

UE-131387-ST



The Energy To Do Great Things

Puget Sound Energy
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July 25, 2013

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GENERAL MANAGER
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STATE OF WA
UTIL AND TRANSP
COMMISSION

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 Baker Upgrade 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, on December 16, 2010 as a result of PSE's 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 Baker Upgrade Project, specifically the addition of the Lower Baker Powerhouse which reached commercial operation on July 25, 2013, 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