

**EXHIBIT NO. ___(JHS-26)
DOCKET NOS. UE-111048/UG-111049
2011 PSE GENERAL RATE CASE
WITNESS: JOHN H. STORY**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-111048
Docket No. UG-111049**

**EIGHTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
JOHN H. STORY
ON BEHALF OF PUGET SOUND ENERGY, INC.**

JANUARY 17, 2012



(NEW)
 PUGET SOUND ENERGY-ELECTRIC
 AMORTIZATION OF LOWER SNAKE RIVER
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

LINE NO. DESCRIPTION	TEST YEAR	NEW RATE YEAR	NEW ADJUSTMENT
1 OPERATING EXPENSE FIXED COSTS			
2 AMORTIZATION OF FIXED COST DEFERRAL	\$ -	\$ (5,803,404)	\$ (5,803,404)
3 DEFERRAL OF LOWER SNAKE RIVER FIXED COSTS	-	-	-
4 TOTAL AMORTIZATION LSR PROJECT	-	(5,803,404)	(5,803,404)
5			
6 INCREASE (DECREASE) OPERATING EXPENSES			(5,803,404)
7			
8 INCREASE (DECREASE) FIT	35%		2,031,191
9			
10 INCREASE (DECREASE) NOI			\$ 3,772,213
11			
12 RATE BASE			
13 LSR PROJECT AMA GROSS - DEF	\$ -	\$ 23,064,418	\$ 23,064,418
14 LSR PROJECT AMA ACCUMULATED AMORTIZATION	-	(2,901,702)	(2,901,702)
15 LSR PROJECT AMA ACCUMULATED DEFERRED FIT	-	(7,056,951)	(7,056,951)
16 TOTAL LOWER SNAKE RIVER PROJECT RATE BASE	\$ -	\$ 13,105,765	\$ 13,105,765

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This page is from PSE's Response to Staff Data Request No. 197.

Puget Sound Energy LOWER SNAKE RIVER PROJECT FIXED COST DEFERRAL Amortization starts May 15, 2012 and ends May 15, 2014 (48 months)

Includes No Variable Costs Deferral

Table with columns: Line, Month/Period, Monthly Activity (a), Deferral Balance (b), AMA Gross Balance (c), Monthly Amortization (d), Accumulated Amortization (e), AMA Accum. Amortization (f), AMA Net (g), Monthly DFTT (h), Accumulated DFTT (i), and AMA net of Accum DFTT (j). Includes handwritten annotations 1, 2, and 3.

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Estimate of Lower Snake Rive Project Fixed & Variable Costs		Feb 2012	Mar 2012	Apr 2012	May 2012	Total
1	Rate Base (2/2013 AMA)	667,299,318	667,299,318	667,299,318	667,299,318	
2	Rate of return (pre-tax) (6.90% ÷ 65%)	10.62%	10.62%	10.62%	10.62%	
3	Annualized Return on Ratebase	70,867,188	70,867,188	70,867,188	70,867,188	
4						
5	Monthly Recovery, prorated when applicable	3,869,186	5,905,599	5,905,599	2,476,542	18,156,925
6						
7	Fixed Costs					
8	O&M	585,999	944,035	927,005	399,256	2,856,295
9	Depreciation	1,684,289	2,755,577	2,666,688	1,155,800	8,262,354
10	Property Insurance	27,062	44,154	42,730	18,516	132,463
11	Property Tax	153,089	249,776	241,719	104,745	749,329
12	Tax Adjustment: Book-Tax Differences	131,343	218,349	211,306	91,692	652,691
13	Subtotal Fixed Costs	2,581,782	4,211,892	4,089,448	1,770,010	12,653,131
14						
15	Variable Costs					
16	Transmission Power Costs	774,262	818,609	791,708	346,842	2,731,421
17	Market Purchase Offset	(2,049,892)	(4,361,022)	(2,904,316)	(1,012,630)	(10,327,860)
18	Subtotal Variable	(1,275,630)	(3,542,413)	(2,112,609)	(665,788)	(7,596,439)
19						
20	Subtotal Return and Expenses	5,175,338	6,575,078	7,882,438	3,580,763	23,213,617
21						
22	Cumulative Deferral Balance	5,175,338	11,750,416	19,632,854	23,213,617	

This page is from PSE's Response to Staff Data Request No. 197.

