

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of
PUGET SOUND ENERGY, Inc.

For an Accounting Order Authorizing
Accounting Treatment Related to Payments
for Major Maintenance Activities

Docket No. UE-130583

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,
Complainant,

v.

PUGET SOUND ENERGY, INC.,
Respondent.

Docket No. UE-130617

**PUGET SOUND ENERGY, INC.'S
MOTION TO STRIKE CERTAIN
TESTIMONY AND EXHIBITS OF
DONALD W. SCHOENBECK**

In the Matter of the Petition of
PUGET SOUND ENERGY, Inc.

For an Accounting Order Authorizing the
Sale of the Water Rights and Associated
Assets for the Electron Hydroelectric Project
in Accordance with WAC 480-143 and
RCW 80.12.

Docket No. UE-131099

In the Matter of the Petition of
PUGET SOUND ENERGY, Inc.

For an Accounting Order Authorizing the
Sale of Interests in the Development Assets
Required for the Construction and Operation
of Phase II of the Lower Snake River Wind
Facility

Docket No. UE-131230

I Puget Sound Energy, Inc. ("PSE"), by and through its undersigned counsel, hereby moves to strike those portions of the response testimony and exhibits of the Industrial Customers of Northwest Utilities ("ICNU") that relate to revisions to the peak credit cost allocation methodology. Such testimony and exhibits should be stricken because they are

MOTION TO STRIKE - 1

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outside the scope of issues presented in this power cost only rate case ("PCORC"). The Commission rule at issue is WAC 480-07-375(1)(d) (motions to strike).

INTRODUCTION

2 ICNU witness Donald W. Schoenbeck filed response testimony on August 14, 2013, in which he testifies regarding the peak credit methodology used by PSE to allocate costs across rate classes. Mr. Schoenbeck recommends that the peak credit methodology used by PSE in this proceeding and approved in PSE's 2011 general rate case, Docket UE-111048 ("2011 GRC"), be "revisited" in this proceeding. Mr. Schoenbeck discusses ICNU's proposal on pages four, line 20, through page eight, line 7, of his response testimony, Exhibit No. ___(DWS-1T), and in Exhibit No. ___(DWS-4) through Exhibit No. ___(DWS-6). PSE now moves to strike such testimony and exhibits because such evidence is outside the scope of this proceeding.

DISCUSSION

3 In PSE's 2007 PCORC, Docket UE-070565, PSE, ICNU, the Staff of the Washington Utilities and Transportation Commission and the Washington Attorney General's Office, Public Counsel Section, entered into a settlement agreement that modified portions of the PCORC process approved in Docket Nos. UE-011570 and UG-011571. One of the terms of the settlement agreement established that the revenue allocation methodology used in a PCORC must be the same methodology approved by the Commission in PSE's then most recent general rate case. The settlement agreement was approved by the Commission in

Order 07 of that proceeding. In fact, the revenue allocation process agreed to and authorized in Order 07 has been the agreed-upon practice since the inception of the PCORC in 2001.

4 Pursuant to the agreement and such practice, PSE's revenue allocation and rate design in this proceeding is the peak credit classification approved in Order 08 of PSE's 2011 GRC. Mr. Schoenbeck acknowledges that the peak credit methodology used by PSE in this proceeding is the same methodology approved in PSE's most recent general rate case, but Mr. Schoenbeck believes such methodology "should be revisited in this proceeding."¹

5 ICNU is attempting to introduce a proposal that is outside the scope of this proceeding and which conflicts with a multiparty settlement agreement. Further, ICNU's proposal to deviate from the Commission-approved methodology has material consequences. ICNU's cost allocation proposal increases the "demand-related" portion of production and transmission costs from 19%, from PSE's 2011 GRC, to 22%.² This shifts almost \$5 million in PSE's production and transmission costs to residential customers and away from all other retail electric customers.³ This is approximately ten times greater than the overall increase in costs of roughly \$0.5 million that has been proposed by PSE in this case.⁴ See pages two through five of the prefiled rebuttal testimony of Jon A. Piliaris, Exhibit No. ___(JAP-5T) for more detail regarding the effects of ICNU's proposal.

¹ Schoenbeck, Exh. No. (DWS-1T), 5:18-21.

² *Id.*, page 6, lines 15-16.

³ Exhibit No. ___(DWS-6).

⁴ Barnard, Exh. No. ___(KJB-8T), 2:10.

6 Further, the PCORC is intended to be a streamlined and simplified filing. By design, it was intended to avoid the litigation of these very issues. The time remaining in this proceeding does not allow for sufficient consideration of ICNU's proposal, nor does it provide an opportunity for other parties to respond to ICNU's proposal. The Commission should strike any and all testimony and exhibits related to revising the peak credit methodology.

CONCLUSION

7 The Commission should strike all testimony and exhibits by ICNU witness Don W. Schoenbeck relating to revising the peak credit methodology used by PSE to allocate costs across rate classes in this proceeding.

Respectfully submitted this 28th day of August, 2013.

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