

**Exhibit No. \_\_\_\_ (CTM-3)**  
**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*

**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	Test Year		Test Yr		Production	
			\$/MWh		Factor	
			(I)		0.98234	
					Rate Year	
					(II)	
3	Regulatory Assets (1) (Variable)	\$ 279,080,171				
4	Transmission Rate Base (Fixed)	91,760,899				
5	Production Rate Base (Fixed)	<u>2,217,843,121</u>				
6		\$ 2,588,684,190				
7	Net of tax rate of return	6.69%				
8						
9						
9A						
10	Regulatory Asset Recovery (on Row 3)	1 \$ 28,723,789	\$ 1.374	(c)		
11	Fixed Asset Recovery Other (on Row 4)	9,444,314	\$ 0.452	(a)	\$ 9,444,314	
12	Fixed Asset Recovery-Prod Factored (on Row 5)	228,267,238	\$ 10.915	(a)	232,370,908	
13	501-Steam Fuel	90,681,008	\$ 4.336	(c)		
14	555-Purchased power	404,225,621	\$ 19.329	(c)		
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	\$ 0.082	(a)	1,737,889	
15d	Payroll Taxes on Production Wages	2,035,145	\$ 0.097	(a)	2,071,732	
16	547-Fuel	149,350,501	\$ 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	-	\$ -	(a)	-	
27	Property Taxes-Transmission	-	\$ -	(a)	-	
28	Hedging Line of Credit	785,297	\$ 0.038	(c)		
29	Subtotal & Baseline Rate	\$ 1,265,090,766	\$ 60.494	(b)	\$ 517,037,559	
30	Revenue Sensitive Items	0.9549940				
21		<u>\$ 1,324,710,696</u>				
32	Test Year DELIVERED Load (MWH's)	20,912,761		<-- includes Firm Wholesale		
33						
34						
35						
36	Power Cost in Rates with Revenue Sensitive					
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						
42	(1) - Regulatory Assets are shown in detail on Exhibit D.					