

**EXHIBIT NO. ___(DEM-5C)
DOCKET NO. UE-14___
PCA 12 COMPLIANCE
WITNESS: DAVID E. MILLS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of
PUGET SOUND ENERGY, INC.
For Approval of its March 2014 Power Cost
Adjustment Mechanism Report**

Docket No. UE-14___

**FOURTH EXHIBIT (CONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
DAVID E. MILLS
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED
VERSION**

MARCH 31, 2014

Margin at Risk And Forward Hedging

May 17, 2004

RMC Meeting

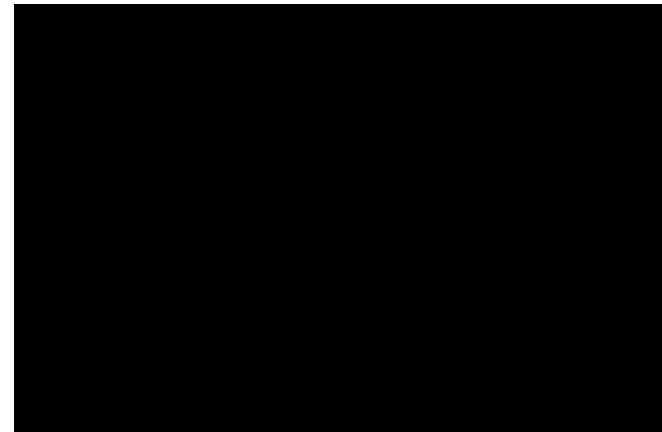
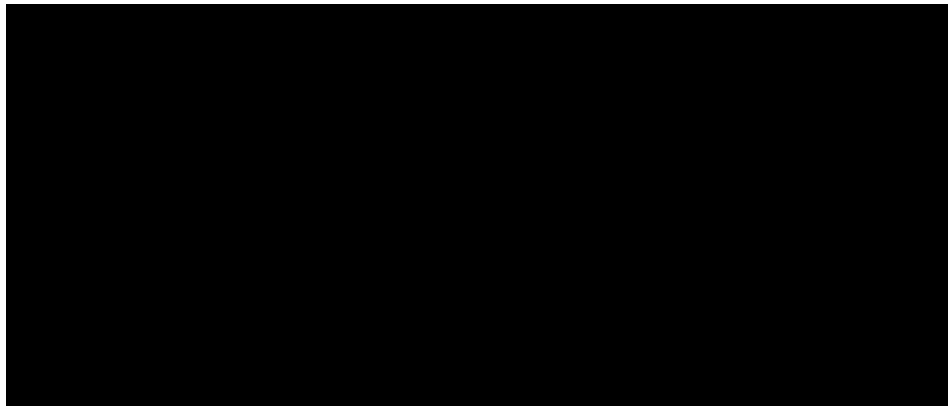
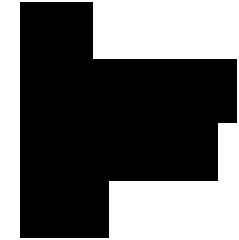
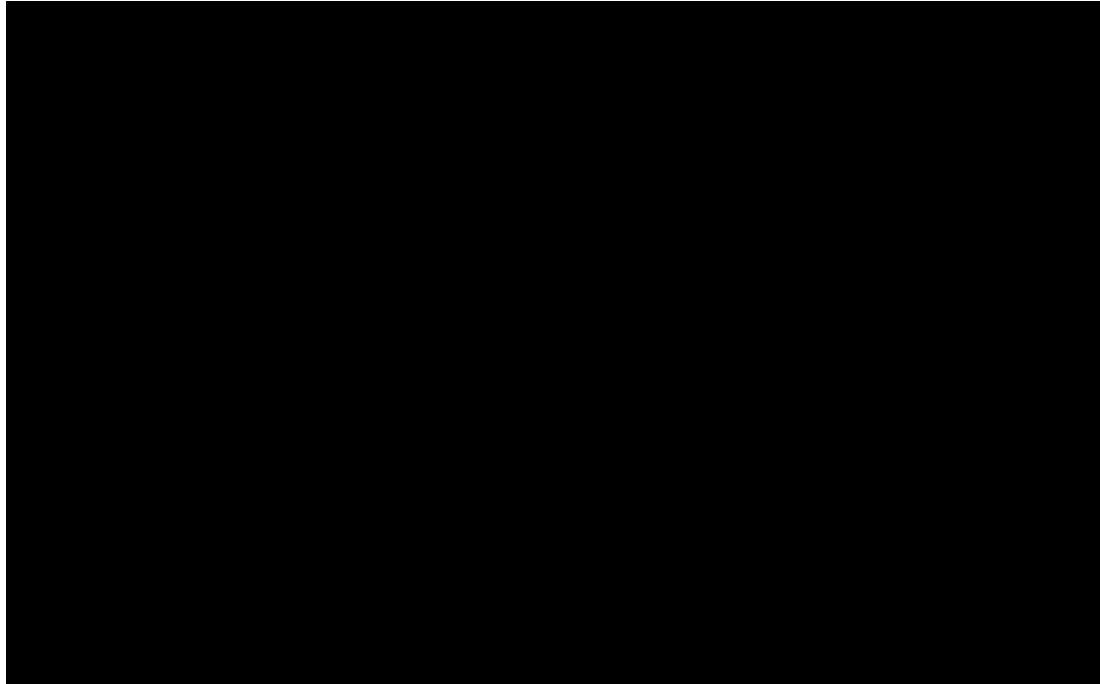


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REDACTED VERSION

MaR - Overview

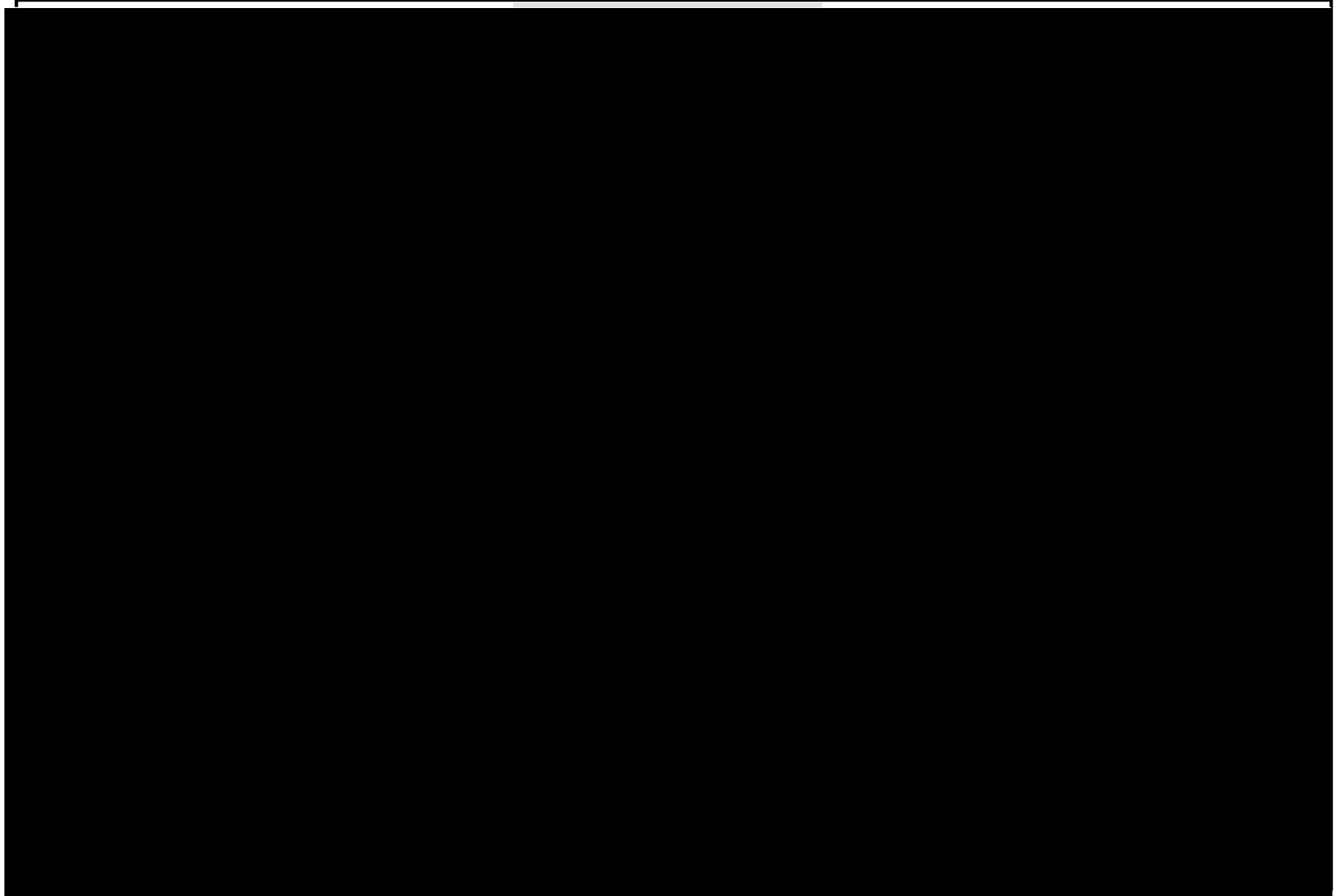


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REDACTED VERSION

MaR - Calculation

