

Received
Records Management
Oct 1, 2025

October 1, 2025

Filed Via Web Portal

Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**RE: Docket UE-25_____ (Advice No. 2025-44)
Puget Sound Energy's Electric Tariff Revision**

Dear Executive Director Killip:

Pursuant to RCW 80.28.060, WAC 480-80-101 and -105, and WAC 480-07-880, Puget Sound Energy ("PSE" or "the Company") hereby proposes revisions to its electric Schedule 95, Power Cost Adjustment Clause and also in partial compliance with the Commission's Order 01 in Docket UE-250321. This filing includes the following revised tariff sheets:

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

44 th Revision	Sheet No. 95	Power Cost Adjustment Clause
19 th Revision	Sheet No. 95-A	Power Cost Adjustment Clause (Continued)
21 st Revision	Sheet No. 95-B	Power Cost Adjustment Clause (Continued)
20 th Revision	Sheet No. 95-C	Power Cost Adjustment Clause (Continued)
13 th Revision	Sheet No. 95-C.1	Power Cost Adjustment Clause (Continued)
13 th Revision	Sheet No. 95-C.2	Power Cost Adjustment Clause (Continued)
4 th Revision	Sheet No. 95-C.3	Power Cost Adjustment Clause (Continued)
20 th Revision	Sheet No. 95-D	Power Cost Adjustment Clause (Continued)
20 th Revision	Sheet No. 95-E	Power Cost Adjustment Clause (Continued)
11 th Revision	Sheet No. 95-E.1	Power Cost Adjustment Clause (Continued)

The purpose of this tariff filing is to submit revised rates to recover power costs in 2026 as discussed in the revised cover letter to PSE's April 30, 2025 initial filing in this docket. The secondary purpose of this tariff filing is to comply in part with the Commission's Order 01 in Docket UE-250321, which requires the Company to include a proposal for recovery of costs in 2026 in "the Company's next PCA filing"¹, which is this filing. On October 1, 2025, concurrent

¹ Paragraph 20(c) in Order 01 in Docket UE-250321 ("Paragraph 20(c)"). On August 4, 2025, PSE filed a Motion for Clarification of Order 01 ("Motion"), in part requesting the Commission confirm it is this filing referenced in Order 01. At the time of this filing, the Commission has not yet responded to PSE's Motion.

with this filing PSE is filing a compliance filing in Docket UE-250321, which lays out PSE's proposal pursuant to paragraph 20(c) of Order 01 in that docket. This filing incorporates the portions of that proposal that apply to 2026 power costs.

The main components of this updated filing are:

- Tariff sheets for proposed rates effective January 1, 2026;
- Updated power costs as discussed in PSE's April 30, 2025, revised cover letter in UE-250326;
- A copy of the compliance report from UE-250321 that provides the specifics of PSE's proposal for the treatment of electric CCA allowance costs that have been incorporated into this filing;
- An updated report discussing the changes to power costs proposed in this filing, including a discussion of the inclusion of the value of forecasted no cost allowances pursuant to PSE's proposal discussed in subpart b of the report; and
- Work papers in support of the proposed tariff sheets.

The final list of new contracts being included in this power cost update that have already received a prudence determination, or for which prudence will be requested in a separate filing, pursuant to paragraph 309 in Order 09/07 in Docket UE-240004 is shown below. The contracts for which PSE is requesting a rate of return pursuant to RCW 80.24.410 are indicated and represent contracts that have already received a prudence determination from the Commission in either PSE's 2024 general rate case or in its 2025 PCA compliance filing under Docket UE-250318. PSE is requesting that the return to be approved for these contracts be PSE's authorized cost of debt as has been approved previously for contracts included in PSE's 2024 general rate case. PSE is requesting a return on contracts that are clean resources in pursuit of CETA compliance that have been selected through a competitive bid process as allowed in the statute.

Table 1 - List of New Contracts included in the 2026 Power Cost Update

Project	Prudence Determination	Witness	Citation	PPA Return Requested?
AutoGrid	2024 GRC UE-240004	Prudence and rate recovery both granted in UE-240004		Yes
EnelX Contract	2024 GRC UE-240004	Prudence and rate recovery both granted in UE-240004		Yes
Opower Contract	2024 GRC UE-240004	Prudence and rate recovery both granted in UE-240004		Yes
Auburn 3 DER PPA	2025 PCA UE-250318	Kimo Spector	Line 1 Table 1 in Exh. KS-1CT in 2025 PCA	Yes
Kent 3 DER PPA	2025 PCA UE-250318	Kimo Spector	Line 3 Table 1 in Exh. KS-1CT in 2025 PCA	Yes
Oaksdale DER PPA	2025 PCA UE-250318	Kimo Spector	Line 2 Table 1 in Exh. KS-1CT in 2025 PCA	Yes
Renton 6 Solar DER PPA	2025 PCA UE-250318	Kimo Spector	Line 6 Table 1 in Exh. KS-1CT in 2025 PCA	Yes
Sumner 28 Solar DER PPA	2025 PCA UE-250318	Kimo Spector	Line 5 Table 1 in Exh. KS-1CT in 2025 PCA	Yes
West Valley 2 DER PPA	2025 PCA UE-250318	Kimo Spector	Line 4 Table 1 in Exh. KS-1CT in 2025 PCA	Yes
Brookfield Hydro PPA ⁽¹⁾	2025 PCA UE-250318	Colin Crowley	Last line Table 1 in Exh. SEF-1T in 2025 PCA	No
Grays Harbor Tolling	2025 PCA UE-250318	Phil Haines	#5 page 16 Exh. PAH-1CT in 2025 PCA	No
Wells Project (2026-2032)	2025 PCA UE-250318	Phil Haines	#3 page 16 Exh. PAH-1CT in 2025 PCA	Yes
Dynasty Power	Future Proceeding			No
Klamath Cogen	Future Proceeding			No
Grant 2026 Auction	Future Proceeding			No
Renton Solar DER PPA	Future Proceeding			No

⁽¹⁾ This contract was not competitively bid and therefore, PSE is not requesting a PPA return for this contract.

Overall, this power cost update in isolation reflects a significant increase of \$709.3 million² to the costs included in PSE's PCA variable baseline rate. However, as is discussed more fully in the attached 2026 Power Cost Update Narrative, the large \$709.3 million nominal increase in power costs does not reflect the value of no-cost CCA allowances that PSE expects will be surplus to its compliance requirements in 2026. Based on PSE's supply and demand forecast approved by the Commission on June 26, 2025 and the emissions obligation in this 2026 forecast, PSE projects it will have surplus 2026 allowances with an estimated value of over \$115 million. These allowances will be available to reduce customer rates by offsetting compliance obligations in other years or via direct credits of revenue generated from consigning them to auction. The projected 2026 allowance surplus contrasts with PSE's 2025 allowance deficit that is currently being recovered in rates in electric Schedule 111, per Docket UE-250321, which was valued at \$93 million. While not directly reflected in the power cost forecast described herein, this \$208 million beneficial year-over-year change in net allowance costs should be considered alongside the higher PCA variable costs in this filing. As demonstrated in the table below, when viewed together, the nominal change in this filing of \$709.3 million is significantly offset by these factors for a much lower comparative effect of \$265.4 million.

² This amount is before gross up for revenue sensitive items for developing the filed revenue requirement.

Table 2 – Variance Explanations (prior to gross up)

Line	(\$ in thousands)	Updated 2026	Current rates (2025 forecast)	Increase / (decrease) vs current rates
1	Coal fuel	\$0	\$54,423	(\$54,423)
2	Natural gas fuel	\$316,564	\$487,447	(\$170,883)
3	Wind and solar purchases	\$89,172	\$79,709	\$9,463
4	Hydro purchases	\$342,943	\$453,066	(\$110,122)
5	Market purchases	\$277,976	\$85,032	\$192,943
6	Other contract purchases	\$714,453	\$463,029	\$251,424
7	Secondary sales	(\$250,632)	(\$491,571)	\$240,939
8	Transmission	\$229,980	\$169,429	\$60,551
9	Other revenues	(\$67,515)	(\$117,969)	\$50,454
10	Demand Response	\$19,083	\$16,618	\$2,465
11	Other power supply expense	\$23,662	\$22,547	\$1,115
12	WA CCA allowance costs	\$235,339	\$0	\$235,339
13	Total Power Costs	\$1,931,026	\$1,221,761	\$709,264
14	<i>Remove direct CCA allowance costs</i>	<i>(\$235,339)</i>	<i>\$0</i>	<i>(\$235,339)</i>
15	<i>Add no-cost allow. (surplus) / deficit</i>	<i>(\$115,426)</i>	<i>\$93,101</i>	<i>(\$208,527)</i>
16	<i>Year-over-year comparable costs</i>	<i>\$1,580,261</i>	<i>\$1,314,863</i>	<i>\$265,399</i>

The power cost update in this filing represents a revenue requirement increase of \$736.0 million³ or an increase of 20.5 percent. A typical residential customer on Schedule 7 consuming 800 kWh of electricity per month would see an increase of \$27.57 per month or 19.93 percent.

Please note that work papers submitted with this filing contain valuable commercial information. Under the provisions of WAC 480-07-160, PSE requests that work paper tabs marked confidential be accorded confidential treatment. Pursuant to WAC 480-07-160, they have been marked “Shaded information is designated as confidential per WAC 480-07-160.”

However, as noted on line 14 in Table 2 above, PSE will also propose in a separate docket to pass back the value of no-cost allowances allocated by the Washington State Department of Ecology to PSE through its upcoming electric Schedule 111 filing. This credit will be set at a level equal to the CCA allowance costs requested to be recovered in this filing. PSE recommends that PCA rates for calendar year 2026 and the forthcoming electric Schedule 111 rates take effect concurrently on January 1, 2026, ensuring that the net rate impact of CCA compliance costs for electric operations would be zero on a forecast basis.

