



of the qualifying investment in eligible facilities, including wind farms, for a defined period of time and reduce the accelerated tax depreciation of the renewable energy facility to one half of the grant or ITC claimed. PSE concluded that claiming the ITC would have resulted in a problem similar to that of PTCs, in that it could only be used if the company had sufficient tax liability. The Company ultimately determined that the grant was the better option.

- 3 PSE currently passes on to customers, through Schedule 95A, PTCs based on wind generation. These credits can be carried back one year and forwarded up to 20 years. Through June 30, 2009, PSE has created PTCs and passed on to customers \$61.2 million, while only \$24.0 million has been used to reduce the Company's tax liability. As part of this petition, PSE has provided a comparative analysis reflecting greater rate payer benefit from the cash grant versus the ITC and PTC options. After reviewing the petition, Staff concludes that, in these circumstances, the requested accounting and normalization treatment is reasonable. However, the Commission and its Staff reserve the right to provide alternative methodologies for the treatment of Treasury grants in future proceedings that may differ from the Company's proposed accounting and normalization treatment based on new analysis, new information becoming available, or based on new guidance being provided by the Internal Revenue Service or Treasury.

### FINDINGS AND CONCLUSIONS

- 4 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.*
- 5 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 6 (3) WAC 480-07-370(1)(b) allows companies to file petitions including that for which the Company seeks approval.

- 7 (4) Staff has reviewed the petition in Docket UE-091570, including related work papers.
- 8 (5) Staff believes the proposed accounting and normalization treatment PSE requests is reasonable based on the information provided by the Company and should be approved.
- 9 (6) This matter came before the Commission at its regularly scheduled meeting on December 10, 2009.
- 10 (7) After examination of the petition filed in Docket UE-091570 by PSE on September 30, 2009, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the accounting and normalization treatment requested should be approved.

## **ORDER**

### **THE COMMISSION ORDERS:**

- 11 (1) Puget Sound Energy, Inc.'s accounting and normalization treatment, reflecting a ten year amortization period of proceeds from a U.S. Treasury Department grant to be received under Section 1603 of the American Recovery and Reinvestment Act of 2009 associated with the Wild Horse Expansion Project and inclusion in Schedule 95A, is granted.
- 12 (2) This Order shall in no way affect the authority of the Commission over rates, services, accounts, valuations, estimates, or determination of costs on any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs claimed or asserted.
- 13 (3) Any request made by Puget Sound Energy, Inc., in its petition that is not granted herein is deemed denied without prejudice.
- 14 (4) This order does not preclude the Commission or its Staff, or any other parties, from advocating alternative methodologies that may impact the accounting and normalization of Treasury grants in future proceedings based on new information, new analysis, or federal guidance rulings.

- 15 (5) The Commission retains jurisdiction over the subject matter and Puget Sound Energy, Inc., to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective December 10, 2009.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**JEFFREY D. GOLTZ, Chairman**

**PATRICK J. OSHIE, Commissioner**

**PHILIP B. JONES, Commissioner**