

**Exhibit No. \_\_ (EJK-7)**  
**Docket UE-132027**  
**Witness: Edward J. Keating**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of**  
**PUGET SOUND ENERGY, INC.**

**DOCKET UE-132027**

**For an Accounting Order Approving the**  
**Allocation of Proceeds of the Sale of**  
**Certain Assets to Public Utility District #1**  
**of Jefferson County**

**EXHIBIT TO TESTIMONY OF**

**Edward J. Keating**

**STAFF OF**  
**WASHINGTON UTILITIES AND**  
**TRANSPORTATION COMMISSION**

*PSE response to Public Counsel Data Request No. 31*

**March 28, 2014**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Docket No. UE-132027**

**Puget Sound Energy, Inc.'s**

**Petition for an Accounting Order Approving the Allocation of Proceeds of the  
Sale of Certain Assets to Public Utility District #1 of Jefferson County**

**PUBLIC COUNSEL DATA REQUEST NO. 031**

**PUBLIC COUNSEL DATA REQUEST NO. 031:**

**Re: PSE Response to Public Counsel Data Request No. 019 and Excel workpaper  
"UE-13-XXX JAP-07 (10-XX-13).xlsx", tab "Price Forecast":**

Utilizing forecasted power supply costs and loads included in response to Public Counsel Data Request No. 019, Attachments A and B, please provide a forecast of the 20-year "Fixed" component of the PCA rate under the scenarios "with serving Jefferson County" and "without serving Jefferson County." This forecast would be comparable to the "Fixed" component (i.e., 44.656 mills per kWh) that was provided within Excel workpaper "UE-13-XXX JAP-07).xlsx", tab "Price Forecast" for the most recently established PCORC rate.

**Response:**

The electronic workpaper entitled "UE-13XXX JAP-07 WP (10-XX-13).xlsx" includes results obtained from Puget Sound Energy, Inc.'s ("PSE") Portfolio Screening Model III ("PSM III"). See PSE's Response to Public Counsel Data Request No. 020 for a full description of the components to the output from PSM III can be found in. These components can be broken into fixed and variable costs. PSM III does not include the fixed costs of PSE's existing fleet of resources, only their variable costs for fuel and variable O&M, with the exception of incremental capital additions for PSE's share of the Colstrip Generating Project and transmission contract renewals. These capital additions and transmission renewals were included as fixed annual expenses.

Attached as Attachment A to PSE's Response to Public Counsel Data Request No. 031, please find an MS Excel file containing workpapers that break down the fixed and variable cost components of the PSM III costs for the "With JeffCo" and "Without JeffCo" scenarios. The fixed component of the annual revenue requirement from PSM III can be found in the tabs marked "with JeffCo" and "without JeffCo" in column T.

These forecasted average incremental fixed costs are in addition to the forecasted fixed component of the PCA rate for existing resources reflected in the workpapers supporting Exhibit No. \_\_\_ (JAP-7) in the tab titled "Price Forecast." Table 1 below adds

the projections of the fixed components of the PCA baseline rate for the existing and incremental resources results calculated in Attachment A under the "with Jeffco" scenario. Table 2 shows similar projections for the "without Jeffco" scenario.

**Table 1 - Forecast of Fixed Component of PCA Rate with JeffCo (\$/MWh)**

Year	Existing Resources	Incremental Resources	Total
2014	\$ 44.66	\$ 3.45	\$ 48.10
2015	\$ 44.66	\$ 3.69	\$ 48.34
2016	\$ 44.66	\$ 4.26	\$ 48.91
2017	\$ 44.66	\$ 4.81	\$ 49.47
2018	\$ 44.66	\$ 6.78	\$ 51.44
2019	\$ 44.66	\$ 7.09	\$ 51.75
2020	\$ 44.66	\$ 7.05	\$ 51.71
2021	\$ 44.66	\$ 7.18	\$ 51.84
2022	\$ 44.66	\$ 13.13	\$ 57.79
2023	\$ 44.66	\$ 13.82	\$ 58.48
2024	\$ 44.66	\$ 13.35	\$ 58.01
2025	\$ 44.66	\$ 14.56	\$ 59.21
2026	\$ 44.66	\$ 16.24	\$ 60.90
2027	\$ 44.66	\$ 18.60	\$ 63.26
2028	\$ 44.66	\$ 17.83	\$ 62.49
2029	\$ 44.66	\$ 18.44	\$ 63.10
2030	\$ 44.66	\$ 20.91	\$ 65.57
2031	\$ 44.66	\$ 20.21	\$ 64.87
2032	\$ 44.66	\$ 20.78	\$ 65.44
2033	\$ 44.66	\$ 21.34	\$ 65.99

**Table 2 - Forecast of Fixed Component of PCA Rate without JeffCo (\$/MWh)**

Year	Existing Resources	Incremental Resources	Total
2014	\$ 44.66	\$ 3.49	\$ 48.15
2015	\$ 44.66	\$ 3.74	\$ 48.40
2016	\$ 44.66	\$ 4.32	\$ 48.97
2017	\$ 44.66	\$ 4.88	\$ 49.54
2018	\$ 44.66	\$ 5.53	\$ 50.19
2019	\$ 44.66	\$ 5.99	\$ 50.64
2020	\$ 44.66	\$ 5.94	\$ 50.59
2021	\$ 44.66	\$ 7.54	\$ 52.19
2022	\$ 44.66	\$ 12.22	\$ 56.87
2023	\$ 44.66	\$ 12.96	\$ 57.62
2024	\$ 44.66	\$ 13.94	\$ 58.60
2025	\$ 44.66	\$ 13.77	\$ 58.43
2026	\$ 44.66	\$ 16.88	\$ 61.54
2027	\$ 44.66	\$ 18.02	\$ 62.67
2028	\$ 44.66	\$ 18.59	\$ 63.25
2029	\$ 44.66	\$ 17.82	\$ 62.48
2030	\$ 44.66	\$ 20.38	\$ 65.03
2031	\$ 44.66	\$ 21.15	\$ 65.80

2032	\$ 44.66	\$ 20.30	\$ 64.96
2033	\$ 44.66	\$ 20.90	\$ 65.55

Note that this is an approximation of the forecast requested in Public Council Data Request No. 31 and should not be interpreted as an official PSE forecast of the fixed component of future costs for PCA rates.

PSE's Response to WUTC Staff Data Request No. 031  
Date of Response: December 20, 2013  
Person who Prepared the Response: Jon A. Piliaris  
Witness Knowledgeable About the Response: Jon A. Piliaris

Row	Year	Incremental Power Costs (Excl. Existing Plant)	With JeffCo	Without JeffCo	(c)=(a)-(b)	Lost JeffCo PCA Revenue	Net Benefit	Cumulative NPV of Net Benefit	JeffCo Loads	JeffCo Load	Growth Rates PCA Rates
		(a)	(b)	(b)	(c)=(a)-(b)	(d)	(e)=(c)-(d)	(f)=NPV(e)	(g)	(h)	(i)
1	2014	\$ 508,614	\$ 499,016	\$ 9,598	\$ 9,598	\$ 21,737	\$ (12,139)	\$ (11,699)	323,181	10.5%	
2	2015	\$ 490,661	\$ 480,451	\$ 10,209	\$ 10,209	\$ 21,822	\$ (11,613)	\$ (22,084)	327,287	1.27%	-0.88%
3	2016	\$ 493,188	\$ 482,281	\$ 10,907	\$ 10,907	\$ 22,532	\$ (11,625)	\$ (31,729)	333,869	2.01%	1.24%
4	2017	\$ 516,691	\$ 504,121	\$ 12,570	\$ 12,570	\$ 23,650	\$ (11,079)	\$ (40,258)	338,559	1.40%	3.56%
5	2018	\$ 623,066	\$ 566,400	\$ 56,667	\$ 56,667	\$ 24,835	\$ 31,832	\$ (17,520)	343,227	1.38%	3.64%
6	2019	\$ 665,088	\$ 607,480	\$ 57,609	\$ 57,609	\$ 25,964	\$ 31,645	\$ 3,455	346,736	1.02%	3.52%
7	2020	\$ 678,691	\$ 621,385	\$ 57,306	\$ 57,306	\$ 26,440	\$ 30,866	\$ 22,434	350,189	1.00%	0.84%
8	2021	\$ 698,862	\$ 686,073	\$ 12,790	\$ 12,790	\$ 26,970	\$ (14,180)	\$ 14,344	349,678	-0.15%	2.15%
9	2022	\$ 867,721	\$ 808,454	\$ 59,267	\$ 59,267	\$ 27,264	\$ 32,004	\$ 31,288	352,149	0.71%	0.38%
10	2023	\$ 932,314	\$ 872,641	\$ 59,672	\$ 59,672	\$ 27,928	\$ 31,744	\$ 46,882	354,865	0.77%	1.67%
11	2024	\$ 961,399	\$ 950,572	\$ 10,828	\$ 10,828	\$ 28,599	\$ (17,771)	\$ 38,783	360,598	1.62%	0.79%
12	2025	\$ 1,092,643	\$ 1,030,480	\$ 62,164	\$ 62,164	\$ 29,481	\$ 32,683	\$ 52,604	366,575	1.66%	1.43%
13	2026	\$ 1,377,278	\$ 1,365,456	\$ 11,822	\$ 11,822	\$ 30,598	\$ (18,776)	\$ 45,237	374,319	2.11%	1.68%
14	2027	\$ 1,504,548	\$ 1,439,298	\$ 65,249	\$ 65,249	\$ 31,557	\$ 33,692	\$ 57,504	382,112	2.08%	1.05%
15	2028	\$ 1,569,418	\$ 1,556,777	\$ 12,641	\$ 12,641	\$ 32,733	\$ (20,092)	\$ 50,717	391,235	2.39%	1.34%
16	2029	\$ 1,659,934	\$ 1,590,948	\$ 68,986	\$ 68,986	\$ 33,635	\$ 35,351	\$ 61,798	397,300	1.55%	1.21%
17	2030	\$ 1,812,113	\$ 1,742,508	\$ 69,606	\$ 69,606	\$ 34,694	\$ 34,911	\$ 71,951	405,189	1.99%	1.16%
18	2031	\$ 1,897,453	\$ 1,885,187	\$ 12,266	\$ 12,266	\$ 36,068	\$ (23,802)	\$ 65,528	413,841	2.14%	1.82%
19	2032	\$ 1,994,502	\$ 1,920,708	\$ 73,794	\$ 73,794	\$ 37,184	\$ 36,610	\$ 74,694	422,679	2.14%	0.96%
20	2033	\$ 2,125,287	\$ 2,050,222	\$ 75,065	\$ 75,065	\$ 38,482	\$ 36,583	\$ 83,192	431,706	2.14%	1.35%
21											
22	NPV	\$ 9,426,389	\$ 9,062,412	\$ 363,977	\$ 363,977	\$ 280,785	\$ 83,192	\$ 83,192			
23	Levelized	\$ 943,725	\$ 907,285	\$ 36,440	\$ 36,440	\$ 28,111	\$ 8,329	\$ 8,329			
24											
25											
26											
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JeffCo PCA Revenue (12M Ending 06/30/12)	\$ 19,773
JeffCo MWh (12M Ending 06/30/12)	292,473
Average Effective PCA Rate (\$/MWh)	67.61
2013 PCORC % Rate Change (RY Beginning 11/1/13)	-0.5158%
Adjusted Effective PCA Rate (\$/MWh)	67.26

Note: All revenue figures in \$000's.

