

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

PUBLIC COUNSEL DATA REQUEST NO. 239

PUBLIC COUNSEL DATA REQUEST NO. 239:

Does the Company agree that the CSA will reduce its overall risk?

Response:

The Conservation Savings Adjustment will act to reduce attrition, which is an uncompensated risk under Puget Sound Energy, Inc.'s proposal.

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PUBLIC COUNSEL DATA REQUEST NO. 249

PUBLIC COUNSEL DATA REQUEST NO. 249:

Regarding Table 1 of Mr. De Boer's testimony, does the Company have any information about the annual growth rates of various expense components? If so, please provide any information available that breaks out the annual growth rates of various expense components.

Response:

Attached as Attachment A to Puget Sound Energy, Inc.'s Response ("PSE") to Public Counsel Data Request No. 249, please find a schedule of the annual growth rates as a percentage for the various expense components from PSE's 2004, 2006 and 2007 general rate cases to PSE's 2009 general rate case.

ATTACHMENT A to PSE's Response to Public Counsel Data Request No. 249

PUGET SOUND ENERGY, INC
PERCENTAGE OF ANNUAL GROWTH RATE TO THE 2009 GRC

Test Year	2004 GRC		2006 GRC		2007 GRC		2009 GRC		% Annual Growth		
	Sep-03		Sep-05		Sep-07		Dec-08		2004 - 2009GRC	2006 - 2009GRC	2007 - 2009GRC
Load											
Gas	1,033,465,074		1,038,450,901		1,084,208,169		1,120,309,121		1.5%	2.4%	2.7%
Rate Base	\$ 1,067,682,555		\$ 1,180,351,743		\$ 1,347,267,694		\$ 1,467,519,444		6%	7%	7%
Rate of Return	8.40%		8.40%		8.25%		8.10%				
Operating Income Requirement	\$ 89,685,335		\$ 99,149,546		\$ 111,149,585		\$ 118,869,075		6%	6%	6%
Gas											
Purchased Gas	\$ 430,266,151		\$ 631,255,371		\$ 697,016,465		\$ 788,040,254		10%	6%	5%
Other Power Supply Expense	1,162,087		1,555,800		1,769,111		1,881,592		1%	-4%	-28%
Transmission Expense	374,864		454,148		594,787		395,084		14%	14%	17%
Distribution Expense	25,884,370		34,078,338		42,612,405		51,706,160		5%	5%	5%
Customer Account Expenses	20,919,269		23,454,341		26,043,846		27,684,949		-8%	-3%	4%
Customer Services	2,168,895		1,585,937		1,353,837		1,425,863		5%	0%	8%
Admin, General and Other Operating Expenses	33,299,239		42,583,064		39,186,946		42,925,524		9%	10%	2%
Depreciation	57,876,318		64,955,994		86,930,323		88,849,821		10%	10%	9%
Amortization	9,600,784		11,302,712		14,087,627		15,618,788		-4%	5%	4%
Taxes Other Than Income Taxes	74,529,344		52,227,429		57,609,396		60,383,616		11%	12%	0%
Current and Deferred Income Taxes	23,611,656		27,734,360		40,318,841		40,155,861		10%	7%	9%
Total	\$ 679,692,978		\$ 891,185,494		\$ 1,007,523,584		\$ 1,119,067,512				

PUGET SOUND ENERGY, INC
PERCENTAGE OF ANNUAL GROWTH RATE TO THE 2009 GRC

Test Year	2004 GRC	2006 GRC	2007 GRC	2009 GRC	% Annual Growth	
	<u>Sep-03</u>	<u>Sep-05</u>	<u>Sep-07</u>	<u>Dec-08</u>	2004 - 2009GRC	2006 - 2009GRC
Load	19,334,018,640	20,339,226,968	21,283,655,838	21,821,673,792	2.3%	2.2%
Electric						
Rate Base	\$ 2,544,670,041	\$ 2,977,316,193	\$ 3,303,573,534	\$ 3,748,212,489	8%	7%
Rate of Return	8.40%	8.40%	8.25%	8.10%		11%
Operating Income Requirement	\$ 213,752,283	\$ 250,094,560	\$ 272,544,817	\$ 303,605,212	7%	6%
Power Costs	\$ 741,312,186	\$ 844,698,014	\$ 1,006,192,240	\$ 983,391,665	6%	5%
Other Power Supply Expense	52,551,925	77,648,296	96,183,223	107,091,100	15%	10%
Transmission Expense	3,602,990	4,156,111	8,567,648	8,899,925	19%	26%
Distribution Expense	60,619,256	61,793,136	67,664,296	74,958,556	4%	6%
Customer Account Expenses	34,600,855	36,063,266	39,850,516	41,977,339	4%	5%
Customer Services	2,941,948	1,538,632	2,028,306	2,200,805	-5%	12%
Admin, General and Other Operating Expenses	71,147,569	74,103,916	83,228,325	97,971,913	6%	9%
Depreciation	126,490,392	151,388,653	161,919,743	175,753,602	6%	5%
Amortization	22,846,665	25,148,354	32,932,455	41,715,383	12%	17%
Amortization of Property Loss	7,475,555	4,757,062	16,574,707	17,897,856	18%	50%
Taxes Other Than Income Taxes	100,251,689	109,420,735	120,664,263	122,553,987	4%	4%
Current and Deferred Income Taxes	67,932,959	84,714,169	96,684,917	96,919,717	7%	4%
Total	\$ 1,291,773,988	\$ 1,475,430,344	\$ 1,732,490,639	\$ 1,771,331,848	6%	6%

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PUBLIC COUNSEL DATA REQUEST NO. 254

PUBLIC COUNSEL DATA REQUEST NO. 254:

Regarding page 21, lines 6-7 of Mr. De Boer's testimony, how does the Company intend to calculate the "unrecovered costs resulting from the load-reducing effects of Company-sponsored energy efficiency" each year?

Response:

The calculation of Puget Sound Energy, Inc.'s ("PSE") unrecovered costs resulting from the load-reducing effects of PSE-sponsored energy efficiency is discussed on pages 35 through 39 of the Prefiled Direct Testimony of Jon A. Piliaris, Exhibit No. ____ (JAP-1T).

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PUBLIC COUNSEL DATA REQUEST NO. 255

PUBLIC COUNSEL DATA REQUEST NO. 255:

Please quantify the estimated impact on the Company's cost of capital if the proposed CSA is approved. Please provide all supporting calculations and workpapers with your response.

Response:

Meaningful quantification of the proposed Conservation Savings Adjustment ("CSA") on the cost of capital is not possible. Puget Sound Energy, Inc.'s ("PSE") requested equity return is based on the cost of capital for a group of comparable utilities; the individual ratemaking components of these companies are not significant drivers of their capital costs.

The CSA, if implemented, would act to reduce attrition. PSE's cost of equity was developed using comparable companies that do not experience the level of attrition that PSE experiences. Please see PSE's Response to Public Counsel Data Request No. 240, which shows that the majority of the comparable companies used in determining PSE's cost of equity do not have mechanisms similar to the CSA.

Nothing was added to the requested return on equity to reflect PSE's greater attrition risk relative to the comparable companies. Therefore, nothing should be subtracted for the CSA implementation.