

Agenda Date: October 30, 2008  
Item Number: A8

**Docket:** UE-081795  
Company Name: Puget Sound Energy

Staff: Thomas Schooley, Regulatory Analyst

### **Recommendation**

Issue an order granting Puget Sound Energy's request for less than statutory notice to allow the company's revised Schedule 194 tariff revision to become effective on November 1, 2008.

### **Background**

On October 20, 2008, Puget Sound Energy ("PSE" or "the company") filed a substitute page to its proposed revision to Schedule 194 of its tariff, which is titled the "Residential and Farm Energy Exchange Benefit," but is more commonly known as the "BPA residential exchange credit." The possibility of the filing changing was discussed at the October 8 open meeting when this item was originally presented with a "take no action" recommendation to allow the tariff change to become effective by operation of law.

In accordance with federal law, the BPA's payments to PSE are based on the difference between PSE's average system cost and the preference exchange rate determined by the BPA in the Administrator's Final Record of Decision issued September 22, 2008, in the BPA's WP-07 Supplemental Wholesale Power Rate Case.<sup>1</sup> After the October 8 open meeting, the BPA reviewed the submissions of the investor-owned utilities and determined a revision to the preference exchange rate was necessary. The net BPA contract payment to PSE was reduced to \$98.96 million per year based on an average system cost of \$66.17 per megawatt-hour.<sup>2</sup>

The October 20 substitute sheet to PSE's Schedule 194 reflects the residential exchange credit at a level of 0.9135 cents per kilowatt-hour (kWh). This credit of 0.9135 cents per kWh will reduce an average customer's monthly electric bill by \$9.14, or approximately 9.9 percent. The proposed residential exchange credit is somewhat less than the credit available prior to June 2007 when the program ceased. See table below.

	Rate (cents/kwh)	Impact per month
Average Customer Use		1,000 kilowatt-hours
As originally proposed	1.0551	\$10.55
Oct. 20 revision	0.9135	\$9.14
Prior to June 2007	1.028	\$10.28

<sup>1</sup> 2007 Supplemental Wholesale Power Rate Case Administrator's Final Record of Decision (DOE/BP #3929).

<sup>2</sup> A more thorough discussion of the recent history of the BPA residential exchange occurred at the October 8 open meeting. In addition, further detail about PSE's Schedule 194 filing is included in Staff's memo for the October 8, 2008, open meeting .

Based on the payment PSE will receive from the BPA, Staff considers PSE's proposed revision to its Schedule 194 tariff to be properly calculated.

**Conclusion**

Staff recommends that the commission issue an order granting PSE's request for less than statutory notice, thereby allowing the company's revised Schedule 194 tariff revision to go into effect November 1, 2008.