

**Exhibit No. ____ (JMW-2)
Docket UE-130617
Witness: Juliana Williams**

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET UE-130617

**EXHIBIT TO
TESTIMONY OF**

JULIANA WILLIAMS

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Staff Adjustment 4 – Snoqualmie Falls Hydroelectric Redevelopment Project

August 14, 2013

PUGET SOUND ENERGY-ELECTRIC
Snoqualmie Falls Hydroelectric Redevelopment Project
TEST YEAR FOR THE TWELVE MONTHS ENDED SEPTEMBER 2012
RATE YEAR ENDED NOVEMBER 30, 2014
2013 PCORC

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<u>NEW PLANT RATEBASE</u>			
2	PLANT BALANCE	-	287,784,738	287,784,738
3	ACCUM DEPRECIATION	-	(9,012,866)	(9,012,866)
4	DEFERRED INCOME TAX LIABILITY	-	(42,797,480)	(42,797,480)
5	NET SNOQUALMIE RATE BASE	-	\$ 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

Snoqualmie Upgrade Book Balance: Sept 2013 to Nov 2014
Project Name: Snoqualmie Upgrade

Depreciation Method: Day of Service Convention, Straight-line

Diversion Dam
In Service Date: October 2012

Date	Plant Balance (a)	Total Depreciable Plant Balance (b) (c) = (a) - (b)	Depr Exp (d) = (c) x dep rate 3.19%	Accumulated Depreciation (e) = prior month - (d)
Sep-13	\$6,945,418	\$6,945,418		(203,991)
Oct-13	\$6,945,418	\$6,945,418	18,490	(222,482)
Nov-13	\$6,945,418	\$6,945,418	18,490	(240,972)
Dec-13	\$6,945,418	\$6,945,418	18,490	(259,463)
Jan-14	\$6,945,418	\$6,945,418	18,490	(277,953)
Feb-14	\$6,945,418	\$6,945,418	18,490	(296,444)
Mar-14	\$6,945,418	\$6,945,418	18,490	(314,934)
Apr-14	\$6,945,418	\$6,945,418	18,490	(333,425)
May-14	\$6,945,418	\$6,945,418	18,490	(351,915)
Jun-14	\$6,945,418	\$6,945,418	18,490	(370,406)
Jul-14	\$6,945,418	\$6,945,418	18,490	(388,896)
Aug-14	\$6,945,418	\$6,945,418	18,490	(407,387)
Sep-14	\$6,945,418	\$6,945,418	18,490	(425,877)
Oct-14	\$6,945,418	\$6,945,418	18,490	(444,367)
Nov-14	\$6,945,418	\$6,945,418	18,490	(462,858)
Total - 12ME Nov 2014			\$ 221,885	
AMA - 12ME Nov 2014	\$ 6,945,418	\$ 6,945,418		\$ (351,915)

Plant 2
In Service Date: April 2013

Date	Plant Balance (a)	Total Depreciable Plant Balance (b) (c) = (a) - (b)	Depr Exp (d) = (c) x dep rate 3.19%	Accumulated Depreciation (e) = prior month - (d)
Sep-13	\$147,002,267	\$147,002,267		(2,139,419)
Oct-13	\$147,002,267	\$147,002,267	391,357	(2,530,777)
Nov-13	\$147,002,267	\$147,002,267	391,357	(2,922,134)
Dec-13	\$147,002,267	\$147,002,267	391,357	(3,313,491)
Jan-14	\$147,002,267	\$147,002,267	391,357	(3,704,848)
Feb-14	\$147,002,267	\$147,002,267	391,357	(4,096,205)
Mar-14	\$147,002,267	\$147,002,267	391,357	(4,487,562)
Apr-14	\$147,002,267	\$147,002,267	391,357	(4,878,920)
May-14	\$147,002,267	\$147,002,267	391,357	(5,270,277)
Jun-14	\$147,002,267	\$147,002,267	391,357	(5,661,634)
Jul-14	\$147,002,267	\$147,002,267	391,357	(6,052,991)
Aug-14	\$147,002,267	\$147,002,267	391,357	(6,444,348)
Sep-14	\$147,002,267	\$147,002,267	391,357	(6,835,706)
Oct-14	\$147,002,267	\$147,002,267	391,357	(7,227,063)
Nov-14	\$147,002,267	\$147,002,267	391,357	(7,618,420)
Total - 12ME Nov 2014			\$ 4,696,286	
AMA - 12ME Nov 2014	\$ 147,002,267	\$ 147,002,267		\$ (5,270,277)

Plant 1
In Service Date: August 2013

Date	Plant Balance (a)	Total Depreciable Plant Balance (b) (c) = (a) - (b)	Depr Exp (d) = (c) x dep rate 3.19%	Accumulated Depreciation (e) = prior month - (d)
Sep-13	\$133,837,054	\$133,837,054		(540,209)
Oct-13	\$133,837,054	\$133,837,054	356,308	(896,517)
Nov-13	\$133,837,054	\$133,837,054	356,308	(1,252,825)
Dec-13	\$133,837,054	\$133,837,054	356,308	(1,609,133)
Jan-14	\$133,837,054	\$133,837,054	356,308	(1,965,441)
Feb-14	\$133,837,054	\$133,837,054	356,308	(2,321,749)
Mar-14	\$133,837,054	\$133,837,054	356,308	(2,678,057)
Apr-14	\$133,837,054	\$133,837,054	356,308	(3,034,365)
May-14	\$133,837,054	\$133,837,054	356,308	(3,390,674)
Jun-14	\$133,837,054	\$133,837,054	356,308	(3,746,982)
Jul-14	\$133,837,054	\$133,837,054	356,308	(4,103,290)
Aug-14	\$133,837,054	\$133,837,054	356,308	(4,459,598)
Sep-14	\$133,837,054	\$133,837,054	356,308	(4,815,906)
Oct-14	\$133,837,054	\$133,837,054	356,308	(5,172,214)
Nov-14	\$133,837,054	\$133,837,054	356,308	(5,528,522)
Total - 12ME Nov 2014			\$ 4,275,697	
AMA - 12ME Nov 2014	\$ 133,837,054	\$ 133,837,054		\$ (3,390,674)

Total Snoqualmie Upgrade

Date	Plant Balance (a)	Total Depreciable Plant Balance (b) (c) = (a) - (b)	Depr Exp (d) = (c) x dep rate 3.19%	Accumulated Depreciation (e) = prior month - (d)
Sep-13	\$287,784,738	\$287,784,738		(2,883,620)
Oct-13	\$287,784,738	\$287,784,738	766,156	(3,649,776)
Nov-13	\$287,784,738	\$287,784,738	766,156	(4,415,931)
Dec-13	\$287,784,738	\$287,784,738	766,156	(5,182,087)
Jan-14	\$287,784,738	\$287,784,738	766,156	(5,948,243)
Feb-14	\$287,784,738	\$287,784,738	766,156	(6,714,398)
Mar-14	\$287,784,738	\$287,784,738	766,156	(7,480,554)
Apr-14	\$287,784,738	\$287,784,738	766,156	(8,246,710)
May-14	\$287,784,738	\$287,784,738	766,156	(9,012,866)
Jun-14	\$287,784,738	\$287,784,738	766,156	(9,779,021)
Jul-14	\$287,784,738	\$287,784,738	766,156	(10,545,177)
Aug-14	\$287,784,738	\$287,784,738	766,156	(11,311,333)
Sep-14	\$287,784,738	\$287,784,738	766,156	(12,077,488)
Oct-14	\$287,784,738	\$287,784,738	766,156	(12,843,644)
Nov-14	\$287,784,738	\$287,784,738	766,156	(13,609,800)
Total - 12ME Nov 2014			\$ 9,193,869	
AMA - 12ME Nov 2014	\$ 287,784,738	\$ 287,784,738		\$ (9,012,866)

**Proposed Depreciation Rate
for Snoqualmie Diversion Dam, Plant 1 and 2 Hydro Projects**

Snoqualmie:

Plant 1 estimated in service date August 15, 2013
Plant 2 estimated in service date April 17, 2013
Diversion Dam in service date Oct 2012

