

Exhibit No. ____ (CTM-2)
Docket UE-130617
Witness: Christopher T. Mickelson

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET UE-130617

TESTIMONY OF

CHRISTOPHER T. MICKELSON

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Power Cost Rate Adjustments

August 14, 2013

	2.01	2.02	2.03	2.04	2.05	2.06	2.07
	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	Adjustment 6	Adjustment 7
	POWER	MONTANA	LOWER SNAKE	SNOQUALMIE	SNOQUALMIE	LOWER BAKER	LOWER BAKER
	COSTS	ENERGY TAX	RIVER PROJECT	FALLS PROJECT	FALLS PROJECT	PROJECT	PROJECT
	UPGRADES	DEFERRAL	UPGRADES	UPGRADES	DEFERRAL	DEFERRAL	DEFERRAL
Test Year Actual							
12 months ended							
September 30, 2012							
3 Regulatory Assets (Variable)	\$ 316,142,370				\$ 6,287,245		\$ -
4 Transmission Rate Base (Fixed)	91,760,899						
5 Production Rate Base (Fixed)	1,744,881,761		89,361,374	235,974,393		124,718,619	
	2,152,785,030	-	89,361,374	235,974,393	6,287,245	124,718,619	-
6							
7 Net of tax rate of return	6.69%						
8							
9							
10 Regulatory Asset Recovery	\$ 32,538,346	\$ -	\$ -	\$ -	\$ 647,103	\$ -	\$ -
11 Fixed Asset Recovery Other	9,444,314	-	-	-	-	-	-
12 Fixed Asset Recovery-Prod Factored	179,588,600	-	-	-	-	-	-
13 501-Stream Fuel	70,102,791	20,578,217	9,197,348	24,287,211	-	12,836,424	-
14 555-Purchased power	619,576,589	(215,350,968)					
15 557-Other Power Exp	13,306,753	(6,960,914)					
15a Payroll Overheads	6,688,140						
15b Property Insurance	2,853,260						
15c Montana Electric Energy Tax	819,440	918,448					
15d Payroll Taxes	2,035,145						
16 547-Fuel	151,230,975	(1,880,475)					
17 565-Wheeling	84,999,684	20,301,999					
18 Variable Transmission Income	(6,326,170)	(1,128,540)					
19 Production O&M	112,384,447	14,361,475					
20 447-Sales to Others	(102,454,344)	73,120,539					
21 456-Subaccounts 00016,18,80,81,130	24,051,167	(38,745,141)					
22 Transmission Exp - 500KV	973,202	(17,187)					
23 Depreciation/Amortization -Production	92,545,524	12,306,471					
24 Depreciation-Transmission	4,136,830					3,513,712	
25 Amortization - Regulatory Assets	29,249,758				1,744,438		
26 Property Taxes-Production							
27 Property Taxes-Transmission							
28 Hedging Line of Credit	851,558						
29 Subtotal & Baseline Rate	\$ 1,328,596,008	\$ (135,720,995)	\$ 918,448	\$ 21,503,819	\$ 34,223,697	\$ 2,391,541	\$ 16,350,136

Row	2.08 Adjustment 8 FERNDALE GENERATING STATION	2.09 Adjustment 9 FERNDALE DEFERRAL	2.10 Adjustment 10 REMOVE WILD HORSE SOLAR	2.11 Adjustment 11 REMOVE TENASKA	2.12 Adjustment 12 SALE OF ELECTRON PROJECT	2.13 Adjustment 13 PROPERTY TAXES	2.14 Adjustment 14 PROPERTY INSURANCE	2.15 Adjustment 15 BONNEVILLE EXCHANGE POWER
3	Regulatory Assets (Variable)	\$ 15,672,263	\$	\$(1,213,374)	\$	\$	\$	\$(5,134,690)
4	Transmission Rate Base (Fixed)							
5	Production Rate Base (Fixed)	73,111,891	(2,805,550)	(2,805,550)	(7,528,133)			(5,134,690)
6		73,111,891	15,672,263	(1,213,374)	(7,528,133)			
7	Net of tax rate of return							
8								
9								
10	Regulatory Asset Recovery	\$	\$	\$	\$	\$	\$	\$(528,478)
11	Fixed Asset Recovery Other							
12	Fixed Asset Recovery-Prod Factored	7,524,901	(288,756)		(774,819)			
13	501-Steam Fuel							
14	555-Purchased power							
15	557-Other Power Exp							
15a	Payroll Overheads							
15b	Property Insurance							
15c	Montana Electric Energy Tax							
15d	Payroll Taxes							
16	547-Fuel							
17	565-Wheeling							
18	Variable Transmission Income							
19	Production O&M							
20	447-Sales to Others							
21	456-Subaccounts 00016,18,80,81,130							
22	Transmission Exp - 500KV							
23	Depreciation/Amortization -Production	3,174,624	(203,597)		(61,275)			
24	Depreciation-Transmission							
25	Amortization - Regulatory Assets							
26	Property Taxes-Production							
27	Property Taxes-Transmission							
28	Hedging Line of Credit							
29	Subtotal & Baseline Rate	\$ 10,699,524	\$ 5,996,887	\$ (10,281,888)	\$ (836,094)	\$	\$ 101,511	\$(528,478)

Row	2.16	2.17	2.18	2.19	2.20	2.21	2.22
	Adjustment 16	Adjustment 17	Adjustment 18	Adjustment 19	Adjustment 20	Adjustment 21	Adjustment 22
	REGULATORY ASSET - WHITE RIVER PROJECT	PLANT DEFERRALS	CAPACITY PMTS ON WESTCOAST PIPELINE	PUD CONTRACT INITIATION PYMT & SECURITY DPTS	OTHER REGULATORY ASSETS	PREPAID TRANS & DEFERRED CARRYING CHARGES	HEDGING LINE OF CREDIT
3	\$ (2,049,566)	\$ (4,637,463)	\$ 1,280,411	\$ (11,001,713)	\$ (2,854,621)	\$ (28,393,533)	
4							
5							
6	\$ (2,049,566)	\$ (4,637,463)	\$ 1,280,411	\$ (11,001,713)	\$ (2,854,621)	\$ (28,393,533)	
7							
8							
9							
10	\$ (210,948)	\$ (477,302)	\$ 131,784	\$ (1,132,330)	\$ (293,806)	\$ (2,922,350)	
11							
12							
13							
14							
15							
15a							
15b							
15c							
15d							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	0	1,819,435	(0)	590,672	(1,275,845)	3,531,334	
26							
27							
28							
29	\$ (210,948)	\$ 1,342,133	\$ 131,784	\$ (541,658)	\$ (1,569,651)	\$ 608,984	\$ (52,144)

Power Cost Rate

Row	2.23 Adjustment 23		2.24 Adjustment 24		Adjusted 12 months ended September 30, 2012
	PRODUCTION ADJUSTMENT	TEMPERATURE NORMALIZATION	TOTAL ADJUSTMENT	TOTAL	
3	\$ (5,017,159)		\$ (37,062,200)	\$	279,080,171
4	(39,871,235)		472,961,360	-	91,760,899
5	(44,888,394)		435,899,160		2,217,843,121
6					2,588,684,190
7					0
8					
9					
10	\$ (516,381)		\$ (3,814,556)	\$	28,723,789
11					9,444,314
12	(4,103,670)		48,678,638		228,267,238
13			20,578,217		90,681,008
14			(215,350,968)		404,225,621
15			(6,960,914)		6,345,838
15a	(154,053)		(154,053)		6,534,086
15b	(52,181)		49,329		2,902,590
15c	(30,691)		887,757		1,707,198
15d					2,035,145
16			(1,880,475)		149,350,501
17			20,301,999		105,301,683
18			(1,128,540)		(7,454,710)
19			14,361,475		126,745,922
20			73,120,539		(29,333,805)
21			(38,745,141)		(14,693,974)
22			(17,187)		956,015
23	(2,140,603)		26,525,818		119,071,342
24					4,136,830
25	(527,798)		109,081		29,358,839
26					-
27					-
28	(14,118)		(66,261)		785,297
29	(7,539,496)		(63,505,241)		1,265,090,766

Adjustment 1

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 POWER COSTS

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	PRODUCTION EXPENSES:			
2	FUEL:			
3	501-STEAM FUEL	\$ 70,102,791	\$ 90,681,008	\$ 20,578,217
4	547-FUEL	151,230,975	149,350,501	(1,880,475)
5	PURCHASED AND INTERCHANGED:			
6	555-PURCHASED POWER	619,576,589	404,225,621	(215,350,968)
7	557 - OTHER POWER EXPENSE	13,306,753	6,345,838	(6,960,914)
8	WHEELING	84,999,684	105,301,683	20,301,999
9	PRODUCTION O&M	112,384,447	126,745,922	14,361,475
10	TRANS. EXP. INCL. 500KV O&M	973,202	956,015	(17,187)
11	SALES FOR RESALE	(102,454,344)	(29,333,805)	73,120,539
12	PURCHASES/SALES OF NON-CORE GAS	24,051,167	(14,693,974)	(38,745,141)
13	VARIABLE TRANSMISSION INCOME - COLSTRIP, 3RD AC	(6,326,170)	(7,454,710)	(1,128,540)
14	INCREASE (DECREASE) EXPENSE	967,845,094	832,124,099	(135,720,995)

Adjustment 2

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED SEPTEMBER 30, 2012
RATE YEAR ENDED NOVEMBER 30, 2014
MONTANA ENERGY TAX

LINE NO.	DESCRIPTION	RATE YEAR	ADJUSTMENT
1	PROFORMA KWH (COLSTRIP)	4,965,396,541	
2	TAX RATE	<u>0.00035</u>	
3			
4	PROFORMA ENERGY TAX		1,737,889
5	CHARGED TO EXPENSE		<u>819,440</u>
6	INCREASE (DECREASE) EXPENSE		<u>\$ 918,448</u>
7			

