

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKETS UE-170033 and
UG-170034 (*Consolidated*)

ORDER 03

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 Simon J. Fitch, 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:

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

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.

6 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.

7 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.

8 PSE did not object to intervention by Sierra Club, the State of Montana, or
NWEA/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. NWEA/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 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 NWEA/RNW/NRDC.

9 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

² We note that NWEA 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).

does not have a substantial interest in this proceeding, and that its participation would not serve the public interest.

10 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.

11 **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.

12 **PROTECTIVE ORDER.** On January 26, 2017, the Commission entered Order 02, Protective Order with "Highly Confidential" Provisions.

13 **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.

14 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.

15 **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.

16 **DOCUMENT FILING REQUIREMENTS.** Parties must file all pleadings, motions, briefs, and other prefiled materials in compliance with all of the following requirements:

- (a) 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) or by email to records@utc.wa.gov.

- (b) 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.
- (c) 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.

17 **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.

18 **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**.

- 19 **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.**
- 20 **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.
- 21 **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 or 360-664-1355).
- 22 **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

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
	Jason Kuzma Perkins Coie LLP		Jkuzma@perkinscoie.com
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	Data Requests		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
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	Brian Moran Orrick, Herrington & Sutcliffe		Brian.moran@orrick.com
	Tom Butler Deputy Attorney General, Montana Dept. of Justice		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
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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
	Shaun C. Mohler, Esq. Stone Mattheis Xenopoulous & Brew, PC		scm@smxblaw.com
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The Kroger Co.	Kurt J. Boehm Boehm, Kurtz & Lowry 36 East Seventh St., Suite 1510 Cincinnati, OH 45205	215-421-2255	kboehm@BKLawfirm.com
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APPENDIX B
PROCEDURAL SCHEDULE
DOCKETS UE-170033 and UG-170034

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	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	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)

³ Response time to data requests will be 7 business days.

⁴ Response time to data requests will be 5 business days.

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