For illustration purposes only



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REDACTED VERSION

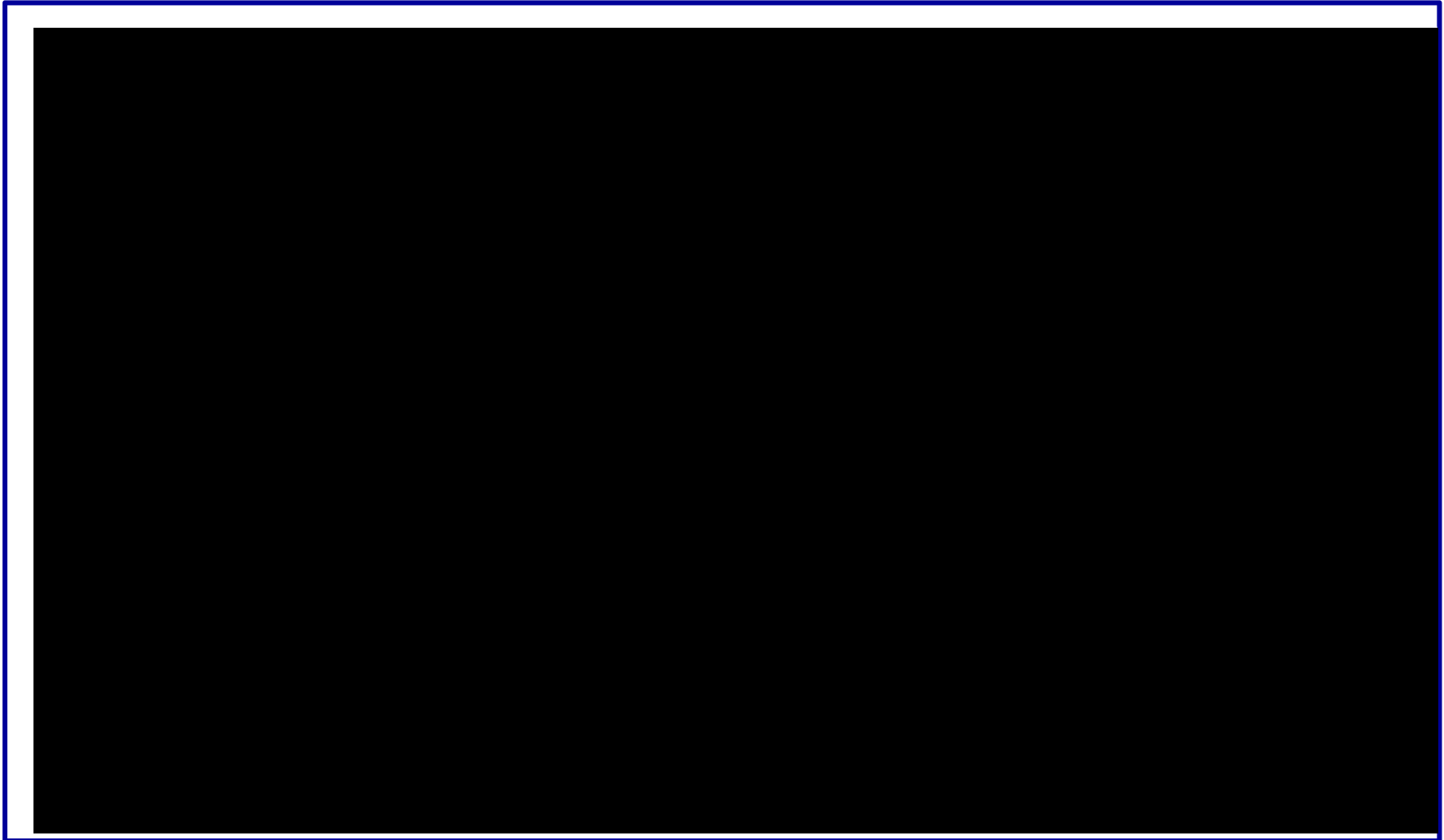
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REDACTED VERSION

