



Puget Sound Energy
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PSE.com

April 25, 2013

Mr. Steven V. King
Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

**Re: Power Cost Only Rate Case (“PCORC”) Filing of Puget Sound Energy, Inc.
Advice No. 2013-09 - Electric Tariff Filing**

Dear Mr. King:

Pursuant to RCW 80.28.060, WAC 480-80-101 and -105, and the Power Cost Adjustment Mechanism (PCA Mechanism”) set forth in Exhibit A to the Settlement Stipulation approved by the Commission in its Twelfth Supplemental Order in Docket Nos. UE-011570 and UG-011571 (consolidated), Puget Sound Energy, Inc. (“PSE” or the “Company”) hereby seeks the Commission’s approval to revise its Power Cost Rate reflected in Schedule 95, in order to reflect decreases in the Company’s overall normalized power supply costs.

This filing proposes revisions in the following electric tariff sheets:

WN U-60, Tariff G - (Electric Tariff):

- 32nd Revision of Sheet No. 95 – Power Cost Adjustment Clause
- 7th Revision of Sheet No. 95-a – Power Cost Adjustment Clause (Continued)
- 9th Revision of Sheet No. 95-b – Power Cost Adjustment Clause (Continued)
- 8th Revision of Sheet No. 95-c – Power Cost Adjustment Clause (Continued)
- Original Sheet No. 95-c.1 – Power Cost Adjustment Clause (Continued)
- Original Sheet No. 95-c.2 – Power Cost Adjustment Clause (Continued)
- 7th Revision of Sheet No. 95-d – Power Cost Adjustment Clause (Continued)
- 7th Revision of Sheet No. 95-e – Power Cost Adjustment Clause (Continued)

In support of this PCORC filing, PSE also submits the original and 19 copies, and the requisite electronic copies of the testimonies and exhibits listed below. The Company is also providing an original and one copy of the redacted version of the confidential and highly confidential testimony, and three copies of supporting work papers with this filing.

The Purpose of This Filing

The power cost baseline rate that is currently embedded in PSE's electric rates was established through the Commission's final orders in PSE's last general rate case in Docket Nos. UE-111048 and UG-111049 (consolidated). The Company's PCORC filing submitted with this letter seeks approval of a new, adjusted Power Cost Rate based upon projected normalized power costs for the proposed rate year for this PCORC: the 12-month period beginning November 1, 2013. Overall, PSE proposes in this filing to decrease electric rates by \$616,833 or an average decrease of approximately 0.03%, in order to pass through reductions in projected power costs the Company expects to face during the rate year.

In support of this PCORC filing, PSE respectfully submits the following testimonies, exhibits, tariff sheets and motions:

1. Prefiled Direct Testimony of David E. Mills, Exhibit No. ___(DEM-1CT) and Exhibit No. ___(DEM-2) through Exhibit No. ___(DEM-4C);
2. Prefiled Direct Testimony of Roger Garratt, Exhibit No. ___(RG-1CT) and Exhibit No. ___(RG-2) through Exhibit No. ___(RG-6HC);
3. Prefiled Direct Testimony of Michael Mullally, Exhibit No. ___(MM-1HCT) and Exhibit No. ___(MM-2) through Exhibit No. ___(MM-7);
4. Prefiled Direct Testimony of Aliza Seelig, Exhibit No. ___(AS-1HCT) and Exhibit No. ___(AS-2) through Exhibit No. ___(AS-18C);
5. Prefiled Direct Testimony of Paul K. Wetherbee, Exhibit No. ___(PKW-1CT) and Exhibit No. ___(PKW-2) through Exhibit No. ___(PKW-13C);
6. Prefiled Direct Testimony of Douglas S. Loreen, Exhibit No. ___(DSL- 1T) and Exhibit No. ___(DSL-2);
7. Prefiled Direct Testimony of Thomas DeBoer, Exhibit No. ___(TAD-1T) and Exhibit No. ___(TAD-2) through Exhibit No. ___(TAD-5HC);
8. Prefiled Direct Testimony of Matthew D. Rarity, Exhibit No. ___(MDR-1CT) and Exhibit No. ___(MDR-2) through Exhibit No. ___(MDR-3);

9. Prefiled Direct Testimony of L. Edward Odom, Exhibit No. ___(LEO-1CT) and Exhibit No. ___(LEO-2) through Exhibit No. ___(LEO-3C);
10. Prefiled Direct Testimony of Katherine J. Barnard, Exhibit No. ___(KB- 1CT) and Exhibit No. ___(KB-2) through Exhibit No. ___(KB-7);
11. Prefiled Direct Testimony of Jon A. Piliaris, Exhibit No. ___(JAP-1T) and Exhibit No. ___(JAP-2) through Exhibit No. ___(JAP-4), including:
 - WN U-60, Tariff G - (Electric Tariff):
 - 32nd Revision of Sheet No. 95 – Power Cost Adjustment Clause
 - 7th Revision of Sheet No. 95-a – Power Cost Adjustment Clause (Continued)
 - 9th Revision of Sheet No. 95-b – Power Cost Adjustment Clause (Continued)
 - 8th Revision of Sheet No. 95-c – Power Cost Adjustment Clause (Continued)
 - Original Sheet No. 95-c.1 – Power Cost Adjustment Clause (Continued)
 - Original Sheet No. 95-c.2 – Power Cost Adjustment Clause (Continued)
 - 7th Revision of Sheet No. 95-d – Power Cost Adjustment Clause (Continued)
 - 7th Revision of Sheet No. 95-e – Power Cost Adjustment Clause (Continued)
12. PSE’s Motion for a Protective Order with Highly Confidential Provisions supported by the Declaration of Roger Garratt in Support of PSE’s Motion for a Protective Order with Highly Confidential Provision, and
13. Certificate of Service

Overall, this proposal represents a revenue decrease of \$616,833 or 0.03% reduction for customers. All rate schedules for electric service, except transportation customers are affected by the change, most will experience a small decrease, and a few lighting customers with smaller sizes of street or area lights will experience no change. For example, the typical residential customer using 1,000 kWh per month will experience a decrease of three cents per month.

Confidentiality Protections and Procedural Matters

As listed above, PSE is filing a motion along with this PCORC filing. PSE requests that the Commission issue a protective order with highly confidential provisions. As is evident from PSE’s filing, the Company has marked several pages “confidential” or “highly confidential.” Some of the documents designated “confidential” relate to a transaction that is currently pending. PSE anticipates the transaction will be executed in the near future and, once executed, many of

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the documents designated as "confidential" will no longer require "confidential" treatment. PSE will notify the Commission and make the appropriate changes to the "confidential" designation at that time.

The documents designated as "confidential" or "highly confidential" are currently protected from any further disclosure by the Commission or the Office of the Attorney General pursuant to RCW 80.04.095 and WAC 480-07-160. However, in order to permit appropriate review of the materials by experts for the Commission Staff and/or Public Counsel, a protective order should be entered in this proceeding as soon as possible.

In addition, as detailed in PSE's motion for protective order, some of the information related to the Company's resource acquisition process should not be viewed at all by persons involved in development of energy projects or resources. PSE has designated such material as "highly confidential" because it reflects confidential information that PSE received from project owners and developers that is commercially sensitive and/or because it reveals aspects of PSE's analysis or strategies that are commercially sensitive with respect to PSE's negotiations with such project owners or developers. To the extent any such persons or entities seek to intervene in this matter, they should not thereby be permitted access to "highly confidential" information. PSE, PSE's customers, and/or project owners and developers that submitted commercially sensitive information to PSE would be harmed by release of the confidential or highly confidential information.

Second, as provided in the Commission's order in Docket Nos. UE-072300 and UG-072301 (consolidated) the duration of a PCORC proceeding is limited to six months. PSE respectfully requests an expedited schedule that allows this case to conclude within the sixth month period. PSE requests that the Commission issue a final order in this case by October 25, 2013.

Third, as requested in this filing, PSE seeks an extension of time to file its general rate case following the completion of this PCORC. This extension would coincide with the "stay-out" period PSE has agreed to in the Multiparty Settlement Agreement currently pending before the Commission in Docket Nos. UE-121373 (Centralia Coal Power Purchase Agreement), UE-121697 & UG-121705 (consolidated) (Petition to Implement Electric and Gas Decoupling), and UE-130137 & UG-130138 (consolidated) (Expedited Rate Filing).

In addition, on April 23, 2013, PSE filed a Petition for An order Authorizing Accounting Treatment Related to Payments for Major Maintenance Activities related to the Mint Farm generating station. As discussed in more detail in the testimony in this case, PSE seeks recovery

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the amortized expense associated with this major maintenance event in the rate year in this proceeding.

Notice of PCORC Filing

The tariff sheets described herein reflect an issue date of April 25, 2013, and an effective date of May 26, 2013. Posting of proposed tariff changes, as required by WAC 480-100-193, is being made by posting the proposed tariff sheets on the PSE web site immediately prior to or coincident with the date of this transmittal letter. Notice to the public under the provisions of WAC 480-100-197 will be provided as addressed in the prehearing conference order as provided in WAC 480-100-197(1).

In addition, as noted below, the Company is providing copies of this PCORC filing to counsel for the parties and intervenors who actively participated in Docket No. UE-070565, the Company's last power cost only rate case.

Service and correspondence relating to this filing should be directed to:

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We look forward to working with the Commission, Commission Staff, Public Counsel, our customers, and other interested parties in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ken Johnson", followed by a horizontal line extending to the right.

Kenneth S. Johnson
Director, State Regulatory Affairs

Enclosures