

EXHIBIT NO. ___(KJB-4)
DOCKET NO. UE-14_____
2014 PSE PCORC
WITNESS: KATHERINE J. BARNARD

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UE-14_____

**THIRD EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
KATHERINE J. BARNARD
ON BEHALF OF PUGET SOUND ENERGY, INC.**

MAY 23, 2014

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
SUMMARY PAGES

	4.01	4.02	4.03	4.04	4.05	4.06
	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	Adjustment 6
	POWER	MONTANA	SNOQUALMIE	BAKER	TREASURY	TREASURY
	COST	ENERGY TAX	LICENSE	LICENSE	GRANTS	GRANTS
		UPGRADE	UPGRADE	UPGRADE	DEFERRAL	DEFERRAL
Test Year Actual						
12 months ended						
December 31, 2013						
Power Cost Rate						
A-1 Line						
3	\$ 310,939,289					\$ (4,748,692)
4	91,215,648					
5	2,127,725,052		121,310,792	43,967,725	(104,292,654)	
6	2,529,879,988	-	121,310,792	43,967,725	(104,292,654)	(4,748,692)
7	6.69%					
8						
9						
10	\$ 32,002,828	\$ -	\$ -	\$ -	\$ -	\$ (488,750)
10a	-	2,326,384				
11	9,388,195					
12	218,992,009					
13	78,763,679					
14	525,278,795	14,513,168				
15	17,110,573	(129,164,802)				
15a	7,475,380	(10,587,126)				
15b	2,898,749					
15c	1,692,688	49,314				
15d	1,974,600					
16	182,998,404					
17	93,480,163					
18	(10,509,942)					
19	116,266,189					
20	(161,624,733)					
21	5,275,299					
22	935,234	(9,175)				
23	115,220,579		5,624,322	1,806,578	(3,279,775)	
24	4,204,776					
25	22,446,531					
26	857,606					(2,138,248)
27	\$ 1,265,127,604	\$ 49,314	\$ 18,110,002	\$ 6,331,871	\$ (14,013,896)	\$ (2,626,998)

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
SUMMARY PAGES

	4,07	4,08	4,09	4,10	4,11	4,12	4,13
	Adjustment 7	Adjustment 8	Adjustment 9	Adjustment 10	Adjustment 11	Adjustment 12	Adjustment 13
	SALE OF	REMOVE WILD	PROPERTY	REG ASSET	REG ASSET	REG ASSET	REG LIAB
	ELECTRON	HORSE SOLAR	INSURANCE	BONNEVILLE	WHITE	PLANT	PIPELINE CAPACITY
	PROJECT			PWR EX (BEP)	RIVER	DEFERRALS	(FB EN); (BNP PAR)
Power Cost Rate							
A-1 Line							
3	\$ -	\$ -		\$ (4,582,987)	\$ (1,848,458)	\$ (3,176,758)	\$ 1,158,371
4							
5		(2,439,424)					
6		(2,439,424)		(4,582,987)	(1,848,458)	(3,176,758)	1,158,371
7							
8							
9							
10	\$ -	\$ -		\$ (471,695)	\$ (190,249)	\$ (326,962)	\$ 119,223
10a							
11							
12		(251,073)					
13							
14							
15							
15a							
15b			171,261				
15c							
15d							
16							
17							
18							
19							
20							
21							
22							
23	\$ -	(187,935)					
24							
25					(0)	6,652,847	(0)
26							
27	\$ -	\$ (439,008)	\$ 171,261	\$ (471,695)	\$ (190,249)	\$ 6,325,885	\$ 119,223

