

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKET UG-230393

ORDER 01

COMPLAINT AND ORDER
SUSPENDING TARIFF REVISIONS

BACKGROUND

- 1 On May 25, 2023, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective natural gas tariff WN U-2. PSE characterizes its filing as establishing a new tariff schedule, Schedule 141LNG – Liquefied Natural Gas Rate Adjustment, made pursuant to the Commission’s final order in Dockets DE-220066 and UG-220067 (Final Order), PSE’s last general rate case (2022 GRC). This new tariff schedule will allow PSE to recover the costs incurred with the development, construction, and operation of its Tacoma Liquefied Natural Gas (LNG) Facility.
- 2 Also included with the Company’s filing is a second new tariff schedule, Schedule 88T – Distribution System Transportation Service (Exclusive Interruptible). This new tariff schedule will allow PSE to track and assign the costs of certain transportation-only customers to those customers. PSE submits that customers served under this transportation schedule will explicitly contribute to the costs associated with specific system upgrades deemed to be the responsibility of the customer, unlike other gas transportation schedules. In this case, PSE explains that the specific costs are an allocation of costs of the four-mile distribution line serving the Tacoma LNG Facility through the application of Schedule 141D. This schedule is limited to interruptible customers whose current or anticipated requirement exceeds 30,000,000 therms per year

and who will rely exclusively on natural gas delivered by the Company as feedstock for an industrial process. To effectuate these changes, PSE included with its filing a supplement to existing Schedule 141N and modifications to Schedules 141D, Rule 23 and Rule 29.

- 3 The effect of the proposed tariff revisions is a revenue requirement increase of \$47.6 million and an average increase of 3.45 percent in overall bills for all customers affected by these tariff changes. A typical residential customer using 64 therms per month would experience an increase of \$3.34 per month, or 3.50 percent.
- 4 The Company's proposed tariff revisions provide an effective date of July 1, 2023. PSE requests the Commission suspend the proposed tariff revisions and set this matter for hearing with a procedural schedule that implements rates effective November 1, 2023, consistent with the Final Order.
- 5 In the Commission's Final Order in PSE's 2022 GRC, the Commission approved the Tacoma LNG Settlement, which determined that PSE has met its threshold prudence requirement to demonstrate that the LNG investment can be provisionally included in rates in a tracker. The Tacoma LNG Settlement required PSE to move recovery of costs associated with the Tacoma LNG Facility (not including the associated distribution investments) to a separate tariff schedule, to be implemented concurrent with PSE's 2022 Purchased Gas Adjustment filing. The Tacoma LNG Settlement also allows PSE to start amortizing deferred costs, which is reflected in the proposed tariff revisions.¹

DISCUSSION AND DECISION

- 6 PSE's proposed tariff revisions might injuriously affect the rights and interests of the public, and PSE has not demonstrated that the proposed rate increase would result in rates that are fair, just, reasonable, equitable, and sufficient. Pursuant to RCW 80.04.130(1), the Commission, therefore, suspends the tariff filing and will hold public hearings, if necessary, to determine whether the proposed increases are fair, just, reasonable, equitable, and sufficient.

¹ On November 24, 2021, PSE filed an accounting petition in Docket UG-210918, seeking an order authorizing deferred accounting treatment for PSE's share of costs associated with the Tacoma LNG Facility. That Docket was consolidated with and resolved in the Final Order in PSE's 2022 GRC.

FINDINGS AND CONCLUSIONS

- 7 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, and practices of public service companies, including natural gas companies.
- 8 (2) PSE is a natural gas company and a public service company subject to Commission jurisdiction.
- 9 (3) The tariff revisions PSE filed on May 25, 2023, might injuriously affect the rights and interests of the public.
- 10 (4) PSE has not yet demonstrated that the tariff revisions would result in rates that are fair, just, reasonable, equitable, and sufficient.
- 11 (5) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130, the Commission believes it is necessary to investigate PSE's books, accounts, practices, and activities; to make a valuation or appraisal of PSE's property; and to investigate and appraise various phases of PSE's operations.
- 12 (6) The Commission finds that this Docket meets the criteria of WAC 480-07-400(2)(b)(iii) and that the parties may conduct discovery pursuant to the Commission's discovery rules in WAC 480-07-400 – 425.
- 13 (7) As required by RCW 80.04.130(4), PSE bears the burden to prove that the proposed increases are fair, just, reasonable, equitable, and sufficient.
- 14 (8) PSE may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with RCW 80.20.020.

ORDER

THE COMMISSION ORDERS:

- 15 (1) The tariff revisions Puget Sound Energy filed on May 25, 2023, are suspended.
- 16 (2) The Commission will hold hearings at such times and places as may be required.

- 17 (3) Puget Sound Energy must not change or alter the tariffs filed in this Docket during the suspension period unless authorized by the Commission.
- 18 (4) The Commission will institute an investigation of Puget Sound Energy's books, accounts, practices, activities, property, and operations as described above.
- 19 (5) The parties may conduct discovery pursuant to the Commission's discovery rules in WAC 480-07-400 – 425.
- 20 (6) Puget Sound Energy shall pay the expenses reasonably attributable and allocable to the Commission's investigation consistent with RCW 80.20.020.

DATED at Lacey, Washington, and effective June 8, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner