

Agenda Date: September 28, 2023  
Item Numbers: A1 & A2

**Dockets:** UE-230694 and UG-230695  
**Company:** Puget Sound Energy

**Staff:** Corey Cook, Regulatory Analyst  
Keith Quinata, Section Manager of Energy Rates and Services

### **Recommendation**

Take no action, thereby allowing Puget Sound Energy’s filed tariff sheets, in Dockets UE-230694 and UG-230695, including the Substitute Sheets filed on September 8, and September 22, 2023, to become effective October 1, 2023, by operation of law.

### **Summary of Filings**

On August 30, 2023, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission), in Docket UE-230694, a proposed revision to Tariff WN U-60, Schedule 129, Low Income Program.

The Company also filed, in Docket UG-230695, a proposed revision to Tariff WN U-2, Schedule 129, Low Income Program. On September 8, 2023, PSE submitted a substitute filing of the 20<sup>th</sup> Revision of Sheet No. 1129.

Docket UE-230694 proposes a rate decrease of \$22,294,410, resulting in an average overall reduction of 1.14 percent. Docket UG-230695 proposes an increase in rates of \$494,276, resulting in an average overall rate increase of 0.16 percent.

On September 22, 2023, PSE submitted revisions and new workpapers using a different calculation methodology, adjusting the above revenue requirements: decreasing electric revenue in Docket UE-230694 by an additional \$281,093, or an additional 0.01 percent and increasing natural gas revenue in Docket UG-230695 by an additional \$460,550, or 0.15 percent.

### **Background**

On July 25, 2021, the Legislature enacted Engrossed Substitute Senate Bill 5295 (SB 5295), codified as RCW 80.28.068, to update the Commission’s regulation of electric and natural gas utilities’ rates. SB 5295, among other things, included requirements that “Each gas or electrical company must propose a low-income assistance program comprised of a discount rate for low-income senior customers and low-income customers as well as grants and other low-income assistance programs.”<sup>1</sup> Additionally, the Commission shall approve, disapprove, or approve with modifications each gas or electrical company’s low-income assistance discount rate and grant

---

<sup>1</sup> RCW 80.28.068 (1).

program.<sup>2</sup> The Company must make diligent and good faith efforts to its low-income and equity advisory groups for approval related to program design, eligibility, operation, and funding of low-income programs.

On December 22, 2022, the Commission issued Order 24/10 in consolidated Dockets UE-220066, UG-220067, and UG-210918. Condition 11 of the Order required PSE, by July 1, 2023, to file for approval of its Bill Discount Rate (BDR).<sup>3</sup>

On June 30, 2023, the Company submitted its BDR program in Dockets UE-220066 and UG-220067 as a compliance filing. Commission staff (Staff) requested that PSE refile each BDR program separately rather than as a compliance item.

On July 6, 2023, PSE filed its BDR Program effective August 11, 2023. On July 24, 2023, PSE submitted a revision to its filing, changing the BDR Program effective date to August 25, 2023.

On August 24, 2023, at the Commission's regularly scheduled Open Meeting, PSE's BDR Program Tariff Schedule became effective by operation of law.

On August 30, 2023, in Dockets UE-230692 and UG-230693, PSE filed its Tariff Schedule 129D – Bill Discount Rate Rider, with an October 1, 2023, effective date.

On August 30, 2023, in Dockets UE-230694 and UG-230695, PSE filed to modify its Low-Income Program description through adjustment of its revenue requirement, including a reallocation of the prior years' true-up.

## **Discussion**

Since December 2022, PSE has engaged in twice-weekly meetings, with cadence reduced to weekly as of April 2023, with its Low-Income Advisory Committee (LIAC) and Advisory Group (AG), which includes Staff, Public Counsel (PC), PSE, The Energy Project (TEP), Northwest Energy Coalition (NWECC), and representatives of each Community Action Partner in the Company's service territory. The LIAC discussed and finalized all BDR design and implementation details with significant support from its members. On August 24, 2023, at the Commission's regularly scheduled Open Meeting, PSE's BDR Program was allowed to become effective by operation of law with No Action made by the Commission.

PSE, along with its LIAC, was unable to develop a permanent Arrearage Management Plan (AMP) in advance of this filing. The Company will implement a temporary solution upon

---

<sup>2</sup> *Id.*

<sup>3</sup> In Final Order 24/10, the Commission required the Company to make a subsequent filing on July 1, 2023, seeking approval of the BDR and AMP programs design developed through the LIAC process. *In the Matter of Authorized Deferred Accounting Treatment and Share of Costs for PSE*. Dockets UE-220066, UG-220067, and UG-210918 (Consolidated), Final Order 24/10 ¶ 263 (December 22, 2022).

approval of this filing; for customers still having a past-due balance after PSE HELP is applied, PSE will provide the customer with assistance equal to their remaining past-due balance or \$500, whichever is lesser. PSE will continue working with its LIAC to develop an Arrearage Management Plan and will have the plan filed and in place for the next program year, beginning October 1, 2024.

Workpapers accompanying the Company's filing demonstrate the changes in its revenue requirement; a decrease in electric revenue of \$22,294,410 or 1.14 percent, and an increase in natural gas revenue of \$494,276 or 0.16 percent. PSE's revenue requirement calculation also removes a \$742,500 penalty for missing the 2021 Service Quality Index (SQI) #11 benchmark for Electric Safety Response Time for the service period ending December 31, 2021.

In Docket UE-220216, PSE filed its SQI Report with the Commission, acknowledging its deficiency in the referenced benchmark. There is an ongoing docket for the Company's petition for mitigation of the penalty of \$613,636.

As part of its filings, the Company proposes to revise its Low-Income Program funding allocation to reflect 85 percent allocated from electric and 15 percent allocated from natural gas. In PSE's prior Low-Income Program filing, under Dockets UE-210674 and UG-210675, the allocation factors were 90 percent from electric and 10 percent from natural gas. PSE submits its reallocation based on Order 01 in UG-230470, requiring PSE to enroll 70,000 customers in its low-income program by January 1, 2024. Due to the necessary increase in natural gas customer enrollment, PSE reallocated program funding accordingly.

Staff have reviewed the Company's workpapers and believe the workpapers demonstrate PSE's commitment to enrolling 70,000 customers for each industry served by the end of the first BDR Program year.

On September 19, 2023, TEP identified an error in PSE's Revenue Requirement and Allocation adjustment calculation where the new Allocation Factor was applied before adjustments, resulting in a lower overall program funding cap.

On September 21, 2023, Staff met with PSE to discuss the alternative calculation method proposed by TEP. The Company affirms this is not an "error" as TEP alleges; however, it is an alternative method of calculation.

This calculation methodology results in a change in the overall revenue requirement for both industries.

Staff and PSE came to a mutual decision for the Company to submit a substitute filing to increase the overall funding cap for its Low-Income Program, with the understanding that its next annual Schedule 129 filing will include a true-up of the customer rate impact of the \$460,550 natural gas cap increase.

On September 22, 2023, the Company submitted its substitute sheets and workpapers, using TEP's proposed method of calculation. Staff has confirmed with TEP it supports the filing being made and customer rates being trued up in the company's 2024 Schedule 129 filing.

### **Interested Parties**

Staff reached out to the Consumer Advocates: TEP, NWECA, and PC.

TEP proposed an alternative method of calculating the Low-Income Program Cap, which was supported by PC and NWECA. Staff agrees it is in the public interest to have a higher cap available in the event consumers need to take advantage of financial assistance.

### **Customer Comments**

As of September 18, 2023, Staff has not received any comments from the public on these filings.

### **Conclusion**

Staff recommends that the Commission take no action, thereby allowing PSE's filed tariff sheets in Dockets UE-230694 and UG-230695, including the Substitute Sheets filed on September 8 and September 22, 2023, to become effective October 1, 2023, by operation of law.