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
SUMMARY PAGES

	4.14	4.15	4.16	4.17	4.18	
	Adjustment 14	Adjustment 15	Adjustment 16	Adjustment 17	Adjustment 18	
	REG ASSET	REG ASSET	REG ASSET	HEDGING	PRODUCTION	Adjusted
	CHELAN	OTHER	LSR LGIA	LINE OF	ADJUSTMENT	12 months ended
	CONTRACT	MISC	PREPAID INT	CREDIT	TOTAL	December 31, 2013
					ADJUSTMENT	
Power Cost Rate						
A-1 Line						
3	Regulatory Assets (Variable)					
4	Transmission Rate Base (Fixed)	\$ (1,420,764)	\$ (24,099,934)		\$ (2,554,566)	\$ 257,849,744
5	Production Rate Base (Fixed)				(21,447,322)	91,215,648
6		(11,815,758)	(24,099,934)	-	(15,990,428)	2,164,824,168
7	Net of tax rate of return					2,513,889,560
8						6.69%
9						
10	Regulatory Asset Recovery	\$ (1,216,114)	\$ (2,480,439)		\$ (5,464,139)	\$ 26,538,689
10a	Equity Adder Centralia Coal Transition PPA				(262,924)	2,326,384
11	Fixed Asset Recovery Other	-	-		-	9,388,195
12	Fixed Asset Recovery-Prod Factored	-	-		(2,207,424)	222,810,364
13	501-Stream Fuel					93,276,847
14	555-Purchased power					396,113,993
15	557-Other Power Exp				(129,164,802)	6,523,447
15a	Payroll Overheads				(73,333)	7,402,047
15b	Property Insurance				(30,117)	3,039,893
15c	Montana Electric Energy Tax				(17,089)	1,724,913
15d	Payroll Taxes				(19,371)	1,955,229
16	547-Fuel				(21,602,765)	161,395,639
17	565-Wheeling				14,762,751	108,242,914
18	Variable Transmission Income				810,187	(9,699,755)
19	Production O&M				7,830,697	124,096,886
20	447-Sales to Others				141,548,560	(20,076,173)
21	456-Subaccounts 00016,18,80,81,130				(21,421,937)	(16,146,638)
22	Transmission Exp - 500KV				(9,175)	926,060
23	Depreciation/Amortization -Production				(1,169,193)	118,014,576
24	Depreciation-Transmission					4,204,776
25	Amortization - Regulatory Assets	0	(0)		(284,373)	28,703,683
26	Hedging Line of Credit		2,026,927		6,257,153	526,847
27	Subtotal & Baseline Rate	\$ (1,216,114)	\$ (146,229)	\$ (453,512)	\$ (4,069,044)	\$ 6,161,214
						\$ 1,271,288,818

Adjustment 1

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
POWER COST**

(Page 1 of 2)

LINE NO. DESCRIPTION	TEST YEAR	ADJUSTED TEST YEAR	ADJUSTMENT
1 PRODUCTION EXPENSES:			
2 501-STEAM FUEL	\$ 78,763,679	\$ 93,276,847	\$ 14,513,168
3 547-FUEL	182,998,404	161,395,639	(21,602,765)
4 555-PURCHASED POWER	525,278,795	396,113,993	(129,164,802)
5 557 - OTHER POWER EXPENSE	17,110,573	6,523,447	(10,587,126)
6 WHEELING	93,480,163	108,242,914	14,762,751
7 SALES FOR RESALE	(161,624,733)	(20,076,173)	141,548,560
8 PURCHASES/SALES OF NON-CORE GAS	5,275,299	(16,146,638)	(21,421,937)
9 PRODUCTION O&M	116,266,189	124,096,886	7,830,697
10 TRANS. EXP. INCL. 500KV O&M	935,234	926,060	(9,175)
11 VARIABLE TRANSMISSION INCOME - COLSTRIP, 3RD AC & NI	(10,509,942)	(9,699,755)	810,187
12 EQUITY RETURN ON CENTRALIA TRANSITION COAL PPA	0	2,326,384	2,326,384
13 INCREASE (DECREASE) EXPENSE	<u>\$ 847,973,662</u>	<u>\$ 846,979,605</u>	<u>\$ (994,057)</u>

**PUGET SOUND ENERGY
DETERMINATION OF NET POWER COSTS
TEST YEAR ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015**

Adjustment 1
(Page 2 of 2)

RATE YEAR

Line	FERC	Description	12ME 11/30/2015	Amort of Reg Assets (Note 1)	Reclass Ben&Tax (Note 2)	Net Before Prod Factor	After Prod Factor of 0.99019 Adjustment-1
			Total				
1		Fuel:					
2	501	Steam Fuel	\$ 94,700,959	\$ (500,000)	\$ -	\$ 94,200,959	\$ 93,276,847
3	547	Fuel	162,064,821	929,796		162,994,616	161,395,639
4	555	Purchased Power	410,653,055	(10,614,686)		400,038,369	396,113,993
5	557	Other Power Expense	8,296,382		(1,708,306)	6,588,076	6,523,447
6	565	Wheeling	112,610,732	(3,295,435)		109,315,297	108,242,914
7	447	Sales for Resale	(20,275,071)			(20,275,071)	(20,076,173)
8	456	Purchases/Sales Of Non-Core Gas	(16,306,606)			(16,306,606)	(16,146,638)
9	Net Power	Costs from DEM Exhibit	751,744,271	(13,480,325)	(1,708,306)	736,555,641	729,330,030
10							
11	various	Production O&M	133,084,770		(7,758,433)	125,326,337	124,096,886
12	various	Trans. Exp. Incl. 500Kv O&M	935,234			935,234	926,060
13	456-17	Variable Transmission Income	(9,795,852)	-	-	(9,795,852)	(9,699,755)
14	n/a	Equity Return on Centralia Coal Transition PPA	2,349,432			2,349,432	2,326,384
15	To Power	Cost Adjustment	\$ 878,317,856	\$ (13,480,325)	\$ (9,466,739)	\$ 855,370,792	\$ 846,979,605

(Note 1) Amounts are included in Adjustments 10, 13, 14, 15, and 16.

(Note 2) Amounts are included in the test year and are adjusted in the Production Adjustment , Adjustment 18.

Adjustment 2

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
MONTANA ENERGY TAX

LINE NO.	DESCRIPTION	ADJUSTED RATE YEAR	ADJUSTMENT
1	PROFORMA KWH (COLSTRIP)	4,977,148,000	
2	TAX RATE PER KWH	\$ 0.00035	
3			
4	PROFORMA ENERGY TAX		\$ 1,742,002
5	CHARGED TO EXPENSE		1,692,688
6	INCREASE (DECREASE) EXPENSE		\$ 49,314

Adjustment 3

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
SNOQUALMIE LICENSE UPGRADE**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED TEST YEAR	ADJUSTMENT
1	<u>PLANT RATE BASE</u>			
2	PLANT BALANCE	\$ 162,784,140	\$ 324,638,389	\$ 161,854,249
3	ACCUM DEPRECIATION	842,157	(7,192,835)	(8,034,992)
4	DEFERRED INCOME TAX	(16,626,263)	(49,134,728)	(32,508,465)
5	NET SNOQUALMIE PLANT RATEBASE	<u>\$ 147,000,034</u>	<u>\$ 268,310,826</u>	<u>\$ 121,310,792</u>
6				
7				
8				
9				
10	<u>SNOQUALMIE EXPENSE</u>			
11	TAXABLE DEPRECIATION EXPENSE	\$ 4,786,580	\$ 8,813,519	\$ 4,026,938
12	NON-TAXABLE DEPRECIATION EXPENSE	510,467	1,548,767	1,038,300
13	REVENUE ADJUSTMENT FOR FLOW-THRU TAXES	274,867	833,951	559,084
14	INCREASE OPERATING EXPENSES	<u>\$ 5,571,914</u>	<u>\$ 11,196,237</u>	<u>\$ 5,624,322</u>

Adjustment 4

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
BAKER UPGRADE**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>PLANT RATE BASE</u>			
2	PLANT BALANCE	\$ 97,024,939	\$ 160,836,550	\$ 63,811,612
3	ACCUM DEPRECIATION	(609,521)	(3,426,215)	(2,816,693)
4	DEFERRED INCOME TAX	(8,404,850)	(25,432,044)	(17,027,194)
5	NET BAKER PLANT RATEBASE	<u>\$ 88,010,567</u>	<u>\$ 131,978,291</u>	<u>\$ 43,967,725</u>
6				
7				
8				
9				
10	<u>BAKER EXPENSE</u>			
11	TAXABLE DEPRECIATION EXPENSE	\$ 1,909,691	\$ 3,127,148	\$ 1,217,457
12	NON-TAXABLE DEPRECIATION EXPENSE	62,312	445,241	382,929
13	REVENUE ADJUSTMENT FOR FLOW-THRU TAXES	33,553	239,745	206,192
14	TOTAL DEPRECIATION EXPENSE	<u>\$ 2,005,557</u>	<u>\$ 3,812,134</u>	<u>\$ 1,806,578</u>

Adjustment 5

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
TREASURY GRANTS**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>TREASURY GRANTS RATEBASE</u>			
2	<u>SNOQUALMIE</u>			
3	TREASURY GRANTS BALANCE	\$ -	\$ (80,241,567)	\$ (80,241,567)
4	ACCUM AMORTIZATION	-	2,933,324	2,933,324
5	NET SNOQUALMIE GRANTS RATEBASE	-	(77,308,243)	(77,308,243)
6				
7	<u>BAKER</u>			
8	TREASURY GRANTS BALANCE	-	(27,634,237)	(27,634,237)
9	ACCUM AMORTIZATION	-	649,825	649,825
10	NET BAKER GRANTS RATEBASE	-	(26,984,412)	(26,984,412)
11				
12	TOTAL TREASURY GRANTS RATEBASE	\$ -	\$ (104,292,654)	\$ (104,292,654)
13				
14	<u>TREASURY GRANTS EXPENSE</u>			
15	<u>SNOQUALMIE</u>			
16	AMORTIZATION EXPENSE	\$ -	\$ (2,659,941)	\$ (2,659,941)
17	TOTAL SNOQUALMIE EXPENSES	-	(2,659,941)	(2,659,941)
18				
19	<u>BAKER</u>			
20	AMORTIZATION EXPENSE	-	(619,833)	(619,833)
21	TOTAL BAKER EXPENSES	-	(619,833)	(619,833)
22				
23	TOTAL TREASURY GRANTS EXPENSE	\$ -	\$ (3,279,775)	\$ (3,279,775)

