Exhibit No. \_\_\_ (CTM-3)
Docket UE-130617
Witness: Christopher T. Mickelson

## BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

**DOCKET UE-130617** 

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

## **TESTIMONY OF**

**CHRISTOPHER T. MICKELSON** 

STAFF OF WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Power Cost Rate

August 14, 2013

## Puget Sound Energy, Inc. Power Cost Only Rate Case Test Year - September 30, 2012 Rate Year - November 30, 2014

## **Power Cost Rate**

Row Regulatory Assets (1) (Variable) \$ 279,080,171   17 ransmission Rate Base (Fixed) \$ 91,760,899   1	_				T4 V						
Transmission Rate Base (Fixed)   91,760,899   1,760,	Row	D 1 ( A ( (A) () ( - (-1) ( ) )		æ	Test Year						
Production Rate Base (Fixed)				Φ							
Net of tax rate of return   Production   Factor   Factor							•				
Net of tax rate of return		Production Rate base (Fixed)								.	Production
Regulatory Asset Recovery (on Row 3)   Regulatory Asset Recovery (on Row 3)   Regulatory Asset Recovery (on Row 4)   Revenue Sensitive Revenue Sensitive Revenue Sensitive Revenue		Not of tay rate of return		φ							
Rate Year		Net of tax rate of feturis			0.0078		Test Yr				
Name   Color											
1   Regulatory Asset Recovery (On Row 3)   1   \$ 28,723,769   \$ 1,374   \$ (c)   \$ 11   Fixed Asset Recovery-Profe (on Row 4)   9,444,314   \$ 0.452   8   9,444,314   \$ 1.5   \$ 228,273,38   \$ 1.0.915   \$ 3.23,370,908   \$ 3.501-Steam Fuel   90,681,008   \$ 4.336   \$ (c)   \$ 232,370,908   \$ 3.501-Steam Fuel   90,681,008   \$ 4.336   \$ (c)   \$ 323,370,908   \$ 3.501-Steam Fuel   90,681,008   \$ 4.336   \$ (c)   \$ 301-Steam Fuel   90,681,008   \$ 3.030   \$ (c)   \$ 301-Steam Fuel   90,681,008   \$ 3.030   \$ (c)   \$ 301-Steam Fuel   90,681,008   \$ 3.032   \$ (c)   \$ 301-Steam Fuel   90,681,008   \$ 3.030   \$ (d)   3								•			
Fixed Asset Recovery Other (on Row 4)		D 14 A (D ( D ( D ( ))	4	æ	00 700 700	ø			(0)		(11)
Fixed Asset Recovery-Prod Factored (on Row 5)   228,267,238   \$ 10.915   \$ a   232,370,908   \$ 10.501-Steam Fuel   90,681,008   \$ 4.336   \$ c   \$ 551-Vither Power Exp   6,345,838   \$ 0.303   \$ a   6,459,921   \$ 557-Other Power Exp   6,345,838   \$ 0.302   \$ a   6,459,921   \$ 557-Other Power Exp   6,345,838   \$ 0.312   \$ a   6,645,921   \$ 557-Other Power Exp   6,345,838   \$ 0.312   \$ a   6,645,921   \$ 557-Other Power Exp   6,345,838   \$ 0.312   \$ a   6,645,921   \$ 557-Other Power Exp   6,345,838   \$ 0.312   \$ a   6,645,921   \$ 557,037,559   \$ 0.082   \$ a   1,737,889   \$ 1,707,798   \$ 0.082   \$ a   1,737,889   \$ 150   \$ Payroll Taxes on Production Wages   2,035,145   \$ 0.097   \$ a   2,071,732   \$ 547-Fuel   149,350,501   \$ 7,142   \$ c   \$ c   \$ \$ 557-Other Power Exp   \$ 6,051   \$ 537-Other Power Exp   \$ 6,051   \$ 507-Other Power Exp   \$ 508-Other Power Exp   \$ 508-Other		•	1	Ф				<b>(-)</b>	(C)	æ	0.444.044
Soll-Steam Fuel   90,681,008   \$ 4.336   (c)	11										
14   555-Purchased power   404,225,621   \$ 19,329   (c)	12							(a)			232,370,908
15   557-Other Power Exp   6,345,838   0.303   (a)   6,459,921     15a   Payroll Overheads - Benefits (Inc. Worker's Comp)   6,534,086   \$ 0.312   (a)   6,651,553     15b   Property Insurance   2,902,590   \$ 0.139   (a)   2,954,771     15c   Montana Electric Energy Tax   1,707,198   \$ 0.092   (a)   1,737,899     15d   Payroll Taxes on Production Wages   2,035,145   \$ 0.097   (a)   2,071,732     16   547-Fuel   149,350,5001   \$ 7,142   (c)     17   565-Wheeling   105,301,683   \$ 5.035   (c)     18   Variable Transmission Income   (7,454,710)   \$ (0.356)   (c)     19   Production O&M   126,745,922   \$ 6.061   (a)   129,024,495     20   447-Sales to Others   (29,333,805)   \$ (1,403)   (c)     21   Purch/Sales Non-Core Gas   (14,693,974)   \$ (0.703)   (c)     22   Transmission Exp - 500KV   956,015   \$ 0.046   (a)   973,202     23   Depreciation-Production (FERC 403)   119,071,342   \$ 5.694   (a)   121,211,945     24   Depreciation-Transmission   4,136,830   \$ 0.198   (a)   4,136,830     25   Amortization - Regulatory Assets (1)   29,358,839   \$ 1.404   (c)     26   Property Taxes-Production   \$ 3,65997   \$ 0.038   (c)     27   Property Taxes-Production   \$ 1,265,090,766   \$ 60.494   (b)   \$ 517,037,559     28   Subtotal & Baseline Rate   \$ 1,265,090,766   \$ 60.494   (b)   \$ 517,037,559     29   Subtotal & Baseline Rate   \$ 1,265,090,766   \$ 60.494   \$ 63.345     30   Revenue Sensitive Items   \$ 8 60.494   \$ 63.345     31   Test Year DELIVERED Load (MWH's)   \$ 60.494   \$ 63.345     32   Sum of (a) = Fixed Rate Component   \$ 24.298   \$ 25.444     30   (b) = Power Cost Rate   \$ 60.494   \$ 63.345     31   Sum of (c) = Variable Power Rate Component   \$ 24.298   \$ 25.444     30   (b) = Power Cost Rate   \$ 60.494   \$ 63.345     31   Sum of (c) = Variable Power Rate Component   \$ 24.298   \$ 25.444     31   Sum of (c) = Variable Power Rate Component   \$ 60.494   \$ 63.345     32   Sum of (c) = Variable Power Rate Component   \$ 60.494   \$ 63.345     33   Sum of (c) = Variable Power Rate Component   \$ 60.494   \$ 63.345	13	501-Steam Fuel									
Payroll Overheads - Benefits (Inc. Worker's Comp)	14	555-Purchased power			404,225,621	\$	19.329		(c)		
Property Insurance   2,902,590   \$ 0.139   (a)   2,954,771	15	557-Other Power Exp			6,345,838	\$	0.303	(a)			6,459,921
Property Insurance	15a	Payroll Overheads - Benefits (Inc. Worker's Comp)			6,534,086	\$	0.312	(a)			6,651,553
Montana Electric Energy Tax					2,902,590	\$	0.139	(a)			2,954,771
Payroll Taxes on Production Wages					1,707,198	\$	0.082	(a)			1,737,889
149,350,501   \$ 7.142   (c)											2,071,732
105,301,683		· · · · · · · · · · · · · · · · · · ·						` '	(c)		
Variable Transmission Income											
Production O&M											
20											129 024 495
Purch/Sales Non-Core Gas								, ,			120,024,400
Transmission Exp - 500KV   956,015   \$ 0.046 (a) 973,202					,						
Depreciation-Production (FERC 403)  Depreciation-Transmission  Amortization - Regulatory Assets (1)  Property Taxes-Production  Property Taxes-Transmission  Hedging Line of Credit  Subtotal & Baseline Rate  Revenue Sensitive Items  Test Year DELIVERED Load (MWH's)  Power Cost in Rates with Revenue Sensitive Items (the adjusted baseline)  Power Cost Rate  Sum of (c) = Variable Power Rate Component  Depreciation-Production (119,071,342 \$ 5.694 (a) 121,211,945  19,071,342 \$ 5.694 (a) 121,211,945  19,071,342 \$ 5.694 (a) 121,211,945  19,071,342 \$ 5.694 (a) 121,211,945  10,198 (a) 4,136,830  119,071,342 \$ 5.694 (a) 121,211,945  141,36,830  149,136,830  140,404 (c)  29,358,839 \$ 1.404 (c)  - (a) - (a) - (a) - (a) - (a)  - (a) - (a) - (a) - (a)  - (b) \$ 517,037,559  Sensitive Items  Sensitive Items  Rev Reg (Column (I))  Rev Reg (Column (I))  Sensitive Items  Rev Reg (Column (I))  Sensitive Items  Rev Reg (Column (I))  Sensitive Items							, ,				070 000
Depreciation-Transmission		·			·			. ,			,
25 Amortization - Regulatory Assets (1)   29,358,839   \$ 1.404   (c)								٠,			
Property Taxes-Production	24	• •						(a)			4,136,830
27       Property Taxes-Transmission       - \$ - (a)   - 1	25	Amortization - Regulatory Assets (1)			29,358,839		1.404				
