

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of  
  
PUGET SOUND ENERGY  
  
For Approval of its April 2019 Power Cost  
Adjustment Mechanism Report

DOCKET UE-19 \_\_\_\_  
  
PETITION OF PUGET SOUND ENERGY  
FOR APPROVAL OF ITS  
APRIL 2019 POWER COST ADJUSTMENT  
MECHANISM REPORT

1. This Petition is brought by Puget Sound Energy ("PSE" or the "Company"). PSE's representative for purposes of this proceeding is:

Susan E. Free  
Manager of Revenue Requirement  
Puget Sound Energy  
P.O. Box 97034  
Bellevue, WA 98009-9734  
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and its legal counsel for purposes of this proceeding is:

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2. This Petition brings into issue: WAC 480-07-370(1)(b).

## I. BACKGROUND

### A. The Company's PCA Mechanism Requires Annual True-Up Filings

3. In the Commission's Twelfth Supplemental Order in Dockets UE-011570 and UG-011571 ("Twelfth Supplemental Order"), the Commission approved the parties' Settlement Stipulation for Electric and Common Issues for PSE's 2001 general rate case ("Stipulation"). Among other things, the Twelfth Supplemental Order authorized a Power Cost Adjustment Mechanism ("PCA Mechanism"). Exhibit A to the Stipulation, which was attached to the Twelfth Supplemental Order, sets forth details regarding the original PCA Mechanism, and is hereinafter referred to as the "2002 PCA Settlement."

4. The 2002 PCA Settlement describes the PCA Mechanism as

a mechanism that would account for differences in PSE's modified actual power costs relative to a power cost baseline. This mechanism would account for a sharing of costs and benefits that are graduated over four levels of power cost variances . . . .

2002 PCA Settlement, ¶ 2. The 2002 PCA Settlement set forth the various levels of costs and benefits sharing between the Company and its customers. *See id.*, ¶ 3.

5. In order to implement its sharing provisions, the 2002 PCA Settlement requires an annual true-up of actual power costs (versus the normalized level set in rates) and an accounting of sharing amounts for Commission review and approval. *See id.*, ¶ 4.

6. In March 2015, following a PCA Collaborative, PSE, Public Counsel, and WUTC Staff (collectively, "Settling Parties") executed a settlement agreement that modified the original PCA Mechanism, including changing the deadline for filing PSE's

PCA Mechanism Report from March to April of each year (“2015 PCA Settlement”). The Commission approved the 2015 Settlement Agreement in Order 11, issued in PSE’s 2013 PCORC (Docket UE-130617). A copy of the 2015 Settlement Agreement approved in Order 11 to Docket UE-130617, along with its Attachment A, which summarizes the changes and settlement terms to PSE’s PCA mechanism, is attached to this petition as Exhibit A.

## **II. PSE'S APRIL 2019 PCA REPORT**

7. In compliance with the 2015 PCA Settlement and Order 11 in Docket UE-130167, this Petition presents to the Commission PSE's Power Cost Adjustment Mechanism Annual Report ("PCA Annual Report") for the twelve-month period from January 1, 2018 through December 31, 2018 (“PCA Period 17”) for the Commission's review and approval. The PCA Annual Report is being filed along with this Petition.<sup>1</sup> Also being filed with this Petition are the Prefiled Direct Testimonies of Susan E. Free, with supporting exhibits, and Paul K. Wetherbee, with supporting exhibits. Additionally, PSE is filing the Prefiled Direct Testimony of Ronald J. Roberts, with supporting exhibits. Mr. Roberts’ testimony addresses an outage to the Colstrip Steam Generating

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<sup>1</sup> See Second Exhibit to the Prefiled Direct Testimony of Susan E. Free, Exh. SEF-3.

Station Units 3 & 4, which occurred in the summer of 2018. Mr. Roberts' testimony provides an analysis of the outage, including the cause, and Mr. Wetherbee's testimony discusses the costs of replacement power.

8. Accompanying workpapers are also being provided to WUTC Staff, Public Counsel and Alliance of Western Energy Consumers with this filing. As described below, PSE requests that the Commission approve the PCA Annual Report as filed.

9. As detailed in the PCA Annual Report, the average variable power cost rate during PCA Period 17 was \$33.064 per Megawatt hour ("MWh"). During PCA Period 17, the variable baseline power cost rate was \$32.895, which was approved in Docket UE-170033, PSE's 2017 General Rate Case Compliance Filing, as well as in Docket UE -180282, which was PSE's filing to incorporate the impacts of the Tax Cuts and Jobs Act. In 2018 actual power costs were higher than the average of the baseline power cost rates in effect during PCA Period 17 by \$3,491,161 (after adjustment for Firm Wholesale).

10. The activity that occurred in PCA Period 17 resulted in a cumulative under-collection of \$29,359,893 (from inception of the PCA through December 31, 2018). PSE's share of this imbalance is \$25,905,549, with the remaining \$3,454,344 assigned to customers.

### III. REQUESTED ACTION

11. PSE respectfully requests that the Commission issue an order approving PSE's PCA Annual Report, as filed.

DATED: April 30, 2019.

**PERKINS COIE LLP**



By

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Attorneys for Puget Sound Energy