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January 10, 2023

Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
P.O. Box 47250
Olympia, WA 98503-7250

Re: *Washington Utils. and Transp. Comm'n v. Puget Sound Energy*
Dockets UE-220066, UG-220067, UG-210918 (*consolidated*)

Dear Ms. Maxwell:

On January 6, 2023, the Washington Utilities and Transportation Commission (Commission) entered Order 26/12 in the above referenced dockets. The Commission in Order 26/12 determined that the power cost update submitted by Puget Sound Energy (PSE or Company) with its compliance filing on December 27, 2022, failed to comply with the final electric revenue requirement authorized by Final Order 24/10 in these dockets. The Commission, accordingly, in Order 26/12 rejected PSE's compliance filing, in part, and required the Company to submit a revised compliance filing that removes \$135.8 million related to PSE's recovery of projected costs related to the Climate Commitment Act's (CCA) impacts on PSE's use of natural gas and coal-fired resources.

The Company filed revised tariff sheets and workpapers on January 9, 2023, that removed the recovery of power costs associated with CCA compliance. Those tariff sheets, however, still included \$30.7 million in power costs associated with increased natural gas prices and the costs of executed hedge contracts.

Staff agrees that the reduction to the requested net revenue change between PSE's December 27, 2022, and January 9, 2023, compliance filings should be the grossed-up amount of \$142.6 million, as PSE has indicated in its January 9, 2023, compliance filing. The \$135.8 million is a power cost figure as opposed to a revenue requirement number based on the following table, which provides a comparison between the various amounts reflected in PSE's cover letters dated December 27, 2022, and January 9, 2023, as well as Order 26/12.

In PSE's December 27, 2022, cover letter, the Northwest Pipeline refund amortization adopted in the settlement agreement was not identified as a component of the remaining \$30.7 million of non-CCA power cost items (see column b, line 13 in the table below); it had already been

ATTORNEY GENERAL OF WASHINGTON

Amanda Maxwell
 January 10, 2023
 Page 2

incorporated into the net revenue change of \$223.0 million which was the starting point in Order 26/12 (column d, line 2).¹ Rather, the power cost change of \$166.5 million (column b, line 15) referenced in PSE’s December 27, 2022, cover letter should have been \$170.8 million (see the difference between lines 5 and 15 in column b) and the non-CCA power cost amounts should have been \$35 million before gross up (column b, line 11).

Line	Description	Expense		Revenue Requirement	
		Amount	Citation	Amount	Citation
	a	b	c	d	e
1	Conversion Factor			0.952348	
2	Bench Request 2 ("BR2")		n/a	\$ 223.0	(A)
3	12/27 Compliance Filing:				
4	Reverse BR2 Placeholder	\$ (12.6)		\$ (13.2)	(E)
5	Power Cost Update	\$ 170.8		\$ 179.3	*(D)
6	Other	\$ 0.4		\$ 0.4	(E)
7	Subtotal 12/27 Compl Changes	\$ 158.6		\$ 166.5	(B)
8	Subtotal 12/27 Compl		n/a	\$ 389.5	(C)
9					
10	*Detail of Column d, Line 5				
11	Non-CCA	\$ 35.0		\$ 36.8	
12	NWP Refund Amortization	\$ (4.3)			
13	Subtotal Non-CCA	\$ 30.7	(D)	\$ 36.8	
14	CCA	\$ 135.8	(D)	\$ 142.6	(F)
15	Total Power Cost Change 12/27	\$ 166.5	(D)	\$ 179.3	

- (A) Order 26 ¶ 2
- (B) Order 26 ¶ 5
- (C) Order 26 ¶ 4
- (D) PSE 12/27 Cover Letter, page 5 1st Bullet
- (E) PSE 12/27 Cover Letter, page 5 3rd Bullet
- (F) PSE 1/9 Cover Letter, page 4, 2nd to last ¶

It is coincidental that the revenue amount on line 7, column d and the expense amount on line 15, column b are the same amounts.

¹ See cells C8 and C25 in the tab called "PKW" in the file titled "NEW-PSE-WP-SEF-6E-PowerCosts-22GRC-01-2022.xlsx" within Attachment A to PSE’s Response to Bench Request No. 2.

ATTORNEY GENERAL OF WASHINGTON

Amanda Maxwell
January 10, 2023
Page 3

Staff has reviewed the Company's compliance filing and associated workpapers filed on January 9, 2023, and believes the revised tariff revisions comply with Order 26/12, removing power costs associated with CCA compliance. The tariff sheets will become effective January 11, 2023.

Sincerely,

/s/ Jeff Roberson, WSBA No. 45550
Assistant Attorney General
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LJR/emd

cc: Parties