Puget Sound Power & Light Company
Docket No. UE-920499
Response to Staff Data Request Number 10

Request:

Re: Exhibit No. ___ (DWH-5), Schedules 24, 25 and 26. Please provide data supporting why the seasonality difference is 10% for Schedule 24 compared with the seasonality difference (50%) for demand charges in Schedules 25 and 26.

Response by Mr. Hoff:

The seasonality differences are discussed in Exhibit No. T-8 (DWH -1) at pages 12, 13, 20, 21, 60 and 61. We followed the existing procedure of establishing a percentage differential for energy (which has been updated in this case to 10%) that is consistent throughout all schedules. As mentioned in the testimony, the 10% differential is roughly the difference in the company's avoided cost data between summer and winter, when serving a water heat customer. (See answer to Staff 6 -- 5.7496/5.2038 = 1.10). As also mentioned in the testimony, this difference is also consistent with recent "normal" differentials in seasonal values of power. This differential does not consider distribution costs. The differential is not meant to be a precise reflection of actual variations in seasonal marginal production costs at any point in time, primarily because such differentials are dependent on the cost that is assumed to be avoided, which can constantly change. It is meant instead to be a rough estimate of the magnitude of difference between the seasons. The 50% differential in the demand rate is a similar rough estimate of magnitude which reflects the impacts of coincident and non-coincident costs on a demand charge, and is new to this filing. It is meant to address seasonality of demand when demand is not included in the energy charge, as it is in schedule 24. The impact of seasonality on demand charges, when isolated from energy charges, is much greater than when included in the energy charge.

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