

Service Date: August 15, 1989

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

\* \* \* \* \*

IN THE MATTER of the Application ) UTILITY DIVISION  
of PACIFIC POWER & LIGHT COMPANY )  
for Authority to Adopt New Rates )  
and Charges for Electric Service. ) DOCKET NO. 89.6.17

\* \* \* \* \*

PROCEDURAL ORDER

\* \* \* \* \*

Under the authority of ARM 38.2.2702, and following issuance of a proposed procedural order, the Commission enters this order setting forth the procedure to be followed in Docket No. 89.6.17.

1. In this order the term "parties" includes the Applicant, Pacific Power & Light Company (hereafter PP&L), all intervenors, and the Montana Consumer Counsel. Individuals or entities listed on the "service list" for this docket are not "parties" to this docket unless they have been granted formal intervention by the Commission.

2. Copies of all pleadings, motions, discovery requests, prefiled testimony, briefs, and other documents filed with the Commission shall be served on all parties to this docket. A copy of a cover letter or transmittal letter describing the fil-

ing shall also be served on the remainder of the "service list" who are not parties to this docket. Parties are required to identify for other parties those individuals who should receive data requests and responses to data requests, if other than or in addition to counsel of record.

3. All dates listed in the following schedule are mailing dates. Material sent on the last date allowed must be sent by Express Mail.

Schedule

4. Unless otherwise specified or amended, the following deadlines and schedule shall apply in Docket No. 89.6.17:

- (a) August 25, 1989: Initial data requests to PP&L due.
- (b) September 15, 1989: Responses to initial data requests due.
- (c) October 6, 1989: Intervenors' prefiled testimony due.
- (d) October 20, 1989: Data requests from PP&L and Intervenors due.
- (e) November 10, 1989: Responses to second round [4(d)] of data requests due.
- (f) December 1, 1989: Rebuttal testimony from all parties due.
- (g) December 8, 1989: Data requests from all parties on rebuttal testimony due.

- (h) December 15, 1989: Responses to third round [4(g)] data requests due.
- (i) December 29, 1989: Final day to inform the Commission and parties of specific data requests or other discovery which a party intends to introduce as evidence at the hearing and the witnesses which will be subject to cross-examination at the hearing.
- (j) January 8, 1990: Pre-hearing Conference (if necessary).
- (k) January 9, 1990: Opening day of hearing in Docket No. 89.6.17.

#### Intervention

5. Parties seeking to intervene must file a Petition to Intervene with the Commission. The petition shall demonstrate (A) the position that the intervenor will take if the intervention is granted, (B) that the proposed intervenor has an interest in and is directly affected by this Docket, (C) that the intervention, if granted, will not delay or prejudice the proceeding in the Docket, and (D) good cause why the petition was not timely filed. (ARM Section 38.2.2401 et seq.). The Notice of Application sets a deadline of July 31, 1989 for the filing of motions to intervene.

Discovery

6. The term "discovery" as used in this order includes all forms of discovery authorized by the Montana Rules of Civil Procedure, as well as informal "data requests." The Commission urges all parties to conduct their discovery through the use of data requests as much as possible.

7. Written discovery and data requests will be served on all parties. Hopefully this will serve to reduce the number of duplicate requests. Unless otherwise agreed between individual parties, copies of answers to all written discovery and data requests will be served only on parties specifically requesting them and on the Commission. If any party wants material requested by any other party, it should so inform the party to whom the data request or written discovery was directed.

8. All data requests submitted by a party shall be consecutively numbered. Separate "sets" of data requests shall not be permitted. Each response must begin on a new page.

9. Parties must answer all data requests in a full and complete manner. Simply referring to another data request response will be deemed unresponsive. Attachments that have been submitted in response to a previous request may be incorporated into following responses by reference, if the prior response and attachment have been submitted to all parties.

10. The period prior to August 25, 1989 is the time for submission of written discovery and data requests to PP&L. Likewise, the period prior to October 20, 1989 is the time for sub-

mission of written discovery and data requests to intervening parties. The party receiving the written discovery or data request has five (5) days from receipt of the same within which to voice any objections it has to the request. The objection and notice thereof shall be served upon the Commission and all parties of record. The Commission may dispose of such objections by prompt ruling, or schedule oral argument on the objections. Failure to object promptly will be deemed acceptance of the request and a waiver of any objections.

11. In the event any requesting party is dissatisfied with the response to any written discovery or data request, such party must, within five (5) days after receipt of such response, serve in writing upon the Commission, and simultaneously upon all parties of record, its objections to such response. The Commission may dispose of such objections by prompt ruling, or schedule oral argument on the objections. The Commission will issue its order either sustaining or overruling the objections. If objections are sustained, a time period will be set within which a satisfactory response must be submitted.

12. Submission of written discovery or data requests after the period established for the same will only be allowed by leave of the Commission. Such requests will not be permitted unless the party making the request shows good cause as to why the request was not submitted within the time period allowed. Commission staff are not bound by the deadlines for data requests set forth herein.

13. Unless excused by the Commission, failure by a party to answer data requests or other discovery from any party may result in:

- (a) An order refusing to allow the disobedient party to support or oppose related claims, or prohibiting him from introducing related matters in evidence;
- (b) An order striking pleadings, testimony or parts thereof, or staying further proceedings until the request is satisfied, or dismissing the action or proceeding or any part thereof.

#### Testimony and Evidence

14. The Commission contemplates a progressive narrowing of issues as prefiled testimony proceeds from direct to rebuttal. Introduction of new issues or data in new areas will be carefully scrutinized and disallowed unless reasonably related to issues earlier identified in the application, in Commission orders, or in testimony prefiled in conformance with this order.

15. At the hearing, prefiled direct, answer and rebuttal testimony will be adopted into the record without the need of recitation by the witness. This procedure will eliminate retyping of prepared testimony into the hearing transcript.

16. All proposed exhibits and prefiled written testimony shall be marked for the purposes of identification prior to the start of the hearing. Parties shall arrange in advance with the court reporter the manner of identifying their exhibits.

17. When cross-examination is based on a document not previously filed with the Commission, copies of the document will be made available to the Commission unless good cause is shown why copies are not available. Parties introducing data requests or other discovery must have copies of each request and response available at the hearing for the court reporter, each Commissioner, the Commission staff, and all parties.

18. Parties may be permitted to present "live" rebuttal testimony only if it is in direct response to an issue raised for the first time in cross-examination or the testimony of a public witness. Such testimony will be allowed only by leave of the presiding officer.

19. Citizens and citizen groups will, in the discretion of the Commission, be allowed to make statements without having submitted prepared written testimony; in addition, if they have prepared written testimony they may read it if they desire, or they may have it adopted directly into the record.

20. The Montana Rules of Evidence will be applied at the hearing.

#### Prehearing Motions and Conferences

21. Motions by any party, including motions to strike pre-filed testimony and motions concerning any procedural matter connected with this docket shall be raised at the earliest possible time. Prehearing motions shall ordinarily be submitted on briefs. If oral argument is requested, and the request is grant-

ed, the party requesting oral argument shall notice the same for hearing before the Commission.

22. If necessary, a final Prehearing Conference will be held on January 8, 1990. The Commission may also schedule other Prehearing Conferences as it deems appropriate. At any prehearing conference, there may be discussed, among other things, the feasibility of settlement of any issues in the proceeding, simplification of issues, discovery, the possibility of obtaining admissions of fact and documents, the distribution and marking of written testimony and exhibits prior to the hearing, hearing procedure and such other matters as may aid in the disposition of the proceeding or settlement thereof.

23. Nothing in this order shall be construed to limit the legally established right of the Commission or its staff to inspect the books and accounts of PP&L at any time. The Commission reserves the right, for itself and for its staff, to submit data requests to PP&L for the purpose of acquiring information related to its costs and services. Written information, provided in response to Commission, or Commission staff data requests, will be part of the record in this docket, unless specific objection is made to its inclusion, and such objection is sustained by the Commission. The Commission asserts broad investigatory powers as a prerequisite to gathering all relevant information necessary to reaching informed decisions on the applications of utilities subject to its jurisdiction.

Intervenor Testimony

24. All adjustments proposed by the Montana Consumer Counsel or any other intervenors must be presented as adjustments to the Company's base case, rather than to the Company's interim rate filing (if the Company requests interim relief). Intervenor testimony which proposes adjustments to only the Company's interim relief filing will be judged by the Commission as contrary to the Procedural Order and, therefore, unacceptable in this proceeding.

Witness Sequence List

25. At least five days prior to the beginning date of the Docket's public hearing, the Applicant shall provide the Commission with a complete witness list indicating the sequence that witnesses will be called by all parties at the hearing. It shall be the responsibility of the Applicant and other parties to this Docket to negotiate among themselves the witness sequence. The Applicant shall inform the Commission and parties of the final sequence in writing or by telephone, directed to the parties' attorneys of record and the Commission staff attorney.

Cost of Service and Rate Design

26. The Company acknowledges that the marginal cost study presented in this proceeding does not reflect the merged system of Pacific Power & Light and Utah Power & Light. Furthermore,

the Company indicates that it has a Least Cost Planning (LCP) process underway, and that it will be filing that plan with the Washington Commission (WUTC) in July of this year. The Commission believes that it may be appropriate for the Company's cost of service study to reflect the merged system. Therefore, for purposes of comparison and analysis the Commission requires that PP&L file an updated marginal cost for generation for the merged system based on its LCP.

27. The Commission believes that PP&L has not fully addressed all issues required by Order No. 5311. In that Order, the Commission required that the Company file detailed cost analysis supporting its seasonal recommendations for energy and demand. The Company supports its lack of seasonal definitions by noting that the cost of its marginal resource is not seasonally differentiated. The Commission notes that 1) this marginal resource may change in an updated marginal cost of generation filing, and 2) this justification alone does not meet the Commission's requirement that the Company file "detailed analysis."

28. In PP&L Docket No. 87.12.80, the Company stated that an appropriate methodology for evaluating the seasonality of energy would be to rank order the mean monthly avoided cost estimates. No such analysis has been presented in the Company's filing. Therefore, the Commission requires that such a study be performed for the avoided cost estimates for the merged system.

29. The Company is also required to file its estimates of Expected Days of Loss of Load (LOLE) and Loss of Load Probabili-

ty (LOLP) by month for five years beginning with the test year. LOLE is generally presented in terms of days of load lost per year, while LOLP is generally expressed as the probability that system load will exceed available generating capacity during the specified time period. The purpose of this requirement is to determine whether the causality of resource acquisition can be attributed to seasons. Once again, the Commission requires that this information be provided for the merged system.

30. The Commission requires that the Company, and requests that intervening parties, address the following issues:

1. The economic merits of setting prices at marginal cost. Additionally, when is it appropriate to set rates at long, medium, or short run marginal cost?
2. The economic merit of a Residential declining block rate structure based on merged utility cost of service. The current status of the Rate Design Evaluation Trigger contained in the Stipulation settlement in Docket No. 86.12.76.
3. Do PP&L's conservation expenditures fall within the cost effectiveness level determined by the merged utility avoided cost?
4. The economic merit of demand charges based on the own-price elasticity of the various rate design components. PP&L shall provide own-price elasticity estimates for energy, capacity and customer rate design components for each customer class. The economic mer-

it of time-of-day pricing for demand and/or energy. PP&L shall provide current information on the cost for "state-of-the-art" time-of-day meters for PP&L's various customer classes.

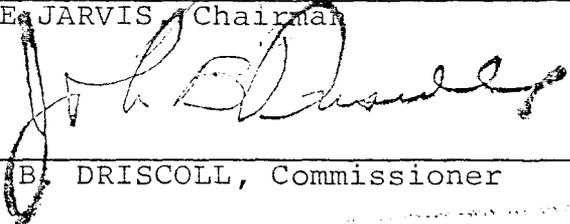
Additionally, the Commission requests that intervening parties address PP&L's distribution study. Specifically, PP&L's methodology for classifying marginal distribution costs to customer classes.

31. The deadline for submitting this information shall be the latter of; 1) 21 days after the issuance of this procedural order, or 2) 45 days after PP&L files its final LCP in Washington.

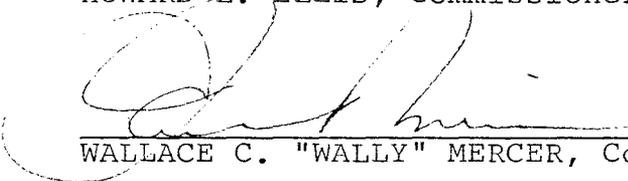
DONE AND DATED THIS 14th day of August, 1989 by a vote of  
5-0.

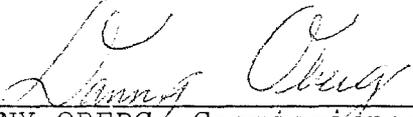
BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

  
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CLYDE JARVIS, Chairman

  
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JOHN B. DRISCOLL, Commissioner

  
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HOWARD L. ELLIS, Commissioner

  
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WALLACE C. "WALLY" MERCER, Commissioner

  
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DANNY OBERG, Commissioner

ATTEST:



Ann Purcell  
Acting Commission Secretary

(SEAL)