



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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July 5, 2019

NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(By Monday, August 5, 2019)

Re: Inquiry into Valuation of Public Service Company Property Used and Useful after Rate Effective Date, Docket U-190531

TO ALL INTERESTED PERSONS:

In its 2019 Regular Session, the Washington State Legislature passed E2SSB 5116, which includes the Clean Energy Transformation Act, relating to the clean energy transition of electric utilities in Washington.¹ Section 20 of SB 5116 amends RCW 80.04.250, Valuation of public service property, and requires the Washington Utilities and Transportation Commission (Commission) to “establish an appropriate process to identify, review, and approve public service company property that becomes used and useful for service in this state after the rate effective date.”²

The Commission is conducting an inquiry into the appropriate process for identifying, reviewing, and approving public service company property that becomes used and useful for service in Washington State after the effective date of a proposed rate. The Commission seeks the perspective of public service companies and interested persons on this matter, and specifically requests feedback on the following questions:

1. In order for property to be considered for inclusion in rates during the rate effective period, should such property specifically be identified in the general rate case giving rise to those rates, or can specific property be identified in a subsequent proceeding? If such

¹ Laws of 2019, ch. 288.

² *Id.* at § 20(3). Section 20 authorizes the Commission to determine, for ratemaking purposes, the value of utility property used and useful for service by or during the rate effective period. The Commission may also provide changes to rates for up to 48 months after the rate effective date, using any standard, formula, method, or theory of valuation.

- property may be identified in a subsequent proceeding, what proceeding would that be and why?
2. How should plant-in-service be valued (for the determination of rate base) for each year of a rate plan? Does this valuation depend on prospectively identifying specific plant investments across the rate plan during the general rate case giving rise to the rates? Why or why not?
 3. What should be the review process for property included in rates that becomes used and useful after the rate effective date? Is this review process the same for plant placed in service both up to and during the rate-effective date?
 4. Should *pro forma* plant additions placed in service after the test year but before the rate effective date be considered using the same process that the Commission will use to identify, review, and approve property that becomes used and useful after the rate effective date? Or should these post-test year plant additions be considered under a separate process? What is the best way to incorporate the participation of all of the parties to the underlying rate proceeding in the process of reviewing the prudence of these post-test year plant additions?
 5. If the rate base used to establish rates for a multi-year rate plan relies on a formula or plant-in-service projections (rather than a prospective identification of specific investments), what is the appropriate process for identifying, reviewing, and approving property that becomes used and useful for service after the initial rate-effective date? How should actual plant-in-service relate to the plant-in-service used to establish rates?

WRITTEN COMMENTS

The Commission gives notice of your opportunity to submit written comments to the Commission by filing with the Commission Executive Director and Secretary by electronic transmission no later than **5 p.m., Monday, August 5, 2019.** Pursuant to WAC 480-07-250(3), written comments must be submitted in electronic form, specifically in searchable .pdf format (Adobe Acrobat or comparable software). and must include the following information:

- The docket number of this proceeding (U-190531).
- The commenting party's name.
- The title and date of the comment or comments.

You may submit comments via the Commission's web portal at www.utc.wa.gov/e-filing or by electronic mail to the Commission's Records Center at records@utc.wa.gov. Alternatively, you may submit a flash drive, DVD, or compact disk that contains the comments to the Records Center by mail or hand delivery. The Commission's mailing

address is:

Executive Director and Secretary
Washington Utilities and Transportation
Commission
P.O. Box 47250
Olympia, WA 98504-7250

The Commission will post all comments it receives on its website at www.utc.wa.gov/190531.

If you have questions regarding this docket, you may contact Brad Cebulko. He may be reached by mail at the address on this Notice, by email at bradley.cebulko@utc.wa.gov, or by calling (360) 664-1309.

NOTICE

If you do not want to comment, but do want to receive future information about this inquiry, please notify the Executive Director and Secretary in one of the ways described above and ask to be included on the mailing list for Docket U-190531.

MARK L. JOHNSON
Executive Director and Secretary