

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

In the Matter of the Petition of)	DOCKET NO. UE-051314
)	
PUGET SOUND ENERGY, INC.,)	ORDER NO. 01
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For Approval of its 2005 Power Cost Adjustment Mechanism Report)	ORDER APPROVING 2005 POWER COST ADJUSTMENT MECHANISM ANNUAL REPORT
.....)	

BACKGROUND

- 1 On August 31, 2005, Puget Sound Energy, Inc., (PSE or Company) filed a petition requesting the Commission’s approval of its 2005 Power Cost Adjustment Mechanism Report (2005 PCA Report). PSE filed the report consistent with the Commission’s Twelfth Supplemental Order approving the settlement in Docket Nos. UE-011570 and UG-011571, in which the Commission approved a power cost adjustment (PCA) mechanism for PSE.
- 2 One feature of the PSE PCA is a deferral mechanism that 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.¹ The Commission order establishing the PCA requires that “[i]n August of 2003

¹ *WUTC v. Puget Sound Energy, Inc.*, Docket Nos. UE-011570 and UG-011571, Settlement Stipulation, Exhibit A, ¶ 2 (June 4, 2004), *approved by WUTC v. Puget Sound Energy, Inc.*, Docket Nos. 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).

and each year thereafter, the Company shall file an annual report detailing the power costs included in the deferral calculation . . .”

- 3 PSE’s 2005 PCA Report covers the period July 1, 2004, through June 30, 2005 (PCA Period 3). The report shows that the Company had deferred a cumulative \$5,101,727 of under-recovered power cost through June 30, 2004. No additional deferrals were accrued during PCA Period 3. Including the total accrued interest of \$407,644 to the deferred amount results in a cumulative customer deferral balance under the PCA mechanism at June 30, 2005 of \$5,509,371.
- 4 The Commission Staff audited PSE’s 2005 PCA Report and agrees with the deferral balance set forth in PSE’s 2005 PCA Period 3 report. Consistent with the PCA Methodology for Adjustments, Commission Staff and PSE agree that certain minor audit items described in a PSE letter of January 5, 2006, and amounting to \$80,703 will be posted in PCA Period 4 in the month of December 2005.
- 5 The Commission Staff reviewed PSE’s management of its power costs during the 2005 PCA period and does not challenge the prudence of PSE’s management of its power costs during the 2005 PCA period.

FINDINGS AND CONCLUSIONS

- 6 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including electric companies. *RCW 80.01.040; Chapter 80.04 RCW and Chapter 80.28 RCW.*
- 7 (2) PSE is an electric company and is a public service company subject to the jurisdiction of the Commission.

- 8 (3) WAC 480-07-370(b)(i), allows companies to file a petition including that for which PSE seeks approval.
- 9 (4) This matter was brought before the Commission at its regularly scheduled meeting on January 25, 2006.
- 10 (5) After examination of the petition filed in Docket UE-051314 by PSE on August 31, 2005, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the petition seeking approval of the 2005 PCA Report should be granted.

ORDER

THE COMMISSION ORDERS:

- 11 (1) The Commission grants the petition of Puget Sound Energy, Inc., for approval of its 2005 Power Cost Adjustment Mechanism Report.
- 12 (2) This Order shall in no way affect the authority of this Commission over rates, services, accounts, evaluations, estimates, or determination of costs on any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs claimed or asserted.
- 13 (3) The Commission retains jurisdiction over the subject matter of this proceeding and Puget Sound Energy, Inc., to effectuate the provisions of this Order.

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DATED at Olympia, Washington, and effective this 25th day of January, 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary