

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: January 5, 2018
DOCKET: UE-170485/UG-170486
REQUESTER: Public Counsel

WITNESS: Christopher Hancock
RESPONDER: Christopher Hancock
TELEPHONE: (360) 664-1312

REQUEST NO. 15:

Re: End of Period Rate Base Accounting, Response Testimony of Mr. Christopher Hancock.

In Exh. CSH-1Tr at 27:28, Mr. Hancock endorses the use of end-of-period (EOP) rate base accounting. Please respond to the following.

- a. Does Staff agree that current Commission policy is to use average-of-monthly-averages accounting to value rate base? If not agreeing, please explain.
- b. Does Staff endorse using EOP rate base accounting for all subsequent rate cases? If yes, please provide a detailed explanation. If no, please provide a detailed explanation as to why this approach should only be applied to this particular case.

RESPONSE:

- a. Staff agrees, as evidenced by Mr. Hancock's description of end-of-period accounting as "extraordinary."³⁹

Additionally, the Commission recently referred to average-of-monthly-averages (AMA) accounting as "the preferred AMA approach" in Docket UE-140762.⁴⁰

- b. No, Staff does not endorse "using EOP rate base accounting for all subsequent rate cases." Staff contends that the Commission should jealously preserve its prerogative to exercise its considerable judgement for when AMA or EOP accounting is most appropriate. EOP may be appropriate when the record shows that the utility will experience excessive regulatory lag.

³⁹ Hancock, Exh. CSH-1Tr at 6:1-8.

⁴⁰ *WUTC v. Pac. Power & Light Co.*, Docket UE-140762, Order 08, Final Order, p. 21, ¶ 44 n. 57 (Mar. 25, 2015).