

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NOS. UE-011570 and
UG-011571 (Consolidated)

APPLICATION FOR APPROVAL OF
AMENDMENTS TO POWER COST
ADJUSTMENT MECHANISM IN
COMPLIANCE WITH TWELFTH
SUPPLEMENTAL ORDER

BACKGROUND AND DISCUSSION

1. In the Commission's Twelfth Supplemental Order in Docket Nos. UE-011570 and UG-011571 ("Twelfth Supplemental Order"), the Commission approved the parties' Settlement Stipulation for Electric and Common Issues ("Stipulation"). Among other things, the Stipulation authorized a Power Cost Adjustment Mechanism (PCA) for Puget Sound Energy, Inc. ("PSE" or "the Company"). Exhibit A to the Stipulation sets forth details regarding Settlement Terms for the PCA ("PCA Settlement"). However, at the time the Commission approved the Stipulation, certain numbers set forth in the exhibits to the PCA Settlement required verification by the parties who executed the PCA Settlement ("Executing Parties").

2. Specifically, the PCA Settlement provides: "The remaining Executing Parties agree to PSE's presentation shown in Exhibit A and will verify in due course the accuracy of the specific numbers in that exhibit." Stipulation, Exhibit A, Section D, ¶ 12. Similarly, Section D, paragraph 13 of the PCA Settlement provides that Exhibit B of the PCA Settlement "is subject to verification by the remaining Executing Parties."

3. After review by and discussions with the Executing Parties regarding the verification of such numbers, PSE has corrected some of the numbers set forth in the exhibits to the PCA Settlement,

and made corresponding adjustments to other exhibits and the PCA Benchmark calculation. The Executing Parties have memorialized their agreement to these changes in the Agreement Regarding Resolution of PCA Mechanism Open Issues; Verification of Exhibit A and Exhibit B to the PCA Settlement Agreement ("PCA Verification Agreement"). The fully executed PCA Verification Agreement is attached hereto as Exhibit A.¹ As a result of these adjustments, the power cost rate set forth in the PCA Agreement approved in the Twelfth Supplemental Order should be reduced from \$44.463 per MWh to \$43.953 per MWh.

4. Because the PCA Verification Agreement changes the PCA Settlement that the Commission approved in its Twelfth Supplemental Order, the Company hereby requests that the Commission: (1) approve the PCA Verification Agreement that is attached hereto as Exhibit A as a supplement to the Twelfth Supplemental Order; and (2) order that the revised pages of Exhibits A, B, D and F that are attached to the PCA Verification Agreement be substituted for the corollary pages of Exhibits A, B, D and F of the PCA Agreement that the Commission approved in the Twelfth Supplemental Order.

5. The Company further requests that the Commission's order specifically state that the resulting adjusted calculations are to be used for purposes of the PCA accounting beginning July 1, 2002. Such treatment is appropriate because the revised numbers reflect the numbers to which the Executing Parties intended to agree in the PCA Agreement, and are essentially ministerial corrections resulting from the verification process. Furthermore, the resulting power cost rate is lower than the rate set forth in the original PCA Agreement.

REQUESTED ACTION

6. For the reasons set forth above, PSE respectfully requests that the Commission issue an order in the form attached as Exhibit B which:

- (a) approves the PCA Verification Agreement that is attached hereto as Exhibit A as a supplement to the Twelfth Supplemental Order;

¹ Although the Federal Executive Agencies ("FEA") are listed as an "Executing Party" in the PCA Settlement and the PCA Verification Agreement, the FEA did not actually execute (but did not oppose) the PCA Settlement. For that

- (b) orders that the revised pages of Exhibits A, B, D and F that are attached to the PCA Verification Agreement be substituted for the corollary pages of Exhibits A, B, D and F of the PCA Agreement that the Commission approved in the Twelfth Supplemental Order.
- (c) order PSE to use such adjusted calculation in its PCA accounting effective July 1, 2002.

DATED: April __, 2003.

PERKINS COIE LLP

By _____
Kirstin S. Dodge
Attorneys for Puget Sound Energy, Inc.

reason, the FEA has indicated that it prefers not to execute (but will not oppose) the PCA Verification Agreement.

LIST OF EXHIBITS

Exhibit A

Agreement Regarding Resolution of PCA Mechanism Open Issues;
Verification of Exhibit A and Exhibit B To The PCA Settlement Agreement Calculation

Exhibit B

Proposed Order