

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
)	
v.)	Docket Nos. UE-090904/
)	UG-090705 (<i>Consolidated</i>)
)	
PUGET SOUND ENERGY, INC.,)	
)	
Respondent.)	
_____)	

EXHIBIT NO. DWS-3
COST-OF-SERVICE STUDY
ICNU RECOMMENDATIONS
November 17, 2009
Revised December 3, 2009

Puget Sound Energy
ELECTRIC COST OF SERVICE SUMMARY
Adjusted Test Year Twelve Months ended December 2008 @ Proforma Rev Requirement

Line No.	Description	Total Company	Residential Sch 7	Sec Volt Sch 24 (kW< 50)	Sec Volt Sch 25 (kW > 50 & < 350)	Sec Volt Sch 26 (kW > 350)	Pri Volt Sch 31 (General Service)	Pri Volt Sch 35 (Irrigation)	Pri Svc 43	Campus 40	High Volt 46/49	Choice/Retail Wheeling PV	Choice/Retail Wheeling HV	Lighting 50-59	Special Contract	Firm Resale Small
(a)	(b)	(c)	(d)	(e)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	
Rate Base																
1	Plant in Service	\$ 6,699,437,657	\$ 4,009,136,761	\$ 791,995,778	\$ 767,916,657	\$ 448,966,624	\$ 287,270,164	\$ 1,751,509	\$ 50,149,026	\$ 130,128,175	\$ 90,054,502	\$ 4,366,659	\$ 52,212,382	\$ 58,844,291	\$ 4,434,699	\$ 2,210,431
2	Accumulated Reserve	\$ (2,596,670,252)	\$ (1,561,090,914)	\$ (302,495,688)	\$ (294,430,203)	\$ (173,493,734)	\$ (110,296,808)	\$ (672,219)	\$ (18,643,953)	\$ (51,158,455)	\$ (35,706,463)	\$ (1,565,327)	\$ (19,975,977)	\$ (24,714,836)	\$ (1,583,146)	\$ (852,530)
3	Construction Work in Progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Working Capital Assets	\$ 130,674,250	\$ 78,199,241	\$ 15,448,081	\$ 14,978,411	\$ 8,757,209	\$ 5,603,278	\$ 34,164	\$ 978,170	\$ 2,538,183	\$ 1,756,536	\$ 85,173	\$ 1,018,416	\$ 1,147,773	\$ 86,500	\$ 43,115
5	Other Items	\$ (462,296,309)	\$ (295,911,912)	\$ (62,191,347)	\$ (43,128,133)	\$ (23,546,284)	\$ (15,398,755)	\$ (108,410)	\$ (3,016,452)	\$ (6,684,554)	\$ (4,401,373)	\$ (296,673)	\$ (3,535,677)	\$ (3,654,224)	\$ (300,736)	\$ (121,781)
6	TOTAL RATE BASE	\$ 3,771,145,346	\$ 2,230,333,175	\$ 442,756,824	\$ 445,336,733	\$ 260,683,815	\$ 167,177,880	\$ 1,005,045	\$ 29,466,791	\$ 74,823,349	\$ 51,703,201	\$ 2,599,832	\$ 29,719,143	\$ 31,623,005	\$ 2,637,318	\$ 1,279,235
Revenue																
7	Firm Sales	\$ 2,003,744,274	\$ 1,086,009,285	\$ 251,380,615	\$ 274,490,508	\$ 167,558,420	\$ 106,074,485	\$ 257,024	\$ 13,767,819	\$ 44,871,350	\$ 35,350,468	\$ 501,096	\$ 5,659,994	\$ 16,499,336	\$ 974,594	\$ 349,279
8	Non-Firm Sales	\$ 14,813,966	\$ 8,179,392	\$ 1,752,535	\$ 1,972,547	\$ 1,307,852	\$ 760,491	\$ 2,078	\$ 74,465	\$ 391,316	\$ 310,503	\$ -	\$ -	\$ 57,555	\$ -	\$ 5,232
