

EXHIBIT NO. ____ (JHS-11C)
DOCKET NO. UE-070565
2007 PSE PCORC
WITNESS: JOHN H. STORY

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UE-070565

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

**REDACTED
VERSION**

May 23, 2007

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TEST YEAR DECEMBER 31, 2006
RATE YEAR AUGUST 31, 2008

Exhibit No. ____ (JHS-11C)
Power Cost Rate Exhibits
Page 1 of 10

Exhibit A-1 Power Cost Rate

Row		Test Year							
3	Regulatory Assets (1) (Variable)	\$	209,854,425						
4	Transmission Rate Base (Fixed)		107,835,081						
5	Production Rate Base (Fixed)		1,072,051,983						
6		\$	1,389,741,490						
7	Net of tax rate of return		7.06%						Production Factor 0.97319
8									
9									
9A									
				Test Yr \$/MWh	Adjustment to Power Cost Rate	Baseline Rate			Rate Year
				(I)	(II)	(III)			(IV)
10	Regulatory Asset Recovery (on Row 3)	\$	22,793,419	\$ 1.077		\$ 1.077	(c)		
11	Fixed Asset Recovery Other (on Row 4)		11,712,549	\$ 0.554		\$ 0.554	(a)	\$	11,712,549
12	Fixed Asset Recovery-Prod Factored (on Row 5)		116,441,338	\$ 5.504		\$ 5.504	(a)		119,649,132
13	501-Steam Fuel		57,439,461	\$ 2.715		\$ 2.715	(c)		
14	555-Purchased power		668,643,326	\$ 31.603		\$ 31.603	(c)		
14a	Rate Disallowances for March Point 2 and Tenaska		(10,023,555)	\$ (0.474)		\$ (0.474)	(c)		
15	557-Other Power Exp		7,069,450	\$ 0.334		\$ 0.334	(a)		7,264,204
15a	Payroll Overheads - Benefits (Inc. Worker's Comp)		1,918,238	\$ 0.091		\$ 0.091	(a)		1,971,083
15b	Property Insurance		1,694,912	\$ 0.080		\$ 0.080	(a)		1,741,604
15c	Montana Electric Energy Tax		1,705,103	\$ 0.081		\$ 0.081	(a)		1,752,076
15d	Payroll Taxes on Production Wages		723,944	\$ 0.034		\$ 0.034	(a)		743,888
16	547-Fuel		130,399,129	\$ 6.163		\$ 6.163	(c)		
17	565-Wheeling		64,865,736	\$ 3.066		\$ 3.066	(c)		
18	Variable Transmission Income		(4,065,390)	\$ (0.192)		\$ (0.192)	(c)		
19	Hydro and Other Pwr.		86,202,400	\$ 4.074		\$ 4.074	(a)		88,577,153
20	447-Sales to Others		(6,462,987)	\$ (0.305)		\$ (0.305)	(c)		
21	456-Subaccounts 00012 & 00018 and 00035 & 00036		(576,422)	\$ (0.027)		\$ (0.027)	(c)		
22	Transmission Exp - 500KV		1,315,467	\$ 0.062		\$ 0.062	(a)		1,351,706
23	Depreciation-Production (FERC 403)		69,578,600	\$ 3.289		\$ 3.289	(a)		71,495,391
24	Depreciation-Transmission		5,123,147	\$ 0.242		\$ 0.242	(a)		5,123,147
25	Amortization - Regulatory Assets (1)		32,113,880	\$ 1.518	\$ 0.202	\$ 1.720	(c)		
26	Property Taxes-Production		11,418,820	\$ 0.540		\$ 0.540	(a)		11,733,392
27	Property Taxes-Transmission		3,448,641	\$ 0.163		\$ 0.163	(a)		3,448,641
28	Hedging Line of Credit		299,791	\$ 0.014		\$ 0.014	(c)		
29	Subtotal & Baseline Rate	\$	1,273,778,998	\$ 60.204	\$ 0.202	\$ 60.407	(b)	\$	326,563,966
30	Revenue Sensitive Items		0.9548744						
31		\$	1,333,975,461						
32	Test Year DELIVERED Load (MWH's)		21,157,569	<-- includes Firm Wholesale					
33									
34									
35				Before Rev.	After Rev.	Before Rev.	After Rev.		
36				Sensitive Items	Sensitive Items	Sensitive Items	Sensitive Items		
37	Power Cost in Rates with Revenue Sensitive Items (the adjusted baseline)			Rev Req (Column (I))	Rev Req (Column (III))				
38	sum of (a) = Fixed Rate Component	\$		60.204	\$ 63.050	\$ 60.407	\$ 63.262		
39	(b) = Power Cost Rate	\$		15.047	\$ 15.758	\$ 15.047	\$ 15.758		
40	sum of (c) = Variable Power Rate Component	\$		60.204	\$ 63.050	\$ 60.407	\$ 63.262		
41		\$		45.158	\$ 47.292	\$ 45.360	\$ 47.504		
42	(1) - Regulatory Assets are shown in detail on Exhibit D.								

