



Puget Sound Energy
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PSE.com

April 17, 2013

Mr. Steven V. King
Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

Re: Notice of Intent to Defer Costs

Dear Mr. King:

Puget Sound Energy, Inc. ("PSE"), pursuant to WAC 480-100-435(3)(a), hereby provides notice to the Washington Utilities and Transportation Commission (the "Commission") of its intent to defer costs associated with the Snoqualmie Redevelopment Project pursuant to RCW 80.80.060(6). In 2009, the Legislature amended RCW 80.80.060 to allow for deferral of costs associated with an electric company's ownership of an eligible renewable resource as defined in RCW 19.285.030(11). Specifically, part (b) of the definition indicates hydroelectric generation projects producing incremental electricity as a result of efficiency improvements completed after March 31, 1999 are qualified as renewable resources. Additionally, in February 2009 as a result of its filing to gain qualification to receive treasury grants in lieu of production tax credits, the Federal Energy Regulatory Commission granted PSE certification under the Energy Policy Act of 2005 section 1301(c) that these improvements have resulted in incremental generation.

In conclusion, the Snoqualmie Redevelopment Project which includes a rebuild of the Diversion Dam, Plant 1 and Plant 2, is an eligible renewable resource under the state statute and qualifies for deferral of costs.

Very truly yours,

Katherine J. Barnard
Director, Revenue Requirement and Regulatory Compliance

cc: Sheree Carson
Simon ffitich