

**EXHIBIT NO. ___(LFL-11)
DOCKET NO. UE-141335
WITNESS: LYNN F. LOGEN**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of:

**King County, Washington; BNSF Railway;
Frontier Communications Northwest, Inc.;
Verizon Wireless; and New Cingular Wireless
PCS, LLC.**

Docket No. UE-141335

For a Declaratory Order

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED CROSS ANSWERING TESTIMONY OF**

LYNN F. LOGEN

ON BEHALF OF PUGET SOUND ENERGY, INC.

DECEMBER 17, 2014

Puget Sound Energy, Inc.

**Impact of \$8 Million Investment in Maloney Ridge Line
to Total Utility Revenue Requirement**

Line	Description	Revenue Requirement	
		Total Company	Distribution Only
		(1)	(2)
1	PSE Annual Maloney Ridge Line Revenue Requirement ¹	\$ 1,449,033	\$ 1,449,033
2	Less: O&M Expense ¹	\$ 547,560	\$ 547,560
3	Annual ML Revenue Requirement Excluding O&M ²	\$ 901,473	\$ 901,473
4	PSE Revenue Requirement ³	\$ 2,041,650,653	\$ 878,642,701
5	PSE Revenue Requirement Increase	0.04%	0.10%

Sources

- ¹ Attachment B to PSE's Response to Petitioners Data Request No. 001.
- ² Row 1 - Row 2
- ³ Attachment A to PSE's Response to Petitioners Data Request No. 007.

Puget Sound Energy, Inc.

**Impact of \$8 Million Investment in Maloney Ridge Line
to Rate Schedule 24 Revenue Requirement**

Line	Description	Revenue Requirement		With Corrected Revenue Requirement
		Total Company (1)	Distribution Only (2)	
1	PSE Annual Maloney Ridge Line Revenue Requirement ¹	\$ 1,449,033	\$ 1,449,033	\$ 1,800,358
2	Less: O&M Expense ¹	\$ 547,560	\$ 547,560	\$ 547,560
3	Annual ML Revenue Requirement Excluding O&M ²	\$ 901,473	\$ 901,473	\$ 1,252,798
4	Schedule 24 Revenue Requirement ³	\$ 245,829,144	\$ 104,566,514	\$ 104,566,514
5	Schedule 24 Revenue Requirement Increase	0.4%	0.9%	1.2%

Sources

- ¹ Attachment B to PSE's Response to Petitioners Data Request No. 001.
- ² Row 1 - Row 2
- ³ Attachment A to PSE's Response to Petitioners Data Request No. 007.

Puget Sound Energy, Inc.

**Electric Cost of Service by Function
Adjusted Test Year Twelve Months Ended December 2010 at Proforma Revenue Requirement**

Line	Description	Total Company (1)	Function			Distribution as Percent of Total (5)
			Production (2)	Transmission (3)	Distribution (4)	
Rate Base						
1	Plant in Service	\$ 7,629,582,517	\$ 3,485,163,615	\$ 448,255,221	\$ 3,696,163,682	48.4%
2	Accumulated Reserve	(2,699,587,026)	(1,236,841,303)	(158,794,767)	(1,303,950,957)	48.3%
3	Construction Work in Progress	-	-	-	-	0.0%
4	Working Capital Assets	203,573,761	92,991,702	11,960,419	98,621,640	48.4%
5	Other Items	(280,320,825)	37,042,952	84,831,524	(402,195,302)	143.5%
6	TOTAL RATE BASE	\$ 4,853,248,427	\$ 2,378,356,967	\$ 386,252,397	\$ 2,088,639,064	43.0%
Revenue						
7	Firm Sales	\$ 1,978,331,284				
8	Non-Firm Sales	40,163,723				
9	Other Operating Revenue	39,020,208	2,761,554	10,290,634	25,968,020	
10	TOTAL REVENUE	\$ 2,057,515,215				
Expense						
11	Operation and Maintenance	\$ 1,208,402,816	\$ 1,012,738,802	\$ 17,387,441	\$ 178,276,573	14.8%
12	Depreciation Expense	276,612,250	126,682,711	12,909,018	137,020,521	49.5%
13	Taxes Other Than Income	124,214,950	74,930,512	5,137,303	44,147,134	35.5%
14	Income Taxes	109,037,256	53,434,215	8,677,879	46,925,163	43.0%
15	TOTAL EXPENSES	\$ 1,718,267,272	\$ 1,267,786,240	\$ 44,111,641	\$ 406,369,391	23.6%
16	Operating Income	\$ 339,247,943	\$ 166,250,032	\$ 26,999,510	\$ 145,998,400	
17	Present Rate of Return	6.99%	6.99%	6.99%	6.99%	
Cost of Service						
18	Required Return	7.80%	7.80%	7.80%	7.80%	
19	Required Operating Income	\$ 378,553,377	\$ 185,511,843	\$ 30,127,687	\$ 162,913,847	43.0%
20	Operating Income Deficiency	39,305,435	19,261,811	3,128,177	16,915,447	43.0%
21	Revenue Conversion Factor	0.620749				
22	Revenue Deficiency*	63,319,369	31,029,951	5,039,358	27,250,059	43.0%
23	Revenue Requirement*	2,120,834,583	1,039,324,853	168,789,514	912,720,217	43.0%
24	Revenues Other Than Rate Sch. Rev.*	79,183,931	38,804,454	6,301,961	34,077,516	43.0%
25	Rate Schedule Revenue Requirement	2,041,650,653	1,000,520,399	162,487,552	878,642,701	43.0%
26	Percentage Increase	3.20%				
Proposed Revenue Requirement						
27	Proposed Rate of Return	7.80%	7.80%	7.80%	7.80%	
28	Proposed Operating Income	\$ 378,553,377	\$ 185,511,843	\$ 30,127,687	\$ 162,913,847	43.0%
29	Operating Income Deficiency	39,305,435	19,261,811	3,128,177	16,915,447	43.0%
30	Revenue Conversion Factor	1.610957				
31	Revenue Deficiency*	63,319,369	31,029,951	5,039,358	27,250,059	43.0%
32	Percentage Increase	3.20%				
33	Rate Schedule Revenue Requirement*	2,041,650,653	1,000,520,399	162,487,552	878,642,701	43.0%
34	Revenue to Revenue Requirement	0.97				
35	Adjusted Revenue to Revenue Requirement	1.00				

Source:
Attachment A to PSE's Response to Petitioners Data Request No. 007.
*Functionalized based on Rate Base

Puget Sound Energy, Inc.

**Electric Cost of Service by Function
Adjusted Test Year Twelve Months Ended December 2010 at Proforma Revenue Requirement**

Line	Description	EXHIBIT				Distribution as Percent of Total (5)
		Rate Schedule 24	Function			
		(1)	Production (2)	Transmission (3)	Distribution (4)	
Rate Base						
1	Plant in Service	\$ 918,986,590	\$ 420,757,292	\$ 52,088,772	\$ 446,140,527	48.5%
2	Accumulated Reserve	(319,980,902)	(149,321,540)	(18,583,966)	(152,075,396)	47.5%
3	Construction Work in Progress	-	-	-	-	0.0%
4	Working Capital Assets	24,520,550	11,226,714	1,389,841	11,903,994	48.5%
5	Other Items	(45,005,927)	4,472,126	10,410,192	(59,888,245)	133.1%
6	TOTAL RATE BASE	\$ 578,520,311	\$ 287,134,593	\$ 45,304,839	\$ 246,080,880	42.5%
Revenue						
7	Firm Sales	\$ 245,101,490				
8	Non-Firm Sales	4,848,891				
9	Other Operating Revenue	4,141,811				
10	TOTAL REVENUE	\$ 254,092,192				
Expense						
11	Operation and Maintenance	\$ 145,610,406	\$ 122,209,121	\$ 2,020,479	\$ 21,380,805	14.7%
12	Depreciation Expense	33,295,023	15,293,910	1,500,071	16,501,041	49.6%
13	Taxes Other Than Income	14,939,107	9,043,855	598,330	5,296,921	35.5%
14	Income Taxes	12,997,535	6,451,013	1,017,858	5,528,665	42.5%
15	TOTAL EXPENSES	\$ 206,842,071	\$ 152,997,900	\$ 5,136,738	\$ 48,707,432	23.5%
16	Operating Income	\$ 47,250,121	\$ 23,451,457	\$ 3,700,232	\$ 20,098,433	
17	Present Rate of Return	8.17%	8.17%	8.17%	8.17%	
Cost of Service						
18	Required Return	7.80%	7.80%	7.80%	7.80%	
19	Required Operating Income	\$ 45,124,584	\$ 22,396,498	\$ 3,533,777	\$ 19,194,309	42.5%
20	Operating Income Deficiency	(2,125,537)	(1,054,959)	(166,454)	(904,124)	42.5%
21	Revenue Conversion Factor					
22	Revenue Deficiency*	727,653	361,153	56,984	309,517	42.5%
23	Revenue Requirement*	254,819,846	126,473,680	19,955,344	108,390,821	42.5%
24	Revenues Other Than Rate Sch. Rev.*	8,990,702	4,462,318	704,076	3,824,308	42.5%
25	Rate Schedule Revenue Requirement	245,829,144	122,011,362	19,251,268	104,566,514	42.5%
26	Percentage Increase	0.30%				
Proposed Revenue Requirement						
27	Proposed Rate of Return	7.80%	7.80%	7.80%	7.80%	
28	Proposed Operating Income	\$ 45,124,584	\$ 22,396,498	\$ 3,533,777	\$ 19,194,309	42.5%
29	Operating Income Deficiency	(2,125,537)	(1,054,959)	(166,454)	(904,124)	42.5%
30	Revenue Conversion Factor					
31	Revenue Deficiency*	727,653	361,153	56,984	309,517	42.5%
32	Percentage Increase	0.30%				
33	Rate Schedule Revenue Requirement*	245,829,144	122,011,362	19,251,268	104,566,514	42.5%
34	Revenue to Revenue Requirement	1.00				
35	Adjusted Revenue to Revenue Requirement	1.03				