(Note) Amounts presented in bold italic type have changed from the March 20, 2007 original filing.

Exhibit A-2 Transmission Rate Base

Row			Plant AMA 12/31/2006	AMA Accum Deprec/Amort	Net	Annualized Depreciation
9						
10						
6		TRANS - COLSTRIP 1 & 2				
7	E350	100428 Land and Land Rights	\$ 10,247	\$ -	\$ 10,247	\$ -
8	E351	100127 Easements	685,927	(349,438)	336,488	17,011
9	E353	100136 Station Equipment	1,231,131	(852,821)	378,310	34,964
10	E354	100145 Towers & Fixtures	14,474,343	(7,799,425)	6,674,918	374,885
11	E355	100149 Poles & Fixtures	49,007	(44,712)	4,294	774
12	E356	100157 OH Conductors & Devices	13,158,153	(7,605,696)	5,552,457	369,744
13	E359	100170 Roads & Trails	113,968	(58,170)	55,798	2,872
14		TOTAL COLSTRIP 1&2 TRANSMISSION	29,722,775	(16,710,262)	13,012,513	800,251
15						
16		TRANS - COLSTRIP 3 & 4				
17	E351	100128 Easements	1,071,124	(532,243)	538,882	27,314
18	E352	100132 Structures & Improvements	496,711	(250,295)	246,416	12,169
19	E353	100137 Station Equipment	18,004,864	(9,525,436)	8,479,428	589,794
20	E354	100146 Towers & Fixtures	20,513,929	(10,721,999)	9,791,930	543,619
21	E355	100150 Poles & Fixtures	88,692	(53,818)	34,874	2,386
22	E356	100158 OH Conductors & Devices	19,991,226	(11,302,329)	8,688,897	571,749
23	E359	100171 Roads & Trails	341,015	(171,112)	169,903	8,730
24		TOTAL COLSTRIP 3&4 TRANSMISSION	60,507,561	(32,557,232)	27,950,329	1,755,761
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	(302,813)	973,450	22,845
29	E353	100143 Station Equipment	31,291,408	(9,236,875)	22,054,533	726,256
30	E354	100147 Towers & Fixtures	22,781,417	(5,496,371)	17,285,046	430,569
31	E355	100649 Poles & Fixtures	204,200	(47,466)	156,734	5,268
32	E356	100164 OH Conductors & Devices	23,498,183	(7,658,581)	15,839,603	610,953
33	E356	100437 OH Conductors & Devices	206	(39)	167	5
34	E359	100174 Roads & Trails	59,215	(7,279)	51,936	628
35		TOTAL 3RD NW-SW INTERTIE	80,880,071	(22,749,425)	58,130,646	1,796,524
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	(1,090,164)	4,653,933	106,840
40	E355	100878 Poles & Fixtures-Whatcom	11,219	(3,667)	7,553	289
41	E356	100877 OH Conductors & Devices-Whatcom	7,460,099	(1,915,374)	5,544,725	193,963
42	E355	100647 Poles & Fixtures-Skagit	3,398,685	(877,372)	2,521,313	87,686
43	E356	100648 OH Conductors & Devices-Skagit	5,142,699	(1,187,275)	3,955,424	133,710
44		TOTAL NORTHERN INTERTIE	21,787,403	(5,073,851)	16,713,553	522,488
45						
46						
47		Total Transmission	\$ 192,897,810	\$ (77,090,770)	\$ 115,807,040	\$ 4,875,025
48		Accumulated Depreciation (AMA)	(77,090,770)			
49		Deferred Taxes (AMA)	(12,426,947)			
50		Transmission portion of:				
51		Colstrip Common FERC Adj, net of accum amort	3,834,662			213,630
52		Colstrip Def Depr FERC Adj, net of accum amort	620,326			34,493
53						
54		Total Transmission Rate Base	\$ 107,835,081			\$ 5,123,147

(Note) Amounts presented in bold italic type have changed from the March 20, 2007 original filing.

