**BEFORE THE WASHINGTON**

**UTILITIES AND TRANSPORTATION COMMISSION**

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| WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,  Complainant,  v.  PUGET SOUND ENERGY,  Co. 1  Respondent. |  | DOCKETS UE-170033 and  UG-170034 *(Consolidated)*  ORDER 0103  PREHEARING CONFERENCE ORDER; NOTICE OF HEARING  **(Set for August 29-30, 2017, at 9 a.m.; August 31, 2017, TBD; and September 1, 2017, at 9 a.m.)** |

1. **NATURE OF PROCEEDING.** On January 13, 2017, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-60, Tariff G, Electric Service in Docket UE-170033 and revisions to its currently effective Tariff WN U-2, Natural Gas Service in Docket UE-170034. The effect of these filings would be to increase rates and charges for electric service and decrease rates and charges for natural gas service provided to customers in the state of Washington. The Commission suspended the as-filed tariffs and set the matters for hearing in Order 01 on January 19, 2017.
2. PSE requests an increase in electric base rates of approximately $149 million (7.6 percent) on an annual basis. The net impact to customers after applying various offsets would be an increase in electric rates of approximately $87 million (4.1 percent). PSE also requests an increase to natural gas base rates of $23 million (2.8 percent) on an annual basis. The net impact to customers after applying various offsets would be a decrease in natural gas rates of approximately $22 million (-2.4 percent).
3. **CONFERENCE.** The Commission convened a prehearing conference in this docket at Olympia, Washington, on February 13, 2017, before Administrative Law Judges Dennis Moss and Rayne Pearson.
4. **APPEARANCES.** Sheree S. Carson, Jason Kuzma, and Donna Barnett, Perkins Coie LLP, Bellevue, Washington, represent PSE. Lisa W. Gafken and Armikka R. Bryant, Assistant Attorneys General, Seattle, Washington, represent the Public Counsel Unit of the Office of the Washington Attorney General (Public Counsel). Brett P. Shearer, Sally Brown, Jennifer Cameron-Rulkowski, Christopher M. Casey, Andrew J. O’Connell, and Jeffrey Roberson, Assistant Attorneys General, Olympia, Washington, represent the Commission’s regulatory staff (Staff).[[1]](#footnote-1) Simon J. ffitch, Attorney at Law, Bainbridge Island, Washington, represents The Energy Project. Travis Ritchie, Staff Attorney, Oakland, California, represents Sierra Club. Rita M. Liotta, Counsel for the Federal Executive Agencies (FEA), San Francisco, California, represents the FEA. Chad M. Stokes and Tommy A. Brooks, Cable Huston LLP, Portland, Oregon, represent Northwest Industrial Gas Users (NWIGU). Tyler Pepple, Davison Van Cleve, P.C., Portland, Oregon, represents the Industrial Customers of Northwest Utilities (ICNU). Damon E. Xenopoulos and Shaun C. Mohler, Stone Mattheis Xenopoulos & Brew, PC, Washington, DC, represent Nucor Steel Seattle, Inc. (Nucor Steel). Robert M. McKenna and Brian Moran, Orrick, Herrington & Sutcliffe, LLP, Seattle, Washington, represent the State of Montana. Amanda Goodin, Anna M. Sewell, and Kristen L. Boyles, Earthjustice Northwest Office, Seattle, Washington, represent the NW Energy Coalition, Renewable Northwest, and Natural Resources Defense Council (NWEC/RNW/NRDC). Richard H. Allan, Marten Law, Portland, Oregon, represents Invenergy LLC (Invenergy). Kurt J. Boehm and Jody Kyler Cohn, Boehm, Kurtz & Lowry, Cincinnati, Ohio, represent The Kroger Co. (Kroger). Contact information for the parties’ representatives is attached as Appendix A to this order.
5. **PETITIONS FOR INTERVENTION.** The following organizations filed timely petitions to intervene:

