

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NO. UE-031725

STIPULATION BETWEEN
PUGET SOUND ENERGY AND
WUTC STAFF REGARDING
WEATHER NORMALIZATION
ADJUSTMENT

I. INTRODUCTION

1 On October 24, 2003, Puget Sound Energy, Inc. (PSE) submitted a power cost
rate filing with the Commission pursuant to the Commission-approved settlement
regarding a power cost adjustment mechanism in PSE's last general rate case
(Docket Nos. UE-011570/UG-011571). On October 29, 2003, the Commission
suspended the proposed rate tariff changes and initiated this docket.

2 On January 30, 2004, the Staff of the Washington Utilities and Transportation
Commission (WUTC Staff) and other parties to the proceeding filed response
testimony. Among other testimony, WUTC Staff filed the testimony and exhibit of

Dr. Yohannes K.G. Mariam, who contested PSE's proposed weather normalization adjustment. Exhibits ___(YKGM-1T) and (YKGM-2). Dr. Mariam presented the WUTC Staff recommended weather normalization adjustment, including the impact on revenue requirement. He also presented preliminary recommendations to revise PSE's statistical methods for determining weather normalization. No other party addressed these issues in responsive testimony or exhibits.

3 Upon reviewing Dr. Mariam's testimony and exhibits, PSE propounded discovery and had discussions with WUTC Staff regarding Dr. Mariam's adjustment and recommendations. PSE and WUTC Staff's discussions led to the conclusion that the weather normalization methodology and calculations would best be refined and resolved in a collaborative discussion rather than in this contested adjudicative proceeding.

4 WUTC Staff and PSE therefore adopt the following Stipulation for consideration and adoption by the Commission in this proceeding.

II. STIPULATION

5 **1. Agreement to WUTC Staff Figures.** In absence of this Stipulation, PSE would oppose WUTC Staff's weather normalization adjustment and methodology refinements, including many aspects of the statements, methodologies, or calculations used or recommended by Dr. Mariam in his testimony and exhibit.

Subject to the provisions set forth in this Stipulation and limited to this docket, however, PSE agrees to the WUTC Staff's weather normalization adjustment that will increase PSE's normalized test year electricity adjustment by 33,844 MWh. PSE and WUTC Staff are authorized to state that Public Counsel and ICNU do not oppose this Stipulation. The Federal Executive Agencies and the Cogeneration Coalition of Washington have been contacted, but have not yet responded.

6 **2. No Precedent.** PSE and WUTC Staff agree that this Stipulation is entered into for the limited purpose of resolving the weather normalization adjustment issue in this docket and does not constitute any agreement to the statements, methodologies, or calculations used or recommended by Dr. Mariam in his testimony and exhibit. By executing this stipulation, PSE shall not be deemed to have accepted or consented to the facts, principles, methods or theories employed in arriving at WUTC Staff's weather normalization adjustment presented by Dr. Mariam. Nothing in this Stipulation shall be deemed to change the power cost only rate review process or any other rate proceeding.

7 **3. Admission of WUTC Staff Evidence.** Subject to the provisions of this Stipulation, PSE and WUTC Staff agree to the admission of Dr. Mariam's testimony and exhibit into the record of this proceeding. PSE and WUTC Staff waive cross-examination of each other on the weather normalization issue.

8 **4. Collaborative Discussion.** PSE and WUTC Staff commit to an informal discussion to attempt to resolve the calculations and statistical methods to be employed in a weather normalization adjustment for PSE to arrive at normalized test year electricity consumption. This collaborative process will be open to other interested parties. The parties will agree among themselves as to the timing of these informal discussions.

9 **5. Discovery and Rebuttal.** Upon execution of this Stipulation, the discovery propounded by PSE to WUTC Staff will be tolled pending Commission action on this Stipulation. Similarly, PSE will forgo the opportunity to submit substantive rebuttal testimony by February 13, 2004 on weather normalization adjustment issues.

10 **6. Commission Action on Stipulation.** The Stipulation is offered in this proceeding as the joint, exclusive recommendation of WUTC Staff and PSE with respect to the issue set forth herein. No issues or proposed adjustments shall be raised by the Parties with respect to the issues set forth herein. WUTC Staff and PSE have negotiated this Stipulation as an integrated document and therefore recommend that the Commission accept this stipulation in its entirety. WUTC Staff and PSE request that the Commission rule on this Stipulation by February 13, 2004. In the event that the Commission rejects the Stipulation by February 13, 2004, PSE

and WUTC Staff request that the Commission allow PSE to file its rebuttal case on these issues on February 19, 2004. In the event that the Commission does not rule on the Stipulation until after February 13, 2004, and rejects or materially alters the Stipulation, PSE and WUTC Staff reserve the right, upon 5 business days written notice to the Commission and the parties to this proceeding, to withdraw from the Stipulation. If such right of withdrawal is exercised, this Stipulation shall be null and void and PSE and WUTC Staff will support a joint motion to establish an expedited procedural schedule to litigate the weather normalization issue.

11 **7. Other Matters.**

- a. **Execution.** The Stipulation may be executed by the parties in several counterparts and as executed shall constitute one agreement.
- b. **Necessary Actions.** Each party shall take all actions necessary and appropriate to enable it to carry out this Stipulation.

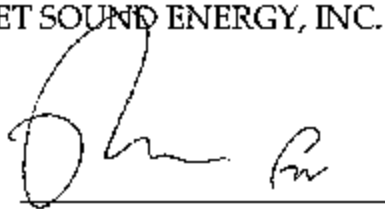
III. CONCLUSION

12 PSE and WUTC Staff jointly submit this Stipulation for adoption by the Commission in this proceeding, and request that the Commission issue an order approving the Stipulation by February 13, 2004.

DATED this 13th day of February 2004.

PUGET SOUND ENERGY, INC.

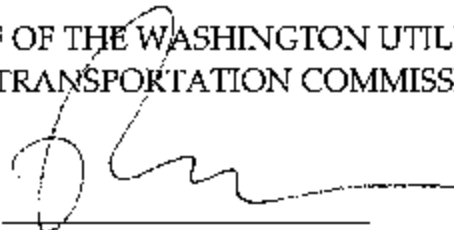
By:



Todd G. Glass
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STAFF OF THE WASHINGTON UTILITIES
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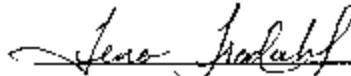
Robert Cedarbaum
Assistant Attorney General
Counsel for Commission Staff

*per telephone authorization
2/9/04*

Docket No. UE-031725
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the Stipulation of Puget Sound Energy and WUTC Staff Regarding Weather Normalization Adjustment upon the persons and entities listed on the Service List below as indicated by e-mail and/or by depositing a copy of said document in the United States mail, addressed as shown on said Service List, with first class postage prepaid.

DATED at Olympia, Washington this 10th day of February 2004.


TENA TRODAHL

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& Confidential Documents:

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