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December 11, 2024

Received
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Filed Via Web Portal

Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**Re: Docket UG-240884 (Advice No. 2024-50)
Puget Sound Energy's Natural Gas Tariff Filing – Do Not Redocket**

Dear Executive Director Killip:

Puget Sound Energy (“PSE”) hereby submits in connection with Docket UG-240884 an update on a development related to Business & Occupation (“B&O”) Tax that accompanied its November 15th, 2024 natural gas tariff filing, under Advice No. 2024-50.

Effective April 1, 2024, Engrossed House Bill 2199 created a B&O tax exemption for Climate Commitment Act (“CCA”) allowance proceeds. PSE believes this exemption is both retroactive and prospective. Correspondingly, PSE submitted a request to the Washington State Department of Revenue (“the Department”) for refund of all of the B&O Tax on CCA allowance proceeds that have been paid up-to-date.

However, as of late, PSE has received a response from the Department indicating that it cannot refund taxes that are deemed legally due and payable at the time the taxes were paid – in essence, calling into question the retroactivity of the exemption. As a result, the customers are at risk of not being able to be refunded the previously paid B&O tax which is approximately \$3.2 million. PSE’s plan is to appeal this decision by the Department. Such a process can last many months to over a year until final resolution is known. A copy of the notice from the Department is provided with this letter.

As part of this tariff filing, prior to receiving this response from the Department, PSE has proposed to refund customers all of the B&O tax that was previously set in rates which equals \$6.5 million under the assumption that PSE will receive the requested refund from the Department.

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PSE is not making any changes to the tariff filing at this time. This letter serves solely as an update regarding the recent notice PSE received from the Department and to make clear that, in the event that PSE does not eventually prevail against the Department's decision, PSE will seek to adjust rates in a future filing to recollect this portion of B&O Tax back from customers.

Please contact Tyler Pavel at tyler.pavel@pse.com for additional information about this filing. If you have any other questions, please contact me at Birud.Jhaveri@pse.com.

Sincerely,

/s/ Birud D. Jhaveri

Birud D. Jhaveri
Director, Regulatory Affairs
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cc: Tad O'Neill, Public Counsel
Sheree Carson, Perkins Coie

Attachments:

Notice from the Department of Revenue - Refund Denied
Engrossed House Bill 2199