

BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKETS UE-240004, UG-240005,  
UE-230810 (*Consolidated*)

COMMISSION STAFF’S RESPONSE  
TO PUGET SOUND ENERGY, JOINT  
ENVIRONMENTAL ADVOCATES,  
ALLIANCE OF WESTERN ENERGY  
CONSUMERS, THE ENERGY  
PROJECT, AND NUCOR STEEL  
SEATTLE, INC.’S PETITIONS FOR  
RECONSIDERATION

**I. INTRODUCTION**

1           The Commission should deny Puget Sound Energy (PSE) and Nucor Steele Seattle, Inc.’s (Nucor) Petitions for Reconsideration. The Commission should also clarify that paragraph 64 of the final order does not indicate that the Commission lacks the authority to grant Alliance of Western Energy Consumer’s (AWEC) proposal. Finally, the Commission should grant the Joint Environmental Advocate’s (JEA) request to reconsider approving PSE’s targeted electrification phase II proposal.

**II. BACKGROUND**

2           On January 24, 2025, PSE filed a Petition for Reconsideration of Order 09/07. On January 27, 2025, AWEC, The Energy Project (TEP), the JEA, and Nucor also filed Petitions for Reconsideration of Order 9/07.

3           PSE’s petition requests reconsideration of the Commission’s decisions regarding O&M expense, CWIP, and accelerated depreciation of gas plant. AWEC and TEP petition for clarification of paragraph 64 of the order. JEA petitions for clarification of two minor points of the final order and requests reconsideration of the Commission’s decision related to

electrification efforts, specifically, TEP phase II. Finally, Nucor petitions for reconsideration of various decisions related to cost of service and rate spread.

### III. ARGUMENT

4 Under WAC 480-07-850(1)(b), a petition for reconsideration must identify which portion of the challenged order is erroneous or incomplete, and present argument in favor of the relief it seeks.

#### A. PSE's Request to Reconsider O&M Expense Should Be Denied

##### 1. PSE offers no new arguments related to whether the reserve contingency and management reserve are known and measurable, and therefore the request should be denied

5 PSE's primary argument is that the specific management reserves and reserve contingency costs that Commission staff's (Staff) adjustment removed are in fact known and measurable. PSE argues that "the management reserves and reserve contingencies that existed in PSE's budget at the time of its direct filing had been allocated to meet the known and measurable standard,"<sup>1</sup> The Company goes on to make the tautological argument that "[b]ecause the O&M expenses at issue were fully known, measurable, and allocated to actual projects more than six months before the start of the rate year, they are consistent with the Commission's interpretation of its known and measurable standard for pro forma adjustments and should be allowed."<sup>2</sup> The flaw in PSE's petition is that it does not engage whatsoever with the Commission's reasoning. In paragraph 423 of the final order, the Commission states:

PSE attempts to argue that the reserve contingency and management reserve are known and measurable because they have been allocated to specific projects and programs, but this does not address the fundamental defect that the management reserve and reserve contingency are themselves a product of a budget forecast and estimate.

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<sup>1</sup> PSE petition at 7, ¶ 13.

<sup>2</sup> *Id.* at 8, ¶ 14.

In the next paragraph, the Commission reasons that:

Including additional “reserve” amounts within the O&M budgets removes incentives for the Company to reasonably control costs at the expense of the ratepayers and drifts too close to guaranteeing the Company its rate of return, rather than affording PSE a reasonable opportunity to earn its rate of return.

6 PSE does not explain what it believes is erroneous or incomplete about the Commission’s reasoning, it simply makes the same arguments again and hopes for a different outcome. The petition does not explain why the Commission’s conclusion that the management reserve and reserve contingency are “themselves a product of a budget forecast and estimate[]” is incorrect, and does not provide any response to the concern that including these items is too close to guaranteeing the Company a rate of return. Because the petition does not provide a basis to overturn the Commission’s decision, the petition should be denied.

7 PSE attempts to argue that not all evidence was considered, specifically Huizi, Exh. TRH-4, and Huizi, Exh. TRH-5,<sup>3</sup> but this is simply untrue. The Commission’s decision explicitly acknowledges PSE’s budget process and that the allocation of the reserves to specific projects and programs took place in paragraph 423 of the final order. The Commission did not ignore this evidence, it considered the evidence and concluded that allocation of the reserves to specific projects and programs did not address the “fundamental defect” in PSE’s request.

8 Finally, the Commission should ignore PSE’s disingenuous argument that it will need to cut spending on the Clean Energy Implementation Program (CEIP) if the Commission does not decide this petition in its favor.<sup>4</sup> Staff’s proposed adjustment did not remove CEIP costs from the Company’s revenue requirement, and PSE does not explain why it would single out CEIP-related expenses. PSE is free to adaptively manage its business, but it also remains responsible for

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<sup>3</sup> PSE petition at 7, ¶ 12.

<sup>4</sup> PSE petition at 8-9, ¶ 15 (citing Martin, Exh JLM-1CTr at 44).

meeting its statutory requirements and complying with Commission rules and orders. If the Company chooses to cut costs by defunding its Clean Energy Implementation Program instead of finding other ways to cut costs (if cutting costs is, in fact, even necessary), it will need to answer for any shortfall this causes when the Commission reviews PSE's compliance with CETA. The Commission should make clear to utilities that thinly veiled threats to slow progress on the clean energy transition is not a fruitful tactic when arguing before the Commission.

**2. PSE's alternative argument to reduce the adjustment is flawed and should also be denied**

9 In the alternative, PSE argues that the Staff's proposed adjustment to O&M expense should be revised down from \$47.7 million to \$19 million.<sup>5</sup> The rationale the Company provides for this reduction is that all line items in the O&M budget marked as management reserves should be removed, not just the ones identified by Staff.<sup>6</sup> Because some of the management reserve line items PSE identifies are negative, removing these line items would reduce the amount Staff's adjustment removes from the overall revenue requirement. At first blush, this argument has an intuitive appeal. But upon learning what these negative figures represent, it becomes clear that the argument is unsound.

10 PSE explains that these negative line items "indicate that the reserves have been over allocated".<sup>7</sup> The petition cites to the testimony of PSE witness Huizi, which further explains the negative line items within the O&M budget, stating in relevant part: "Note that management reserves can be positive or negative as they are part of the total that reconciles Board approved budgets back to the detail."<sup>8</sup> In other words, these negative amounts just reflect that there are corresponding positive amounts added elsewhere in the O&M budget that were allocated from

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<sup>5</sup> PSE petition at 10-11, ¶ 18.

<sup>6</sup> *Id.* at 10.

<sup>7</sup> *Id.*

<sup>8</sup> Huizi, Exh. TRH-1T at 22:1-2.

the reserves into these other line items that presumably represent specific projects and programs. The management reserve is thus “over allocated” in the sense that PSE is estimating it will go over budget by more than what was included in management reserves as part of the board-approved O&M budget. These negative figures do not represent any actual or estimated reduction in cost, they exist only to “reconcile” the detail figures PSE included as part of the pro forma adjustment it requested, which matched its total with the board-approved O&M budget. Given that context, there is absolutely no reason to reduce the O&M adjustment based on these negative line items.

11           In essence, PSE now argues that it estimated going over budget, even after allocating the reserves it already included in the Company’s overall O&M expense pro forma adjustment. Requesting that these negative figures are removed is an indirect way of asking for an increase in the overall pro forma O&M expense adjustment. PSE’s O&M request prior to this petition was kept to the board-approved budget. But the Company now asks the Commission to account for the Company’s belief that it will exceed that budget. This belief, however, has no better chance of meeting the known and measurable standard than the speculative management and contingency reserves that prompted Staff’s recommended adjustment in the first place. PSE’s proposal only lowers the Staff adjustment because PSE seeks to remove *only* the negative line items without also adjusting down the corresponding positive amounts that these negative figures were “over allocated” into. But removing only the negative line items would be irrational, as the corresponding positive and negative numbers represent the same thing: PSE’s unsupported forecast that it will spend above the board-approved O&M budget. Again, this proposal is the equivalent of PSE now asking for an increased overall O&M adjustment. PSE has provided no support or explanation in the record for why it “over allocated” the amounts that it now requests to recover in rates. Further, because PSE’s request prior to this petition was limited to the board-

