

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY,

Petitioner.

DOCKET UG-210931

PUGET SOUND ENERGY'S  
AMENDED PETITION FOR  
EXEMPTION FROM WAC 480-90-  
178(5)(A)

**I. INTRODUCTION AND RELIEF REQUESTED**

- I.* Pursuant to Washington Administrative Code (“WAC”) 480-90-008, WAC 480-07-110, and WAC 480-07-370(3), Puget Sound Energy (“PSE”) hereby petitions the Washington Utilities and Transportation Commission (“Commission”) for an order approving a one-time exemption from WAC 480-90-178(5)(a) for certain billing corrections associated with PSE’s combined \$0.34 per therm New Customer Rate (“NCR”), which is available exclusively in the original<sup>1</sup> Suncadia development area located in Cle Elum, Washington. Granting PSE’s request is the public interest because it will enable PSE to provide better customer experience to all impacted customers by

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<sup>1</sup> After the execution of the Contract, Suncadia subsequently purchased another 200 acres in the Nelson Farm area, which is adjoining the phase II of the original development. Nevertheless, the Nelson Farm area is not in the original Suncadia development area. In other words, the Contract is not applicable to customers in the Nelson Farm area.

providing detailed information about bill corrections in one invoice in a timely manner.

2. PSE originally filed its petition for exemption on December 3, 2021. After discussions with Commission Staff, PSE hereby modifies its petition to request exemption from the sixty-day requirement of WAC 480-90-178(5)(a), as explained in paragraph 17, below.
3. PSE is a natural gas and electric public service company within the meaning of RCW 80.04.010, and PSE is subject to the Commission's jurisdiction over prices and terms of natural gas and electric service to PSE's customers in Washington. PSE provides natural gas service to over 800,000 customers and electric service to over one million customers in Washington.
4. PSE's representatives in this proceeding are:

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## II. SUNCADIA NATURAL GAS SPECIAL CONTRACT

8. PSE's \$0.34 per therm NCR is one of the financial responsibilities of a natural gas customer in the original Suncadia development area. It is prescribed in a contract entered on December 19, 2003, by PSE and MountainStar Resort Development LLC (the original owner of the Suncadia development area, referred hereinafter as "Suncadia") for natural gas service to the Suncadia development ("Contract"). The Contract provides for the

extension of PSE natural gas facilities approximately 22 miles from Thorpe, Washington, to Suncadia, as well as installation of mains and services within the Suncadia development area. At its Open Meeting on February 11, 2004, under Docket UG-040098, the Commission allowed the Contract to become effective on February 21, 2004.<sup>2</sup> The Contract is attached as Attachment A to PSE's petition submitted on December 3, 2021.

9. Suncadia chose natural gas as the main heating source for the Suncadia development area in 2003 to comply with Kittitas County Ordinance 2000-15, Conditions of Approval.<sup>3</sup> The Conditions of Approval include condition B-42, which limits the use of wood burning stoves in Suncadia's common areas and prohibits their use in individual resort units and all privately owned single-family residences within the Suncadia development area. The purpose of Condition of Approval B-42 is to improve fire prevention throughout the Suncadia area by reducing the risk of fires by limiting the number of wood stoves as the primary heat source and reducing wood storage, which is a high-risk fuel source for wildfires.<sup>4</sup>

10. In lieu of paying the natural gas line extension charges pursuant to PSE's line extension tariff Rule No. 7A,<sup>5</sup> Suncadia agreed to the following two special Contract line

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<sup>2</sup> The special contract for installation of PSE electric distribution facilities in the Suncadia area was accepted by the Commission in Docket UE-031017.

<sup>3</sup> See Exh. F-1 to the Amended and Restated Development Agreement by and between Kittitas County, Washington and Suncadia LLC Relating to the Development Commonly Known as Suncadia Master Planned Resort, Exh. F-1, Section B-42:

<https://www.co.kittitas.wa.us/uploads/cds/land-use/Long%20Plats/LP-20-00003%20Suncadia%20PH%202%20Div%201/Suncadia%20Development%20Agreement%20Most%20Recent.pdf>

<sup>4</sup> See *id.*

<sup>5</sup> Rule No. 7A, Extension of Natural Gas Distribution Facilities Inside Kittitas County. <https://www.pse.com/>

extension charges for all units within the original Suncadia development area: (1) a one-time Qualification Payment (“QP”) of \$3,900 for each new meter, and (2) an ongoing NCR charge of \$0.34 per natural gas therm used, per month. The \$0.34 NCR is in addition to the standard natural gas charges pursuant to PSE’s filed tariffs that are applicable to all PSE natural gas customers. Per Section 3(C) of the Contract, Suncadia is obligated to inform each builder and purchaser of property in the original Suncadia development of the \$3,900 QP and the \$0.34 per therm NCR that were approved by the Commission under Docket UG-040098.

### III. NEED FOR BILLING CORRECTION

11. The ongoing \$0.34 per therm NCR applies to every natural gas customer in the original Suncadia development area for an initial term of 21 years from the meter set date. Currently there are about 930 natural gas customers in the original Suncadia development area. To implement the collection of this NCR, PSE had the \$0.34 per therm charge configuration in its legacy and current billing systems, CLX (pre-2013) and SAP (from 2013 to current). Interdepartmental collaboration and extra manual steps in the billing system are needed in both billing systems to start billing of this component and to set the initial NCR term of 21 years (from the meter set date) for a new customer addition in the original Suncadia development area.

12. During PSE’s most recent review of Suncadia business and operation procedures, PSE discovered 301 customers taking service in the original Suncadia area who have not

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[/media/Project/PSE/Portal/Rate-documents/Gas/gas\\_rule\\_07a\\_line.pdf](/media/Project/PSE/Portal/Rate-documents/Gas/gas_rule_07a_line.pdf)

been billed this NCR. Changes in PSE's billing systems and consolidation of line extension tariff Rule Nos. 7 and 7A for the extension of natural gas distribution facilities outside and inside Kittitas County into a single Rule No. 6, Extension of Distribution Facilities in 2017, contributed to inconsistent implementation of the Suncadia NCR. These gaps have been identified and mended to guarantee that all current and future customers in the original Suncadia area are billed correctly.

13. There are two subsections of WAC 480-90-178 that set forth how PSE should correct the bills for these 301 customers:

1. WAC 480-90-178(5)(a) provides:

The utility must issue the corrected bill within sixty days from the date the utility discovered that an account had been underbilled or overbilled. Except as provided in subsection (7) of this section, when a utility's investigation finds that it has underbilled energy usage, it may not collect underbilled amounts for any period greater than six months from the date the error occurred.

2. WAC 480-90-178(6) provides:

When a corrected bill is issued, the utility must provide the following information on the corrected bill, in a bill insert, letter, or any combination of methods that clearly explains all the information required to be sent to the customer:

- (a) The reason for the bill correction;
- (b) A breakdown of the bill correction for each month included in the corrected bill;
- (c) The total amount of the bill correction that is due and payable;
- (d) The time period covered by the bill correction; and
- (e) When issuing a corrected bill for underbilling, an explanation of the availability of payment arrangements in accordance with WAC 480-90-138(1) payment arrangements.

14. Pursuant to WAC 480-90-178(5), a billing correction period for an underbilled energy usage would be six months starting from the move-in date of the current

customers. PSE's SAP billing system, is configured to archive all the energy consumption details in SAP after 24 months. Of the 301 affected accounts, 86, or roughly 29 percent, moved in within the last 24 months, and PSE can use the SAP back billing function to correct the billing error. For these 86 accounts, SAP can show the adjustment details along with the invoice for the corrected charge. These adjustments provide the information to the customer required by WAC 480-90-178(6), including the on-invoice notice about the availability of payment arrangements pursuant to WAC 480-90-138(1). See Attachment B to PSE's petition submitted on December 3, 2021, for an example of one such bill.

15. As stated above, PSE's SAP billing system is configured to archive all the energy consumption details in SAP after 24 months. The billing data associated with energy consumption details cannot be reversed or canceled in SAP. Therefore, if the time period for a bill correction is older than 24 months, SAP will not show any detail and a manual adjustment is necessary. In this case, such manual adjustment is required for 215 of the 301 affected customers.<sup>6</sup> Unfortunately, a manual billing correction invoice provides little information to customers. The final, total billing correction amount would be shown as one invoice line item with the description of "Basic Charge – Gas Residential" for a residential correction at the end of invoice in the "Other Charges or Credits" section as part of "Miscellaneous Charges and Credits". The manual adjustment invoice would not provide any usage information, nor any explanations of the charge. It would be

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<sup>6</sup> Time is of the essence. More and more of the move-in dates for these 301 customers will be outside of the most recent two-year mark as time goes by.

necessary to send an additional letter to all 215 customers notifying them of the billing correction and describing usage information, billing explanations, and other details required by WAC 480-90-178(6).

16. Creating the detailed letters for each of the 215 billing corrections is time intensive because it is a manual process for each account. PSE estimates that it would take several months to complete all the letters in a way that complies with WAC 480-90-178. This prolonged process would create a poor customer experience. The billing correction invoice and the explanation letter would most likely not arrive at the same time and could be several days apart. This is likely to create additional confusion. Additionally, applying the automatic SAP back-billing function for 30 percent of the corrections, and applying the manual process needed for the other 70 percent, will create different timelines and different invoices. The differences would likely cause misunderstanding among the 301 customers in the original Suncadia development area and would likely result in more and lengthier phone calls to PSE, as well as more complaints to the Commission.

17. Also pursuant to WAC 480-90-178(5), a utility must issue a corrected bill within sixty days from the date the utility discovered that an account had been underbilled or overbilled. At the end of August 2021, PSE first noticed that some of the Suncadia customers might not have been correctly billed. PSE investigated the billing issue during September 2021 through the end of October 2021 and confirmed that 301 customers had not been billed the Suncadia NCR since they initiated their natural gas service. Per the sixty-day requirement, PSE should have issued all 301 corrected bills by December 31,

2021. However, because of the complicated billing correction process and PSE's foremost goal to provide all affect customers an easy and consistent billing-correction communication, PSE has not yet issued any corrected bills. PSE submitted its original petition for exemption to the Commission on December 3, 2021, which was prior to the end of the sixty-day requirement period for some of the 301 corrections.

#### **IV. PSE'S EXEMPTION REQUEST**

18. Given that all the 301 Suncadia NCR bill corrections involve the same rate (\$0.34 per therm), to provide a better and more consistent customer experience PSE respectfully requests a one-time exemption from WAC 480-90-178(5). Specifically, PSE requests an exemption from the sixty-day requirement to correct all 301 bills at the same time. As stated in its original petition for exemption, PSE further requests permission to correct the 301 billing errors by applying the \$0.34 per therm NCR to each customer's usage that occurred in the six months of April 2021 through September 2021. This simplified approach would allow PSE to send a detailed notification letter simultaneously to all 301 customers explaining the NCR adjustment prior to the actual invoicing of the bill corrections. It also allows PSE to take advantage of the existing automated SAP back billing function to generate the billing correction invoices. As mentioned above, the content of the invoices will include all details about the billing correction as required by WAC 480-90-178(6). This SAP function provides the speediest and most comprehensive bill correction option for the 301 bill corrections, while providing full explanations of the billing errors in the clearest and least confusing manner possible.

19. An exemption from WAC 480-90-178(5) is appropriate in this case because complying with the rule would create undue hardship on PSE and unnecessary confusion for the customer. Such a result conflicts with the public interest and contradicts the purpose of WAC 480-90-178.<sup>7</sup> In determining whether to grant an exemption from a Commission rule, the Commission may consider whether the rule imposes an undue hardship on the utility of a degree or a kind different from hardships imposed on other similarly situated persons, and whether the effect of applying the rule to the utility would be contrary to the underlying purposes of the rule and the public interest. WAC 480-07-110(2)(c). As stated above, PSE's transition from its legacy billing system to its current billing system means that PSE must take additional, manual steps and undergo interdepartmental collaboration that will slow and complicate the corrective action. But more importantly, complying with WAC 480-90-178(5) will likely create unnecessary confusion among all the Suncadia customers, leading to increased calls to PSE and increased complaints to the Commission. While an exemption from WAC 480-90-178(5) may reduce the burden on PSE, the primary purpose of PSE's request is to avoid unnecessary confusion and delay for PSE's customers. Allowing PSE to apply the NCR to the six-month period of April 2021 through September 2021 rather than the six-month period starting from the current customer move-in date will enable PSE to correct all 301 the billing errors fairly, consistently, and clearly.

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<sup>7</sup> The purpose of WAC 480-90 is to administer and enforce requirements for consumer protection, financial records and reporting, and gas standards and metering in a manner that protects the public interest. *See* WAC 480-90-001.

**V. CONCLUSION**

20. Based on the foregoing, PSE respectfully requests that the Commission exempt PSE from the billing correction period requirement in WAC 480-90-178(5)(a) for the underbilled corrections associated with the 301 customers in the original Suncadia development area. Instead of the six-month period starting from the customer move-in date, as required, PSE respectfully requests that the Commission allow PSE to use April 2021 through September 2021 as the billing period for these corrections and exempt PSE from the sixty-day requirement so that PSE can issue all the 301 billing corrections at the same time. Granting this Petition is in the public interest because it enables PSE to provide consistent and timely billing corrections to all 301 impacted customers with clear explanations of the information about the bill corrections in one invoice.

RESPECTFULLY SUBMITTED this 11th day of January.

**PERKINS COIE LLP**

By



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*Attorneys for Puget Sound Energy*