

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	
)	Docket UE-24 _____
PUGET SOUND ENERGY)	
)	PETITION OF
For an Order Authorizing Accounting Treatment)	PUGET SOUND ENERGY
for PSE’s implementation of the Washington State)	
Department of Ecology’s Clean Fuel Standard)	
Regulations)	
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I. INTRODUCTION

1. In accordance with WAC 480-07-370(3), Puget Sound Energy (“PSE” or “the Company”) respectfully petitions the Commission for an Order authorizing the accounting detailed in this Petition related to the implementation of the Washington State Department of Ecology’s (“Ecology”) Clean Fuel Standard (“CFS”) regulation in RCW 70A.535.
2. Statutes and rules at issue in this Petition include RCW 70A.535.080, RCW 80.01.040, RCW 80.28.020, WAC 480-100-203, WAC 480-07-370, and WAC 173-424-420(7).
3. PSE is a combined gas and electric utility that provides service to approximately 1,200,000 electric customers and 860,000 natural gas customers in Western Washington.
4. All correspondence related to this Petition should be directed as follows:

Puget Sound Energy
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II. SUMMARY OF PETITION

5. PSE is requesting in this Petition that the Commission approve its proposed accounting treatment for revenues and expenses related to PSE's implementation of Ecology's CFS regulation in RCW 70A.535, and as further described in Ecology's CFS guidance.¹
6. PSE proposes to defer the Net CFS Revenues obtained from monetizing Clean Fuel Standard credits ("Credits"), as defined in RCW 70A.535.010, in FERC account 253 Other Deferred Credits. Net CFS Revenue is defined as Total Revenue minus the cost of unbundled renewable energy certificates ("REC's") PSE purchases and retires for the sole purpose to generate incremental Credits each year. The Total revenues to be deferred will be recorded at the time Credits are monetized. The cost of RECs to be deferred that will offset the Total revenues will be recorded at the time the RECs are purchased. This deferred Net CFS Revenue must be invested in new transportation electrification projects meeting the criteria established in the CFS regulation. Therefore, PSE will offset the deferred Net CFS Revenue by the costs that are incurred on eligible projects.

III. BACKGROUND

7. Ecology's CFS regulation, which implements Chapter 70A.535 of the Revised Code of Washington (RCW), is designed to reduce greenhouse gas emissions and conventional air pollutant emissions from transportation fuels used in Washington, while spurring economic development by encouraging deployment of clean fuel technologies. Credits are issued to electric utilities registered as participants in the CFS. Electric utilities must

¹ [CFS Guidance on Residential EV Charging Credit Revenue Requirements](#) and [CFS Reporting Template for Residential EV Charging Credit Revenue](#)

report their spending in an Annual Report submitted to Ecology by April 30th each year for the prior calendar year.

8. The CFS regulation requires electric utilities generating Credits from non-metered residential EV charging using electricity pathways to invest 100% of the resulting Net CFS Revenues in projects that promote transportation electrification in Washington. These investments include two specific spending requirements with minimum contributions:

- a. Transportation electrification projects in or benefitting communities experiencing air pollution (30% minimum contribution)²
- b. Transportation electrification projects selected from a list of GHG emissions reducing project types developed jointly by the Department of Ecology and the Washington State Department of Transportation (WSDOT) (50% minimum contribution)³

PSE is filing this accounting petition as it believes there is an absence of clear GAAP accounting guidance on how the revenues from this program can be recorded and the Commission's approval of this accounting petition will provide the necessary authority under GAAP for PSE to defer the revenues from the sale of Credits.

9. The calculation of Net CFS Revenue to be deferred and invested in transportation electrification projects is demonstrated in the example below:

Note: assumption values below are not a reflection of realistic values, rather, solely serve to illustrate the calculation of net revenue.

Assumptions for this example:

- RECs purchased and retired = 100; assume 1REC generates 1 CFS credit
- CFS credits = 150; base credits = 50, and incremental credits = 100
- CFS credit price = \$100/credit
- REC price = \$10/REC

² RCW 70A.535.080 (1) (b)

³ RCW 70A.535.080 (2)

Calculation of Total revenue:

Total revenue = (CFS credits) x (CFS credit price) = 150 credits x \$100/credit = \$15,000

Calculation of the cost of RECs:

Cost of RECs = (RECs retired) x (REC price) = 100 RECs x \$10/REC = \$1,000

Calculation of Net CFS Revenue:

Net CFS Revenue = (Total revenue) – (Cost of RECs) = \$15,000 - \$1,000 = \$14,000

The Net CFS Revenue is the amount against which CFS project costs will be recorded.

IV. PROPOSED ACCOUNTING TREATMENT

10. PSE requests an order authorizing it to defer the Net CFS Revenues obtained from monetizing Credits in FERC account 253 Other Deferred Credits⁴ until such time as the Net CFS Revenue is invested in transportation electrification projects, as described in the CFS regulation. As spending on eligible projects occurs, PSE will defer the costs by debiting a contra-253 account to offset the net revenues. PSE will ensure that such eligible project costs are not already being recovered elsewhere in rates. In the case that net revenues are spent on eligible capital projects, a separate contra-253 FERC account will be debited and FERC account 107 Construction Work in Progress will be credited. Any cost related to the transportation electrification project in excess of the Credit applied, will then be capitalized as an addition to plant in FERC account 101 Plant in Service and depreciated accordingly.
11. PSE will not accrue interest because the Net CFS Revenues will not be collected from customers.
12. The deferred accounting described herein would first be applicable for the month in which

⁴ PSE is requesting deferral in account 253 as the net deferral (Net CFS Revenues offset by Project Costs) will not be requested for recovery from customers, as the CFS program is intended to be funded by Net CFS Revenues.

this petition is filed with the Commission.

V. REQUEST FOR RELIEF

13. For the reasons discussed above, PSE respectfully requests the Commission issue an Order approving the accounting treatment as set forth in this Petition.

DATED this 31st day of July, 2024.

Puget Sound Energy

By /s/ Susan E. Free

Susan E. Free

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