

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

For Approval of its March 2012 Power
Cost Adjustment Mechanism Report

DOCKET NO. UE-12____

PETITION OF PUGET SOUND
ENERGY, INC. FOR APPROVAL OF ITS
MARCH 2012 POWER COST
ADJUSTMENT MECHANISM REPORT

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

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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 Docket Nos. 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 is attached to the Twelfth Supplemental Order, sets forth details regarding the PCA Mechanism, and is hereinafter referred to and cited as the "PCA Settlement."

4. Following verification of certain numbers set forth in the exhibits to the PCA Settlement, the Commission ordered that revised pages of Exhibits A, B, D and F be substituted for the corollary pages of Exhibits A, B, D and F of the PCA Settlement. The Commission further ordered that the resulting adjusted calculations be used for purposes of the PCA accounting required by the PCA Settlement beginning July 1, 2002. *See* Fifteenth Supplemental Order in Docket Nos. UE-011570 and UG-011571 (May 13, 2003). A copy of the PCA Settlement, as revised, is attached to this Petition as Exhibit A.

5. The 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

PCA Settlement, ¶ 2. The PCA Settlement sets forth the various levels of costs and benefits sharing between the Company and its customers, and provides that "[t]he customer's share of the power cost variability will be deferred as described below. . . ."

Id. at ¶ 3.

6. In order to implement its sharing provisions, the 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." PCA Settlement, ¶ 4.

II. PSE'S MARCH 2012 PCA REPORT

7. In compliance with the PCA Settlement and the Sixteenth Supplemental Order in Docket Nos. UE-011570 and UG-011571 (changing the annual PCA period to a calendar year rather than a fiscal year and approving an annual submittal date of March 31), this Petition presents to the Commission PSE's Power Cost Adjustment Mechanism Annual Report for the Twelve Month Time Period January 1, 2011 through December 31, 2011—PCA Period Ten ("PCA Annual Report") for the Commission's review and

approval. The PCA Annual Report is being filed along with this Petition.¹ Also being filed with this Petition are the Prefiled Direct Testimonies of John H. Story, with supporting exhibits, and David E. Mills, with supporting exhibits. Accompanying workpapers are also being provided to the Commission Staff and Public Counsel with this filing. As described below, PSE requests that the Commission approve the PCA Annual Report as filed.

8. As detailed in the PCA Annual Report, the average power cost rate during PCA Period 10 was \$62.858 per Megawatt hour ("MWh"). From January 1, 2011 through March 31, 2011, the baseline power cost rate was \$64.387 per MWh, which includes Schedule 133, the Tenaska Tracker, as established in Docket No. UE-090704, PSE's 2009 general rate case. From April 1, 2011 through December 31, 2011, the baseline power cost rate was \$64.513 per MWh. The change to the baseline rate was necessary to recognize the rate change to the Tenaska Tracker approved in Docket No. UE-110380. Actual power costs were lower than the average baseline power cost rates in effect during the PCA Period 10 by \$34,827,818 (after adjustment for Firm Wholesale).

¹ See Second Exhibit to the Prefiled Direct Testimony of John H. Story, Exhibit No. ____ (JHS-3).


9. The activity that occurred in PCA Period 10, along with revisions to the beginning balance made pursuant to the Methodology for Adjustments of Costs Outside of the PCA Period, resulted in a cumulative under-collection of \$27,918,875 (from inception of PCA through 12/31/11). PSE's share of this imbalance was \$22,446,645, with the remaining \$5,472,230 assigned to the customer.

III. REQUESTED ACTION

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

DATED: March 30, 2012.

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By 
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