

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	DOCKETS UE-090704
TRANSPORTATION COMMISSION,	)	and UG-090705 ( <i>consolidated</i> )
Complainant,	)	
	)	
v.	)	ORDER 06
	)	
PUGET SOUND ENERGY, INC.,	)	
	)	GRANTING LEAVE TO FILE
Respondent.	)	SUPPLEMENTAL AND REVISED
	)	TESTIMONY AND EXHIBITS
.....	)	

**MEMORANDUM**

- 1 On May 8, 2009, Puget Sound Energy, Inc. (PSE), filed with the Washington Utilities and Transportation Commission (Commission) to increase its rates for electric service (Docket UE-090704) and gas service (Docket UG-090705) to customers in Washington. The Commission suspended operation of the tariffs by Order 01 entered in these dockets following the May 28, 2009, open meeting. The Commission consolidated these dockets by Order 02, entered on June 8, 2009, and convened a prehearing conference at Olympia, Washington on June 22, 2009.
  
- 2 PSE included its direct testimony and exhibits as part of its initial filing on May 8, 2009, as required by the Commission’s procedural rules. On August 3, 2009, PSE filed its Motion for Leave to File Supplemental and Revised Testimony and Exhibits. PSE’s motion states that:

The purpose of this supplemental and revised evidence is to update the prefiled direct testimony and certain exhibits of Janet K. Phelps, Michael J. Stranik and Eric M. Markell to correct for an error in the treatment of revenues associated with the lease for the Everett Delta Project (“Everett Delta”). These revenues should have been removed

from the test year to be consistent with the treatment of Everett Delta in PSE's 2007 general rate case, Docket UG-072301 ("2007 GRC").

3 PSE states further:

In this supplemental filing, PSE has made changes to the *pro forma* and restating adjustments to correct this error by removing the lease revenues from the test year. This change to the *pro forma* and restating adjustments results in an adjustment to the Company's total revenue deficiency from \$27,199,177 set forth in PSE's May 8, 2009 filing to \$30,408,378 in this supplemental filing. The percentage rate increase changed from 2.2% in the original filing to 2.5% in this supplemental filing. The change to the revenue requirement has resulted in a change to the cost of service study.

4 PSE argues in support of its motion that the supplemental and revised evidence it seeks leave to file will more accurately reflect PSE's gas revenue deficiency for the period that rates will be in effect at the conclusion of this proceeding. The Company believes that making these changes now, via supplemental and revised testimony and exhibits, "will reduce the burden on PSE witnesses and other parties that would otherwise result from addressing these discrepancies in data request responses or rebuttal testimony." Finally, PSE states that the date for response testimony is sufficiently in the future that other parties will have adequate opportunity for discovery regarding the updated information. Therefore, PSE argues, the parties will not be disadvantaged by its filing.

5 Staff responded to PSE's motion on August 4, 2009, stating that it does not oppose the motion subject to the parties' reservation of rights to contest the admissibility of the supplemental testimony and exhibits when they are offered at hearing, and to contest the merits of the supplemental testimony and exhibits through its response case. Noting that the supplemental testimony and exhibits increase PSE's natural gas revenue requirement to \$30.4 million, while the Company's as-filed tariff revisions are based on a revenue requirement of \$27.2 million, Staff discusses the issue of the Commission's legal authority to allow a rate increase above the as-filed tariffs. Staff states this issue can be argued in post-hearing briefs after all evidence is admitted.

This assumes, of course, that it remains a contested point at that time. Staff expressly reserves its right, and presumably the rights of all parties, to address this issue on brief, if appropriate.

- 6 Public Counsel filed its opposition to PSE's motion on August 10, 2009, arguing the relief requested should be denied. Public Counsel argues on the one hand that the Company is prohibited by law from filing revised tariff sheets so long as the current docket is open, and on the other hand that PSE's filing supplemental and revised testimony violates various statutes and rules governing tariff filings. Public Counsel essentially argues that PSE is seeking additional revenue relative to what is reflected in the revised tariff sheets it initially filed and therefore should be required to withdraw its gas case, Docket UG-090705, and start over with a new tariff filing.
- 7 Public Counsel's arguments are premature and misdirected. PSE has not by this filing requested recovery of a revenue deficiency that exceeds the \$27.2 million it sought through its initial filing. The Company has simply requested, at a relatively early stage of this proceeding, leave to file supplemental and revised testimony to correct a significant error made in its initial filing. The Company may or may not seek at the end of this case to recover more than the \$27.2 million revenue deficiency upon which its suspended tariff revisions is based. As PSE argues, allowing supplemental and revised testimony now will result in a more efficient process because parties will have adequate opportunity to undertake any additional discovery required and prepare their response cases on the basis of a more accurate presentation by the company.
- 8 Staff's measured response to PSE's motion is consistent with sound practice under the circumstances present here. As Staff's response states, the parties will have an opportunity to respond to PSE's corrected testimony and exhibits in November, when Staff, Public Counsel and the intervenors are scheduled to prefile their evidence. These parties also will have the right to object to the admission of any of the supplemental or revised testimony and exhibits, just as they have the right to object to anything proffered by the Company in its initial filing.
- 9 If, at the close of the evidentiary proceeding, PSE advocates that it should be authorized during the compliance phase to file revised tariff sheets reflecting a gas revenue requirement increase of more than the \$27.2 million initially requested, that

will be the time for argument to the contrary by Staff, Public Counsel or any other party.

10 In sum, as the Commission has previously stated:

The Commission's paramount interest is in having a full record with the best available evidence upon which to base its decisions. When the Company offers supplemental evidence, as here, the Commission balances its interest in having up-to-date information against the needs of the parties to have adequate opportunities for discovery and the development of their own testimony and exhibits....

11 The Commission's and the parties' best interests are served in this instance by granting PSE leave to file its supplemental testimony and exhibits, subject to the caveats that other parties' rights to object to the evidence at hearing and to oppose on legal and factual grounds whatever increase in revenue requirement PSE contends for following the evidentiary hearing. PSE's motion accordingly should be granted.

**ORDER**

12 THE COMMISSION ORDERS That PSE's Motion for Leave to File Supplemental and Revised Testimony and Exhibits is granted.

Dated at Olympia, Washington, and effective August 12, 2009.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

DENNIS J. MOSS  
Administrative Law Judge