

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET UE-050870

RESPONSE OF COMMISSION STAFF IN
SUPPORT OF PSE REVISED MOTION TO
MODIFY ORDER 04

1 On November 8, 2010, Puget Sound Energy, Inc. ("PSE") filed with the Washington Utilities and Transportation Commission a revised motion for an order amending Appendix B to Order 04, entered October 20, 2005, in this docket, to reflect changes to the manner in which Production Tax Credits ("PTCs") and other federal incentives are passed through to customers through Schedule 95A. Concurrent with the filing of this motion, PSE also filed in Docket UE-101767 a tariff revision to Schedule 95A that would implement the amendment to Order 04, if the amendment is approved by the Commission.

2 PSE requests that the Commission modify page 5 of Appendix B to Order No. 04 as follows:

To properly flow these tax credits through to the customer, the Company proposal is to create a PTC tracker ("Schedule 95A") that will pass through to the customer the actual realized production tax credits and other federal incentives. Production tax credits and similar credits are realized when utilized by the Company on its annual tax return rather than when generated. Other federal incentives may also become available to the Company as defined in Schedule 95A. Schedule 95A describes the timing of filings to pass through the credits and incentives to the customer, as they are generated and ~~+~~ The tracker would not be subject to the sharing bands in the PCA. ~~This pass-through will be adjusted by the carrying costs for the deferred tax account for the PTCs that have been generated but have not been used for the current~~

~~years tax credit. As the customer is receiving the benefit of the tax credits as they are generated and the Company does not receive a credit from the IRS until the tax credits are utilized the Company is reimbursed its carrying costs for funds through this calculation.~~ This tracker would initially be used for the Hopkins Ridge Project, but would also be available for the PTCs and other federal incentives that may be associated with other wind generating facilities that the Company may acquire in the future.

3 Commission Staff supports PSE's proposed modification of Appendix B to Order 04.

The amendment is an appropriate response to tax changes adopted by the federal government and prior Commission orders responding to those changes, as detailed by PSE in its motion. Thus, PSE's Motion to Modify Order 04 should be granted by the Commission.

4 Moreover, PSE's Motion to Modify Order 04 can be decided on a paper record without hearing. Nor has PSE in its motion requested a hearing. Should any other party in Docket UE-050870 request a hearing, that party should be required to show good cause that a hearing is justified. Absent a showing of good cause, no hearing should be convened.

5 Finally, the Commission need not delay granting PSE's Motion to Modify Order 04 until action is taken on the proposed Schedule 95A revisions filed in Docket UE-101767. The Commission is not restrained from deciding PSE's Motion to Modify Order 04 separate and apart from the Schedule 95A filing. Once the Commission has resolved the Motion to Modify Order 04, the revisions to Schedule 95A are nothing more than a non-controversial compliance filing that can be placed on the No Action agenda of an open public meeting.

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6 For these reasons, Staff recommends that the Commission grant PSE's Motion to Modify Order 04 without delay and without hearing.

DATED this 12th day of November 2010.

Respectfully submitted,

ROBERT M. MCKENNA
Attorney General



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Assistant Attorney General
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Transportation Commission Staff