

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY,

Petitioner,

For An Accounting Order Authorizing
Deferral of Costs related to the Company's
Electric Vehicle Pilot Program

DOCKET UE-190129

ORDER 01

ORDER GRANTING ACCOUNTING
PETITION

BACKGROUND

- 1 On June 14, 2017, the Washington Utilities and Transportation Commission (Commission) issued its Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Services (Policy Statement) in Docket UE-160799, which clarified the Commission's jurisdiction and provided policy direction regarding investor-owned electric utilities' role in the electrification of Washington's transportation system.
- 2 On October 26, 2018, in Docket UE-180877, Puget Sound Energy (PSE or Company) filed with the Commission proposed tariff revisions implementing a portfolio of Electric Vehicle Supply Equipment Pilot Programs (EVSE Portfolio). The Company's EVSE Portfolio includes a residential charging and off-peak pilot program targeted at single-family residential customers, a multi-family charging pilot program, a workplace and fleet charging pilot program for commercial customers, a public charging pilot program, pilot programs to increase access to electrified transportation for low-income customers, and an education and outreach program. After some discussion and direction to the Company and Commission staff (Staff) to collaboratively address certain issues,¹ the Commission took no action on Docket UE-180877 during its regularly scheduled December 13, 2018, open meeting, thereby allowing the tariff revisions to go into effect by operation of law.

¹ See Dockets UE-190367 and UE-190473.

- 3 On February 26, 2019, PSE filed with the Commission an accounting petition in the above-captioned docket seeking to defer the costs incurred through the EVSE Portfolio for later ratemaking treatment. Following discussions with Staff, PSE filed an amended petition (Petition) on August 16, 2019, to clarify the Company’s proposed accounting treatment for operating expenditures and capital investments. PSE requests that interest be accrued on capital investments at a rate equal to the Company’s last authorized weighted average cost of capital. The Company also requests approval to accrue interest on all other EVSE Portfolio costs, including operating expenditures and depreciation, at a rate equal to the quarterly rate published by the Federal Energy Regulatory Commission (FERC). PSE estimates that total deferrable costs related to the EVSE Portfolio would amount to \$21.2 million if the deferral treatment is maintained through 2025.
- 4 PSE’s Petition defines the costs to be tracked and deferred with a reference to Schedules 551, 552, 553, 554 and 583, all of which were submitted to the Commission in Docket UE-180877, and all of which went into effect by operation of law on December 14, 2018. The Company’s Petition requests to defer the “net costs incurred for PSE to offer the new electric service for EV charging” under these new schedules.² PSE’s Petition includes a narrative description of these net costs submitted as Attachment A, and a deeper review of the Company’s EVSE Portfolio budget through 2025 submitted as Attachment B.
- 5 Staff believes recent legislative action supports PSE’s requested deferral for return on capital investments related to its EVSE Portfolio as a unique determination – one that, without explicit direction from the legislature and guidance from the Commission, would not otherwise warrant special consideration for cost recovery. Staff notes that approving this request would not bind the Commission’s authority to determine at a later date whether these deferred costs are appropriate for recovery.
- 6 Staff has reviewed the Petition and recommends that the Commission approve the Company’s request to defer its EVSE Portfolio expenses until the Company’s next general rate case.³ Staff appreciates the Company’s level of detail in its amended filing, and commends the Company’s willingness to adjust the Petition based on continued

² Docket UE-190129, Second Amended Petition of Puget Sound Energy for an Order Authorizing Accounting Treatment of Costs of New Electric Services Related to Products and Services for Electric Vehicle Charging, at ¶ 8.

³ PSE elected not to include any EVSE costs in the general rate case currently under adjudication. See Dockets UE-190529 and UG-190530.

discussions. Staff believes PSE's request to accrue interest on the unamortized balance at a rate equal to the quarterly rate published by FERC is appropriate.

7 Staff has also reviewed the Company's proposed approach to debiting and crediting specific FERC accounts as seen in paragraph 10 of the Petition, and has no concerns. Staff recommends that the Commission grant the accounting petition, authorizing the deferral of certain costs rather than approving the specific accounting processes related to debits and credits.

DISCUSSION

8 We agree with Staff's recommendation and determine that it is appropriate to grant PSE's Petition as revised on August 16, 2019.

9 We also agree with Staff that the Company's request to defer the return on its capital investments is unique. This year, the legislature expressed its "intent to drive green vehicle and vessel adoption and increased green transit use by... increasing public and private electric utilities' ability to invest in electric vehicle charging infrastructure."⁴ Similarly, when it passed the original legislation in 2015, the legislature found that utilities, who "are traditionally responsible for understanding and engineering the electrical grid for safety and reliability, must be fully empowered and incentivized to be engaged in electrification of our transportation system. ... Therefore the legislature intends to provide a clear policy directive and financial incentive to utilities for electric vehicle infrastructure build-out."⁵

10 We interpret the numerous recently-passed bills as an explicit signal from the legislature that expediting the growth of transportation electrification is in the public interest, and believe that allowing special dispensation for EVSE cost recovery is one way to support growth in this area. The Commission previously recognized this in its Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Services, noting that "the Legislature has provided the Commission with clear direction to encourage and direct regulated utilities to offer programs to promote EVSE on a

⁴ Laws of 2019, ch. 287, § 1.

⁵ Laws of 2015, ch. 220, § 1.

regulated basis, in order to accelerate EV adoption to serve multiple public policy purposes”⁶

11 Additionally, we agree with Staff that FERC account 186 is the appropriate account for tracking and deferral of the return on capital investment and the deferred carrying charges. The Commission typically grants accounting petitions by authorizing the deferral of certain costs rather than approving specific accounting processes related to debits and credits. Consistent with this practice, we agree with Staff’s recommendation to grant the accounting petition.

12 We note that the Commission’s approval of this accounting petition does not constitute a finding of prudence for these costs, nor does it imply preapproval of any costs incurred and deferred pursuant to this Order. Those issues will be resolved through the Company’s next general rate case.

FINDINGS AND CONCLUSIONS

13 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, regulations, practices, and accounts of public service companies, including electric companies.

14 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.

15 (3) WAC 480-07-370(1)(b) allows companies to file accounting petitions, including the Petition filed by PSE in this docket.

16 (4) Staff has reviewed PSE’s Petition, as revised on August 16, 2019, and recommends that it be granted.

17 (5) This matter came before the Commission at its regularly scheduled open meeting on August 29, 2019.

18 (6) After reviewing PSE’s Petition filed in Docket UE-190129 on February 26, 2019, as revised on August 16, 2019, and giving due consideration to all relevant

⁶ Docket UE-160799, Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Services.

matters and for good cause shown, the Commission finds that the Petition should be granted.

ORDER

THE COMMISSION ORDERS:

- 19 (1) Puget Sound Energy's Petition seeking authorization to defer costs related to its
EVSE Pilot Program, as revised on August 16, 2019, is granted.
- 20 (2) The Commission retains jurisdiction over the subject matter and Puget Sound
Energy to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective August 29, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON
Executive Director and Secretary