9	Other Operating Revenue	\$ 38,881,589	\$ 25,495,174	\$ 3,827,990	\$ 2,699,678	\$ 1,520,818	\$ 1,426,968	\$ 9,095	\$ 173,245	\$ 473,594	\$ 1,741,107	\$ 13,273	\$ 1,326,424	\$ 142,701	\$ 19,851	\$ 11,670
10	TOTAL REVENUE	\$ 2,057,439,829	\$ 1,119,683,851	\$ 256,961,141	\$ 279,162,734	\$ 170,387,090	\$ 108,261,944	\$ 268,197	\$ 14,015,530	\$ 45,736,260	\$ 37,402,078	\$ 514,369	\$ 6,986,419	\$ 16,699,592	\$ 994,445	\$ 366,181
Expense																
11	Operation and Maintenance	\$ 1,398,697,814	\$ 793,865,126	\$ 165,153,445	\$ 175,978,180	\$ 114,425,399	\$ 68,141,812	\$ 227,567	\$ 7,611,248	\$ 34,058,493	\$ 26,630,850	\$ (179,029)	\$ 1,735,288	\$ 10,268,928	\$ 294,208	\$ 486,300
12	Depreciation Expense	\$ 235,322,647	\$ 142,243,225	\$ 27,781,848	\$ 26,368,562	\$ 15,269,430	\$ 9,830,631	\$ 61,889	\$ 1,763,832	\$ 4,434,700	\$ 3,031,626	\$ 160,947	\$ 1,926,575	\$ 2,209,857	\$ 163,326	\$ 76,199
13	Taxes Other Than Income	\$ 123,255,634	\$ 71,919,873	\$ 14,552,185	\$ 14,780,952	\$ 9,139,336	\$ 5,633,051	\$ 26,228	\$ 802,155	\$ 2,690,993	\$ 1,993,460	\$ 35,261	\$ 580,122	\$ 1,004,903	\$ 55,559	\$ 41,555
14	Income Taxes	\$ 69,576,249	\$ 41,148,829	\$ 8,168,701	\$ 8,216,299	\$ 4,809,521	\$ 3,084,371	\$ 18,543	\$ 543,651	\$ 1,380,463	\$ 953,905	\$ 47,966	\$ 548,307	\$ 583,433	\$ 48,658	\$ 23,601
15	TOTAL EXPENSES	\$ 1,826,852,344	\$ 1,049,177,053	\$ 215,656,179	\$ 225,343,994	\$ 143,643,686	\$ 86,689,865	\$ 334,227	\$ 10,720,887	\$ 42,564,650	\$ 32,609,840	\$ 65,144	\$ 4,790,292	\$ 14,067,121	\$ 561,750	\$ 627,656
16	Operating Income	\$ 230,587,485	\$ 70,506,798	\$ 41,304,961	\$ 53,818,740	\$ 26,743,404	\$ 21,572,079	\$ (66,030)	\$ 3,294,643	\$ 3,171,610	\$ 4,792,237	\$ 449,224	\$ 2,196,127	\$ 2,632,471	\$ 432,695	\$ (261,475)
17	Present Rate of Return	6.1145%	3.1613%	9.3290%	12.0850%	10.2589%	12.9037%	-6.5698%	11.1809%	4.2388%	9.2687%	17.2790%	7.3896%	8.3245%	16.4066%	-20.4399%
Cost of Service																
18	Required Return	8.5600%	8.5600%	8.5600%	8.5600%	8.5600%	8.5600%	8.5600%	8.5600%	8.5600%	8.5600%	8.5600%	8.5600%	8.5600%	8.5600%	8.5600%
19	Required Operating Income	\$ 322,810,042	\$ 190,916,520	\$ 37,899,984	\$ 38,120,824	\$ 22,314,535	\$ 14,310,427	\$ 86,032	\$ 2,522,357	\$ 6,404,879	\$ 4,425,794	\$ 222,546	\$ 2,543,959	\$ 2,706,929	\$ 225,754	\$ 109,503
20	Operating Income Deficiency	\$ 92,222,557	\$ 120,409,722	\$ (3,404,977)	\$ (15,697,915)	\$ (4,428,869)	\$ (7,261,653)	\$ 152,061	\$ (772,285)	\$ 3,233,269	\$ (366,443)	\$ (226,679)	\$ 347,832	\$ 74,458	\$ (206,940)	\$ 370,977
21	Revenue Conversion Factor	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213
