

**Exhibit No. JT-6C
Dockets UE-090704 and UG-090705
Witnesses: Alan P. Buckley
Donald W. Schoenbeck
REDACTED VERSION**

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

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET UE-090704

DOCKET UG-090705

EXHIBIT TO TESTIMONY OF

**ALAN P. BUCKLEY
AND
DONALD W. SCHOENBECK**

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Company Response to ICNU Data Request No. 02.24

November 17, 2009

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-090704 and UG-090705
Puget Sound Energy, Inc.'s
2009 General Rate Case**

ICNU DATA REQUEST NO. 02.24

ICNU DATA REQUEST NO. 02.24:

Please explain the source of Station 2/AECO basis adjustment included in the "Costs Not in AURORA" EXCEL file, worksheet Transport MTM Calc, including the November change in value and provide all associated workpapers.

Response:

Puget Sound Energy, Inc.'s ("PSE") Response to ICNU Data Request No. 02.24 and Attachment A to PSE's Response to ICNU Data Request No. 02.24 is CONFIDENTIAL per Protective Order in WUTC Docket Nos. UE-090704 and UG-090705.

Attached as Attachment A to PSE's Response to ICNU Data Request No. 2.24, please find a revised workpaper that will be replacing the tab labeled "Transport MTM Calc" in the MS Excel file "DEM-WP(C) Costs Not in AURORA 2009GRC Update.xls", included with the workpapers of Mr. David Mills in PSE's supplemental filing on September 28, 2009. PSE has corrected the basis gain calculations to reflect the number of days in the month. The decrease to this proceeding's rate year power costs as a result of this correction is \$5.7 million.

The source of the Station 2 to AECO basis adjustment shown in the workpapers, "Revised WP, DEM0039A," "Revised WP, DEM0133" and "Revised WP, DEM0142A" is a quoted differential rate obtained orally from [REDACTED] on August 25, 2009, by a PSE senior trader. The internal email correspondence is noted in the above-referenced workpaper, "DEM-WP(C) Costs Not in AURORA 2009GRC Update.xls", the tab labeled "Transport MTM Calc". This note indicates the quoted basis differentials between the two delivery points expressed in Canadian dollars per gigajoule ("CAD/GJ") used in these calculations. Two quotes are provided to capture the difference in the basis between the summer and winter season.

PSE must calculate a Station 2 price because there is no formal index associated with this delivery point. PSE used the AECO index price plus the above-quoted basis differentials between AECO and Station 2 to derive this price. It is an acceptable and common practice to quote a price for less-frequently-traded delivery points using the

more liquid hub, which is relatively close in proximity, and adding positive or negative basis differentials. Internal emails explaining the reason for using the AECO price can also be found in the same workpaper.

PSE converts the quoted basis differential (expressed in CAD/GJ) to U.S. dollars per MMBtu in the calculations found in "Revised WP, DEM0039A," (for Mint Farm) "Revised WP, DEM0133" (for Freddie 1) and "Revised WP, DEM0039A" (for Goldendale), and adds them to the AURORA 3-month-average AECO gas price as of August 13, 2009 to arrive at the estimated Station 2 price. PSE then calculates the difference between the newly-derived Station 2 price and AURORA 3-month-average Sumas gas price, and if the Station 2 price is less than the AURORA price, basis gain is multiplied by the contracted gas volume under the gas transport agreement with Westcoast Pipeline less 2% pipeline losses.

PSE's Response to ICNU Data Request No. 02.24 and Attachment A to PSE's Response to ICNU Data Request No. 02.24 is CONFIDENTIAL per Protective Order in WUTC Docket Nos. UE-090704 and UG-090705.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-090704 and UG-090705
Puget Sound Energy, Inc.'s
2009 General Rate Case**

ICNU DATA REQUEST NO. 02.24

ICNU DATA REQUEST NO. 02.24:

Please explain the source of Station 2/AECO basis adjustment included in the "Costs Not in AURORA" EXCEL file, worksheet Transport MTM Calc, including the November change in value and provide all associated workpapers.

First Supplemental Response:

As noted in Puget Sound Energy, Inc.'s ("PSE") initial response to ICNU Data Request No. 2.24, PSE has corrected the basis gain calculations to reflect the number of days in the month. This correction was made after ICNU advised PSE of the calculation error. This supplemental response provides additional documentation showing the effects of the correction to the basis adjustment on PSE's power costs and revenue deficiency.

Attached as Attachments A through H to PSE's First Supplemental Response to ICNU Data Request No. 02.24, please find a copy of the following revised workpapers and exhibits, which depict the decrease to this proceeding's rate year power costs of \$5,751,713 for the not-in-model correction to the Station 2-Sumas basis gain calculation and the corresponding revenue requirement decrease of \$6,090,226, as discussed in PSE's Response to ICNU Data Request No. 02.24:

Attach	Name	Description	Witness
Attach A	PSE Resp ICNU DR 02.024_Supp 01_Attach A (C).xls	CD-ROM with entire set of linked power costs with following 4 updated files:	Mills
		DEM-WP(C) Costs Not In AURORA 2009GRC Oct Update.xls	
		Tab "NIM Summary 09GRC"	
		Tab "Transport MTM Calc" (Corrected basis gain of \$5.7million)	
		Tab "Gas - Pwrsm Download 08.13.09" (No \$ impact, 9 deals missing in supplemental but totals OK)	
		DEM-WP(C) Power Cost Summary 2009GRC Oct Update.xls	
		Tab "Reconciliation"	
		Tab "Power Cost Summary"	
		Tab "Oct Correct vs Sep Suppl 09GRC" NEW TAB!	
		Tab "Oct Correct 09GRC vs 07GRC" (replaces "09GRC vs 07GRC")	
		Tab "Oct Correct 09GRC vs TY" (replaces "09GRC vs TY")	
		Tab "Aurora & Non Aurora"	
		DEM-WP(C) AURORA Scenarios Summary 2009GRC Oct Update.xls	
		Tab "Scenario Summary"	
Tab "Monthly Cost Summary"			
Tab "Aurora & Non Aurora WHE" (Mint Farm Excluded Scenario)			
Tab "Aurora & Non Aurora MF" (Wild Horse Expansion Excluded Scenario)			
DEM-WP(C) ST Power Contracts 2009GRC Oct Update.xls			
Tab "Detail" (No \$ impact, 2 deals missing in supplemental but totals OK)			
Attach B	PSE Resp ICNU DR 02.024_Supp 01_Attach B (C).xls	PDF of only specific, printed tabs from Attach A for ease of referencing relevant changed worksheets	Mills
Attach C	PSE Resp ICNU DR 02.024_Supp 01_Attach C.xls	Exhibit No. (DEM 10) Replacement	Mills
Attach D	PSE Resp ICNU DR 02.024_Supp 01_Attach D (C).xls	Exhibit No. (DEM 11) Replacement	Mills
Attach E	PSE Resp ICNU DR 02.24_Supp 01_Attach E (C)	The entire Electric Revenue Requirement Model, including the following Exhibits (that have been updated).	Story
		Exhibit No. (JHS-10): Revenue Requirement Model	
		Exhibit No. (JHS-12): Unit Costs	
		Exhibit No. (JHS-11), Page 11.01: General Rate Increase	
		Exhibit No. (JHS-13): Exhibit A-1 PCORC Rate	
		Exhibit No. (JHS-10), Page 10.03: Exhibit A-5 Power Costs	
		Exhibit No. (JHS-10), Page 10.08: Mint Farm Adjustment	
Exhibit No. (JHS-10), Page 10.37: Production Factor			
Attach F	PSE Resp ICNU DR 02.24_Supp 01_Attach F (C).xls	Exhibit No. (JHS-10), Page 10.07: Wild Horse Expansion Workpapers (No \$ impact, presentation only)	Story
Attach G	PSE Resp ICNU DR 02.24_Supp 01_Attach G (C).xls	Exhibit No. (JHS-10), Page 10.08: Mint Farm Project Workpapers	Story
Attach H	PSE Resp ICNU DR 02.24_Supp 01_Attach H (C).xls	PDF of only specific, printed tabs from Attach E-J for ease of referencing relevant changed worksheets	Story

Attached as Attachment A to PSE's First Supplemental Response to ICNU Data Request No. 02.24, please find a CD-ROM that contains a complete set of linked MS Excel files comparable to those included in the workpapers of David E. Mills, which were provided with PSE's supplemental evidence on September 28, 2009. As listed in the table above, the only four workpaper files that have been updated are:

- DEM-WP(C) Costs Not In AURORA 2009GRC Oct Update.xls,
- DEM-WP(C) Power Cost Summary 2009GRC Oct Update.xls
- DEM-WP(C) AURORA Scenarios Summary 2009GRC Oct Update.xls, and
- DEM-WP(C) ST Power Contracts 2009GRC Oct Update.xls

The specific tabs that include these updates are noted below each file in the table above. The \$5.7 million correction is located in, "DEM-WP(C) Costs Not In AURORA 2009GRC Oct Update.xls".

Attached as Attachment B to PSE's First Supplemental Response to ICNU Data Request No. 02.24, please find copies of the relevant changes to the rate year power cost forecast from Attachment A to PSE's First Supplemental Response to ICNU Data Request No. 02.24 for easier reference.

Attached as Attachments C and D to PSE's First Supplemental Response to ICNU Data Request No. 02.24, please find replacements for the First and Second Exhibits to the Prefiled Supplemental Direct Testimony of David E. Mills, Exhibit No. ____ (DEM-10) and Exhibit No. ____ (DEM-11C).

Attached as Attachment E to PSE's First Supplemental Response to ICNU Data Request No. 02.24, please find the entire electric revenue requirement model which includes replacements to the First, Second and Third Exhibits to the Prefiled Supplemental Direct Testimony of John H. Story, Exhibit No. ____ (JHS-10), Exhibit No. ____ (JHS-11), and Exhibit No. ____ (JHS-12). These exhibits depict the components of revenue requirement that are adjusted for the basis gain correction. The lists of the exhibits that are updated are included in the table above.

Attached as Attachments F and G of PSE's First Supplemental Response to ICNU Data Request No. 02.24, please find the individual workpapers that support the exhibits provided in Attachment E to PSE's First Supplemental Response to ICNU Data Request No. 02.24.

Attached as Attachment H to PSE's First Supplemental Response to ICNU Data Request No. 02.24, please find copies of the relevant changes to this proceeding's rate year revenue requirement from Attachment E through G to PSE's First Supplemental Response to ICNU Data Request No. 02.24 for easier reference.

Attachments A, B, D, E, F, G, and H to PSE's Response to ICNU Data Request No. 02.24 are CONFIDENTIAL per Protective Order in WUTC Docket Nos. UE-090704 and UG-090705.