Future Enhancements



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Appendix



Historical Hedging: Example 1



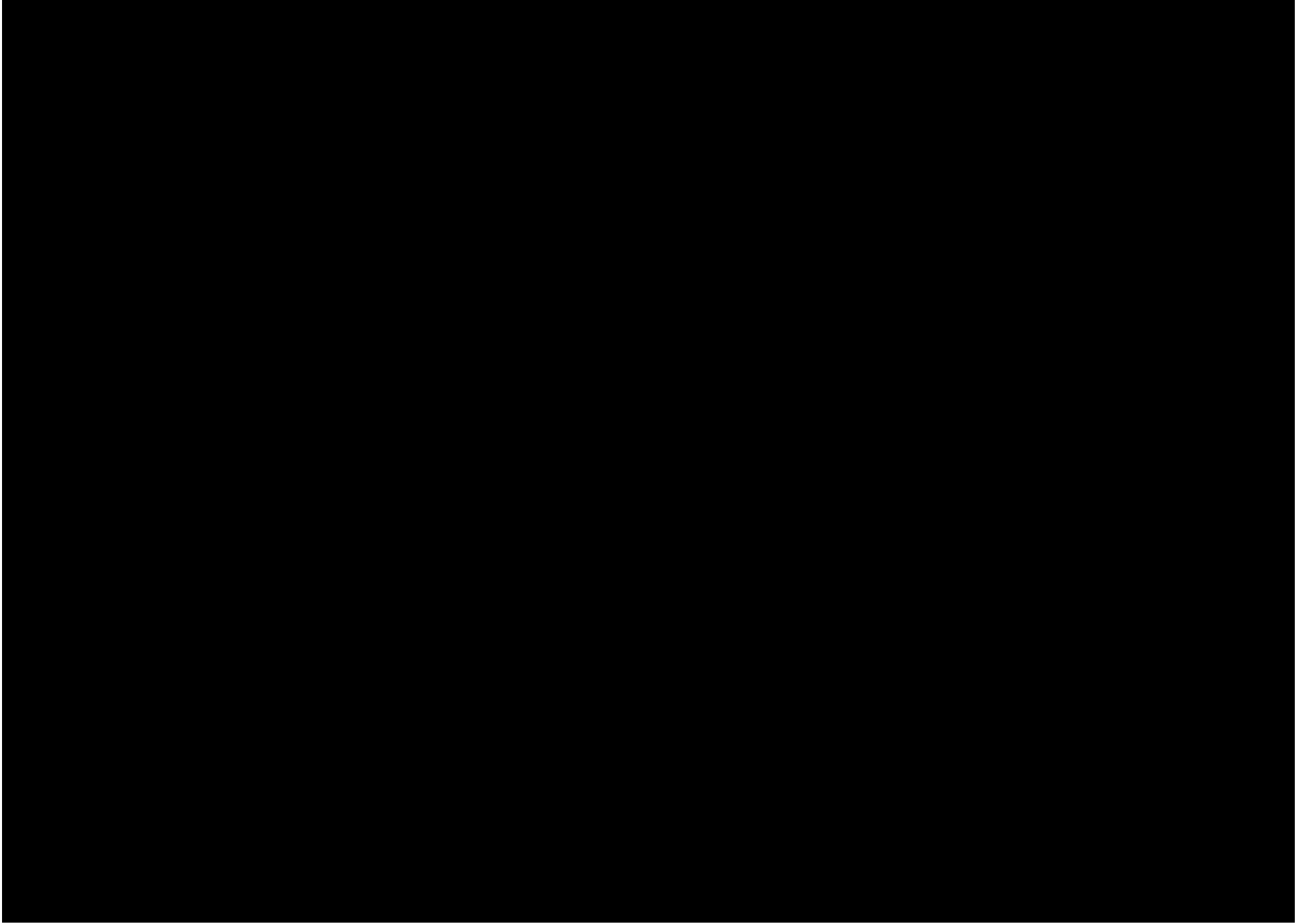
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REDACTED VERSION

Historical Hedging: Example 2

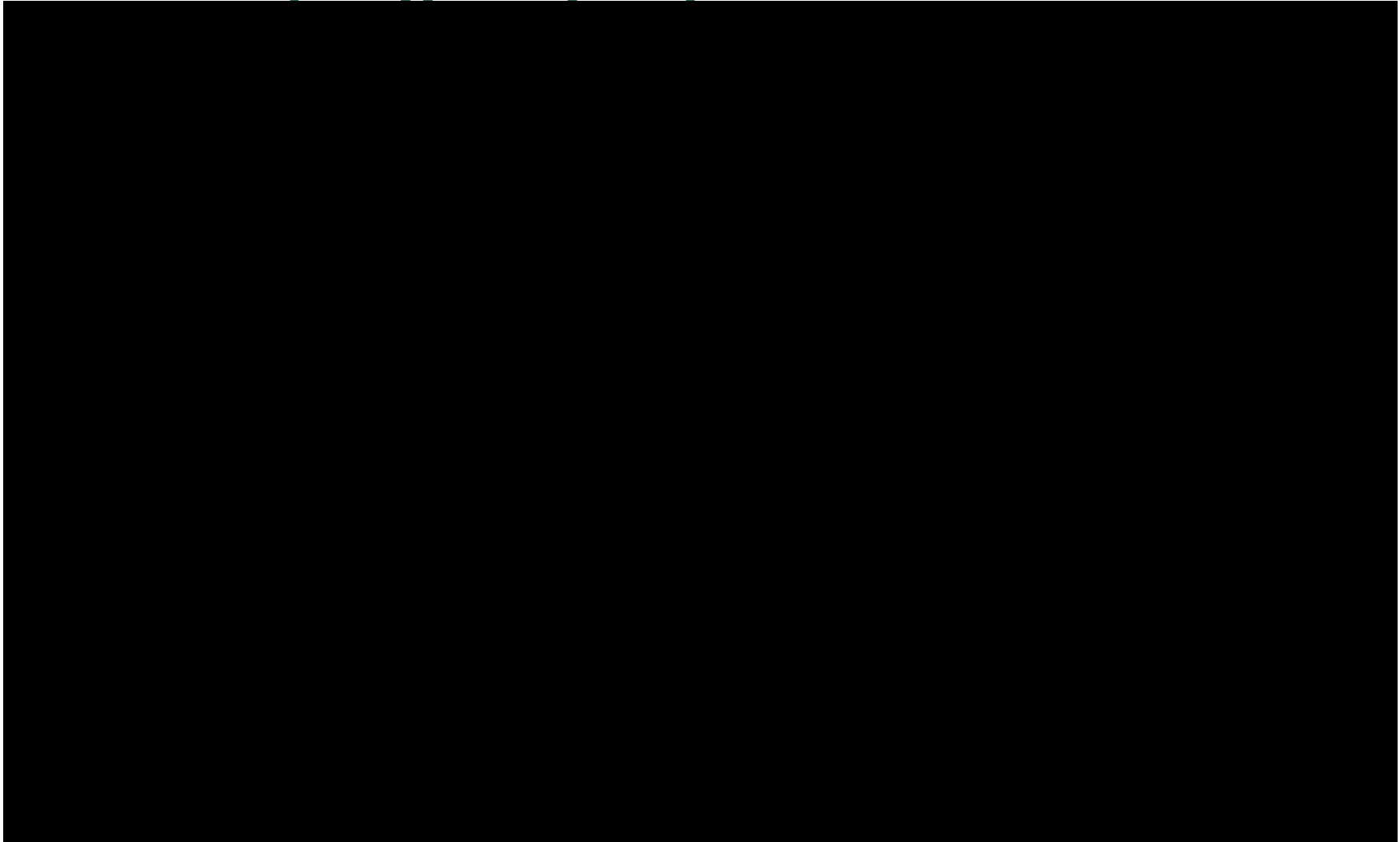
