



# PUGET SOUND ENERGY

*The Energy To Do Great Things*

Puget Sound Energy  
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PSE.com

March 6, 2009

Mr. David Danner, Secretary and Executive Director  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, Washington 98504-7250

Re: Petition for Temporary Exemption from WAC 480-100-238 and WAC 480-90-238  
Filed Electronically and Overnight Mail

Dear Mr. Danner:

In this petition, Puget Sound Energy, Inc. ("PSE" or "the Company") is respectfully requesting the Commission's authority to extend the filing date for its upcoming Integrated Resource Plan ("IRP"). Per WAC 480-100-008, WAC 480-90-008 and WAC 480-07-110, PSE is specifically requesting a temporary 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 effective filing date of its IRP from May 30, 2009, to July 30, 2009. The following petition describes why this petition is in the public interest and how it is consistent with the underlying purposes of the Commission's Integrated Resource Planning rules. The petition also includes an update to the IRP Work Plan to identify the additional modeling PSE intends to perform if allowed the additional time.

Please note the Company has discussed this request with several external stakeholders. Stakeholder feedback has ranged from neutral to supportive. This request will be discussed with stakeholders at our upcoming IRP Advisory Group meeting on March 17, 2009.

## **Petition**

### **Request Supports the Public Interest**

Critical input assumptions to the Company's 2009 electric and gas IRP processes were established and locked-in by July 2008. This was prior to the full onset of the credit crisis and ensuing economic recession. Macroeconomic factors for the intermediate term forecast have significantly worsened since July of 2008. Intermediate-term natural gas and oil prices have fallen dramatically since that time as well. The public interest is better served by providing the Company two additional months to consider the potential impacts of these factors, rather than filing an IRP that may appear clearly outdated at the time it is filed.

The specific time extension requested, two months, is a reasonable time frame. We face turbulent global, national, and regional economic times in the near to intermediate term. Forecasting loads, energy prices, and

other variables will be especially challenging and dynamic. PSE staff could fill any time with more and updated analysis. However, the IRP is intended to be a snap-shot of the planning process. A two-month extension will allow the Company to begin to examine the impact of the new outlook for the intermediate term.

The two month extension will clearly provide the Commission, our customers, and stakeholders with better information than filing an IRP that does not reflect conditions expected in the near to intermediate term. Therefore, the Company believes this petition is clearly supports the public interest.

### **Consistent with the Underlying Purposes of the IRP Rules**

PSE's request to extend the filing date is consistent with the underlying purposes of the IRP rules. The purpose of the Integrated Resource Planning rules are specified in WAC 480-100-238 (1) and 480-90-238 (1), 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 mentioned above, near to intermediate-term macroeconomic factors, fuel prices, and other assumptions have changed dramatically since PSE began its analysis for the 2009 IRP analysis. The filing date extension will provide the Company an opportunity to determine whether such updated near to intermediate term factors will affect the lowest reasonable cost mix of energy supply and conservation resources. This is the very purpose of the IRP rules as stated above.

The IRP rules also include requirements for short-term action plans that may be affected by nearer term economic conditions. Both the electric and gas rules in paragraph 3, Content, require that IRPs include a short-term action plan outlining the specific actions to be taken by the utility in implementing the long-range integrated resource plan during the two years following submission. The current economic crisis and near to intermediate term fuel prices have a direct impact on the action plan time period specified in the rules.

Overall, the Company's petition clearly supports the underlying purposes of the Integrated Resource Planning rules in WAC 480-100-238 and 480-90-238.

### **Impact on Timing for Formal RFP Filing**

The Company's proposed (or draft) RFP filing must be filed no later than 135 days of filing the IRP, according to WAC 480-107-015 (3) (b). The existing May 30, 2009, filing date puts this RFP filing date at approximately October 12, 2009. PSE does not intend to delay filing of the proposed RFP as a result of extending the filing date for the IRP as requested in this petition.