Adjustment 3

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 LOWER SNAKE RIVER PROJECT

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>PLANT RATE BASE</u>			
2	PLANT BALANCE	\$ 429,594,822	\$ 691,417,400	\$ 261,822,578
3	ACCUM DEPRECIATION	(4,905,223)	(65,048,305)	(60,143,082)
4	DEFERRED INCOME TAX	(27,932,659)	(140,250,782)	(112,318,123)
5	NET LOWER SNAKE RIVER PLANT RATEBASE	396,756,939	486,118,313	89,361,374
6				
7				
8				
9				
10	<u>LOWER SNAKE RIVER OPERATING EXPENSE</u>			
11	TAXABLE DEPRECIATION EXPENSE	14,382,540	24,492,487	10,109,947
12	NON-TAXABLE DEPRECIATION EXPENSE	2,373,346	4,569,870	2,196,524
13		16,755,886	29,062,357	12,306,471

No

Adjustment 4

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 SNOQUALMIE FALLS PROJECT UPGRADES

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>PLANT RATE BASE</u>			
2	PLANT BALANCE	\$ -	\$ 287,784,738	\$ 287,784,738
3	ACCUM DEPRECIATION	-	(9,012,866)	(9,012,866)
4	DEFERRED INCOME TAX	-	(42,797,480)	(42,797,480)
5	NET SNOQUALMIE PLANT RATEBASE	-	235,974,393	235,974,393
6				
7				
8				
9				
10	<u>SNOQUALMIE OPERATING EXPENSE</u>			
11	TAXABLE DEPRECIATION EXPENSE	-	7,814,722	7,814,722
12	NON-TAXABLE DEPRECIATION EXPENSE	-	1,379,146	1,379,146
13	REVENUE ADJUSTMENT FOR FLOW-THRU TAXES		742,617	742,617
14	INCREASE OPERATING EXPENSES	-	9,936,486	9,936,486

Adjustment 5

**PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 SNOQUALMIE FALLS PROJECT DEFERRAL**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>OPERATING EXPENSES</u>			
2	<u>Plant 2 and Diversion Dam</u>			
3	AMORT. OF DEFERRAL PLANT 2 AND DIVERSION DAM	\$ -	\$ 1,744,438	\$ 1,744,438
4	DEFERRAL OF PLANT 2 AND DIVERSION DAM	-	-	-
5	TOTAL AMORT. PLANT 2 AND DIVERSION DAM PROJECT	-	1,744,438	1,744,438
6				
7	<u>Plant 1</u>			
8	AMORT. OF DEFERRAL PLANT 1 SNOQUALMIE	-	-	-
9	DEFERRAL OF PLANT 1 SNOQUALMIE	-	-	-
10	TOTAL AMORT. PLANT 1 SNOQUALMIE PROJECT	-	-	-
11				
12	INCREASE (DECREASE) OPERATING EXPENSES	-	1,744,438	1,744,438
13				
14				
15	<u>RATE BASE</u>			
16	<u>Plant 2 and Diversion Dam</u>			
17	PLANT 2 AND DIVERSION DAM AMA GROSS - DEF	\$ -	\$ 10,466,628	\$ 10,466,628
18	PLANT 2 AND DIVERSION DAM AMA ACCUM. AMORT.	-	(872,219)	(872,219)
19	PLANT 2 AND DIVERSION DAM AMA ACCUM. DEFERRED FIT	-	(3,307,164)	(3,307,164)
20	TOTAL PLANT 2 AND DIVERSION DAM PROJECT RATE BASE	-	6,287,245	6,287,245
21				
22	<u>Plant 1</u>			
23	SNOQUALMIE PLANT 1 AMA GROSS - DEF	-	-	-
24	SNOQUALMIE PLANT 1 AMA ACCUM AMORTIZATION	-	-	-
25	SNOQUALMIE PLANT 1 AMA ACCUM. DEFERRED FIT	-	-	-
26	TOTAL SNOQUALMIE PLANT 1 RATE BASE	\$ -	\$ -	\$ -
27				
28	TOTAL SNOQUALMIE PROJECT RATE BASE	-	6,287,245	6,287,245

Adjustment 6

**PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 LOWER BAKER PROJECT UPGRADES**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>PLANT RATE BASE</u>			
2	PLANT BALANCE	\$ -	\$ 152,062,126	\$ 152,062,126
3	ACCUM DEPRECIATION	-	(3,397,260)	(3,397,260)
4	DEFERRED INCOME TAX	-	(23,946,246)	(23,946,246)
5	NET BAKER PLANT RATEBASE	-	124,718,619	124,718,619
6				
7				
8				
9				
10	<u>BAKER OPERATING EXPENSE</u>			
11	TAXABLE DEPRECIATION EXPENSE	-	2,997,078	2,997,078
12	NON-TAXABLE DEPRECIATION EXPENSE	-	335,812	335,812
13	REVENUE ADJUSTMENT FOR FLOW-THRU TAXES		180,822	180,822
14	TOTAL DEPRECIATION EXPENSE	-	3,513,712	3,513,712

