

**EXHIBIT NO. DEM-17C
DOCKET NOS. UE-090704/UG-090705
2009 PSE GENERAL RATE CASE
WITNESS: DAVID E. MILLS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-090704
Docket No. UG-090705**

**FIFTH EXHIBIT (CONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
DAVID E. MILLS
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED
VERSION**

DECEMBER 17, 2009

Tenaska Disallowance Calculation:		PSE Rebuttal	Public Counsel	Staff
Tenaska Reg Asset RY AMA		\$ 47,565,333	\$ 47,565,333	\$ 47,565,333
times After Tax ROR		7.34%	6.46%	6.71%
After Tax Allowed Return		\$ 3,491,295	\$ 3,072,721	\$ 3,191,634
A pre Tax Allowed Return		\$ 5,371,224	\$ 4,727,262	\$ 4,910,206
Rate Year Costs		\$ 206,590,522	\$ 206,590,522	\$ 206,719,799
Rate Year Costs under Old Contract		\$ 202,049,560	\$ 202,049,560	\$ 202,049,560
B Rate Year Costs - Old Contract Costs		\$ 4,540,962	\$ 4,540,962	\$ 4,670,240
Lower of A or B		\$ 4,540,962	\$ 4,540,962	\$ 4,670,240
Disallowed %		50.00%	50.00%	50.00%
Tenaska Disallowance		\$ 2,270,481	\$ 2,270,481	\$ 2,335,120
	Change		-	64,639

Tenaska Disallowance of 1.2%

Rate Year Costs subject to Disallowance		\$ 155,127,342	\$ 155,114,495	\$ 155,258,190
Disallowance		1.20%	1.20%	1.20%
		\$ 1,861,528	\$ 1,861,374	\$ 1,863,098
	Change		(154)	1,570

March Point 2 Disallowance of 3.0%

Rate Year Costs subject to Disallowance		\$ 37,714,422	\$ 37,703,740	\$ 37,804,733
Disallowance		3.00%	3.00%	3.00%
		\$ 1,131,433	\$ 1,131,112	\$ 1,134,142
	Change		(320)	2,709

Total Disallowance (\$000)		\$ (5,263)	\$ (5,263)	\$ (5,332)
	Change	\$ (7)	\$ (6)	\$ (76)

2009GRC Estimated Prudence Disallowance for Tenaska & March Point 2 Using PSE's Rate of Return

aMW	Tenaska 8.13.09 prices AURORA Run (245 - .34% FOR)				8.13.09 prices AURORA Run				1.20% Disallow	Tax Timing Cost	Amort	Est Gas (Gain)/Loss	TOTAL		TOTAL		Pre Tax Per Sch D
	Days	244.17	Generation	Displaced	Flat Price	Aurora Cost	Repl Cost	Total Cost for Disallow.					Tenaska B4 Return	Return on Reg Asset	Tenaska After Return	Rate Year	
244.17	30	Apr-10				\$ 7,172	\$ 5,057	\$ 12,229	\$ 147	\$ 755	3,128		15,952	448	16,399		
0.00	31	May-10				\$ -	\$ -	\$ -	\$ -	\$ 755	3,128		3,883	448	4,330	Rate Year	of PCA
244.17	30	Jun-10				\$ 7,437	\$ 4,284	\$ 11,722	\$ 141	\$ 755	3,128		15,452	448	15,899	YE Mar11	\$ 5,371,224
244.17	31	Jul-10				\$ 9,435	\$ 3,632	\$ 13,067	\$ 157	\$ 755	3,128		16,753	448	17,200		
244.17	31	Aug-10				\$ 9,442	\$ 4,280	\$ 13,722	\$ 165	\$ 755	3,128		17,400	448	17,847		
244.17	30	Sep-10				\$ 10,726	\$ 3,184	\$ 13,909	\$ 167	\$ 755	3,128		17,570	448	18,017		
244.17	31	Oct-10				\$ 8,354	\$ 6,204	\$ 14,558	\$ 175	\$ 755	3,128		18,243	448	18,691		
244.17	30	Nov-10				\$ 9,508	\$ 5,890	\$ 15,398	\$ 185	\$ 755	3,128		19,065	448	19,512		
244.17	31	Dec-10				\$ 7,798	\$ 8,024	\$ 15,822	\$ 190	\$ 755	3,128		19,505	448	19,953		
244.17	31	Jan-11				\$ 7,612	\$ 7,977	\$ 15,588	\$ 187	\$ 952	3,386		19,732	448	20,179		
244.17	28	Feb-11				\$ 8,318	\$ 6,175	\$ 14,493	\$ 174	\$ 952	3,386		18,632	448	19,080		
244.17	31	Mar-11				\$ 9,042	\$ 5,863	\$ 14,905	\$ 179	\$ 952	3,386		19,034	448	19,482		
365			567,136	1,390,106	\$ 42.49	\$ 94,844	\$ 60,569	\$ 155,412	\$ 1,865	\$ 9,650	\$ 38,307	\$ (285)	\$ 201,219	\$ 5,371	\$ 206,591	4,540.96	
				244.17 <---Avg mw			Est Gas (Gain)	\$ (285)	\$ (3)								
							Total	\$ 155,127	\$ 1,862								

