

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

Puget Sound Energy,

Respondent.

DOCKET UE-240729

ORDER 01

COMPLAINT AND ORDER
ALLOWING RATES SUBJECT TO
LATER REVIEW AND REFUND;
SETTING MATTER FOR
ADJUDICATION

BACKGROUND

- 1 On September 30, 2024, in Docket UE-240729, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission), proposed revisions to rates under the established Colstrip Adjustment Rider Schedule 141COL. The revised tariff sheets bear an effective date of January 1, 2025. In its filing, PSE seeks to revise Schedule 141COL rates to reflect forecasted costs for Colstrip Units 3 and 4 for calendar year 2025.
- 2 These revisions to Tariff WN U-60, Schedule 141COL rates would increase PSE's annual revenues by \$4.1 million, or 0.14 percent. A typical residential customer using 800 kWh per month would see an increase of \$0.18 per month, or 0.16 percent.
- 3 Commission Staff (Staff) has reviewed the Company's tariff filing and recommends that the Commission suspend the matter and initiate an adjudication. Staff highlights a number of capital investments reflected in the filing that are potentially unrecoverable by law or imprudent for Washington ratepayers. Specifically, these investments relate to the Colstrip coal-fired generating facility, and require scrutiny given the Clean Energy

Transformation Act's mandate to remove costs associated with coal-fired generation facilities to be removed from rates no later than December 31, 2025.¹

- 4 This matter came before the Commission at its December 19, 2024, open meeting. Staff provided a revised recommendation that the Commission require PSE to file a revised tariff, making it clear that the rate relief sought is interim and subject to refund, suspend the tariff sheets filed by PSE on September 30, 2024,, and allow the proposed rates, as revised through a compliance filing, to become effective on January 1, on an interim basis, subject to refund, pending the Commission's final determination in this Docket. Staff observed that interim rates subject to refund would prevent potential rate shock. Given the amount of time adjudications take, if the Commission were to find the costs prudently incurred, the Company may only have a few months to recover the full amount by the end of 2025, due to the prohibition created by CETA.
- 5 PSE recommended the Commission issue an order directing the Company file revised tariff pages by December 23, 2024, with an effective date of January 1, 2025, indicating that the increase in rates in this Docket are subject to refund pending the Commission's final determination of the appropriate rates in this Docket and that approval of the rates does not represent a resolution of any matter raised in this Docket. PSE expressed concern that Staff's recommendation to suspend the tariff, whether it is an interim tariff or not, gives the Company concern. PSE also expressed concern over Staff's use of the term "interim." PSE also expressed that a full adjudication is not necessary, but that additional review time might be sufficient.
- 6 Public Counsel expressed its support for developing a full record and setting the matter for adjudication.

DISCUSSION AND DECISION

- 7 We agree with Staff's recommendation, with PSE's suggested modifications, to require PSE to file amended tariff sheets, and to set this matter for adjudication while allowing rates to become effective January 1, 2025, subject to review and refund upon the Commission's final determination in this matter. Staff has identified a number of concerns, and the Commission would benefit from a full record, including testimony and briefing from the parties. The Commission also recognizes that the prohibition on retroactive ratemaking and the impending prohibition of coal-fired generation being

¹ RCW 19.405.030(1).

included to rates after 2025, creates a risk that PSE would be unable to collect on these investments.

8 We conclude that PSE's proposed tariff revisions might injuriously affect the rights and interests of the public, and PSE has not demonstrated that the proposed changes would result in rates that are fair, just, reasonable, equitable, and sufficient. While the Commission may, pursuant to RCW 80.04.130(1), suspend the tariff filing, due to concern that a suspension of the filing would preclude rates going into effect, the Commission will set the matter for adjudication, and will hold public hearings, as necessary, to determine whether the proposed increases are fair, just, reasonable, equitable, and sufficient.

9 The Commission therefore requires PSE to file amended tariff sheets, no later than December 23, 2024, with rates effective January 1, 2025, indicating that the increased rates in this Docket are subject to refund, and sets this matter for adjudication, pending the Commission's final determination in this Docket. By allowing the rates to be collected beginning January 1, 2025, the Commission notes this Order does not represent a resolution or final determination of any matter raised in this Docket.

FINDINGS AND CONCLUSIONS

- 10 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, and practices of public service companies, including electric companies and gas companies.
- 11 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 12 (3) The tariff revisions PSE filed on September 30, 2024, might injuriously affect the rights and interests of the public.
- 13 (4) PSE has not yet demonstrated that the tariff revisions would result in rates that are fair, just, reasonable, equitable, and sufficient.
- 14 (5) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130, the Commission believes it is necessary to investigate PSE's books, accounts, practices, and activities; to make a valuation or appraisal of PSE's property; and to investigate and appraise various phases of PSE's operations.

- 15 (6) The Commission finds that this Docket meets the criteria of WAC 480-07-400(2)(b)(i) and that the parties may conduct discovery pursuant to the Commission's discovery rules in WAC 480-07-400 – 425.
- 16 (7) As required by RCW 80.04.130(4), PSE bears the burden to prove that the proposed increases are fair, just, reasonable, equitable, and sufficient.
- 17 (8) PSE may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with RCW 80.20.020.
- 18 (9) After considering the Company's filing, Staff's recommendation, and for good cause shown, the Commission directs the Company to file revised tariff pages, no later than December 23, 2024, with an effective date of January 1, 2025, indicating that the increased rates in this docket are subject to refund, and the Commission sets this matter for adjudication pending final determination of this matter.

ORDER

THE COMMISSION ORDERS:

- 19 (1) The Commission orders that Puget Sound Energy shall file revised tariff pages, no later than December 23, 2024, with an effective date of January 1, 2025, indicating that the increased rates in this docket are subject to refund, and sets this matter for adjudication pending the final determination of this matter, and that said tariff sheets shall be effective starting January 1, 2025, subject to later refund.
- 20 (2) The Commission will hold hearings at such times and places as may be required.
- 21 (3) Puget Sound Energy must not change or alter the tariffs filed in these Dockets during the suspension period unless authorized by the Commission.
- 22 (4) The Commission will institute an investigation of Puget Sound Energy's books, accounts, practices, activities, property, and operations as described above.
- 23 (5) The parties may conduct discovery pursuant to the Commission's discovery rules in WAC 480-07-400-425.
- 24 (6) Puget Sound Energy shall pay the expenses reasonably attributable and allocable to the Commission's investigation consistent with RCW 80.20.020.

- 25 (7) The Commission retains jurisdiction over the subject matter and Puget Sound Energy to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective December 23, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

/s/ David W. Danner

DAVID W. DANNER, Chair

/s/ Ann E. Renhahl

ANN E. RENDAHL, Commissioner

/s/ Milton H. Doumit

MILTON H. DOUMIT, Commissioner