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May 4, 2017

Mr. Steven King, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive, S.W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

Re: Case UE-170214 (Substitute – **Do Not Redocket**)  
Tariff WN U-28, Electric Service  
Renewable Energy Credit Revenue Mechanism - Washington

Dear Mr. King:

Attached for electronic filing with the Commission is the following tariff sheet proposed to be effective July 1, 2017:

**Substitute Second Revision Sheet 98      Canceling      First Revision Sheet 98**

On March 30, 2017, the Company filed its' annual adjustment tariff related to Renewable Energy Credits. The Company and Staff have been working collaboratively to streamline assumptions utilized in the calculation of the rebate. Staff has suggested, and the Company has agreed, to the following changes (which it has memorialized within the language of the filed tariff):

1. Interest on the deferred balance will accrue at the after-tax cost of capital interest rate from the Company's most recent approved general rate case.
2. The revenue conversion factor used in the development of tariff rate will be from the Company's most recent approved general rate case.
3. The rate spread will be based on the generation allocation factor E02 from the Company's most recent approved general rate case.

The Company has attached to this filing substitute Confidential and Redacted workpapers which incorporate the changes detailed above. Due to the inclusion of specific Counterparty names and associated rates, workpapers are confidential per WAC 480-07-160.

In the Company's original filing, the net effect of the new and expiring REC rebate was a decrease in revenues of approximately \$1.3 million. The net effect of the agreed-upon changes noted above is a reduction in the total rebate of approximately \$3,000. A residential customer using an average 957 kWhs per month will see a decrease of \$0.21 per month, or approximately 0.3%. The present bill for 957 kWhs is \$86.25 while the proposed bill is \$86.04. The actual bill change will vary based on customer usage.

The Company appreciates discussions with Staff concerning these issues, and the opportunity streamline the process. Please contact Annette Brandon at 509-495-4324 or Pat Ehrbar at 509-495-8620 with any questions.

Sincerely,

A handwritten signature in black ink that reads "Kelly Norwood". The signature is written in a cursive, flowing style.

Kelly Norwood  
Vice President State and Federal Regulation

Enclosures