### **Work Plan Update**

Additional modeling will be performed to supplement analysis already performed for the 2009 IRP. Modeling for the 2009 IRP, with existing assumptions, is essentially complete. The Company could develop the final resource plans based on current assumptions by the May 30<sup>th</sup> filing date. Much has been learned

from that analysis and it will be presented in the filing. An updated diagram of the Company's analytical processes is shown in Attachment A.

The Company proposes additional modeling be performed to generate additional information for deciding on the final mix of resources for the resource plans. Updated load forecasts may affect the technically achievable level of conservation resources to consider in the resource mix. Additionally, updated natural gas prices may affect the economically efficient mix of energy supply and conservation resources, as well as the mix of supply-side resources. These issues will be examined in the "Current Trends" and "Low Growth" scenarios as illustrated in Attachment B.

Finally, as a result of the extended filing date, the Company will change the public participation timeline that appeared in our 2009 IRP Work Plan filing. Please see Attachment C. This updated timeline reflects additional meetings and new dates for distributing drafts of the IRP and the final filing.

### **Conclusion**

PSE respectfully requests a temporary exemption of the IRP filing date provisions of WAC 480-100-238 (4) and WAC 480-90-238 (4), such that the 2009 IRP filing will be due July 30, 2009, instead of the current filing date of May 30, 2009. Such temporary 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 425-462-3495.

Sincerely,



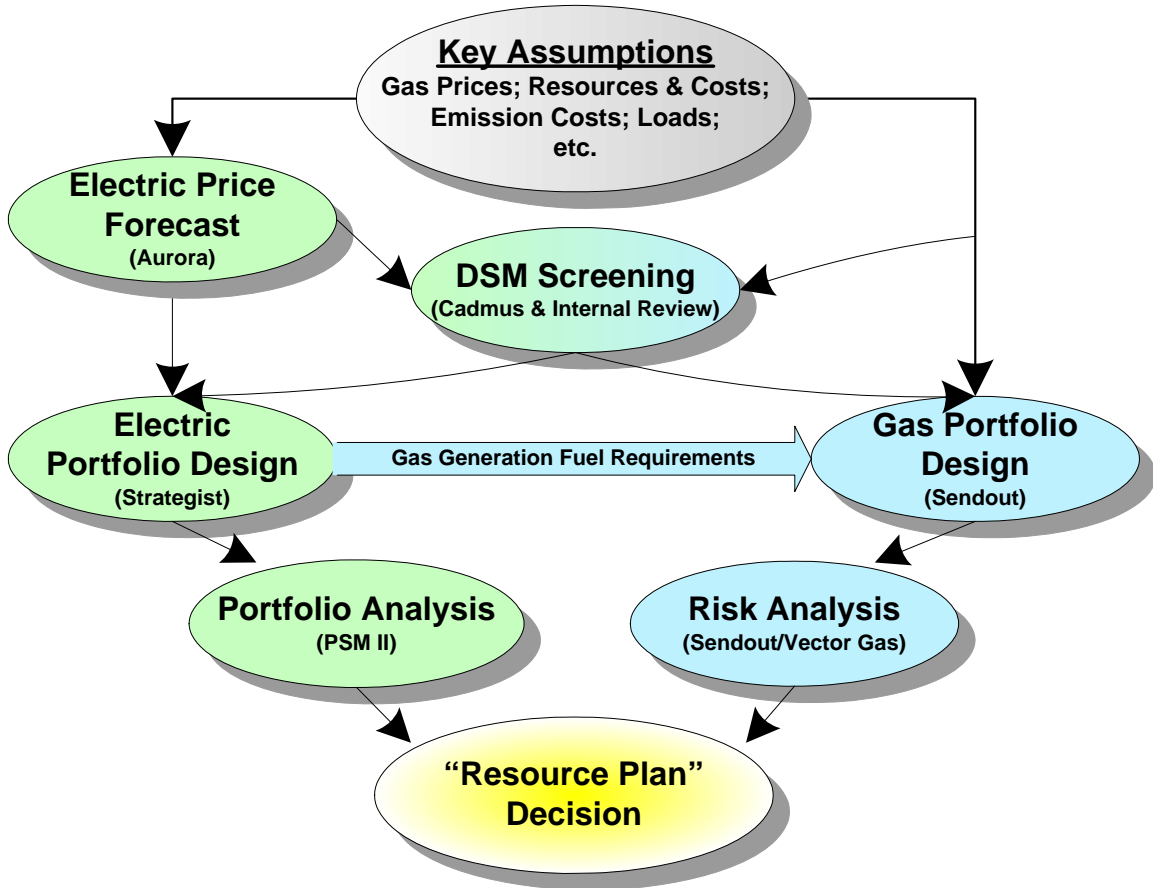
Tom DeBoer  
Director, Federal & State Regulatory Affairs

