

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
Complainant,)
v.)
PUGET SOUND ENERGY,)
Respondent.)

DOCKETS UE-190529 and
UG-190530 (*consolidated*)

In the Matter of the Petition of)
PUGET SOUND ENERGY)
For an Order Authorizing Deferral)
Accounting and Ratemaking Treatment)
for Short-life UT/Technology Investment.)

DOCKETS UE-190274 and
UG-190275 (*consolidated*)

EXHIBIT BGM-5
PSE RESPONSES TO DATA REQUESTS

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 001:

Please reference the Direct Testimony of Margaret Hopkins. How did the Company come to the knowledge that the Bothell data center is located in a flood-plain?

Response:

Puget Sound Energy (“PSE”) has rented space at the North Creek campus in Bothell for its call center since 1999. The call center building (Building G) is adjacent to the Bothell Data Center building (Building H). PSE became aware of flooding risks at the North Creek campus in late 2007, due in part to a storm which caused flooding and threatened access to the call center due in large part to debris that accumulated at a bridge.

In 2008, PSE began evaluating sites for its data center. PSE retained COZA Technologies to explore siting of PSE’s primary and secondary data centers. The Bothell North Creek campus (Building H) was included in that review. While a copy of the COZA report has not been identified, PSE does have an internal email from 2012, indicating that COZA noted the flood risk at North Creek in their report. See Item 3 in Attachment A to PSE’s Response to AWEC Data Request No. 001, Flooding notes for Bothell.doc.

**ATTACHMENT A to PSE's Response to
AWEC Data Request No. 001**

From: Bolton, Brett
Sent: Friday, November 09, 2012 12:58 PM
To: Chao, John
Cc: Richardson, Michael L; Lohse, Brandon; Hurwitz, Larry; Doyle, Dan; Wolf, Rudiger
Subject: RE: PSE Bothell IT/ Call & Data Center Buildings G&H flood exposures

John, I'm responding to the recent information regarding the Bothell campus flood exposures. Let's meet soon to discuss further.

The following summary info may be helpful as we initiate a review:

1. The initial lease was executed March 21, 1999, for our original space in the newly constructed H building. Insurance provisions were coordinated with R&C. Those provisions have carried through the subsequent lease amendments as we've taken additional space at the campus over the years.
2. As you may already know, a storm in December, 2007, particularly highlighted flooding risks, as access to the call center was threatened. Stack up of debris at a bridge was reported to be the key factor. The developer/landlord initiated actions to address/mitigate. They hired GeoEngineers who identified various items in a stability analysis report, and who supervised the remediation. Key remediation items included raising the entire levy system, construction of "wing walls," "bridge panels," and other improvements. I've attached their summary for your consideration.
3. In September of 2008 CSS began working with a consultant, COZA Technologies. This consultant was hired by Rudy to explore siting of PSE's primary/secondary data center(s). The Bothell location was ultimately included in that review which, of course, highlighted the flood risk. The data center siting work was reviewed by PSE's Policy Committee for final site selection. It was determined that if certain elements were addressed PSE would, given the alternatives, pursue the Bothell location for the data center. At that time the remediations identified by GeoEngineers were well under way, with most items complete or nearing completion. The City of Bothell was also consulted, specifically related to the flooding concerns. The law firm of Riddell Williams was PSE's legal counsel, with the flood matters negotiated. The lease amendment that expanded PSE's occupation to include space for the data center (2nd amendment) was executed in 2009, copy attached--see Section 7. A related compliance letter was also provided by the landlord, copy also attached.

Facilities likely has additional info, and should be included in the discussion. You've undoubtedly identified other participants as well. I look forward to meeting at your convenience.

Brett Bolton

Manager Real Estate
Puget Sound Energy
O: (425) 456-2315 / 81-2315
M: (206) 604-5070

From: Lohse, Brandon
Sent: Wednesday, November 07, 2012 01:48 PM
To: Richardson, Michael L
Cc: Wolf, Rudiger; Doyle, Dan; Chao, John
Subject: FW: PSE Bothell IT/ Call & Data Center Buildings G&H flood exposures

Mike,

I'm forwarding an email from John Chao our insurance manager regarding some risks discovered up at the Bothell facility. Given the nature of the risks identified and the history of flooding at this site, we'd like to see if we can address the concerns raised by our insurance provider sooner than later given that storm season is upon us. From my discussions with John it seems like there are some relatively easy and inexpensive ways to reduce our exposure to a significant flooding event. Once you've had a chance to review the info, let me know if you'd like to discuss further.

I've also attached an email with John's more detailed ideas on how to best address.

