



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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July 17, 2017

**NOTICE CONCERNING INTERPLAY BETWEEN PENDING PROCEEDINGS IN  
PUGET SOUND ENERGY DOCKETS UE-141368 AND UE-170033**

**(Taking Official Notice of Respective Records Concerning Common Issue  
As of July 14, 2017)**

RE: *Washington Utilities and Transportation Commission v. Puget Sound Energy*, Docket UE-141368

*Washington Utilities and Transportation Commission v. Puget Sound Energy*,  
Dockets UE-170033 and UG-170034

On June 29, 2017, Puget Sound Energy (PSE), the Commission's regulatory staff (Staff), the Public Counsel Unit of the Washington Office of the Attorney General (Public Counsel), and The Energy Project, filed a motion seeking an order amending Order 03 in Docket UE-141368 and the Settlement Agreement, Appendix A to Order 03, in order to remove the requirement that PSE would propose a three-tiered block rate structure for residential service. The Moving Parties request that the Commission modify the Settlement Agreement and Order 03 by making the following changes:

(1) Delete paragraph 14 of Order 03, which reads as follows:

*II. Rate spread and rate design.*

The Settling Parties propose the creation of a third rate tier for PSE's residential customer class. The third tier would apply to customers using 1801 kilowatt-hours (kWh) and above per month. Based on Staff's analysis, approximately 90 percent of residential customers and approximately 87 percent of low-income customers would be unaffected by the creation of a third block starting at 1801 kWh. The Energy Project agrees, stating that the start of the third tier is high enough to exclude a sufficient number of low-income customers. 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.

(2) Delete paragraph 15 of the Settlement Agreement, which reads as follows:

**B. Rate Spread/Design**

The Settling Parties agree to a three-tiered block rate structure for residential service, outlined below. PSE will file a proposal for a tiered block structure consistent with the following in its initial filing in its next general rate case:

1) The Settling Parties agree to the creation of a third block using an inverted rate structure described below:

Blocks (in kWh)
0-800
801- 1800
1801+

The Commission, in Order 03, approved and adopted the parties’ 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.”

Pending Dockets UE-170033 and UG-170034 (consolidated) are PSE’s “next rate case” for purposes of these provisions in the Settlement Agreement and Order 03. PSE’s general rate case filing includes testimony by PSE witness Mr. Piliaris discussing the addition of a third tier rate, but PSE did not “propose a specific inverted rate for the third tier.” Instead, Mr. Piliaris presents through his testimony a three block rate with the first block including monthly usage up to 800 kWh priced at 9.6376 cents per kWh, the second block including usage between 800 kWh and 1,800 kWh priced at 11.7300 cents per kWh and a third block including usage above 1,800 kWh priced at 9.7774 cents per kWh. The third block, based on PSE’s avoided costs thus is not “a specific inverted rate.” It is, instead, a declining block rate. PSE recommends against adoption of a third tier rate because the relatively lower tail block rate it contends is the appropriate rate would not send appropriate price signals to customers.

Staff in PSE’s general rate case presents an inverted third-block rate analysis through Mr. Ball’s testimony, but only as an alternative to Staff’s primary recommendation to establish seasonal rates. Other parties also address the subjects of adding a third block rate to PSE’s residential rate design and the possibility of introducing seasonal rates to the rate design.

The interplay between the pending motion filed in Docket UE-141368 and PSE's pending general rate case in Dockets UE-170033 and UG-170034 (consolidated) requires the Commission to consider the questions concerning PSE's residential rate design and the appropriateness, or not, of a three block rate with each docket being fully informed by the other. The Commission accordingly determines that it should take official notice in each proceeding of the record in the other proceeding in furtherance of its consideration of the motion in Docket UE-141368, and the rate design issues raised in Dockets UE-170033 and UG-170034 (consolidated).

**THE COMMISSION, IN DOCKET UE-141368, TAKES OFFICIAL NOTICE of the developing record in Dockets UE-170033 and UG-170034 (consolidated).**

**THE COMMISSION, IN DOCKETS UE-170033 AND UG-170034 (CONSOLIDATED), TAKES OFFICIAL NOTICE of the record in Docket UE-141368, including the parties pending motion filed on June 29, 2017.**

DENNIS J. MOSS  
Administrative Law Judge

cc: All Parties