Adjustment 7

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 LOWER BAKER PROJECT DEFERRAL

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>OPERATING EXPENSES</u>			
2	AMORTIZATION OF BAKER COST DEFERRAL	\$ -	\$ -	\$ -
3	DEFERRAL OF BAKER COSTS			-
4	TOTAL AMORTIZATION BAKER PROJECT	-	-	-
5				
6				
7	<u>RATE BASE</u>			
8	BAKER PROJECT AMA GROSS - DEF	\$ -	\$ -	\$ -
9	BAKER PROJECT AMA ACCUMULATED DEPRECIATION	-	-	-
10	BAKER PROJECT AMA ACCUMULATED DEFERRED FIT	-	-	-
11	TOTAL BAKER PROJECT RATE BASE	\$ -	\$ -	\$ -

Adjustment 8

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 FERNDALE GENERATING STATION

LINE NO. DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1 <u>RATE BASE</u>			
2 UTILITY PLANT BALANCE	\$ -	\$ 134,878,099	\$ 134,878,099
3 ASSET RETIREMENT COST ("ARC")	-	1,475,672	1,475,672
4 ACCUM DEPRECIATION ON UTILITY PLANT AND ARC	-	(87,528,421)	(87,528,421)
5 ACQUISITION ADJUSTMENT	-	30,992,513	30,992,513
6 ACCUM AMORIZATION ACQUISITION ADJUSTMENT	-	(1,763,629)	(1,763,629)
7 DEFERRED INCOME TAX	-	(3,226,090)	(3,226,090)
8 ASSET RETIREMENT OBLIGATION ("ARO")	-	(1,716,253)	(1,716,253)
9 NET FERNDALE PLANT RATEBASE	-	73,111,891	73,111,891
10			
11			
12			
13			
14 <u>FERNDALE OPERATING EXPENSE</u>			
15 DEPRECIATION EXPENSE	-	1,855,149	1,855,149
16 ACQUISITION ADJUSTMENT AMORTIZATION EXPENSE	-	1,144,339	1,144,339
17 ARC DEPRECIATION EXPENSE 403.1	-	57,756	57,756
18 ARO ACCRETION EXPENSE 411.1	-	117,379	117,379
19 TOTAL OPERATING EXPENSE	-	3,174,624	3,174,624

Adjustment 9

**PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 FERNDALE DEFERRAL**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>OPERATING EXPENSES</u>			
2	AMORTIZATION OF FERNALE COST DEFERRAL	\$ -	\$ 4,383,850	\$ 4,383,850
3		-	-	-
4	TOTAL AMORTIZATION FERNDALE PROJECT	-	4,383,850	4,383,850
5				
6				
7	<u>RATE BASE</u>			
8	FERNDALE PROJECT AMA GROSS - DEF	\$ -	\$ 26,303,098	\$ 26,303,098
9	FERNDALE PROJECT AMA ACCUMULATED DEPRECIATION	-	(2,191,925)	(2,191,925)
10	FERNDALE PROJECT AMA ACCUMULATED DEFERRED FIT	-	(8,438,911)	(8,438,911)
11	TOTAL FERNDALE PROJECT RATE BASE	\$ -	\$ 15,672,263	\$ 15,672,263

Adjustment 10

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 REMOVE WILD HORSE SOLAR

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>WILD HORSE RATE BASE</u>			
2	UTILITY PLANT RATEBASE			
3	PLANT BALANCE	\$ 4,530,703		\$ (4,530,703)
4	ACCUMULATED DEPRECIATION	(825,947)		825,947
5	DEFERRED TAX	(899,206)		899,206
6	TOTAL UTILITY PLANT RATEBASE	2,805,550	-	(2,805,550)
7				
8				
9				
10				
11	<u>WILD HORSE O&M</u>			
12	DEPRECIATION EXPENSE ON UTILITY PLANT	203,597		(203,597)
13	PROPERTY INSURANCE			-
14	PROPERTY TAXES			-
15	TOTAL O&M	203,597	-	(203,597)
16				
17	GRAND TOTAL OF OPERATING EXPENSES	\$ 203,597	\$ -	\$ (203,597)

Adjustment 11

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED SEPTEMBER 30, 2012
RATE YEAR ENDED NOVEMBER 30, 2014
REMOVE TENASKA

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	RATEBASE			
2	REGULATORY ASSET	\$ 1,269,605		\$ (1,269,605)
3	DEFERRED FIT	(56,231)		56,231
4				
5	NET RATEBASE	1,213,374	-	(1,213,374)
6				
7				
8	AMORTIZATION EXPENSE			
9	AMORTIZATION EXPENSE	10,157,004		(10,157,004)
10	TOTAL AMORTIZATION	10,157,004	-	(10,157,004)

