



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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January 21, 2026

Post-2028 Residential Exchange Program (REP)
Bonneville Power Administration (BPA)
To: rep2028@bpa.gov

**Re: Washington Utilities and Transportation Commission (UTC or Commission)
comments regarding Average System Cost Methodology (ASCM) language in the Post-2028
REP.**

The Washington Utilities and Transportation Commission (UTC or Commission) regulates three Washington electric investor-owned-utilities (IOUs): Avista Corporation, Pacific Power and Light, and Puget Sound Energy. Together, these three utilities provide service to approximately 45 percent of the electric customers in the state. The Commission serves as the economic regulator of these utilities, and our mission is to ensure the services provided by regulated utilities are safe, equitable, available, reliable, clean, and fairly-priced for consumers. As the economic regulator charged with ensuring rates remain affordable and fairly-priced for consumers, the Commission remains engaged in the conversations and eventual implementation of the Post-2028 REP.¹

The Commission appreciates the opportunity to submit these comments related to the preliminary ASCM draft methodology published on December 10, 2025.

Transmission Costs in ASCM

The draft ASCM document published on December 10, 2025, signifies a shift in BPA policy related to the inclusion of transmission costs into the ASCM.² The 2008 ASCM includes all transmission costs whereas the proposed ASCM in the post-2028 REP would potentially only include transmission costs related to Third-Party Wheeling (FERC Account 565) and Sales for Resale (FERC Account 447). BPA justifies this change in policy as a way to adhere to the

¹ See Joint Oregon Public Utilities Commission and Washington Utilities and Transportation Comments dated February 26, 2025.

² BPA Presentation from December 3, 2025, ASCM Workshop. Slide 17.

statutory language of the 1980 Northwest Power Act (NW Power Act), allow for easier implementation of Section 7(b)(2) of the REP, and ensure that REP benefits paid reflect the actual generating resource costs as opposed to costs strictly for transmission-related infrastructure. The Commission believes that BPA's proposal to exclude all transmission costs (other than Third-Party Wheeling and Sales for Resale) artificially limits the Average System Cost (ASC) for regional IOUs participating in the REP. BPA's proposal to only allow for transmission costs related to Third-Party Wheeling and Sales for Resale sets aside the realities Washington IOUs face in light of Washington's ambitious climate goals.

In Washington, IOUs are less reliant on the hydropower system when compared to BPA's preference customers and need to build more renewable resources to comply with the Clean Energy Transformation Act (CETA).³ As Washington IOUs seek to comply with CETA, they must site and build renewable resources that may be farther away from load centers, which requires more transmission infrastructure. Due to the higher volume of hydropower resources in preference customers' generation portfolios, they are better insulated from this requirement to site, build, and connect renewable resources within the region. While the transmission-related costs included in the ASCM should be the same for IOUs and preference customers, BPA should include other transmission related costs into the ASCM that better reflects the nature of Washington's statutory environment.

FERC Account 925 Injuries and Damages

As part of the post-2028 REP, BPA proposes to include Commission approved costs related to injuries and damages (Account 925) within individual utilities' ASCs.⁴ The Commission supports the inclusion of these costs into the ASCM as a baseline as the Commission has seen increased amounts claimed by regulated utilities in Account 925 due to wildfires⁵ and extreme weather events.⁶ The inclusion of these costs in the ASCM reflects the present day operating environment for utilities across the region.

Although the Commission supports the inclusion of these costs into the ASCM, these costs are not always addressed in Commission orders for a variety of reasons and the costs approved by the Commission may differ from what is reported on FERC Form 1.⁷ In some instances these costs may be part of a settlement agreement amongst parties and approved by the Commission in light of the benefits of the settlement as a whole. In other instances, the costs in these accounts may not be a contested issue within a case, therefore, the Commission may decline to address the

³ See Chapter 19.405 RCW.

⁴ Preliminary Draft 2026 Average System Cost Methodology, redline version. Section 301.4(w)(1)

⁵ IOU Wildfire Mitigation Plans: Dockets UE-240836, UE-240832, and UE-240831. Available at: <https://www.utc.wa.gov/documents-and-proceedings/dockets>.

⁶ See May 5, 2025, Utilities and Transportation Commission Recessed Open Meeting Presentation provided by Puget Sound Energy "[PSE 2024 Storm Preparedness Recovery Efforts](#)", Docket(s) UE-040641 and UG-040640.

⁷ [Federal Energy Regulatory Commission Form 1](#). (Herein referred to as FERC Form 1)

topic with the specificity required by BPA. While the Commission supports the inclusion of these costs, we urge BPA to be mindful that this information is not always readily available to the Commission, and BPA may need to obtain this privileged information from the utility directly as opposed to a Commission Order. One potential avenue to obtain this information is to use the actual results of costs included in FERC Account 925, reported by Washington electric utilities as part of their annual Commission Basis Reports (CBR).⁸ The amounts reported in these CBRs represents a reasonable baseline that BPA can track and incorporate into the ASCM.

Purchase and Resale Weighting

In Section 301.5 of the proposed ASCM, BPA proposes to utilize a five-year weighted average to escalate the base period ASC to the Rate Period ASC.⁹ BPA’s rationale for this change is to mitigate the year-over-year volatility of the escalations by smoothing out the weighting ratios over a longer period. After reviewing this proposal, the Commission is supportive of the five-year average and other ministerial changes to Section 301.5.

Energy Storage Plant

The Commission’s Cost of Service rules in Chapter 480-85 WAC specify how the Commission’s regulated electric utilities are expected to functionalize, allocate, and classify specific costs for each FERC account, in addition to providing flexibility to parties should they identify costs not explicitly mentioned in Chapter 480-85 WAC. FERC Order 898¹⁰ revised the Uniform System of Accounts (USofA) to enhance the accounting treatment for renewable energy and storage technologies by creating specific accounting classes for “Energy Storage Plant” in accounts 387-387.12.¹¹ As noted by BPA, battery storage resources may be used in a variety of ways, including arbitrage, deferral of distribution investments, and peak shaving, such that BPA will functionalize these costs using the Production Transmission Distribution (PTD) plant ratio.¹²

While BPA proposes to functionalize these costs using the PTD plant ratio and include battery storage costs deemed as Production, the Commission’s Cost of Service (CoS) rules offer flexibility for IOUs and intervenors to submit their own method of functionalizing these accounts during a rate case. The Commission believes the Commission’s rules provide all parties with the flexibility to fully understand how different utilities operate battery storage systems in unique ways while allowing parties to weigh in on the best possible functionalization methodology depending on how these resources may be used.

⁸ Required by [Chapter 480-100-257 WAC](#).

⁹ BPA Presentation from December 3, 2025, ASCM Workshop. Slide 40.

¹⁰ Federal Energy Regulatory Commission (FERC) Docket No. RM21-11-000; [Order 898](#), Issued June 29, 2023., Effective January 1, 2025. (Herein referred to as FERC Order 898)

¹¹ FERC Order 898 ¶ 66.

¹² BPA Presentation from December 3, 2025, ASCM Workshop. Slides 23 and 24.

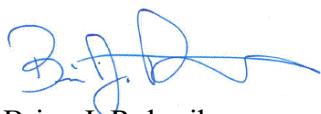
Rate of Return

While the Commission routinely reports the approved Rate of Return (RoR) for IOUs in Final Orders¹³ the underlying cost of capital figures may not be available to the Commission due to the structure of settlement agreements by the parties in a case. Although the Commission supports the use of authorized RoR within the ASCM calculations, the granularity of this information is not always available.

The Commission thanks BPA for the opportunity to provide these comments on the ASCM and we look forward to continued engagement in future workshops and meetings.

With regards,

Sincerely,



Brian J. Rybarik
Chair



Ann E. Rendahl
Commissioner



Milt H. Doumit
Commissioner

¹³ See Final Orders in 2023 Pacific Power and Light GRC (UE-230172), 2024 Avista GRC (UE-240006), and 2024 Puget Sound Energy GRC (UE-240004).