All Revenues in (\$000)

Row	Year	With JeffCo	Cost of Power Purchase		PPA Rev. Req. (Coilstrip and Transmission Renewal)		Generic Revenue Requirement		REC Revenue		Cost of Existing Fleet		Incremental Fixed Cost	Incremental Variable Cost	Load Forecast (MWh)	Losses (MWh)	Sales (MWh)	Average Incremental Fixed Costs (\$/MWh)	Average Incremental Variable Costs (\$/MWh)
			Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable	Variable	Variable	Variable							
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m) = (k) - (l)	(n) = (i)/(m)	(o) = (j)/(m)					
1	2014	\$ 508,614	\$ 216,581	\$ 103,650	\$ 74,578	\$ -	\$ -	\$ (5,148)	\$ 118,954	\$ 23,248,860	1,604,171	21,644,689	\$ 3.45	\$ 20.05					
2	2015	\$ 490,661	\$ 191,866	\$ 108,493	\$ 80,480	\$ -	\$ -	\$ (1,221)	\$ 111,042	\$ 23,431,918	1,616,802	21,815,116	\$ 3.69	\$ 18.80					
3	2016	\$ 493,188	\$ 169,195	\$ 117,193	\$ 93,922	\$ -	\$ -	\$ (4,930)	\$ 117,808	\$ 23,697,850	1,635,452	22,062,698	\$ 4.26	\$ 18.10					
4	2017	\$ 516,691	\$ 124,973	\$ 152,031	\$ 106,408	\$ -	\$ -	\$ (3,022)	\$ 136,302	\$ 23,756,382	1,639,190	22,117,192	\$ 4.81	\$ 18.55					
5	2018	\$ 623,066	\$ 97,078	\$ 188,388	\$ 120,940	\$ 37,299	\$ 29,515	\$ -	\$ 149,846	\$ 23,824,694	1,643,904	22,180,790	\$ 6.78	\$ 21.31					
6	2019	\$ 665,088	\$ 88,018	\$ 199,378	\$ 131,059	\$ 43,954	\$ 26,427	\$ -	\$ 176,253	\$ 23,859,948	1,646,336	22,213,612	\$ 7.05	\$ 23.39					
7	2020	\$ 678,691	\$ 120,239	\$ 207,896	\$ 130,420	\$ 40,156	\$ 26,855	\$ -	\$ 153,124	\$ 23,945,682	1,652,252	22,293,430	\$ 7.05	\$ 23.39					
8	2021	\$ 698,862	\$ 44,722	\$ 219,129	\$ 143,282	\$ 139,192	\$ 150,093	\$ (909)	\$ 179,295	\$ 23,851,154	1,645,730	22,205,424	\$ 7.18	\$ 24.29					
9	2022	\$ 867,721	\$ 19,739	\$ 227,643	\$ 143,857	\$ 193,760	\$ 168,591	\$ (1,341)	\$ 182,644	\$ 23,997,380	1,655,819	22,341,561	\$ 13.13	\$ 25.71					
10	2023	\$ 932,314	\$ 27,979	\$ 236,582	\$ 153,505	\$ 203,658	\$ 153,558	\$ (1,343)	\$ 180,067	\$ 24,283,640	1,675,571	22,608,069	\$ 13.82	\$ 27.42					
11	2024	\$ 961,399	\$ 55,116	\$ 240,370	\$ 165,730	\$ 268,957	\$ 172,789	\$ (1,195)	\$ 187,311	\$ 24,697,898	1,704,155	22,993,743	\$ 13.35	\$ 28.46					
12	2025	\$ 1,092,643	\$ 114,452	\$ 253,959	\$ 166,096	\$ 416,273	\$ 217,212	\$ (1,900)	\$ 209,477	\$ 24,976,488	1,723,378	23,253,110	\$ 14.56	\$ 32.43					
13	2026	\$ 1,377,278	\$ 78,151	\$ 261,765	\$ 175,432	\$ 512,332	\$ 270,103	\$ (1,351)	\$ 208,116	\$ 25,351,802	1,749,274	23,602,528	\$ 16.24	\$ 42.11					
14	2027	\$ 1,504,548	\$ 108,718	\$ 266,331	\$ 187,155	\$ 538,933	\$ 248,525	\$ (965)	\$ 220,722	\$ 25,724,676	1,775,003	23,949,673	\$ 18.60	\$ 44.22					
15	2028	\$ 1,569,418	\$ 115,200	\$ 275,880	\$ 185,540	\$ 603,889	\$ 270,874	\$ (2,791)	\$ 208,830	\$ 26,239,962	1,810,557	24,429,405	\$ 17.83	\$ 46.41					
16	2029	\$ 1,659,934	\$ 144,003	\$ 282,714	\$ 192,730	\$ 688,794	\$ 333,889	\$ (2,894)	\$ 202,877	\$ 26,584,614	1,834,338	24,750,276	\$ 18.44	\$ 48.63					
17	2030	\$ 1,812,113	\$ 162,859	\$ 309,505	\$ 207,256	\$ 715,088	\$ 310,554	\$ (2,381)	\$ 196,572	\$ 27,049,752	1,866,433	25,183,319	\$ 20.91	\$ 51.05					
18	2031	\$ 1,897,453	\$ 164,423	\$ 323,651	\$ 205,401	\$ 772,524	\$ 336,314	\$ (1,875)	\$ 194,064	\$ 27,516,590	1,898,645	25,617,945	\$ 20.21	\$ 53.85					
19	2032	\$ 1,994,502	\$ 164,423	\$ 323,651	\$ 205,401	\$ 772,524	\$ 336,314	\$ (1,875)	\$ 194,064	\$ 27,995,118	1,931,663	26,063,455	\$ 20.78	\$ 55.74					
20	2033	\$ 2,125,287	\$ 164,527	\$ 329,362	\$ 213,137	\$ 865,937	\$ 352,930	\$ (1,099)	\$ 200,494	\$ 28,497,918	1,966,356	26,531,562	\$ 21.34	\$ 58.77					

