

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

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	DOCKETS UE-060266 and
	)	UG-060267 ( <i>consolidated</i> )
Complainant,	)	
v.	)	ORDER 10
	)	
PUGET SOUND ENERGY, INC.,	)	DENYING RESPONDENT’S
	)	MOTION FOR CLARIFICATION
Respondent.	)	
.....	)	

**MEMORANDUM**

1 **Proceedings:** This is a general rate proceeding initiated by Puget Sound Energy, Inc’s (PSE), tariff filing on February 15, 2006. The Commission, suspended the tariff filing on February 22, 2006, conducted a public comment hearing in Renton, Washington on June 29, 2006, and evidentiary hearings in Olympia, Washington, on September 18 - 21 and 25, 2006. The parties filed Initial Briefs on October 31, 2006, and Reply Briefs on November 14, 2006. The Commission entered Order 08, its Final Order in this proceeding, on January 5, 2007.

2 **Motion for Clarification:** On January 12, 2007, PSE filed its Motion for Clarification of Order 08. PSE asks the Commission to clarify Order 08 by expressly:

- Adopting the provisions of the Staff/Company Agreement on Revenue Requirement Adjustments relating to the Baker River Hydroelectric Project relicensing.
- State whether it intended the Trust Preferred stock included in the approved capital structure to be treated as tax deductible for revenue requirement purposes; the treatment afforded Trust Preferred stock in PSE’s compliance filing.

- Approving the 4-year amortization of PSE's Muckleshoot Settlement Period, which PSE used in setting power costs in its compliance filing.

**Discussion and Decisions:**

- 3 **Baker River Hydroelectric Project Relicensing.** In Order 08 the Commission approved the Staff/Company Agreement on Revenue Requirement Adjustments, an uncontested stipulation between Staff and the Company.<sup>1</sup> PSE asks us to clarify Order 08 by expressly adopting the specifications in Section 2 of the stipulation relating to the Baker River relicensing costs.
- 4 In approving the uncontested agreement between Staff and PSE without stating any conditions, the Commission necessarily approved the terms of the stipulation concerning the Baker River relicensing costs. In addition, Order 08 expressly determines that the company's expenditures incurred in connection with relicensing the project were prudent. Finally, we expressly found in Order 08 that the associated costs are reasonable for recovery in rates.<sup>2</sup> Order 08 is clear in this regard.
- 5 **Treatment of Trust Preferred Stock.** Any arguable need to clarify that the Commission intended PSE to treat Trust Preferred Stock as tax deductible has been overtaken by events. On the same day PSE filed its Motion for Clarification, the Commission approved the Company's compliance filing, which reflected the treatment of Trust Preferred Stock as tax deductible. Thus, we see no need to clarify Order 08 on this point.
- 6 **Amortization of PSE's Muckleshoot Settlement Payment.** The change in the amortization period for these costs from 2 years to 4 years is another point included in the Staff/Company Agreement on Revenue Requirement Adjustments, discussed above. The Commission approved the agreement including all of its terms. There is no need to clarify Order 08 concerning this change.

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<sup>1</sup> Order 08 at ¶96.

<sup>2</sup> *Id.* at ¶165.

**ORDER**

THE COMMISSION ORDERS THAT:

- 7 (1) PSE's Motion for Clarification is denied.
- 8 (2) The Commission retains jurisdiction to effectuate the terms of its orders entered in this proceeding.

Dated at Olympia, Washington, and effective January 22, 2007.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner