



U-240281

July, 24th 2024

Received
Records Management
Jul 24, 2024

Via Electronic Filing

Attn: Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
P.O. Box 47250
Lacey, WA 98503

Re: Washington Hospitality Association Comments on the Commission's Rulemaking to Implement HB 1589 (Docket U-240281)

Director Killip,

On behalf of the Washington Hospitality Association and the more than 6,000 restaurants, lodging establishments, and other hospitality businesses we represent state-wide, we thank you for the opportunity to comment on the rule-making process to implement HB 1589.

While the Hospitality Association does not usually participate in UTC matters, with more than 3,000 of our members operating in Puget Sound Energy's service territory alone, the implementation of HB 1589 pertaining to the consolidation of a large combination utility's gas and electric operations planning requirements into an integrated system plan ("ISP", **will have implications on at least 50% of our members.**

We respectfully ask you to consider the following comments.

Section 3(2)(a) of ESHB 1589 requires the Commission to complete a rulemaking proceeding to implement consolidated planning requirements for gas and electric services for large combination utilities. The Commission may include existing plans required under seven existing statutes in the consolidated planning requirements. Are there existing plans required under these seven statutes that large combination utilities submit to the Commission that the Commission should consider including and/or excluding from the required rulemaking proceeding? Please explain why these plans should be included or excluded.

On behalf of our members, the Washington Hospitality Association urges the UTC to include the full list of referenced statutes in HB 1589, especially the multiyear rate plan (RCW 80.28.425) and the pipeline replacement plan (RCW 80.28.130) in the ISP. It is for the betterment of the rate payers of Washington state for the UTC to have the opportunity to fully evaluate Puget Sound Energy's plan and its impacts on ratepayers.

As you know, under HB 1589 PSE has been given the authority to geographically electrify its customers with the UTC's approval, which means they have the authority to move customers away

from natural gas. At the same time, HB 1589 also asks the commission to evaluate if a plan is in the public's interest.

We request the commission prioritize plan consolidation in a way that provides the greatest level of transparency to rate payers who will be impacted by Puget Sound Energy's requests to end natural gas service and increase rates across their service territory.

Section 3(10) of ESHB 1589 requires the Commission to establish by rule a cost test for emissions reduction measures achieved by large combination utilities. On November 7, 2022, in Docket UE-210804, Commission Staff presented a Straw Proposal for a Washington Cost-Effectiveness Test for Distributed Energy Resources. Is this straw proposal an appropriate starting point for developing a cost test for emissions reductions measures? If yes, which components of the straw proposal need further discussion?

With passage of HB 1589, Washington state became the first in the country to allow an investor owned utility to decide when and where to end natural gas service. Because of this, we believe significant costs were not contemplated in the Straw Proposal and urge the Commission to consider additional items before approving a plan that ends service to ratepayers:

- Availability and reliability of electricity service.
As of this date, PSE has already sent seven (7) requests to rate payers this calendar year to conserve energy in the coldest and warmest days of the year when access to reliable energy is needed most. Rate payers have no certainty that PSE can deliver the service only they are permitted to provide. The Straw Proposal allows the Commission to consider utility risk and should also evaluate the risk rate payers will take on if required to electrify and forego natural gas.
- Cost for ratepayers to convert to electric appliances
Based on a survey of our members, 85% of food service businesses use natural gas, and the cost to replace equipment is approximately \$100,000 per location. Restaurants are still climbing out of significant debt related to the pandemic and this additional cost burden would be insurmountable for many. For lodging properties the cost could be upwards of \$1million per lodging property. The Straw Proposals allows the Commission to include the cost of delivery of service for Puget Sound Energy, and should also include the cost for *local* businesses and rate payers to receive it.
- Cost and availability of propane
Businesses that rely on a flame to prepare their product will be forced to make difficult decisions if a plan is approved to end natural gas service. If they are unable to afford the significant investment for new equipment or take on additional debt, they may turn to propane to stay in business. We urge the Commission to consider local allowances to do so, the cost to install and maintain propane equipment, the cost to convert cooking and heating equipment for propane and the significant increase in propane costs long term.

- The environmental and health impact of preparing food over a flame fueled by wood or charcoal rather than natural gas.
Many traditional dishes cannot be prepared in a way that preserves cultural integrity without a flame. Small local businesses that are unable to secure propane service would need to utilize wood, charcoal or other fuels that do not support climate policy goals.
- Societal impacts of restricting cultural practices
Washington state celebrates the many rich and diverse cultures that choose to call Washington state home. The hospitality industry is a place many choose to start a business and share their culture with others. Restricting these traditions, by eliminating the energy source they use will have long lasting societal impacts that the Commission needs to consider before allowing Puget Sound Energy to impact these cultures and effectively erase these identities.
- Impact of lost business and revenue due to providing an inferior product
Fortunately, Puget Sound Energy does not serve the entire state. However, this will cause a significant competitive disadvantage to those businesses in PSE's service area particularly those that border other service territories. We urge the Commission to consider the impact of ending natural gas service to a business that relies on natural gas to produce their product, while a competitor nearby will be able to retain natural gas provided by another utility. The local business that will no longer be served natural gas will have to increase value to customers or reduce price, or find a location that is still served by natural gas in order to remain competitive and serve their community.

In closing, we respectfully request the Commission, at all opportunities, weigh the impact on local businesses wholistically. Local ratepayers need to see proposals in their totality, and the financial and societal costs should be carefully considered. Impacts to Puget Sound Energy's rate payers will be felt across the local economy, whereas benefits to Puget Sound Energy's bottom line will be sent to their investors in foreign lands. Local ratepayers do not have the option to choose which utility serves them and we request the Commission protect our interests above those of a foreign corporate energy monopoly.

Thank you for the opportunity to submit comments and for your consideration.

Julia Gorton
Sr. Director of Government Affairs
Washington Hospitality Association