



Puget Sound Energy
PO. Box 97034
Bellevue, WA 98009-9734
PSE.com

June 24, 2016

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

RE: CONFIDENTIAL per WAC 480-07-160
Renewable Energy Credits Purchase Agreement
Filed Electronically and via Overnight Courier

Dear Mr. King:

Pursuant to RCW 19.29A.090(5) please find enclosed for filing a proposed Renewable Energy Credits Purchase Agreement (the "Agreement") between Puget Sound Energy ("PSE") and a customer of PSE (the "Customer") filed under RCW 19.29A.090(5). This single Renewable Energy Credits Purchase Agreement reflects a specific agreement with this particular Customer and is a response to this Customer's specific requirements.

The purpose of this filing is to provide a voluntary option for the Customer to purchase qualified alternative energy resources in the form of Renewable Energy Credits ("RECs") as provided in RCW 19.29A.090(1) (see excerpt below). The purchase of RECs will result in PSE retiring the tradable certificates on the customers behalf, through the Western Renewable Energy Generation Information System (WREGIS).

RCW 19.29A.090(5) (see excerpt below) provides that the Agreement is subject to approval by the Commission.

Excerpt from RCW 19.29A.090:

(1) Beginning January 1, 2002, each electric utility must provide to its retail electricity customers a voluntary option to purchase qualified alternative energy resources in accordance with this section.

(5) The rates, terms, conditions, and customer notification of each utility's option or options offered in accordance with this section must be approved by the governing body of the consumer-owned utility or by the commission for investor-owned utilities. All costs and benefits associated with any option offered by an electric utility under this section must be allocated to the customers who voluntarily choose that option and may not be shifted to any customers who have not chosen such option. Utilities may pursue known, lawful aggregated purchasing of qualified alternative energy resources

with other utilities to the extent aggregated purchasing can reduce the unit cost of qualified alternative energy resources, and are encouraged to investigate opportunities to aggregate the purchase of alternative energy resources by their customers. Aggregated purchases by investor-owned utilities must comply with any applicable rules or policies adopted by the commission related to least-cost planning or the acquisition of renewable resources.

The pricing for this service is a mutually agreeable price between PSE and the Customer and is generally based on fair market value. This agreed upon price will also maximize the benefits that will be passed on to all other electric customers when the value of the REC sales is passed on via the accounting mechanism approved in Final Order 08 in Docket No. UE-111048.

The Agreement is marked as "Confidential per WAC 480-07-160" and pursuant to WAC 480-07-160, the Company requests that the Agreement be accorded confidential treatment. The Agreement contains valuable commercial information, confidential cost information and Customer-specific usage information which is defined as confidential in WAC 480-07-160(2). The Company's ability to effectively negotiate future agreements for the sale of RECs would be impaired by disclosure of this information and the Customer may be harmed by any disclosure of this information. The entire Agreement in and of itself may also be considered a trade secret since its development required time and expenses.

In accordance with WAC 480-07-160, the Agreement submitted herewith has been marked "Confidential per WAC 480-07-160," and in accordance with WAC 480-07-160(3)(c)(ii) the confidential version will be submitted separately through the Commissions web portal accompanied by this cover letter with the additional notation of "CONFIDENTIAL", and a redacted version will accompany the initial filing.

As required by WAC 480-07-160, the Company identifies the following entities which might be directly affected by disclosure of the confidential information: all of the Company's customers, as impairment of the Company's negotiating ability in the REC market could translate to lower rates and result in less benefits to customers; the Company's shareholders, as the Company's ability to provide competitive service would be impaired; and the Customer as the Customer's ability to negotiate other REC purchase agreements may be harmed. In accordance with WAC 480-07-160, the Agreement submitted herewith has been marked "Confidential per WAC 480-07-160," and in accordance with WAC 480-07-160(3)(b)(ii) the Agreement will be submitted separately through the Commissions web portal. Attached, in accordance with WAC 480-07-160(3)(c) is the first page of the redacted version. The Confidential designation is also needed so that PSE can protect the consumer information contained in the Agreement to be in compliance with WAC 480-100-153. That rule governing the disclosure of private consumer information specifies all the private consumer information that may not be disclosed without the customer's prior permission.

PSE respectfully requests that the Commission issue an order approving the Agreement and finding that the Agreement is in compliance with RCW 19.29A.090(5) and that the Agreement qualifies as a voluntary option to purchase qualified alternative energy resources pursuant to RCW 19.19A.090(1).

PSE also respectfully requests that the Commission approve the Agreement at its July 21, 2016, Open Meeting, in order for the Agreement to become effective on July 22, 2016.

Mr. Steven V. King

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Please contact Lynn Logen at (425) 462-3872 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ken Johnson", with a long horizontal flourish extending to the right.

Ken Johnson
Director, State Regulatory Affairs

Enclosure

cc: Simon J. ffitich, Public Counsel
Sheree Carson, Perkins Coie