

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	
)	DOCKETS UE-200780 and
PUGET SOUND ENERGY)	UG-200781
)	
For an Order Authorizing Accounting for Costs)	FIRST AMENDED PETITION OF
Associated with COVID-19 Public Health)	PUGET SOUND ENERGY TO AMEND
Emergency)	ORDER 03

I. INTRODUCTION

1. In accordance with WAC 480-07-370(3), Puget Sound Energy (“PSE” or “the Company”) respectfully petitions the Commission for an Order authorizing the accounting detailed in this Amended Petition related to PSE’s actual bad debt expense incurred in 2024 and 2025 above the bad debt baseline, defined as the amount that is included in customer rates for bad debt expense during the year. On March 29, 2024, PSE filed a Petition to Amend Order 03 on which the Commission has not yet acted. Therefore, this filing represents the First Amended Petition to Amend Order 03.
2. Statutes and rules at issue in this Petition include RCW 80.01.040, RCW 80.28.020, WAC 480-90-203, WAC 480-100-203, WAC 480-07-370.
3. PSE is a combined gas and electric utility that provides service to approximately 1,200,000 electric customers and 860,000 natural gas customers in Western Washington.

4. All correspondence related to this Petition should be directed as follows:

Puget Sound Energy
Attn: Susan Free
Director of Revenue Requirements and Regulatory Compliance
P.O. Box 97034, BEL10W
Bellevue, WA 98009-9734

II. SUMMARY OF PETITION

5. PSE is requesting in this Petition that the Commission approve deferred accounting treatment for its 2024 and 2025 bad debt expense that is incurred above the baseline amount included in customer base rates.
6. While PSE will track the 2024 and 2025 bad debt expense that is incurred above the baseline being collected from customers it will further adjust the deferral to recognize the actual amount that is eventually written-off once known. The bad debt expense baseline is the amount that is being collected from customers for bad debt in any given month during the requested deferral period. For 2024, such amount will be based on the 2022 general rate case.¹ In 2025, it will be based on the pro-rated amount from its 2022 and 2024 general rate cases,² that latter of which became effective on January 29, 2025.

III. BACKGROUND

7. On September 3, 2020, PSE filed with the Washington Utilities and Transportation Commission (“Commission”) a Petition in these dockets for an Order Approving Deferral of Costs Associated with the COVID-19 Public Health Emergency.

¹ Dockets UE-220066, et al.

² Dockets UE-240004, et al.

8. The Company filed a revised petition on November 6, 2020, consistent with the requirements set out in the Revised Term Sheet in Docket U-200281.
9. On December 10, 2020, in Order 01, the Commission approved PSE's revised petition, allowing the Company to defer several COVID-19 related expenses, including any amount of bad debt incurred in 2020 to 2022 above its bad debt baseline.
10. On October 19, 2021, Staff opened a rulemaking in Docket U-210800 ("Rulemaking Docket") to consider possible changes to customer notice, credit and collection rules, late fees, disconnection fees, reconnection fees, and deposits.
11. On March 29, 2022, the Commission issued Order 06 in Docket U-200281, amending Order 03, exempting gas and electric companies from WAC 480-90-113 and WAC 480-100-113, respectively. The Commission's order extended the suspension of fees and deposits until 30 days after the Commission issues its final order in U-210800.
12. On December 8, 2022, PSE filed a first amended COVID-19 deferral petition ("First Amended Accounting Petition") in response to the Commission's decision in Docket U-200281. The First Amended Accounting Petition requested approval to modify the previously approved timeframe for its bad debt deferral (2020 to 2022) to extend to December 31, 2023.
13. On December 22, 2022, in Order 02, the Commission approved PSE's First Amended Petition, allowing the Company to defer several COVID-19 related expenses, including any amount of bad debt incurred in 2020 to 2023, above its bad debt baseline.

14. On December 12, 2023, PSE filed a petition to amend Order 02 (“Petition to Amend Order 02”) in response to the Commission’s decision in Docket U-200281. The Petition to Amend Order 02 requested approval to modify the previously approved timeframe for the final true-up to write-off’s for its bad debt deferral (2020 to 2023) to extend to December 31, 2024 for accounts receivable balances that remain outstanding from the period September 2020 to December 2023.
15. On December 21, 2023, in Order 03, the Commission approved PSE’s Petition to Amend Order 02, allowing the Company to extend the time period for the final true-up to write-off’s to December 31, 2024, for accounts receivable balances that remain outstanding from the period September 2020 to December 2023.
16. On March 29, 2024, PSE filed a petition to amend Order 03 (“Petition to Amend Order 03”) to request approval for deferred accounting treatment for its 2024 bad debt expense that is incurred above the baseline amount included in customer base rates for accounts receivable arising from 2024. The Commission has not yet ruled on this Petition to Amend Order 03. PSE now finds it necessary to request to extend the deferral period to include accounts receivable arising through 2025 and is therefore submitting this First Amended Petition to Amend Order 03.

