

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: July 24, 2017
DOCKETS: UE-170033/UG-170034
REQUESTER: Public Counsel

WITNESS: Thomas E. Schooley
RESPONDER: Thomas E. Schooley
TELEPHONE: (360) 664-1307

REQUEST NO. 2:

Re: Direct Testimony of Thomas Schooley, Exhibit TES-1T at 30:10-14 (Formalized ERF)

At page 30, Mr. Schooley states:

An order in the rulemaking Docket A-130355 will be issued eventually. At that time, the Commission's decisions will inform PSE of a possible formalized procedure for limited issue rate filing, or not. If not, I recommend the Commission accept PSE's proposal for an ERF based on the method used in the ERFs in Dockets UE-130137/UG-130138.

Please respond to the following:

- a. Please state and explain each reason why, before resolution of the pending rulemaking investigation in Docket A-130355, PSE's ERF proposal should be accepted.
- b. Has Mr. Schooley or other Staff conducted any analysis to determine whether or not PSE will experience future earnings attrition or any financial need for an ERF mechanism?
- c. If your response to part (b) is affirmative, please describe each analysis that was undertaken and provide complete copies of all reports, studies, workpapers, projections, and other documents associated with or supportive of such analyses.
- d. Does Mr. Schooley or Staff contend that PSE has any greater need for the limited rate filing procedures under consideration in Docket A-130355 or for a formalized ERF than the other investor-owned utilities in Washington?
- e. If your response to part (d) is affirmative, please describe each analysis that was undertaken and provide complete copies of all reports, studies, workpapers, projections, and other documents associated with or supportive of such analyses.
- f. What are the specific parameters for the "method used in Dockets UE-130137/UG-130138" that are being referenced and recommended by Mr. Schooley?
- g. Which, if any, of the ERF parameters referenced in your response to part (f) are different from what PSE is proposing for ERF formalization in the pending rate cases?

RESPONSE:

- a. PSE, or any utility, may file for new rates at any time after proposed rates are no longer suspended. PSE requested guidance for a formalized procedure for an expedited rate filing. Mr. Schooley simply testifies that the process used in 2013 is acceptable for that procedure.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: July 24, 2017
DOCKETS: UE-170033/UG-170034
REQUESTER: Public Counsel

WITNESS: Thomas E. Schooley
RESPONDER: Thomas E. Schooley
TELEPHONE: (360) 664-1307

- b. No. A showing of “future earnings attrition or any financial need” is not a prerequisite for the filing of an ERF. Staff’s proposal for expedited rate filings in PSE’s GRC Dockets UE-111048/UG-111049 did not state the ERF was contingent on a showing of attrition. The Commission, in Order 08 of those dockets, also did not establish such a contingent. The primary use of the ERF process was “to help address the particular problems associated with PSE’s current position in a cycle of capital investment that places unusually high demands on utilities from time to time as they face the need to maintain and replace significant amounts of aging infrastructure.” Further, in PSE’s ERF of 2013, Dockets UE-130137/UG-130138 (2013 ERF), the Commission did not state that attrition or financial need must be shown to use the ERF process. Dockets UE-130137/UG-130138, Order 08 at 13 ¶ 33 through 35 ¶ 80. One aspect of the 2013 ERF was the use of end-of-period (EOP) rate base. On this one point the Commission did bring up the notion of attrition, but stated, “Although we have no full-blown attrition study in this record, evidence there is ample evidence in the record of such earnings attrition, caused in substantial part by continuing growth in capital investments.” Dockets UE-130137/UG-130138, Order 08 at 21 ¶ 47. The Commissions approved the ERF as “intended to minimize regulatory lag.” Dockets UE-130137/UG-130138, Order 08 at 35 ¶ 80.
- c. Not applicable.
- d. No.
- e. Not applicable.
- f. Objection. To the extent Public Counsel is asking Staff to conduct research and summarize prior Commission orders, the request is unduly burdensome and the information requested is obtainable from another source that is more convenient, less burdensome, and less expensive. Dockets UE-130137/UG-130138 and the orders thereto are publicly available for any interested party to review and summarize. Without waiving the above objection, Mr. Schooley’s testimony is referring to the following parameters:
- i. using the commission basis report (CBR) for a recently ended accounting period;
 - ii. base any new revenues only on delivery costs and rate base by removing variable and fixed power costs from the results of operations;
 - iii. include any revenues from recently concluded rate cases;
 - iv. maintain the rate of return established in the most recent general rate case except to update the interest rate on debt;
 - v. use only restating adjustments most recently approved by the Commission;
 - vi. no pro forma adjustments;
 - vii. maintain the rate spread and rate design as most recently ordered by the Commission or as agreed to by participating parties;

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: July 24, 2017
DOCKETS: UE-170033/UG-170034
REQUESTER: Public Counsel

WITNESS: Thomas E. Schooley
RESPONDER: Thomas E. Schooley
TELEPHONE: (360) 664-1307

- viii. use of EOP rate base is acceptable, but the baseline CBR must be filed on an average of monthly averages basis with an adjustment showing the change to EOP with explanatory text.
- g. Mr. Schooley does not see a material difference between the parameters approved in Dockets UE-130137/UG-130138 and the parameters stated in Ms. Barnard's testimony, Exh. KJB-1T at 70:16-72:16.