

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY

Petitioner,

For an Accounting Order Authorizing
Deferred Accounting Treatment for
Increased Costs Associated with the
Updated WUTC Regulatory Fee Approved
in Senate Bill 1589 (2024)

DOCKET UE-220407 and UG-220408

ORDER 02

GRANTING ACCOUNTING
PETITION

BACKGROUND

- 1 On June 28, 2024, Puget Sound Energy (PSE or Company) re-filed with the Washington Utilities and Transportation Commission (Commission) a petition, in Docket UE-220407 for electric and Docket UG-220408 for natural gas, seeking an accounting order under WAC 480-07-370(3), authorizing PSE to utilize deferred accounting treatment for the Company's costs associated with the updated Commission regulatory fee. This Second Amended Petition relates to the costs associated with the update to the Commission's regulatory fee for large combination utilities as defined in RCW 80.86.010 applicable to Puget Sound Energy included in Engrossed Substitute House Bill 1589 (2024), incorporated in RCW 80.24.010 and signed into law by Governor Jay Inslee on March 28, 2024
- 2 In this Second Amended Petition, PSE requests to extend the deferral time period requested in its First Amended Petition concerning the earlier SB 5634 and its increase in the regulatory fee rate. PSE clarifies that rates from the Company's 2023 General Rate Case in Dockets UE-220066 and UG-220067 (*Consolidated*) did not incorporate this most recent regulatory fee change.
- 3 ESHB 1589 became effective on January 1, 2024. This law updated the Commission's regulatory fee for large combination utilities. Therefore, the fees for applicable revenues in calendar year 2024 will become payable to the Commission in May 2025. This change in fees is not accounted for in current rates.

- 4 For General Rate Case (GRC) revenues, PSE requests to update the electric and gas conversion factors applied to gross retail base revenues to include the updated regulatory fee in its current (2024) GRC. The deferrals on these revenues will end in January 2025 when new rates take effect. For non-GRC revenues, PSE proposes to incrementally adjust such tariff rates as approved and cease the deferral on related fees on December 31, 2024, since most of the rates will by then include the updated regulatory fee.
- 5 Furthermore, PSE asks to track the costs of the updated regulatory fees in deferred Federal Energy Regulatory Commission (FERC) account 186 and that interest accrue on the deferral at the Company's actual cost of total debt, which will be updated semi-annually.
- 6 The threshold for granting accounting petitions is a demonstration of extraordinary circumstances. PSE contends that the change in the regulatory fee adopted into law is an extraordinary circumstance because it is beyond the Company's control, and the cost is material.
- 7 Commission Staff (Staff) recommends that the Commission grant the request for the deferral of the updated regulatory fee with interest accruing at the actual cost of debt, updated semi-annually on July 1 and January 1.

DISCUSSION

- 8 We grant PSE's Second Amended Petition. We agree that this regulatory fee update is an extraordinary circumstance because it creates a cost beyond the Company's control. We believe that tracking this cost in FERC Account 186 is appropriate, and that incurring interest at the Company's cost of debt, updated semi-annually, is fair.
- 9 We also agree with Staff that the interest for this deferral should be updated semi-annually on July 1 and January 1, which will compensate the Company for the actual cost of acquiring the money.

FINDINGS AND CONCLUSIONS

- 10 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric and natural gas companies.

- 11 (2) PSE is a public service company regulated by the Commission, providing service as an electric and natural gas company.
- 12 (3) The Commission has jurisdiction over the subject matter of this proceeding and over PSE
- 13 (4) WAC 480-07-370(3) allows companies to file petitions including that for which PSE seeks approval.
- 14 (5) Staff has reviewed the Second Amended Petition in Dockets UE-220407 and UG-220408 including related work papers.
- 15 (6) Staff recommends the Commission grant the Second Amended Petition.
- 16 (7) This matter came before the Commission at its regularly scheduled meeting on September 26, 2024.
- 17 (8) After reviewing PSE's Second Amended Petition filed in Dockets UE-220407 and UG-220408 on June 28, 2024, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition is consistent with the public interest and should be granted.

ORDER

THE COMMISSION ORDERS:

- 18 (1) Puget Sound Energy's Second Amended Petition for Accounting Order Authorizing Deferred Accounting Treatment for Puget Sound Energy's Increased Costs Associated with the Updated UTC Regulatory Fee Approved in Engrossed Substitute House Bill 1589 (2024) is granted.
- 19 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Amended Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.

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

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective September 26, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFF KILLIP
Executive Director and Secretary