Adjustment 12

**PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 SALE OF ELECTRON PROJECT**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>ELECTRON HYDRO OPERATING EXPENSE</u>			
2	DEPRECIATION EXPENSE	\$ 5,002,008	\$ 4,940,733	\$ (61,275)
3	AMORTIZATION EXPENSE			-
4	TOTAL EXPENSE	<u>5,002,008</u>	<u>4,940,733</u>	<u>(61,275)</u>
5				
6	<u>ELECTRON UTILITY PLANT RATEBASE</u>			
7	GROSS PLANT	\$ 69,590,833	\$ 69,729,010	\$ 138,177
8	ACCUMULATED DEPRECIATION / AMORTIZATION	\$ (38,298,583)	\$ (48,100,418)	(9,801,834)
9	DFIT	\$ (5,126,319)	\$ (2,990,795)	2,135,525
10	NET PLANT COSTS	<u>26,165,931</u>	<u>18,637,798</u>	<u>(7,528,133)</u>
11				
12	<u>ELECTRON REGULATORY ASSET RATEBASE</u>			
13	UNRECOVERED PLANT	\$ -	\$ -	-
14	ACCUMULATED AMORTIZATION	\$ -	\$ -	-
15	DFIT	\$ -	\$ -	-
16	NET REGULATORY ASSET	<u>-</u>	<u>-</u>	<u>-</u>

Adjustment 13

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED SEPTEMBER 30, 2012
RATE YEAR ENDED NOVEMBER 30, 2014
PROPERTY TAXES

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	RESTATED PROPERTY TAXES-PRODUCTION	\$ -		\$ -
2	RESTATED PROPERTY TAXES-TRANSMISSION	-	-	-
3	INCREASE (DECREASE) EXPENSES	\$ -	\$ -	\$ -

Adjustment 14

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED SEPTEMBER 30, 2012
RATE YEAR ENDED NOVEMBER 30, 2014
PROPERTY INSURANCE

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 2,853,260	\$ 2,954,771	\$ 101,511
2	INCREASE(DECREASE) EXPENSE	\$ 2,853,260	\$ 2,954,771	\$ 101,511

Adjustment 15

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 BONNEVILLE EXCHANGE POWER

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2	BEP	\$ 12,551,648	\$ 7,416,958	\$ (5,134,690)
3	TOTAL REGULATORY ASSETS	<u>\$ 12,551,648</u>	<u>\$ 7,416,958</u>	<u>\$ (5,134,690)</u>
4	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
5	BEP	3,526,620	3,526,620	-
6	TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>\$ 3,526,620</u>	<u>\$ 3,526,620</u>	<u>\$ -</u>

Adjustment 16

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 REGULATORY ASSET - WHITE RIVER PROJECT

LINE NO. DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1 <u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2 WHITE RIVER PLANT COSTS	\$ 35,416,439	\$ 32,127,536	\$ (3,288,903)
3 WHITE RIVER RELICENSING & CWIP	25,485,829	25,621,603	135,774
4 PROCEED FROM THE SALE OF WHITE RIVER	(30,211,681)	(30,211,681)	-
5 DFIT - WHITE RIVER REG ASSET	(10,741,661)	(9,638,097)	1,103,564
6 TOTAL REGULATORY ASSETS	<u>\$ 19,948,927</u>	<u>\$ 17,899,361</u>	<u>\$ (2,049,566)</u>
7			
8 <u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
9 WHITE RIVER PLANT COSTS	\$ 1,494,702	\$ 1,494,702	\$ 0
10 TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>\$ 1,494,702</u>	<u>\$ 1,494,702</u>	<u>\$ 0</u>

Adjustment 17

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 PLANT DEFERRALS

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DEIT</u>			
2	GOLDENDALE FIXED COSTS DEFERRAL	\$ 9,335	\$ -	\$ (9,335)
3	MINT FARM DEFFRED - UE-090704	24,270,628	20,207,512	(4,063,116)
4	WILD HORSE EXPANSION DEFFRED - UE-090704	40,660	-	(40,660)
5	LOWER SNAKE RIVER PLANT DEFERRAL	6,126,670	5,602,317	(524,353)
6	TOTAL REGULATORY ASSETS	<u>\$ 30,447,292</u>	<u>\$ 25,809,829</u>	<u>\$ (4,637,463)</u>
7				
8	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
9	GOLDENDALE FIXED COSTS DEFERRAL	\$ 346,851	\$ -	\$ (346,851)
10	MINT FARM DEFFRED - UE-090704	2,885,052	2,885,052	-
11	WILD HORSE EXPANSION DEFFRED - UE-090704	582,051	-	(582,051)
12	LOWER SNAKE RIVER PLANT DEFERRAL	1,748,506	4,496,843	2,748,337
13	TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>\$ 5,562,460</u>	<u>\$ 7,381,895</u>	<u>\$ 1,819,435</u>

Adjustment 18

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 CAPACITY PAYMENT ON WESTCOAST PIPELINE

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY)	\$ (1,678,228)	\$ (1,125,854)	\$ 552,374
3	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)	(2,300,593)	(1,572,557)	728,037
4	TOTAL REGULATORY ASSETS	<u>\$ (3,978,821)</u>	<u>\$ (2,698,410)</u>	<u>\$ 1,280,411</u>
5				
6				
7	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
8	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY)	\$ (392,170)	\$ (392,170)	0
9	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)	(537,626)	(537,626)	(0)
10	TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>(929,796)</u>	<u>(929,796)</u>	<u>(0)</u>

