**BEFORE THE WASHINGTON**

**UTILITIES AND TRANSPORTATION COMMISSION**

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| In the Matter ofPUGET SOUND ENERGY’SRenewable Energy Target Progress Report under RCW 19.285.070 and WAC 480‑109‑040 | DOCKET UE‑140800ORDER 02(PROPOSED)ORDER AUTHORIZING USE OF METHOD 2 AND RESULTING INCREMENTAL HYDRO RATIOS |

**BACKGROUND**

1. In its 2014 annual Renewable Energy Target Report filed May 30, 2014 and updated June 27, 2014, Puget Sound Energy (PSE or Company) used Incremental Hydropower Calculation Method 3 to calculate its incremental hydro ratio.
2. PSE’s petition seeks authorization to use Method 2 and the resulting incremental hydropower ratios of 8.5% for its Snoqualmie Falls Project and a 28.3% ratio for its Baker River Project.
3. Commission Staff reviewed the request and recommends granting the requested approvals.

**FINDINGS AND CONCLUSIONS**

1. (1) The Washington Utilities and Transportation Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, regulations, practices, and accounts of public service companies, including electric companies.
2. (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
3. (3) PSE serves more than 25,000 customers within the State of Washington and is a “qualifying utility” within the meaning of RCW 19.285.030(18).
4. (4) The Commission finds that PSE’s methodology for calculating the Company’s incremental electricity from hydropower efficiency improvements and the results of those calculations as described in the petition are appropriate.

**ORDER**

**THE COMMISSION ORDERS:**

1. (1) The Commission authorizes Puget Sound Energy to use Method 2to calculate the incremental hydropower ratios toward its 2014 renewable energy target.
2. (2) The Commission approves that the incremental hydropower ratio is 8.5% for the Snoqualmie Falls Project and is 28.3% for the Baker River Project.

DATED at Olympia, Washington, and effective \_\_\_\_\_\_\_\_\_\_\_\_, 2016.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

 DAVID W. DANNER, Chairman

 PHILIP B. JONES, Commissioner

 ANN E. RENDAHL, Commissioner