

EXHIBIT NO. ___(RG-9)
DOCKET NO. UE-12___
WITNESS: ROGER GARRATT

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

Petition of

PUGET SOUND ENERGY, INC.

**for Approval of a Power Purchase Agreement
for Acquisition of Coal Transition Power, as
Defined in RCW 80.80.010, and the Recovery
of Related Acquisition Costs**

Docket No. UE-12___

**EIGHTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
ROGER GARRATT
ON BEHALF OF PUGET SOUND ENERGY, INC.**

AUGUST 20, 2012

**REVISED
SEPTEMBER 19, 2012**

Equity Return Calculation for Coal Transition PPA

Assumptions Used to Find an Equity Return on an Equivalent Plant

- 346 Capacity of an Equivalent Plant (MW)
- \$215 Capital Cost Equivalent Plant \$MM
- 31-Dec-14 Start Date
- 31-Dec-25 Stop date
- 133 PPA Term months 11.08333333 Yrs
- 7.80% WACC and Discount Rate
- 9.80% Equity Cost
- 48.0% Equity Ratio
- 7.24% Weighted Pre-tax Equity Return (Revenue Required)

Summary of Pre-Tax Equity Return Results

A	\$86.22	Nominal Total \$MM	
B	\$66.76	PV Total \$MM @7.8%	
C	\$0.74	Levelized \$MM Monthly	
D	\$8.85	Levelized \$MM Annual	
E	346	MW	
F	\$2.13	Levelized Monthly \$/kW	
G	\$25.59	Levelized Annual \$/kW	
H	\$2.92	Levelized \$/MWh	

	A	B	C	D	E	F	G
	Month	Year	PPA Volume	Net Plant \$MM	Depreciation \$MM	Avg. Net Plant \$MM	Pre-tax Equity Return
0				215.0	133.0 mo		7.24%
1	Dec-14	2014	180	213.4	\$ 1.6	214.2	1.29
2	Jan-15	2015	180	211.8	\$ 1.6	212.6	1.28
3	Feb-15	2015	180	210.2	\$ 1.6	211.0	1.27
4	Mar-15	2015	180	208.5	\$ 1.6	209.3	1.26
5	Apr-15	2015	180	206.9	\$ 1.6	207.7	1.25
6	May-15	2015	180	205.3	\$ 1.6	206.1	1.24
7	Jun-15	2015	180	203.7	\$ 1.6	204.5	1.23
8	Jul-15	2015	180	202.1	\$ 1.6	202.9	1.22
9	Aug-15	2015	180	200.5	\$ 1.6	201.3	1.21
10	Sep-15	2015	180	198.8	\$ 1.6	199.6	1.20
11	Oct-15	2015	180	197.2	\$ 1.6	198.0	1.19
12	Nov-15	2015	180	195.6	\$ 1.6	196.4	1.18
13	Dec-15	2015	280	194.0	\$ 1.6	194.8	1.17
14	Jan-16	2016	280	192.4	\$ 1.6	193.2	1.17
15	Feb-16	2016	280	190.8	\$ 1.6	191.6	1.16
16	Mar-16	2016	280	189.1	\$ 1.6	189.9	1.15
17	Apr-16	2016	280	187.5	\$ 1.6	188.3	1.14
18	May-16	2016	280	185.9	\$ 1.6	186.7	1.13
19	Jun-16	2016	280	184.3	\$ 1.6	185.1	1.12
20	Jul-16	2016	280	182.7	\$ 1.6	183.5	1.11
21	Aug-16	2016	280	181.1	\$ 1.6	181.9	1.10
22	Sep-16	2016	280	179.4	\$ 1.6	180.2	1.09
23	Oct-16	2016	280	177.8	\$ 1.6	178.6	1.08
24	Nov-16	2016	280	176.2	\$ 1.6	177.0	1.07

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	Month	Year	PPA Volume	Net Plant \$MM	Depreciation \$MM	Avg. Net Plant \$MM	Pre-tax Equity Return
25	Dec-16	2016	380	174.6	\$ 1.6	175.4	1.06
26	Jan-17	2017	380	173.0	\$ 1.6	173.8	1.05
27	Feb-17	2017	380	171.4	\$ 1.6	172.2	1.04
28	Mar-17	2017	380	169.7	\$ 1.6	170.5	1.03
29	Apr-17	2017	380	168.1	\$ 1.6	168.9	1.02
30	May-17	2017	380	166.5	\$ 1.6	167.3	1.01
31	Jun-17	2017	380	164.9	\$ 1.6	165.7	1.00
32	Jul-17	2017	380	163.3	\$ 1.6	164.1	0.99
33	Aug-17	2017	380	161.7	\$ 1.6	162.5	0.98
34	Sep-17	2017	380	160.0	\$ 1.6	160.8	0.97
35	Oct-17	2017	380	158.4	\$ 1.6	159.2	0.96
36	Nov-17	2017	380	156.8	\$ 1.6	157.6	0.95
37	Dec-17	2017	380	155.2	\$ 1.6	156.0	0.94
38	Jan-18	2018	380	153.6	\$ 1.6	154.4	0.93
39	Feb-18	2018	380	152.0	\$ 1.6	152.8	0.92
40	Mar-18	2018	380	150.3	\$ 1.6	151.1	0.91
41	Apr-18	2018	380	148.7	\$ 1.6	149.5	0.90
42	May-18	2018	380	147.1	\$ 1.6	147.9	0.89
43	Jun-18	2018	380	145.5	\$ 1.6	146.3	0.88
44	Jul-18	2018	380	143.9	\$ 1.6	144.7	0.87
45	Aug-18	2018	380	142.3	\$ 1.6	143.1	0.86
46	Sep-18	2018	380	140.6	\$ 1.6	141.4	0.85
47	Oct-18	2018	380	139.0	\$ 1.6	139.8	0.84
48	Nov-18	2018	380	137.4	\$ 1.6	138.2	0.83
49	Dec-18	2018	380	135.8	\$ 1.6	136.6	0.82

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	Month	Year	PPA Volume	Net Plant \$MM	Depreciation \$MM	Avg. Net Plant \$MM	Pre-tax Equity Return
50	Jan-19	2019	380	134.2	\$ 1.6	135.0	0.81
51	Feb-19	2019	380	132.6	\$ 1.6	133.4	0.80
52	Mar-19	2019	380	130.9	\$ 1.6	131.7	0.79
53	Apr-19	2019	380	129.3	\$ 1.6	130.1	0.78
54	May-19	2019	380	127.7	\$ 1.6	128.5	0.78
55	Jun-19	2019	380	126.1	\$ 1.6	126.9	0.77
56	Jul-19	2019	380	124.5	\$ 1.6	125.3	0.76
57	Aug-19	2019	380	122.9	\$ 1.6	123.7	0.75
58	Sep-19	2019	380	121.2	\$ 1.6	122.0	0.74
59	Oct-19	2019	380	119.6	\$ 1.6	120.4	0.73
60	Nov-19	2019	380	118.0	\$ 1.6	118.8	0.72
61	Dec-19	2019	380	116.4	\$ 1.6	117.2	0.71
62	Jan-20	2020	380	114.8	\$ 1.6	115.6	0.70
63	Feb-20	2020	380	113.2	\$ 1.6	114.0	0.69
64	Mar-20	2020	380	111.5	\$ 1.6	112.3	0.68
65	Apr-20	2020	380	109.9	\$ 1.6	110.7	0.67
66	May-20	2020	380	108.3	\$ 1.6	109.1	0.66
67	Jun-20	2020	380	106.7	\$ 1.6	107.5	0.65
68	Jul-20	2020	380	105.1	\$ 1.6	105.9	0.64
69	Aug-20	2020	380	103.5	\$ 1.6	104.3	0.63
70	Sep-20	2020	380	101.8	\$ 1.6	102.7	0.62
71	Oct-20	2020	380	100.2	\$ 1.6	101.0	0.61
72	Nov-20	2020	380	98.6	\$ 1.6	99.4	0.60
73	Dec-20	2020	380	97.0	\$ 1.6	97.8	0.59
74	Jan-21	2021	380	95.4	\$ 1.6	96.2	0.58

