

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of  
  
PUGET SOUND ENERGY  
  
Petitioner,  
  
Seeking Exemption from the Provisions  
of WAC 480-106-040 Relating to  
Calculation of Avoided Capacity Costs

DOCKET UE-220786

ORDER 01

GRANTING EXEMPTION FROM  
RULE; ALLOWING TARIFF TO  
GO INTO EFFECT BY  
OPERATION OF LAW

**BACKGROUND**

- 1 On October 27, 2022, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition requesting an exemption from WAC 480-106-040(1)(b) in the same docket as its annual avoided cost tariff filing (Petition).
- 2 WAC 480-106-040(1)(b) requires electric companies to calculate the avoided cost of capacity based on its most recently acknowledged integrated resource plan (IRP). PSE's 2017 IRP was its most recently acknowledged.
- 3 PSE requested the Commission allow it to calculate the avoided cost of capacity based on the information from its most recently filed IRP, submitted on April 4, 2021, in Dockets UE-200304 and UG-200305. This is PSE's most current IRP, and the only IRP PSE has filed since the Clean Energy Transformation Act was incorporated into IRP rules.<sup>1</sup>
- 4 With the avoided cost of capacity inputs unchanged from the Company's 2021 filing, the primary update in this 2022 filing is the inclusion of PSE's latest electric market price forecast as an input for PSE's avoided cost of energy calculation required by WAC 480-106-040(1)(a).<sup>2</sup> Staff believes PSE's forthcoming 2023 IRP progress report will likely require more substantive updates to the Company's avoided cost calculations.<sup>3</sup> However, Commission staff (Staff) believe it more appropriate to include such updates in the

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<sup>1</sup> See [WAC 480-100-620](#)

<sup>2</sup> [PSE Schedule 91 2022 tariff revision cover letter](#), pp 2-3, October 27, 2022 (Docket UE-220786).

<sup>3</sup> Due to be filed in the first half of 2023, per [WAC 480-100-625\(4\)](#).

Company's *next* 2023 avoided cost filing to allow these potential input revisions to benefit from PSE's entire 2023 IRP progress report public participation process.<sup>4</sup>

5 Staff reviewed the filing and recommends granting PSE's request for exemption and allowing the tariff filing to go into effect by operation of law.

### DISCUSSION

6 We grant PSE's request for an exemption from WAC 480-106-040(1)(b). Under WAC 480-106-003, the Commission may grant an exemption from the provisions of any rule in WAC 480-106 if doing so is consistent with the public interest, the purposes underlying regulation, and applicable statutes.

7 We agree with Staff that PSE's request is reasonable because it allows the Company to use more recent information, which will yield more accurate results. Accordingly, we find that granting the Company's request for an exemption is in the public interest and consistent with both the purposes underlying the rule and applicable statutes. We further agree the tariff filing should be allowed to go into effect by operation of law.

### FINDINGS AND CONCLUSIONS

- 8 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 9 (2) PSE is engaged in the business of providing electric services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 10 (3) PSE is subject to WAC 480-106-040(1)(b), which requires electric companies to calculate the avoided cost of capacity based on its most recently acknowledged integrated resource plan.
- 11 (4) Under WAC 480-106-003, the Commission may grant an exemption from the provisions of any rule in WAC 480-106 if doing so is consistent with the public interest, the purposes underlying regulation and applicable statutes. See also WAC 480-07-110.

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<sup>4</sup> PSE [Updated IRP Work Plan](#), which includes feedback webinars scheduled through March 2023, October 21, 2022 (Docket UE-200304).

- 12 (5) This matter came before the Commission at its regularly scheduled meeting on  
December 22, 2022.
- 13 (6) After review of the Petition filed in Docket UE-220786 by PSE on October 27,  
2021, and giving due consideration, the Commission finds that the exemption is in  
the public interest and is consistent with the purposes underlying the regulation  
and applicable statutes and should be granted. The tariff should be allowed to go  
into effect by operation of law.

**ORDER**

**THE COMMISSION ORDERS:**

- 14 (1) Puget Sound Energy is granted an exemption from WAC 480-106-040(1)(b).  
The tariff is allowed to go into effect by operation of law.
- 15 (2) The Commission retains jurisdiction over the subject matter and Puget Sound  
Energy to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public  
interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective December 22, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL  
Executive Director and Secretary