

**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 38
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 24  CONFIRMING COMPLIANCE WITH FINAL ORDER 24/10; FINDING PRUDENCE AND RATES NO LONGER PROVISIONAL

**BACKGROUND**

1 On December 22, 2022, the Washington Utilities and Transportation Commission (Commission) entered Final Order 24/10 in the above-referenced docket. Final Order 24/10 adopted a settlement that, among other things, required Puget Sound Energy (PSE or Company) to submit to these dockets a compliance filing detailing the property provisionally included in rates placed into service during each year of the rate plan approved by the Order. Additionally, in the annual filing, PSE was required to report on Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA) funding options and offsetting benefits for all capital projects, along with additional metrics and report on the Energize Eastside project. This filing starts a retrospective review wherein parties may challenge the inclusion of that property into the rates charged for the Company’s service, with any disallowance returned to

ratepayers through refunds.<sup>1</sup>

- 2 On March 31, 2025, PSE submitted its 2024 Washington Annual Provisional Capital Report (Report). Commission staff (Staff) subsequently reviewed this compliance filing, conducted informal discovery, and met with PSE to discuss several of the capital projects deemed most significant. Staff acknowledge that the report, accompanying workpapers, and follow-up discussions show the provisional plant identified in the report to be known and measurable, used and useful, and prudent.
- 3 Staff explains that PSE pursued multiple grant opportunities in excess of \$88 million and that of the 19 grant applications submitted, eight were successful. However, Staff notes that not all the grants had a monetary component, and that two of the successful grants provide technical assistance or have PSE providing technical assistance. Staff also highlights that despite PSE's success in being awarded grants, to date, no funding has been received, but explain that if funded, the grants will amount to approximately \$69.5 million.
- 4 Regarding performance metrics, Staff maintains that PSE has provided most of what was required by Order 24/10 but has not yet provided a complete 2024 energy burden data set and alternative calculation for affordability. Staff therefore recommends that all the metrics be collectively reviewed once PSE has filed a petition to amend Final Order 24 to modify the deadline for filing its metrics and all required data has been submitted.
- 5 In its review of capital projects, Staff found PSE's 2024 MYRP Report filing added 126 projects after the Commission made its prudence determination in the 2022 GRC. While Staff found no issues with the projects and corresponding workpapers, it highlights two projects with which it had concerns. The first project is Energize Eastside, where Staff found that costs were deferred until the 2024 compliance filing and involved organized citizen opposition, which ultimately resulted in significant permitting and construction delays and municipally mandated permitting requirements that resulted in significant cost overruns. In total the project costs were \$198 million more than expected. Staff believes the documents provided justify the increased costs and recommend the full cost of \$436.1 million is prudent and PSE need not refund any amounts collected for the 2023 and 2024 rate years.

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<sup>1</sup> The Commission has approved compliance filings for capital projects reviews through acknowledgment letters. See e.g. *In re Puget Sound Energy's Multi-Year Rate Plan Annual Report*, Dockets UE-220066, UG-220067 & UG-210918 (*Consolidated*) (Nov. 5, 2024).

- 6 The second project Staff highlights is the Bainbridge Island Transmission Line. The project was scheduled to go into operation in 2023 and 2024, but that has not happened, and the project is \$25 million over budget. Staff notes that city code amendments, permitting delays, and public opposition has delayed the project, which is now scheduled to go into operation in 2028. Staff also raise concerns with the delays and recommend no action at this time, but notes the importance of the Commission being aware of the situation, and continuing to monitor it.
- 7 Staff recommends the Commission issue an order finding PSE's filing in compliance with Order 24/10 in Dockets UE-220066 and UG-220067, that the Energize Eastside Project costs are prudent, and no refund for rates collected in 2024 is warranted.
- 8 At the August 28, 2025, open meeting, Staff provided comments explaining its recommendations. The Company clarified in response to questions from the Commission that the Company is not seeking a prudence finding for additional costs associated with the Bainbridge Island transmission project, which is incomplete at this time. There was some discussion about the Commission's interest in examining and avoiding equity impacts that may result from increased costs in future capital project reviews for projects that only benefit some communities within the service territory but would be borne by all ratepayers.
- 9 PSE also clarified that while it has been awarded some of the grants for which it applied, the Company has not received any funds related to certain federal grants. Neither Public Counsel nor any other party had comments on this filing.