Above includes after tax ROR of 7.34%

+ Zero planned outage days	March Point 2 (65 - .31% FOR)				8.13.09 prices AURORA Run				3.00% Disallow	Total Cost for Disallow.	Disallow	Rate Case
	Days	64.80	Generation	Displaced	Flat Price	Aurora Cost	Repl Cost	Total Cost for Disallow.				
64.80	30	Apr-10				\$ 2,376	\$ 535	\$ 2,911	\$ 87			
64.80	31	May-10				\$ 1,780	\$ 688	\$ 2,468	\$ 74			
64.80	30	Jun-10				\$ 2,413	\$ 443	\$ 2,856	\$ 86			
64.80	31	Jul-10				\$ 2,513	\$ 531	\$ 3,044	\$ 91			
64.80	31	Aug-10				\$ 2,393	\$ 664	\$ 3,057	\$ 92			
64.80	30	Sep-10				\$ 2,689	\$ 657	\$ 3,346	\$ 100			
64.80	31	Oct-10				\$ 2,667	\$ 726	\$ 3,393	\$ 102			
64.80	30	Nov-10				\$ 2,723	\$ 636	\$ 3,358	\$ 101			
64.80	31	Dec-10				\$ 2,622	\$ 766	\$ 3,388	\$ 102			
64.80	31	Jan-11				\$ 2,568	\$ 808	\$ 3,375	\$ 101			
64.80	28	Feb-11				\$ 2,348	\$ 763	\$ 3,110	\$ 93			
64.80	31	Mar-11				\$ 2,634	\$ 774	\$ 3,407	\$ 102			
365			374,855	192,780	\$ 42.49	\$ 29,723	\$ 7,991	\$ 37,714	\$ 1,131			
				64.80 <---Avg mw								
							Total	\$ 37,714	\$ 1,131			

Redacted Version

2009GRC Estimated Prudence Disallowance for Tenaska & March Point 2 Using PSE's Rate of Return

