

**A-130355 Procedural Rules**  
**Draft Summary of 12-01-17 Comments on Proposed Revisions to GRC Rules**  
**April 11, 2018**

| 480-07-   | Energy Companies  | Consumer Groups  | Solid Waste | Staff Response  |
|-----------|---|--|-------------|---|
| 500(4)    |   | PC: The proposed rule does not clarify when resubmission of a defective filing restarts the statutory clock.   |             | Staff has added language to clarify that WAC 480-07-141 also governs the submission date for revised or resubmitted submissions.  |
| 505       |   | PC & TEP: Add a subsection clarifying that multi-year rate plans with an aggregate three percent or higher increase will initiate a GRC.                                 |             | Staff disagrees. A single filing with proposed increases of one percent annually over three years, for example, should not necessarily be treated differently than three separate filings seeking the same increases. The Commission has the discretion to initiate a GRC in response to a multi-year rate plan if circumstances warrant such a proceeding. |
| 505(1)(a) | PSE: Either retain existing language that only a proposed rate <i>increase</i> is a GRC, or specify that the Commission has discretion to determine the nature of the submission.                     |  |             | Staff has clarified the language on the Commission’s discretion in subsection 505(4).   |
| 505(1)(b) | PSE: Either retain “on common equity” because an update to cost of debt alone should not trigger a full GRC, or specify that the Commission has discretion to determine the nature of the submission. | TEP: Deletion of existing subsection (1)(b) could allow a company to avoid a GRC by proposing a three percent increase for some customers but a lesser overall increase. |             | PSE: Staff continues to recommend deleting “on common equity,” but has clarified the Commission’s discretion in subsection 505(4).<br><br>TEP: Staff disagrees and believes the language in subsection 505(4) addresses this issue.   |
| 505(2)(c) | PSE: Clarify the intent of the language, “or to comply with federal or state rules concerning the level of rates.”  |  |             | Staff included this language to address concerns that WITA expressed about the need to comply with federal or state rules concerning rates (e.g., FCC rules). Staff has added language to make this specific to telecom companies.  |

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| 505(3)(b) |  |                 | <p>WRRRA &amp; SLG: Recycling, yard waste, and processing fees are the same as disposal fees and rate increases to pass through these costs should not initiate a GRC; the same is true for fees, charges, and taxes on the collection or disposal of solid waste.</p> <p>SLG: Decreases in these fees also should not initiate a GRC.</p> | <p>Staff agrees and proposes language that to the extent these fees are set unilaterally by a governmental or private unaffiliated company, rate increases or decreases that pass through these costs should not initiate a GRC.</p>  |
| 505(4)    | <p>PSE: Proposes clarifying edits and additional language specifying that the Commission has discretion to determine whether a submission is a GRC.</p>  |                 |  | <p>Staff agrees in concept and has revised the language in this subsection to clarify that the Commission retains discretion to determine whether to initiate a GRC in response to a filing described in the rule.</p>  |
| 510       | <p>PPL: Include an exemption from printing if the exhibit exceeds 100 pages or contains large amounts of data calculations that would result in the document having little value if printed.</p> |                 |  | <p>Staff disagrees. Testimony or exhibits can easily exceed 100 pages, and as long as the Commission needs paper copies, the party making the filing is responsible for providing those copies. If an electronic file truly would be useless if printed, the company can so inform the Commission. In the past the Commission has not required such files to be printed, and Staff expects that to continue to be the practice.</p> |
| 510(1)    | <p>PSE: Proposes edits to clarify that the rule does not limit the evidence the Commission could consider as part of a company's direct case.</p>  |                 |  | <p>Staff disagrees. A company's initial filing is its direct case. Subsequent filings of rebuttal or reply testimony are just that – rebuttal or reply, not direct.</p>   |

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| 510(2)     | PPL: Seeks guidance on how to mark language moved from one tariff sheet to another.  |   |             | See WAC 480-80-105. “ <b>K</b> ” designates material that has been transferred <b>to</b> another sheet in the tariff (with a footnote on the tariff sheet to identify the material’s new sheet number), and “ <b>M</b> ” designates material has been transferred <b>from</b> another sheet in the tariff (with a footnote on the tariff sheet to identify the material’s prior sheet number).  |
| 510(3)(a)* | PSE: Continues to recommend that the Commission not require work papers to be filed; alternatively, do not require copyrighted materials to be submitted for filing. | PC: Finalizing both testimony and work papers for filing on the same day would be very challenging for support staff. |             | <p>PSE: As a result of working with stakeholders, Staff has revised its proposal to retain distribution of work papers solely to other parties. Staff has also separated and reorganized this subsection into subsections governing detailed requirements for testimony and exhibits (subsection (3)) and work papers (new subsection (4)) to better specify the information the Commission needs to make a determination.</p> <p>Staff has adopted with modifications PSE’s proposed language for subsection (3)(b) to exempt any filed or distributed documents that are subject to third party copyright protection.</p> <p>PC: Staff does not recommend any change to the proposed requirement. Any party may request that the presiding ALJ revise the procedural schedule to allow subsequent provision of work papers, if necessary.</p> |
| 510(3)(b)* | PSE: Proposes language to exempt copyrighted materials from any filing requirement.  |   |             | Staff has adopted the proposed language with some modifications.  |
| 510(3)(c)* | PSE: Seeks clarification on whether this section applies to electronic work papers and on what Staff expects in terms of cross-referencing.                          |   |             | This section applies to all work papers, and the cross-referencing requirement is unchanged from the existing rule.   |

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| 510(3)(d)*    | <p>PSE: Proposes edits that would clarify that redacted copies of spreadsheets containing confidential information simply mask that information, rather than require a version of the spreadsheet that removes that information.</p> <p>PPL: Seeks clarification on how a locked, hidden, or password protected cell that contains confidential information should be designated.</p> |                 |             | <p>PSE: Staff agrees and has included a modified version of the proposed language.</p> <p>PPL: Such cells should be designated consistent with WAC 480-07-160. The Commission is continuing to consider revisions to that rule, and Staff is open to proposals for how best to designate spreadsheet cells as confidential if the existing requirements are insufficient or unduly burdensome.</p> |
| 510(3)(h)*    | <p>PSE: Delete “tangible” from the first sentence as confusing and unnecessary.</p>   |                 |             | <p>Staff agrees and has deleted that word from the proposed revised rule.</p>  |
| 510(4)(a)(v)* | <p>PSE: Seeks clarification on any specific methodology Staff prefers for determining “typical residential customers.”</p>  |                 |             | <p>Staff agrees that “typical” residential customers will likely vary from case to case and be the source of confusion and disputes. Accordingly, Staff has deleted the word “typical” from the proposed revised rule.</p>   |
| 510(5)(c)*    | <p>PPL: Proposes that the Commission require copies only of non-proprietary cost models.</p>  |                 |             | <p>Staff disagrees. The Commission and parties need access to all cost models a company proposes to use, and if those models are proprietary, the company should have the responsibility for making them available. Staff, however, has proposed language to permit the company either to provide a copy or allow reasonable access to the model.</p>  |

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| 515<br>(previously proposed) | PSE: Encourages the Commission to adopt a rule governing expedited rate proceedings; disagrees such a rule is premature; believes that there has been substantial process and opportunities for comment and that a good roadmap exists for a rule; and proposes provisions that should be included in the rule. |                 |   | Staff disagrees and continues to believe that specific provisions in a rule establishing limited rate case proceedings require further development before being codified into a rule.  |
| 520(4)(d)                    |   |                 | WRRR: Reconsider the refusal to increase the threshold of percentage between regulated and nonregulated revenue to 20 percent to reduce the burden on small, privately owned companies. | Staff continues to disagree. 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. By choosing to engage in both regulated and nonregulated activities, small companies must accept this requirement as part of the costs of doing business. |
| 520(4)(e)                    |   |                 | SLG: Staff should reconsider its unwillingness to allow nonregulated revenue to be provided in a consolidated form.   | Staff continues to believe that 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 and that segment information provides that understanding.  |
| 520(4)(h)                    |   |                 | WRRR: Requests that the Commission codify standard practices with respect to the calculation of net investment and net book value.  | Staff disagrees and is available to provide guidance on the required calculations for companies that need such guidance.   |

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| 520(4)(i) |  |                 | <p>WRRRA: Limit requirement for a detailed depreciation schedule to the entity that operates under the tariff for which the rate request is submitted.</p> <p>SLG: Agrees and would extend the same limitation to subsections (a), (b), (c), (f), and (h).</p> | <p>WRRRA: Staff agrees and has revised the proposed language in subsection (4)(i) accordingly.</p> <p>SLG: Staff disagrees that the same limitation is needed in the other subsections of this rule.</p>   |
| 540       | <p>PSE: Retain statutory language<br/> Staff proposes to delete in the first sentence concerning rate increase; remove changes to the third sentence which would limit the Commission's discretion of what to consider as the company's direct case.</p> |                 |  | <p>Staff disagrees. Staff proposes to delete the language in the first sentence of this subsection because it unnecessarily limits the general rate proceedings described in the statute. Staff, however, proposes to substitute "described" for "provided" to make that more clear. Staff has proposed the revision to the third sentence to be consistent with WAC 480-07-380(1), which states that a motion to dismiss is based on the pleadings, not evidence.</p> |
| General   |  |                 | <p>WRRRA: Authorize companies to request temporary rate increases subject to refund 45 days from filing date.</p>  | <p>A company currently can request interim rates subject to refund, and this ability need not be codified in the rule. Staff nevertheless has included a new subsection (6) in WAC 480-07-520 to address this issue.</p>   |
| General   |  |                 | <p>WRRRA: The Commission should develop criteria used to evaluate how professional fees will be recovered or denied and whether the Commission will impose an investigatory fee.</p>   | <p>Staff disagrees. The extent to which a company may recover professional fees depends on their prudence based on the facts of each case, which is not subject to codified criteria. The same is true for an investigatory fee, which the Commission rarely imposes.</p>  |

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| General            | PSE: Disagrees with using “target” rather than generally accepted term “authorized” when referring to Commission-approved rate of return, believing it is confusing and unnecessary to emphasize that rate of return is not guaranteed. |   |   | Staff agrees and has revised the draft accordingly.  |
| General            |   |   |   | Staff has had some internal discussion about changing “filing” to “submission” and has agreed to retain the current use of the term “filing” with the expectation that the Commission does not accept documents for filing for the purpose of triggering or comply with any statutory, rule, or order deadlines or requirements unless and until those documents comply with the procedural rules. |
| *                  |   |   |   | <b>Staff has reorganized 510(3) and added a new 510(4). The numbering in this matrix, however, continues to refer to the subsections in 510 as they were numbered in the prior draft.</b>  |
| Commenter Acronyms | PSE – Puget Sound Energy<br>PPL – Pacific Power and Light Company   | PC – Public Counsel<br>TEP – The Energy Project | SLG – Summit Law Group<br>WRRRA – Washington Refuse & Recycling Association |  |