

**Exh. BAE-6
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. 204

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. 204

WUTC STAFF DATA REQUEST NO. 204:

Referring to PSE workpaper "5.03 E&G RB - 5.04 E&G WC 17GRC.xlsx", Tab "BS," please provide a detailed explanation of your criteria for classification between operating investments (columns AB, AC, AD) and non-operating investments (columns AE, AF, AG).

Response:

Working capital treatment of Puget Sound Energy's ("PSE") balance sheet accounts is determined at the time the balance sheet account is first used and is based on treatment provided to similar accounts that already exist. The treatments assigned fall into four different categories:

Capital available for investment (Average Invested Capital);

Amounts invested in operating items most of which are in rate base ("Operating");

Amounts invested in non-operating items that are not in operating or working capital ("Non-Operating"); and

Working capital.

Non-Operating items fall into three categories:

Amounts that are related to the regulated business that are not invested in rate base or in working capital and that earn or pay interest separately such as PSE's Treasury Grants associated with its wind projects that are being passed back to customers with interest based on PSE's authorized rate of return in Schedule 95a;

Amounts that are truly non-utility in nature. Examples include non-utility plant and intercompany subsidiary accounts; and

Amounts that have previously been ordered to be treated as Non-Operating such as PSE's gas environmental deferrals.¹

Operating generally falls into two categories:

Amounts invested in approved rate base; and

Amounts that are related to the regulated business that are not invested in rate base or in working capital and that do not earn or pay interest. Traditionally, there should not be many that would be included under this category as these items would arguably be included in Working Capital.

PSE is currently performing a comprehensive review of the regulatory treatment of its balance sheet accounts based on the above criteria and will provide a supplement to its Response to this data request if changes in account treatment are identified.

¹ In PSE's original Response to WUTC Staff Data Request No. 118, PSE answered 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, and PSE will be revising its Response to WUTC Staff Data Request No. 118 accordingly.