approved O&M budget, the noncompany parties had no reason to conduct discovery on these figures or challenge PSE's belief that it would go over the board approved budget. This alternative request has no support in the record, and the Commission should deny it.

**B. PSE's Request to Approve CWIP for Beaver Creek Wind Project Should Be Denied**

12 PSE offers no new arguments as to why the Commission should approve CWIP.<sup>9</sup> While the petition notes that the Commission concluded that the "Beaver Creek Wind Project is nearing completion, and thus is not a good candidate for application of CWIP in rate base."<sup>10</sup>, PSE makes no attempt to explain why it believes this conclusion is erroneous. Because this section does not identify any error in the Commission's reasoning, the request should be denied. The decision to deny CWIP for the Beaver Creek Wind Project was reasonable and based on the evidence in the record, it does not need to be reconsidered.

13 As for the general cash flow arguments presented,<sup>11</sup> the petition merely repeats the Company's previous arguments related to cash flow, which were fully considered in the final order.<sup>12</sup> The only new information PSE provides related to cash flow is in Table 2 of the petition.<sup>13</sup> But Table 2 of the petition only points out the obvious: PSE did not receive everything it requested in this rate case. This does nothing to further the argument that either the CWIP or accelerated depreciation of gas plant decisions should be reconsidered; it is a fact that the Commission was no doubt aware of when it issued the final order.

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<sup>9</sup> See PSE petition at 13, ¶ 21.

<sup>10</sup> *Id.* (citing Final Order at ¶ 252.)

<sup>11</sup> PSE petition at 11, ¶ 19- 13, ¶ 20.

<sup>12</sup> See *Wash. Utils. & Transp. Comm'n v. Puget Sound Energy*, Dockets UE-240004, UG-240005, & UG- 230810, Order 09/07, pp. 30-31, ¶ 95; p.34, ¶ 109; p.77, ¶ 226; p.78, ¶ 228 (Jan. 15, 2025) (Final Order).

<sup>13</sup> PSE Petition at 12.

### **C. PSE's Request to Approve Accelerated Depreciation of Gas Plant Should Be Denied**

14 As with the request to reconsider the CWIP decision, PSE does not bring any new arguments to the question of accelerated depreciation.<sup>14</sup> The petition instead repeats portions of the final order that were favorable to its position without addressing the Commission's rationale for denying accelerated depreciation at this point.<sup>15</sup> The Company argues that approving the accelerated depreciation proposal would be in the public interest, but does so only by referencing prefiled testimony that the Commission has already considered.<sup>16</sup> The petition does not address the two concerns raised in the final order that led the Commission to deny PSE's proposal. The Commission cited the legal uncertainty created by the passage of I-2066 regarding the long term impact this would have on the gas system, and it also found "insufficient information in the record at this point to justify accelerated depreciation of gas assets".<sup>17</sup> The petition does not address either point. Staff's post-hearing brief discusses the uncertainty created by I-2066 and how the passage of I-2066 undercuts PSE's arguments in favor of accelerated depreciation.<sup>18</sup> Because the petition does not identify a specific error in the Commission's reasoning, the request should be denied.

### **D. Staff Supports JEA's Request to Approve PSE's TEP Phase II Plan**

15 Staff supports the JEA's request to reconsider denying the approval of the TEP Phase II as proposed by PSE, and takes no position on JEA's proposal for additional electrification measures.<sup>19</sup> With the benefit of an additional month to analyze the impact of I-2066, Staff agrees with the JEA that I-2066 does not prohibit voluntary customer electrification, and therefore it

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<sup>14</sup> PSE petition at 14, ¶ 22- 15, ¶ 24.

<sup>15</sup> PSE petition at 14-15.

<sup>16</sup> See Final Order at 105-106, ¶ 331.

<sup>17</sup> *Id.* at 108, ¶¶ 338-339.

<sup>18</sup> Staff post-hearing brief at 71-75.

<sup>19</sup> See JEA Petition at 8, ¶ 16.

would be appropriate for the Commission to approve the TEP Phase II proposal. Compared to the uncertainty surrounding the impacts that I-2066 may have on depreciation of gas plant, discussed above, the question of whether I-2066 prohibited voluntary electrification programs is relatively simple: it does not. The JEA correctly points out that the relevant portions of I-2066, now codified as RCW 80.28.425 (12) and (13), prohibits the Commission from approving a MYRP “require[ing] or incent[ing]... a utility to terminate natural gas service to customers.”, allowing a MYRP that includes involuntary fuel switching, or approving planning requirements within a MYRP that would make access to natural gas service cost-prohibitive.

16           The TEP phase II proposal as presented by PSE does not violate any of these requirements. First, approving TEP phase II neither requires nor incents PSE to terminate natural gas service to customers. To be clear, the statutory language of RCW 80.28.425(12) does not prohibit PSE from providing incentives to customers to voluntarily electrify. Subsection (12) instead prohibits the Commission from approving a MYRP that requires or provides incentives *for the utilities* to terminate gas service to customers. In other words, the terms of the approved MYRP cannot require or incent PSE to initiate utility-directed termination of gas service. Under commission rules, there is a clear distinction between customer-directed and utility-directed disconnection of gas service,<sup>20</sup> and I-2066 cannot be reasonably read as prohibiting the former. Both the spirit and letter of I-2066 is focused on ensuring the continued availability of natural gas service to customers. In the TEP phase II programs, the ratepayer chooses whether to participate, and nothing about the programs incents PSE to terminate natural gas service to customers within its territory, which it is now prohibited from doing under RCW 80.28.110(2) in any event. The participating customer, not PSE, would make the choice as to whether or not they

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<sup>20</sup> WAC 480-90-128(1)-(2).



wish to terminate their natural gas service. Therefore, the proposal does not violate RCW 80.28.425(12). As for subsection (13), the proposal would not result in involuntary fuel switching. TEP phase II does not propose to restrict customer access to natural gas service, it remains available to any qualified customer that applies. The projects under the TEP phase II umbrella are: Home Electrification Assessments, Low-Income Heat Pump Direct Installations, Fuel-Switching Heat Pump Rebates, Multi-Family Residential Building Electrification Project in Named Communities, Small Business Heat Pump Direct Installations in Named Communities and Targeted Electrification Pilot Evaluation.<sup>21</sup> The projects on this list that involve customers are all voluntary.<sup>22</sup> Approving this pilot would not provide PSE an incentive to terminate natural gas service to customers, and nothing in the record suggests that restricting natural gas service would be financially beneficial to the PSE as a result of the Commission approving this pilot.

17 Further, because the TEP phase II proposal is not a “planning requirement” it does not violate the second prohibition in subsection (13). While “planning requirement” is not defined, based on the statutory context within RCW 80.28.425, this phrase likely refers to the incentives and/or penalty mechanisms available to the Commission under RCW 80.28.425(7).<sup>23</sup> Because TEP phase II is not a planning requirement, there is no need to assess whether approving the measure would make natural gas service “cost-prohibitive”. Even if this proposal were considered a planning requirement, Staff does not believe it would make natural gas service “cost-prohibitive”.<sup>24</sup> For the same reasons outlined above, TEP phase II does not violate RCW 80.28.110(2) as amended by I-2066. As before, PSE has an obligation to provide natural gas within its service territory, and the proposal does not conflict with that obligation.

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<sup>21</sup> Manetti, Exh. JM-1CT at 4:8-15.