The rate impact of netting allowance costs included in this power cost update against the credit provided in electric Schedule 111 would be zero because PSE forecasts sufficient no-cost

³ \$709.3 million from line 13 in Table 2 divided by the conversion of .950029 from Table 3 offset by growth in load between periods.

allowances for calendar year 2026 to fully cover the forecasted CCA obligation, thereby significantly reducing the above-stated PCA cost impact.

Additionally, as shown on line 15 in Table 2 above, there is a differential that must be considered related to the current recovery of direct CCA allowance costs. The full year 2025 CCA allowance cost before gross up is \$93.1 million.⁴ When compared to the current value of the future benefit of surplus no cost allowances of \$115 million, there exists a potential additional net benefit to customers of \$208.5 million, or \$219.5 million after gross-up. When all these factors are taken in to account, the potential eventual impact to customers of this power cost update filing, taking into consideration all related factors, is \$268.3 million, which represents an approximate monthly bill impact of \$9.38 or 6.8 percent for a typical residential customer using 800 kWh per month. This is demonstrated in Table 3 below.

Table 3 – Potential Eventual Bill Impacts

Descriptions	Conv Factor	Bill	% Change	Comment
	0.950029 Rev. Req. (in millions)			
Change in PCA Net Power Costs	\$ 487.8			From Table 2, grossed up
Addition of PCA Direct CCA Allow Cost	\$ 247.7			From Table 2, grossed up
Total Change to PCA	\$ 735.5	\$27.56	19.9%	From Table 2, grossed up
CCA Offset in Sch. 111E	\$ (247.7)	-\$9.64	-7.0%	From Table 2, grossed up
Net Increase	\$ 487.8	\$17.92	13.0%	Customers Pay Jan 1; proposal
Current value of surplus allowances vs. amounts underlying current Schedule 111E rates (\$115.4 million value of 2026 surplus vs. \$93.1 million full year cost of 2025 deficit from July 3, 2025 filing in this docket grossed up)	\$ (219.5)	-\$8.54	-6.2%	Needed to manage 2026 actuals vs. forecast. Remaining is unrealized benefit for future Commission determination
Potential Eventual Impacts	\$ 268.3	\$9.38	6.8%	

Due to the complexity of this filing and the related proposal filed in Docket UE-250321, PSE requests the inclusion of this tariff filing along with the compliance filing in Docket UE-250321 together as discussion agenda items in two Open Meetings. It would likely be most beneficial if the initial of these discussions could happen on the first or second Open Meeting in November. There are ninety days to review each of these filings, which should allow sufficient time to discuss them on two separate Open Meetings. This approach is intended to help facilitate review of these filings and allow sufficient time to make revised filings, if necessary.

Bill assistance programs such as PSE’s Bill Discount Rate, PSE Home Energy Lifeline Program (“HELP”), the Low-Income Home Energy Assistance Program (“LIHEAP”), and the Salvation Army Warm Home Fund are available to qualified customers who need help with their energy

⁴ A pro-rated amount of \$52 million through July 24, 2025 is currently being collected in rates.

Jeff Killip, Executive Director and Secretary

October 1, 2025

Page 6 of 6

bills. PSE customers can go online to pse.com/assistance or call 1-888-225-5773 to learn if they are eligible. Payment plans are also available.

The tariff sheets described herein reflect an issue date of October 1, 2025, and effective date of January 1, 2026 per the Commission's Order 01. Posting of proposed tariff changes, as required by law and the Commission's rules and regulations, is being completed through web, telephone and mail access in accordance with WAC 480-100-193. Posting of proposed tariff changes, as required by WAC 480-100-193, is being accomplished on the PSE web site coincident with the date of this transmittal letter. Public notice pursuant to provision WAC 480-100-194 will be provided no later than 30 days from January 1, 2026, effective date.

Please contact Julie Waltari at julie.waltari@pse.com, Elena Zakharova at elena.zakharova@pse.com or Tyler Pavel at tyler.pavel@pse.com for additional information about this filing. If you have any other questions, please contact me at birud.jhaveri@pse.com.

Sincerely,

/s/ Birud D. Jhaveri

Birud D. Jhaveri
Director, Regulatory Affairs
Puget Sound Energy
PO Box 97034, BEL10W
Bellevue, WA 98009-9734
Birud.Jhaveri@pse.com

cc: Tad O'Neill, Public Counsel
Sheree Carson, Perkins Coie

Attachments: Electric Tariff Sheets (listed above)
Power Cost Update Report
Attachments A through C of Power Cost Write Up (Confidential)
Attachments A through C of Power Cost Write Up (Redacted)
Copy of Compliance Report filed contemporaneously in Docket UE-250321
PSE's Presentation to Interested Parties on August 27, 2025
PSE's Presentation to Interested Parties on September 15, 2025
Work papers – SEF 3.01 Power Costs
Work papers – SEF-3.00 BLR Model
Work papers – Schedule 95 Rate Design
Work papers – Power Costs (Confidential)
Work papers – Power Costs (Redacted)