

**EXH. SEF-3
DOCKET UE-18____
PCA 16 COMPLIANCE
WITNESS: SUSAN E. FREE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of Petition of

PUGET SOUND ENERGY

For Approval of its 2018 Power
Cost Adjustment Mechanism Report**

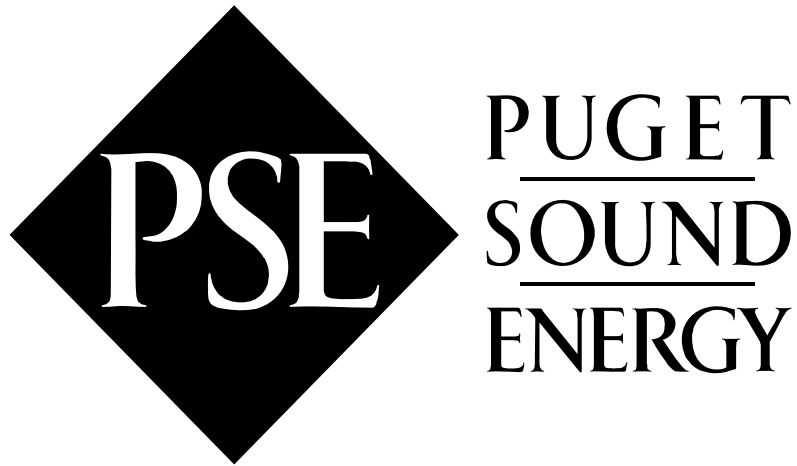
DOCKET UE-18____

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

APRIL 30, 2018



Power Cost Adjustment Mechanism Annual Report

PCA Period Sixteen

Twelve Months Ended December 31, 2017

**Puget Sound Energy
Power Cost Adjustment Mechanism
2017 Annual Report – PCA Period Sixteen
Twelve Months Ended December 31, 2017**

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Puget Sound Energy

Power Cost Adjustment Mechanism Annual
Report for PCA Period Sixteen
Twelve Months Ended December 31, 2017

PCA Exhibits in Support of Updated Power Cost Rate
From January 1 through December 31, 2017

Puget Sound Energy
Power Cost Adjustment Summary
Cumulative Amounts
As of December 31, 2017

Description		Power Costs					Allocation of Power Costs			
Time Period	PCA Period	Actual	Baseline	Difference	Wholesale Customers	Total Cost Over (Under) Baseline	Company	Customers	Customer Interest	Total Customer Share With Interest
12 mo end 6.30.03	1	\$ 844,964,750	\$ 843,126,410	\$ 1,838,340	\$ (10,042)	\$ 1,828,298	\$ 1,828,298	\$ -	\$ -	\$ -
12 mo end 6.30.04	2	902,349,264	872,785,985	29,563,279	(11,956)	29,551,324	24,775,662	4,775,662	59,851	4,835,512
12 mo end 6.30.05	3	959,374,104	949,412,459	9,961,645	(4,085)	9,957,561	9,957,560	-	318,471	318,471
12 mo end 6.30.06	4	1,062,847,820	1,075,227,683	(12,379,863)	4,375	(12,375,488)	(12,375,488)	-	633,013	633,013
6 mo end 12.31.06	5	596,418,335	597,089,567	(671,232)	198	(671,033)	(671,033)	-	97,549	97,549
12 mo end 12.31.07	6	1,222,865,320	1,253,089,187	(30,223,868)	11,197	(30,212,671)	(25,106,335)	(5,106,336)	(57,570)	(5,163,906)
12 mo end 12.31.08	7	1,328,115,191	1,329,880,671	(1,765,480)	556	(1,764,924)	(1,764,924)	-	(140,876)	(140,876)
12 mo end 12.31.09	8	1,404,869,953	1,374,588,966	30,280,987	(10,889)	30,270,097	25,135,049	5,135,049	(28,888)	5,106,160
12 mo end 12.31.10	9	1,373,029,096	1,336,852,576	36,176,520	(12,992)	36,163,528	28,081,764	8,081,764	228,424	8,310,188
12 mo end 12.31.11	10	1,351,667,527	1,386,507,507	(34,839,980)	12,163	(34,827,818)	(27,413,909)	235,834	(7,178,074)	(7,178,074)
12 mo end 12.31.12	11	1,291,380,391	1,317,033,978	(25,653,587)	9,023	(25,644,564)	(22,822,282)	(2,822,282)	(222,322)	(3,044,604)
12 mo end 12.31.13	12	1,274,102,997	1,312,154,859	(38,051,861)	12,979	(38,038,883)	(29,019,441)	(9,019,441)	(213,421)	(9,232,863)
12 mo end 12.31.14	13	1,287,974,218	1,248,312,259	39,661,960	(14,285)	39,647,675	29,823,837	9,823,837	(152,028)	9,671,810
12 mo end 12.31.15	14	1,236,017,952	1,227,782,113	8,235,839	(2,871)	8,232,968	8,232,968	-	112,266	112,266
12 mo end 12.31.16	15	1,220,596,543	1,218,537,443	2,059,100	(718)	2,058,382	2,058,382	-	118,736	118,736
Year to Date 12.31.17	16	724,504,794	712,806,441	11,698,354	(4,075)	11,694,279	11,694,279	-	132,898	132,898
Cumulative		\$ 18,081,076,254	\$ 18,055,188,102	\$ 25,890,153	\$ (21,421)	\$ 25,868,732	\$ 22,414,387	\$ 3,454,344	\$ 1,121,936	\$ 4,576,281

Note: As of January 1, 2017, the PCA includes variable costs only. Calculation of the PCA fixed costs deferral was done separately in 2017 before moving the fixed costs to the decoupling mechanism when the new GRC went into effect on December 19, 2017.

PUGET SOUND ENERGY
PCA MECHANISM ANNUAL REPORT - PCA 16
TWELVE MONTHS ENDED DECEMBER 31, 2017

Exhibit A-1 Power Cost Rate Updated: 1/1/2017 - 12/31/2017

Row	Description	Test Year	Test Yr \$/MWh	(I)	Variable Production Costs Test Year
10	Regulatory Asset Recovery (on Row 3)	N/A		F	\$ -
10a	Equity Adder Centralia Coal Transition PPA	\$ 4,959,913	\$ 0.233	V	4,959,913
10b	Energy Imbalance Market Fixed Cost Adjustment	295,620	0.014	V	295,620
11	Fixed Asset Recovery Other (on Row 4)	N/A		F	
12	Fixed Asset Recovery-Prod Factored (on Row 5)	N/A		F	
13	501-Steam Fuel	82,114,039	3.851	V	82,114,039
14	555-Purchased power	458,132,286	21.484	V	458,132,286
15	557-Other Power Exp	N/A		F	
15a	Payroll Overheads - Benefits (Inc. Worker's Comp)	N/A		F	
15b	Property Insurance	N/A		F	
15c	Montana Electric Energy Tax	1,551,240	0.073	V	1,551,240
15d	Payroll Taxes on Production Wages	N/A		F	
15e	Brokerage Fees 55700003	364,044	0.017	V	364,044
16	547-Fuel	122,087,211	5.725	V	122,087,211
17	565-Wheeling	117,598,894	5.515	V	117,598,894
18	Transmission Revenue 456.1	N/A		F	
19	Production O&M	N/A		F	
20	447-Sales to Others	(53,788,810)	(2.522)	V	(53,788,810)
21	456-Purch/Sales Non-Core Gas	(8,809,642)	(0.413)	V	(8,809,642)
22	Transmission Exp - 500KV	N/A		F	
23	Depreciation-Production (FERC 403)	N/A		F	
24	Depreciation-Transmission	N/A		F	
25	Amortization - Regulatory Assets (1)	N/A		F	
26	Hedging Line of Credit	N/A		F	
27	Subtotal & Baseline Rate	\$ 724,504,794	\$ 33.976	-	\$ 724,504,794
28	Revenue Sensitive Items				
29					
30	Test Year DELIVERED Load (MWH's)	21,323,889			
31	(incl. Firm WHls)				
32		<u>Before Rev.</u>			
33		<u>Sensitive Items</u>			
34	Power Cost in Rates with Revenue Sensitive				
35	Items (the adjusted baseline)	\$ 33.976			
36	Variable Power Cost Rate	\$ 33.976			

Schedule B: Monthly Power Costs -- PCA PERIOD 16
Revised PCA Exhibit B
Subject to PCA Sharing
UE-130617

Account	Row	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Period to Date
Total Variable Component Actual														
501	2	\$ 7,911,467	\$ 7,240,089	\$ 5,364,312	\$ 4,239,901	\$ 6,396,967	\$ 5,632,721	\$ 9,065,382	\$ 8,828,999	\$ 6,269,930	\$ 6,087,693	\$ 7,848,539	\$ 7,028,039	\$ 82,114,039
547	3	15,009,143	9,243,498	6,280,316	7,093,724	5,145,459	5,195,787	13,154,603	16,827,002	12,372,696	10,721,732	8,596,688	12,646,583	122,087,211
555	4	60,118,988	43,002,138	44,097,192	33,874,059	33,953,695	30,233,211	24,180,999	31,541,387	26,945,300	34,466,965	45,177,246	50,541,096	458,132,286
4600006, 46000081	5	(2,923,199)	(596,051)	108,615	(31,638)	(438,665)	(1,174,733)	235,496	(70,081)	76,673	(720,035)	(1,582,093)	(1,693,931)	(8,809,642)
55700003	6	40,291	22,274	51,254	23,467	27,074	31,595	25,264	27,410	38,110	34,775	34,775	17,881	364,044
447	7	(3,117,224)	(3,726,695)	(1,864,428)	(2,127,584)	(1,783,473)	(2,067,740)	(7,834,535)	(9,886,550)	(5,895,402)	(4,809,492)	(5,611,699)	(4,983,986)	(53,788,810)
565	8	9,838,891	9,797,947	9,595,421	9,593,603	9,523,702	9,574,595	9,675,278	9,930,034	10,518,856	9,801,242	9,870,283	9,879,039	117,598,894
40810005	10	129,270	129,270	129,270	129,270	129,270	129,270	129,270	129,270	129,270	129,270	129,270	129,270	1,551,240
	11	\$ 87,007,627	\$ 65,112,470	\$ 63,761,952	\$ 52,794,802	\$ 52,954,029	\$ 47,847,741	\$ 48,631,757	\$ 56,927,481	\$ 50,455,433	\$ 55,708,970	\$ 64,463,011	\$ 73,583,991	\$ 719,249,262
	12													
	13													
	14	421,253	390,486	420,687	407,664	421,253	407,664	421,253	421,253	407,664	412,253	408,230	430,253	4,999,913
	15	\$ 87,428,880	\$ 65,492,956	\$ 64,182,639	\$ 53,202,466	\$ 53,375,282	\$ 48,255,405	\$ 49,053,010	\$ 57,348,734	\$ 50,863,097	\$ 56,121,223	\$ 64,871,239	\$ 74,309,863	\$ 724,504,794
	16													
	17													
	18													
	19	2,311,111,402	1,939,919,961	1,940,551,765	1,647,518,890	1,543,718,724	1,476,133,475	1,555,636,675	1,648,038,900	1,485,662,265	1,686,782,928	1,867,373,203	1,250,770,431	20,353,218,619
	20													970,670,870
	21													
	22	\$ 77,313,610	\$ 64,896,142	\$ 64,817,278	\$ 55,114,449	\$ 51,642,022	\$ 49,381,093	\$ 52,040,714	\$ 55,131,845	\$ 49,699,860	\$ 56,427,949	\$ 62,469,236	\$ 41,842,023	\$ 680,876,222
	23													31,930,218
	24	\$ 77,313,610	\$ 64,896,142	\$ 64,817,278	\$ 55,114,449	\$ 51,642,022	\$ 49,381,093	\$ 52,040,714	\$ 55,131,845	\$ 49,699,860	\$ 56,427,949	\$ 62,469,236	\$ 73,772,241	\$ 712,806,441
	25													
	26	\$ 10,115,270	\$ 596,814	\$ 596,814	\$ 596,814	\$ 1,733,260	\$ 1,125,688	\$ 2,216,889	\$ 2,216,889	\$ 1,163,237	\$ 306,726	\$ 2,402,003	\$ 537,622	\$ 11,698,354
	27	\$ 10,115,270	\$ 596,814	\$ 596,814	\$ 596,814	\$ 1,733,260	\$ 1,125,688	\$ 2,216,889	\$ 2,216,889	\$ 1,163,237	\$ 306,726	\$ 2,402,003	\$ 537,622	\$ 11,698,354
	28													
	29													
	30	\$ 10,111,744	\$ 596,605	\$ 596,605	\$ 596,605	\$ 1,732,655	\$ 1,125,296	\$ 2,216,116	\$ 2,216,116	\$ 1,162,832	\$ 306,619	\$ 2,401,166	\$ 537,438	\$ 11,694,279
	31	\$ 10,111,744	\$ 596,605	\$ 596,605	\$ 596,605	\$ 1,732,655	\$ 1,125,296	\$ 2,216,116	\$ 2,216,116	\$ 1,162,832	\$ 306,619	\$ 2,401,166	\$ 537,438	\$ 11,694,279
	32	\$ 10,111,744	\$ 596,605	\$ 596,605	\$ 596,605	\$ 1,732,655	\$ 1,125,296	\$ 2,216,116	\$ 2,216,116	\$ 1,162,832	\$ 306,619	\$ 2,401,166	\$ 537,438	\$ 11,694,279
	33	\$ 10,111,744	\$ 596,605	\$ 596,605	\$ 596,605	\$ 1,732,655	\$ 1,125,296	\$ 2,216,116	\$ 2,216,116	\$ 1,162,832	\$ 306,619	\$ 2,401,166	\$ 537,438	\$ 11,694,279
	34	\$ 10,111,744	\$ 596,605	\$ 596,605	\$ 596,605	\$ 1,732,655	\$ 1,125,296	\$ 2,216,116	\$ 2,216,116	\$ 1,162,832	\$ 306,619	\$ 2,401,166	\$ 537,438	\$ 11,694,279
	35	\$ 10,111,744	\$ 596,605	\$ 596,605	\$ 596,605	\$ 1,732,655	\$ 1,125,296	\$ 2,216,116	\$ 2,216,116	\$ 1,162,832	\$ 306,619	\$ 2,401,166	\$ 537,438	\$ 11,694,279
	36	\$ 10,111,744	\$ 596,605	\$ 596,605	\$ 596,605	\$ 1,732,655	\$ 1,125,296	\$ 2,216,116	\$ 2,216,116	\$ 1,162,832	\$ 306,619	\$ 2,401,166	\$ 537,438	\$ 11,694,279
	37	\$ 10,111,744	\$ 596,605	\$ 596,605	\$ 596,605	\$ 1,732,655	\$ 1,125,296	\$ 2,216,116	\$ 2,216,116	\$ 1,162,832	\$ 306,619	\$ 2,401,166	\$ 537,438	\$ 11,694,279
	38													
	39													
	40													

1: This schedule was derived from the PCA collaborative Exhibit B which was approved in Exhibit B to Attachment A to the Settlement Stipulation approved in Order 11 of Docket UE-130617 which is also included as Exhibit A in this petition. The row numbers presented correspond to that approved exhibit.

Puget Sound Energy

Power Cost Adjustment Mechanism Annual
Report for PCA Period Sixteen
Twelve Months Ended December 31, 2017

PCA Exhibit A-1
From January 1 through December 18, 2017
Approved in 2014 PCORC
in Docket No. UE-161135

Exhibit A-1 Power Cost Baseline Rate
December 2016 Power Cost Update - Prices at 8.26.16

Use Full Baseline Rate (but Fixed Costs from Original 2014 PCORC BLR) for December 2016
Use Variable Baseline Rate from January 2017 forward

Row	Description	December 1, 2016	Test Yr (III)	Monthly Amount	Test Yr (IV)	Monthly Amount	Test Yr (V)	Monthly Amount	Test Yr (VI)	Test Yr (VII)	FV	Rate Year (VIII)	Monthly (IX)
3	Regulatory Assets (1) (Variable)	\$ 27,325,814	\$ 1,2953	\$ 2,277,151	\$ 27,325,814	\$ 2,277,151	\$ 4,911,255	409,271	\$ 27,325,814	\$ 1,2953	V	\$ 9,388,195	
4	Transmission Rate Base (Fixed)	4,911,255	\$ 0.2328	782,350	9,388,195	782,350	9,388,195	409,271	9,388,195	0.1103	V	\$ 9,388,195	
5	Production Rate Base (Fixed)	218,942,357	\$ 10.3787	18,245,196	218,942,357	18,245,196	95,629,066	7,969,089	218,942,357	10.3787	F	\$ 221,111,461	\$ 19,208,304.67
6	Net of tax rate of return	406,582,559	\$ 19.2736	523,911	406,582,559	523,911	406,582,559	33,881,880	389,511,955	18.4644	V	\$ 6,349,213	
7		6,286,927	\$ 0.2980	616,837	6,286,927	616,837	6,286,927	523,911	7,402,047	0.3509	F	\$ 7,475,380	
8		2,692,723	\$ 0.1276	224,394	2,692,723	224,394	2,692,723	144,410	7,402,047	0.1276	F	\$ 2,719,400	
9		1,955,229	\$ 0.0927	162,936	1,955,229	162,936	1,955,229	144,410	1,732,920	0.0821	F	\$ 1,750,088	
9A		236,520	\$ 0.0112	19,710	236,520	19,710	236,520	19,710	236,520	0.0112	F	\$ 1,974,600	
10	Regulatory Asset Recovery (on Row 3)	9,388,195	\$ 0.4450	782,350	9,388,195	782,350	9,388,195	409,271	9,388,195	0.4450	F	\$ 9,388,195	
10a	Equity Adder Centralia Coal Transition PPA	218,942,357	\$ 10.3787	18,245,196	218,942,357	18,245,196	95,629,066	7,969,089	218,942,357	10.3787	F	\$ 221,111,461	\$ 19,208,304.67
11	Fixed Asset Recovery Other (on Row 4)	406,582,559	\$ 19.2736	523,911	406,582,559	523,911	406,582,559	33,881,880	389,511,955	18.4644	V	\$ 6,349,213	
12	Fixed Asset Recovery-Prod Factored (on Row 5)	6,286,927	\$ 0.2980	616,837	6,286,927	616,837	6,286,927	523,911	7,402,047	0.3509	F	\$ 7,475,380	
13	501-Steam Fuel Incl PC Reg Amort	2,692,723	\$ 0.1276	224,394	2,692,723	224,394	2,692,723	144,410	7,402,047	0.1276	F	\$ 2,719,400	
14	557-Other Power Exp excluding brokerage fees - now in Line 15e	1,955,229	\$ 0.0927	162,936	1,955,229	162,936	1,955,229	144,410	1,732,920	0.0821	F	\$ 1,750,088	
15	Payroll Overheads - Benefits (Inc. Worker's Comp)	236,520	\$ 0.0112	19,710	236,520	19,710	236,520	19,710	236,520	0.0112	F	\$ 1,974,600	
15a	Property Insurance	180,436,346	\$ 8.5534	15,036,362	180,436,346	15,036,362	180,436,346	15,036,362	180,436,346	8.5534	V	\$ 236,520	
15b	Montana Electric Energy Tax	109,376,123	\$ 5.1848	9,114,677	109,376,123	9,114,677	109,376,123	9,114,677	109,376,123	5.1848	V	\$ 236,520	
15c	Payroll Taxes on Production Wages	117,619,474	\$ 5.5756	9,801,623	117,619,474	9,801,623	117,619,474	9,801,623	117,619,474	5.5756	V	\$ 236,520	
15d	Brokerage Fees 55700003 Used to be in Line 15	(75,690,740)	\$ (3.5880)	(6,307,562)	(75,690,740)	(6,307,562)	(75,690,740)	(6,307,562)	(75,690,740)	(3.5880)	V	\$ 236,520	
16	547-Fuel Incl PC Reg Amort	(17,511,597)	\$ (0.8301)	(1,459,300)	(17,511,597)	(1,459,300)	(17,511,597)	(1,459,300)	(17,511,597)	(0.8301)	V	\$ 236,520	
17	565-Wheeling Incl PC Reg Amort	926,060	\$ 0.0439	77,172	926,060	77,172	926,060	77,172	926,060	0.0439	F	\$ 935,234	
18	Transmission Revenue 456.1	11,561,172	\$ 5.2884	9,296,764	11,561,172	9,296,764	11,561,172	9,296,764	11,561,172	5.2884	F	\$ 112,666,430	
19	Production O&M	4,204,776	\$ 0.1983	350,398	4,204,776	350,398	4,204,776	350,398	4,204,776	0.1983	F	\$ 4,204,776	\$ 21,313,784
20	N/A (this line formerly Colstrip Major Maintenance)	18,713,824	\$ 0.8871	1,559,485	18,713,824	1,559,485	18,713,824	1,559,485	31,968,945	1.5155	V	\$ 4,204,776	
21	456-Purch/Sales Non-Core Gas	526,847	\$ 0.0250	43,904	526,847	43,904	526,847	43,904	526,847	0.0250	V	\$ 4,204,776	
22	Transmission Exp - 500KV	1,226,561,962	\$ 58.144	102,600,000	1,226,561,962	102,600,000	1,226,561,962	102,600,000	1,226,561,962	58.144	V	\$ 486,265,059	\$ 40,522,088
23	Depreciation-Production (FERC 403)	0.9543790	\$ 0.9543790	0.9543790	0.9543790	0.9543790	0.9543790	0.9543790	0.9543790	0.9543790	V	\$ 486,265,059	\$ 40,522,088
24	Depreciation-Transmission	1,285,193,788	\$ 60.923	106,300,000	1,285,193,788	106,300,000	1,285,193,788	106,300,000	1,285,193,788	60.923	V	\$ 486,265,059	\$ 40,522,088
25	Amortization - Regulatory Assets & Liab - Non PC Only (1)	21,095,348	\$ 0.9543790	1,732,216,614	21,095,348	1,732,216,614	21,095,348	1,732,216,614	21,095,348	0.9543790	V	\$ 486,265,059	\$ 40,522,088
26	N/A - Hedging Line of Credit will be in COC in next GRC; incl here to tie to BLR												
27	Subtotal & Baseline Rate												
28	Revenue Sensitive Items												
29	Grossed up for RSI												
30	Test Year DELIVERED Load (MWHs)												
31	Baseline Rate Summarized												
32	BLR Before RSI												
33	BLR Net of RSI												
34													
35													
36	(1) - Amortization is picked up in Regulatory Assets and Liabilities Adjustment.												

PF	Rate Year	(Pre-PF)	FERC	PF
0.99019	3,492,024	3,492,024	0.99019	3,492,024
0.99019	(388,322)	(388,322)	0.99019	(388,322)
0.99019	(532,352)	(532,352)	0.99019	(532,352)
0.99019	7,018,532	7,018,532	0.99019	7,018,532
0.99019	3,170,145	3,170,145	0.99019	3,170,145
0.00%	13,251,121	13,251,121	0.00%	13,251,121
0.99019	1,480,039	1,480,039	0.99019	1,480,039
0.99019	238,901	238,901	0.99019	238,901
0.99019	680,676	680,676	0.99019	680,676
0.99019	2,895,052	2,895,052	0.99019	2,895,052
0.99019	4,498,640	4,498,640	0.99019	4,498,640
0.99019	4,476,077	4,476,077	0.99019	4,476,077
0.99019	2,615,185	2,615,185	0.99019	2,615,185
0.99019	666,746	666,746	0.99019	666,746
0.99019	(2,138,248)	(2,138,248)	0.99019	(2,138,248)
0.99019	3,391,484	3,391,484	0.99019	3,391,484
0.99019	18,899,228	18,899,228	0.99019	18,899,228
0.00%	18,713,824	18,713,824	0.00%	18,713,824

PF	Rate Year	(Pre-PF)	FERC	PF
0.99019	3,492,024	3,492,024	0.99019	3,492,024
0.99019	(388,322)	(388,322)	0.99019	(388,322)
0.99019	(532,352)	(532,352)	0.99019	(532,352)
0.99019	7,018,532	7,018,532	0.99019	7,018,532
0.99019	3,170,145	3,170,145	0.99019	3,170,145
0.00%	13,251,121	13,251,121	0.00%	13,251,121
0.99019	1,480,039	1,480,039	0.99019	1,480,039
0.99019	238,901	238,901	0.99019	238,901
0.99019	680,676	680,676	0.99019	680,676
0.99019	2,895,052	2,895,052	0.99019	2,895,052
0.99019	4,498,640	4,498,640	0.99019	4,498,640
0.99019	4,476,077	4,476,077	0.99019	4,476,077
0.99019	2,615,185	2,615,185	0.99019	2,615,185
0.99019	666,746	666,746	0.99019	666,746
0.99019	(2,138,248)	(2,138,248)	0.99019	(2,138,248)
0.99019	3,391,484	3,391,484	0.99019	3,391,484
0.99019	18,899,228	18,899,228	0.99019	18,899,228
0.00%	18,713,824	18,713,824	0.00%	18,713,824

PF	Rate Year	(Pre-PF)	FERC	PF
0.99019	3,492,024	3,492,024	0.99019	3,492,024
0.99019	(388,322)	(388,322)	0.99019	(388,322)
0.99019	(532,352)	(532,352)	0.99019	(532,352)
0.99019	7,018,532	7,018,532	0.99019	7,018,532
0.99019	3,170,145	3,170,145	0.99019	3,170,145
0.00%	13,251,121	13,251,121	0.00%	13,251,121
0.99019	1,480,039	1,480,039	0.99019	1,480,039
0.99019	238,901	238,901	0.99019	238,901
0.99019	680,676	680,676	0.99019	680,676
0.99019	2,895,052	2,895,052	0.99019	2,895,052
0.99019	4,498,640	4,498,640	0.99019	4,498,640
0.99019	4,476,077	4,476,077	0.99019	4,476,077
0.99019	2,615,185	2,615,185	0.99019	2,615,185
0.99019	666,746	666,746	0.99019	666,746
0.99019	(2,138,248)	(2,138,248)	0.99019	(2,138,248)
0.99019	3,391,484	3,391,484	0.99019	3,391,484
0.99019	18,899,228	18,899,228	0.99019	18,899,228
0.00%	18,713,824	18,713,824	0.00%	18,713,824

Continue to be tracked in PCA mechanism
Variable Production Costs
Test Year Amount
Monthly Amount
Test Yr \$/MWh
Rate Year
Production Factor
14PCORC
Monthly (IX)

Puget Sound Energy

**Power Cost Adjustment Mechanism Annual
Report for PCA Period Sixteen
Twelve Months Ended December 31, 2017**

**PCA Exhibit A-1
From December 19 through December 31, 2017
Approved in 2017 GRC
in Docket No. UE-170033**

Exhibit H to the Multiparty Settlement Stipulation and Agreement
Dockets UE-170033 and UG-170034
Exhibit A-1 Power Cost Baseline Rates With and Without Microsoft

Row	Test Year		Test Yr		Fixed		Variable		NO MS Variable PF=>		NO MS Variable PF=>		
	\$		\$/MWh	F/V	In Decoupling	Prod Cost	In PCA	Prod Cost	In PCA	\$		\$	
3	Regulatory Assets (I) (Fixed)	199,079,031										0.0381724	
4	Transmission Rate Base (Fixed)	85,738,601										0.9618276	
5	Production Rate Base (Fixed)	1,961,447,672											
6		2,246,265,304											
7	Net of tax rate of return		6.55%										
8													
9													
9A	Regulatory Asset Recovery (on Row 3)	20,061,041	0.968	F	20,061,041	\$	-						
10a	Equity Adder Centralia Coal Transition PPA	4,769,481	0.230	V			4,769,481						
11	Fixed Asset Recovery Other (on Row 4)	8,639,813	0.417	F	8,639,813								
12	Fixed Asset Recovery-Prod Factored (on Row 5)	197,653,573	9.538	F	197,653,573								
13	501-Steam Fuel Incl PC Reg Amort	69,962,949	3.376	V			69,962,949						
14	555-Purchased power Incl PC Reg Amort	378,349,380	18.257	V			378,349,380						
15	557-Other Power Exp	7,238,267	0.349	F	7,238,267								
15a	Payroll Overheads - Benefits (Inc. Worker's Comp)	8,206,061	0.396	F	8,206,061								
15b	Property Insurance	2,763,777	0.133	F	2,763,777								
15c	Montana Electric Energy Tax	1,262,663	0.061	V			1,262,663						
15d	Payroll Taxes on Production Wages	2,119,540	0.102	F	2,119,540								
15e	Brokerage Fees 55700003	313,332	0.015	V			313,332						
16	547-Fuel Incl PC Reg Amort	171,115,374	8.257	V			171,115,374						
17	565-Wheeling Incl PC Reg Amort	108,374,278	5.230	V			108,374,278						
18	Transmission Revenue 456.1	(11,639,833)	(0.562)	F	(11,639,833)								
19	Production O&M	138,209,149	6.669	F	138,209,149								
20	447-Sales to Others	(36,228,867)	(1.748)	V			(36,228,867)						
21	456-Purch Sales Non-Core Gas	(16,223,873)	(0.783)	V			(16,223,873)						
22	Transmission Exp - 500KV	662,135	0.032	F	662,135								
23	Depreciation-Production (FERC 403)	161,583,689	7.797	F	161,583,689								
24	Depreciation-Transmission	3,490,805	0.168	F	3,490,805								
25	Amortization - Regulatory Assets & Liab - Non PC Only (1)	19,415,532	0.937	F	19,415,532								
26	N/A (formerly hedging line of credit)												
27	Subtotal & Baseline Rate	1,240,098,267	59.841	\$	588,403,549	\$	681,694,718						
28	Revenue Sensitive Items	0,952,3860	0.9523860		0,9523860		0,9523860						
29	Grossed up for RSI	1,302,096,279	62.833	\$	586,320,619	\$	715,775,660						
30	Test Year DELIVERED Load (MWh's)	20,723,206	<-- includes Firm Wholesale	Total									
31	Baseline Rate Summarized												
32	BLR Net of RSI												
33	BLR Grossed Up for RSI												
34													
35													
36	(1) - Amortization is picked up in Regulatory Assets and Liabilities Adjustment and White River Adjustment.												

(1) - Amortization is picked up in Regulatory Assets and Liabilities Adjustment and White River Adjustment.