

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PUGET SOUND ENERGY, Respondent.	DOCKETS UE-220066 and UG- 220067 (<i>Consolidated</i>) ORDER 36
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 22 GRANTING MOTION TO AMEND IN PART; DENYING IN PART; AMENDING ORDER 24/10

BACKGROUND

- 1 On December 22, 2022, the Washington Utilities and Transportation Commission (Commission) entered Final Order 24/10, rejecting tariff sheets, approving settlements, with conditions, and authorizing and requiring compliance filing.
- 2 On June 21, 2024, Puget Soud Energy (PSE or Company), filed its Third Petition to Amend Final Order (Third Petition), requesting the Commission amend Section 24 of the Revenue Requirement Settlement, as approved in Order 24/10. Section 24 addresses incorporating a distributional equity analysis into PSE’s Corporate Spending Authorizations (CSAs).
- 3 Section 24 of the Revenue Requirement Settlement states:

24. By the end of the MYRP, the Settling Parties agree PSE shall make a

compliance filing in these dockets demonstrating:

a. Plan for Equitable Outcomes. A process or procedure for how PSE’s Board of Directors and senior management plan for equitable outcomes when making decisions on enterprise-wide capital portfolios within the three-tier planning process. This will include a transparent and inclusive methodology for how the Enterprise Project Portfolio Management (“EPPM”) tool will be used to apply an equity lens to Corporate Capital Allocation framework that integrates feedback from persons affected by PSE’s decisions.

b. Corporate Spending Authorizations (“CSAs”). PSE’s use of CSAs that require sponsors to consider the equitable distribution of benefits and reduction of burdens of the project or program. This can be demonstrated either qualitatively or quantitatively, or both. Once the Company has completed its pilot distributional equity analysis, participated in the Commission Staff-led process, and has received approval from the Commission for its methods (and updated its analysis as necessary to conform to any changes to methods potentially required by the Commission), PSE will include in its CSAs results of distributional equity analysis.

4 PSE contends that approval of Section 24 was conditioned on the distributional equity analysis in part (b) being a Commission led process.¹ PSE argues that while Docket A-230217 was opened in March of 2023 to develop a policy statement to address the application of equity and justice in the Commission and for regulated companies, it is anticipated the Docket will not be complete until sometime at or around September of 2025.²

5 PSE argues that the extended length of Docket A-230217 will render PSE unable to meet the requirement of Section 24(b), because PSE will need to wait to incorporate the Commission’s policy statement until the close of Docket A-230217, which will not occur until after the end of the MYRP compliance period in January of 2025.³

6 Accordingly, PSE requests the Commission amend Section 24, pursuant to WAC

¹ *WUTC v. Puget Sound Energy*, Dockets UE-220066 & UG-220067 (*consolidated*), Puget Sound Energy’s Third Petition to Amend Final Order, ¶ 7 (June 21, 2024) (hereinafter Third Petition).

² Third Petition, at ¶¶ 9-11.

³ Third Petition, at ¶ 11.

480-07-875(1), to read as follows:

By the end of the MYRP, the Settling Parties agree PSE shall make a compliance filing in these dockets demonstrating subsection (a) below. No later than one year after the Commission approves PSE’s distributional equity analysis methods PSE shall make a compliance filing in these dockets demonstrating subsection (b) below.

- 7 On July 11, 2024, the Joint Environmental Advocates (JEA), filed a Response in Opposition to PSE’s Third Petition to Amend Final Order (Response). JEA argues the Commission should deny PSE’s Third Petition, as the reasoning for the requested delay is an unrelated policy docket filed after Final Order 24/10.⁴
- 8 JEA asserts PSE has not demonstrated any harm, as claimed by PSE in its Third Petition, and that a Commission-led policy docket does not prohibit PSE from timely meeting its obligations in Section 24.⁵ JEA further argues that compliance with Section 24 would benefit Commission progress in Docket A-230217, and that nothing in Section 24 precludes PSE from seeking approval of its distributional equity analysis methodology in this docket.⁶
- 9 JEA also argues that Final Order 24/10 could not have contemplated completion of Docket A-230217 as a condition for approval, as Docket A-230217 was not opened until months after Final Order 24/10 was issued.⁷
- 10 On July 18, 2024, PSE filed a Motion for Permission to Reply to JEA’s Response, along with a Proposed Reply. In its Proposed Reply, PSE argues the Final Order requires that “once the Company has completed its pilot distributional equity analysis, it must participate in a Commission-led process on distributional equity.”⁸ PSE argues Docket A-230217 is the Commission-led process and therefore the timing outlined in

⁴ *WUTC v. Puget Sound Energy*, Dockets UE-220066 & UG-220067 (*consolidated*), JEA’s Response in Opposition to PSE’s Third Petition to Amend Final Order, 1-2 (July 11, 2024) (hereinafter JEA’s Response).

⁵ JEA’s Response, at 2.

⁶ JEA’s Response, at 2-3.

⁷ JEA’s Response, at 3.

⁸ *WUTC v. Puget Sound Energy*, Dockets UE-220066 & UG-220067 (*consolidated*), PSE’s Proposed Reply to JEA’s Response in Opposition to PSE’s Third Petition to Amend Final Order, ¶ 3 (July 18, 2024) (internal quotations and emphasis omitted) (hereinafter PSE’s Proposed Reply).

Section 24(b) precludes completion until the conclusion of Docket A-230217.⁹ For this reason and the reasons outlined further in its Proposed Reply rebutting JEA, PSE requests the Commission grant its Third Petition.

11 No other party filed a response to PSE's Third Petition.

DISCUSSION

12 We grant PSE's Third Petition in part and deny it in part.

13 Pursuant to Washington Administrative Code (WAC) 480-07-875(1), the Commission may propose, or may act in response to a petition, to alter, amend, or rescind any order that the Commission has entered. Any such petition to amend must comply with WAC 480-07-870, which requires substantial evidence or an offer of proof of the following:

- a. Changed conditions since the commission entered the order;
- b. Harm to the petitioner resulting from the order that the commission did not consider or anticipate when it entered the order;
- c. An effect of the order that the commission or the petitioner did not contemplate or intend; or
- d. Any good and sufficient cause that the commission did not consider or determine in the order.¹⁰

14 In this case, PSE's Third Petition seeks relief due to changed conditions since the Commission entered Order 24/10, with the changed condition being the Commission-led policy Docket A-230217, extending beyond the compliance deadline contemplated in Section 24 of the Settlement. PSE argues this precludes full compliance with Section 24(b). In Response, JEA notes that A-230217 was initiated after Order 24/10 was issued and that in fact PSE compliance with Section 24 would assist the Commission in its work in Docket A-230217.

15 We find that PSE has demonstrated good cause to amend Order 24/10 with respect to Section 24. However, we do not agree with the language proposed by PSE. We recognize that the compliance deadline for Section 24, as originally written, is fast approaching. The Commission also recognizes that the Commission-led process contemplated in Section 24(b), whether that process was in fact Docket A-230217 or not, has not come to its conclusion. Accordingly, PSE is faced with the requirement to

⁹ PSE's Proposed Reply, at ¶¶ 3-4.

¹⁰ WAC 480-07-870.

submit a compliance filing without further guidance from the Commission-led process originally contemplated. Because of this, failure to amend this Section would place PSE in a difficult position regarding ultimate compliance with Order 24/10.

16 Despite this, we agree with JEA that the work PSE was required to complete in relation to DEAs and CSAs, must be completed, with or without the conclusion of the Commission-led work in Docket A-230217, and that completion of that work will provide valuable insight for the Commission as we work to further equity and the use of DEAs in important utility decisions. Accordingly, we amend Section 24 to balance the interests of the public and PSE, as follows:

24. By the end of the MYRP, the Settling Parties agree PSE shall make a compliance filing in these dockets demonstrating subsection (a) below. No later than six months after PSE submits a compliance filing demonstrating subsection (a), PSE shall make a compliance filing in these dockets demonstrating subsection (b) below:

a. Plan for Equitable Outcomes. A process or procedure for how PSE's Board of Directors and senior management plan for equitable outcomes when making decisions on enterprise-wide capital portfolios within the three-tier planning process. This will include a transparent and inclusive methodology for how the Enterprise Project Portfolio Management ("EPPM") tool will be used to apply an equity lens to Corporate Capital Allocation framework that integrates feedback from persons affected by PSE's decisions.

b. Corporate Spending Authorizations ("CSAs"). PSE's use of CSAs that require sponsors to consider the equitable distribution of benefits and reduction of burdens of the project or program. This can be demonstrated either qualitatively or quantitatively, or both. Once the Company has completed its pilot distributional equity analysis, ~~participated in the Commission Staff led process,~~ and has received approval from the Commission for its methods (and updated its analysis as necessary to conform to any changes to methods potentially required by the Commission), PSE will include in its CSAs results of distributional equity analysis.

17 We find the amendments put forward in paragraph 16, strike a balance, recognizing that the Commission-led process has not yet concluded, but ensuring that the equity work

being done by PSE, and sought by the Settling Parties, may continue. The Commission expects this work will further inform the Commission's work in Docket A-230217, and the Commission shall require that PSE revisit, and amend if necessary, its DEA methodology as necessary at the conclusion of Docket A-230217.

FINDINGS AND CONCLUSIONS

- 18 (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.
- 19 (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.
- 20 (3) The Commission has jurisdiction over the subject matter of this proceeding.
- 21 (4) PSE's Third Petition to Amend Order 24/10 seeks amendment to settlement language and is appropriately treated as a petition for amendment or correction under WAC 480-07-875.
- 22 (5) PSE has demonstrated good cause to amend Order 24/10 with respect to Section 24 and more specifically Section 24(b) of the Revenue Requirement Settlement.
- 23 (6) Failure to amend Section 24, may result in harm to PSE and a failure to comply with the language of Order 24/10 due to changed circumstances.
- 24 (7) The appropriate course of action for addressing these changed circumstances is to amend the language of Section 24 as described in paragraph 16 of this Order and not in the manner proposed by PSE.

ORDER

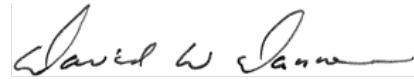
THE COMMISSION ORDERS THAT:

- 25 (1) Puget Sound Energy's Motion for Clarification is GRANTED IN PART and DENIED IN PART as set forth in paragraph 16, and subject to the condition in paragraph 17 of this Order.
- 26 (2) Order 24/10 is amended as set forth in paragraph 16 of this Order.

- 27 (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 December 31, 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.