

EXHIBIT NO. __ (LFL-10)
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

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

LYNN F. LOGEN

ON BEHALF OF PUGET SOUND ENERGY, INC.

DECEMBER 17, 2014

General Assumptions

Base Year	2012	
Forecast Period	30	
FIT Tax Rate	35%	
Levy Rate	100%	
Property Tax Rate	0.68%	
Revenue Taxes	4.82%	
Insurance	0.053%	
O&M Inflation	0.00%	
Capital Inflation	0.00%	
Regulated Scenario	Yes	1
AFUDC	No	

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Rate Case	Yes	Yes	Yes	Yes

Capital Structure

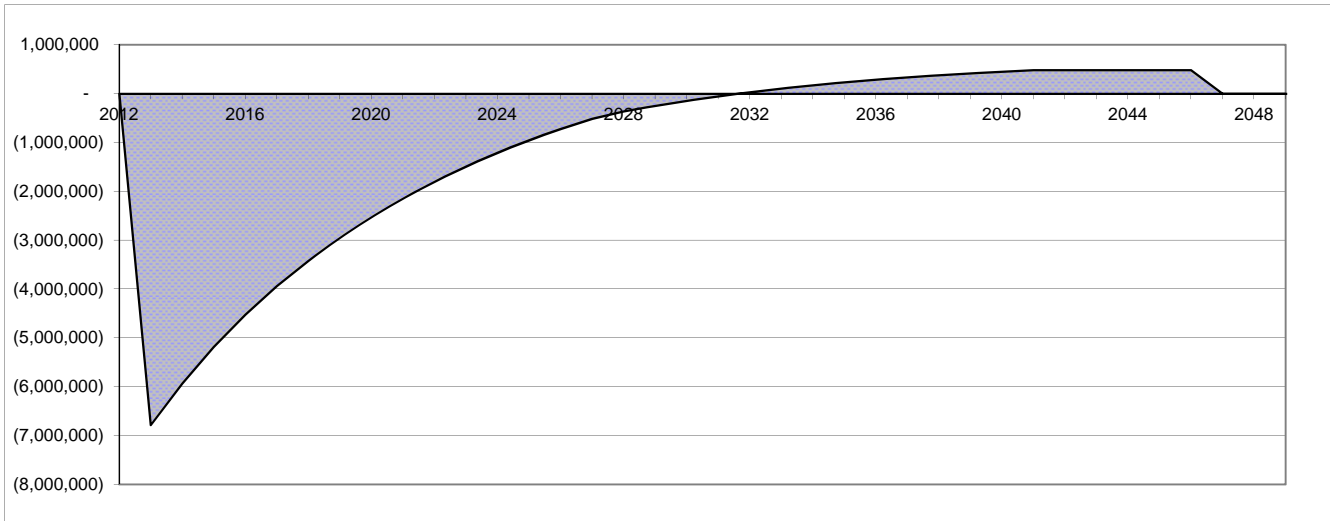
		<u>Cost</u>	<u>WACC</u>
Long Term Debt	48.00%	6.22%	2.99%
Conservation Trust	0.00%	7.13%	0.00%
Short Term Debt	4.00%	2.68%	0.11%
Capital Trust	0.00%	8.58%	0.00%
Preferred	0.00%	8.51%	0.00%
Common	48.00%	9.80%	4.70%
Total	<u>100%</u>		<u>7.80%</u>

	<u>Structure</u>	<u>Cost</u>	<u>After-Tax</u>
Long Term Debt	48%	6.22%	1.94%
Conservation Trust	0%	7.13%	0.00%
Short Term Debt	4%	2.68%	0.07%
Capital Trust	0%	8.58%	0.00%
Preferred	0%	8.51%	0.00%
Common	48%	9.80%	4.70%
Total	<u>100%</u>		<u>6.71%</u>

Summary Results 30 Years

Net Present Value of Cash Flows (NPV)	\$482,984	Levelized Revenue Requirement Rate	19.2841%
Present Value of Regulated Revenues	\$16,630,694	Present Value of Capital Investments	\$7,514,138
Present Value of Unregulated Revenues	\$0	Capital Recovery Factor	8.71%
Present Value of Total Revenues	\$16,630,694	Annuitized Revenue Requirement	\$1,449,033

Cumulative PV of Cash Flows



Income Statement

0	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Regulated Revenues	0	1,800,358	1,765,929	1,717,655	1,672,303	1,629,567	1,589,230	1,551,016	1,513,787	1,476,558	1,439,329
Unregulated Revenues	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	0	1,800,358	1,765,929	1,717,655	1,672,303	1,629,567	1,589,230	1,551,016	1,513,787	1,476,558	1,439,329
Operating Expenses:											
Insurance	0	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293
O&M	0	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560
Book Depreciation	0	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Revenue Taxes	0	86,718	85,060	82,734	80,550	78,491	76,548	74,708	72,915	71,121	69,328
Property Taxes	0	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080
Federal Income Tax											
Current	0	157,917	22,306	37,971	51,484	63,623	73,770	73,923	65,234	56,544	47,855
Deferred	0	47,250	174,825	147,893	123,795	101,682	82,121	73,049	73,049	73,049	73,049
Total Operating Expenses	0	1,168,818	1,159,124	1,145,531	1,132,762	1,120,729	1,109,372	1,098,612	1,088,130	1,077,647	1,067,165
Operating Income	0	631,541	606,805	572,123	539,541	508,838	479,858	452,404	425,657	398,911	372,164
Non Operating Income	0	0	0	0	0	0	0	0	0	0	0
Interest	0	250,517	240,705	226,947	214,023	201,843	190,348	179,458	168,848	158,238	147,628
Preferred Dividends	0	0	0	0	0	0	0	0	0	0	0
Net Income	0	381,024	366,101	345,176	325,518	306,994	289,510	272,947	256,810	240,673	224,536
Average Ratebase	0	8,100,000	7,782,750	7,337,925	6,920,033	6,526,238	6,154,556	5,802,435	5,459,387	5,116,338	4,773,290

Income Statement

0	2023	2024	2025	2026	2027	2028	2029	2030	2031
Regulated Revenues	1,402,100	1,364,870	1,327,641	1,290,412	1,253,183	1,215,954	1,187,955	1,168,908	1,149,862
Unregulated Revenues	0	0	0	0	0	0	0	0	0
Total Revenues	1,402,100	1,364,870	1,327,641	1,290,412	1,253,183	1,215,954	1,187,955	1,168,908	1,149,862
Operating Expenses:									
Insurance	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293
O&M	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560
Book Depreciation	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Revenue Taxes	67,535	65,742	63,948	62,155	60,362	58,569	57,220	56,303	55,385
Property Taxes	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080
Federal Income Tax									
Current	39,166	30,477	21,788	13,099	4,409	80,770	156,734	152,289	147,843
Deferred	73,049	73,049	73,049	73,049	73,049	(12,002)	(94,500)	(94,500)	(94,500)
Total Operating Expenses	1,056,683	1,046,200	1,035,718	1,025,235	1,014,753	1,004,271	996,387	991,024	985,662
Operating Income	345,417	318,670	291,923	265,177	238,430	211,683	191,567	177,884	164,201
Non Operating Income	0	0	0	0	0	0	0	0	0
Interest	137,018	126,409	115,799	105,189	94,579	83,969	75,990	70,562	65,134
Preferred Dividends	0	0	0	0	0	0	0	0	0
Net Income	208,399	192,262	176,125	159,988	143,851	127,714	115,577	107,322	99,066
Average Ratebase	4,430,241	4,087,193	3,744,144	3,401,096	3,058,047	2,714,999	2,457,000	2,281,500	2,106,000

Cash Flow Statement

	0	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cash Flow from Operations												
Earnings Before Interest & Dividends	-	631,541	606,805	572,123	539,541	508,838	479,858	452,404	425,657	398,911	372,164	
Plus: Book Depreciation	-	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Plus: Deferred Taxes	-	47,250	174,825	147,893	123,795	101,682	82,121	73,049	73,049	73,049	73,049	73,049
Less: AFUDC	-	-	-	-	-	-	-	-	-	-	-	-
Less: Tax Benefit of Interest	0	87,681	84,247	79,432	74,908	70,645	66,622	62,810	59,097	55,383	51,670	
Cash Flow from Operations	-	861,110	967,384	910,584	858,428	809,874	765,357	732,643	709,609	686,576	663,542	
Cash Flow from Investing												
Capital Expenditures	-	8,100,000	-	-	-	-	-	-	-	-	-	-
Cash Flow From Investments	-	8,100,000	-	-	-	-	-	-	-	-	-	-
Miscellaneous Cash Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	-	(7,238,890)	967,384	910,584	858,428	809,874	765,357	732,643	709,609	686,576	663,542	
PV Discount Factor	1.000	1.067	1.139	1.215	1.297	1.384	1.477	1.576	1.682	1.795	1.915	
PV	-	(6,783,429)	849,480	749,294	661,932	585,200	518,236	464,872	421,927	382,546	346,451	
Cumulative PV	-	(6,783,429)	(5,933,949)	(5,184,655)	(4,522,723)	(3,937,523)	(3,419,287)	(2,954,415)	(2,532,488)	(2,149,941)	(1,803,491)	

Cash Flow Statement

	0	2023	2024	2025	2026	2027	2028	2029	2030	2031
Cash Flow from Operations										
Earnings Before Interest & Dividends		345,417	318,670	291,923	265,177	238,430	211,683	191,567	177,884	164,201
Plus: Book Depreciation		270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Plus: Deferred Taxes		73,049	73,049	73,049	73,049	73,049	(12,002)	(94,500)	(94,500)	(94,500)
Less: AFUDC		-	-	-	-	-	-	-	-	-
Less: Tax Benefit of Interest		47,956	44,243	40,530	36,816	33,103	29,389	26,597	24,697	22,797
Cash Flow from Operations		640,509	617,476	594,442	571,409	548,376	440,292	340,471	328,687	316,904
Cash Flow from Investing										
Capital Expenditures		-	-	-	-	-	-	-	-	-
Cash Flow From Investments		-	-	-	-	-	-	-	-	-
Miscellaneous Cash Adjustments		-	-	-	-	-	-	-	-	-
Net Cash Flow		640,509	617,476	594,442	571,409	548,376	440,292	340,471	328,687	316,904
PV Discount Factor		2.044	2.181	2.328	2.484	2.651	2.829	3.018	3.221	3.437
PV		313,383	283,105	255,396	230,054	206,889	155,660	112,796	102,041	92,193
Cumulative PV		(1,490,107)	(1,207,003)	(951,606)	(721,553)	(514,663)	(359,003)	(246,207)	(144,166)	(51,974)

Tax Statement

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Regulated Revenues	-	1,800,358	1,765,929	1,717,655	1,672,303	1,629,567	1,589,230	1,551,016	1,513,787	1,476,558	1,439,329	1,402,100	1,364,870	1,327,641	1,290,412	1,253,183	1,215,954	1,187,955	1,168,908	1,149,862	1,130,816
Unregulated Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	-	1,800,358	1,765,929	1,717,655	1,672,303	1,629,567	1,589,230	1,551,016	1,513,787	1,476,558	1,439,329	1,402,100	1,364,870	1,327,641	1,290,412	1,253,183	1,215,954	1,187,955	1,168,908	1,149,862	1,130,816
Operating Expenses:																					
Insurance	-	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293
O&M	-	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560
Tax Depreciation	-	405,000	769,500	692,550	623,700	560,520	504,630	478,710	478,710	478,710	478,710	478,710	478,710	478,710	478,710	478,710	235,710	-	-	-	-
Revenue Taxes	-	86,718	85,060	82,734	80,550	78,491	76,548	74,708	72,915	71,121	69,328	67,535	65,742	63,948	62,155	60,362	58,569	57,220	56,303	55,385	54,468
Property Taxes	-	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080
Interest	-	250,517	240,705	226,947	214,023	201,843	190,348	179,458	168,848	158,238	147,628	137,018	126,409	115,799	105,189	94,579	83,969	75,990	70,562	65,134	59,707
Total Operating Expenses	-	1,349,168	1,702,197	1,609,165	1,525,206	1,447,788	1,378,460	1,339,809	1,327,405	1,315,002	1,302,599	1,290,196	1,277,793	1,265,390	1,252,987	1,240,584	985,181	740,143	733,798	727,453	721,108
Schedule M's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxable Income	-	451,191	63,732	108,490	147,097	181,779	210,770	211,208	186,382	161,555	136,729	111,903	87,077	62,251	37,425	12,599	230,772	447,811	435,110	422,410	409,709
Taxes	-	157,917	22,306	37,971	51,484	63,623	73,770	73,923	65,234	56,544	47,855	39,166	30,477	21,788	13,099	4,409	80,770	156,734	152,289	147,843	143,398

