



UG-230323

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October 20, 2023

SENT VIA WEB PORTAL

Kathy Hunter
Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
P. O. Box 47250
Olympia, WA 98504-7250

Re: ***Puget Sound Energy's Tariff Revision Related to the Transfer of 2022 Natural Gas Plant, Docket UG-230323***

Dear Acting Director Hunter:

The Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel) respectfully submits these comments in response to Puget Sound Energy's (PSE or Company) revised tariff filings reflecting a \$1.4 million refund to natural gas customers related to the transfer of the 2022 plant.

Public Counsel's Recommendation

The Commission should approve PSE's revised filing, which will refund \$1.4 million to customers from the transfer of the 2022 plant.

On December 22, 2022, the Washington Utilities and Transportation Commission (Commission) entered Order 24/10, Rejecting Tariff Sheets; Approving Settlements, with Conditions; Authorizing and Requiring Compliance Filing (Order). The Order allowed PSE to provisionally include in rates projects that would go into service during the rate plan. Rates related to those projects were subject to refund if the anticipated gas projects were not put into service for customers during the rate period. The Order also required PSE to file a capital projects review to show any offsetting benefits.

PSE filed its first required annual provisional capital report for 2022 (Report), which showed the Company collected \$800,000 of revenue above the threshold. Despite this, PSE requested that the Commission agree that there was no need for a refund to customers. PSE reasoned that the refund was "very small" and that, considering that rates subject to refund in 2023 are recovering

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both 2022 and 2023 forecasted plant investment, it would be reasonable for PSE to hold the amount until next year's review when all the plant recovered in 2023 are known and reasonable.¹ As such, PSE's initial filing was a request to transfer the amount between Schedule 141R (refundable) to 141N (nonrefundable).

In its Order, the Commission approved a methodology proposed by PSE to determine whether a refund is required.² After reviewing PSE's Report and tariff filing, Public Counsel expressed concern that PSE's proposal was contrary to the methodology approved by the Commission. UTC Staff also determined that PSE miscalculated the refund amount, and PSE subsequently disclosed that the actual refund would be \$1.4 million after correcting for that mistake.³

PSE revised its filing to reflect the larger refund amount, and proposed to refund the entire amount to customers. If approved, the revisions represent an overall decrease of 0.1 percent in natural gas customer bills. The typical residential customer using 64 therms per month would experience a \$.10 decrease in their monthly bill. Public Counsel supports this revised proposal and requests that the Commission approve the refund.

Public Counsel appreciates the opportunity to submit these comments. Public Counsel will be present at the Open Meeting on October 26, 2023, to answer questions. If you have any questions about this filing, please contact Shay Bauman at Shay.Bauman@ATG.WA.GOV, or Nina Suetake at Nina.Suetake@ATG.WA.GOV.

Sincerely,

/s/ 

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NMS/SB

¹ Puget Sound Energy Multi-Year Rate Plan Annual Report, at 4, *Wash. Utils & Transp. Comm'n v. Puget Sound Energy*, Dockets UE-220066, UG-220067 and UG-210918 (consol.) (filed Mar. 31, 2023).

² Revised Direct Testimony of Susan E. Free, Exh. SEF-1Tr at 33:14-20, *Wash. Utils & Transp. Comm'n v. Puget Sound Energy*, Dockets UE-220066, UG-220067 and UG-210918 (consol.) (filed June 27, 2022).

³ Puget Sound Energy Cover Letter (filed Sept. 8, 2023). PSE changed the basis for calculating the refund threshold to actual 2022 rate base instead of the 2023 approved rate base.