

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of  
  
PUGET SOUND ENERGY, INC.  
  
For Approval of its March 2009 Power  
Cost Adjustment Mechanism Report

DOCKET NO. UE-09 \_\_\_\_\_  
  
PETITION OF PUGET SOUND  
ENERGY, INC. FOR APPROVAL OF ITS  
MARCH 2009 POWER COST  
ADJUSTMENT MECHANISM REPORT

1           1.       This Petition is brought by Puget Sound Energy, Inc. ("PSE" or the  
2 "Company"). PSE's representative for purposes of this proceeding is:

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4                   Director, Rates and Regulatory Affairs  
5                   Puget Sound Energy, Inc.  
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1 and its legal counsel for purposes of this proceeding is:

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13 2. This Petition brings into issue: WAC 480-07-370(1)(b).

14 **I. BACKGROUND**

15 **A. The Company's PCA Mechanism Requires Annual True-Up Filings**

16 3. In the Commission's Twelfth Supplemental Order in Docket  
17 Nos. UE-011570 and UG-011571 ("Twelfth Supplemental Order"), the Commission  
18 approved the parties' Settlement Stipulation for Electric and Common Issues for PSE's  
19 2001 general rate case ("Stipulation"). Among other things, the Twelfth Supplemental  
20 Order authorized a Power Cost Adjustment Mechanism ("PCA Mechanism"). Exhibit A  
21 to the Stipulation, which is attached to the Twelfth Supplemental Order, sets forth details  
22 regarding the PCA Mechanism, and is hereinafter referred to and cited as the "PCA  
23 Settlement."

24 4. Following verification of certain numbers set forth in the exhibits to the  
25 PCA Settlement, the Commission ordered that revised pages of Exhibits A, B, D and F be  
26 substituted for the corollary pages of Exhibits A, B, D and F of the PCA Settlement. The

1 Commission further ordered that the resulting adjusted calculations be used for purposes  
2 of the PCA accounting required by the PCA Settlement beginning July 1, 2002. *See*  
3 Fifteenth Supplemental Order in Docket Nos. UE-011570 and UG-011571 (May 13,  
4 2003). A copy of the PCA Settlement, as revised, is attached to this Petition as  
5 Exhibit A.

6           5.       The PCA Settlement describes the PCA Mechanism as  
7                    a mechanism that would account for differences in PSE's modified  
8                    actual power costs relative to a power cost baseline. This  
9                    mechanism would account for a sharing of costs and benefits that  
10                   are graduated over four levels of power cost variances . . . .

11 PCA Settlement, ¶ 2. The PCA Settlement sets forth the various levels of costs and  
12 benefits sharing between the Company and its customers, and provides that "[t]he  
13 customer's share of the power cost variability will be deferred as described below. . . ."  
14 *Id.* at ¶ 3.

15           6.       In order to implement its sharing provisions, the PCA Settlement requires  
16 an annual true-up of actual power costs (versus the normalized level set in rates) and an  
17 accounting of sharing amounts. To accomplish this, the PCA Settlement provides that  
18 "[i]n August of 2003 and each year thereafter, the Company shall file an annual report  
19 detailing the power costs included in the deferral calculation, in a form satisfactory to the  
20 Commission, for Commission review and approval." PCA Settlement, ¶ 4.

1 **II. PSE'S 2009 PCA REPORT**

2 7. In compliance with the PCA Settlement and the Sixteenth Supplemental  
3 Order in Docket Nos. UE-011570 and UG-011571 (changing the annual PCA period to a  
4 calendar year rather than a fiscal year and approving an annual submittal date of March  
5 31<sup>st</sup>), this Petition presents to the Commission PSE's Power Cost Adjustment Mechanism  
6 Annual Report for the Twelve Month Time Period January 1, 2008 through December 31,  
7 2008—PCA Period Seven ("PCA Annual Report") for the Commission's review and  
8 approval. The PCA Annual Report is being filed along with this Petition. Accompanying  
9 workpapers are being provided to the Commission Staff and Public Counsel with this  
10 filing. As described below, PSE requests that the Commission approve the PCA Annual  
11 Report as filed.

12 8. As detailed in PSE's PCA Annual Report, PSE had two different Power  
13 Cost Baseline Rates during PCA Period 7. The average power cost baseline rate during  
14 PCA Period 7 was \$60.441. As further detailed in PSE's 2009 PCA Report, PSE's actual  
15 power costs exceeded the average power cost baseline rate during PCA Period 7 by  
16 \$1,194,774 (after adjustment for Firm Wholesale).

17 9. With respect to the deferral balance, as of December 31, 2007, the  
18 Company had deferred \$1,804.703 of under-recovered power costs. During PCA Period  
19 7 there was no addition or offset to this amount related to the sharing with customers of  
20 an under- or over-recovery. Therefore, the deferred balance at December 31, 2008 is

1 \$1,804,703. Interest of \$1,309,440 had been accrued at the end of PCA Period 6. PCA  
2 Period 7 interest was \$12,273. Adding the total accrued interest of \$1,321,713 to the  
3 deferred balance of \$1,804,703, results in a total customer deferral balance under the  
4 PCA mechanism at December 31, 2008 of \$3,126,416.

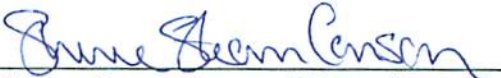
5 10. The Company is not requesting any rate increase as part of this filing  
6 because the deferral balance is not at a level where an increase is warranted.

7 **III. REQUESTED ACTION**

8 11. PSE respectfully requests that the Commission issue an order approving  
9 PSE's PCA Annual Report, as filed.

10 DATED: March 31, 2009.

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**PERKINS COIE LLP**

By   
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