Adjustment 19

**PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 PUD CONTRACT INITIATION PAYMENT & SECURITY DEPOSIT**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2	CHELAN PUD CONTRACT INITIATION	\$ 120,683,675	\$ 107,369,462	\$ (13,314,213)
3	CHELAN - ROCK ISLAND SECURITY DEPOSIT	16,187,500	18,500,000	2,312,500
4	TOTAL REGULATORY ASSETS	<u>\$ 136,871,175</u>	<u>\$ 125,869,462</u>	<u>(11,001,713)</u>
5				
6				
7	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
8	CHELAN PUD CONTRACT INITIATION	\$ 6,497,393	\$ 7,088,066	\$ 590,672
9	TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>\$ 6,497,393</u>	<u>\$ 7,088,066</u>	<u>\$ 590,672</u>

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 OTHER REGULATORY ASSETS

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2	COLSTRIP 1&2 (WEC) PREPAYMENT	\$ 4,150,656	\$ 2,791,667	\$ (1,358,989)
3	FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074	786,635	\$ 623,276	(163,359)
4	CONTRACT MAJOR MAINTENANCE:	-	\$ -	-
5	SUMAS NOVEMBER 2010 HOT GAS PATH INSPECTION	200,983	\$ -	(200,983)
6	GOLDENDALE HOT GAS PATH	963,013	\$ -	(963,013)
7	FREDDY 1 JULY 2009 HOT GAS PATH INSPECTION	4,419	\$ -	(4,419)
8	GOLENDALE MAY 2009 COMBUSTION INSPECTION	30,780	\$ -	(30,780)
9	MINT FARM JUNE 2010 COMBUSTION INSPECTION	133,079	\$ -	(133,079)
10	MINT FARM APRIL 2013 HOT GAS PATH INSPECTION	-	\$ -	-
11	TOTAL REGULATORY ASSETS	\$ 6,269,564	\$ 3,414,943	\$ (2,854,621)
12				
13	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
14	COLSTRIP 1&2 (WEC) PREPAYMENT	\$ 958,333	\$ 500,000	\$ (458,333)
15	FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074	180,951	241,268	60,317
16	CONTRACT MAJOR MAINTENANCE:	-	-	-
17	SUMAS NOVEMBER 2010 HOT GAS PATH INSPECTION	396,857	-	(396,857)
18	GOLDENDALE HOT GAS PATH	476,329	-	(476,329)
19	FREDDY 1 JULY 2009 HOT GAS PATH INSPECTION	35,351	-	(35,351)
20	GOLENDALE MAY 2009 COMBUSTION INSPECTION	147,742	-	(147,742)
21	MINT FARM JUNE 2010 COMBUSTION INSPECTION	456,270	-	(456,270)
22	MINT FARM APRIL 2013 HOT GAS PATH INSPECTION	-	634,721	634,721
23	TOTAL AMORTIZATION OF REG ASSETS/LIABS	\$ 2,651,834	\$ 1,375,989	\$ (1,275,845)

Adjustment 21

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 PREPAID TRANSMISSION AND DEFERRED CARRYING CHARGES

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>AMA OF REG ASSET/LIAB NET OF ACCUM AMORT AND DFIT</u>			
2	LOWER SNAKE RIVER PREPAID TRANSM PRINCIPAL	\$ 99,800,000	\$ 76,591,342	\$ (23,208,658)
3	CARRYING CHARGES ON LSR PREPAID TRANSM	\$ 13,019,212	\$ 7,834,337	(5,184,875)
4	TOTAL REGULATORY ASSETS	\$ 112,819,212	\$ 84,425,679	\$ (28,393,533)
5				
6	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
7	LOWER SNAKE RIVER PREPAID TRANSM PRINCIPAL	\$ -	\$ 3,296,838	\$ 3,296,838
8	CARRYING CHARGES ON LSR PREPAID TRANSM	\$ 289,540	\$ 524,036	234,496
9	TOTAL REGULATORY AMORT	\$ 289,540	\$ 3,820,874	\$ 3,531,334

Adjustment 22

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED SEPTEMBER 30, 2012
RATE YEAR ENDED NOVEMBER 30, 2014
HEDGING LINE OF CREDIT

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	HEDGING LINE OF CREDIT	\$ 851,558	\$ 799,414	\$ (52,144)
2	INCREASE(DECREASE) EXPENSE	\$ 851,558	\$ 799,414	\$ (52,144)

