



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

621 Woodland Square Loop S.E. • Lacey, Washington 98503

P.O. Box 47250 • Olympia, Washington 98504-7250

(360) 664-1160 • TTY 1-800-833-6384 or 711

State Of WASH.
UTIL. AND TRANSP.
COMMISSION

09/30/20 15:00

Received
Records Management

September 30, 2020

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
P. O. Box 47250
Olympia, Washington 98504-7250

Re: *Washington Utilities and Transportation Commission v. Puget Sound Energy*, Dockets
UE-190529, UG-190530, UE-190274, UG-190275, UE-190991, UG-190992, UE-
171225, and UG-171226 (*Consolidated*)

To Mark L Johnson,

On July 8, 2020, the Washington Utilities and Transportation Commission (Commission) entered Order 08 in Dockets UE-190529 and UG-190530 (consolidated), Final Order Rejecting Tariff Sheets; and Authorizing Tariff Filings, in these dockets (Order 08). Order 08 required Puget Sound Energy (PSE) to increase the revenue requirement by \$856,992 and \$1,332,261 to electric and natural gas customers, respectively. The authorized revenue requirement for both electric and natural gas services included multiple tariff changes as well as a “Mitigation Strategy” for offsetting the rate increases for customers continuing to experience economic hardships due to the COVID-19 global pandemic. Order 08, among other things, authorized the Commission Secretary to approve by letter, with copies to all parties, revised tariff sheets that follow the requirements of Order 08.

On July 20, 2020, PSE filed a Motion for Clarification, requesting clarification of multiple issues. On July 31, 2020, the Commission entered Order 10 in the above dockets, Granting Motion for Clarification (Order 10). Order 10 provided several clarifications and included a revised revenue requirement \$30,997,458 million and \$7,730,734 million for electric and natural gas, respectively.

On August 10, 2020, the Commission entered Order 11 in the above dockets, Granting Motion for Extension, and authorizing PSE to file revised tariff sheets on September 23, 2020. PSE filed revised tariff sheets on September 23, 2020.

Electric Service – Revenue Requirement

The electric workpapers and tariff sheets provided by PSE reflect a revenue requirement change of \$27,681,127. This is \$3,316,330 lower than the revenue requirement included in Revised Appendix A of Order 10 as summarized below.

Per Order 10, Revised Appendix A \$30,997,458

PSE’s Compliance Filing

Return on AMI rate base	\$(5,030,221)
Update to estimates	
<i>Sch. 95, Storm Amortization, Environmental Amortization, Decoupling, Protected Plus EDIT reversals, and Unprotected EDIT reversals</i>	\$(398,234)
Power cost calculation with revised production factor	
<i>Consistent production factor</i>	\$1,212,602
<i>Incremental power cost adjustments</i>	\$896,739
Rounding in base rates	\$2,784
Total	<u>\$27,681,127</u>

Return on AMI rate base – This amount reflects the effect of the Order 08 requirement that PSE continue to defer recovery of the return on its AMI investments until the project is complete.¹ The Revised Appendix A included with Order 10 did not remove test-year rate base associated with AMI. PSE’s compliance filing reflects the effect of removing the full AMI test-year plant amounts from rate base.²

Update to estimates – PSE’s compliance filing reflects updates to estimates across multiple tariff schedules consistent with the requirements of Order 10.³

Power cost calculation with revised production factor – PSE’s power cost baseline rate included in this filing reflects two adjustments to the power costs identified in Revised Appendix A from Order 10.

1. Consistent Production Factor – PSE’s compliance filing normalizes test year load using a production factor based on the temperature normalization adjustment approved in Order 08.⁴ The use of this production factor aligns the normalized load used to spread power costs with the normalized load used to spread other components of base rates. The effect of this adjustment is an increase of approximately \$1.2 million to the power cost baseline.

¹ Order 08 at ¶ 741.

² PSE Electric Compliance Cover Letter at page 5 (September 23, 2020).

³ Order 10 at ¶¶ 14-15.

⁴ PSE Electric Compliance Workpaper 190529-30-PSE-WP-SEF-18.00E-ELECTRIC-MODEL-REBUTTAL-19GRC-01-2020 (September 23, 2020).

2. Incremental power cost adjustments – PSE’s compliance filing applies a missing production factor calculation to other power costs changes in Order 08 including: Power Cost Hydro Modeling, the Green Direct program, and Colstrip Unit 4 major maintenance costs. The effect of this calculation increases the power costs baseline by approximately \$900,000.

Electric Service – Other Compliance Items

In addition to the revised tariff sheets, PSE provided “a separate compliance report that provides the regulatory asset balance as of September 30, 2020” for the “unrecovered, undepreciated plant balance for Colstrip 1 and 2.”⁵ The PSE report shows a remaining plant balance of \$112,586,413 as of September 30, 2020. Staff has reviewed this report and believes it is consistent with the requirements of Order 10.⁶

PSE also requests approval of the Power Cost Adjustment (PCA) baseline rate included in this compliance filing.⁷ The PCA baseline rate is used to determine the recovery of actual power costs subject to a sharing mechanism. Staff has reviewed the PCA workpapers and believes that the PCA baseline rate reflects power costs using the production factor described above.

⁵ PSE Electric Compliance Cover Letter at page 5 (September 23, 2020).

⁶ Order 10 at ¶ 35.

⁷ *Supra* 5.

Natural Gas Service

The natural gas workpapers and tariff sheets provided by PSE reflect a revenue requirement change of \$187,609. This is \$7,543,124 lower than the revenue requirement included in Revised Appendix A of Order 10 as summarized below.

Per Order 10, Revised Appendix A \$7,730,734

PSE’s Compliance Filing

Return on AMI rate base	\$(1,912,092)
Update to estimates	
<i>Cost Recovery Mechanism, Environmental Amortization, Expedited Rate Filing, Purchased Gas Adjustment, Protected Plus EDIT reversals, and Unprotected EDIT reversals</i>	\$(5,320,104)
Remove Conversion Burners	\$(309,331)
Rounding in base rates	\$(1,597)
Total	\$187,609

Return on AMI rate base – This amount reflects the effect of the Order 08 requirement that PSE continue to defer recovery of the return on its AMI investment until the project is complete.⁸ The Revised Appendix A included with Order 10 did not remove test-year rate base associated with AMI. The change here reflects the effect of removing AMI plant amounts from rate base.⁹

Update to estimates – PSE’s compliance filing reflects updates to estimates across multiple tariff schedules consistent with the requirements of Order 10.¹⁰

Remove Conversion Burners – PSE’s compliance filing reflects the updated revenue requirement related to discontinuing the gas conversion burner rental service consistent with Order 08.¹¹

⁸ Order 08 at ¶ 741.

⁹ PSE Electric Compliance Cover Letter at page 5 (September 23, 2020).

¹⁰ Order 10 at ¶¶ 14-15.

¹¹ Order 08 at ¶ 722.

Conclusions

Per WAC 480-07-880(2), “a compliance filing does not become effective automatically on its stated effective date. The commission must approve or accept any compliance filing before it can be effective.”

Commission Staff has reviewed the proposed electric and natural gas tariff sheets and associated work papers provided by PSE on September 23, 2020, with effective dates of October 1, 2020, and concludes that while the natural gas tariff sheets comply with Order 08 and Order 10, the electric tariff sheets do not.

For the electric tariff sheets, while Staff believes there is merit to using the production factor PSE used for calculating the power cost baseline, PSE’s use of that production factor in its compliance filing is inconsistent with the Commission’s decision on the matter, as clarified in paragraph 37 of Order 10. In Order 10, the Commission stated: “To clarify, the Commission did not include in its calculation PSE’s unsolicited update to its production factor...”.¹² The production factor PSE uses in its filing affects PSE’s proposed power cost baseline, Exhibit A-1, filed with the compliance tariff sheets.

Staff Recommendation on Compliance

Consistent with the conclusions above, Staff recommends the Commission:

1. Authorize the proposed natural gas tariff sheets identified in Attachment 1 to become effective on October 1, 2020; and
2. Reject the proposed power cost baseline, Exhibit A-1 filed with the tariff sheets on September 23, 2020; and
3. Reject the proposed electric tariff sheets listed in Attachment 1, as filed by PSE on September 23, 2020, and bearing an effective date of October 1, 2020.

Sincerely,

Jason Ball
Deputy Assistant Director, Energy Regulation

¹² Order 10 at ¶ 37.



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

621 Woodland Square Loop S.E. • Lacey, Washington 98503

P.O. Box 47250 • Olympia, Washington 98504-7250

(360) 664-1160 • TTY 1-800-833-6384 or 711

Attachment 1

Re: *Washington Utilities and Transportation Commission v. Puget Sound Energy*, Dockets UE-190529, UG-190530, UE-190274, UG-190275, UE-190991, UG-190992, UE-171225, and UG-171226 (*Consolidated*)

TARIFF SHEETS IN COMPLIANCE WITH THE COMMISSION'S ORDER 10 IN DOCKETS UE-190529, UG-190530, UE-190274, UG-190275, UE-171225, UG-171226, UE-190991, and UG-190992 (*Consolidated*)

ELECTRIC TARIFFS

36th Revision Sheet No. 7	Cancelling	35th Revision Sheet No. 7
11th Revision Sheet No. 7-B	Cancelling	10th Revision Sheet No. 7-B
34th Revision Sheet No. 24	Cancelling	33rd Revision Sheet No. 24
24th Revision Sheet No. 25	Cancelling	23rd Revision Sheet No. 25
16th Revision Sheet No. 25-A	Cancelling	15th Revision Sheet No. 25-A
25th Revision Sheet No. 26	Cancelling	24th Revision Sheet No. 26
Original Sheet No. 26-B		
30th Revision Sheet No. 29	Cancelling	29th Revision Sheet No. 29
36th Revision Sheet No. 31	Cancelling	35th Revision Sheet No. 31
Original Sheet No. 31-B		
29th Revision Sheet No. 35	Cancelling	28th Revision Sheet No. 35
11th Revision Sheet No. 40	Cancelling	10th Revision Sheet No. 40
27th Revision Sheet No. 43-A	Cancelling	26th Revision Sheet No. 43-A
35th Revision Sheet No. 46	Cancelling	34th Revision Sheet No. 46
16th Revision Sheet No. 46-A	Cancelling	15th Revision Sheet No. 46-A
34th Revision Sheet No. 49	Cancelling	33rd Revision Sheet No. 49
34th Revision Sheet No. 50	Cancelling	33rd Revision Sheet No. 50
5th Revision Sheet No. 51-B	Cancelling	4th Revision Sheet No. 51-B
5th Revision Sheet No. 51-C	Cancelling	4th Revision Sheet No. 51-C
6th Revision Sheet No. 51-D	Cancelling	5th Revision Sheet No. 51-D
25th Revision Sheet No. 52-A	Cancelling	24th Revision Sheet No. 52-A
11th Revision Sheet No. 52-B	Cancelling	10th Revision Sheet No. 52-B
23rd Revision Sheet No. 53-A	Cancelling	22nd Revision Sheet No. 53-A
20th Revision Sheet No. 53-B	Cancelling	19th Revision Sheet No. 53-B
14th Revision Sheet No. 53-C	Cancelling	13th Revision Sheet No. 53-C

8th Revision Sheet No. 53-F	Cancelling	7th Revision Sheet No. 53-F
5th Revision Sheet No. 53-G	Cancelling	4th Revision Sheet No. 53-G
4th Revision Sheet No. 53-H	Cancelling	3rd Revision Sheet No. 53-H
36th Revision Sheet No. 54	Cancelling	35th Revision Sheet No. 54
11th Revision Sheet No. 54-A	Cancelling	10th Revision Sheet No. 54-A
7th Revision Sheet No. 54-B	Cancelling	6th Revision Sheet No. 54-B
37th Revision Sheet No. 55	Cancelling	36th Revision Sheet No. 55
18th Revision Sheet No. 55-A	Cancelling	17th Revision Sheet No. 55-A
33rd Revision Sheet No. 57	Cancelling	32nd Revision Sheet No. 57
32nd Revision Sheet No. 58	Cancelling	31st Revision Sheet No. 58
21st Revision Sheet No. 58-A	Cancelling	20st Revision Sheet No. 58-A
7th Revision Sheet No. 58-B	Cancelling	6th Revision Sheet No. 58-B
7th Revision Sheet No. 58-C	Cancelling	6th Revision Sheet No. 58-C
39th Revision Sheet No. 95	Cancelling	38th Revision Sheet No. 95
14th Revision Sheet No. 95-A	Cancelling	13th Revision Sheet No. 95-A
16th Revision Sheet No. 95-B	Cancelling	15th Revision Sheet No. 95-B
15th Revision Sheet No. 95-C	Cancelling	14th Revision Sheet No. 95-C
8th Revision Sheet No. 95-C.1	Cancelling	7th Revision Sheet No. 95-C.1
8th Revision Sheet No. 95-C.2	Cancelling	7th Revision Sheet No. 95-C.2
15th Revision Sheet No. 95-D	Cancelling	14th Revision Sheet No. 95-D
15th Revision Sheet No. 95-E	Cancelling	14th Revision Sheet No. 95-E
6th Revision Sheet No. 95-E.1	Cancelling	5th Revision Sheet No. 95-E.1
4th Revision Sheet No. 139-E	Cancelling	3rd Revision Sheet No. 139-E
5th Revision Sheet No. 141-A	Cancelling	4th Revision Sheet No. 141-A
5th Revision Sheet No. 141-B	Cancelling	4th Revision Sheet No. 141-B
4th Revision Sheet No. 141-C	Cancelling	3rd Revision Sheet No. 141-C
4th Revision Sheet No. 141-D	Cancelling	3rd Revision Sheet No. 141-D
3rd Revision Sheet No. 141-E	Cancelling	2nd Revision Sheet No. 141-E
3rd Revision Sheet No. 141-F	Cancelling	2nd Revision Sheet No. 141-F
3rd Revision Sheet No. 141-G	Cancelling	2nd Revision Sheet No. 141-G
3rd Revision Sheet No. 141-H	Cancelling	2nd Revision Sheet No. 141-H
3rd Revision Sheet No. 141-I	Cancelling	2nd Revision Sheet No. 141-I
3rd Revision Sheet No. 141-J	Cancelling	2nd Revision Sheet No. 141-J
4th Revision Sheet No. 141-K	Cancelling	3rd Revision Sheet No. 141-K
4th Revision Sheet No. 141-L	Cancelling	3rd Revision Sheet No. 141-L
3rd Revision Sheet No. 141-M	Cancelling	2nd Revision Sheet No. 141-M
3rd Revision Sheet No. 141-N	Cancelling	2nd Revision Sheet No. 141-N
1st Revision Sheet No. 141X	Cancelling	Original Revision Sheet No. 141X
1st Revision Sheet No. 141X-A	Cancelling	Original Revision Sheet No. 141X-A
1st Revision Sheet No. 141X-B	Cancelling	Original Revision Sheet No. 141X-B
1st Revision Sheet No. 141X-C	Cancelling	Original Revision Sheet No. 141X-C
1st Revision Sheet No. 141X-D	Cancelling	Original Revision Sheet No. 141X-D
1st Revision Sheet No. 141X-E	Cancelling	Original Revision Sheet No. 141X-E
1st Revision Sheet No. 141X-F	Cancelling	Original Revision Sheet No. 141X-F
1st Revision Sheet No. 141X-G	Cancelling	Original Revision Sheet No. 141X-G
1st Revision Sheet No. 141X-H	Cancelling	Original Revision Sheet No. 141X-H
1st Revision Sheet No. 141X-I	Cancelling	Original Revision Sheet No. 141X-I

1st Revision Sheet No. 141X-J	Cancelling	Original Revision Sheet No. 141X-J
1st Revision Sheet No. 141X-K	Cancelling	Original Revision Sheet No. 141X-K
Original Sheet No. 141Z		
Original Sheet No. 141Z-A		
Original Sheet No. 141Z-B		
Original Sheet No. 141Z-C		
Original Sheet No. 141Z-D		
Original Sheet No. 141Z-E		
Original Sheet No. 141Z-F		
Original Sheet No. 141Z-G		
Original Sheet No. 141Z-H		
Original Sheet No. 141Z-I		
Original Sheet No. 141Z-J		
Original Sheet No. 141Z-K		
10th Revision Sheet No. 142	Cancelling	90th Revision Sheet No. 142
10th Revision Sheet No. 142-A	Cancelling	90th Revision Sheet No. 142-A
7th Revision Sheet No. 142-B	Cancelling	6th Revision Sheet No. 142-B
7th Revision Sheet No. 142-C	Cancelling	6th Revision Sheet No. 142-C
10th Revision Sheet No. 142-D	Cancelling	90th Revision Sheet No. 142-D
6th Revision Sheet No. 142-E	Cancelling	5th Revision Sheet No. 142-E
6th Revision Sheet No. 142-F	Cancelling	5th Revision Sheet No. 142-F
6th Revision Sheet No. 142-G	Cancelling	5th Revision Sheet No. 142-G
3rd Revision Sheet No. 142-I	Cancelling	2nd Revision Sheet No. 142-I
14th Revision Sheet No. 448-I	Cancelling	13th Revision Sheet No. 448-I
15th Revision Sheet No. 449-I	Cancelling	14th Revision Sheet No. 449-I

NATURAL GAS TARIFFS

14th Revision Sheet No. 116-A	Cancelling	13th Revision Sheet No. 116-A
59th Revision Sheet No. 123	Cancelling	58th Revision Sheet No. 123
55th Revision Sheet No. 131	Cancelling	54th Revision Sheet No. 131
9th Revision Sheet No. 131T	Cancelling	8th Revision Sheet No. 131T
61st Revision Sheet No. 141	Cancelling	60st Revision Sheet No. 141
22nd Revision Sheet No. 141-A	Cancelling	21st Revision Sheet No. 141-A
9th Revision Sheet No. 141T	Cancelling	8th Revision Sheet No. 141T
9th Revision Sheet No. 141T-A	Cancelling	8th Revision Sheet No. 141T-A
15th Revision Sheet No. 153-B	Cancelling	14th Revision Sheet No. 153-B
27th Revision Sheet No. 171	Cancelling	26th Revision Sheet No. 171
28th Revision Sheet No. 172	Cancelling	27th Revision Sheet No. 172
22nd Revision Sheet No. 174	Cancelling	21st Revision Sheet No. 174
22nd Revision Sheet No. 185-C	Cancelling	21st Revision Sheet No. 185-C
21st Revision Sheet No. 185-D	Cancelling	20st Revision Sheet No. 185-D
9th Revision Sheet No. 185T	Cancelling	8th Revision Sheet No. 185T
6th Revision Sheet No. 185T-A	Cancelling	5th Revision Sheet No. 185T-A
22nd Revision Sheet No. 186-C	Cancelling	21st Revision Sheet No. 186-C
18th Revision Sheet No. 186-D	Cancelling	17th Revision Sheet No. 186-D
7th Revision Sheet No. 186T	Cancelling	6th Revision Sheet No. 186T
8th Revision Sheet No. 186T-A	Cancelling	7th Revision Sheet No. 186T-A

23rd Revision Sheet No. 187-D	Cancelling	22nd Revision Sheet No. 187-D
7th Revision Sheet No. 187T	Cancelling	6th Revision Sheet No. 187T
8th Revision Sheet No. 187T-A	Cancelling	7th Revision Sheet No. 187T-A
1st Revision Sheet No. 1106-C	Cancelling	Original Sheet No. 1106-C
Original Sheet No. 1106-D		
5th Revision Sheet No. 1141-A	Cancelling	4th Revision Sheet No. 1141-A
3rd Revision Sheet No. 1141-B	Cancelling	2nd Revision Sheet No. 1141-B
3rd Revision Sheet No. 1141-C	Cancelling	2nd Revision Sheet No. 1141-C
3rd Revision Sheet No. 1141-D	Cancelling	2nd Revision Sheet No. 1141-D
3rd Revision Sheet No. 1141-E	Cancelling	2nd Revision Sheet No. 1141-E
1st Revision Sheet No. 1141X	Cancelling	Original Sheet No. 1141X
1st Revision Sheet No. 1141X-A	Cancelling	Original Sheet No. 1141X-A
1st Revision Sheet No. 1141X-B	Cancelling	Original Sheet No. 1141X-B
1st Revision Sheet No. 1141X-C	Cancelling	Original Sheet No. 1141X-C
1st Revision Sheet No. 1141X-D	Cancelling	Original Sheet No. 1141X-D
Original Sheet No. 1141Z		
Original Sheet No. 1141Z-A		
6th Revision Sheet No. 1142-A	Cancelling	5th Revision Sheet No. 1142-A
6th Revision Sheet No. 1142-B	Cancelling	5th Revision Sheet No. 1142-B
9th Revision Sheet No. 1142-C	Cancelling	8th Revision Sheet No. 1142-C
4th Revision Sheet No. 1149	Cancelling	3rd Revision Sheet No. 1149