

**Exhibit H**  
**Proposed Draft Final Order**  
**Approving Amended Application**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET UE-130583
	)	<i>(Consolidated)</i>
PUGET SOUND ENERGY, INC.	)	
	)	ORDER 04
For an Accounting Order Authorizing	)	
Accounting Treatment Related to	)	
Payments for Major Maintenance	)	
Activities	)	
.....	)	
WASHINGTON UTILITIES AND	)	DOCKET UE-130617
TRANSPORTATION COMMISSION,	)	<i>(Consolidated)</i>
	)	
Complainant,	)	ORDER 08
	)	
v.	)	
	)	
PUGET SOUND ENERGY, INC.,	)	
	)	
Respondent.	)	
.....	)	
In the Matter of the Petition of	)	DOCKET UE-131099
	)	<i>(Consolidated)</i>
PUGET SOUND ENERGY, INC.	)	
	)	ORDER 04
For an Order Authorizing the Sale of	)	
the Water Rights and Associated Assets	)	
of the Electron Hydroelectric Project in	)	
Accordance with WAC 480-143 and	)	
RCW 80.12.	)	
.....	)	
In the Matter of the Petition of	)	DOCKET UE-131230
	)	<i>(Consolidated)</i>
PUGET SOUND ENERGY, INC.	)	
	)	ORDER 04
For an Order Authorizing the Sale of	)	
Interests in the Development Assets	)	
Required for the Construction and	)	
Operation of Phase II of the Lower	)	
Snake River Wind Facility	)	
.....	)	

**FINAL ORDER APPROVING**  
**AMENDED APPLICATION**

- 1     **Background.** On June 6, 2013, PSE filed an application for approval of the sale of the Electron Project and approval of its ratemaking and accounting treatment for the sale (Electron Sale Application).
- 2     On August 5, 2013, PSE and Electron Hydro LLC entered into Amendment No. 1 to the Asset Purchase Agreement, dated August 5, 2013, which extended the date by which parties must satisfy the conditions precedent in the Asset Purchase Agreement from October 31, 2013, to December 31, 2013.
- 3     On October 23, 2013, the Washington Utilities and Transportation Commission (Commission) entered a final order approving and adopting a settlement stipulation in Dockets UE-130583, UE-130617, UE-131099, and UE-131230 (Order 06).<sup>1</sup> Among other things, Order 06 conditionally approved the sale by Puget Sound Energy, Inc. (PSE) to Electron Hydro LLC provided there are no material changes to the terms of the Asset Purchase Agreement filed on June 6, 2013. If material changes occurred to the Asset Purchase Agreement, Order 06 required PSE to re-file its application for approval of the sale.
- 4     On December 31, 2013, PSE and Electron Hydro LLC entered into Amendment No. 2 to the Asset Purchase Agreement, dated December 31, 2013, which extended the date by which parties must satisfy the conditions precedent in the Asset Purchase Agreement from December 31, 2013 to March 31, 2014.
- 5     On March 31, 2014, PSE and Electron Hydro LLC entered into Amendment No. 3 to the Asset Purchase Agreement, dated March 31, 2014, which extended the date by which parties must satisfy the conditions precedent in the Asset Purchase Agreement from March 31, 2014 to May 31, 2014.

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<sup>1</sup> *In the Matter of the Petition of Puget Sound Energy, Inc., for an Accounting Order Authorizing Accounting Treatment Related to Payments for Major Maintenance Activities*, Docket UE-130583, Order 02; *WUTC, Complainant, v. Puget Sound Energy, Respondent*, Docket UE-130617, Order 06; *In the Matter of the Petition of Puget Sound Energy, for an Order Authorizing the Sale of the Water Rights and Associated Assets of the Electron Hydroelectric Project in Accordance with WAC 480-143 and RCW 80.12*, Docket UE-131099, Order 02; and *In the Matter of the Petition of Puget Sound Energy, for an Order Authorizing the Sale of Interests in the Development Assets Required for the Construction and Operation of Phase II of the Lower Snake River Wind Facility*, Docket UE-131230, Order 02, Final Order Approving and Adopting Settlement Agreement (October 23, 2013) .

- 6 On June 4, 2014, PSE and Electron Hydro LLC entered into Amendment No. 4 to the Asset Purchase Agreement, dated June 4, 2014, which
- (i) reduces the purchase price in the Asset Purchase Agreement from \$13.7 million to \$8.4 million;
  - (ii) extends the date by which the parties must satisfy conditions precedent in the Asset Purchase Agreement from May 31, 2014 to July 31, 2014;
  - (iii) shortens the term of the Purchase Power Agreement (the “Electron PPA”) from a 20-year term to a term expiring on December 31, 2026; and
  - (iv) establishes a Facility Operation Agreement that requires Electron Hydro to operate the Electron Project in compliance with the Resource Enhancement Agreement through December 31, 2026.

7 On June 20, 2014, PSE filed an amended application for approval of the sale of the Electron Project and approval of its ratemaking and accounting treatment for the sale (Electron Sale Amended Application).

8 **Discussion.** As stated above, PSE has reached an Asset Purchase Agreement with Electron Hydro LLC to sell the Company’s Electron Project and purchase the power through the Electron PPA. PSE requests the Commission issue an order granting PSE’s amended application for approval of the sale by finding that the sale is in the public interest. PSE, in direct testimony, outlined the various options PSE considered for the future of this 109-year-old facility.<sup>2</sup> Various portions of the plant date back to the original construction in 1904 and are in great need of repair or replacement.<sup>3</sup> As a result, continued ownership of the Electron Project would require significant capital investment by PSE.<sup>4</sup> Likewise, retirement of the facility would have also necessitated significant expense given “the complete demolition and removal of each of the

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<sup>2</sup> Wetherbee, Exh. No. PKW-1CT at 22:4-5.

<sup>3</sup> *Id.*, 23:2-13.

<sup>4</sup> *Id.*, 23:14-15.

diversion dam, intake gate, rock chutes, and fish ladder” required for retirement.<sup>5</sup>  
PSE’s decision to sell the plant obviates the need for either option’s capital outlay.<sup>6</sup>

9 The Commission finds the Asset Purchase Agreement, dated May 30, 2013, as amended by Amendment No. 1 dated August 5, 2013, Amendment No. 2 dated December 31, 2013, Amendment No. 3 dated March 31, 2014, and Amendment No. 4 dated June 4, 2014, remains in the public interest.

### **FINDINGS OF FACT**

10 Having discussed above in detail the evidence received in this proceeding concerning all material matters, and having stated findings and conclusions upon issues in dispute among the parties and the reasons therefore, the Commission now makes and enters the following summary of those facts, incorporating by reference pertinent portions of the preceding detailed findings:

11 (1) The Washington Utilities and Transportation Commission is an agency of the state of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including electrical companies.

12 (2) PSE is a “public service company” and an “electrical company” as those terms are defined in RCW 80.04.010 and used in Title 80 RCW. PSE is engaged in Washington state in the business of supplying utility services and commodities to the public for compensation.

13 (3) On June 6, 2013, PSE filed an application requesting the Commission find that the Electron Project is not necessary or useful, or in the alternative, to approve the sale of the Electron Project to Electron Hydro LLC. PSE also sought approval of its proposed accounting and ratemaking treatment of the sale.

14 (4) On October 23, 2013, the Commission entered a final order conditionally approved the sale by PSE to Electron Hydro LLC provided there are no material changes to the terms of the Asset Purchase Agreement filed on June 6, 2013.

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<sup>5</sup> *Id.*, 34:3-5.

<sup>6</sup> *Id.*

- 15 (5) On June 20, 2014, PSE filed an amended application requesting the Commission find that the Electron Project is not necessary or useful, or in the alternative, to approve the sale of the Electron Project to Electron Hydro LLC. PSE also sought approval of its proposed accounting and ratemaking treatment of the sale.

### CONCLUSIONS OF LAW

- 16 Having discussed above all matters material to this decision, and having stated detailed findings, conclusions, and the reasons therefore, the Commission now makes the following summary conclusions of law, incorporating by reference pertinent portions of the preceding detailed conclusions:
- 17 (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of, and parties to, these proceedings.
- 18 (2) The sale of PSE's Electron Project to Electron Hydro LLC under the originally filed Asset Purchase Agreement (Agreement) is in the public interest and should be conditionally approved so long as there are no material changes to the Agreement, as amended.

### ORDER

#### THE COMMISSION ORDERS:

- 19 (1) The sale of PSE's Electron Hydroelectric Project to Electron Hydro LLC is conditionally approved so long as there are no material changes to the Asset Purchase Agreement (including exhibits) filed on June 6, 2013, as amended by Amendment No. 1 dated August 5, 2013, Amendment No. 2 dated December 31, 2013, Amendment No. 3 dated March 31, 2014, and Amendment No. 4 dated June 4, 2014.
- 20 (2) The Commission retains jurisdiction over the subject matters and parties to this proceeding to effectuate the terms of this Order.

DATED at Olympia, Washington, and effective July \_\_, 2014.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner

**NOTICE TO PARTIES: This is a Commission Final Order. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 and WAC 480-07-870.**