## DISCUSSION

- 10 Final Order 24/10 in this proceeding approved a portfolio-basis capital projects review for each of the two rate years approved in the multiyear rate plan (MYRP). Therefore, while there was underspend in rate year two of the MYRP, overage from rate year one made overall plant expenditures exceed the amount authorized in rates for year two (2024) of the rate plan. Furthermore, Staff's review and the discussion at the August 28, 2025, Open Meeting confirmed that the additional costs for the Energize Eastside project resulted from citizen opposition that led to significant permitting delays to the construction scheduling.
- 11 In addition, Staff has confirmed consistent with Final Order 24/10 that the Company provided documentation of the additional costs for the Energize Eastside project. The

documentation details the citizen opposition and additional permitting requirements that led to the construction delays, as well as interaction with PSE's board of directors.

- 12 Therefore, based on the Staff's in-depth analysis of PSE's Report and its consistency with Final Order 24/10, the Commission finds that the Report filed by PSE on March 31, 2025, complies with Order 24/10 in Dockets UE-220066 and UG-220067. We further find that the additional costs associated with the Energize Eastside project discussed in the Report are prudent and that the rates set in Final Order 24/10 for 2024 are no longer provisional and no refund is required. We note that finding that the additional transfers to plant that are beyond the rate base approved in the 2022 GRC are prudent does not increase rates beyond what the Commission approved in that case but does reset the rate base baseline going forward.

### FINDINGS AND CONCLUSIONS

- 13 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, and practices of public service companies, including electric companies.
- 14 (2) Puget Sound Energy is an electric, gas, and public service company subject to Commission Jurisdiction.
- 15 (3) On March 31, 2025, Puget Sound Energy submitted its 2024 Washington Annual Provisional Capital Report detailing the property provisionally included in rates for 2024 for compliance with Final Order 24/10 in these Dockets.
- 16 (4) Pursuant to Final Order 24/10 in these Dockets, the Commission will review and determine whether Puget Sound Energy's 2024 Washington Annual Provisional Capital Report complies with Final Order 24/10.
- 17 (5) This matter came before the regularly scheduled open meeting on August 28, 2025.
- 18 (6) After review, the Commission finds that that the Report complies with Order 24/10, that the additional costs for the Energize Eastside Project are prudent, that rates set in Final Order 24/10 for 2024 are no longer provisional and the Company does not need to refund amounts collected in rates for 2024.

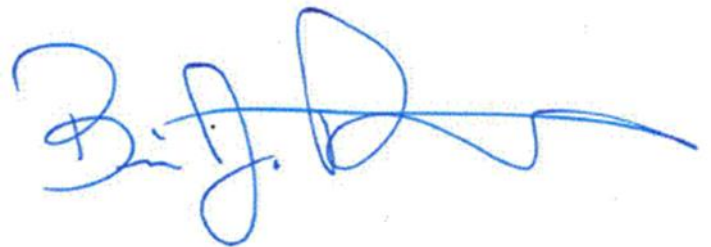
**ORDER**

**THE COMMISSION ORDERS:**

- 19      (1)      Compliance of Puget Sound Energy's 2024 Washington Annual Provisional  
Capital Report with Final Order 24/10 in its 2022 general rate case is  
CONFIRMED.
- 20      (2)      Additional Costs for the Energize Eastside Project are prudent.
- 21      (3)      Rates for 2024 set in PSE's 2022 general rate case are no longer provisional and no  
refund is required.
- 22      (4)      The Commission retains jurisdiction over this matter and Puget Sound Energy to  
effectuate the terms of this Order.

DATED at Lacey, Washington, and effective September 4, 2025.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



BRIAN RYBARIK, Chairman



ANN E. RENDAHL, Commissioner



MILT DOUMIT, Commissioner