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September 3, 2009

David W. Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

RE: *WUTC v. Puget Sound Energy, Inc. (2009 General Rate Case)*
Dockets UE-090704/UG-090705

Dear Mr. Danner:

Enclosed for filing in the above-referenced docket are the original and 16 copies of page 5 of the Commission Staff Response to Public Counsel's Objection to PSE Customer Notice, filed September 2, 2009. The reference on the last line of paragraph 16 to the full amount of the requested natural gas rate increase has been revised to match the attachment to the Staff Response. Please substitute this page for the page filed September 2. I apologize for any inconvenience this may have caused.

Sincerely,

ROBERT D. CEDARBAUM
Assistant Attorney General

RDC:klg
Enclosures
cc: Parties



customer notices in the Avista, PacifiCorp and Northwest Natural Gas general rate cases in 2008, and in the pending Avista and PacifiCorp general rate cases.¹⁰ In each of these cases, however, the company agreed to include the customer comment card. It was not the role of CPC Section to contest inclusion of the card in light of the company's agreement.

15 Moreover, PSE is a much larger utility than these other companies. The difficulties attributable to including a customer comment card in PSE's proposed notice are, therefore, exacerbated.

B. The Proposed Customer Notice Misleads Customers Because It Excludes a Separate Statement of the Rate of Return Impact

16 PSE's proposed customer notice includes the following statement:

The electric revenue request (see pie chart) would recover costs or purchasing new electric generation resources, including the \$240 million Mint Farm Generating Facility acquired in December 2008 and an expansion of PSE's Wild Horse wind generation facility, *with the balance* attributed to investments in electric system infrastructure and power supply costs.

The bulk of the natural gas revenue request (see pie chart) can be attributed to recovering 2008 expenditures for infrastructure investments to improve reliability and serve new customers. (Emphasis added.)

The referenced pie chart for the electric rate increase includes components totaling the full amount of the requested increase (\$148 million).¹¹ However, none of the components address the increase in return to shareholders.¹² The referenced pie chart for the natural gas rate increase also includes components totaling the full amount of the requested increase (~~\$27.2~~ \$30.4 million).¹³ Again, increasing shareholder return is excluded.¹⁴

¹⁰ Public Counsel Objection at ¶ 14.

¹¹ The components are "Generation Capital Investments", "Infrastructure Capital Investments", "Power Production Expenses", and "Distribution, Transmission and Other Expenses".

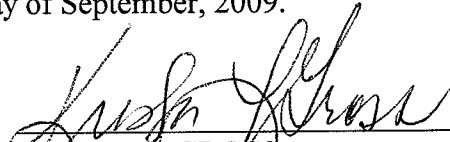
¹² Return to shareholders is excluded from the pie chart even though PSE describes the requested change in rate of return as a "major cause" of its revenue deficiency. Exhibit (JHS-1T) at 5:19-20 and 7:10-12. The change in rate of return contributes \$23.1 million to the revenue deficiency, according to PSE.

¹³ The components are "Infrastructure Capital Investments" and "Distribution and Other Expenses".

Dockets UE-090704/UG-090705
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the attached document upon the persons and entities listed on the Service List below by depositing a copy of said document in the United States mail, addressed as shown on said Service List, with first class postage prepaid.

DATED at Olympia, Washington this 3rd day of September, 2009.


KRISTA L. GROSS

HC=Highly Confidential

C=Confidential

NC=Non-Confidential

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