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December 15, 2017

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

RE: Advice No. 17-10–Rule 1-General Rules and Regulations-Definitions, Rule 4-Applications for Electric Service, Rule 6-Facilities on Customer’s Premises, and Schedule 300-Charges as Defined by the Rule and Regulations

On December 1, 2017, Pacific Power & Light Company (Pacific Power) submitted revised tariff sheets to comply with Order 06 in Docket UE-161204. That docket concerned revisions to Pacific Power’s net removal tariff, which governs the permanent disconnection of Pacific Power’s customers from its electric system. Staff submits this response to Pacific Power’s compliance filing to direct the Commission’s attention to two instances where the tariff revisions fail to comply with Order 06.

First, Pacific Power deleted from its revised tariff sheets language in the currently effective version of the net removal tariff that permits Pacific Power to remove “only those facilities that need to be removed for safety or operational reasons, and only if those facilities were necessary to provide service to the customer.”¹ The Commission expressly ordered Pacific Power to retain this language after determining that Pacific Power failed to carry its burden of proving the necessity of deleting it.² The Commission should require Pacific Power to submit a revised compliance filing that reinserts the deleted language into the net removal tariff and clarifies that the Company bears the burden to prove that the safety or operational reasons require removal of facilities as provided for by Order 06.^{3,4}

¹ Compare *Wash. Utils. & Transp. Comm’n v. Pac. Power & Light Co.*, Docket UE-161204, Order 06, at 22 ¶ 85-88 (Oct. 12, 2017) (hereinafter Order 06) with *Tariff WN U-75*, Rule 6.I.1.a (Dec. 1, 2017).

² Order 06 at 22 ¶¶ 85-88, 42 ¶ 174.

³ *Id.* at 22 ¶ 86.

⁴ Pacific Power’s compliance filing provides that it may decommission facilities when it determines that removal would create a safety or operational concern, *Tariff WN U-75*, Rule 6.I.2 (Dec. 1, 2017), but does not explicitly limit Pacific Power’s discretion to only those circumstances. Staff, however, understands Pacific Power’s ability to decommission facilities as limited to only those facilities it could remove.

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Second, Pacific Power's tariff revisions provide that it will submit only some stranded cost recovery fees (SCRF) to the Commission for review and approval. Specifically, Pacific Power's revisions provide that where it and the customer agree on a stranded cost recovery fee, Pacific Power will submit the fee to the Commission for review and approval only if the customer has a load greater than 1 megawatt.⁵ The Company's revisions also imply that the customer must file a formal complaint with the Commission if the customer does not accept the Company's SCRF.⁶ These provisions are inconsistent with both Order 06 and the public service laws. The Commission should reject them.

The Commission, in Order 06, deferred any determination of the appropriate stranded cost recovery fee assessed to Pacific Power's customers to a later proceeding. Emphasizing the importance of time-sensitive factors that impact a SCRF calculation, the Commission determined that Pacific Power failed to discharge its burden of proving that its stranded cost recovery fee was fair, just, reasonable, and sufficient. Accordingly, it refused to embed Pacific Power's fee calculation into the net removal tariff.⁷ Pacific Power must therefore submit each fee that it wishes to charge to the Commission for approval, and the Company—not its departing customers—bears the burden of proving to the Commission the justness and reasonableness of each of those stranded cost fee assessments, just as every utility must do when it seeks to increase a rate, charge, rental, or toll.⁸

Moreover, Order 06 provides no support for providing for different processes for small and large customers. Even if doing so was consistent with the public service laws, no witness testified to the propriety of treating customers with a load smaller than 1 MW differently than customers with a load greater than 1 MW. In fact, it may be more important for the Commission to review SCRF for small customers because they are less likely than large customers to have the sophistication and resources necessary to respond to the Company's proposed SCRF.

Staff understands Pacific Power as providing for these different processes based on fears of administrative burden, but those fears are misplaced. Staff anticipates that an agreement between the disconnecting customer and Pacific Power would provide strong evidence of the justness and reasonableness of the fee. Nevertheless, the Commission must have the chance to review the fee, for protection of both the remaining customers and the departing customer, as called for by Order

⁵ Tariff WN U-75, Rule 6.I.5.a, .b (Dec. 1, 2017). A later provision in the same rule indicates that Pacific Power will "submit any mutually-agreed upon SCRF to the Commission for review and approval." Tariff WN U-75 Rule 6.I.5.j. That would appear to create some ambiguity in that it would appear to require submission of all agreed-upon fees to the Commission, but Pacific Power's cover letter indicates that it interprets its tariff as only providing for the submission of those fees agreed to by customers with a load greater than 1 MW. Letter to Steven King from Etta Lockey, at 2 (December 1, 2017).

⁶ Tariff WN U-75, Rule 6.I.5.g (Dec. 1, 2017).

⁷ Order 06 at 31-33 ¶¶ 129-133.

⁸ RCW 80.04.130(4). Staff notes that Pacific Power will be increasing its rates or charges when it assesses the stranded cost recovery fee as the Commission has determined that it has no current mechanism to collect the fee. Order 06 at 42 ¶ 179. Pacific Power may not force a customer to pay the SCRF before the Commission has approved it.

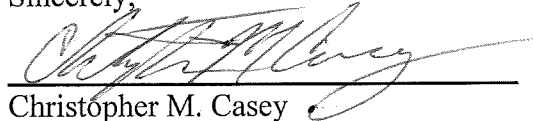
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06 and the public service laws. Importantly, this review will provide necessary data for future refinements to the net removal tariff and, ultimately, may help the Commission determine a more efficient process.

Staff recommends that the Commission reject Pacific Power's compliance filing and order it to submit tariff sheets that comply with Order 06.

Sincerely,



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