BEFORE THE WASHINGTON

**UTILITIES AND TRANSPORTATION COMMISSION**

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| WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,Complainant,v.PUGET SOUND ENERGY, INC.,Avista CorporationAvistaRespondent.. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . .  | )))))))))))) | DOCKET UE-UE-110876120277yesORDER 0101COMPLAINT AND ORDER SUSPENDING TARIFF REVISIONS |

**BACKGROUND**

Electric

1. On February 29, 2012, Puget Sound Energy, Inc. (PSE) filed with the May 16, 2011Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-60, implementingWN U-28 changes to Schedule 95A Federal Incentive Tracker rates to pass-through interest on unamortized balance of United States Treasury Department grant (Treasury Grant) received on February 23, 2010, under section 1603 of the American Recovery and Reinvestment Act of 2009, as amended. The stated effective date is April 1June 15, 2011, 2012.[[1]](#footnote-1)
2. On December 31, 2011, a provision of the newly enacted National Defense Authorization Act for Fiscal Year 2012 eliminated the requirement for utilities to normalize the Section 1603 Treasure Grant. This amendment technically allows PSE to either directly reduce rate base, or to credit customers with interest on the unamortized balance of the Treasury Grant. PSE has elected to credit customers with interest on the unamortized balance.
3. PSE states in its filing that this statutory amendment allows the calculation of interest on the unamortized balance of the Treasury Grant starting December 31, 2011, but that interest prior to that date is prohibited. In its tariff filing, PSE would increase the Schedule 95A bill credit by $2,405,683 over the nine month period starting April 1, 2012.
4. Commission regulatory staff (Staff) disagrees with the Company’s position on calculating the interest credit on the unamortized balance of the Treasury Grant. Staff argues that the interest credit should be computed from the day PSE received the Treasury Grant and the benefit of the federal incentive became available to serve as an offset to the cost of the company’s plant investment. This would result in an increased credit to customers in the amount of $7,994,310.
5. Absent resolution of the legal and policy issues concerning the appropriate calculation of this interest credit, allowing the decrease included in PSE’s as-filed tariff sheets might injuriously affect the rights and interests of the public and the resulting rates might not be fair, just, reasonable and sufficient. The Commission accordingly suspends the tariff filing and will conduct such hearing process as is necessary to determine whether the proposed increases are fair, just, reasonable and sufficient.

**FINDINGS AND CONCLUSIONS**

1. (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies. [RCW 80.01.040](http://apps.leg.wa.gov/RCW/default.aspx?cite=80.01.040), [RCW 80.04](http://apps.leg.wa.gov/RCW/default.aspx?cite=80.04), [RCW 80.08](http://apps.leg.wa.gov/RCW/default.aspx?cite=80.08), [RCW 80.12](http://apps.leg.wa.gov/RCW/default.aspx?cite=80.12), [RCW 80.16](http://apps.leg.wa.gov/RCW/default.aspx?cite=80.16) and [RCW 80.28](http://apps.leg.wa.gov/RCW/default.aspx?cite=80.28).
2. (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
3. (3) This matter came before the Commission at its regularly scheduled meeting on March 29, 2012, and a subsequent recessed Open Meeting on May 26, 2011May 24, 2012.
4. (4) The tariff revisions PSE filed on February 29, 2012, subsequently replaced by substitute tariff sheets filed on March 29, 2012, would decrease charges and rates for service provided by PSE, but might injuriously affect the rights and interest of the public, as described in the body of this Order.
5. (5) PSE has not yet demonstrated that the tariff revisions would result in rates that are fair, just, reasonable and sufficient.
6. (6) The Commission should conduct such process as is required to determine the legal and policy issues raised by PSE’s tariff filing.

**O R D E R**

**THE COMMISSION ORDERS:**

1. (1) The tariff revisions Puget Sound Energy, Inc., filed on February 29, 2012, subsequently replaced by substitute tariff sheets filed on March 29, 2012, as identified in the Appendix to this Order, are suspended.
2. (2) The Commission will conduct such process as is required to consider the legal and policy issues raised by PSE’s proposed tariff revisions at such times and places as may be required.
3. (3) Puget Sound Energy must not change or alter the tariffs filed in this docket during the suspension period, unless authorized by the Commission.

DATED at Olympia, Washington, and effective May 24, 2012.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

 JEFFREY D. GOLTZ, Chairman

 PATRICK J. OSHIE, Commissioner

 PHILIP B. JONES, Commissioner

**Appendix**

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| *7th* Revision of Sheet No. 95-f - Schedule 95A - Federal Incentive Tracker |
| *7th* Revision of Sheet No. 95-g - Schedule 95A - Federal Incentive Tracker (Continued) |
| 8th Revision of Sheet No. 95-h - Schedule 95A - Federal Incentive Tracker (Continued) |
| 8th Revision of Sheet No. 95-i - Schedule 95A - Federal Incentive Tracker (Continued) |
| *7th* Revision of Sheet No. 95-j - Schedule 95A - Federal Incentive Tracker (Continued) |

1. PSE filed substitute tariff sheets on March 29, 2012 to replace the tariff sheets that were filed on

February 29, 2012, under the Company's Advice No. 2012-04. This substitute filing was pursuant

to RCW 80.28.060 and Chapter 480-80 WAC and includes the portions of the Company's

WN U-60 tariff for electric service as shown in the Appendix to this Order. This substitution was necessary due to an agreement made with Commission's Staff during the Commission's March 29, 2012 Open Meeting. The attached tariff sheets reflect a change in the effective date from the original effective date of April 1, 2012 to June 1, 2012. [↑](#footnote-ref-1)