Exhibit A-3 Colstrip Fixed Costs

 Exhibit No. (JHS-11C)

Power Cost Rate Exhibits

Page 3 of 10

Row	Revenue Requirement for Colstrip		
3	Plant	698,894,064	
4	Accumulated Depreciation	(409,785,123)	
5	Deferred Taxes - AMA 12/31/2006	(62,368,904)	
6	Net Plant	226,740,037	
7	Rate of Return (net of Tax)	7.06%	
8	Revenue Requirement after tax	16,007,847	(Line 6 X Line 7)
9	Plant Revenue Requirement	24,627,456	(Adjusted for Federal Tax) (Line 8 X (1 - 35%)) 35.00%
10	Expenses	62,326,672	
11	Total Revenue Requirement	86,954,128	(before revenue sensitive items)
12			
13	Support for Revenue Requirement - Ratebase		

14	FERC	DESCRIPTION	2005/Dec	2006/Dec	13 MONTH AMA	ANNUITY RATE	ANNUALIZED DEPRECIATION	ACUMM. DEPR. 12/31/2006
15		COLSTRIP #1						
16	E311	Structures & Improvements	7,394,742	7,439,094	7,428,372	3.03%	225,080	(4,585,543)
17	E312	Boiler Plant Equipment	53,092,955	57,923,526	55,117,857	3.12%	1,719,677	(38,212,872)
18	E314	Turbo Generating Units	16,880,590	21,474,561	18,277,556	3.29%	601,332	(9,917,384)
19	E315	Accessory Electric Equipment	7,158,935	7,180,382	7,178,656	2.71%	194,542	(5,475,648)
20	E316	Misc. Power Plant Equipment	553,369	748,120	583,021	3.87%	22,563	(329,322)
21		TOTAL	85,080,590	94,765,683	88,585,462	3.12%	2,763,194	(58,520,770)
22		COLSTRIP #2						
23	E311	Structures & Improvements	5,777,041	5,826,036	5,812,411	3.06%	177,860	(4,266,971)
24	E312	Boiler Plant Equipment	49,319,438	50,275,609	49,619,252	3.05%	1,513,387	(32,050,678)
25	E314	Turbo Generating Units	15,883,444	18,439,809	16,595,790	3.26%	541,023	(8,923,118)
26	E315	Accessory Electric Equipment	5,066,442	5,070,990	5,079,694	2.69%	136,644	(3,260,175)
27	E316	Misc. Power Plant Equipment	578,153	772,900	607,561	3.61%	21,933	(327,800)
28		TOTAL	76,624,518	80,385,343	77,714,708	3.08%	2,390,847	(48,828,741)
29		COLSTRIP 1 & 2 COMMON						
30	E311	Structures & Improvements	31,359,809	31,349,014	31,355,761	3.16%	990,842	(23,744,437)
31	E312	Boiler Plant Equipment	7,817,978	7,804,511	7,812,928	3.18%	248,451	(6,116,626)
32	E314	Turbo Generating Units	3,850,696	3,845,456	3,848,731	3.31%	127,393	(2,999,274)
33	E315	Accessory Electric Equipment	2,378,791	2,375,376	2,377,511	3.07%	72,990	(1,682,455)
34	E316	Misc. Power Plant Equipment	6,365,234	6,363,663	6,364,645	3.82%	243,129	(4,304,107)
35	E317	Asset Retirement Obligation	540,097	540,097	540,097	0.00%	-	(416,645)
36		TOTAL	52,312,604	52,278,117	52,299,673	3.22%	1,682,805	(39,263,545)
37		COLSTRIP 3						
38	E311	Structures & Improvements	29,014,998	29,048,535	29,037,595	2.45%	711,421	(17,922,196)
39	E312	Boiler Plant Equipment	118,928,683	120,026,661	120,665,831	2.68%	3,233,844	(76,142,837)
40	E314	Turbo Generating Units	37,467,940	39,374,274	38,248,092	2.97%	1,135,968	(18,146,387)
41	E315	Accessory Electric Equipment	6,448,029	6,467,682	6,461,332	2.47%	159,595	(3,720,215)
42	E316	Misc. Power Plant Equipment	545,050	675,352	564,759	2.86%	16,152	(281,501)
43		TOTAL	192,404,701	195,592,503	194,977,609	2.70%	5,256,980	(116,213,136)
44		COLSTRIP 4						
45	E311	Structures & Improvements	26,584,899	26,590,546	26,597,038	2.54%	675,565	(15,224,462)
46	E312	Boiler Plant Equipment	106,725,276	108,107,975	107,241,553	2.75%	2,949,143	(59,659,731)
47	E314	Turbo Generating Units	34,164,771	37,400,011	35,311,767	2.94%	1,038,166	(15,834,655)
48	E315	Accessory Electric Equipment	5,660,702	5,668,758	5,663,175	2.52%	142,712	(2,940,241)
49	E316	Misc. Power Plant Equipment	742,659	872,841	762,324	2.79%	21,269	(380,414)
50		TOTAL	173,878,308	178,640,132	175,575,857	2.75%	4,826,855	(94,039,503)
51		COLSTRIP 3 & 4 COMMON						
52	E311	Structures & Improvements	70,623,103	70,602,621	70,615,423	2.33%	1,645,339	(43,304,366)
53	E312	Boiler Plant Equipment	19,232,387	18,959,641	19,130,107	2.48%	474,427	(11,549,952)
54	E314	Turbo Generating Units	36,223	13,373	27,654	2.62%	725	109,199
55	E315	Accessory Electric Equipment	7,669,926	7,652,070	7,663,230	2.31%	177,021	(4,301,803)
56	E316	Misc. Power Plant Equipment	4,725,430	4,639,637	4,693,257	2.79%	130,942	(2,498,528)
57	E317	Asset Retirement Obligation	333,978	333,978	333,978	0.00%	-	(204,939)
58		TOTAL	102,621,047	102,201,321	102,463,649	2.37%	2,428,454	(61,750,389)
59		COLSTRIP 1-4 COMMON						
60	E316	Misc. Power Plant Equip.	251,534	251,534	251,534	2.46%	6,188	(157,404)
61		TOTAL	251,534	251,534	251,534	2.46%	6,188	(157,404)
62								
63		Subtotal before Colstrip FERC Adjustments (Line 63 + 65	683,173,301	704,114,632	691,868,492	2.80%	19,355,323	(418,773,489)
64		ARO - Electric Colstrip 1-4 (Acct: 23001021 - 1031) Adj (AMA is Net of Accum. Amort.)			(1,837,014)		(78,385)	
65		Colstrip Common FERC Adj. (AMA is Net of Accum. Amort.)			6,366,303		354,669	
66		Colstrip Def Depr FERC Adj. (AMA is Net of Accum. Amort.)			2,496,283		104,311	
67		Total Plant and Acc. Deprec.			698,894,064	2.82%	19,735,917	(418,773,489)
68								
69		AMA Adj. to Accum Depr.						8,988,365
70		Totals			698,894,064	2.82%	19,735,917	(409,785,123)

72 (Note) Amounts presented in bold italic type have changed from the March 20, 2007 original filing.

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

Exhibit No. ___ (JHS-11C)

