

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Complainant,

v.

PUGET SOUND ENERGY

Respondent.

DOCKET UE-240729

ORDER 04

APPROVING IN PART AND
REJECTING IN PART PROPOSED
BUDGETS AND FUND GRANTS

BACKGROUND

- 1 On September 30, 2024, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a proposed revision to rates under the established Colstrip Adjustment Rider Schedule 141COL. PSE requested a revenue increase of \$4.1 million, or 0.14 percent, which for the typical residential customer using 800 kWh per month would be a rate increase of \$0.18 or 0.16 percent. Under the initial filing, the rate increase became effective January 1, 2025.
- 2 On December 19, 2025, this matter came before the Commission on the Open Meeting calendar. Commission staff (Staff) raised concerns about a number of capital investments reflected in the filing that are potentially unrecoverable by law or imprudent for Washington ratepayers. The Commission entered Order 01 Complaint and Order Allowing Rates Subject to Later Review and Refund; Setting Matter for Adjudication in this docket, requiring PSE to file revised tariff pages no later than December 23, 2024, with an effective date of January 1, 2025, indicating that the increased rates are subject to refund.¹
- 3 On February 27, 2025, Alliance of Western Energy Consumers (AWEC) filed its Petition to Intervene of the Alliance of Western Energy Consumers, arguing that it has a substantial interest in this proceeding based on its participation in the establishment of the Colstrip Adjustment Rider Schedule and the impact of proposed rate increases on AWEC

¹ On December 23, 2024, the Commission issued an errata to Order 01 and a revised Order 01. The revision did not affect the substantive terms or determinations in Order 01.

members who purchase power from PSE.² AWEC further asserts that its participation in this proceeding is in the public interest because no other party will adequately represent the direct and substantial interest of its large energy consumer members.

- 4 On March 6, 2025, NW Energy Coalition (NWEK) filed its Petition to Intervene of NW Energy Coalition, arguing that it has a substantial interest in this proceeding based on its historic and ongoing work with utility companies to promote a clean, reliable, affordable, and equitable energy future. NWEK also maintains that its participation in this proceeding is in the public interest because: 1) its members have a direct and substantial interest in PSE's request to pass Colstrip costs to customers; 2) the Colstrip investments relate to state climate and clean energy law, including the Clean Energy Transformation Act; and 3) the proceeding could affect PSE's ability to equitably distribute benefits and costs of providing energy service to customers. On March 6, 2025, NWEK also filed its NW Energy Coalition's Request for Case Certification and Notice of Intent to Request a Fund Grant.
- 5 On March 10, 2025, AWEC filed its Petition for Case Certification and Notice of Intent to Request Fund Grant of The Alliance Western Energy Consumers, notifying the parties and the Commission of its intent to seek a Fund Grant from the PSE Customer Representation Sub-Fund.
- 6 On March 12, 2025, the Commission convened a virtual prehearing conference before Administrative Law Judges Harry Fukano and Jessica Kruszewski where the Commission orally granted case certification status to NWEK and AWEC.
- 7 On March 26, 2025, the Commission entered Order 03 Prehearing Conference Order and Notice of Hybrid Evidentiary Hearing, granting NWEK and AWEC's petitions to intervene and setting a proposed budget deadline of April 11, 2025.
- 8 On April 10, 2025, NWEK filed its Proposed Budget. On April 11, 2025, AWEC filed its Proposed Budget for Fund Grant. The details of NWEK and AWEC's requests are discussed in detail below.

DISCUSSION

- 9 Pursuant to Revised Code of Washington (RCW) 80.28.430, a gas or electrical company must, upon request, enter into funding agreements with organizations that represent broad

² *WUTC v. Puget Sound Energy*, Dockets UE-220066, UG-220067, & UG-210918 (consolidated), Order 24/10 (Dec. 22, 2022).

customer interests. The Commission is directed to determine the amount of financial assistance, if any, that may be provided to any organization; the way the financial assistance is distributed; the way the financial assistance is recovered in a gas or electrical company's rates; and other matters necessary to administer the agreement.³

