

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

Petition of	)	
	)	
PUGET SOUND ENERGY, INC.	)	DOCKET UG-010806
	)	
For an Order Granting an Extension of	)	ORDER MODIFYING
The Termination Date of the Purchased Gas	)	ACCOUNTING ORDER
Incentive Mechanism	)	IN DOCKET UG-980833
.....	)	

- 1 On May 30, 2001, Puget Sound Energy, Inc. (“Petitioner” or “Company”), filed a petition for an order regarding the short-term extension of accounting and ratemaking treatment of the Company’s purchased gas adjustment (“PGA”) incentive mechanism. The Order approving the Company’s existing PGA incentive filing in Docket UG-980833 included a sunset date of June 30, 2001. The Company is seeking a short-term extension of the sunset date until October 31, 2001, and a modification to the mechanism, while the Company seeks to develop longer-term revisions to its PGA incentive for the Commission’s consideration.
  
- 2 On June 21, 2001, PSE submitted substitute tariff pages and a revised petition based on an agreement with Staff, identifying the criteria necessary for granting an extension of the sunset date.

**CHANGES IN PGA INCENTIVE MECHANISM ACCOUNTING**

- 3 The Company requested the existing accounting procedure be extended and modified. This included the need to increase the 2001 proration of the existing symmetrical sharing bands from one-half, as established in UG-980833, to ten-twelfths consistent with request to extend the mechanism through October 31, 2001. The annual sharing bands established in UG-980833 are:
  - a. An incentive gain or loss in the first band, from \$0 to \$500,000, is shared between ratepayers and the Company at the ratio of 100%/0%, respectively.
  - b. The portion of an incentive gain or loss in the second band, from \$500,000 to \$27,000,000 is shared between the ratepayers and the Company at the ratio of 60%/40%, respectively.
  - c. The portion of an incentive gain or loss in the third band, greater than \$27,000,000 is shared between the ratepayers and the Company at the ratio of 66.7%/33.3%, respectively.
  
- 4 All other accounting procedures and regulatory treatment are as described in the Order approving the Company’s current PGA incentive, in Docket UG-980833, with the exception of the Fixed Cost Benchmark. The Fixed Cost Benchmark will be decreased by \$100,000 per month for the four month extension period. The Fixed Cost Benchmark is decreased to include a greater level of capacity release revenues.

**FINDINGS**

- 5 Puget Sound Energy, Inc., is engaged in the business of furnishing electric and gas service within the state of Washington as a public service company, and is subject to the regulatory authority of the Commission as to its rates, services, facilities and practices.
- 6 On June 21, 2001, the Company filed a revised petition for an order to temporarily extend and modify the accounting and regulatory treatment of its PGA incentive mechanism approved in Docket UG-980833.
- 7 The temporary continuation of the Company's existing PGA incentive mechanism on a short-term basis is reasonable.

**ORDER**

THE COMMISSION ORDERS:

- 8 Approval is hereby given for the accounting treatment in the Company's revised petition, dated June 21, 2001, for a temporary extension of the Company's existing PGA incentive mechanism to October 31, 2001, with the prorationing of the symmetrical sharing bands and decrease in the fixed cost benchmark.
- 9 The Commission retains jurisdiction over these matters.

DATED at Olympia, Washington, and effective this 27<sup>th</sup> day of June, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

PATRICK J. OSHIE, Commissioner