Power Cost Rate Exhibits

Page 4 of 10

78 Support for Revenue Requirement - Expenses

79		Amount before
80	Order Description	Prod. Adj.
81	50004011 Colstrip 1&2 - Supv & Eng'g - Steam Ope	XXXXXXXXXX
82	50005011 Colstrip 3&4 - Supv & Eng'g - Steam Ope	XXXXXXXXXX
83	50204001 Colstrip 1&2 - Steam Exp - Steam Gen Op	XXXXXXXXXX
84	50205001 Colstrip 3&4 - Steam Exp - Steam Gen Op	XXXXXXXXXX
85	50504001 Colstrip 1&2 - Electric Exp - Steam Gen	XXXXXXXXXX
86	50505001 Colstrip 3&4 - Electric Exp - Steam Gen	XXXXXXXXXX
87	50604001 Colstrip 1&2 - Misc Stm Pwr - Steam Gen	XXXXXXXXXX
88	50605001 Colstrip 3&4 - Misc Stm Pwr - Steam Gen	XXXXXXXXXX
89	50704001 Colstrip 1&2 - Rents - Steam Gen Oper	XXXXXXXXXX
90	50705001 Colstrip 3&4 - Rents - Steam Gen Oper	XXXXXXXXXX
91	51004001 Colstrip 1&2 - Supv & Eng'g - Steam Gen	XXXXXXXXXX
92	51005001 Colstrip 3&4 - Supv & Eng'g - Steam Gen	XXXXXXXXXX
93	51104001 Colstrip 1&2 - Structures - Steam Gen M	XXXXXXXXXX
94	51105001 Colstrip 3&4 - Structures - Steam Gen M	XXXXXXXXXX
95	51204001 Colstrip 1&2 - Boiler Plant - Steam Gen	XXXXXXXXXX
96	51205001 Colstrip 3&4 - Boiler Plant - Steam Gen	XXXXXXXXXX
97	51304001 Colstrip 1&2 - Electric Plant - Steam G	XXXXXXXXXX
98	51305001 Colstrip 3&4 - Electric Plant - Steam G	XXXXXXXXXX
99	51404001 Colstrip 1&2 -Misc Steam Plt -Steam Gen	XXXXXXXXXX
100	51405001 Colstrip 3&4 -Misc Steam Plt -Steam Gen	XXXXXXXXXX
101	Subtotal on Orders	31,644,619
102	Property Taxes-Montana	9,191,136
103	Electric Energy Tax	1,755,000
104	403xxxxx Depreciation	19,735,917
105		\$ 62,326,672

REDACTED
VERSION

(Note) Amounts presented in bold italic type have changed from the March 20, 2007 original filing.

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2006
PRODUCTION ADJUSTMENT**

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 2.681%	NET AMOUNT
1	PRODUCTION O&M INCLUDED IN 557:			
2	WORKER'S COMPENSATION	\$ 181,269	\$ (4,860)	\$ 176,409
3	PROPERTY INSURANCE	<i>1,875,386</i>	<i>(50,279)</i>	<i>1,825,107</i>
4	ELECTRIC ENERGY TAX	<i>1,752,076</i>	<i>(46,973)</i>	<i>1,705,103</i>
5	TOTAL PRODUCTION O&M	<i>3,808,731</i>	<i>(102,112)</i>	<i>3,706,619</i>
6				
7	INCREASE TO O&M EXPENSE ASSOC W/ NEW RESOURCE	<i>10,942,629</i>	<i>(293,372)</i>	<i>10,649,257</i>
8				
9	HEDGING LINE OF CREDIT	308,050	(8,259)	299,791
10				
11	DEPRECIATION AND AMORTIZATION ON PRODUCTION PROPERTY	<i>71,972,940</i>	<i>(1,929,595)</i>	<i>70,043,346</i>
12				
13				
14	PROPERTY TAXES ON PRODUCTION PROPERTY	<i>12,476,567</i>	<i>(334,497)</i>	<i>12,142,070</i>
15				
16	TOTAL PRODUCTION ADJUSTMENT TO BASELINE RATE	<i>\$ 99,508,917</i>	<i>\$ (2,667,834)</i>	<i>\$ 96,841,083</i>
17				
18	<u>PRODUCTION RATE BASE:</u>			
19	PRODUCTION PROPERTY	<i>\$ 1,897,245,224</i>	<i>\$ (50,865,144)</i>	<i>\$ 1,846,380,080</i>
20	COLSTRIP COMMON FERC ADJUSTMENT	6,366,303	(170,681)	6,195,622
21	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	2,496,283	(66,925)	2,429,358
22	ENCOGEN ACQUISITION ADJUSTMENT	43,330,708	(1,161,696)	42,169,012
23	LESS PRODUCTION PROPERTY ACCUM DEPR.	<i>(709,856,998)</i>	<i>19,031,266</i>	<i>(690,825,732)</i>
24	LESS PRODUCTION PROPERTY ACCUM AMORT.	<i>(3,454,190)</i>	<i>92,607</i>	<i>(3,361,583)</i>
25	NET PRODUCTION PROPERTY	<i>1,236,127,329</i>	<i>(33,140,574)</i>	<i>1,202,986,756</i>
26				
27	DEDUCT:			
28	LIBR. DEPREC. PRE 1981 (EOP)	(435,114)	11,665	(423,449)
29	LIBR. DEPREC. POST 1980 (EOP)	<i>(130,481,100)</i>	<i>3,498,198</i>	<i>(126,982,901)</i>
30				
31	OTHER DEF. TAXES (EOP)	(3,625,625)	97,203	(3,528,422)
32	ADJUSTMENT TO RATE BASE BEFORE CWIP	<i>(134,541,839)</i>	<i>3,607,067</i>	<i>(130,934,772)</i>
33				
34	TOTAL ADJUSTMENT TO PRODUCTION RATE BASE	<i>\$ 1,101,585,490</i>	<i>\$ (29,533,507)</i>	<i>\$ 1,072,051,983</i>
35				
36				
37	<u>O&M ON REGULATORY ASSETS</u>			
38	AMORTIZATION OF REGULATORY ASSETS	32,998,572	(884,692)	32,113,880
39				
40	TOTAL REGULATORY ASSET ADJUSTMENT TO BASELINE RATE	<i>\$ 32,998,572</i>	<i>\$ (884,692)</i>	<i>\$ 32,113,880</i>
41				
42	<u>REGULATORY ASSETS RATE BASE:</u>			
43	BPA POWER EXCHANGE INVESTMENT	\$ 22,408,333	\$ (600,767)	\$ 44,560,096
44	TENASKA REGULATORY ASSET	126,839,375	(3,400,564)	123,438,811
45	CABOT OIL REGULATORY ASSET	1,231,500	(33,017)	1,198,483
46	WHITE RIVER PLANT COSTS	38,299,445	(1,026,808)	37,272,637
47	WHITE RIVER RELICENSING & CWIP	21,307,241	(571,247)	20,735,994
48	CANWEST (NEW)	(857,075)	22,978	(834,097)
49	HOPKINS RIDGE PREPAID TRANSMISSION (NEW)	6,406,798	(171,766)	6,235,032
50				
51	TOTAL ADJUSTMENT TO REGULATORY ASSETS RATE BASE	<i>\$ 215,635,616</i>	<i>\$ (5,781,191)</i>	<i>\$ 209,854,425</i>