aMW	Tenaska 8.13.09 prices AURORA Run (245 - .34% FOR)				8.13.09 prices AURORA Run				1.20% Disallow	Tax Timing Cost	Amort	Est Gas (Gain)/Loss	TOTAL		TOTAL		Pre Tax Per Sch D
	Days	244.17	Generation	Displaced	Flat Price	Aurora Cost	Repl Cost	Total Cost for Disallow.					Tenaska B4 Return	Return on Reg Asset	Tenaska After Return	Rate Year	
244.17	30	Apr-10			\$ 6,606	\$ 5,618	\$ 12,224	\$ 147	\$ 755	3,128		15,947	448	16,394			
0.00	31	May-10			\$ -	\$ -	\$ -	\$ -	\$ 755	3,128		3,883	448	4,330			
244.17	30	Jun-10			\$ 7,153	\$ 4,544	\$ 11,698	\$ 140	\$ 755	3,128		15,428	448	15,876			
244.17	31	Jul-10			\$ 9,268	\$ 3,819	\$ 13,088	\$ 157	\$ 755	3,128		16,773	448	17,220			
244.17	31	Aug-10			\$ 9,073	\$ 4,657	\$ 13,730	\$ 165	\$ 755	3,128		17,408	448	17,856			
244.17	30	Sep-10			\$ 10,482	\$ 3,439	\$ 13,921	\$ 167	\$ 755	3,128		17,581	448	18,029			
244.17	31	Oct-10			\$ 8,103	\$ 6,504	\$ 14,607	\$ 175	\$ 755	3,128		18,292	448	18,740			
244.17	30	Nov-10			\$ 8,975	\$ 6,420	\$ 15,395	\$ 185	\$ 755	3,128		19,061	448	19,509			
244.17	31	Dec-10			\$ 7,709	\$ 8,159	\$ 15,868	\$ 190	\$ 755	3,128		19,550	448	19,998			
244.17	31	Jan-11			\$ 7,101	\$ 8,561	\$ 15,662	\$ 188	\$ 952	3,386		19,805	448	20,252			
244.17	28	Feb-11			\$ 7,263	\$ 7,230	\$ 14,493	\$ 174	\$ 952	3,386		18,633	448	19,080			
244.17	31	Mar-11			\$ 8,074	\$ 6,783	\$ 14,857	\$ 178	\$ 952	3,386		18,987	448	19,435			
365			450,692	1,506,551	\$ 42.49	\$ 89,807	\$ 65,736	\$ 155,543	\$ 1,867	\$ 9,650	\$ 38,307	\$ (285)	\$ 201,349	\$ 5,371	\$ 206,720	4,670.24	
			244.17 <---Avg mw				Est Gas (Gain)	(285)	(3)			Under Old Contract:					
							Total	\$ 155,258	\$ 1,863			1,429,842	\$ 102.10	145,987	145,987		
												527,401	\$ 106.30	56,063	56,063		
												1,957,243	\$ 103.23	202,050	202,050		

Rate Year of PCA
YE Mar11 \$ 5,371,224
Above includes after tax ROR of 6.71%

+ Zero planned outage days	March Point 2 (65 - .31% FOR)				8.13.09 prices AURORA Run				3.00% Disallow	Disallow Calc:	Lower return or cost diff	Rate Case
	Days	64.80	Generation	Displaced	Flat Price	Aurora Cost	Repl Cost	Total Cost for Disallow.				
64.80	30	Apr-10			\$ 2,389	\$ 535	\$ 2,924	\$ 88			\$ 4,670	
64.80	31	May-10			\$ 1,790	\$ 688	\$ 2,479	\$ 74				
64.80	30	Jun-10			\$ 2,423	\$ 443	\$ 2,866	\$ 86				
64.80	31	Jul-10			\$ 2,494	\$ 550	\$ 3,043	\$ 91				
64.80	31	Aug-10			\$ 2,390	\$ 671	\$ 3,061	\$ 92				
64.80	30	Sep-10			\$ 2,652	\$ 691	\$ 3,344	\$ 100				
64.80	31	Oct-10			\$ 2,644	\$ 752	\$ 3,396	\$ 102				
64.80	30	Nov-10			\$ 2,663	\$ 690	\$ 3,354	\$ 101				
64.80	31	Dec-10			\$ 2,603	\$ 787	\$ 3,390	\$ 102				
64.80	31	Jan-11			\$ 2,591	\$ 808	\$ 3,398	\$ 102				
64.80	28	Feb-11			\$ 2,354	\$ 773	\$ 3,127	\$ 94				
64.80	31	Mar-11			\$ 2,650	\$ 774	\$ 3,423	\$ 103				
365			371,266	196,369	\$ 42.49	\$ 29,643	\$ 8,161	\$ 37,805	\$ 1,134			
			64.80 <---Avg mw				Total	\$ 37,805	\$ 1,134			

Redacted Version