

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

In the Matter of the Petition of

PUGET SOUND ENERGY,

Petitioner,

For Approval of the 2017 Power Cost  
Adjustment Mechanism Report

DOCKET UE-180372

ORDER 01

ORDER APPROVING POWER COST  
ADJUSTMENT MECHANISM  
ANNUAL REPORT

**BACKGROUND**

- 1 On April 30, 2018, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition requesting review and approval of its Power Cost Adjustment Mechanism Report – PCA Period 16 (PCA Report). PSE filed the PCA Report consistent with the Commission’s Twelfth Supplemental Order approving a settlement in Dockets UE-011570 and UG-011571, in which the Commission approved a Power Cost Adjustment (PCA) mechanism for PSE.
- 2 PSE’s PCA mechanism 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 authorized a change in the annual PCA period to calendar years beginning in January 2007.<sup>2</sup>
- 3 The cumulative deferral balance for the PCA since its inception in 2001 has resulted in a deferral balance of \$4,576,281 in the surcharge direction. The PCA cumulative deferral amount must reach \$20 million before triggering either a refund or surcharge under PSE’s Schedule 95.
- 4 Commission staff (Staff) has reviewed PSE’s PCA Period 16 report and verified that the deferral balance set forth in PSE’s PCA Period 16 report is both reasonable and consistent with the PCA settlement and the Commission’s Orders in Dockets UE-011570

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<sup>1</sup> *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).

<sup>2</sup> *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-011570 and UG-011571, 16th Supp. Order Amending 12th Supp. Order, ¶ 4 (November 21, 2005).

and UG-011571. Accordingly, Staff recommends the Commission approve the PCA Report.

5 No other interested party filed comments in this Docket.

### **DISCUSSION**

6 We approve PSE's PCA Report. The Period 16 PCA Report covers the calendar year ending December 31, 2017. During 2017, actual power costs were higher than baseline power costs, thereby creating an under-recovery of \$11,694,279. Given the operation of the PCA's sharing mechanism, PSE absorbed this entire amount because it falls within the Company's deadband. We agree with Staff that the deferral balance set forth in PSE's PCA Period 16 report is both reasonable and consistent with the PCA settlement and the Commission's Orders in Dockets UE-011570 and UG-011571.

### **FINDINGS AND CONCLUSIONS**

- 7 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 8 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 9 (3) WAC 480-07-370(1)(b) allows companies to file petitions, including the petition filed in this Docket for which PSE seeks approval.
- 10 (4) Staff has reviewed the petition filed in Docket UE-180372, including related work papers.
- 11 (5) This matter came before the Commission at its regularly scheduled meeting on July 26, 2018.
- 12 (6) After reviewing PSE's petition filed in Docket UE-180372 on April 30, 2018, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition seeking approval of the PCA Period 16 report is in the public interest and should be granted.

**ORDER**

**THE COMMISSION ORDERS:**

- 13 (1) The Commission grants Puget Sound Energy's Petition requesting approval of its Power Cost Adjustment Mechanism Report for the Twelve Months Ended December 31, 2017.
- 14 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 15 (3) The Commission retains jurisdiction over the subject matter and Puget Sound Energy 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 July 26, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON, Executive Director and Secretary