Source:
Attachment A to PSE's Response to Petitioners Data Request No. 007.
*Functionalized based on Rate Base

PCA RATE

Rate Schedule 24 (1)	CALCULATED			Distribution as Percent of Total (5)
	Function			
	Production (2)	Transmission (3)	Distribution (4)	
\$ 918,986,590	\$ 420,757,292	\$ 52,088,772	\$ 446,140,527	48.5%
(319,980,902)	(149,321,540)	(18,583,966)	(152,075,396)	47.5%
-	-	-	-	0.0%
24,520,550	11,226,714	1,389,841	11,903,994	48.5%
(45,005,927)	4,472,126	10,410,192	(59,888,245)	133.1%
\$ 578,520,311	\$ 287,134,593	\$ 45,304,839	\$ 246,080,880	42.5%
\$ 245,101,490	171,505,521	7,595,029	66,000,940	26.9%
4,848,891	4,848,891	-	-	0.0%
4,141,811	94,945	1,241,941	2,804,924	67.7%
\$ 254,092,192	\$ 176,449,357	\$ 8,836,970	\$ 68,805,865	27.1%
\$ 145,610,406	\$ 122,209,121	\$ 2,020,479	\$ 21,380,805	14.7%
33,295,023	15,293,910	1,500,071	16,501,041	49.6%
14,939,107	9,043,855	598,330	5,296,921	35.5%
12,997,535	6,451,013	1,017,858	5,528,665	42.5%
\$ 206,842,071	\$ 152,997,900	\$ 5,136,738	\$ 48,707,432	23.5%
\$ 47,250,121	\$ 23,451,457	\$ 3,700,232	\$ 20,098,433	42.5%
8.17%	8.17%	8.17%	8.17%	
7.80%	7.80%	7.80%	7.80%	
\$ 45,124,584	\$ 22,396,498	\$ 3,533,777	\$ 19,194,309	42.5%
\$ (2,125,537)	(1,054,959)	(166,454)	(904,124)	42.5%
\$ 727,653	388,804	43,037	295,812	40.7%
\$ 254,819,846	176,838,161	8,880,007	69,101,677	27.1%
\$ 8,990,702	4,943,836	1,241,941	2,804,924	31.2%
\$ 245,829,144	\$ 171,894,325	\$ 7,638,066	\$ 66,296,753	27.0%
0.30%				
7.80%	7.80%	7.80%	7.80%	
\$ 45,124,584	\$ 22,396,498	\$ 3,533,777	\$ 19,194,309	42.5%
\$ (2,125,537)	(1,054,959)	(166,454)	(904,124)	42.5%
\$ 727,653	388,804	43,037	295,812	40.7%
0.30%				
\$ 245,829,144	171,894,325	7,638,066	66,296,753	27.0%

1.00
1.03

Puget Sound Energy, Inc.

