

Exhibit A-1 Power Cost Rate

	REVISED	REVISED	REVISED
	TOTAL		
	Test Year		
3	Regulatory Assets (Variable)	\$ 296,644,329	
4	Transmission Rate Base (Fixed)	94,699,228	
5	Production Rate Base (Fixed)	32,051,626,751	
6		\$ 2,442,970,307	
7	Net of tax rate of return	7.29%	
8			Production
9			Factor
		Test Yr	(6) 0.97901
		\$/MWh	Rate Year
10	Regulatory Asset Recovery (on Row 3) x line 7 / 65%	\$ 33,269,802	\$ 1.574 (c)
11	Fixed Asset Recovery Other (on Row 4) x line 7 / 65%	10,620,883	0.502 (a)
12	Fixed Asset Recovery-Prod Factored (on Row 5) x line 7 / 65%	230,097,831	10.883 (a)
13	501-Steam Fuel	88,808,547	4.200 (c)
14	555-Purchased power	487,004,033	23.033 (c)
14a	Rate Disallowances for March Point 2	-	0.000 (c)
15	557-Other Power Exp	6,598,443	0.312 (a)
15a	Payroll Overheads - Worker's Comp	4,944,715	0.234 (a)
15b	Property Insurance	3,282,447	0.155 (a)
15c	Montana Electric Energy Tax	1,660,622	0.079 (a)
15d	Payroll Taxes on Production Wages	1,993,634	0.094 (a)
16	547-Fuel	148,103,067	7.005 (c)
17	565-Wheeling	95,610,267	4.522 (c)
18	Variable Transmission Income	(5,495,638)	-0.260 (c)
19	Hydro and Other Pwr.	126,203,442	5.969 (a)
20	447-Sales to Others	(10,227,296)	-0.484 (c)
21	456-Subaccounts 00012 & 00018 and 00035 & 00036	-	0.000 (c)
22	Transmission Exp - 500KV	1,389,837	0.066 (a)
23	Depreciation & Amort -Production (FERC 403)	104,863,779	4.960 (a)
24	Depreciation-Transmission	4,091,622	0.194 (a)
25	Amortization-Production Reg Assets	16,415,766	0.776 (c)
26	Property Taxes-Production	17,955,449	0.849 (a)
27	Property Taxes-Transmission	1,694,533	0.080 (a)
28	Hedging Line of Credit	1,420,907	0.067 (c)
29	Subtotal & Baseline Rate	\$ 1,370,306,693	\$ 64.810 (b)
30	Revenue Sensitive Items	0.9549980	
31		\$ 1,434,879,123	
32	Test Year DELIVERED Load (MWH's)	21,143,300	<-- includes Firm Wholesale
33			
34			
35			
36		Before Rev.	After Rev.
37		Sensitive Items	Sensitive Items
38	Power Cost in Rates with Revenue Sensitive		
39	Items (the adjusted baseline)	\$ 64.810	\$ 67.864
40	sum of (a) = Fixed Rate Component	\$ 24.377	\$ 25.526
41	(b) = Power Cost Rate	\$ 64.810	\$ 67.864
42	sum of (c) = Variable Power Rate Component	\$ 40.433	\$ 42.338

(2)

PUGET SOUND ENERGY-ELECTRIC
PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED A	PRODUCTION 2.099% B	FIT 35%	Net of Production Factor =A+B
1	<u>O&M ON PRODUCTION PROPERTY</u>				
2	PRODUCTION WAGE ADJUSTMENTS AND INCENTIVE:				
3	PURCHASED POWER	\$ 79,814	\$ (1,675)	\$ 586	\$ 78,139 (6)
4	OTHER POWER SUPPLY	498,117	(10,455)	3,659	487,662
5	TOTAL WAGE RELATED ADJUSTMENTS	577,931	(12,131)	4,245	565,801
6					
7	ADMIN & GENERAL EXPENSES				
8	PAYROLL OVERHEADS	5,050,730	(106,015)	37,105	4,944,715 (R)
9	PROPERTY INSURANCE	2,835,322	(59,513)	20,830	2,775,809
10	TOTAL ADMIN & GENERAL EXPENSES	7,886,052	(165,528)	57,935	7,720,524
11					
12	DEPRECIATION / AMORTIZATION:				
13	DEPRECIATION	95,848,019	(2,011,850)	820,843	93,836,169
14	AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB)	11,264,042	(236,432)	80,107	11,027,610
15	TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)	107,112,061	(2,248,282)	900,950	104,863,779 (1)
16					
17	TAXES OTHER-PRODUCTION PROPERTY:				
18	PROPERTY TAXES - WASHINGTON	7,396,041	(155,243)	54,335	7,240,798 (R)
19	PROPERTY TAXES - MONTANA	7,977,272	(167,443)	58,605	7,809,829
20	ELECTRIC ENERGY TAX	1,696,226	(35,604)	12,461	1,660,622 (R)
21	PAYROLL TAXES	2,036,377	(42,744)	14,960	1,993,634
22	TOTAL TAXES OTHER	19,105,916	(401,033)	140,361	18,704,883
23					
24	<u>LOWER SNAKE RIVER</u>				
25					
26	PURCHASED POWER	776,099	(16,290)	5,702	759,809 (6)
27	WHEELING	9,922,939	(208,282)	72,899	9,714,657 (6)
28	SALES FOR RESALE	-	-	-	-
29	PRODUCTION O&M	10,891,023	(228,603)	80,011	10,662,420 (6)
30	PROPERTY INSURANCE	517,501	(10,862)	3,802	506,638 (R)
31	PROPERTY TAX	2,967,101	(62,279)	21,798	2,904,822 (R)
32	TOTAL OPERATING EXPENSES LOWER SNAKE RIVER	25,074,663	(526,317)	184,212	24,548,345 (R)
33					
34	<u>AMORTIZATION ON REGULATORY ASSETS:</u>				
35	BEP (555)	3,526,620	(74,024)	25,908	3,452,596
36	WHITE RIVER PLANT COSTS (407)	1,494,702	(31,374)	10,981	1,463,328
37	WHITE RIVER RELICENSING & CWIP	-	-	-	-
38	HOPKINS RIDGE PREPAID TRANSMISSION (565)	0	-	-	-
39	GOLDENDALE FIXED COSTS DEFERRAL (407.3)	0	-	-	-
40	HOPKINS RIDGE MITIGATION CREDIT (555)	0	-	-	-
41	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) (547)	(392,170)	8,232	(2,881)	(383,938)
42	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) (547)	(537,626)	11,285	(3,950)	(526,341)
43	MINT FARM DEFERRAL (407.3)	2,872,182	(60,287)	21,100	2,811,895
44	WILD HORSE EXPANSION DEFERRAL (407.3)	0	-	-	-
45	COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT (501)	555,556	(11,661)	4,081	543,894
46	FERC PART 12 NON-CONSTRUCTION STUDY COSTS UE-070074 (407.3)	265,155	(5,566)	1,948	259,589
47	MAJOR MAINTENANCE (SUMMARIZED) (PROD O&M)	1,215,107	(25,505)	8,927	1,189,602
48	LOWER SNAKE RIVER PREPAID TRANS DEPOSITS (407.3)	680,129	(14,276)	4,997	665,853
49	CHELAN RESERVATION PREPAYMENT (555)	7,088,066	(148,778)	52,072	6,939,287
50					
51	TOTAL AMORTIZATION OF REGULATORY ASSETS AND LIABILITIES	16,767,720	(351,954)	123,183	16,415,766 (1)
52					
53					
54	INCREASE(DECREASE) EXPENSE		176,524,343	(3,705,246)	176,524,343
55	INCREASE(DECREASE) FIT			1,410,886	-
56	INCREASE(DECREASE) NOI			\$ 2,294,360	\$ -

Property Insurance
Σ(R) 3,282,447 (1)

Property Tax
Σ(R2) = 17,955,449

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PUGET SOUND ENERGY-ELECTRIC
PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED A	PRODUCTION 2.099% B	FIT 35%	Net of Production Factor =A+B
58	<u>PRODUCTION PROPERTY RATE BASE:</u>				
59	DEPRECIABLE PRODUCTION PROPERTY (INCL LSR AND WH SOLAR)	\$ 3,310,587,583	\$ (69,489,233)		
60	PRODUCTION PROPERTY ACCUM DEPR. (INCL LSR AND WH SOLAR)	(1,190,080,368)	24,979,787		
61	NON-DEPRECIABLE PRODUCTION PROPERTY	77,287,156	(1,622,257)		
62	PRODUCTION PROPERTY ACCUM AMORT.	(4,080,190)	85,643		
63	COLSTRIP COMMON FERC ADJUSTMENT	4,947,628	(103,851)		
64	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	1,458,712	(30,618)		
65	ACQUISITION ADJUSTMENTS	250,524,822	(5,258,516)		
66	ACCUMULATED AMORTIZATION ON ACQUISITION ADJ	(54,306,612)	1,139,896		
67	NET PRODUCTION PROPERTY	2,396,338,732	(50,299,149)		
68					
69	LIBR. DEPREC. POST 1980 (AMA)	(315,759,925)	6,627,801		
70	NOL DEFERRED TAX ASSET ATTRIBUTABLE TO PRODUCTION	15,034,874	(315,582)		
71	SUBTOTAL	(300,725,051)	6,312,219		
72					
73	TOTAL PRODUCTION PROPERTY RATE BASE	\$ 2,095,613,681	\$ (43,986,930)	\$ 2,051,626,751	(1)
74					
75	<u>REGULATORY ASSETS RATE BASE:</u>				
76	BEP	11,214,773	(235,398)		
77	WHITE RIVER PLANT COSTS	34,565,277	(725,525)		
78	WHITE RIVER RELICENSING & CWIP	24,941,807	(523,529)		
79	PROCEEDS FROM THE SALE OF WHITE RIVER ASSETS TO CWA	(29,911,730)	627,847		
80	DFIT WHITE RIVER REG ASSETS	(10,331,528)	216,859		
81	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY)	(1,529,462)	32,103		
82	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)	(2,096,742)	44,011		
83	MINT FARM DEFERRAL UE-090704	23,180,901	(486,567)		
84	COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT	3,981,481	(83,571)		
85	FERC PART 12 NON-CONSTRUCTION STUDY COSTS UE-070074	1,193,198	(25,045)		
84	LOWER SNAKE RIVER PREPAID TRANSMISSION DEPOSITS	99,707,854	(2,092,868)		
85	CARRYING CHARGES ON LSR PREPAID TRANSM DEPOSITS	10,831,055	(227,344)		
86	CHELAN RESERVATION PAYMENT	117,130,302	(2,458,565)		
87	CHELAN SECURITY DEPOSIT	18,500,000	(388,315)		
88	MAJOR MAINTENANCE (SUMMARIZED)	1,627,205	(34,155)		
89	TOTAL REGULATORY ASSETS AND LIABILITIES RATE BASE	\$ 303,004,391	\$ (6,360,062)	\$ 296,644,329	(1)
90					
91	TOTAL ADJUSTMENT TO RATEBASE (LINE 73 + LINE 89)		\$ (50,346,992)		

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Exhibit A-2 Transmission Rate Base