Adjustment 23

**PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 PRODUCTION ADJUSTMENT**

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION FACTOR 1.766%	NET AMOUNT
1	<u>O&M PRODUCTION RELATED</u>			
2	EMPLOYEE BENEFITS & TAXES	\$ 8,723,284	\$ (154,053)	\$ 8,569,231
3	PROPERTY INSURANCE	2,954,771	(52,181)	2,902,590
4			-	-
5	TOTAL PRODUCTION O&M	11,678,055	(206,234)	11,471,821
6				
7	HEDGING LINE OF CREDIT	799,414	(14,118)	785,297
8				
9	<u>DEPRECIATION / AMORTIZATION:</u>			
10	DEPRECIATION	108,911,468	(1,923,377)	106,988,091
11	AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB)	12,300,477	(217,226)	12,083,251
12		121,211,945	(2,140,603)	119,071,342
13	<u>TAXES OTHER-PRODUCTION PROPERTY:</u>			
14	PROPERTY TAXES - PRODUCTION	-	-	-
15	ELECTRIC ENERGY TAX	1,737,889	(30,691)	1,707,198
16	TOTAL TAXES OTHER	1,737,889	(30,691)	1,707,198
17				
18	TOTAL PRODUCTION ADJUSTMENT TO BASELINE RATE	\$ 135,427,304	\$ (2,391,646)	\$ 133,035,657
19				
20	<u>EXPENSE ON REGULATORY ASSETS:</u>			
21	ADJ. NO. 9 - FERNDALDE DEFERRAL	4,383,850	(77,419)	4,306,431
22	ADJ. NO. 5 - SNOQUALMIE DEFERRAL	1,744,438	(30,807)	1,713,631
23	ADJ. NO. 7 - BAKER DEFERRAL	-	-	-
24	ADJ. NO. 12 - ELECTRON UNRECOVERED COSTS	-	-	-
25	ADJs - POWER COST & PROD O&M RELATED			
26	NO. 15 - BEP	3,526,620	(62,280)	3,464,340
27	NO. 18 - WESTCOAST PIPE CAP - UE-082013 (FB ENERGY)	(392,170)	6,926	(385,244)
28	NO. 18 - WESTCOAST PIPE CAP - UE-100503 (BNP PARIBUS)	(537,626)	9,494	(528,132)
29	NO. 19 - CHELAN	7,088,066	(125,175)	6,962,890
30	NO. 20 - COLSTRIP 1&2 (WECO) PREPAYMENT	500,000	(8,830)	491,170
31	NO. 21 - LOWER SNAKE RIVER PREPAID TRANSM PRINCIPAL	3,296,838	(58,222)	3,238,616
32	NO. 20 - MINT FARM APRIL 2013 HOT GAS PATH INSPECTION	634,721	(11,209)	623,512
33	ADJs - ALL OTHER			-
34	NO. 16 - WHITE RIVER PLANT COSTS	1,494,702	(26,396)	1,468,305
35	NO. 17 - MINT FARM DEFFRED - UE-090704	2,885,052	(50,950)	2,834,102
36	NO. 17 - LOWER SNAKE RIVER PLANT DEFERRAL	4,496,843	(79,414)	4,417,429
37	NO. 20 - FERC PART 12 STUDY NON-CONSTRUCTION COSTS	241,268	(4,261)	237,007
38	NO. 21 - CARRYING CHARGES ON LSR PREPAID TRANSM	524,036	(9,254)	514,781
39				
40	TOTAL REGULATORY ASSET ADJUSTMENT TO BASELINE RATE	\$ 29,886,637	\$ (527,798)	\$ 29,358,839
41				
42	INCREASE (DECREASE) EXPENSE		\$ (2,919,444)	
43				
44	<u>PRODUCTION RATE BASE:</u>			
45	DEPRECIABLE PRODUCTION PROPERTY	3,845,655,225	(67,914,271)	3,777,740,954
46	PRODUCTION PROPERTY ACCUM DEPR.	(1,415,546,522)	24,998,552	(1,390,547,970)
47	NON-DEPRECIABLE PRODUCTION PROPERTY	77,802,363	(1,373,990)	76,428,373
48	PRODUCTION PROPERTY ACCUM AMORT.	(5,230,652)	92,373	(5,138,279)
49	COLSTRIP COMMON FERC ADJUSTMENT	4,326,958	(76,414)	4,250,544
50	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	1,276,167	(22,537)	1,253,630
51	ACQUISITION ADJUSTMENT	281,526,234	(4,971,753)	276,554,481
52	ACCUMULATED AMORTIZATION ON ACQUISTION ADJ	(72,790,264)	1,285,476	(71,504,788)
53	NET PRODUCTION PROPERTY	2,717,019,510	(47,982,564)	2,669,036,946
54				
55	<u>DEDUCT:</u>			

