

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of
PUGET SOUND ENERGY,

Petitioner,

For an Order Approving Deferral Costs
Association with the COVID-19 Public
Health Emergency.

DOCKETS UE-200780 and UG-
200781 (*Consolidated*)

ORDER 04

GRANTING PETITION TO
AMEND ORDER 03

BACKGROUND

- 1 On April 17, 2020, Governor Inslee issued Proclamation 20-23.2, which prohibited all energy companies from (1) disconnecting residential service due to nonpayment, (2) refusing to reconnect residential customers who were disconnected due to nonpayment, and (3) charging late fees or reconnection fees. On May 29, 2020, Governor Inslee issued Proclamation 20-23.4, which required utilities to develop COVID-19 Customer Support Programs consistent with state guidance from the Governor's office and to address payment plan options for residential customers in arrears due to the COVID-19 pandemic.
- 2 On September 3, 2020, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a Petition for an Order Approving Deferral of Costs Associated with the COVID-19 Public Health Emergency.
- 3 In June 2020, the Commission formed a COVID-19 response workgroup of interested persons in Docket U-200281 to facilitate the development of guidelines for ensuring that customers experiencing economic hardship as a result of the COVID-19 pandemic maintain access to essential services after Proclamation 20-23 expires and the moratorium on disconnections and late fees is no longer in effect.
- 4 On October 20, 2020, the Commission entered Order 01 in Docket U-200281,¹ in which the Commission expressly adopted four guiding principles identified in Commission

¹ *In the Matter of Response to the COVID-19 Pandemic*, Docket U-200281, Order 01 ¶ 23 (Oct. 20, 2020).

staff's (Staff) Revised Term Sheet. The Commission also determined that it would consider each utility's deferred accounting petition in the docket in which it was filed, and that ultimately, the Commission would "consider each petition on its merits and render a decision based on the record compiled in each docket."²

- 5 The Revised Term Sheet provided guidance to all the utilities on how to calculate the amount of bad debt they would be allowed to defer for 2020, 2021, and 2022 above their existing bad debt baseline.
- 6 The Company filed a revised petition on November 6, 2020, consistent with the requirements set out in the Revised Term Sheet.
- 7 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.
- 8 On July 2, 2021, the Commission issued Order 04 in Docket U-200281, extending the disconnection moratorium to September 30, 2021, aligning with Governor Inslee's proclamation 20-23.16, and authorizing companies to begin charging waived fees on April 1, 2022.
- 9 On October 19, 2021, Staff opened a rulemaking in Docket U-210800 to consider possible changes to customer notice, credit and collection rules, late fees, disconnection fees, reconnection fees, and deposits.
- 10 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 issued its final order in U-210800.³
- 11 On December 8, 2022, PSE filed an amended COVID-19 deferral petition (Amended Petition) in *consolidated* dockets UE-200780 and UG-200781 in response to the Commission's decision in Docket U-200281. The Amended Petition requested approval

² *Id* at ¶ 26.

³ *In the Matter of Response to the COVID-19 Pandemic*, Docket U-200281, Order 06, Amending Order 03; Exempting Gas and Electric Companies from WAC 480-100-113 and WAC 480-90-113 at ¶ 18 (March 29, 2022).

to modify the previously approved timeframe for PSE's bad debt deferral (2020 to 2022) to extend to December 31, 2023.⁴

- 12 On December 22, 2022, in Order 02,⁵ the Commission approved PSE's 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 to December 31, 2023.
- 13 On January 30, 2023, PSE filed its quarterly COVID-19 Deferral Reporting in Dockets UE-200780 and UG-200781 for quarterly periods beginning as of December 31, 2020, through December 31, 2022, and on October 25, 2023, filed for all prior quarterly periods up through quarter 3 of September 30, 2023.
- 14 On December 12, 2023, PSE filed an amended petition to amend Order 02 (Amended Petition to Amend Order 02) in response to the Commission's decision in Docket U-200281. The Amended Petition to Amend Order 02 requested approval to modify the previously approved timeframe for PSE's bad debt deferral (2020 to 2023) to extend to December 31, 2024.⁶
- 15 On December 21, 2023, in Order 03,⁷ the Commission approved PSE's petition to amend Order 02, allowing the Company to defer several COVID-19 related expenses to extend the time for the final true-up write-off's, including any amount of bad debt incurred in 2020 to 2023, above its bad debt baseline to December 31, 2024.
- 16 On January 29, 2024, PSE filed its quarterly COVID-19 Deferral Reporting in Dockets UE-200780 and UG-200781 for quarterly periods beginning December 31, 2020, through December 31, 2023.

⁴ *W.U.T.C v. Puget Sound Energy*, Dockets UE-200780 and UG-200781 (*consolidated*), Petition of Puget Sound Energy to Amend Order 01 to Reflect Extensions of Certain Provision Pursuant to Order 06 in Docket U-200281 at ¶ 8- 9 (December 8, 2022).

⁵ *In the Matter of the Petition of Puget Sound Energy*, For an Order Authorizing Accounting for Costs Associated with COVID-19 Public Health Emergency, Dockets UE-200780 and UG-200781 (*consolidated*), Order 02, Granting Amended Accounting Petition (December 22, 2022).

