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PUGET SOUND ENERGY

The Energy To Do Great Things

Puget Sound Energy, Inc.
P.O. Box 97034
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November 23, 2016

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

**RE: Advice No. 2016-31
Electric Tariff Filing – Filed Electronically**

Dear Mr. King:

Pursuant to RCW 80.28.060 and Chapter 480-80 WAC, please find enclosed for filing the following proposed revisions to the WN U-60, Tariff G for electric service of Puget Sound Energy (“PSE”).

25th Revision of Sheet No. 91 Schedule 91 – Cogeneration and Small Power Production
12th Revision of Sheet No. 91-A Schedule 91 – Cogeneration and Small Power Production (Continued)
Attachment “A” to Schedule 91 – Cogeneration and Small Power Production

The purpose of this filing is to update Schedule 91, PSE’s standard tariff for purchases from qualifying facilities, for the following changes:

1. Updating the rates for the fixed-price option for qualifying facility customer-generators under Schedule 91. The market price forecast used to develop the prices reflects PSE’s most recent forecast that is consistent with PSE’s 2015 Integrated Resource Plan for “Base with no federal CO2 price”, except that the long-term forecast for natural gas prices has been updated. The fixed-price option rates reflect the currently available power price forecast, capacity value, and discount rate assumptions used in other PSE power cost analyses.
2. Limiting the availability of Schedule 91 to qualifying facilities that are less than five MW. This change is to keep these qualifying facilities separate from becoming part of trading in the California Independent System Operator Energy Imbalance Market (CAISO EIM). PSE began its participation in the CAISO EIM on October 1, 2016. The

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change doesn't affect any existing Schedule 91 customer-generators as the power outputs they have offered to PSE are all less than five MW.

3. Revising Attachment "A" Agreement, Schedule 91 Power Purchase Agreement and associated Exhibits for consistency and enhancing clarity, specifically the sections regarding insurance and financing, to make them more consistent with contemporary practices for insurance and financing.

Consistent with WAC 480-107-095, PSE offers this standard tariff for purchases from qualifying facilities. The methodology used to update the fixed-price alternative is consistent with the approach used in the 2007 through 2015 annual filings, where a market price forecast is generated using PSE's Aurora dispatch model without system integration, shaping, or transmission related costs. The avoided energy cost is adjusted to reflect avoided capacity, deferred transmission and distribution investment, and line losses. The resulting price is reduced by 3% for contingency reserves and reduced by 5% for power balancing related costs, consistent with the variable market pricing option in Schedule 91.

The tariff sheets described herein reflect an issue date of November 23, 2016, and an effective date of December 24, 2016. Notice of the proposed tariff changes, as required by law and the Commission's rules and regulations, is being given to the public immediately prior to or coincident with the date of this transmittal letter, through web, telephone and mail access in accordance with WAC 480-100-193(1). Posting of this proposed tariff change will be accomplished in accordance with WAC 480-100-193(1). No notice is required under the provisions of WAC 480-100-194 or -195.

Please contact Thomas MacLean at (425) 462- 3064 or Mei Cass at (425) 462-3800 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,



Ken Johnson
Director, State Regulatory Affairs

Enclosures

cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie