

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Docket UE-200980  
Puget Sound Energy  
2020 Power Cost Only Rate Case**

**BENCH REQUEST NO. 003:**

The Settlement states that “PSE included the excess \$31.4 million of PTC [production tax credits] above the regulatory asset balance in rate base and will cease accruing carrying charges on these PTCs effective with the date rates become effective in this proceeding.” Settlement III.11.A.3.c., Page 5.

Please explain in detail how the accounting adjustments apply the excess \$31.4 million to adjust rate base.

**Response:**

As detailed in Adjustment 10, Colstrip 1-2 Regulatory Asset PTC Offset, Exh. SEF-15 at 14:2-8 from Puget Sound Energy’s (“PSE”) supplemental filing, the full monetized PTC balance, \$119,015,766, net of accumulated deferred income tax, is subtracted from production rate base. In doing so, after reducing the Colstrip 1&2 Regulatory Asset balance of \$87,609,121, also net of deferred tax, to zero, the remaining PTC balance of \$31,406,645 is a reduction to production rate base as demonstrated below.

Colstrip 1&2 Regulatory Asset	\$ 87,609,121
Less: Monetized PTC Balance	<u>- \$119,015,766</u>
Final Impact to Rate Base	<u>- \$ 31,406,645</u>

Please note that in preparing this response, PSE identified that Exh. SEF-5 incorrectly reflected \$87.6 million of PTCs being added to rate base, rather than \$119 million. This adjustment was the only adjustment that was incorrectly reflected in Exh. SEF-5. However, the deficiency presented in Exh. SEF-4 that was utilized in the original filing, and in Mr. Jhaveri’s exhibits, was accurately calculated based on the correct amount of PTCs being added to rate base. Ultimately, the correct version of the adjustment with the full \$119 million of PTCs being added to rate base was filed in PSE’s supplemental filing as Exh. SEF-15, which updated and superseded Exh. SEF-5.