**PUGET SOUND ENERGY**

2013 INTEGRATED RESOURCE PLAN

WORK PLAN

May 24, 2012

#### IRP WORK PLAN REQUIREMENTS

Section 480-90-238 (4) and 480-100-238 (4), the natural gas and electric Integrated Resource Plan (“IRP”) rules, specify requirements for the IRP Work Plan:

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.

Additionally, Section 480-90-238 (5) and 480-100-238 (5) of the WAC states:

The work plan must outline the timing and extent of public participation.

#### Purpose of the Integrated Resource Plan

PSE’s long-term resource planning process continues to inform and guide the Company’s resource acquisition processes, consistent with the letter and spirit of WAC 480-90-238 and WAC 480-100-238. PSE’s IRP analysis integrates demand-side and supply side resources in a manner so as to find the lowest reasonable cost set of resources to meet the growing energy needs of our customers.

Input and feedback in PSE’s planning process from external stakeholders has been fundamental to the success of PSE’s IRP process. The Company will continue to seek input and dialogue with the Integrated Resource Plan Advisory Group (“IRP Advisory Group”) to identify and discuss key planning issues and how to best address such issues in the Plan.

**SECTION I: ANTICIPATED TIMELINE FOR PUBLIC PARTICIPATION**

Consistent with our practice since 2003, PSE plans to continue to rely on contributions from members of its Integrated Resource Plan Advisory Group for input. This approach uses a combination of large open public meetings and individual dialogue. PSE is most grateful to the individuals that contribute to these processes. Information and alternative perspectives gained through these interactions are immensely valuable. These relationships and dialogues are very helpful in developing a well informed and well rounded resource strategy. PSE’s IRP Advisory Group public meetings are open to anyone interested in joining us to listen or participate. Appendix A includes the anticipated timeline for IRP Advisory Group Meetings.

**SECTION II: METHODS FOR ASSESSING RESOURCES**

***Overview of Analytical Approach***

PSE’s demand-side and supply-side resource analyses are well integrated, as are the Company’s electric and gas resource planning efforts. Common assumptions are used and similar analytical approaches are used in our electric and gas planning efforts. Appendix B is a diagram that illustrates how PSE plans to perform the quantitative analysis for this 2013 IRP.

Uncertainty will be addressed in two ways, consistent with PSE’s 2003, 2005, 2007, 2009, and 2011 resource plans. Potential futures will be reflected in scenarios that will have different fuel prices, carbon costs, resource costs, environmental policies, etc.. Sensitivities will also be used. Sensitivities are similar to scenarios, but focus on impact of one variable; i.e., sensitivity analyses examine implications of key variables “all else equal.”. Understanding how different potential futures and factors affect resource strategies is the focus of this analysis.

Stochastic analysis will be used in addition to deterministic scenario and sensitivity analysis. Stochastic analysis is helpful to understand the impact on the risk and volatility of costs that different resource types may have on the Company’s long term portfolio.

**SECTION III: 2013 IRP-CONTENT OUTLINE**

The following is a draft outline of the 2013 IRP. This list is based on PSE’s 2011 IRP. Organizational structure of the final IRP may be revised based on results of analysis and feedback received through the planning process.

1. Executive Summary
	1. Electric Resource Plan
	2. Gas Sales Resource Plan
	3. Action Plans
2. Developing the Plan
	1. Electric Plan
	2. Electric: Results Across Scenarios/Sensitivities
	3. Other Considerations
	4. Gas Plan
	5. Gas Results Across Scenarios
3. Planning Environment
	1. Economic Environment
	2. Policy Requirements and Influences
	3. Resource Considerations
4. Key Analytical Assumptions
	1. Key Inputs
	2. Scenarios/Sensitivities
	3. Stochastic Assumptions
	4. Input Matrices
	5. Summary Table of Scenarios and Sensitivity Assumptions
5. Electric Analysis
	1. Resource Needs
	2. Resource Alternatives
	3. Analytic Methodologies
	4. Results
	5. Key Findings and Insights
6. Gas Analysis
	1. Gas Resource Needs
	2. Existing Resources
	3. Resource Alternatives
	4. Analytic Methodologies
	5. Results & Key Findings
7. Delivery System Infrastructure Planning
	1. System Overview
	2. Infrastructure Investment Drivers
	3. Planning Process
	4. 2013-2023 Infrastructure Plans
	5. Challenges and Opportunities

Appendices

1. Public Participation
2. Legal Requirements & Other Reports
3. Environmental and Related Regulatory Matters
4. Electric Resources
5. Regional Transmission Resources
6. Financial Considerations
7. Integration of Variable Energy Resources
8. Demand Forecasts
9. Electric Analysis
10. Gas Analysis

Demand-Side Resources

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2011 IRP Work Plan

Appendix A

Public Participation Timeline

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2011 IRP WORK PLAN

Appendix B

Resource Planning Process

