

**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**

**Docket UE-220066/UG-220067 and
UG-210918 (*consolidated*)**

**PUGET SOUND ENERGY'S
[PROPOSED] REPLY TO THE
ENVIRONMENTAL INTERVENORS'
RESPONSE TO PUGET SOUND
ENERGY'S THIRD PETITION TO
AMEND**

- I.* Pursuant to WAC 480-07-370(5)(b), Puget Sound Energy (“PSE”) replies to the Environmental Intervenors’ Response to PSE’s Third Petition to Amend Final Order. The response should be disregarded because it ignores the express language in Section 24(b) of the Revenue Requirement Settlement, as modified by the Final Order, requiring PSE to participate in and incorporate the results of the Commission’s equity proceeding in Docket A-230217 on distributional equity into its distributional equity methods. Participating in and incorporating the

results of the proceeding into PSE’s distributional equity methods, and fulfilling the other requirements of Section 24(b), cannot be accomplished within the current timeline in Section 24, necessitating the adjusted timeline proposed in PSE’s petition to amend. The Environmental Intervenors are the only party that opposes the adjusted timeline. For brevity and to avoid repetition, PSE incorporates the Background section in its Motion for Leave to Reply and replies to the Environmental Intervenors as follows.

ARGUMENT IN REPLY

A. The Environmental Intervenors’ response disregards the express language of Section 24, as amended by the Commission in the Final Order.

2. The Environmental Intervenors contend PSE’s petition should be denied because they disagree PSE does not have adequate time for PSE to meet the requirements of Section 24(b). They argue PSE’s obligations under Section 24(b) are untethered to the equity docket proceeding in Docket A-230217 and that the equity docket “is not the appropriate place” for the Commission to consider PSE’s distributional equity analysis methodology.¹ They insist PSE can complete the requirements of Section 24(b) entirely independent of the equity docket and that PSE’s participation in the docket cannot be a condition of Section 24(b) because the docket was initiated after the Final Order.² The Environmental Intervenors disregard the language in Section 24(b), as modified by the Commission in the Final Order, and their arguments should be rejected.
3. Section 24(b)—as modified by the Commission in the Final Order—requires that “[o]nce the Company has completed its pilot distributional equity analysis,” it must “participate in a

¹ Resp. at 2.

² Resp. at 3.

Commission-~~led~~ process” on distributional equity (emphasis added). PSE must then receive Commission approval for its distributional equity methods, it must update its distributional equity analysis “as necessary to confirm to any changes to methods potentially required by the Commission,” and then it must “include in its CSAs [the] results of distributional equity analysis.” PSE is then required to prepare and file a compliance filing affirming completion of the above by January 2025. The equity proceeding in Docket A-230217 is that Commission-led process that PSE must participate in to comply with Section 24(b).

4. The Environmental Intervenors argue PSE does not need to wait until the Commission issues its interim policy statement on distributional equity and should instead ask the Commission to approve of PSE’s distributional equity methods before that portion of the equity docket is complete.³ As described above, Section 24(b) contains a clear timing and sequence for when the requirements above must be completed, and it is impossible for PSE to complete these requirements by January 2025. This is validated by the updated work plan recently filed in the equity docket. The Commission-led process on distributional equity will not even be complete until at least September 30, 2025, when the Commission anticipates issuing an “Interim Distributional Justice Policy Statement.”⁴ And even then, the distributional justice policy statement will only be an “interim” statement, pending an “Integrated Policy Statement and Action Plans,” estimated to be issued by the Commission in March 2026.⁵ The results of the distributional equity workshops and the interim policy statement will be directly relevant to and

³ Resp. at 3.

⁴ *In re Commission proceeding to address the application of equity and justice in Commission and regulated company processes and decisions*, Docket A-230217, Workplan Summary (June 21, 2024).

⁵ *Id.*

per Section 24(b), must be incorporated into PSE’s own distributional equity analysis and methods. Only then can PSE seek Commission approval for its distributional equity methods.

5. It would be inconsistent with Section 24(b) and premature for PSE to seek Commission approval for its distributional equity methods prior to the Commission issuing its interim policy statement on distributional equity as that statement will directly inform PSE’s methods and how it should comply with the other requirements of Section 24(b). Indeed, contrary to the Environmental Intervenors’ suggestion that the equity docket “is not the appropriate place” for the Commission to consider PSE’s methods, a key purpose behind the Commission amending Section 24(b) from it being a Commission Staff-led process to a Commission-led process was so the Commission could do just that. As stated in the Final Order:

*There is a clear need for a process to develop methods and standards for distributional equity analysis. . . . We disagree, however, that the process proposed by the Settling Parties is the most appropriate option and **find that it is appropriate for the Commission to establish a Commission-led collaborative proceeding to address these issues.***

The issue of equity, broadly, and the more specific need to consider distributionally equity in planning processes affects all utility companies regulated by the Commission. Developing a plan for distributional equity requires input, collaboration, and buy-in from persons and parties not included or represented in PSE’s general rate case. Lastly, the importance of this work demands a shared burden of responsibilities and a process that shares and allocates power inclusively. For the above reasons, the Commission finds it appropriate to require the modification of the Settling Parties’ agreement for distributional equity analysis *and determines it will facilitate a broader Commission-led collaborative involving all regulated utilities and interested persons.*⁶

6. While PSE agrees that the ultimate compliance filing affirming compliance with Section 24(b) and that Commission approval for its distributional equity methods can be made in this

⁶ Final Order ¶¶ 234-35 (emphasis added).

docket, the Environmental Intervenors' suggestion that PSE should be seeking Commission direction and approval on distributional equity before the distributional equity docket is complete is inconsistent with the modified requirement in Section 24(b) that PSE participate in and incorporate the results of that process into its methods before seeking Commission approval.

7. Finally, the Environmental Intervenors argue that “issuance of an order in General Docket No. A-230217 is not an implied condition of the Revenue Requirement Settlement, because the equity docket was not even opened until several months after the Commission issued its Final Order in this case. . . . If PSE believed that issuance of an order in the general equity docket, which had not yet been opened, was an ‘implicit condition’ to the settlement, it should have included that requirement as a written condition in Paragraph 24.”⁷

8. First, this is not what PSE said in its petition. PSE’s petition simply states that by requiring PSE to participate in a Commission-led process on distributional equity, “an implicit assumption in the Revenue Requirement Settlement and Final Order was that the Commission-led process on distributional equity would be complete, and that PSE would have sufficient time to complete the [requirements in Section 24(b)] in advance of the end of the MYRP.”⁸ This is obvious. By requiring PSE to participate in a Commission-led process as a condition of Section 24(b) and incorporate the results of that process, it must necessarily be true that the Commission-led process would be done in time for PSE to participate and satisfy the other requirements of Section 24(b). Second, as explained above, PSE’s participation in the equity docket is not an

⁷ Resp. at 3.

⁸ Pet. ¶ 14.

implied or implicit condition of Section 24(b); rather, it is an *express* condition added by the Commission in the Final Order.

9. The Environmental Intervenors' response disregards Section 24(b) and is entirely unrealistic as to the timing of the docket and the cadence for how Section 24(b) must be complied with. Assuming the interim policy statement on distributional equity is issued by September 30, 2025, at best, PSE can then incorporate the Commission's direction from the policy statement into its methods, seek Commission approval for its updated methods, and pending that approval, update its pilot distributional equity analysis and Corporate Spending Authorizations, and timely make a compliance filing. However, it is impossible for this to happen by the end of the current rate plan in January 2025. Thus, the proposed amendment to Section 24(b) reasonably extending the timing for filing a compliance filing—*that all parties except the Environmental Intervenors do not oppose*—should be approved.

B. PSE will be filing its pilot distributional equity analysis imminently.

10. The Environmental Intervenors point to a compliance letter filed by Commission Staff on July 10, 2024, stating Staff's opinion that PSE's pilot distributional equity analysis program is incomplete and that this should be a further reason to deny PSE's petition.⁹ This is not a basis to deny PSE's petition for two reasons.

11. First, while completion of PSE's pilot distributional equity analysis program is a component of Section 24(b), the status of the pilot is entirely unrelated to the problem PSE is trying to solve through its petition which, as described above, is given the timing of the equity

⁹ Resp. at 4.

docket, PSE cannot timely complete all of the requirements in Section 24(b), as modified by the Final Order, by January 2025.

12. Second, contrary to the Environmental Intervenors' suggestion, PSE is in no way delaying its advancement of distributional equity by filing its petition or through its pilot. PSE is currently finalizing the result of the pilot and it is anticipated PSE will be filing the completed pilot in the coming days. The national scope and associated process of the pilot resulting from PSE's partnership with Lawrence Berkley National Labs (LBNL), who PSE collaborated with for the pilot, required a slightly longer timeframe for completion of the pilot than originally anticipated. PSE believes that this partnership resulted in a robust and successful pilot that was worth the trade-off in timing.


13. Moreover, PSE's ongoing efforts to advance equity generally are well documented. PSE's Workplan recently filed in Docket UE-240433 details PSE's ongoing efforts to advance equity, including and specifically distributional equity. PSE's petition is not an effort to delay progress on distributional equity as the Environmental Intervenors claim, but will provide that PSE can timely comply with Section 24(b) and through participation in the equity docket, will result in a better ultimate product on distributional equity.

CONCLUSION

14. For the reasons set forth in its petition and as further set forth in its reply, PSE requests that the Commission grant its petition.

RESPECTFULLY SUBMITTED this 18th day of July, 2024.

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