Adjustment 23

**PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 PRODUCTION ADJUSTMENT**

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION FACTOR 1.766%	NET AMOUNT
56	LIBR. DEPREC. POST 1980 (AMA)	(498,813,078)	8,809,039	(490,004,039)
57	NOL DEFERRED TAX ASSET ATTRIBUTABLE TO PRODUCTION	39,507,925	(697,710)	38,810,215
58	ADJUSTMENT TO RATE BASE	(459,305,153)	8,111,329	(451,193,824)
59				
60	TOTAL ADJUSTMENT TO PRODUCTION RATE BASE	\$ 2,257,714,356	\$ (39,871,235)	\$ 2,217,843,121
61				
62	<u>REGULATORY ASSETS RATE BASE:</u>			
63	TENASKA	0	0	0
64	BEP	7,416,958	(130,983)	7,285,975
65	WHITE RIVER PLANT COSTS	32,127,536	(367,372)	31,560,164
66	WHITE RIVER RELICENSING & CWIP	25,621,603	(452,478)	25,169,125
67	PROCEED FROM THE SALE OF WHITE RIVER	(30,211,681)	533,538	(29,678,142)
68	DFIT - WHITE RIVER REG ASSET	(9,638,097)	170,209	(9,467,888)
69	GOLDENDALE FIXED COSTS DEFERRAL	0	0	0
70	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY)	(1,125,854)	19,883	(1,105,971)
71	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)	(1,572,557)	27,771	(1,544,785)
72	MINT FARM DEFFRED - UE-090704	20,207,512	(356,865)	19,850,647
73	WILD HORSE EXPANSION DEFFRED - UE-090704	0	0	0
74	CHELAN PUD CONTRACT INITIATION	107,369,462	(1,896,145)	105,473,317
75	CHELAN - ROCK ISLAND SECURITY DEPOSIT	18,500,000	(326,710)	18,173,290
76	COLSTRIP 1&2 (WEC) PREPAYMENT	2,791,667	(49,301)	2,742,366
77	FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074	623,276	(11,007)	612,269
78	CONTRACT MAJOR MAINTENANCE:			
79	SUMAS NOVEMBER 2010 HOT GAS PATH INSPECTION	0	0	0
80	GOLDENDALE HOT GAS PATH	0	0	0
81	FREDDY 1 JULY 2009 HOT GAS PATH INSPECTION	0	0	0
82	GOLENDALE MAY 2009 COMBUSTION INSPECTION	0	0	0
83	MINT FARM JUNE 2010 COMBUSTION INSPECTION	0	0	0
84	MINT FARM APRIL 2013 HOT GAS PATH INSPECTION	0	0	0
85	LOWER SNAKE RIVER PREPAID TRANSM PRINCIPAL	76,591,342	(1,352,603)	75,238,739
86	CARRYING CHARGES ON LSR PREPAID TRANSM	7,834,337	(138,354)	7,695,983
87	LOWER SNAKE RIVER PLANT DEFERRAL	5,602,317	(98,937)	5,503,380
88	FERNDAL DEFERRAL	15,672,263	(276,772)	15,395,491
89	SNOQUALMIE DEFERRAL	6,287,245	(111,033)	6,176,212
90	BAKER DEFERRAL	0	0	0
91	ELECTRON UNRECOVERED PLANT COSTS	0	0	0
92	TOTAL ADJUSTMENT TO REGULATORY ASSETS RATE BASE	\$ 284,097,329	\$ (5,017,159)	\$ 279,080,170
93				
94	TOTAL RATE BASE		\$ (44,888,394)	

Adjustment 24

PUGET SOUND ENERGY
 POWER COST ONLY RATE CASE
 TWELVE MONTHS ENDED SEPTEMBER 30, 2012
 RATE YEAR ENDED NOVEMBER 30, 2014
 TEMPERATURE NORMALIZATION

LINE NO.	DESCRIPTION	ACTUAL	TEMP ADJ	MWH	ADJ FOR LOSSES
		GPI MWH	GPI MWH	CHANGE	6.90%
1	Oct-11	1,787,546	1,779,700	(7,846)	(7,304)
2	Nov-11	2,101,522	2,065,752	(35,770)	(33,302)
3	Dec-11	2,356,931	2,337,381	(19,551)	(18,202)
4	Jan-12	2,292,567	2,250,955	(41,611)	(38,740)
5	Feb-12	2,038,936	2,050,693	11,757	10,946
6	Mar-12	2,120,952	2,069,642	(51,310)	(47,769)
7	Apr-12	1,748,782	1,763,298	14,515	13,514
8	May-12	1,693,850	1,692,346	(1,504)	(1,400)
9	Jun-12	1,583,503	1,594,319	10,816	10,070
10	Jul-12	1,625,813	1,642,567	16,754	15,598
11	Aug-12	1,704,899	1,687,369	(17,531)	(16,321)
12	Sep-12	1,588,781	1,588,077	(703)	(655)
13	Total	22,644,082	22,522,100	(121,982)	(113,565)

Adjustment 25

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED SEPTEMBER 30, 2012
RATE YEAR ENDED NOVEMBER 30, 2014
CONVERSION FACTOR

LINE NO.	DESCRIPTION		RATE
1	BAD DEBTS		0.004444
2	ANNUAL FILING FEE		0.002000
3	STATE UTILITY TAX ((1 - LINE 1) * 3.8734%)	3.8734%	0.038562
4			
5	SUM OF TAXES OTHER		0.045006
6			
7	CONVERSION FACTOR (1 - LINE 5)		0.954994