

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	
PUGET SOUND ENERGY)	Docket UE-200780
)	Docket UG-200781
For an Order Authorizing Accounting for)	
Costs Associated with COVID-19 Public)	AMENDED PETITION OF
Health Emergency)	PUGET SOUND ENERGY

I. INTRODUCTION

1. In accordance with WAC 480-07-370(3), Puget Sound Energy (“PSE” or “Company”) respectfully petitions the Commission for an Order authorizing the accounting detailed in this Amended Petition related to the Company’s incremental costs and foregone revenue¹ net of offsets (“net costs”) associated with the COVID-19 public health emergency. This Amended Petition updates PSE’s original Petition filed September 3, 2020 and reflects additional details resulting from the efforts of the Commission’s COVID-19 Response Workgroup in Docket U-200281. As described more fully below, PSE anticipates that the COVID-19 public health emergency, overall, could result in a net receivable from customers that the Company seeks to defer for later rate-making treatment.

2. Statutes and rules at issue in this Amended Petition include RCW 80.01.040, RCW 80.28.020, WAC 480-07-370 (3), WAC 480-90-203 and WAC 480-07-370.

3. PSE is a combined gas and electric utility that provides service to approximately 1,200,000 electric customers and 850,000 natural gas customers in Western Washington.

¹ Revenues associated with late fees, disconnection and reconnection fees. This petition does not seek to defer lost revenues associated with load or customer count reductions resulting from the public health emergency.

4. All correspondence related to this Amended Petition should be directed as follows:

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II. REASONS FOR REQUEST FOR DEFERRED ACCOUNTING

5. On February 29, 2020, Washington Governor Jay Inslee declared a state of emergency in response to the COVID-19 pandemic. Puget Sound Energy suspended all service disconnections and late payment fees in order to help limit the impact on customers for the hardships they will experience that are outside of their control. The public health emergency is expected to significantly increase PSE's accounts receivable write-off expense. The Company also expects to experience other incremental net costs related to the emergency that the Company is currently unable to predict or quantify. Recognizing the continuing impact of the pandemic on customers, the Commission issued Order 01 in Docket U-200281 to extend the suspension of the disconnection of energy services for nonpayment and adopt related requirements. This order also adopted the Revised Term Sheet, with modifications, formed out of the COVID-19 Response Workgroup. Part of this term sheet recommended principles for cost recovery for incremental COVID-19 costs and benefits, but the final determination of what costs and benefits will be allowed for deferral will be decided separately in each utility's deferred accounting petition². Based on this guidance, with slight revisions specific to the Company, PSE proposes the following types and methodologies for estimating costs to be deferred for future recovery.

- Direct costs for reasonable measures taken by PSE in response to the COVID-19 pandemic, including incremental costs associated with:

² Docket U-200281, Order 01, ¶ 26.

- personal protective equipment,
 - cleaning supplies and services,
 - contact tracing,
 - medical testing,
 - financing costs to secure liquidity,
 - information technology updates,
 - equipment needed for remote work options,
 - administrative needs to implement the adopted term sheet
 - labor for employees temporarily unable to work due to the pandemic where such labor is typically charged to capital but must be charged to expense
- Cost savings directly associated with:
 - savings, credits, payments, or other benefits received by PSE from a federal, state, or local government that are directly related to a COVID-19 direct cost, including federal, state, or local tax credits or benefits.
 - expense savings directly associated with the pandemic such as:
 - travel related expenses and training costs which were not incurred due to the halt of non-required company travel
 - reductions in parking expense
 - reductions in office supplies and employee expenses not incurred due to employees working from home.
- Any amount of bad debt expense incurred in 2020, 2021 and 2022 above the bad debt baseline as defined below. While PSE will track the bad debt expense that is incurred above the baseline being collected from customers today, it will not defer and seek collection of any amount above the actual amount that is written-off. The bad debt expense baseline is the amount that is currently being collected from customers for bad debt during the year. For 2020, PSE will use the pro-rated amount from its 2017 and 2019 general rate cases and the 2019 general rate case amounts will be used for 2021 and 2022. Both general rate cases contained test years that were not impacted by the pandemic.
 - For calendar year 2020 the annual amount of late payment fees defined in PSE's rate proceeding/s that were in effect in 2020 as described in the previous bullet, less the actual amount collected by PSE for January 1,

2020 through March 1, 2020. For 2021, PSE will defer the annual amount of late payment fees as defined in PSE's 2019 general rate case, prorated on a monthly basis for the period of January 1, 2021 through the Resumption date plus 180 days³. If the Resumption date plus 180 days extends into 2022, PSE will defer late payment fees using the same formula as described for 2021 in 2022.

