

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET UE-132027
)	
PUGET SOUND ENERGY, INC.)	
)	ORDER 02
For an Accounting Order Approving the)	
Allocation of Proceeds of the Sale of)	
Certain Assets to Public Utility District)	PREHEARING CONFERENCE
#1 of Jefferson County)	ORDER; NOTICE OF HEARING
)	(Set for May 19, 2014)
.....)	

- 1 **NATURE OF PROCEEDING:** On October 31, 2013, Puget Sound Energy, Inc. (PSE), filed with the Washington Utilities and Transportation Commission (Commission) a petition for an accounting order allocating the proceeds of the sale of PSE’s Jefferson County assets and service territory to the Public Utility District No. 1 of Jefferson County (JPUD). The sale of assets followed a November 2008 election in which the citizens of Jefferson County voted to approve Proposition 1, authorizing JPUD to construct or acquire electrical facilities for the generation, transmission or distribution of electric power in Jefferson County as authorized by RCW 54.16.040.

- 2 Public Utility Districts such as JPUD are empowered to acquire assets from investor-owned utilities by eminent domain under RCW 54.16.020. JPUD and PSE, however, negotiated and entered into an Asset Purchase Agreement on June 11, 2010, that allowed them to avoid the condemnation process. The Commission, in response to PSE’s petition for a declaratory order, approved a multi-party settlement on February 11, 2011, and determined that the transfer of assets in question was exempt from the requirements of RCW 80.12.020, governing transfers of assets by investor-owned utilities. It accordingly was unnecessary for the Commission to take any further action to approve the transfer of the assets to JPUD. The Commission also found that the purchase price of \$103 million was sufficient to fully compensate PSE for the sale

of the assets, and that the agreement reached between PSE and JPUD providing for transition of the service territory was sufficient and consistent with PSE's public service obligations. The Commission emphasized, however, that it determined only that the \$103 million purchase price set a financial ceiling for subsequent ratemaking purposes.¹ The Commission did not address the appropriate accounting treatment of the proceeds of the sale:

Thus, while we determine that the purchase price of \$103 million is an appropriate one and sufficient to fully compensate PSE for the sale of the assets, our determination does not affect the subsequent accounting treatment of the sale proceeds and does not affect an allocation of the sale proceeds as between PSE's customers and shareholders. Those questions will be finally determined in the context of a future proceeding; most likely one initiated via an accounting petition or in PSE's next general rate case.²

This Petition brings these unresolved questions to the Commission for determination.

3 **CONFERENCE/PRESIDING OFFICER.** The Commission convened a prehearing conference in this proceeding at Olympia, Washington on December 17, 2013, before Administrative Law Judge Dennis J. Moss, whom the Commission appoints as presiding officer.

4 **PARTY REPRESENTATIVES:** Sheree Strom Carson, Perkins Coie, Bellevue, Washington, represents PSE. Lisa Gafken, Assistant Attorney General, Seattle, Washington, represents the Public Counsel Section of the Washington Office of Attorney General (Public Counsel). Robert D. Cedarbaum, Senior Assistant Attorney General, Olympia, Washington, represents the Commission's regulatory staff

¹ *In re Petition of Puget Sound Energy, Inc., For a Declaratory Order Regarding the Transfer of Assets to Jefferson County Public Utility District*, Docket No. U-101217, Order 03 ¶ 26 (February 1, 2011).

² *Id.*

(Commission Staff or Staff).³ Irion Sanger, Davison Van Cleve, Portland, Oregon, represents the Industrial Customers of Northwest Utilities (ICNU).

5 **PETITIONS TO INTERVENE.** ICNU filed a Petition to Intervene on November 25, 2013. No one objected to ICNU’s petition. The Commission finds that the petitioner has a substantial interest in this proceeding and that ICNU’s participation will be in the public interest. ICNU’s petition to intervene is granted.

6 **PROTECTIVE ORDER.** The Commission entered its standard form of protective order under RCW 34.05.446, RCW 80.04.095, WAC 480-07-420 and WAC 480-07-423, to facilitate discovery, on November 22, 2013. The Commission will enter a revised protective order including provisions governing the exchange of “Highly Confidential” information, as requested by PSE without objection from other parties.

7 **DISCOVERY.** Discovery will continue until May 8, 2014, pursuant to the Commission’s discovery rules, WAC 480-07-400 – 425. The response time for data requests is seven business days until March 28, 2014. Between March 29 and April 22, 2014, the response time is reduced to six business days. After April 22, 2014, the response time is reduced further to five business days. In addition, to expedite the exchange of potentially relevant information, parties are required to provide all work papers, including model runs and source documents, at the time they prefile testimony and exhibits. The Commission urges the parties to work cooperatively together to avoid having to bring discovery matters forward for formal resolution.

8 **PROCEDURAL SCHEDULE.** The Commission establishes the procedural schedule set forth in Appendix B to this Order, as proposed by the parties.

9 **NOTICE OF HEARING.** The Commission will hold evidentiary hearings in this matter beginning **May 19, 2014, at 9:00 a.m.**, in the Commission’s Hearing Room,

³ In formal proceedings, such as this, the Commission’s regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners’ policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. See RCW 34.05.455.

Second Floor, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. Hearings will continue from day to day until completed. The parties anticipate that no more than two hearing days will be required. The Commission may alter this schedule by subsequent notice.

10 **DOCUMENT PREPARATION AND FILING REQUIREMENTS.** Parties must file the original plus **12** copies of the unredacted versions of all pleadings, motions, briefs, and other prefiled materials. Parties must also file the original and one copy of any redacted version(s). These materials must conform to the format and publication guidelines in WAC 480-07-395 and WAC 480-07-460. The Commission prefers that materials be three-hole punched with *oversized* holes to allow easy handling. The Commission may require a party to refile any document that fails to conform to these standards.

11 All filings must be mailed or delivered to the Executive Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, 1300 S. Evergreen Park Drive, S.W. Olympia, Washington 98504-7250. Both the post office box and street address are required to expedite deliveries by the U.S. Postal Service.

12 An electronic copy of all filings must be provided through the Commission's Web Portal (www.utc.wa.gov/e-filing) or by e-mail delivery to (records@utc.wa.gov). Alternatively, parties may furnish an electronic copy by delivering with each filing a 3.5-inch IBM-formatted high-density diskette, CD or USB flash drive including the filed document(s). Parties *must furnish* electronic copies in MS Word 6.0 (or later) supplemented by a separate file in .pdf (Adobe Acrobat) format. Parties must follow WAC 480-07-140(5) in organizing and identifying electronic files.

13 **ELECTRONIC SUBMISSION OF DOCUMENTS.** The Commission grants a one-day extension of the paper-filing requirement under WAC 480-07-145(6), allowing electronic submission of documents with the Commission on the deadlines established by the procedural schedule. Parties must submit documents through the Commission's Web Portal (www.utc.wa.gov/e-filing) or by e-mail to records@utc.wa.gov, and file an original, plus **12** paper copies, of the documents with the Commission by the following business day. Parties must provide courtesy copies

of their electronic submissions to the presiding administrative law judge and the parties to the proceeding.

- 14 The Commission requires parties to submit documents in adjudicative proceedings no later than 2:00 p.m. on the deadline date to give Records Center personnel adequate time to post and distribute them.
- 15 **ALTERNATE DISPUTE RESOLUTION.** The Commission supports the informal settlement of matters. Parties are encouraged to consider means of resolving disputes informally.
- 16 **NOTICE TO PARTIES: A party who objects to any portion of this Order must file a written objection within ten (10) calendar days after the service date of this Order, pursuant to WAC 480-07-430 and WAC 480-07-810. The service date appears on the first page of the order in the upper right-hand corner. Absent such objection, this Order will control further proceedings in this matter, subject to Commission review.**

Dated at Olympia, Washington, and effective December 17, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DENNIS J. MOSS
Administrative Law Judge

APPENDIX A

SERVICE LIST
DOCKET UE-132027

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	Industrial Customers of Northwest Utilities 818 SW 3rd Avenue, #266 Portland, OR 97204			

APPENDIX B	
PROCEDURAL SCHEDULE DOCKET UE-132027	
<u>EVENT</u>	<u>DATE</u>
Company Direct Testimony and Exhibits	October 31, 2013
Prehearing Conference	December 17, 2013
Settlement Conference (parties only)	January 24, 2014
Response Testimony and Exhibits	March 28, 2014
Rebuttal and Cross- Answering Testimony	April 22, 2014
Discovery Cut-Off Date	May 8, 2014
Cross Examination Exhibits	May 14, 2014
Hearing	May 19, 2014
Briefs	June 10, 2014
Reply Briefs (10 page limit)	June 17, 2014