

**EXHIBIT NO. ___(MRM-16C)
DOCKET NOS. UE-111048/UG-111049
2011 PSE GENERAL RATE CASE
WITNESS: MATTHEW R. MARCELIA**

**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

**SECOND EXHIBIT (CONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
MATTHEW R. MARCELIA
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED
VERSION**

JANUARY 17, 2012

(Note: This exhibit is an exact replica of Ms. Blumenthal's Exhibit No. ___ (EB-4C).)

**Puget Sound Energy
 ICNU Consolidated Tax Savings Adjustment Calculation
 Docket UE - 111048**

A	B	D	D	2001	D	2002	E	2003	F	2004	G	2005	H	2006	I	2007	J	2008
1	Puget Energy Inc	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
2	Puget Sound Energy	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
3	Puget Western	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
4	Black Creek Hydro	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
5	GP Acquisition	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
6	Hydro Energy Development	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
7	Infrastrux Group	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
8	Lineal Industries	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
9	LP Acquisitions	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
10	PSE Utility Solutions	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
11	Puget Sound Energy Services	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
12	Snoqualmie River Hyrdo	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
13	Utilix	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
14	Washington Energy Gas	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
15	WNG Cap I	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
16	InterCon Construction	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
17	Keystone Pipeline Services	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
18	Skibaek Pipeline Company	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
19	Texas Electric Utility Corporation	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
20	Trafford Corporation	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
21	Connext Inc	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
22	Utilix Line Services	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
23	InterPower Line Services	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
24	Skibeck PLC	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
25	Chapman Construction	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
26	Gill Electric Service	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
27	Flowers Holding Co	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
28	Rainier Receivables	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
29	PSE Funding	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
30	B&H Maintenance & Construction	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
31	Puget Holdings	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
32	Puget Intermediate Holdings	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
33	Puget Equitco LLC	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
34	Puget Merger Sub	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
35	Taxable income line 28 Form 1120	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
36	Eliminations & Adjustments	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
37	Per line 30, Form 1120	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
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(Note: This exhibit is an exact replica of Ms. Blumenthal's Exhibit No. __ (EB-4C).)

Puget Sound Energy
ICNU Consolidated Tax Savings Adjustment Calculation
Docket UE - 111048

A	B	K	L	M	N	O	P
		2009	2010	Totals	Income	Losses	
1	Puget Energy Inc	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
2	Puget Sound Energy	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
3	Puget Western	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
4	Black Creek Hydro	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
5	GP Acquisition	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
6	Hydro Energy Development	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
7	Infrastrux Group	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
8	Lineal Industries	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
9	LP Acquisitions	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
10	PSE Utility Solutions	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
11	Puget Sound Energy Services	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
12	Snoqualmie River Hyrdo	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
13	Utilix	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
14	Washington Energy Gas	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
15	WNG Cap 1	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
16	InterCon Construction	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
17	Keystone Pipeline Services	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
18	Skiaback Pipeline Company	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
19	Texas Electric Utility Corporation	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
20	Trafford Corporation	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
21	Connext Inc	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
22	Utilix Line Services	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
23	InterPower Line Services	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
24	Skibeck PLC	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
25	Chapman Construction	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
26	Gill Electric Service	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
27	Flowers Holding Co	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
28	Rainier Receivables	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
29	PSE Funding	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
30	B&H Maintenance & Construction	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
31	Puget Holdings	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
32	Puget Intermediate Holdings	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
33	Puget Equico LLC	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
34	Puget Merger Sub	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
35	Taxable income line 28 Form 1120	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
36	Eliminations & Adjustments	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	
37	Per line 30, Form 1120						
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
		Total Electric 74.73%					
		Gas 25.27%					
	Continuing losses						
	Puget's fair share						
	Puget's loan amount						
	Puget's WACC						
	Cost of Puget's loan						
	Tax rate						
	Puget's tax savings						
	One minus tax rate						
	Revenue requirement amount						

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Allocation between Gas & Electric

	Gas (a)	Electric (b)	Total
Rate Base	1,658,305,524	4,904,756,946	6,563,062,470
ROR	0.0842	0.0842	0.0842
Return	<u>139,629,325</u>	<u>412,980,535</u>	<u>552,609,860</u>
% of total	25.27%	74.73%	100.00%

(a) Exhibit No. ____ (MJS-4)

(b) Exhibit No. ____ (JHS-4)