

**BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON**

**UM 1712**

In the Matter of )  
 )  
PACIFICORP d/b/a PACIFIC POWER ) CROSS EXHIBITS OF THE  
 ) INDUSTRIAL CUSTOMERS OF  
 ) NORTHWEST UTILITIES  
Application for Approval of Deer Creek Mine )  
Transaction. )  
\_\_\_\_\_ )

The Industrial Customers of Northwest Utilities (“ICNU”) hereby submits Cross Exhibits ICNU/200–205. ICNU has agreed with PacifiCorp to the admission of these cross exhibits by stipulation. ICNU reserves the right to file further cross exhibits.

Dated this 27th day of March, 2015.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

*/s/ Jesse E. Cowell*

Melinda J. Davison

Jesse E. Cowell

333 S.W. Taylor, Suite 400

Portland, Oregon 97204

(503) 241-7242 phone

(503) 241-8160 facsimile

mjd@dvclaw.com

jec@dvclaw.com

Of Attorneys for the

Industrial Customers of Northwest Utilities

# Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • jog@dvclaw.com  
Suite 400  
333 SW Taylor  
Portland, OR 97204

March 27, 2015

## *Via Electronic Filing*

Public Utility Commission of Oregon  
Attn: Filing Center  
3930 Fairview Industrial Drive SE  
Salem OR 97302

Re: PACIFICORP dba PACIFIC POWER  
Application for Approval of Deer Creek Mine Transaction  
**Docket No. UM 1712**

Dear Filing Center:

Enclosed for filing in the above-referenced docket, please find the Cross Exhibits of the Industrial Customers of Northwest Utilities.

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

Sincerely,

/s/ Jesse O. Gorsuch  
Jesse O. Gorsuch

Enclosures

UM-1712/PacifiCorp  
January 30, 2015  
ICNU Data Request 1.41

**ICNU Data Request 1.41**

Please provide a detail of all long-term coal supply contracts that the Company has executed in the last five years, including the term of the agreement, the Company's ability to terminate the contract prior to its expiration, and any liquidated damages that must be paid if the contract is terminated by the Company prior to the expiration.

**Response to ICNU Data Request 1.41**

The Company objects to this request as overly broad, not reasonably calculate to lead to the discovery of admissible evidence, and as requiring a legal conclusion or the disclosure of information protected by the attorney-client privilege or attorney work product doctrine. Without waiving these objections, the Company responds as follows:

For all long-term coal supply contracts executed by the Company in the last five years, the table below includes the term of agreement, whether the agreement included a termination clause, and whether the agreement included liquidated damages. Termination and liquidated damage contract provisions are common for long-term agreements of five or more years.

Plant	Supplier	Term	Termination Clause	Liquidated Damages
Naughton	Contract *	01/01/17 - 12/31/21	Yes	Yes
Huntington	Contract	01/01/15 - 12/31/29	Yes	No
Hayden	Contract	01/01/12 - 12/31/27	Yes	Yes

\* Naughton Contract was entered into July 1, 2010

Please note that the Huntington contract is the Bowie CSA included in the transaction.

UM-1712/PacifiCorp  
February 17, 2015  
Sierra Club Data Request 2.11

**Sierra Club Data Request 2.11**

Provide the Company's assumed:

- (a) Annual general inflation rate or rates from 2015 through 2042, inclusive.
- (b) Weighted average cost of capital.
- (c) Real utility discount rate, if different than (b).

**Response to Sierra Club Data Request 2.11**

The Company objects to this request as overly broad. Without waiving this objection, the Company responds as follows:

- (a) The Company did not employ a single or weighted general inflation rate in the many facets of the analysis. Components of coal pricing and transportation costs for the coal supply agreements (CSAs) are based on a basket of indices and a range of escalation factors.
- (b) Please refer to work papers provided with the Company's response to Sierra Club Data Request 1.1 and view tab "Rev Reqt Model" in worksheet "Mine Revenue Requirement Calculator."
- (c) Please refer to the Company's response to subpart (b) above.

