

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKETS UE-190529 and
UG-190530 (*consolidated*)

In the Matter of the Petition of

PUGET SOUND ENERGY

For an Order Authorizing Deferral
Accounting and Ratemaking Treatment
For Short-life UT/Technology Investment

DOCKETS UE-190274 and
UG-190275 (*consolidated*)

In the Matter of the Petition of

PUGET SOUND ENERGY

For an Order Authorizing Deferred
Accounting associated with Federal Tax Act
on Puget Sound Energy's Cost of Service

DOCKETS UE-171225 and
UG-171226 (*consolidated*)

In the Matter of the Petition of

PUGET SOUND ENERGY

For an Order Authorizing the Accounting
treatment of Costs of Liquidated Damages

DOCKETS UE-190991 and
UG-190992 (*consolidated*)

REPLY OF
THE FEDERAL EXECUTIVE AGENCIES
TO THE RESPONSES TO BENCH REQUEST NO. 15

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BENCH REQUEST NO. 15

Recognizing that the situation has since evolved, and continues to evolve, the Commission seeks input from all parties regarding options to mitigate the impact in the short-term of any rate increase on customers that results from the final resolution of this case. The Commission requests the parties submit proposals that address variables such as timing, amortization periods, or the use of existing mechanisms that may not be at issue in this proceeding. In submitting proposals, parties should not seek to re-litigate contested issues in this proceeding, including those related to their respective positions on Puget Sound Energy's level of revenue requirement or individual adjustments.

REPLY OF FEA TO THE RESPONSES TO BENCH REQUEST NO. 15

The Federal Executive Agencies (“FEA”) appreciates the opportunity to respond to the options that were proposed by other parties on May 1, 2020 in response to the Commission’s request for proposals to mitigate the short-term impact of any rate increase that may result from the final resolution of this case.

As other parties recognized in their May 1, 2020 responses to the Commission’s bench request, the novel coronavirus has created severe economic hardship in the service territory of Puget Sound Energy (“PSE” or “the Company”). Unemployment has increased significantly and business activity across all sectors has been impaired due to the stay-at-home orders and related measures that Washington has implemented to combat the spread of the virus. This has created severe and widespread financial hardship for PSE’s customers.

As a means of reducing this economic hardship, the FEA supports the proposals submitted by other parties on May 1, 2020 to mitigate the impact of any rate increase in this case on all customers in PSE's service territory. In particular, the FEA supports the proposal of Public Counsel and Nucor Steel Seattle, Inc. ("Nucor") to delay any rate increase that may result from this case. Specifically, the FEA agrees with Nucor that any rate increase should be delayed until no sooner than mid-2021, with a subsequent phase-in of any rate increase. As Public Counsel noted in its response to Bench Request No. 15, it may be unnecessary to compensate the utility for the delay period through some form of deferral accounting. Instead, in recognition of the extraordinary economic hardship created by the spread of the coronavirus, current rates could simply remain in effect until the delayed implementation date of new rates.

Commission Staff submitted a number of alternatives for mitigating the impact of any rate increase in this case, including extending the amortization of certain regulatory assets and accelerating the amortization of unprotected Excess Deferred Income Taxes ("EDIT"). Similarly, PSE proposed to lengthen the amortization period of several regulatory assets as a means of providing rate relief to customers. The FEA believes that the proposals of Public Counsel and Nucor to delay and to phase-in the implementation of new rates for all customers is a simpler and more straightforward approach to accomplishing the goal of rate relief. However, if the Commission declines to adopt such an approach, the FEA supports the proposals of the Commission Staff and PSE to extend the amortization of regulatory assets and/or to accelerate the amortization of EDIT to mitigate the impact of any revenue requirement increase that may result from this case.

Again, the FEA appreciates the opportunity to share its views regarding the options proposed by other parties for providing rate relief to PSE's customers at this critical juncture.

Respectfully submitted,

Rita Liotta
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FEDERAL EXECUTIVE AGENCIES