

**EXHIBIT NO. \_\_\_(WRG-8)  
DOCKET NOS. UE-111048/UG-111049  
2011 PSE GENERAL RATE CASE  
WITNESS: WAYNE R. GOULD**

**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**

**SEVENTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED REBUTTAL TESTIMONY OF  
WAYNE R. GOULD  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**JANUARY 17, 2012**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Docket Nos. UE-111048 and UG-111049  
Puget Sound Energy, Inc.'s  
2011 General Rate Case**

**ICNU DATA REQUEST NO. 05.10**

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With regard to the workpaper DEM 0315, please provide a complete explanation on what costs make up the Other category (test period \$4,502,816) and explain why PSE's proposed production O&M expense for this line item is a reasonable amount to use for the rate year. As part of this response, explain what services were performed during 2010 and what amount is budgeted for the years 2012 and 2013, providing the 2012 and 2013 budgets by FERC account.

**First Revised Response:**

David E. Mills' power cost workpaper entitled "WP, DEM 0315" provides a summary of Puget Sound Energy, Inc.'s ("PSE") production operations and maintenance ("O&M") costs for this proceeding's test and rate years, calendar 2010 and May 2012 through April 2013, respectively. Other production O&M expenses totaled \$4,502,816 for the test year. The test year level of other production O&M costs is considered to be indicative of a normal level of costs to be incurred in the rate year because there were no expenses recorded during the test year that require a normalizing adjustment. The Commission defined a normalizing adjustment in paragraph 24 of Order 11 in PSE's 2009 general rate case, Dockets UE-090704 and UG-090705, as "certain expenses recorded during the test period [which are] extraordinary and should be adjusted to levels that are more indicative of ordinary levels for the expenses in question".

Attached as Attachment A to PSE's First Revised Response to ICNU Data Request No. 05.10, please find a list of other production O&M costs for the test year, including budgeted costs for calendar years 2012 and 2013, and an explanation of costs by work breakdown structure ("WBS") element. Since PSE budgets by WBS element and all orders roll up to a WBS element, Attachment A to PSE's First Revised Response to ICNU Data Request No. 05.10 also provides the mapping of the test year costs by order to WBS element.

Budgeted amounts for "Energy Resource Compliance Hydro O&M" and "Energy Resource Compliance Thermal O&M" were understated in PSE's original Response to

ICNU Data Request No. 05.10 due to the inadvertent omission of direct costs associated with these departments. The resulting changes are noted in the table below.

<b>WBS Description</b>	<b>2012 as Reported</b>	<b>2012 as Revised</b>	<b>Change</b>
Energy Resource Compliance Hydro O&M	107,977	285,264	177,287
Energy Resource Compliance Thermal O&M	239,246	611,875	372,629

<b>WBS Description</b>	<b>2013 as Reported</b>	<b>2013 as Revised</b>	<b>Change</b>
Energy Resource Compliance Hydro O&M	115,850	298,436	182,586
Energy Resource Compliance Thermal O&M	256,691	640,478	383,787

Accordingly, please replace Attachment A to PSE's Response to ICNU Data Request No. 5.10 with Attachment A to PSE's First Revised Response to ICNU Data Request No. 5.10 and destroy Attachment A to PSE's Response to ICNU Data Request No. 5.10.

**Attachment A to PSE's First Revised  
Response to ICNU Data Request No. 5.10**

## PUGET SOUND ENERGY, INC. OTHER PRODUCTION OPERATIONS AND MAINTENANCE COST

FERC Code	WBS Elements	WBS Description	2010 Actuals	2012 Budget	2013 Budget	Explanation
546	P.10657	Discretionary Benefit Elec other ops exp	\$770,484	\$0	\$0	These orders are used to account for the difference between the quarterly estimated (incentive) or actual (PTO) liabilities and the overheads applied. A debit to the orders corresponds to an underaccrual and a credit to the orders represents an overaccrual. The differences are allocated based on the direct labor report.
535	P.10816	Energy prod/storage hydro generat'n ops	159,263	232,377	302,685	Labor, labor overhead, and employee expenses for Director Hydroelectric Resources.
535, 539	P.10916	Plant Eng Elec hydro generation ops	10,623	23,278	23,855	Engineering labor used to assist plant staff with NERC/WECC testing of hydro plant generators.
541, 543, 544	P.10917	Plant Eng Elec hydro generation maint	629	134,588	137,926	Engineering labor applicable to hydro plant maintenance projects.
546, 549	P.10918	Plant Eng Electric other operations exp	15,616	93,323	95,637	Engineering labor to assist plant staff with NERC/WECC testing of thermal plant generators.
535, 537, 539	S.00258	Electric Hydro Generation Operations	260,063	275,338	255,060	Labor and employee expenses associated with supporting fish and other wildlife for PSE's hydroelectric generating facilities.
549	S.00260	Electric Other Generation Operations	776	-	-	
535, 539, 546, 549	S.00270	Electric Generation Operations	545,122	500,183	687,202	Energy Operations asset management labor, labor overhead and employee expenses.
546, 549	S.00283	Electric Other Generation Operations	233,727	430,227	436,261	Labor, labor overhead, and employee expenses for Asset Manager of Thermal.
554	S.00284	Electric Other Generation Maintenance	111,095	19,753	24,367	Labor, labor overhead, and employee expenses associated with analyst and administrative support for the Thermal organization.
546	S.00294	Electric Other Generation Operations	34,283	90,954	94,763	Labor associated with coordination of outage plans across the Thermal fleet.
535	S.00303.01	ENERGY CONTROL SYSTEMS O&M	44,330	-	-	
506, 549	S.00305	5300 - Other Energy Expense	683	-	-	
554	S.00502	Facilities-Other Generation Maintenance	4,657	-	-	
535, 556	S.00795	EIT PROGRAM - Generation O&M	8,949	-	10,000	Hydroelectric Resources EIT expenses.
530, 539	S.00830	DAM SAFETY PLANS EXPENSE	12,188	255,514	247,434	FERC security program for hydroelectric projects.
535	S.00835	Energy Resource Compliance Hydro O&M	237,446	285,264	298,436	Labor and other costs incurred by Energy Resources Compliance for support of Hydro Compliance Program (not plant specific). Includes procedures and training, web updates and general oversight of compliance and reporting on that compliance.
546	S.00836	Energy Resource Compliance Thermal O&M	586,571	611,875	640,478	Labor and other costs incurred by Energy Resources Compliance for support of CT Compliance Program (not plant specific). Includes training development, procedure development, web updates and information and any cross-fleet compliance initiatives in support of the CT plants.
549	S.00889	DIRECTOR THERMAL RESOURCES Other Exp	6,946	-	-	
535	S.01036	Hydro gen. station operation - S&E	75,988	31,090	32,417	Costs incurred by the Safety organization, including safety training and compliance as it relates to Hydroelectric Power Generation Operation supervision and engineering functions.
546	S.01037	Other gen. station operation - S&E	252,754	248,718	259,338	Costs incurred by the Safety organization, including safety training and compliance related to Other Power Generation Operation supervision and engineering functions.
550	S.01080	PSEE Gas Storage @ JP Rental Fee	1,130,625	907,549	934,976	Jackson Prairie gas storage costs for PSE's Energy Trading business unit.
Total			\$4,502,816	\$4,140,032	\$4,480,836	

