

EXHIBIT NO. \_\_\_ (SML-10)  
DOCKET NO. UG-040640, *et al.* (consolidated)  
2004 PSE GENERAL RATE CASE  
WITNESS: SUSAN MCLAIN

BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UG-040640  
Docket No. UE-040641  
(consolidated)

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

For an Order Regarding the Accounting  
Treatment for Certain Costs of the Company's  
Power Cost Only Rate Filing.

Docket No. UE-031471 (consolidated)

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

For an Accounting Order Authorizing  
Deferral and Recovery of the Investment  
and Costs Related to the White River  
Hydroelectric Project.

Docket No. UE-032043 (consolidated)

FIRST EXHIBIT TO THE  
PREFILED REBUTTAL TESTIMONY OF  
SUSAN MCLAIN (NONCONFIDENTIAL)  
ON BEHALF OF PUGET SOUND ENERGY, INC.

NOVEMBER 3, 2004

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED: October 11, 2004  
CASE NO.: UG-040640, etc.  
REQUESTER: Puget Sound Energy

WITNESS: James M. Russell  
RESPONDER: James M. Russell  
TELEPHONE: (360) 664-1318

**PSE Data Request No. 58 to WUTC Staff:**

With respect to line 19, page 27 through line 2, page 28 of Exhibit No. \_\_\_ (JMR-1T), please provide all studies, analyses, data, or other documentation referred to, relied upon, or prepared by WUTC Staff in choosing the storm damage threshold of \$7 million for fiscal years 2006 and 2007, including but not limited to any calculations, work papers or other documents prepared by WUTC Staff relating to storm damage thresholds. Please provide any electronic files in the same format as they were used in the preparation of such exhibit, with formulae intact and fully functional.

**RESPONSE:**

The fiscal-year-end storm data included in Mr. Kilpatrick's Exhibit \_\_\_ (DEK-2) and the storm data included in adjustment 2.26 – Storm Damage were analyzed to determine the appropriate annual threshold that triggers deferral treatment. Under the current mechanism and given the fiscal year data, the five year average O&M storm damage was \$4.8 million while the highest amount expensed in any one year was \$9.3 million. Given the six-year rate case data, the average O&M storm damage was \$4.6 million and the highest amount expensed was \$8.8 million. In addition, a confidence interval test implies that, under the current deferral mechanism, there is a 95% chance that annual storm damage expenses will fall between \$2.4 million and \$6.8 million. Therefore, the Staff proposal to set the annual threshold at \$7 million is close to the top of the range, but provides more earnings stability on the upper end. Please see the attached spreadsheet analysis with all formulae intact.