

construction in 1904 and are in great need of repair or replacement. As a result, continued ownership of the Electron Project would require significant capital investment by PSE. Likewise, retirement of the facility would have also necessitated significant expense given “the complete demolition and removal of each of the diversion dam, intake gate, rock chutes, and fish ladder” required for retirement. PSE’s decision to sell the plant obviates the need for either option’s capital outlay. For the reasons discussed above, the sale of the Electron Project is consistent with the public interest.

#### IV. ACCOUNTING AND RATEMAKING TREATMENT

23. As described above, PSE will receive a closing payment in an amount equal to \$8,400,000. Additionally, Electron Hydro LLC will provide payments to reimburse PSE for its obligation under the REA to provide Annual O&M contribution payments to the Puyallup Tribe. PSE’s net book value for the Electron Project is approximately \$~~20,594,487~~23,612,555. ~~PSE projects that t~~The sale of the Electron Project will result in an after-tax loss. PSE proposes to defer the unrecovered plant cost in FERC account 182.2 Unrecovered plant and regulatory study costs, which will be amortized over a period of time to be determined in PSE’s power cost only rate case, Docket No. UE-141141. As depreciation expense for the Electron Project will continue to be included in PSE’s rates, even after closing, PSE requests that such monthly depreciation expense is applied against the deferred unrecovered plant balance beginning from the date of closing until rates become effective in PSE’s power cost only rate case in Docket No. UE-141141. Exhibit G to this Amended Application illustrates the proposed accounting and ratemaking treatment.

#### V. TIMING

24. As stated above, the closing date is scheduled for July 31, 2014. Accordingly, PSE respectfully requests that the Commission conduct its proceedings and issue its Order as expeditiously as possible, and prior to the scheduled closing date.