	<u>Plant 1 & Parks & Rec</u> Utility Plant Aug-13	<u>Plant 2</u> Utility Plant Apr-13	<u>Diversion Dam</u> Utility Plant Oct-12	Total
In service Date				
Net Book Value as of April 25th, 2013 per DR 46	133,837,054	147,002,267	6,945,418	287,784,738
Per FERC License Life for Snoqualmie Hydro 40 yrs eff 2004 - 2044 (~31.4 yrs remaining) (a)	371	375	381	
Depreciation per month	360,747	392,006	18,229	770,982
Annual Depreciation	4,328,961	4,704,073	218,753	9,251,787
Annual Depreciation Rate	3.23%	3.20%	3.15%	3.19% Average Deprec. Rate
Annual Depreciation with effects of rounding removed	4,322,937	4,704,073	218,781	9,245,790

(a) The plant's depreciable life is 40 years per FERC Licence that was received in June 29, 2004. The plant is estimated to be in service July 2013 (Plant 1) and April 2013 (Plant 2). Therefore, the composite terminal retirement date to use for purposes of calculating the depreciation rate for Snoqualmie is 31 years (May 2013 - June 2044).

Year	<u>Plant 1</u>	<u>Plant 2</u>	<u>Diversion Dam</u>
	Months	Months	Months
2012	0	0	3
2013	5	9	12
2014	12	12	12
2015	12	12	12
2016	12	12	12
2017	12	12	12
2018	12	12	12
2019	12	12	12
2020	12	12	12
2021	12	12	12
2022	12	12	12
2023	12	12	12
2024	12	12	12
2025	12	12	12
2026	12	12	12
2027	12	12	12
2028	12	12	12
2029	12	12	12
2030	12	12	12
2031	12	12	12
2032	12	12	12
2033	12	12	12
2034	12	12	12
2035	12	12	12
2036	12	12	12
2037	12	12	12
2038	12	12	12
2039	12	12	12
2040	12	12	12
2041	12	12	12
2042	12	12	12
2043	12	12	12
2044	6	6	6
Total Months	371	375	381
	31	31	32

Hydro Projects Timing & Capital	In Service Date	Total Closings	Total
<u>Snoqualmie</u>			
Plant 1	15-Aug-13	\$120,038,965	\$135,912,803
Plant 1 AFUDC		\$15,873,839	
Plant 2	17-Apr-13	\$134,333,993	
Plant 2 AFUDC		\$15,410,879	\$149,744,871
Diversion Dam	31-Oct-12	\$6,050,780	
Diversion Dam AFUDC		\$894,638	\$6,945,418
Parks & Historical		\$11,576,459	
Parks & Historical AFUDC		\$1,018,224	\$12,594,683
Sub-Total		\$272,000,196	
AFUDC		\$33,197,579	
Project Total		\$305,197,775	\$305,197,775

WUTC DR 46 Part 1	
All Costs thru Apr 25	
	\$287,784,738
Total Project	123,186,065
Plant 1	147,002,267
Plant 2	6,945,418
Diversion Dam	10,650,989
Parks/Rec	287,784,738
Total	
Total P1 & Div. Dam	153,947,685
Total Book	
	287,784,738
	(10,650,989)
Non Eligible Costs Parks/Rec	277,133,749
Treasury Grant Eligible Costs	29,055,904
AFUDC	23,206,127
CPI	271,283,972
Treasury Grant Basis	
	80%
Treasury Grant	30%
8.7% Sequestration	8.7%

WUTC DR 46 Part 1		
	Grant	Tax Basis
P1	33,037,558	103,173,763
P2	39,414,106	124,192,567
DD	1,853,016	6,765,302
Grant Eligible	74,304,680	234,131,632
P&R		10,483,326
	74,304,680	244,614,958

**PLANT 1 (SUN BURST)
RECONSTRUCTION PROJECT
DETERMINATION OF RATE YEAR DEFERRED FEDERAL INCOME TAX ARISING FROM DEPRECIATION
RATE YEAR 12 MONTHS ENDED Nov. 30, 2014**

Total Straight-Line Deferred FIT

Row	AMA Calculation			DFT Initial from Depreciation Expense			IRS Calculation			Cum IRS Balance
	Days in Month	Deferred Tax Expense	Accumulated Tax	Days to include	Total Days in Period	IRS Amount	Days to include	Total Days in Period	IRS Amount	
a	b	c	d	e	f	g	h	i	j	k
15	Nov-13	6,411,719	(6,411,719)	365	365	6,409,345	0	0	0	\$ 6,409,345
16	Dec-13	6,411,719	(6,411,719)	365	365	6,409,345	0	0	0	\$ 12,818,690
17	Jan-14	29,059	(29,059)	335	335	28,871	24,203	74,203	(43,969,101)	(43,969,101)
18	Feb-14	29,059	(29,059)	304	304	28,871	19,606	54,809	(43,969,101)	(43,969,101)
19	Mar-14	29,059	(29,059)	304	304	28,871	19,606	54,809	(43,969,101)	(43,969,101)
20	Apr-14	29,059	(29,059)	245	245	28,871	17,117	71,926	(43,969,101)	(43,969,101)
21	May-14	29,059	(29,059)	215	215	28,871	14,849	86,775	(43,969,101)	(43,969,101)
22	Jun-14	29,059	(29,059)	184	184	28,871	12,360	99,135	(43,969,101)	(43,969,101)
23	Jul-14	29,059	(29,059)	154	154	28,871	9,871	109,006	(43,969,101)	(43,969,101)
24	Aug-14	29,059	(29,059)	123	123	28,871	7,382	116,603	(43,969,101)	(43,969,101)
25	Sep-14	29,059	(29,059)	92	92	28,871	4,893	121,496	(43,969,101)	(43,969,101)
26	Oct-14	29,059	(29,059)	62	62	28,871	2,404	123,899	(43,969,101)	(43,969,101)
27	Nov-14	29,059	(29,059)	31	31	28,871	0	124,303	(43,969,101)	(43,969,101)
28	305	6,311,431	(6,311,431)	365	365	6,309,057	0	0	0	\$ 6,309,057
29	Average of the Monthly Averages	3,155,715	(3,155,715)	365	365	3,153,341	0	0	0	\$ 3,153,341
30										
31	Average of the Monthly Averages	3,155,715	(3,155,715)	365	365	3,153,341	0	0	0	\$ 3,153,341

Diversion Data

Row	AMA Calculation			DFT Initial from Depreciation Expense			IRS Calculation			Cum IRS Balance
	Days in Month	Deferred Tax Expense	Accumulated Tax	Days to include	Total Days in Period	IRS Amount	Days to include	Total Days in Period	IRS Amount	
a	b	c	d	e	f	g	h	i	j	k
42	Nov-13	818	(818)	366	366	816	821	0	0	\$ (1,224,517)
43	Dec-13	818	(818)	335	335	816	260	0	0	(1,225,338)
44	Jan-14	284	(284)	305	305	282	215	0	0	(1,225,598)
45	Feb-14	284	(284)	275	275	282	160	0	0	(1,226,049)
46	Mar-14	284	(284)	245	245	282	115	0	0	(1,226,241)
47	Apr-14	284	(284)	215	215	282	70	0	0	(1,226,241)
48	May-14	284	(284)	184	184	282	25	0	0	(1,226,241)
49	Jun-14	284	(284)	154	154	282	0	0	0	(1,226,241)
50	Jul-14	284	(284)	123	123	282	0	0	0	(1,226,241)
51	Aug-14	284	(284)	92	92	282	0	0	0	(1,226,241)
52	Sep-14	284	(284)	62	62	282	0	0	0	(1,226,241)
53	Oct-14	284	(284)	31	31	282	0	0	0	(1,226,241)
54	305	3,620	(3,620)	366	366	3,618	2,892	0	0	(1,226,241)
55	Average of the Monthly Averages	1,810	(1,810)	366	366	1,809	1,446	0	0	(1,226,241)
56										
57										
58										
59	Average of the Monthly Averages	1,810	(1,810)	366	366	1,809	1,446	0	0	(1,226,241)

