

per Rob Jacobs

## TRIM PSE RATE HIKE

**P**UGET Sound Energy has asked the state to allow a general rate increase of 7.4 percent for electricity and 2.2 percent for natural gas. This is too much.

We focus here on the proposed increase for electricity, which amounts to \$148 million per year. A minor part of it is justified to pay for the 310-megawatt Mint Farm natural-gas plant in Longview. Acquired earlier this year for \$250 million, the plant has been generating power almost continuously and is an asset to ratepayers.

The Legislature wanted utilities to invest in plants like this, and created a kind of bonus to the company — an extra amount that could be added to rates. Legislators did not say how quickly it could be added, or, if it were done slowly, whether the company would get interest on it. Puget wants the money in three years, with interest; the staff at the Utilities and Transportation Commission wants it spread over 15 years, with no interest. A compromise is in order.

Another part of Puget's request — about \$30 million — is the company's effort to raise its

rate of return on equity from 10.15 percent to 10.8 percent. We are not sympathetic to this. Many companies are making no return at all. Also, interest rates are low. There is no great competition for money.

The UTC staff recommends that Puget's allowed rate of return be lowered to 10 percent. The Attorney General's Office of Public Counsel says 9.5 percent. We are not economists, and hesitate to pick a number. But it should not go up.

Other matters are in this filing. Readers are encouraged to speak at three hearings:

- Dec. 7, 6 to 7:30 p.m., Norm Dicks Government Center, 345 6th St., Suite 600, Bremerton;

- Dec. 10, 6 to 7:30 p.m., Lake Washington Technical College Auditorium, 11605 132nd Ave. N.E., Kirkland;

- Jan. 19, 12 to 1:30 p.m. Washington Utilities and Transportation Commission, 1300 S. Evergreen Park Drive S.W., Olympia.

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