

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

In the Matter of the need of information	)	
about Actual Cost and Customer	)	DOCKET UE-011569
Participation in Green Tariff Program	)	
	)	ORDER DIRECTING PUGET
	)	SOUND ENERGY TO FILE A
	)	SPECIAL REPORT ON ITS
Puget Sound Energy	)	GREEN TARIFF BY MAY 15,
.....	)	2002

**BACKGROUND**

- 1 In 2001, the Washington legislature approved EHB 2247, chapter 19, Laws of 2001, adding a new section to chapter 19.29A RCW that established, beginning January 1, 2002, a requirement that each electric utility must provide to its retail customers a voluntary option to purchase qualified alternative energy resources. The Act defines as “green” generation, facilities that are fueled by: (a) wind; (b) solar energy; (c) geothermal energy; (d) landfill gas; (e) wave or tidal action; (f) gas produced during the treatment of wastewater; (g) qualified hydropower (generated by fish-friendly facilities); or (h) biomass energy based on solid organic fuels from wood, forest, or field residues, or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives.
  
- 2 The new law allows customers to purchase green energy resources at fixed or variable rates and for fixed or variable periods of time. A utility may provide qualified alternative energy resource options through either: (a) resources it owns or contracts for or (b) the purchase of credits issued by a clearinghouse or other system which has qualified alternative energy resources.
  
- 3 The new statute also establishes that all costs and benefits associated with the green option must be allocated only to the customers who voluntarily choose the green option. Each investor-owned utility must report annually to the Commission, beginning October 1, 2002, until October 1, 2012, describing the option offered, the rate of customer participation, the amount of qualified alternative resources purchased by customers, and the amount of utility investments in qualified alternative energy resources.

- 4 Puget Sound Energy (PSE or Company) proposes a new Schedule 135, Green Energy Option--Purchase Rider. Under this Schedule, PSE will offer green power by marketing green credits, through a partnership with the Bonneville Environmental Foundation (BEF), from whom the Company is purchasing the credits. BEF was established in 1998 to collect premiums from the sale of green power and invests in renewable resource-based electric power projects. BEF has a record of promoting and supporting renewable green power in the Northwest and is committed to building new renewables in the Northwest. The Company has committed to buy 10,000 mWh in 2002 and 15,000 mWh in 2003 at a price of \$11.50 per 1000 kWh from the BEF.
- 5 Under PSE's Schedule 135, customers may purchase an unlimited number of blocks of green energy at \$2.00 each, but the minimum monthly purchase is two blocks or \$4.00. A block is equivalent to a 100 kWh purchase. The monthly charge is in addition to all other charges contained in the rate schedule under which the customer receives service.
- 6 Commission Staff recommended the Company be required to file an interim report of actual costs of the program for consideration within PSE's general rate case (Docket UE-011579). Staff requested the report include data through April 30, 2002 and that it be filed no later than May 15, 2002.

## FINDINGS

### THE COMMISSION FINDS:

- 7 (1) PSE is an electric company and is a public service company subject to the jurisdiction of the Commission.
- 8 (2) The tariff revisions filed by PSE on November 27, 2001, in Docket UE-011569 were allowed to take effect by operation of law at the Commission's regular open meeting of December 12, 2001.
- 9 (3) On November 26, 2001, PSE filed a general rate case (Docket UE-011570), requesting an average rate increase of 14.5% for electric services rates. At the regular open meeting of December 12, 2001, the Commission suspended Docket UE-011570 and ordered a provision that places all the Company's existing tariffs at issue as to whether they are fair, just, reasonable and sufficient. By this Order we incorporate the tariff in this Docket as part of that review.

**ORDER**

*10* THE COMMISSION ORDERS:

- 11* (1) Puget Sound Energy must report the actual costs of the program and the rate of customer participation in Schedule 135, Green Energy Option--Purchase Rider through April 30, 2002. The report must be submitted to the Commission by May 15, 2002.

DATED at Olympia, Washington, this 12th day of December of 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

PATRICK J. OSHIE, Commissioner