

**Exh. CRM-5  
Dockets UE-170033/UG-170034  
Witness: Chris R. McGuire**

**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**

**Chris R. McGuire**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

***PSE Response to Public Counsel Data Request No. 424***

**June 30, 2017**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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

**PUBLIC COUNSEL DATA REQUEST NO. 424**

**PUBLIC COUNSEL DATA REQUEST NO. 424:**

**Re: Attachment B to Puget Sound Energy's Response to Public Counsel Data Request 177.**

Refer to pages 5 and 6 of the Report to the Audit Committees of the Board of Directors of Puget Energy, Inc. and Puget Sound Energy, Inc.

- a. Identify and provide the journal entry, and supporting work papers, to record the reclassification of the estimated net book value of Colstrip Units 1 and 2 of \$176.8 million at the expected retirement date to a regulatory asset.
- b. When was the journal entry to record the reclassification of the estimated net book value of Colstrip Units 1 and 2 of \$176.8 million recorded on PSE's books?
- c. Explain fully whether and how PSE's filing reflects the impact of the journal entry made to record the reclassification of the estimated net book value of Colstrip Units 1 and 2 of \$176.8 million at the expected retirement date to a regulatory asset.
- d. What "expected retirement date" was assumed in recording the \$176.8 million.
- e. Show projections of Colstrip Units 1 and 2 Plant and Accumulated Depreciation at each of the following dates: (1) December 31, 2015, (2) September 30, 2016, (3) December 31, 2016, (4) March 31, 2017, and (5) the assumed retirement date for Colstrip Units 1 and 2.
- f. The discussion on page 6 states that: "Management believes that all costs with the anticipated retirement of Colstrip Units 1 and 2, including the NBV of the plant, will be recovered through rates along with a return on the regulatory asset based on prior precedent." Please identify and provide citations to each item of "prior precedent" that is being relied upon by PSE.

- g. Has PSE ever previously recorded a regulatory asset for the anticipated retirement of generating plant? If so, explain fully and provide the details.
- h. Did PSE request or obtain permission from the WUTC for its accounting entry to reclassify as a regulatory asset the estimated net book value of Colstrip Units 1 and 2? If so, please identify and provide the documents. If not, explain fully why not.
- i. Why is the reclassification of the Colstrip Units 1 and 2 net book value considered to be an unusual transaction?

**Response:**

- a. Puget Sound Energy (“PSE”) recorded the following entries related to the requested reclassification (\$128.2 million plus \$92.8 million minus \$44.2 million = \$176.8 million):

The screenshot shows the SAP 'Document Overview - Display' window. The document details are as follows:

Doc. Type	SA ( G/L account document ) Normal document				
Parked by	HAN	Posted by	MCHHN		
Doc. Number	100187812	Company Code	1000	Fiscal Year	2016
Doc. Date	10/05/2016	Posting Date	09/30/2016	Period	09
Calculate Tax	<input type="checkbox"/>				
Ref. Doc.	JE210				
Doc. Currency	USD				
Doc. Hdr Text	Colstrip 1&2 Reg Asset JF				

  

Item	PK	Account	Account short text	Tx	Cost Ctr	Order	Amount	Text
1	40	10100651	Colstrip 1&2 Reg. As				128,175,029.65	Colstrip 1&2 abandonment move to Reg. Asset
2	50	10100661	Clstrip1&2 Rg Ass CN				128,175,029.65-	Colstrip 1&2 abandonment move to Reg. Asset

Item	PK	Account	Account short text	Tx	Cost Ctr	Order	Amount	Text
1	40	10100651	Colstrip 1&2 Reg. As				92,800,516.51	Colstrip 1&2 abandonment to Reg. Asset in 4Q 2016
2	50	10100661	Clstrip1&2 Rg Ass CN				92,800,516.51-	Colstrip 1&2 abandonment to Reg. Asset in 4Q 2016
3	50	10800061	Accum Depreciation N				44,171,295.13-	Colstrip 1&2 abandonment to Reg. Asset in 4Q 2016
4	40	10800071	Contra Accum Depreci				44,171,295.13	Colstrip 1&2 abandonment to Reg. Asset in 4Q 2016

Attached as Attachment A to PSE’s Response to Public Counsel Data Request No. 424, please find the workpapers used to calculate the \$178.6 million of expected net book value of Colstrip Units 1 and 2 at July 1, 2022.

This entry was recognized for generally accepted accounting principles (“GAAP”) purposes only. Because PSE has not received approval for recognition of a regulatory asset associated with Colstrip Units 1 and 2, the GAAP entries and accounts associated with the adjustment have not been reflected in this filing. The entry was recorded on PSE’s books as a tracking entry only (note the use of FERC Accounts 101 and 108 versus 182.3) that was used to report PSE’s GAAP financial statements, not the financial statements reflected in this proceeding. Please see the electronic workpapers of Katherine J. Barnard and Susan E. Free submitted on January 13, 2017, entitled “5.03 E&G RB - 5.04 E&G WC 17GRC.xlsx,” tab “BS,” which denote the regulatory treatment assigned to all of the above accounts. All of the accounts to which the above entries were made (which net to zero), are assigned the same treatment (electric rate base), and so, there is zero effect for these entries in this filing.

- 10100651 Row 20 in Rate Base Section (Columns Y – ZZ) of “BS” Tab
- 10100661 Row 21 in Rate Base Section (Columns Y – ZZ) of “BS” Tab
- 10800061 Row 68 in Rate Base Section (Columns Y – ZZ) of “BS” Tab
- 10800071 Row 70 in Rate Base Section (Columns Y – ZZ) of “BS” Tab

Finally, PSE’s filing proposes updated depreciation rates for Colstrip Units 1 and 2 that reflect the retirement of Units 1 and 2 in July 2022 and includes a proposal to utilize existing regulatory liabilities associated with hydro treasury grants and production tax credits to fund the decommissioning and remediation of Colstrip Units 1 and 2. Please see the Prefiled Direct Testimonies of Daniel A. Doyle,

Exhibit No. \_\_\_\_ (DAD-1T) and Katherine J. Barnard, Exhibit No. \_\_\_\_ (KJB-1T). If these proposals are accepted, the GAAP abandonment accounting will be reversed and GAAP will follow the authorized regulatory treatment.

- b. Please see PSE's Response to subpart (a) above.
- c. Please see PSE's Response to subpart (a) above.
- d. Please see PSE's Response to subpart (a) above.
- e. PSE has not performed the requested calculations but notes that the information needed to do so is available in Attachment A to this data request.
- f. Please see PSE's Response to subpart (a) above which indicates that PSE has not received approval to record a regulatory asset associated with its investment in Colstrip Units 1 and 2 and that the required GAAP recognition of a regulatory asset has not been reflected in this filing. PSE notes that the Washington Commission has previously approved recovery of regulatory assets associated with unrecovered plant, including the following assets which are included in PSE's rate base:

Electron Hydroelectric Project	WUTC Docket UE-130617
White River Hydroelectric Project	WUTC Docket UE-040640

- g. PSE is unaware of other instances where it has been required to recognize a similar GAAP only entry.
- h. Please see PSE's Response to subpart (a) above.
- i. Please see PSE's Response to subpart (g) above.

**ATTACHMENT A to PSE's Response to  
PUBLIC COUNSEL Data Request No. 424**