

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

|                                     |   |                            |
|-------------------------------------|---|----------------------------|
| In the Matter of the Petition of    | ) | DOCKET UE-061410           |
|                                     | ) |                            |
| PUGET SOUND ENERGY, INC.,           | ) | ORDER 01                   |
|                                     | ) |                            |
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|                                     | ) |                            |
|                                     | ) |                            |
| For Approval of its 2006 Power Cost | ) | ORDER APPROVING 2006 POWER |
| Adjustment Mechanism Report         | ) | COST ADJUSTMENT MECHANISM  |
| .....                               | ) | ANNUAL REPORT              |

**BACKGROUND**

- 1 On August 31, 2006, Puget Sound Energy, Inc., (PSE) filed a petition requesting the Washington Utilities and Transportation Commission’s (Commission) approval of its 2006 Power Cost Adjustment Mechanism Report (2006 PCA Report). PSE filed the report consistent with the Commission’s twelfth supplemental order approving the settlement in Dockets UE-011570 and UG-011571, in which the Commission approved a power cost adjustment (PCA) mechanism for PSE.
- 2 One feature of PSE’s PCA is a deferral mechanism that accounts for differences in the company’s modified actual power costs relative to a power cost baseline and provides for a sharing of power costs between the company and ratepayers.<sup>1</sup> The Commission order establishing the PCA requires that “[i]n August of 2003 and each year thereafter, the company shall file an annual report detailing the power costs included in the deferral calculation . . .”
- 3 PSE’s 2006 PCA Report covers the period July 1, 2005, through June 30, 2006 (PCA Period 4). Since inception of the PCA mechanism, the company has deferred a total of \$5,101,727 in under-recovered power costs through June 30, 2005. No additional

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<sup>1</sup> *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-011570 and UG-011571, Settlement Stipulation, Exhibit A, ¶ 2 (June 4, 2004), *approved by WUTC v. Puget Sound Energy, Inc.*, Dockets UE-011570 and UG-011571, 12th Supp. Order: Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation Subject to Modifications, Clarifications, and Conditions; Authorizing and Requiring Compliance Filing (June 20, 2002).

deferrals were required at the end of PCA Period 4. Including interest of \$1,143,882, the cumulative customer deferred amount under the PCA mechanism at June 30, 2006, is \$6,245,609.

4 The Commission staff has audited PSE's 2006 PCA report and verified that the deferral balance set forth in PSE's 2006 PCA Period 4 report is accurate and in accordance with the PCA settlement and Commission order in Dockets UE-011570 and UG-011571.

5 The Commission staff reviewed PSE's management of its power costs during the 2006 PCA period and does not challenge the prudence of PSE's management of its power costs during the 2006 PCA period.

#### **FINDINGS AND CONCLUSIONS**

6 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including electric companies. *RCW 80.01.040, RCW 80.04, RCW 80.28, RCW 80.08 and RCW 80.12.*

7 (2) PSE is an electric company and is a public service company subject to the jurisdiction of the Commission.

8 (3) WAC 480-07-370(b) (i), allows companies to file a petition including that for which PSE seeks approval.

9 (4) This matter was brought before the Commission at its regularly scheduled meeting on January 10, 2007.

10 (5) After examination of the petition filed in Docket UE-061410 by PSE on August 31, 2006, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the petition seeking approval of the 2006 PCA report should be granted.

**ORDER**

THE COMMISSION ORDERS:

- 11* (1) The Commission grants the petition of Puget Sound Energy, Inc., for approval of its 2006 Power Cost Adjustment Mechanism report.
- 12* (2) This order shall in no way affect the authority of this Commission over rates, services, accounts, evaluations, estimates, or determination of costs on any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs claimed or asserted.
- 13* (3) The Commission retains jurisdiction over the subject matter of this proceeding and Puget Sound Energy, Inc., to effectuate the provisions of this Order.

The Commissioners, having determined this order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective January 10, 2007.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary