

**EXHIBIT NO. ___(JHS-3)
DOCKET NO. UE-12 ___
PCA 10 COMPLIANCE
WITNESS: JOHN H. STORY**

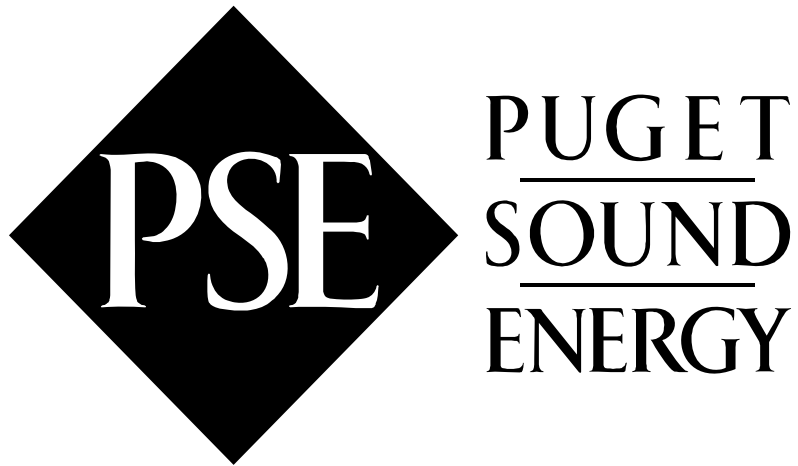
**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of
PUGET SOUND ENERGY, INC.
For Approval of its March 2012 Power Cost
Adjustment Mechanism Report**

Docket No. UE-12 ___

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

MARCH 30, 2012



Power Cost Adjustment Mechanism Annual Report

PCA Period Ten

Twelve Months Ended December 31, 2011

**Puget Sound Energy
Power Cost Adjustment Mechanism
2011 Annual Report – PCA Period Ten
Twelve Months Ended December 31, 2011**

Index	Page #'s
1. Exhibits in Support of Updated Power Cost Rate: 1/1/11 – 12/31/11	
2. Power Cost Summary (Revised PCA-7 through 9 for GST/HST Tax Refund from Canada and PCA-8 through 9 for BPA Goldendale Settlement Credit)	Page 4
3. Exhibit A-1 – Power Cost Rate - Updated Actual (1/1/11 - 12/31/11)	Page 5
4. Exhibit B – PCA Mechanism Calculation (1/1/11 - 12/31/11)	Page 6
5. Exhibit D – Regulatory Assets and Liabilities (1/1/11 – 12/31/11)	Page 7 - 9
6. PCA Exhibits Approved in Docket No. UE-090704 – 2009 GRC: 4/8/10 – 03/31/11	
7. Exhibit A-1 – Power Cost Rate	Page 11
8. Exhibit A-2 – Transmission Rate Base	Page 12
9. Exhibit A-3 – Colstrip Fixed Costs	Page 13 -14
10. Exhibit A-4 – Production Adjustment	Page 15
11. Exhibit A-5 – Power Cost	Page 16
12. Exhibit D – Regulatory Assets and Liabilities	Page 17 - 21
13. Exhibit A-1 Docket No. UE-110380 2009 GRC with Schedule 133 Update: 4/1/11 – 12/31/11	
14. Exhibit A-1 – Power Cost Rate	Page 23

Puget Sound Energy, Inc.

Power Cost Adjustment Mechanism Annual
Report for PCA Period Ten
Twelve Months Ended December 31, 2011

Exhibits in Support of Updated Power Cost Rate
From January 1 through December 31, 2011

POWER COST ADJUSTMENT SUMMARY

	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	12 mo end 12.31.11	Cumulative 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	PCA Period Ten	
Power Costs											
Actual	\$ 844,964,750	\$ 902,349,264	\$ 959,374,104	\$ 1,062,847,820	\$ 596,418,335	\$ 1,222,865,320	\$ 1,328,115,191	\$ 1,404,869,953	\$ 1,373,029,096	\$ 1,351,667,527	\$ 11,046,501,359
Baseline	\$ 843,126,410	\$ 872,785,985	\$ 949,412,459	\$ 1,075,227,683	\$ 597,089,567	\$ 1,253,069,187	\$ 1,329,880,671	\$ 1,374,588,966	\$ 1,336,652,576	\$ 1,386,507,507	\$ 11,018,561,011
Difference	\$ 1,838,340	\$ 29,563,279	\$ 9,961,645	\$ (12,379,863)	\$ (671,232)	\$ (30,223,868)	\$ (1,765,480)	\$ 30,280,987	\$ 36,176,520	\$ (34,839,980)	\$ 27,940,348
Wholesale Customers	\$ (10,042)	\$ (11,956)	\$ (4,085)	\$ 4,375	\$ 198	\$ 11,197	\$ 566	\$ (10,889)	\$ (12,992)	\$ 12,163	\$ (21,474)
Total Cost Over Baseline	\$ 1,828,298	\$ 29,551,324	\$ 9,957,561	\$ (12,375,488)	\$ (671,033)	\$ (30,212,670)	\$ (1,764,924)	\$ 30,270,097	\$ 36,163,528	\$ (34,827,818)	\$ 27,918,875
Allocation of Power Costs											
Company Customers	\$ 1,828,298	\$ 24,775,662	\$ 9,957,561	\$ (12,375,488)	\$ (671,033)	\$ (25,106,335)	\$ (1,764,924)	\$ 25,135,049	\$ 28,081,764	\$ (27,413,909)	\$ 22,446,645
Total Cost Allocated	\$ 1,828,298	\$ 29,551,324	\$ 9,957,561	\$ (12,375,488)	\$ (671,033)	\$ (30,212,670)	\$ (1,764,924)	\$ 30,270,097	\$ 36,163,528	\$ (34,827,818)	\$ 27,918,875
Customer Share Including Interest											
Customer Share	\$ -	\$ 4,775,662	\$ -	\$ (0)	\$ -	\$ (5,106,336)	\$ 0	\$ 5,135,049	\$ 8,081,764	\$ (7,413,909)	\$ 5,472,230
Interest	\$ -	\$ 59,851	\$ 318,471	\$ 633,013	\$ 97,549	\$ (57,570)	\$ (140,876)	\$ (28,888)	\$ 228,424	\$ 235,834	\$ 1,345,807
Total Customer Share Including Interest	\$ -	\$ 4,835,512	\$ 318,471	\$ 633,013	\$ 97,549	\$ (5,163,906)	\$ (140,876)	\$ 5,106,160	\$ 8,310,188	\$ (7,178,074)	\$ 6,818,038

*Revised for the GST-HST tax refund on pipeline transportation for its gas purchases in Canada for the period of April 2008 through March 2011 \$1.2M (PCA 7 - PCA 10).
 *Revised for the BPA Goldendale Settlement Credit of \$2.1M for the period 2009 - 2010 (PCA 8 - PCA 9).

**PUGET SOUND ENERGY
PCA MECHANISM ANNUAL REPORT - PCA 10