UM-1712/PacifiCorp  
March 26, 2015  
ICNU Data Request 5.82

**ICNU Data Request 5.82**

In the current Transaction dockets in Idaho (PAC-E-14-10), Utah (Docket No. 14-035-147), and Wyoming (Docket No. 20000-464-EA-14, Record No. 14041), please confirm that PacifiCorp is requesting the deferral of Transaction costs for future recovery. If the Company cannot confirm, please explain the regulatory treatment for the Deer Creek Mine in those states.

**Response to ICNU Data Request 5.82**

Confirmed. In Utah, the Company is also requesting approval of the costs associated with the Transaction under the Utah Voluntary Resource Decision statute, Utah Code Ann. §54-17-401, *et al.*

UM-1712/PacifiCorp  
February 3, 2015  
ICNU Data Request 1.9

**ICNU Data Request 1.9**

Please refer to the statement on page 8 of the Application that “Energy Trust’s health care costs are now considerably higher than the health care costs of PacifiCorp’s other union work force.” Please provide, for each year beginning in 2005: a) Energy Trust’s health care costs; b) the health care costs of PacifiCorp’s other union work force.

**Response to ICNU Data Request 1.9**

The Company assumes the intended reference is Energy West rather than Energy Trust.

The Company objects to this request as overly broad, as not reasonably calculated to lead to the discovery of admissible evidence, and as requiring information not maintained in the ordinary course of business or development of a special study. Without waiving these objections, the Company responds as follows:

The requested information is not readily available for each of the requested years. Please refer to Attachment ICNU 1.9-1 for the Energy West employee healthcare costs for 2013. The attachment shows the projected costs as of December 2012.

Please refer to Attachment ICNU 1.9-2 for other PacifiCorp union workforce actual healthcare costs for 2013.

UM-1712/PacifiCorp  
February 10, 2015  
OPUC Data Request 19

**OPUC Data Request 19**

With regard to PAC/100, Crane/28, please provide support for the eight percent cost escalation level assumptions used in the Company's analysis.

**Response to OPUC Data Request 19**

Please refer to the Company's response to OPUC Data Request 20, which shows that health-care costs for Energy West Mining Company UMWA represented employees escalated at an annualized rate of 11.8 percent between 2012 and 2014. Health-care costs increased by 21.7 percent from 2012 to 2013 and by 2.7 percent from 2013 to 2014. Changes in Energy West represented employees health care costs are difficult to forecast because the Company pays for all claims for UMWA employees, rather than level rates provided by an insurance provider. Based on historical trends, and the judgment and experience of Company management, the Company used a conservative eight percent cost escalation assumption in the referenced analysis.

UM-1712/PacifiCorp  
February 20, 2015  
ICNU Data Request 1.21 – 1<sup>st</sup> Supplemental

**ICNU Data Request 1.21**

Please provide the estimated withdrawal liability related to the 1974 Pension Trust if a withdrawal occurred after July 1, 2014. If this estimate has not yet been prepared, please explain when such an estimate is expected.

**1<sup>st</sup> Supplemental Response to ICNU Data Request 1.21**

Provided as Attachment ICNU 1.21 1<sup>st</sup> Supplemental is the withdrawal liability as of June 30, 2014. The estimated lump sum withdrawal obligation decreased from \$125.6 million for the plan year ended June 30, 2014 to \$96.7 million for the plan year ending June 30, 2015. The main drivers for this decrease in the lump sum withdrawal obligation are increases in the discount rates used to compute the actuarial present value of vested benefits and favorable investment returns for the year ended June 30, 2014. The 1974 Pension Plan uses annuity rates published by the Pension Benefit Guaranty Corporation as the basis for discounting projected future benefit payments. Those rates increased from 2.5 percent for 20 years and 3.2 percent thereafter in the prior valuation to 3.47 percent for 20 years and 3.64 percent thereafter in the current valuation. Asset returns for the year ended June 30, 2014 were 15.74 percent, as compared to the Plan's expected return (net of investment expenses) of 7.8 percent.



