

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKETS UE-240004, UG-240005,
UE-230810 (*Consolidated*)

COMMISSION STAFF’S MOTION
FOR LEAVE TO FILE REVISED
TESTIMONY

1 Commission Staff (Staff) respectfully requests leave pursuant to WAC 480-07-375(1)(d) and 480-07-460(1)(a)(i) to revise the response testimony of Chris McGuire (Exhibit CRM-1T), filed in the above-captioned dockets on August 6, 2024. The proposed revision is substantive and is necessary to correct a misinterpretation of Puget Sound Energy’s (PSE) position regarding its proposed pro forma plant additions. Staff submits the revised testimony with this motion.

I. FACTUAL BACKGROUND

2 PSE filed with the Utilities and Transportation Commission (Commission) its general rate case on February 15, 2024, requesting rate increases for both electric and natural gas service. The Commission suspended the filings for adjudication and consolidated the electric request with the natural gas request.¹ The Commission adopted a procedural schedule which required Staff and other responding parties to file response testimony by August 6, 2024.²

3 Since filing its response testimony on August 6, 2024, Staff discovered that it misunderstood PSE’s proposal with respect to pro forma plant additions. Specifically, Staff mistakenly believed that plant placed into service in calendar year 2024 would be included in

¹ *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-240004 & UG-240005 (consolidated), Order 01 Complaint and Order Suspending Tariff Revisions; Order of Consolidation, ¶¶ 1-7 (March 5, 2024).

² *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-240004 & UG-240005 (consolidated), Order 04/02, Prehearing Conference Order, ¶ 10 and Appendix B (April 18, 2024).

rates on a provisional basis under PSE’s proposal. Instead, PSE’s position as presented in its direct case is that only plant placed in service in 2025 and 2026 would be included on a provisional basis. Plant placed in service during 2024 would be included in rates permanently and would not subject to further review and refund.³

4 To clarify the record, Staff must revise its testimony. As filed on August 6, 2024, Staff states that it accepts PSE’s treatment of capital additions prior to January 1, 2024, as traditional proforma adjustment and capital additions from January 2024 through December 2026 as provisional pro forma adjustments.⁴ This is incorrect as PSE does not include 2024 plant additions as provisional. Staff opposes that position.

5 While the revision is important from a clarification standpoint, Staff’s primary position regarding 2024 plant additions remains unchanged. Staff’s perspective has been consistent that PSE’s 2024 plant additions should be included in rates on a provisional basis, with further review and potential refunds. The revision does not change Staff’s fundamental position. It clearly expresses that Staff and PSE’s positions are not consistent and identifies a contested issue that is currently unclear. PSE’s proposal is to treat all 2024 plant additions as “traditional” pro forma adjustments, which Staff does not support.

6 Staff discovered the error and brought this motion as quickly as practicable. In addition to the substantive edit, Staff has identified minor edits, which are also included in the proposed revised testimony.

II. COMMISSION STAFF’S MOTION

7 WAC 480-07-460(1)(a)(i) allows parties to submit substantive revisions to prefiled testimony or exhibits only after receiving leave from the presiding officer. To do so, the party must file a motion for revised testimony as soon as practicable after discovering the need for

³ Free, Exh. SEF-1T at 77:23 – 78:5; Exh. SEF-19; Exh. SEF-20.

⁴ McGuire, Exh. CRM-1T at 9:8-14 (August 6, 2024).

revision.⁵ The Commission generally considers the timing of the motions, the prejudice to other parties, and whether accepting revised testimony would disrupt the procedural schedule of the case.⁶

8 Leave is warranted in this instance. Staff's proposed revised testimony contains a substantive change in that it identifies a controversy. While the substance of Staff's position has not changed with respect to treating 2024 pro forma plant provisionally, the record will be muddled without revision. The record would be potentially misleading because Staff states that it agrees with PSE's treatment of plant. Staff agrees in part (with respect to 2025 and 2026 plant) but disagrees in part (with respect to 2024 plant), but that is not clear as the testimony is currently presented. The proposed revision of Chris McGuire's testimony is narrow and necessary to ensure a clear record before the Commission, and having a clear record is in the public interest. A clear record allows the Commission to base its decisions in this case on correct evidence.

9 Staff moved quickly once the mistake was uncovered. Additionally, because the substance of Staff's testimony – that pro forma 2024 plant should be treated provisionally – does not change with the proposed revision, parties will not be required to respond to a new position from Staff. As a result, Staff's request does not unduly prejudice any of the parties.

10 The proposed revised testimony includes minor corrections that are consistent with errata. For efficiency, Staff includes the errata corrections with this filing. The following table contains a description of the proposed edits, which are also found in the revised testimony filed with this motion.

⁵ WAC 480-07-460(1)(b).

⁶ *Wash. Utils. & Transp. Comm'n v. Cascade Natural Gas Corp.*, Docket UG-210755, Order 04, ¶ 6 (Dec. 17, 2021).

Revisions to Response Testimony of Chris McGuire, Exh. CRM-1T

Page 9, lines 12-14:	Replace: “No. Staff accepts PSE’s treatment of capital additions prior to January 1, 2024, as traditional pro forma adjustments and capital additions from January 2024 through December 2026 as provisional pro forma adjustments.” With: “Yes. Staff does not accept PSE’s treatment of all capital additions in 2024 as traditional pro forma adjustments not subject to further review and refund.”
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Page 9, Line 16:	Insert the following: Q. Why is Staff contesting PSE’s proposal to treat all capital additions in 2024 as traditional pro forma adjustments not subject to future review and refund? A. Staff’s position is that PSE’s 2024 plant additions should be included in rates on a provisional basis, subject to future review and refund, because a full review of the 2024 plant additions cannot be completed within this general rate case. The response testimony of Staff and other intervening parties is due on August 6, 2024, well before many of PSE’s 2024 plant additions were placed in service. While in theory it is possible for parties to have performed a “threshold” prudence examination for many of the 2024 plant additions PSE has included in this case, it simply is not possible to complete a full prudence examination for plant additions that are not yet in service. Parties cannot confirm that those projects will be used and useful for service in Washington in the rate year, and parties cannot perform a critical examination of the final project costs because those costs are not yet known and measurable. Parties should be given an opportunity to perform comprehensive prudence examinations on plant additions before the Commission allows those plant additions to be included in rates permanently. Q. What does Staff recommend with respect to which plant additions should be included in rates provisionally and subject to future review and refund? A. Staff recommends that the Commission treat all 2024 plant additions as provisional and subject to review in the annual retrospective plant reviews. Q. Why does Staff recommend that the Commission treat all 2024 plant additions as provisional rather than just the portion of the 2024 plant additions that could not have been reviewed by the parties prior to filing response testimony?
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	<p>A. For the retrospective review of plant included in 2025 rates, prior to examining the accuracy of PSE’s projected plant transfers in 2025 parties will first need to examine the accuracy of PSE’s projected plant-in-service at the end of 2024. While it is possible that parties will have had a reasonable opportunity to examine plant placed in service in early 2024, the fact that parties (and the Commission) must assess the accuracy of PSE’s projected plant-in-service at the end of 2024 means that all plant additions in 2024 should be examined in aggregate. As a practical matter, treating all 2024 plant additions as provisional simplifies the analysis of – and correction for – differences between PSE’s forecasted transfers to plant in 2024 and PSE’s actual transfers to plant in 2024.</p> <p>Q. Given that the Commission in this GRC is valuing plant in 2025 for the purpose of setting rates in 2025, why is Staff concerned with preserving parties’ ability to examine 2024 plant additions during the first retrospective review?</p> <p>A. The property valuation statute, RCW 80.04.250, grants the Commission the authority to “ascertain and determine the fair value for rate making purposes of the property of any public service company used and useful for service in this state by or during the rate effective period,” including property “acquired or constructed by or during the rate effective period.”¹⁰</p> <p>In short, in setting rates for 2025, the Commission must ascertain and determine the fair value of all of PSE’s property used and useful for service in 2025, including the used and useful property the Company acquired prior to 2025. Given that parties have not had an opportunity to perform a full prudence examination of many of the Company’s 2024 capital additions and given that those projected 2024 capital additions are included in the value of utility property in 2025, the 2024 plant additions must be subject to review and refund consistent with any other property included in 2025 rates that became used and useful at a date where parties could not have had a reasonable opportunity to fully examine that property.</p> <p>¹⁰ RCW 80.04.250(2).</p>
Page 73, line 12	December 2024 should read December 2023
Page 95, line 13	\$23.5 million should read \$28.4 million
Page 95, line 14	\$0.7 million increase should read \$0.7 million decrease
Page 104, line 5	\$0.7 million increase should read \$0.7 million decrease
Page 105, line 14	\$19.6 million should read \$21.2 million
Page 105, line 15	\$28.6 million should read \$28.0 million

III. CONCLUSION

11 For the reasons stated above, Staff respectfully requests that the Commission grant its motion to file revised testimony to correct a misunderstanding embedded in the Response Testimony of Chris McGuire.

DATED this 27th day of August 2024.

Respectfully submitted,

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