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.10 - REGULATORY ASSETS AND LIABILITIES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

④

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2	BEP	16,250,380	11,214,773	(5,035,607)
3	WHITE RIVER PLANT COSTS	37,566,968	34,565,277	(3,001,690)
4	WHITE RIVER RELICENSING & CWIP	24,579,164	24,941,807	362,643
5	PROCEEDS FROM THE SALE OF WHITE RIVER ASSETS TO CWA	(25,951,720)	(29,911,730)	(3,960,010)
6	DFIT - WHITE RIVER REG ASSET	(11,889,662)	(10,331,528)	1,558,135
7	HOPKINS RIDGE PREPAID TRANSMISSION	1,394,050	-	(1,394,050)
8	GOLDENDALE FIXED COSTS DEFERRAL	3,605,729	-	(3,605,729)
9	HOPKINS RIDGE MITIGATION CREDIT	(326,871)	-	326,871
10	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY)	(2,135,222)	(1,529,462)	605,761
11	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)	(2,286,406)	(2,096,742)	189,664
12	MINT FARM DEFERRAL - UE-090704	26,616,505	23,180,901	(3,435,604)
13	WILD HORSE EXPANSION DEFERRAL - UE-090704	2,331,479	-	(2,331,479)
14	COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT	5,000,000	3,583,333	(1,416,667)
15	FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074	-	1,193,198	1,193,198
16	CONTRACT MAJOR MAINTENANCE:			-
17	SUMAS NOVEMBER 2010 HOT GAS PATH INSPECTION	82,651	31,789	(50,862)
18	FREDDY 1 JULY 2009 HOT GAS PATH INSPECTION	212,106	-	(212,106)
19	GOLENDALE MAY 2009 COMBUSTION INSPECTION	590,967	-	(590,967)
20	SUMAS NOVEMBER 2008 COMBUSTION INSPECTION	62,508	-	(62,508)
21	MINT FARM JUNE 2010 COMBUSTION INSPECTION	678,973	-	(678,973)
22	REC SALES	-	(2,767,909)	(2,767,909)
23	LSR DEFERRED COSTS	-	12,682,422	12,682,422
24	TOTAL REGULATORY ASSETS AND LIABILITIES RATEBASE	\$ 76,381,598	\$ 64,756,129	\$ (11,625,469)
25	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
26	BEP (555)	3,526,620	3,526,620	-
27	WHITE RIVER PLANT COSTS (407)	1,494,702	1,494,702	(0)
28	HOPKINS RIDGE PREPAID TRANSMISSION (565)	2,076,858	-	(2,076,858)
29	GOLDENDALE FIXED COSTS DEFERRAL (407.3)	4,162,154	-	(4,162,154)
30	HOPKINS RIDGE MITIGATION CREDIT (555)	(1,209,583)	-	1,209,583
31	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) (547)	(457,531)	(392,170)	65,362
32	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) (547)	(403,220)	(537,626)	(134,407)
33	MINT FARM DEFERRAL - UE-090704 (407.3)	2,159,053	2,872,182	713,129
34	WILD HORSE EXPANSION DEFERRAL - UE-090704 (407.3)	2,102,006	-	(2,102,006)
35	COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT (501)	-	500,000	500,000
36	FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074 (407.3)	-	265,155	265,155
37	CONTRACT MAJOR MAINTENANCE (PROD O&M):			
38	SUMAS NOVEMBER 2010 HOT GAS PATH INSPECTION	61,034	152,586	91,552
39	FREDDY 1 JULY 2009 HOT GAS PATH INSPECTION	223,889	-	(223,889)
40	GOLENDALE MAY 2009 COMBUSTION INSPECTION	354,580	-	(354,580)
41	SUMAS NOVEMBER 2008 COMBUSTION INSPECTION	119,333	-	(119,333)
42	MINT FARM JUNE 2010 COMBUSTION INSPECTION	456,270	-	(456,270)
43	REC SALES	-	(946,294)	(946,294)
44	LSR DEFERRED COSTS	-	(5,616,072)	-5,616,072
45	TOTAL AMORTIZATION OF REGULATORY ASSETS AND LIABILITIES	\$ 14,666,166	\$ 1,319,083	\$ (13,347,083)
46				
47	INCREASE (DECREASE) EXPENSE			(13,347,083)
48				
49	INCREASE (DECREASE) FIT		35%	4,671,479
50				
51	INCREASE (DECREASE) NOI			\$ 8,675,604

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This page starts from PSE's response to Staff Data Request No. 197 and the only modification made was to exclude deferral of property taxes.

