

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY, AVISTA CORPORATION d/b/a AVISTA UTILITIES, PACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANY, CASCADE NATURAL GAS CORPORATION, NORTHWEST NATURAL GAS COMPANY d/b/a NW NATURAL, THE ALLIANCE OF WESTERN ENERGY CONSUMERS, NW ENERGY COALITION, THE ENERGY PROJECT, SMALL BUSINESS UTILITY ADVOCATES, SIERRA CLUB, FRONT & CENTERED, AND SPARK NORTHWEST,

Petitioners,

For An Order Approving a Participatory Funding Agreement between Puget Sound Energy, Avista Corporation d/b/a Avista Utilities, PacifiCorp d/b/a Pacific Power & Light Company, Cascade Natural Gas Corporation, Northwest Natural Gas Company d/b/a NW Natural, the Alliance of Western Energy Consumers, NW Energy Coalition, The Energy Project, Small Business Utility Advocates, Sierra Club, Front & Centered, and Spark Northwest.

DOCKET U-210595

PETITION OF INVESTOR-OWNED UTILITIES, CUSTOMER REPRESENTATIVES AND PRIORITIZED ORGANIZATIONS FOR APPROVAL OF THE WASHINGTON PARTICIPATORY FUNDING AGREEMENT

I. INTRODUCTION

- 1.* Pursuant to WAC 480-07-370(3), the following organizations file this Petition with the Washington Utilities and Transportation Commission (“Commission”) for approval of

the Washington Participatory Funding Agreement (“Funding Agreement”): Puget Sound Energy (“PSE”), Avista Corporation (“Avista”), PacifiCorp, Cascade Natural Gas Corporation (“Cascade”), Northwest Natural Gas (“NW Natural”), Alliance of Western Energy Consumers (“AWEC”), NW Energy Coalition (“NVEC”), The Energy Project (“TEP”), Small Business Utility Advocates (“SBUA”), Front & Centered, and Spark Northwest (collectively, “Joint Parties”). For the reasons discussed below, the Joint Parties support and recommend Commission approval of the Funding Agreement filed concurrently herewith. For ease of review, this Petition discusses changes from the currently approved Extended Interim Funding Agreement rather than summarizing each section.

II. BACKGROUND

2. The Washington Legislature adopted legislation authorizing financial assistance for organizations representing broad customer interests in regulatory proceedings conducted by the Commission, which has been codified at RCW 80.28.430.
3. RCW 80.28.430(1) requires Washington investor-owned energy utilities to enter into financial assistance agreements with organizations representing broad customer interests in Commission proceedings. Eligible organizations include those representing low-income, commercial, and industrial customers, as well as vulnerable populations and highly impacted communities. These agreements are subject to Commission approval and may be approved, approved with modifications, or rejected. The Commission must also consider the reasonable allocation of costs among customer classes of the utility. RCW 80.28.430(4) also expressly provides that organizations representing vulnerable populations and highly impacted communities (“Prioritized Organizations”) must be prioritized for participant funding.

4. The Commission administers the agreements, which includes determining the amount of financial assistance available for request, the manner in which it is distributed, and the manner in which it is recovered in the rates of the utility.¹ The Commission’s administration of the agreements also includes providing rate recovery for fund grants provided by utilities, which utilities are allowed to defer for later recovery.²

5. To aid in the development of the prior Interim Funding Agreement and subsequent Extended Interim Funding Agreement, the Commission engaged in a stakeholder process that culminated in its Policy Statement on Participatory Funding for Regulatory Proceedings (“Policy Statement”). In its Policy Statement, the Commission expressed two goals in the implementation of RCW 80.28.430: (1) increasing participation of groups of people who have not historically been part of Commission proceedings; and (2) increasing the effectiveness of participation of other parties that have historically been active before the Commission.³ As described below, the signatories to the Funding Agreement seek to carry forward terms that are consistent with these goals, while increasing the PSE Customer Representation Sub-Fund by \$100,000, contingent on specific conditions, and also proposing a new General Outreach Fund to further support increased participation of new participants in Commission proceedings.

III. DEVELOPMENT OF THE FUNDING AGREEMENT

6. In the fall of 2024, discussions began regarding the need to have an agreement to replace the Extended Interim Agreement, which expires at the end of 2024. Initial efforts began with a review of the Extended Interim Agreement, discussions regarding the lessons learned

¹ RCW 80.28.430(2).

² RCW 80.28.430(3).

³ Policy Statement, ¶ 14.

from the Extended Interim Agreement, and potential changes that could be made. A subset of consumer parties began work on a preliminary draft agreement with the intent of establishing a permanent funding agreement with a specified term with a few modifications, reasoning that experience with the Interim Agreement and Extended Interim Agreement have provided the parties with learnings and experience about what provisions are working as intended and what changes are necessary to effectuate the Commission's participatory funding implementation goals. Following an initial proposal to include certain adjustments in the Funding Agreement, discussions began with the utilities and Commission Staff. In response to these discussions, Commission Staff asked a number of questions to aid in their review of an agreement to be filed with the Commission, which are included with responses from the Joint Parties in Attachment A.

7. All signatories to the Funding Agreement were invited to meetings pertaining to the Funding Agreement, and the final provisions agreed to for the Funding Agreement were resolved via e-mail. AWEC, NWECC, TEP, Spark Northwest Front and Centered, PSE, PacifiCorp, Avista, NW Natural and Cascade discussed draft provisions, issues and concerns, and reached final agreement for the terms included in the Funding Agreement.

The agreed-upon changes from the Extended Interim Agreement to the Funding Agreement were informed by experience under the Extended Interim Agreement, including the level of funding requests for each utility's Sub-Funds. Notably, the Parties have proposed a \$100,000 increase to the PSE Customer Representation Sub-Fund to account for the additional complexity associated with PSE general rate cases, the application of HB 1589 and its associated procedural requirements to PSE, and the size of PSE relative to the other Participating Public Utilities. The Parties acknowledge that PSE has requested recovery of Consumer Access Fund amounts in the current rate proceeding in Dockets UE-240004 & UG-240005 (consolidated). The

Parties agree that the proposed increase to PSE's Customer Representation Sub-Fund is contingent upon the Commission approving PSE's petition to track and recover in rates the difference between (a) the \$500,000 of annual Consumer Access Funding identified for PSE in the table above and (b) the annual recovery, if any, of Consumer Access Funding approved by the Commission in Dockets UE-240004 & UG-240005 (consolidated).. In addition, informal discussions among the parties highlighted certain administrative challenges with general outreach intended to facilitate engagement from new organizations that do not typically participate in Commission proceedings. This led to the creation of a second fund – the General Outreach Fund – and a corresponding Prioritized Organizations General Outreach Sub-Fund. Finally, during the negotiation of this agreement, parties acknowledged that there has been no formal evaluation of participatory funding since the inception of the first interim agreement. Joint Parties support a full and thorough evaluation of participatory funding prior to the conclusion of the three-year funding agreement.

IV. SUMMARY OF THE MAJOR CHANGES TO THE INTERIM AGREEMENT

A. Overview

8. The Joint Parties used the Extended Interim Agreement as a starting point for the Funding Agreement, making three substantial modifications: (1) creation of the General Outreach Fund and related Prioritized Organization General Outreach Sub-fund, (2) an increase to PSE's Customer Representation Sub-fund, thereby increasing its Consumer Access Fund, contingent upon certain conditions, and (3) setting the term of the Funding Agreement to three years. The Joint Parties also support a complete and thorough evaluation of participatory

funding, conducted either by the UTC and/or a third-party organization, prior to the conclusion of three-year term contained in the Funding Agreement.

B. Organizations and Proceedings Eligible for Funding

9. The Funding Agreement maintains the two different categories of organizations: (1) “Prioritized Organizations”; and (2) other customer representative organizations that meet the criteria in the Funding Agreement. Prioritized Organizations are those that represent vulnerable populations and highly impacted communities, as those terms are defined in the Clean Energy Transformation Act, RCW 19.405.020(23) and RCW 19.405.020(40). Both Prioritized Organizations and other organizations must be “case-certified” to receive funding pursuant to the Consumer Access Fund for a particular proceeding.⁴ The case certification requirements for Prioritized Organizations and other organizations remain unchanged from the Extended Interim Agreement. However, under the Funding Agreement, only Prioritized Organizations are eligible to receive General Outreach Fund grants rather than any Participating Organization. The procedural requirements for General Outreach Fund grants are set forth in Section 7.4 of the Funding Agreement.

C. Funds and Accounts

10. The Funding Agreement maintains the five separate “Consumer Access Funds,” one for each Participating Public Utility (PSE, Avista, PacifiCorp, Cascade, and NW Natural).⁵ The Policy Statement established a \$300,000 cap for each Consumer Access Fund, with the requirement that at least one-third of available funding should be reserved for Prioritized

⁴ Extended Interim Agreement, Article 5.2.

⁵ Extended Interim Agreement, Article 4.2.

Organizations.⁶ The Funding Agreement is generally consistent with this requirement, with two changes: (1) an increase of \$100,000 to PSE's Customer Representation Sub-Fund, contingent upon the Commission approving PSE's petition to track and recover in rates the difference between (a) the \$500,000 of annual Consumer Access Funding identified for PSE in the table above and (b) the annual recovery, if any, of Consumer Access Funding approved by the Commission in Dockets UE-240004 & UG-240005 (consolidated) and (2) a re-allocation of ten percent of each Participating Public Utility's Prioritized Organizations Sub-fund to the new General Outreach Fund available only to Prioritized Organizations. The Joint Parties find that the increase to the PSE Customer Representation Sub-fund is appropriate given the complexity of PSE's general rate cases, the number of participating parties in PSE proceedings, and the number of PSE proceedings relative to other utilities. This change has the effect of increasing PSE's Consumer Access Fund total to \$500,000.

11. The impetus for establishing a new General Outreach Fund and Prioritized Organizations General Outreach Sub-Fund is experience with the general outreach funding provisions in the Extended Interim Agreement and the challenges inherent with tracking general outreach activities to a specific utility. The Joint Parties agree to re-allocate ten percent of each utility's Prioritized Organizations Sub-Fund to the new General Outreach Sub-Fund, which is accessible only to Prioritized Organizations. Additionally, the General Outreach Fund has a single fund amount of \$51,274, as opposed to individual utility funds. A single fund relieves the administrative burden of tracking outreach by utility, which has proven to be impractical. However, when the Commission approves a request for a General Outreach Fund Grant, the

⁶ Policy Statement, ¶ 21.

amount each utility must pay will be in proportion to the amount of funding it is contributing to the General Outreach Fund, unless the Commission orders a different allocation. For example, PSE is contributing \$20,000 of the General Outreach Fund total, or 39 percent of the General Outreach Fund total. As such, a Commission order approving a General Outreach Fund Grant would order PSE to pay 39 percent of the funds approved. Establishment of the General Outreach Fund will help ensure that organizations that do not typically participate in Commission proceedings benefit from dedicated outreach efforts.

D. Process for Requesting and Seeking Payment of General Outreach Fund Grants.

12. The process for requesting and seeking payment of General Outreach Fund Grants is set forth in Section 7.4 of the Funding Agreement. Prioritized Organizations seeking a General Outreach Fund Grant must submit a Proposed Budget with the following information: (a) a statement of work to be performed by the applicant for which the applicant is seeking a General Outreach Fund Grant; (b) a description of the general outreach to be undertaken by the applicant; and (d) an itemized budget showing estimated general outreach costs. Prioritized Organization Sub-Fund Grants shall be payable to the Prioritized Organization from each Participating Public Utility in advance of outreach subject to any conditions ordered by the Commission in a final order approving such a request.