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| The Energy Project | Nucor Steel |
| Sierra Club | State of Montana |
| FEA | NWEC/RNW/NRDC |
| NWIGU | Invenergy |
| ICNU |  |

1. Absent objections to the petitions to intervene filed by The Energy Project, FEA, NWIGU, ICNU, and Nucor Steel, the Commission finds that these petitioners have established a substantial interest in this proceeding and that their participation will be in the public interest. Accordingly, the Commission grants these petitions.
2. Kroger submitted a Late-Filed Petition to Intervene on behalf of the Fred Meyer Stores and Quality Food Centers that do business in Washington. These Kroger subsidiaries are large commercial customers of PSE. Kroger regularly participates in PSE’s general rate cases and the other parties to this proceeding indicated to the presiding ALJs via informal communications that they do not object to Kroger’s participation as an intervenor.
3. PSE did not object to intervention by Sierra Club, the State of Montana, or NWEC/RNW/NRDC, but suggested that these parties should limit their participation to economic issues the Commission will consider related to plans for the future decommissioning and remediation of coal-fired generators known as Colstrip Units 1 & 2, located in Montana. PSE stated that the Company had discussed this point with the State of Montana and the Sierra Club prior to the prehearing conference and that they agreed that this would be the focus of their participation. NWEC/RNW/NRDC also stated that this would be their most significant interest in the proceeding, but they may wish to be heard on other issues in which they have taken an active role in prior proceedings, such as, we assume, decoupling.[[2]](#footnote-2) The Commission finds that the Sierra Club’s and Montana’s participation is in the public interest and grants their petitions, subject to the understanding that they will focus their efforts on issues within the Commission’s jurisdiction that are related to the Colstrip facilities. The Commission also grants the joint petition to intervene filed by NWEC/RNW/NRDC.
4. Invenergy, an independent power producer, also asserts an interest in this proceeding based on the issue of PSE’s plans for the future of Colstrip Units 1 & 2. Invenergy states it wishes to inform the Commission of its interests as a power producer for the Columbia Grid, which provides power to the PSE service territory. Invenergy believes the Columbia Grid may be impacted by the eventual decommissioning and shut down of Colstrip Units 1 & 2. PSE objected to Invenergy’s petition to intervene, arguing that it does not have a substantial interest in this proceeding, and that its participation would not serve the public interest.
5. The Commission discussed with Invenergy that the issue of replacement power, in the event Colstrip Units 1 & 2 cease operations, is not ripe for Commission consideration in this proceeding. Yet, this appears to be Invenergy’s principal, if not exclusive, interest. Thus, Invenergy failed to establish a substantial interest in this proceeding. In addition, it does not appear that the public interest would be served by Invenergy’s participation. The public interest in PSE’s general rate case is well represented by other parties to this proceeding, including Staff. Discussions concerning PSE’s Integrated Resource Plans may afford a more meaningful opportunity for Invenergy to share its perspectives on the issues that concern it as an independent power producer. Accordingly, the Commission denies Invenergy’s petition to intervene.
6. **AGREEMENT TO ELECTRONIC SERVICE.** All parties affirmatively agreed to receive service electronically from the Commission. The Commission may serve only electronic copies of documents in this docket.
7. **PROTECTIVE ORDER.** On January 26, 2017, the Commission entered Order 02, Protective Order with “Highly Confidential” Provisions.
8. **DISCOVERY.** The parties may continue to conduct discovery under the Commission’s discovery rules, WAC 480-07-400 – 425. The Commission urges the parties to work cooperatively together to avoid having to bring discovery matters to the Commission for formal resolution.
9. At the prehearing conference, Staff requested the parties each serve copies of all data requests and corresponding responses on all other parties in this proceeding. The parties unanimously agreed with Staff’s request. Accordingly, each party will serve data requests and responses to data requests on all parties simultaneously.
10. **PROCEDURAL SCHEDULE.** The parties agreed on a procedural schedule during the conference. The Commission adopts this procedural schedule, which is attached to this Order as Appendix B.