(Note) Amounts presented in bold italic type have changed from the March 20, 2007 original filing.

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2006
RATE YEAR ENDED AUGUST 31, 2008
POWER COST

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED TEST YEAR	ADJUSTMENT
1	PRODUCTION EXPENSES:			
2	FUEL:			
3	501-STEAM FUEL	\$ 50,018,165	\$ 57,439,461	\$ 7,421,296
4	547-FUEL	48,485,371	38,730,922	(9,754,449)
5	PURCHASED AND INTERCHANGED:			
6	555-PURCHASED POWER	820,748,691	760,736,532	(60,012,159)
7	RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASKA	-	(10,023,555)	(10,023,555)
8	557 - OTHER POWER EXPENSE	10,263,800	9,535,223	(728,577)
9	WHEELING	50,788,707	57,960,540	7,171,833
10	HYDRO AND OTHER POWER	65,868,284	77,990,870	12,122,586
11	TRANS. EXP. INCL. 500KV O&M	949,052	1,315,467	366,415
12	SALES FOR RESALE	(85,003,391)	(2,420,518)	82,582,873
13	PURCHASES/SALES OF NON-CORE GAS	(16,445,463)	(576,422)	15,869,042
14	WHEELING FOR OTHERS - COLSTRIP, 3RD AC & NI	(4,610,746)	(4,065,390)	545,355
15	INCREASE (DECREASE) EXPENSE	941,062,470	986,623,131	45,560,662
16				
17	LESS: SALES FOR RESALE	85,003,391	2,420,518	(82,582,873)
18	LESS: WHEELING FOR OTHERS	4,610,746	4,065,390	(545,355)
19	SCH. 94 - RES./FARM CREDIT	-	-	-
20	INCREASE(DECREASE) EXPENSE	\$1,030,676,606	993,109,039	\$ (37,567,567)
21	TRANS. EXP. INCL. 500KV O&M		(1,315,467)	
22	PURCHASES/SALES OF NON-CORE GAS		576,422	
23	POWER COSTS PER G/L		\$ 992,369,994	

(Note) Amounts presented in bold italic type have changed from the March 20, 2007 original filing.