UM-1712/PacifiCorp  
February 19, 2015  
ICNU Data Request 3.67

**ICNU Data Request 3.67**

Please recalculate the proposed schedule 198 tariff rates based on the rate spread that was approved in the Company's most recently filed general rate proceeding.

**Response to ICNU Data Request 3.67**

The proposed Schedule 198 tariff rates shown in Attachment B to the application in this docket were calculated based on the *generation* rate spread that was approved in the Company's most recently filed general rate case, docket UE 263, consistent with paragraph 18 of the UE 263 stipulation.

See Attachment ICNU 3.67 for the requested recalculation of Schedule 198 tariff rates based on the *overall* rate spread from the UE 263 rate increase as shown in Exhibit B to the stipulation in that docket.

OR UM 1712  
ICNU 3.67

Attachment ICNU 3.67

UM 1712  
Attachment ICNU Data Request 3.67 page 1

**PACIFIC POWER**  
**STATE OF OREGON**  
**Deer Creek Mine Closure**  
**Schedule 198 Rates with Rate Spread Based on Overall Rate Spread from UE 263**  
**Forecast 12 Months Ending December 31, 2015**

Description	Sch. No.	Schedule 198 Rates ¢/kWh
Residential	4	0.314
Small General Service	23/723	0.441
General Service 31-200kW	28/728	0.361
General Service 201-999kW	30/730	0.319
Agricultural Pumping Service	41/741	0.440
Large General Service, Partial Requirements >=1,000kW	47/747	0.265
Large General Service, >=1,000kW	48/748	0.265
Outdoor Area Lighting Service	15	0.819
Mercury Vapor Street Lighting Service	50	0.615
Street Lighting Service, Company-Owned System	51/751	1.126
Street Lighting Service, Company-Owned System	52/752	0.955
Street Lighting Service, Consumer-Owned System	53/753	0.359
Recreational Field Lighting	54/754	0.577

UM 1712  
Attachment ICNU Data Request 3.67 page 2

Deer Creek Mine Closure

PACIFIC POWER  
ESTIMATED EFFECT OF PROPOSED PRICE CHANGE  
ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS  
DISTRIBUTED BY RATE SCHEDULES IN OREGON  
FORECAST 12 MONTHS ENDING DECEMBER 31, 2015

Line No.	Description	Sch No.	No. of Cust	Present Revenues (\$000)			Proposed Revenues (\$000)			Change				Line No.	
				MWh	Base Rates	Net Adders <sup>1</sup>	Net Rates	Base Rates	Net Adders <sup>1</sup>	Net Rates	Base Rates (\$000)	% <sup>2</sup>	Net Rates (\$000)		% <sup>2</sup>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
						(5) + (6)				(8) - (5)	(11)/(5)	(10) - (7)	(13)/(7)		
<b>Residential</b>															
1	Residential	4	484,343	5,253,064	\$596,641	\$5,735	\$602,376	\$596,641	\$22,205	\$618,846	\$0	0.0%	\$16,470	2.7%	1
2	<b>Total Residential</b>		484,343	5,253,064	\$596,641	\$5,735	\$602,376	\$596,641	\$22,205	\$618,846	\$0	0.0%	\$16,470	2.7%	2
<b>Commercial &amp; Industrial</b>															
3	Gen. Svc. < 31 kW	23	76,950	1,121,146	\$122,085	\$5,208	\$127,293	\$122,085	\$10,155	\$132,240	\$0	0.0%	\$4,946	3.9%	3
4	Gen. Svc. 31 - 200 kW	28	10,093	2,014,017	\$181,669	\$3,141	\$184,810	\$181,669	\$10,421	\$192,090	\$0	0.0%	\$7,280	3.9%	4
5	Gen. Svc. 201 - 999 kW	30	857	1,343,078	\$107,746	\$1,055	\$108,801	\$107,746	\$5,335	\$113,081	\$0	0.0%	\$4,280	3.9%	5
6	Large General Service >= 1,000 kW	48	203	3,046,739	\$212,223	(\$9,425)	\$202,798	\$212,223	(\$1,343)	\$210,880	\$0	0.0%	\$8,082	3.9%	6
7	Partial Req. Svc. >= 1,000 kW	47	7	61,069	\$6,441	(\$199)	\$6,242	\$6,441	(\$44)	\$6,397	\$0	0.0%	\$155	3.9%	7
8	Agricultural Pumping Service	41	7,942	228,528	\$26,253	(\$1,240)	\$25,013	\$26,253	(\$233)	\$26,020	\$0	0.0%	\$1,007	4.0%	8
9	<b>Total Commercial &amp; Industrial</b>		96,052	7,814,577	\$656,417	(\$1,459)	\$654,958	\$656,417	\$24,291	\$680,708	\$0	0.0%	\$25,750	3.9%	9
<b>Lighting</b>															
10	Outdoor Area Lighting Service	15	6,579	9,214	\$1,177	\$221	\$1,398	\$1,177	\$296	\$1,473	\$0	0.0%	\$75	5.4%	10
11	Street Lighting Service	50	246	8,768	\$970	\$195	\$1,165	\$970	\$249	\$1,219	\$0	0.0%	\$54	4.6%	11
12	Street Lighting Service HPS	51	736	19,319	\$3,374	\$712	\$4,086	\$3,374	\$929	\$4,303	\$0	0.0%	\$217	5.3%	12
13	Street Lighting Service	52	26	565	\$73	\$13	\$86	\$73	\$19	\$92	\$0	0.0%	\$5	6.3%	13
14	Street Lighting Service	53	249	9,518	\$597	\$120	\$717	\$597	\$155	\$752	\$0	0.0%	\$34	4.8%	14
15	Recreational Field Lighting	54	105	1,246	\$104	\$20	\$124	\$104	\$27	\$131	\$0	0.0%	\$7	5.8%	15
16	<b>Total Public Street Lighting</b>		7,941	48,630	\$6,295	\$1,281	\$7,576	\$6,295	\$1,675	\$7,970	\$0	0.0%	\$394	5.2%	16
17	<b>Total Sales before Emp. Disc. &amp; AGA</b>		588,336	13,116,271	\$1,259,353	\$5,557	\$1,264,910	\$1,259,353	\$48,170	\$1,307,523	\$0	0.0%	\$42,613	3.4%	17
18	Employee Discount				(\$463)	(\$3)	(\$466)	(\$463)	(\$16)	(\$479)	\$0		(\$13)		18
19	<b>Total Sales with Emp. Disc</b>		588,336	13,116,271	\$1,258,890	\$5,554	\$1,264,444	\$1,258,890	\$48,154	\$1,307,044	\$0	0.0%	\$42,600	3.4%	19
20	AGA Revenue				\$2,439		\$2,439	\$2,439		\$2,439	\$0		\$0		20
21	<b>Total Sales</b>		588,336	13,116,271	\$1,261,329	\$5,554	\$1,266,883	\$1,261,329	\$48,154	\$1,309,483	\$0	0.0%	\$42,600	3.4%	21

<sup>1</sup> Excludes effects of the Low Income Bill Payment Assistance Charge (Sch. 91), BPA Credit (Sch. 98), Klamath Dam Removal Surcharges (Sch. 199), Public Purpose Charge (Sch. 290) and Energy Conservation Charge (Sch. 297).

<sup>2</sup> Percentages shown for Schedules 48 and 47 reflect the combined rate change for both schedules.

UM-1712/PacifiCorp  
March 26, 2015  
ICNU Data Request 5.81

**ICNU Data Request 5.81**

Please provide copies of the Company's responses to the following specific data requests related to Deer Creek, including all supplemental responses:

- a) Idaho - IPUC DR 9;
- b) Utah – DPU DRs 2.2, 3.4, 3.5, 5.5, 7.1, 7.2, and 7.4; OCS DRs 1.11, 1.13, 2.1, 2.6, 2.12, 2.17, and 2.23; and
- c) Wyoming – OCA DR 1.7; WIEC 2.16, 2.17, 2.27 and 4.3.

**Response to ICNU Data Request 5.81**

The Company objects to this request as overly broad and not reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, the Company responds as follows:

- a) – c) Please refer to Attachment ICNU 5.81-1 and Confidential Attachment ICNU 5.81-2.

The confidential attachment is designated as confidential under Order No. 14-431 and may only be disclosed to qualified persons as defined in that order.

14-035-147/ Rocky Mountain Power  
January 28, 2015  
DPU Data Request 2.2

### **DPU Data Request 2.2**

Please identify the docket numbers for each of PacifiCorp's other states where this same filing was made. Please outline the regulatory process for the Company's filing in each of those respective states. Please provide a status update (i.e., if any scheduling orders have been issued) in each of those respective states.

### **Response to DPU Data Request 2.2**

Oregon Docket No. UM-1712  
Wyoming Docket No. 20000-464-EA-14  
Idaho Case No. PAC-E-14-10  
California Advice Filing 513-E

The regulatory process for addressing the Company's requests is generally similar in each state. There are slight variations in what the Company is seeking from state to state; these reflect state-specific statutes and the presence or absence of power cost recovery mechanisms in the respective states. In all states but California, the Company is seeking a prudence determination for the transaction as a whole, as well as approval to sell certain Utah mining assets and to establish regulatory assets associated with the transaction; in California, the Company is seeking approval of the sale of Mining Assets and approval to establish memorandum accounts to record costs associated with the transaction. In all states, the Company is requesting Commission orders by May 27, 2015. At present, two states, Utah and Oregon, have issued scheduling orders. Utah has issued a Scheduling Order and an Erratum Scheduling Order; Oregon has issued two Prehearing Conference Memos. These are provided as Attachment DPU 2.2.

14-035-147/ Rocky Mountain Power  
January 22, 2015  
OCS Data Request 2.23

### **OCS Data Request 2.23**

Please refer to the Direct Testimony of Douglas K. Stuver, lines 181 through 183, which states: “The royalties include those that could potentially be imposed by the Bureau of Land Management as a result of not mining the previously planned coal reserve areas.

- a. Please provide a detailed description of all actions taken by Energy West, PacifiCorp, or any affiliated entities to minimize the amount of potential royalties to be imposed by the Bureau of Land Management. If no actions have been taken to minimize the potential royalties to be imposed, explain, in detail, why not.
- b. Please provide a copy of all correspondence to the Bureau of Land Management seeking to minimize the potential royalty liabilities to be imposed.
- c. Please provide a copy of all correspondence received from the Bureau of Land Management in response to the attempts to minimize the potential royalties to be imposed.

### **Response to OCS Data Request 2.23**

- a. To date, the Company has informed the Bureau of Land Management (“BLM”) of its decision to close the Deer Creek Mine. The Company has not provided to, or received from, BLM any correspondence regarding the potential amount of royalties that may be imposed by BLM upon relinquishment of the federal coal leases associated with the Deer Creek Mine. The potential for additional royalties arises from the federal requirements that an operator achieve “maximum economic recovery” (referred to as “MER”) of all profitable portions of a coal reserve within a federal coal lease. MER is attained when an operator has mined any portion of a coal reserve where actual revenues from the sale of the coal produced will meet or exceed the actual direct costs of mining the coal reserve. In the case of the Deer Creek mine, the Company determined that it is no longer profitable to operate the mine, which includes all of the federal coal leases. Consistent with this determination, the Company believes it has achieved MER as required under the federal coal leasing regulations. As early as late 2016, the Company will undertake formal discussions with BLM regarding the relinquishment of the federal coal leases. Upon relinquishment of the federal coal leases (which the Company anticipates will occur in approximately three years), BLM will determine, in coordination with the Company, whether MER has been fully achieved and, if not, whether any additional royalties will be required.
- b. Refer to response in a. above.
- c. Refer to response in a. above.