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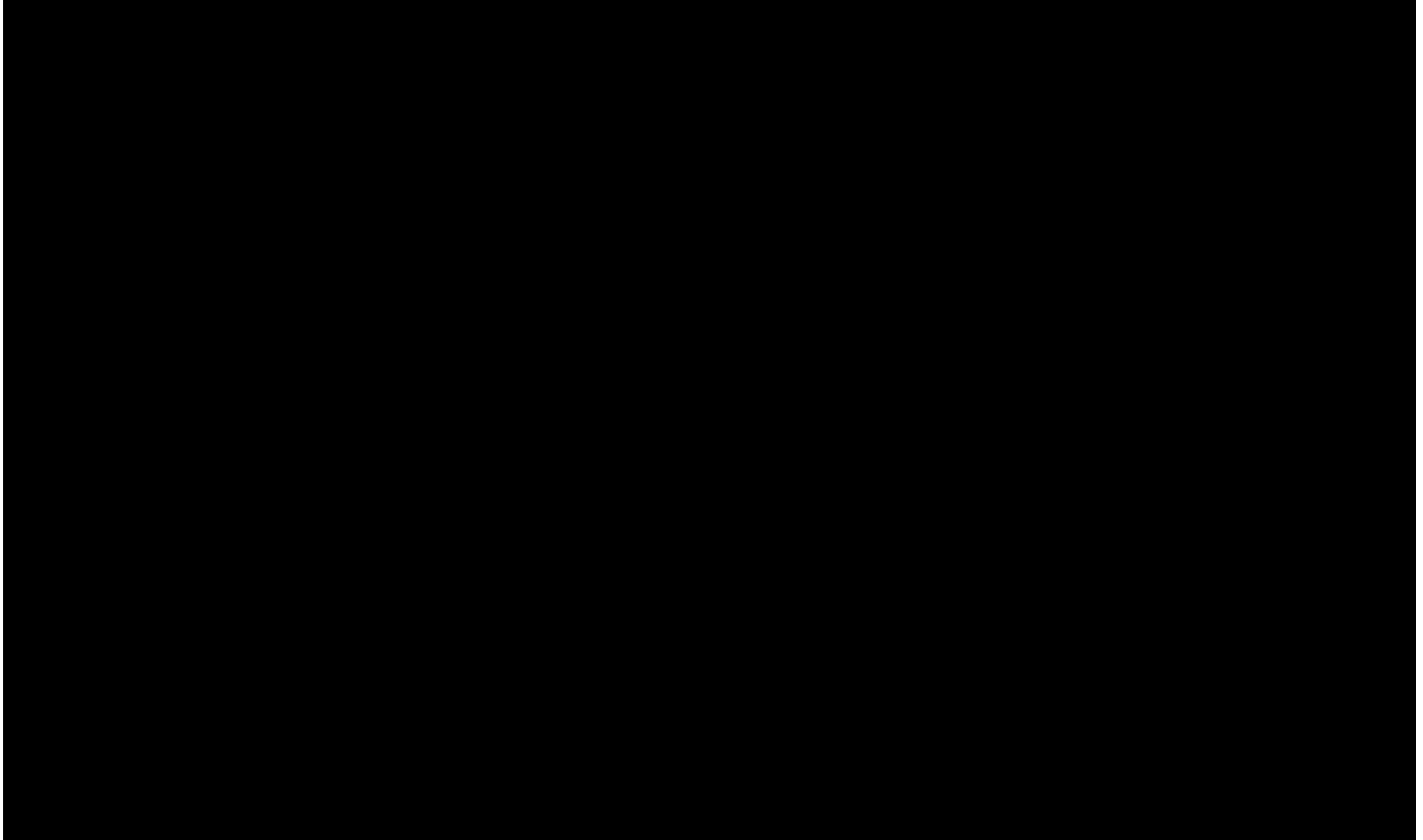
Developing Key Inputs



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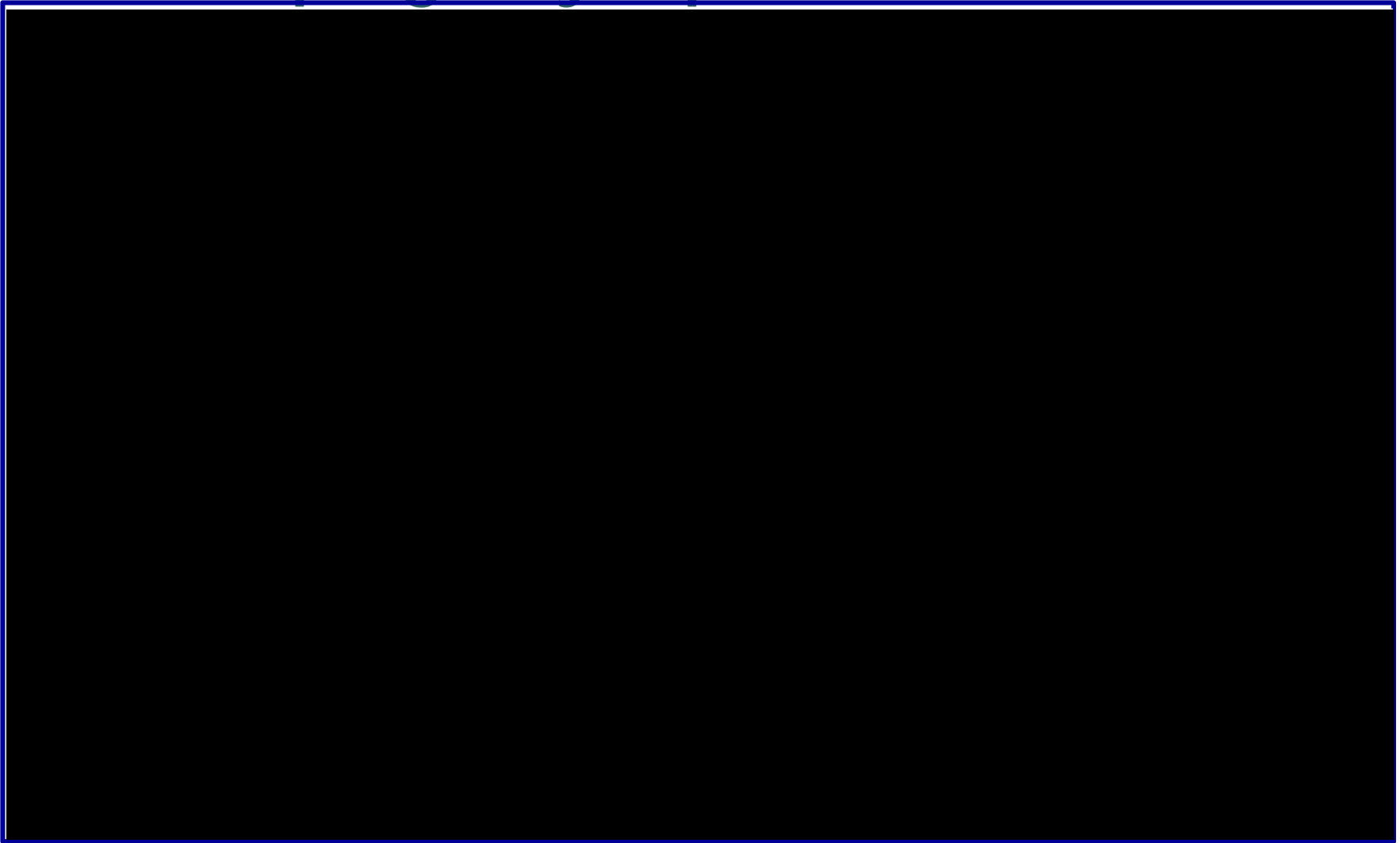
Developing Key Inputs