All Revenues in (\$000)

Annual Expected  
Incremental Cost

Row	Year	Without JeffCo	Cost of Power Purchase		PPA Rev. Req. (Colstrip and Transmission Renewal)		Generic Revenue Requirement		REC Revenue		Cost of Existing Fleet		Incremental Fixed Cost (i)	Incremental Variable Cost (j)	Load Forecast (MWh) (k)	Losses (MWh) (l)	Sales (MWh) (m) = (k) - (l)	Incremental Fixed Costs (\$/MWh) (n) = (i)/(m)	Average Incremental Variable Costs (\$/MWh) (o) = (j)/(m)
			Variable (b)	Fixed (c)	Variable (d)	Fixed (e)	Variable (f)	Fixed (g)	Variable (h)	Variable (i)	Variable (j)								
1	2014	\$ 499,016	\$ 206,997	\$ 103,650	\$ 74,578	\$ -	\$ -	\$ -	\$ (5,162)	\$ 118,954	\$ 424,438	22,925,682	1,581,872	21,343,810	\$ 3.49	\$ 19.89			
2	2015	\$ 480,451	\$ 181,740	\$ 108,493	\$ 80,480	\$ -	\$ -	\$ -	\$ (1,305)	\$ 111,042	\$ 399,971	23,104,628	1,594,219	21,510,409	\$ 3.74	\$ 18.59			
3	2016	\$ 482,281	\$ 158,376	\$ 117,193	\$ 93,922	\$ -	\$ -	\$ -	\$ (5,017)	\$ 117,808	\$ 388,359	23,363,986	1,612,115	21,751,871	\$ 4.32	\$ 17.85			
4	2017	\$ 504,121	\$ 112,554	\$ 152,031	\$ 106,408	\$ -	\$ -	\$ -	\$ (3,174)	\$ 136,302	\$ 397,713	23,417,822	1,615,830	21,801,992	\$ 4.88	\$ 18.24			
5	2018	\$ 566,400	\$ 107,225	\$ 188,388	\$ 120,940	\$ -	\$ -	\$ -	\$ -	\$ 149,846	\$ 445,460	23,481,456	1,620,220	21,861,236	\$ 5.53	\$ 20.38			
6	2019	\$ 607,480	\$ 100,789	\$ 199,378	\$ 131,059	\$ -	\$ -	\$ -	\$ -	\$ 176,253	\$ 476,420	23,513,208	1,622,411	21,890,797	\$ 5.99	\$ 21.76			
7	2020	\$ 621,385	\$ 129,944	\$ 207,896	\$ 130,420	\$ -	\$ -	\$ -	\$ -	\$ 153,124	\$ 490,964	23,595,474	1,628,088	21,967,386	\$ 5.94	\$ 22.35			
8	2021	\$ 686,073	\$ 77,383	\$ 217,160	\$ 136,206	\$ 49,181	\$ 28,731	\$ (1,884)	\$ (1,884)	\$ 179,295	\$ 521,135	23,501,476	1,621,602	21,879,874	\$ 7.54	\$ 23.82			
9	2022	\$ 808,454	\$ 58,727	\$ 219,129	\$ 143,282	\$ 90,709	\$ 125,708	\$ (1,745)	\$ (1,745)	\$ 172,644	\$ 539,463	23,645,232	1,631,521	22,013,711	\$ 12.22	\$ 24.51			
10	2023	\$ 872,641	\$ 33,251	\$ 227,643	\$ 143,857	\$ 144,612	\$ 144,972	\$ (1,760)	\$ (1,760)	\$ 180,067	\$ 583,813	23,928,782	1,651,086	22,277,696	\$ 12.96	\$ 26.21			
11	2024	\$ 950,572	\$ 6,883	\$ 236,582	\$ 153,505	\$ 205,510	\$ 162,405	\$ (1,624)	\$ (1,624)	\$ 187,311	\$ 634,662	24,337,296	1,679,273	22,658,023	\$ 13.94	\$ 28.01			
12	2025	\$ 1,030,480	\$ 69,517	\$ 240,370	\$ 165,730	\$ 215,775	\$ 149,852	\$ (1,139)	\$ (1,139)	\$ 190,374	\$ 714,897	24,609,918	1,698,084	22,911,834	\$ 13.77	\$ 31.20			
13	2026	\$ 1,365,456	\$ 88,505	\$ 253,959	\$ 166,096	\$ 421,553	\$ 226,522	\$ (655)	\$ (655)	\$ 209,477	\$ 972,839	24,977,480	1,723,446	23,254,034	\$ 16.88	\$ 41.84			
14	2027	\$ 1,439,298	\$ 96,886	\$ 261,765	\$ 175,432	\$ 449,276	\$ 249,659	\$ (1,836)	\$ (1,836)	\$ 208,116	\$ 1,014,207	25,342,548	1,748,636	23,593,912	\$ 18.02	\$ 42.99			
15	2028	\$ 1,556,777	\$ 81,411	\$ 266,331	\$ 187,155	\$ 542,352	\$ 260,279	\$ (1,473)	\$ (1,473)	\$ 220,722	\$ 1,109,344	25,848,732	1,783,563	24,065,169	\$ 17.82	\$ 47.43			
16	2029	\$ 1,590,948	\$ 130,407	\$ 275,880	\$ 185,540	\$ 542,135	\$ 248,965	\$ (811)	\$ (811)	\$ 208,830	\$ 1,156,442	26,187,306	1,806,924	24,380,382	\$ 20.38	\$ 49.87			
17	2030	\$ 1,742,508	\$ 128,305	\$ 282,714	\$ 192,730	\$ 626,594	\$ 312,738	\$ (3,450)	\$ (3,450)	\$ 202,877	\$ 1,237,040	26,644,562	1,838,475	24,806,087	\$ 21.15	\$ 53.57			
18	2031	\$ 1,885,187	\$ 134,396	\$ 309,505	\$ 207,256	\$ 717,085	\$ 326,333	\$ (2,961)	\$ (2,961)	\$ 196,572	\$ 1,351,598	27,102,758	1,870,090	25,232,668	\$ 20.30	\$ 54.52			
19	2032	\$ 1,920,708	\$ 178,335	\$ 323,651	\$ 205,401	\$ 706,014	\$ 315,724	\$ (2,482)	\$ (2,482)	\$ 194,064	\$ 1,399,583	27,572,440	1,902,498	25,669,942	\$ 20.90	\$ 57.57			
20	2033	\$ 2,050,222	\$ 176,955	\$ 329,362	\$ 213,137	\$ 799,157	\$ 332,851	\$ (1,734)	\$ (1,734)	\$ 200,494	\$ 1,504,234	28,066,212	1,936,569	26,129,643	\$ 20.90	\$ 57.57			