

# Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • pjo@dvclaw.com  
Suite 450  
1750 SW Harbor Way  
Portland, OR 97201

July 2, 2018

## *Via Electronic Filing*

Chair Megan Decker  
Commissioner Stephen Bloom  
Commissioner Letha Tawney  
Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
Salem, Oregon 97301-3398

Re: PUBLIC UTILITY COMMISSION OF OREGON,  
Investigation into PacifiCorp, dba PACIFIC POWER's  
Oregon Specific Cost Allocation Issues.  
**Docket No. UM 1824**

Dear Commissioners:

The Alliance of Western Energy Consumers ("AWEC") submits the following comments to the Oregon Public Utility Commission ("Commission") in response to the Staff Report dated June 25, 2018 and respectfully requests that the Commission consider these comments at its upcoming July 3, 2018, Public Meeting.

To begin, AWEC fully supports Staff's ongoing requests for additional information from PacifiCorp and believes the requested information is needed by Staff to complete its analysis of the Company's current and proposed allocation methods. Moreover, it is critically important for the Commission to have a complete and developed record in this docket, providing it with an important baseline analysis from which to judge any proposed allocation methodology. To this end, the information provided to Staff should be shared with the

Commission, informing it as to the financial and policy impacts associated with the Company's preferred successor to the Revised Protocol 2017 and any alternative methodology. Ultimately, the Commission should have at its disposal the record necessary to determine the allocation methodology best for PacifiCorp and its customers.

In the end, AWEC supports adoption of a cost-based allocation methodology that fairly and equitably distributes PacifiCorp's system costs across its six-state service territory. Furthermore, an allocation methodology should be grounded in firmly established regulatory principles that have stood the test of time and produce justifiable and durable results that can be relied upon by the Commission, PacifiCorp, and ratepayers. The fundamental ratemaking principle linking cost-causation to cost allocation when setting rates is one such regulatory principle, and it should remain the foundation of any allocation methodology adopted by the Commission.

Finally, AWEC believes that an allocation methodology grounded in established regulatory principles ensures the methodology's durability. In contrast, a proposed solution that drifts from established principles remains subject to rejection or material modification should circumstances change or the allocation methodology produces unforeseen results. For this reason, such an option should be avoided.

In closing, AWEC continues to support Staff's efforts to determine a durable and principle-based allocation methodology for recommendation to the Commission. AWEC agrees with Staff that a rolled-in type methodology, such as the Revised Protocol and Protocol 2017, has been demonstrated to benefit fast growing states while producing unintended consequences for Oregon. This mismatch in benefits has produced uncertainty for Oregon and the other states within PacifiCorp's territory about the allocation of future costs, leading to a renewed effort by

the Company and Oregon to fairly and equitably resolve the allocation issue. To complete its work in this docket and develop a recommendation for the Commission's consideration, it is imperative for Staff to have the resources and information requested of the Company.

Sincerely,

/s/ Patrick J. Oshie

Patrick J. Oshie

Riley G. Peck, OSB # 171782

Davison Van Cleve, P.C.

1750 SW Harbor Way, Suite 450

Portland, OR 97201

503-241-7242 (telephone)

503-241-8160 (facsimile)

pjo@dvclaw.com

rgp@dvclaw.com

Of Counsel for the

Alliance of Western Energy Consumers