

1 **Q. How much of the difference in ratebase growth is attributable to**  
2 **transmission and distribution system growth?**

3 A. Electric transmission and distribution plant in-service is expected to grow by  
4 \$434 million by December 31, 2007. The average of monthly average 2007  
5 associated with new transmission and distribution plant after September 30, 2005  
6 would be \$318.5 million and the actual growth on ratebase would be  
7 approximately \$155.3 million after deducting for the change in accumulated  
8 depreciation and deferred taxes associated with electric transmission and  
9 distribution plant. As discussed by Ms. McLain, the increased capital  
10 expenditures for electric transmission and distribution for 2006 and 2007 are  
11 approximately ~~\$157.1~~ ~~159.9~~ 155.9 million and ~~\$222.8~~ ~~220.9~~ million, respectively.  
12 This is significantly higher than the \$90.~~41~~ invested in 2003 or the ~~\$121.2~~ ~~119.9~~  
13 million invested in 2004 and is equal equivalent to or greater ~~then than~~ the ~~\$158.6~~  
14 159.9 invested in 2005.

15 **C. PSE's Proposed Depreciation Tracker**

16 **1. Overview**

17 **Q. Why is the Company proposing a Depreciation Tracker mechanism in this**  
18 **case?**

19 A. The Company's proposed Depreciation Tracker mechanism is designed to directly  
20 address a major cause of the attrition that is facing the Company at the present