

Service Date: August 10, 2021



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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August 10, 2021

**NOTICE OF INTENT TO AMEND FINAL ORDERS; NOTICE OF INTENT TO
CONSOLIDATE DOCKETS**

and

**NOTICE OF OPPORTUNITY TO FILE WRITTEN RESPONSE
(By September 10, 2021, at 5 p.m.)**

Re: *Washington Utilities and Transportation Commission v. Puget Sound Energy*,
Dockets UE-190529, UG-190530, UE-190274, UG-190275, UE-171225, UG-
171226, UE-190991, and UG-190992 (*consolidated*)
*In the Matter of the Petition of Puget Sound Energy for an Order Authorizing
Accounting for Tracking Revenues Subject to PSE's Private Letter Ruling Requesting
a Decision on the Proper Ratemaking Treatment of Protected Excess Deferred
Income Taxes*, Dockets UE-200843 and UG-200844

TO ALL PARTIES:

On July 8, 2020, and July 31, 2020, respectively, the Washington Utilities and Transportation Commission (Commission) entered its Final Order and Order Granting Motion for Clarification (Final Orders) in Dockets UE-190529, UG-190530, UE-190274, UG-190275, UE-171225, UG-171226, UE-190991, and UG-190992, which resolved all the contested issues in Puget Sound Energy's (PSE or Company) general rate case (GRC) including, *inter alia*, issues related to the ratemaking treatment of protected excess deferred income taxes (EDIT).

On August 8, 2020, PSE filed a Petition for Judicial Review in King County Superior Court, which sought review of the portions of the Final Orders that required PSE to pass back protected EDIT to customers in a manner that PSE believes violates Internal Revenue Service (IRS) rules and the 2017 Tax Cuts and Jobs Act (TCJA). PSE further sought a stay of the Final Orders, which was denied.

On October 8, 2020, PSE voluntarily dismissed its Petition based on the Commission's representation that it would immediately reopen this proceeding and revisit its Final Orders

with respect to the treatment of protected EDIT if PSE obtains a Private Letter Ruling (PLR) from the IRS that upholds the Company's interpretation of IRS rules and the TCJA.

On October 20, 2020, PSE filed with the Commission a Petition for an Order that Authorizes the Accounting Treatment for Tracking of Revenues (Accounting Petition) in Dockets UE-200843 and UG-200844. PSE revised its Petition on June 30, 2021.

On January 7, 2021, PSE submitted its request to the IRS for a PLR. On July 30, 2021, the IRS issued a PLR. The PLR concludes that the Commission's Final Orders resulted in a rate calculation that is inconsistent with IRS normalization rules.

In light of the PLR ruling, the Commission, on its own motion, intends to modify the Final Orders under RCW 80.04.210 to address the issue of the proper accounting treatment of protected EDIT. The Commission also intends to consolidate the GRC dockets with the Accounting Petition dockets.

Any party to this proceeding may file a written response to the Commission's proposed amendment of the Final Orders and proposed consolidation. Specifically, the Commission seeks the following input from the parties:

1. In its Accounting Petition, PSE requests to track the amount of revenue it would have received if the Commission had set rates using the methodology PSE proposed in the GRC for passing back protected-plus EDIT instead of the methodology provided in the Final Order. PSE requests only to track these revenue differences for future recovery consideration.¹ Please provide the amount of revenue as of August 1, 2021. Also, please provide the revenue amount for protected EDIT only as of August 1, 2021. Please provide all supporting workpapers with your response.
2. If non-company parties disagree with PSE's calculation, please provide an alternative proposal. Please provide analysis for both protected EDIT and protected-plus EDIT and all supporting workpapers.
3. Please discuss whether the Commission should require PSE in its next GRC to propose recovery of the cumulative deferral balance.

Parties should file their responses no later than Friday, September 10, 2021.

¹ PSE Revised Accounting Petition, ¶10.

DOCKETS UE-190529, UG-190530, UE-190274,
UG-190275, UE-171225, UG-171226, UE-190991,
and UG-190992 (*Consolidated*); DOCKETS UE-200843 and
UG-200844

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THE COMMISSION GIVES NOTICE That parties must file any responses to the Commission's proposed amendment of the Final Orders and proposed consolidation by 5 p.m., Friday, September 10, 2021.

/s/ Rayne Pearson
RAYNE PEARSON
Administrative Law Judge