IV. JUSTIFICATION FOR DEFERRAL TREATMENT

17. PSE has been experiencing a growth in arrearage balances since the start of COVID-19 pandemic.

18. The Rulemaking Docket was opened almost three years ago and there is no known time for its resolution. PSE's arrearages have continued to grow due to restrictions on changes to the dunning process pursuant to paragraph 40 of the Revenue Requirement Settlement. PSE eventually filed a Petition to Amend Final Order 24 ("2022 GRC Petition") in PSE's 2022 general rate case (Dockets UE-220066, et al) to remove PSE's obligation to continue its existing credit and collection processes until the conclusion of the proceeding currently being conducted in Docket U-210800.
19. On May 16, 2024, the Commission issued Final Order 32/18 in Docket UE-220066 to amend Final Order 24 and granted PSE a phased approach to the dunning process, subject to certain limitations and modifications. While the phased approach was granted and has been employed at PSE since that time, those changes have not significantly impacted PSE's high levels of customer arrearages and bad debt expense for 2024. PSE is currently working through Phase 4, which includes customers with a past due arrearage between \$500 and \$749. PSE will proceed to Phase 5, customers with a past due arrearage between \$250 to \$459 upon completion of Phase 4, estimated to occur in late March or early April of this year.
20. PSE continues to provide assistance to customers and currently has four robust assistance programs to assist customers who are struggling to pay their bills: HELP (Home Energy Lifeline, BDR (Bill Discount Rate), WHF (Warm Home Fund) and the PDBF (Past Due Bill Forgiveness) program which was put in service in October 2024. Additionally, in 2024, PSE participated in the WA Families Clean Energy Grant. In 2024 PSE has provided assistance for:
 - i. 86,700 customers enrolled in BDR

- ii. PSE HELP 2023 – 2024 Program Year Spend: \$55,560,559 serving 74,979 customers
- iii. Warm Home Fund 2023 – 2024 Program Year Spend: \$1,824,445 (served 2,568 Families, avg. bill of \$710 paid, 100% helped with arrearages)
- iv. WA Families Clean Energy Grant: Gave \$45.8 Million to 229,074 customers (\$200 each)

However, as these relevant metrics are leading indicators and do not have an immediate impact, arrearages and customer counts continued to be very high, with the measure of customers who are in arrears up 13.4% and arrearage balances up 155.9% from January 2020 to December 2024. Thus, it is clear that the return to normal operations has not occurred through 2024 and will not occur until late 2025. Additionally, although there have been some improvements in its past due statistics as compared to previous years during the Pandemic, it is also clear that arrearages in 2025 will not return to levels that are commensurate with pre-pandemic levels. The arrearage balances will certainly continue to be impacted for an extended period of time, thus having the potential to continue to have a negative impact on PSE’s financial health.

- 21. In the past, PSE has consistently raised and discussed the importance of credit rating and financial health, most recently in its general rate case under Docket Nos. UE-240004, et al. (“2024 GRC”) and in PSE’s 2024 annual PCA compliance filing in witness Cara G. Peterman’s Prefiled Direct Testimony in Docket UE-240288. While the Commission has recently issued its final order in PSE’s 2024 GRC with decisions intended to improve PSE’s cash flow and financial health, PSE has filed a Petition for Reconsideration in that docket to indicate that the Commission’s decisions may not have the effect it intended. Therefore, approval of this petition and the related deferral through 2025 will preserve the costs and

allow PSE to seek recovery of actual write-offs in excess of the bad debt baseline at a later date when more will be known about the impacts of PSE's current assistance and collections practices, the Commission order and PSE's experienced financial health during 2025.

22. In sum, as discussed above, PSE has implemented a robust set of tools to assist customers with past due balances, the goal of which is to assist in bringing PSE's past due and arrears to levels that are commensurate with pre-pandemic levels. However, there is still uncertainty regarding how long it will take to realize the full benefits of the processes and assistance PSE is currently deploying. In the best case, PSE's processes and assistance will result in final write-off's for 2024 and 2025 period that do not exceed what is in rates – but it won't be known for some time and this petition preserves the right, if needed, to right-size our bad debt recovery if that is not the case.

V. PROPOSED ACCOUNTING TREATMENT

23. While PSE will track the 2024 and 2025 bad debt expense that is incurred above the baseline being collected from customers, it will not defer and seek collection of any amount above the actual amount that is written-off. Accordingly, the period for which PSE will assess the final write-offs for 2024 and 2025 will extend beyond 2025. The bad debt expense baseline is the amount that is currently being collected from customers as discussed above.
24. The Company proposes to record the deferral of costs as a regulatory asset in FERC Account 186 (Other Deferred Debits), and credit the originating FERC Account 904 (Uncollectible Account). The Company proposes that the interest will not accrue on the

unamortized balance. These are the same methods used in Docket UE-200780 and UG-200781 to record bad debt expense incurred above the baseline in the deferral balance.

VI. REQUEST FOR RELIEF

25. For the reasons discussed above, PSE respectfully requests the Commission issue an Order approving the deferred accounting, as set forth in this Petition.

DATED this 31st day of January, 2025.

Puget Sound Energy

By */s/ Susan E. Free*

Susan E. Free
Director of Revenue Requirements and
Regulatory Compliance
Puget Sound Energy
PO Box 97034, BEL10W
Bellevue, WA 98009-9734