

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

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

DOCKETS UE-220066/UG-220067 and
UG-210918 (Consolidated)

POST-HEARING BRIEF OF NUCOR
STEEL SEATTLE, INC. IN SUPPORT OF
MULTIPARTY SETTLEMENTS

TABLE OF CONTENTS

I. INTRODUCTION 1

II. NUCOR’S GENERAL SUPPORT FOR THE SETTLEMENTS 1

III. GAS SERVICE COST ALLOCATION AND RATE DESIGN 2

IV. CONCLUSION..... 4

TABLE OF AUTHORITIES

Statutes

RCW 80.28.010 1

RCW 80.28.425 1

Regulations

WAC 480-07-390..... 1

WAC 480-07-740..... 1

I. INTRODUCTION

1. Pursuant to WAC 480-07-390 and the Administrative Law Judge’s Order Nos. 03, 18, 19, and 20 in Docket Nos. UE-220066 and UG-220067, Nucor Steel Seattle, Inc. (“Nucor”) respectfully submits this Post-Hearing Brief for consideration by the Washington Utilities and Transportation Commission (“Commission”).

II. NUCOR’S GENERAL SUPPORT FOR THE SETTLEMENTS

2. Nucor is a signatory to two multi-party settlement agreements filed in this proceeding: the Settlement Stipulation and Agreement on Revenue Requirement and All Other Issues Except Tacoma Liquefied Natural Gas (“LNG”) and Puget Sound Energy’s (“PSE”) Green Direct Program (“Revenue Requirement Settlement”) and the Amended Settlement Stipulation and Agreement on Tacoma LNG (“Tacoma LNG Settlement”), (collectively, the “Settlements”).¹ Nucor respectfully requests that the Commission adopt the Settlements in their entirety as they are in the public interest and result in fair, just, reasonable, and sufficient rates, as required by RCW 80.28.010 and RCW 80.28.425.

3. Pursuant to WAC 480-07-740, “settling parties must include supporting documentation sufficient to demonstrate that the settlement is consistent with the law and the public interest.” The settling parties in this case, including Nucor,² filed testimony supporting the Settlements. As stated in Nucor witness Kevin C. Higgins’ Settlement Testimony, “Nucor views the Settlements as a package that fairly balances the interests of numerous parties representing diverse stakeholder

¹ Settlement Stipulation and Agreement on Revenue Requirement and All Other Issues Except Tacoma LNG and PSE’s Green Direct Program (Aug. 26, 2022) (“Revenue Requirement Settlement”); Amended Settlement Stipulation and Agreement on Tacoma LNG (Aug. 26, 2022) (“Tacoma LNG Settlement”).

² See generally Nucor Exh. KCH-7T.

perspectives.”³ Nucor therefore respectfully requests the Commission adopt both the Settlements in their entirety.

III. GAS SERVICE COST ALLOCATION AND RATE DESIGN

4. The Settlements represent a reasonable compromise on the issues of cost allocation and rate design for gas service. Nucor submitted testimony in this proceeding related to (i) gas service cost and revenue allocation, rate design for proposed Schedules 141R and 141N, and (ii) the ratemaking treatment of LNG and Renewable Natural Gas costs.⁴ The Settlements adequately address and represent a compromise among parties’ positions related to these issues. Additionally, Public Counsel supports the rate spread and rate design terms from the Revenue Requirement Settlement.⁵ The Revenue Requirement Settlement does not adopt a particular class cost-of-service result for gas service; instead, it provides for a gas service rate spread that is midway between PSE’s proposed relative percentage-based increases and an equal percent of margin.⁶ The Revenue Requirement Settlement also provides that Schedules 141R and 141N will be spread proportionately to the base rate increase.⁷ The proposed rate design elements additionally represent a reasonable compromise among parties’ positions in this proceeding.⁸ Nucor supports the Revenue Requirement Settlement and urges the Commission to adopt it in its entirety.

5. Additionally, the Tacoma LNG Settlement resolves cost allocation and rate design issues related to the Tacoma LNG facility. Initially, PSE had proposed to allocate costs related to Tacoma LNG to all customers, exclusive of Special Contracts, through two new proposed schedules,

³ Nucor Exh. KCH-7T at 2:13-14.

⁴ *See generally* Exh. KCH-1T.

⁵ *See* Gafken, Tr. at 479:2-10; Public Counsel Exh. SB-9T at 9-10.

⁶ Revenue Requirement Settlement at 19.

⁷ *Id.*

⁸ *Id.* at 21.

Schedules 141R and 141N.⁹ Nucor witness Higgins and AWEC witness Lance Kaufman filed testimony opposing the allocation of Tacoma LNG costs to transportation customers, as the Tacoma LNG facility was built to serve sales customers as a peaking resource, and transportation customers do not utilize it.¹⁰ This is consistent with the settlement agreement approved in Docket UG-151663, which provided that Tacoma LNG Facility costs would only be allocated to sales customers.¹¹ The Tacoma LNG Settlement correctly provides that the Tacoma LNG revenue requirement will be spread only to sales customers and the rates will only be charged to sales customers.¹² Nucor supports the Tacoma LNG Settlement and urges the Commission to adopt it in its entirety.

6. As stated by Nucor witness Higgins, “[t]aken as a whole, both Settlements satisfactorily address the concerns raised by Nucor . . . and produce overall results that are in the public interest.”¹³ Both the Revenue Requirement Settlement and the Tacoma LNG Settlement represent a compromise among parties related to cost allocation and rate design and should be approved by the Commission.

⁹ PSE Exh. SEF-1T at 46-47.

¹⁰ Nucor Exh. KCH-1T at 14-18; AWEC Exh. LDK-1T at 41-43.

¹¹ Docket UG-151663, Order 10, App’x A - Full Settlement Stipulation, ¶ 32.

¹² Tacoma LNG Settlement at 5.

¹³ Nucor Exh. KCH-7T at 3.

IV. CONCLUSION

7. WHEREFORE, for the reasons stated above, Nucor respectfully requests that the Commission issue an order adopting the Settlements in their entirety.

Respectfully submitted,

/s/ Damon E. Xenopoulos

Damon E. Xenopoulos, Esq. (he/him)
Shaun C. Mohler, Esq. (he/him)
Laura W. Baker, Esq. (she/her)
Stone Mattheis Xenopoulos & Brew, PC
1025 Thomas Jefferson Street, N.W.
Suite 800 West
Washington, DC 20007
Telephone: (202) 342-0800
Facsimile: (202) 342-0807
dex@smxblaw.com
scm@smxblaw.com
lwb@smxblaw.com

Attorneys for Nucor Steel Seattle, Inc.

DATED this 31st day of October 2022.