



Rob McKenna

ATTORNEY GENERAL OF WASHINGTON

Utilities and Transportation Division

1400 S Evergreen Park Drive SW • PO Box 40128 • Olympia WA 98504-0128 • (360) 664-1183

May 1, 2012

Dennis Moss, Administrative Law Judge
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

RE: *Puget Sound Energy 2011 General Rate Case*
Dockets UE-111048 and UG-111049 (Consolidated)
UTC Staff Response to Bench Request No. 26

Dear ALJ Moss:

Enclosed are the original and 18 copies of Commission Staff's Response to Bench Request No. 26. If you have any questions, you may contact me at (360) 664-1188.

Sincerely,

ROBERT D. CEDARBAUM
Assistant Attorney General

RDC:klg

Enclosures

cc: Parties

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: May 1, 2012
DOCKET: UE-111048/UG-1110489
REQUESTER: Bench

WITNESS: Staff
RESPONDER: Staff

BENCH REQUEST NO. 26:

Staff offered, in its Initial Brief, to rerun its revenue requirement exhibits if requested by the Commission. *See* Staff Initial Brief, n. 3. The Commission here accepts Staff's offer. Please revise and provide to the Commission Staff's electric and natural gas revenue requirement exhibits that support Staff's final electric and natural gas revenue requirement recommendations.

RESPONSE:

A. Revised Electric Revenue Requirement

Attached are Staff's electric revenue requirement exhibits submitted in response to Bench Request No. 26. Exhibit RCM-3 includes calculations comparing Staff's original direct case versus Staff's rerun with revised adjustments after consideration of the Company's rebuttal case, as explained in the Staff Initial Brief.

As shown in the Exhibit RCM-3, the electric revenue requirement increased \$224,297 from \$38,919,352 to \$39,143,649. The following elements account for the change:

- a) Elimination of the renewable energy credit (REC) in Adjustment 13.10, Regulatory Assets & Liabilities, pursuant to the settlement agreement among interested parties.
- b) Revision of Staff power cost adjustments per Attachment A to Staff's Initial Brief
- c) Revision of wheeling expense in Adjustment 13.02, Lower Snake River Project, to remove \$420,203 already included in Adjustment 13.03, Lower Snake River Prepaid Transmission deposit, as explained in Exhibit JHS-18T at 24:3-8.
- d) Revision of Adjustment 14.21, Employee Insurance, due to Staff's acceptance of PSE rebuttal proposal.
- e) Revision of Adjustments 13.11, Production Adjustment and 14.05, Tax Benefit of Proforma Interest, as consequence of the above adjustments.

B. Revised Gas Revenue Requirement

Attached is Staff Exhibit CTM-2, revised per Bench Request No. 26. The attachment shows that Staff's gas revenue requirement increased \$685,081 from \$1,526,333 to \$2,211,414. The increase results from Staff's agreement to the following Company rebuttal adjustments:

1. Revenue and Expenses (acct. 6.02) – PSE rebuttal incorporated the impact on revenues to reflect the exit of a major industrial gas customer. Staff agrees with this update.
2. Employee Insurance (acct. 6.21) – Staff accepts PSE's proposal.