

**Exh. BAE-5
Dockets UE-170033/UG-170034
Witness: Betty A. Erdahl**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-170033 and
UG-170034 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

Betty A. Erdahl

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE Response to Staff Data Request No. 339

June 30, 2017

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-170033 and UG-170034
Puget Sound Energy
2017 General Rate Case**

WUTC STAFF DATA REQUEST NO. 339

WUTC STAFF DATA REQUEST NO. 339:

For each account below, please provide the company's reasoning to support its inclusion in the company's determination of the working capital adjustment and identify whether it earns interest:

- a. 18600293 Real Estate Reimburse Projects (reimbursed plus interest?)
- b. 12800011 Ferndale Land Lease Escrow
- c. 13400332 LNG Facility Port of Tacoma Escrow:
 - i. Is this the Tacoma LNG location?
 - ii. Does this earn interest or a return?
 - iii. Is this used and useful?
- d. 13600013 Temporary Cash Investments – Taxable
- e. 19000471 Horizon Wind Energy Payment
- f. 19000473 DFIT – AMT Credit Carryforward
- g. 19000491 DFIT BPA Transmission Eq Reserve LT
- h. 21100383 SFAS 123R Tax Windfall Benefit
- i. 23500003 Customer Deposits – Common
- j. 25300011 Transmission Services Deposits
- k. 24400001 through 24400012 Unrealized Loss (i.e. offsetting account 19002003)
- l. 25302223 Operating Lease Obligation
- m. 16500901 Prepaid – LSR Leaseholder Minimum Rent
- n. 16502103 Prepaid-Doble Engineering Equip Lease-ST
- o. 16502191 Prepaid - LSR Leaseholder Minimum Rent
- p. 18600053 ZCLM Damage Claim Orders
- q. 18600943 PSE 4th Flr Sublease Direct Leasing Cos
- r. 19000573 DFIT Bothel Data Ctr. - Ppd Lease Expense

Response:

Attached as Attachment A to Puget Sound Energy's ("PSE") Response to WUTC Staff Data Request No. 339, is an MS Excel workbook providing PSE's reasoning for the treatment of each account in PSE's working capital calculation and whether the account earns interest.

**ATTACHMENT A to PSE's Response to
WUTC Staff Data Request No. 339**

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Account	Description	Sep '16 AMA	Rate Base	Non-Operating		Working Capital	Comments	Change if needed.
				Operating	Non-Operating			
12800011	Ferndale Land Lease Escrow - 2046	1,662,234		X			Amounts held in escrow associated with the Ferndale Generating Station land lease with Phillips 66. Included in Operating Section of Non-Operating.	Because the account earns interest, the treatment should be Non-Operating section of Non-Operating.
13400332	LNG Facility Port of Tacoma Escrow	1,088,552			X		Escrow account required by terms of land lease with Tacoma for LNG plant. Escrow deposit has been made.	Because the account earns interest, the treatment should be Non-Operating section of Non-Operating.
13600013	Temporary Cash Investments-Taxable	1,500,000		X			Represents investments in excess cash for short periods of time	Because the account earns interest, the treatment should be Non-Operating section of Non-Operating.
16500901	Prepaid - LSR Leaseholder Minimum Rent	54,215		X			Land lease payments for LSR facility - account is closed, see 16502191	Prepaid operating accounts should be in Working Capital. Coding change not necessary as account is closed. See 16502191.
16502103	Prepaid-Double Energineering Equip Lease-ST	55,809			X		Prepayment account used for equipment Rental Fee and Test equipment Software at Shuffleton Substation. Prepaid operating accounts should get Working Capital Treatment.	
16502191	Prepaid - LSR Leaseholder Minimum Rent	293,079			X		Land lease payments for LSR facility. Prepaid operating accounts should get Working Capital Treatment.	
18600053	ZCLM Damage Claim Orders	4,637,544			X		Damage Claim Order - Used to collect all costs associated with damage to our Electric & Gas Facility/Equipment(Capital & Non-Capital). Those costs are billed to all Damaging Parties or written off if we are unable to collect. Costs are eventually cleared to the 143 receivable account where billed. Similar to accounts receivable which receives Working Capital Treatment.	
18600293	Real Estate Reimbursable Projects	93,139				X	Tenant Improvements to be reimbursed by landlord for Eastgate facility	Account is similar to accounts receivable or payable account so should receive Working Capital Treatment
18600943	PSE 4th Flr Sublease Direct Leasing Cos	304,110			X		Tenant Improvement Reimbursements. Amortize over 4 years. Receives Working Capital Treatment similar to accounts receivable.	
19000471	Deferred FIT - Horizon Wind Energy Paym	3,786,069			X		DFIT associated with royalty payments for PSE wind facilities. Royalty payments accrued through accounts payable, so Working Capital Treatment matches treatment of underlying account.	
19000473	DFIT - AMT Credit Carryforward	2,562,568			X		AMT Credit Carryforward remaining from 2006 Tax Return. Working Capital Treatment follows taxes payable/receivable accounts.	
19000491	DFIT - BPA Transmission Eq Reserve LT	2,041,609		X			Underlying account is 25300201 GAAP Equity Reserve on LSR LGIA. PSE is not allowed to recognize the equity return on ratebase for GAAP purposes. Therefore, an equity reserve was booked related to the Return on LSR BPA LGIA. Trans Dep Reg GAAP accounting. This is a GAAP only entry that is not recognized for rate making and so receives Non-Operating Treatment. The DFIT matches the Non-Operating Treatment of the underlying account.	
19000573	DFIT Bothel Data Ctr. - Ppd Lease Expense	253,090	X				Underlying account is 25300443. Bothel Data Center Landlord Incentives began December 2010 and goes until June 2021. Amortizes to 931 lease expense. GAAP accounting related to Plant in Service, Ratemaking treatment intended to neutralize the effects of the GAAP accounting. Treatment for DFIT mirrors underlying account.	
21100383	SFAS 123R Tax Windfall Benefit	(491,575)			X		Related to restricted stock issued to employees in PSE's LTIP plan. PSE's LTIP plan is not allowed for ratemaking, therefore, treated as Non-Operating.	
23500003	Customer Deposits - Common	(28,342,777)	X				Customer deposits are a reduction to rate base for PSE.	
24400001 (1)	Unrealized Loss ST - Core Pwr/Gas for Pwr	(70,870,555)			X		Accounting associated with unrealized gains/losses accounted for under ASC 815 which is not allowed for rate making, therefore treated as Non-Operating.	

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Account	Description	Sep '16 AMA	Rate Base	Non-Operating			Working Capital	Earns Interest	Comments	Change if needed
				Operating	Non-Operating	Capital				
24400002 (1)	Unrealized Loss ST - Core Gas	(39,723,704)			X		No	Accounting associated with unrealized gains/losses accounted for under ASC 815 which is not allowed for rate making, therefore treated as Non-Operating.		
24400011 (1)	Unrealized Loss LT - Core Pwr/Gas for Pwr	(21,977,844)			X		No	Accounting associated with unrealized gains/losses accounted for under ASC 815 which is not allowed for rate making, therefore treated as Non-Operating.		
24400012 (1)	Unrealized Loss LT - Core Gas	(12,389,405)			X		No	Accounting associated with unrealized gains/losses accounted for under ASC 815 which is not allowed for rate making, therefore treated as Non-Operating.		
19002003 (1)	DFIT NOI Carryforward-ST	86,592,241	X				No	Part of Rate Base- This is Recorded Net Operating Loss Carryforwards for the Company-Due to Bonus Depreciation. Rate base treatment approved in UE-111048/UG-111049		
25300011	J Harvey Const Encroach. Dep/BPA Kitsap	(5,238)				X	No	Deposit received for consent to use PSE transmission right of way. Working Capital Treatment similar to accounts payable accounts.		
25302223	Operating Leases Obligation	(7,152,977)			X		No	To Book cash vs Straight-line lease payment entries Summit Bldg Bothel call Center, Summit Bldg Parking, Redmond West, Lincoln Executive Center, Port of Tacoma, Bellingham Office Newwill LLC, Oak Harbour. Capital lease accounting not allowed for rate making, therefore treated as Non-Operating.		

(1) 19002003 is not an offsetting account to the 244 accounts as was indicated in item k. of the data request.