Plant 2

Row	AMA Calculation			DFT Initial from Depreciation Expense			IRS Calculation			Cum IRS Balance
	Days in Month	Deferred Tax Expense	Accumulated Tax	Days to include	Total Days in Period	IRS Amount	Days to include	Total Days in Period	IRS Amount	
a	b	c	d	e	f	g	h	i	j	k
69	Nov-13	2,389,891	(2,389,891)	365	365	2,387,506	2,385,238	0	0	\$ (19,179,249)
70	Dec-13	2,389,891	(2,389,891)	335	335	2,387,506	1,728,728	0	0	(21,568,077)
71	Jan-14	15,025	(15,025)	304	304	14,837	12,514	0	0	(21,693,591)
72	Feb-14	15,025	(15,025)	275	275	14,837	8,955	0	0	(21,812,546)
73	Mar-14	15,025	(15,025)	245	245	14,837	4,396	0	0	(21,936,942)
74	Apr-14	15,025	(15,025)	215	215	14,837	0	0	0	(22,066,779)
75	May-14	15,025	(15,025)	184	184	14,837	0	0	0	(22,201,616)
76	Jun-14	15,025	(15,025)	154	154	14,837	0	0	0	(22,341,453)
77	Jul-14	15,025	(15,025)	123	123	14,837	0	0	0	(22,486,290)
78	Aug-14	15,025	(15,025)	92	92	14,837	0	0	0	(22,636,127)
79	Sep-14	15,025	(15,025)	62	62	14,837	0	0	0	(22,790,964)
80	Oct-14	15,025	(15,025)	31	31	14,837	0	0	0	(22,940,801)
81	305	4,522,658	(4,522,658)	365	365	4,520,273	2,029,442	0	0	(21,211,359)
82	Average of the Monthly Averages	1,507,552	(1,507,552)	365	365	1,505,157	678,147	0	0	(21,211,359)
83										
84										
85	Average of the Monthly Averages	1,507,552	(1,507,552)	365	365	1,505,157	678,147	0	0	(21,211,359)

Plant 3

Row	AMA Calculation			DFT Initial from Depreciation Expense			IRS Calculation			Cum IRS Balance
	Days in Month	Deferred Tax Expense	Accumulated Tax	Days to include	Total Days in Period	IRS Amount	Days to include	Total Days in Period	IRS Amount	
a	b	c	d	e	f	g	h	i	j	k
96	Nov-13	4,021,899	(4,021,899)	365	365	4,019,514	4,017,129	0	0	\$ (18,128,819)
97	Dec-13	4,021,899	(4,021,899)	335	335	4,019,514	2,988,641	0	0	(20,817,460)
98	Jan-14	13,751	(13,751)	304	304	13,563	11,452	0	0	(22,979,012)
99	Feb-14	13,751	(13,751)	275	275	13,563	8,253	0	0	(24,132,265)
100	Mar-14	13,751	(13,751)	245	245	13,563	4,054	0	0	(25,386,519)
101	Apr-14	13,751	(13,751)	215	215	13,563	0	0	0	(26,740,772)
102	May-14	13,751	(13,751)	184	184	13,563	0	0	0	(28,095,026)
103	Jun-14	13,751	(13,751)	154	154	13,563	0	0	0	(29,449,280)
104	Jul-14	13,751	(13,751)	123	123	13,563	0	0	0	(30,803,534)
105	Aug-14	13,751	(13,751)	92	92	13,563	0	0	0	(32,157,788)
106	Sep-14	13,751	(13,751)	62	62	13,563	0	0	0	(33,512,042)
107	Oct-14	13,751	(13,751)	31	31	13,563	0	0	0	(34,866,296)
108	305	4,112,624	(4,112,624)	365	365	4,110,239	1,168	0	0	(33,706,057)
109	Average of the Monthly Averages	1,370,874	(1,370,874)	365	365	1,368,489	4,064,424	0	0	(30,341,633)
110										
111										
112	Average of the Monthly Averages	1,370,874	(1,370,874)	365	365	1,368,489	4,064,424	0	0	(30,341,633)

