

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petitions of:

PUGET SOUND ENERGY,
AVISTA CORPORATION d/b/a
AVISTA UTILITIES, PACIFICORP
d/b/a PACIFIC POWER & LIGHT
COMPANY, CASCADE NATURAL
GAS CORPORATION, AND NW
NATURAL GAS COMPANY d/b/a
NW Natural,

Petitioners,

For Order(s) Approving Deferral of
Accounting Treatment for Costs
Associated with the 2025-2027 Third
Agreement for Participatory Funding
Pursuant to RCW 80.28.430

DOCKETS: UE-220196 and UG-220197
GRANTING ORDER 05 SUBJECT TO
CONDITION; VACATING ORDER 04; and
RESCINDING ORDER 03

UE-220151 and UG-220596
GRANTING ORDER 03 SUBJECT TO
CONDITION

UE-220599
VACATING ORDER 03 and GRANTING
ORDER 04 SUBJECT TO CONDITION

UG-220706 and UG-220752
GRANTING ORDER 03 SUBJECT TO
CONDITION

GRANTING ORDER 03
SUBJECT TO CONDITION

BACKGROUND

- 1 In 2021, the Washington State Legislature (Legislature) enacted Engrossed Substitute Senate Bill 5295 (ESSB5295), codified as Revised Code of Washington (RCW) 80.28.430, which required utilities to enter into funding agreements with organizations representing “broad customer interests” in regulatory proceedings conducted by the Commission. The Legislature further directed the Commission “to determine the amount of financial assistance, if any, that may be provided to any organization; the way the financial assistance is distributed; the way financial assistance is recovered in a utility’s rates; and other matters necessary to administer the agreement.”¹

¹ *In the Matter of the Petition of Puget Sound Energy, Avista Corporation d/b/a/ Avista Utilities (Avista), PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp), Cascade Natural Gas Corporation (Cascade), Northwest Natural Gas Company d/b/a NW Natural (NW Natural), the Alliance of Western Energy Consumers (AWEC), the NW Energy Coalition (NWEC), the Energy Project (TEP), Sierra Club, Front & Centered and Spark Northwest (collectively the Joint*

- 2 To aid in developing the participatory funding agreement, the Commission issued a notice on August 21, 2021, sought input on intervenor funding, engaged stakeholders, and developed a Policy Statement on Participatory Funding for Regulatory Proceedings (Policy Statement) in Docket U-210595.² The Policy Statement provides high-level guidance on the utilities’ funding caps, funding to organizations representing highly impacted communities and vulnerable populations (Prioritized Communities),³ and “the Commission’s interpretation of “eligible organizations,” “eligible proceedings,” “broad customer interests,” and process requirements for the distribution of funds.⁴
- 3 After issuing the Policy Statement, on February 24, 2022, the Commission an interim, one-year participatory funding agreement that limited the funding “up to .01 percent of the operating revenue available from each company (up to a cap of \$300,000 per utility)” and “set aside one-third of funding for organizations representing Prioritized Communities.”⁵
- 4 Specifically, the Commission entered Order 01, Approving Agreement with Modifications (Order 01), to take effect February 25, 2022, and remain in place until December 31, 2022, and set the first year of the participatory funding consumer access fund caps at: (1) \$300,000 for PSE,⁶ Avista,⁷ and PacifiCorp;⁸ (2) \$265,512 for Cascade;⁹ and (3) \$72,735 for NW Natural.¹⁰ However, since the first agreement (First Agreement)

Parties), Docket U-210595, Order 01, Approving Agreement with Modifications (February 24, 2022).

² *In the Matter of the Commission’s Examination of Participatory Funding Provisions for Regulatory Proceedings*, Docket U-210595 (November 19, 2021).

³ RCW 80.28.430(4).

⁴ Docket U-210595, Order 01 at 2 ¶ 3.

⁵ Docket U-210595, Order 01 at 2 ¶ 4.

⁶ *In the Matter of Petition of Puget Sound Energy For an Order Authorizing Accounting Costs Associated with Participatory Funding Agreements Pursuant to RCW 80.28.430, and Commission’s Policy Statement and Order 01 in U-210595*, Dockets UE-220196 and UG-220197, Order 01 at 1 ¶ 3 (August 25, 2022). *See also* Docket U-210595, Attachment A to Order 01 at 4 (February 24, 2022).

⁷ Dockets UE-220151 and UG-220596, Order 01 at 2 ¶ 3 (August 25, 2022). *See also* Docket U-210595, Attachment A to Order 01 at 4 (February 24, 2022).

⁸ Docket UE-220599, Order 01 at 2 ¶ 3 (October 27, 2022). *See also* Docket U-210595, Attachment A to Order 01 at 4 (February 24, 2022).

⁹ Docket UG-220706, Order 01 at 2 ¶ 3 (October 27, 2022). *Id.*

¹⁰ Docket UG-220752, Order 01 at 1 ¶ 3 (October 27, 2022). *Id.*

contained a provision in Article 7.9, which provided that “amounts in any deferred account will include a carrying cost equal to a utility’s authorized rate of return, until the deferral is amortized...and receive a return using the then published Federal Energy Regulatory Commission (FERC) rate; the Commission modified the provision by requiring the utilities to file annual tariff filings to recover any deferred amounts.”¹¹

5 On February 9, 2023, the Commission entered Order 02, Approving Agreement Subject to Conditions (Order 02), which allowed the revised participatory funding agreement (Second Agreement) subject to conditions of refiling, to take effect February 9, 2023, and remain in effect until December 31, 2024.¹² The general provisions remained the same, but the Second Agreement increased the \$300,000 cap to \$400,000 for PSE only.¹³ Additionally, in Order 02, the Commission amended Order 01 by removing the provision in Article 7.9,¹⁴ clarifying that it “does not pre-authorize accounting treatment,” and that any deferrals it previously granted would not be ongoing and that the utilities would need to file new or amended petitions annually.¹⁵

6 On February 18, 2025, the Joint Parties submitted a newly revised participatory funding agreement (Third Agreement), following the expiration of the Second Agreement, which included a three-year funding term expiring on December 31, 2027.¹⁶

7 Further, over the years, PSE,¹⁷ Avista,¹⁸ and PacifiCorp,¹⁹ Cascade,²⁰ and NW Natural,²¹ continued to file petitions on an annual basis in accordance with deferred accounting

¹¹ Docket U-210595, Order 01 at ¶ 10.

¹² Docket U-210595, Order 02 (February 9, 2023)

¹³ Docket U-210595, Order 02 at 2-3 ¶ 6, and Extended Interim Funding Agreement at 4 (December 20, 2022).

¹⁴ Docket U-210595, Order 02 at 5 ¶ 20.

¹⁵ Docket U-210595, Order 02 at 5 ¶ 20.

¹⁶ Docket U-210595, Joint Parties Washington Participatory Funding Agreement (Third Agreement) at 4 (February 18, 2025).

¹⁷ Dockets UE-220196 and UG-220197, Order 01 (August 25, 2022), Order 02 (December 21, 2023) and Order 03 (April 11, 2025).

¹⁸ Dockets UE-220151 and UG-220596, Order 01 (August 25, 2022), and Order 02 (December 21, 2023).

¹⁹ Docket UE-220599, Order 01 (October 27, 2022), Order 02 (December 21, 2023), and Order 03 (July 24, 2025).

²⁰ Docket UG-220706, Order 01 (October 27, 2022), Order 02 (December 21, 2023).

²¹ Docket UG-220752, Order 01 (October 27, 2022), Order 02 (December 21, 2023).

treatment of fund grants for each of the participatory fund agreements, and the Commission issued orders granting each of those requests,

8 On February 25, 2025, PSE filed its Third Amended Petition, and on April 4, 2025, filed a Revised Third Amended Petition for an Amended Order Authorizing Deferred Accounting Costs in Dockets UE-220196 and UG-220197 relating to the Third Agreement for participatory funding terminating on December 31, 2027.

9 On April 11, 2025, the Commission entered Order 03, Approving Agreement, Subject to Conditions, and allowed the Third Agreement to take effect on April 11, 2025, and remain in effect through December 31, 2027. The Third Agreement increased “PSE’s Customer Representation Sub-Fund to \$300,000 annually and raised PSE’s overall participatory funding cap to \$500,000 annually.”²² Additionally, the Commission created a General Fund Outreach Fund for prioritized organizations to increase the level of participation among intervenors in Commission proceedings, particularly among organizations not presently engaged with the Commission.

10 On April 23, 2025, Avista filed its Third Amended Petition for an Accounting Order Authorizing Deferral of Accounting Costs in Dockets UE-220151 and UG-220596 relating to the Third Agreement for participatory funding agreement terminating on December 31, 2027.

11 On April 24, 2025, PSE Dockets UE-220196 and UG-220197, were returned to the Commission’s regularly scheduled Open Meeting agenda to address PSE’s Revised Third Amended Petition and to further discuss carrying costs associated with the participatory funding cost deferrals in the Third Agreement. On this same date, the Commission entered Order 04, which stayed Order 03 for reconsideration of the issue of carrying costs to a later date so that this matter could be addressed along with the petitions of other Joint Parties of the Third Agreement.

12 On May 9, 2025, NW Natural, Cascade and PacifiCorp each filed their Petitions for an Accounting Order Authorizing Deferred Accounting costs in Dockets UG-220752, UG-220706, and UE-220599 relating to the Third Agreement for participating funding terminating on December 31, 2027.

13 On July 25, 2026, the Commission inadvertently issued Order 03 in Docket UE-220599, granting PacifiCorp’s Petition for an Accounting Order Authorizing Deferral of

²² Docket U-210595, Order 03 at 3 ¶ 10.

Accounting Costs while the matter was stayed in PSE's Dockets UE-220196 and UG-220197.

- 14 Commission staff (Staff) has reviewed the amended petitions from the Joint Parties and have determined that the amounts deferred in association with the Third Agreement for participatory funding have been reasonably incurred. Staff notes that although it attempted to have all the dockets addressed at the April 10, 2025, Open Meeting, this matter was delayed due to the Commission drafting its Policy Statement in Docket U-250264 relating to carrying costs. However, since each of the Joint Parties' petitions request carrying costs for return on debt, Staff recommends moving this matter forward for Commission determination.
- 15 This matter came before the Commission at its regularly scheduled January 29, 2026, Open Meeting.

DISCUSSION

- 16 According to RCW 80.28.430(3):

The Commission shall allow a gas company or electrical company that provides financial assistance under this section to recover the amounts provided in rates...[and] to defer inclusion of those amounts in rates if the gas company or electrical company so elects.

- 17 While the Commission does not provide prudence determinations or guarantee cost recovery when examining a utilities' accounting deferrals, RCW 80.28.430(3) provides significant assurance of rate recovery.

- 18 Accordingly, we agree with Staff's analysis and find that each of the Joint Parties' respective requests for deferral are reasonable and consistent with the deferral and accounting guidance provided above and therefore grant PSE, Avista, PacifiCorp, Cascade and NW Natural's petitions subject to the condition that the carrying costs are set at the actual, after-tax cost of debt. This decision is further consistent with our Policy Statement in Docket U-250264 relating to carrying costs, and applies the actual after-tax cost of debt as the appropriate carrying cost to the underlying Petitions.²³

FINDINGS AND CONCLUSIONS

²³ *In the Matter of the Proceeding to Develop a Policy Statement Addressing Carrying Costs Associated with Accounting Deferrals*, Docket U-250264, Policy Statement Addressing Carrying Cost Associated with Accounting Deferrals, at ¶ 23 (Nov. 3, 2025).