Puget Sound Energy
LOWER SNAKE RIVER PROJECT FIXED COST DEFERRAL
Amortization starts May 15, 2012 and ends May 15, 2014 (48 months)

Includes No Variable Costs Deferral

Line	Month/Period	Monthly Activity (a)	Deferral Balance (b)	AMA Gross Balance (c)	Monthly Amortization (d) = (b) / 48(mos./yrs.)	Accumulated Amortization prior mo. - (d) = (e)	AMA Accum. (f)	AMA Net (g) = (c) + (f)	Monthly DFIT (h) = (f) * 35%	Accumulated DFIT prior mo. - (h) = (i)	Accum DFIT AMA (j)	AMA net of Accum DFIT (k) = (g) + (j)
1	Beginning		\$0									
2	Feb-12	\$5,022,249	\$5,022,249						(1,757,787)	(1,757,787)	(6,047,716)	12,810,983
3	Mar-12	6,325,302	11,347,551						(2,213,866)	(3,971,643)	(6,500,007)	14,021,486
4	Apr-12	7,640,719	18,988,270						(2,674,252)	(6,645,894)	(6,773,162)	14,958,280
5	May-12	3,476,018	22,464,288		468,006	(468,006)			(1,052,804)	(7,698,698)	(6,920,416)	15,437,864
6	Jun-12		22,464,288		468,006	(1,404,016)			163,802	(7,534,897)	(6,757,095)	15,890,759
7	Jul-12		22,464,288		468,006	(1,872,024)			163,802	(7,371,094)	(6,593,292)	16,344,051
8	Aug-12		22,464,288		468,006	(2,340,030)			163,802	(7,207,292)	(6,430,490)	16,788,541
9	Sep-12		22,464,288		468,006	(2,808,036)			163,802	(7,043,490)	(6,269,688)	17,229,853
10	Oct-12		22,464,288		468,006	(3,276,042)			163,802	(6,879,888)	(6,109,086)	17,667,767
11	Nov-12		22,464,288		468,006	(3,744,048)			163,802	(6,715,886)	(5,954,282)	18,102,485
12	Dec-12		22,464,288	18,858,710	468,006	(4,212,054)		18,858,710	163,802	(6,552,084)	(5,800,478)	18,524,007
13	Jan-13		22,464,288	20,521,473	468,006	(4,680,060)		20,521,473	163,802	(6,388,282)	(5,654,676)	18,938,331
14	Feb-13		22,464,288	21,711,422	468,006	(5,148,066)		21,711,422	163,802	(6,224,480)	(5,509,874)	19,340,455
15	Mar-13		22,464,288	22,319,452	468,006	(5,616,072)		21,511,418	163,802	(6,060,678)	(5,366,076)	19,734,379
16	Apr-13		22,464,288	22,464,288	468,006	(6,084,078)		19,168,246	163,802	(5,898,876)	(5,222,280)	20,118,964
17	May-13		22,464,288	22,464,288	468,006	(6,552,084)	(3,276,042)	18,720,244	163,802	(5,733,073)	(5,077,865)	20,495,100
18	Jun-13		22,464,288	22,464,288	468,006	(7,020,090)	(3,744,048)	18,276,242	163,802	(5,569,271)	(4,924,063)	20,866,039
19	Jul-13		22,464,288	22,464,288	468,006	(7,488,096)	(4,212,054)	17,824,238	163,802	(5,405,469)	(4,778,261)	21,229,778
20	Aug-13		22,464,288	22,464,288	468,006	(7,956,102)	(4,680,060)	17,370,236	163,802	(5,241,667)	(4,633,459)	21,586,317
21	Sep-13		22,464,288	22,464,288	468,006	(8,424,108)	(5,148,066)	16,916,234	163,802	(5,077,865)	(4,494,657)	21,937,864
22	Oct-13		22,464,288	22,464,288	468,006	(8,892,114)	(5,616,072)	16,462,232	163,802	(4,914,863)	(4,361,855)	22,284,019
23	Nov-13		22,464,288	22,464,288	468,006	(9,360,120)	(6,084,078)	16,008,230	163,802	(4,750,261)	(4,234,053)	22,625,172
24	Dec-13		22,464,288	22,464,288	468,006	(9,828,126)	(6,552,084)	15,552,228	163,802	(4,586,459)	(4,111,251)	22,959,323
25	Jan-14		22,464,288	22,464,288	468,006	(10,296,132)	(7,020,090)	15,100,226	163,802	(4,422,657)	(4,000,449)	23,290,474
26	Feb-14		22,464,288	22,464,288	468,006	(10,764,138)	(7,488,096)	14,644,224	163,802	(4,258,855)	(3,891,647)	23,618,625
27	Mar-14		22,464,288	22,464,288	468,006	(11,232,144)	(7,956,102)	14,188,222	163,802	(4,095,052)	(3,787,845)	23,943,776
28	Apr-14		22,464,288	22,464,288	468,006	(11,700,150)	(8,424,108)	13,732,220	163,802	(3,931,250)	(3,684,043)	24,266,927
29	May-14		22,464,288	22,464,288	468,006	(12,168,156)	(8,892,114)	13,276,218	163,802	(3,767,448)	(3,580,241)	24,588,078
30	Jun-14		22,464,288	22,464,288	468,006	(12,636,162)	(9,360,120)	12,820,216	163,802	(3,603,646)	(3,483,439)	24,907,229
31	Jul-14		22,464,288	22,464,288	468,006	(13,104,168)	(9,828,126)	12,364,214	163,802	(3,439,844)	(3,392,637)	25,223,380
32	Aug-14		22,464,288	22,464,288	468,006	(13,572,174)	(10,296,132)	11,908,212	163,802	(3,276,042)	(3,307,835)	25,537,531