- 10 On November 19, 2021, the Commission issued a Policy Statement on Participatory Funding for Regulatory Proceedings (Policy Statement).⁴ The Commission provided “high-level guidance regarding the amount of financial assistance that may be provided to organizations, the manner in which it is distributed to participants and recovered in the rates of gas or electrical companies, and other matters necessary to administer agreements.”⁵ The Commission indicated that the Policy Statement was an evolving document, stating “as we implement the first round of funding arrangements, we look forward to what we expect will be many lessons learned. These lessons will inform future iterations of Washington’s participatory funding program, including the possibility of a rulemaking to codify best practices into Commission rules.”⁶
- 11 On February 24, 2022, the Commission issued Order 01 Approving Agreement with Modifications (Order 01).⁷ The Commission approved the First Interim Agreement filed by the parties on February 14, 2022, subject to certain modifications, and adopted the First Interim Agreement as Attachment A to Order 01. Among other points, the Commission clarified that it is not bound by the timeframes set forth in the Interim Agreement.⁸ On February 9, 2023, the Commission issued Order 02 Approving Agreement Subject to Condition; Requiring Refiling of Modified Agreement (Order 02).⁹ Order 02 approved of the Second Interim Agreement, subject to condition, and required the parties to refile the agreement as modified by the Commission.
- 12 On April 11, 2025, the Commission issued Order 03 Approving Agreement; Subject to Conditions (Order 03), updating the agreement among the utilities subject to conditions

³ RCW 80.28.430(2).

⁴ *In the Matter of the Commission’s Examination of Participatory Funding Provisions for Regulatory Proceedings*, Docket U-210595, Policy Statement on Participatory Funding for Regulatory Proceedings (Nov. 19, 2021).

⁵ *Id.* at 1 ¶ 3.

⁶ *Id.* at 5 ¶ 17.

⁷ *In the Matter of the Petition of Puget Sound Energy, et al.*, Docket U-210595, Order 01 (Feb. 24, 2022).

⁸ *Id.* at 4 ¶ 11.

⁹ *In the Matter of the Petition of Puget Sound Energy, et al.*, Docket U-210595, Order 02 (Feb. 9, 2023).

(Third Interim Agreement).¹⁰ The Commission ordered the utilities subject to Order 03, among other things, to submit a biannual filing in Docket U-210595 showing the fund balances and requests pending approval, with the first filings to be submitted no later than July 1, 2025.¹¹

- 13 In relevant part, the Third Interim Agreement requires that proposed budgets include a statement of the work to be performed, a description of the general areas to be investigated, an identification of the specific Sub-Fund at issue, and a budget showing any estimated attorney fees or consultant fees.¹² If the Commission receives one or more Proposed Budgets, it will “determine the amount, if any, of Fund Grants that will be made available”¹³ The Commission may make this determination based on the following factors:

- (a) the breadth and complexity of the issues;
- (b) the significance of any policy issues;
- (c) the procedural schedule;
- (d) the dollar magnitude of the issues at stake;
- (e) the participation of other parties that adequately represent the interests of customers;
- (f) the amount of funds being provided by the applicant intervenor, if any;
- (g) the qualifications of the party and experience before the Commission;
- (h) the level of available funds in the Fund account or accounts involved;
- (i) other Eligible Proceedings for Funds in which stakeholders may seek additional Fund Grants from the same Sub-Fund; or
- (j) any other factors the Commission deems relevant.¹⁴

¹⁰ *In the Matter of the Commission’s Examination of Participatory Funding Provisions for Regulatory Proceedings*, Docket U-210595, Order 03 at 6-9 ¶¶ 22, 33-36 (April 11, 2025).

¹¹ *Id.* at 6-7 ¶¶ 22 (April 11, 2025).

¹² Third Interim Agreement at 9-10 § 6.3.

¹³ *Id.* 11 at § 6.5

¹⁴ *Id.*

- 14 The Commission may reject, in whole or in part, a request for Fund Grant based on these factors.¹⁵ The Commission may place reasonable conditions on Fund Grants, and it may amend Fund Grants on a prospective basis.¹⁶
- 15 In this case, each of the case-certified parties filed proposed budgets. NWEAC requested a total of \$60,000 from PSE's 2025 Customer Representation Sub-Fund, and AWEAC requested a total of \$30,000 from PSE's 2025 Customer Representation Sub-Fund. We address each proposed budget in turn, considering them in light of the content requirements set forth in Section 6.3 and the various factors set forth in Section 6.5 of the Third Interim Agreement.
- 16 **AWEAC.** On April 11, 2025, AWEAC filed a proposed budget. AWEAC requests a Fund Grant to partially offset the costs of its participation.¹⁷ AWEAC notes that it may investigate all economic and policy aspects of PSE's filing. Matters of interest to AWEAC include the prudence of various capital investments related to Colstrip Units 3 and 4 that PSE seeks to recover in this proceeding. AWEAC requests a total award of \$30,000 from PSE's Customer Representation Sub-Fund. AWEAC estimates that its total costs in this proceeding will be \$61,375 based on estimated attorney fees of \$40,125, expert witness fees of \$21,000, and miscellaneous expenses of \$250.
- 17 Several factors weigh in favor of the reasonableness of AWEAC's proposed budget. First, AWEAC only requests to recover a portion of its costs related to participating in this proceeding. AWEAC is also an "incumbent" organization with a history of appearing before the Commission representing industrial customers, and no other party to this proceeding purports to represent the specific interests of industrial customers. Furthermore, AWEAC's requested funding would not exceed the remaining available funds in PSE's Customer Representation Sub-Fund. Finally, AWEAC indicates that it intends to fully participate in this matter by investigating all economic and policy issues presented, particularly the prudence of PSE's capital investments related to Colstrip.
- 18 After considering the various factors set forth in Section 6.5 of the Third Interim Agreement, we approve AWEAC's proposed budget. The Commission approves a total

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ Although AWEAC and NWEAC's proposed budgets were filed prior to the Commission's conditional acceptance of the Third Interim Agreement, the Commission evaluates the current proposed budget requests pursuant to the now effective Third Interim Agreement, as the proposed Third Interim agreement was filed on February 18, 2025, before either proposed budget was filed in this proceeding.

Fund Grant of \$30,000 for AWEC in this proceeding from PSE's Customer Representation Sub-Fund.

- 19 NWEC. On April 10, 2025, NWEC filed a proposed budget. NWEC requests a Fund Grant of \$60,000 from the Customer Representation Sub-Fund to offset the costs of NWEC's participation in this proceeding. NWEC plans to investigate whether PSE's investments in the Colstrip plant are used and useful for service in Washington and prudent.
- 20 Similar to AWEC, several factors weigh in favor of NWEC's proposed budget. NWEC is an "incumbent" organization with a history of appearing before the Commission, and no other party to this proceeding purports to represent the specific interests of customers concerned with promoting clean and renewable energy, equitable and affordable energy service, and energy conservation. Furthermore, NWEC's requested funding would not exceed the remaining available funds in PSE's Customer Representation Sub-Fund. Finally, like AWEC, NWEC intends to primarily investigate the prudence of PSE's Colstrip capital investments, but states that it may investigate and address additional issues as the case progresses.
- 21 However, there are some factors that weigh against the reasonableness of NWEC's requested budget. NWEC's proposed budget indicates that NWEC is not bearing any of the costs associated with its participation in this proceeding. Additionally, the requested budget, \$60,000, is similar to the requested budget allocated to NWEC in PSE's most recent general rate case (GRC) where NWEC requested, and was granted, \$62,602 in funding.¹⁸ Given that the 2024 PSE GRC presented a greater degree of complexity and a substantially higher dollar amount at stake,¹⁹ requesting a similar amount of funding for the current proceeding seems somewhat disproportionate.
- 22 After considering the various factors set forth in Section 6.5 of the Third Interim Agreement, we approve NWEC's proposed budget in part and reject in part. The Commission approves a total Fund Grant of \$30,000 for NWEC in this proceeding from PSE's Customer Representation Sub-Fund.

¹⁸ *WUTC v. Puget Sound Energy*, Dockets UE-240004, UG-240005, & UE-230810 (*consolidated*), Order 06/04 at 6 ¶ 23 (May 15, 2024).

¹⁹ *WUTC v. Puget Sound Energy*, Dockets UE-240004 & UG-240005 (*consolidated*), Order 01 at 1 ¶ 2 (Mar. 5, 2024)(noting that PSE initially requested a two-year rate increase of \$477.4 million).

- 23 As a result of this Order, \$60,000 of the total \$300,000 provided in PSE's Customer Representation Sub-Fund has been allocated.
- 24 Finally, we remind all parties that neither case-certification nor approval of a proposed budget for a Fund Grant is a guarantee of reimbursement. We may determine that a party's request for reimbursement should be denied in part or in whole. The amount of funding in each Consumer Access Fund is limited, and it may be required for more than one Eligible Proceeding. These funds are also sourced from ratepayers, many of whom are faced with their own economic challenges. Thus, we expect all requests for reimbursement to contain great detail, including receipts, invoices, and any other documentation of costs for which recovery is requested. All requests must also include references to eligibility for expenses and any relevant portions of the Interim Agreement. To incentivize appropriate use and equitable distribution of Fund Grants, we will also carefully evaluate how recovered costs should be allocated to customers. For example, we will consider whether each case-certified party's recovered costs should be allocated towards a specific customer class, a select group of classes, or across the entirety of customers.

ORDER

- 25 THE COMMISSION ORDERS:
- 26 (1) AWEC's proposed budget and Fund Grant is APPROVED, in the amount of \$30,000.
- 27 (2) NWEC's proposed budget and Fund Grant is APPROVED IN PART AND REJECTED IN PART, in the amount of \$30,000.

Dated at Lacey, Washington, and effective May 9, 2025.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

/s/ Jessica Kruszewski
JESSICA KRUSZEWSKI
Administrative Law Judge

NOTICE TO PARTIES: This is an Interlocutory Order of the Commission. Administrative review may be available through a petition for review, filed within 10 days of the service of this Order pursuant to WAC 480-07-810.