Washington Hospitality Association

October 7, 2024

Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504

Dockets: PSE -- UE 24004 (electric) and UE 24005 (natural gas)

Dear Commissioners Danner, Doumit and Rendahl,

On behalf of the Washington Hospitality Association, whose members include restaurants, hotels, breweries, wineries, and other entertainment establishments, this is to express significant concern with Puget Sound Energy's proposed electric and natural gas rate filing (UE-240005, UE-240005, UE-230810).

We have not historically appeared before the Washington Utilities & Transportation Commission, but out of immense concern for the rising costs of utilities and incredible oversight delegated to the UTC by HB 1589, we have been asked to engage on behalf of our members. We find it troubling that, unlike any other public process in state government, utility ratepayers must hire an attorney and identify themselves as an intervenor nearly eight months in advance of the rate-setting process. For a small business, the cost to represent themselves in a process that has substantial impact on their ability to operate is too significant.

The interveners in this case include Public Counsel, The Energy Project, AWEC, Jt. Environmental Advocates, Walmart, Nucor Steel, Federal Executive Agencies like the U.S. Navy, Fred Meyer and Microsoft, most of whom are represented by attorneys. Absent in this list of interveners is anyone who can speak on behalf of the thousands of small businesses (commercial sector) and average homeowners (those that don't qualify for energy assistance) who will be most impacted by these rate increases.

While Public Counsel is charged with the responsibility of being the voice of ratepayers as a whole, we're unsure how that is accomplished without a robust stakeholder process and/or outreach as one has been absent up to this point. With this in mind, we respectfully ask the Commission to consider without the means to afford an attorney, how are ratepayers in

Washington being meaningfully represented on an issue that will have such an impact on their livelihoods at home and in their businesses?

The Washington Hospitality Association represents over 6,000 members state-wide, however, 3,000 of those reside within PSE's territory. As an Association, we are not only concerned with the proposed 2-year increase for both electric and gas, but even more concerned with the proposed rate of return PSE is suggesting. In such a difficult business climate, why should a utility company, in which we have no option but to use, get such high guaranteed rates of return while our industry struggles on an average 1.5% profit margin?

To put this in to context, here is an example of how PSE's proposed rate increase of 16.32% for electricity in 2025/26 and 21.03% rate increase for natural gas in 2025/26 will impact our industry:

"We're a small pizza restaurant that is an intricate part of our community. We operate on a slim profit margin, yet we're still lucky enough to employ 35 team members. Under PSE's proposed rate increases, our electricity bill will increase $6,200 and our gas bill will increase $6,500 a year. While $12,200 may not sound like a lot to someone outside our business, a $12,000 dollar increase on our profit margin means that we will need to increase our sales by $300,000 to simply cover that increase alone."

As Washington transitions away from fossil fuels, it is imperative that all stakeholders have a voice in what costs get passed on to ratepayers and if those costs are feasible. While small businesses and our Association are not subject matter experts on energy supply and demand, we do have growing concerns with costs being pushed down to small businesses who are struggling, while others get a guaranteed rate of return. With this in mind, we respectfully ask the UTC to consider the following questions:

- How does this growing region keep the lights on if we are eliminating most of our firm energy sources (like natural gas)? It seems premature to significantly increase rates on ratepayers when the firm replacement power is far from being identified or available.
- How does Washington keep its competitive edge of lower energy prices vis-à-vis other states so that manufacturing -- a goal of EDCs around the state -- doesn't leave the state?
- Why is Washington – a state that has 76% of its electricity generated from renewable resources like hydro, wind and solar – significantly increasing the cost of natural gas when it's the only reliable source of power in the winter?
- How will the UTC and utilities guarantee historically lower energy rates to Washingtonians?

But the most important question we receive from our members is this:

- Why does PSE get to make a rate of return that is 700 times more than the average profit margin of 1.5% for local restaurants?

On behalf of the more than 3,000 members of the Washington Hospitality Association that reside within PSE's territory, we'd ask the Commission to consider all perspectives under this proposal as there will be obvious winners and losers. As small locally owned businesses are struggling on slim profit margins, should there be such a high guaranteed rate of return for a large corporation?

Sincerely,
Julia Gorton
Sr. Director of Government Affairs
Washington Hospitality Association