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Filed via Web Portal and Overnight Courier

Mr. Steven V. King, Secretary and Executive Director
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

**Re: Docket Nos. UE-141170 and UG-141169
Petition for Exemption from WAC 480-100-238 and WAC 480-90-238
Integrated Resource Planning**

Dear Mr. King:

In this petition, Puget Sound Energy, Inc. (“PSE”) respectfully requests the Commission’s authority to modify the filing date for its 2015 Integrated Resource Plan (“IRP”). Per WAC 480-100-008, WAC 480-90-008 and WAC 480-07-110, PSE is requesting an exemption of WAC 480-100-238(4) and WAC 480-90-238(4), which are the timing provisions of the electric and natural gas utility IRP rules, respectively. WAC 480-100-008 and WAC 480-90-008 provide that the Commission may grant an exemption from the provisions of any rule in WAC 480-100 and WAC 480-90 respectively, if consistent with the public interest, the purposes underlying the regulation, and applicable statutes.

PSE requests approval to change the filing date of its 2015 IRP from September 30, 2015 to November 30, 2015. PSE requests that the Commission allow PSE to retain the July 15 IRP filing schedule starting with its 2017 IRP. The following petition describes why this petition is in the public interest and how it is consistent with the underlying purposes of the Integrated Resource Planning rules.

PSE has discussed this request with Commission Staff and several other external stakeholders. The requested schedule update will not adversely affect the conservation target-setting process with PSE’s Conservation Resource Advisory Group (“CRAG”) which builds on information from the IRP. The issue was discussed at the July 16, 2015, CRAG meeting and the group determined the revised filing date will not be a problem for the conservation target-setting process.

Petition

Request Supports the Public Interest

PSE is updating the analytical framework for calculating electric resource needs in the 2015 IRP process. This change has required PSE to align its resource adequacy analysis with the Northwest Power and Conservation Council’s resource adequacy analysis. This alignment is important because PSE relies on short-term capacity in the wholesale market—a market that is anticipated to fall short of adequacy targets by 2021. Integrating PSE’s models with the region’s models has proven more time consuming than anticipated. Additionally, PSE updated its load forecast, which significantly reduced projected long-term growth. This process also took longer than anticipated.

PSE has now completed nearly all resource adequacy analyses. While PSE could file an IRP by September 30, 2015, such a filing would require an expedited process that would not adequately allow for input from external stakeholders. Although the work has taken longer than PSE intended, PSE believes that the IRP has benefited from the analytical framework updates, and PSE would like additional time to fine-tune the analysis and discuss the results with internal and external stakeholders. Therefore, PSE believes this petition supports the public interest.

PSE is requesting an order from the Commission in accordance with WAC 480-90-238(4) and 480-100-238(4), which state as follows:

(4) Timing. Unless otherwise ordered by the commission, each electric/[natural gas] utility must submit a plan within two years after the date on which the previous plan was filed with the commission. Not later than twelve months prior to the due date of a plan, the utility must provide a work plan for informal commission review. The work plan must outline the content of the integrated resource plan to be developed by the utility and the method for assessing potential resources.

Attached, please find a draft order for the Commission's consideration.

Consistent with the Underlying Purposes of the Integrated Resource Planning Rules

PSE's request to extend the filing date is consistent with the underlying purposes of the following Integrated Resource Planning rules for electric and gas utilities:

WAC 480-100-238 Integrated resource planning. (1) Purpose. Each electric utility regulated by the commission has the responsibility to meet its system demand with a least cost mix of energy supply resources and conservation. In furtherance of that responsibility, each electric utility must develop an "integrated resource plan."

WAC 480-90-238 Integrated resource planning. (1) Purpose. Each natural gas utility regulated by the commission has the responsibility to meet system demand with the least cost mix of natural gas supply and conservation. In furtherance of that responsibility, each natural gas utility must develop an "integrated resource plan."

As stated above, PSE could file an IRP by September 30, 2015, but such a filing would require an expedited process that would not adequately allow for input from external stakeholders. PSE believes that the IRP has benefited from the analytical framework updates, and PSE would like additional time to fine-tune the analysis and discuss the results with internal and external stakeholders. Therefore, PSE believes this petition supports the underlying purposes of the Integrated Resource Planning rules in WAC 480-100-238 and 480-90-238.

Revised IRP Work Plan Filing

Included with this Petition is a draft work plan that establishes a public participation process to complete the IRP filing process, consistent with the following:

1. **Meeting Schedule:** The draft work plan includes additional stakeholder meetings. PSE has an IRP Stakeholder meeting scheduled for August 3, 2015. Dates for future IRP Advisory Group meetings will be set at that meeting.
2. **Distribution of Draft IRP:** PSE will distribute a draft IRP to external stakeholders on or before September 30, 2015.
3. **Filing of Final IRP:** PSE will file the final IRP on or before November 30, 2015.

2015 IRP Action Plan

During discussions with Commission Staff about this request for an extension, Commission Staff suggested that PSE pursue a detailed analysis of ancillary service needs in future resource plans. In the 2015 IRP Action Plan, PSE will include a detailed work plan for incorporating such analysis in its 2017 IRP. That Action Plan item will include:

- a detailed description of the scope of the ancillary services to be examined;
- a summary of the work that will be performed; and,
- a timeline with key dates for this process.

Colstrip

In the 2015 IRP, PSE will include a simplified Colstrip replacement resource analysis and not attempt to quantify potential future environmental costs or risks. The IRP is not a well-suited to consider those costs and could introduce confusion into other venues or proceedings. The results of PSE's IRP analysis will show possible least-cost replacement resources in portfolio sensitivities where Colstrip is removed from the portfolio in 2026. This will be consistent with the approach discussed at past IRP Advisory Group meetings with stakeholders. The write-up in the IRP will reflect the least-cost resources out of the Company's deterministic optimization analysis. It will not reflect the kinds of sophisticated options discussed in the recent legislative session, as that kind of analysis is very resource specific—not something well suited for an IRP. PSE has made it clear from the beginning of this IRP cycle that future environmental costs and risks were not being addressed. Colstrip results in the 2015 IRP will focus on least-cost replacement resources across different scenarios and sensitivities, rather than cost implications. PSE believes presenting a simplified replacement resource analysis is consistent with the WUTC's acknowledgement letter in the 2013 IRP.

Conclusion

PSE respectfully requests the Commission issue an Order (1) allowing an exemption of the IRP filing date provisions of WAC 480-100-238(4) and WAC 480-90-238(4), authorizing PSE to file its 2015 IRP

on or before November 30, 2015, and (2) to retain the July 15th IRP filing schedule starting in 2017. This will facilitate a better informed and more transparent IRP process now and in the future. Such exemption would be in the public interest and consistent with the underlying purposes of the IRP rules.

Please contact Phillip Popoff at 425-462-3229 with any question or concerns about this filing or me with other questions or concerns at 425-456-2110.

Sincerely,



Ken Johnson
Director, State Regulatory Affairs

Attachment

cc: Simon ffitc
Juliana Williams
Sally Brown