

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

Docket UE-141368

**ORDER [PROPOSED] AMENDING
ORDER 03 AND SETTLEMENT
AGREEMENT**

1 **PROCEEDING AND SUMMARY:** On July 1, 2014, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition to update methodologies used to allocate electric cost of service and for electric rate design purposes. A settlement stipulation (Settlement Agreement) was filed and approved by the Commission in Order 03 in this docket, dated January 29, 2015. The Settlement Agreement required PSE to propose a three-tiered block rate structure for residential customers in its next general rate case. Now, PSE and those settling parties with interests related to residential customers, ask the Commission to amend Order 03 and the Settlement Agreement to remove the provision to propose a three-tiered block rate structure for residential customers.

2 **MOVING PARTY REPRESENTATIVES:** With respect to the Motion filed in this proceeding, the party representatives are as follows: Sheree Strom Carson and Donna L. Barnett, Perkins Coie LLP, Bellevue, Washington, represent PSE. Christopher Casey represents the Commission’s Regulatory Staff (Staff). Lisa Gafken represents the Public Counsel Unit of the Washington State Attorney General (Public Counsel). Simon ffitch represents The Energy Project.

MEMORANDUM

3 **BACKGROUND:** On July 1, 2014, PSE filed with the Washington Utilities and Transportation Commission (Commission) a petition to update methodologies used to allocate electric cost of service and for electric rate design purposes. The parties to the proceeding included PSE, Staff, Public Counsel, The Energy Project, the Industrial Customers of Northwest Utilities (ICNU), the Federal Executive Agencies (FEA), Wal-Mart Stores, Inc. (Wal-Mart), and The Kroger Company (Kroger), and the NW Energy Coalition (collectively the Parties). All of the parties to the docket, other than NW Energy Coalition¹ entered into a settlement stipulation (Settlement

¹ The NW Energy Coalition filed a notice of appearance in this Docket, but did not join in or oppose the settlement.

Agreement), attached as Appendix A to Order 03 in this docket, dated January 29, 2015. The “Settling Parties” refers to all parties who entered into the Settlement Agreement.

- 4 As part of the Settlement Agreement, the Settling Parties agreed that PSE would propose a three-tiered block rate structure for residential service, as outlined on page 6 of the Settlement Agreement. The Settlement Agreement obligated PSE to propose rates for this three-tiered block rate structure in its next general rate case.
- 5 The Commission, in Order 03, approved and adopted the Settlement Agreement, specifically stating that the “actual rate for the third tier is not specified in the Settlement. PSE will propose a specific inverted rate for the third tier in its direct testimony in its next rate case.” According to the joint motion, PSE proposed such rates in its general rate case, which was filed with the Commission on January 13, 2017.
- 6 PSE, Public Counsel, Staff, and The Energy Project (Moving Parties) conferred on June 9, 2017, and agreed that mandating adoption of the three-tiered block rate structure at this time does not achieve the parties’ intended goals and the proposed rate does not send the anticipated price signals to customers. They support amendment of the Settlement Agreement and the Commission Order to remove the requirement for a three-tiered block rate structure proposal. The Moving Parties agree that any party remains free to propose any rate design the party wishes. The Moving Parties filed a joint motion asking the Commission to amend Order 03 and the Settlement Agreement in order to remove the proposal for a three-tiered block rate structure.
- 7 The remainder of the Settling Parties were notified of the intent to ask the Commission to modify Order 03 and the Settlement Agreement, and they do not oppose the motion, provided that the amendment to the Settlement Agreement and Order 03 is limited to the residential rate design only.

DISCUSSION & DECISION

- 8 The Settling Parties voluntarily entered into the Settlement Agreement to resolve the dispute related to electric cost of service, rate structure and design, among other issues. Now, the Moving Parties agree that the rate structure proposed in the Settlement Agreement does not achieve the intended results, and they jointly move to amend the Settlement Agreement and the Commission’s Order 03.
- 9 The Commission has authority to amend its orders, and based on the agreement of the Moving Parties, and the lack of objection by other parties to the Settlement Agreement, ICNU, Kroger, Wal-Mart, and FEA, the Commission will amend Order 03 and the Settlement Agreement as requested by the Moving Parties.

FINDINGS OF FACT

- 10 The foregoing facts are incorporated here by reference, and adopted by the Commission. The Commission also makes the following findings of fact:

- 11 (1) The Washington Utilities and Transportation Commission is an agency of the state of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including electrical companies.
- 12 (2) Puget Sound Energy is a “public service company” and an “electrical company” as those terms are defined in RCW 80.04.010 and used in Title 80 RCW. PSE is engaged in Washington state in the business of supplying utility services and commodities to the public for compensation.
- 13 (3) On January 29, 2015, the Commission entered Order 03, which incorporated by reference the Settlement Agreement made by and among the Parties. The Settlement Agreement was attached to Order 03 as Appendix A.
- 14 (4) PSE filed proposed rates for the three-tiered block rate structure in its 2017 general rate case filing.
- 15 (5) PSE, Public Counsel, Staff, and The Energy Project (Moving Parties) have now agreed that the three-tiered block rate structure would not accomplish the intent of parties, and have agreed to seek to amend Order 03 and the Settlement Agreement.
- 16 (6) On _____, 2017, Moving Parties filed a motion requesting that the Commission amend Order 03 and the Settlement Agreement. The remainder of the Settling Parties—ICNU, FEA, Wal-Mart, Kroger, and The Energy Project—were informed of the Moving Parties intent to seek to revise Order 03 and the Settlement Agreement, and do not oppose the Moving Parties’ motion, provided that the amendment to the Settlement Agreement and Order 03 is limited to the residential rate design only.

CONCLUSIONS OF LAW

- 17 The Commission, having stated above detailed findings of fact, makes the following summary conclusions of law, incorporating by reference pertinent portions of the proceeding detailed conclusions:
- 18 (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of, and parties to, these proceedings.
- 19 (2) Pursuant to RCW 80.04.210 and WAC 480-07-875, the Commission may at any time, upon notice to the public service company affected and to all parties in the underlying proceeding, alter or amend any of its orders or rules.
- 20 (3) The Commission has provided notice to the public service company, PSE, and to all parties in the underlying proceeding, including Staff, Public Counsel, The Energy Project, ICNU, FEA, Wal-Mart, Kroger and NW Energy Coalition.

- 21 (4) The proposed revisions to Order 03 and the Settlement Agreement are lawful under WAC 480-07-750, the revised terms are supported by an appropriate record, and the result is consistent with the public interest in light of all the information available to the Commission.

ORDER

THE COMMISSION ORDERS:

- 22 (1) Paragraph 14 of Order 03 in this docket is deleted.
- 23 (2) Paragraph 15 of the Settlement Agreement, Appendix A to Order 03, is deleted.
- 24 (3) The Commission retains jurisdiction of the subject matters and parties to this proceeding to effectuate the terms of this Order.

Executed this ____ day of _____, 2017, at Olympia, Washington.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

David W. Danner, Chairman

Ann E. Rendahl, Commissioner

Jay M. Balasbas, Commissioner