

Exhibit No. __ (EJK-3)
Docket UE-132027
Witness: Edward J. Keating

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**In the Matter of the Petition of
PUGET SOUND ENERGY, INC.**

DOCKET UE-132027

**For an Accounting Order Approving the
Allocation of Proceeds of the Sale of
Certain Assets to Public Utility District #1
of Jefferson County**

EXHIBIT TO TESTIMONY OF

Edward J. Keating

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE and Staff Proposed Allocation of Proceeds

March 28, 2014

PSE and Staff Proposed Allocation of Proceeds

Terms/Components	
Proceeds	\$ 109,373,196
Transaction Cost	\$ 2,722,448
Original Cost	\$ 76,625,171
Accum. Depreciation	\$ 29,938,735
Net Book Value	\$ 46,686,436

Breakdown of Transaction Costs	
Legal	\$ 693,291
Automated meter separation	\$ 396,859
Billing separation	\$ 320,486
Labor	\$ 317,805
Retirement overheads	\$ 275,622
Conservation Rider	\$ 282,999
Transition plan	\$ 56,704
Outside labor	\$ 51,484
Other	\$ 115,158
Property Tax	\$ 168,437
Inventory	\$ 45,521
Escrow	\$ (1,916)
Total Transaction Cost	\$ 2,722,448

Adjustments to Transaction Costs	
Labor	\$ 317,805
Transaction Costs to Ratepayers	\$ 317,805

PSE Proposal	
Proceeds	\$ 109,373,196
less NBV	\$ (46,686,436)
Less Transaction cost	\$ (2,722,448)
Gain Available to share	\$ 59,964,312
PSE Share of Gain	75% \$ 44,973,234
Customer Share of Gain	25% \$ 14,991,078
Proceeds to PSE	
Share of Gain	\$ 44,973,234
NBV	\$ 46,686,436
Transaction costs	\$ 2,722,448
Proceeds to PSE	\$ 94,382,118
Proceeds to Customers	
Share of Gain	\$ 14,991,078
Accum. Depreciation	\$ -
Transaction costs	\$ -
Proceeds to Customers	\$ 14,991,078
Proof	
proceeds	\$ 109,373,196
sum of PSE + Customer	\$ 109,373,196

Staff Proposal	
Proceeds	\$ 109,373,196
Less Original Cost	\$ (76,625,171)
Less Transaction cost	\$ (2,722,448)
Appreciation Available to share	\$ 30,025,577
PSE Share of Appreciation	25% \$ 7,506,394
Customer Share of Appreciation	75% \$ 22,519,183
Proceeds to PSE	
Share of Appreciation	\$ 7,506,394
NBV	\$ 46,686,436
Transaction costs	\$ 2,404,643
Proceeds to PSE	\$ 56,597,473
Proceeds to Customers	
Share of Appreciation	\$ 22,519,183
Accum. Depreciation	\$ 29,938,735
Transaction costs	\$ 317,805
Proceeds to Customers	\$ 52,775,723
Proof	
proceeds	\$ 109,373,196
sum of PSE + Customer	\$ 109,373,196

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket No. UE-132027

Puget Sound Energy, Inc.'s

**Petition for an Accounting Order Approving the Allocation of Proceeds of the
Sale of Certain Assets to Public Utility District #1 of Jefferson County**

WUTC STAFF INFORMAL DATA REQUEST NO. 008

WUTC STAFF INFORMAL DATA REQUEST NO. 008:

Please provide copies of invoices and supporting documentation for Exhibit No. ____
(MRM-4).

Response:

Attached as Attachment A to Puget Sound Energy, Inc.'s Response to WUTC Staff
Informal Data Request No. 008, please find an MS Excel file showing additional
supporting documentation for Exhibit No. ____ (MRM-4).

PSE's Response to WUTC Staff Informal Data Request No. 008

Date of Response: November 26, 2013

Person who Prepared the Response: Benjamin Larson

Witness Knowledgeable About the Response: Matthew R. Marcellia

**Company Response to Staff Data Request 8
Attachment A, Original Tab Summary**

Puget Sound Energy, Inc.
Summary of Transaction Costs

Description	MRM-4	
	Original Amount	Revised Detail
1 Legal	665,000	693,291
2 Automated meter separation	397,000	396,859
3 Billing separation	320,000	320,486
4 Labor	315,000	317,805
5 Retirement overheads	369,000	275,622
6 Conservation Rider	282,999	282,999
7 Transition plan	57,000	56,704
8 Outside labor and services	51,000	51,484
9 Other	53,408	115,158
10		
11 Total	<u>2,510,407</u>	<u>2,510,407</u>
12		
13 Recovery from JPUD	800,000	800,000
14		
15 Net Transaction Costs	<u>1,710,407</u>	<u>1,710,407</u>
16		

Note: There is no change to the Totals on Line 11. The Revised Detail ties more precisely to the detail information supplied in PSE's Response to WUTC Staff Informal Data Request No. 008.

Reconciliation:

Order 108065981	1,063,470
Order 108080087	767,079
Automated meter separation	396,859
Conservation Rider	282,999
Total Transaction Costs	2,510,407

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket No. UE-132027
Puget Sound Energy, Inc.'s
Petition for an Accounting Order Approving the Allocation of Proceeds of the
Sale of Certain Assets to Public Utility District #1 of Jefferson County

WUTC STAFF INFORMAL DATA REQUEST NO. 007

WUTC STAFF INFORMAL DATA REQUEST NO. 007:

Please provide all journal entries related to the sale and transfer of assets to Jefferson County PUD.

Response:

Attached as Attachment A to Puget Sound Energy, Inc.'s ("PSE") Response to WUTC Staff Informal Data Request No. 007, please find a summary of PSE's journal entries to record the sale and transfer of assets to Jefferson County PUD.

PSE's Response to WUTC Staff Informal Data Request No. 007
Date of Response: November 25, 2013
Person who Prepared the Response: Benjamin Larson
Witness Knowledgeable About the Response: Matthew R. Marcellia

Journal Entries:

- E. Existing Balance
1. Record March 29, 2013 cash receipt
2. Record CTA Receivable
3. Apply March 29, 2013 Non-Plant payment (Transition costs).
4. Apply March 29, 2013 Non-Plant payment (Property Taxes).
5. Apply March 29, 2013 Non-Plant payment (Escrow Fees).
6. Apply March 29, 2013 Non-Plant payment (Materials - Stores Purchase Price).
7. Record small valuation loss on Inventory
9. Reserve conservation rider.
10. Record Additional receivable from JPUD for net book value of additions not in closing at March 29, 2013 payment.
11. Record Additional receivable from JPUD for net book value of additions not in closing at March 29, 2013 payment.
12. Record depreciation of additions. JPUD payment of additional receivables from June 2010 through December 2012 was at book cost, instead of net book value.
13. Clear cost of removal for non-Plant CTA and escrow.
14. Clear cost of removal for non-Plant CTA and escrow.
15. Record retirement of plant at acquisition cost
16. Clear net debit in depreciation account
17. Clear net credit in proceeds order. (order 10840260 settled to RWIP account 10800541, then proceeds moved to 10800501 electric depreciation account, then finally moved to account 10200501).
18. Clear 10200501 to gain deferred credit account
19. Clear cost of removal for non-Plant CTA and escrow to gain account.
20. Clear net credit in proceeds order to gain account.
21. Record Additional receivable from JPUD for net book value of additions not in closing at March 29, 2013 payment.
22. Record Additional receivable from JPUD for net book value of additions not in closing at March 29, 2013 payment.
24. Clear May and June cost of removal for non-Plant CTA and escrow.
25. Clear May and June cost of removal for non-Plant CTA and escrow.
26. Clear May and June cost of removal for non-Plant CTA and escrow to gain account.
27. Record second JPUD CTA Non-Plant payment (Transition costs) May 2013.
28. Record third JPUD CTA Non-Plant payment (Transition costs) July 2013.
29. Record Jefferson County estimated retirements of additional asset charges unitized to plant after March 31, 2013 to go against the gain account.
30. Record an accrual for the June Landis & Gyr meter network separation invoice.
31. On August 8, PSE received final JPUD payment to offset agreed upon APA additions and retirement adjustments during June 2010 through June 2013.
32. On May 31, 2013, PSE received a wire payment from JPUD, related to the settlement of customer accounts receivables, recorded to AR account 14300703.
33. On July 1, 2013, PSE received a wire payment from JPUD, related to the settlement of customer accounts receivables, recorded to AR account 14300703.
34. On August 2, 2013, PSE received a wire payment from JPUD, related to the settlement of customer accounts receivables, recorded to AR account 14300703.
35. Clear July and August cost of removal for non-Plant CTA and escrow.
36. Clear July and August cost of removal for non-Plant CTA and escrow.
37. Clear July and August cost of removal for non-Plant CTA and escrow to gain account.
38. Clear September and October cost of removal for non-Plant CTA and escrow.
39. Clear September and October cost of removal for non-Plant CTA and escrow.
40. Clear September and October cost of removal for non-Plant CTA and escrow to gain account.