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Via electronic mail

March 31, 2008

Ms. Carole Washburn
Executive Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Subject: Docket No. UE-080111
Rulemaking to Implement Greenhouse Gases Emissions Performance Standard
Comments of Puget Sound Energy, Inc.

Dear Ms. Washburn:

Puget Sound Energy, Inc. ("PSE") appreciates the opportunity to participate in the Commission's rulemaking to implement the requirements of RCW 80.80.060 regarding electrical company compliance with the greenhouse gases emissions performance standard contained in RCW 80.80.040. In response to the Commission's Notice of Opportunity to File Written Comments, dated February 8, 2008 in Docket No. UE-080111, PSE offers the following comments and suggested rule language:

WAC 480-100-XXX

The Commission uses the term "new ownership interest" in its definition of "long-term financial commitment". "New ownership interest" is not defined in RCW 80.80 nor in the Commission's Discussion Draft rules. PSE recommends that the Commission adopt the following language defining "new ownership interest":

"New ownership interest" means a change in the ownership structure of a baseload power plant or a cogeneration facility or the electrical generation

portion of a cogeneration facility affecting at least fifty-one (51) percent or majority interest of the value of the power plant.

Definition of "electricity from unspecified sources"

The Washington State Department of Ecology ("Ecology") has proposed the following definition in its proposed rulemaking implementing RCW 80.80:

Electricity from unspecified sources means electricity to be delivered pursuant to a long-term financial commitment whose sources or origins of generation and expected average annual deliveries of electricity cannot be ascertained with reasonable certainty.

PSE recommends the Commission adopt the same or a similar definition for "electricity from unspecified sources".

WAC 480-100-XXX(1)(e)

The Commission should clarify that the term "energy facility site evaluation council" is a state-level agency of the State of Washington. Similarly, the Commission should clarify that a "local jurisdiction" is a non-state agency in the State of Washington (such as a municipal corporation).

Suggested Rule Language

"Power plant" means a facility for the generation of electricity that is permitted as a single plant by the energy facility site evaluation council or a municipal corporation. "Energy facility site evaluation council" is a Washington State agency. "Municipal corporation" shall have the meaning as defined in RCW 35.58.020. "Local jurisdiction" shall have the meaning as defined in RCW 36.70C.020(2): "Local jurisdiction" means a county, city, or incorporated town.

WAC 480-100-XXX(2)(b)(iv)

WAC 480-100-XXX(2)(b) requires that a utility include in an application for a determination of whether an electric generation resource complies with the greenhouse gasses emission performance standard the expected cost of power generation to be acquired from a specific plant. The Commission should remove the requirement that a utility include the expected cost of power generation in such an application because this requirement is unnecessary and confusing in light of the proposed WAC 480-100-XXX(4), which states,

The Commission will not decide in a proceeding under RCW 80.80.60 issues involving the actual costs to construct and operate the selected resource, cost recovery, or other issues reserved by the commission for decision in a general rate case or other proceeding for recovery of the resource or contract costs.

Therefore, under the proposed rule the Commission will not decide any issues involving costs or cost recovery. Requiring a utility to provide information regarding cost of power generation is therefore unnecessary and potentially confusing. WAC 480-100-XXX(4) appropriately recognizes that issues involving power costs and cost recovery are addressed in a general rate case or power cost only rate case.

WAC 480-100-XXX(2)(c)(iv)

WAC 480-100-XXX(2)(c) requires that a utility include in an application for a determination of whether an electric generation resource complies with the greenhouse gasses emission performance standard the expected cost of power generation to be acquired through a power purchase agreement. As discussed above, the Commission should remove the requirement that a utility include the expected cost of power generation in such an application because this requirement is unnecessary and confusing in light of the proposed WAC 480-100-XXX(4).

Coordination with the Department of Ecology

Ecology has proposed rules that describe the methods in which it will communicate and coordinate with the Commission regarding compliance with the greenhouse gases emission performance standard. (See New Section WAC 147-406, http://www.ecy.wa.gov/laws-rules/activity/wac173407_218.html, Chapter 173-406 Part III.) For example, Ecology has proposed the following language:

Ecology shall report to the commission whether baseload electric generation will comply with the greenhouse gases emissions performance standard for the duration of the period the baseload electric generation is supplied to the electrical company.

WAC 147-407-310

PSE recommends the Commission adopt similar rules describing the methods that the Commission will use to communicate and coordinate implementation of RCW 80.80.

RCW 80.80.060(8)

RCW 80.80.060(8) states, "The commission shall adopt rules for the enforcement of this section with respect to electrical companies and adopt procedural rules for approving costs incurred by an electrical company under subsection (4) of this section."

PSE recommends that the Commission adopt rules establishing the method for approving costs incurred by an electrical company under this statute.

WAC 480-100-XXX(4)

The Commission should clarify the rules for all electrical companies to utilize the "other proceeding for recovery of the resource or contract costs."

WAC 480-100-XXX(4), gives that provision to all electrical companies, which states:

The Commission will not decide in a proceeding under RCW 80.80.60 issues involving the actual costs to construct and operate the selected resource, cost recovery, or other issues reserved by the commission for decision in a general rate case or other proceeding for recovery of the resource or contract costs.

Therefore, since the law allows for all electrical companies to utilize another proceeding for recovery of the resource or contract costs and requires the Commission to adopt procedural rules for approving costs incurred under RCW 80.80.060(4), the Commission should clarify the guidelines for use of such proceedings and adopt procedural rules for approval of costs as part of this rulemaking.

PSE appreciates the opportunity to present its viewpoint on the Commission's Rulemaking to Implement Greenhouse Gases Emissions Performance Standard. PSE looks forward to further discussions on this topic. Please direct any questions regarding these comments to Eric Englert at (425) 456-2312 or the undersigned at (425) 462-3495.

Sincerely,

/s/ Tom DeBoer

Tom DeBoer
Director – Rates & Regulatory Affairs