E. Allocation of Costs

13. The Funding Agreement continues the cost allocation provision from the Extended Interim Agreement for Consumer Access Fund Grants. The Funding Agreement also contemplates cost recovery for Consumer Access Fund Grants based on the particular

circumstances of the proceedings, including the number of participating utilities and the beneficiaries of the issues raised by a Participating Organization. Importantly, the Funding Agreement also continues to provide the Commission with the ultimate discretion in how to allocate costs, consistent with the goal to “fairly align the costs of the advocacy with the intended potential beneficiaries of the advocacy, regardless of actual outcome of the case.”⁷ The exception to this is the General Outreach Fund which, as discussed above, is intended to be allocated to each utility based on its proportionate share of funding obligation. Consistent with Section 7.7(b) of the Funding Agreement, General Outreach Fund costs should be allocated to each utility’s customer classes that benefit from the general outreach, as determined by the Commission.

As with the Extended Interim Agreement, costs incurred by the Participating Public Utilities are eligible for deferral, with carrying costs equal to each Participating Utility’s authorized rate of return until such deferral is amortized, at which point the return will be at the published FERC rate.⁸

VI. FURTHER PROCESS

14. In discussing the Joint Parties’ experiences to date, the Joint Parties have identified a number of items that are outside of the four corners of the Funding Agreement but nevertheless warrant further process which will facilitate utilization and administration of the Funding Agreement.

15. First, the Joint Parties again discussed the value of creating templates for interventions, submitting budgets, making payment requests, and potentially others that could

⁷ Extended Interim Agreement, Article 7.7(b).

⁸ *Id.*, Article 7.9.

facilitate participation from organizations that are less familiar with Commission processes. The Commission could develop these templates on its own, or in collaboration with stakeholders.

16. Second, the Joint Parties continue to agree that there is high value to having a document on the Commission's website where the amount of requested and remaining Sub-Fund amounts are clearly visible and available to all stakeholders. See the Oregon Public Utility Commission's Intervenor Funding page, specifically the Intervenor Funding Summary, as an example.⁹ This would assist Participating Organizations in making requests to more easily determine the level of funds available in each of the Sub-Funds.

17. Third, the Joint Parties continue to find value in having more certainty on the timing and process for Commission determinations on Fund Grants in non-contested case proceedings, where there may not be a prehearing conference to establish timelines for Commission action on proposed budgets. The Joint Parties respectfully request that the Commission rule on filings under the Funding Agreement within 30 days of receipt, unless another process has been adopted for a particular proceeding.

18. Finally, the Joint Parties agree that a complete and thorough evaluation of participatory funding, conducted either by the UTC and/or a third-party organization, is appropriate prior to the end of the three-year term of the Funding Agreement.

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⁹ [Public Utility Commission : Intervenor Funding : Filing Center : State of Oregon.](#)

VII. CONCLUSION

19. For the foregoing reasons, the undersigned Joint Parties respectfully request that the Commission find that the Washington Participatory Funding Agreement filed concurrently herewith to be consistent with RCW 80.28.430, the Commission's Policy Statement, and with the public interest, and that the Commission adopt and approve the Funding Agreement by Order.
20. Representatives of the Joint Parties will be available at the Open Meeting scheduled for consideration of this matter.

Dated this 31st day of January, 2025.

Respectfully submitted,

/s/Wendy Gerlitz
Wendy Gerlitz
Puget Sound Energy

David Meyer
David Meyer
Avista Corporation

/s/Ajay Kumar
Ajay Kumar
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Lori Blattner
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Cascade Natural Gas Corporation


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Northwest Natural Gas

/s/Tyler C. Pepple
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Alliance of Western Energy Consumers

/s/Lauren McCloy
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NW Energy Coalition

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The Energy Project

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Andrea Axel
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Dated this 24th day of January, 2025.

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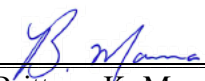
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