allow those forecasts to be included in rates through any variable power cost forecasting process established by the commission.

#### APPLICATION OF TERM "PUBLIC UTILITY"

**SECTION 18c.** For purposes of ORS chapter 757, the term "public utility" does not include a people's utility district organized under ORS chapter 261 or an electric cooperative organized under ORS chapter 62.

#### ENERGY EFFICIENCY

**SECTION 19.** (1) As used in this section, "electric company" has the meaning given that term in ORS 757.600.

(2) The Legislative Assembly finds and declares that:

(a) Energy efficiency programs promote lower energy bills, protect the public health and safety, improve environmental benefits, stimulate sustainable economic development, create new employment opportunities and reduce reliance on imported fuels; and

(b) Demand response resources result in more efficient use of existing resources and reduce the need for procuring new power generating resources, which, in turn, reduces energy bills, protects the public health and safety and improves environmental benefits.

(3) For the purpose of ensuring prudent investments by an electric company in energy efficiency and demand response before the electric company acquires new generating resources, and in order to produce cost-effective energy savings, reduce customer demand for energy, reduce overall electrical system costs, increase the public health and safety and improve environmental benefits, each electric company serving customers in this state shall:

(a) Plan for and pursue all available energy efficiency resources that are cost effective, reliable and feasible; and

(b) As directed by the Public Utility Commission by rule or order, plan for and pursue the acquisition of cost-effective demand response resources.

#### TRANSPORTATION ELECTRIFICATION PROGRAMS

**SECTION 20.** (1) As used in this section:

(a) "Electric company" has the meaning given that term in ORS 757.600.

(b) "Transportation electrification" means:

(A) The use of electricity from external sources to provide power to all or part of a vehicle;