

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,

Respondent.

DOCKET UE-152253

COMMISSION STAFF'S MOTION
TO REJECT FILING FOR
NONCOMPLIANCE WITH
ORDER 12

I. INTRODUCTION

1 Commission Staff of the Washington Utilities and Transportation Commission
(Commission) submits this Motion to Reject Filing pursuant to WAC 480-07-375.

II. RELIEF REQUESTED

2 Commission Staff (Staff) requests that the Commission grant its motion, reject
Pacific Power & Light Company's (Pacific Power or the Company) decoupling filing for
failure to comply with Order 12, and require Pacific Power to refile in compliance with
Order 12 and Commission guidance.

III. STATEMENT OF FACTS

3 On September 9, 2016, the Commission issued Order 12 in Docket UE-152253.
Order 12 approved a decoupling mechanism for the Company, subject to certain conditions.¹
One of those conditions was the implementation of an earnings test for the sharing of excess
earnings by the Company with its ratepayers.²

¹ *Wash. Utils. & Transp. Comm'n v. Pacific Power & Light Co.*, Docket UE-152253, Order 12, 43-50, ¶¶ 123-139 (Sept. 9, 2016) [hereinafter "Order 12"].

² *See* Order 12 at 46-47, ¶¶ 133-135.

4 On December 1, 2017, the Company made a decoupling filing that proposed a rate adjustment to Schedule 93, anticipated within the Timeline for Decoupling outlined by the Commission in Table 1 of Order 12.³

IV. STATEMENT OF ISSUES

5 Staff believes the Company's filing does not comply with Order 12, and that the Commission should therefore reject it and require the Company to refile in accordance with Commission guidance. Staff believes that Commission guidance is needed in this circumstance to direct it, the Company, and other parties how to proceed on this issue.

V. EVIDENCE RELIED UPON

6 Staff relies on Order 12 and the contents of the decoupling filing made by Pacific Power on December 1, 2017.

VI. ARGUMENT

7 In Order 12, the Commission ordered that the "proposed earnings test, described below, is the same as the earnings test approved for both PSE and Avista."⁴ Staff understands that this means any excess amount collected will be shared between the Company and customers and that the customers' share must be returned to customers. Staff does not believe the earnings test approved in Order 12 allows for any circumstance where the Company would keep all of the excess earnings and fail to share the customers' portion of these excess earnings with customers.

8 The Commission also ordered that "any proposed decoupling surcharge will be reduced or eliminated by up to 50 percent of the excess earnings, and any proposed decoupling surcredit will be returned to customers as well as 50 percent of the excess

³ See Order 12 at 50, ¶139.

⁴ Order 12 at 46, ¶133.

earnings.”⁵ Staff believes that this language does not require that the surcharge or surcredit must exceed the 2.5 percent *decoupling* trigger prior to the return of excess earnings as a function of the earnings test, consistent with Staff’s understanding of the other provisions contained in Order 12 explained above. Staff believes this part of Order 12 meant that any variance of surcharge or surcredit (up or down) would be offset (or increased) by the customers’ share of excess earnings regardless of whether the decoupling balance triggered a rate change.

9 The Company’s filing is inconsistent with Staff’s understanding.

10 The Company’s filing provides for the circumstance where excess earnings are collected, but the customers’ share is kept by the Company. In the current circumstance, there is a decoupling surcredit for two schedules and a surcharge for a third, but none are large enough to prompt the 2.5 percent decoupling trigger. One schedule, Schedule 40 (irrigation customers), shows a revenue under-collection of greater than the 2.5 percent decoupling trigger. Since only Schedule 40 exceeds the trigger for a surcharge rate change, the Company has reduced the surcharge for that schedule by its share of excess earnings, but the Company’s filing gives no other schedule its share of excess earnings.

11 Staff believes the Company’s calculation and application of the earnings test does not comply with Order 12. Staff understands the earnings test contained in Order 12 to require the return of the customers’ share of excess earnings regardless of whether the 2.5 percent decoupling trigger is met. In addition, Staff believes Order 12 contemplated that the customers’ share of excess earnings should be applied to reduce a decoupling surcharge or increase a decoupling surcredit. This understanding is irreconcilable with the Company’s

⁵ Order 12 at 47, ¶134.

current filing. Staff believes the Company should be directed to refile its decoupling adjustments consistent with Order 12.

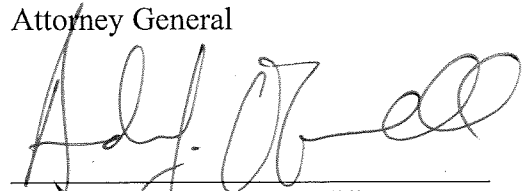
VII. CONCLUSION

12 Commission Staff requests that the Commission grant its motion to reject the Company's decoupling submission and require the Company to refile its decoupling submission in accordance with Commission guidance on Order 12.

DATED this 19 day of January 2018.

Respectfully submitted,

ROBERT W. FERGUSON
Attorney General

A handwritten signature in black ink, appearing to read "A. J. O'Connell", written over a horizontal line.

ANDREW J. O'CONNELL
Assistant Attorney General
Counsel for Washington Utilities and
Transportation Commission Staff