<sup>22</sup> *Id.* at 4-7.

<sup>23</sup> Staff notes that it could also refer to ISP requirements being implemented through a MYRP, but this irrelevant to the current case.

<sup>24</sup> *See* Manetti, Exh. JM-1CT at 12, Table 2.

18 As a policy matter, Staff finds it in the public interest for PSE to continue to explore, provide, and expand voluntary customer electrification programs. Voluntary customer electrification will likely be an important element of ensuring that PSE's natural gas operations can achieve cost effective compliance with the CCA in the future, and thus prevent natural gas service from reaching cost-prohibitive levels.<sup>25</sup> Finally, while Staff supports reconsideration of the decision to deny the TEP phase II proposal, it also reiterates the distributional equity analysis recommendations it made regarding the proposal.<sup>26</sup> Should the Commission reconsider the decision, Staff respectfully requests that it also consider including Staff's recommended conditions of approval.<sup>27</sup>

**E. Staff Supports AWEC and TEP's Request to Clarify<sup>28</sup> That the Commission Has the Authority to Limit Pro Forma Capital Additions to Those in Service as of the Rate Effective Date**

19 Although Staff does not believe that clarification of paragraph 64 is strictly necessary, it would be helpful. Nothing in paragraph 64 states explicitly that the Commission does not have the authority to approve AWEC's proposal. Staff interpreted this paragraph to mean that RCW 80.28.425 indicates a general policy direction from the state legislature, and that the Commission did not find AWEC's arguments persuasive enough to warrant a decision that would cut against this general policy direction. But there are statements in paragraph 64 that might lead a reasonable reader to conclude that a lack of statutory authority was an unstated assumption upon which the Commission based this decision. To avoid unnecessary litigation based on a

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<sup>25</sup> See Franks, Exh. WF-1T at 27-29, *see also*; Cebulko, Exh. BTC-1T at 45:1-19.

<sup>26</sup> Commission Staff Post Hearing Brief at 26, ¶ 40 — 29, ¶ 44.

<sup>27</sup> Franks, Exh. WF-1T at 25:12 — 26:17.

<sup>28</sup> Although the title of the petition indicates that this a petition for reconsideration, the body of the petition appears to be concerned only with the Commission's rationale, rather than the outcome itself. If accurate, this would technically be a petition to clarify under WAC 480-07-835(1)(a), not a petition for reconsideration under WAC 480-07-850. This distinction should not be a barrier to considering the petition. WAC 480-07-395(4). However, if AWEC and TEP are in fact requesting reconsideration of the outcome, Staff specifies that it does not support reconsideration of the outcome, only clarification of the rationale.

misreading of paragraph 64 in future cases, the Commission should clarify that it has the authority to limit pro forma capital additions included in the revenue requirement to property used and useful as of the rate effective date, and that denying AWEC's proposal was a matter of discretion.

20 As outlined in the AWEC/TEP petition for reconsideration, RCW 80.28.425(3)(b) only requires that the Commission include in rates property used and useful for service in the state as of the rate effective date. RCW 80.04.250 gives the Commission the authority to include property in service after the rate effective date but does not require the Commission to do so. Indeed, nothing requires the Commission to approve a MYRP at all, RCW 80.28.425(1) explicitly states that the Commission may reject rate plan proposals altogether.

**F. The Commission Should Deny Nucor's Petition for Reconsideration**

21 Nucor requests the Commission reconsider its decision regarding the natural gas cost of service study and cost allocation. Nucor also asks the Commission to reconsider its decision regarding natural gas rate spread and its decision with respect to natural gas rate design in light of the lower revenue requirement ordered.

22 In Order 09/07, the Commission demonstrated that it thoroughly considered the evidence and arguments presented by all parties. Its decision is firmly based in law and substantially supported by evidence. As such, Staff recommends the Commission deny Nucor's Petition for Reconsideration.

**1. Nucor fails to establish that the Commission's order is erroneous or incomplete**

23 Nucor challenges three Findings of Fact (37, 39, and 44) and three Conclusions of Law (15, 16, and 20) from Order 09/07. In particular, the Commission entered the following Findings of Fact and Conclusions of Law:

#### Findings of Fact

(37) PSE's rebuttal natural gas cost of service study is reasonable and consistent with 480-85 WAC.

(39) AWEC and Nucor's proposals for allocation of costs based on main pipe size are inconsistent with 480-85 WAC.

(44) The rate spread and resulting parity ratios as proposed by the Company's rebuttal class cost of service studies for electric and natural gas are reasonable.<sup>29</sup>

#### Conclusions of Law

(15) Having reviewed the record and relevant natural gas cost of service studies submitted by the parties, the Commission accepts PSE's natural gas cost of service study and grants PSE's requested exemption regarding reclassifying allocation of FERC Account 870 (Distribution Supervision & Engineering – Operations) as distribution rather than transmission, as the requested exemption is reasonable, in the public interest, and supported by the record.

(16) The Commission rejects AWEC and Nucor's proposals related to allocation of costs based on main pipe size and accepts PSE's rebuttal cost of service study.

(20) PSE's recommended rate spread and resulting parity ratios as proposed by the Company's rebuttal class cost of service studies for electric and natural gas is just and reasonable.<sup>30</sup>

24 In coming to each of these Findings of Fact and Conclusions of Law, the Commission discussed each party's positions and arguments, demonstrating consideration of the evidence and argument presented in this case. For example, the Commission expressly states:

Having reviewed the record and relevant natural cost of service studies submitted by the parties, the Commission accepts PSE's natural gas cost of service study and grants PSE's requested exemption regarding reclassifying allocation of FERC Account 870 (Distribution Supervision & Engineering – Operations) as distribution rather than transmission.<sup>31</sup>

25 Nucor was not satisfied with the gas cost of service studies PSE filed, and the Commission considered Nucor's arguments.<sup>32</sup> The Commission considered two natural gas cost

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<sup>29</sup> Final Order at ¶¶ 516, 518, and 523.

<sup>30</sup> *Id.* at ¶¶ 565, 566, 570.

<sup>31</sup> Final Order at ¶ 268.

<sup>32</sup> *Id.* at ¶ 265. "Despite PSE's upwards correction, Nucor maintains that PSE's COSS fails to properly assign the full costs of distribution upgrades and service to Schedule 88T, and recommends the rate base and depreciation expense associated with LNG-related distribution upgrades be separately tracked and assigned to Schedule 88T, and that other distribution mains serving the LNG facility be allocated using the peak and average allocator."

of service studies filed by PSE with its initial filing, along with three alternative cost of service studies filed by AWEC and Nucor in response testimony and PSE in rebuttal.<sup>33</sup> Additionally, the Commission also considered Staff's argument that PSE's recommended cost of service study should be adopted along with the exemption sought by PSE and that AWEC and Nucor's studies fail to comply with WAC 480-85 WAC.<sup>34</sup>

26 Nucor cannot show that the Commission's decision was either erroneous or incomplete. Nucor disagrees with the decision, but that disagreement does not render the decision erroneous. Similarly, Nucor fails to demonstrate that Order 09/07 is incomplete because the Commission decided all issues pertaining to PSE's natural gas cost of service, rate spread, and rate design.

**2. The Commission sufficiently considered alternative cost of service studies presented**

27 Nucor argues that the Commission failed to substantively evaluate the cost of service studies offered by Nucor and AWEC. This is false. Contrary to Nucor's argument, the Commission did consider the alternatives presented as contemplated under 480-85 WAC.

28 The Commission demonstrates in its Order that it considered the alternative cost of service studies and rejected them. As the Commission recognized, 480-85 WAC was promulgated in a robust rulemaking process that took place over several years.<sup>35</sup> The Commission evaluated PSE's proposed cost of service study and found that it met the intent of 480-85 WAC.<sup>36</sup> The Commission also found that PSE's proposed gas cost of service study is reasonable to all customers and is representative of the compromise made during the cost of service study rulemaking.<sup>37</sup>

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<sup>33</sup> *Id.* at ¶ 260.

