

**EXH. KJB-30
DOCKETS UE-170033/UG-170034
2017 PSE GENERAL RATE CASE
WITNESS: KATHERINE J. BARNARD**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-170033
Docket UG-170034**

**THIRTEENTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF**

KATHERINE J. BARNARD

ON BEHALF OF PUGET SOUND ENERGY

AUGUST 9, 2017

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-170033 and UG-170034
Puget Sound Energy
2017 General Rate Case**

WUTC STAFF DATA REQUEST NO. 134

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In Barnard workpaper 6.15E 6.15G Pension Plan 17GRC.xlsx, on tab Cash Contrib, PSE shows pension contributions made from 12/3/2012 through 9/12/2016. The years beginning on 12/3/2012, 12/27/2013, and 12/30/2014 each show four contributions annually. The year beginning 12/28/2015, noted in cells B23 through B28, shows six pension contributions during the test year, most notably with three different contributions made between June and August of 2016.

- A. Why did the pattern of test year pension contributions deviate significantly from the contribution pattern of three previous years?
- B. How does PSE determine the timing and amounts of pension contributions?

Response:

The level of test year pension contributions were made to avoid an increase in the Pension Benefit Guaranty Corporation ("PBGC") variable rate premium that Puget Sound Energy ("PSE") would otherwise incur based on the 12/31/2015 retirement plan asset value. The variable rate premium is three percent of the difference between the plan asset market value and the PBGC funding target levels as described in Attachment A to PSE's Response to ICNU Data Request No. 057 (see Exhibit 26, pdf page 45). PSE was able to avoid an increase in the variable rate premium to approximately \$700,000 compared to the recent level of approximately \$6,000 per year by attributing the contributions that were made before September 15, 2016 to the 2015 year-end balance.

In general, the pattern and amounts of pension contributions are intended to follow the Retirement Funding Guidelines as described in PSE's Response to ICNU Data Request No. 058, as well as keep the pension funded at a level to avoid PBGC variable rate premiums, which are only required when a pension plan is underfunded based on the actuarial estimates. The annual PBGC premiums help insure the solvency of the PBGC organization but do not provide any specific benefit to PSE's pension plan nor do higher premiums provide higher coverage to PSE.