

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

In the Matter of the Petition of)	DOCKET UE-110599
)	
PUGET SOUND ENERGY, INC.,)	ORDER 01
)	
Petitioner,)	
)	ORDER APPROVING POWER COST
For Approval of its April 2011 Power)	ADJUSTMENT MECHANISM
Cost Adjustment Mechanism Report)	ANNUAL REPORT
.....)	

BACKGROUND

- 1 On April 1, 2011, Puget Sound Energy, Inc. (PSE or Company), filed with the Washington Utilities and Transportation Commission (Commission) a petition requesting review and approval of its Power Cost Adjustment Mechanism Report – PCA Period 9 (PCA Report). PSE filed the PCA Report consistent with the Commission’s Twelfth Supplemental Order approving a settlement in Dockets UE-011570 and UG-011571, in which the Commission approved a Power Cost Adjustment (PCA) mechanism for PSE.
- 2 PSE’s PCA mechanism 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 authorized a change in the annual PCA period to a calendar year beginning January 2007, and established that the annual PCA true-up filings were due by the end of each March for the prior PCA calendar year.²
- 3 The Period 9 PCA Report covers the calendar year ending December 31, 2010. During 2010, actual power costs exceeded the baseline power costs by \$38,312,461 (after adjustment for Firm Wholesale). Of this under-recovered amount, PSE’s share was \$29,156,231 and the customers’ share was \$9,156,231. The activity that occurred in PCA Period 9 along with the revisions to the beginning balance made pursuant to the true-up methodology resulted in cumulative customer share, including interest, of \$15,617,842.

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

² *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-011570 and UG-011571, 16th Supp. Order Amending 12th Supp. Order, ¶ 4 (November 21, 2005).

The level of this deferral balance does not warrant a rate change. Under the PCA mechanism, surcharges can be triggered when the balance of the deferral account is approximately \$30 million.

- 4 The Commission Staff has reviewed PSE's PCA Period 9 report and verified that the deferral balance set forth in PSE's PCA Period 9 report is reasonable and in accordance with the PCA settlement and the Commission's Orders in Dockets UE-011570 and UG-011571.
- 5 The Commission Staff does not challenge the prudence of PSE's management of its power costs during PCA Period 9. No interested party submitted comments or issues related to the report.

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 the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies. [RCW 80.01.040](#), [RCW 80.04](#), [RCW 80.08](#), [RCW 80.12](#), [RCW 80.16](#) and [RCW 80.28](#).
- 7 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 8 (3) [WAC 480-07-370\(1\)\(b\)](#), allows companies to file petitions including that for which PSE seeks approval.
- 9 (4) Staff has reviewed the petition and in Docket UE-110599 including related testimonies, exhibits, and work papers.
- 10 (5) This matter came before the Commission at its regularly scheduled meeting on December 15, 2011.
- 11 (6) After reviewing PSE's petition filed in Docket UE-110599 on April 1, 2011, and giving due consideration to all relevant matters and for good cause shown, the

Commission finds that the Petition seeking approval of the PCA Period 9 report should be granted.

ORDER

THE COMMISSION ORDERS:

- 12 (1) The Commission grants the petition of Puget Sound Energy, Inc., requesting approval of its Power cost Adjustment Mechanism Report for the Twelve Months Ended December 31, 2010 – PCA Period 9.
- 13 (2) This Order shall not affect the Commission’s authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 14 (3) 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 Secretary to enter this Order.

DATED at Olympia, Washington, and effective December 15, 2011.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Acting Secretary