

Exhibit No. ___ (JMW-3)
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 5 – Snoqualmie Falls Hydroelectric Redevelopment Project Deferral

August 14, 2013

**PUGET SOUND ENERGY-ELECTRIC
SNOQUALMIE FALLS HYDROELECTRIC REDEVELOPMENT PROJECT DEFERRAL
RATE YEAR ENDED NOVEMBER 30, 2014
2013 PCORC**

LINE NO. DESCRIPTION	Test Year	Rate Year	Adjustment
1 OPERATING EXPENSES			
2 PLANT 2 AND DIVERSION DAM			
3 AMORTIZATION OF DEFERRAL PLANT 2 AND DIVERSION DAM	-	1,744,438	\$ 1,744,438
4 DEFERRAL OF PLANT 2 AND DIVERSION DAM	-	-	\$ -
5 TOTAL AMORTIZATION PLANT 2 AND DIVERSION DAM	\$ -	\$ 1,744,438	\$ 1,744,438
6			
7 PLANT 1			
8 AMORTIZATION OF DEFERRAL PLANT 1 SNOQUALMIE	-	-	\$ -
9 DEFERRAL OF PLANT 1	-	-	\$ -
10 TOTAL AMORTIZATION PLANT 1	\$ -	\$ -	\$ -
11			
12 INCREASE (DECREASE) OPERATING EXPENSES	-	\$1,744,438	\$1,744,438
13			
14			
15 RATE BASE			
16 PLANT 2 AND DIVERSION DAM			
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 RATE BASE	\$ -	\$ 6,287,245	\$ 6,287,245
21			
22 PLANT 1			
23 PLANT 1 AMA GROSS - DEF	-	-	\$ -
24 PLANT 1 AMA ACCUMULATED AMORTIZATION	-	-	\$ -
25 PLANT 1 AMA ACCUMULATED DEFERRED FIT	-	-	\$ -
26 TOTAL PLANT 1 RATE BASE	\$ -	\$ -	\$ -
27			
28 TOTAL SNOQUALMIE PROJECT DEFERRALS RATE BASE	-	\$6,287,245	\$6,287,245

Puget Sound Energy SNOQUALMIE PROJECT COST DEFERRAL for PLANT #2 and DIVERSION DAM Amortization starts Dec. 1, 2013 and ends Nov. 30, 2019 (72 months)

Table with columns: Monthly Period, Deferral Month, Monthly Activity, Deferral Balance, AMA Gross Balance, Monthly Amortization, Accumulated Amortization, AMA Balance, Monthly Interest, Accumulated Interest, and AMA net. Includes rows for months from Mar-13 to Oct-20.

WUTC DR 46	
Part 1	
All Costs thru Apr 25	
Total Project	\$287,784,736
Plant 1	123,186,065
Plant 2	147,002,267
Diversion Dam	6,945,418
Parks/Rec	10,650,989
Total	287,784,736
Total P1 & Div. Dam	153,947,685
Total Book	287,784,736
Non Eligible Costs Parks/Rec	(10,650,989)
Treasury Grant Eligible Costs	277,133,749
AFUDC	29,055,904
CPI	23,206,127
Treasury Grant Basis	271,283,972
Treasury Grant	81,385,192
8.7% Sequestration	74,304,680

%

80%

30%

8.7%

WUTC DR 46	
Part 1	
All Costs thru Apr 25	
%	
Total Project	\$287,784,738
WUTC DR 46 Part 1	
	Grant Tax Basis
P1	33,037,558 119,692,842
P2	39,414,106 106,747,280
DD	1,855,016 6,765,302
Grant Eligible	74,304,680 233,205,124
P&R	74,304,680 10,483,326
	243,688,450

Final 2011 GRC Power and Gas Prices - BR 24
4.25.12

	Jan-13	Feb-13	Mar-13	Apr-13	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	RY Avg
Sumas	\$3.70	\$3.57	\$3.45	\$3.17	\$2.13	\$2.17	\$2.36	\$2.42	\$2.47	\$2.59	\$3.10	\$3.73	\$2.90
Rockies	\$3.32	\$3.33	\$3.32	\$3.24	\$2.25	\$2.33	\$2.47	\$2.52	\$2.52	\$2.59	\$2.87	\$3.19	\$2.83
AECO	\$3.06	\$3.05	\$3.04	\$3.00	\$1.98	\$2.02	\$2.09	\$2.15	\$2.20	\$2.29	\$2.59	\$2.97	\$2.54
MidC On peak	\$31.67	\$33.30	\$30.28	\$28.24	\$20.18	\$22.56	\$25.00	\$26.42	\$25.78	\$25.74	\$27.28	\$30.70	\$27.26
MidC Off peak	\$27.14	\$28.64	\$26.53	\$25.16	\$17.28	\$18.55	\$21.38	\$22.22	\$23.21	\$23.17	\$24.72	\$27.17	\$23.77
MidC Flat	\$29.77	\$31.30	\$28.63	\$26.94	\$18.96	\$20.87	\$23.41	\$24.66	\$24.64	\$24.66	\$26.20	\$29.14	\$25.76

Deferral Calculations - Increase / (Decrease) to Power Costs

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Total
Snoqualmie Variable Deferral	-	-	21,801	22,045	18,011	11,083	4,364	2,957	10,179	18,989	90,440	90,440
Plant 2 MWH	-	-	-	587,332	418,056	375,881	259,412	107,607	72,853	251,054	497,481	2,072,193

	MWH Total	MWH		% Plant	
		Plant 1	Plant 2	Plant 1	Plant 2
Mar-13	14,656	0	14,656	0%	100%
Apr-13	21,801	0	21,801	0%	100%
May-13	22,045	0	22,045	0%	100%
Jun-13	24,015	6,004	18,011	25%	75%
Jul-13	14,777	3,694	11,083	25%	75%
Aug-13	5,819	1,455	4,364	25%	75%
Sep-13	3,942	986	2,957	25%	75%
Oct-13	13,572	3,393	10,179	25%	75%
Nov-13	25,319	6,330	18,989	25%	75%
Dec-13	23,479	5,870	17,609	25%	75%

Snoqualmie Upgrade Book & Tax Depreciation: Dec 1, 2013 through Nov 30, 2014
Plant 2
Book Basis Tax Basis
In service Date April 17 2013

\$147,002,267 \$106,747,280 <-----Excludes recreational landscaping costs

20 Year MACRS Table	2013 51.86%	2014 3.61%	2015 3.34%	2016 3.09%	2017 2.86%	2018 2.64%	2019 2.44%	2020 2.28%	2021 2.23%	2022 2.23%	2023 2.23%	2024 2.23%	2025 2.23%	2026 2.23%	2027 2.23%
Date	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Depreciable Plant Balance		Book	Book	Depreciation Expense		Accumulated Depreciation		Net Book Value		Net Book Value		NBV Diff		ADBIT	DFIT
Tax	Book	Book	Tax Table	3.19% Book	3.19% Book	Using Tax Basis	Net Difference	h) = prior	i) = prior	BOOK	Permanent	Book based on	Book > Tax	35% (m) = (k) - (l)	Expense (o) = - curr mos (n) + prior mos (p)
(a)	(b)	(c)	(d) = (a) x Tax Table	(e) = (b) x 3.19% + 12 mos.	(f) = (c) x 3.18% + 12 mos.	(g) = (e) x (f)	(h) = prior mos. - (d)	(i) = prior mos. - (e)	(j) = prior mos. - (g)	(k) = (a) - (h)	(l) = (c) + (f) + (i)	(m) = (k) - (l)	(n) = (m) x 35%	(o)	
March 31, 2013	\$106,747,280	147,002,267	6,152,795	182,633	391,357	132,621	(6,152,795)	(182,633)	50,012	100,594,486	106,614,659	6,020,173	(2,107,061)	2,107,061	
April 30, 2013	\$106,747,280	147,002,267	6,152,795	391,357	284,188	284,188	(12,305,590)	(573,991)	157,181	94,441,691	106,330,471	11,888,780	(4,161,073)	2,054,012	
May 31, 2013	\$106,747,280	147,002,267	6,152,795	391,357	284,188	284,188	(18,458,384)	(965,548)	284,350	88,288,898	106,046,283	17,757,386	(6,215,085)	2,054,012	
June 30, 2013	\$106,747,280	147,002,267	6,152,795	391,357	284,188	284,188	(24,611,179)	(1,346,706)	371,519	82,136,102	105,762,094	23,625,993	(8,269,087)	2,054,012	
July 31, 2013	\$106,747,280	147,002,267	6,152,795	391,357	284,188	284,188	(30,763,973)	(2,179,832)	478,688	75,983,307	105,477,908	29,494,989	(10,323,110)	2,054,012	
August 31, 2013	\$106,747,280	147,002,267	6,152,795	391,357	284,188	284,188	(36,916,768)	(2,139,419)	585,857	69,830,513	105,193,718	35,363,205	(12,377,122)	2,054,012	
September 30, 2013	\$106,747,280	147,002,267	6,152,795	391,357	284,188	284,188	(43,069,562)	(2,530,777)	693,026	63,677,718	104,909,530	41,231,812	(14,431,134)	2,054,012	
October 31, 2013	\$106,747,280	147,002,267	6,152,795	391,357	284,188	284,188	(49,222,357)	(2,922,134)	800,195	57,524,923	104,625,341	47,100,418	(16,485,146)	2,054,012	
November 30, 2013	\$106,747,280	147,002,267	6,152,795	391,357	284,188	284,188	(55,375,152)	(3,313,491)	907,364	51,372,129	104,341,153	52,969,025	(18,539,159)	2,054,012	
December 31, 2013	\$106,747,280	147,002,267	6,152,795	391,357	284,188	284,188	(61,527,947)	(3,704,848)	1,014,533	51,053,923	104,056,965	53,005,923	(18,592,073)	12,915	
January 31, 2014	\$106,747,280	147,002,267	321,087	391,357	284,188	284,188	(67,680,742)	(4,096,205)	1,121,702	50,729,955	103,772,777	53,042,822	(18,564,988)	12,915	
February 28, 2014	\$106,747,280	147,002,267	321,087	391,357	284,188	284,188	(73,833,537)	(4,487,562)	1,228,871	50,408,968	103,488,588	53,079,721	(18,577,902)	12,915	
March 31, 2014	\$106,747,280	147,002,267	321,087	391,357	284,188	284,188	(80,000,000)	(4,878,920)	1,336,040	50,087,781	103,204,400	53,116,619	(18,590,817)	12,915	
April 30, 2014	\$106,747,280	147,002,267	321,087	391,357	284,188	284,188	(86,153,195)	(5,270,277)	1,443,209	49,766,694	102,920,212	53,153,518	(18,603,731)	12,915	
May 31, 2014	\$106,747,280	147,002,267	321,087	391,357	284,188	284,188	(92,306,390)	(5,661,634)	1,550,377	49,445,607	102,636,024	53,190,417	(18,616,646)	12,915	
June 30, 2014	\$106,747,280	147,002,267	321,087	391,357	284,188	284,188	(98,459,585)	(6,052,991)	1,657,546	49,124,520	102,351,835	53,227,314	(18,629,560)	12,915	
July 31, 2014	\$106,747,280	147,002,267	321,087	391,357	284,188	284,188	(104,612,780)	(6,444,348)	1,764,715	48,803,433	102,067,647	53,264,214	(18,642,475)	12,915	
August 31, 2014	\$106,747,280	147,002,267	321,087	391,357	284,188	284,188	(110,766,975)	(6,835,706)	1,871,884	48,482,346	101,783,459	53,301,113	(18,655,389)	12,915	
September 30, 2014	\$106,747,280	147,002,267	321,087	391,357	284,188	284,188	(117,021,170)	(7,227,063)	1,979,053	48,161,259	101,499,271	53,336,010	(18,666,304)	12,915	
October 31, 2014	\$106,747,280	147,002,267	321,087	391,357	284,188	284,188	(123,275,365)	(7,618,420)	2,086,222	47,840,172	101,215,083	53,374,910	(18,681,219)	12,915	
November 30, 2014	\$106,747,280	147,002,267	321,087	391,357	284,188	284,188	(129,529,560)	(8,009,777)	2,193,391	47,519,086	100,930,894	53,411,809	(18,694,133)	12,915	
December 31, 2014	\$106,747,280	147,002,267	321,087	4,696,286	284,188	284,188	(135,784,755)	(12,406,064)	3,479,419	43,955,328	97,520,635	53,565,308	(18,747,858)	53,725	
12ME December 2015	\$106,747,280	147,002,267	3,296,890	4,696,286	284,188	284,188	(142,039,941)	(17,402,559)	4,785,446	40,658,438	94,110,376	53,451,939	(18,708,178)	(39,679)	
12ME December 2016	\$106,747,280	147,002,267	3,049,236	4,696,286	284,188	284,188	(148,294,127)	(22,098,636)	6,051,473	37,609,202	90,700,118	53,090,910	(18,581,820)	(126,358)	
12ME December 2017	\$106,747,280	147,002,267	2,820,797	4,696,286	284,188	284,188	(154,549,314)	(26,794,925)	7,337,501	34,788,405	87,289,859	52,501,454	(18,375,509)	(206,312)	
12ME December 2018	\$106,747,280	147,002,267	2,608,904	4,696,286	284,188	284,188	(160,804,501)	(31,491,209)	8,623,528	32,179,501	83,879,600	51,700,098	(18,095,034)	(280,474)	
12ME December 2019	\$106,747,280	147,002,267	2,413,556	4,696,286	284,188	284,188	(167,059,687)	(36,187,495)	9,909,598	29,785,945	80,469,341	50,703,398	(17,746,186)	(348,846)	
12ME December 2020	\$106,747,280	147,002,267	2,381,532	4,696,286	284,188	284,188	(173,314,873)	(40,883,781)	11,195,583	27,384,414	77,059,082	49,674,668	(17,386,134)	(380,054)	
12ME December 2021	\$106,747,280	147,002,267	2,380,998	4,696,286	284,188	284,188	(179,570,060)	(45,580,368)	12,481,610	25,003,415	73,648,822	48,645,407	(17,025,893)	(360,241)	
12ME December 2022	\$106,747,280	147,002,267	2,381,532	4,696,286	284,188	284,188	(185,825,247)	(50,276,756)	13,767,638	22,621,884	70,238,564	47,616,680	(16,665,838)	(360,054)	
12ME December 2023	\$106,747,280	147,002,267	2,380,998	4,696,286	284,188	284,188	(192,080,434)	(54,972,840)	15,063,665	20,240,886	68,823,305	46,587,419	(16,305,597)	(360,241)	
12ME December 2024	\$106,747,280	147,002,267	2,381,532	4,696,286	284,188	284,188	(198,335,621)	(59,668,927)	16,359,693	17,859,354	63,418,046	45,558,682	(15,945,542)	(360,054)	
12ME December 2025	\$106,747,280	147,002,267	2,380,998	4,696,286	284,188	284,188	(204,590,807)	(64,365,213)	17,625,720	15,478,356	60,007,787	44,529,432	(15,585,301)	(360,241)	
12ME December 2026	\$106,747,280	147,002,267	2,381,532	4,696,286	284,188	284,188	(210,846,000)	(69,061,499)	18,911,747	13,096,824	56,597,528	43,500,704	(15,225,247)	(360,054)	
12ME December 2027	\$106,747,280	147,002,267	2,380,998	4,696,286	284,188	284,188	(217,097,187)	(73,757,786)	20,197,775	10,715,826	53,187,269	42,471,444	(14,865,005)	(360,241)	
12ME December 2028	\$106,747,280	147,002,267	2,381,532	4,696,286	284,188	284,188	(223,352,374)	(78,454,072)	21,483,802	8,334,294	49,777,010	41,442,717	(14,504,951)	(360,054)	
12ME December 2029	\$106,747,280	147,002,267	2,380,998	4,696,286	284,188	284,188	(229,607,561)	(83,151,985)	22,769,830	5,953,296	48,366,752	40,413,496	(14,144,709)	(360,241)	
12ME December 2030	\$106,747,280	147,002,267	2,381,532	4,696,286	284,188	284,188	(235,862,748)	(87,846,645)	24,055,857	3,571,764	42,955,934	39,384,729	(13,784,655)	(360,054)	
12ME December 2031	\$106,747,280	147,002,267	2,380,998	4,696,286	284,188	284,188	(242,117,935)	(92,542,931)	25,341,884	1,190,766	39,546,234	38,355,468	(13,424,414)	(360,241)	
12ME December 2032	\$106,747,280	147,002,267	1,990,766	4,696,286	284,188	284,188	(248,373,122)	(97,239,217)	26,627,912	-	36,135,975	36,135,975	(12,647,591)	(776,823)	
12ME December 2033	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(254,628,309)	(101,935,504)	27,917,939	-	32,725,716	32,725,716	(11,454,200)	(1,193,591)	
12ME December 2034	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(260,883,495)	(106,631,790)	29,199,967	-	29,315,457	29,315,457	(10,266,410)	(1,193,591)	
12ME December 2035	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(267,138,681)	(111,328,076)	30,485,994	-	25,905,198	25,905,198	(9,076,819)	(1,193,591)	
12ME December 2036	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(273,393,867)	(116,024,363)	31,772,021	-	22,494,939	22,494,939	(7,873,229)	(1,193,591)	
12ME December 2037	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(279,649,053)	(120,720,649)	33,058,046	-	19,084,680	19,084,680	(6,679,638)	(1,193,591)	
12ME December 2038	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(285,904,240)	(125,416,935)	34,343,076	-	15,674,421	15,674,421	(5,486,047)	(1,193,591)	
12ME December 2039	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(292,159,426)	(130,113,222)	35,630,104	-	12,264,162	12,264,162	(4,292,457)	(1,193,591)	
12ME December 2040	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(298,414,612)	(134,809,508)	36,916,131	-	8,853,903	8,853,903	(3,098,866)	(1,193,591)	
12ME December 2041	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(304,669,797)	(139,505,794)	38,202,158	-	5,443,644	5,443,644	(1,905,276)	(1,193,591)	
12ME December 2042	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(310,924,983)	(144,202,081)	39,488,186	-	2,033,386	2,033,386	(771,665)	(711,665)	
12ME December 2043	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(317,180,170)	(147,002,267)	40,773,214	-	-	-	-	-	-
12ME December 2044	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(323,435,358)	(149,757,454)	42,058,242	-	-	-	-	-	-
12ME December 2045	\$106,747,280	147,002,267	-	4,696,286	284,188	284,188	(329,690,547)	(152,512,641)	43,343,270	-	-	-	-	-	-
Total - 12ME Apr '14	\$106,747,280	147,002,267	50,606,706	4,696,286	284,188	284,188	(39,181,757)	(2,530,777)	693,026	67,665,623	104,909,530				

Property Insurance for Snoqualmie

	(25 days of April 2013)		
	<u>Total Premium 4/1/13 - 4/1/14</u>	<u>Per Month</u>	<u>Total Premium 4/1/13 - 4/25/13</u>
Diversion	7,738	645	537
Plant 2	54,164	4,514	3,761
Plant 1	67,060	5,588	4,657
Total	128,961	10,747	8,956

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

Snoqualmie:

Plant 1 estimated in service date July 1 2013
Plant 2 estimated in service date April 17 2013
Diversion Dam in service date Oct 31 2012

	<u>Plant 1</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	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).

<u>Year</u>	<u>Plant 1</u> <u>Months</u>	<u>Plant 2</u> <u>Months</u>	<u>Diversion Dam</u> <u>Months</u>
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