

**Docket Nos. UE-180532 and UG-180533 (Consolidated) -  
Vol. I**

**Washington Utilities and Transportation Commission v.  
Puget Sound Energy**

**June 28, 2018**



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BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION

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WASHINGTON UTILITIES AND ) DOCKET NOS. UE-180532 and  
TRANSPORTATION COMMISSION, ) UG-180533 (Consolidated)  
)  
Complainant, )  
)  
vs. )  
)  
PUGET SOUND ENERGY )  
)  
)  
Respondent. )

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PREHEARING CONFERENCE, VOLUME I

Pages 1-15

ADMINISTRATIVE LAW JUDGES RAYNE PEARSON & LAURA CHARTOFF

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June 28, 2018

2:00 p.m.

Washington Utilities and Transportation Commission  
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1 OLYMPIA, WASHINGTON; JUNE 28, 2018

2 2:00 P.M.

3 --oOo--

4 P R O C E E D I N G S

5

6 JUDGE PEARSON: All right. Then let's be on  
7 the record. Good afternoon. My name is Rayne Pearson.  
8 I'm an administrative law judge with the Washington  
9 Utilities and Transportation Commission. And with me  
10 today on the bench is Judge Laura Chartoff.

11 We are here today for a status conference in  
12 consolidated Dockets UE-180532 and UG-180533, which is  
13 PSE's 2018 expedited rate filing.

14 Today is Thursday, June 28th, 2018, and the  
15 time is just after 2:00 p.m.

16 With me in the hearing room is Chris Casey,  
17 representing Staff, and Pat Oshie, representing AWEC.

18 So let's get started by taking short  
19 appearances beginning with the Company. And as I said  
20 before we went on the record, I will do a roll call for  
21 those of you who are on the bridge line so that you  
22 don't speak over each other.

23 So, PSE, if you could go first and enter a  
24 short form appearance.

25 MR. STEELE: Thank you, Your Honor. This is

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1 David Steele with Perkins Coie, here on behalf of the  
2 Company. With me is Jon Piliaris, Katherine Barnard,  
3 and Susan Free.

4 JUDGE PEARSON: Okay. Thank you.

5 And Staff?

6 MR. CASEY: Christopher Casey, Assistant  
7 Attorney General, for Commission Staff.

8 JUDGE PEARSON: All right. And, Mr. Oshie?

9 MR. OSHIE: Thank you, Your Honor. Patrick  
10 Oshie, representing the Alliance of Western Energy  
11 Consumers and with the law firm Davison Van Cleve.

12 JUDGE PEARSON: Okay. Thank you.

13 And Public Counsel?

14 MS. GAFKEN: Hi, this is Lisa Gafken,  
15 Assistant Attorney General, for Public Counsel, and also  
16 with me is Nina Suetake, Assistant Attorney General.

17 JUDGE PEARSON: Thank you.

18 And for The Energy Project?

19 MR. FFITCH: Good afternoon, Your Honor.  
20 Simon ffitch appearing on behalf of The Energy Project.

21 JUDGE PEARSON: Okay. Thank you.

22 And Federal Executive Agencies?

23 MS. LIOTTA: Good afternoon, Your Honor.

24 This is Rita Liotta with FEA.

25 JUDGE PEARSON: Okay. Thank you.



1 And Northwest Energy Coalition?

2 MS. BOSH: Joni Bosh with Northwest Energy  
3 Coalition.

4 JUDGE PEARSON: Oh, if you could come  
5 forward and speak into the microphone. And why don't  
6 you go ahead and take a seat up here since you're here.  
7 You can sit over here at the table if you'd like, and  
8 just turn the microphone on, make sure the red light is  
9 illuminated, and speak into the microphone so people on  
10 the bridge line can hear you.

11 MS. BOSH: Do you want me to do it again?

12 JUDGE PEARSON: Yes.

13 MS. BOSH: Joni Bosh, Northwest Energy  
14 Coalition.

15 JUDGE PEARSON: Thank you.

16 And for Nucor Steel?

17 MR. XENOPOULOS: Good afternoon, Your Honor.  
18 This is Damon Xenopoulos, also entering the appearance  
19 of Shaun Mohler. Thank you, Your Honor.

