

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY

Respondent.

**Docket No. UE-170033
Docket No. UG-170034
(consolidated)**

**PUGET SOUND ENERGY'S SETTLEMENT HEARING TRANSCRIPT
CORRECTIONS**

October 30, 2017

**PUGET SOUND ENERGY'S TRANSCRIPT CORRECTIONS FOR THE GENERAL
RATE CASE SETTLEMENT HEARING ON SEPTEMBER 29, 2017
DOCKETS UE-170033 & UG-170034 (CONSOLIDATED)**

PAGE	LINE	CORRECTION
583	4	"Seacrest's" should be "Secrist's"
592	5	"IBR" should be "IVR"
601	12	"regular" should be "revenue"
601	15	"Moran" should be "Morin" (please make sure changed globally)
613	20	"Knox" should be "NOx"
613	25	"Pacific Corps" should be "PacifiCorp"

Docket Nos. UE-170033 and UG-170034
(Consolidated) - Vol. V

Washington Utilities and Transportation
Commission v. Puget Sound Energy

September 29, 2017



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1 **advocated and other parties have advocated that the**
2 **entire amount be passed back. But as we had explained**
3 **in our rebuttal testimony, that the insurance litigation**
4 **settlement proceeds, this was in both Mr. Seacrest's**
5 **testimony and Ms. Free's rebuttal testimony, they were**
6 **based on past, present, and future costs and so,**
7 **therefore, you needed to keep a matching. That's what**
8 **this collaborative -- this discussion will be, and there**
9 **will be a determination at that point.**

Secrist's

10 **Is there anything you needed to add, Ms. Free?**

11 Q. This may be a function of the signors of the
12 Settlement Agreement, but I'll pose the question.

13 Would the discussion be open to other
14 stakeholders other than Staff and the Company?

15 **A. We would certainly envision that Public Counsel**
16 **would be invited to this discussion, so it's not just**
17 **Staff and the Company. But it is looking at and we**
18 **would include that to the parties beforehand so they**
19 **could see what the proposal looked like.**

20 MS. GAFKEN: Thank you. That's all the
21 question I have.

22 I'll pass the microphone to Mr. Bryant now.

23 JUDGE MOSS: Mr. Bryant, go ahead.

24 ///

25 ///

BRYANT/PSE SETTLEMENT PANEL

1 answer them less efficiently, but we have 1.5 million of
2 penalties associated with this. The times are changing,
3 and the easy calls that Mr. Zeller had talked about both
4 in his direct and rebuttal, a lot of these calls have
5 gone to ~~IBR~~, which is why the Company proposed something
6 different. The settlement does not include IBR
7 transactions, so that's where there is the benefit. It
8 is a compromise.

9 JUDGE MOSS: Mr. Bryant, are you changing
10 subjects?

11 MR. BRYANT: Yes, I am.

12 JUDGE MOSS: This would be a good
13 opportunity for us to take our morning recess and allow
14 people to stretch their legs for a minute or two. Let's
15 take five minutes.

16 (A break was taken from
17 10:40 a.m. to 10:50 a.m.)

18 JUDGE MOSS: Let's be back on the record.
19 Mr. Bryant, you may continue.

20 MR. BRYANT: Thank you, Judge Moss.

21 Q. (BY MR. BRYANT) So I don't know who to direct
22 the ROE questions to.

23 A. (Katherine Barnard) I believe it's me. I'm
24 kind of the clear winner today.

25 Q. So the ROE testimony was filed by Dr. Moran?

IVR

BRYANT/STAFF SETTLEMENT PANEL

1 **A. (Melissa Cheesman) And I have briefly, but for**
2 **a solid waste company.**

3 Q. (BY MR. BRYANT) Do you recall what equity cost
4 rate approach you used?

5 **A. (Melissa Cheesman) No.**

6 Q. Mr. Schooley?

7 **A. (Thomas Schooley) It was the comparable**
8 **utilities and what their rates were on various metrics.**

9 Q. Okay. Does the settlement cost of capital use
10 PSE's proposed capital structure?

11 **A. (Melissa Cheesman) Yes.**

12 **A. (Thomas Schooley) She did the ~~regular~~**
13 **requirement, so.**

revenue

14 Q. So the settlement indicates that the ROE is 9.5,
15 within the range of Dr. ~~Moran~~, PSE witness, and Staff
16 Ms. Purcell; is that correct?

Morin

17 **A. (Melissa Cheesman) Yes. It's in the narrative**
18 **in support of settlement.**

19 MR. BRYANT: Given the ruling with respect
20 to ROE for PSE witnesses Piliaris and Barnard, I don't
21 think I can ask any of my questions.

22 JUDGE MOSS: All right. Does that complete
23 your cross-examination?

24 MR. BRYANT: For that subject. And I will
25 peruse my cross on SQI really quickly.

BENCH INQUIRIES TO FULL SETTLEMENT PANEL

1 officials across the service territory, and a number of
2 other local officials chimed in. So in terms of
3 reflecting as best we can as to elected officials, it
4 seems to be clear that the majority sentiment is for
5 2025.

6 Then we have just the economic issues of we
7 know that the line owner, Westmoreland, has submitted to
8 the Securities and Exchange Commission that they, under
9 their existing permitted area, the end of their useful
10 life of the mine just runs out to the end of 2024 and
11 that they can't continue on maintaining their stripping
12 ratios without getting an expansion. But those
13 expansions are being contested because on the face of it
14 they presume to be unlawful, in our view, and we expect
15 to see a pretty significant challenge. And so that the
16 mine may be limited in their ability to expand and they
17 would be running out of useful coal by that timeframe.

18 We also have -- while it's less clear about
19 what is the fate of the regional haze for doing
20 reduction primarily of ~~Knox~~, three of the Colstrip NOx
21 owners are still anticipating in their planning
22 processes that they will see selective catalytic
23 reduction roughly in the 2025 timeframe, ranging between
24 2022 and 2027. And the most recent evidence we have of PacifiCorp
25 costs came in the ~~Pacific Corps~~ case for comparable