

**Exh. BAE-4
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. 337

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. 337

WUTC STAFF DATA REQUEST NO. 337:

RE: Investor Supplied Working Capital

Please provide an update to the company's response to UTC Staff Data Request No. 118, Excel file "PSE Resp to Staff DR 118_Attach A.xlsx," Tab "Coding Changes," to reflect the most current changes to the company's position on working capital.

Response:

Attached as Attachment A to Puget Sound Energy's ("PSE") Response to WUTC Staff Data Request No. 337, please find an MS Excel file that provides the tab titled "Coding Changes" which was included in the original Attachment A to PSE's Response to WUTC Staff Data Request No. 118. This tab has been updated to reflect changes that have been identified since PSE's Response to WUTC Staff Data Request No. 118 was submitted. The changes that were made have been highlighted in green and are summarized below.

In PSE's Response to WUTC Staff Data Request No. 118, PSE indicated that gas environmental deferrals should have been treated as working capital pursuant to WUTC Docket No. UG-920781 instead of non-operating as originally filed. However, after submitting that Response, PSE discovered that the treatment allowed in WUTC Docket UG-920781 was overturned in WUTC Docket UG-920840 where non-operating treatment was ordered. Therefore, the non-operating treatment PSE used for gas environmental accounts in its original filing is appropriate. With this determination, PSE notes that there was one gas environmental deferral account in SAP account 18608752 for the Verbeek Properties Remediation Site that was given working capital treatment in the original filing and therefore would require a change to non-operating treatment. The return to non-operating treatment for all gas environmental deferral accounts as well as the change to the Verbeek Properties Remediation deferral account from working capital to non-operating treatment have been reflected on Attachment A.

There were three accounts that were identified as related to accounts that were reflected in PSE's Response to WUTC Staff Data Request No. 118 that should receive the same change to their treatment as their related accounts. These three accounts have been identified on Attachment A.

Please see PSE's Response to WUTC Staff Data Request No. 339 for additional accounts that were not the subject of PSE's Response to WUTC Staff Data Request No. 118 that have been determined to require a change in their treatment from what was originally filed.

**ATTACHMENT A to PSE's Response to
WUTC Staff Data Request No. 337**

Attachment A PSE's Response to WUTC DR 337 Attachment A

Changing from Non-Operating to Working Capital
Changing from Working Capital to Non-Operating
Subtotal Changes
No Change
Total

113,436
(6,287,722)
(6,174,286)
19,916,261
\$ 13,741,975

Account	Account Name	Account Description	AMA Balance 9/30/2016	Regulatory Treatment in Original Filing	Regulatory Treatment Should Have Been	Reason for Change
18600091	Generating Plant Expenses	Ongoing related to Colstrip Generating Plant Expense and clears when eventually billed.	7,910.73	Non Operating Investments	Working Capital	Operating expenses for Colstrip plant expenses prior to billing
18600122	Gas - Misc Def Debits	Ongoing related to King County Renton Wastewater Treatment and clears when eventually billed.	(612.34)	Non Operating Investments	Working Capital	Operating expenses for King County Renton Wastewater Treatment expenses prior to billing
18600123	Cashiers Shortages - CLX	Clearing account from 25301073	542.65	Non Operating Investments	Working Capital	Similar to accounts receivable or payable.
18600203	Def Debits - Misc Def Debits	Fleet clearing account for 18400019 uncleared balances	12,455.72	Non Operating Investments	Working Capital	Similar to accounts receivable or payable.
18600293	Real Estate Reimbursable Projects	Tenant Improvements to be reimbursed by landlord for Eastgate facility	99,139.04	Non Operating Investments	Working Capital	Similar to accounts receivable or payable.
186003072	Prepaid Gas Options-LT	Reclass Gas Options premium from ST to LT	318,809.64	Working Capital	Non-Operating Investments	Should be Non-Operating because Hedging Related? Also, PGA is in Non-Op
18609801	Article 502 - Forest Habitat Capital Fund	Directly Offset by 24200901 Baker License capital Funding year 4 Requirement - Funding to a maximum of \$430K (adjusted for inflation and interest) for acquisition and habitat enhancement of avian forest land. If funds are available twenty-five years following license issuance (2033), and licensee, in consultation with the TRIG, determines lands are not available and/or habitat enhancement actions are not feasible for any of the intended purposes, the remaining funds may be made available to the Terrestrial Enhancement and Research Fund (TERF). Unless otherwise approved by FERC, acquired lands shall remain in licensee's ownership during the term of the license. Prior purchases for approximately \$304K were coded to account 18609821 and will be reclassified in Q2 2013. No other transactions are anticipated in 2013.	163,594.35	Working Capital	Non-Operating Investments	
18609821	Article 503 - Elk Habitat Capital Fund	Offset by 24200921 - Baker License for Elk Habitat Capital Funding Requirement - Funding to a maximum of \$10.2M (adjusted for interest and inflation) for acquisition, planning, management and habitat enhancement of low-elevation bottomland ecosystems in the Skagit River basin. If funds are available twenty-five years following license issuance (2033), and licensee, in consultation with the TRIG, determines lands are not available and/or habitat enhancement or management actions are not feasible for any of the intended purposes, the remaining funds may be made available to the Terrestrial Enhancement and Research Fund (TERF) or Habitat Enhancement and Conservation (HERC) Fund.	817,114.64	Working Capital	Non-Operating Investments	Should be in Non-Operating because earning interest. All Offsetting 242 accounts should receive the same treatment.
18609841	Article 504 - Wetland Habitat Capital Fund	Offset by 24200941 - Baker License funding Requirement to a maximum of \$340K (adjusted for inflation and interest) for acquisition and habitat enhancement of wetlands. Funds are available twenty-five years following license issuance (2033), and licensee, in consultation with the TRIG, determines lands are not available and/or habitat enhancement or management actions are not feasible for any of the intended purposes, the remaining funds may be made available to the Terrestrial Enhancement and Research Fund (TERF).	1,448,799.03	Working Capital	Non-Operating Investments	
18609861	Article 505 - Aquatic Riparian Habitat Capital Fund	Offset by 24200961 - Baker License capital Funding to a maximum of \$10.2M (adjusted for interest and inflation) for acquisition, planning, management and habitat enhancement of low-elevation bottomland ecosystems in the Skagit River basin. If funds are available twenty-five years following license issuance (2033), and licensee, in consultation with the TRIG, determines lands are not available and/or habitat enhancement or management actions are not feasible for any of the intended purposes, the remaining funds may be made available to the Terrestrial Enhancement and Research Fund (TERF) or Habitat Enhancement and Conservation (HERC) Fund.	1,383,175.54	Working Capital	Non-Operating Investments	
25300033	Deferred Compensation - Salary Deferred	Officers/Directors can defer a portion of their income on a pre-tax basis. Balance in account includes deferred compensation and accrued interest to the benefit of the participant who has deferred compensation under this program. Interest is recorded below the line and is not included in the revenue requirement in this proceeding.	(8,563,737.57)	Working Capital	Non-Operating Investments	Should be in Non-Operating because account pays interest
19000003	Def FIT Deferred Compensation	This account is 35% Def FIT tax on account 25300033.	2,397,308.41	Working Capital	Non-Operating Investments	Should be in Non-Operating because underlying account pays interest.

Account	Account Name	Account Description	AMA Balance 9/30/2016	Regulatory Treatment in Original Filing	Regulatory Treatment Should Have Been	Reason for Change
25300343	Def Compensation - IBNR	Effective Q1 2013 PSE began recording balance related to Workers Comp incurred but not Paid (IBNR). Each qtr gets a report of all outstanding claims by PSE employees. The total amount is recorded as a credit to this account and offset in 18600403 and 18609861	(2,963,701.53)	Working Capital	Non-Operating Investments	Should be in Non-Operating because account pays interest
18600403	IBNR for Workers Comp	IBNR for Workers Comp - This is account is created to record outstanding claim workers comp balances per Broadspire report. Records balances related to Workers Comp incurred but not Paid (IBNR). Each qtr gets a report of all outstanding claims by PSE employees. The total amount is recorded as a credit to this account and offset in 25300343 and 18609861	473,520.70	Working Capital	Non-Operating Investments	Should be in Non-Operating because account pays interest
18603003	Workers Comp IBNR recoveries	IBNR for Workers Comp - This is account is created to record outstanding claim workers comp balances per Broadspire report. Records balances related to Workers Comp incurred but not Paid (IBNR). Each qtr gets a report of all outstanding claims by PSE employees. The total amount is recorded as a credit to this account and offset in 1860403 and 25300343	1,490,180.88	Working Capital	Non-Operating Investments	Should be in Non-Operating because account pays interest
24200811	Article 103 - Upstream Fish Passage Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(174,241.68)	Working Capital	Non-Operating Investments	
24200821	Article 105 - Downstream Fish Passage Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(157,738.70)	Working Capital	Non-Operating Investments	
24200831	Article 511 - Decaying Wood Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(87,175.91)	Working Capital	Non-Operating Investments	
24200841	Article 505 - Aquatic Riparian Habitat Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(320,534.35)	Working Capital	Non-Operating Investments	
24200851	Article 602 Recreation Adaptive Management Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(79,704.28)	Working Capital	Non-Operating Investments	
24200861	Article 512 - Bald Eagle Survey Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(94,680.85)	Working Capital	Non-Operating Investments	
24200871	Article 514 - Use of Habit Evaluation	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(248,538.84)	Working Capital	Non-Operating Investments	
24200881	Article 101 - Fish Propagation O&M Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(67,388.42)	Working Capital	Non-Operating Investments	
24200891	Article 110 - Shoreline Erosion O&M Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(163,594.35)	Working Capital	Non-Operating Investments	
24200901	Article 502 - Forest Habitat Capital Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(16,907.40)	Working Capital	Non-Operating Investments	
24200921	Article 503 - Elk Habitat O&M fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(2,232,395.68)	Working Capital	Non-Operating Investments	
24200931	Article 503 - Elk Habitat O&M Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(298,965.75)	Working Capital	Non-Operating Investments	
24200941	Article 504 - Wetland Habitat Capital Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(203,502.57)	Working Capital	Non-Operating Investments	
24200951	Article 504 - Wetland Habitat O&M Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(1,348,750.52)	Working Capital	Non-Operating Investments	
24200961	Article 505 - Aquatic Riparian Habitat Capital Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(105,795.42)	Working Capital	Non-Operating Investments	
24200971	Article 508 - Noxious Weeds O&M Fund	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(1,267.86)	Working Capital	Non-Operating Investments	
24200981	Article 602 - Habitat Enhance, Restor & Conserv Fund O&M	Offsetting account to 18609801, 18609821, 18609841 and 18609861	-	Working Capital	Non-Operating Investments	
24201011	Article 602 - Terrestrial Resource Enhancement Fund O&M	Offsetting account to 18609801, 18609821, 18609841 and 18609861	-	Working Capital	Non-Operating Investments	
24201021	Article 315 LB Trail Maintenance	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(96,586.31)	Working Capital	Non-Operating Investments	
24201031	Article 302 - Aesthetics Mgmt O&M	Offsetting account to 18609801, 18609821, 18609841 and 18609861	(22,605.68)	Working Capital	Non-Operating Investments	
24201041	Article 304 - Bak Rest. Rec Water Safety Pin O&M	Offsetting account to 18609801, 18609821, 18609841 and 18609861	-	Working Capital	Non-Operating Investments	
18237112	Env Rem - Swair Station	Env. Rem. Swair Station - Costs associated with clean-up of soil from anti-freeze, lead and natural gas odorant on Benson Dr. South in Renton. Docket No. UG 920781	280,448	Non Operating Investments	No Change	
18237122	Env Rem - South Seattle GS	Env. Rem. South Seattle GS For soil contamination cleanup that was in excess of state cleanup standards.	169,602	Non Operating Investments	No Change	
18237132	Env Rem - North Tacoma Gate Station	Env. Rem. North Tacoma GS For soil contamination cleanup that was in excess of state cleanup standards.	133,750	Non Operating Investments	No Change	
18237142	Env Rem - North Seattle Gate Station	Env. Rem. North Seattle GS For soil contamination cleanup that was in excess of state cleanup standards.	53,996	Non Operating Investments	No Change	
18237152	Env Rem - Covington Gate Station	Env. Rem. Covington GS For soil contamination cleanup that was in excess of state cleanup standards.	67,987	Non Operating Investments	No Change	
18608612	Env Rem - WSDOT Upland Remediation Costs	Env. Rem. WSDOT Upland Remed Costs (2005) former gas manufacturing plant site. Amortization will be requested in a future rate case per the UG-920781 accounting order.	779,999	Non Operating Investments	No Change	
18608712	Env Rem - WSDOT Thea Foss Remediation Costs	Env. Rem. WSDOT Thea Foss Remed Costs (2005) The City of Tacoma Thea Foss Waterway issues are in arbitration. The total project is estimated at \$1.5-\$3.5 million. This is a former gas manufacturing plant.	5,358,668	Non Operating Investments	No Change	
18608772	Thea Foss Waterway (WADOT Settlement)	Env. Rem - Distribution for legal settlement between WADOT, PacificCorp and PSE	(3,488,999)	Non Operating Investments	No Change	
18608722	BLOCKED-Thea Foss Recovery	Env. Rem. Thea Foss cost recovery. PSE was involved as potentially responsible party due to its past ownership of a portion of the 22nd and A street MGP and is part of a Unites PRP subgroup. The majority of cleanup have been completed.	7,712	Non Operating Investments	No Change	

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Other WUTC in UG-920781 was overturned in WUTC docket UG-920840 where non-operating treatment was ordered.

Account	Account Name	Account Description	AMA Balance 9/30/2016	Regulatory Treatment in Original Filing	Regulatory Treatment Should Have Been	Reason for Change
18608212	Env Rem - Everett Remediation Costs	PSE implemented an interim remedy consisting of a containment wall with groundwater monitoring at both ends and at the centerline of the containment wall. PSE continues regular monitoring of the results of the remediation already performed. Annual groundwater sampling performed continues to show the remedy is containing contaminated groundwater.	1,467,246	Non Operating Investments	No Change	
18609782	Everett Washington (WADOT Settlement)	Env Rem - Distribution for legal settlement between WADOT, PacifiCorp and PSE	(601,551)	Non Operating Investments	No Change	
18609812	Env Rem - Chehalis Remediation Costs	Env Rem. Chehalis Remediation (2005)A gas-manufacturing site at Chehalis is estimated to be approximately \$2.0 million. Currently as of 1/10 the balance in this account is \$1.8 million. Per UG-920781, the amortization will be requested in a future rate case.	3,959,360	Non Operating Investments	No Change	
18609432	Env Rem-Post Nov 2012 Gas Works Park -	EnvRem-Post11-12 Gas Works remediation between City of Seattle and PSE for the combined Gas Works park and Lake Union sites.	6,552,278	Non Operating Investments	No Change	
18608412	Env Rem - Gas Works Remediation Costs	Env Rem. Gas Works Remediation (2005)A clean up action plan is under review from the Washington Department of Ecology. The total project estimate is \$3.2-\$5.0 million. This former gas manufacturing site amortization of costs will be requested in a future rate case per UG-920781.	2,651,392	Non Operating Investments	No Change	
18609812	Env Rem - Quendall Terminal Remediation	Env Rem. Quendall Terminal (2005). This is a former gas-manufacturing site with estimated future costs of \$1.0 million.	12,405,155	Non Operating Investments	No Change	
18609512	Env Rem-Quendall Terminal - Remediation	Env Rem-Quendall Terminal - Remediation	79,128	Non Operating Investments	No Change	
18608112	Env Rem - Tacoma Tide Flats Remediation Costs	Env Rem. Tacoma Tide Flats Remed Costs (2005)Costs related to this project are accrued monthly. Formerly a manufactured gas plant site, current clean up under way. Under terms of the UG-920781 accounting order, the amortization will be requested in a future rate case.	38,953,753	Non Operating Investments	No Change	
18609532	Env Rem - Bay Station (Elliot Ave) MGP	Env Rem - Bay Station (Elliot Ave) MGP (2006) Cost deferral relating to environmental remediation.	241,784	Non Operating Investments	No Change	
18609542	Env Rem - Olympia (Columbia Street) MGP	Env Rem - Olympia (Columbia Street) MGP (2006)Cost deferral relating to environmental remediation	1,259,128	Non Operating Investments	No Change	
18608732	Olympia Columbia Street MGP (WADOT Sett	Env Rem - Distribution for legal settlement between WADOT, PacifiCorp and PSE	(160,310)	Non Operating Investments	No Change	
18608002	Env Rem - Downtower Property	Env Rem - Downtowner Property.Cost associated with clean-up underneath a Seattle property that is associated with historic MGP operated in 1873 to 1907.	519,468	Non Operating Investments	No Change	
18608062	Env Rem - Gas Historical Actual Ins Recoverie	Env Rem. Gas Historical Insurance Recoveries (2005)This account tracks the insurance amounts received for gas environmental remediation. Docket No. UG 920781	(50,267,725)	Non Operating Investments	No Change	
18608752	Env Rem - Verbeek Properties Remediation Costs	Env Rem. Verbeek Properties Environmental Costs (2005) Complaint was filed within the Superior Court of King County alleging that PSE and/or the City of Seattle transported contaminated soil from the Gas Works MGP site to the plaintiffs property in the early 1970's.	935,930	Working Capital	Non-Operating Investments	WUTC docket UG-920840 indicates non-operating treatment.