Thanks,

Brandon J. Lohse, CTP

Director, Assistant Treasurer
Puget Sound Energy
10885 NE 4th St. PSE08N | Bellevue, WA 98004 | 425.462.3661
brandon.lohse@pse.com | C: 503.502.3678

From: Chao, John
Sent: Tuesday, November 06, 2012 3:40 PM
To: Doyle, Dan
Cc: Lohse, Brandon
Subject: PSE Bothell IT/ Call & Data Center Buildings G&H flood exposures

Dan,

As briefly mentioned to you earlier today:

This morning with our Property insurer's Consulting Engineer, I toured our Bothell IT Call and Data Center buildings G and H in the North Creek Business Park, for our first time. We were escorted by a PSE Supervisor of Facilities Maintenance. Significant flood concerns were observed and shared:

Both buildings are in proximity to North Creek, contained by an earthen levee; this creek has a history of flooding including mandatory evacuation of the North Creek Business Park. We observed the creek bed to be half the distance up the levee, in other words there's only about 4-5 feet of levee remaining above the creek bed; perhaps the creek bed has been rising with sedimentation over time. Also, the creek bed is only about 1.5 to 2 feet from the bottom of a nearby roadbridge. During a deluge, it's foreseeable this small flow space beneath the bridge may become inadequate and could plug-up with flood debris; the bridge could become a diversion dam for flooding over the levee.

The 2 PSE backup emergency generators for the Call and Data Center are situated even closer to the levee and vulnerable to flood conditions; also, the UPS Room is situated on ground level, which room includes a door and window facing towards the levee. Call and Data operations may be situated on 2nd story-floors, but the power they need are vulnerable to flood.

Both the FM Global Consulting Engineer and PSE's Supervisor of Facilities Maintenance shared these observations and concerns. The FM Global Engineer's report will soon be issued and the PSE Supervisor agrees to work together to determine measures preparatory to the winter storm season upon us. However, we share concern that sitings of the emergency generators and UPS room location are exposures that should be better addressed. PSE also needs to determine what governmental agencies should maintain adequate distance from the creek bed to the bottom of the roadbridge.

May I suggest that these conditions warrant consideration for action planning including Facilities, IT and other stakeholders.

*John Chao, Insurance Administrator
Insurance Risk Management
Puget Sound Energy
PSE 11N53
Bellevue, WA 98004
Phone: 81-3801 (425-462-3801)
Email: john.chao@pse.com*

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 003:

Please reference the Direct Testimony of Margaret Hopkins. When evaluating the potential for the initial development of the Bothell data center, what specific efforts did the Company take to determine the suitability of the Bothell location with respect to protection from flooding incidents?

Response:

Prior to siting the data center at the North Creek campus in Bothell, Puget Sound Energy (“PSE”) required the landlord to address the flood risk. Section 7 of the Second Amended Lease, dated October 15, 2009, provided for “Flood Control Improvements” to be completed by the landlord as a condition to PSE entering into the Second Amended Lease and locating its data center at the North Creek campus. Attached as Attachment A to PSE’s Response to AWEC Data Request No. 003 is the Second Amended Lease. Attached as Attachment B to PSE’s Response to AWEC Data Request No. 003 is a letter dated November 13, 2009, from the landlord relating to flood control improvements performed by the landlord.

The landlord also retained GeoEngineers to undertake levee raising and maintenance for the North Creek levee system to address the flooding risks. Attached as Attachment C to PSE’s Response to AWEC Data Request No. 003 is a letter dated July 21, 2009, from GeoEngineers documenting the flood control work.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 007:

Please provide all documents, including but not limited to reports, presentations, analyses, emails, or other communications, discussing the Company's due diligence related to the Company's decision to develop the Bothell data center facility.

Response:

Other than what is provided in Puget Sound Energy's ("PSE") Response to AWEC Data Request Nos. 001, 002, and 003, PSE has not been able to identify any additional documents or reports discussing PSE's due diligence of the decision to locate PSE's Data Center in Bothell, a decade ago.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 020:

Please identify each error and correction to revenue requirement that PSE has identified since the initial filing in this docket. Please also provide updated natural gas and electric revenue requirement workpapers incorporating all known errors and corrections since the initial filing in this docket.

First Revised Response:

After submitting its original response to AWEC Data Request No. 020, Puget Sound Energy ("PSE") discovered additional errors that should have been included in its original response. Two items related to pro forma adjustment amortizations should have been included in each of the electric and gas attrition amounts. Additionally, there was a formula error in the gas attrition exhibit that required correction. PSE's First Revised Response to AWEC Data Request No. 020 adds these corrections to the information provided in PSE's original response to AWEC Data Request No. 020.

The additional corrections relate to the following:

1. The original response discussed five pro forma adjustments that were inadvertently excluded from the attrition revenue requirement deficiency calculation that was presented in the Second and Third Exhibits to the Prefiled Direct Testimony of Ronald J. Amen, Exh. RJA-3 and Exh. RJA-4. PSE identified two additional pro forma adjustments that belong in this category. They are:
 - a. The AMI Deferral portion of 6.22E&GP "AMI"
 - b. The GTZ Deferral portion of 6.24E&GP "Get To Zero Proforma Plant Additions and Deferral Adjustment"
2. Non-Plant Accumulated Deferred Income Taxes were inadvertently excluded from the gas rate base used in the Gas Attrition Analysis. The formula to calculate Accumulated Deferred Income Taxes presented in columns I through M, row 47, on tab "RJA-4_Gas_Attrition," in workpaper *NEW-PSE-WP-RJA-3-and-4-Attrition-Study-19GRC-06-2019.xlsx*, should have been the same formula as that used in columns C through G. The formulas have been corrected in this

revised response and Non-Plant Accumulated Income Taxes are now properly included in the attrition analysis for gas.

Correction of the errors from the original and this revised response increases the traditional revenue requirement from the Supplemental filing by \$0.8 million for electric and \$0.0 million for gas and does not change the deficiency from attrition. There is no change to the deficiency from attrition as the additional corrections in this revised response brings the electric attrition deficiency back above the amount filed in this case, which was limited to a 6.9% increase. The revenue deficiency from gas has always remained above the amount filed in this case, which was limited to a 7.9% increase. The table below lays out the impacts to the net revenue change requested shown on line 7 from the Original and Supplemental filings.

Desc	ORIGINAL FILING			SUPPLEMENTAL FILING			CORRECTED		
	Elec	Gas	Total	Elec	Gas	Total	Elec	Gas	Total
1 Revenue Charge Before Attrition and Riders	\$104.5	\$86.1	\$190.6	\$100.2	\$86.1	\$186.4	\$101.0	\$86.2	\$187.2
2 Changes to Other Price Schedules	\$(3.1)	\$(32.4)	\$(35.5)	\$(3.1)	\$(32.4)	\$(35.5)	\$(3.1)	\$(32.4)	\$(35.5)
3 Net Revenue Change Before Attrition	\$101.4	\$53.7	\$155.1	\$97.1	\$53.7	\$150.8	\$97.9	\$53.8	\$151.7
4 Attrition Adjustment	\$44.5	\$22.1	\$66.6	\$48.8	\$22.1	\$70.9	\$47.7	\$30.2	\$77.9
5 Net Revenue Change After Attrition	\$145.9	\$75.8	\$221.7	\$145.9	\$75.8	\$221.7	\$145.6	\$84.0	\$229.6
6 Reduction to Supported Amount	\$(6.0)	\$(10.4)	\$(16.4)	\$(6.0)	\$(10.4)	\$(16.4)	\$(5.7)	\$(18.5)	\$(24.2)
7 Net Revenue Change Requested	\$139.9	\$65.5	\$205.4	\$139.9	\$65.5	\$205.4	\$139.9	\$65.5	\$205.4
				Change from Orig to Supp			Change from Supp to Corrected		
				Elec	Gas	Total	Elec	Gas	Total
1 Revenue Charge Before Attrition and Riders				\$(4.3)	\$0.0	\$(4.3)	\$0.8	\$0.0	\$0.8
2 Changes to Other Price Schedules				\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
3 Net Revenue Change Before Attrition				\$(4.3)	\$0.0	\$(4.3)	\$0.8	\$0.0	\$0.8
4 Attrition Adjustment				\$4.3	\$0.0	\$4.3	\$(1.0)	\$8.1	\$7.1
5 Net Revenue Change After Attrition				\$0.0	\$0.0	\$0.0	\$(0.3)	\$8.2	\$7.9
6 Reduction to Supported Amount				\$0.0	\$0.0	\$0.0	\$0.3	\$(8.2)	\$(7.9)
7 Net Revenue Change Requested				\$0.0	\$0.0	\$0.0	\$(0.0)	\$0.0	\$0.0

Attached as Attachment A to PSE’s First Revised Response to AWEC Data Request No. 020 is a zip file which contains a full set of the workpapers provided on September 24, 2019, in support of PSE’s Supplemental filing, updated for the corrections discussed in PSE’s original response as well as this revised response. Also included in Attachment A in the electric and gas models¹ are tabs titled “Rlfd” and “Impacts.” The “Rlfd” tabs present the impacts of the corrections on the revenue change before attrition and riders (“traditional deficiency”) and the “Impacts” tabs present the impacts on the net revenue change requested (“attrition deficiency”). The “Impacts” tab is the only tab that changed from the original response. The newly added items have been presented in red font.

As in its original response, PSE did not update any files within Attachment A that were not germane to the revenue requirement calculations.

¹ 190529-30-PSE-WP-SEF-14.00E-ELECTRIC-MODEL-SUPPLEMENTAL-19GRC-09-2019.xlsx and NEW-PSE-WP-SEF-4.00G-GAS-MODEL-19GRC-06-2019.xlsx

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 024:

Please provide monthly detail of all amortization expenses associated with EDFIT by FERC account for 2018 and 2019, through the latest month available.

Response:

Like tax depreciation, the reversal of excess deferred income taxes (“EDIT”) is an annual calculation in Puget Sound Energy’s (“PSE”) tax software, so “monthly” reversals would be a straight proration of the annual amounts provided in PSE’s Response to Public Counsel Data Request No. 064 and PSE’s Response to AWEC Data Request No. 022, for 2018. For 2019, only estimates are available as the year is still in progress. See PSE’s Response to AWEC Data Request No. 022 for what has been recorded year-to-date through September. Monthly reversals could be determined by using a straight allocation of the total amount.

The only EDIT that is reversing in 2018 and 2019 is in FERC 282.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 034

“CONFIDENTIAL” Table of Contents

DR NO.	“CONFIDENTIAL” Material
034	Shaded information is designated as CONFIDENTIAL per Protective Order in WUTC Dockets UE-190529 and UG-190530 as marked in Puget Sound Energy’s (“PSE”) Response to AWEC Data Request No. 034. The information will no longer be CONFIDENTIAL once PSE files its Form 10-Q; therefore, the designation will no longer apply once the filing occurs, which is expected to be on November 6, 2019.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 034:

Please provide the total unrecovered investment associated with Colstrip Unit 1 and 2 by FERC account as of September 30, 2019.

SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER
PROTECTIVE ORDER IN
WUTC DOCKETS UE-190529 AND UG-190530

Response:

Refer to the below table for the expected unrecovered investment associated with Colstrip Units 1 and 2 at shutdown, December 31, 2019, by FERC account as of September 30, 2019.

Actual amounts for the third quarter 2019 require confidential treatment until Puget Sound Energy's ("PSE") financial results are published in its Form 10-Q which is expected to be on November 6, 2019, at which time the confidential designation for third quarter amounts is no longer necessary.

FERC Account	Balance
E311 (Structures and improvements)	8,235,804
E312 (Boiler plant equipment)	78,239,858
E314 (Turbogenerator units)	32,303,324
E315 (Accessory electric equipment)	4,476,249
E316 (Miscellaneous power plant equipment)	1,318,294
E317 (Asset retirement costs for steam production plant)	52,868,135
E350 (Land and land rights)	420
E353 (Station equipment)	14,363
E354 (Towers and fixtures)	6,414
E355 (Poles and fixtures)	(13,260)
E356 (Overhead conductors and devices)	69,822
E392 (Transportation equipment)	196,721
E394 (Tools, shop and garage equipment)	289,576
E396 (Power operated equipment)	241,482
Total	178,247,202

Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-190529 and UG-190530 as marked in PSE's Response to AWEC Data Request No. 034.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 035:

Please provide the expected unrecovered investment balance associated with Colstrip Unit 1 and 2 by FERC account as of December 31, 2019, or the expected retirement date, whichever is earlier.

Response:

It is Puget Sound Energy's ("PSE") understanding that there will only be an immaterial amount of capital additions to Colstrip Units 1 and 2 between September 30, 2019 and December 31, 2019; therefore, please refer to PSE's Response to AWEC Data Request No. 034 for the expected unrecovered investment balance associated with Colstrip Units 1 and 2 as of December 31, 2019.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 036

“CONFIDENTIAL” Table of Contents

DR NO.	“CONFIDENTIAL” Material
036	Shaded information is designated as CONFIDENTIAL per Protective Order in WUTC Dockets UE-190529 and UG-190530 as marked in Puget Sound Energy’s (“PSE”) Response to AWEC Data Request No. 036. The information will no longer be CONFIDENTIAL once PSE files its Form 10-Q; therefore, the designation will no longer apply once the filing occurs, which is expected to be on November 6, 2019.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 036:

Please provide workpapers detailing the balance of PSE’s production tax credit regulatory liability account as of September 30, 2019.

Response:

Refer to the below table detailing the balance of Puget Sound Energy’s (“PSE”) production tax credit (“PTC”) regulatory liability accounts as of September 30, 2019.

