

**Exh. KBS-7  
Dockets UE-190529/UG-190530 and  
UE-190274/UG-190275 (*consolidated*)  
Witness: Kathi B. Scanlan**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**DOCKETS UE-190529  
and UG-190530 (*consolidated*)**

**In the Matter of the Petition of**

**PUGET SOUND ENERGY**

**For an Order Authorizing Deferral  
Accounting and Ratemaking Treatment  
for Short-life UT/Technology Investment**

**DOCKETS UE-190274 and  
UG-190275 (*consolidated*)**

**EXHIBIT TO TESTIMONY OF**

**Kathi B. Scanlan**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

***PSE Response to Staff Data Request Nos. 097 and 106***

**November 22, 2019**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Dockets UE-190529 & UG-190530  
Puget Sound Energy  
2019 General Rate Case**

**WUTC STAFF DATA REQUEST NO. 097:**

**Re: Green Direct**

Referencing Exh. WTE-3C at Page 20 at (d)(i), is PSE planning to allocate 100 percent of Skookumchuck project liquidated damage benefits as a credit against Skookumchuck PPA or Green Direct Program costs? If no, please explain how PSE plans to allocate 100 percent of the actually accrued and projected liquidated damages received.

**Response:**

At this time Puget Sound Energy (“PSE”) has not allocated Skookumchuck project liquidated damages as a credit against Green Direct Program costs. As noted in PSE’s Response to WUTC Staff Data Request No. 095, PSE has recorded liquidated damages that have been received to date to FERC account 421 (Miscellaneous non-operating income). As noted further in WUTC Staff Data Request No. 096 and below, the ultimate recording of the liquidated damages has not yet been determined.

**PSE’s opinion of current accounting under existing circumstances:**

Based on the terms within the Schedule 139 Voluntary Long Term Renewable Energy Service Agreement and Schedule 139 Voluntary Long Term Renewable Energy Purchase Rider, as detailed below, PSE is not certain that there is appropriate authority under which to defer the liquidated damages.

Attached as Attachment A to PSE’s Response to WUTC Staff Data Request No. 097, please find the Schedule 139 Voluntary Long Term Renewable Energy Service Agreement, which Schedule 139 customers have executed with PSE. This service agreement states that the term of the agreement commences, “on the first day of the Customer’s normal billing cycle, in the first month following the commencement of commercial operation of the Resource Option, and delivery therefrom of energy to the Company sufficient to satisfy the obligation set for in this Service Agreement.” As the term of the agreement will not have commenced during the time period when PSE is receiving the liquidated damages there is no contractual or tariff basis for allocating these funds to Schedule 139 customers at this time. Additionally, PSE has not received express authority to defer the liquidated damages for later use in the program.

Refer to Attachment B to PSE's Response to WUTC Staff Data Request No. 097, Schedule 139 Voluntary Long Term Renewable Energy Purchase Rider, which does not prescribe the outcome if any liquidated damages are received nor how these would be treated under the program. Without clarification of the treatment of any liquidated damages in the tariff, PSE believes there is no mechanism with which to make use of these funds within the program.

Although PSE believes it is not able to apply liquidated damages against program costs under the current construct, it has considered voluntarily using the liquidated damages to purchase renewable energy credits ("RECs") on behalf of participating customers prior to program commencement. In this way, the liquidated damages will be used for the benefit of participating customers which is the underlying intent of the program.

It is the above analysis that resulted in the conclusion that the liquidated damages and any pre-program RECs should be recorded below the line.

**Possible alternative accounting treatment:**

PSE did consider RCW 19.29A.090 (Voluntary option to purchase qualified alternative energy resources—Rates, terms, and conditions—Information maintenance) which states "all costs and benefits associated with any option offered by an electric utility under this section must be allocated to the customers who voluntarily choose that option and may not be shifted to any customers who have not chosen such option." When drafting responses to this and other related data requests, PSE considered the impact of RCW 19.29A.090 for both liquidated damages and overall program costs and benefits. This review consisted of revisiting program filing materials contained in Docket UE-160977. Based on this review, PSE determined the requirements outlined in RCW 19.29A.090 have not been fully addressed in its impact on the allowed and required accounting for the liquidated damages and overall program costs and benefits, necessitating further investigation.

*Liquidated Damages*

An option that PSE believes may be appropriate is to defer the liquidated damages in order to comply with RCW 19.29A.090. However, PSE does not believe that RCW 19.29A.090 gives express approval to unilaterally engage in deferred accounting; therefore, the appropriate approach would be the filing of an accounting petition. The Washington Utilities and Transportation Commission's ("Commission") guidance was for PSE to track the costs and benefits separately for this program<sup>1</sup>. Although not considered during the development of this program, PSE believes deferral of liquidated damages to apply against pre-program benefits to Schedule 139 customers would allow these pre-program items to be treated the same as the other costs and benefits under the program. Therefore, PSE intends to file an accounting petition for deferred treatment

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<sup>1</sup> Paragraph 4 and footnote 2 in Order 01 in Docket UE-160977.

of the liquidated damages and pre-program REC purchases as soon as possible. Once the petition is filed, the recognition of the receipt of the RECs could then be recognized in FERC 254 "Other Regulatory Liabilities" instead of FERC 421. A true-up entry would also be recorded to transfer the liquidated damages recognized in the third quarter of 2019 to the regulatory liability.

### *Overall Program Costs and Benefits*

Upon contemplating deferred accounting treatment for the liquidated damages, PSE also considered whether there were advantages to employing deferred accounting for the costs (including fixed and variable) and benefits (including revenues) for the overall program. The biggest advantage is the transparency it would provide that would satisfy the requirements of RCW 19.29A.090 and the Commission's guidance related to this program. PSE has not been able to fully review the requirements that would exist in order to employ deferred accounting for the overall program, but some items that have been identified are that the Skookumchuck and Lund Hill power purchase agreements may need to be excluded from the power costs in this proceeding, as costs would be deferred rather than included in base rates. This, however, would not preclude PSE's request for prudence of these contracts in this proceeding as any generation not used by Schedule 139 customers in a given period would be included as part of portfolio power costs charged to non-participating customers and included in the determination of the Power Cost Adjustment Mechanism ("PCA") imbalance. Additionally, the variable program costs and revenues may not be accounted for or reported in PSE's PCA as they would be deferred along with the fixed costs and revenues of the program. The deferral could then become the tracking mechanism on which PSE would report in compliance with the Commission's guidance for the program. Because all of the items that need to be considered for deferring overall program costs and benefits have not been fully vetted at this time, PSE is not prepared to include this request in the accounting petition referenced above. However, PSE intends to work with Commission Staff and other interested parties in presenting PSE's preferred approach to the accounting for the overall program costs and benefits prior to the filing of their response testimonies.

**ATTACHMENTS A and B to PSE's  
Response to  
WUTC Staff Data Request No. 097**

**PUGET SOUND ENERGY  
Electric Tariff G**

**SCHEDULE NO. 139  
VOLUNTARY LONG TERM RENEWABLE ENERGY  
PURCHASE RIDER**

(N)

**1. PREFACE:**

- a. The Company and many Customers have worked together to encourage the development of Renewable Energy resources that (i) will provide clean energy to Customers at a long-term contracted rate, (ii) support the local economy, and (iii) could be publicized and leveraged for external benefit.
- b. This Schedule is designed to provide Customers a voluntary opportunity to purchase Renewable Energy as established by RCW 19.29A.090.
- c. Service under this Schedule is provided through: 1) the purchase of Renewable Energy from resources the Company owns or contracts for and delivered to the Company's Balancing Authority Area, and 2) Renewable Energy Credits, where applicable, obtained by the Company and transferred to the Customer that have been created with the electricity production.
- d. As this is a retail product, the Renewable Energy Credits, when available, must be retired by the Customer in WREGIS or they may be retired by the Company on behalf of the Customer.

**2. AVAILABILITY:**

- a. Service under this Schedule is available after January 1, 2017, to Customers taking Electric Service on any of the following schedules: 24, 25, 26, 31, 40, 43, 46 and 49.
- b. At the time an Enrollment Request is submitted, Customers must have a minimum aggregated load of 10,000,000 kWh annually with PSE, or be a municipal, county, state or federal institution. Customers may choose which service address(es) to subscribe to this service. Customers must contract for 100% of the load of all meters located at each service address under contract for Renewable Energy.

(Continued on Sheet No. 139-A)

(N)

**Issued:** August 1, 2016  
**Advice No.:** 2016-22

**Effective:** September 30, 2016

By Authority of Order 01 of the Washington Utilities and Transportation Commission in Docket UE-160977

**Issued By Puget Sound Energy**

By:

Ken Johnson

**Title:** Director, State Regulatory Affairs

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**PUGET SOUND ENERGY  
Electric Tariff G**

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**SCHEDULE 139 (T)**  
**VOLUNTARY LONG TERM RENEWABLE ENERGY**  
**PURCHASE RIDER (Continued)**

**2. AVAILABILITY (Continued):**

- c. Service is available after entering into a Service Agreement under this Schedule (the "Service Agreement" attached to this Schedule as Attachment A) for a minimum term. After expiration of such term, service is available under another multi-year contract, unless terminated as provided herein.
- d. The aggregate subscription under this Schedule will be initially limited to a total load of 85 average megawatts (aMW) and the load amount will be re-evaluated when the 85 aMW amount is reached. (C)

**3. DEFINITIONS:** The following terms shall have the meanings specified below when used in this Schedule.

- a. **Balancing Authority Area:** The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area. Where the Balancing Authority is defined as: the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time.
- b. **Enrollment Request:** A Customer request for service under this Schedule.
- c. **Renewable Energy:** Energy defined in RCW 19.29A.090 as qualified alternative energy resources, means the electricity produced from generation facilities fueled by energy sources that include wind; solar energy; geothermal energy; landfill gas; wave or tidal action; gas produced during the treatment of wastewater; qualified hydropower; or biomass energy based on animal waste or solid organic fuels from wood, forest, or field residues or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic.

(Continued on Sheet No. 139-B)



**PUGET SOUND ENERGY  
Electric Tariff G**

**SCHEDULE 139  
VOLUNTARY LONG TERM RENEWABLE ENERGY  
PURCHASE RIDER (Continued)**

(T)

3. **DEFINITIONS:** The following terms shall have the meanings specified below when used in this Schedule (Continued).

- d. Open Season: The time periods described in Section 6 of this Schedule when Customers may submit Enrollment Requests to the Company.
- e. Renewable Energy Credits: Also known as Renewable Energy Certificates or RECs, represent the environmental attributes associated with 1 megawatt-hour of renewable electricity generated and delivered to the power grid.
- f. Renewable Subscription Resource Option or Resource Option: The resource listed in Section 9 of this Schedule that is chosen by the Customer.
- g. WREGIS: The Western Renewable Energy Generation Information System is an independent, Renewable Energy tracking system for the region covered by the Western Electricity Coordinating Council.

(C)

**4. TYPE OF SERVICE:**

Service under this Schedule is provided through: 1) the purchase of Renewable Energy provided through resources the Company owns or contracts and delivered to the Company's Balancing Authority Area, and 2) Renewable Energy Credits, where applicable, obtained by the Company and transferred to the Customer that have been created with the electricity production. The Customer will continue to receive fully bundled service.

**5. CONDITIONS OF SERVICE:**

- a. The Customer may receive service under this Schedule through: i) an enrollment process during designated Open Seasons, and ii) a multi-year Service Agreement.
- b. Customer participation in this program may be limited by the Company to balance Customer demand with available qualified alternative Renewable Energy resources, adequate transmission facilities, and capacity to the Company's Balancing Authority Area.

(Continued on Sheet No. 139-C)

**Issued:** June 19, 2018

**Effective:** August 1, 2018





**PUGET SOUND ENERGY  
Electric Tariff G**

**SCHEDULE NO. 139 (N)**  
**VOLUNTARY LONG TERM RENEWABLE ENERGY**  
**PURCHASE RIDER (Continued)**

**5. CONDITIONS OF SERVICE (Continued):**

- c. Service is available after entering into a Service Agreement under this Schedule (the "Service Agreement" attached to this Schedule as Attachment A) for a minimum term. After expiration of such term, service is available under another multi-year contract, unless terminated as provided herein.
- d. The aggregate subscription under this Schedule will be initially limited to a total load of 75 average megawatts (aMW) and the load amount will be re-evaluated when the 75 aMW amount is reached.
- e. If the Renewable Energy produced by the Resource Option(s) and purchased by the Company is insufficient in any calendar year to satisfy the full requirements of the Customer, the Company will work with the Customer to source and retire for the Customer RECs from alternative resources, with costs limited to the net amount to be collected under Schedule 139 from the Customer for the remainder of the calendar year.
- f. If, at the Company's determination, the resources will not be adequate to meet the full requirements of the Customer, the Company may terminate the Service Agreement with no liability to the Customer or to the Company. If a replacement resource can be mutually agreed upon then a new Service Agreement will be created.
- g. The Company may file a request to discontinue this Schedule with the WUTC at any time in the future. Termination of this Schedule will terminate all Service Agreements entered into with Customers effective on the date of such termination. Prior to the effective date of such termination, the Company may work with participating Customers to transition them to an existing green power option that the Company is providing at that time.
- h. Customer authorizes that the Company may run a credit report on Customer and/or request audited financial statements for the purpose of determining the Customer's creditworthiness for this service.

(Continued on Sheet No. 139-D)

(N)

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**Issued By Puget Sound Energy**

By:

Ken Johnson

**Title:** Director, State Regulatory Affairs

**PUGET SOUND ENERGY  
Electric Tariff G**

**SCHEDULE 139  
VOLUNTARY LONG TERM RENEWABLE ENERGY  
PURCHASE RIDER (Continued)**

**6. ENROLLMENT:**

- a. Customers who choose to take service under this Schedule must complete the Company's enrollment process to participate in this service. Initiation of service under this rider will occur following acceptance and processing of the Enrollment Request by the Company.
- b. Customers interested in the Renewable Subscription Resource Option will complete an Enrollment Request during the designated Open Season. Customers may also request additional resources to be built/purchased at a future date which will meet the guidelines of RCW 19.29A.090.
- c. The Company will manage the overall quantity of Renewable Energy that can be contracted under this option. The available quantity will depend on the amount of resource(s) that are available upon completion of the resource acquisition. The Company will endeavor to provide the Renewable Energy preferred by the Customer, but reserves the right to designate at the time of entering the Service Agreement.
- d. The first Open Season will begin no sooner than 1:00 p.m. on September 1, 2016 and remain open until 5:00 p.m. on November 18, 2016. The first Resource Options will be available for delivery no earlier than January 1, 2019, under this Schedule.
- e. From 2018 onward, an Open Season will begin at 1:00 p.m. on the first business day 30 calendar days after the tariff schedule effective date of a new Resource Option being made available per this tariff schedule and remain open until 5:00 p.m. on the last full business day before or on the 120<sup>th</sup> day after that tariff schedule effective date of the new Resource Option or until all the Resource Options available per this tariff schedule are fully-subscribed, whichever comes first.
- f. The Customer and Company will execute a Service Agreement (Attachment A) that will include the contract period, energy rates, early termination fee and other additional terms and conditions.
- g. Existing Schedule 139 Customers (those Customers who have executed a Schedule 139 Service Agreement in the previous Open Season), will have priority enrollment to select a Resource Option in the subsequent Open Season in 2018, for the meters located at the service addresses already under contract for Renewable Energy. (N)  
I  
I  
(N)

(Continued on Sheet No. 139-E)



**PUGET SOUND ENERGY  
Electric Tariff G**

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**SCHEDULE 139  
VOLUNTARY LONG TERM RENEWABLE ENERGY  
PURCHASE RIDER (Continued)**

**7. TERMINATION BY CUSTOMER:**

Customers who choose to discontinue their service under this Schedule will be charged for the net cost of the remaining Renewable Energy that was to be delivered to the Customer under the remaining term of the Service Agreement. This amount will be based on: 1) the remaining term of the Service Agreement, 2) the amount of estimated annual Renewable Energy needs of each of the discontinued Customer' locations as listed in Section 5 of the Service Agreement, 3) the estimated output of the Resource, 4) the contracted energy rates agreed to in Section 7 of the Service Agreement, and 5) a credit for PSE's then-current avoided costs (filed consistent with WAC 480-107-055). Termination of service under this Schedule will follow receipt and processing of the termination request by the Company.

(C)  
(C)  
(C)  
(T)

**8. MONTHLY RATES:**

In addition to charges under the Customer's existing Electric Service schedule, Schedule 139 monthly rates include: 1) a credit for the energy-related power cost component of the Energy Charge of the Customer's Electric Service schedule, and 2) a charge for the Renewable Energy. Charges will commence with the Customer's normal billing cycle for that specific account(s) under which the Customer is already taking Electric service.

- a. Energy Charge Credit:  
(\$0.047125) per kWh
- b. Resource Option Energy Charge:  
Listed in Section 9.

Charges under this Schedule will be in addition to all the other charges under the Customer's existing Electric Service schedule. The Energy Charge Credit will be updated with each general rate case, power cost only rate case, or other power-related filings.

(Continued on Sheet No. 139-F)

**Issued:** August 7, 2018

**Effective:** September 13, 2018



**PUGET SOUND ENERGY  
 Electric Tariff G**

**SCHEDULE 139  
 VOLUNTARY LONG TERM RENEWABLE ENERGY  
 PURCHASE RIDER (Continued)**

(T)

**9. RESOURCE OPTIONS:**

a. Solar & Wind: 20 Year (13902SW20) Fuel Mix: Solar 33%; Wind 67%

(D) (N)

Calendar Year	2019	2020	2021	2022	2023
Rate per kWh	\$0.05021	\$0.05122	\$0.04639	\$0.04731	\$0.04826

Calendar Year	2024	2025	2026	2027	2028
Rate per kWh	\$0.04923	\$0.05021	\$0.05122	\$0.05224	\$0.05328

Calendar Year	2029	2030	2031	2032	2033
Rate per kWh	\$0.05435	\$0.05544	\$0.05655	\$0.05768	\$0.05883

Calendar Year	2034	2035	2036	2037	2038
Rate per kWh	\$0.06001	\$0.06121	\$0.06243	\$0.06368	\$0.06495

Only available for meters located at service address already under contract for Renewable Energy and enrolled under this tariff schedule from the previous Open Season.

b. Solar & Wind: 15 Year (13902SW15) Fuel Mix: Solar 34%; Wind 66%

Calendar Year	2019	2020	2021	2022	2023
Rate per kWh	\$0.05063	\$0.05164	\$0.04650	\$0.04743	\$0.04838

Calendar Year	2024	2025	2026	2027	2028
Rate per kWh	\$0.04935	\$0.05034	\$0.05134	\$0.05237	\$0.05342

Calendar Year	2029	2030	2031	2032	2033
Rate per kWh	\$0.05449	\$0.05558	\$0.05669	\$0.05782	\$0.05898

Only available for meters located at service address already under contract for Renewable Energy and enrolled under this tariff schedule from the previous Open Season.

(D) (N)

(Continued on Sheet No. 139-G)

**PUGET SOUND ENERGY  
 Electric Tariff G**

**SCHEDULE 139  
 VOLUNTARY LONG TERM RENEWABLE ENERGY  
 PURCHASE RIDER (Continued)**

(T)

9. **RESOURCE OPTIONS** (Continued):

c. Solar & Wind: 10 Year (13902SW10) Fuel Mix: Solar 36%; Wind64%

(D) (N)

Calendar Year	2019	2020	2021	2022	2023
Rate per kWh	\$0.05111	\$0.05213	\$0.04675	\$0.04769	\$0.04864

Calendar Year	2024	2025	2026	2027	2028
Rate per kWh	\$0.04961	\$0.05060	\$0.05162	\$0.05265	\$0.05370

(D)

Only available for meters located at service address already under contract for Renewable Energy and enrolled under this tariff schedule from the previous Open Season.

d. Solar & Wind: 18 Year (13903SW18) Fuel Mix: Solar 37%; Wind63%

(K)

Calendar Year	2021	2022	2023	2024	2025
Rate per kWh	\$0.04639	\$0.04731	\$0.04826	\$0.04923	\$0.05021

Calendar Year	2026	2027	2028	2029	2030
Rate per kWh	\$0.05122	\$0.05224	\$0.05328	\$0.05435	\$0.05544

(K)

Calendar Year	2031	2032	2033	2034	2035
Rate per kWh	\$0.05655	\$0.05768	\$0.05883	\$0.06001	\$0.06121

Calendar Year	2036	2037	2038		
Rate per kWh	\$0.06243	\$0.06368	\$0.06495		

Not available for meters located at service address already under contract for Renewable Energy and enrolled under this tariff schedule from the previous Open Season.

(N)

(K) Transferred to Sheet No. 139-H

(Continued on Sheet No. 139-H)

**PUGET SOUND ENERGY  
 Electric Tariff G**

**SCHEDULE 139  
 VOLUNTARY LONG TERM RENEWABLE ENERGY  
 PURCHASE RIDER (Continued)**

(N)

**9. RESOURCE OPTIONS (Continued):**

e. Solar & Wind: 15 Year (13903SW15) Fuel Mix: Solar 36%; Wind64%

Calendar Year	2021	2022	2023	2024	2025
Rate per kWh	\$0.04650	\$0.04743	\$0.04838	\$0.04935	\$0.05034

Calendar Year	2026	2027	2028	2029	2030
Rate per kWh	\$0.05134	\$0.05237	\$0.05342	\$0.05449	\$0.05558

Calendar Year	2031	2032	2033	2034	2035
Rate per kWh	\$0.05669	\$0.05782	\$0.05898	\$0.06016	\$0.06136

Not available for meters located at service address already under contract for Renewable Energy and enrolled under this tariff schedule from the previous Open Season.

f. Solar & Wind: 10 Year (13903SW10) Fuel Mix: Solar 35%; Wind65%

Calendar Year	2021	2022	2023	2024	2025
Rate per kWh	\$0.04675	\$0.04769	\$0.04864	\$0.04961	\$0.05060

Calendar Year	2026	2027	2028	2029	2030
Rate per kWh	\$0.05162	\$0.05265	\$0.05370	\$0.05478	\$0.05587

Not available for meters located at service address already under contract for Renewable Energy and enrolled under this tariff schedule from the previous Open Season.

(N)

**10. ADJUSTMENTS:** Rates in this Schedule are subject to adjustment by such other schedules in this Tariff as may apply.

(M)

**11. GENERAL RULES AND PROVISIONS:** Service under this Schedule is subject to the General Rules and Provisions contained in the Company's Tariff, as they may be modified from time to time, and to other schedules of this Tariff that may from time to time apply to this schedule.

(M)

(M) Transferred from Sheet No. 139-G



**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Dockets UE-190529 & UG-190530  
Puget Sound Energy  
2019 General Rate Case**

**WUTC STAFF DATA REQUEST NO. 106:**

**Re: Green Direct**

In response to UTC Staff Data Request No. 71, PSE states,

“As such, once the Skookumchuck Wind Energy Project is online, PSE will begin reporting PCA-related Schedule 139 costs and benefits in a separate section in either the PCA mechanism’s Schedule B or on a separate tab within its PCA Compliance filing due in April 2021, for the initial reporting related to Schedule 139 activity in 2020.”

Related to this response, does PSE plan to report liquidated damages related to the Skookumchuck project in the PCA mechanism? If yes, please specify the separate section, as referenced above in PSE’s response to UTC Staff Data Request No. 71. If no, please provide a detailed description of how the company plans to report 100 percent of the liquidated damages received related to the Skookumchuck project and Green Direct Program.

**Response:**

WUTC Staff Data Request No. 106 was designated as confidential by WUTC Staff when provided. Puget Sound Energy (“PSE”) does not believe the existence of liquidated damages in its Skookumchuck power purchase agreement requires confidential treatment. Therefore, PSE is not treating this request or its response to the request as confidential.

Please see PSE’s Response to WUTC Staff Data Request No. 097 where PSE discusses the potential accounting which could occur for the liquidated damages. Regardless of which accounting is utilized, PSE does not plan to report liquidated damages in the Power Cost Adjustment mechanism (“PCA”). Only variable production costs are recovered and traced through the PCA as stipulated in Order 11 in Docket UE-130617.

PSE initially planned to separately report all Schedule 139 PCA-related (variable production costs) through the PCA, and as liquidated damages are not considered variable production costs, we do not believe it is appropriate to include these in the PCA at this time.

As noted in PSE's Response to WUTC Staff Data Request No. 097, PSE intends to file an accounting petition to defer the liquidated damages. PSE is also considering deferring overall program costs and benefits to be in compliance with RCW 19.29A.090. If pursued, PSE believes this would change the method through which PSE reports Schedule 139 costs and benefits through the PCA and would require an adjustment to the initial filing in this docket, specifically Exhibit A-1 Power Cost Baseline Rate as provided in *NEW-PSE-WP-SEF-11.01E-Exhibit-A-1-19GRC-06-2019*.

Regardless of the outcome of any deferral of liquidated damages and overall Schedule 139 costs and benefits, information regarding liquidated damages and the ultimate use of the funds will be tracked and can be provided upon request.