11. **DOCUMENT FILING REQUIREMENTS.** Parties must file all pleadings, motions, briefs, and other prefiled materials in compliance with all of the following requirements:
12. Parties must submit electronic copies in native Microsoft format (Word, Excel, etc.) and searchable Adobe Acrobat (.pdf) of all documents by 5:00 p.m. on the filing deadline established in the procedural schedule (or other deadline as applicable), unless the Commission orders otherwise. If any of the documents contain information that is designated as confidential, the party must also file an electronic copy in Adobe Acrobat (.pdf) of the redacted version of each such document. Parties must comply with WAC 480-07-140(5) in organizing and identifying electronic files. Parties may submit documents electronically through the Commission’s Web Portal ([www.utc.wa.gov/e-filing](http://www.utc.wa.gov/e-filing)) or by email to [records@utc.wa.gov](mailto:records@utc.wa.gov).
13. Parties must file **an original and** **11** paper copies (with original signatures, if applicable) of the documents with the Commission by 5:00 p.m. on the first business day following the filing deadline as provided in WAC 480-07-145(6). The documents must conform to the format and publication guidelines in WAC 480-07-395 and WAC 480-07-460. All hard copy filings must be mailed or delivered to the Executive Director and Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, 1300 S. Evergreen Park Drive S.W., Olympia, Washington 98504-7250.
14. Parties must electronically serve the other parties and provide courtesy electronic copies of filings to the presiding administrative law judge (rpearson@utc.wa.gov) by 5:00 p.m. on the filing deadline unless the Commission orders otherwise. If parties are unable to email copies, they may furnish electronic copies by delivering them on a flash drive only.
15. **EXHIBITS FOR CROSS-EXAMINATION.** Parties are required to file with the Commission and serve all proposed cross-examination exhibits by **noon** on **August 24, 2017.** The Commission requires electronic copies in native format, if available, searchable Adobe Acrobat (.pdf), and **one original and 11** paper copies of the exhibits. If any of the exhibits contain information that is designated as confidential or highly confidential, the party must also file one electronic copy in Adobe Acrobat (.pdf) and one paper copy of the redacted version of each such exhibit. The exhibits must be grouped according to the witness the party intends to cross examine with the exhibits. The paper copies of the exhibits also must be organized into sets that are tabbed and labeled.
16. **EXHIBIT LISTS**. Each party must file a list of all exhibits the party intends to introduce into the evidentiary record, including all prefiled testimony and exhibits, as well as cross-examination exhibits. The parties must file and serve their exhibit lists by **noon** on **August 24, 2017**.
17. **CROSS-EXAMINATION TIME ESTIMATES**. Each party must provide a list of witnesses the party intends to cross-examine at the evidentiary hearing and an estimate of the time that party anticipates the cross-examination of that witness will take. Parties should not file witness lists or cross-examination time estimates but must provide them to the administrative law judge and the other parties by **noon** on **August 24, 2017**.
18. **NOTICE OF HEARING.** The Commission will hold an evidentiary hearing in this matter on **August 29 and 30, 2017, beginning at 9 a.m.**, and **August 31, 2017, immediately following the Commission’s regularly scheduled open meeting** in the Commission’s Hearing Room, Second Floor, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. The hearing is scheduled to continue on September 1, 2017, at 9 a.m., as necessary.
19. **ALTERNATE DISPUTE RESOLUTION**. The Commission supports the informal settlement of matters before it. Parties are encouraged to consider means of resolving disputes informally. The Commission has limited ability to provide dispute resolution services. Parties may also contract for the services of a private mediator to facilitate their discussion. If the parties wish to consider using these dispute resolution alternatives, please contact Gregory J. Kopta, Director, Administrative Law Division ([gkopta@utc.wa.gov](mailto:gkopta@utc.wa.gov) or 360-664-1355).
20. **NOTICE TO PARTIES: A party who objects to any portion of this Order must file a written objection within ten (10) calendar days after the service date of this Order, pursuant to WAC 480-07-430 and WAC 480-07-810. The service date appears on the first page of the order in the upper right-hand corner. Absent such objection, this Order will control further proceedings in this matter, subject to Commission review.**

