

**EXHIBIT NO. \_\_\_(JHS-3)**  
**DOCKET NO. UE-11\_\_\_**  
**PCA 9 COMPLIANCE**  
**WITNESS: JOHN H. STORY**

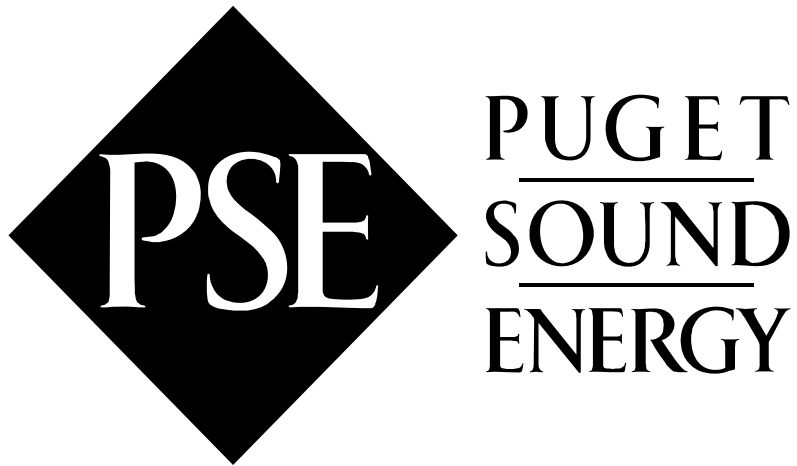
**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of  
PUGET SOUND ENERGY, INC.  
For Approval of its March 2011 Power Cost  
Adjustment Mechanism Report**

**Docket No. UE-11\_\_\_**

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

**MARCH 31, 2011**



# **Power Cost Adjustment Mechanism Annual Report**

**PCA Period Nine**

**Twelve Months Ended December 31, 2010**

Puget Sound Energy  
Power Cost Adjustment Mechanism  
2010 Annual Report – PCA Period Nine  
Twelve Months Ended December 31, 2010

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## **Puget Sound Energy, Inc.**

Power Cost Adjustment Mechanism Annual  
Report for PCA Period Nine  
Twelve Months Ended December 31, 2010

Exhibits in Support of Updated Power Cost Rate

PUGET SOUND ENERGY  
PCA MECHANISM ANNUAL REPORT - PCA 9  
TWELVE MONTHS ENDED DECEMBER 31, 2010

**POWER COST ADJUSTMENT SUMMARY**

	REVISED*	REVISED*	REVISED*	REVISED*	REVISED*	REVISED*	REVISED*	REVISED*	REVISED*	12 mo end 12.31.10	Cumulative
	12 mo end 6.30.03	12 mo end 6.30.04	12 mo end 6.30.05	12 mo end 6.30.06	6 mo end 12.31.06	12 mo end 12.31.07	12 mo end 12.31.08	12 mo end 12.31.09	12 mo end 12.31.10	PCA Period Nine	PCA Periods
	PCA Period One	PCA Period Two	PCA Period Three	PCA Period Four	PCA Period Five	PCA Period Six	PCA Period Seven	PCA Period Eight	PCA Period Nine		
<b>Power Costs</b>											
Actual	\$ 844,964,750	\$ 902,349,264	\$ 959,374,104	\$ 1,062,847,820	\$ 596,418,335	\$ 1,222,865,320	\$ 1,328,235,789	\$ 1,405,906,835	\$ 1,375,178,785	\$ 1,375,178,785	\$ 9,698,141,001
Baseline	\$ 843,126,410	\$ 872,785,985	\$ 949,412,459	\$ 1,075,227,683	\$ 597,089,567	\$ 1,253,089,187	\$ 1,329,880,671	\$ 1,374,588,966	\$ 1,336,852,576	\$ 1,336,852,576	\$ 9,632,053,504
Difference	\$ 1,838,340	\$ 29,563,279	\$ 9,961,645	\$ (12,379,863)	\$ (671,232)	\$ (30,223,868)	\$ (1,644,882)	\$ 31,317,869	\$ 38,326,209	\$ 38,326,209	\$ 66,087,498
Wholesale Customers	\$ (10,042)	\$ (11,956)	\$ (4,085)	\$ 4,375	\$ 198	\$ 11,197	\$ 513	\$ (11,262)	\$ (13,748)	\$ (13,748)	\$ (34,808)
Total Cost Over Baseline	\$ 1,828,298	\$ 29,551,324	\$ 9,957,561	\$ (12,375,488)	\$ (671,033)	\$ (30,212,670)	\$ (1,644,369)	\$ 31,306,607	\$ 38,312,461	\$ 38,312,461	\$ 66,052,689
<b>Allocation of Power Costs</b>											
Company	\$ 1,828,298	\$ 24,775,662	\$ 9,957,561	\$ (12,375,488)	\$ (671,033)	\$ (25,106,335)	\$ (1,644,369)	\$ 25,653,303	\$ 29,156,231	\$ 29,156,231	\$ 51,573,829
Customers	\$ -	\$ 4,775,662	\$ -	\$ -	\$ -	\$ (5,106,336)	\$ 0	\$ 5,653,303	\$ 9,156,231	\$ 9,156,231	\$ 14,478,860
Total Cost Allocated	\$ 1,828,298	\$ 29,551,324	\$ 9,957,561	\$ (12,375,488)	\$ (671,033)	\$ (30,212,670)	\$ (1,644,369)	\$ 31,306,607	\$ 38,312,461	\$ 38,312,461	\$ 66,052,689
<b>Customer Share Including Interest</b>											
Customer Share	\$ -	\$ 4,775,662	\$ -	\$ -	\$ -	\$ (5,106,336)	\$ 0	\$ 5,653,303	\$ 9,156,231	\$ 9,156,231	\$ 14,478,860
Interest	\$ -	\$ 59,851	\$ 318,471	\$ 633,013	\$ 97,549	\$ (57,570)	\$ (140,263)	\$ (27,576)	\$ 255,509	\$ 255,509	\$ 1,138,982
Total Customer Share Including Interest	\$ -	\$ 4,835,512	\$ 318,471	\$ 633,013	\$ 97,549	\$ (5,163,906)	\$ (140,263)	\$ 5,625,727	\$ 9,411,739	\$ 9,411,739	\$ 15,617,842

\*Revised for BPA Loss Return Settlement Agreement from PCA 1 - PCA 8 and Colstrip reclamation dispute settlement PCA 6.

**PUGET SOUND ENERGY**  
**PCA MECHANISM ANNUAL REPORT - PCA 9**  
**TWELVE MONTHS ENDED DECEMBER 31, 2010**

**Exhibit A-1 Power Cost Rate Updated : 1/1/2010 - 12/31/2010**

Row		Test Year		
3	Regulatory Assets (Variable) (Note 1)	\$	128,404,539	
4	Transmission Rate Base (Fixed)		103,728,026	
5	Production Rate Base (Fixed)		1,347,350,203	
6		\$	1,579,482,767	
7	Net of tax rate of return			6.90% & 7.00%
8	Blended net of tax rate of return (6.90% for 268 days and 7.00% for 97 days)			6.93%
9				
10				
11				
12	Regulatory Asset Recovery (on Row 3)	\$	12,583,534	\$ 0.602 (c)
13	Fixed Asset Recovery Other (on Row 4)		11,053,538	\$ 0.529 (a)
14	Fixed Asset Recovery-Prod Factored (on Row 5)		143,577,265	\$ 6.867 (a)
14a	501-Steam Fuel		68,875,636	\$ 3.294 (c)
15	555-Purchased power		656,876,148	\$ 31.417 (c)
15a	Commission Disallowances for March Point 2 & Tenaska		(2,646,159)	\$ (0.127) (c)
15b	557-Other Power Exp		16,397,839	\$ 0.784 (a)
18	547-Fuel		201,877,887	\$ 9.655 (c)
19	565-Wheeling		76,239,322	\$ 3.646 (c)
20	Variable Transmission Income		(4,694,444)	\$ (0.225) (c)
21	Hydro and Other Pwr.		103,693,568	\$ 4.959 (a)
22	447-Sales to Others		(80,705,811)	\$ (3.860) (c)
23	456-Subaccounts 00012 & 00018 and 00035 & 00036		36,748,461	\$ 1.758 (c)
24	Transmission Exp - 500KV		1,410,618	\$ 0.067 (a)
25	New Resource Pricing Adjustment		(40,515)	\$ (0.002) (c)
26	Depreciation & Amort -Production (FERC 403)		60,046,786	\$ 2.872 (a)
27	Depreciation-Transmission		4,056,095	\$ 0.194 (a)
28	Amortization-Production Reg Assets		52,217,752	\$ 2.497 (c)
29	Property Taxes-Production		14,036,467	\$ 0.671 (a)
30	Property Taxes-Transmission		3,269,370	\$ 0.156 (a)
31	Hedging Line of Credit		305,434	\$ 0.015 (c)
32	Subtotal & Baseline Rate	\$	1,375,178,791	\$ 65.769 (b)
33	Revenue Sensitive Items		0.9557880	
34		\$	1,438,790,601	
35	Test Year DELIVERED Load (MWH's)		20,908,384	<-- includes Firm Wholesale
36				
37				
38				
39				
40				
41	Power Cost in Rates with Revenue Sensitive			
42	Items (the adjusted baseline)	\$	65.769	\$ 68.811
43	sum of (a) = Fixed Rate Component	\$	17.099	\$ 17.890
44	(b) = Power Cost Rate	\$	65.769	\$ 68.811
45	sum of (c) = Variable Power Rate Component	\$	48.670	\$ 50.921
46				
47	(Note 1) Regulatory Assets and Liabilities are detailed on Exhibit D (JHS-3)			

**Schedule B: Monthly Power Costs -- PCA PERIOD 9**  
**Derived from Original PCA Exhibit B**  
**Subject to PCA Sharing**  
**UE-011570**

Row		Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Period to Date
6	<b>Adjustments:</b>													
7	Return on Fixed RB	\$ 964,051	\$ 964,051	\$ 964,051	\$ 919,006	\$ 905,297	\$ 905,297	\$ 905,297	\$ 905,297	\$ 905,297	\$ 905,297	\$ 905,297	\$ 905,297	\$ 11,053,538
8	Other Fixed Costs	9,966,614	9,966,614	9,966,614	12,063,540	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	143,577,265
9	Subtotal Fixed Costs	\$ 10,930,666	\$ 10,930,666	\$ 10,930,666	\$ 12,982,547	\$ 13,607,032	\$ 13,607,032	\$ 13,607,032	\$ 13,607,032	\$ 13,607,032	\$ 13,607,032	\$ 13,607,032	\$ 13,607,032	\$ 154,630,803
10														
11	Other Fixed Costs-557 Other Power Expense	\$ 1,164,400	\$ 1,164,400	\$ 1,164,400	\$ 1,376,476	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 16,397,839
12	Other Fixed Costs- Hydro and Other Power	8,291,972	8,291,972	8,291,972	8,658,390	8,769,908	8,769,908	8,769,908	8,769,908	8,769,908	8,769,908	8,769,908	8,769,908	103,693,568
13	Other Fixed Costs-Transmission 500KV	97,974	97,974	97,974	118,519	124,772	124,772	124,772	124,772	124,772	124,772	124,772	124,772	1,410,618
14	Other Fixed Costs-Depreciation Production FERC 403	4,944,562	4,944,562	4,944,562	5,006,832	5,025,783	5,025,783	5,025,783	5,025,783	5,025,783	5,025,783	5,025,783	5,025,783	60,046,786
15	Other Fixed Costs- Depreciation Transmission	337,825	337,825	337,825	337,825	338,017	338,017	338,017	338,017	338,017	338,017	338,017	338,017	4,056,095
16	Other Fixed Costs- Property Taxes Production	1,264,850	1,264,850	1,264,850	1,165,003	1,134,614	1,134,614	1,134,614	1,134,614	1,134,614	1,134,614	1,134,614	1,134,614	14,036,467
17	Other Fixed Costs- Property Taxes Transmission	294,596	294,596	294,596	271,353	264,279	264,279	264,279	264,279	264,279	264,279	264,279	264,279	3,269,370
18	Other Fixed Costs	\$ 16,396,179	\$ 16,396,179	\$ 16,396,179	\$ 16,934,588	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 202,910,743
19														
20	Subtotal Fixed Costs	\$ 27,326,844	\$ 27,326,844	\$ 27,326,844	\$ 29,917,135	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 357,541,546
21														
22	Total Variable Component Actual													
23	FERC Acct.													
24	Steam Oper. Fuel	\$ 6,842,158	\$ 4,543,006	\$ 6,604,372	\$ 5,193,994	\$ 5,782,664	\$ 3,893,747	\$ 6,743,645	\$ 6,296,723	\$ 6,453,247	\$ 5,089,588	\$ 5,620,173	\$ 5,812,319	\$ 68,875,636
25	Other Pwr Gen Fuel	8,700,330	14,696,874	16,821,920	17,971,989	5,649,208	3,270,390	18,904,837	29,883,019	28,430,494	21,548,477	18,376,651	16,762,947	201,017,136
24	Other Elec Revenues	45600012,18,80,81,130	3,287,961	1,928,500	2,703,109	1,493,855	1,247,632	1,444,494	4,047,698	3,236,681	4,113,502	3,646,869	4,829,289	36,748,461
26	Purchase Power	555	87,684,681	76,444,652	76,695,087	49,456,267	44,229,652	53,952,374	32,562,636	32,772,333	37,988,016	50,978,772	66,570,174	696,726,185
27	Sales to Other Util	447	(5,895,128)	(4,057,814)	(7,255,304)	(8,010,663)	(4,380,795)	(2,078,052)	(8,162,533)	(13,799,151)	(10,000,961)	(6,448,145)	(5,620,500)	(8,705,811)
28	Wheeling	565	6,215,108	6,184,318	5,963,881	6,590,581	6,571,195	6,722,010	6,650,546	6,656,069	6,818,391	6,671,011	6,836,216	78,564,670
29	Transmission Revenue	45610005	(164,851)	(127,776)	(156,122)	(506,912)	(1,056,313)	(616,733)	(371,977)	(316,849)	(304,579)	(533,048)	(205,717)	(4,694,444)
30	White River Amortization	40700015	124,558	124,558	124,558	124,558	124,558	124,558	124,558	124,558	124,558	124,558	124,558	1,494,696
31	Goldendale Amortization	40730041	346,846	346,846	346,846	346,846	346,846	346,846	346,846	346,846	346,846	346,846	346,846	4,162,152
20	Mint Farm Amortization	40730051	-	-	-	235,685	240,421	240,421	240,421	240,421	240,421	240,421	240,421	2,159,053
21	Wild Horse Expn Amortization	40730061	-	-	223,161	234,856	234,856	234,856	234,856	234,856	234,856	234,856	234,856	2,102,009
22	Freddy 1-Prepaid Major Maint-Amort-51218007, 51318019, 55360053, !	-	-	-	-	20,818	11,784	11,784	11,784	11,784	11,784	11,784	11,784	103,306
23	Goldendale-Prepaid Major Maint-Arr	553002864	-	-	-	52,202	29,548	29,548	29,548	29,548	29,548	29,548	29,548	259,308
24	Sumas- Prepaid Major Maint - Amor	553002862	-	-	-	20,315	17,048	17,048	17,048	17,048	17,048	-	-	105,555
25	Mnt Farm- Prepaid Major Maint - Arr	553002866	-	-	-	-	-	-	-	260,725	65,181	65,181	65,182	456,269
26	Sumas- Hot Gas Path Inspection	553008200	-	-	-	-	-	-	-	-	-	30,517	30,517	61,034
39	Subtotal Variable Components	\$ 107,141,663	\$ 100,083,164	\$ 101,848,347	\$ 73,119,361	\$ 59,083,259	\$ 67,593,291	\$ 62,141,086	\$ 66,544,903	\$ 73,887,075	\$ 82,490,399	\$ 96,307,577	\$ 117,194,820	\$ 1,007,434,945
40														
41	Regulatory Assets (Return on RB portion only)	1,146,364	578,829	925,700	1,442,702	1,088,482	1,001,416	1,073,971	854,095	1,139,364	1,139,364	1,139,364	1,053,883	12,583,534
42	Fixed & Interest Cost on Hedging Facility 42806051, 43100071, 41900031	28,795	26,237	25,337	24,595	25,337	24,595	25,337	25,337	24,595	25,337	24,595	25,337	305,434
43	<b>SUBTOTAL before Adjustments</b>	\$ 135,643,666	\$ 128,015,074	\$ 130,126,228	\$ 104,503,793	\$ 90,902,563	\$ 99,324,787	\$ 93,945,879	\$ 98,129,820	\$ 105,756,519	\$ 114,360,585	\$ 128,177,020	\$ 148,979,525	\$ 1,377,865,459
44														
45	<b>Adjustments:</b>													
46	Prudence from UE-921262	\$ (264,119)	\$ (240,998)	\$ (250,444)	\$ (223,641)	\$ (67,428)	\$ (187,839)	\$ (217,225)	\$ (220,021)	\$ (258,012)	\$ (233,035)	\$ (237,470)	\$ (245,927)	\$ (2,646,159)
47	Contract price adjustment - discontinued Jan 13, 2007	-	-	-	-	-	-	-	-	-	-	-	-	-
48	Colstrip availability adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
49	New resource pricing adjustment - Sumas (Aug - Oct'08)	-	-	-	-	-	-	-	-	-	-	-	-	-
50	New resource pricing adj-Credit Suisse PPA	(15,215)	(13,742)	(15,194)	-	(3,436)	-	-	-	-	-	-	-	(47,587)
51	New resource pricing adj-Farm Pwr Rexville	(5,905)	(5,487)	(7,238)	44,498	-	-	-	-	-	-	-	-	25,868
52	New resource pricing adj-Qualco	(6,794)	(6,002)	(5,054)	-	(946)	-	-	-	-	-	-	-	(18,796)
53	Tenaska Disallowance (prior month adj)	-	-	-	-	-	-	-	-	-	-	-	-	-
54	Tenaska Disallowance (current month adj)	\$ (253,534)	\$ (253,534)	\$ (245,383)	\$ 278,020	\$ (118,608)	\$ 593,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55														
56	Subtotal Adjustments	\$ (545,567)	\$ (519,763)	\$ (523,313)	\$ 98,877	\$ (190,418)	\$ 405,200	\$ (217,225)	\$ (220,021)	\$ (258,012)	\$ (233,035)	\$ (237,470)	\$ (245,927)	\$ (2,686,674)
57	<b>Total allowable costs</b>	\$ 135,098,099	\$ 127,495,311	\$ 129,602,915	\$ 104,602,670	\$ 90,712,145	\$ 99,729,987	\$ 93,728,654	\$ 97,909,799	\$ 105,498,507	\$ 114,127,550	\$ 127,939,550	\$ 148,733,598	\$ 1,375,178,785
58														
59														
60	PCA period delivered load (Kwh)	2,009,803,156	1,768,129,014	1,884,703,765	1,721,725,472	1,618,576,433	1,403,009,251	1,573,236,869	1,582,784,844	1,509,060,505	1,692,068,463	1,975,704,426	2,169,581,399	20,908,383,597
61	<b>Baseline Power Cost</b>													
62	11/1/08 - 4/7/10	\$ 0.062841												
63	4/7/10 -	\$ 0.064387												
64	Imbalance for Sharing	\$ 8,800,059	\$ 16,384,316	\$ 11,166,246	\$ (5,632,984)	\$ (13,503,136)	\$ 9,394,430	\$ (7,567,349)	\$ (4,000,969)	\$ 8,334,628	\$ 5,180,338	\$ 729,869	\$ 9,040,760	\$ 38,326,209
65	positive is potential customer surcharge, negative is potential cust credit	\$ 8,800,059	\$ 16,384,316	\$ 11,166,246	\$ (5,632,984)	\$ (13,503,136)	\$ 9,394,430	\$ (7,567,349)	\$ (4,000,969)	\$ 8,334,628	\$ 5,180,338	\$ 729,869	\$ 9,040,760	\$ 38,326,209
66														
67	Nov '108 - Apr '10													
68	Less Firm Wholesale	\$ 8,796,895	\$ 16,378,424	\$ 11,162,231	\$ (5,631,004)	\$ (13,498,422)	\$ 9,391,150	\$ (7,564,707)	\$ (3,999,572)	\$ 8,331,718	\$ 5,178,529	\$ 729,615	\$ 9,037,604	\$ 38,312,461
69	Gross PCA	\$ 8,796,895	\$ 16,378,424	\$ 11,162,231	\$ (5,631,004)	\$ (13,498,422)	\$ 9,391,150	\$ (7,564,707)	\$ (3,999,572)	\$ 8,331,718	\$ 5,178,529	\$ 729,615	\$ 9,037,604	\$ 38,312,461
70	Gross PCA Contra	\$ (8,796,895)	\$ (16,378,424)	\$ (11,162,231)	\$ 5,631,004	\$ 13,498,422	\$ (9,391,150)	\$ 7,564,707	\$ 3,999,572	\$ (8,331,718)	\$ (5,178,529)	\$ (729,615)	\$ (9,037,604)	\$ (38,312,461)
71														
72	<b>PCA Off-set</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
73	Adjusted Gross PCA	\$ 8,796,895	\$ 16,378,424	\$ 11,162,231	\$ (5,631,004)	\$ (13,498,422)	\$ 9,391,150	\$ (7,564,707)	\$ (3,999,572)	\$ 8,331,718	\$ 5,178,529	\$ 729,615	\$ 9,037,604	\$ 38,312,461
74	Adjusted Gross PCA - Contra	\$ (8,796,895)	\$ (16,378,424)	\$ (11,162,231)	\$ 5,631,004	\$ 13,498,422	\$ (9,391,150)	\$ 7,564,707	\$ 3,999,572	\$ (8,331,718)	\$ (5,178,529)	\$ (729,615)	\$ (9,037,604)	\$ (38,312,461)
75														
76	<b>Cumulative Gross PCA</b>	\$ 8,796,895	\$ 25,175,319	\$ 36,337,549	\$ 30,706,546	\$ 17,208,123	\$ 26,599,274	\$ 19,034,567	\$ 15,034,995	\$ 23,366,713	\$ 28,545,242	\$ 29,274,857	\$ 38,312,461	\$ 38,312,461
77	<b>Cumulative Gross PCA Contra</b>	\$ (8,796,895)	\$ (25,175,319)	\$ (36,337,549)	\$ (30,706,546)	\$ (17,208,123)	\$ (26,599,274)	\$ (19,034,567)	\$ (15,034,995)	\$ (23,366,713)	\$ (28,545,242)	\$ (29,274,857)	\$ (38,312,461)	\$ (38,312,461)
78														
79	<b>Cumulative PCA Off-set</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
80	<b>Cumulative Adjusted Gross PCA</b>	\$ 8,796,895	\$ 25,175,319	\$ 36,337,549	\$ 30,706,546	\$ 17,20								

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes  
PCA Period 9

Authorized After-tax Rate of Return

2007 GRC	thru 4/7/2010	7.00%
2009 GRC	after 4/7/2010	6.90%

Ref	Description	12 Months Ended Dec 2010		PCA Period						
		Asset Amort	Balance net of AA & ADFIT (Note 1)	Asset Amort	AMA Ratebase as of (Note 1)	A.T. %	Amount	Pre Tax	Monthly	
10	<b>Tenaska</b>				G/L Accts #18230001 and #28300451 and Order #55500423					
11	Dec 2010	\$ (37,533,000)	38,851,000	(37,533,000)	56,501,833	12/10	7.00%&6.90%	3,913,642	6,020,988	501,749
12										
13	<b>BEP</b>				G/L Accts #18230071, #18230081, and #28300431 and Order #55500007					
14	Dec 2010	\$ (3,526,620)	15,612,243	(3,526,620)	16,811,553	12/10	7.00%&6.90%	1,164,465	1,791,484	149,290
15										
16	<b>White River Relicensing</b>				G/L Accts #18230641, 691, #18236021, 31, 41, 51, 61, 71, 91, 6101, #18230971, #19000021 and #28300011					
17	Dec 2010	\$	24,865,722	-	24,579,160	12/10	7.00%&6.90%	1,702,494	2,619,222	218,268
18										
19	<b>White River Plant Costs</b>				G/L Accts #18220011, #21, #31, #41 and #51 and Order #40700015, portion of #28200121					
20	Dec 2010	\$ (1,494,702)	37,305,564	(1,494,702)	37,977,362	12/10	7.00%&6.90%	2,630,531	4,046,970	337,248
21										
22	<b>CWA Sales Proceeds</b>				G/L Accts #18220061					
23	Dec 2010	\$	(24,911,730)		(25,951,720)	12/10	7.00%&6.90%	(1,797,565)	(2,765,485)	(230,457)
24										
25	<b>White River DFIT</b>				G/L Accts #28300651					
26	Dec 2010	\$	(11,282,062)		(12,226,572)	12/10	7.00%&6.90%	(846,883)	(1,302,896)	(108,575)
27										
28	<b>Hopkins Ridge Prepaid Transm</b>				G/L Accts #18230231, #18230371, Orders #56500011 and #56500021					
29	Dec 2010	\$ (2,325,348)	308,555	(2,325,348)	1,445,640	12/10	7.00%&6.90%	100,133	154,051	12,838
30										
31	<b>Goldendale Fixed Cost Deferral</b>				G/L Accts #18230381, 391, #28300541 and #28300551 and Order #40730041					
32	Dec 2010	\$ (4,162,154)	2,254,124	(4,162,154)	3,605,723	12/10	7.00%&6.90%	249,753	384,236	32,020
33										
34	<b>Hopkins Ridge Mitigation Credit</b>				G/L Accts #25400171 and #19000561 and Order #55500017					
35	Dec 2010	\$ 1,209,583	-	1,209,583	(327,265)	12/10	7.00%&6.90%	(22,668)	(34,874)	(2,906)
36										
37	<b>FB Energy Capacity Payment - UE-082013</b>				G/L Accts #25300601 and #19000151 and Order #54700005					
38	Dec 2010	\$ 457,531	(1,996,797)	457,531	(2,135,208)	12/10	7.00%&6.90%	(147,897)	(227,533)	(18,961)
39										
40	<b>Mint Farm Deferral (Note 2)</b>				G/L Accts #18600351, 361, 371, #18235521 and Orders #40740061, # 40730051, #41900026, 28 and #55500136					
41	Dec 2010	(2,159,053)	26,614,738	(2,159,053)	26,528,891	12/10	7.00%&6.90%	1,344,034	2,067,744	229,749



Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes  
PCA Period 9

Authorized After-tax Rate of Return

2007 GRC	thru 4/7/2010	7.00%
2009 GRC	after 4/7/2010	6.90%

Ref	Description	12 Months Ended Dec 2010		PCA Period						
		Asset Amort	Balance net of AA & ADFIT <small>(Note 1)</small>	Asset Amort	AMA Ratebase as of <small>(Note 1)</small>	A.T. %	Amount	Pre Tax	Monthly	
43	<b>WHE Deferral (Note 2)</b>			G/L Accts #18600611&621&631, and 18235531 Orders #40740071, #40730061 #41900037&39, #55500093&139						
44	Dec 2010	(2,102,006)	1,752,245	(2,102,006)	2,331,347	12/10	7.00%&6.90%	\$ 118,113	181,712	20,190
45										
46	<b>BNP Capacity - UE-100503 (Note 3)</b>			G/L Accts # 19000711, # 25302121, #25400191 and Order #54700010						
47	Dec 2010	403,220	(2,737,413)	403,220	(2,267,178)	12/10	7.00%&6.90%	(127,037)	(195,441)	(20,083)
48										
49	<b>Freddy 1-Def Asset</b>									
50	<b>PP Exp-Planned Maj. Maint.</b>			G/L Accts # 18600831, #18231001 Orders #51218007, #51318019, #55360053, #55460076						
51	Dec 2010	(103,306)	141,403	(103,306)	115,872	12/10	7.00%&6.90%	5,870	9,031	1,129
52										
53	<b>Goldendale -Def Asset</b>									
54	<b>PP Exp-Planned Maj. Maint.</b>			G/L Accts # 18600841, #18231011 Order #55362083 &553002864						
55	Dec 2010	(259,038)	413,677	(259,038)	590,967	12/10	7.00%&6.90%	29,940	46,062	5,118
56										
57	<b>Sumas -Def Asset</b>									
58	<b>PP Exp-Planned Maj. Maint.</b>			G/L Accts # 18600541, 18231021 Order #55300948, #55363078, #553002862						
59	Dec 2010	(105,555)	-	(105,555)	62,508	12/10	7.00%&6.90%	3,167	4,872	541
60										
61	<b>Mint Farm -Def Asset</b>									
62	<b>PP Exp-Planned Maj. Maint. (Note 3)</b>			G/L Accts # 18231031, 16500741, Order #5XX (Prod O&M)						
63	Dec 2010	(\$456,270)	1,042,903	(\$456,270)	678,973	12/10	7.00%&6.90%	27,468	42,258	6,037
64										
65	<b>Sumas HGP Inspection Prepaid Maintenance</b>			G/L Accts # 18231041, #16500711, #23200301						
66	Dec 2010	(61,034)	640,861	(61,034)	82,651	12/10	7.00%&6.90%	953	1,466	733

Period	From	To	Asset Amort	AMA Ratebase as of	A.T. %	Return			
						Amount	Pre Tax	Monthly	
						<i>(Annualized)</i>			
<b>PCA #9</b>	<b>Jan 2010</b>	<b>Dec 2010</b>	<b>(52,217,752)</b>	<b>128,404,539</b>	<b>12/10</b>	<b>7.00%&amp;6.90%</b>	<b>8,348,513</b>	<b>12,843,867</b>	<b>1,070,322</b>

- 74 **Note (1)** Amounts in these columns are net of accumulated amortization AND the associated Deferred FIT liability / asset.  
76 **Note (2)** Return on ratebase was being recognized and deferred on these regulatory assets up until 4/7/2010. Therefore, recognition  
77 of return on these assets in Exhibit D for purposes of calculating the PCA deferral beginning 4/8/2010 is appropriate.  
78 **Note (3)** The monthly return amount are only for applicable months for the rate year.

# **Puget Sound Energy, Inc.**

Power Cost Adjustment Mechanism Annual  
Report for PCA Period Nine  
Twelve Months Ended December 31, 2010

PCA Exhibits Approved in  
WUTC Docket No. UE-072300 – 2007 General  
Rate Case

Which covered the period in PCA Period Nine  
from January 1 through April 7, 2010

**Exhibit A-1 Power Cost Rate: 1/1/2010 - 4/7/2010**

Row		Test Year			Production Factor		
				Test Yr	0.96663		
				\$/MWh	Rate Year		12 Months Month
3	Regulatory Assets (Variable)	\$	173,406,226				
4	Transmission Rate Base (Fixed)		107,422,863				
5	Production Rate Base (Fixed)		1,073,506,014				
6		\$	1,354,335,102				
7	Net of tax rate of return		7.00%				
8							
9							
10	Regulatory Asset Recovery (on Row 3)	\$	18,674,517	\$ 0.877	(c)		
11	Fixed Asset Recovery Other (on Row 4)		11,568,616	\$ 0.544	(a)	11,568,616	\$ 11,568,616
12	Fixed Asset Recovery-Prod Factored (on Row 5)		115,608,340	\$ 5.432	(a)	119,599,371	\$ 119,599,371
13	501-Steam Fuel		54,253,262	\$ 2.549	(c)	-	
14	555-Purchased power		744,150,957	\$ 34.963	(c)	-	
14a	Rate Disallowances for March Point 2 & Tenaska		(8,416,594)	\$ (0.395)	(c)		
15	557-Other Power Exp		5,850,444	\$ 0.275	(a)	6,052,413	\$ 504,368
15a	Payroll Overheads - Worker's Comp		2,635,277	\$ 0.124	(a)	2,726,252	\$ 227,188
15b	Property Insurance		2,254,735	\$ 0.106	(a)	2,332,573	\$ 194,381
15c	Montana Electric Energy Tax		1,613,206	\$ 0.076	(a)	1,668,897	\$ 139,075
15d	Payroll Taxes on Production Wages		1,152,861	\$ 0.054	(a)	1,192,660	\$ 99,388
16	547-Fuel		122,267,324	\$ 5.745	(c)		
17	565-Wheeling		67,657,484	\$ 3.179	(c)	-	
18	Variable Transmission Income		(4,458,228)	\$ (0.209)	(c)		
19	Hydro and Other Pwr.		96,183,223	\$ 4.519	(a)	99,503,661	\$ 196,754,145
20	447-Sales to Others		(14,704,466)	\$ (0.691)	(c)	-	\$ 8,291,972
21	456-Subaccounts 00012 & 00018 and 00035 & 00036		(149,656)	\$ (0.007)	(c)		
22	Transmission Exp - 500KV		1,136,455	\$ 0.053	(a)	1,175,688	\$ 97,974
23	Depreciation & Amort -Production (FERC 403)		57,354,748	\$ 2.695	(a)	59,334,748	\$ 4,944,562
24	Depreciation-Transmission		4,053,897	\$ 0.190	(a)	4,053,897	\$ 337,825
25	Amortization-Production Reg Assets		40,316,621	\$ 1.894	(c)		
26	Property Taxes-Production		14,671,707	\$ 0.689	(a)	15,178,204	\$ 1,264,850
27	Property Taxes-Transmission		3,535,153	\$ 0.166	(a)	3,535,153	\$ 294,596
28	Hedging Line of Credit		285,295	\$ 0.013	(c)		
29	Subtotal & Baseline Rate	\$	1,337,495,176	\$ 62.841	(b)	327,922,132	
30	Revenue Sensitive Items		0.9559032				
31		\$	1,399,195,207				
32	Test Year DELIVERED Load (MWH's)		21,283,656	<-- includes Firm Wholesale			
33							
34							
35							
36							
37							
38	Power Cost in Rates with Revenue Sensitive						
39	Items (the adjusted baseline)	\$	62.841	\$	65.740		
40	sum of (a) = Fixed Rate Component	\$	14.923	\$	15.611		
41	(b) = Power Cost Rate	\$	62.841	\$	65.740		
42	sum of (c) = Variable Power Rate Component	\$	47.918	\$	50.129		

<b>Exhibit A-2 Transmission Rate Base</b>
---

Row			Plant AMA 9/30/2007	AMA Accum Deprec/Amort	Net	Annualized Depreciation	
7							
8							
6		TRANS - COLSTRIP 1 & 2					
7	E350	100428	Land and Land Rights	\$ 10,247	\$ -	\$ 10,247	
8	E351	100127	Easements	685,927	(360,207)	325,719	13,033
9	E353	100136	Station Equipment	1,231,131	(874,485)	356,646	25,977
10	E354	100145	Towers & Fixtures	14,474,343	(8,014,007)	6,460,336	241,722
11	E355	100149	Poles & Fixtures	49,007	(45,717)	3,290	1,622
12	E356	100157	OH Conductors & Devices	13,158,153	(7,836,950)	5,321,203	277,637
13	E359	100170	Roads & Trails	113,968	(59,703)	54,265	1,630
14		TOTAL COLSTRIP 1&2 TRANSMISSION		<u>29,722,775</u>	<u>(17,191,069)</u>	<u>12,531,705</u>	<u>561,620</u>
15							
16		TRANS - COLSTRIP 3 & 4					
17	E351	100128	Easements	1,071,124	(549,247)	521,877	20,351
18	E352	100132	Structures & Improvements	496,711	(257,560)	239,152	8,444
19	E353	100137	Station Equipment	18,174,239	(9,862,443)	8,311,796	383,636
20	E354	100146	Towers & Fixtures	20,520,449	(11,029,237)	9,491,212	342,640
21	E355	100150	Poles & Fixtures	88,692	(49,721)	38,970	2,936
22	E356	100158	OH Conductors & Devices	19,991,226	(11,651,182)	8,340,044	421,815
23	E359	100171	Roads & Trails	341,015	(175,733)	165,282	4,877
24		TOTAL COLSTRIP 3&4 TRANSMISSION		<u>60,683,456</u>	<u>(33,575,123)</u>	<u>27,108,333</u>	<u>1,184,699</u>
25							
26		TRANS - 3RD NW-SW INTERTIE					
27	E350	100430	Land and Land Rights	1,769,178	-	1,769,178	-
28	E352	100134	Structures & Improvements	1,276,264	(319,373)	956,891	21,696
29	E353	100143	Station Equipment	31,896,982	(9,756,046)	22,140,936	679,173
30	E354	100147	Towers & Fixtures	22,781,417	(5,794,238)	16,987,178	380,450
31	E355	100649	Poles & Fixtures	204,200	(52,163)	152,037	6,759
32	E356	100164	OH Conductors & Devices	23,498,183	(8,059,225)	15,438,959	495,812
33	E356	100437	OH Conductors & Devices	206	(42)	163	4
34	E359	100174	Roads & Trails	59,215	(7,860)	51,356	847
35		TOTAL 3RD NW-SW INTERTIE		<u>81,485,645</u>	<u>(23,988,947)</u>	<u>57,496,698</u>	<u>1,584,741</u>
36							
37		TRANS - NORTHERN INTERTIE					
38	E350	100881	Land and Land Rights	30,604	-	30,604	
39	E354	100879	Towers & Fixtures-Whatcom	5,744,097	(1,164,837)	4,579,260	95,926
40	E355	100878	Poles & Fixtures-Whatcom	11,219	(3,925)	7,295	371
41	E356	100877	OH Conductors & Devices-Whatcom	7,460,099	(2,042,568)	5,417,530	157,408
42	E355	100647	Poles & Fixtures-Skagit	3,398,685	(955,541)	2,443,144	112,496
43	E356	100648	OH Conductors & Devices-Skagit	5,142,699	(1,274,958)	3,867,741	108,511
44		TOTAL NORTHERN INTERTIE		<u>21,787,403</u>	<u>(5,441,829)</u>	<u>16,345,574</u>	<u>474,713</u>
45							
46							
47		Total Transmission		\$ 193,679,280	\$ (80,196,969)	\$ 113,482,310	\$ 3,805,774
48		Accumulated Depreciation (AMA)		(80,196,969)			
49		Deferred Taxes (AMA)		(10,328,344)			
50		Transmission portion of:					
51		Colstrip Common FERC Adj, net of accum amort		3,674,439			213,630
52		Colstrip Def Depr FERC Adj, net of accum amort		594,457			34,493
53							
54		Total Transmission Rate Base		<u>\$ 107,422,863</u>			<u>\$ 4,053,897</u>

**Exhibit A-3 Colstrip Fixed Costs**

Docket Numbers UE-072300, et al

Row	Revenue Requirement for Colstrip			
3	Plant	713,910,714		
4	Accumulated Depreciation	(424,341,614)		
5	Deferred Taxes - AMA 9/30/2007	(60,490,992)		
6	Net Plant	229,078,109		
7	Rate of Return (net of Tax)	7.00%		A-3 Page 1
8	Revenue Requirement after tax	16,035,468	(Line 6 X Line 7)	
9	Plant Revenue Requirement	24,669,950	(Adjusted for Federal Tax) (Line 8 X (1 - 35%))	35.00%
10	Expenses	72,012,429		
11	Total Revenue Requirement	96,682,379	(before revenue sensitive items)	
12				
13	Support for Revenue Requirement - Ratebase			

14	FERC	DESCRIPTION	2006 Sep	2007 Sep	13 MONTH AMA	ANNUITY RATE	ANNUALIZED DEPRECIATION	AMA ACUMM. DEPR.
15		COLSTRIP #1						
16	E311	Structures & Improvements	7,435,989	7,473,868	7,442,839	3.91%	290,983	(4,667,186)
17	E312	Boiler Plant Equipment	55,297,743	58,163,161	58,399,565	3.64%	2,135,756	(38,786,593)
18	E314	Turbo Generating Units	19,333,175	23,438,987	21,941,924	5.20%	1,177,923	(10,315,710)
19	E315	Accessory Electric Equipment	7,180,779	7,180,435	7,180,436	1.97%	141,393	(5,497,749)
20	E316	Misc. Power Plant Equipment	563,919	799,296	738,763	4.79%	38,607	(339,996)
21		TOTAL	89,811,604	97,055,746	95,703,527	3.95%	3,784,663	(59,607,233)
22		COLSTRIP #2						
23	E311	Structures & Improvements	5,822,932	5,860,809	5,829,780	2.97%	173,127	(4,308,946)
24	E312	Boiler Plant Equipment	49,622,109	49,788,214	50,336,181	3.83%	1,930,120	(32,467,864)
25	E314	Turbo Generating Units	16,983,271	20,283,196	18,935,759	5.03%	972,784	(9,192,560)
26	E315	Accessory Electric Equipment	5,070,990	5,087,939	5,071,696	2.93%	148,531	(3,300,376)
27	E316	Misc. Power Plant Equipment	588,700	824,074	761,972	4.93%	40,945	(339,989)
28		TOTAL	78,088,002	81,844,232	80,935,388	4.03%	3,265,506	(49,609,735)
29		COLSTRIP 1 & 2 COMMON						
30	E311	Structures & Improvements	31,349,014	31,349,014	31,349,014	2.77%	805,478	(23,933,769)
31	E312	Boiler Plant Equipment	7,804,511	6,485,834	7,639,677	2.66%	200,567	(5,955,725)
32	E314	Turbo Generating Units	3,845,456	3,844,103	3,845,287	2.65%	101,890	(3,018,238)
33	E315	Accessory Electric Equipment	2,375,376	2,375,376	2,375,376	2.41%	57,242	(1,692,849)
34	E316	Misc. Power Plant Equipment	6,363,663	6,289,463	6,354,388	2.82%	179,035	(4,334,267)
35	E317	Asset Retirement Obligation	540,097	540,097	540,097	0.00%	15,431	(419,218)
36		TOTAL	52,278,117	50,883,887	52,103,839	2.61%	1,359,643	(39,354,065)
37		COLSTRIP 3						
38	E311	Structures & Improvements	29,046,399	29,058,976	29,048,700	2.80%	813,340	(18,146,443)
39	E312	Boiler Plant Equipment	120,515,322	123,772,538	121,626,748	2.81%	3,392,494	(77,028,363)
40	E314	Turbo Generating Units	39,218,823	41,474,566	39,609,872	3.77%	1,503,373	(18,601,328)
41	E315	Accessory Electric Equipment	6,468,230	6,460,699	6,467,516	2.50%	161,643	(3,760,031)
42	E316	Misc. Power Plant Equipment	550,709	704,857	667,549	3.69%	26,323	(284,941)
43		TOTAL	195,799,483	201,471,636	197,420,385	2.99%	5,897,173	(117,821,106)
44		COLSTRIP 4						
45	E311	Structures & Improvements	26,588,411	26,600,987	26,590,711	2.75%	731,183	(15,408,741)
46	E312	Boiler Plant Equipment	107,860,241	108,751,249	108,211,291	2.98%	3,229,140	(60,526,081)
47	E314	Turbo Generating Units	36,166,530	37,714,991	37,405,037	3.59%	1,359,090	(16,231,636)
48	E315	Accessory Electric Equipment	5,669,307	5,670,535	5,669,687	2.54%	144,026	(2,976,522)
49	E316	Misc. Power Plant Equipment	748,198	902,346	865,038	3.26%	29,694	(382,886)
50		TOTAL	177,032,686	179,640,108	178,741,764	3.07%	5,493,132	(95,525,866)
51		COLSTRIP 3 & 4 COMMON						
52	E311	Structures & Improvements	70,602,621	70,574,232	70,599,073	2.53%	1,740,035	(43,774,562)
53	E312	Boiler Plant Equipment	18,959,641	18,727,316	18,930,601	2.68%	506,508	(11,564,327)
54	E314	Turbo Generating Units	13,373	10,515	13,016	49.28%	5,746	106,746
55	E315	Accessory Electric Equipment	7,652,070	7,652,070	7,652,070	2.32%	177,507	(4,346,380)
56	E316	Misc. Power Plant Equipment	4,639,637	4,613,132	4,636,324	2.70%	125,011	(2,480,469)
57	E317	Asset Retirement Obligation	333,978	333,978	333,978	0.00%	7,590	(206,204)
58		TOTAL	102,201,321	101,911,244	102,165,062	2.51%	2,562,397	(62,265,196)
59		COLSTRIP 1-4 COMMON						
60	E316	Misc. Power Plant Equip.	251,534	251,534	251,534	2.23%	5,609	(158,412)
61		TOTAL	251,534	251,534	251,534	2.23%	5,609	(158,412)
62								
63		Subtotal before Colstrip FERC Adjustments (Line 63 + 65)	695,462,748	713,058,387	707,321,499	3.16%	22,368,124	(424,341,614)
64		ARO - Electric Colstrip 1-4 (Acct: 23001021 - 1031) Adj (AMA is Net of Accum. Amort.)			(1,903,266)		91,109	
65		Colstrip Common FERC Adj. (AMA is Net of Accum. Amort.)			6,100,301		354,669	
66		Colstrip Def Depr FERC Adj. (AMA is Net of Accum. Amort.)			2,392,180		104,311	
67		Totals			713,910,714	3.21%	22,918,212	(424,341,614)

ROW Exhibit A-3 Colstrip Fixed Costs

75  
76  
77  
78  
79 Support for Revenue Requirement - Expenses  
80

Order	Description	Amount before Prod. Adj.
50004011	Colstrip 1&2 - Supv & Eng'g - Steam Ope	\$ 50,364
50005011	Colstrip 3&4 - Supv & Eng'g - Steam Ope	42,184
50204001	Colstrip 1&2 - Steam Exp - Steam Gen Op	3,297,477
50205001	Colstrip 3&4 - Steam Exp - Steam Gen Op	2,175,561
50504001	Colstrip 1&2 - Electric Exp - Steam Gen	71,508
50505001	Colstrip 3&4 - Electric Exp - Steam Gen	56,120
50604001	Colstrip 1&2 - Misc Stm Pwr - Steam Gen	4,170,512
50605001	Colstrip 3&4 - Misc Stm Pwr - Steam Gen	2,444,791
50704001	Colstrip 1&2 - Rents - Steam Gen Oper	48
50705001	Colstrip 3&4 - Rents - Steam Gen Oper	33,275
51004001	Colstrip 1&2 - Supv & Eng'g - Steam Gen	880,470
51005001	Colstrip 3&4 - Supv & Eng'g - Steam Gen	692,702
51104001	Colstrip 1&2 - Structures - Steam Gen M	829,877
51105001	Colstrip 3&4 - Structures - Steam Gen M	763,915
51204001	Colstrip 1&2 - Boiler Plant - Steam Gen	5,545,623
51205001	Colstrip 3&4 - Boiler Plant - Steam Gen	6,051,077
51304001	Colstrip 1&2 - Electric Plant - Steam G	1,123,321
51305001	Colstrip 3&4 - Electric Plant - Steam G	1,062,379
51404001	Colstrip 1&2 -Misc Steam Plt -Steam Gen	1,052,523
51405001	Colstrip 3&4 -Misc Steam Plt -Steam Gen	922,491
	Subtotal for the test year	31,266,220
	Adjustment to the rate year	4,701,285
	Subtotal on Orders	35,967,505
	Property Taxes-Montana	11,457,814
	Electric Energy Tax	1,668,897
403xxxxx	Depreciation	22,918,212
		<u>\$ 72,012,429</u>

CONFIDENTIAL per WUTC Docket Nos. UE-072300 and UG-072301

**PUGET SOUND ENERGY  
PRODUCTION ADJUSTMENT  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>PROFORMA AND RESTATED</b>	<b>PRODUCTION 3.337%</b>	<b>FIT 35%</b>
1	<b><u>O&amp;M ON PRODUCTION PROPERTY</u></b>			
2	PRODUCTION WAGE INCREASE:			
3	PURCHASED POWER	\$ 172,558	\$ (5,758)	\$ 2,015
4	OTHER POWER SUPPLY	813,586	(27,149)	9,502
5	TOTAL PRODUCTION WAGE INCREASE	986,144	(32,908)	11,517
6				
7	ADMIN & GENERAL EXPENSES			
8	PAYROLL OVERHEADS	2,726,252	(90,975)	31,841
9	PROPERTY INSURANCE	2,332,573	(77,838)	27,243
10	TOTAL ADMIN & GENERAL EXPENSES	5,058,825	(168,813)	59,084
11				
12	DEPRECIATION / AMORTIZATION:			
13	DEPRECIATION	53,528,073	(1,786,232)	462,126
14	AMORTIZATION	5,806,675	(193,769)	65,192
15	TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)	59,334,748	(1,980,001)	527,318
16	TAXES OTHER-PRODUCTION PROPERTY:			
17	PROPERTY TAXES - WASHINGTON	6,476,490	(216,120)	75,642
18	PROPERTY TAXES - MONTANA	8,701,714	(290,376)	101,632
19	ELECTRIC ENERGY TAX	1,668,897	(55,691)	19,492
20	PAYROLL TAXES	1,192,660	(39,799)	13,930
21	TOTAL TAXES OTHER	18,039,761	(601,987)	210,696
22				
23	<b><u>O&amp;M ON REGULATORY ASSETS:</u></b>			
24	CABOT	\$ -	-	-
25	TENASKA	31,942,000	(1,065,905)	373,067
26	BEP	3,526,620	(117,683)	41,189
27	WHITE RIVER PLANT COSTS	1,494,702	(49,878)	17,457
28	WHITE RIVER RELICENSING & CWIP	-	-	-
29	CANWEST	-	-	-
30	HOPKINS RIDGE PREPAID TRANSMISSION	2,034,455	(67,890)	23,761
31	HOPKINS RIDGE INFILL MITIGATION CREDIT	(1,451,500)	48,437	(16,953)
32	GOLDENDALE FIXED COST DEFERRAL (NEW)	4,162,154	(138,891)	48,612
33	TOTAL ADJUSTMENT TO O&M ON REGULATORY ASSETS	\$ 41,708,431	\$ (1,391,810)	\$ 487,133
34	INCREASE(DECREASE) EXPENSE		(4,175,518)	
35	INCREASE(DECREASE) FIT			1,295,748
36	INCREASE(DECREASE) NOI			\$ 2,879,770
37				
38	<b><u>PRODUCTION PROPERTY RATE BASE:</u></b>			
39	DEPRECIABLE PRODUCTION PROPERTY	\$ 2,121,905,426	\$ (70,807,984)	
40	LESS PRODUCTION PROPERTY ACCUM DEPR.	(989,158,909)	33,008,233	
41	NON-DEPRECIABLE PRODUCTION PROPERTY	80,465,857	(2,685,146)	
42	LESS PRODUCTION PROPERTY ACCUM AMORT.	(4,422,650)	147,584	
43	COLSTRIP COMMON FERC ADJUSTMENT	6,100,301	(203,567)	
44	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	1,797,723	(59,990)	
45	ENCOGEN ACQUISITION ADJUSTMENT	41,341,033	(1,379,550)	
46	NET PRODUCTION PROPERTY	1,258,028,782	(41,980,420)	
47	DEDUCT:			
48	LIBR. DEPREC. PRE 1981 (EOP)	(372,848)	12,442	
49	LIBR. DEPREC. POST 1980 (EOP)	(143,794,887)	4,798,435	
50	OTHER DEF. TAXES (EOP)	(3,295,458)	109,969	
51	SUBTOTAL	(147,463,194)	4,920,847	
52				
53	ADJUSTMENT TO PRODUCTION RATE BASE	\$ 1,110,565,588	\$ (37,059,574)	\$ 1,073,506,014
54				
55	<b><u>REGULATORY ASSETS RATE BASE:</u></b>			
56	CABOT	21,125	(705)	
57	TENASKA	94,583,875	(3,156,264)	
58	BEP	19,609,943	(654,384)	
59	WHITE RIVER PLANT COSTS	33,499,702	(1,117,885)	
60	WHITE RIVER RELICENSING & CWIP	21,740,384	(725,477)	
61	CANWEST	(0)	-	
62	HOPKINS RIDGE PREPAID TRANSMISSION	4,614,747	(153,994)	
63	HOPKINS RIDGE INFILL MITIGATION CREDIT	(1,440,474)	48,069	
64	GOLDENDALE FIXED COST DEFERRAL (NEW)	6,763,253	(225,690)	
65				
66	ADJUSTMENT TO REGULATORY ASSETS RATE BASE	\$ 179,392,556	\$ (5,986,330)	\$ 173,406,226
67				
68	TOTAL ADJUSTMENT TO RATEBASE (LINE 56 + LINE 67)		\$ (43,045,904)	

**PUGET SOUND ENERGY  
POWER COSTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	SALES FOR RESALE	\$ 268,574,887	\$ 14,704,466	\$ (253,870,421)
2				
3	PURCHASES/SALES OF NON-CORE GAS	4,267,784	149,656	(4,118,128)
4	WHEELING FOR OTHERS	10,583,713	9,986,183	(597,530)
5		14,851,497	10,135,839	(4,715,658)
6				
7	<b>TOTAL OPERATING REVENUES</b>	<b>283,426,385</b>	<b>24,840,306</b>	<b>(258,586,079)</b>
8				
9	FUEL	\$ 119,309,169	\$ 176,520,586	\$ 57,211,417
10				
11	PURCHASED AND INTERCHANGED	990,181,182	749,834,601	(240,346,581)
12	HEDGING	-	285,295	285,295
13	RATE DISALLOWANCES FOR MARCH POINT 2	-	(8,416,594)	(8,416,594)
14	SUBTOTAL PURCHASED AND INTERCHANGE	\$ 990,181,182	\$ 741,703,302	\$ (248,477,880)
15	WHEELING	63,827,743	67,657,484	3,829,741
16	SCH. 94 - RES./FARM CREDIT	-	-	-
17	TOTAL PRODUCTION EXPENSES	\$ 1,173,318,094	\$ 985,881,372	\$ (187,436,722)
18	HYDRO AND OTHER POWER	79,069,006	95,396,787	16,327,780
19	TRANS. EXP. INCL. 500KV O&M	1,175,688	1,136,455	(39,233)
20				
21	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,253,562,789</b>	<b>\$ 1,082,414,614</b>	<b>\$ (171,148,175)</b>
22				
23	INCREASE (DECREASE) OPERATING INCOME	\$ (970,136,404)	\$ (1,057,574,309)	\$ (87,437,904)
24				
25	REDUCTION TO STATE UTILITY TAX SAVING:	3.85%		(23,005)
26	INCREASE (DECREASE) INCOME			\$ (87,414,899)
27	INCREASE (DECREASE) FIT @	35%		(30,595,215)
28	INCREASE (DECREASE) NOI			<u>\$ (56,819,685)</u>



**PUGET SOUND ENERGY**  
**PCA MECHANISM REPORT - PCA 8**  
**TWELVE MONTHS ENDED DECEMBER 31, 2009**

**Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)**  
**2007 GRC - UE-072300**

Ref	Description	12 Months Ended December 31			PCA Period						
		Asset Amort	Balance net of		Asset Amort	AMA Ratebase net of		Return			
			AA & ADFIT	AA & ADFIT		AA & ADFIT	AA & ADFIT	A.T. %	Amount	Pre Tax	Monthly
			(Note 1)		(Note 1)						
9											
10	<b>Cabot Buyout</b>				G/L Accts #18230171 and #28300461 and Order #54756012						
11	Dec 2009 \$	-	-	-	-	12/09	7.00%	-	-	-	
12											
13	<b>Tenaska</b>				G/L Accts #18230001 and #28300451 and Order #55500423						
14	Dec 2009 \$	(32,676,000)	74,153,000	(32,676,000)	89,519,208	12/09	7.00%	6,266,345	9,640,530	803,378	
15											
16	<b>BEP</b>				G/L Accts #18230071 and #18230081 and Order #55500007						
17	Dec 2009 \$	(3,526,620)	18,010,863	(3,526,620)	19,210,173	12/09	7.00%	1,344,712	2,068,788	172,399	
18											
19	<b>White River Relicensing</b>				G/L Accts #18230641, #18236021, 6031, 6041, 6051, 6061, 6071, #18230691, #19000021 and #28300011						
20	Dec 2009 \$		21,740,384	-	21,740,384	12/09	7.00%	1,521,827	2,341,272	195,106	
21											
22	<b>White River Plant Costs</b>				G/L Accts #18220011, #18220021, #18220031, #18220041 and #18220051 and Order #40700015						
23	Dec 2009 \$	(1,494,702)	32,273,000	(1,494,702)	33,192,923	12/09	7.00%	2,323,505	3,574,622	297,885	
24											
25	<b>Canwest Liability</b>				G/L Accts #25400021, #14300061 and #19000451 and Order #547 / #456						
26	Dec 2009 \$	-	-	-	-	12/09	7.00%	-	-	-	
27											
28	<b>Hopkins Ridge Prepaid Transm</b>				G/L Acct #18230231 and #18230371 and Order #56500011						
29	Dec 2009 \$	(2,056,243)	3,235,105	(2,056,243)	4,273,840	12/09	7.00%	299,169	460,260	38,355	
30											
31	<b>Hopkins Ridge Mitigation Credit</b>										
32	Dec 2009 \$	(1,451,500)	(786,229)	(1,451,500)	(1,257,967)	12/09	7.00%	(88,058)	(135,473)	(11,289)	
33											
34	<b>Goldendale Fixed Cost Deferral</b>										
35	Dec 2009 \$	(4,162,154)	4,959,653	(4,162,154)	6,312,353	12/09	7.00%	441,865	679,792	56,649	

Period	From	To	Asset Amort	AMA Ratebase as of	A.T. %	Return			
						Amount	Pre Tax	Monthly	
						(Annualized)			
PCA #8	Jan 2009	Dec 2009	(45,367,218)	172,990,915	12/09	7.00%	12,109,364	18,629,791	1,552,483

**Note (1)** Amounts in these columns are net of accumulated amortization AND the associated Deferred FIT liability / asset.

**Puget Sound Energy, Inc.**

Power Cost Adjustment Mechanism Annual  
Report for PCA Period Nine  
Twelve Months Ended December 31, 2010

PCA Exhibits Approved in  
WUTC Docket No. UE-090704 – 2009 General  
Rate Case

Which covered the period in PCA Period Nine  
from April 8 through December 31, 2010

**Exhibit A-1 Power Cost Rate**

Row		BASE Test Year	TENASKA Test Year	TOTAL Test Year		Production Factor 1.01760	Per Month for Schedule B
3	Regulatory Assets (Variable)	\$ 74,428,625	\$ 48,402,483	\$ 122,831,109			
4	Transmission Rate Base (Fixed)	102,337,940		102,337,940			
5	Production Rate Base (Fixed)	1,461,119,263		1,461,119,263			
6		\$ 1,637,885,828	\$ 48,402,483	\$ 1,686,288,312			
7	Net of tax rate of return	6.90%	6.90%	6.90%			
8					Test Yr \$/MWh	Rate Year	
9							
10	Regulatory Asset Recovery (on Row 3)	\$ 7,900,885	\$ 5,138,110	\$ 13,038,995	\$ 0.598 (c)		
11	Fixed Asset Recovery Other (on Row 4)	10,863,566		10,863,566	\$ 0.498 (a)	10,863,566	905,297
12	Fixed Asset Recovery-Prod Factored (on Row 5)	155,103,429		155,103,429	\$ 7.108 (a)	152,420,823	12,701,735
13	501-Steam Fuel	83,611,736		83,611,736	\$ 3.832 (c)		
14	555-Purchased power	620,691,166		620,691,166	\$ 28.444 (c)		
14a	Rate Disallowances for March Point 2 & Tenaska	(1,151,346)	(4,040,909)	(5,192,255)	\$ (0.238) (c)		
15	557-Other Power Exp	6,711,778		6,711,778	\$ 0.308 (a)	6,595,694	549,641
15a	Payroll Overheads - Worker's Comp	3,797,088		3,797,088	\$ 0.174 (a)	3,731,415	310,951
15b	Property Insurance	3,657,010		3,657,010	\$ 0.168 (a)	3,593,759	299,480
15c	Montana Electric Energy Tax	1,832,147		1,832,147	\$ 0.084 (a)	1,800,459	150,038
15d	Payroll Taxes on Production Wages	1,598,567		1,598,567	\$ 0.073 (a)	1,570,919	130,910
16	547-Fuel	216,976,084		216,976,084	\$ 9.943 (c)		
17	565-Wheeling	81,105,954		81,105,954	\$ 3.717 (c)		
18	Variable Transmission Income	(5,569,166)		(5,569,166)	\$ (0.255) (c)		
19	Hydro and Other Pwr.	107,091,100		107,091,100	\$ 4.908 (a)	105,238,896	8,769,908
20	447-Sales to Others	(29,152,008)		(29,152,008)	\$ (1.336) (c)		
21	456-Subaccounts 00012 & 00018 and 00035 & 00036	(289,997)		(289,997)	\$ (0.013) (c)		
22	Transmission Exp - 500KV	1,523,617		1,523,617	\$ 0.070 (a)	1,497,265	124,772
23	Depreciation & Amort -Production (FERC 403)	61,370,846		61,370,846	\$ 2.812 (a)	60,309,401	5,025,783
24	Depreciation-Transmission	4,056,906		4,056,906	\$ 0.186 (a)	4,056,906	338,076
25	Amortization-Production Reg Assets	15,830,395	38,979,568	54,809,963	\$ 2.512 (c)		
26	Property Taxes-Production	13,855,001		13,855,001	\$ 0.635 (a)	13,615,370	1,134,614
27	Property Taxes-Transmission	3,171,343		3,171,343	\$ 0.145 (a)	3,171,343	264,279
28	Hedging Line of Credit	311,301		311,301	\$ 0.014 (c)		
29	Subtotal & Baseline Rate	\$ 1,364,897,404	\$ 40,076,769	\$ 1,404,974,173	\$ 64.387 (b)	368,465,817	30,705,485
30	Revenue Sensitive Items	0.9557880	0.9557880	0.9557880			30,705,485
31		\$ 1,428,033,627	\$ 41,930,605	\$ 1,469,964,232			
32	Test Year DELIVERED Load (MWH's)	21,821,674	21,821,674	21,821,674			
33							
34	BASELINE RATE	62.553	1.833	64.387			
35							
36					Before Rev. Sensitive Items	After Rev. Sensitive Items	
37							
38	Power Cost in Rates with Revenue Sensitive						
39	Items (the adjusted baseline)			\$ 64.387	\$	67.365	
40	sum of (a) = Fixed Rate Component			\$ 17.169	\$	17.963	
41	(b) = Power Cost Rate			\$ 64.387	\$	67.365	
42	sum of (c) = Variable Power Rate Component			\$ 47.218	\$	49.402	

## Exhibit A-2 Transmission Rate Base

Row		Plant AMA 12/31/2008	AMA Accum Deprec/Amort	Net	Annualized Depreciation
7					
8					
6	TRANS - COLSTRIP 1 & 2				
7	E350 Land and Land Rights	10,247	- \$	10,247	
8	E351 Easements	685,927	(381,747)	304,179	13,033
9	E353 Station Equipment	1,231,131	(918,566)	312,565	25,977
10	E354 Towers & Fixtures	14,495,853	(8,492,049)	6,003,804	242,133
11	E355 Poles & Fixtures	49,007	(46,565)	2,442	1,480
12	E356 OH Conductors & Devices	13,158,153	(8,305,551)	4,852,602	277,687
13	E359 Roads & Trails	113,968	(63,379)	50,589	1,630
14		<u>29,744,285</u>	<u>(18,207,858)</u>	<u>11,536,427</u>	<u>561,939</u>
15					
16	TRANS - COLSTRIP 3 & 4				
17	E351 Easements	1,071,124	(583,872)	487,252	20,351
18	E352 Structures & Improvements	496,711	(273,030)	223,682	8,444
19	E353 Station Equipment	18,421,673	(10,620,107)	7,801,566	391,290
20	E354 Towers & Fixtures	20,567,247	(11,722,820)	8,844,427	343,210
21	E355 Poles & Fixtures	88,692	(29,144)	59,548	2,679
22	E356 OH Conductors & Devices	19,991,226	(12,357,296)	7,633,929	421,785
23	E359 Roads & Trails	341,015	(186,913)	154,102	4,877
24		<u>60,977,688</u>	<u>(35,773,183)</u>	<u>25,204,505</u>	<u>1,192,635</u>
25					
26	TRANS - 3RD NW-SW INTERTIE				
27	E350 Land and Land Rights	1,769,178	-	1,769,178	-
28	E352 Structures & Improvements	1,276,264	(348,009)	928,254	21,696
29	E353 Station Equipment	32,194,258	(10,684,070)	21,510,188	684,499
30	E354 Towers & Fixtures	22,781,417	(6,335,930)	16,445,487	380,450
31	E355 Poles & Fixtures	204,200	(58,389)	145,811	6,167
32	E356 OH Conductors & Devices	23,498,389	(8,830,961)	14,667,428	495,816
33	E359 Roads & Trails	59,215	(8,629)	50,586	847
35		<u>81,782,921</u>	<u>(26,265,989)</u>	<u>55,516,932</u>	<u>1,589,474</u>
36					
37	TRANS - NORTHERN INTERTIE				
38	E350 Land and Land Rights	30,604	-	30,604	
39	E354 Towers & Fixtures	5,744,097	(1,299,146)	4,444,952	95,926
40	E355 Poles & Fixtures	3,409,904	(1,063,405)	2,346,500	102,889
41	E356 OH Conductors & Devices	12,602,798	(3,731,405)	8,871,392	265,919
44		<u>21,787,403</u>	<u>(6,093,955)</u>	<u>15,693,448</u>	<u>464,735</u>
45					
46					
47	Total Transmission	<u>\$ 194,292,298</u>	<u>\$ (86,340,985)</u>	<u>\$ 107,951,312</u>	<u>\$ 3,808,783</u>
48	Accumulated Depreciation (AMA)	(86,340,985)			
49	Deferred Taxes (AMA)	(9,572,115)			
50	Transmission portion of:				
51	Colstrip Common FERC Adj, net of accum amort	3,407,401			213,630
52	Colstrip Def Depr FERC Adj, net of accum amort	551,341			34,493
53					
54	Total Transmission Rate Base	<u>\$ 102,337,940</u>			<u>\$ 4,056,906</u>

**Exhibit A-3 Colstrip Fixed Costs**

Docket No. UE-090704

Compliance Filing  
PCA Exhibits

Row	Revenue Requirement for Colstrip					
3	Plant	728,146,068				
4	Accumulated Depreciation	(431,600,071)				
5	Deferred Taxes - AMA 12/31/2008	(63,386,506)				
6	Net Plant	233,159,491				A-3 Page 1
7	Rate of Return (net of Tax)	7.34%				
8	Revenue Requirement after tax	17,113,907	(Line 6 X Line 7)			
9	Plant Revenue Requirement	26,329,087	(Adjusted for Federal Tax) (Line 8 X (1 - 35%))		35.00%	
10	Expenses	59,382,540				
11	Total Revenue Requirement	85,711,627	(before revenue sensitive items)			
12						
13	Support for Revenue Requirement - Ratebase					

14	FERC	DESCRIPTION	2007 Dec In Thousands	2008 Dec In Thousands	13 MONTH AMA	ANNUITY RATE	ANNUALIZED DEPRECIATION	AMA ACUMM. DEPR.
15		COLSTRIP #1						
16	E311	Structures & Improvements	7,556	7,813	7,714,283	1.74%	133,717	(4,854,610)
17	E312	Boiler Plant Equipment	58,225	63,085	63,102,694	1.69%	1,025,076	(39,110,826)
18	E314	Turbo Generating Units	22,496	22,250	22,348,601	2.36%	528,006	(9,783,891)
19	E315	Accessory Electric Equipment	7,180	7,238	7,214,849	0.93%	67,047	(5,712,651)
20	E316	Misc. Power Plant Equipment	804	924	869,668	2.31%	19,955	(369,307)
21		TOTAL	96,261	101,310	101,250,095	1.75%	1,773,801	(59,831,285)
22		COLSTRIP #2						
23	E311	Structures & Improvements	5,943	6,200	6,101,224	1.32%	80,148	(4,493,956)
24	E312	Boiler Plant Equipment	49,814	59,733	54,857,460	1.78%	974,968	(32,592,566)
25	E314	Turbo Generating Units	20,626	26,718	23,709,296	2.29%	542,088	(9,352,306)
26	E315	Accessory Electric Equipment	5,088	5,140	5,122,131	1.36%	69,553	(3,436,092)
27	E316	Misc. Power Plant Equipment	829	954	894,667	2.38%	21,213	(367,317)
28		TOTAL	82,300	98,745	90,684,778	1.86%	1,687,970	(50,242,238)
29		COLSTRIP 1 & 2 COMMON						
30	E311	Structures & Improvements	31,349	31,278	31,346,065	1.23%	297,020	(24,894,141)
31	E312	Boiler Plant Equipment	6,222	6,222	6,222,182	1.27%	79,022	(4,623,584)
32	E314	Turbo Generating Units	3,844	3,844	3,844,103	1.24%	47,667	(3,154,543)
33	E315	Accessory Electric Equipment	2,375	2,375	2,375,376	1.14%	27,079	(1,772,102)
34	E316	Misc. Power Plant Equipment	6,273	6,273	6,272,869	1.40%	87,820	(4,566,486)
35	E317	Asset Retirement Obligation	540	540	540,097	0.00%	15,431	(439,792)
36		TOTAL	50,603	50,532	50,600,692	1.09%	554,039	(39,440,647)
37		COLSTRIP 3						
38	E311	Structures & Improvements	29,059	29,123	29,092,312	1.33%	386,908	(18,831,112)
39	E312	Boiler Plant Equipment	123,948	125,116	124,763,575	1.44%	1,793,256	(80,229,154)
40	E314	Turbo Generating Units	39,774	38,556	39,760,916	1.87%	732,387	(17,927,708)
41	E315	Accessory Electric Equipment	6,461	6,461	6,460,699	1.28%	82,697	(3,917,809)
42	E316	Misc. Power Plant Equipment	708	782	748,895	2.01%	14,972	(288,324)
43		TOTAL	199,950	200,038	200,826,397	1.50%	3,010,221	(121,194,106)
44		COLSTRIP 4						
45	E311	Structures & Improvements	26,601	26,665	26,634,323	1.42%	378,186	(16,049,763)
46	E312	Boiler Plant Equipment	107,641	108,737	108,149,373	1.64%	1,774,302	(62,159,670)
47	E314	Turbo Generating Units	37,161	36,578	37,174,577	1.92%	707,899	(16,716,826)
48	E315	Accessory Electric Equipment	5,671	5,671	5,670,535	1.40%	79,387	(3,127,221)
49	E316	Misc. Power Plant Equipment	903	973	942,407	1.93%	18,099	(384,724)
50		TOTAL	177,977	178,624	178,571,215	1.66%	2,957,874	(98,438,204)
51		COLSTRIP 3 & 4 COMMON						
52	E311	Structures & Improvements	70,568	70,553	70,566,623	1.31%	1,201,267	(45,541,114)
53	E312	Boiler Plant Equipment	16,975	16,957	16,973,911	1.49%	252,792	(9,701,624)
54	E314	Turbo Generating Units	11	11	10,515	26.55%	2,792	110,523
55	E315	Accessory Electric Equipment	7,652	7,652	7,652,070	1.28%	97,947	(4,533,013)
56	E316	Misc. Power Plant Equipment	4,594	4,594	4,594,270	1.63%	74,887	(2,407,722)
57	E317	Asset Retirement Obligation	334	334	333,978	0.00%	7,590	(216,325)
58		TOTAL	100,134	100,101	100,131,367	1.64%	1,637,274	(62,289,275)
59		COLSTRIP 1-4 COMMON						
60	E316	Misc. Power Plant Equip.	252	252	251,534	1.38%	3,471	(164,315)
61		TOTAL	252	252	251,534	1.38%	3,471	(164,315)
62								
63		Subtotal before Colstrip FERC Adjustments (Line 63 + 65)	707,477	729,602	722,316,078	1.61%	11,624,649	(431,600,071)
64		ARO - Electric Colstrip 1-4 (Acct: 23001021 - 1031) Adj (AMA is Net of Accum. Amort.)			(2,045,651)		111,231	
65		Colstrip Common FERC Adj. (AMA is Net of Accum. Amort.)			5,656,965		354,669	
66		Colstrip Def Depr FERC Adj. (AMA is Net of Accum. Amort.)			2,218,675		104,311	
67		Totals			728,146,068	1.67%	12,194,860	(431,600,071)

ROW **Exhibit A-3 Colstrip Fixed Costs**

75			
76			
77			
78			
79	Support for Revenue Requirement - Expenses		
80			<b>Amount before</b>
81	Order	Description	<b>Prod. Adj.</b>
82	50004011	Colstrip 1&2 - Supv & Eng'g - Steam Ope	\$ 77,817
83	50005011	Colstrip 3&4 - Supv & Eng'g - Steam Ope	64,129
84	50204001	Colstrip 1&2 - Steam Exp - Steam Gen Op	3,333,797
85	50205001	Colstrip 3&4 - Steam Exp - Steam Gen Op	2,284,715
86	50504001	Colstrip 1&2 - Electric Exp - Steam Gen	74,472
87	50505001	Colstrip 3&4 - Electric Exp - Steam Gen	50,121
88	50604001	Colstrip 1&2 - Misc Stm Pwr - Steam Gen	4,178,277
89	50605001	Colstrip 3&4 - Misc Stm Pwr - Steam Gen	2,603,296
90	50704001	Colstrip 1&2 - Rents - Steam Gen Oper	5,765
91	50705001	Colstrip 3&4 - Rents - Steam Gen Oper	49,870
92	51004001	Colstrip 1&2 - Supv & Eng'g - Steam Gen	955,091
93	51005001	Colstrip 3&4 - Supv & Eng'g - Steam Gen	614,707
94	51104001	Colstrip 1&2 - Structures - Steam Gen M	698,097
95	51105001	Colstrip 3&4 - Structures - Steam Gen M	734,251
96	51204001	Colstrip 1&2 - Boiler Plant - Steam Gen	7,418,214
97	51205001	Colstrip 3&4 - Boiler Plant - Steam Gen	4,153,469
98	51304001	Colstrip 1&2 - Electric Plant - Steam G	1,873,015
99	51305001	Colstrip 3&4 - Electric Plant - Steam G	520,661
100	51404001	Colstrip 1&2 -Misc Steam Plt -Steam Gen	1,529,780
101	51405001	Colstrip 3&4 -Misc Steam Plt -Steam Gen	<u>781,195</u>
102		Subtotal for the test year	32,000,741
103		Adjustment to the rate year	3,207,137
104		Subtotal on Orders	35,207,878
105		Property Taxes-Montana	10,179,342
106		Electric Energy Tax	1,800,459
107	403xxxxx	Depreciation	<u>12,194,860</u>
108			<u>\$ 59,382,540</u>

Exhibit A-4 Production Adjustment

PUGET SOUND ENERGY  
 PRODUCTION ADJUSTMENT  
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION -1.760%	FIT 35%
1	<b>O&amp;M ON PRODUCTION PROPERTY</b>			
2	PRODUCTION WAGE INCREASE AND INCENTIVE:			
3	PURCHASED POWER	\$ 31,612	\$ 556	\$ (195)
4	OTHER POWER SUPPLY	212,582	3,741	(1,310)
5	TOTAL PRODUCTION WAGE INCREASE	244,194	4,298	(1,505)
6				
7	ADMIN & GENERAL EXPENSES			
8	PAYROLL OVERHEADS	3,731,415	65,673	(22,986)
9	PROPERTY INSURANCE	3,593,759	63,250	(22,138)
10	TOTAL ADMIN & GENERAL EXPENSES	7,325,174	128,923	(45,124)
11				
12	DEPRECIATION / AMORTIZATION:			
13	DEPRECIATION	49,206,798	866,040	(433,790)
14	AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB)	11,102,602	195,406	(66,175)
15	TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)	60,309,401	1,061,446	(499,965)
16				
17	TAXES OTHER-PRODUCTION PROPERTY:			
18	PROPERTY TAXES - WASHINGTON	5,879,725	103,483	(36,219)
19	PROPERTY TAXES - MONTANA	7,735,645	136,147	(47,652)
20	ELECTRIC ENERGY TAX	1,800,459	31,688	(11,091)
21	PAYROLL TAXES	1,570,919	27,648	(9,677)
22	TOTAL TAXES OTHER	16,986,749	298,967	(104,639)
23				
24	<b>WILD HORSE EXPANSION AND MINT FARM</b>			
25	FUEL	60,053,640	1,056,944	(369,930)
26	PURCHASED POWER	-	-	-
27	WHEELING	6,596,376	116,096	(40,634)
28	SALES FOR RESALE	-	-	-
29	PRODUCTION O&M	7,166,874	126,137	(44,148)
30	TOTAL NEW PLANT	73,816,889	1,299,177	(454,712)
31				
32	<b>O&amp;M ON REGULATORY ASSETS:</b>			
33	CABOT BUYOUT	\$ -	\$ -	\$ -
34	TENASKA (AMORT OF AFPC PORTION)	6,051,143	106,500	(37,275)
35	BEP	3,526,620	62,069	(21,724)
36	WHITE RIVER PLANT COSTS	1,494,702	26,307	(9,207)
37	WHITE RIVER RELICENSING & CWIP	-	-	-
38	CANWEST	-	-	-
39	HOPKINS RIDGE PREPAID TRANSMISSION	1,925,091	33,882	(11,859)
40	GOLDENDALE FIXED COSTS DEFERRAL	4,162,154	73,254	(25,639)
41	HOPKINS RIDGE INFILL MITIGATION CREDIT	(846,708)	(14,902)	5,216
42	COLSTRIP SETTLEMENT - UE-080900	8,403,570	147,903	(51,766)
43	WESTCOAST PIPELINE CAPACITY - UE-082013	(392,150)	(6,902)	2,416
44	MINT FARM DEFERRAL	2,880,319	50,694	(17,743)
45	OVER-RECOVERY MAJOR MAINTENANCE	-	-	-
46	WILD HORSE EXPANSION DEFERRAL	2,806,572	49,396	(17,288)
47	TOTAL AMORTIZATION OF REG ASSETS/LIABS	\$ 30,011,312	\$ 528,199	\$ (184,869)
48				
49	TENASKA FLOW THRU	\$ 32,254,250	\$ 567,675	\$ -
50				
51	TOTAL REGULATORY AMORT (LINE 46 + LINE 48)	\$ 62,265,562	\$ 1,095,874	\$ (184,869)
52				
53	INCREASE(DECREASE) EXPENSE			3,888,684
54	INCREASE(DECREASE) FIT			(1,290,814)
55	INCREASE(DECREASE) NOI			\$ (2,597,870)
56				
57	<b>PRODUCTION PROPERTY RATE BASE:</b>			
58	DEPRECIABLE PRODUCTION PROPERTY	\$ 2,464,118,729	\$ 43,368,490	
59	LESS PRODUCTION PROPERTY ACCUM DEPR.	(1,096,690,156)	(19,301,747)	
60	NON-DEPRECIABLE PRODUCTION PROPERTY (Baker, Whitehorn)	94,327,207	1,660,159	
61	LESS PRODUCTION PROPERTY ACCUM AMORT. (Baker, Whitehorn)	(8,458,622)	(148,872)	
62	COLSTRIP COMMON FERC ADJUSTMENT	5,656,965	99,563	
63	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	1,667,334	29,345	
64	ENCOGEN AND OTHER ACQUISITION ADJUSTMENTS	186,913,275	3,289,674	
65	ACCUMULATED AMORTIZATION ON ACQUISITION ADJ	(8,274,590)	(145,633)	
66	NET PRODUCTION PROPERTY	1,639,260,142	28,850,979	
67	DEDUCT:			
68	LIBR. DEPREC. POST 1980 (EOP)	(200,132,394)	(3,522,330)	
69	OTHER DEF. TAXES (AMA)	(3,279,416)	(57,718)	
70	SUBTOTAL	(203,411,810)	(3,580,048)	
71				
72	ADJUSTMENT TO PRODUCTION RATE BASE	\$ 1,435,848,332	\$ 25,270,931	\$ 1,461,119,263
73				
74	<b>REGULATORY ASSETS RATE BASE:</b>			
75	CABOT	-	-	
76	TENASKA	47,565,333	837,150	
77	BEP	16,211,898	285,329	
78	WHITE RIVER PLANT COSTS	30,893,115	543,719	
79	WHITE RIVER RELICENSING & CWIP	19,459,947	342,495	
80	PROCEED FROM THE SALE OF WHITE RIVER	(27,074,057)	(476,503)	
81	CANWEST	-	-	
82	HOPKINS RIDGE PREPAID TRANSMISSION	938,032	16,509	
83	GOLDENDALE FIXED COST DEFERRAL (NEW)	2,930,761	51,581	
84	HOPKINS RIDGE INFILL MITIGATION CREDIT	(160,522)	(2,825)	
85	COLSTRIP SETTLEMENT - UE-080900	2,083,590	36,671	
86	WESTCOAST PIPELINE CAPACITY - UE-082013	(2,060,421)	(36,263)	
87	MINT FARM DEFERRAL	27,171,503	478,218	
88	OVER-RECOVERY MAINTENANCE	-	-	
89	WILD HORSE EXPANSION DEFERRAL	2,747,493	48,356	
90				
91	ADJUSTMENT TO REGULATORY ASSETS RATE BASE	\$ 120,706,672	\$ 2,124,437	\$ 122,831,109
92				
93	TOTAL ADJUSTMENT TO RATEBASE (LINE 73 + LINE 91)		\$ 27,395,368	

**PUGET SOUND ENERGY  
POWER COSTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1 SALES FOR RESALE	\$ 173,342,971	\$ 29,152,008	\$ (144,190,963)
2			
3 PURCHASES/SALES OF NON-CORE GAS	15,804,883	289,997	(15,514,886)
4 WHEELING FOR OTHERS	11,562,467	10,569,516	(992,951)
5	27,367,351	10,859,514	(16,507,837)
6			
7 <b>TOTAL OPERATING REVENUES</b>	<b>200,710,322</b>	<b>40,011,522</b>	<b>(160,698,800)</b>
8			
9 FUEL	\$ 212,821,383	\$ 239,477,237	\$ 26,655,853
10			
11 PURCHASED AND INTERCHANGED	888,547,931	627,370,776	(261,177,154)
12 HEDGING	-	311,301	311,301
13 RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASKA	-	(5,192,255)	(5,192,255)
14 SUBTOTAL PURCHASED AND INTERCHANGED	\$ 888,547,931	\$ 622,489,823	\$ (266,058,108)
15 WHEELING	68,962,375	74,393,482	5,431,107
16			
17 TOTAL PRODUCTION EXPENSES	\$ 1,170,331,689	\$ 936,360,542	\$ (233,971,147)
18 HYDRO AND OTHER POWER	92,332,638	91,030,293	(1,302,345)
19 TRANS. EXP. INCL. 500KV O&M	1,497,266	1,523,617	26,351
20			
21 <b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,264,161,593</b>	<b>\$ 1,028,914,451</b>	<b>\$ (235,247,142)</b>
22			
23 INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 21)	\$ (1,063,451,271)	\$ (988,902,930)	\$ 74,548,342
24			
25 REDUCTION TO STATE UTILITY TAX SAVINGS FOR LINE 4	3.873%		(38,457)
26 INCREASE (DECREASE) INCOME			\$ 74,586,799
27 INCREASE (DECREASE) FIT @	35%		26,105,379
28 INCREASE (DECREASE) NOI			<u>\$ 48,481,419</u>



**Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and  
Deferred Taxes (PCA Periods)**

**Compliance Filing - 2009 GRC - WUTC Docket No. UE-090704**

1/1/2010 12/31/2010

Case	Docket	Effective Date	Days in 2010	Rate
2007 GRC	per UE-072300	11/1/2008	97	7.00%
2009 GRC	per UE-090704	4/8/2010	268	6.90%

Ref	Description	12 Months Ended December 31				PCA Period				
		Balance net of		Asset Amort	AMA Ratebase as of	Return				
		Asset Amort	AA & ADFIT			A.T. %	Amount	Pre Tax	Monthly	
		(Note 2)	(Note 1)	(Note 2)	(Note 1)					
12										
13	<b>Cabot Buyout</b>			G/L Accts #18230171, #19000121, and #28300461 and Order #54756012						
14	Dec 2007 \$		1,374,000		2,791,458	12/07	7.01%&7.06%	197,031	303,125	25,260
15	Dec 2008 \$	(1,410,000)	-	(1,410,000)	691,208	12/08	7.06%&7.00%	48,730	74,970	6,247
16	Dec 2009 \$	-	-	-	-	12/09	7.00%	-	-	-
17										
18										
19	<b>Tenaska</b>			G/L Accts #18230001 and #28300451 and Order #55500423						
20	Dec 2007 \$		131,477,000		142,912,958	12/07	7.01%&7.06%	10,087,306	15,518,932	1,293,244
21	Dec 2008 \$	(28,272,000)	104,886,000	(28,272,000)	118,181,042	12/08	7.06%&7.00%	8,331,763	12,818,098	1,068,175
22	Dec 2009 \$	(32,676,000)	74,153,000	(32,676,000)	89,519,208	12/09	7.00%	6,266,345	9,640,530	803,378
23	Dec 2010 \$	(37,533,000)	38,851,000	(37,533,000)	56,501,833	12/10	7.00%&6.90%	3,913,642	6,020,988	501,749
24	Dec 2011 \$	(40,629,000)	-	(40,629,000)	19,424,708	12/11	6.90%	1,340,305	2,062,008	171,834
25	Dec 2012 \$	-	-	-	-	12/12	6.90%	-	-	-
26										
27										
28										
29	<b>BEP</b>			G/L Accts #18230071, #18230081, and #28300431 and Order #55500007						
30	Dec 2007 \$		22,808,103	-	24,500,027	12/07	7.01%&7.06%	1,729,299	2,660,460	221,705
31	Dec 2008 \$	(3,526,620)	20,409,483	(3,526,620)	21,608,793	12/08	7.06%&7.00%	1,523,420	2,343,723	195,310
32	Dec 2009 \$	(3,526,620)	18,010,863	(3,526,620)	19,210,173	12/09	7.00%	1,344,712	2,068,788	172,399
33	Dec 2010 \$	(3,526,620)	15,612,243	(3,526,620)	16,811,553	12/10	7.00%&6.90%	1,164,465	1,791,484	149,290
34	Dec 2011 \$	(3,526,620)	13,213,623	(3,526,620)	14,412,933	12/11	6.90%	994,492	1,529,988	127,499
35	Dec 2012 \$	(3,526,620)	10,815,003	(3,526,620)	12,014,313	12/12	6.90%	828,988	1,275,366	106,280
36										
37										
38										
39										
40										
41										
42										
43										

**Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and  
Deferred Taxes (PCA Periods)**

**Compliance Filing - 2009 GRC - WUTC Docket No. UE-090704**

1/1/2010 12/31/2010

Case	Docket	Effective Date	Days in 2010	Rate
2007 GRC	per UE-072300	11/1/2008	97	7.00%
2009 GRC	per UE-090704	4/8/2010	268	6.90%

Ref	Description	12 Months Ended December 31				PCA Period				
		Balance net of		Return		A.T. %	Amount	Pre Tax	Monthly	
		Asset Amort	AA & ADFIT	Asset Amort	AMA Ratebase as of					
		(Note 2)	(Note 1)	(Note 2)	(Note 1)					
44										
45	<b>White River Relicensing</b>									
				G/L Accts #18230641, 691, #18236021, 6031, 6041, 6051, 6061, 6071, #18230971, #19000021 and #28300011						
46	Dec 2007 \$		23,801,059	-	23,235,098	12/07	7.01%&7.06%	1,640,016	2,523,101	210,258
47	Dec 2008 \$		19,459,947	-	19,914,187	12/08	7.06%&7.00%	1,403,950	2,159,923	179,994
48	Dec 2009 \$		19,459,947	-	19,459,947	12/09	7.00%	1,362,196	2,095,687	174,641
49	Dec 2010 \$		19,459,947	-	19,459,947	12/10	7.00%&6.90%	1,347,908	2,073,704	172,809
50	Dec 2011 \$		19,459,947	-	19,459,947	12/11	6.90%	1,342,736	2,065,748	172,146
51	Dec 2012 \$		17,060,916	-	17,160,875	12/12	6.90%	1,184,100	1,821,693	151,808
52										
53										
54	<b>White River Plant Costs</b>									
				G/L Accts #18220011, #18220021, #18220031, #18220041 and #18220051 and Order #40700015						
55	Dec 2007 \$		36,050,027		37,628,503	12/07	7.01%&7.06%	2,655,954	4,086,083	340,507
56	Dec 2008 \$	(1,494,702)	34,112,846	(1,494,702)	35,041,392	12/08	7.06%&7.00%	2,470,418	3,800,643	316,720
57	Dec 2009 \$	(1,494,702)	32,273,000	(1,494,702)	33,192,923	12/09	7.00%	2,323,505	3,574,622	297,885
58	Dec 2010 \$	(1,494,702)	30,433,154	(1,494,702)	31,353,077	12/10	7.00%&6.90%	2,171,694	3,341,068	278,422
59	Dec 2011 \$	(1,494,702)	28,593,308	(1,494,702)	29,513,231	12/11	6.90%	2,036,413	3,132,943	261,079
60	Dec 2012 \$	(1,494,702)	26,753,462	(1,494,702)	27,673,385	12/12	6.90%	1,909,464	2,937,636	244,803
61										
62										
63	<b>CWA Sales Proceeds (Note 3)</b>									
				G/L Accts #18220061, #28300651						
64	Dec 2009		(27,074,057)		(1,128,086)	12/09	not in rates			
65	Dec 2010		(27,074,057)		(27,074,057)	12/10	7.00%&6.90%	(1,371,653)	(2,110,236)	(175,853)
66	Dec 2011		(27,074,057)		(27,074,057)	12/11	6.90%	(1,868,110)	(2,874,015)	(239,501)
67	Dec 2012		(27,074,057)		(27,074,057)	12/12	6.90%	(1,868,110)	(2,874,015)	(239,501)
68										

**Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and  
Deferred Taxes (PCA Periods)**

**Compliance Filing - 2009 GRC - WUTC Docket No. UE-090704**

1/1/2010 12/31/2010

Case	Docket	Effective Date	Days in 2010	Rate
2007 GRC	per UE-072300	11/1/2008	97	7.00%
2009 GRC	per UE-090704	4/8/2010	268	6.90%

Ref	Description	12 Months Ended December 31				PCA Period				
		Balance net of		Asset Amort	AMA Ratebase as of	Return				
		Asset Amort	AA & ADFIT			A.T. %	Amount	Pre Tax	Monthly	
		(Note 2)	(Note 1)	(Note 2)	(Note 1)					
69										
70	<b>Canwest Liability</b>			G/L Accts #25400021, #14300061 and #19000451 and Order #547 / #456						
71	Dec 2007 \$		(1,234,188)		(2,468,377)	12/07	7.01%&7.06%	(174,227)	(268,041)	(22,337)
72	Dec 2008 \$	1,898,751	(0)	1,898,751	(308,547)	12/08	7.06%&7.00%	(21,753)	(33,465)	(2,789)
73	Dec 2009 \$	-	-	-	-	12/09	7.00%	-	-	-
74										
75										
76	<b>Hopkins Ridge Prepaid Transm</b>			G/L Accts #18230231, #18230371, Orders #56500011 and #56500021						
77	Dec 2007 \$		7,220,062		8,276,042	12/07	7.01%&7.06%	584,153	898,696	74,891
78	Dec 2008 \$	(1,992,888)	4,727,174	(1,992,888)	6,016,809	12/08	7.06%&7.00%	424,185	652,592	54,383
79	Dec 2009 \$	(2,158,117)	2,569,057	(2,158,117)	3,656,422	12/09	7.00%	255,950	393,769	32,814
80	Dec 2010 \$	(2,172,745)	396,311	(2,172,745)	1,450,375	12/10	7.00%&6.90%	100,461	154,556	12,880
81	Dec 2011 \$	(396,311)	(0)	(396,311)	64,289	12/11	6.90%	4,436	6,825	569
82	Dec 2012 \$	-	(0)	-	(0)	12/12	6.90%	(0)	(0)	(0)
84										
85										
86	<b>Goldendale Fixed Cost Deferral</b>			G/L Accts #18230381, 391, #28300541 and #28300551 and Order #40730041						
87	Dec 2007		7,478,085		4,100,878	12/07	-	-	-	-
88	Dec 2008 \$	(693,692)	7,665,067	(693,692)	7,812,601	12/08	7.06%&7.00%	91,147	140,226	11,686
89	Dec 2009 \$	(4,162,154)	4,959,749	(4,162,154)	6,312,408	12/09	7.00%	441,869	679,798	56,650
90	Dec 2010 \$	(4,162,154)	2,254,431	(4,162,154)	3,607,090	12/10	7.00%&6.90%	133,245	204,992	17,083
91	Dec 2011 \$	(3,468,462)	-	(3,468,462)	939,346	12/11	6.90%	64,815	99,715	8,310
92	Dec 2012	-	-	-	-	12/12	6.90%	-	-	-
93										

**Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and  
Deferred Taxes (PCA Periods)**

**Compliance Filing - 2009 GRC - WUTC Docket No. UE-090704**

1/1/2010 12/31/2010

Case	Docket	Effective Date	Days in 2010	Rate
2007 GRC	per UE-072300	11/1/2008	97	7.00%
2009 GRC	per UE-090704	4/8/2010	268	6.90%

Ref	Description	12 Months Ended December 31				PCA Period				
		Balance net of		Asset Amort	AMA Ratebase as of	Return				
		Asset Amort	AA & ADFIT			A.T. %	Amount	Pre Tax	Monthly	
		(Note 2)	(Note 1)	(Note 2)	(Note 1)					
94										
95	<b>Hopkins Ridge Mitigation Credit</b>									
96	Dec 2007									
97	Dec 2008	\$ 241,917	(1,729,704)	241,917	(464,682)	12/08	7.06%&7.00%	(5,421)	(8,340)	(695)
98	Dec 2009	\$ 1,451,500	(786,229)	1,451,500	(1,257,967)	12/09	7.00%	(88,058)	(135,473)	(11,289)
99	Dec 2010	\$ 1,209,583	-	1,209,583	(327,595)	12/10	7.00%&6.90%	(22,691)	(34,909)	(2,909)
100	Dec 2011	-	-	-	-	12/11	6.90%	-	-	-
101										
102										
103	<b>Westcoast Capacity - UE-082013 (Note 3)</b>									
104	Dec 2008	\$ -	(2,294,078)	-	-	12/08	not in rates	-	-	-
105	Dec 2009	\$ 65,358	(2,251,595)	65,358	(2,290,537)	12/09	not in rates	-	-	-
106	Dec 2010	\$ 392,150	(1,996,697)	392,150	(2,124,146)	12/10	7.00%&6.90%	(107,616)	(165,563)	(13,797)
107	Dec 2011	\$ 392,150	(1,741,800)	392,150	(1,869,248)	12/11	6.90%	(128,978)	(198,428)	(16,536)
108	Dec 2012	\$ 392,150	(1,486,902)	392,150	(1,614,351)	12/12	6.90%	(111,390)	(171,370)	(14,281)
109										
110										
111	<b>Mint Farm Deferral (Note 4)</b>									
112	Dec 2008	\$ -	\$1,965,859	-	76,377	12/08	not in rates	-	-	-
113	Dec 2009	\$ -	20,878,143	-	12,188,369	12/09	not in rates	-	-	-
114	Dec 2010	\$ (2,159,055)	26,725,899	(2,159,055)	26,602,017	12/10	7.00%&6.90%	1,347,738	2,073,444	172,787
115	Dec 2011	\$ (2,885,055)	24,850,613	(2,885,055)	25,788,256	12/11	6.90%	1,779,390	2,737,523	228,127
116	Dec 2012	\$ (2,885,055)	22,975,328	(2,885,055)	23,912,971	12/12	6.90%	1,649,995	2,538,454	211,538
117										
118										
119	<b>WHE Deferral (Note 4)</b>									
120	Dec 2009	\$ -	1,135,823	-	-		not in rates	-	-	-
121	Dec 2010	\$ (2,102,006)	2,297,443	(2,102,006)	2,807,521	12/10	7.00%&6.90%	142,237	218,827	18,236
122	Dec 2011	\$ (2,818,267)	465,569	(2,818,267)	1,381,506	12/11	6.90%	95,324	146,652	12,221
123	Dec 2012	\$ (716,261)	0	(716,261)	59,463	12/12	6.90%	4,103	6,312	526
124										

**Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and  
Deferred Taxes (PCA Periods)**

**Compliance Filing - 2009 GRC - WUTC Docket No. UE-090704**

1/1/2010 12/31/2010

Case	Docket	Effective Date	Days in 2010	Rate
2007 GRC	per UE-072300	11/1/2008	97	7.00%
2009 GRC	per UE-090704	4/8/2010	268	6.90%

Ref	Description	12 Months Ended December 31		PCA Period					
		Asset Amort	Balance net of AA & ADFIT	Asset Amort	AMA Ratebase as of	A.T. %	Return Amount	Pre Tax	Monthly
		(Note 2)	(Note 1)	(Note 2)	(Note 1)				

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Period	From	To	Asset Amort	AMA Ratebase as of	A.T. %	Return Amount	Pre Tax	Monthly
						<i>(Annualized)</i>		
PCA #6	Jan 2007	Dec 2007	-	240,976,588 12/07	7.01%&7.06%	16,719,531	25,722,356	2,143,530
PCA #7	Jan 2008	Dec 2008	(35,249,234)	208,569,181 12/08	7.06%&7.00%	14,266,440	21,948,369	1,829,031
PCA #8	Jan 2009	Dec 2009	(42,500,734)	178,862,861 12/09	7.00%	11,906,518	18,317,720	1,526,477
PCA #9	Jan 2010	Dec 2010	(51,548,548)	129,067,615 12/10	7.00%&6.90%	8,819,431	13,568,356	1,130,696
PCA #10	Jan 2011	Dec 2011	(54,826,266)	82,040,912 12/11	6.90%	5,660,823	8,708,958	725,747
PCA #11	Jan 2012	Dec 2012	(8,230,487)	52,132,599 12/12	6.90%	3,597,149	5,534,076	461,173

**Note (1)** Amounts in these columns are net of accumulated amortization AND the associated DFIT liability / asset.

**Note (2)** Amounts in these columns include amortization on the regulatory asset or liability only. They do not include the turn around of the associated DFIT balances.

**Note (3)** Although the transactions which gave rise to these regulatory liabilities occurred prior to the beginning of the rate year, regulatory approval for their proposed accounting treatment was not obtained until the 2009 GRC. They have been presented here as if they were placed in Exhibit D coincident with new rates on 4/8/2010 which is reflective of the information contained in the 2009 GRC filing. However, true-ups will be posted in April 2010 (PCA 9) to reflect what the return on and of these assets would have been had they been reflected in the PCA calculation beginning with the month that the underlying transactions occurred. Truing up in April 2010 rather than recalculating the prior PCA deferrals is allowed as each of the adjustments is less than \$1 million.

**Note (4)** Return on ratebase was being recognized and deferred on these regulatory assets up until 4/7/2010. Therefore, recognition of return on these assets in Exhibit D for purposes of calculating the PCA deferral beginning 4/8/2010 is appropriate.