

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKETS UE-220066 and  
UG-220067 (*consolidated*)

In the Matter of the Petition of Puget Sound  
Energy For an Order Authorizing Deferred  
Accounting Treatment for Puget Sound  
Energy's Share of Costs Associated with the  
Tacoma LNG Facility

DOCKET UG-210918

COMMISSION STAFF'S MOTION  
TO CONSOLIDATE PROCEEDINGS

**I. INTRODUCTION**

1           In November 2021, Puget Sound Energy (PSE) filed with the Commission a petition seeking authorization to defer expenses related to the liquified natural gas (LNG) facility under construction on the Tacoma tide flats. Approximately two months later, PSE filed a general rate case (GRC) to revise its natural gas and electric tariffs. In that GRC, now pending, PSE seeks a finding that it prudently incurred costs related to the Tacoma LNG Facility and rate recovery of those costs, including amounts that are the subject of its deferral petition.

2           Given that PSE has included the costs it petitioned for permission to defer as an adjustment in the rate case, the two matters share overlapping facts. The Commission should conclude that administrative efficiency is best served by consolidating the matters to allow the parties to address all the issues connected to the deferral in one proceeding.

3 Staff has shared this motion with all of the other parties in advance of filing.

Although a number of parties responded to Staff that they do not object to the motion or take no position, Staff does not know the position of all of the parties. Therefore, to preserve the opportunity of all parties to respond to this motion if and as they wish, Staff is not making any representations in this motion about any specific party's position.

## II. RELIEF REQUESTED

4 Staff respectfully requests that the Commission consolidate PSE's deferral petition with its GRC.

## III. STATEMENT OF FACTS

5 In November 2021, PSE filed a petition seeking the Commission's authorization to defer the "portion of costs associated with the Tacoma Liquefied Natural Gas . . . facility" allocated to PSE.<sup>1</sup> Specifically, PSE seeks to defer "operations and maintenance expense, depreciation, PSE's return at its authorized rate of return on its investment in rate base inclusive of income taxes, resulting from the operation of PSE's share of the Tacoma LNG facility beginning as of the date of commercial operation of th[e] facility."<sup>2</sup> PSE also requests deferral of "the monthly booking of carrying charges on the deferral operation and maintenance expense and depreciation at a rate equal to the quarterly rate published by FERC," with quarterly updates to that rate "for purposes of the deferral."<sup>3</sup>

6 PSE carefully noted in its petition that it was not seeking a prudence determination or rate recovery of the deferred costs because it would "present its case on those issues in a

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<sup>1</sup> *In re Petition of Puget Sound Energy For an Order Authorizing Deferred Accounting Treatment for Puget Sound Energy's Share of Costs Associated with the Tacoma LNG Facility*, Docket UG-210918, Petition of Puget Sound Energy, at 1 ¶ 1 (Nov. 24, 2021) ("Petition").

<sup>2</sup> Petition at 2 ¶ 5.

<sup>3</sup> Petition at 2 ¶ 5.

future GRC . . . [when] the Commission will have before it the evidence and arguments necessary to address prudence and rate treatment issues[,] and thus will be able to rule upon those issues at that time.”<sup>4</sup>

7 PSE filed the rate case prophesized in its deferral petition roughly two months after it filed the petition, seeking through its filing to revise its currently-effective Tariff WN U-60 to increase its rates for its natural gas and electric services.<sup>5</sup> In that rate case, PSE witness Roberts testified that PSE completed construction of the Tacoma LNG facility before the winter of 2021, that it is currently in service, and detailed the costs involved with the facility and why PSE believed that it had prudently incurred those costs.<sup>6</sup> PSE witness Free presented an adjustment to PSE’s test-year results of operations consisting of the costs associated with PSE’s deferral petition based on testimony sponsored by PSE witness Kensok.<sup>7</sup>

#### IV. STATEMENT OF ISSUES

8 Should the Commission consolidate the deferral petition with PSE’s GRC?

#### V. EVIDENCE RELIED UPON

9 Staff relies on the documents on file in Dockets UG-210918, UE-220066, and UG-220067.

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<sup>4</sup> Petition at 3-4 ¶ 8.

<sup>5</sup> *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-220066 & UG-220067, Order 01, 1 ¶ 1 (Feb. 10, 2022).

<sup>6</sup> Roberts, Exh. RJR-1T at 10:1-70:5 (Jan. 31, 2022).

<sup>7</sup> *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-220066 & UG-220067, Free, Exh. SEF-1T at 137:17-138:19 (filed Jan. 31, 2022).

## VI. ARGUMENT

10 Parties may move to consolidate proceedings if “the facts or principles of law are related” between them.<sup>8</sup> Where proceedings share related facts or principles of law, the Commission’s willingness to consolidate turns on whether doing so serves the ends of “judicial economy and administrative efficiency”<sup>9</sup> or “unduly delay[s] the resolution of one or all of the proceedings.”<sup>10</sup>

11 The petition and the GRC share related facts. The subject of the petition, the Tacoma LNG facility, is discussed extensively by numerous PSE witnesses, including PSE witnesses Free, Kensok and Roberts, whose testimony on the issue spans 60 pages.<sup>11</sup> And PSE has incorporated the costs that are the subject of its deferral petition into the GRC as a pro forma adjustment.<sup>12</sup>

12 Consolidation serves the ends of administrative efficiency. The Commission should avoid separate proceedings dealing with the same subject matter, as doing so risks the parties making the same arguments about the same issues in multiple matters, and the possibility of inconsistent disposition of those arguments. Further, consolidating the petition with the GRC will allow the parties to investigate the propriety of the deferral with the discovery tools available in the GRC<sup>13</sup> and in light of PSE’s overall financial circumstances.

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<sup>8</sup> WAC 480-07-320.

<sup>9</sup> *In re Determining the Proper Classification of Lowper, Inc. d/b/a Lowper Corp., a/k/a Lowper Water Co. & Iliad, Inc. d/b/a Lowper Water Sys.*, Dockets UW-091006 & UW-110213 (Consolidated), Order 02/Order 01, 2 ¶ 5 (Mar. 24, 2011).

<sup>10</sup> *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-111048 & UG-111049 (Consolidated) & UG-110723, Order 04, at 4 ¶ 8 (Sept. 7, 2011).

<sup>11</sup> Roberts, Exh. RJR-1T at 10:1-70:5.

<sup>12</sup> Free, Exh. SEF-1T at 137:17-138:19.

<sup>13</sup> WAC 480-07-400 through -425.

13 Finally, consolidation will not unduly delay the resolution of either the petition or the GRC. The GRC must proceed in accordance with a statutorily defined timeframe.<sup>14</sup> That statutorily defined timeframe also sets the outer limit for action on the petition, given that the Commission must resolve whether to allow the deferral before addressing PSE's request for rate-recovery of the amounts it seeks to defer.

## VII. CONCLUSION

14 For the reasons set out above, the Commission should grant Staff's motion and consolidate the LNG deferral petition with the GRC.

DATED this 27th day of April 2022.

Respectfully submitted,

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<sup>14</sup> RCW 80.04.130.