

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKET UE-190324

ORDER 01

COMPLAINT AND ORDER
SUSPENDING FILING

BACKGROUND

- 1 On June 20, 2002, the Utilities and Transportation Commission (Commission) issued the Twelfth Supplemental Order in Dockets UE-011570 and UG-011571 (consolidated) (12th Supp. Order). The 12th Supp. Order approved a settlement and, in that settlement, a Power Cost Adjustment (PCA) mechanism for Puget Sound Energy (PSE or the Company).
- 2 PSE's PCA mechanism accounts for difference in the Company's modified actual power costs relative to a power cost baseline and provides for a sharing of power costs between the Company and its ratepayers.¹ The PCA cumulative deferral balance must reach \$20 million before triggering either a refund or surcharge under PSE's Schedule 95. The Commission authorized a change in the annual PCA period to calendar years beginning in January 2007.²
- 3 On April 30, 2019, PSE filed testimony, exhibits, and supporting documentation related to power costs deferred under the PCA mechanism for the 12-month period beginning January 1, 2018, and ending December 31, 2018.

¹ *Wash. Utils. & Transp. Comm'n v. Puget Sound Energy, Inc.*, Dockets UE-011570 and UG-011571, 12th Supp. Order: Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation Subject to Modifications, Clarifications, and Conditions; Authorizing and Requiring Compliance Filing (Jun. 20, 2002).

² *Wash. Utils. & Transp. Comm'n v. Puget Sound Energy, Inc.*, Dockets UE-011570 and UG-011571, 16th Supp. Order Amending 12th Supp. Order, ¶ 4 (Nov. 21, 2005).

DISCUSSION AND DECISION

- 4 PSE's filing related to the power costs deferred under the PCA for 2018 might injuriously affect the rights and interests of the public, and PSE has not demonstrated that its filing meets the requirements of the PCA implemented in Dockets UE-011670 and UG-011671 (Consolidated), establishes prudence of the PCA deferrals for 2018, or properly calculates the deferrals incurred in 2018. The Commission, therefore, suspends PSE's filing pursuant to RCW 80.28.060 and will hold public hearings, if necessary, to determine whether the filing meets the requirements of the PCA mechanism implemented in Dockets UE-011670 and UG-011671 (Consolidated) and properly calculates the deferrals incurred in the 2018 period.
- 5 The Company's filing contains many elements that are unique to its PCA mechanism. However, as a co-owner of the Colstrip coal-fired generating station with two other electric investor-owned utilities in Washington, questions regarding the decision making of the co-owners leading up to a 2018 outage at the Colstrip generating station present common issues of fact involving the three co-owners. The Commission finds it necessary to require Commission staff (Staff) to open an investigation into the prudence of the decision making leading up to the outage in 2018 at Colstrip and the increased costs incurred for replacement power, Docket UE-190882. Because all three of the electric investor-owned utilities in Washington are co-owners of at least part of the Colstrip generating station, we find it necessary to consider the prudence of their decisions and actions simultaneously. Our decision in Docket UE-190882 will be binding and will be incorporated as part of our full evaluation of the PSE's PCA mechanism filing, Docket UE-190324, Avista Corporation d/b/a Avista Utilities' ERM filing, Docket UE-190222, and Pacific Power and Light Company's PCAM filing, Dockets UE-190458.
- 6 To ensure the efficient use of information and to protect against unnecessarily duplicative discovery, we determine that it will be necessary to create a protective order in Docket UE-190882 to permit two tiers of confidentiality and the use of any information gathered through discovery to also be used in this matter, Docket UE-190324.

FINDINGS AND CONCLUSIONS

- 7 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, transfers of property, and affiliated interests of public service companies, including electric companies.

- 8 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 9 (3) PSE's April 30, 2019, filing related to the power costs deferred under the PCA mechanism for 2018 might injuriously affect the rights and interests of the public.
- 10 (4) PSE has not yet demonstrated that its filing meets the requirements of the PCA implemented in Dockets UE-011670 and UG-011671 (Consolidated), establishes prudence of the PCA mechanism deferrals for 2018, or properly calculates the deferral balances incurred in 2018.
- 11 (5) PSE's rates and charges for electric service shown on any tariff related to its April 30, 2019, filing may also be investigated to determine if they are fair, just, reasonable, and sufficient.
- 12 (6) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130, the Commission finds it is necessary to investigate PSE's books, accounts, practices and activities, and appraise various phases of PSE's operations.
- 13 (7) The Commission finds that this docket meets the criteria of WAC 480-07-400(2)(b) and that the parties may conduct discovery pursuant to the Commission's discovery rules in WAC 480-07-400 – 425.
- 14 (8) As required by RCW 80.04.130(4), PSE bears the burden to prove that the proposed changes are fair, just, reasonable, and sufficient.
- 15 (9) PSE may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with Chapter 80.20 RCW.
- 16 (10) The Commission has directed Staff to initiate an investigation, Docket UE-190882, into the prudence of the decision making of the three electric investor-owned utilities serving customers in Washington that are co-owners of Colstrip leading up to the outage in 2018 and the increased costs incurred to acquire replacement power.
- 17 (11) The Commission should resolve in Docket UE-190882 the prudence of PSE's decision making, its actions leading up to the outage at Colstrip in 2018, and the costs it incurred to acquire replacement power.

- 18 (12) The Commission should afford the parties in Docket UE-190882 and this matter the ability to gather and use all information between the two dockets without duplication of discovery and as appropriate in consideration of confidentiality designations.
- 19 (13) The Commission should convene a prehearing conference in this matter, Docket UE-190324.

ORDER

THE COMMISSION ORDERS:

- 20 (1) The filing made by Puget Sound Energy on April 30, 2019, is suspended.
- 21 (2) The Commission will hold hearings at such times and places as may be required. Such hearings may also examine any of Puget Sound Energy's service, rates, and charges related to its April 30, 2019, filing.
- 22 (4) Puget Sound Energy must not change or alter the filing made in these dockets during the suspension period, unless authorized by the Commission.
- 23 (5) The Commission will institute an investigation of Puget Sound Energy's books, accounts, practices, activities, property, and operations related to its April 30, 2019, filing.
- 24 (6) Discovery will be conducted pursuant to the Commission's discovery rules in WAC 480-07-400 – 425.
- 25 (7) Puget Sound Energy shall pay the expenses reasonably attributable and allocable to the Commission's investigation, consistent with Chapter 80.20 RCW.
- 26 (8) The Commission's decision in Docket UE-190882 will resolve the prudence of PSE's decision making, its actions leading up to the outage, and the costs it incurred to acquire replacement power.

- 27 (9) All information gathered by the parties in Docket UE-190882 may be used in this Docket UE-190324 without duplication of discovery and as appropriate in consideration of confidentiality designations.
- 28 (10) The Commission will convene a prehearing conference in this matter, Docket UE-190324.

DATED at Olympia, Washington, and effective October 24, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner