

BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION
COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKETS UE-130137
and UG-130138

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.,
and
NW ENERGY COALITION

For an Order Authorizing PSE to
Implement Electric and Natural Gas
Decoupling Mechanisms and to
Record Accounting Entries
Associated with the Mechanisms

DOCKETS UE-121697
and UG-121705

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES
RESPONSE TO PUBLIC
COUNSEL OBJECTION TO
ORDER 02 SCHEDULE

I. INTRODUCTION

1 The Industrial Customers of Northwest Utilities (“ICNU”) files this response in support of Public Counsel Objection to Order 02 Schedule, filed April 1, 2013. After a prehearing conference held on March 22, 2013, the Commission, in its Consolidation Order; Prehearing Conference Order; Notice of Hearing (“Order 02”),^{1/} adopted a procedural schedule containing a compressed timeline for review of the Decoupling and Expedited Rate Filing (“ERF”) proceedings. ICNU agrees with Public Counsel that Puget Sound Energy’s

^{1/} WUTC v. Puget Sound Energy, Inc., Docket Nos. UE-121697/UG-121705, Order 02 (Mar. 22, 2013).

(“PSE”) proposals requesting novel mechanisms for ratemaking, warrants a more reasonable schedule to fully develop the issues and allow the Commission to come to an informed decision based on a complete record.

2 A more reasonable schedule is also needed because ratepayers will not have a further opportunity to investigate and contest the issues regarding the decoupling proposal until PSE’s next general rate case, which PSE need not commence until April of 2016, if the Global Settlement^{2/} is adopted. Additionally, ratepayers do not yet have the benefits of the recently noticed rulemaking specific to the ERF at issue in this docket.^{3/} For these reasons, ICNU supports Public Counsel’s request to add approximately 60 days to the schedule (with a completion date by September)^{4/} for development of these complex issues of first impression.

II. RESPONSE

A. The Commission Should Adopt a More Reasonable Schedule to Allow Parties to Fully Develop the Issues Surrounding This New Mechanism for Ratemaking

3 PSE’s proposal to decouple its sales from its profits is a significant alteration to the normal ratemaking process. Such a change warrants the careful consideration by the Commission. In its Report and Policy Statement,^{5/} the Commission contemplated that such a significant proposal should properly take place during the course of a general rate case, which would afford the parties adequate time to develop the issues.

^{2/} Re Puget Sound Energy, Inc., WUTC Docket Nos. UE-121373, UE-121697/UG-121705, UE-130137/UG-130138, Multiparty Settlement Agreement (Mar. 22, 2013) (“Global Settlement”).

^{3/} Re Rulemaking to Consider Possible Corrections and Changes in Rules in WAC 480-07, Relating to Procedural Rules, WUTC Docket A-130355, Notice of Opportunity to File Written Comments (Mar. 22, 2013).

^{4/} Re Puget Sound Energy, WUTC Docket Nos. UE-121697/UG-121705, Public Counsel Objection to Order 02 Schedule, at ¶ 1 (Apr. 1, 2013).

^{5/} Re WUTC’s Investigation into Conservation Incentives, Docket No. U-100522, Report and Policy Statement on Regulatory Mechanisms, Including Decoupling, at ¶ 28 (Nov. 4, 2010).

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As Public Counsel notes, much of the material to which ICNU and other parties must respond, including testimony and exhibits, has only been filed within the last 30 days, and no party to this proceeding has made a showing for the need of this compressed schedule.^{6/} Given the complexity of the issues presented, the fact that they are issues of first impression, and the reasonableness of the request for an additional 60 days, as compared with the 10-month suspension available in a general rate case, the Commission should extend the current schedule until September 1, 2013.

B. The Commission Should Afford Ratepayers the Process Warranted Because of the Magnitude of the Potential Rate Increases.

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The Commission should also reconsider the compressed schedule adopted because of the high stakes surrounding its decision. The effect of the proposals now before the Commission, if accepted, will result in collection of an additional approximately \$160 million to \$200 million from PSE's customers by the year-end 2015.^{7/} This figure comes on the heels of a 3.2% increase in electricity rates imposed on PSE's customers in Docket Nos. UE-111048/UG-111049 in 2012. Furthermore, these figures do not take into account the many exceptions to the stay-out provisions or the possibility that PSE may recover additional rate increases through a power cost only rate case ("PCORC"), if the Global Settlement is adopted.

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The Global Settlement contemplates PSE filing its next general rate case between April 1, 2015, and April 1, 2016.^{8/} If filed in 2016, consumers will be subject to the rates adopted pursuant to this docket for approximately four years.

^{6/} Re Puget Sound Energy, WUTC Docket Nos. UE-121697/UG-121705, Public Counsel Objection to Order 02 Schedule, at ¶ 5 (Apr. 1, 2013).

^{7/} This includes both gas and electric estimated rate increases.

^{8/} Global Settlement, at ¶ 13.

C. The Commission Should Adopt Public Counsel’s Recommendations Because Ratepayers do not yet Have the Benefits of the Recently Noticed Rulemaking Concerning Expedited Rate Filing Rules.

7 The Commission recently noticed a proposed rulemaking for consideration of, among other things, procedures for ERFs.^{2/} However, in the present proceeding, parties are without the benefit of any procedural rules that may result from the pending ERF rulemaking. The Commission should adopt Public Counsel’s recommendation that an additional 60 days be provided in the discovery schedule because it is unreasonable to impose such a compressed schedule to adjudicate an ERF proceeding, when the parties do not have the benefit of any procedural protections which may originate from the pending rulemaking. The extended schedule proposed by Public Counsel seeks to protect ratepayers’ interests in this proceeding, without unduly burdening the expedited nature of the filings.

III. CONCLUSION

8 For the reasons cited above, ICNU supports the objection filed by Public Counsel. The novelty of the policy issues involved, the magnitude of the potential changes in rates, and the inability of ratepayers to take advantage of potential new procedural protections related to ERFs, all support additional time for these proceedings. For these reasons, ICNU respectfully requests that the Commission reconsider the schedule in these dockets and adopt a schedule similar to that proposed by Public Counsel in its March 12, 2013, letter filing in Docket Nos. UE-130137/UG-130138.

^{2/} Re Rulemaking to Consider Possible Corrections and Changes in Rules in WAC 480-07, Relating to Procedural Rules, WUTC Docket A-130355, Notice of Opportunity to File Written Comments (Mar. 22, 2013).

DATED this 4th day of April, 2013.

Respectfully submitted,

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/s/ Melinda J. Davison

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