

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY

For Approval of its April 2017 Power Cost
Adjustment Mechanism Report

DOCKET UE-17_____

PETITION OF PUGET SOUND ENERGY
FOR APPROVAL OF ITS
APRIL 2017 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 "2002 PCA Settlement." A copy of the 2002 PCA Settlement, as revised, is attached to this Petition as Exhibit A.

4. The 2002 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....

2002 PCA Settlement, ¶ 2. The 2002 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 2002 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 (“2015 PCA Settlement”). The Settling Parties agreed that the modified PCA Mechanism would take effect January 1, 2017. The Commission approved the 2015 Settlement Agreement in Order 11, issued in PSE’s 2013 PCORC (Docket UE-130617). Accordingly, PSE files this PCA Mechanism no later than April 30, 2017.¹

II. PSE'S APRIL 2017 PCA REPORT

7. In compliance with the 2002 PCA Settlement and the Sixteenth Supplemental Order in Docket Nos. UE-011570 and UG-011571, this Petition presents to the Commission PSE's Power Cost Adjustment Mechanism Annual Report ("PCA Annual Report") for the Twelve Month Time Period January 1, 2016 through December

¹ Due to significant filing commitments in March 2016, and after consulting with the other Settling Parties, PSE filed its 2016 PCA Mechanism Report in April 2016, rather than March 2016. Therefore, this year’s PCA compliance filing is actually the second one to be filed in April.

31, 2016 (“PCA Period Fifteen”) for the Commission's review and approval. The PCA Annual Report is being filed along with this Petition.² Also filed with this Petition are the prefiled direct testimonies and supporting exhibits of Katherine J. Barnard and Paul K. Wetherbee. Accompanying workpapers are also being provided to WUTC Staff, Public Counsel and Industrial Customers of Northwest Utilities. 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 15 was \$59.730 per Megawatt hour (“MWh”). During PCA Period 15, the baseline power cost rate was \$59.819 per MWh from January through November 2016, which was approved in Docket UE-141141, PSE’s 2014 Power Costs Only Rate Case (“PCORC”), and \$58.144 for the month of December 2016, which was approved in Docket UE-161135, PSE’s 2014 PCORC Compliance Update Filing. In 2016 actual power costs were higher than the average of the baseline power cost rates in effect during PCA Period 15 by \$2,058,382 (after adjustment for Firm Wholesale).

9. The activity that occurred in PCA Period 15 resulted in a cumulative under-collection of \$14,174,454 (from inception of the PCA through December 31,

² See Second Exhibit to the Prefiled Direct Testimony of Katherine J. Barnard, Exh. KJB-3.

2016). PSE's share of this imbalance is \$10,720,108, with the remaining \$3,454,344 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 28, 2017.

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By 

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