

**Exh. JBN-4
Dockets UE-220066, UG-220067,
UG-210918
Witness: Joel B. Nightingale**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-220066, UG-220067,
UG-210918 (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**

EXHIBIT TO TESTIMONY OF

JOEL B. NIGHTINGALE

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE Response to UTC Staff Data Request No. 273

July 28, 2022

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-220066 & UG-220067
Puget Sound Energy
2022 General Rate Case**

WUTC STAFF DATA REQUEST NO. 273:

REQUESTED BY: Joel Nightingale

Re: Energize Eastside

The Commission's Policy Statement on Property That Becomes Used and Useful After Rate Effective Date (see Docket U-190531) states that "[t]he threshold for including provisional pro forma adjustments will be determined on a case-by-case basis." The Commission further requires that purely projected investments have "information regarding the level of spending, cost controls, and the specific need for the project." (emphasis added).

- a. Please discuss how certain the company is that the investments expected to be made through the Energize Eastside project will in fact be made.
- b. Please discuss how certain the company is that the investments expected to be made through the Energize Eastside project will cost what the company claims they will cost in its filing.

Response:

Please see the following in response to WUTC Staff Data Request No. 273.

- a. Relative to expected year in service, certainty increases through the permitting process. The Energize Eastside Project has completed all permitting for the south segment of the project as well as the Richards Creek substation. Puget Sound Energy ("PSE") has also submitted for permits on the north segment of the transmission lines of the project with a Conditional Use Permit hearing in Redmond that occurred on June 6, 2022, with only Bellevue for the north segment remaining. PSE has confidence this project will be completed within the rate plan period.
- b. Relative to the cost of the investment, certainty increases through the project lifecycle generally narrowing the cost range at each step in the project as the costs become more certain. The Energize Eastside Project has substantially completed construction on the substation and these costs are known. Additionally, 44 percent of construction has been completed on the transmission line and cost bids have been secured. Unexpected costs associated with project

route, safety adjustments, the permitting process, including appeals, and construction uncertainties along with permit requirements, may occur in a complex project such as this one. For example, Olympic Pipeline Company (“OPL”) recently placed additional safety requirements and costs for working near their pipelines, once detailed access plans were submitted to OPL following permit acquisition. The Energize Eastside Project cost estimate still remains within the expected cost range.

Additionally, as discussed in the Prefiled Direct Testimony of Susan E. Free, Exh. SEF-1T, at page 28:17-18, “PSE is proposing that rates that are recovering estimated utility plant related items beyond 2021 be set subject to refund.” As noted in Exh. SEF-1T at pages 29-50, PSE has proposed a retrospective review process of forecasted plant expenditures included in this proceeding as compared to actual costs for projects that are above or below their estimated amounts. PSE’s proposal is that the review of plant be conducted on a portfolio basis to allow PSE the ability to optimize its investments and make prudent decisions as it responds to the dynamic business environment under which the decisions will be made. As such, precise adherence to current estimates and timing of plant in service would not be required under PSE’s proposal as long as multiyear rate plan investments as a whole are within a reasonable degree of amounts used to set rates, as described in more detail in Ms. Free’s testimony. And ultimately, the earnings sharing test that is also described in Ms. Free’s testimony provides safeguards against the setting of rates that are too high in comparison to actual investments ultimately made.