

**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. 208**

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**RE: Standard for recognized the impact of actual tax deductions claimed on filed tax returns for ratemaking purposes. Refer to the Rebuttal Testimony of Matthew Marcellia at page 47-48 and elsewhere where he refers to the Commission's Order 6, in Docket UE-100749.**

- 1) Had the PacifiCorp December 31, 2009 accumulated deferred income tax liability balance of \$28,927,370 mentioned by Mr. Marcellia on page 47, line 20, been subject to a completed audit by the IRS? If not, explain fully why not.
- 2) Please state fully PSE's understanding of the IRS audit status of the PacifiCorp December 31, 2009 accumulated deferred income tax liability balance related to that company's tax accounting method change for repairs deductions at the time of the Commission's Order 6, in PacifiCorp, Docket UE-100749.
- 3) Refer to page 48, lines 1-3. Please admit that neither the PacifiCorp ADIT balance related to repairs deductions nor the PSE ADIT balance for repairs deductions were subject to a completed IRS audit during their respective rate cases.
- 4) If your answer to part c is anything other than an unqualified admission, please explain fully and provide all documents relied upon.

**Response:**

1. Puget Sound Energy ("PSE") was not a party to the PacifiCorp proceeding. PSE is not aware of the testimony or exhibits provided in that proceeding. PSE has reviewed PacifiCorp Order 6 in Docket UE-100749, in which the Commission distinguishes between PacifiCorp and PSE as it relates to the repairs method change. Whether or not that distinction hinged on the status of PacifiCorp's IRS audit is not stated in the Order. Whether or not PacifiCorp was under audit is not stated in the Order.

In WUTC's Staff Response to PSE Data Request No. 073, WUTC Staff admitted that, "Staff is not aware of the exact timing of IRS audits of PacifiCorp and the affiliates in which PacifiCorp participates in the filing of their consolidated tax returns..." Similarly, PSE does not know whether PacifiCorp's accumulated deferred income tax liability balance of \$28,927,370 as of December 31, 2009, had been subject to a completed IRS audit.

PSE is certain, however, of the Commission instruction that PSE cannot include the repairs method change until the IRS audit is completed.

2. Please see PSE's Response to WUTC's Staff Response to PSE Data Request No. 208(1), above.
3. Please see PSE's Response to WUTC's Staff Response to PSE Data Request No. 208(1), above.
4. Please see PSE's Response to WUTC's Staff Response to PSE Data Request No. 208(1), above.