

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. 269

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RE: Refer to the response to WUTC Staff Data Request 216.

1. For purposes of establishing the revenue requirement for PSE's FERC Schedule 5 tariff, how is the balance of Accumulated Deferred Income Taxes determined? Please show in detail.
2. For purposes of establishing the revenue requirement for PSE's FERC Schedule 5 tariff, has PSE made any adjustment to exclude the impacts of repairs deductions from the balance of Accumulated Deferred Income Taxes determined? If not, explain fully why not. If so, please explain fully and show in detail how that was done.
3. For purposes of establishing the revenue requirement for PSE's FERC Open Access Transmission tariff, how is the balance of Accumulated Deferred Income Taxes determined? Please show in detail.
4. For purposes of establishing the revenue requirement for PSE's FERC Open Access Transmission, has PSE made any adjustment to exclude the impacts of repairs deductions from the balance of Accumulated Deferred Income Taxes determined? If not, explain fully why not. If so, please explain fully and show in detail how that was done.

Response:

1. Puget Sound Energy, Inc.'s ("PSE") rates for FERC Schedule 5 have been in effect since 1994, approximately 18 years. The workpapers for the 1994 rate filing are not readily available at this time. However, PSE believes that the accumulated deferred income taxes would have been allocated to transmission property using the appropriate allocation factors for the relevant time period.
2. Repairs deductions did not come into existence until PSE filed its 2008 tax return, which was well after the Schedule 5 rate was in effect.

3. PSE's current rates for its Open Access Transmission tariff have been in effect for approximately 15 years. The rates were approved by FERC in 1997 and are based on a 1996 test year. The workpapers for that filing are not readily available at this time. However, PSE believes that the accumulated deferred income taxes would have been allocated to transmission property using the appropriate allocation factors for the relevant time period.
4. Repairs deductions did not come into existence until PSE filed its 2008 tax return, which was well after PSE's Open Access Transmission tariff rates were in effect.

Additionally, PSE is not aware of any special FERC guidance related to repairs. Please see PSE's Response to WUTC Staff Data Request No. 216(2). By rule, the Commission has chosen to follow FERC accounting under WAC 480-100-203 and 480-90-203, as described in Exhibit No. ____ (JHS-18T), page 48, lines 11-32. In addition, the Commission can deviate from FERC accounting in issuing an order. WAC 480-100-203 (3). The Commission has chosen to deviate from FERC accounting when it issued Order 11 in PSE's last general rate case, Docket Nos. UE-090704 and UG-090705. (See paragraph 197 of Order 11). The Commission confirmed PSE's treatment of its repairs deduction in Order 06 of PacifiCorp's last general rate case, UE-100749 (see Paragraph 260). PSE believes that FERC has not adopted the Commission's Order 11. As a result, PSE's treatment of the repairs and retirements method changes will likely be different in its general rate cases and its FERC filings until such time as the IRS audit is completed, consistent with Order 11.