20 JUDGE PEARSON: Okay. Thank you.

21 Is there anyone else on the bridge line who  
22 wishes to enter an appearance? Okay. Hearing none --

23 MR. PECK: Yes, Your Honor. This is Riley  
24 Peck, also for AWEC.

25 JUDGE PEARSON: I'm sorry?

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1 MR. PECK: This is Riley Peck, also for  
2 AWEC.

3 JUDGE PEARSON: Okay. Thank you.  
4 Anyone else?

5 Okay. So the Company filed a letter  
6 yesterday stating its intention to withdraw its filing,  
7 and I'd like to hear from the Company now about how it  
8 intends to proceed.

9 Mr. Steele?

10 MR. STEELE: Thank you, Your Honor. Yes, we  
11 received a letter -- Staff filed a letter a few days  
12 ago, indicating its intent to file a motion to dismiss  
13 PSE's ERF. And after discussing that position  
14 internally, while PSE agrees with the basis for Staff's  
15 motion, PSE has determined that the best course at this  
16 time is to withdraw the filing.

17 By way of background, the genesis of the ERF  
18 was the 2000 GRC where the settling parties agreed that  
19 PSE could file an ERF and that the Company should follow  
20 the procedures that were used in the 2013 ERF.

21 PSE had done that. Unfortunately, Staff  
22 appears to be challenging many aspects of PSE's filings  
23 despite what was previously agreed to, including raising  
24 new fundamental questions about what Staff believes an  
25 ERF should -- when Staff believes an ERF should be

1 permitted, the type of evidence needed to demonstrate  
2 whether an ERF is needed despite what was used by the  
3 Commission to approve PSE's last ERF. And frankly,  
4 Staff's perspective on these issues seems to be  
5 evolving.

6 That said, the Company's withdrawing for two  
7 main reasons. One is concern about the timing of  
8 extensive motions this early in the case. The purpose  
9 of the ERF was to facilitate an expedited process so the  
10 Company could adjust and update its rates, its rates  
11 based on the changes since the GRC, and is concerned  
12 about the timing that motion practice could push that  
13 back.

14 The Company also believes that in light of  
15 Staff's new position on ERF, that the Company would like  
16 to take time to better understand Staff's new position  
17 before it decides how to proceed.

18 And so to answer your question, Your Honor,  
19 the Company is still deciding on its options, both on  
20 timing and next step. The Company may file another ERF  
21 in the next month or so or it may simply decide to move  
22 forward with the GRC in the coming months. I think it's  
23 still -- I think the Company is still evaluating its  
24 position and would likely talk to Staff before it makes  
25 a decision on how to proceed.

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1 JUDGE PEARSON: Okay. So is there any party  
2 that objects to PSE's intent to file a motion to  
3 withdraw?

4 MR. OSHIE: No objection from AWEC, Your  
5 Honor.

6 JUDGE PEARSON: Okay. And hearing nothing  
7 from anyone else, I'll assume that no party objects.

8 And so, Mr. Steele, if the Company could  
9 state as much in its filing, we can get an order out on  
10 the motion to withdraw that much faster.

11 MR. STEELE: Will do, Your Honor.

12 JUDGE PEARSON: And as I stated in my email  
13 this morning, I'd also like to hear from the parties  
14 about their positions about the possibility of  
15 consolidating any revised filing if PSE does choose to  
16 file a revised ERF in the next 30 days, consolidating  
17 that filing with PSE's accounting petitions in Dockets  
18 UE-171225 and UE-171226 for orders authorizing the  
19 accounting treatment of the deferred accounting  
20 associated with the Federal Tax Act on PSE's cost of  
21 service.

22 So let's start with PSE on that question.

23 MR. STEELE: Thank you, Your Honor. You  
24 know, I do not believe that the Company, if it did file  
25 a new ERF, it would do so within the next 30 days. And

1 so for that reason, the Company does not believe that  
2 consolidation would be appropriate.

3 The Company also believes that the issues  
4 that would be addressed in the accounting petition would  
5 far exceed the scope of what would be addressed in an  
6 ERF; for example, it would require addressing power  
7 costs, which are outside of an ERF.

8 And the number of issues that would likely  
9 have to be addressed would make it very difficult to  
10 adhere to the 120-day schedule and would probably take  
11 far longer, which would likely dilute the value of an  
12 ERF to the Company.

