February 13, 2017

Steven V. King, Executive Director and Secretary

Washington Utilities and Transportation Commission

P.O. Box 47250

Olympia, WA 98504-7250

**Re: Settlement Stipulation, Exhibit A, Settlement Terms for the Power Cost Adjustment Mechanism (PCA), Docket No. UE-011570**

Dear Mr. King:

Attached are an original and two copies of Puget Sound Energy’s (“the Company”) quarterly report of the power cost deferral calculation.

In the Commission’s Third Supplemental Order in Docket No. UE‑011570, the Company received approval of the Settlement Stipulation which resolved all electric issues and common electric-natural gas issues in the consolidated proceeding, as well as some natural gas issues. Included in the Stipulation was Exhibit A to the Stipulation, Settlement Terms for the PCA, which contained detail of the agreement regarding a power-cost adjustment mechanism. The quarterly report is required by the PCA Settlement, Exhibit A, paragraph 4 (third bullet).

Please contact Susan Free at (425) 456-2105 if you have any questions.

Sincerely,

Katherine J. Barnard

Director, Revenue Requirements & Regulatory Compliance

cc Lisa W. Gafken, Assistant Attorney General

Sally Brown, WUTC