Tax Statement

	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Regulated Revenues	1,111,770	1,092,724	1,073,678	1,054,632	1,035,586	1,016,540	997,494	978,448	959,402	-	-	-	-	-	#REF!	#REF!	#REF!	#REF!	#REF!
Unregulated Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	1,111,770	1,092,724	1,073,678	1,054,632	1,035,586	1,016,540	997,494	978,448	959,402	-	-	-	-	-	#REF!	#REF!	#REF!	#REF!	#REF!
Operating Expenses:																			
Insurance	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293
O&M	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560	-	-	-	-	-	-	-	-
Tax Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#REF!	#REF!	#REF!	#REF!	#REF!
Revenue Taxes	53,551	52,633	51,716	50,798	49,881	48,964	48,046	47,129	46,212	-	-	-	-	-	#REF!	#REF!	#REF!	#REF!	#REF!
Property Taxes	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080	55,080
Interest	54,279	48,851	43,423	37,995	32,567	27,139	21,711	16,284	10,856	-	-	-	-	-	-	#REF!	#REF!	#REF!	#REF!
Total Operating Expenses	714,762	708,417	702,072	695,727	689,381	683,036	676,691	670,345	664,000	606,933	606,933	59,373	59,373	59,373	#REF!	#REF!	#REF!	#REF!	#REF!
Schedule M's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxable Income	397,008	384,307	371,606	358,906	346,205	333,504	320,803	308,102	295,402	(606,933)	(606,933)	(59,373)	(59,373)	(59,373)	#REF!	#REF!	#REF!	#REF!	#REF!
Taxes	138,953	134,508	130,062	125,617	121,172	116,726	112,281	107,836	103,391	(212,427)	(212,427)	(20,781)	(20,781)	(20,781)	#REF!	#REF!	#REF!	#REF!	#REF!

	0	2012	2013	2014	2015	2016	2017
O&M Projection		-	547,560	547,560	547,560	547,560	547,560
O&M Expenses		0	547,560	547,560	547,560	547,560	547,560
Non-Operating Income							
Cash Adjustments							
Schedule-Adjustments							
Unregulated Revenues							
Processing Flag		1	1	1	1	1	1

2018	2019	2020	2021	2022	2023	2024	2025
547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560

547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560
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1	1	1	1	1	1	1	1
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2026	2027	2028	2029	2030	2031	2032	2033
547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560

547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560
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1	1	1	1	1	1	1	1
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2034	2035	2036	2037	2038	2039	2040	2041
547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560

547,560	547,560	547,560	547,560	547,560	547,560	547,560	547,560
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1	1	1	1	1	1	1	1
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2042	2043	2044	2045	2046	2047	2048	2049
547,560	547,560						

547,560	547,560	0	0	0	0	0	0
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0	0	0	0	0	0	0	0
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2050 2051

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0 0

Capital Projects

Capital Projects

	Book Life	Tax Life	Close Date	2012	2013	2014	2015
Project 1	10	7	2012	0	0	0	0
Project 2	20	15	2005	0	0	0	0
Project 3	25	15	2006	0	0	0	0
Project 4	20	15	2007	0	0	0	0
Project 5	30	15	2004	0	0	0	0
Project 6	30	15	2006	0	0	0	0
Project 7	30	15	2003	0	0	0	0
Project 8	30	15	2004	0	0	0	0
Project 9	30	15	2004	0	0	0	0
Project 10	30	15	2008	0	0	0	0
Project 11	30	15	2003	0	0	0	0
Project 12	30	15	2006	0	0	0	0
Project 13	30	15	2007	0	0	0	0
Project 14	30	15	2003	0	0	0	0
Project 15	30	15	2008	0	0	0	0
Project 16	30	15	2006	0	0	0	0
Project 17	30	15	2015	0	0	0	0
Project 18	30	15	2014	0	0	0	0
Project 19	30	15	2002	0	0	0	0
Project 20	30	15	2003	0	0	0	0
Project 21	30	15	2004	0	0	0	0
Project 22	30	15	2005	0	0	0	0
Project 23	30	15	2006	0	0	0	0
Project 24	30	15	2007	0	0	0	0
Project 25	30	15	2008	0	0	0	0
Project 26	30	15	2009	0	0	0	0
Project 27	30	15	2010	0	0	0	0
Project 28	30	15	2011	0	0	0	0
Project 29	30	15	2012	0	0	0	0
Project 30	30	15	2013	0	8,100,000	0	0
Project 31	30	15	2014	0	0	0	0
Project 32	30	15	2015	0	0	0	0
Project 33	30	15	2016	0	0	0	0
Project 34	30	15	2017	0	0	0	0
Project 35	30	15	2018	0	0	0	0
Project 36	30	15	2019	0	0	0	0
Project 37	30	15	2020	0	0	0	0
Project 38	30	15	2021	0	0	0	0
Project 39	30	15	2022	0	0	0	0
Project 40	30	15	2023	0	0	0	0
Project 41	30	15	2015	0	0	0	0
Project 42	30	15	2021	0	0	0	0
Project 43	30	15	2022	0	0	0	0
Project 44	30	15	2023	0	0	0	0
Project 45	30	15	2024	0	0	0	0
Project 46	30	15	2025	0	0	0	0
Project 47	30	20	2026	0	0	0	0
Capital Expenditures				-	8,100,000	-	-
Gross Plant				-	8,100,000	8,100,000	8,100,000

Capital Projects

Book Depr	-	270,000	270,000	270,000
Tax Depr				
AFUDC				
Project 1	-	-	-	-
Project 2	-	-	-	-
Project 3	-	-	-	-
Project 4	-	-	-	-
Project 5	-	-	-	-
Project 6	-	-	-	-
Project 7	-	-	-	-
Project 8	-	-	-	-
Project 9	-	-	-	-
Project 10	-	-	-	-
Project 11	-	-	-	-
Project 12	-	-	-	-
Project 13	-	-	-	-
Project 14	-	-	-	-
Project 15	-	-	-	-
Project 16	-	-	-	-
Project 17	-	-	-	-
Project 18	-	-	-	-
Project 19	-	-	-	-
Project 20	-	-	-	-
Project 21	-	-	-	-
Project 22	-	-	-	-
Project 23	-	-	-	-
Project 24	-	-	-	-
Project 25	-	-	-	-
Project 26	-	-	-	-
Project 27	-	-	-	-
Project 28	-	-	-	-
Project 29	-	-	-	-
Project 30	-	-	-	-
Project 31	-	-	-	-
Project 32	-	-	-	-
Project 33	-	-	-	-
Project 34	-	-	-	-
Project 35	-	-	-	-
Project 36	-	-	-	-
Project 37	-	-	-	-
Project 38	-	-	-	-
Project 39	-	-	-	-
Project 40	-	-	-	-
Project 41	-	-	-	-
Project 42	-	-	-	-
Project 43				
Project 44				
Project 45				
Project 46				
Project 47				
AFUDC	-	-	-	-
AFUDC Closed to Plant	-	-	-	-

Book Depreciation

	2012	2013	2014	2015	2016	2017
Book Depreciation						
Project 1	0	0	0	0	0	0
Project 2	0	0	0	0	0	0
Project 3	0	0	0	0	0	0
Project 4	0	0	0	0	0	0
Project 5	0	0	0	0	0	0
Project 6	0	0	0	0	0	0
Project 7	0	0	0	0	0	0
Project 8	0	0	0	0	0	0
Project 9	0	0	0	0	0	0
Project 10	0	0	0	0	0	0
Project 11	0	0	0	0	0	0
Project 12	0	0	0	0	0	0
Project 13	0	0	0	0	0	0
Project 14	0	0	0	0	0	0
Project 15	0	0	0	0	0	0
Project 16	0	0	0	0	0	0
Project 17	0	0	0	0	0	0
Project 18	0	0	0	0	0	0
Project 19	0	0	0	0	0	0
Project 20	0	0	0	0	0	0
Project 21	0	0	0	0	0	0
Project 22	0	0	0	0	0	0
Project 23	0	0	0	0	0	0
Project 24	0	0	0	0	0	0
Project 25	0	0	0	0	0	0
Project 26	0	0	0	0	0	0
Project 27	0	0	0	0	0	0
Project 28	0	0	0	0	0	0
Project 29	0	0	0	0	0	0
Project 30	0	270,000	270,000	270,000	270,000	270,000
Project 31	0	0	0	0	0	0
Project 32	0	0	0	0	0	0
Project 33	0	0	0	0	0	0
Project 34	0	0	0	0	0	0
Project 35	0	0	0	0	0	0
Project 36	0	0	0	0	0	0
Project 37	0	0	0	0	0	0
Project 38	0	0	0	0	0	0
Project 39	0	0	0	0	0	0
Project 40	0	0	0	0	0	0
Project 41	0	0	0	0	0	0
Project 42	0	0	0	0	0	0
Project 43	0	0	0	0	0	0
Project 44	0	0	0	0	0	0
Project 45	0	0	0	0	0	0
Project 46	0	0	0	0	0	0
Project 47	0	0	0	0	0	0
Total Book Depreciation	-	270,000	270,000	270,000	270,000	270,000

