BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

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. 272

July 28, 2022
WUTC STAFF DATA REQUEST NO. 272:  
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). Please describe the cost controls that the company has in place for the Energize Eastside project.

Response:

As noted on line 38 on page 3 of the Fourth Exhibit to the Prefiled Direct Testimony of Joshua A. Kensok, Exh. JAK-5, the Energize Eastside project was determined to be a Specific investment. It is not categorized as a Projected investment, which is the topic of this request. Per the Policy Statement in Docket U-190531, the inclusion of information regarding the level of spending, cost controls, and the specific need for the projected investment is only required for purely Projected (emphasis added) investments. Puget Sound Energy (“PSE”) has a separate category and adjustment for purely Projected investments, which did not include any component of the Energize Eastside investment. Regardless, please refer below for the specific information requested for this investment.

The Energize Eastside Project follows the Project Lifecycle Model described in the Prefiled Direct Testimony of Roque B. Bamba, Exh. RBB-1T. However, it has additional project planning and oversight to reflect the linear nature of the project and for being in multiple phases simultaneously due to the complexity of permitting and the construction sequence. The Energize Eastside Project has progressed through the Project Lifecycle Model as each element moves through the relevant phase gate which requires ongoing governance documentation in the form of Corporate Spending Authorizations (“CSA”) and Project Change Requests, which include and detail approved cost changes as the project progresses. An example of cost controls includes a review of cost reports on a monthly basis by the Infrastructure Project Management Office. Due to the complexity of the Energize Eastside Project, the project team also reports regularly to an executive...
level Steering Committee and is part of PSE’s Strategic Project Portfolio, which is a portfolio of projects that have increased visibility and additional monthly health reporting requirements to Officers and the Board. Additionally, procurement for contractor services and professional support are consistent with PSE’s procurement guidance. Please see the Prefiled Direct Testimony of Dawn M. Reyes, Exh. DMR-1T, which provides a detailed description of PSE’s Procurement process. Please also see the Prefiled Direct Testimony of Joshua A. Kensok, Exh. JAK-1T, pages 5-15, for a description of the capital allocation and CSA process. As noted in Exh. JAK-1T on page 33:6-7, PSE’s capital allocation process has produced “a strong record of cost control performance, which has resulted in actual spending closely tracking to budgeted/forecasted level.”