

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of
PUGET SOUND ENERGY, INC.

For an Accounting Order Approving the
Allocation of Proceeds of the Sale of Certain
Assets to Public Utility District #1 of
Jefferson County.

DOCKET UE-132027

JOINT MOTION TO AMEND
ORDER 04

I. RELIEF REQUESTED

I Pursuant to RCW 80.04.210, WAC 480-07-375 and 480-07-875, Puget Sound Energy, Inc. (“PSE”), the Regulatory Staff of the Washington Utilities and Transportation Commission (“Commission Staff”), the Public Counsel Section of the Washington Office of Attorney General (“Public Counsel”), and the Industrial Customers of Northwest Utilities (“ICNU”) (collectively referred to as “Movants”) jointly move for an order amending Order 04 in Docket No. UE-0132027, entered September 11, 2014, (“Order 04”) to conform to agreed changes that the Movants propose for adoption in this docket. Specifically, Movants request that the Washington Utilities and Transportation Commission (“Commission”) amend Order 04 to allow for an expedited crediting to customers of their allocated share of the gain on the sale of PSE’s Jefferson County Service Territory to Public Utility District No. 1 of Jefferson County (“JPUD”). The Movants request that customers be provided a one-time bill credit for service taken during the month of December 2014, rather than providing these credits over a 48-month period. The funds to be credited to customers will earn interest at PSE’s net of tax rate of return grossed up for taxes from the date of JPUD’s

final payment to PSE, until the time in which the funds are fully credited to customers, which is anticipated to be in December 2014 or early January 2015, depending on customers' billing cycles. In total, this amounts to \$59.2 million being credited to customers' accounts.

II. PROCEDURAL BACKGROUND AND FACTS

2 On September 11, 2014, the Commission entered its Final Order, Order 04, in this docket, which required PSE to credit to customers a portion of the allocation of gain from the sale of PSE's Jefferson County Service Territory to JPUD. Specifically, the Commission ordered PSE to pay to customers "\$52,700,723 plus interest deemed accrued since the date of Jefferson County Public Utility District's final payment to Puget Sound Energy." PSE had proposed a four year amortization of the proceeds and the Commission accepted this allocation in Order 04.

3 After Order 04 was issued, the Movants agreed to an expedited methodology for crediting to customers their share of the proceeds from the Jefferson County sale. The expedited bill credits would be provided to customers for service taken during the billing month of December 2014. The Movants request this one-time payout because it provides a noticeable and appreciable credit to customers during a time when electric bills are typically high due to colder weather and shorter daylight hours. Further, from PSE's perspective, the one-time payout limits the time period in which this regulatory liability remains on PSE's books.

4 With regard to Order 04, the Movants seek an order amending Paragraph 73, Paragraph 88 (Conclusions of Law Paragraph (5)), and Paragraph 94 (Ordering Paragraph (4)) as follows (proposed additional language underlined) to allow for expedited bill credits

to be passed through to customers:

Paragraph 73:

Based on the preceding discussion, the Commission determines that it should allocate to the Company the \$46,686,436 net book value of the assets (i.e., original costs less accumulated depreciation) and approved transaction costs of \$2,404,643. We determine in addition that of the remaining gain on sale, \$60,182,117 (i.e., sales proceeds less the sum of net book value and approved transaction costs), \$7,481,394 should be allocated to PSE. We allocate to PSE \$56,572,473 from the proceeds of sale. The balance, \$52,700,723, should be allocated to ratepayers. Thus, we allocate approximately 52 percent of the sales proceeds to PSE and 48 percent to the Company's ratepayers. ~~Following Staff's proposal, we~~ We require PSE to place the ratepayers' share in a regulatory liability account, where the declining balance will earn interest at the Company's after-tax rate of return, grossed up for taxes. We will require PSE to return the gain to ratepayers via a one-time bill credit for service taken in December 2014. pro rata monthly bill credits until the full balance plus interest is amortized at the end of four years (i.e., 48 months from the effective date of this Order). We also accept Staff's proposed allocation among PSE's customers, ~~which PSE accepted via its rebuttal testimony.~~

Paragraph 88:

- (5) PSE should be required to record on its books a regulatory liability in favor of ratepayers in the amount of \$52,700,723 (i.e., sales proceeds less the sum of net book value and authorized transaction costs), plus interest. PSE should be required to allocate the balance among customers as Staff recommends and return this gain to ratepayers via a one-time bill credit for service in December 2014. pro rata monthly payments until the full balance plus interest is amortized at the end of four years (i.e., 48 months from the effective date of this Order). The ~~declining~~ balance in the regulatory liability account will earn interest at the Company's after-tax rate of return, grossed up for taxes.

Paragraph 94:

- (4) Puget Sound Energy is required to record on its books a regulatory liability in favor of ratepayers in the amount of \$52,700,723 plus interest deemed accrued since the date of Jefferson County Public Utility District's final payment to Puget Sound Energy. Puget Sound Energy is required to allocate the gain among customer classes as Staff recommends and to provide ratepayers a one-time bill credit for service taken in December 2014. pro rata monthly bill credits until the full balance plus interest is amortized at the end of four years (i.e., 48 months from the effective date of this Order). The ~~declining~~ balance

in the regulatory liability account will earn interest at the Company's after-tax rate of return, grossed up for taxes.

5 Movants propose the following methodology for implementing this expedited, one-time payment to customers:

(1) The total amount allocated to ratepayers, including interest, will be spread across customer groups, per the Commission order.

(2) Amounts allocated to non-residential customer classes with multiple rate schedules will be further allocated to these rate schedules based on their share of kilowatt-hour (kWh) sales projected for the month of December 2014.

(3) Amounts allocated to each rate schedule will be divided by their projected kWh sales during the month of December 2014 to derive the rate credit for service taken during this month. This rate credit will be implemented through PSE's Schedule 133.

Workpapers supporting the proposed rate calculations are attached as Exhibit A to this joint motion.

(4) If the residual balance owed from or due to all customers is less than \$100,000, PSE would write-off any residual balance owed from or due customers.

(5) If the residual balance owed from or due to all customers exceeds \$100,000 after December 31, 2014 (e.g., due to weather variability), this amount would be surcharged or credited to customers, including any additional interest, through a filing made no later than March 31, 2015 for rates effective May 1, 2015 through May 31, 2015. The approach to allocating and pricing this residual balance would follow the same approach used to set the original credit rates, but using projected kWh usage for the month of May 2015.

(6) In the unlikely event that the residual amount owed from or due customers exceeds \$100,000 after May 31, 2015, the above process will be repeated until this amount

falls below \$100,000. Otherwise, PSE would write-off any residual balance owed from or due customers.

III. LEGAL AUTHORITY

6 The Commission has authority to alter or amend its prior orders. RCW 80.04.210 and WAC 480-07-875 authorize the Commission to amend an order after providing notice to the affected public service company and to all parties in the underlying proceeding. In this case, all the parties to the underlying proceeding are Movants and request the amendments set forth above.

IV. CONCLUSION

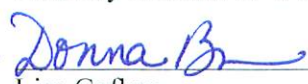
7 The amendments to Order 04 are requested by all parties to this docket. The amendments to Order 04 allow customer to experience a more immediate and substantial credit to their electric bills during a higher usage period and avoids the need for PSE to carry a regulatory liability on its books for four years. Accordingly, the Movants request that the Commission amend Order 04 as set forth above.

Respectfully submitted this 22nd day of September 2014.


ROBERT W. FERGUSON
Attorney General of Washington

Sally Brown
Senior Assistant Attorney General
Counsel for Washington Utilities and
Transportation Commission Staff

ROBERT W. FERGUSON
Attorney General of Washington

for  *approved via phone*
Lisa Gafken,
Assistant Attorney General
Public Counsel Section

PERKINS COIE LLP



Markham A. Quehrn,
Donna L. Barnett
Counsel for Puget Sound Energy, Inc.

DAVISON VAN CLEVE

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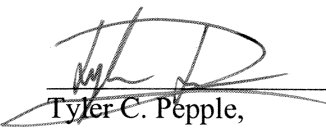
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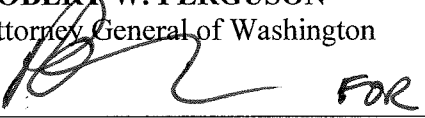
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