Actual amounts for the third quarter 2019 require confidential treatment until PSE’s financial results are published in its Form 10-Q which is expected to be on November 6, 2019, at which time the confidential designation for third quarter amounts is no longer necessary.

Account	Description	Amount
10800651	2017 Tax Return Monetized PTCs	\$4,287,263
10800651	2018 Tax Return Monetized PTCs	82,937,179

Note that the total monetized PTC balance offsets the following as stipulated in the Settlement Agreement for Dockets UE-170033 and UG-170034.

Description	Amount
Montana Community Transition Fund	\$5,000,000
Colstrip 1 & 2 Unrecovered Plant	82,224,442

Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-190529 and UG-190530 as marked in PSE’s Response to AWEC Data Request No. 036.

SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER
PROTECTIVE ORDER IN
WUTC DOCKETS UE-190529 AND UG-190530

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 038:

Please identify all rate base amounts for Colstrip Units 1 and 2 included in PSE's proposed revenue requirement by FERC account.

Response:

Please refer to Attachment A to Puget Sound Energy's ("PSE") Response to AWEC Data Request No. 038 for all rate base amounts for Colstrip Units 1 and 2 included in PSE's proposed revenue requirement. PSE did not make a rate case adjustment to Colstrip Units 1 and 2 rate base because at the time it is removed from service it will be transferred to a regulatory asset pursuant the Settlement Agreement in UE-170033.

**ATTACHMENT A to PSE's Response to
AWEC Data Request No. 038**

**Puget Sound Energy
Colstrip 1 and 2 Rate Base
Response to AWEC DR 38
End of Period December 31, 2018**

Plant	FERC Account	Gross Plant EOP	Accum Depr EOP	Accum Deferred	Net Treasury Grant
		Dec-18	Dec-18	Income Tax EOP Dec-18	RCW 80.84 EOP Dec-18
Colstrip 1	E310 STM Land	28,925.39	-		
Colstrip 1	E311 STM Str/Impv	9,353,913.08	(5,847,573.40)		
Colstrip 1	E312 STM Boiler	90,575,245.58	(48,492,648.30)		
Colstrip 1	E314 STM Turbogogen	28,793,522.69	(11,824,104.22)		
Colstrip 1	E315 STM Accessory	7,338,719.11	(4,894,336.01)		
Colstrip 1	E316 STM Misc	986,710.17	(449,013.27)		
Colstrip 1	E392 GEN Trans Equip	151,677.92	(61,404.85)		
Colstrip 1	E3940 GEN Tools	204,468.53	(55,816.57)		
Colstrip 1	E396 GEN Power-Op Equip	140,845.08	(34,007.74)		
Subtotal Colstrip 1		137,574,027.55	(71,658,904.36)		
Colstrip 2	E310 STM Land	28,925.39	-		
Colstrip 2	E311 STM Str/Impv	4,520,471.05	(1,331,200.95)		
Colstrip 2	E312 STM Boiler	89,782,678.33	(42,905,367.43)		
Colstrip 2	E314 STM Turbogogen	33,894,225.08	(14,500,075.14)		
Colstrip 2	E315 STM Accessory	4,085,300.70	(1,567,212.82)		
Colstrip 2	E316 STM Misc	1,117,146.62	(569,510.43)		
Colstrip 2	E392 GEN Trans Equip	151,677.93	(58,155.56)		
Colstrip 2	E3940 GEN Tools	190,851.64	(49,803.07)		
Colstrip 2	E396 GEN Power-Op Equip	140,844.29	(30,190.43)		
Subtotal Colstrip 2		133,912,121.03	(61,011,515.83)		
Colstrip 1-2 Com	E310 STM Land	948,317.19	-		
Colstrip 1-2 Com	E311 STM Str/Impv	30,924,398.90	(28,130,473.49)		
Colstrip 1-2 Com	E312 STM Boiler	6,036,236.27	(5,407,193.59)		
Colstrip 1-2 Com	E314 STM Turbogogen	3,813,725.50	(3,742,255.71)		
Colstrip 1-2 Com	E315 STM Accessory	2,272,860.64	(2,090,448.33)		
Colstrip 1-2 Com	E316 STM Misc	6,204,689.75	(5,645,799.56)		
Colstrip 1-2 Com	E35099 (GIF) Easement	3,623.76	(3,162.03)		
Colstrip 1-2 Com	E3539 (GIF) Sta Eq	1,231,130.94	(1,197,808.76)		
Colstrip 1-2 Com	E3549 (GIF) Twr/Fixt	88,576.95	(81,879.77)		
Colstrip 1-2 Com	E3559 (GIF) Poles	49,006.68	(61,601.83)		
Colstrip 1-2 Com	E3569 (GIF) O/H Cond	254,414.09	(181,458.27)		
Subtotal Colstrip 1-2 Com		51,826,980.67	(46,542,081.34)		
Total Colstrip 1,2, 1-2 Com		323,313,129.25	(179,212,501.53)	32,154,133.26	(81,963,000.09)
Colstrip 1-4 Com *	E316 STM Misc	251,533.56	(206,949.78)		
Colstrip 1-4 Com *	E3970 GEN CommEq	1,902,286.74	(909,137.23)		
Total Colstrip 1-4 Com *		2,153,820.30	(1,116,087.01)		

* The allocation of Colstrip 1-4 Common has not yet determined

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
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AWEC DATA REQUEST NO. 039:

Please identify all depreciation expenses for Colstrip Units 1 and 2 included in PSE's proposed revenue requirement by FERC account.

Response:

No depreciation expense for Colstrip Units 1 and 2 was included in Puget Sound Energy's revenue requirement. Refer to the Third Exhibit to the Prefiled Direct Testimony of Susan E. Free, Exh. SEF-1T (*NEW-PSE-EXH-SEF-04-06-20-19*), Adjustment 7.07, which removes the restated level of depreciation expense for Colstrip Units 1 and 2.

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AWEC DATA REQUEST NO. 040:

Please identify all operating expenses for Colstrip Units 1 and 2 included in PSE's proposed revenue requirement by FERC account.

Response:

There were no operating expenses for Colstrip Units 1 and 2 included in the revenue requirement in this proceeding. Please see the Sixth Exhibit to the Prefiled Direct Testimony of Ronald J. Roberts, Exh. RJR-7 (*NEW-PSE-Exh-RJR-07-6-20-19.xls*). Cell C5 contains the \$19.96 million of operating expenses in the test year that were removed in Adjustment SEF-07.01EP. The remaining \$1,448,718 in cell D5 that remains in the revenue requirement represents major maintenance amortization expense for Colstrip Units 1 and 2.

As discussed in Mr. Roberts' testimony at page 22:

“As previously mentioned, Talen Montana and PSE will permanently retire Colstrip Units 1 & 2 effective December 31, 2019, prior to the rate year in this proceeding. Accordingly, PSE's only pro forma for production O&M in this proceeding is \$1,448,718, which amount represents the pro formed amortization expense associated with the outage at Colstrip Unit 1 in 2017 and the outage at Colstrip Unit 2 in 2018. There are no common costs included in the \$1.5 million for Colstrip Units 1 & 2 (common costs for Colstrip Units 1 & 2 are included as an adjustment increasing the rate year production O&M for Colstrip Unit 3 & 4).”

All Colstrip amortization is charged to FERC Account 513.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 045:

Reference PSE's response to AWEC Data Request 36: Did PSE reduce the Colstrip units 1-2 unrecovered investment amount that it is seeking to recover from ratepayers in this docket for the monetized production tax credits ("PTCs") identified in the referenced response? If yes, please identify where in PSE's revenue requirement workpapers the ratepayer benefit associated with monetized PTCs has been applied.

Response:

Puget Sound Energy ("PSE") did not reduce the Colstrip Units 1 and 2 unrecovered investment by monetized production tax credits ("PTCs") as reported in PSE's Response to AWEC Data Request No. 036. The full balance of PTCs that are applicable to Colstrip Units 1 and 2 unrecovered plant were monetized in PSE's 2018 tax return that was filed in September 2019.

PSE did not pro form in either the plant in service for Colstrip Units 1 and 2 to a regulated asset or the monetized PTCs because neither balance was known or measurable at the time of filing, and they are beyond the June 2019 date used for pro forma adjustments. As detailed in the Prefiled Rebuttal Testimony of Katherine J. Barnard, Exh. KJB-17T, in Dockets UE-170033/UG-170034, "the PTCs, once monetized, would defer the related cost of capital consistent with the approach outlined in RCW 80.80.060(6), until the retirement account is incorporated into rates." Therefore, although the PTCs are not pro formed in this filing, monetized PTCs are accruing interest until they are included in rate base in a future general rate case.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 046:

Reference PSE's response to AWEC Data Request 36: The referenced workpaper details the PTCs that have been monetized, but not the overall regulatory liability balance associated with PTC carryforwards. Please identify the overall regulatory liability balance associated with PTC carryforwards as of December 31, 2016, December 31, 2017, December 31, 2018, and September 30, 2019, in a manner substantially similar to the Industrial Customers of Northwest Utilities' Data Request 16 in Docket UE-170033. Please also provide workpapers supporting the regulatory liability amounts, including any additions and deductions to the regulatory liability balance and the gross-up calculations.

Response:

Attached as Attachment A to Puget Sound Energy's Response to AWEC Data Request No. 046 is a schedule showing overall regulatory liability balances associated with production tax credit carryforwards showing gross-up calculations.

**ATTACHMENT A to PSE's Response to
AWEC Data Request No. 046**

PUGET SOUND ENERGY
PRODUCTION TAX CREDIT REGULATORY LIABILITY ACTUALS

	GL Regulatory Liability			Production Tax Credit	Tax Rate	Regulatory Liability
	25300071	25400261	Total			
2016	197,205,295	93,615,823	290,821,118	189,033,727	35%	290,821,118
2017	143,874,194	93,615,823	237,490,017	187,617,113	21%	237,490,017
2018	60,328,609	93,615,823	153,944,432	121,616,101	21%	153,944,432
2019 - Sept	24,858,901	93,615,823	118,474,724	93,595,032	21%	118,474,724

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 048:

Reference PSE's response to AWEC Data Request 36: Please provide a forecast of PTC monetization in calendar years 2019 through 2025, for each calendar year. Please also state whether the PTC monetization amounts are stated on a grossed-up basis.

Response:

Puget Sound Energy ("PSE") monetizes production tax credits ("PTCs") through the annual federal tax return but is dependent on taxable income to do so; therefore, PSE does not believe it can provide a reasonable forecast at the level of detail requested. PSE expects to monetize all existing PTCs by 2023 (2022 tax year), approximately \$152 million on a grossed-up basis in addition to the \$87.2 million that has been monetized to date.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

AWEC DATA REQUEST NO. 049:

Reference PSE's response to AWEC Data Request 36: Has PSE included any interest or carrying charges in connection with the PTCs that have been monetized, but not yet returned to ratepayers? If yes, please identify the interest rate used and provide workpapers supporting the interest calculation. If no, please explain why PSE believes it is appropriate to exclude interest on the regulatory liability balance for monetized production tax credits.

Response:

Yes, Puget Sound Energy ("PSE") has recorded carrying charges of \$298,800.85 as of September 30, 2019, in connection with monetized production tax credits ("PTCs") not yet returned to ratepayers. The interest rate used was the authorized rate of return after tax from Docket UE-180899 and grossed-up for federal tax (6.89% ÷ 79%, or 8.72%).

Attached as Attachment A to PSE's Response to AWEC Data Request No. 049 is PSE's calculation of the carrying charges noted above. Note that carrying charges were only calculated on the monetized PTC balance allocated to Colstrip Units 1 and 2 unrecovered plant and not those allocated to the Montana Transition Fund, with the former coming into existence when PSE filed its 2018 tax return in September 2019. PSE treated this interest accrual in the same manner as the underlying PTCs which is discussed in PSE's Response to AWEC Data Request No. 045.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

PUBLIC COUNSEL DATA REQUEST NO. 064:

RE: Accumulated Deferred Income Tax (ADIT)

Please provide an analysis of accumulated deferred income taxes at December 31, 2018, showing for each ADIT item:

- a) the FERC account number,
- b) the dollar value of the book/tax basis difference,
- c) the effective income tax rate,
- d) the product of multiplying the book/tax basis difference by the effective tax rate,
- e) the amount of the recorded ADIT for the item, and
- f) the difference between the calculated balance d) and the recorded amount f).

Please provide the response to this question in Excel compatible format with fully functional formulas.

Response:

Puget Sound Energy ("PSE") does not have a schedule which provides this exact calculation. However, please see the updated workpapers submitted on August 2, 2019. Specifically, please refer to the workpapers of Matthew R. Marcellia titled PSE-WP-MRM-EDIT-Dec-2017-by-GL-Acct-TY vFinal.xlsx. This schedule shows the above calculation as of December 31, 2017 (not 2018).

In that schedule:

- Column B – shows the FERC account number
- Column E – shows the dollar value of the basis difference
- Column F – shows the ADIT balance, from which the effective rate can be calculated by dividing Column E by Column F
- Column G – shows the ADIT balance at the new tax rate of 21%
- Column H – shows the excess deferred income tax ("EDIT")

None of the EDIT balances in the FERC 190 and 283 accounts have changed from 2017 to 2018. The whole EDIT for those FERC accounts remains in its original location in each individual FERC 190 or 283 account. Additionally, PSE requested in this

proceeding that EDIT be amortized over four years. Please see the workpaper file titled NEW-PSE-WP-SEF-6.26E-6.26G-UnprotectedEDIT-19GRC-06-2019.xlsx.

The EDIT balances in FERC 282 have begun to reverse pursuant to the ARAM methodology.

The movement by FERC 282 account from the workpaper titled PSE-WP-MRM-EDIT-Dec-2017-by-GL-Acct-TY vFinal.xlsx (at December 31, 2017) to December 31, 2018, is as follows:

Excess Deferred Income Tax FERC 282	2017 Balance	2018 Reversal	2018 Balance
28200002 DFIT Plant Gas:	(229,901,214)	3,927,895	(225,973,319)
28200013 DFIT Plant Common:	(28,327,254)	6,557,156	(21,770,097)
28200121 DFIT Plant Elect:	(557,188,157)	19,372,543	(537,815,614)
Total	(815,416,624)	29,857,595	(785,559,029)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

WUTC STAFF DATA REQUEST NO. 067:

Re: Taxes

Please provide an ARAM amortization schedule from 2018 to 2022, only for amounts due to the Tax Cuts and Jobs Act. Please also provide the amount of EDIT that was created on January 1, 2018, due only to the enactment of the Tax Cuts and Jobs Act. Staff expects each year of amortization to vary.

Response:

Puget Sound Energy (“PSE”) objects to WUTC Staff Data Request No. 067 as PSE does not have the analysis being requested and which is unduly burdensome to produce. Without waiving these objections and subject thereto, PSE responds as follows:

In order to answer WUTC Staff Data Request No. 067, PSE used its PowerTax software to roll its 2018 test year activity forward to create a schedule which shows the movement between book and tax fixed assets. The activity for 2019 through 2022 is based on the assets on hand at December 31, 2018, without new additions or retirements. To simplify the process, PSE took the December 31, 2018 balances and rolled them forward to see the expected movement in the deferred tax balances. Another important assumption was the use of 2018 book depreciation in the future years rather than estimated future depreciation based on additions and retirements (the amount of book depreciation is the driver of the ARAM methodology). Additionally, PSE did not take into consideration the general rate case adjustments to the test year. For rate setting purposes, the consistency provisions of the IRS normalization provisions must be followed. This analysis does not purport to follow such provisions. The appropriate treatment of ARAM for rate setting purposes is demonstrated in the workpapers supporting PSE’s filed attrition adjustment. The analysis used for this data request response does not purport to follow the consistency provisions, but rather will provide a reasonable expectation for how ARAM would directionally be expected to change in the future.

PowerTax tracks the “difference” between the net book basis and the net tax basis for PSE’s fixed assets. That “difference” has two flavors: some differences are flow-through and they have no deferred taxes, but the vast majority of the differences are normalized

and those are the ones with deferred taxes. It is the ones with deferred taxes that have the EDIT caused by Tax Reform. The reason it is important to mention both the flow-through and the normalized is because both are reversing over the book life of the asset via book depreciation (i.e. ARAM). Both use the ARAM methodology in the software.

One other minor clarification to this data request: the EDIT reverses using the ARAM methodology. PSE is not, technically speaking, “amortizing” it. The amortization methodology is only available under the Reverse South Georgia Method. PSE uses the ARAM methodology which follows book depreciation. It often looks like “amortization,” but the underlying calculation is really ARAM.

Specifically, in response to WUTC Staff Data Request No. 067, the balance of the EDIT as of 12/31/2017 was \$575.7 million for electric and \$239.7 million for natural gas. See the Prefiled Direct Testimony of Matthew R. Marcellia, Exh. MRM-1T, page 10, lines 9-12. Also see workpaper NEW-PSE-WP-MRM-EDIT-Dec-2017-by-GL-Acct-TY vFinal.xlsx.

The activity for 2018 and the projection for 2019 through 2022 are as follows:

Year	EDIT reversal	F/T reversal	Total
<u>Electric w/ C allocated</u>			
2018	(23,516,910)	3,572,215	(19,944,696)
2019	(21,106,142)	4,832,333	(16,273,809)
2020	(22,396,515)	4,721,603	(17,674,913)
2021	(22,225,936)	3,624,298	(18,601,638)
2022	(22,835,239)	2,774,894	(20,060,345)
<u>Gas w/ C allocated</u>			
2018	(6,272,059)	346,134	(5,925,925)
2019	(4,786,138)	550,105	(4,236,033)
2020	(5,151,730)	551,224	(4,600,506)
2021	(5,609,382)	562,336	(5,047,046)
2022	(6,005,488)	553,521	(5,451,967)

The “EDIT reversal” column is the one specifically requested in this data request. Note that the EDIT reversal lowers tax expense, while the flow-through reversal increases tax expense.

The spreadsheet from which the summary table was pulled is attached as Attachment A to PSE’s Response to WUTC Staff Data Request No. 067.