

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-121697 and UG-121705
Puget Sound Energy, Inc. and NW Energy Coalition
Joint Petition for Approval of a Decoupling Mechanism**

INFORMAL BENCH REQUEST NO. 002

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In response to a request from Chairman Goltz at the January 15, 2013 open meeting, please provide an analysis similar to the one performed in response to the Commission's Informal Bench Request No. 001. As part of this analysis, please provide results using a K-Factor of 2% for the years 2007 through 2011, if the decoupling mechanisms had been in place for those years.

Response:

Attached as Attachments A and B to Informal Bench Request No. 002, please see MS Excel spreadsheets showing the results of an analysis prepared by Puget Sound Energy, Inc. ("PSE") depicting the operating of the proposed decoupling mechanisms using a 2% K-Factor, if the decoupling mechanisms had been in place for the years 2007 through 2011. This includes the increases to base rates that occurred during this time period as a result of general rate cases, power cost only rate cases and PSE's gas tariff increase filing.

Attachment A shows that, over the 2007-2011 period, PSE would have accumulated approximately \$136.8 million in deferred electric distribution revenue, plus an additional \$13.5 million in interest, if the decoupling mechanism had been in place for those years. As a result, electric customers would have been surcharged about \$89.7 million through the associated decoupling rate true-ups. Attachment A also shows that the average impacts to electric customers' bills would have ranged from a surcharge of about 0.18% to a high of 2.42%. Residential electric customer bill impacts would have ranged from an average surcharge of \$0.29 to an average surcharge of \$2.39 per month. The associated yearly amortization rates and K-Factors are also summarized on Attachment A.

Attachment B shows that over the 2007-2011 period PSE would have accumulated approximately \$32.7 million in deferred natural gas distribution revenue, plus an additional \$4.8 million in interest, if the decoupling mechanism had been in place for those years. As a result, natural gas customers would have been surcharged about \$24.8 million through the associated decoupling rate true-ups. Attachment B also shows that the average impacts to natural gas customers' bills would have ranged from a credit of 0.16% to a surcharge of 2.19%. Residential natural gas customer bill impacts would have ranged from an average credit of \$0.22 to an average surcharge of

\$2.48 per month. The associated yearly amortization rates and K-Factors are also summarized on Attachment B.