

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY

For Approval of its April 2016 Power Cost
Adjustment Mechanism Report

DOCKET NO. UE-16_____

PETITION OF PUGET SOUND ENERGY
FOR APPROVAL OF ITS
APRIL 2016 POWER COST ADJUSTMENT
MECHANISM REPORT

1. This Petition is brought by Puget Sound Energy ("PSE" or the "Company"). PSE's representative for purposes of this proceeding is:

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and its legal counsel for purposes of this proceeding is:

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2. This Petition brings into issue: WAC 480-07-370(1)(b).

I. BACKGROUND

A. The Company's PCA Mechanism Requires Annual True-Up Filings

3. In the Commission's Twelfth Supplemental Order in Docket Nos. UE-011570 and UG-011571 ("Twelfth Supplemental Order"), the Commission approved the parties' Settlement Stipulation for Electric and Common Issues for PSE's 2001 general rate case ("Stipulation"). Among other things, the Twelfth Supplemental Order authorized a Power Cost Adjustment Mechanism ("PCA Mechanism"). Exhibit A to the Stipulation, which was attached to the Twelfth Supplemental Order, sets forth details regarding the PCA Mechanism, and is hereinafter referred to and cited as the "PCA Settlement." A copy of the PCA Settlement, as revised, is attached to this Petition as Exhibit A.

4. The PCA Settlement describes the PCA Mechanism as
a mechanism that would account for differences in PSE's modified actual power costs relative to a power cost baseline. This mechanism would account for a sharing of costs and benefits that are graduated over four levels of power cost variances

PCA Settlement, ¶ 2. The PCA Settlement sets forth the various levels of costs and benefits sharing between the Company and its customers, and provides that "[t]he customer's share of the power cost variability will be deferred as described below. . . ."

Id. at ¶ 3.

5. In order to implement its sharing provisions, the PCA Settlement requires an annual true-up of actual power costs (versus the normalized level set in rates) and an accounting of sharing amounts, for Commission review and approval. *See Id.* at ¶ 4.

6. In March 2015, following a PCA Collaborative, PSE, Public Counsel, and WUTC Staff (collectively, “Settling Parties”) executed a settlement agreement that modified the PCA Mechanism, including changing the deadline for filing PSE’s PCA Mechanism Report from March to April of each year. The Settling Parties agreed that the modified PCA Mechanism would take effect January 1, 2017. The Commission approved the settlement agreement in Order 11, issued in PSE’s 2013 PCORC (Docket UE-130617). Due to significant filing commitments in March 2016, PSE proposed to the other Settling Parties that PSE file its annual PCA Mechanism Report for the calendar year 2015 by April 30, 2016 rather than March 31, 2016. WUTC Staff accepted PSE’s proposal and Public Counsel stated that it did not oppose PSE’s proposal.¹ Accordingly, on February 23, 2016, PSE notified the Commission that it would file its PCA Mechanism Report by April 30, 2016.

¹ PSE also consulted with the Industrial Customers of Northwest Utilities (“ICNU”), which participated in the PCA Collaborative but was not a Settling Party. INCU responded that it neither supported nor opposed PSE’s proposal.

II. PSE'S APRIL 2016 PCA REPORT

7. In compliance with the PCA Settlement and the Sixteenth Supplemental Order in Docket Nos. UE-011570 and UG-011571,² this Petition presents to the Commission PSE's Power Cost Adjustment Mechanism Annual Report for the Twelve Month Time Period January 1, 2015 through December 31, 2015—PCA Period Fourteen ("PCA Annual Report") for the Commission's review and approval. The PCA Annual Report is being filed along with this Petition.³ Also being filed with this Petition are the Prefiled Direct Testimonies of Katherine J. Barnard, with supporting exhibits, and Tom DeBoer, with supporting exhibits. Accompanying workpapers are also being provided to WUTC Staff, Public Counsel and ICNU with this filing. As described below, PSE requests that the Commission approve the PCA Annual Report as filed.

8. As detailed in the PCA Annual Report, the average power cost rate during PCA Period 14 was \$60.245 per Megawatt hour ("MWh"). From January 1, 2015 through December 31, 2015, the baseline power cost rate was \$59.819 per MWh, which was approved in Docket No. UE-141141, PSE's 2014 Power Costs Only Rate Case ("PCORC"). Actual power costs were higher than the average of the baseline power cost

² The sixteenth supplemental order changed the annual PCA period to a calendar year rather than a fiscal year and approved an annual submittal date of March 31.

³ See Second Exhibit to the Prefiled Direct Testimony of Katherine J. Barnard, Exhibit No. ___(KJB-3).

rates in effect during PCA Period 14 by \$8,733,855 (after adjustment for Firm Wholesale).

9. The activity that occurred in PCA Period 14 resulted in a cumulative under-collection of \$13,323,336 (from inception of the PCA through December 31, 2015). PSE's share of this imbalance is \$9,464,958, with the remaining \$3,858,378 assigned to the customer.

III. REQUESTED ACTION

10. PSE respectfully requests that the Commission issue an order approving PSE's PCA Annual Report, as filed.

DATED: APRIL 29, 2016.

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By 

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