BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PUGET SOUND ENERGY, INC., Respondent.	DOCKETS UE-111048 and UG-111049 (*consolidated*) MOTION TO AMEND ORDER 08

I. RELIEF REQUESTED

1 Pursuant to RCW 80.04.210, WAC 480-07-375 and 480-07-875, Puget Sound Energy, Inc. ("PSE") moves for an order amending Order 08 in Dockets UE-111048 and UG-111049 (consolidated), entered May 7, 2012, ("Order 08") to conform to changes that PSE proposes for adoption in this proceeding. Specifically, PSE requests that the Washington Utilities and Transportation Commission ("Commission") amend Order 08 to allow PSE to credit to customers the *actual* net proceeds from the sale of Renewable Energy Credits ("REC"), amortized over a one-year period. PSE requests that, beginning January 1, 2015 and each calendar year thereafter, customers be credited the actual REC proceeds collected through the most recently closed accounting period prior to the annual update filing (generally October of each year), passed back over one calendar year, rather than providing forecasted credits over a three-year period. The funds to be credited to customers will continue to earn interest at PSE's net of tax rate of return grossed up for taxes, until the time in which the funds are fully credited to customers.

II. PROCEDURAL BACKGROUND AND FACTS

2 On January 17, 2012, PSE, along with the Regulatory Staff of the Washington Utilities and Transportation Commission ("WUTC Staff"), the Public Counsel Section of the Washington Office of Attorney General ("Public Counsel"), the Industrial Customers of Northwest Utilities ("ICNU"), and The Kroger Co. ("Kroger"), jointly filed the Multiparty Settlement Re: Electric Rate Spread, Electric Rate Design, and Renewable Energy Credit Tracker.[1]

3 On May 7, 2012, the Commission entered its Final Order, Order 08, in this docket, approving and adopting Section G of the Multiparty Settlement Stipulation, "Agreement – Renewable Energy Credit Tracker," which described how the new tracker intended to flow the benefits of REC revenue collected by PSE to customers. The REC revenues included in this new rate tracker were to be credited to customers over a three-year amortization period. Amounts included in the tracker would consist of three components, including the addition of one-third of the amount of REC proceeds projected to occur in the tracker period based on contracts in effect at the time of filing.

4 At the time the Multiparty Settlement Stipulation was executed, the REC market was much more robust than it is today; the initial proceeds from committed sales to be passed on to PSE customers were estimated to be well over $16 million. However, since 2013, annual proceeds from the sale of RECs have been well below $1 million. *See* Declaration of Naomi Char at ¶ 3, filed herewith. Basing credits on actual sales amounts eliminates undue complexity and the opportunity for disputes over the accuracy of PSE forecasts. Passing

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[1]As stated by the Commission in Order 08: "The remaining parties either take no interest in these issues, or, if interested, neither affirmatively support nor oppose the Commission's approval and adoption of the proposed settlement of the previously contested issues of electric rate spread and rate design, and the treatment of revenues from the sale of Renewable Energy Credits (RECs)." Order 08 ¶ 332.

REC proceeds to customers over one calendar year instead of extending credits over three years allows customers to receive benefits quicker and avoids complicated tracking with no corresponding benefit to them.

5 PSE seeks an order amending paragraph 342 of Order 08 to allow for the calendar year pass through to customers based on actual net proceeds beginning January 1, 2015. The proposed revisions to the order are shown below in italics and underlined:

<u>Paragraph 342 of Order 08 (footnote omitted)</u>:

> The REC revenue included in this new rate tracker would be credited to customers over a three-year amortization period, <u>*until December 31, 2014; and over a one year period beginning January 1, 2015 and each year thereafter*</u>, with deferred balances accruing interest at PSE's authorized net of tax rate of return. REC revenue will be provided to customers by means of bill credits rather than being offset against rate base as provided under the existing mechanism. The deferred balance of RECs will include the deferred taxes associated with the timing difference between when REC income is received and when the REC credit provides the benefit to customers. Amounts included in the tracker will consist of three components: (1) continuation of the amortization of the REC regulatory liability balance, net of associated deferred taxes, existing at the start of the Tracker period; (2) addition of one-third of the amount of REC proceeds projected to occur in the Tracker period based on contracts in effect at the time of <u>*the initial*</u> filing <u>*until December 31, 2014; and beginning January 1, 2015 and each year thereafter, any additional actual net proceeds received up through the most recently closed accounting period prior to the filing of the annual updates*</u>; and (3) a true-up.

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 settlement agreement have been notified by PSE and no party has expressed opposition to this approach.

IV. CONCLUSION

7 The amendments to Order 08 allow customers to experience a more immediate credit to their electric bills while eliminating unnecessary complexities of the REC tracking mechanism. All parties to the settlement agreement have been notified of the proposed amendment and no party has expressed opposition to this approach. Accordingly, PSE requests that the Commission amend Order 08 as set forth above.

Respectfully submitted this 28th day of October 2014.

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