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
2007 Power Cost Only Rate Case

Exhibit No. ____ (JHS-11C)

12 Months Ended December 31					PCA Period				
Balance									
net of									
Ref	Description	Asset Amort	AA & ADFIT	Asset Amort	AMA Ratebase as of	A.T. %	Amount	Pre Tax	Monthly
(Note 1)					(Note 1)				
10									
11	Cabot Buyout				G/L Accts #18230171 and #28300461 and Order #54756012				
12	Beginning	\$	12,588,000						
13	Dec 2000	\$	(312,000)						
14	Dec 2001	\$	(741,000)						
15	Dec 2002	\$	(1,070,000)						
16	Dec 2003	\$	(1,409,000)						
17	Dec 2004	\$	(1,768,000)						
18	Dec 2005	\$	(2,163,000)						
19	Dec 2006	\$	(2,614,000)						
20									
21	Dec 2007	\$	(3,078,000)						
22	Dec 2008	\$	(1,410,000)						
23	Dec 2009	\$	-						
24									
25									
26	Tenaska				G/L Accts #18230001 and #28300451 and Order #55500423				
27	Beginning	\$	215,000,000						
28	Dec 1998	\$	(1,952,000)						
29	Dec 1999	\$	(3,863,000)						
30	Dec 2000	\$	(5,463,000)						
31	Dec 2001	\$	(7,382,000)						
32	Dec 2002	\$	(9,494,000)						
33	Dec 2003	\$	(11,924,000)						
34	Dec 2004	\$	(14,744,000)						
35	Dec 2005	\$	(17,908,000)						
36	Dec 2006	\$	(20,615,000)						
37									
38	Dec 2007	\$	(24,343,000)						
39	Dec 2008	\$	(28,272,000)						
40	Dec 2009	\$	(32,676,000)						
41	Dec 2010	\$	(37,533,000)						
42	Dec 2011	\$	(40,629,000)						
43	Dec 2012	\$	-						
44									

G/L Accts #18230171 and #28300461 and Order #54756012

G/L Accts #18230001 and #28300451 and Order #55500423

Exhibit No. ____ (JHS-11C)

Page 8 of 10

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
2007 Power Cost Only Rate Case

Exhibit No. ____ (JHS-11C)

12 Months Ended December 31				PCA Period			
Balance				Return			
net of				Amount			
Ref	Description	Asset Amort	AA & ADFIT	Asset Amort	AMA Ratebase as of	A.T. %	Pre Tax Monthly
(Note 1)				(Note 1)			
80	White River Plant Costs						
81	Beginning		43,419,577				
82	Dec 2004		42,052,182				
83	Dec 2005	(1,494,702)	40,832,250				
84	Dec 2006	(1,494,702)	39,625,900	(1,494,702)	42,108,377	6/05 7.3%&7.01%	3,034,099 4,667,844 388,987
85				(1,494,702)	40,832,156	6/06 7.01%	2,862,334 4,403,591 366,966
86				(747,351)	39,923,952	12/06 7.01%	2,798,669 4,305,645 358,804
87	Dec 2007	(1,494,702)	38,496,298	(1,494,702)	39,061,099	12/07 7.01%&7.06%	2,757,071 4,241,648 353,471
88	Dec 2008	(1,494,702)	37,328,058	(1,494,702)	37,912,178	12/08 7.06%	2,676,600 4,117,846 343,154
89	Dec 2009	(1,494,702)	36,203,512	(1,494,702)	36,765,785	12/09 7.06%	2,595,664 3,993,330 332,777
90	Dec 2010	(1,494,702)	35,078,963	(1,494,702)	35,641,238	12/10 7.06%	2,516,271 3,871,187 322,599
91	Dec 2011	(1,494,702)	33,954,413	(1,494,702)	34,516,688	12/11 7.06%	2,436,878 3,749,043 312,420
92							
93	Canwest Liability						
94	Beginning		-				
95	Dec 2004		(977,293)				
96	Dec 2005	632,917	(6,170,942)				
97	Dec 2006	3,797,503	(3,702,565)	-	(1,317,326)	6/05 7.3%&7.01%	(62,513) (96,174) (8,014)
98				2,531,669	(5,490,031)	6/06 7.01%	(384,851) (592,079) (49,340)
99				1,898,751	(4,319,660)	12/06 7.01%	(302,808) (465,859) (38,822)
100	Dec 2007	3,797,503	(1,234,188)	3,797,503	(2,468,377)	12/07 7.01%&7.06%	(174,227) (268,041) (22,337)
101	Dec 2008	1,898,751	(0)	1,898,751	(308,547)	12/08 7.06%	(21,783) (33,513) (2,793)
102	Dec 2009	-	-	-	-	12/09 7.06%	- - -
103							
104	Hopkins Ridge Prepaid Transm (Notes 3/4)						
105	Beginning		10,750,000				
106	Dec 2005	-	10,750,000				
107	Dec 2006	(1,872,029)	8,857,971	(367,909)	6,670,465	6/06 7.01%	467,600 719,384 59,949
108				(1,504,121)	9,365,525	12/06 7.01%	656,523 1,010,036 84,170
109	Dec 2007	(2,129,108)	6,728,862	(2,129,108)	7,814,935	12/07 7.01%&7.06%	551,606 848,625 70,719
110	Dec 2008	(998,862)	5,730,000	(998,862)	5,947,900	12/08 7.06%	419,922 646,033 53,836
111	Dec 2009	(1,528,760)	4,201,240	(1,528,760)	5,126,593	12/09 7.06%	361,937 556,827 46,402
112	Dec 2010	(2,069,001)	2,132,238	(2,069,001)	3,180,514	12/10 7.06%	224,544 345,453 28,788
113				(2,132,238)	1,029,512	12/11 7.06%	72,684 111,821 9,318
114	Dec 2011	(2,132,238)	-	(2,132,238)			