Adjustment 6

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
TREASURY GRANTS DEFERRAL**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>EXPENSES</u>			
2	<u>SNOQUALMIE TREASURY GRANT</u>			
3	SNOQUALMIE TREASURY GRANT	\$ -	\$ (1,658,222)	\$ (1,658,222)
4	DEFERRAL OF SNOQUALMIE	-	-	-
5	TOTAL SNOQUALMIE TREASURY GRANTS	-	(1,658,222)	(1,658,222)
6	<u>BAKER TREASURY GRANT</u>			
7	BAKER TREASURY GRANT	-	(480,026)	\$ (480,026)
8	DEFERRAL OF BAKER	-	-	\$ -
9	TOTAL BAKER TREASURY GRANTS	-	(480,026)	(480,026)
10				
11	INCREASE (DECREASE) EXPENSES	\$ -	\$ (2,138,248)	\$ (2,138,248)
12				
13	<u>RATE BASE</u>			
14	<u>SNOQUALMIE TREASURY GRANT</u>			
15	SNOQUALMIE GRANTS AMA GROSS - DEF	\$ -	\$ (6,494,703)	\$ (6,494,703)
16	SNOQUALMIE GRANTS AMA ACCUM AMORT	-	829,111	\$ 829,111
17	SNOQUALMIE AMA ACCUM DEFERRED FIT	-	1,982,957	\$ 1,982,957
18	TOTAL SNOQUALMIE GRANTS RATE BASE	-	(3,682,635)	(3,682,635)
19	<u>BAKER TREASURY GRANT</u>			
20	BAKER GRANTS AMA GROSS - DEF	-	(1,880,101)	\$ (1,880,101)
21	BAKER GRANTS AMA ACCUM AMORT	-	240,013	\$ 240,013
22	BAKER AMA ACCUM DEFERRED FIT	-	574,031	\$ 574,031
23	TOTAL BAKER GRANTS RATE BASE	-	(1,066,057)	(1,066,057)
24				
25	TOTAL TRESURY GRANTS DEFERRALS RATE BASE	\$ -	\$ (4,748,692)	\$ (4,748,692)

Adjustment 7

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
ELECTRON**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>ELECTRON HYDRO EXPENSE</u>			
2	DEPRECIATION EXPENSE	\$ -	\$ -	\$ -
3	AMORTIZATION EXPENSE	-	-	-
4	TOTAL EXPENSE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
5				
6	<u>ELECTRON UTILITY PLANT RATEBASE</u>			
7	GROSS PLANT	\$ -	\$ -	\$ -
8	ACCUMULATED DEPRECIATION / AMORTIZATION	-	-	-
9	DFIT	-	-	-
10	NET PLANT COSTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
11				
12	<u>ELECTRON REGULATORY ASSET RATEBASE</u>			
13	UNRECOVERED PLANT	\$ -	\$ -	\$ -
14	ACCUMULATED AMORTIZATION	-	-	-
15	DFIT	-	-	-
16	NET REGULATORY ASSET	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Adjustment 8

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
REMOVE WILD HORSE SOLAR**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>WILD HORSE RATE BASE</u>			
2	<u>UTILITY PLANT RATEBASE</u>			
3	PLANT BALANCE	\$ 4,530,703	\$ -	\$ (4,530,703)
4	ACCUMULATED DEPRECIATION	(1,060,866)	-	1,060,866
5	DEFERRED TAX	(1,030,413)	-	1,030,413
6	TOTAL UTILITY PLANT RATEBASE	<u>\$ 2,439,424</u>	<u>\$ -</u>	<u>\$ (2,439,424)</u>
7				
8				
9				
10				
11	<u>WILD HORSE EXPENSE</u>			
12	DEPRECIATION EXPENSE ON UTILITY PLANT	\$ 187,935	\$ -	\$ (187,935)
13				-
14				-
15	TOTAL EXPENSE	<u>\$ 187,935</u>	<u>\$ -</u>	<u>\$ (187,935)</u>

Adjustment 9

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
PROPERTY INSURANCE

LINE NO. DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1 PROPERTY INSURANCE EXPENSE	\$ 2,898,749	\$ 3,070,010	\$ 171,261
2 INCREASE(DECREASE) EXPENSE	<u>\$ 2,898,749</u>	<u>\$ 3,070,010</u>	<u>\$ 171,261</u>

Adjustment 10

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
REG ASSET - BONNEVILLE EXCHANGE POWER (BEP)**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2				
3	BEP	\$ 9,601,325	\$ 5,018,338	\$ (4,582,987)
4	TOTAL REGULATORY ASSETS	<u>\$ 9,601,325</u>	<u>\$ 5,018,338</u>	<u>\$ (4,582,987)</u>
5				
6	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
7				
8	BEP	\$ 3,526,620	\$ 3,526,620	\$ -
9	TOTAL AMORTIZATION	<u>\$ 3,526,620</u>	<u>\$ 3,526,620</u>	<u>\$ -</u>

Adjustment 11

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
REG ASSET - WHITE RIVER**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2	WHITE RIVER PLANT COSTS	\$ 33,497,678	\$ 30,632,834	\$ (2,864,844)
3	WHITE RIVER RELICENSING & CWIP	25,636,716	25,658,116	21,400
4	PROCEED FROM THE SALE OF WHITE RIVER	(30,211,681)	(30,211,680)	0
5	DFIT - WHITE RIVER REG ASSET	(10,122,950)	(9,127,963)	994,986
6	TOTAL REGULATORY ASSETS	<u>\$ 18,799,764</u>	<u>\$ 16,951,306</u>	<u>\$ (1,848,458)</u>
7				
8	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
9	WHITE RIVER PLANT COSTS	\$ 1,494,702	\$ 1,494,702	\$ (0)
10	TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>\$ 1,494,702</u>	<u>\$ 1,494,702</u>	<u>\$ (0)</u>

Adjustment 12

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
REG ASSET - PLANT DEFERRALS

LINE NO. DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1 <u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2 MINT FARM DEFFRED - UE-090704 (ends Mar 2025)	\$ 21,926,529	\$ 18,332,235	\$ (3,594,293)
3 LOWER SNAKE RIVER PLANT DEFERRAL (ends Apr 2016)	8,304,368	2,681,027	(5,623,341)
4 FERNDAL E PLANT DEFERRAL (ends Oct 2019)	10,505,590	12,977,380	2,471,790
5 SNOQUALMIE UPGRADE PLANT DEFERRAL (ends Oct 2018)	3,184,195	5,872,157	2,687,962
6 BAKER UPGRADE PLANT DEFERRAL (ends Oct 2018)	614,277	1,495,402	881,125
7 TOTAL REGULATORY ASSETS	<u>\$ 44,534,959</u>	<u>\$ 41,358,201</u>	<u>\$ (3,176,758)</u>
8			
9 <u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
10 MINT FARM DEFFRED - UE-090704 (ends Mar 2025)	\$ 2,885,052	\$ 2,885,052	\$ -
11 LOWER SNAKE RIVER PLANT DEFERRAL (ends Apr 2016)	4,580,592	4,499,640	(80,952)
12 FERNDAL E PLANT DEFERRAL (ends Oct 2019)	691,933	4,520,423	3,828,489
13 SNOQUALMIE UPGRADE PLANT DEFERRAL (ends Oct 2018)	322,316	2,644,123	2,321,807
14 BAKER UPGRADE PLANT DEFERRAL (ends Oct 2018)	89,849	673,352	583,503
15 TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>\$ 8,569,743</u>	<u>\$ 15,222,590</u>	<u>\$ 6,652,847</u>

Adjustment 13

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
WESTCOAST PIPELINE CAPACITY - UE-090704 (FB ENERGY) & UE-100503 (BNP PARIBUS)**

LINE NO. DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1 <u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2 WESTCOAST PIPELINE CAPACITY - UE-090704 (FB ENERGY)	\$ (1,359,522)	\$ (870,943)	\$ 488,578
3 WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)	(1,863,771)	(1,193,978)	669,793
4 TOTAL REGULATORY ASSETS	<u>\$ (3,223,293)</u>	<u>\$ (2,064,922)</u>	<u>\$ 1,158,371</u>
5			
6			
7 <u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
8 WESTCOAST PIPELINE CAPACITY - UE-090704 (FB ENERGY)	\$ (392,170)	\$ (392,170)	\$ 0
9 WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)	(537,626)	(537,626)	(0)
10 TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>\$ (929,796)</u>	<u>\$ (929,796)</u>	<u>\$ (0)</u>

