

WASHINGTON ELECTRIC COST OF SERVICE HISTORY

PUGET SOUND ENERGY

<p>2017 GRC (UE-170033 & UG-170034)</p>	<p><i>Commission Order</i></p> <p>Electric Cost of Service remained settled from the 2013 collaborative. However, PSE proposed and Staff supported the use of 2015 IRP data instead of 2013 data. The Commission rejected this proposal. Additionally the Commission rejected the treatment of transformers as a customer related expense and reaffirmed its preference for the Basic Customer Method.</p>
<p>COS/RD Collaborative (initiated in 2013 PCORC)</p>	<p><i>Multi Party Settlement</i></p> <ul style="list-style-type: none"> ○ Electric Cost of Service settled for the Company's next GRC ○ Peak Credit Methodology updated: <ul style="list-style-type: none"> ● Use 2013 IRP assumptions about fixed costs, O&M, and heat rates. ● Updated Natural Gas Costs for Peak Credit ● Updated Carbon Costs ○ 4-CP used for demand related production and transmission
<p>2011 GRC (UE-111048)</p>	<p><i>Multiparty Settlement - No changes to cost of service</i></p>
<p>2010 Gas Only Case (UG-101644)</p>	<p>N/A</p>
<p>2009 (UE-090704)</p>	<p><i>Multiparty Settlement - No changes to cost of service</i></p> <ul style="list-style-type: none"> ○ Company proposals are not adopted: <ul style="list-style-type: none"> ● Emissions costs included in Peak credit calculation ● Eliminate fuel and variable O&M costs ● Apply reserve requirement to baseload resource.
<p>2008 Natural Gas Collaborative</p>	<p>N/A</p>
<p>2007 GRC (UE-072300)</p>	<p><i>Multiparty Settlement - No changes to cost of service</i></p>

2006 GRC (UE-060266)	<p><i>Multiparty Settlement</i></p> <ul style="list-style-type: none"> ○ Company switches to Navigant Cost of Service Model for Electric COS
2004 GRC (UE-040641)	<p><i>Multiparty Settlement - No changes to cost of service</i></p> <ul style="list-style-type: none"> ○ Company proposals are not adopted: <ul style="list-style-type: none"> ● Weather adjusted billing determinants ● Line transformers directly assigned where possible, allocated based on contribution to total cost where not ● Circuits and substations assigned by on class contribution to feeder/substation peak and length. ● Includes 50 percent of O&M related to peaking resource.
2001 GRC (UE-011570)	<p><i>Multi Party Settlement</i></p> <ul style="list-style-type: none"> ○ New class created for large load retail customers to Wheel electricity. ○ Weather normalized billing determinants ○ Transmission system separated into generation related transmission and transmission that delivers power to customers. ○ Meters directly assigned where possible, allocated based on contribution to total cost where not ○ Peak credit calculation assumes operation of 200 hours with natural gas and oil using peak fuel prices.
1994 Natural Gas Cost of Service (UG-940814, Washington Natural Gas Company)	N/A
1992 GRC (UE-920499/UE-921262)	<p><i>Commission Order:</i></p> <ul style="list-style-type: none"> ○ Peak Credit Methodology Modified to: <ul style="list-style-type: none"> ● Use 50% of fixed cost for Peaker resource with 80 percent capacity factor ● Use oil and natural gas as fuel costs for Peaker resource ○ Adopts Basic Customer Method – Customer Charge should be limited to service line, meter, meter reading and billing costs. ○ Distribution and Substation costs allocated at system level based on non-coincident peak demands.

2013 Cost of Service/Rate Design Collaborative

Resulting from the 2013 Power Cost Only Rate Case, PSE convened a collaborative between various stakeholders to discuss electric cost of service and rate design. Before reaching an accord, the parties spent more than a year discussing several aspects of cost of service and rate design. The settlement resolved cost of service issues for the Company's next general rate case (anticipated at that time to be in late 2015). The parties agreed to the continued use of the peak credit methodology, with certain updates, and the use of a 4-CP allocator for demand related production and transmission costs. The settlement anticipated a generic cost of service proceeding to:

Address cost of service allocation methodologies for all system costs for the three electric investor-owned utilities. Through this process the Company and all interested interveners would be able to fully present their viewpoints on cost of service and allocation methodologies with the goal of receiving consistent policy direction from the Commission, and in that proceeding no party will be bound by any cost of service or allocation agreements in this settlement.¹

¹ UE-141368, Order 3 Attach A, at paragraph 14.