

**BEFORE THE**  
**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND ) DOCKETS UE-240004,  
TRANSPORTATION COMMISSION, ) UG-240005, and UE-230810  
) (*Consolidated*)  
Complainant, )  
)  
v. )  
)  
PUGET SOUND ENERGY, )  
)  
Respondent. )  
\_\_\_\_\_)  
)  
In the Matter of the Petition of )  
)  
PUGET SOUND ENERGY )  
)  
Petitioner, )  
)  
For an Accounting Order Authorizing )  
deferred accounting treatment of )  
purchased power agreement expenses )  
pursuant to RCW 80.28.410 )  
\_\_\_\_\_)

**EXHIBIT CDW-3**  
**RESPONSE TO DISCOVERY REQUEST**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Dockets UE-240004 & UG-240005  
Puget Sound Energy  
2024 General Rate Case**

**MICROSOFT DATA REQUEST NO. 003**

**“CONFIDENTIAL” Table of Contents**

|                             | <b>“CONFIDENTIAL” Material</b>   |
|-----------------------------|--|
| <b>Data Request No. 003</b> | Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-240004 and UG-240005 as marked in Puget Sound Energy’s Response to Microsoft Data Request No. 003 Attachments A and B. |

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Dockets UE-240004 & UG-240005  
Puget Sound Energy  
2024 General Rate Case**

**MICROSOFT DATA REQUEST NO. 003:**

**REQUESTED BY:**

RE: Electric Special Contract

Did Microsoft pay for any portion of the infrastructure associated with the rate increase described in response to Data Requests 001 and 002? If so, please provide an accounting that shows how those payments were included in PSE's development of the rates for the special contract.

**Response:**

In regard to the rate increase described in response to Microsoft Data Request Nos. 001 and 002, Microsoft has indeed contributed a portion of the infrastructure upgrades associated with the East campus, amounting to \$6,961,433.28 received by Puget Sound Energy ("PSE"), with \$1,378,993.10 still outstanding.<sup>1</sup> Attached as Attachment A to PSE's Response to Microsoft Data Request No. 003, is an MS Excel spreadsheet containing a list of costs by campuses used in the direct assignment calculation. Under the tab labeled "MSFT Payment information," there is a detailed breakdown for each work order of estimated costs associated with East campus additions, including billed invoices amounts, payments received, and outstanding invoices balances.

While preparing the response to Microsoft Data Request No. 003, PSE discovered that these payments were inadvertently not initially factored into the analysis of annual plant costs, leading to an over-inflation of the Special Contract rate increase for the distribution charge in both years of the multi-year rate plan ("MYRP"), 2025 and 2026. To rectify this, PSE proposes to exclude \$8,340,426.38 of plant costs associated with East campus additions from the distribution charge rate base, in accordance with Microsoft's special contract terms and conditions, and exhibit/appendix C (calculation of distribution service charges).<sup>2</sup> This adjustment will decrease the distribution charge from the originally proposed \$10.89 to \$9.72, resulting in a revenue decrease of \$819,899.85 for 2025 and \$909,189.34 for 2026.

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<sup>1</sup> Since June 2023.

<sup>2</sup> Only the associated O&M and A&G calculations in the distribution charge for related plant costs remains.

Due to the Microsoft plant adjustment, there is ‘flow-through’ impact within the allocation factors utilized within the electric cost of service model associated with FERC 108.366a, 108.366b, 366.01, and 366.02. PSE proposes adjusting the plant amounts used in the direct assignment allocation of FERCs 366.01 and 108.366a in the electric cost of service model by removing the related \$8,340,426.38 paid for plant from those allocation factors. While these adjustments will not change the overall system revenue requirement, nor the overall system rate change for 2025 and 2026; it does consequently shift customer class revenues due to percentage variances within these allocation factors. This leads to a decrease in bill impact revenue for Special Contract class and a slight increase for all other customer classes, with the variance shown on the table below.

All associated and affected electric cost of service, pricing, and bill impact workpapers supporting the Prefiled Direct Testimony of Christopher T. Mickelson are provided with necessary adjustments noted, highlighted cells, and related flow-through impacts related to the correction of plant associated with Microsoft payment.

| Rate Class                | Rate Schedule       | MYRP 2025<br>Bill Impacts \$<br>Variance from<br>Originally<br>Filed | MYRP 2025<br>Bill Impacts %<br>Variance from<br>Originally<br>Filed | MYRP 2026<br>Bill Impacts \$<br>Variance from<br>Originally<br>Filed | MYRP 2026<br>Bill Impacts %<br>Variance from<br>Originally<br>Filed |
|---------------------------|---------------------|--|---|--|---|
| Residential               | 7 (307) (317) (327) | \$496,279  | 0.03%   | \$57,870   | 0.00%   |
| Sec Volt Gen Svc          | 08 (24) (324)       | \$113,599  | 0.03%   | \$13,112   | 0.00%   |
| Sec Volt Gen Med Dem Svc  | 7A (11) (25)        | \$111,674  | 0.03%   | \$12,976   | 0.00%   |
| Sec Volt Gen Lg Dem Svc   | 12 (26) (26P)       | \$68,493   | 0.03%   | \$8,036  | 0.00%   |
| Sec Volt Irrig & Pump Svc | 29                  | \$508  | 0.03%   | \$59   | 0.01%   |
| Pri Volt Gen Svc          | 10 (31)             | \$47,569   | 0.02%   | \$5,443  | 0.00%   |
| Pri Volt Irrig & Pump Svc | 35                  | \$219  | 0.05%   | \$32   | 0.01%   |
| Pri Volt Interr Elec Sch  | 43                  | \$4,569  | 0.03%   | \$547  | 0.01%   |
| High Volt Interr Svc      | 46                  | \$2,205  | 0.02%   | \$237  | 0.00%   |
| High Volt Gen Svc         | 49                  | \$12,113   | 0.02%   | \$1,306  | 0.00%   |
| Area & Street Lighting    | 03, 50-59           | \$6,753  | 0.03%   | \$754  | 0.00%   |
| Retail Wheeling           | 449 / 459           | \$0  | 0.00%   | \$(0)  | 0.00%   |
| Special Contract          | Special Contract    | \$(864,501)  | -14.15%   | \$(100,375)  | -0.51%  |
| Firm Resale               | 5                   | \$520  | 0.11%   | \$4  | 0.00%   |
| <b>TOTAL</b>              |                     | <b>\$(0)</b>   | <b>0.00%</b>  | <b>\$(0)</b>   | <b>0.00%</b>  |

Attached as Attachment B to PSE’s Response to Microsoft Data Request No. 003, is a zip file containing the full set of COS and Revenue Requirement workpapers with adjustments made in highlighted and explained sections impacted by the modifications referenced in above portion of this response. PSE proposes to incorporate those changes into its rate spread during the rebuttal phase.

Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-240004 and UG-240005 as marked in Puget Sound Energy’s Response to Microsoft Data Request No. 003 Attachments A and B.

**ATTACHMENTS A and B to PSE's  
Response to  
Microsoft Data Request No. 003**