

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED: February 17, 2010  
DOCKET: UE-070275  
REQUESTER: Puget Sound Energy

WITNESS: Michael P. Parvinen  
RESPONDER: Michael P. Parvinen  
TELEPHONE: (360) 664-1315

**PSE Data Request No. 3 to WUTC Staff:**

- a. Starting on page 14 of the Testimony of Michael P. Parvinen, Exhibit No. MPP-1T, Mr. Parvinen discusses the impact of writing off the California receivable on bad debts. Since the calculation of bad debts in a general rate case removes Sales for Resale Other, or "Wholesale sales", as Mr. Parvinen discusses, please explain how the write-off of the California receivable would have any impact on the bad debt rate calculation or the conversion factor, as discussed by Mr. Parvinen.
- b. If Mr. Parvinen does not believe the California receivable is associated with Sales for Resale, please provide the basis for that understanding.

**Response:**

- a. Assuming current ratemaking practices continue, and assuming PSE writes-off the California receivable to Account 904 – Uncollectible Accounts, then for ratemaking purposes, that amount of uncollectible (bad debt) would be included in the calculation of the average uncollectible expense, and the uncollectible rate. The uncollectible rate is used in the net to gross conversion factor. In PSE rate cases currently, the uncollectible rate is derived by dividing uncollectibles by the net revenues (total revenues less Sales for Resale Other and Wholesales Sales). In this manner, PSE recovers of its bad debts, on average, from PSE's utility customers through tariff rates.

Account 904 appears to be the appropriate account in which to book the write-off of the California receivable. The FERC Uniform System of Accounts describes Account 904 as follows:

This account shall be charged with amounts sufficient to provide for losses from uncollectible utility revenues.

Moreover, the Company's response to Staff Data Request 012 states that the given the assumption that the California receivable is deemed unrecoverable the amount "...would become uncollectible and would be written off to the income statement." In this response, the Company did not explain which account would be used, or why.

UE-070725

Exhibit No. \_\_\_\_

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Therefore, Staff assumed the appropriate account would be Account 904 based on the above account description.

Therefore, Staff stands by its testimony, unless PSE can justify writing off the California receivable to an account other than Account 904 – Uncollectible Accounts.

- b. Mr. Parvinen understands the California receivable is associated with Sales for Resale.