

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

In the Matter of the Petition of)	DOCKET UE-070628
)	
PUGET SOUND ENERGY, INC.,)	ORDER 01
)	
)	
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)	
For Approval of its Fifth Power Cost)	ORDER APPROVING POWER COST
Adjustment Mechanism Report)	ADJUSTMENT MECHANISM
.....)	ANNUAL REPORT
)	

BACKGROUND

- 1 On March 30, 2007, Puget Sound Energy, Inc. (PSE or Company), filed with the Washington Utilities and Transportation Commission (Commission) a petition requesting approval of its Power Cost Adjustment Mechanism Report for the six months ending December 31, 2006 (PCA Period Five). PSE filed the report in compliance 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 One feature of PSE’s PCA is a deferral mechanism that 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 revised the PCA period to be a calendar year beginning in 2007, and established that the annual PCA true-up reports be due by the end of March for the prior calendar year. This PCA Period Five report is for the transitional period from July 1, 2006 through December 31, 2006²

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, ¶ 4 (November 21, 2005).

3 Since the inception of the PCA mechanism on July 1, 2002, through June 30, 2006, PSE
has deferred a total of \$5,101,727 in power costs. During PCA Period Five PSE incurred
actual power costs of \$597,031,702. This amount was \$57,865 less than the baseline
power cost of \$597,089,567. No additional deferrals were required at the end of PCA
Period Five; therefore, the deferral remains at \$5,101,727. Adding accrued interest of
\$1,255,088 to the deferred amount results in a cumulative customer responsibility of
\$6,356,816 at December 31, 2006.

4 The Commission staff has audited PSE's PCA Period Five report and verified that the
deferral balance set forth in PSE's PCA Period 5 report is accurate and in accordance
with the PCA settlement and the Commission's Order 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 this fifth PCA period.

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(b)(i), allows companies to file petitions, including that for
which PSE seeks approval.
- 9 (4) This matter came before the Commission at its regularly scheduled meeting on
December 12, 2007.
- 10 (5) After reviewing the petition PSE filed in Docket UE-070628 on March 30, 2007,
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 Five report should be granted.

ORDER

THE COMMISSION ORDERS:

- 11* (1) The Commission grants the petition of Puget Sound Energy, Inc., requesting approval of its Power Cost Adjustment Mechanism report for the six-month period ending December 31, 2006.
- 12* (2) This order shall in no way affect the authority of this Commission 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.
- 13* (3) The Commission retains jurisdiction over the subject matter of this proceeding 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 Executive Secretary to enter this Order.

DATED at Olympia, Washington, and effective December 12, 2007.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary