

Schedule of Estimated Avoided Cost

Consistent with WAC 480-107-055, this schedule of estimated avoided costs is intended to provide only general information to potential bidders about the cost of new power supplies. It does not provide a guaranteed contract price for electricity.

As provided for in WAC 480-107-055(2) this schedule of estimated avoided costs is based upon the estimates of currently projected market prices for electricity. The schedule below provides the nominal price forecast of monthly prices for Mid-C Market on a monthly basis for flat load. These forecasts are consistent with PSE's 2015 Integrated Resource Plan for "Base with no federal CO₂ price," except that the long-term forecast for natural gas prices has been updated. Estimated monthly prices for Mid-C Market prices are derived using PSE's AURORA forecast model and do not include system integration, shaping, or transmission costs.

Consistent with RCW 19.280.070(2), this schedule also contains an estimated capacity value for combined heat and power systems that are dispatchable by PSE, it does not provide a guaranteed price, it only provides general information to bidders. The estimated capacity value for 2017-2021 is based on PSE's avoided capacity costs associated with firming up short-term market purchases during the time period before PSE's need to add capacity resources in 2022. This estimate was derived from data used to set rates in PSE's 2014 PCORC Compliance Filing (UE-141141), and thus reflects costs currently in rates. For the time period 2022-2032 the estimated capacity value is based on PSE's levelized cost of a peaking plant from PSE's 2015 IRP with firm pipeline costs removed.

| | Monthly Prices for Mid-C Market (Nominal \$/MWh) | | | | | | | | | | | | Capacity Value (\$/kW- year) | |
|-------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---|------------------------|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | | Avg. Annual |
| 2017 | 27.33 | 26.99 | 25.63 | 22.85 | 22.80 | 22.78 | 24.79 | 27.54 | 28.47 | 28.17 | 28.37 | 28.17 | 26.16 | 0.08 |
| 2018 | 28.94 | 28.82 | 27.02 | 23.92 | 22.58 | 22.77 | 25.67 | 28.58 | 29.94 | 29.37 | 28.78 | 29.27 | 27.14 | 0.08 |
| 2019 | 29.86 | 29.75 | 27.73 | 24.85 | 24.10 | 23.31 | 26.18 | 29.06 | 30.71 | 30.17 | 29.46 | 30.11 | 27.94 | 0.08 |
| 2020 | 30.72 | 30.51 | 28.90 | 25.85 | 23.55 | 23.96 | 27.19 | 30.13 | 32.56 | 31.77 | 31.02 | 31.42 | 28.97 | 0.08 |
| 2021 | 32.73 | 32.82 | 30.96 | 27.71 | 26.28 | 26.66 | 29.20 | 32.64 | 35.34 | 34.85 | 34.70 | 33.99 | 31.49 | 0.08 |
| 2022 | 34.26 | 34.41 | 32.38 | 28.95 | 26.67 | 27.57 | 30.53 | 34.56 | 37.32 | 36.95 | 37.45 | 35.92 | 33.08 | 135.04 |
| 2023 | 35.81 | 36.13 | 33.47 | 30.32 | 29.56 | 29.47 | 32.05 | 36.42 | 38.90 | 39.12 | 39.91 | 37.83 | 34.92 | 135.04 |
| 2024 | 38.21 | 38.80 | 35.85 | 32.72 | 30.12 | 30.25 | 34.55 | 38.61 | 41.91 | 41.72 | 42.39 | 41.65 | 37.23 | 135.04 |
| 2025 | 41.10 | 41.76 | 38.94 | 35.93 | 34.31 | 34.13 | 38.23 | 42.95 | 46.32 | 45.67 | 49.56 | 48.98 | 41.49 | 135.04 |
| 2026 | 50.10 | 51.01 | 46.33 | 42.65 | 38.68 | 40.84 | 46.35 | 50.80 | 54.17 | 53.66 | 58.02 | 56.76 | 49.12 | 135.04 |
| 2027 | 52.77 | 52.30 | 48.54 | 44.25 | 41.93 | 43.20 | 47.96 | 53.29 | 55.88 | 55.41 | 60.97 | 60.06 | 51.38 | 135.04 |
| 2028 | 56.07 | 54.91 | 51.23 | 45.93 | 43.32 | 45.73 | 50.81 | 56.86 | 58.65 | 59.00 | 66.56 | 62.44 | 54.29 | 135.04 |
| 2029 | 61.41 | 60.46 | 54.92 | 49.52 | 47.48 | 48.22 | 53.79 | 59.92 | 62.54 | 62.35 | 69.96 | 68.33 | 58.24 | 135.04 |
| 2030 | 64.89 | 64.09 | 58.09 | 52.96 | 49.14 | 51.29 | 59.13 | 64.81 | 67.47 | 67.46 | 73.21 | 73.83 | 62.20 | 135.04 |
| 2031 | 66.80 | 65.71 | 59.66 | 54.39 | 51.92 | 53.44 | 60.41 | 66.13 | 69.72 | 69.71 | 75.06 | 76.14 | 64.09 | 135.04 |
| 2032 | 71.47 | 70.73 | 64.13 | 58.16 | 53.47 | 57.48 | 64.45 | 71.38 | 74.90 | 74.21 | 81.80 | 81.57 | 68.65 | 135.04 |
| 2033 | 74.18 | 73.79 | 66.44 | 60.02 | 58.69 | 60.52 | 66.97 | 74.78 | 77.81 | 77.18 | 85.50 | 84.52 | 71.70 | 135.04 |
| 2034 | 77.45 | 76.43 | 68.92 | 61.97 | 59.03 | 62.33 | 69.09 | 77.69 | 79.91 | 80.07 | 88.20 | 87.22 | 74.03 | 135.04 |
| 2035 | 80.41 | 80.06 | 71.81 | 64.77 | 63.10 | 64.22 | 71.53 | 80.71 | 83.34 | 82.45 | 89.60 | 91.38 | 76.95 | 135.04 |