<sup>34</sup> *Id.* at ¶ 267.

<sup>35</sup> Final Order at ¶ 269.

<sup>36</sup> *Id.* at ¶ 269-270.

<sup>37</sup> *Id.* at ¶ 270.

29           The Commission discussed at length recommendations made by parties, including AWEC and Nucor.<sup>38</sup> Nucor and AWEC adjusted their cost of service studies to allocate costs for small and medium mains and to effectuate varying treatment of Schedule 88T.<sup>39</sup> The Commission considered Nucor and AWEC's argument that their adjustments were consistent with WAC 480-85-060, specifically the direct assignment provisions in Table 4 of the WAC.<sup>40</sup> The Commission understood Nucor and AWEC's arguments that certain schedules be excluded from allocation of small mains and medium mains and that the basis of the argument was the assertion that those customer classes do not utilize small and medium mains.<sup>41</sup>

30           Ultimately, the Commission agreed with Staff and PSE that AWEC and Nucor's allocation methodology should be rejected.<sup>42</sup> The Commission weighted the evidence and arguments advanced by all parties and based its decision on the record. The Commission did not err.

**3.       Granting one request for exemption does not require the Commission to grant all requests for exemption**

31           Nucor argues that the Commission erred in denying its requested exemption to allow consideration of its cost of service study because the Commission granted PSE's requested exemption regarding reclassification of certain costs.<sup>43</sup> The Commission should reject this argument as the two exemptions requested in this case are inapposite.

32           PSE requested a classification exemption that was unopposed and had minimal impacts on cost allocation.<sup>44</sup> The rule classifies FERC Account 870 as transmission, but it is more

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<sup>38</sup> *Id.* at ¶¶ 274-280.

<sup>39</sup> *Id.* at ¶ 276.

<sup>40</sup> *Id.*

<sup>41</sup> *Id.*

<sup>42</sup> *Id.* at ¶¶ 278-279.

<sup>43</sup> Nucor Petition for Reconsideration at ¶ 8 ("It is, however, procedurally inconsistent to grant one exemption under the Cost of Service rules while refusing to consider Nucor and AWEC's requests for exemption under the same rules.").

<sup>44</sup> Final Order at ¶ 273.

appropriately classified as distribution related.<sup>45</sup> The Commission held that the reclassification “is consistent with the public interest, is reasonable, and is supported by the record.”<sup>46</sup>

33           Conversely, Nucor and AWEC requested that, if their proposed cost allocation methodology was not consistent with 480-85 WAC, the Commission grant an exemption under WAC 480-85-070.<sup>47</sup> Nucor and AWEC essentially requested the Commission consider arguments that were made, and revisit compromises made, during the cost of service study rulemaking. The Commission concluded that Nucor and AWEC were attempting to change the cost of service rules in their advocacy regarding allocating costs based on main size.<sup>48</sup> This conclusion is sufficiently supported by the record and made after thoroughly considering all arguments and evidence presented on the issue.

#### IV. CONCLUSION

34           The Commission should deny the petitions to reconsider filed by PSE and Nucor. These petitions either do not properly identify an error in the Commission’s final order, or they provide insufficient reason to change the Commission’s decisions. While not necessary, Staff believes it would be beneficial to provide the clarification requested by AWEC and TEP regarding paragraph 64. Finally, Staff supports the JEA’s petition to reconsider the decision to deny the TEP Phase II proposal.

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<sup>45</sup> See Staff’s Post Hearing Brief at ¶ 111.

<sup>46</sup> Final Order at ¶ 273.

<sup>47</sup> *Id.* at ¶ 276.

<sup>48</sup> *Id.* at ¶ 279.

DATED this 13th day of February, 2025.

Respectfully submitted,

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