

Exh. WF-3
UE-240004/UG-240005/UE-230810
Witness: Wesley Franks

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-240004,
UG-240005 and UE-230810
(Consolidated)**

EXHIBIT TO TESTIMONY OF

WESLEY FRANKS

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE's Response to UTC Staff Data Request No. 28

August 6, 2024

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-240004 & UG-240005
Puget Sound Energy
2024 General Rate Case**

WUTC STAFF DATA REQUEST NO. 028:

REQUESTED BY: Wesley Franks

Re: CEIP Deferral

Witness Free proposes that “the Commission allow the true-up and prudence review of cost and investments recovered through Schedule 141CEI to be conducted in its next general rate case.” Free, Exh. SEF-1T at 93:17-19 and 94:1.

- a. Why does PSE believe it needs to wait until the next general rate case to start to true-up costs and conduct a prudency review if there is the possibility that PSE may finish CEIP implementation before the start of the next general rate case?
- b. If PSE waits until their next general rate case to true-up the costs, will PSE be recovering estimated costs up until the next general rate case?
 1. What does PSE think the cost effect to customers will be in waiting to true-up CEIP implementation costs until the next general rate case? Please provide documentation.

Response:

- a. Puget Sound Energy’s (“PSE”) recognizes that if the Commission allows a change to the original settlement language and provides that the true-up of Schedule 141CEI can occur after this general rate case (“GRC”), the next GRC is not the only venue in which the final true-up can occur. PSE is open to conducting the final true-up in a separate stand-alone filing utilizing Schedule 141CEI prior to the next GRC if the Commission were to provide approval of such an approach. The separate stand-alone filing would need to be filed after the actual CEIP costs through the time rates are changed in this proceeding are known.
- b. Regardless of the timing for Schedule 141CEI’s true-up, PSE will no longer be recovering estimated CEIP costs through Schedule 141CEI once this GRC goes into effect. The implementation of Schedule 141CEI rates will expire when rates set in the current proceeding are effective. Pursuant to the 2022 GRC’s Settlement Agreement, costs associated with PSE’s 2025 CEIP are included in base rates starting in Rate Year 1 of the current MYRP.

1. The true-up mechanism is described in the current Schedule 141CEI tariff as follows:

[T]he Company will provide reports of the actual amounts for operating expenses and rate base that are included in the true-up calculation for a prudency review, and will propose a rate collection methodology for how to recover or pass back the true-up portion of the CEIP costs recovered through this Tracker. If a true-up calculation results in expenses/return being lower or actual revenues being higher than what was used to set rates, the difference will be returned to Customers in a manner approved by the Commission. If a true-up calculation results in expenses/return being higher or actual revenues being lower than what was used to set rates, the difference will be collected from Customers in a manner approved by the Commission.

Following the description above, PSE will conduct the true-up to compare the forecasted CEIP costs set in rates versus the actual CEIP costs, and the actual revenues that PSE had recovered through rates in this Schedule (from September 1, 2023, to the implementation date of rates set in this proceeding) versus the amounts intended to be recovered. The result of this true-up calculation will be unchanged regardless of the timing of when the final true-up occurs. Additionally, there is no interest provided on the deferred true-up balance. If the outcome of the true-up is an under-collection, PSE would not receive the time value of money for the period between under-collection and the timing of this true-up; therefore this timing does not have any major cost impact to customers. If the outcome of the true-up is an over-collection, the lack of interest means customers would not receive the time value of money for the period between over-collection and the pass-back of the customer payable.