

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of
PUGET SOUND ENERGY.

For an Accounting Order Authorizing
Accounting Treatment Related to Payments
for Major Maintenance Activities
.....
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent
.....

In the Matter of the Petition of
PUGET SOUND ENERGY.

For an Order Authorizing the Sale of the
Water Rights and Associated Assets of the
Electron Hydroelectric Project in
Accordance with WAC 480-143 and RCW
80.12
.....

In the Matter of the Petition of
PUGET SOUND ENERGY.

For an Order Authorizing the Sale of
Interests in the Development Assets
Required for the Construction and Operation
of Phase II of the Lower Snake River Wind
Facility

DOCKET UE-130583 (Consolidated)
ORDER 07

DOCKET UE-130617 (Consolidated)
ORDER 11

**JOINT MOTION TO AMEND
ORDER 11 AND SETTLEMENT
AGREEMENT**

DOCKET UE-131099 (Consolidated)
ORDER 07

DOCKET UE-131230
ORDER 07

I. RELIEF REQUESTED

1 Pursuant to RCW 80.04.210, WAC 480-07-375 and 480-07-875, Puget Sound Energy (“PSE”), the regulatory staff (“Staff”) of the Washington Utilities and Transportation Commission (“Commission”) and the Public Counsel Unit of the Washington Office of Attorney General (“Public Counsel”, and collectively with PSE and Staff, “Moving Parties”) move for an order amending Order 11 and the Settlement Agreement in Docket UE-130617 *et al.* to reflect the extension of the multi-year rate plan in Docket UE-121697 *et al.* This joint motion is consistent with the Commission’s direction in Docket UE-161112, Order 01, in which the Commission directed the parties to file this joint motion.

II. PROCEDURAL BACKGROUND AND FACTS

A. Power Cost Adjustment Settlement in Docket UE-130617

2 On March 27, 2015, PSE, Staff, and Public Counsel jointly filed a Multiparty Settlement that modified PSE’s Power Cost Adjustment (“PCA”) mechanism (hereafter “PCA Settlement”).¹ Among other things, the PCA Settlement proposed to move the recovery of Fixed Production Costs from the PCA and collect them through the decoupling mechanism if the decoupling mechanism were to continue following its review in PSE’s next general rate case.² In the PCA Settlement, the settling parties recognized that the changes to the PCA mechanism would occur prior to the date new rates would go into effect in PSE’s next general rate case under the terms of the multi-year rate plan approved by the Commission in Docket UE-121697 *et al.* Accordingly, the PCA Settlement also provided

¹The Industrial Customers of Northwest Utilities (“ICNU”) opposed the PCA Settlement by a letter, but did not support its opposition to the Settlement with witness testimony or exhibits. *See* Order 11, ¶ 4.

²*See* Order 11, ¶ 6.

that PSE may file, and the Settling Parties agree to support, an accounting petition deferring revenue variances in Fixed Production Costs beginning on January 1, 2017, when Fixed Production Costs are removed from the PCA, and continuing to the date when rates from the general rate case become effective and Fixed Production Costs are placed in the decoupling mechanism if PSE's decoupling mechanism continues.³ The rate effective date was estimated to be March 1, 2017. On August 7, 2015, the Commission entered its Final Order, Order 11, in this docket, approving the PCA Settlement.

B. Extension of Multi-Year Rate Plan in Docket UE-121697 *et al.*

3 After the PCA Settlement was approved by the Commission, the parties to PSE's decoupling dockets agreed to extend the multi-year rate plan. On March 9, 2016, PSE, Staff, Public Counsel, Industrial Customers of Northwest Utilities, Northwest Industrial Gas Users, The Energy Project, NW Energy Coalition, Federal Executive Agencies, and the Sierra Club (collectively, Joint Petitioners), filed a Joint Petition to Modify Order 07 in Docket UE-121697 *et al.*, requesting an extension to the date by which PSE must file a general rate case. The Joint Petition requested that the date by which PSE must file its general rate case be moved from April 1, 2016 to January 17, 2017. The Joint Petitioners also agreed to support an amendment to Order 11 in Docket UE-130617 *et al.* for the purposes of extending the deferral period in recognition of the new date by which PSE must file its next general rate case and when new rates are expected to take effect.⁴ On March 17, 2016, the Commission granted the relief requested by the Joint Petitioners.

³ *Id.* ¶ 15.

⁴ See Docket UE-121697 *et al.*, Joint Petition to Modify Order 07, ¶ 8, Item H.

C. Accounting Order To Defer Fixed Costs in Docket UE-161112

4 Consistent with the PCA Settlement, on September 30, 2016, PSE filed with the Commission a petition requesting an accounting order which would allow PSE to defer revenue variances associated with its recovery of its Fixed Production Costs, which were due to be removed from the PCA mechanism beginning January 1, 2017. As previously noted, the deferral was to continue until the Commission establishes new rates in PSE's next general rate case. The Commission approved the accounting petition. However, in its Final Order approving the petition, the Commission noted that the PCA Settlement and the Final Order approving the PCA Settlement "still reference the previously-anticipated rate effective date of March 1, 2017."⁵ The Commission "encourage[d] the parties to file a joint motion in that adjudicative proceeding requesting modification of that date in the settlement agreement and Order 11 to reflect the extension of the multi-year rate plan in Docket UE-121697 *et al.*"⁶ Accordingly, the Moving Parties file this joint motion.

III. REQUESTED MODIFICATIONS TO PCA SETTLEMENT AND ORDER 11

5 The Moving Parties respectfully request the Commission modify the PCA Settlement and Order 11 as shown below:

Settlement Stipulation Section III.F.4:

Implementation of changes to the PCA mechanism set forth in this agreement will occur on January 1, 2017. PSE may file, and the Settling Parties agree to support, an accounting petition to request deferral of revenue variances associated with the recovery of Fixed Production Costs to bridge the ~~two-month~~ period between implementation of the changes to the PCA mechanism on January 1, 2017 and the start of the rate year for PSE's next general rate case (~~estimated to be March 1, 2017~~ where the continuation of the electric decoupling mechanism will be considered.

⁵ Docket UE-161112, Order 01 ¶ 6 (November 10, 2017).

⁶ *Id.*

Order 11 Paragraph 15:

~~Additionally, the Settlement estimates PSE's next general rate case will result in rates effective March 1, 2017. The Settlement provides that PSE may file, and the Settling Parties agree to support, an accounting petition deferring revenue variances in Fixed Production Costs between January 1, 2017, when Fixed Production Costs are removed from the PCA per this Settlement, and March 1, 2017 the date when rates from the general rate case become effective and Fixed Production Costs are placed in the decoupling mechanism, if PSE's decoupling program continues.~~

IV. LEGAL AUTHORITY

6 The Commission has authority to alter or amend its prior orders. RCW 80.04.210 and WAC 480-07-875 authorize the Commission to amend an order after providing notice to the affected public service company and to all parties in the underlying proceeding. In this case, all the parties to the PCA Settlement join in the motion. The sole party that objected to the PCA Settlement, ICNU, has also been notified by PSE and does not oppose the motion.

V. CONCLUSION

7 The Moving Parties request that the Commission modify Order 11 and the PCA Settlement as set forth above, to reflect the extension to the multi-year rate plan approved by the Commission.

Respectfully submitted this 3 day of February 2017.

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ROBERT W. FERGUSON
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for  *my email authorization to sign 2/3/17.*
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