

EXHIBIT NO. ___(KJB-13)
DOCKET NO. UE-121373
DOCKET NO. UE-121697/UG-121705
DOCKET NO. UE-130137/130138
WITNESS: KATHERINE J. BARNARD

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of PUGET SOUND ENERGY, INC. For Approval of a Power Purchase Agreement for Acquisition of Coal Transition Power, as Defined in RCW 80.80.010, and the Recovery of Related Acquisition Costs	DOCKET NO. 121373
In the Matter of the Petition of PUGET SOUND ENERGY, INC. and NW ENERGY COALITION For an Order Authorizing PSE to Implement Electric and Natural Gas Decoupling Mechanisms and to Record Accounting Entries Associated with the Mechanisms	DOCKET NOS. UE-121697and UG-121705 (Consolidated)
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PUGET SOUND ENERGY, INC., Respondent.	DOCKET NOS. UE-130137 and UG-130138 (Consolidated)

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
KATHERINE J. BARNARD
ON BEHALF OF PUGET SOUND ENERGY, INC.**

*In Support of the Multiparty Settlement
Re: Coal Transition PPA and other Pending Dockets*

MAY 8, 2013

PUGET SOUND ENERGY-ELECTRIC
DETERMINATION OF ERF RELATED REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012

LINE NO.	(Based on Streamlined June 2012 Commission Basis Report)											Public Counsel Growth	YE Depreciation Adjustment	(Corrected) PUBLIC COUNSEL ERF ADJUSTED RESULTS
	A	B	C = A + B	D	E	F = C - D - E	G = H - F	H	I	J	K = H + I + J			
	ACTUAL OPERATIONS	TOTAL ADJUSTMENTS	RESTATED OPERATIONS	PCA EXHIBIT A-1	PROPERTY TAXES	EXPEDITED RATE FILING	ADJUSTMENT FOR 2011 GRC	ERF ADJUSTED RESULTS	Public Counsel Growth	YE Depreciation Adjustment	(Corrected) PUBLIC COUNSEL ERF ADJUSTED RESULTS			
1	OPERATING REVENUES:													
2	SALES TO CUSTOMERS	\$ 2,120,008,164	\$ (102,488,583)	\$ 2,017,519,581	\$ 1,422,570,376	\$ 18,722,054	\$ 68,007,263	\$ 644,234,414	\$ 915,682	\$	\$ 645,150,096			
3	SALES FROM RESALE-FIRM	360,542	(1,399)	359,143	-	-	-	359,143			359,143			
4	SALES TO OTHER UTILITIES	123,650,360	-	123,650,360	123,650,360	-	-	-			-			
5	OTHER OPERATING REVENUES	56,068,111	(39,907,244)	16,160,867	(18,437,378)	-	-	34,598,245			34,598,245			
6	TOTAL OPERATING REVENUES	2,300,087,177	(142,397,225)	2,157,689,951	1,527,783,359	18,722,054	68,007,263	679,191,802	915,682		680,107,484			
7	OPERATING REVENUE DEDUCTIONS:													
8	POWER COSTS:													
9	FUEL	218,160,728	-	218,160,728	218,160,728	-	-	-			-			
10	PURCHASED AND INTERCHANGED	717,639,197	(2,586,726)	715,052,472	715,052,472	-	-	-			-			
11	WHEELING	84,269,117	-	84,269,117	84,269,117	-	-	-			-			
12	RESIDENTIAL EXCHANGE	(72,809,411)	-	-	-	-	-	-			-			
13	TOTAL PRODUCTION EXPENSES	947,259,632	70,222,685	1,017,482,317	1,017,482,317	-	-	-			-			
14	OTHER POWER SUPPLY EXPENSES	117,133,188	-	117,133,188	117,133,188	-	-	-			-			
15	TRANSMISSION EXPENSE	13,719,587	-	13,719,587	1,103,238	-	-	12,616,350			12,616,350			
16	DISTRIBUTION EXPENSE	81,255,580	-	81,255,580	-	-	-	81,255,580			81,255,580			
17	CUSTOMER ACCOUNT EXPENSES	48,756,165	(1,060,169)	47,695,996	7,232,348	95,183	-	40,368,465			40,368,465			
18	CUSTOMER SERVICE EXPENSES	15,570,221	(11,083,432)	4,486,789	-	-	-	4,486,789	4,655		4,837,193			
19	CONSERVATION AMORTIZATION	85,049,596	(85,047,212)	2,384	-	-	-	2,384			2,384			
20	ADMIN & GENERAL EXPENSE	99,574,020	(48,305)	99,525,715	12,300,313	37,444	-	87,187,958	1,831	3,783,910	87,325,804			
21	DEPRECIATION	211,288,588	-	211,288,588	77,310,515	-	-	133,978,073			140,311,334			
22	AMORTIZATION	40,063,865	-	40,063,865	11,804,795	-	-	28,259,070			28,259,070			
23	AMORTIZ OF PROPERTY GAIN/LOSS	17,837,766	-	17,837,766	1,615,336	-	-	16,222,429			16,222,429			
24	OTHER OPERATING EXPENSES	65,549,106	(60,686,951)	4,862,154	6,278,234	-	-	(1,416,080)			(1,416,080)			
25	FAS 133	20,062,310	(20,062,310)	-	-	-	-	-			-			
26	TAXES OTHER THAN F.I.T.	207,386,995	(80,005,520)	127,381,475	75,191,823	23,386,766	-	28,802,887	35,288		31,458,970			
27	FEDERAL INCOME TAXES	133,244	8,368,537	8,501,781	43,393,801	(1,679,069)	-	(11,388,554)	305,868	(1,324,369)	(12,407,054)			
28	DEFERRED INCOME TAXES	61,579,635	7,021,809	68,601,444	-	-	-	68,601,444			68,601,444			
29	TOTAL OPERATING REV. DEDUCT.	2,032,219,498	(172,380,867)	1,859,838,631	1,370,845,909	21,840,324	27,476,308	494,628,706	347,642	2,459,542	497,435,890			
30	NET OPERATING INCOME	\$ 267,867,679	\$ 29,983,642	\$ 297,851,321	\$ 156,937,450	\$ (3,118,270)	\$ 40,530,955	\$ 184,563,096	\$ 568,040	\$ (2,459,542)	\$ 182,671,594			
31	RATE BASE	\$ 4,962,312,346	\$ -	\$ 4,962,312,346	\$ 2,340,320,709	\$ -	\$ -	\$ 2,621,991,642			\$ 2,621,991,642			
32	RATE OF RETURN	5.40%	6.00%	6.71%	N/A	5.49%	N/A	7.04%			6.97%			
33	RATE BASE:													
34	UTILITY PLANT IN SERVICE	\$ 8,371,335,805	\$ -	\$ 8,371,335,805	\$ 3,812,207,290	\$ -	\$ -	\$ 4,559,128,515			\$ 4,559,128,515			
35	ACCUM DEPR AND AMORT	(3,014,999,833)	-	(3,014,999,833)	(1,448,634,744)	-	-	(1,566,365,090)			(1,566,365,090)			
36	DEFERRED DEBITS	437,285,427	-	437,285,427	378,678,655	-	-	58,606,772			58,606,772			
37	DEFERRED TAXES	(929,775,902)	-	(929,775,902)	(401,930,497)	-	-	(527,845,405)			(527,845,405)			
38	ALLOWANCE FOR WORKING CAPIT	180,394,295	-	180,394,295	-	-	-	180,394,295			180,394,295			
39	OTHER	(81,927,445)	-	(81,927,445)	-	-	-	(81,927,445)			(81,927,445)			
40	TOTAL RATE BASE	\$ 4,962,312,346	\$ -	\$ 4,962,312,346	\$ 2,340,320,709	\$ -	\$ -	\$ 2,621,991,642			\$ 2,621,991,642			

ELECTRIC

Positive = Credit or Surplus; Negative = Debit or Deficiency

Public Counsel Surplus Recommendation Ignoring Rate of Return Differences \$ 31,203,648

Corrections

Increase to revenue sensitive items for increase to revenues:	\$	(915,682)	
Bad Debt Expense		0.005084	4,655
WUTC Filing Fee		0.002000	1,831
State Utility Tax		0.038537	35,288
Federal Income Tax (net of RSIs)		0.334033	305,868
Less: Federal Income Tax already included		0.350000	<u>(320,489)</u>
Impact on Net Operating Income			27,154
Gross up for conversion factor			<u>0.620346</u>
Correction for revenue sensitive items on additional revenues			43,772 43,772
Add year end depreciation expense adjustment			3,783,910
Reduction to federal income tax for additional expense			<u>(1,324,369)</u>
Impact on net operating income			2,459,542
Gross up for conversion factor			<u>0.620346</u>
Correction for revenue sensitive items on additional revenues			3,964,790 <u>3,964,790</u>

Corrected Public Counsel Surplus Recommendation Ignoring Rate of Return Differences \$ 35,212,210
\$ (0)