

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKETS UE-190529 and 190530
(Consolidated)

In the Matter of the Petition of

PUGET SOUND ENERGY

For an Order Authorizing Deferral
Accounting and Ratemaking Treatment for
Short-life IT/Technology Investment

DOCKET UE-190274

In the Matter of the Petition of

PUGET SOUND ENERGY

For an Order Authorizing Deferral
Accounting and Ratemaking Treatment for
Short-life IT/Technology Investment

DOCKET UG-190275

COMMISSION STAFF'S
UNOPPOSED MOTION FOR
CONSOLIDATION

I. INTRODUCTION

1 In April 2019, Puget Sound Energy (PSE) petitioned the Washington Utilities and Transportation Commission (Commission) for authorization to defer certain expenses associated with its “Get to Zero” program and to accrue a carrying charge on the deferred balances.¹

¹ See generally *In re Petition of Puget Sound Energy for an Order Authorizing Deferral Accounting and Ratemaking Treatment for Short-life IT/Technology Investment*, Dockets UE-190274 & UG-190275, Petition of Puget Sound Energy (Apr. 10, 2019) (hereinafter “PSE Petition”).

2 In June 2019, Puget Sound Energy filed revisions to the tariffs governing its provision of
electric and natural gas service in Washington.² These revisions had the effect of triggering a
general rate case (GRC).³

3 Commission Staff (Staff) moves to consolidate PSE’s accounting petition with its GRC.
PSE seeks to recover in its current GRC the balances it petitioned to defer in its accounting
petition. The GRC also includes the specific projects, both embedded in the test year and as
proposed pro forma adjustments, for which PSE seeks deferred accounting treatment in the
accounting petition. And an assessment of whether deferred accounting treatment is warranted
likely will depend on careful consideration of the specific characteristics of each underlying
project, a process appropriately conducted within the GRC as each underlying project is, for the
first time, presented for cost recovery therein.. The accounting petition is thus sufficiently
intertwined with the GRC to warrant consolidation in the interest of judicial economy and
administrative efficiency.

4 Staff has conferred with PSE, the Public Counsel Unit of the Attorney General’s Office,
the Energy Project, and the Alliance of Western Energy Consumers about its motion, and none
of those parties oppose consolidation.

II. RELIEF REQUESTED

5 Staff respectfully requests that the Commission consolidate the petition filed by PSE in
Dockets UE-190274 and UG-190275 with the general rate case PSE filed in Dockets UE-190529
and UG-190530.⁴

² *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-190529 & UG-190530, Order 01, 2, ¶ 4, and 3, ¶ 14 (July 5, 2019).

³ *See* WAC 480-07-505(1), *Puget Sound Energy*, Dockets UE-190529 & UG-190530, Order 01 at 1, ¶¶ 1–2.

⁴ The Commission has already consolidated the electric and natural gas GRC filings. *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-190529 & UG-190530, Order 01 at 2, ¶ 4, and 3, ¶ 14 (July 5, 2019).

III. STATEMENT OF FACTS

6 In April 2019, Puget Sound Energy (PSE) petitioned the Commission for authorization to
defer certain expenses related to assets “placed in service” but not yet “incorporated into rates.”⁵
PSE requested “Commission approval for the use of a deferred accounting mechanism to allow
for deferral of certain costs associated with the Company’s Get to Zero program.”⁶

7 The costs PSE seeks to defer are the depreciation expenses related to investments in
information technology (IT).⁷ Specifically, PSE requests deferred accounting treatment for the
“monthly depreciation expense”⁸ for qualifying IT investments “placed in service on or after July
1, 2018.”⁹ PSE requests that the deferred balance accrue a carrying charge at its currently
authorized rate of return.¹⁰

8 PSE provided in its petition that “[t]he prudence and recovery of the deferred costs
associated with these projects would be addressed in future regulatory proceedings.”¹¹ It thus
signaled that it intended to seek recovery of its deferred costs in a soon-to-be-filed general rate
case (GRC), with the hope that those rates would go into effect “sometime in 2020.”¹²

9 In June 2019, PSE filed the GRC hinted at in its petition for deferred accounting. In its
GRC filing, PSE seeks rate increases for its electric and natural gas services based on a test year
consisting of the 12 months ending on December 31, 2018.¹³

⁵ PSE Petition at 2, ¶ 5.

⁶ *Id.*

⁷ *Id.* at 2, ¶¶ 5-6.

⁸ *Id.* at 5, ¶ 10.

⁹ *Id.* at 5, ¶ 10.

¹⁰ *Id.* at 6, ¶ 12.

¹¹ *Id.* at 5, ¶ 10.

¹² *Id.* at 6, ¶ 10.

¹³ *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-190529 & UG-190530, Free, Exh. SEF-1T at 5:11-13 (filed June 20, 2019).

10 Company witness Ms. Susan Free discusses the relationship between the accounting petition PSE filed in Dockets UE-190274 and UG-190275 and its GRC filing. Specifically, Ms. Free explains that PSE had included a pro forma adjustment for certain Get-to-Zero-related expenses in its GRC.¹⁴ These expenses were for investment in plant and deferred depreciation.¹⁵

With regard to the deferred depreciation, Ms. Free testified as follows:

In Dockets UE-190274 and UG-190275, PSE has a pending accounting petition associated with deferral of depreciation expense beginning May 2019 for GTZ assets placed in service after the test year in PSE's ERF proceeding. At the time of this filing, the Commission has not yet considered PSE's accounting petition. However, considering the length of a general rate case proceeding, it is reasonable and appropriate to include an adjustment in this case in the event the accounting petition is approved during the course of the case, so as not to allow the deferral to be outstanding for a great length of time. If the Commission denies PSE's accounting petition, this adjustment would no longer be necessary.¹⁶

IV. STATEMENT OF ISSUES

11 Should the Commission consolidate the petition filed by PSE in Dockets UE-190274 and UG-190275 with PSE's 2019 GRC?

V. EVIDENCE RELIED UPON

12 Staff relies on the the Company's filings in Dockets UE-190274, UG-190275, UE-190529, and UG-190530.

VI. ARGUMENT

13 The Commission's procedural rules permit parties to move to consolidate proceedings.¹⁷ The Commission may grant such a motion if "the facts or principles of law are related" between

¹⁴ *Id.* at 6:15-18.

¹⁵ *Id.* at 54:19-22, 55:15-56:8.

¹⁶ *Id.* at 55:6-14.

¹⁷ WAC 480-07-320. The Commission may also consolidate proceedings on its own motion. *Id.*

the proceedings,¹⁸ if consolidation serves “judicial economy and administrative efficiency,”¹⁹ and if consolidation does not “unduly delay the resolution of one or all of the proceedings.”²⁰

14 Here, the relevant dockets have extensive factual overlap. The assets at issue in the accounting petitions were either placed into service within the GRC test year or the period within which the Commission might consider pro forma plant adjustments.²¹ PSE filed the accounting petitions to defer depreciation expense, and an accompanying carrying charge, for recovery in a future GRC.²² PSE is requesting that recovery in the current GRC. Accordingly, as noted by Ms. Free, the Commission’s decision with regard to the petition may affect PSE’s revenue requirement change in the GRC.²³

15 The relevant dockets may also have legal overlap. An assessment of whether deferred accounting treatment is warranted likely will depend on careful consideration of each underlying project, and each underlying project is presented for rate recovery for the very first time in the GRC.

16 Consolidating the proceedings serves the ends of judicial economy and administrative efficiency. Again, as Ms. Free noted, the Commission’s decision concerning the accounting petitions will affect PSE’s request to include the deferral balances in rates.²⁴ Given that inextricable linkage, the Commission should consolidate the proceedings and decide the issue in that consolidated proceeding, as it has done in the past where an accounting petition is linked to a rate case.²⁵

¹⁸ *Id.*

¹⁹ *In re Determining the Proper Classification of Lowper, Inc.*,, Dockets UW-091006 & UW-110213,, Order 02/Order 01, 2, ¶ 5 (Mar. 24, 2011).

²⁰ *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-111048 & UG-111049 (Consolidated) & UG-110723, Order 04, 4, ¶ 8 (Sept. 7, 2011).

²¹ *See Puget Sound Energy*, Dockets UE-190529 & UG-190530, Free, Exh. SEF-1T at 55:16 - 56:4.

²² *See PSE Petition* at 6, ¶ 10.

²³ *Puget Sound Energy*, Dockets UE-190529 & UG-190530, Free, Exh. SEF-1T at 55:13-14.

²⁴ *Id.*

²⁵ *E.g., Wash. Utils. & Transp. Comm’n v. Nw. Nat. Gas Co.*, Dockets UG-080519 & UG-080530, Order 01, 3, ¶ 9 (May 2, 2008).

17 Finally, consolidation would not “unduly” delay the resolution of any of the relevant dockets. While consolidation would place the decision on the accounting petition on the GRC timeline, there is no effect to doing so. Ms. Free’s testimony makes clear that PSE is tracking the depreciation expense for the qualifying assets (indeed, it is already treating that expense as deferred).²⁶ And, again, PSE filed the accounting petitions for purposes of the GRC.²⁷ Deciding the accounting petition on the GRC timeline does not prejudice PSE.²⁸

VII. CONCLUSION

18 Staff requests that the Commission grant its motion and consolidate Dockets UE-190274 and UG-190275 with Dockets UE-190529 and UG-190530 (consolidated) for the reasons described above.

DATED this 23rd day of October 2019.

Respectfully submitted,

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²⁶ *Puget Sound Energy*, Dockets UE-190529 & UG-190530 , Free, Exh. SEF-1T at 55:6-14.

²⁷ See PSE Petition at 6, ¶ 10.

²⁸ *In re Petition of PacifiCorp d/b/a Pacific Power & Light Co. For an Accounting Order Authorizing Deferral of Excess Net Power Costs*, Docket UE-020417, Third Supplemental Order, 7-9, ¶¶ 22-27 (Sept. 27, 2002) (concluding that approval of deferred accounting beginning after the date on which it is requested, but before the date the Commission approves it, is not retroactive ratemaking).