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
2007 Power Cost Only Rate Case

Exhibit No. ____ (JHS-11C)

12 Months Ended December 31				PCA Period			
Balance							
net of							
Ref	Description	Asset Amort	AA & ADFIT	Asset Amort	AMA Ratebase as of	A.T. %	Return
					(Note 1)		Amount
115	Dec 2012	\$	-	-	(0) 12/12	7.06%	(0)
116							(0)

Period	From	To	Asset Amort	AMA Ratebase as of	A.T. %	Return	Monthly
						Amount	Pre Tax
						(Annualized)	
PCA #3	Jul 2004	Jun 2005	(23,312,822)	307,685,359 6/05	7.3%&7.01%	21,421,859	32,956,707
PCA #4	Jul 2005	Jun 2006	(24,507,562)	277,936,545 6/06	7.01%	19,483,352	29,974,387
PCA #5	Jul 2006	Dec 2006	(13,730,530)	265,779,411 12/06	7.01%	18,631,137	28,663,287
PCA #6	Jan 2007	Dec 2007	(30,773,927)	235,919,342 12/07	7.01%&7.06%	16,652,027	25,618,504
PCA #7	Jan 2008	Dec 2008	(33,803,433)	205,339,815 12/08	7.06%	14,496,991	22,303,063
PCA #8	Jan 2009	Dec 2009	(39,226,082)	171,929,000 12/09	7.06%	12,138,187	18,674,134
PCA #9	Jan 2010	Dec 2010	(44,623,323)	133,442,379 12/10	7.06%	9,421,032	14,493,895
			-	-			1,207,825

6 Month Time Period

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

Note (2) During the 2004 General Rate Case filed under WUTC Docket No. UE-040640, et al., it was agreed that the return of the White River Relicensing costs would be delayed until the sale of White River is complete. At that time, the Commission can make a final determination in a separate proceeding regarding the application of the proceeds against the deferred costs and the disposition of any remaining balance.

Note (3) Because Hopkins Ridge Prepaid Transmission regulatory asset was projected to the entire 12 months of the rate year in UE-050870, a full year's return is allowed for PCA 4 when the Power Cost Baseline Rate is in effect from UE-050870.

Note (4) Asset amortization for the 12 months ending December 2006 is per the new Hopkins Ridge amortization schedule. Asset amortization for the 6 months ending June 2006 is per the old Hopkins Ridge amortization schedule. Asset amortization for the 6 months ending December 2006 is the difference between the previous two.