

Agenda Date: September 26, 2013
Item Number: A2

Docket: UE-131623
Company: Puget Sound Energy

Staff: Alan Buckley, Sr. Policy Strategist
Jason Ball, Regulatory Analyst

Recommendation

Take no action, thereby allowing Puget Sound Energy's increase in the direct pass-through of monetary benefits from the Bonneville Power Administration reflected in changes to schedule 194 in Docket UE-131623 to become effective October 1, 2013, by operation of law.

Background

On August 30, 2013 Puget Sound Energy (PSE or company) filed a proposed revision to its schedule 98 tariff entitled Residential And Farm Energy Exchange Benefit commonly referred to as the Residential Exchange Program (REP). The Bonneville Power Administration (BPA) REP was included in the Northwest Electric Power Planning and Conservation Act as a way to distribute the benefits of low-cost federal power to residential and small farm customers in the Pacific Northwest.

This revision is a result of the implementation of the 2012 REP Settlement Agreement¹ (Settlement) and the Average System Cost (ASC) FY 2012-2013 Review Processes.² The Settlement implemented a new method to calculate and distribute the REP benefits among the participating investor-owned utilities (IOUs).³ The Settlement maintains the calculation of benefits based on the difference between each IOU's ASC and BPA's base Priority Firm Exchange Rate (PF Rate) as established in its last rate case. The IOU's receive a calculated amount of total benefits based on their eligible loads. This initial benefit is reduced proportionally to a maximum aggregate benefit that is explicitly defined in the Settlement. This final amount for each IOU is adjusted and redistributed among the same IOU group based on each IOU's initial adjustment amount and subject to annual maximums. Attachment A to this memo is Exhibit D to the Settlement that provides an illustrative example of these calculations.

Only qualifying residential and small farm customers are eligible to receive REP credits. PSE serves approximately 1,090,00 electric customers in Island, King, Kitsap, Kittitas, Pierce, Skagit, Thurston, and Whatcom counties and approximately 775,000 natural gas customers in King, Kittitas, Lewis, Pierce, Snohomish, and Thurston counties. PSE has provided notice to all affected customers of the proposed tariff changes as required by WAC 480-100-193.

¹ Appendix A to *Administrator's Final Record Of Decision* BPA Docket REP-12-A-02

² *Final Average System Cost Report* Docket ASC-14-PS-01

³ REP benefits may also include the distribution of RECS and Carbon Credits. These are valued at the prevailing market price.

Discussion

The company's qualifying customers receive these benefits based on the difference between PSE's ASC and the PF Rate including a utility specific surcharge. As a result of the FY 2014-2015 ASC Review Process, the company's ASC is increasing from \$65.41/MWh to \$76.83/MWh. An average customer using approximately 1000 kWh per month will receive an additional \$2.49 credit or 2.5 percent reduction on their monthly electric bill.

Conclusion

Take no action, thereby allowing Puget Sound Energy's increase in the direct pass-through of monetary benefits from the Bonneville Power Administration reflected in changes to schedule 194 in Docket UE-131623 to become effective October 1, 2013, by operation of law.

Attachment