

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY

For Approval of its April 2018 Power
Cost Adjustment Mechanism Report

DOCKET UE-18 ____

PETITION OF PUGET SOUND ENERGY
FOR APPROVAL OF ITS
APRIL 2018 POWER COST ADJUSTMENT
MECHANISM REPORT

1. Puget Sound Energy ("PSE" or the "Company") hereby submits this Petition to the Washington Utilities and Transportation Commission ("WUTC" or "Commission"). 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 Dockets 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 was attached to the Twelfth Supplemental Order, sets forth details regarding the original PCA Mechanism and is hereinafter referred to as the "2002 PCA Settlement."

4. The 2002 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

2002 PCA Settlement, ¶ 2. The 2002 PCA Settlement set forth the various levels of costs and benefits sharing between the Company and its customers. *Id.*, ¶ 3.

5. In order to implement its sharing provisions, the 2002 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. *See id.*, ¶ 4.

The original PCA mechanism required the annual filing to be made each August. *See id.*

The deadline for filing the annual report was subsequently changed to March.¹

6. In March 2015, following a PCA Collaborative, PSE, the Public Counsel Section of the Attorney General’s Office (“Public Counsel”), and WUTC Staff (collectively, “Settling Parties”) executed a settlement agreement that modified the PCA Mechanism, including changing the deadline for filing PSE’s PCA Mechanism Report from March to April of each year (“2015 PCA Settlement”). The Settling Parties agreed that the modified PCA Mechanism would take effect January 1, 2017. The Commission approved the 2015 Settlement Agreement in Order 11, issued in PSE’s 2013 PCORC (Docket UE-130617). A copy of the 2015 Settlement Agreement approved in Order 11, along with its Attachment A, which summarizes the changes and settlement terms to PSE’s PCA mechanism, is attached to this petition as Exhibit A.

II. PSE'S APRIL 2018 PCA REPORT

7. In compliance with the 2015 PCA Settlement and Order 11 in Docket UE-130167, this Petition presents PSE's Power Cost Adjustment Mechanism Annual Report ("PCA Annual Report") for the twelve-month period from January 1, 2017 through December 31, 2017 (“PCA Period Sixteen”) for the Commission's review and approval.

¹ *See WUTC v. PSE*, Docket UE-050870, Appendix A to Order 4, ¶ 17 (Oct. 20, 2005).

The PCA Annual Report is being filed along with this Petition.² Also being filed with this Petition are the Prefiled Direct Testimonies of Susan E. Free, with supporting exhibits, and Paul K. Wetherbee, with supporting exhibits. Accompanying workpapers are also being provided to WUTC Staff, Public Counsel and the Alliance of Western Energy Consumers. 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 variable power cost rate during PCA Period 16 was \$33.976 per Megawatt hour ("MWh"). During PCA Period 16, the variable baseline power cost rate was \$33.453 per MWh from January through December 18, 2017, which was approved in Docket UE-161135, PSE's 2014 PCORC Compliance Update Filing, and \$32.895 from December 19, 2017 through December 31, 2017, which was approved in Docket UE-170033, PSE's 2017 General Rate Case ("GRC") Compliance Update Filing. In 2017 actual power costs were higher than the average of the baseline power cost rates in effect during PCA Period 16 by \$11,694,279 (after adjustment for Firm Wholesale).

9. The activity that occurred in PCA Period 16 resulted in a cumulative under-collection of \$25,868,732 (from inception of the PCA through December 31,

² See the Second Exhibit to the Prefiled Direct Testimony of Susan E. Free, Exh. SEF-3.


2017). PSE's share of this imbalance is \$22,414,387, with the remaining \$3,454,344 assigned to customers.

III. REQUESTED ACTION

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

DATED: April 30, 2018.

PERKINS COIE LLP

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