- 19 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property, and affiliated interests of public service companies, including natural gas companies.
- 20 (2) PSE is an electric and natural gas company providing service within the state of Washington. As a public service company, it is subject to Commission jurisdiction.
- 21 (3) Avista is an electric and natural gas company providing service within the state of Washington. As a public service company, it is subject to Commission jurisdiction.
- 22 (4) PacifiCorp is an electric company providing service within the state of Washington. As a public service company, it is subject to Commission jurisdiction.
- 23 (5) Cascade is a natural gas company providing service within the state of Washington. As a public service company, it is subject to Commission jurisdiction.
- 24 (6) NW Natural is a natural gas company providing service within the state of Washington. As a public service company, it is subject to Commission jurisdiction.
- 25 (7) WAC 480-07-370(3) allows companies to file petitions, including that for which each named utility seeks approval.
- 26 (8) After reviewing the PSE, Avista, PacifiCorp, Cascade and NW Natural's petitions filed in Dockets UE-220196/UG-220197, UE-220151/UG-220596, UE-220599, UG -220706 and UG-220752 and the related work papers and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the petitions of each of the Joint Parties to the Third Agreement should be granted. We further find that the accounting petitions should have a carrying cost equal to the actual after-tax cost of debt.

ORDER

THE COMMISSION ORDERS:

- 27 (1) Puget Sound Energy’s request in Dockets UE-220196 and UG-220197 to defer accounting treatment for costs associated with the 2025-2027, Third Agreement for participatory funding pursuant to RCW 80.28.430 is granted, subject to condition that carrying costs are set at the actual, after-tax cost of debt. Accordingly, the Commission grants Order 05 subject to the above condition, rescinds Order 03 and vacates Order 04.
- 28 (2) Avista Corporation d/b/a Avista Utilities’ request in Dockets UE-220151 and UG-220596 to defer accounting treatment for costs associated with the 2025-2027 Third Agreement for participatory funding pursuant to RCW 80.28.430 is granted, subject to condition that carrying costs are set at the actual, after-tax cost of debt. Accordingly, the Commission grants Order 03 subject to the above condition.
- 29 (3) PacifiCorp d/b/a Pacific Power & Light Company’s request in Docket UE-220599 to defer accounting treatment for costs associated with the 2025-2027, Third Agreement for participatory funding pursuant to RCW 80.28.430 is granted, subject to condition that carrying costs are set at the actual, after-tax cost of debt. However, because the Commission inadvertently issued Order 03 in Docket UE-220599, granting PaciCorp’s Petition for an Accounting Order Authorizing Deferral of Accounting Costs while the matter was stayed in PSE’s Dockets UE-220196 and UG-220197, we vacate Order 03, and grant Order 04, subject to the above condition.
- 30 (4) Cascade Natural Gas Corporation’s request in Docket UG-220706 to defer accounting treatment for costs associated with the 2025-2027, Third Agreement for participatory funding pursuant to RCW 80.28.430 is granted, subject to condition that carrying costs are set at the actual, after-tax cost of debt. Accordingly, the Commission grants Order 04 subject to the above condition.
- 31 (5) Northwest Natural Gas Company d/b/a NW Natural’s request in Docket UG-220752 to defer accounting treatment for costs associated with the 2025-2027, Third Agreement for participatory funding pursuant to RCW 80.28.430 is granted, subject to condition that carrying costs are set at the actual, after-tax cost of debt. Accordingly, the Commission grants Order 03 subject to the above condition.
- 32 (6) Each of these respective Orders shall not affect the Commission’s authority over rates, services, accounts, valuations, estimates, or determination of costs, on any

matters that may come before it. Nor shall the Orders granting the Joint Parties petitions be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.

- 33 (7) The Commission retains jurisdiction over the subject matter and Puget Sound Energy, Avista Corporation d/b/a Avista Utilities, PacifiCorp d/b/a Pacific Power & Light Company, Cascade Natural Gas Corporation, and Northwest Natural Gas Company d/b/a NW Natural to effectuate the provisions of these Orders.
- 34 (8) The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective January 29, 2026.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFF KILLIP
Executive Director and Secretary