

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-111048 and UG-111049
Puget Sound Energy, Inc.'s
2011 General Rate Case**

WUTC STAFF DATA REQUEST NO. 241

WUTC STAFF DATA REQUEST NO. 241:

Re: Property Tax

Referring to Matthew Marcellia's rebuttal testimony, Exhibit No. (MRM-14T), page 68, lines 11-16, please explain how "Staff's adjustment is that 7.5 percent of PSE's property will be free of property taxes for ratemaking purposes. This is the property that PSE acquired during the test year. Unfortunately, the State Department of Revenue will not be so generous as to forego this assessment, and contrary to Commission Staff's adjustment, PSE will pay property taxes on 100 percent of the property owned during 2010", given Matthew Marcellia's direct testimony, Exhibit No. (MRM-1HCT), page 35, which says:

Q. What happens if PSE acquires property after the lien date?

A. Property acquired after the lien date (i.e., after January 1) is not included or reflected in the property tax associated with the January 1 lien date. The new property would be included in the property tax cycle for the next year and would be reflected in the January 1 lien date of the next year and would be paid in the third year.

Response:

The two citations referenced in WUTC Staff Data Request No. 241 are consistent. All property that Puget Sound Energy, Inc. ("PSE") owns during the test year will be subject to property tax. The payment on the property owned on the first day of the test year will be due approximately 16 months from the first day of the test year. The property tax on the property acquired during the test year will be due in approximately 28 months from the first day of the test year. The property tax adjustment in this case is a "pro forma and restating adjustment" because it looks forward to the fact that PSE will owe property tax on all property owned in the test year by the time the rate year comes.