33	Sep-14		22,464,288	22,464,288	468,006	(14,040,180)	(10,764,138)	11,452,210	163,802	(3,112,240)	(3,224,033)	25,849,682
34	Oct-14		22,464,288	22,464,288	468,006	(14,508,186)	(11,232,144)	11,000,208	163,802	(2,948,438)	(3,141,231)	26,159,833
35	Nov-14		22,464,288	22,464,288	468,006	(14,976,192)	(11,700,150)	10,544,206	163,802	(2,784,843)	(3,061,429)	26,468,984
36	Dec-14		22,464,288	22,464,288	468,006	(15,444,198)	(12,168,156)	10,088,204	163,802	(2,620,848)	(2,980,627)	26,777,135
37	Jan-15		22,464,288	22,464,288	468,006	(15,912,204)	(12,636,162)	9,632,202	163,802	(2,460,853)	(2,906,825)	27,084,286
38	Feb-15		22,464,288	22,464,288	468,006	(16,380,210)	(13,104,168)	9,176,200	163,802	(2,301,858)	(2,830,023)	27,390,437
39	Mar-15		22,464,288	22,464,288	468,006	(16,848,216)	(13,572,174)	8,720,198	163,802	(2,142,863)	(2,759,221)	27,695,588
40	Apr-15		22,464,288	22,464,288	468,006	(17,316,222)	(14,040,180)	8,264,196	163,802	(2,000,868)	(2,693,419)	28,000,739
41	May-15		22,464,288	22,464,288	468,006	(17,784,228)	(14,508,186)	7,808,194	163,802	(1,861,873)	(2,632,617)	28,305,890
42	Jun-15		22,464,288	22,464,288	468,006	(18,252,234)	(14,976,192)	7,352,192	163,802	(1,730,878)	(2,576,815)	28,611,041
43	Jul-15		22,464,288	22,464,288	468,006	(18,720,240)	(15,444,198)	6,896,190	163,802	(1,608,883)	(2,524,013)	28,916,192
44	Aug-15		22,464,288	22,464,288	468,006	(19,188,246)	(15,912,204)	6,440,188	163,802	(1,492,888)	(2,475,211)	29,221,343
45	Sep-15		22,464,288	22,464,288	468,006	(19,656,252)	(16,380,210)	5,984,186	163,802	(1,384,893)	(2,429,409)	29,526,494
46	Oct-15		22,464,288	22,464,288	468,006	(20,124,258)	(16,848,216)	5,528,184	163,802	(1,284,908)	(2,387,607)	29,831,645
47	Nov-15		22,464,288	22,464,288	468,006	(20,592,264)	(17,316,222)	5,072,182	163,802	(1,192,917)	(2,348,805)	30,136,796
48	Dec-15		22,464,288	22,464,288	468,006	(21,060,270)	(17,784,228)	4,616,180	163,802	(1,108,926)	(2,313,003)	30,441,947
49	Jan-16		22,464,288	22,464,288	468,006	(21,528,276)	(18,252,234)	4,160,178	163,802	(1,030,935)	(2,280,199)	30,747,098
50	Feb-16		22,464,288	22,464,288	468,006	(21,996,282)	(18,720,240)	3,704,176	163,802	(960,944)	(2,250,395)	31,052,249
51	Mar-16		22,464,288	22,464,288	468,006	(22,464,288)	(19,188,246)	3,248,174	163,802	(900,953)	(2,222,591)	31,357,400
52	Apr-16		22,464,288	22,464,288	468,006	(22,464,288)	(19,656,252)	2,792,172	163,802	(850,962)	(2,199,787)	31,662,551
53	May-16		22,464,288	22,464,288	468,006	(22,464,288)	(20,104,258)	2,336,170	163,802	(810,971)	(2,181,983)	31,967,702
54	Jun-16		22,464,288	22,464,288	468,006	(22,464,288)	(20,514,263)	1,880,168	163,802	(777,980)	(2,169,179)	32,272,853
55	Jul-16		22,464,288	22,464,288	468,006	(22,464,288)	(20,884,268)	1,424,166	163,802	(746,987)	(2,161,375)	32,578,004
56	Aug-16		22,464,288	22,464,288	468,006	(22,464,288)	(21,216,272)	968,164	163,802	(722,185)	(2,157,571)	32,883,155
57	Sep-16		22,464,288	22,464,288	468,006	(22,464,288)	(21,508,276)	512,162	163,802	(702,000)	(2,156,767)	33,188,306
58	Oct-16		22,464,288	22,464,288	468,006	(22,464,288)	(21,762,279)	56,160	163,802	(687,503)	(2,157,963)	33,493,457
59	Nov-16		22,464,288	22,464,288	468,006	(22,464,288)	(21,976,282)	100,158	163,802	(674,506)	(2,160,159)	33,798,608
60	Dec-16		22,464,288	22,464,288	468,006	(22,464,288)	(22,152,284)	144,156	163,802	(662,509)	(2,163,355)	34,103,759
61	Jan-17		22,464,288	22,464,288	468,006	(22,464,288)	(22,296,286)	188,154	163,802	(652,512)	(2,166,551)	34,408,910
62	Feb-17		22,464,288	22,464,288	468,006	(22,464,288)	(22,410,288)	232,152	163,802	(643,515)	(2,170,747)	34,714,061
63	Mar-17		22,464,288	22,464,288	468,006	(22,464,288)	(22,494,289)	276,150	163,802	(635,518)	(2,175,943)	35,019,212
64	Apr-17		22,464,288	22,464,288	468,006	(22,464,288)	(22,548,289)	320,148	163,802	(628,521)	(2,182,139)	35,324,363

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Property Taxes
←

**Estimate of Lower Snake Rive Project
Fixed & Variable Costs**

	Feb 2012	Mar 2012	Apr 2012	May 2012	Total
1 Rate Base (2/2013 AMA)	667,299,318	667,299,318	667,299,318	667,299,318	
2 Rate of return (pre-tax) (6.90% ÷ 65%)	10.62%	10.62%	10.62%	10.62%	
3 Annualized Return on Ratebase	70,867,188	70,867,188	70,867,188	70,867,188	
4					
5 Monthly Recovery, prorated when applicable	3,869,186	5,905,599	5,905,599	2,476,542	18,156,925
6					
7 Fixed Costs					
8 O&M	585,999	944,035	927,005	399,256	2,856,295
9 Depreciation	1,684,289	2,755,577	2,666,688	1,155,800	8,262,354
10 Property Insurance	27,062	44,154	42,730	18,516	132,463
11 Property Tax					
12 Tax Adjustment: Book-Tax Differences	131,343	218,349	211,306	91,692	652,691
13 Subtotal Fixed Costs	2,428,694	3,962,115	3,847,729	1,665,265	11,903,802
14					
15 Variable Costs					
16 Transmission Power Costs	774,262	818,609	791,708	346,842	2,731,421
17 Market Purchase Offset	(2,049,892)	(4,361,022)	(2,904,316)	(1,012,630)	(10,327,860)
18 Subtotal Variable	(1,275,630)	(3,542,413)	(2,112,609)	(665,788)	(7,596,439)
19					
20 Subtotal Return and Expenses	5,022,249	6,325,302	7,640,719	3,476,018	22,464,288
21					
22 Cumulative Deferral Balance	5,022,249	11,347,551	18,988,270	22,464,288	

This page starts from PSE's Response to Staff Data Request No. 197 and the only modification made was to exclude deferral of property taxes.