

Exhibit No. ___ (JRS-9)
Docket No. UG-040640, et al.
Witness: Joelle R. Steward

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UG-040640

DOCKET NO. UE-040641

(consolidated)

EXHIBIT TO CROSS-ANSWERING TESTIMONY OF

JOELLE R. STEWARD

STAFF OF THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

Corrected Peak Credit Calculation

November 3, 2004

Puget Sound Energy
Electric Cost of Service
Derivation of Peak Credit
Staff Corrections to Exhibit No. __ (CEP-10)

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Combined Cycle Plant (Nominal \$)

Year	Capital Cost \$/MWH Yr	Fixed O&M \$/MWH	Ins / Prop T&E \$/MWH	Variable O&M \$/MWH	Gas \$/MMBTU	Gas \$/MWH	Total \$/MWH	Annual Inflation
2004	\$7.63	5.7	1.2	2	\$3.86	26.63	43.16	0.00%
2005	\$7.63	5.84	1.23	2.05	\$4.46	26.63	43.38	2.50%
2006	\$7.63	5.99	1.26	2.1	\$4.63	30.80	47.78	2.50%
2007	\$7.63	6.14	1.29	2.15	\$4.55	31.94	49.15	2.50%
2008	\$7.63	6.29	1.32	2.2	\$4.54	31.38	48.82	2.50%
2009	\$7.63	6.45	1.35	2.26	\$3.58	31.35	49.04	2.50%
2010	\$7.63	6.61	1.38	2.32	\$3.51	24.68	42.62	2.50%
2011	\$7.63	6.78	1.41	2.38	\$4.55	24.20	42.40	2.50%
2012	\$7.63	6.95	1.45	2.44	\$5.18	31.41	49.88	2.50%
2013	\$7.63	7.12	1.49	2.5	\$5.49	35.76	54.50	2.50%
2014	\$7.63	7.3	1.53	2.56	\$5.94	37.86	56.88	2.50%
2015	\$7.63	7.48	1.57	2.62	\$5.74	41.01	60.31	2.50%
2016	\$7.63	7.67	1.61	2.69	\$5.32	39.63	59.23	2.50%
2017	\$7.63	7.86	1.65	2.76	\$5.92	36.67	56.57	2.50%
2018	\$7.63	8.06	1.69	2.83	\$5.95	40.86	61.07	2.50%
2019	\$7.63	8.26	1.73	2.9	\$6.21	41.08	61.60	2.50%
2020	\$7.63	8.47	1.77	2.97	\$6.26	42.87	63.71	2.50%
2021	\$7.63	8.68	1.81	3.04	\$6.47	43.18	64.34	2.50%
2022	\$7.63	8.9	1.86	3.12	\$6.63	44.62	66.13	2.50%
2023	\$7.63	9.12	1.91	3.2	\$6.79	45.74	67.60	2.50%
2024	\$7.63	9.35	1.96	3.28	\$6.96	46.88	69.10	2.50%
2025	\$7.63	9.58	2.01	3.36	\$7.14	48.06	70.64	2.50%
2026	\$7.63	9.82	2.06	3.44	\$7.32	49.26	72.21	2.50%
2027	\$7.63	10.07	2.11	3.53	\$7.50	50.49	73.83	2.50%
2028	\$7.63	10.32	2.16	3.62	\$7.69	51.75	75.48	2.50%
2029	\$7.63	10.58	2.21	3.71	\$7.84	53.04	77.17	2.50%
2030	\$7.63	10.84	2.27	3.8	\$8.00	54.11	78.65	2.50%
2031	\$7.63	11.11	2.33	3.9	\$8.16	55.19	80.16	2.50%
2032	\$7.63	11.39	2.39	4	\$8.32	56.29	81.70	2.50%
2033	\$7.63	11.67	2.45	4.1	\$8.49	57.42	83.27	2.50%

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Combustion Turbine

Year	Capital Cost \$/kW Yr	Fixed O&M \$/kW Yr	Ins / Prop Tax \$/kW Yr ¹	Variable O&M \$/kW Yr	Fuel Oil \$/MMBTU	Fuel Oil \$/kW Yr	Gas \$/kW Yr	Total \$/kW Yr	Peak Credit \$/kW Yr ²	Inflation
2004	\$39.41	19.21	5.56	0.4	6.90	4.03	6.77	75.39	48.11	0.00%
2005	\$39.41	19.69	5.7	0.41	6.50	3.80	7.83	76.85	49.31	2.50%
2006	\$39.41	20.18	5.84	0.42	4.85	2.84	8.12	76.81	49.00	2.50%
2007	\$39.41	20.68	5.99	0.43	4.86	2.84	7.98	77.34	49.25	2.50%
2008	\$39.41	21.2	6.14	0.44	4.87	2.85	7.98	78.01	49.64	2.50%
2009	\$39.41	21.73	6.29	0.45	4.87	2.85	6.28	77.01	48.35	2.50%
2010	\$39.41	22.27	6.45	0.46	4.87	2.85	6.15	77.59	48.64	2.50%
2011	\$39.41	22.83	6.61	0.47	4.91	2.87	7.99	80.18	50.92	2.50%
2012	\$39.41	23.4	6.78	0.48	4.95	2.89	9.10	82.06	52.48	2.50%
2013	\$39.41	23.99	6.95	0.49	4.99	2.92	9.63	83.39	53.49	2.50%
2014	\$39.41	24.59	7.12	0.5	5.02	2.94	10.43	84.99	54.76	2.50%
2015	\$39.41	25.2	7.3	0.51	5.04	2.95	10.08	85.45	54.89	2.50%
2016	\$39.41	25.83	7.48	0.52	5.09	2.98	9.33	85.55	54.64	2.50%
2017	\$39.41	26.48	7.67	0.53	5.13	3.00	10.39	87.49	56.22	2.50%
2018	\$39.41	27.14	7.86	0.54	5.17	3.02	10.45	88.42	56.80	2.50%
2019	\$39.41	27.82	8.06	0.55	5.20	3.04	10.90	89.79	57.79	2.50%
2020	\$39.41	28.52	8.26	0.56	5.23	3.06	10.98	90.79	58.41	2.50%
2021	\$39.41	29.23	8.47	0.57	5.33	3.12	11.35	92.15	59.38	2.50%
2022	\$39.41	29.96	8.68	0.58	5.44	3.18	11.63	93.45	60.27	2.50%
2023	\$39.41	30.71	8.9	0.59	5.55	3.25	11.92	94.78	61.20	2.50%
2024	\$39.41	31.48	9.12	0.6	5.66	3.31	12.22	96.14	62.14	2.50%
2025	\$39.41	32.27	9.35	0.62	5.77	3.38	12.53	97.55	63.12	2.50%
2026	\$39.41	33.08	9.58	0.64	5.89	3.44	12.84	99.00	64.12	2.50%
2027	\$39.41	33.91	9.82	0.66	6.00	3.51	13.16	100.48	65.14	2.50%
2028	\$39.41	34.76	10.07	0.68	6.12	3.58	13.49	101.99	66.19	2.50%
2029	\$39.41	35.63	10.32	0.7	6.25	3.65	13.76	103.48	67.20	2.50%
2030	\$39.41	36.52	10.58	0.72	6.37	3.73	14.04	104.99	68.23	2.50%
2031	\$39.41	37.43	10.84	0.74	6.50	3.80	14.32	106.54	69.28	2.50%
2032	\$39.41	38.37	11.11	0.76	6.63	3.88	14.60	108.13	70.35	2.50%
2033	\$39.41	39.33	11.39	0.78	6.76	3.96	14.90	109.76	71.46	2.50%

¹ Corrected for inflation.

² Corrected to incorporate insurance/property tax.

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	Combustion Turbine	Peak CT	CC CT	Peak Credit
Levelized Cost \$/MWh			58.70	
Levelized Cost \$/kW Yr	90.65	58.05	437.09	13%

Assumptions

- 1 Fixed Charge Rate CC: 7.80%
- 2 Fixed Charge Rate CT: 8.72%
- 2 Hours/Year CT Peak Operati 200 Oil (hours): 50
- 3 CCCT Capacity Factor: 85%
- 4 Weighted Cost of Capital CC 7.80%
- 4 Weighted Cost of Capital CT: 7.80%
- 5 1/2 of Capital & Fixed O&M For CT Used For Peak Credit Cost
- 6 Fixed & variable O&M, gas, and fuel escalation rate beyond 2015: 2.80%

	Capital \$/KW	Fixed O&M \$/kW/yr	Ins / Prop Tax \$/kW/yr	Var O&M \$/ MWH	Heat Rate BTU/kWh
7 Combined Cycle Combustion Turbine Plant	\$728	\$42.47	\$8.95	2.0	6,900
8 Simple Cycle Combustion Turbine Plant	\$452	\$19.21	\$5.56	2	11,700
9 Reserve margin		15%			

10 Debt	58.12%	6.94%	4.03%	====Staff Capital Structure and Return on Equity
11 Preferred	0.04%	8.51%	0.00%	
12 Common Equity	41.84%	9.00%	3.77%	
13 TOTAL	100%		7.80%	