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VIA ELECTRONIC FILING

Mr. Mark Johnson
Executive Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

**Re: UG-190464 – Puget Sound Energy, Pipeline Replacement CRM (Schedule 149)
Alliance of Western Energy Consumers Comments**

Dear Mr. Johnson:

The current agenda of the Washington Utilities and Transportation Commission (“Commission”) for October 24, 2019 includes a “No Action” item in the above-captioned docket (agenda item F.2) relating to Puget Sound Energy’s (“PSE’s”) cost recovery mechanism (“CRM”) for pipeline replacement. Alliance of Western Energy Consumers (“AWEC”) respectfully requests that these comments be included in the record for this docket.

PSE’s filing in this docket suggests that recovery of the 2019 CRM year revenue requirement will continue following the May 20, 2020 rate effective date in Docket UG-190530, PSE’s ongoing general rate case. Its filing in this docket states that “PSE has submitted revised tariff sheets that break out the proposed rates in this filing into the component that will remain in Schedule 149 (representing the 2019 plant investment) and the component that will be transferred to base rates with PSE’s compliance filing in mid-May 2020 in the 2019 GRC (representing the 2016-2018 plant investment).”

In justifying its position to continue recovery of 2019 CRM year costs after the general rate case, PSE appears to imply that the 2019 CRM year investments will not be reflected in the results of PSE’s general rate case. AWEC, however, does not view it to be appropriate in this docket for the Commission to prejudge what costs will, or will not, be included in the ongoing general rate case.

PSE’s filing in this docket relates to the Commission’s Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk, Docket UG-120715 (Dec. 31, 2012) (“Policy”). Under that Policy, the Commission set forth the conditions under which it would

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allow interim recovery between rate cases of the costs associated with replacing pipeline facilities with an elevated risk of failure. As stated in the Policy, one of the Commission's goals was to incentivize investment in pipeline replacement in a manner that reduces regulatory lag, but without eliminating regulatory lag altogether. To that end, the Commission's Policy ensures that a CRM for pipeline replacement is truly an interim measure warranted by specific circumstances, and not a permanent measure that results in routine charges to customers that should otherwise be handled in a general rate case. The Policy accomplishes these goals in two ways: (1) by limiting the duration of a CRM to four years and requiring a general rate case at the end of that period; and (2) by requiring a utility to include all plant investment in base rates and "reset the tariff to exclude any CRM recovery" in a subsequent general rate case filing.

AWEC has reviewed PSE's current filing revising Schedule 149. PSE's filing expressly states that PSE intends for the 2019 CRM year recovery to continue even after a subsequent general rate case. AWEC urges the Commission to reject that viewpoint. First, the effect of any general rate case must be determined by the record in the rate case and cannot be predetermined by a filing such as this CRM tariff revision. Second, the Commission's Policy unambiguously states that a subsequent rate case will result in the exclusion of "any CRM recovery" that was previously approved.

Given the nature of these issues, AWEC believes that the ongoing general rate case is the better venue for addressing the level of CRM recovery after May 20, 2020.

AWEC does not object to the Commission allowing PSE's November 1, 2019 rates to go into place. Notwithstanding, AWEC does have concerns with the Commission pre-approving rates that go into effect subsequent to the rate effective date of the general rate case. AWEC urges the Commission to ensure that its approval of this and other similar CRM tariffs does not unnecessarily constrain the Commission's ability to review these same costs in a future general rate case. AWEC appreciates the opportunity to provide these comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tommy A. Brooks".

Tommy A. Brooks