

A-130355 Procedural Rules

Revised Summary of Initial Comments on Proposed Revisions to GRC Rules

October 16, 2017

480-07-	Energy Companies	ICNU	Solid Waste	WITA	Staff Response
500(4)	<p>Avista, PPL: Allow revisions to correct incidental errors or omissions without extending the tariff effective date</p> <p>PSE: Allow ALJ discretion to determine whether tariff effective date should be based on revised filing</p>		<p>WRRRA, SLG: Use same process in 141 for determining the effective date of submissions that must be corrected.</p>		<p>Staff’s intent is to use the procedures in 141 for determining whether the effective date of the tariff needs to reflect the date on which the company submits a corrected version of the original submission. Staff has clarified the language accordingly.</p>
505(1)(b)	<p>PSE: Retain “on common equity” because an update to cost of debt alone should not trigger a full GRC.</p>				<p>Staff disagrees. Any significant change to a company’s target rate of return should trigger a GRC.</p>
505(2)(a)	<p>AU: Expand proceedings that are not GRCs to include tracking mechanisms</p>				<p>Staff disagrees. Not all tracking mechanisms can or should be considered outside of a GRC. The list of generally authorized periodic rate adjustments is not exclusive and thus a tracking mechanism could be included, if appropriate.</p>

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505(2)(c)				Modify to state, “Submissions for rate changes designed to recover only the costs a company incurs to comply with government actions that directly impact the company’s costs to provide regulated service (e.g., changes to state or local taxes or fees) or to comply with federal or state rules concerning the level of rates”	Staff agrees and has modified the proposed revised language accordingly.
505(2)(d)	PSE: Allow a company to withdraw if UTC converts limited rate case to GRC				As described below, Staff no longer proposes a rule governing limited rate case proceedings and so has deleted this proposed revision.
505(3)	PSE: Substitute “will” for “do”		<p>WRRRA, SLG: In subsection (b), add recycling, yard waste, and processing fees to disposal fees as cost increases that a company can recover without initiating a GRC</p> <p>SLG: Expand subsection (e) to include company-specific adjustment mechanisms</p>		<p>PSE: Staff agrees and has made the suggested change.</p> <p>WRRRA: Staff disagrees. Recycling, yard waste, and processing fees are different than disposal fees and increases to those fees should be handled based on the facts of each situation.</p> <p>SLG: Staff disagrees. Commission evaluation of any company-specific adjustment mechanisms should be handled on an individual case basis.</p>

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505(4)	PSE: Revised language gives UTC too much discretion to initiate a GRC		WRTA: Requests general guidelines on when the Commission will declare a submission to be a GRC		<p>PSE: Staff has revised the proposed language to include a public interest requirement and notice and opportunity to comment prior to converting a different type of rate proceeding to a GRC.</p> <p>WRTA: Staff disagrees with potentially limiting the Commission's discretion by establishing any specific guidelines other than consistency with the public interest.</p>
505(5)	PPL: Clarify whether UTC will grant interventions before PHC; allowing discovery before PHC may be inefficient and inconsistent with scope and timelines established at the PHC		SLG: Interested in learning more about this provision		This subsection codifies current practice for most energy company GRC filings in which (a) the company agrees to immediate suspension and setting for hearing, rather than having the Commission take that action at an open meeting prior to suspension; and (b) the Commission does not grant interventions prior to the PHC but authorizes use of discovery for Staff and Public Counsel.
510				Level of detail required is not applicable to Class B Telecommunications Companies, which should be authorized to file according to the requirements in 530	Staff has revised the proposed revisions to exclude Class B telecommunications companies from this rule and include them in 530.

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510(1)	<p>AU: Allow hard copy filings the day after the electronic copies are submitted; providing the revenue requirement impact of each adjustment would be more useful than the impact on rate of return</p> <p>PSE: Delete “if the commission suspends the tariff changes and commences an adjudication” as confusing and unnecessary</p>	<p>Add provision requiring responsive testimony to address the testimony to which it responds unless UTC approves more expansive testimony</p>			<p>AU: Staff agrees and has revised the proposed rule to allow receipt of hard copies the next business day and substitute “revenue requirement” for “rate of return.”</p> <p>PSE: Staff agrees and has deleted that proposed language.</p> <p>ICNU: Staff disagrees and believes this issue is best handled by the presiding officer in the particular GRC.</p>
510(3)(a)	<p>AU: Clarify that work papers are not part of the record unless introduced into evidence</p> <p>PSE: Include a definition of “work paper” and do not require work papers to be filed</p>				<p>AU: Staff agrees and has added clarifying language to the proposed rule.</p> <p>PSE: Staff has added a definition of “work papers” but continues to recommend that all parties submit them for filing.</p>
510(3)(b)	<p>PSE: Do not require voluminous or copyrighted materials to be filed</p>				<p>Staff has modified the proposed language to allow parties to provide only relevant excerpts of voluminous documents. Providing portions of a copyrighted work to the Commission for regulatory purposes is or may be fair use and thus is not a basis to exempt them from being included in the submission.</p>
510(3)(c)	<p>AU: Requests clarification and guidance on cross-referencing methodology</p>				<p>This language is unchanged from the existing rule, and Staff is unaware that it has caused confusion in the past.</p>