22	Revenue Deficiency	\$ 148,443,904	\$ 193,814,722	\$ (5,480,743)	\$ (25,267,786)	\$ (7,128,827)	\$ (11,688,551)	\$ 244,762	\$ (1,243,091)	\$ 5,204,356	\$ (589,837)	\$ (364,868)	\$ 559,879	\$ 119,850	\$ (333,097)	\$ 597,135
23	Revenue Requirement	\$ 2,205,883,733	\$ 1,313,498,573	\$ 251,480,398	\$ 253,894,947	\$ 163,258,263	\$ 96,573,393	\$ 512,959	\$ 12,772,438	\$ 50,940,616	\$ 36,812,241	\$ 149,501	\$ 7,546,298	\$ 16,819,442	\$ 661,348	\$ 963,316
24	Revenues Other Than Rate Sch. Rev	\$ 53,695,555	\$ 33,674,566	\$ 5,580,525	\$ 4,672,225	\$ 2,828,670	\$ 2,187,459	\$ 11,173	\$ 247,711	\$ 864,910	\$ 2,051,610	\$ 13,273	\$ 1,326,424	\$ 200,256	\$ 19,851	\$ 16,902
25	Rate Schedule Revenue Requirement	\$ 2,152,188,178	\$ 1,279,824,007	\$ 245,899,873	\$ 249,222,722	\$ 160,429,593	\$ 94,385,934	\$ 501,786	\$ 12,524,728	\$ 50,075,706	\$ 34,760,631	\$ 136,228	\$ 6,219,874	\$ 16,619,186	\$ 641,497	\$ 946,414
26	Percentage Increase	7.4083%	17.8465%	-2.1803%	-9.2053%	-4.2545%	-11.0192%	95.2293%	-9.0290%	11.5984%	-1.6685%	-72.8140%	9.8919%	0.7264%	-34.1780%	170.9623%
Proposed Revenue Requirement																
27	Proposed Rate of Return	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%
28	Proposed Operating Income	\$ 322,810,042	\$ 190,916,520	\$ 37,899,984	\$ 38,120,824	\$ 22,314,535	\$ 14,310,427	\$ 86,032	\$ 2,522,357	\$ 6,404,879	\$ 4,425,794	\$ 222,546	\$ 2,543,959	\$ 2,706,929	\$ 225,754	\$ 109,503
29	Operating Income Deficiency	\$ 92,222,557	\$ 120,409,722	\$ (3,404,977)	\$ (15,697,915)	\$ (4,428,869)	\$ (7,261,653)	\$ 152,061	\$ (772,285)	\$ 3,233,269	\$ (366,443)	\$ (226,679)	\$ 347,832	\$ 74,458	\$ (206,940)	\$ 370,977
30	Revenue Conversion Factor	1.6096	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213	0.6213
31	Revenue Deficiency	\$ 148,443,904	\$ 193,814,722	\$ (5,480,743)	\$ (25,267,786)	\$ (7,128,827)	\$ (11,688,551)	\$ 244,762	\$ (1,243,091)	\$ 5,204,356	\$ (589,837)	\$ (364,868)	\$ 559,879	\$ 119,850	\$ (333,097)	\$ 597,135
32	Percentage Increase	7.4083%	17.8465%	-2.1803%	-9.2053%	-4.2545%	-11.0192%	95.2293%	-9.0290%	11.5984%	-1.6685%	-72.8140%	9.8919%	0.7264%	-34.1780%	170.9623%
33	Rate Schedule Revenue Requirement	\$ 2,152,188,178	\$ 1,279,824,007	\$ 245,899,873	\$ 249,222,722	\$ 160,429,593	\$ 94,385,934	\$ 501,786	\$ 12,524,728	\$ 50,075,706	\$ 34,760,631	\$ 136,228	\$ 6,219,874	\$ 16,619,186	\$ 641,497	\$ 946,414
34	Revenue to Revenue Requirement	0.93	0.85	1.02	1.10	1.04	1.12	0.51	1.10	0.90	1.02	3.68	0.91	0.99	1.52	0.37
35	Adjusted Revenue to Revenue Requirement	1.00	0.91	1.10	1.18	1.12	1.21	0.55	1.18	0.96	1.09	3.95	0.98	1.07	1.63	0.40