

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

In the Matter of the Petition of

PUGET SOUND ENERGY,

Petitioner,

For Approval of the 2016 Power Cost
Adjustment Mechanism Report

DOCKET UE-170334

ORDER 01

ORDER APPROVING POWER COST
ADJUSTMENT MECHANISM
ANNUAL REPORT

BACKGROUND

- 1 On April 28, 2017, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition requesting review and approval of its Power Cost Adjustment Mechanism Report – PCA Period 15 (PCA Report). PSE filed the PCA Report consistent 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 PSE’s PCA mechanism 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 authorized a change in the annual PCA period to a calendar year beginning January 2007.²
- 3 The Period 15 PCA Report covers the calendar year ending December 31, 2016. During 2016, actual power costs were higher than baseline power costs, thereby creating an under-recovery of \$2,025,382. Given the operation of the PCA’s sharing mechanism of this under-recovered amount, PSE absorbed the entire overage. The cumulative deferral balance for the PCA since its inception in 2001 has resulted in deferrals of \$4,324,648 in the surcharge direction. No refunds or surcharges are instituted until the deferral balance

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 Amending 12th Supp. Order, ¶ 4 (November 21, 2005).

reaches \$30 million in either direction. Therefore, a deferral balance of \$4,324,648 is too small to warrant a rate change.

4 Commission Staff has reviewed PSE's PCA Period 15 report and verified that the deferral balance set forth in PSE's PCA Period 15 report is reasonable and in accordance with the PCA settlement and the Commission's Orders in Dockets UE-011570 and UG-011571.

5 No interested party filed comments related to the report.

FINDINGS AND CONCLUSIONS

6 (1) The 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.

7 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.

8 (3) WAC 480-07-370(1)(b), allows companies to file petitions including that for which PSE seeks approval.

9 (4) Staff has reviewed the petition and in Docket UE-170334 including related testimonies, exhibits, and work papers.

10 (5) This matter came before the Commission at its regularly scheduled meeting on October 12, 2017.

11 (6) After reviewing PSE's petition filed in Docket UE-170334 on April 28, 2017, 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 15 report should be granted.

O R D E R

THE COMMISSION ORDERS:

- 12 (1) The Commission grants Puget Sound Energy's Petition requesting approval of its Power Cost Adjustment Mechanism Report for the Twelve Months Ended December 31, 2016 – PCA Period 15.
- 13 (2) This Order shall not affect the Commission's authority 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.
- 14 (3) The Commission retains jurisdiction over the subject matter and Puget Sound Energy, to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective October 12, 2017.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary