

**EXHIBIT NO. JHS-26
DOCKET NOS. UE-090704/UG-090705
2009 PSE GENERAL RATE CASE
WITNESS: JOHN H. STORY**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-090704
Docket No. UG-090705**

**TWELFTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
JOHN H. STORY
ON BEHALF OF PUGET SOUND ENERGY, INC.**

DECEMBER 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**

WUTC STAFF DATA REQUEST NO. 166

WUTC STAFF DATA REQUEST NO. 166:

Re: Deferral of Mint Farm Costs

Refer to the direct testimony of Mr. Story Exhibit (JHS-1T), page 72, lines 1 through 7.

- a. Please explain the rationale underlying the proposal to apply a credit to any variable costs deferred, net of the market power credit, if the Company over collects power costs under the PCA true-up mechanism.
- b. Please explain how the proposed credit described in a) above and in Mr. Story's direct testimony is not inconsistent with the underlying basis of the PCA sharing bands.

Response:

- a. The proposal described on page 72 of the Prefiled Direct Testimony of John H. Story, Exhibit No. ____ (JHS-1T) is not based on a direct relationship to the Mint Farm variable deferral; it was proposed by Puget Sound Energy, Inc. ("PSE") as a means to keep the costs of the deferral down. PSE would not necessarily propose this type of offset in future deferrals made pursuant to RCW. 80.80.060(5).
- b. PSE does not believe its proposal violates any conditions of the power cost adjustment ("PCA") mechanism if the Commission approves PSE's proposal. PSE does think this proposed contribution is a benefit to the customer. Without it, the customer would pay 100% of the cash being deferred and PSE would receive 100% of the first \$20 million in over collections of PCA costs if PCA power costs are less than projected.