TWELVE MONTHS ENDED DECEMBER 31, 2011**

Exhibit A-1 Power Cost Rate Updated : 1/1/2011 - 12/31/2011

Row		Test Year			
3	Regulatory Assets (Variable) (Note 1)	\$	205,264,280		
4	Transmission Rate Base (Fixed)		102,337,940		
5	Production Rate Base (Fixed)		1,435,848,332		
6		\$	1,743,450,552		
7	Net of tax rate of return		6.90%		
8					
9					
10					
11			<u>Test Yr</u>		
12	Regulatory Asset Recovery (on Row 3)	\$	10,558,905	\$ 0.491 (c)	
13	Fixed Asset Recovery Other (on Row 4)		10,863,566	\$ 0.505 (a)	
14	Fixed Asset Recovery-Prod Factored (on Row 5)		152,420,823	\$ 7.088 (a)	
14a	501-Steam Fuel		73,816,384	\$ 3.433 (c)	
15	555-Purchased power		625,496,416	\$ 29.088 (c)	
15a	Commission Disallowances for March Point 2 & Tenaska		(2,507,322)	\$ (0.117) (c)	
15b	557-Other Power Exp		17,292,247	\$ 0.804 (a)	
18	547-Fuel		127,831,712	\$ 5.945 (c)	
19	565-Wheeling		82,631,625	\$ 3.843 (c)	
20	Variable Transmission Income		(6,645,157)	\$ (0.309) (c)	
21	Hydro and Other Pwr.		105,238,896	\$ 4.894 (a)	
22	447-Sales to Others		(43,665,561)	\$ (2.031) (c)	
23	456-Subaccounts 00012 & 00018 and 00035 & 00036		58,402,334	\$ 2.716 (c)	
24	Transmission Exp - 500KV		1,497,265	\$ 0.070 (a)	
25	New Resource Pricing Adjustment		-	\$ - (c)	
26	Depreciation & Amort -Production (FERC 403)		60,309,401	\$ 2.805 (a)	
27	Depreciation-Transmission		4,056,906	\$ 0.189 (a)	
28	Amortization-Production Reg Assets		56,983,522	\$ 2.650 (c)	
29	Property Taxes-Production		13,615,370	\$ 0.633 (a)	
30	Property Taxes-Transmission		3,171,343	\$ 0.147 (a)	
31	Hedging Line of Credit		298,852	\$ 0.014 (c)	
32	Subtotal & Baseline Rate	\$	1,351,667,527	\$ 62.858 (b)	
33	Revenue Sensitive Items		0.9557880		
34		\$	1,414,191,774		
35	Test Year DELIVERED Load (MWH's)		21,503,870	<-- includes Firm Wholesale	
36					
37					
38					
39					
40			<u>Before Rev.</u>	<u>After Rev.</u>	
41			<u>Sensitive Items</u>	<u>Sensitive Items</u>	
42	Power Cost in Rates with Revenue Sensitive Items (the adjusted baseline)	\$	62.858	\$ 65.766	
43	sum of (a) = Fixed Rate Component	\$	17.135	\$ 17.928	
44	(b) = Power Cost Rate	\$	62.858	\$ 65.766	
45	sum of (c) = Variable Power Rate Component	\$	45.723	\$ 47.838	
46					
47	(Note 1) Regulatory Assets and Liabilities are detailed on Exhibit D (JHS-3)				

Schedule B: Monthly Power Costs -- PCA PERIOD 10
Derived from Original PCA Exhibit B
Subject to PCA Sharing
UE-011570

Row	Account	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Period to Date
6	Adjustments:													
7	Return on Fixed RB	905,297	905,297	905,297	905,297	905,297	905,297	905,297	905,297	905,297	905,297	905,297	905,297	10,663,566
8	Other Fixed Costs	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	12,701,735	152,420,823
9	Subtotal Fixed Costs	13,607,032	13,607,032	13,607,032	13,607,032	13,607,032	13,607,032	13,607,032	13,607,032	13,607,032	13,607,032	13,607,032	13,607,032	163,264,389
10	Other Fixed Costs-557 Other Power Expense	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 1,441,021	\$ 17,292,247
11	Other Fixed Costs- Hydro and Other Power	\$ 8,769,908	\$ 8,769,908	\$ 8,769,908	\$ 8,769,908	\$ 8,769,908	\$ 8,769,908	\$ 8,769,908	\$ 8,769,908	\$ 8,769,908	\$ 8,769,908	\$ 8,769,908	\$ 8,769,908	\$ 105,238,866
12	Other Fixed Costs-Transmission 500KV	\$ 124,772	\$ 124,772	\$ 124,772	\$ 124,772	\$ 124,772	\$ 124,772	\$ 124,772	\$ 124,772	\$ 124,772	\$ 124,772	\$ 124,772	\$ 124,772	\$ 1,497,285
13	Other Fixed Costs-Depreciation Production FERC 403	\$ 5,025,783	\$ 5,025,783	\$ 5,025,783	\$ 5,025,783	\$ 5,025,783	\$ 5,025,783	\$ 5,025,783	\$ 5,025,783	\$ 5,025,783	\$ 5,025,783	\$ 5,025,783	\$ 5,025,783	\$ 60,309,401
14	Other Fixed Costs- Depreciation Transmission	\$ 338,076	\$ 338,076	\$ 338,076	\$ 338,076	\$ 338,076	\$ 338,076	\$ 338,076	\$ 338,076	\$ 338,076	\$ 338,076	\$ 338,076	\$ 338,076	\$ 4,056,906
15	Other Fixed Costs- Property Taxes Production	\$ 1,134,614	\$ 1,134,614	\$ 1,134,614	\$ 1,134,614	\$ 1,134,614	\$ 1,134,614	\$ 1,134,614	\$ 1,134,614	\$ 1,134,614	\$ 1,134,614	\$ 1,134,614	\$ 1,134,614	\$ 13,615,370
16	Other Fixed Costs- Property Taxes Transmission	\$ 264,279	\$ 264,279	\$ 264,279	\$ 264,279	\$ 264,279	\$ 264,279	\$ 264,279	\$ 264,279	\$ 264,279	\$ 264,279	\$ 264,279	\$ 264,279	\$ 3,171,343
17	Other Fixed Costs	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 17,098,452	\$ 205,181,428
18	Subtotal Fixed Costs	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 30,705,485	\$ 368,465,817
19	Total Variable Component Actual													
20	Steam Oper. Fuel	6,309,883	5,929,078	6,284,947	4,972,679	4,469,888	3,435,276	6,718,637	7,060,538	7,112,995	7,227,740	7,181,182	7,113,541	73,816,384
21	Other Pwr Gen Fuel	13,107,840	8,765,319	4,232,596	5,157,962	3,949,056	4,095,012	4,818,586	13,708,125	23,823,291	7,402,706	16,595,992	21,245,431	126,901,916
22	Other Elec Revenues	9,737,050	12,127,117	10,810,123	3,903,715	1,279,522	792,552	5,487,186	2,845,784	1,322,680	6,293,562	3,422,368	384,675	58,402,334
23	Purchase Power	72,039,636	67,579,343	64,065,915	54,329,643	44,810,047	53,473,939	35,845,574	33,473,485	36,763,685	53,961,019	69,644,729	84,544,136	670,833,134
24	Sales to Other Util	(2,929,467)	(2,595,373)	(1,373,314)	(1,596,701)	(2,425,963)	(1,472,619)	(3,223,940)	(6,932,184)	(1,469,800)	(1,469,800)	(5,877,961)	(7,095,604)	(43,665,561)
25	Wholesaling	6,857,027	6,994,593	6,648,298	6,809,413	6,518,290	7,226,722	6,646,174	6,992,199	7,002,383	7,105,323	6,887,838	7,153,365	82,631,625
26	Transmission Revenue	(524,262)	(860,938)	(690,938)	(983,537)	(1,133,289)	(433,802)	(425,656)	(419,584)	(324,007)	(346,100)	(346,100)	(314,502)	(6,845,157)
27	White River Amortization	124,558	124,558	124,558	124,558	124,558	124,558	124,558	124,558	124,558	124,558	124,558	124,558	1,494,697
28	Goldendale Amortization	346,846	346,846	346,846	346,846	346,846	346,846	346,846	346,846	346,846	346,846	346,846	346,846	3,468,465
29	Mini Farm Amortization	240,421	240,421	240,421	240,421	240,421	240,421	240,421	240,421	240,421	240,421	240,421	240,421	2,404,210
30	Wild Horse Expn Amortization	234,856	234,856	234,856	234,856	234,856	234,856	234,856	234,856	234,856	234,856	234,856	234,856	2,348,560
31	Freddy I-Prepaid Major Maint-Amort	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	117,840
