

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

In the Matter of the Petition of

PUGET SOUND ENERGY

For and Order Authorizing Deferral
Accounting and Ratemaking Treatment for
Short-life UT/Technology Investment.

DOCKET UE-190529 and
UG-190530 (*Consolidated*)

DOCKET UE-190274 and
UG-190275 (*Consolidated*)

PUBLIC COUNSEL’S RESPONSE
TO STAFF MOTION FOR LEAVE
TO FILE SUPPLEMENTAL
TESTIMONY

- I.* The Public Counsel Unit of the Washington Attorney General’s Office (“Public Counsel”) responds to Commission Staff’s Motion for Leave to File Supplemental Testimony (“Motion”) pursuant to WAC 480-07-375(4). Public Counsel respectfully requests that the Commission deny Staff’s Motion. Public Counsel agrees with the response filed by the Alliance of Western Energy Consumers (AWEC) in these consolidated dockets on December 4, 2019, and incorporates the arguments made by AWEC herein with this reference.

PUBLIC COUNSEL RESPONSE TO
STAFF MOTION FOR LEAVE TO FILE
SUPPLEMENTAL TESTIMONY

DOCKETS UE-190529, UE-190530,
UE-190274, and UE-190275

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2. In its motion, Staff describes an anticipated new coal contract that Puget Sound Energy (PSE) may execute to replace an existing contract that is set to expire on January 1, 2020.¹ Staff raises a concern that the new contract may impact PSE's Power Cost Adjustment deferral balances.²
3. However, a new coal contract would not impact PSE's Power Cost Adjustment balances in a vacuum as the only variance to impact PSE's power costs. Rather, the Power Cost Adjustment deferral balances will be affected by the net variances from the baseline caused by multiple factors, including market purchases, PSE's management of its power supply costs, etcetera. Some items will cause PSE's power costs to be higher or lower, which will collectively impact the deferral balances.
4. Additionally, the Power Cost Adjustment mechanism is designed to allow for risk sharing with dead bands and sharing bands. PSE is fully responsible for costs within \$17 million above baseline costs and will fully receive benefits within \$17 million below baseline costs. PSE's Power Cost Adjustment mechanism has two sharing bands. Under the first sharing band, PSE and ratepayers share equally amounts \$17 million to \$40 million in excess of the baseline. For costs below the baseline, the first sharing band allocates 35 percent to PSE and 65 percent to ratepayers. Under the second sharing band, costs or benefits above \$40 million are allocated 10 percent to PSE and 90 percent ratepayers. The threshold for refunds or surcharges is \$20 million.
5. Staff's motion is not warranted in this case because (1) the new coal contract has not been executed, (2) this new contract is not the only item that will impact PSE's Power Cost

¹ Commission Staff Motion for Leave to File Supplemental Testimony ¶¶ 10-15.

² Commission Staff Motion for Leave to File Supplemental Testimony ¶ 15.

Adjustment deferral balances, and (3) the Power Cost Adjustment mechanism is designed to share risk of power cost variances between PSE and ratepayers. For these reasons, and those enunciated in AWEC's response, Public Counsel recommends that the Commission deny Staff's Motion.

DATED this 5th day of December, 2019.

ROBERT W. FERGUSON
Attorney General

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