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May 30, 2018

VIA ELECTRONIC FILING

Mr. Mark Johnson
Executive Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, WA 98504-7250

**Re: UG-170003 - Cost of Service Generic Proceeding
Alliance of Western Energy Consumers Comments**

Dear Mr. Johnson:

Alliance of Western Energy Consumers (“AWEC”) provides the following comments in response to Staff’s Call for Comments in this docket dated April 24, 2018.

As an initial comment, AWEC would like to express its appreciation that this docket is moving forward. The necessity for providing the Commission with updated information and methodologies regarding cost of service issues has continued to arise in recent general rate case proceedings. It is clear that the Commission is looking to this proceeding to greatly inform cost of service issues in future proceedings.

In general, AWEC supports Staff’s approach of identifying the various topics that should be addressed in this proceeding. Further, it makes sense to identify which of those topics are best-suited to be part of a rulemaking and those that are better addressed through policy statements. With respect to the topics initially identified by Staff, AWEC does not have any topics to add to, or remove from, the list. It may be that other topics will reveal themselves as part of continued discussion, or that these existing topics will need to be further divided into subtopics, but AWEC believes the initial list is sufficient for continuing with Staff’s investigation.

With respect to the division between rulemaking and policy statements, AWEC generally agrees with Staff’s initial categorization, but is also interested in hearing from other stakeholders regarding which topics are best-suited for rulemaking. The one area where AWEC has a different position than Staff relates to Special Contracts. The initial list proposes a rulemaking for Special Contracts that would require a cost of service study to be updated every seven years.

May 30, 2018

Page 2

Special Contracts are already governed by a specific statute and administrative rule that determines the conditions under which the Commission may approve a Special Contract. Additional rulemaking is therefore unnecessary. Further, Staff's initial proposal appears to be similar to a position Staff recently took in a Puget Sound Energy general rate case, and which the Commission rejected after being fully litigated. While it may be appropriate to discuss policies that will better inform the Commission regarding the role of a cost of service study when approving a Special Contract, AWEC believes it will be a better use of Staff's and other stakeholders' time to focus any rulemaking discussions on areas where current rules do not already exist.

Again, AWEC appreciates the opportunity to shape the scope of this proceeding and looks forward to engaging with Staff and other stakeholders as Staff's investigation continues.

Sincerely,



Tommy A. Brooks