

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. 6:

Re: Direct Testimony of Thomas Schooley, Exhibit TES-1T at 29 (Formalized ERF)

At page 29, Mr. Schooley states that he “accepts” the ERF process. Please provide the following information:

- a. Please explain Mr. Schooley’s understanding of each element of the ERF filing requirements, procedural scheduling, permitted adjustments and completion intervals that are proposed for formalization by PSE and confirm that Staff fully supports each element of the Company’s proposal or identify with specificity each area of disagreement and describe what alternative ERF specifications are supported by Staff.
- b. Does Mr. Schooley believe that Commission Staff maintains on a continuous basis sufficient uncommitted professional staff hours and budget resources in each required area of expertise that would allow the rapid and complete processing of future ERF applications, which PSE may choose to file in the future, within the ERF processing intervals proposed by PSE?
- c. If your response to part (b) is affirmative, please identify Staff positions and uncommitted hours for persons who will be readily available in 2018 and 2019 to process expedited future ERF rate filings.
- d. If your response to part (b) is negative, explain how the public interest is served by Commission approval of ERF filings for which sufficient Staff review resources may not be available.
- e. Does Staff maintain any audit programs, review checklists, or standardized analytical procedures for the rapid processing of ERF filings made by Washington utilities?
- f. If your response to part (e) is affirmative, please provide copies of all available documentation for such procedures.
- g. Does Staff believe that Public Counsel and other intervenors should be granted an opportunity to fully participate in future PSE ERF proceedings?
- h. Please explain Mr. Schooley’s understanding of whether and how the PSE proposed parameters for future ERF filings would provide sufficient opportunity for full participation by Public Counsel and intervenors in such proceedings.

RESPONSE:

- a. Objection. Unreasonably cumulative and duplicative. The request is also for information that is more readily obtainable from another source that is less burdensome, less expensive, and more convenient. The elements are listed in the testimony of Kathy Barnard at 71:1-72:5, and Mr. Schooley’s testimony expressly

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states his position to allow for the ERF rulemaking to run its course and, in the interim, allow PSE to continue with the status quo provided for in Dockets UE-130137/UG-130138. Asking Staff to repeat sections of PSE's and Staff's testimony in this docket or recall citations to prior Staff testimony and Commission orders is duplicative of information already in the record and/or publicly available to Public Counsel. Without waiving the above objection, Staff supports the elements in Exh. KJB-1T at 71:1- 72:5 with conditions mentioned below:

- 1) The ERF will not include changes in the rate of return, rate spread or rate design.
An ERF filed within one year of a Commission decision of these elements will not require any further discussion since not much will have changed in this short time period. An update to the cost of debt may be considered.
- 2) An ERF will include only restating adjustments that are necessary to reflect proper ratemaking as defined in WAC 480-07-510(3)(e)(ii). The only exception to this would be the need to take into consideration any revenue increases that occurred after the test period.
Limiting the ERF to restating adjustments lessens the discovery process to one of confirming that the proper booked entries exclude below the line expenditures as defined in rule.
- 3) The basis for an ERF is the Commission Basis Report (CBR) for determining the revenue deficiencies consistent with the approach defined in WAC 480-90-257 and WAC 480-100-257.
This report is a consistent measure of utility performance which lends itself to an effective review.
- 4) An ERF should remove power cost, purchased gas, and pipeline cost recovery mechanism related revenues and expenses leaving only distribution and administration and general costs that will be used to determine the electric and natural gas revenue requirements to be considered in the expedited rate filing.
By removing the above costs the review is simplified. Power costs are forward looking requiring a complex review of future plant dispatch, gas pricing and electricity markets. Same reasons for gas costs which are on a separate filing cycle anyway.
PSE's filing in this case proposes to remove the pipeline cost recovery mechanism revenues and costs from a potential ERF filing. This is acceptable to Staff because such a practice would be consistent with the removal of other trackers in an expedited rate filing. There may be

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reasons to use the expedited filing to fold the CRM into general rates instead of waiting for the next general rate case.

- 5) An Expedited Rate Filing can be processed within 60 to 90 days. Given the limited number of adjustments and, therefore, the limited nature of such a review, Staff accepts this quick timeframe. The review should be able to be accomplished on an expedited basis because the filing includes only the standard restating ratemaking adjustments, uses existing methodologies previously approved by the Commission and excludes pro forma adjustments,

- b. Yes.
- c. Objection. Unduly burdensome. Public Counsel's request effectively asks Mr. Schooley and the Commission to undertake some type of employment study with few parameters and a series of undefined terms. It is unduly burdensome for any party to request Staff to set aside multiple rate filings in order to conduct a study of the regulatory services division's timesheets and projected workloads two years into the future in order to gauge "uncommitted hours" for current and projected staff members. Without waiving the above objection, Mr. Schooley's opinion is based on his 26 years of regulatory accounting experience at the Commission, including work on ERF mechanisms in Dockets UE-130137/UG-130138, and his personal knowledge of the staff members in the regulatory services division of the UTC. Management has not conducted a study of specific positions' uncommitted hours relative to potential unknown filings.
- d. Not applicable.
- e. No.
- f. Not applicable.
- g. Yes. Public Counsel and intervenors choose to participate in any given filing. Under the Commission's rules, Public Counsel becomes a party by simply filing an appearance, anyway.