

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of  
PUGET SOUND ENERGY, INC.  
for a Determination of Emissions  
Compliance

DOCKET UE-121594  
STIPULATION

1           This Stipulation is entered into by each of the parties to this docket: Puget Sound Energy, Inc., (PSE), the Staff of the Washington Utilities and Transportation Commission (Staff), Tenaska Washington Partners, L.P. and the NW Energy Coalition (NVEC), collectively, the Parties.

2           This docket arises on the “Petition of Puget Sound Energy, Inc., for an Emissions Performance Determination” (Petition), dated and filed October 2, 2012. In the Petition, PSE requests “that the Commission issue an order determining that the Ferndale Generation Station complies with the greenhouse gas emissions performance standards in Chapter 80.80 RCW, Greenhouse Gas Emissions.”

3           On October 16, 2012, PSE filed a copy of the contract under which PSE intends to purchase the Ferndale Generation Station, entitled “Final Asset Acquisition Agreement”.

4           On October 26, 2012, Staff filed a Report in this docket explaining its analysis of the  
issues and concluding that the Commission should grant the relief sought in the Petition,  
subject to three conditions.

5           The Parties believe the Commission's file contains a sufficient basis for the  
Commission to make a decision regarding the relief sought in the Petition. The Parties  
stipulate as follows:

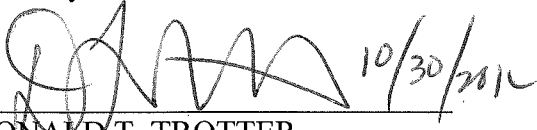
- 6           1.     PSE is subject to the current greenhouse gas (GHG) emissions standards of  
one thousand one hundred pounds of greenhouse gases per megawatt-hour in  
RCW 80.80.040(1) with respect to its acquisition of the Ferndale Generation  
Station because PSE is an electrical company per RCW 80.04.010; PSE's  
acquisition of the Ferndale Generation Station is a new ownership interest  
and thus is a "long-term financial commitment" per RCW 80.80.010(16); and  
the Ferndale Generation Station is "baseload electric generation" per RCW  
80.80.010(4) because it is designed and intended to provide electricity at an  
annualized capacity factor of at least 60 percent.
- 7           2.     The Ferndale Generating Station is a dual fuel plant, able to use either natural  
gas or fuel oil. Under normal operations, the plant can meet with the current  
GHG emissions performance standard in RCW 80.80.040(1) – One thousand  
one hundred pounds of greenhouse gases per megawatt hour, with  
compliance demonstrated based on the annual average GHG emission rate as  
measured using 40 CFR Part 75 emissions data as required under WAC 173-  
407-230.

3. It is possible (though currently uneconomic) for PSE to operate the plant in a manner that would cause the plant to exceed that GHG emissions performance standard. Therefore, the Parties agree the Commission should grant the relief sought in the Petition subject to the following three conditions:
  - a. Within 90 days after the date PSE acquires ownership of the Ferndale Generation Station, PSE shall install continuous parametric monitoring equipment in compliance with 40 C.F.R. Part 75, Appendix G at the Ferndale Generation Station to assure future compliance with the applicable GHG performance standard.
  - b. PSE shall operate the Ferndale Generation Station in a manner consistent with the applicable GHG emissions performance standard of one thousand one hundred pounds of greenhouse gases per megawatt hour, unless otherwise authorized by existing statute (e.g., RCW 80.80.060(4)) or rule. The Parties acknowledge that, pursuant to RCW 80.80.040(13), the Department of Ecology is the primary agency responsible for the implementation and enforcement of the GHG emissions performance standard.
  - c. PSE must report measured GHG emissions at least annually to the local air authority and Department of Ecology Air Quality Program.
4. The Commission's determination of the plant's compliance with the GHG emissions performance standard is specific to PSE's purchase of the plant in 2012, and it does not constitute a ruling on the Ferndale Generation Station's compliance with the GHG emissions

performance standard applicable to any future period nor any future long-term financial commitment. .

Dated this \_\_\_\_ day of October 2012.

ROBERT M. MCKENNA  
Attorney General

Handwritten signature of Donald T. Trotter in black ink, with the date "10/30/2012" written to the right of the signature.

DONALD T. TROTTER  
Assistant Attorney General  
Counsel for Washington Utilities and  
Transportation Commission Staff

STOEL RIVES

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THOMAS R. WOOD  
Counsel for Tenaska Washington Partners,  
L.P.

PERKINS COIE LLP

NW ENERGY COALITION

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JASON KUZMA  
Counsel for Puget Sound Energy, Inc.

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NANCY HIRSH  
Policy Director

performance standard applicable to any future period nor any future long-term financial commitment. .

Dated this 30<sup>th</sup> day of October 2012.

ROBERT M. MCKENNA  
Attorney General

STOEL RIVES

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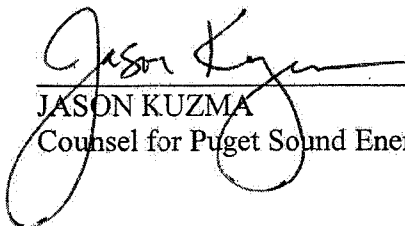
DONALD T. TROTTER  
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Counsel for Washington Utilities and  
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JASON KUZMA  
Counsel for Puget Sound Energy, Inc.

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NANCY HIRSH  
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Dated this \_\_\_\_ day of October 2012.

ROBERT M. MCKENNA  
Attorney General

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JASON KUZMA  
Counsel for Puget Sound Energy, Inc.



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NANCY HIRSH  
Policy Director

performance standard applicable to any future period nor any future long-term financial commitment.

Dated this 28<sup>th</sup> day of October 2012.

ROBERT M. MCKENNA  
Attorney General

STOEL RIVES LLP



THOMAS R. WOOD  
Counsel for Tenaska Washington Partners,  
L.P.

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DONALD T. TROTTER  
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