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	Month	Year	PPA Volume	Net Plant \$MM	Depreciation \$MM	Avg. Net Plant \$MM	Pre-tax Equity Return
75	Feb-21	2021	380	93.8	\$ 1.6	94.6	0.57
76	Mar-21	2021	380	92.1	\$ 1.6	93.0	0.56
77	Apr-21	2021	380	90.5	\$ 1.6	91.3	0.55
78	May-21	2021	380	88.9	\$ 1.6	89.7	0.54
79	Jun-21	2021	380	87.3	\$ 1.6	88.1	0.53
80	Jul-21	2021	380	85.7	\$ 1.6	86.5	0.52
81	Aug-21	2021	380	84.1	\$ 1.6	84.9	0.51
82	Sep-21	2021	380	82.4	\$ 1.6	83.3	0.50
83	Oct-21	2021	380	80.8	\$ 1.6	81.6	0.49
84	Nov-21	2021	380	79.2	\$ 1.6	80.0	0.48
85	Dec-21	2021	380	77.6	\$ 1.6	78.4	0.47
86	Jan-22	2022	380	76.0	\$ 1.6	76.8	0.46
87	Feb-22	2022	380	74.4	\$ 1.6	75.2	0.45
88	Mar-22	2022	380	72.7	\$ 1.6	73.6	0.44
89	Apr-22	2022	380	71.1	\$ 1.6	71.9	0.43
90	May-22	2022	380	69.5	\$ 1.6	70.3	0.42
91	Jun-22	2022	380	67.9	\$ 1.6	68.7	0.41
92	Jul-22	2022	380	66.3	\$ 1.6	67.1	0.40
93	Aug-22	2022	380	64.7	\$ 1.6	65.5	0.39
94	Sep-22	2022	380	63.0	\$ 1.6	63.9	0.39
95	Oct-22	2022	380	61.4	\$ 1.6	62.2	0.38
96	Nov-22	2022	380	59.8	\$ 1.6	60.6	0.37
97	Dec-22	2022	380	58.2	\$ 1.6	59.0	0.36
98	Jan-23	2023	380	56.6	\$ 1.6	57.4	0.35
99	Feb-23	2023	380	55.0	\$ 1.6	55.8	0.34

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100	Mar-23	2023	380	53.3	\$ 1.6	54.2	0.33
101	Apr-23	2023	380	51.7	\$ 1.6	52.5	0.32
102	May-23	2023	380	50.1	\$ 1.6	50.9	0.31
103	Jun-23	2023	380	48.5	\$ 1.6	49.3	0.30
104	Jul-23	2023	380	46.9	\$ 1.6	47.7	0.29
105	Aug-23	2023	380	45.3	\$ 1.6	46.1	0.28
106	Sep-23	2023	380	43.6	\$ 1.6	44.5	0.27
107	Oct-23	2023	380	42.0	\$ 1.6	42.8	0.26
108	Nov-23	2023	380	40.4	\$ 1.6	41.2	0.25
109	Dec-23	2023	380	38.8	\$ 1.6	39.6	0.24
110	Jan-24	2024	380	37.2	\$ 1.6	38.0	0.23
111	Feb-24	2024	380	35.6	\$ 1.6	36.4	0.22
112	Mar-24	2024	380	33.9	\$ 1.6	34.8	0.21
113	Apr-24	2024	380	32.3	\$ 1.6	33.1	0.20
114	May-24	2024	380	30.7	\$ 1.6	31.5	0.19
115	Jun-24	2024	380	29.1	\$ 1.6	29.9	0.18
116	Jul-24	2024	380	27.5	\$ 1.6	28.3	0.17
117	Aug-24	2024	380	25.9	\$ 1.6	26.7	0.16
118	Sep-24	2024	380	24.2	\$ 1.6	25.1	0.15
119	Oct-24	2024	380	22.6	\$ 1.6	23.4	0.14
120	Nov-24	2024	380	21.0	\$ 1.6	21.8	0.13
121	Dec-24	2024	380	19.4	\$ 1.6	20.2	0.12
122	Jan-25	2025	300	17.8	\$ 1.6	18.6	0.11
123	Feb-25	2025	300	16.2	\$ 1.6	17.0	0.10
124	Mar-25	2025	300	14.5	\$ 1.6	15.4	0.09

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125	Apr-25	2025	300	12.9	\$ 1.6	13.7	0.08
126	May-25	2025	300	11.3	\$ 1.6	12.1	0.07
127	Jun-25	2025	300	9.7	\$ 1.6	10.5	0.06
128	Jul-25	2025	300	8.1	\$ 1.6	8.9	0.05
129	Aug-25	2025	300	6.5	\$ 1.6	7.3	0.04
130	Sep-25	2025	300	4.8	\$ 1.6	5.7	0.03
131	Oct-25	2025	300	3.2	\$ 1.6	4.0	0.02
132	Nov-25	2025	300	1.6	\$ 1.6	2.4	0.01
133	Dec-25	2025	300	(0.0)	\$ 1.6	0.8	0.00