⁶ Dockets UE-200780 and UG-200781 (*consolidated*), Amended Petition of Puget Sound Energy to Amend Order 02 at ¶ 16 (December 12, 2023).

⁷ Dockets UE-200780 and UG-200781, Order 03, Granting Petition to Amend Order 02 (December 21, 2023).

- 17 On March 29, 2024, PSE filed an amended petition to amend Order 03 (Amended Petition to Amend Order 03)⁸ and requested approval to modify the previously approved timeframe for PSE’s bad debt deferral (2020 to 2024). However, since the Commission did not rule on this Petition in the 2024 calendar year, on January 31, 2025, PSE filed a First Amended Petition to Amend Order 03 and now requests approval to modify the previously approved timeframe for PSE bad debt deferral to be approved for its 2024 and 2025 bad debt expense, above its bad debt baseline through December 31, 2025.
- 18 On May 16, 2024, the Commission issued Final Order 32/18 in Docket UE-220066 et. al., which amended Final Order 24/10 of PSE’s 2022 general rate case (GRC)⁹ by: (1) allowing PSE “to resume more extensive collection practices prior to the conclusion of the rulemaking in Docket U-210800;” and (2) granting “PSE’s request for a phased approach to the dunning process, subject to certain limitations and modifications.”¹⁰

DISCUSSION

- 19 PSE maintains that while it “initiated a phased return to field collection operations in May 2022,” the phased return only included “customers with arrearages of \$1,000 or more, and exclude[d] all known and estimated low-income customers,”¹¹ for Phase 1 and 2.¹² Further, after the Commission ultimately granted the phased approach to the process in Final Order 32/18, PSE maintains that the changes it implemented did not significantly impact its high levels of customer arrearages and bad debt expense for 2024. Namely, because PSE is continuing to work through “Phase 4, which includes customers with past due arrearage between \$500 and \$749,” and will not proceed “to Phase 5, customers with past due arrearages between \$250 and \$459” until the completion of Phase 4, which is estimated to occur in late March or April of 2025.¹³

⁸ Dockets UE-200780 and UG-200781 (*consolidated*), Petition of Puget Sound Energy to Amend Order 03 (March 29, 2024).

⁹ Dockets UE-220066 et. al., Order 24/10 at 13 ¶ 41(December 22, 2022).

¹⁰ *Id.*

¹¹ Dockets UE-200780 and UG-200781 (*consolidated*), Petition of Puget Sound Energy to Amend Order 03 at 5 ¶ 20 (March 20, 2024).

¹² Dockets UE-220066 et. al., Puget Sound Energy’s Updated Table 2 as of April 30, 2024, to Wallace, Exh. CLW-31Tr (May 28, 2024).

¹³ Dockets UE-200780 and UG-200781 (*consolidated*), First Amended Petition of Puget Sound Energy to Amend Order 03 at 5 ¶ 19 (January 31, 2025).

20 In light of the Commission's order extending the suspension of fees and deposits and the ongoing rulemaking in Docket U-210800, PSE's approved bad debt deferral should be extended to account for the anticipated duration of the extended suspension. Accordingly, we grant PSE's Amended Petition to Amend Order 03 and First Amended Petition to Amend Order 03 to allow the Company to extend the time period to December 31, 2025, to allow PSE to defer the final amount of write-offs above the baseline for accounts receivable balances that remain outstanding from the period September 2020 to December 2025.

21 However, in accordance with the phased approach adopted in Final Order 32/18 of Docket UE-220066 et. al., this will be the last extension the Commission will grant for PSE to defer the final amount of write-offs above the baselines for COVID-19 related bad debt.

FINDINGS AND CONCLUSIONS

- 22 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property, and affiliated interests of public service companies, including electric companies.
- 23 (2) Puget Sound Energy is a public service company subject to Commission jurisdiction, providing service as an electric and natural gas company.
- 24 (3) WAC 480-07-370(3) allows regulated companies to file petitions, including the additional petitions PSE filed in these dockets.
- 25 (4) In light of the Commission's order extending the suspension of fees and deposits and the ongoing rulemaking in Docket U-210800, the Commission finds PSE's approved bad debt deferral should be extended to account for the anticipated duration of the extended suspension.

ORDER

- 26 (1) Puget Sound Energy's Amended Petition to Amend Order 03 and First Amended Petition to Amend Order 03 are granted.
- 27 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs on any matters that may come before it. Nor shall this Order granting Amended Petition be construed as an

agreement to any estimate, determination of costs, valuation of property claimed or asserted or to the possible recovery of, or return on, the amounts deferred to the regulatory asset.

- 28 (3) The Commission retains jurisdiction to effectuate the provisions of this Order.
- 29 (4) The Commissioners, having determined this Order to be consistent with the public interest, directed the Executive Director and Secretary to enter this Order.

DATED at Lacey, Washington, and effective March 27, 2025.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

A handwritten signature in black ink, appearing to read 'JEFF KILLIP', with a long horizontal line extending to the right.

JEFF KILLIP
Executive Director and Secretary

NOTICE TO PARTIES: This is an order delegated to the Executive Secretary for decision. As authorized in WAC 480-07-904(3), you must file any request for Commission review of this order no later than 14 days after the date the decision is posted on the Commission's website.