Redging Line of Credit   785,297   \$ 0.038   (c)	26	Property Taxes-Production			-	\$	***				· -
Subtotal & Baseline Rate   \$ 1,265,090,766   \$ 60.494   (b) \$ 517,037,559	27	Property Taxes-Transmission			-	\$	-	(a)			-
30       Revenue Sensitive Items       0.9549940         21       \$ 1,324,710,696         32       Test Year DELIVERED Load (MWH's)       20,912,761       < includes Firm Wholesale	28	Hedging Line of Credit			785,297	\$	0.038		(c)		
\$ 1,324,710,696     20,912,761     < includes Firm Wholesale     30,912,761	29	Subtotal & Baseline Rate		\$	1,265,090,766	\$	60.494	(b)	)	\$	517,037,559
\$ 1,324,710,696     20,912,761     < includes Firm Wholesale     30,912,761	30	Revenue Sensitive Items			0.9549940			_			
32       Test Year DELIVERED Load (MWH's)       20,912,761       < includes Firm Wholesale				\$	1,324,710,696	•					
Before Rev. After Rev.           35         Sensitive Items         Sensitive Items           36         Power Cost in Rates with Revenue Sensitive         Rev Req (Column (I))           37         Items (the adjusted baseline)         \$ 60.494 \$ 63.345           38         sum of (a) = Fixed Rate Component         \$ 24.298 \$ 25.444           39         (b) = Power Cost Rate         \$ 60.494 \$ 63.345           40         sum of (c) = Variable Power Rate Component         \$ 36.195 \$ 37.901		Test Year DELIVERED Load (MWH's)				<	includes	Firm	ո Wh	ole	sale
34         Before Rev.         After Rev.           35         Sensitive Items         Sensitive Items           36         Power Cost in Rates with Revenue Sensitive         Rev Req (Column (I))           37         Items (the adjusted baseline)         \$ 60.494 \$ 63.345           38         sum of (a) = Fixed Rate Component         \$ 24.298 \$ 25.444           39         (b) = Power Cost Rate         \$ 60.494 \$ 63.345           40         sum of (c) = Variable Power Rate Component         \$ 36.195 \$ 37.901		,									
35         Sensitive Items         Sensitive Items           36         Power Cost in Rates with Revenue Sensitive         Rev Req (Column (I))           37         Items (the adjusted baseline)         \$ 60.494 \$ 63.345           38         sum of (a) = Fixed Rate Component         \$ 24.298 \$ 25.444           39         (b) = Power Cost Rate         \$ 60.494 \$ 63.345           40         sum of (c) = Variable Power Rate Component         \$ 36.195 \$ 37.901					Before Rev.	Α	fter Rev.				
36       Power Cost in Rates with Revenue Sensitive       Rev Req (Column (I) )         37       Items (the adjusted baseline)       \$ 60.494 \$ 63.345         38       sum of (a) = Fixed Rate Component       \$ 24.298 \$ 25.444         39       (b) = Power Cost Rate       \$ 60.494 \$ 63.345         40       sum of (c) = Variable Power Rate Component       \$ 36.195 \$ 37.901											
37 Items (the adjusted baseline)       \$ 60.494 \$ 63.345         38 sum of (a) = Fixed Rate Component       \$ 24.298 \$ 25.444         39 (b) = Power Cost Rate       \$ 60.494 \$ 63.345         40 sum of (c) = Variable Power Rate Component       \$ 36.195 \$ 37.901         41		Power Cost in Rates with Revenue Sensitive									
38 sum of (a) = Fixed Rate Component \$ 24.298 \$ 25.444 39 (b) = Power Cost Rate \$ 60.494 \$ 63.345 40 sum of (c) = Variable Power Rate Component \$ 36.195 \$ 37.901 41				\$							
39 (b) = Power Cost Rate \$ 60.494 \$ 63.345 40 sum of (c) = Variable Power Rate Component \$ 36.195 \$ 37.901 41						,				,	
40 sum of (c) = Variable Power Rate Component \$ 36.195 \$ 37.901 41		•									
41							37.901				
		•									
		(1) - Regulatory Assets are shown in detail on Exhibit D.									