

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKETS UE-220066 and UG-
220067 (*Consolidated*)

ORDER 34

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 UG-210918

ORDER 20

GRANTING MOTION FOR
CLARIFICATION IN PART;
DENYING IN PART;
AMENDING ORDER 32/18

BACKGROUND

- 1 On May 16, 2024, the Washington Utilities and Transportation Commission (Commission) entered Order 32/18, Granting Petition; Amending Final Order 24/10 Subject to Conditions (Order 32/18). By this Order, the Commission granted the petition filed by Puget Sound Energy (PSE or Company) to amend the earlier Final Order 24/10 in this docket and allowed the Company to begin a phased approach to dunning, subject to conditions.
- 2 On May 28, 2024, PSE filed a Motion for Clarification of Order 32/18 (Motion for Clarification). In the Motion, PSE requests clarification regarding language in paragraph 55 of Order 32/18 that deemed certain arrearages as bad debt and authorized PSE to collect such arrearages in rates.
- 3 PSE contends that it misunderstood Bench Request No. 12, which led to the Commission relying on incorrect numbers when entering Order 32/18. The Company explains that the

\$60 million figure approved for deferral in Account 182.3 came from its response to Bench Request No. 12, but that this amount includes arrearages that were uncollectable from customers but subsequently recovered through other means, such as CACAP or Department of Commerce funds.

4 PSE states that the amount of 2020-21 vintage arrearages that it has not yet recovered through other means is \$1.3 million. The Company requests that the Commission clarify Order 32/18 to expressly provide that PSE is authorized to transfer the existing deferrals recorded under UE-200780/UG-200781 of \$20.0 million from FERC account 186 to Account 182.3 and to continue to record additional amounts under this petition through December 2024 to Account 182.3.

5 On June 14, 2024, Commission staff (Staff) filed a response to PSE's Motion. Staff recommends that the Commission treat PSE's motion as a petition for amendment or correction of Order 32/18, amend the amount of 2020-21 vintage arrearages that PSE may defer in Account 182.3, and deny PSE's request to transfer additional amounts to Account 182.3.

6 Staff contends that failure to amend the amount of 2020- and 2021-vintage arrearages authorized for deferral will allow PSE to double recover those amounts. Staff argues that the Commission should deny PSE's request to allow the transfer of deferred post-2021-vintage arrearage amounts from Account 186 to 182.3 because those amounts are already deferred, preserving PSE's ability to potentially recover them.

7 Staff recommends that the Commission instead: (1) order PSE to petition to extend the deferral in Dockets UE-200780 and UG-200781, and (2) ultimately address cost recovery at the time that PSE's actual bad debt write offs are known. Staff submits that this approach will allow PSE and the Commission to address the treatment of post-2021-vintage arrearages in the appropriate place, the docket where the deferral of those amounts is squarely at issue.

DISCUSSION

8 We grant PSE's Motion for Clarification in part and deny it in part.

9 Pursuant to Washington Administrative Code (WAC) 480-07-835(1), any party may seek clarification of a final order. An appropriate motion for clarification requests that the

Commission modify the final order or take other action to clarify the meaning of the final order, make technical changes, or correct errors.¹

- 10 In this case, PSE's Motion for Clarification seeks more than mere clarification of Order 32/18. The Company requests that the Commission substantially alter the amount of arrearages authorized for deferral in Account 182.3 and allow the transfer of additional deferred amounts from Account 186 to Account 182.3. Given the nature and scope of the relief sought, we agree with Staff that PSE's Motion is more appropriately treated as a petition for amendment or correction of Order 32/18 under WAC 480-07-875.
- 11 We find that PSE has demonstrated good cause to amend Order 32/18 with respect to the amount of 2020-21 vintage arrearages authorized for deferral in Account 182.3. The Company has provided evidence that the \$60 million figure approved in Order 32/18 was based on a misunderstanding of Bench Request No. 12 and includes amounts that have already been recovered through other means. Failure to amend this amount would allow PSE to double recover these arrearages, which would be inconsistent with the public interest and principles of just and reasonable ratemaking. Accordingly, we amend Order 32/18 to authorize PSE to defer \$1.3 million in 2020-21 vintage arrearages in Account 182.3, which represents the amount of these arrearages that PSE has not yet recovered through other means.
- 12 Paragraph 55 of Order 32/18 is accordingly amended to read in its entirety as follows:
- First, the arrearages from the COVID-19 disconnection moratorium, from March 2020 to December 2021, shall be deemed bad debt and subject to collection in rates. PSE indicates that arrearages from this same time period currently amount to \$1.3 million. The Commission grants deferred accounting treatment for these costs on its own motion, and the Company may accrue interest on this debt, at the Company's cost of debt as authorized in Final Order 24/10, beginning on the first day of the month following the entry of this Order. The Company shall record this bad debt amount to FERC Account 182.3. We find that treating arrearages from this time period as bad debt strikes a reasonable balance among the interests of the Company, customers with past-due balances, and other PSE customers. The COVID-19 pandemic represented extraordinary circumstances that justified state-wide prohibitions on disconnections and likewise justifies spreading costs for this time period across PSE's customer base.

¹ WAC 480-07-835(1).

- 13 However, we deny PSE's request to transfer deferred post-2021 vintage arrearage amounts from Account 186 to Account 182.3. We agree with Staff that these amounts are already deferred in Account 186, which preserves PSE's ability to potentially recover them in the future. Transferring these amounts to Account 182.3 at this time is premature and unnecessary. As Staff notes, utilities should book amounts into Account 182.3 when it is probable that they will recover them. The requested transfer would constitute a first step in the process of rate recovery, which is unwarranted here where the arrearages have not yet been written off and the amount of PSE's bad debt expense in excess of the bad debt baseline is unknown.
- 14 We find that the appropriate course of action for addressing post-2021 vintage arrearages is for PSE to petition to extend the deferral in Dockets UE-200780 and UG-200781. This will allow the Commission to consider the treatment of these arrearages in the dockets where the deferral of these amounts is squarely at issue. Ultimately, cost recovery for these amounts should be addressed when PSE's actual bad debt write-offs are known.
- 15 In conclusion, we grant in part and deny in part PSE's petition for amendment of Order 32/18. We amend the order to authorize PSE to defer \$1.3 million in 2020-21 vintage arrearages in Account 182.3. We deny PSE's request to transfer post-2021 vintage arrearages from Account 186 to Account 182.3 or to authorize additional deferrals in Account 182.3 at this time.

FINDINGS AND CONCLUSIONS

- 16 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 17 (2) PSE is a "public service company" and an "electrical company" as those terms are defined in Revised Code of Washington (RCW) 80.04.010 and used in Title 80 RCW.
- 18 (3) The Commission has jurisdiction over the subject matter of this proceeding.
- 19 (4) PSE's Motion for Clarification of Order 32/18 seeks relief that goes beyond mere clarification and is more appropriately treated as a petition for amendment or correction under WAC 480-07-875.
- 20 (5) PSE has demonstrated good cause to amend Order 32/18 with respect to the amount of 2020-21 vintage arrearages authorized for deferral in Account 182.3.

- 21 (6) The \$60 million figure approved in Order 32/18 for deferral in Account 182.3
was based on PSE's misunderstanding of Bench Request No. 12 and includes
amounts that have already been recovered through other means.
- 22 (7) Failure to amend the amount of 2020-21 vintage arrearages authorized for
deferral would allow PSE to double recover these amounts.
- 23 (8) The actual amount of 2020-21 vintage arrearages that PSE has not yet
recovered through other means is \$1.3 million.
- 24 (9) PSE's request to transfer deferred post-2021 vintage arrearage amounts from
Account 186 to Account 182.3 is premature and unnecessary.
- 25 (10) The amounts deferred in Account 186 are already preserved for PSE's
potential future recovery.
- 26 (11) The appropriate course of action for addressing post-2021 vintage arrearages
is for PSE to petition to extend the deferral in Dockets UE-200780 and UG-
200781.
- 27 (12) Cost recovery for post-2021 vintage arrearages should be addressed when
PSE's actual bad debt write-offs are known.
- 28 (13) Amending Order 32/18 to authorize PSE to defer \$1.3 million in 2020-21
vintage arrearages in Account 182.3 and denying PSE's request to transfer
post-2021 vintage arrearages from Account 186 to Account 182.3 is consistent
with the public interest and results in fair, just, reasonable, and sufficient rates.

ORDER

29 THE COMMISSION ORDERS THAT:

- 30 (1) Puget Sound Energy's Motion for Clarification is GRANTED IN PART and
DENIED IN PART as set forth in paragraph 10-15 of this Order.
- 31 (2) Order 32/18 is amended as set forth in paragraph 12 of this Order.
- 32 (3) The Commission retains jurisdiction over the subject matters and parties to
this proceeding to effectuate the terms of this Order.

DATED at Lacey, Washington, and effective July 26, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner

NOTICE TO PARTIES: This is a Commission Final Order. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 and WAC 480-07-870.