



Memorandum

TO: Cindy Bottman

ATTACHMENT TO

~~500.2~~ \_\_\_\_\_

February 18, 1998

FROM: Jim Eldredge *JJE*

AMORTIZATION OF PSE-ELECTRIC ACCOUNT 182-30-04 "OTHER REGULATORY ASSETS - COLSTRIP COMMON FERC DEPRECIATION ADJUSTMENT"

<sup>(12)</sup> PSE should have begun amortization of this regulatory asset in February 1997 in an amount of \$3,803,354 / 27.4 yrs, or \$138,804/yr (\$11,567/mo). 27.4 years is the remaining depreciable life of the Colstrip Unit 3 project at February 1, 1997. Please begin amortization of the \$3,803,354 balance in PSE-electric account 182-30-04 effective January 1998 in the amount of \$11,567/mo. Also record a one-time cumulative amortization amount of \$127,237 for the February 1997 through December 1997 period as a part of January 1998 financial closing. Please debit PSE-electric account 40740 "Regulatory Credits")

<sup>(14)</sup>

<sup>(54)</sup>

*403 for discussion w/ DUE 2/19/98*

*4060.2 per memo 3/9/98*

In November 1995, Puget Power submitted a Statement of Operations and accompanying testimony and exhibits in lieu of a general rate filing which PSP&L was required to submit as a part of the PRAM procedures. That filing showed a need for general electric tariff rate relief in the amount of \$74.3 million. This filing included amortization of the \$3,803,354 (refer to attachment). This filing became integral to the WUTC's decision to transfer to general electric tariff rates \$165.5 million of revenues being collected in PRAM rates (during the 10/1/95 - 9/30/96 period) effective October 1, 1996 and approval of the merger rate plan. Amortization of this regulatory asset was not specifically spelled out in the WUTC's merger order issued February 5, 1997, but was a part of the Company's rate plan and thus should be considered being recovered in retail rates effective with the merger.

- cc: Bruce Bollert
- Bill Moreton
- Karl Karzmar
- Mike Stranik
- Chip Lambert
- Rob Nicklos