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December 12, 2007

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

Re: *WUTC v. Puget Sound Energy, Inc.*
Docket No. UE-070565

Dear Ms. Washburn:

Enclosed for filing in the above-referenced docket are the original and 15 copies of the Facilitator's Report on PCORC Collaborative, and Certificate of Service.

Sincerely,

ROBERT D. CEDARBAUM
Senior Counsel

RDC:klg
Enclosures
cc: Parties

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket UE-070565

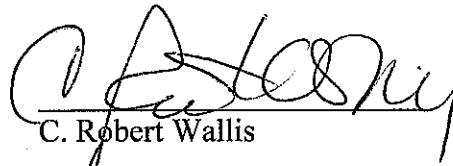
FACILITATOR'S REPORT ON PCORC
COLLABORATIVE

- 1 On August 2, 2007, the Washington Utilities and Transportation Commission entered Order 07 in Docket UE-070565 and established a collaborative to review whether the Power Cost Only Rate Case (PCORC) process for Puget Sound Energy, Inc. should continue and, if so, in what form. The Commission directed the collaborative to explore the following specific subjects:
- (i) the number of PCORCs that the Company will be allowed to file in any given calendar year
 - (ii) the number and timing of updates that the Company may submit in an individual PCORC before Staff and intervenor response cases are filed in that PCORC
 - (iii) the items directly associated with power costs that may be included and considered in a PCORC filing
 - (iv) whether the number and timing of updates may vary depending on whether or not the update addresses information that other parties can easily verify with little or no additional discovery
 - (v) whether to determine power costs based on forward market prices in lieu of AURORA generated prices
 - (vi) the definition of short-term resources to include in costs tracked by the PCA
- 2 Four of the parties to Commission Docket UE-070565 participated in the collaborative and agreed to explore negotiated modifications to the timing and scope of the PCORC process.¹ They met on September 6, 17, and 21, 2007; October 4 and 26, 2007; and November 2, 9, and 16, 2007. On October 26, 2007, they asked the undersigned to act as facilitator in helping them work toward agreement.

¹ The collaborative participants were the Company, Commission staff, Public Counsel and the Industrial Customers of Northwest Utilities. Kroger Company and the Federal Executive Agencies elected not to participate.

- 3 The parties met with me several times, in joint and individual sessions. They worked diligently to explore options, negotiated in good faith, devoted considerable time and effort to the collaborative process and engaged in some research involving the effect of options and the process used in a nearby state. At the conclusion of the process, the parties thoroughly understood their own interests in the matters under discussion, the interests of the other parties, and their own options.
- 4 At that point the parties felt they had reached an impasse. They chose to break off the discussions and allow interested parties the option to refer issues to the Commission for resolution in PSE's pending general rate case. They also agreed that I submit this report to the Commission of their collaborative efforts.

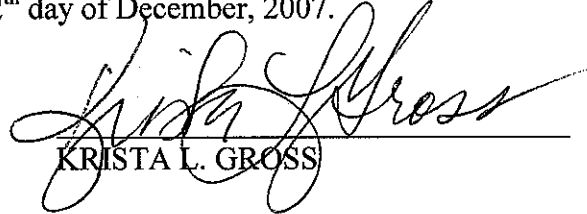
Submitted This ¹⁶12 day of December 2007.


C. Robert Wallis

Docket UE-070565
CERTIFICATE OF SERVICE

I certify that I have this day served the attached Facilitator's Report on PCORC Collaborative, upon the persons and entities listed on the service list below via e-mail and United States mail, addressed as shown on said service list, with first class postage prepaid.

DATED at Olympia, Washington this 12th day of December, 2007.



KRISTA L. GROSS

All parties have signed Confidentiality Agreements

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