Dated at Olympia, Washington, and effective February 15, 2017.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RAYNE PEARSON  
Administrative Law Judge

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| APPENDIX A | | | |
| PARTIES’ REPRESENTATIVES **DOCKETS UE-170033 and UG-170034** | | | |
| PARTY | **REPRESENTATIVE** | **PHONE** | **E-MAIL** |
| Puget Sound Energy | Sheree S. Carson  Perkins Coie LLP  The PSE Building  10885 NE Fourth Street, Suite 700  Bellevue, WA 98004 | 425-635-1400 | [SCarson@perkinscoie.com](mailto:SCarson@perkinscoie.com) |
| Jason Kuzma  Perkins Coie LLP | [Jkuzma@perkinscoie.com](mailto:Jkuzma@perkinscoie.com) |
| Donna Barnett  Perkins Coie LLP | [Dbarnett@perkinscoie.com](mailto:Dbarnett@perkinscoie.com) |
| Data Requests | [psedrs@perkinscoie.com](mailto:psedrs@perkinscoie.com) |
| Staff | Brett P. Shearer  Assistant Attorney General  Office of the Attorney General  Utilities and Transportation Division  1400 S. Evergreen Park Drive SW  P.O. Box 40128  Olympia, WA 98504-0128 | 360-664-1187 | [bshearer@utc.wa.gov](mailto:bshearer@utc.wa.gov) |
| Sally Brown  Senior Assistant Attorney General | [sbrown@utc.wa.gov](mailto:sbrown@utc.wa.gov) |
| Jennifer Cameron-Rulkowski  Assistant Attorney General | [jcamero@utc.wa.gov](mailto:jcamero@utc.wa.gov) |
| Christopher M. Casey  Assistant Attorney General | [ccasey@utc.wa.gov](mailto:ccasey@utc.wa.gov) |
| Andrew J. O’Connell  Assistant Attorney General | [aoconnel@utc.wa.gov](mailto:aoconnel@utc.wa.gov) |
| Jeffrey Roberson  Assistant Attorney General | [jroberso@utc.wa.gov](mailto:jroberso@utc.wa.gov) |
| Krista Gross  Legal Assistant | [kgross@utc.wa.gov](mailto:kgross@utc.wa.gov) |
| Betsy DeMarco  Legal Assistant | [bdemarco@utc.wa.gov](mailto:bdemarco@utc.wa.gov) |
| Public Counsel | Lisa W. Gafken  Assistant Attorney General  Washington Attorney General’s Office  Public Counsel Unit  800 5th Avenue, Suite 2000  Seattle, WA 98104-3188 | 206-464-6595 | [Lisa.gafken@atg.wa.gov](mailto:Lisa.gafken@atg.wa.gov) |
| Armikka R. Bryant  Assistant Attorney General | [ArmikkaB@atg.wa.gov](mailto:ArmikkaB@atg.wa.gov) |
| Corey Dahl  Regulatory Analyst | [coreyd@atg.wa.gov](mailto:coreyd@atg.wa.gov) |
| Carla Colamonici  Regulatory Analyst | [carlac@atg.wa.gov](mailto:carlac@atg.wa.gov) |
| Chanda Mak  Legal Assistant | [chandam@atg.wa.gov](mailto:chandam@atg.wa.gov) |
| ICNU | Tyler C. Pepple  Davison Van Cleve, P.C.  333 S.W. Taylor, Suite 400  Portland, OR 97204 | 503-241-7242 | [tcp@dvclaw.com](mailto:tcp@dvclaw.com) |
| Jesse Gorsuch  Paralegal | [jog@dvclaw.com](mailto:jog@dvclaw.com) |
| The Energy Project | Simon J. ffitch  Attorney at Law  321 High School Rd. NE  Suite D3, Box No. 383  Bainbridge Island, WA 98110 | 206-669-8197 | [simon@ffitchlaw.com](mailto:simon@ffitchlaw.com) |
| Leslie Rothbaum  Paralegal | [leslie@ffitchlaw.com](mailto:leslie@ffitchlaw.com) |
| Carol Baker  Legal Assistant | [carol@ffitchlaw.com](mailto:carol@ffitchlaw.com) |
| Federal Executive Agencies | Rita M. Liotta  Counsel for the FEA  Department of the Navy  One Avenue of the Palms, Suite 161  San Francisco, CA 94130 | 415-743-4718 | [Rita.liotta@navy.mil](mailto:Rita.liotta@navy.mil) |
| Kay Davoodi  Utilities Rates and Studies Office | [Khojasteh.davoodi@navy.mil](mailto:Khojasteh.davoodi@navy.mil) |
| Larry Allen  Utilities Rates and Studies Office | [Larry.r.allen@navy.mil](mailto:Larry.r.allen@navy.mil) |
| Makda Solomon  Utilities Rates and Studies Office | [Makda.solomon@navy.mil](mailto:Makda.solomon@navy.mil) |
| Sierra Club | Travis Ritchie  Staff Attorney  Sierra Club Environmental Law Program  2101 Webster Street, Suite 1300  Oakland, CA 94612 | 415-977-5727 | [Travis.ritchie@sierraclub.org](mailto:Travis.ritchie@sierraclub.org) |
| Alexa Zimbalist  Legal Assistant | [alexa.zimbalist@sierraclub.org](mailto:alexa.zimbalist@sierraclub.org) |
| State of Montana | Robert M. McKenna  Orrick, Herrington & Sutcliffe  701 Fifth Avenue, Suite 5600  Seattle, WA 98104 | 206-839-4300 | [rmckenna@orrick.com](mailto:rmckenna@orrick.com) |
| Brian Moran  Orrick, Herrington & Sutcliffe | [Brian.moran@orrick.com](mailto:Brian.moran@orrick.com) |
| Tom Butler  Deputy Attorney General, Montana Dept. of Justice | [TommyButler@mt.gov](mailto:TommyButler@mt.gov) |
| NW Energy Coalition, Renewable Northwest,  Natural Resources Defense Council | Amanda W. Goodin, Attorney at Law  Earthjustice Northwest Office  705 Second Avenue, Suite 203  Seattle, WA 98104 | 206-343-7340 | [agoodin@earthjustice.org](mailto:agoodin@earthjustice.org) |
| Anna M. Sewell, Attorney at Law, Earthjustice | [asewell@earthjustice.org](mailto:asewell@earthjustice.org) |
| Kristen L. Boyles, Attorney at Law, Earthjustice | [kboyles@earthjustice.org](mailto:kboyles@earthjustice.org) |
| Cathy Hendrickson, Legal Assistant, Earthjustice | [chendrickson@earthjustice.org](mailto:chendrickson@earthjustice.org) |
| Joni Bosh  NWEC | [joni@nwenergy.org](mailto:joni@nwenergy.org) |
| Wendy Gerlitz  NWEC | [wendy@nwenergy.org](mailto:wendy@nwenergy.org) |
| Dina Dubson Kelley  RNW | [dina@renewablenw.org](mailto:dina@renewablenw.org) |
| Silvia Tanner  RNW | [silvia@renewablenw.org](mailto:silvia@renewablenw.org) |
| Noah Long  NRDC | [nlong@nrdc.org](mailto:nlong@nrdc.org) |
| Chuck Magraw  NRDC | [c.magraw@bresnan.net](mailto:c.magraw@bresnan.net) |
| NWIGU | Chad M. Stokes  Cable Huston LLP  1001 SW Fifth Avenue, Suite 2000  Portland, OR 97204-1136 | 503-224-3092 | [cstokes@cablehuston.com](mailto:cstokes@cablehuston.com) |
| Tommy A. Brooks  Cable Huston LLP | [tbrooks@cablehuston.com](mailto:tbrooks@cablehuston.com) |
| Edward Finklea  Executive Director, NWIGU | [efinklea@nwigu.org](mailto:efinklea@nwigu.org) |
| Nucor Steel Seattle | Damon E. Xenopoulos, Esq.  Stone Mattheis Xenopoulous & Brew, PC  1025 Thomas Jefferson St. NW  Suite 800 West  Washington, DC 20007 | 202-342-0800 | [dex@smxblaw.com](mailto:dex@smxblaw.com) |
| Shaun C. Mohler, Esq.  Stone Mattheis Xenopoulous & Brew, PC | [scm@smxblaw.com](mailto:scm@smxblaw.com) |
| Nicole Luckey Senior Manager, Regulatory Affairs | [nluckey@invenergyllc.com](mailto:nluckey@invenergyllc.com) |
| The Kroger Co. | Kurt J. Boehm  Boehm, Kurtz & Lowry  36 East Seventh St., Suite 1510  Cincinnati, OH 45205 | 215-421-2255 | [kboehm@BKLlawfirm.com](mailto:kboehm@BKLlawfirm.com) |
| Jody Kyler Cohn  Boehm, Kurtz & Lowry | [jkylercohn@BKLlawfirm.com](mailto:jkylercohn@BKLlawfirm.com) |

**APPENDIX B**

### PROCEDURAL SCHEDULE

**DOCKETS UE-170033 and UG-170034**

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| EVENT | DATE |
| PSE Supplemental Testimony | **April 3, 2017** |
| Customer Notice Report | **April 12, 2017** |
| PSE Circulates Joint Issues List #1 | **May 9, 2017** |
| Settlement Conference #1 | **May 19, 2017** |
| Staff, Public Counsel, and Intervenor Response Testimony and Exhibits[[3]](#footnote-3) | **June 30, 2017** |
| Settlement Conference #2 | **TBD** |
| Public Comment Hearings in Olympia and Bellevue | **TBD** |
| Joint Issues List #2 | **August 4, 2017** |
| PSE Rebuttal Testimony and Exhibits; Staff and Intervenor Cross-Answering Testimony and Exhibits[[4]](#footnote-4) | **August 9, 2017** |
| Discovery Deadline – Last Day to Issue Data Requests | **August 16, 2017** |
| Cross-Examination Exhibits, Witness Lists, and Time Estimates | **August 24, 2017**  **(by noon)** |
| Evidentiary Hearing | **August 29-30, 2017 at 9 a.m.; August 31, 2017, immediately following the open meeting; continuing September 1, 2017, at 9 a.m. as needed** |
| Initial Post-Hearing Briefs | **October 2, 2017** |
| Reply Briefs | **October 13, 2017** |
| Suspension Date | **December 13, 2017** |

1. In formal proceedings such as this, the Commission’s regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners’ policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. *See* RCW 34.05.455. [↑](#footnote-ref-1)
2. We note that NWEC was a joint petitioner with PSE in Dockets UE-121697 and UG-121705 in which the Company sought approval to implement decoupling. *See* *In the Matter of the Petition of Puget Sound Energy 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 (consolidated) (Decoupling) and *Washington Utilities and Transportation Commission v. Puget Sound Energy*, Dockets UE-130137 and UG-130138 (consolidated) (ERF), Order 07 - Final Order Granting Decoupling Petition and Final Order Authorizing ERF Rates (June 25, 2013). [↑](#footnote-ref-2)
3. Response time to data requests will be 7 business days. [↑](#footnote-ref-3)
4. Response time to data requests will be 5 business days. [↑](#footnote-ref-4)