

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-121697 and UG-121705
Puget Sound Energy, Inc. and NW Energy Coalition
Joint Petition for Approval of a Decoupling Mechanism**

**Docket Nos. UE-130137 and UG-130138
Puget Sound Energy, Inc. Expedited Rate Filing**

PUBLIC COUNSEL DATA REQUEST NO. 120

PUBLIC COUNSEL DATA REQUEST NO. 120:

Please list all regulatory mechanisms Puget Sound Energy, Inc. is currently authorized to use to track and defer expenses between general rate cases for subsequent reconciliation and/or potential recovery in rates. Examples include, but are not limited to the power cost adjustment mechanism and the purchased gas adjustment. For each such deferral or functionally similar account indicate:

- a. The docket number approving the deferral;
- b. The purpose of the deferral; and
- c. The most recent account balance, including the date of such balance.

Response:

Puget Sound Energy, Inc. ("PSE") has the following regulatory mechanisms that are used to track and defer revenues and expenses:

- RCW 80.80.06 – RCW 80.80.06 permits an electric company to account for and defer for later consideration the costs incurred in connection with a long-term financial commitment for base load and renewable electric generation. The deferral commences with the date the power plant begins commercial operation or the effective date of the power purchase agreement and may continue for a period not to exceed 24 months. This mechanism is available to all electric IOUs in Washington State – not just PSE.
- Purchase Gas Adjustment mechanism – The Purchase Gas Adjustment Mechanism is authorized by WAC 480-90-233. The

Purchase Gas Adjustment Mechanism requires gas utilities to file for recovery of expected gas costs and to defer for future recovery differences between estimated and actual gas costs.

- Power Cost Adjustment Mechanism – The Power Cost Adjustment Mechanism was originally approved in Docket No. UE-011570. The Power Cost Adjustment Mechanism allows for sharing of power costs outside an annual \$20 million dead band. The mechanism requires cumulative customer deferrals to reach a \$30 million threshold before the mechanism triggers a change in customer rates.
- Environmental Remediation Program – PSE is authorized to defer certain costs associated with its natural gas and electric environmental remediation programs. Docket No. UG-920781 provided authorization for deferral of the environmental remediation cost for natural gas operations. Docket Nos. UE-911476 & UE-070724 provide authorization for PSE’s electric environmental remediation program.
- Catastrophic Storm Loss Deferral Mechanism – The current Catastrophic Storm Loss Deferral Mechanism was authorized in Docket No. UE-072300. The mechanism allows for costs associated with qualifying storm events, exceeding the annual threshold of \$8 million, to be deferred for future recovery.
- Renewable Energy Credit Rider – The Renewable Energy Credit Rider was authorized in Docket No. UE-111048. The Renewable Energy Credit Rider defers and returns to customers net revenues received from the sale of Renewable Energy Credits.
- Federal Tax Incentive Tracker – The Federal Tax Incentive Tracker is the regulatory mechanism that passes back to customers the benefits associated with tax incentives received by PSE for:
 - (i) Section 1603(d) Treasury Grants of the American Recovery and Reinvestment Act of 2009;
 - (ii) Production Tax Credits received on Company’s Tax Return; and
 - (iii) any tax benefits for manufacturing allowed under §199 of the Internal Revenue Code.

- Property Tax Tracker – The Property Tax Tracker was authorized in Docket Nos. UE-130137 & UG-130138. The Property Tax Tracker passes on to customers the actual costs associated with property taxes.
- Decoupling Mechanism – The Decoupling Mechanism was authorized in Docket Nos. UE-121697 & UG-121705.

Attached as Attachment A to PSE's Response to Public Counsel Data Request No. 120 is a listing of the account balances associated with these mechanisms as of September 30, 2014.