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March 12, 2013

Via Electronic and U.S. Mail

Steve King, Acting Secretary and Executive Director
Washington Utilities and Transportation Commission
PO Box 47250
1300 S Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: ICNU's Response to Informal Bench Request Regarding Potential Procedures for
the Expedited Rate Filing
Docket No. UE-130137

Dear Mr. King:

The Industrial Customers of Northwest Utilities ("ICNU") appreciates the opportunity to submit comments in response to the Commission's inquiries at the March 5, 2013, Recessed Open Meeting regarding the resolution of the Expedited Rate Filing ("ERF") filed by Puget Sound Energy, Inc. ("PSE"). Specifically, the Commission requested that parties address procedural outcomes should there be a global settlement, a partial settlement, or no settlement reached at all in the near future regarding the ERF, or the other dockets referred to in Commission Staff's five-docket global settlement proposal. Given all possible outcomes, the best approach is to suspend the ERF and set a schedule in the docket.

ICNU has recently filed a joint motion to consolidate the ERF and decoupling cases, and we continue to believe that both of these cases should be set for an adjudicative hearing, and the proposed rate increases suspended. While we are supportive of the decoupling workshops, it appears as though recent events suggest that the docket be placed in a different procedural posture. ICNU also understands that PSE has recently filed replacement tariff pages in the ERF docket setting the effective date as May 1, 2013, rather than April 1, 2013. While ICNU appreciates PSE's willingness to agree to additional time for consideration of its proposal, ICNU is concerned that a "global" settlement of five dockets would make it extremely unlikely that the parties and the Commission can engage in meaningful review and response in time for a May 1, 2013, resolution of this docket.

A full settlement is defined by the Commission's rules as a settlement of all issues, entered into by all parties. WAC § 480-07-730(1). In the event that such a settlement were reached, the Commission would still require time to deliberate and prepare an order, and may need to hold a settlement hearing and permit public comment. *Id.* at 480-07-740(1). The Commission's rules require thirty days between the filing of a settlement and the rate effective date in a complex case. *Id.* at 480-07-740(1)(a). Even in the event of a full settlement, the Commission may impose conditions that the parties may or may not accept, and the parties can request rehearing. *Id.* at 480-07-750. In the event of non-acceptance of Commission conditions

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or a request for rehearing, it seems likely that the Commission would need to suspend the filing and revert to the procedural status reached before the settlement. Id.

In the event of a partial settlement (all parties agreeing on some issues) the same analysis applies, except that the issues not settled would remain unresolved and should properly be litigated. Id. at 480-07-730(2). Likewise, in the case of a multiparty settlement (some parties agreeing on some issues), any unsettled issues should continue to be litigated; however, any non-settling parties would be entitled to cross examine witnesses and present evidence and argument, and may be accorded the right to conduct discovery on the settlement. Id. at 480-07-740(2)(c).

A settlement meeting to learn about and consider staff's global settlement is scheduled for April 4, 2013. Given the complexity of the issues, if there is a sufficient basis for settlement, then it is likely that numerous meetings will be required. Again, May 1, 2013 is not sufficient time.

Regardless of whether there is a full, partial, or multiparty settlement, or no settlement at all, it will be very difficult to conclude consideration of the ERF dockets before May 1, 2013. To resolve these dockets, parties must be allowed due process rights and the Commission must have the time it needs for careful consideration of the evidence. This consideration will be even more rushed if a settlement is proposed that spans five separate dockets, including an amended decoupling proposal filed less than two weeks ago that proposes a new "rate plan" element. ICNU, following the Commission's guidance during the March 5, 2013 Open Meeting, has begun discovery and has engaged two experts to review the proposal. ICNU respectfully suggests that the Commission act as quickly as possible to establish a fair and transparent procedural schedule for considering this docket rather than waiting to see whether Staff and PSE will present a partial or a multiparty settlement.

Thank you for your consideration of ICNU's comments.

Sincerely yours,



Melinda J. Davison

cc: Service List
Chair Danner
Commissioner Goltz
Commissioner Jones
Judge Moss