- For calendar year 2020 the annual amount of disconnection and reconnection charges defined in PSE's rate proceeding/s that were in effect in 2020 as described in the previous bullet, less the actual amount collected by PSE for January 1, 2020 through March 1, 2020. For 2021, PSE will defer the annual amount of disconnection and reconnection charges as defined in PSE's 2019 general rate case, prorated on a monthly basis for the period of January 1, 2021 through the Resumption date plus 180 days. If the Resumption date plus 180 days extends into 2022, PSE will defer reconnection fees using the same formula as described for 2021 in 2022. However, PSE, for its electric revenues, will prorate the average annual amount by the percentage of electric AMI meters installed as of March 1, 2020 for calendar year 2020 and January 1, 2021 for calendar year 2021. A similar proration for gas is unnecessary as there is no ability to conduct a remote only reconnect or disconnect on gas meters.
- Costs to fund a COVID-19 bill payment assistance program, as described in the Additional Funding for Customer Programs section in Docket U-200281, Order 01.
- Other incremental costs associated with COVID-19, as may be identified.

PSE understands that the method for measuring and valuing the amounts to be deferred will be addressed when PSE seeks recovery of the deferrals in a future rate case. Therefore, the method of measuring and valuing the deferrals is provided as informational and may be refined from what is described above if better methodologies are determined.

6. PSE will document all costs associated with the COVID-19 public health emergency in order to comply with the above methodologies. Accordingly, PSE requests to preserve these net costs through deferred accounting for later consideration. Through hard work and innovation, PSE has been able, so far, to continue to fulfill its obligation to provide safe, reliable service to its

³ Docket U-200281, Order 01, ¶ 12.

customers under the exceptional circumstances created by the pandemic. However, because so much is uncertain, PSE believes the granting of this Amended Petition is needed to ensure its ongoing financial health and to allow the Company to have a reasonable opportunity to recover its prudently incurred costs.

III. PROPOSED ACCOUNTING TREATMENT

7. PSE seeks authorization to defer the costs and foregone revenue net of offsets associated with the COVID-19 public health emergency as noted above.

8. The Company proposes to record the deferral of costs as a regulatory asset in FERC Account 186 (Other Deferred Debits), and credit the originating FERC account associated with the expense or waived fee. For purposes of deferring the funding for any COVID-19 bill payment assistance programs, as described in the Additional Funding for Customer Programs section in Docket U-200281, Order 01, the offsetting credit will be to accounts receivable. The Company further proposes to record the deferral of cost savings as a regulatory liability in FERC Account 253 (Other Deferred Credits), and debit the originating FERC account associated with the cost savings. The Company proposes that interest will not accrue on the unamortized balance.

IV. ESTIMATED DEFERRALS

9. As the COVID-19 pandemic and associated impacts are constantly changing and are unpredictable, the Company continues to evaluate its response. At this time, the length and magnitude of the COVID-19 public health emergency is unknown. Additionally, the impact of the pandemic is also unpredictable. As such, other than for the funding of a COVID-19 bill payment assistance program at one percent of Washington retail revenues, as described in the Additional Funding for Customer Programs section in Docket U-200281, Order 01, Paragraph 18, the Company is unable to provide a cost estimate for the total deferral at this time, but will

provide support for the net costs associated with this deferral, consistent with the above proposed methodologies, at the time any ratemaking treatment is proposed. As it relates to PSE, one percent of its Washington retail revenues for 2019 is \$27.7 million⁴.

10. Finally, PSE agrees with providing regular reports on the amounts deferred but recommends an adjustment to the time schedule for these reports from what was proposed in the Term Sheet. The Term Sheet recommends that the initial report to be filed December 1, 2020 will cover the period between March 1, 2020 and September 30, 2020, and that subsequent reports will be submitted 30 days after the close of each quarter to continue until the proceeding in which the deferral is requested for recovery or until the Commission determines the reports are no longer useful. Because it is likely this Amended Petition will not be approved prior to November 24, 2020, PSE proposes the first report be due on January 4, 2021. Additionally, if the subsequent quarterly reports are due 30 days after each quarter close, those reports will be due prior to each company's earnings releases, which would require the information to be filed with temporary confidentiality designations. Therefore, PSE proposes that the quarterly reports be filed 45 days after each quarter's close to avoid the need to file information as confidential.

V. REQUEST FOR RELIEF

11. For the reasons discussed above, PSE respectfully requests the Commission issue an Order approving the deferred accounting for COVID-19 related net costs incurred, as set forth in this Amended Petition.

⁴ One percent of amounts included in Docket No. UE-200294, Excel file "200294-EL Dec 2019CBR.xlsx" tab "Summaries" cell DV15 and Docket No. UG-200295, Excel file "200295-GS Dec 2019CBR.xlsx" tab "model" cell CO14.

DATED this 6th day of November, 2020.

Puget Sound Energy

By */s/ Susan Free*

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