Attachments

# Attachment A

# PSE Resource Planning

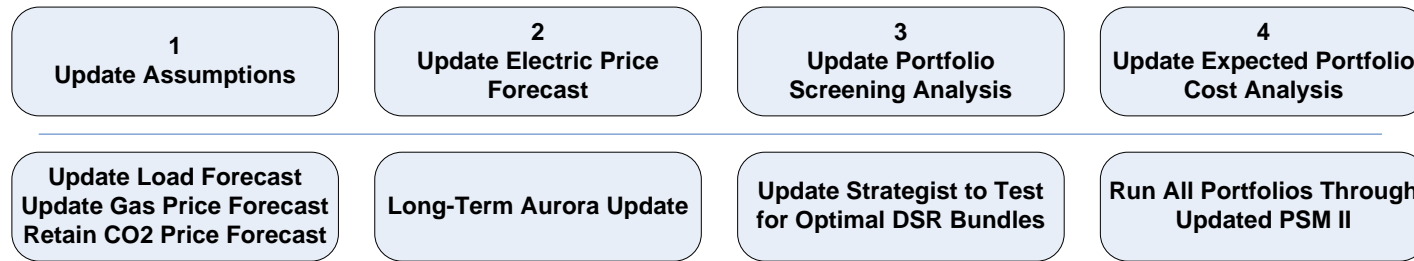
## Analytical Process Summary



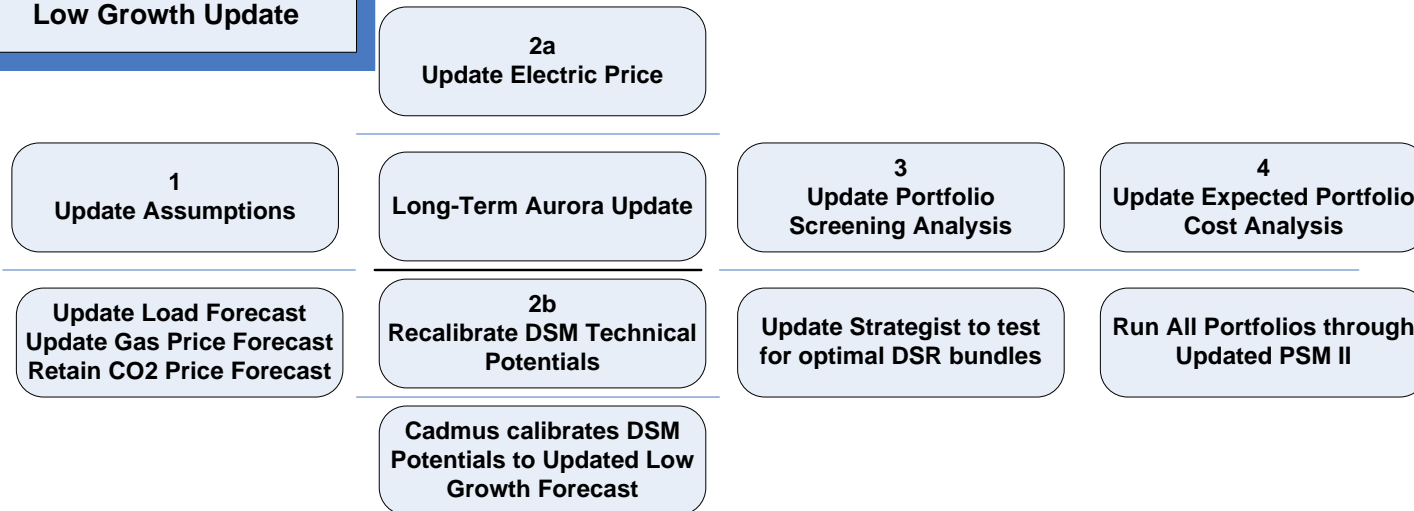
# Attachment B

## Updated Electric Resource Planning Analysis

### Current Trends Scenario Update Analysis

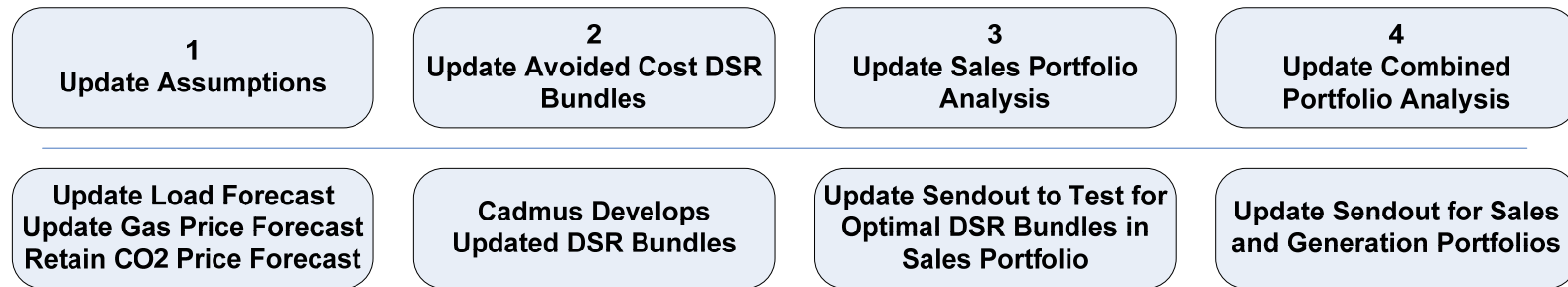


### Low Growth Update

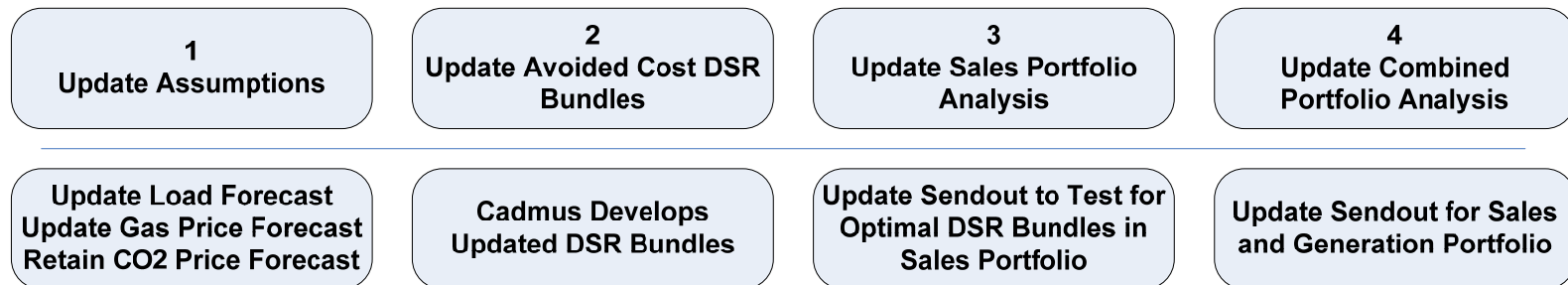


# Updated Natural Gas Resource Planning Analysis

## Current Trends Scenario Update Analysis



## Low Growth Update





# Attachment C

# Puget Sound Energy 2009 Integrated Resource Plan Public Participation Timeline Updated: March 6, 2009