**Annual Change in Net Distribution Plant
Calendar Years 2010 through 2013**

(\$ in Thousands)

Line	Year	Distribution Plant			Change in Net Distribution Plant	
		Gross Plant (1)	Accumulated Depreciation (2)	Net Plant (3)	Amount (4)	Percent (5)
		<u>FERC Form 1¹</u>				
1	2010	\$ 3,508,514	\$ 1,224,445	\$ 2,284,069		
2	2011	\$ 3,626,333	\$ 1,260,146	\$ 2,366,187	\$ 82,118	3.6%
3	2012	\$ 3,259,771	\$ 1,170,533	\$ 2,089,237	\$ (276,950)	-11.7%
4	2013	\$ 3,239,885	\$ 1,188,701	\$ 2,051,183	\$ (38,054)	-1.8%
		<u>PSE 2010 ECOS Workpapers (Docket No. UE-111048)²</u>				
5	2010	\$ 3,456,399	\$ 1,214,971	\$ 2,241,428		

Sources

- ¹ Gross Plant: Annual FERC Form 1 reports, 2010 - 2013, page 207.
Accumulated Depreciation: Annual FERC Form 1 reports, 2010 - 2013, page 219.
Net Plant: Col (3) = Col (1) - Col (2)
- ² "Accounts" tab of PSE's 2010 ECOS workpapers in Docket No. UE-111048, provided as Attachment A to PSE's Response to Petitioners Data Request No. 007.

Puget Sound Energy, Inc.

**Summary of Production, Transmission and Distribution Plant
Calendar Years 2010 through 2013**

(\$ in Thousands)

Line	Year	Distribution Plant			Transmission Plant			Production Plant			Net Production, Transmission, & Distribution Plant
		Gross Plant (1)	Accumulated Depreciation (2)	Net Plant (3)	Gross Plant (4)	Accumulated Depreciation (5)	Net Plant (6)	Gross Plant (7)	Accumulated Depreciation (8)	Net Plant (9)	
<u>FERC Form 1¹</u>											
1	2010	\$ 3,508,514	\$ 1,224,445	\$ 2,284,069	\$ 473,017	\$ 155,647	\$ 317,370	\$ 2,579,399	\$ 1,181,676	\$ 1,397,723	\$ 3,999,162
2	2011	\$ 3,626,333	\$ 1,260,146	\$ 2,366,187	\$ 517,194	\$ 175,378	\$ 341,815	\$ 2,610,088	\$ 1,222,615	\$ 1,387,473	\$ 4,095,475
3	2012	\$ 3,259,771	\$ 1,170,533	\$ 2,089,237	\$ 1,162,024	\$ 357,512	\$ 804,512	\$ 3,458,300	\$ 1,370,973	\$ 2,087,327	\$ 4,981,076
4	2013	\$ 3,239,885	\$ 1,188,701	\$ 2,051,183	\$ 1,213,542	\$ 376,680	\$ 836,863	\$ 3,942,261	\$ 1,483,042	\$ 2,459,218	\$ 5,347,264
<u>PSE 2010 ECOS Workpapers (Docket No. UE-111048)²</u>											
5	2010	\$ 3,456,399	\$ 1,214,971	\$ 2,241,428	\$ 425,087	\$ 150,285	\$ 274,802	\$ 3,259,064	\$ 1,169,887	\$ 2,089,177	\$ 4,605,407

Sources

- ¹ Gross Plant: Annual FERC Form 1 reports, 2010 - 2013, pages 205 and 207.
Accumulated Depreciation: Annual FERC Form 1 reports, 2010 - 2013, page 219.
Net Plant: Col (3) = Col (1) - Col (2)
- ² "Accounts" tab of PSE's 2010 ECOS workpapers in Docket No. UE-111048, provided as Attachment A to PSE's Response to Petitioners Data Request No. 007.

	Sch 24	Prod	Trans	Dist	% Prod	% Trans	% Dist	\$ Prod	\$ Trans	\$ Dist	
CAE - Uncollect Accts	904	\$ 21,525	\$ -	\$ -	\$ 21,525	-	-	1.0000000	\$ -	\$ -	\$ 661,709
A&G Exp - Reg Comm Exp	928	\$ 15,305	\$ 13,922	\$ 167	\$ 1,216	0.9096461	0.0109267	0.0794272	\$ 644,927	\$ 7,747	\$ 56,313
Other Taxes - Wash Excise - Allocated	408	\$ 293,503	\$ 177,681	\$ 11,755	\$ 104,066	0.6053813	0.0400513	0.3545675	\$ 9,043,855	\$ 598,330	\$ 5,296,921
Current Federal Income Tax @ Rate	408	\$ 2,522,858	\$ 1,252,160	\$ 197,569	\$ 1,073,129	0.4963259	0.0783116	0.4253626	\$ 6,451,013	\$ 1,017,858	\$ 5,528,665
		\$ 2,853,191	\$ 1,443,763	\$ 209,491	\$ 1,199,936						
Operating Income Deficiency / (Surplus)		\$ (2,125,537)	\$ (1,054,959)	\$ (166,454)	\$ (904,124)						
Deficiency after conversion factor		\$ 727,653	\$ 388,804	\$ 43,037	\$ 295,812						