

Exhibit No. _____ (APB-6)
Dockets UE-111048 and UG-111049
Witness: Alan P. Buckley

BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**DOCKET UE-111048
DOCKET UG-111049
(Consolidated)**

**EXHIBIT TO
TESTIMONY OF**

Alan P. Buckley

**STAFF OF WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE Response to ICNU Data Request Nos. 2.80 and 2.82

December 7, 2011

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-111048 and UG-111049
Puget Sound Energy, Inc.'s
2011 General Rate Case**

ICNU DATA REQUEST NO. 02.80

ICNU DATA REQUEST NO. 02.80:

With regard to PSE's day ahead wind integration opportunity cost approach of deriving day-ahead costs on DEM workpapers 267 and 268, please provide all documents, studies or analysis showing any actual costs PSE incurred in integrating the wind projects during 2009 and 2010.

Response:

Due to the expense of tracking, Puget Sound Energy, Inc. ("PSE") does not have the systems and mechanisms in place to capture actual day-ahead wind integration cost.

The costs associated with providing the capacity to cover any deviations between hour-ahead and day-ahead scheduled/forecasted generation are considered the day-ahead wind integration cost. The real-time markets allow PSE to rebalance hourly positions for the forecast error that occurs between day-ahead scheduling and hour-ahead forecasts. The methodology used to estimate power costs in a rate year captures the day-ahead market value of having to either sell or buy energy from the hourly market and the historical relationship between the day-ahead and hourly prices applied to the rate year prices.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-111048 and UG-111049
Puget Sound Energy, Inc.'s
2011 General Rate Case**

ICNU DATA REQUEST NO. 02.82

ICNU DATA REQUEST NO. 02.82:

With regard to PSE's day ahead wind integration opportunity cost approach of deriving day-ahead costs on DEM workpapers 267 and 268, please provide an explanation on why PSE believes the day-ahead opportunity cost rate for Hopkins Ridge should apply to the Lower Snake River resource.

Response:

Actual Lower Snake River wind generation data is not available because the project is not yet in commercial operation. The Lower Snake River project is located in the same general geographical area as Hopkins Ridge, and the two projects will border each other. They experience similar wind generation characteristics and, therefore, coincidental forecast error and ramp events. Although using actual wind generation is preferred for estimating purposes, in the absence of actual data, Hopkins Ridge day ahead cost, scaled to Lower Snake River capacity, provides the best estimate of the day ahead cost.