

BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION
COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKETS UE-130137
and UG-130138

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.,
and
NW ENERGY COALITION

For an Order Authorizing PSE to
Implement Electric and Natural Gas
Decoupling Mechanisms and to
Record Accounting Entries
Associated with the Mechanisms

DOCKETS UE-121697
and UG-121705

EXPEDITED JOINT MOTION TO
CONSOLIDATE OF INDUSTRIAL
CUSTOMERS OF NORTHWEST
UTILITIES, PUBLIC COUNSEL,
AND THE NORTHWEST
INDUSTRIAL GAS USERS

I. INTRODUCTION

I The Industrial Customers of Northwest Utilities (“ICNU”), the Public Counsel Division of the Washington Attorney General’s Office (“Public Counsel”), and the Northwest Industrial Gas Users (“NWIGU”) (collectively, “Joint Movants”) jointly move to consolidate Puget Sound Energy, Inc.’s (“PSE”) 2013 expedited rate filing (“ERF”)^{1/} and its

^{1/} In the Matter of the Petition of Puget Sound Energy, Inc. Expedited Rate Filing, WUTC Docket Nos. UE-130137 and UG-130138 (Feb. 1, 2013).

Amended Petition for Decoupling Mechanisms (“Decoupling Petition”).^{2/} Due to the apparent expedited nature of this proceeding, the Joint Movants ask that the Commission consider this motion on an expedited basis.

II. MEMORANDUM

A. Legal Standard for Consolidation

2 The Commission has discretion to consolidate two or more proceedings “in which the facts or principles of law are related.”^{3/} As explained below, the interrelation of issues in the ERF and the Amended Decoupling Petition satisfies the standard for consolidation. Further, consolidation will ensure PSE’s rates are fair, just, reasonable, and sufficient, and will promote judicial economy and administrative efficiency.^{4/}

B. The Cases Present Common and Related Issues

1. Alleged “Attrition” and “Regulatory Lag”

3 Consolidation is appropriate because PSE is attempting to address many of the same issues in both the ERF and the Decoupling Petition. In its Initial Petition for Decoupling Mechanisms, PSE explained that the purpose, in part, of its proposal is to deal with “part” of an alleged “attrition problem” and the Company’s claim of regulatory lag between rate cases.^{5/} The Company reaffirms this statement in its Amended Petition for Decoupling Mechanisms, stating, “[t]he decoupling mechanism with a K-factor adjustment

^{2/} In the Matter of the Petition of Puget Sound Energy, Inc., and NW Energy Coalition for an Order Authorizing PSE to Implement Electric and Natural Gas Decoupling Mechanisms and to Record Accounting Entries Associated with the Mechanisms, WUTC Docket Nos. UE-121697 and UG-121705 (Oct. 25, 2012).

^{3/} WAC § 480-07-320.

^{4/} See, e.g., WUTC v. Pacific Power and Light, Docket No. UE-050684, Order 05 at ¶ 5 (June 28, 2006) (finding, in addition to promoting “judicial economy and administrative efficiency,” that consolidation was proper where the Commission could not otherwise “determine that the requested . . . rate increase would result in fair, just, reasonable and sufficient rates”).

^{5/} WUTC v. PSE, Docket Nos. UE-121697 and UG-121705, Prefiled Direct Testimony of Jon A. Piliaris, JAP-1T at 18, 25 (Oct. 25, 2012).

also addresses the revenue shortfall between rate cases that the decoupling mechanism on its own doesn't resolve."^{6/} Similarly, PSE explains that the purpose of the ERF is to address its alleged "regulatory lag."^{7/} Plainly, factual and legal issues concerning PSE's alleged attrition and regulatory lag are central to both the ERF and the Decoupling Petition.

4 In addition, the Commission has noted the importance of having rate case information available to allow a fully informed decision regarding decoupling.^{8/} While Joint Movants believe that decoupling should preferably be considered in the context of a general rate case, at a minimum it should be considered in conjunction with the rate information provided by the ERF filing.

2. **Interdependent Adjustment Mechanisms**

5 Beyond the interrelation of purpose in addressing alleged revenue attrition since the last general rate case, the ERF and the Decoupling Petition actually propose interdependent mechanisms. In testimony supporting the Decoupling Petition, the Company squarely points to the interrelation of the ERF and amended decoupling mechanism, stating, "[t]he baseline for determining the allowed delivery revenue per customer will be based on rates approved in the Company's Expedited Rate Filing in Docket Nos. UE-130137 and UG-130138 (the "ERF")."^{9/} The Company makes similar statements in the ERF docket.^{10/} Since PSE affirms that newly proposed decoupling revenues would be dependent upon figures approved in the ERF, a fully informed decision on decoupling logically requires consideration of the ERF data. In short, there is not only a commonality of purpose between

^{6/} Amended Petition at ¶ 5.