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510(3)(d)	PSE: Confidential information in certain tabs in models submitted as work papers cannot be marked as required in UTC rules	To avoid gamesmanship, add “Spreadsheet files may not include hard-coded numbers, except where the source of the hard-coded number is plainly identified and the source has been made available to parties.”			<p>PSE: WAC 480-07-160 requires confidential information in all documents, including work papers, to be marked whether submitted for filing or provided informally to Staff. PSE does not explain why certain tabs cannot be marked in compliance with WAC 480-07-160. That rule allows a provider to use a password to protect tabs or cells in Excel spreadsheets. To the extent that this does not address PSE’s concern, PSE should more specifically identify its issues in the context of the Commission’s continuing consideration of revisions to that rule.</p> <p>ICNU: Staff believes the language Staff has proposed effectively includes this requirement.</p>
510(3)(e)	PSE: Work papers should not be filed, but if they are, all parties should be required to file them				Staff intends the rule to require all parties to file any work papers they prepare in support of their testimony and has revised the language in subsection (3)(a) to make that more clear.
510(3)(f)	PSE: In subsection (i)(F)(ii), delete “Pro forma adjustments must be calculated based on the restated operating results” as overly burdensome and increasing the potential for errors				Staff disagrees with deleting this language but has added language to clarify this requirement.

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510(3)(h)	<p>PPL: Explanations of company actions or inaction should be in testimony, not work papers</p> <p>PSE: For clarity, amend the last sentence to state, “If the company has not taken any such actions, the company must explain why it has not.”</p>				<p>PPL: Staff has revised the language for clarity, but this requirement is in the existing rule. Staff expects that the company’s testimony, as well as the supporting work papers, will address this issue.</p> <p>PSE: Staff agrees and has made that change.</p>
510(3)(j)	<p>PSE: Amend the last sentence to state, “The company must submit work papers for filing that must support the allocation method the company used to distribute common costs between regulated and nonregulated affiliated entities and the dollar amount of those costs.”</p>				<p>Staff agrees and has made the suggested revision.</p>
510(4)	<p>PSE: Define “typical residential customers”</p>				<p>Staff disagrees. This term is in the existing rule, and Staff is unaware that it has caused any uncertainty.</p>
510(5)	<p>PSE: Clarify the meaning of “cost studies” if they are not cost of service studies</p>				<p>This term is in the existing rule, and Staff is unaware that it has caused any uncertainty.</p>
510(6)	<p>PSE: FERC, 10K, and 10Q forms are publicly available and should not be required to be filed</p>				<p>Staff agrees and has revised the language to require the documents or a URL link.</p>

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515	PPL: UTC should allow itself more flexibility to address utility rates in an expedited manner	Opposes this rule as exacerbating the problem of frequently recurring rate case filings, not providing sufficient opportunity to review rate filings, and presenting the possibility of single issue ratemaking			Staff believes a rule establishing limited rate case proceedings would be premature and no longer proposes that the Commission adopt such a rule at this time. Staff, therefore, has deleted the previously proposed rule. Staff recommends that the Commission consider limited rate case proceedings in further stakeholder meetings and workshops that explore or develop alternative rate case procedures.
515(1)(b)	AU: Requests clarification of the types of data to be provided PSE: The company should provide data through the end of the last quarter, rather than month				See response to 515 above.
515(1)(c)	PSE: Revise to state, “The company must maintain, and must not propose to change, its authorized rate of return on equity and capital structure from its most recent general rate proceeding.”				See response to 515 above.
515(1)(d)	PSE: Without PSE’s proposed change in 515(1)(c), the requirement to update debt costs for known changes in this subsection is inconsistent with that subsection				See response to 515 above.

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515(1)(f)	<p>AU: Recognize that power cost mechanism could be different for each company</p> <p>PPL: Allow certain production costs to avoid a GRC to update smaller fixed costs</p>				See response to 515 above.
515(3)(a)	<p>AU: Issue a final order within 120 days, rather than six months</p> <p>PSE: Issue a final order within 90 days, otherwise companies will be unlikely to pursue this option</p>				See response to 515 above.
515(3)(b)	PSE: Delete this subsection as providing the UTC with too much discretion to treat a limited rate case as a GRC				See response to 515 above.
520			<p>WTRA: Add clarifying language that hard-coded cells are sometimes necessary and appropriate but that the underlying source of the data must be made available upon request</p>		<p>Staff disagrees. To the extent that a company needs to hard-code cells for reasons other than to withhold information that is protected from public disclosure, that issue should be handled on an individual case basis.</p> <p>Staff has revised the language to clarify that only solid waste collection companies can designate information as confidential.</p>

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520(1)			WRRR, SLG: Requiring legislative format for tariff changes would be confusing, complex, and time consuming and conflicts with rules specific to solid waste company tariff submissions		Staff has revised the language in this subsection and in 530 to require legislative format for narrative sections and tariff symbols for tabular content.
520(4)(a)			WRRR, SLG: Define “customer class” if it is substituted for “service type”		Staff disagrees. “Customer class” is a generally accepted regulatory term, and Staff is available to provide technical assistance to companies that are not familiar with it.
520(4)(d)			WRRR: Increase the threshold of percentage between regulated and nonregulated revenue to 20 percent to reduce the burden on smaller companies		Staff disagrees. The 10 percent threshold in the existing rule is the generally accepted threshold for US segment reporting standards. The Financial Accounting Standards Board’s Accounting Standards Code (ASC 280-10-50) prescribes that all public entities must report segment information when its reported revenue is 10 percent or more of its combined revenue.
520(4)(e)			WRRR, SLG: Companies should only be required to present nonregulated revenues in a consolidated fashion.		Staff disagrees. As an economic regulator, the commission must have a clear understanding of the other operating segments that produce revenues and incur expenses outside of regulation. Segment information provides that understanding.
520(4)(g)			WRRR, SLG: Eliminate or limit the requirement to provide leases to real estate leases implicated by the filing and only upon request		Staff agrees with this comment in part and has revised the language to require only real property and vehicle leases.

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520(4)(h)			<p>WRRRA: Requests guidance on required calculation of net investment</p> <p>SLG: Modify to require figures as of the end of the period immediately preceding the submission, rather than end of test period</p>		<p>WRRRA: Staff is available to provide guidance on the required calculation of net investment for companies that need such guidance.</p> <p>SLG: Staff disagrees. Figures for periods outside the test year are pro forma adjustments governed under subsection (4)(a).</p>
520(4)(i)			<p>WRRRA: Limit requirement for a detailed depreciation schedule to the entity making the tariff filing</p>		<p>Staff has revised the language to specify the assets held by the regulated entity.</p>
520(4)(j)			<p>WRRRA: Delete this subsection as superfluous</p> <p>SLG: Opposes provision as written but open to discussion</p>		<p>Staff agrees and has deleted this language from the proposed draft.</p>
General			<p>WRRRA: Authorize companies to request temporary rate increases subject to refund 45 days from filing date</p>		<p>Staff disagrees. A company currently can request temporary rates subject to refund, and Staff does not believe this ability needs to be codified in a rule.</p>
General			<p>WRRRA: Allow companies to recover costs and fees for accounting and legal experts</p>		<p>Staff disagrees. The extent to which a company may recover costs and fees for accounting and legal experts is an issue to be resolved in each case, not uniformly by rule.</p>
General			<p>WRRRA: Work with Staff to develop a timeline that enables all concerned ample opportunity to review and evaluate GRC submissions</p>		<p>Staff remains open and willing to work with companies to develop a timeline that will allow sufficient time to review and evaluate GRC submissions, but that timeline need not be codified in a rule.</p>

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General					Staff has made its own clarifying revisions to the proposed rule language, including but not limited to using the term “target” rather than “authorized” when referring to Commission-approved rate of return to emphasize that rate of return is not guaranteed.
Commenter Acronyms	AU – Avista Corporation d/b/a Avista Utilities PSE – Puget Sound Energy PPL – Pacific Power and Light Company	ICNU – Industrial Customers of Northwest Utilities	SLG – Summit Law Group WRRRA – Washington Refuse & Recycling Association	WITA – Washington Independent Telecommunications Association	