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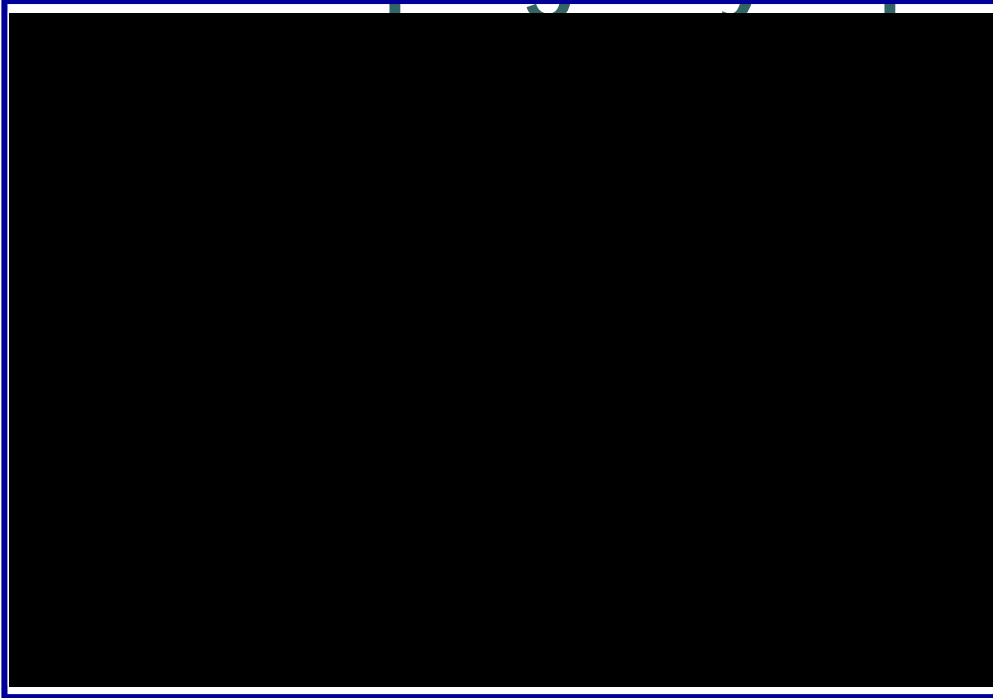
Developing Key Inputs



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Developing Key Inputs



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