



Puget Sound Energy
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PSE.com

February 19, 2020

Filed Via Web Portal

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

**Re: Advice No. 2020-04
Puget Sound Energy Natural Gas Tariff Revision and Application of Puget Sound Energy for an Order Determining Property Is No Longer Useful or Alternatively Authorizing the Sale of Puget Sound Energy’s Water Heater Rental Service – filed electronically**

Dear Mr. Johnson:

Pursuant to RCW 80.28.060 and WAC 480-80-101 and WAC 480-80-105(1)(c), please find enclosed for filing the following proposed revision to the WN U-2 Tariff for natural gas service of Puget Sound Energy (“PSE”):

**5th Revision of Sheet No. 171-A – Residential Water Heater Rental Service (Continued)
4th Revision of Sheet No. 172-A –Large Volume Water Heater Rental Service (Continued)**

The Purpose of this Filing

The purpose of this filing is to discontinue PSE’s Water Heater Rental Service (“Water Heater Service”) and to obtain a Commission determination that the assets associated with the Water Heater Service (the “Water Heater Assets”) are no longer “necessary or useful” under WAC 480-143-180(2) and therefore may be disposed by selling the Water Heater Service to Grand HVAC Leasing (“GHL”). PSE is requesting a Commission determination that the Water Heater Assets are not necessary or useful because the market value of the Water Heater Service will likely exceed “the greater of .1% of [PSE’s] rate base (for the applicable utility service) last established by commission order, or \$20,000.” WAC 480-143-180. PSE’s last established natural gas base rate was \$1,765,436,979 and 0.1% of that is \$1,765,436.98. In this case, PSE anticipates receiving a payment from GHL that exceeds the threshold set forth in WAC 480-143-180.

Alternatively, PSE seeks Commission approval of the sale of the Water Heater Service to GHL because the sale is consistent with the public interest.

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Additional Materials Submitted with This Filing

Included with the tariff filing referenced above, PSE is filing its Application for an Order Determining Property Is No Longer Useful or Alternatively Authorizing the Sale of Puget Sound Energy's Water Heater Rental Service ("Application"). Supporting the Application is the Prefiled Direct Testimony of William T. Einstein, Exh. WTE-1CT through Exh. WTE-5, which provides an overview of PSE's Water Heater Service, PSE's decision to sell the Water Heater Service, its selection of GHIL as the buyer, and evidence that the Water Heater Assets are no longer "necessary or useful" and that the sale of the Water Heater Service is in the public interest. In addition to Mr. Einstein's testimony, included is the Prefiled Direct Testimony of Susan E. Free, Exh. SEF-1CT through Exh. SEF-2, which addresses the current and requested accounting for the proposed closure of Schedules 71 and 72 and the sale of PSE's Water Heater Service. Ms. Free's testimony also addresses accounting treatment relating to Schedule 74, PSE's conversion burner service which closes on March 31, 2020.

Work Papers

In compliance with WAC 480-07-510(4)(a), PSE will provide supporting electronic work papers to Commission Staff and Public Counsel.

Confidentiality Protections and Motion for Highly Confidential Protective Order

As is evident from PSE's filing, PSE has marked certain pages "**Shaded Information is Designated as Confidential per WAC 480-07-160**" and certain pages "**Shaded Information is Designated as Highly Confidential per WAC 480-07-160.**" These documents are currently protected from any further disclosure by the Commission or the Office of the Attorney General, including their outside experts, pursuant to RCW 80.04.095 and WAC 480-07-160. PSE's filing includes a motion requesting that the Commission issue a protective order with highly confidential provisions.

PSE therefore requests that the documents identified with the cover page marked "**Shaded Information is Designated as Confidential per WAC 480-07-160**" or "**Shaded Information is Designated as Highly Confidential per WAC 480-07-160,**" as well as the files marked "**Confidential**" or "**Highly Confidential,**" be treated as confidential under the provisions of WAC 480-07-160, as they each contain sensitive commercial information.

PSE, its customers, and/or the third parties that submitted commercially sensitive information to PSE, would be harmed by release of the confidential or highly confidential information contained in PSE's filing. As detailed in PSE's motion for protective order submitted with this filing, this information includes commercial information, modeling, and sensitive competitive information. PSE has designated such material as "Highly Confidential" because it reflects confidential information that PSE received from respondents to PSE's solicitation of interest to

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purchase the Water Heater Service. Such information is commercially sensitive also because it reveals information about PSE's analyses or strategies with respect to PSE's negotiations with such respondents. To the extent any such persons or entities seek to intervene in this matter, they should not thereby be permitted access to "Highly Confidential" information.

The tariff sheets described herein reflect an issue date of February 19, 2020, and an effective date of May 22, 2020. Posting of the proposed tariff changes for public inspection and review, as required by law and the Commission's rules and regulations, is being completed in accordance with WAC 480-90-193(1). As noted above, this proposed tariff change would restrict access to this service, by discontinuing a service, and disposing of the property by transferring ownership of PSE's equipment to GHJ or the customer. Notice to individual customers will be provided by mail to each customer that will be affected under the provisions of WAC 480-90-194(1) at least 30 days prior to the requested May 1, 2020, effective date.

Service and correspondence relating to this filing should be directed to:

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Attorneys for Puget Sound Energy

We look forward to working with the Commission, Commission Staff, Public Counsel, our customers, and other interested parties on this important matter.

Sincerely,

/s/ Jon Piliaris

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cc: Sheree Strom Carson, Perkins Coie
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Attachments:

Natural Gas Tariff Sheets (listed above)