^{7/} Docket Nos. UE-121697 and UG-121705, Prefiled Direct Testimony of Katherine J. Barnard, KJB-1T at 2 (Feb. 1, 2013).

^{8/} Re WUTC's Investigation Into Energy Conservation Incentives, Docket No. U-100522, Report & Policy Statement, at ¶ 28 (Nov. 4, 2010); Amended Petition at ¶ 17.

^{9/} WUTC v. PSE, Docket Nos. UE-121697 and UG-121705, Prefiled Supplemental Direct Testimony of Jon A. Piliaris, JAP-8T at 6 (Mar. 1, 2013).

^{10/} See KJB-1T at 6.

these two cases, but there is also a commonality of means, thereby further satisfying the Commission's relation standard on consolidation.

C. Consolidation Promotes Procedural and Administrative Efficiency

6 Consolidation not only affords the Commission the best means to reach a fully informed decision on the merits of interrelated issues common to these cases, but it will also promote administrative efficiency. Based on current participation in these dockets, the cases will probably involve nearly identical parties. Discovery, hearings, conferences, and deadlines are likely to fall close to one another if scheduled separately.^{11/} Juggling two sets of overlapping procedural schedules and duplicative filing and case preparation would be taxing to the Commission and its Staff, as well as to all other parties. Consolidation eliminates such needless duplication of resources.

7 Furthermore, the Company requests that rates associated with its Decoupling Petition go into effect by May 1, 2013, and it has recently stated its intent to revise its proposed rate effective date in the ERF dockets to May 1, 2013.^{12/} This demonstrates that there is no practical reason why rates for the ERF or Decoupling Petition would need to be considered separately and further supports consolidation.

8 Conversely, there are no significant drawbacks to consolidating these cases. Consolidation would not preclude the Commission from issuing separate orders regarding the ERF and decoupling. Likewise, parties would still be free to resolve matters separately through partial settlements. In any event, there is no risk to the Commission in

^{11/} PSE filed the ERF on February 1, 2013, and the Amended Petition for Decoupling Mechanisms on March 1, 2013.

^{12/} Statement of Sheree Carson at WUTC open meeting (Mar. 5, 2013).

consolidation—the rules provide that the WUTC can always sever consolidated matters, simply upon its own motion.^{13/}

D. If Approved, the ERF and the Decoupling Proposal Could Establish Important Precedent and Policy

9 The ERF dockets represent a new approach to ratemaking, and the Commission would also be breaking new ground in approving PSE’s Decoupling Petition. The Joint Movants believe that careful consideration and a full and complete record is essential to ensure that any precedent or policy outcomes from these dockets are in the public interest. Given the precedential value of these dockets and PSE’s own acknowledgment of the interrelation of the proposed attrition recovery mechanisms, consolidation is essential to coherently address all related issues of fact, law, and policy without prejudice to any party.^{14/} The Commission must have a sufficient record to conclude any rate increase produces fair, just and reasonable rates.

III. CONCLUSION

10 For the foregoing reasons, in accord with Commission precedent, the Joint Movants respectfully request that the WUTC exercise its discretion and consolidate PSE’s ERF and Decoupling Petition. The cases share related issues of fact, law, and policy. Consolidation would also be beneficial in terms of judicial and administrative efficiency.

DATED this 8th day of March, 2013.

^{13/} WAC § 480-07-320.

^{14/} The Commission is aware that PSE has engaged in private settlement negotiations with Staff in which an agreement in principle was reached concerning ERF and decoupling issues. See, e.g., Letter from ICNU to the WUTC (Feb. 25, 2013) (regarding PSE expedited rate case filing); and Letter from Public Counsel to WUTC (Feb. 26, 2013) (regarding support for the ICNU filing to suspend the expedited rate case filing submitted by PSE). PSE and Staff have already deemed a unified settlement on these cases appropriate. Thus, consolidation of these cases by the Commission, allowing a *public* forum for discussion and exploration of common issues, would be fair and just.

Respectfully submitted,

**INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES**

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