

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: December 21, 2011
DOCKETS: UE-111048/UG-111049
REQUESTER: Puget Sound Energy

WITNESS: Rick Applegate
RESPONDER: Rick Applegate
TELEPHONE: (360) 664-1310

PSE Data Request No. 034 to WUTC Staff:

RE: Rick T. Applegate Exhibit No. ____ (RTA-1T), page 9, lines 9-13.

- (a) Does Mr. Applegate consider "significantly fluctuating expenditures such as storm damage costs" normal operating expenses?
- (b) If yes, is there a point at which the fluctuation in an operating expense is enough greater than a "significant fluctuation" so as to warrant deferred recovery rather than averaging over a multiyear period? Please quantify the amount of increase required in order to warrant deferred recovery and provide all supporting analyses.

RESPONSE:

- (a) Mr. Applegate believes that storm damages that fluctuate significantly from year-to-year can be regarded as normal operating expenses when they are viewed over a multiyear average.
- (b) If a year's combined storm damage expense exceeds 233% (or 2 times 7 years divided by 6 years) the 6-year storm damage average, Mr. Applegate would recommend deferred recovery of the portion that exceeds the 6-year average. In Mr. Applegate's view, this treatment would mitigate rate impacts without distorting the 6-year average.