WBS Elements	Order #	WBS Description	2010 Actuals
S.00305	50603002	5300 - Other Energy Expense	683
S.00830	53901100	DAM SAFETY PLANS EXPENSE	12,188
S.00889	54904010	DIRECTOR THERMAL RESOURCES Other Exp	-
S.00889	549000740	DIRECTOR THERMAL RESOURCES Other Exp	6,946
P.10657	54601100	Discretionary Benefit Elec other ops exp	557,537
P.10657	54601102	Discretionary Benefit Elec other ops exp	212,947
S.00795	53901020	EIT PROGRAM - Generation O&M	8,949
S.00270	53501020	Electric Generation Operations	525,643
S.00270	539000901	Electric Generation Operations	15,356
S.00270	546000200	Electric Generation Operations	4,057
S.00270	546000201	Electric Generation Operations	65
S.00258	53501005	Electric Hydro Generation Operations	67
S.00258	53900100	Electric Hydro Generation Operations	6,682
S.00258	53901011	Electric Hydro Generation Operations	253,314
S.00284	55458010	Electric Other Generation Maintenance	72,515
S.00284	554002020	Electric Other Generation Maintenance	33,561
S.00284	554002345	Electric Other Generation Maintenance	5,019
S.00294	54601000	Electric Other Generation Operations	34,283
S.00260	54900100	Electric Other Generation Operations	776
S.00283	546000140	Electric Other Generation Operations	(76,618)
S.00283	54958010	Electric Other Generation Operations	140,024
S.00283	54958011	Electric Other Generation Operations	170,320
S.00303.01	53501003	ENERGY CONTROL SYSTEMS O&M	44,330
P.10816	53501010	Energy prod/storage hydro generat'n ops	159,263
S.00835	53501100	Energy Resource Compliance Hydro O&M	120,173
S.00835	53530012	Energy Resource Compliance Hydro O&M	19,016
S.00835	53530013	Energy Resource Compliance Hydro O&M	93,624
S.00835	53531013	Energy Resource Compliance Hydro O&M	342
S.00835	53532011	Energy Resource Compliance Hydro O&M	1,074
S.00835	53534011	Energy Resource Compliance Hydro O&M	3,216
S.00836	54601110	Energy Resource Compliance Thermal O&M	129,060
S.00836	54601120	Energy Resource Compliance Thermal O&M	93,624
S.00836	54653007	Energy Resource Compliance Thermal O&M	19,085
S.00836	54654008	Energy Resource Compliance Thermal O&M	9,942
S.00836	54655009	Energy Resource Compliance Thermal O&M	80,028
S.00836	54656005	Energy Resource Compliance Thermal O&M	69,088
S.00836	54662005	Energy Resource Compliance Thermal O&M	20,462
S.00836	546000000	Energy Resource Compliance Thermal O&M	1,828
S.00836	546000001	Energy Resource Compliance Thermal O&M	63,012
S.00836	546000100	Energy Resource Compliance Thermal O&M	100,441
S.00502	55400080	Facilities-Other Generation Maintenance	4,657
S.01036	53501030	Hydro gen. station operation - S&E	75,988
S.01037	54601020	Other gen. station operation - S&E	252,754
P.10917	541000260	Plant Eng Elec hydro generation maint	629
P.10916	53501008	Plant Eng Elec hydro generation ops	7,676
P.10916	539000900	Plant Eng Elec hydro generation ops	2,946
P.10918	54601008	Plant Eng Electric other operations exp	10,327
P.10918	549000620	Plant Eng Electric other operations exp	5,289
S.01080	55000001	PSEE Gas Storage @ JP Rental Fee	1,130,625
			\$ 4,502,816