13 The Company would be open to addressing the  
14 issues in the accounting petition in a GRC, and frankly,  
15 I think the Company, I believe that would be the  
16 appropriate place to do it.

17 If the Commission requires the Company to  
18 consolidate the counterpetition with an ERF, the Company  
19 would likely not file an ERF at all and would likely  
20 file a GRC instead.

21 JUDGE PEARSON: Mr. Casey?

22 MR. CASEY: Staff would not object to  
23 consolidating with the dockets you mentioned, but Staff  
24 would also note that it does believe there are other  
25 avenues that the accounting petition could be dealt

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1 with, and Staff is open to those avenues as well.

2 JUDGE PEARSON: Thank you.

3 And Public Counsel?

4 MS. GAFKEN: Hi. Public Counsel doesn't  
5 have an objection in concept to consolidating the  
6 accounting petition with the ERF proceeding, but we --  
7 what I was going to say was, we wouldn't -- we don't  
8 know how long it will be until Puget files an ERF, and  
9 today we've heard that it's probably not going to be  
10 within the next 30 days.

11 So I think I have a little bit of a  
12 different perspective than what Puget just enunciated.  
13 My thought was, I don't necessarily think it's a good  
14 idea to delay the accounting petition as we wait for a  
15 new filing to come in.

16 And so while I don't object to the concept  
17 of consolidating, because I do think the issues can be  
18 dealt with and should be dealt with expeditiously, I  
19 don't know that we necessarily need to wait for that  
20 future filing to come in before the accounting petition  
21 is dealt with.

22 JUDGE PEARSON: Okay. Thank you.

23 Mr. Oshie?

24 MR. OSHIE: Thank you, Your Honor. AWEC  
25 would not object to consolidating. Really the issues

1 here are what the Tax Cuts and Jobs Act have done.  
2 They've already -- for example, for other utilities,  
3 they've already incorporated the new rates, and I think  
4 that's really what -- what we would expect to have  
5 happen either through an ERF or, you know, through a  
6 GRC.

7 I mean, that's going to be the Company's  
8 choice on which path they want to take unless they're --  
9 unless they're influenced by the Commission in some way  
10 to do -- to -- for a particular path.

11 But I think -- but the important point is,  
12 is that the benefit from the Tax Cuts and Jobs Act  
13 should be incorporated in the rates as quickly as  
14 possible as alluded to by Ms. Gafken. And that's  
15 certainly our position and the consolidation could be  
16 that pathway. And so we're, you know, open to it and do  
17 not object to it.

18 JUDGE PEARSON: Great. Thank you.

19 Mr. ffitch?

20 MR. FFITCH: Thank you, Your Honor. Energy  
21 Project does not object to consolidation, and we  
22 generally concur with comments of the Industrial  
23 Customers and Public Counsel.

24 JUDGE PEARSON: Thank you.

25 Ms. Bosh?

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1 MS. BOSH: I don't think Northwest Energy  
2 Colation would object either. Whatever seems to move  
3 this along would be fine.

4 JUDGE PEARSON: Thank you.

5 Ms. Liotta?

6 MS. LIOTTA: Your Honor, yes, FEA does not  
7 object to the consolidation either.

8 JUDGE PEARSON: Okay. And for Nucor Steel?

9 MR. XENOPOULOS: Your Honor, this is Damon  
10 Xenopoulos, and Nucor Steel does not object to the  
11 consolidation either and generally agrees with Public  
12 Counsel's perspective on delay. Thank you.

13 JUDGE PEARSON: Okay. Thank you.

14 All right. Is there anything else that we  
15 need to address while we're here today from any of the  
16 parties?

17 Okay. Hearing nothing, then we will wait  
18 for PSE to file its motion to withdraw, and we'll issue  
19 an order on that motion shortly thereafter. And we are  
20 adjourned. Thank you.

21 (Adjourned at 2:13 p.m.)

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C E R T I F I C A T E

STATE OF WASHINGTON  
COUNTY OF THURSTON

I, Tayler Garlinghouse, a Certified Shorthand Reporter in and for the State of Washington, do hereby certify that the foregoing transcript is true and accurate to the best of my knowledge, skill and ability.



Tayler Garlinghouse

Tayler Garlinghouse, CCR 3358

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