Adjustment 14

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
REG ASSET - CHELAN PUD CONTRACT PAYMENTS**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2	CHELAN PUD CONTRACT INITITATION	\$ 113,020,475	\$ 101,204,717	\$ (11,815,758)
3	CHELAN - ROCK ISLAND SECURITY DEPOSIT	18,500,000	18,500,000	-
4	TOTAL REGULATORY ASSETS	<u>\$ 131,520,475</u>	<u>\$ 119,704,717</u>	<u>\$ (11,815,758)</u>
5				
6				
7	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
8	CHELAN PUD CONTRACT INITITATION	\$ 7,088,066	\$ 7,088,066	\$ 0
9	TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>\$ 7,088,066</u>	<u>\$ 7,088,066</u>	<u>\$ 0</u>

Adjustment 15

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
REG ASSET - OTHER MISCELLANEOUS**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2	COLSTRIP 1&2 (WEC _o) PREPAYMENT	\$ 3,250,000	\$ 2,291,667	\$ (958,333)
3	FERC PART 12 STUDY NON-CONSTRUCTION COSTS	844,438	382,008	(462,430)
4	TOTAL REGULATORY ASSETS	<u>\$ 4,094,438</u>	<u>\$ 2,673,674</u>	<u>\$ (1,420,764)</u>
5				
6	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
7	COLSTRIP 1&2 (WEC _o) PREPAYMENT	\$ 500,000	\$ 500,000	\$ (0)
8	FERC PART 12 STUDY NON-CONSTRUCTION COSTS	241,268	241,268	(0)
9	TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>\$ 741,268</u>	<u>\$ 741,268</u>	<u>\$ (0)</u>

Adjustment 16

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
REG ASSET - LSR LGIA PREPAID INTEREST**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>AMA OF REG ASSET/LIAB NET OF ACCUM AMORT AND DFIT</u>			
2	LOWER SNAKE RIVER PREPAID TRANSM PRINCIPAL	\$ 94,854,311	\$ 71,667,282	\$ (23,187,029)
3	CARRYING CHARGES ON LSR PREPAID TRANSM	10,757,310	9,844,406	(912,905)
4	TOTAL REGULATORY ASSETS	<u>\$ 105,611,621</u>	<u>\$ 81,511,687</u>	<u>\$ (24,099,934)</u>
5				
6	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
7	LOWER SNAKE RIVER PREPAID TRANSM PRINCIPAL	\$ 1,261,676	\$ 3,295,435	\$ 2,033,759
8	CARRYING CHARGES ON LSR PREPAID TRANSM	694,252	687,420	(6,832)
9	TOTAL REGULATORY AMORT	<u>\$ 1,955,928</u>	<u>\$ 3,982,855</u>	<u>\$ 2,026,927</u>

Adjustment 17

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
HEDGING LINE OF CREDIT**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	HEDGING LINE OF CREDIT	\$ 857,606	\$ 532,067	\$ (325,540)
2	INCREASE(DECREASE) EXPENSE	\$ 857,606	\$ 532,067	\$ (325,540)

Adjustment 18 (Page 1 of 2)

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
PRODUCTION ADJUSTMENT

LINE NO. DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION FACTOR 0.981%	NET AMOUNT
1 <u>O&M PRODUCTION RELATED</u>			
2 EMPLOYEE BENEFITS	\$ 7,475,380	\$ (73,333)	\$ 7,402,047
3 EMPLOYEE TAXES	1,974,600	(19,371)	1,955,229
4 PROPERTY INSURANCE	3,070,010	(30,117)	3,039,893
5 TOTAL PRODUCTION O&M	<u>12,519,990</u>	<u>(122,821)</u>	<u>12,397,169</u>
6			
7 HEDGING LINE OF CREDIT	<u>532,067</u>	<u>(5,220)</u>	<u>526,847</u>
8			
9 <u>DEPRECIATION / AMORTIZATION:</u>			
10 DEPRECIATION	110,150,209	(1,080,574)	109,069,635
11 AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB)	12,313,335	(120,794)	12,192,541
12 AMORTIZATION OF TREASURY GRANT FOR SNOQ AND BAKER	<u>(3,279,775)</u>	<u>32,175</u>	<u>(3,247,600)</u>
13 TOTAL DEPRECIATION / AMORTIZATION	<u>119,183,769</u>	<u>(1,169,193)</u>	<u>118,014,576</u>
14			
15 ELECTRIC ENERGY TAX	<u>1,742,002</u>	<u>(17,089)</u>	<u>1,724,913</u>
16			
17 TOTAL PRODUCTION ADJUSTMENT TO BASELINE RATE	<u>\$ 133,977,828</u>	<u>\$ (1,314,322)</u>	<u>\$ 132,663,505</u>
18			
19 <u>AMORTIZATION ON REGULATORY ASSETS:</u>			
20 ADJs - POWER COST & PROD O&M RELATED			
21 NO. 10 - BEP	\$ 3,526,620	\$ (34,596)	\$ 3,492,024
22 NO. 13 - WESTCOAST PIPE CAP - UE-082013 (FB ENERGY)	(392,170)	3,847	(388,322)
23 NO. 13 - WESTCOAST PIPE CAP - UE-100503 (BNP PARIBUS)	(537,626)	5,274	(532,352)
24 NO. 14 - CHELAN	7,088,066	(69,534)	7,018,532
25 NO. 15 - COLSTRIP 1&2 (WEC _o) PREPAYMENT	500,000	(4,905)	495,095
26 NO. 16 - LOWER SNAKE RIVER PREPAID TRANSM PRINCIPAL	3,295,435	(32,328)	3,263,107
27			
28 ADJs - ALL OTHER			
29 NO. 6 - TREASURY GRANTS DEFERRAL - SNOQUALMIE	(1,658,222)	16,267	(1,641,955)
30 NO. 6 - TREASURY GRANTS DEFERRAL - BAKER	(480,026)	4,709	(475,317)
31 NO. 7 - ELECTRON UNRECOVERED COSTS	-	-	0.00
32 NO. 11 - WHITE RIVER PLANT COSTS	1,494,702	(14,663)	1,480,039
33 NO. 12 - MINT FARM DEFERRAL - UE-090704	2,885,052	(28,302)	2,856,750
34 NO. 12 - LSR PLANT DEFERRAL - UE-111048	4,499,640	(44,141)	4,455,499
35 NO. 12 - FERNDAL PLANT DEFERRAL - UE-130617	4,520,423	(44,345)	4,476,077
36 NO. 12 - SNOQUALMIE UPGRADE PLANT DEFERRAL UE-130617	2,644,123	(25,939)	2,618,185
37 NO. 12 - BAKER UPGRADE PLANT DEFERRAL UE-130617	673,352	(6,606)	666,746
38 NO. 15 - FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074	241,268	(2,367)	238,901
39 NO. 16 - CARRYING CHARGES ON LSR PREPAID TRANSM	<u>687,420</u>	<u>(6,744)</u>	<u>680,676</u>
40			
41 TOTAL REGULATORY ASSET ADJUSTMENT TO BASELINE RATE	<u>\$ 28,988,056</u>	<u>\$ (284,373)</u>	<u>\$ 28,703,683</u>
42			
43 INCREASE (DECREASE) EXPENSE		<u>\$ (1,598,695)</u>	
44			
45 <u>PRODUCTION RATE BASE:</u>			
46 DEPRECIABLE PRODUCTION PROPERTY	\$ 3,893,894,717	\$ (38,199,107)	\$ 3,855,695,610
47 PRODUCTION PROPERTY ACCUM DEPR.	(1,430,148,798)	14,029,760	(1,416,119,038)
48 NON-DEPRECIABLE PRODUCTION PROPERTY	78,520,614	(770,287)	77,750,327
49 PRODUCTION PROPERTY ACCUM AMORT.	(6,673,848)	65,470	(6,608,378)
50 COLSTRIP COMMON FERC ADJUSTMENT	3,883,622	(38,098)	3,845,524
51 COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	1,145,778	(11,240)	1,134,538
52 ACQUISITION ADJUSTMENT	281,535,585	(2,761,864)	278,773,721
53 ACCUMULATED AMORTIZATION ON ACQUISITION ADJ	<u>(83,684,770)</u>	<u>820,948</u>	<u>(82,863,822)</u>
54 NET PRODUCTION PROPERTY	<u>2,738,472,900</u>	<u>(26,864,418)</u>	<u>2,711,608,482</u>
55			
56 <u>DEDUCT:</u>			
57 LIBR. DEPREC. POST 1980 (AMA)	(507,319,370)	4,976,803	(502,342,567)

Adjustment 18 (Page 2 of 2)

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
PRODUCTION ADJUSTMENT

LINE NO. DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION FACTOR 0.981%	NET AMOUNT
58 NOL DEFERRED TAX ASSET ATTRIBUTABLE TO PRODUCTION	59,410,615	(582,818)	58,827,797
59 TREASURY GRANTS FOR SNOQUALMIE AND BAKER	(107,875,804)	1,058,262	(106,817,542)
60 ACCUM AMORT OF TREASURY GRANTS FOR SNOQUALMIE AND BAKER	3,583,150	(35,151)	3,547,999
61 ADJUSTMENT TO RATE BASE	(552,201,410)	5,417,096	(546,784,296)
62			
63 TOTAL ADJUSTMENT TO PRODUCTION RATE BASE	\$ 2,186,271,490	\$ (21,447,322)	\$ 2,164,824,186
64			
65 <u>REGULATORY ASSETS RATE BASE:</u>			
66 TREASURY GRANTS DEFERRAL - SNOQUALMIE	\$ (3,682,635)	\$ 36,127	\$ (3,646,508)
67 TREASURY GRANTS DEFERRAL - BAKER	(1,066,057)	10,458	(1,055,599)
68 BEP	5,018,338	(49,230)	4,969,108
69 WHITE RIVER PLANT COSTS	30,632,834	(300,508)	30,332,326
70 WHITE RIVER RELICENSING & CWIP	25,658,116	(251,706)	25,406,410
71 PROCEED FROM THE SALE OF WHITE RIVER	(30,211,680)	296,377	(29,915,304)
72 DFIT - WHITE RIVER REG ASSET	(9,127,963)	89,545	(9,038,418)
73 WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY)	(870,943)	8,544	(862,399)
74 WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)	(1,193,978)	11,713	(1,182,265)
75 CHELAN PUD CONTRACT INITIATION	101,204,717	(992,818)	100,211,899
76 CHELAN - ROCK ISLAND SECURITY DEPOSIT	18,500,000	(181,485)	18,318,515
77 COLSTRIP 1&2 (WEC) PREPAYMENT	2,291,667	(22,481)	2,269,185
78 FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074	382,008	(3,747)	378,260
79 LOWER SNAKE RIVER PREPAID TRANSM PRINCIPAL	71,667,282	(703,056)	70,964,226
80 CARRYING CHARGES ON LSR PREPAID TRANSM	9,844,406	(96,574)	9,747,832
81 MINT FARM DEFFRED - UE-090704 (ends Mar 2025)	18,332,235	(179,839)	18,152,396
82 LOWER SNAKE RIVER PLANT DEFERRAL (ends Apr 2016)	2,681,027	(26,301)	2,654,726
83 FERNDAL PLANT DEFERRAL (ends Oct 2019)	12,977,380	(127,308)	12,850,072
84 SNOQUALMIE UPGRADE PLANT DEFERRAL (ends Oct 2018)	5,872,157	(57,606)	5,814,551
85 BAKER UPGRADE PLANT DEFERRAL (ends Oct 2018)	1,495,402	(14,670)	1,480,732
86 ELECTRON UNRECOVERED PLANT COSTS	0	0	0
87 TOTAL ADJUSTMENT TO REGULATORY ASSETS RATE BASE	\$ 260,404,310	\$ (2,554,566)	\$ 257,849,744
88			
89 TOTAL RATE BASE		<u>\$ (24,001,888)</u>	

Adjustment 19

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
TEMPERATURE NORMALIZATION**

LINE NO.	DESCRIPTION	ACTUAL GPI MWH	TEMP ADJ GPI MWH	MWH CHANGE	ADJ FOR LOSSES 7.00%
1	Jan-13	2,414,290	2,332,083	(82,208)	(76,453)
2	Feb-13	1,952,852	1,991,626	38,774	36,060
3	Mar-13	1,990,768	2,019,395	28,626	26,622
4	Apr-13	1,797,180	1,808,361	11,181	10,398
5	May-13	1,660,976	1,687,078	26,102	24,275
6	Jun-13	1,575,973	1,560,537	(15,437)	(14,356)
7	Jul-13	1,679,289	1,659,086	(20,202)	(18,788)
8	Aug-13	1,682,030	1,659,817	(22,213)	(20,658)
9	Sep-13	1,636,730	1,631,903	(4,828)	(4,490)
10	Oct-13	1,860,323	1,839,377	(20,946)	(19,480)
11	Nov-13	2,004,525	2,055,896	51,370	47,774
12	Dec-13	2,435,997	2,424,641	(11,356)	(10,561)
13	Total	22,690,934	22,669,798	(21,135)	(19,657)

Adjustment 20

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2013
RATE YEAR ENDED NOVEMBER 30, 2015
CONVERSION FACTOR

LINE NO.	DESCRIPTION	FACTOR
1	BAD DEBTS	0.005084
2	ANNUAL FILING FEE	0.002000
3	STATE UTILITY TAX ((1 - LINE 1) * 3.8734%)	3.8734% <u>0.038537</u>
4		
5	SUM OF TAXES OTHER	0.045621
6		
7	CONVERSION FACTOR (1 - LINE 5)	<u><u>0.954379</u></u>