BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PUGET SOUND ENERGY, Respondent.	DOCKETS UE-220066 and UG-220067
	(*consolidated*)
In the Matter of the Petition of PUGET SOUND ENERGY For an Order Authorizing Deferred Accounting Treatment for Puget Sound Energy's Share of Costs Associated with the Tacoma LNG Facility	DOCKET UG-210918

INITIAL POST-HEARING BRIEF OF

THE FEDERAL EXECUTIVE AGENCIES

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OVERVIEW AND SUMMARY OF CASE

The Federal Executive Agencies ("FEA") hereby submits its initial post-hearing brief in this docket. The United States Department of the Navy ("Navy") represents the Department of Defense and all other Federal Executive Agencies in this proceeding. The FEA is one of the largest consumers of electricity in the service territory of Puget Sound Energy ("PSE" or "the Company") and takes electric service from the Company primarily on Schedule 49. The FEA participated in the hearing on the Multi Party Partial Settlement ("Revenue Requirement Settlement"), the Green

Direct Settlement and the Tacoma Liquefied Natural Gas ("Tacoma LNG") Settlement that was convened by the Washington Utilities and Transportation Commission ("Commission"). The FEA also filed response testimony in this docket, as well as testimony in support of the Revenue Requirement Settlement. The FEA is a signatory to the Revenue Requirement Settlement in this proceeding. The FEA did not join the Green Direct and Tacoma LNG settlements, but it does not oppose them.

The FEA's response testimony in this proceeding focused on certain aspects of PSE's proposed electric class cost of service and rate design. Specifically, the FEA's response testimony addressed the following areas:

- The classification and allocation of electric generation fixed costs;
- The classification and allocation of electric wheeling expenses in FERC Account 565;
- The class allocation of electric distribution poles and wires costs;
- The class allocation of any changes in electric base rate revenues approved in this case; and
- The rate design of the Colstrip and the multi-year rate plan riders.

The Revenue Requirement Settlement that the FEA signed addresses the allocation of changes in electric base rate revenues to Schedule 49, the design of PSE's Colstrip and multi-year rate plan riders, and the allocation of costs associated with certain PSE electrification programs. The FEA's brief supports the adoption of the electric rate spread and electric rate design provisions of the Revenue Requirement Settlement in this proceeding that were the focus of the FEA's response testimony.

The FEA respectfully requests that the Commission approve the Revenue Requirement Settlement in the instant proceeding, as it reflects a reasonable compromise of the competing interests of the settling parties and results in rates that are just and reasonable.

The balance of the FEA's initial post-hearing brief addresses the electric rate spread and rate design elements of the Revenue Requirement Settlement in greater detail.

REVENUE REQUIREMENT SETTLEMENT
ELECTRIC RATE SPREAD AND ELECTRIC RATE DESIGN PROVISIONS

The FEA is a signatory to the Revenue Requirement Settlement in this proceeding. The FEA supports the Revenue Requirement Settlement because it represents a reasonable compromise of the competing interests of the settling parties with respect to the matters addressed in the Revenue Requirement Settlement.

Moreover, as Mr. Al-Jabir explained in his testimony in support of the Revenue Requirement Settlement, the FEA specifically supports the electric rate spread and rate design components of the Revenue Requirement Settlement for a number of reasons. First, the electric rate spread in the Revenue Requirement Settlement results in a movement in the direction of more cost-based rates for Schedule 49. Specifically, the Revenue Requirement Settlement moves Schedule 49 closer to parity by allocating 150% of the adjusted average percentage electric base rate decrease to this rate schedule. This rate spread recognizes that Schedule 49 is currently paying rates that are well in excess of its class cost of service. The electric rate spread in the Revenue Requirement Settlement makes some progress in reducing the subsidy that Schedule 49 is currently providing to PSE's other electric rate classes.

Second, the Revenue Requirement Settlement adopts the FEA's proposal to incorporate both demand and energy charges into the design of the Colstrip rider (Schedule 141-C) and the multi-year rate plan riders (Schedules 141-R and 141-N) for all rate schedules with demand-based charges. This provision of the Settlement makes the rate design of these riders more consistent with cost causation, and better aligns the rate design of these riders with the classification of the rider costs in PSE's class cost of service study.

Finally, the Revenue Requirement Settlement ensures that the cost of the Targeted Electrification Pilot and the Targeted Electrification Strategy, as described in the Revenue Requirement Settlement, will be allocated in a manner that is consistent with cost causation principles. Specifically, the pilot program costs will be spread to each electric rate schedule based on the schedule's share of total Electrification Pilot program funding expended for that schedule. Costs that the Company incurs to develop the Targeted Electrification Strategy will be recovered from the class benefiting from the program.[1/] These provisions of the Revenue Requirement Settlement ensure that the customer classes that benefit from the Targeted Electrification Pilot and the Targeted Electrification Strategy will pay the associated program costs.

For the reasons set forth above, the electric rate spread and electric rate design provisions of the Revenue Requirement Settlement result in rates that are just and reasonable. The FEA believes that the Revenue Requirement Settlement is in the public interest, given the totality of the provisions of that agreement. Accordingly, the FEA urges the Commission to adopt the Revenue Requirement Settlement in its entirety.

[1/] Docket Nos. UE-220066, UG-220067 and UG-210918, Testimony of Ali Al-Jabir in Support of the Partial Multi-Party Settlement Agreement, August 26, 2022, pages 2 – 3.

CONCLUSION

The FEA respectfully requests that the Commission issue a final order in this proceeding that is consistent with the positions set forth in this initial post-hearing brief. The FEA also requests all other relief at law or in equity to which it may be entitled.

Respectfully submitted,

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