

**EXH. JAP-49
DOCKETS UE-170033/UG-170034
2017 PSE GENERAL RATE CASE
WITNESS: JON A. PILIARIS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-170033
Docket UG-170034**

**THIRD EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF**

JON A. PILIARIS

ON BEHALF OF PUGET SOUND ENERGY

AUGUST 9, 2017

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

Docket UE-141368

JOINT MOTION TO AMEND
ORDER 03 AND SETTLEMENT
AGREEMENT

I. RELIEF REQUESTED

1 Pursuant to RCW 80.04.210, WAC 480-07-375, and WAC 480-07-875, Puget Sound Energy (“PSE”), the regulatory staff (“Staff”) of the Washington Utilities and Transportation Commission (“Commission”), the Public Counsel Unit of the Washington Office of the Attorney General (“Public Counsel”), and The Energy Project, move for an order amending Order 03 in Docket UE-141368 and the Settlement Agreement, Appendix A to Order 03, in order to remove the proposal for a three-tiered block rate structure for residential service.

II. STATEMENT OF FACTS

2 PSE, Staff, Public Counsel, and The Energy Project (collectively the “Moving Parties”), along with The Industrial Customers of Northwest Utilities (“ICNU”), the Federal Executive Agencies (“FEA”), Wal-Mart Stores, Inc. (“Wal-Mart”), and The Kroger Company (“Kroger”) (collectively the “Non-Moving Parties”), entered into a Settlement Stipulation dated October 26, 2014 (“Settlement Agreement”), to resolve electric rate design issues in Docket UE-141368.

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07771-0045/135927037.1

Perkins Coie LLP
10885 N.E. Fourth Street, Suite 700
Bellevue, WA 98004-5579
Phone: (425) 635-1400
Fax: (425) 635-2400

The Moving Parties and the Non-Moving Parties were collectively the parties (“Parties”) to the Settlement Agreement.

3 As part of the Settlement Agreement, the Parties agreed that PSE would propose a three-tiered block rate structure for residential service, as outlined on page 6 of the Settlement Agreement.¹ The Settlement Agreement obligated PSE to propose rates for this three-tiered block rate structure in its next general rate case.

4 The Commission, in Order 03, approved and adopted the Settlement Agreement, specifically stating that the “actual rate for the third tier is not specified in the Settlement. PSE will propose a specific inverted rate for the third tier in its direct testimony in its next rate case.”²

5 PSE proposed such rates in its 2017 general rate case filing. The Moving Parties conferred on June 9, 2017, and agreed that mandating adoption of the three-tiered block rate structure at this time does not achieve the parties’ intended goals and the proposed rate does not send the anticipated price signals to customers. The Moving Parties support amendment of the Settlement Agreement and the Commission Order to remove the requirement for a three-tiered block rate structure proposal. The Moving Parties agree that any party remains free to propose any rate design the party wishes. The Moving Parties agreed to bring this joint motion asking the Commission to amend Order 03 and the Settlement Agreement to remove the proposal for a three-tiered block rate structure for residential service.

6 The Non-Moving Parties were notified of the intent to ask the Commission to modify Order 03 and the Settlement Agreement, and the Non-Moving Parties stated that they do not oppose the Motion, provided that the amendment to the Settlement Agreement and Order 03 is

¹ Appendix A, Order 03, Docket UE-141368.

² Order 03, ¶ 14, Docket UE-141368.

limited to the residential rate design only. The three-tiered block rate structure only impacts residential customers, and the Non-Moving Parties' interests lie with non-residential customers.

III. REQUESTED MODIFICATION

7 The Moving Parties respectfully request that the Commission modify the Settlement Agreement and Order 03 by making the following changes:

8 (1) Delete paragraph 14 of Order 03 as follows:

~~*H. Rate spread and rate design.*~~

~~The Settling Parties propose the creation of a third rate tier for PSE's residential customer class. The third tier would apply to customers using 1801 kilowatt-hours (kWh) and above per month. Based on Staff's analysis, approximately 90 percent of residential customers and approximately 87 percent of low income customers would be unaffected by the creation of a third block starting at 1801 kWh. The Energy Project agrees, stating that the start of the third tier is high enough to exclude a sufficient number of low income customers. The actual rate for the third tier is not specified in the Settlement. PSE will propose a specific inverted rate for the third tier in its direct testimony in its next rate case.~~

9 (2) Delete paragraph 15 of the Settlement Agreement as follows:

B. Rate Spread/Design

The Settling Parties agree to a three-tiered block rate structure for residential service, outlined below. PSE will file a proposal for a tiered block structure consistent with the following in its initial filing in its next general rate case:

~~1) The Settling Parties agree to the creation of a third block using an inverted rate structure described below:~~

Blocks (in kWh)
0-800
801-1800
1801+

IV. AUTHORITY


10 Under RCW 80.04.210 and WAC 480-07-875, the Commission may at any time amend any of its orders once notice has been provided to the public service company and to all parties in

the underlying proceeding. Here, all parties to the Settlement Agreement have been notified of this Motion and either join the Motion, in the case of the Moving Parties, or do not oppose the Motion, in the case of the Non-Moving Parties.

V. CONCLUSION

11 The Moving Parties request that the Commission amend Order 03 and the Settlement Agreement as described above, to eliminate the proposal for a three-tiered block rate structure. A proposed order is provided as Attachment A to this Motion. Respectfully submitted this 29th day of June 2017.

ROBERT W. FERGUSON
Attorney General



Christopher Casey, WSBA No. 46733
Assistant Attorney General
Counsel for Commission Staff
Office of the Attorney General
Utilities and Transportation
Commission Division
1400 S. Evergreen Park Dr. SW
P.O. Box 40128
Olympia, WA 98504-0128
Telephone: (360) 664-1189
Email: ccasey@utc.wa.gov

PUGET SOUND ENERGY



Sheree S. Carson, WSBA No. 25349
Donna L. Barnett, WSBA No. 36794
The PSE Building
10885 N.E. Fourth Street, Suite 700
Bellevue, WA 98004-5579
Telephone: (425) 635-1400
Facsimile: (425) 635-2400
Email: SCarson@perkinscoie.com
Email: DBarnett@perkinscoie.com

Attorneys for Puget Sound Energy

ROBERT W. FERGUSON
Attorney General

Lisa Gafken, WSBA No. 31549
Assistant Attorney General
Public Counsel Unit Chief
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
Email: lisa.gafken@atg.wa.gov

THE ENERGY PROJECT

Simon ffitch, WSBA No. 25977
321 High School Rd. NE, Suite D3
Box No. 383
Bainbridge Island, WA 98110
Telephone: (206) 669-8197
Email: simon@ffitchlaw.com

Attorney for The Energy Project

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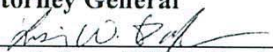
V. CONCLUSION

11 The Moving Parties request that the Commission amend Order 03 and the Settlement Agreement as described above, to eliminate the proposal for a three-tiered block rate structure. A proposed order is provided as Attachment A to this Motion. Respectfully submitted this 29th day of June 2017.

ROBERT W. FERGUSON
Attorney General

Christopher Casey, WSBA No. 46733
Assistant Attorney General
Counsel for Commission Staff
Office of the Attorney General
Utilities and Transportation
Commission Division
1400 S. Evergreen Park Dr. SW
P.O. Box 40128
Olympia, WA 98504-0128
Telephone: (360) 664-1189
Email: ccasey@utc.wa.gov

ROBERT W. FERGUSON
Attorney General


Lisa Gafken, WSBA No. 31549
Assistant Attorney General
Public Counsel Unit Chief
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
Email: lisa.gafken@atg.wa.gov

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Sheree S. Carson, WSBA No. 25349
Donna L. Barnett, WSBA No. 36794
The PSE Building
10885 N.E. Fourth Street, Suite 700
Bellevue, WA 98004-5579
Telephone: (425) 635-1400
Facsimile: (425) 635-2400
Email: SCarson@perkinscoie.com
Email: DBarnett@perkinscoie.com

Attorneys for Puget Sound Energy

THE ENERGY PROJECT

Simon ffitch, WSBA No. 25977
321 High School Rd. NE, Suite D3
Box No. 383
Bainbridge Island, WA 98110
Telephone: (206) 669-8197
Email: simon@ffitchlaw.com

Attorney for The Energy Project

Perkins Coie LLP
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V. CONCLUSION

11 The Moving Parties request that the Commission amend Order 03 and the Settlement Agreement as described above, to eliminate the proposal for a three-tiered block rate structure. A proposed order is provided as Attachment A to this Motion.

Respectfully submitted this 29th day of June 2017.

ROBERT W. FERGUSON
Attorney General

Christopher Casey, WSBA No. 46733
Assistant Attorney General
Counsel for Commission Staff
Office of the Attorney General
Utilities and Transportation
Commission Division
1400 S. Evergreen Park Dr. SW
P.O. Box 40128
Olympia, WA 98504-0128
Telephone: (360) 664-1189
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ROBERT W. FERGUSON
Attorney General

Lisa Gafken, WSBA No. 31549
Assistant Attorney General
Public Counsel Unit Chief
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
Email: lisa.gafken@atg.wa.gov

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The PSE Building
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Email: SCarson@perkinscoie.com
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