

**EXHIBIT NO. ___(LEO-10CT)
DOCKET NOS. UE-090704/UG-090705
2009 PSE GENERAL RATE CASE
WITNESS: LOUIS E. ODOM**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-090704
Docket No. UG-090705**

**PREFILED SUPPLEMENTAL DIRECT TESTIMONY
(CONFIDENTIAL) OF
LOUIS E. ODOM
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED
VERSION**

SEPTEMBER 28, 2009

PUGET SOUND ENERGY, INC.

**PREFILED SUPPLEMENTAL DIRECT TESTIMONY
(CONFIDENTIAL) OF
LOUIS E. ODOM**

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1 **PUGET SOUND ENERGY, INC.**

2 **PREFILED SUPPLEMENTAL DIRECT TESTIMONY**
3 **(CONFIDENTIAL) OF**
4 **LOUIS E. ODOM**

5 **I. INTRODUCTION**

6 **Q. Are you the same Louis E. Odom who provided prefiled direct testimony in**
7 **these dockets on behalf of Puget Sound Energy, Inc. (“PSE”)?**

8 A. Yes, I filed prefiled direct testimony, Exhibit No. ___(LEO-1CT) and eight
9 supporting exhibits (Exhibit No. ___(LEO-2) through Exhibit No. ___(LEO-9C)).

10 **Q. What is the purpose of your supplemental testimony?**

11 A. This supplemental testimony updates my prefiled direct testimony for scheduled
12 major maintenance work on PSE’s Encogen Generating Facility (“Encogen”) in
13 Bellingham, Washington. My supplemental testimony also corrects the rate year
14 expense for maintenance costs less than \$2 million for PSE’s thermal facilities.

15 **II. ENCOGEN MAJOR MAINTENANCE**

16 **Q. Please describe the update to your prefiled direct testimony for scheduled**
17 **major maintenance work on Encogen.**

18 A. Encogen’s unit 3 major inspection outage, previously scheduled for May 2010,
19 has been rescheduled to [REDACTED]. The Fourth Exhibit to my Prefiled Direct

1 Testimony, Exhibit No. ___(LEO-5C), which shows the five-year period 2010-
2 2014 forecast maintenance costs, appropriately included the costs and deferral of
3 the \$ [REDACTED] major maintenance for Encogen in 2010. Due to the change in
4 scheduling, these costs have been removed from 2010 because they will be
5 incurred in [REDACTED]. Exhibit No. ___(LEO-11C) presents similar information to
6 Exhibit No. ___(LEO-5C) but removes the major maintenance that had been
7 scheduled for Encogen for 2010.

8 **Q. Why did PSE change the dates for this major maintenance work at Encogen?**

9 A. It is possible to schedule [REDACTED]. This will reduce the risk of a
10 forced outage during the winter peak season.

11 **Q. Does this change in timing affect PSE's revenue deficiency in this**
12 **proceeding?**

13 A. Yes. Because the maintenance is now scheduled [REDACTED]
14 [REDACTED], these expenditures will be included in the calculation of the over recovery of
15 major maintenance that is included as a regulatory liability in this proceeding. All
16 things being equal, this would reduce the liability and the resultant amortization
17 from what was included in the original filing. Accordingly, this change increases
18 PSE's ratebase by \$1.8 million and decreases net operating income by \$0.4
19 million. Please see the Prefiled Supplemental Direct Testimony of John H. Story,
20 Exhibit No. ___(JHS-9T), for more information regarding how this change
21 impacts PSE's adjustment.

1 **III. MAINTENANCE ESTIMATES**

2 **Q. Please explain the revision to your Prefiled Direct Testimony regarding**
3 **projected rate year maintenance costs.**

4 A. None of the rate year production maintenance estimates for PSE's thermal
5 facilities provided in PSE's initial filing on May 8, 2009 included an allocation of
6 budgeted labor costs, except for the Frederickson/EPCOR facility. Exhibit
7 No. ___(LEO-12C) corrects for this inadvertent oversight and includes an
8 allocation of budgeted labor costs for PSE's thermal facilities.

9 **Q. What is the effect of including these budgeted labor costs in the rate year**
10 **production estimates?**

11 A. Including PSE's thermal facilities' labor costs in the rate year production
12 estimates increases the rate year total production operations and maintenance
13 ("O&M") costs by \$2,114,206 over the amount originally filed. Please see
14 Exhibit No. ___(LEO-12C) for corrected production O&M costs for each facility.

15 **Q. Does this change affect PSE's revenue deficiency in this proceeding?**

16 A. Yes, the inclusion of budgeted labor costs increases the revenue deficiency by
17 \$2,238,636. Please see the Prefiled Supplemental Direct Testimony of John H.
18 Story, Exhibit No. ___(JHS-9T), for details regarding updates to PSE's revenue
19 deficiency.

1 **Q. Are there any other changes to your prefiled direct testimony?**

2 A. Yes, a minor change to PSE's production O&M expenses is necessary because,
3 although the *total* rate year production O&M expenses for the Mint Farm and
4 Sumas generating stations were correctly calculated in PSE's initial filing, a
5 portion of both facilities' labor included in operations should have been allocated
6 to maintenance. This change is reflected in Exhibit No. ___(LEO-12C).

7 **IV. CONCLUSION**

8 **Q. Does this conclude your supplemental testimony?**

9 A. Yes, it does.