32	Goldendale-Prepaid Major Maint-Amort	29,548	29,548	29,548	29,548	29,548	29,548	29,548	29,548	29,548	29,548	29,548	29,548	295,480
33	Mini Farm-Prepaid Major Maint - Amort	65,181	65,181	65,181	65,181	65,181	65,181	65,181	65,181	65,181	65,181	65,181	65,181	651,810
34	Sumas- Hot Gas Path Inspection	30,517	30,517	30,517	30,517	30,517	30,517	30,517	30,517	30,517	30,517	30,517	30,517	305,170
35	Goldendale-Hot Gas Path - Amort													
36	Subtotal Variable Components	\$ 105,671,398	\$ 99,227,850	\$ 91,036,375	\$ 73,466,858	\$ 58,551,282	\$ 66,502,791	\$ 57,014,473	\$ 57,877,285	\$ 70,151,304	\$ 81,322,367	\$ 98,316,655	\$ 113,712,657	\$ 974,851,275
37	Regulatory Assets (Return on RB portion only)	696,936	696,936	696,936	696,936	696,936	696,936	696,936	711,734	702,865	702,865	1,804,880	1,758,009	10,558,905
38	Fixed & Interest Cost on Hedging Facility	25,337	23,113	25,337	24,995	25,337	25,337	25,337	25,337	24,995	25,337	24,995	25,337	298,852
39	SUBTOTAL before Adjustments	\$ 137,089,156	\$ 130,653,384	\$ 122,464,133	\$ 104,893,874	\$ 89,979,020	\$ 99,929,807	\$ 88,442,231	\$ 89,319,841	\$ 101,584,249	\$ 112,756,054	\$ 130,851,615	\$ 146,201,488	\$ 1,354,174,849
40	Adjustments:													
41	Prudence from UE-921262													
42	Contract price adjustment - discontinued Jan 13, 2007													
43	Colstrip availability adjustment													
44	New resource pricing adjustment													
45	Tenaska Disallowance (prior month adj)													
46	Tenaska Disallowance (current month adj)													
47	Subtotal Adjustments	\$ (238,539)	\$ (209,520)	\$ (222,861)	\$ (222,861)	\$ (78,933)	\$ (198,744)	\$ (212,503)	\$ (218,794)	\$ (224,379)	\$ (227,538)	\$ (229,782)	\$ (235,503)	\$ (2,507,322)
48	Total allowable costs	\$ 136,850,617	\$ 130,443,864	\$ 122,241,272	\$ 104,671,013	\$ 89,900,087	\$ 99,731,063	\$ 88,229,728	\$ 88,101,047	\$ 101,359,870	\$ 112,528,516	\$ 130,621,833	\$ 145,965,985	\$ 1,351,667,527
49	PCA, period delivered load (Kwh)	2,182,255,653	1,977,338,863	1,964,761,883	1,796,322,267	1,641,674,903	1,493,510,087	1,521,666,517	1,500,910,396	1,525,552,981	1,694,762,586	1,988,656,016	2,224,460,008	21,503,870,160
50	Baseline Power Cost	\$ 140,508,766	\$ 127,314,917	\$ 128,505,123	\$ 116,015,164	\$ 105,909,373	\$ 96,350,816	\$ 98,167,272	\$ 96,828,232	\$ 98,417,989	\$ 108,680,089	\$ 128,294,166	\$ 143,506,588	\$ 394,328,807
51	Balance for Sharing	\$ (3,646,149)	\$ (3,128,946)	\$ (4,263,852)	\$ (11,331,517)	\$ (16,009,286)	\$ (3,390,246)	\$ (9,937,544)	\$ (7,727,186)	\$ (2,941,870)	\$ (3,839,427)	\$ (2,327,667)	\$ (2,459,396)	\$ (992,178,700)
52	positive is potential customer surcharge, negative is potential cust credit	\$ (3,646,149)	\$ (3,128,946)	\$ (4,263,852)	\$ (11,331,517)	\$ (16,009,286)	\$ (3,390,246)	\$ (9,937,544)	\$ (7,727,186)	\$ (2,941,870)	\$ (3,839,427)	\$ (2,327,667)	\$ (2,459,396)	\$ (992,178,700)
53	Less Firm Wholesale	\$ (3,646,876)	\$ 3,127,854	\$ (4,262,363)	\$ (11,327,561)	\$ (16,003,697)	\$ (3,379,066)	\$ (9,934,075)	\$ (7,724,488)	\$ (2,940,843)	\$ (3,838,087)	\$ (2,326,855)	\$ (2,458,538)	\$ (992,178,700)
54	Gross PCA	\$ (3,646,876)	\$ 3,127,854	\$ (4,262,363)	\$ (11,327,561)	\$ (16,003,697)	\$ (3,379,066)	\$ (9,934,075)	\$ (7,724,488)	\$ (2,940,843)	\$ (3,838,087)	\$ (2,326,855)	\$ (2,458,538)	\$ (992,178,700)
55	Gross PCA Contra	\$ (3,646,876)	\$ (3,127,854)	\$ 4,262,363	\$ 11,327,561	\$ 16,003,697	\$ 3,379,066	\$ 9,934,075	\$ 7,724,488	\$ 2,940,843	\$ 3,838,087	\$ 2,326,855	\$ 2,458,538	\$ 34,827,818
56	Cumulative Gross PCA	\$ (3,646,876)	\$ (6,774,730)	\$ (12,537,093)	\$ (23,864,654)	\$ (39,868,351)	\$ (43,247,417)	\$ (33,313,342)	\$ (25,588,854)	\$ (17,864,366)	\$ (10,926,279)	\$ (4,088,194)	\$ (1,729,659)	\$ (34,827,818)
57	Cumulative Gross PCA Contra	\$ (3,646,876)	\$ (6,774,730)	\$ (12,537,093)	\$ (23,864,654)	\$ (39,868,351)	\$ (43,247,417)	\$ (33,313,342)	\$ (25,588,854)	\$ (17,864,366)	\$ (10,926,279)	\$ (4,088,194)	\$ (1,729,659)	\$ (34,827,818)

(a) In Sep11 PSE received a \$1,646,181 refund from Canada of taxes paid on non-core gas pipeline transportation costs from April08 - Mar11. The refund was booked to 547 orders but as the amount was over \$1 million prior PCA periods were adjusted.

(b) Add back \$2,059,961 for the BPA Goldendale Settlement credit received March 2011 as it relates to the 2009 and 2010 PCA which were restated.

Note: This schedule was derived from original PCA collaborative exhibit B

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
 2011 General Rate Case - PCA Time Periods

2009 GRC 4/8/2010 6.90%

		12 Months Ended		PCA Period			Return		
		Balance							
		net of							
Ref	Description	Asset Amort	AA & ADFIT	Asset Amort	AMA Ratebase as of	A.T. %	Amount	Pre Tax	Monthly
		(Note 1)							
10									
26	Tenaska				G/L Accts #18230001 and #28300451 and Order #55500423				
42	Dec 2011 \$	(40,629,000)	-		19,424,708 12/11	6.90%	1,340,305	2,062,008	171,834
44									
45	BEP				G/L Accts #18230071, #18230081, and #28300431 and Order #55500007				
57	Dec 2011 \$	(3,526,620)	13,213,623		14,412,933 12/11	6.90%	994,492	1,529,988	127,499
66									
67	White River Relicensing				G/L Accts #18230641, 691, #18236021, 31, 41, 51, 61, 71, 91, 6101, #18230971, #19000021 and #28300011				
77	Dec 2011 \$		25,356,236		- 25,144,120 12/11	6.90%	1,734,944	2,669,145	222,429
81									
82	White River Plant Costs				G/L Accts #18220011, #21, #31, #41 and #51 and Order #40700015, portion of #28200121				
83	Beginning \$								
92	Dec 2011 \$	(1,494,702)	35,810,862		(1,494,702) 36,558,213 12/11	6.90%	2,522,517	3,880,795	323,400
96									
97	CWA Sales Proceeds				G/L Accts #18220061				
98	Beginning \$		-						
101	Dec 2011 \$		(30,211,680)		(30,099,199) 12/11	6.90%	(2,076,845)	(3,195,146)	(266,262)
105									
106	White River DFIT				G/L Accts #28300651				
107	Beginning \$		-						
110	Dec 2011 \$		(10,834,181)		(11,060,880) 12/11	6.90%	(763,201)	(1,174,155)	(97,846)
125									
126	Hopkins Ridge Prepaid Transm				G/L Accts #18230231, #18230371, Orders #56500011 and #56500021				
135	Dec 2011 \$	(236,001)	0		(236,001) 12,572 12/11	6.90%	867	1,335	111
137									
138	Goldendale Fixed Cost Deferral				G/L Accts #18230381, 391, #28300541 and #28300551 and Order #40730041				
142	Dec 2011 \$	(3,468,462)	-		(3,468,462) 939,203 12/11	6.90%	64,805	99,700	8,308
150									
151	FB Energy Capacity Payment - UE-082013				G/L Accts #25300601 and #19000151 and Order #54700005				
155	Dec 2011 \$	392,170	(1,741,887)		392,170 (1,869,633) 12/11	6.90%	(129,005)	(198,469)	(16,539)
165									
166	Mint Farm Deferral				G/L Accts #18600351, 361, 371, #18235521 and Orders #40740061, #40730051, #41900026, 28 and #55500136				
170	Dec 2011	(2,885,052)	24,739,454		(2,885,052) 25,677,096 12/11	6.90%	1,771,720	2,725,723	227,144
175									
176	WHE Deferral				G/L Accts #18600611&621&631, and 18235531 Orders #40740071, #40730061 #41900037&39, #55500093&139				

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
 2011 General Rate Case - PCA Time Periods

2009 GRC 4/8/2010 6.90%

12 Months Ended		PCA Period								
Ref	Description	Balance		Return						
		Asset Amort	AA & ADFIT	Asset Amort	AMA Ratebase as of	A.T. %	Amount	Pre Tax	Monthly	
		(Note 1)								
179	Dec 2011	(2,695,758)	-	(2,695,758)	839,626	12/11	6.90%	57,934	89,130	7,427
182										
183	BNP Capacity - UE-100503									
185	Dec 2011	537,626	(2,387,956)	G/L Accts # 19000711, # 25302121, #25400191 and Order #54700010	537,626	12/11	6.90%	(176,825)	(272,039)	(22,670)
194										
195	Freddy 1-Def Asset									
196	PP Exp-Planned Maj. Maint.									
199	Dec 2011	(141,404)	(0)	G/L Accts # 18600831, #18231001 Orders #51218007, #51318019, #55360053, #55460076	(141,404)	12/11	6.90%	4,878	7,505	625
201										
202	Goldendale -Def Asset									
203	PP Exp-Planned Maj. Maint.									
206	Dec 2011	(354,580)	59,097	G/L Accts # 18600841, #18231011 Order #55362083 &553002864	(354,580)	12/11	6.90%	16,311	25,093	2,091
219										
220	Mint Farm -Def Asset PP Exp-Planned Maj. Maint.									
221	Dec 2011	(782,177)	260,726	G/L Accts # 18231031, 16500741, Order #5XX (Prod O&M)	(782,177)	12/11	6.90%	44,975	69,193	5,766
226										
227	Chelan PUD Contract Initiation (Note 2)									
228	Payment									
229	Dec 2011	(1,181,344)	\$122,267,588	G/L Accts # 18230351, #28300561, Order #555	(1,181,344)	12/11	6.90%	1,396,202	2,148,003	1,074,001
238										
239	Sumas HGP Inspection Prepaid Maintenance									
241	Dec 2011	(335,555)	305,306	G/L Accts # 18231041, #16500711, #23200301	(335,555)	12/11	6.90%	33,123	50,958	4,247
244										
245	Colstrip 1 and 2 (WECO) (Note 3)									
246	Reservation Payment									
247	Dec 2011	(555,556)	4,444,444	G/L Accts # 16599011, Order #501	(555,556)	12/11	6.90%	-	-	-
251										
252	Goldendale HGP Inspection Prepaid Maintenance (Note 2)									
253	Dec 2011	(385,205)	1,155,616	G/L Accts # 18231071, #16500601, #16500591, #16500681	(385,205)	12/11	6.90%	21,215	32,638	5,440
254										
257										

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
 2011 General Rate Case - PCA Time Periods

2009 GRC 4/8/2010 6.90%

12 Months Ended		PCA Period					
Ref	Description	Balance		Return			
		Asset Amort	AA & ADFIT	Asset Amort	AMA Ratebase as of	A.T. %	Amount

Ref	Description	From	To	Asset Amort	AMA Ratebase as of	A.T. %	Return			
							Amount	Pre Tax	Monthly	
258										
259										
260										
268		Jan 2011	Dec 2011	(57,741,621)	205,264,280	12/11	6.90%	6,858,413	10,551,404	879,284
271										
272										
273										
274										
275										
276										
277										
278										
279										

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

Note (2) These items were included in Exhibit D for the first time in PCA Period 10. Therefore, the monthly return amounts are calculated only for the applicable months of the PCA Period.

Note (3) The Colstrip reservation payment will be in working capital until the beginning of the new rate year estimated to be May 2012 at this time. Therefore, only amortization expense is being included in the PCA deferral in PCA 10.

Puget Sound Energy, Inc.

Power Cost Adjustment Mechanism Annual
Report for PCA Period Ten
Twelve Months Ended December 31, 2011

Exhibits

From January 1 through March 31, 2011
PCA Exhibits Approved in Docket No. UE-
090704 General Rate Case

2009 GRC Exhibit A-1 Power Cost Rate: January 1, 2011 - March 31, 2011

Exhibit A-1 Power Cost Rate

Row	BASE		TENASKA		TOTAL		Test Yr \$/MWh	Per Month for Schedule B
	Test Year	Test Year	Test Year	Test Year	Test Year	Test Year		
3	\$ 74,428,625	\$ 48,402,483	\$ 122,831,109					
4	102,337,940		102,337,940					
5	1,461,119,263		1,461,119,263					
6	\$ 1,637,885,828	\$ 48,402,483	\$ 1,686,288,312					
7	6.90%	6.90%	6.90%					
8								
9								
10	\$ 7,900,885	\$ 5,138,110	\$ 13,038,995			(c)		
11	10,863,566		10,863,566			(a)	10,863,566	905,297
12	155,103,429		155,103,429			(a)	152,420,823	12,701,735
13	83,611,736		83,611,736			(c)		
14	620,691,166		620,691,166			(c)		
14a	(1,151,346)	(4,040,909)	(5,192,255)			(c)		
15	6,711,778		6,711,778			(a)		
15a	3,797,088		3,797,088			(a)	6,595,694	549,641
15b	3,657,010		3,657,010			(a)	3,731,415	310,951
15c	1,832,147		1,832,147			(a)	3,593,759	299,480
15d	1,598,567		1,598,567			(a)	1,800,459	150,038
16	216,976,084		216,976,084			(a)	1,570,919	130,910
17	81,105,954		81,105,954			(c)		
18	(5,569,166)		(5,569,166)			(c)		
19	107,091,100		107,091,100			(a)	105,238,896	8,769,908
20	(29,152,008)		(29,152,008)			(c)		
21	(289,997)		(289,997)			(c)		
22	1,523,617		1,523,617			(a)		
23	61,370,846		61,370,846			(a)	1,497,265	124,772
24	4,056,906		4,056,906			(a)	60,309,401	5,025,783
25	15,830,395		15,830,395			(c)	4,056,906	338,076
26	13,855,001		13,855,001			(a)		
27	3,171,343		3,171,343			(a)	13,615,370	1,134,614
28	311,301		311,301			(a)	3,171,343	264,279
29	\$ 1,364,897,404	\$ 40,076,769	\$ 1,404,974,173			(b)	368,465,817	30,705,485
30	0.9557880	0.9557880	0.9557880					
31	\$ 1,428,033,627	\$ 41,930,605	\$ 1,469,964,232					
32	21,821,674	21,821,674	21,821,674					
33								
34	62,553	1,833	64,387					
35								
36								
37								
38								
39								
40								
41								
42								

<-- includes Firm Wholesale

Before Rev. Sensitive Items	After Rev. Sensitive Items
64.387	64.387
\$ 64.387	\$ 67.365
\$ 17.169	\$ 17.963
\$ 64.387	\$ 67.365
\$ 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

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		
7	Rate of Return (net of Tax)	7.34%		A-3 Page 1
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	(4,556,486)
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**

A-3 Page 2

75			
76			
77			
78			
79	Support for Revenue Requirement - Expenses		
80			Amount before
81	Order	Description	Prod. Adj.
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 Strm Pwr - Steam Gen	4,178,277
89	50605001	Colstrip 3&4 - Misc Strm 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	781,195
102		Subtotal for the test year	<u>32,000,741</u>
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	12,194,860
108			<u><u>\$ 59,382,540</u></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	<u>O&M ON PRODUCTION PROPERTY</u>			
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	1,061,445	(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	<u>WILD HORSE EXPANSION AND MINT FARM</u>			
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	<u>O&M ON REGULATORY ASSETS:</u>			
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	<u>PRODUCTION PROPERTY RATE BASE:</u>			
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	<u>REGULATORY ASSETS RATE BASE:</u>			
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		

Exhibit A-5 Power Costs

**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	<u>27,367,351</u>	<u>10,859,514</u>	<u>(16,507,837)</u>
6			
7 TOTAL OPERATING REVENUES	<u>200,710,322</u>	<u>40,011,522</u>	<u>(160,698,800)</u>
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	<u>\$ 888,547,931</u>	<u>\$ 622,489,823</u>	<u>\$ (266,058,108)</u>
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	<u>1,497,266</u>	<u>1,523,617</u>	<u>26,351</u>
20			
21 TOTAL OPERATING EXPENSES	<u>\$ 1,264,161,593</u>	<u>\$ 1,028,914,451</u>	<u>\$ (235,247,142)</u>
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%

12 Months Ended December 31

PCA Period

Balance net of

Return

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

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%

12 Months Ended December 31

Ref	Description	Balance net of				Return			
		Asset Amort (Note 2)	AA & ADFIT (Note 1)	Asset Amort (Note 2)	AMA Ratebase as of (Note 1)	A.T. %	Amount	Pre Tax	Monthly

Period	From	To	Asset Amort	AMA Ratebase as of	A.T. %	Return		
						Amount	Pre Tax	Monthly
PCA #6	Jan 2007	Dec 2007	-	240,976,588	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	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	7.00%	11,906,518	18,317,720	1,526,477
PCA #9	Jan 2010	Dec 2010	(51,548,548)	129,067,615	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	6.90%	5,660,823	8,708,958	725,747
PCA #11	Jan 2012	Dec 2012	(8,230,487)	52,132,599	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. True 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.

Puget Sound Energy, Inc.

Power Cost Adjustment Mechanism Annual
Report for PCA Period Ten
Twelve Months Ended December 31, 2011

Exhibit A-1 resulting from the rate change to
Schedule 133 approved in
WUTC Docket No. UE-110380

2009 GRC Exhibit A-1 Power Cost Rate: April 1, 2011 - December 31, 2011
After 4/1/2011 Schedule 133 Update UE-110380

Row	From UE-090704		From UE-110380		Production Factor	Per Month for Schedule B
	BASE	TENASKA	TOTAL	Test Year		
3	74,428,625	10,926,167	122,831,109	1.01760		
4	102,337,940		102,337,940			
5	1,461,119,263		1,461,119,263			
6	1,637,885,828	10,926,167	1,686,288,312			
7	6.90%	6.90%	6.90%			
8						
9						
10	7,900,885	1,159,855	13,038,995	0.618		
11	10,863,566		10,863,566	0.498		
12	155,103,429		155,103,429	7.108		905,297
13	83,611,736		83,611,736	3.832		12,701,735
14	620,691,166		620,691,166	28.444		
14a	(1,151,346)	(1,282,954)	(5,192,255)	(0.260)		
15	6,711,778		6,711,778	0.308		
15a	3,797,088		3,797,088	0.174		549,641
15b	3,657,010		3,657,010	0.168		310,951
15c	1,832,147		1,832,147	0.084		299,480
15d	1,598,567		1,598,567	0.073		150,038
16	216,976,084		216,976,084	9.943		130,910
17	81,105,954		81,105,954	3.717		
18	(5,569,166)		(5,569,166)	(0.255)		
19	107,091,100		107,091,100	4.908		
20	(29,152,008)		(29,152,008)	(1.336)		
21	(289,997)		(289,997)	(0.013)		
22	1,523,617		1,523,617	0.070		
23	61,370,846		61,370,846	2.812		124,772
24	4,056,906		4,056,906	0.186		5,025,783
25	15,830,395	30,471,750	46,302,145	2.640		338,076
26	13,855,001		13,855,001	0.635		1,134,614
27	3,171,343		3,171,343	0.145		3,171,343
28	311,301		311,301	0.014		
29	1,364,897,404	30,348,651	1,396,466,355	64.513		8,769,908
30	0,955,788	0,955,788	0,955,788			
31	1,428,033,627	31,752,492	1,461,062,867			
32	21,821,674	15,484,481	37,306,155			
33						
34	62,553	1,960	64,513			
35						
36						
37						
38						
39						
40						
41						
42						

<-- includes Firm Wholesale

Before Rev. Sensitive Items	After Rev. Sensitive Items
\$ 64,513	\$ 67,498
\$ 17,169	\$ 17,963
\$ 64,513	\$ 67,498
\$ 47,344	\$ 49,534