

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

In the Matter of the Petition of)	DOCKET UE-071024
)	
PUGET SOUND ENERGY, INC.,)	ORDER 01
)	
Petitioner,)	
)	
For An Accounting Order Authorizing)	
Deferred Accounting Treatment for)	
Residential and Farm Energy Exchange)	
Benefit amounts credited to customers)	
that have not been reimbursed by)	ORDER APPROVING ACCOUNTING
Bonneville Power Administration)	PETITION
.....)	

BACKGROUND

- 1 On May 24, 2007, Puget Sound Energy, Inc., (PSE) filed a petition seeking an Accounting Order under WAC 480-07-370(b)(i) requesting deferred accounting treatment for residential and farm energy exchange benefit amounts credited to customers under Schedule 194 – Residential and Farm Energy Exchange Benefit, that have not been reimbursed by Bonneville Power Administration (BPA).
- 2 Schedule 194 reflects a pass-through of the benefits provided to PSE for its residential and small farm customers received under an Amended Settlement Agreement with BPA and the region’s investor-owned utilities. These benefits have been in the form of monthly payments from BPA to PSE. The United States Court of Appeals for the Ninth Circuit (the Ninth Circuit) on May 3, 2007, in *Golden Northwest Aluminum v. Bonneville Power Administration*, No. 03-73426 (*Golden Northwest*), and *Portland General Electric Company v. Bonneville Power Administration*, No. 01-70003 (*PGE*), concluded that certain BPA actions in entering residential exchange settlements with the region’s investor-owned utilities were not in accordance with law. On May 21, 2007, BPA notified the region’s investor-owned utilities that BPA must immediately suspend payments (including conservation and renewable discounts and any other credits) under the challenged BPA agreements pending final decisions by the Ninth Circuit in the outstanding Ninth Circuit challenges.
- 3 Due to the uncertainties created by the decisions of the Ninth Circuit and BPA’s letter notifying PSE of the suspension of payments, PSE filed and the Commission approved tariff revisions to discontinue paying the Schedule 194 credits effective June 7, 2007.

However, due to timing differences between pass-through of Schedule 194 credits and receipt of payments from BPA and because of suspension of such payments from BPA, PSE estimates that it will have credited to customers approximately \$32 million more as of May 31, 2007, than the benefits received from BPA.

- 4 PSE requests in its Petition that the Commission approve: (1) deferred accounting treatment for the amounts credited to customers under Schedule 194 that have not been reimbursed by BPA commencing as of the date the Schedule 194 tariff changes to zero; (2) the monthly booking of carrying charges on that deferral at PSE's approved net of tax rate of return until the deferral is recovered; and (3) amortization of the total deferred balance including carrying charges over a time period to be determined in PSE's next general rate case (GRC).
- 5 PSE states in its petition that the total deferred balance to be amortized might be reduced by Residential Exchange Benefits PSE may receive in the future, but any such reduction will be dependent on future events.

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, RCW 80.04, RCW 80.28, RCW 80.08 and RCW 80.12.*
- 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) Staff has reviewed the petition in Docket UE-071024 including related workpapers. Staff believes the proposed accounting petition requested by PSE is reasonable and should be approved.

- 10 (5) This matter was brought before the Commission at its regularly scheduled meeting on August 29, 2007.
- 11 (6) After examination of the petition filed in Docket UE-071024 by PSE on May 24, 2007, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the petition filed should be approved.

ORDER

THE COMMISSION ORDERS:

- 12 (1) Puget Sound Energy, Inc.'s request for deferred accounting treatment for residential and farm energy exchange benefit amounts credited to customers under Schedule 194 – Residential and Farm Energy Exchange Benefit, that have not been reimbursed by Bonneville Power Administration, is approved.
- 13 (3) This Order shall not affect the Commission's authority over rates, services, accounts, evaluations, estimates, or determination of costs in any matters that may come before it, nor be construed as acquiescence in any estimate or determination of costs claimed or asserted.
- 14 (4) The Commission retains jurisdiction over the subject matter and Puget Sound Energy, Inc., to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Executive Secretary to enter this Order.

DATED at Olympia, Washington, and effective August 29, 2007.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary