

**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. 214**

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**RE: Accounting for tax losses. Refer to the Rebuttal Testimony of Matthew Marcellia at page 56.**

- 1) Please provide PSE's accounting entries made in 2010 and 2011 relating to the tax net operating losses.
- 2) For the accounting entries provided in response to part a, please identify how much relates to: (1) PSE's electric utility operations and (2) PSE's gas utility operations.

**Response:**

1. Puget Sound Energy, Inc. ("PSE") objects to WUTC Staff Data Request No. 214 as unduly burdensome. Without waiving the objection, and subject thereto, PSE responds as follows:

Please see Exhibit No. \_\_\_\_ (MRM-7), which shows the monthly balances recorded to 2010. Specifically, see line 15. PSE was not anticipating a tax Net Operating Loss ("NOL") for 2010 until the tax laws relating to bonus depreciation were changed in September and December of 2010. As a result, PSE recorded its 2010 activity as a reclass from the tax payable account. In addition, the amounts used in this proceeding reflect the reclasses which are calculated in the Exhibit No. \_\_\_\_ (MRM-7) to establish the NOL balance at the beginning of 2010.

Attached as Attachment A to PSE's Response to WUTC staff Data Request No. 214, please find a sample of the entries recorded in 2011. As can be seen in Attachment A, the NOL is being debited while the 411 account is being credited. This treatment is discussed on page 56 of Exhibit No. \_\_\_\_ (MRM-14T).

2. Tax NOLs are not associated directly with either electric or gas operations. They must be allocated. For 2010 the allocation is provided in Exhibit No. \_\_\_\_ (MRM-8). No similar analysis has been performed for the 2011 activity, because the books are still open at this time.

**ATTACHMENT A to PSE's Response to  
WUTC Staff Data Request No. 214**

Document Number	Reference Doc. Number	Comp Code	Posting Date	Document Date	Doc. Type	Entered by	Approved by	Document Header Text
100012046	JE178	1000	05/31/2011	06/09/2011	SA	MROSS	MAMARC	Operating FIT for May

Line	Post Key	Account	Order Cost Cntr Trad Pthr	Account Description	Debit Amount	Credit Amount
1	40	63400410	41110001 CC 1180	Federal Income Taxes Prov for Def FIT - Electric - Credit O Tax Operating FIT for May Transferred to Def. NOL	5,598,157.00	
2	50	63400410	41110301 CC 1180	Federal Income Taxes Prov for Def FIT - Gas - Credit Operat Tax Operating FIT for May Transferred to Def. NOL		3,141,348.00
3	40	63400410	41020601 CC 1180	Federal Income Taxes Deferred FIT - Common - Non-Operating D Tax Operating FIT for May Transferred to Def. NOL	1,032,419.00	
4	50	19000433		DFIT - NOL Carryforward Operating FIT for May Transferred to Def. NOL		3,489,228.00

Total 6,630,576.00 6,630,576.00