Row		Plant AMA 12/31/2010	AMA Accum Deprec/Amort	Net	Annualized Depreciation
7					
8					
6	TRANS - COLSTRIP 1 & 2				
7	E350 Land and Land Rights	10,247	- \$	10,247	
8	E351 Easements	685,927	(410,851)	275,076	13,033
9	E353 Station Equipment	1,231,131	(977,385)	253,746	25,977
10	E354 Towers & Fixtures	14,555,900	(9,079,746)	5,476,154	243,074
11	E355 Poles & Fixtures	49,007	(48,986)	21	1,480
12	E356 OH Conductors & Devices	13,158,153	(8,931,160)	4,226,993	277,637
13	E359 Roads & Trails	113,968	(67,588)	46,380	1,630
14		<u>29,804,333</u>	<u>(19,515,716)</u>	<u>10,288,617</u>	<u>562,830</u>
15					
16	TRANS - COLSTRIP 3 & 4				
17	E351 Easements	1,071,124	(629,893)	441,231	20,351
18	E352 Structures & Improvements	488,761	(289,792)	198,969	8,309
19	E353 Station Equipment	19,708,485	(11,596,586)	8,111,899	415,074
20	E354 Towers & Fixtures	20,580,759	(12,558,757)	8,022,002	343,688
21	E355 Poles & Fixtures	88,692	(34,278)	54,414	2,679
22	E356 OH Conductors & Devices	19,991,226	(13,315,474)	6,675,752	421,815
23	E359 Roads & Trails	341,015	(199,610)	141,405	4,877
24		<u>62,270,062</u>	<u>(38,624,390)</u>	<u>23,645,672</u>	<u>1,216,792</u>
25					
26	TRANS - 3RD NW-SW INTERTIE				
27	E350 Land and Land Rights	1,769,178	-	1,769,178	-
28	E352 Structures & Improvements	1,276,264	(392,280)	883,984	21,696
29	E353 Station Equipment	32,769,281	(12,112,963)	20,656,318	691,432
30	E354 Towers & Fixtures	22,781,417	(7,135,115)	15,646,302	380,450
31	E355 Poles & Fixtures	204,200	(70,037)	134,163	6,167
32	E356 OH Conductors & Devices	23,498,389	(9,910,549)	13,587,840	495,816
33	E359 Roads & Trails	59,215	(10,155)	49,060	847
35		<u>82,357,944</u>	<u>(29,631,099)</u>	<u>52,726,845</u>	<u>1,596,408</u>
36					
37	TRANS - NORTHERN INTERTIE				
38	E350 Land and Land Rights	30,604	-	30,604	
39	E354 Towers & Fixtures	4,786,748	(1,234,196)	3,552,552	95,926
40	E355 Poles & Fixtures	3,412,478	(1,257,397)	2,155,081	104,590
41	E356 OH Conductors & Devices	11,363,534	(3,874,637)	7,488,897	266,954
44		<u>19,593,364</u>	<u>(6,366,230)</u>	<u>13,227,134</u>	<u>467,470</u>
45					
46					
47	Total Transmission	<u>\$ 194,025,703</u>	<u>\$ (94,137,435)</u>	<u>\$ 99,888,268</u>	<u>\$ 3,843,499</u>
48	Accumulated Depreciation (AMA)	(94,137,435)			
49	Deferred Taxes (AMA)	(8,651,536)			
50	Transmission portion of:				
51	Colstrip Common FERC Adj, net of accum amc	2,980,141			213,630
52	Colstrip Def Depr FERC Adj, net of accum amc	482,355			34,493
53					
54	Total Transmission Rate Base	<u>\$ 94,699,228</u>			<u>\$ 4,091,622</u>

(1)

(1)

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Docket Number UE-11

Exhibit No. (JHS-07)

PAGE 7.02

PUGET SOUND ENERGY-ELECTRIC
PRO FORMA COST OF CAPITAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1	SHORT TERM DEBT	4.00%	4.62%	0.18%
2	LONG TERM DEBT	48.00%	6.37%	3.06%
3	PREFERRED	0.00%	0.00%	0.00%
4	EQUITY	48.00%	10.80%	5.18%
5	TOTAL	100.00%		8.42%
6				
7	AFTER TAX SHORT TERM DEBT ((LINE 1)* 65%)	4.00%	3.00%	0.12%
8	AFTER TAX LONG TERM DEBT ((LINE 2)* 65%)	48.00%	4.14%	1.99%
9	PREFERRED	0.00%	0.00%	0.00%
10	EQUITY	48.00%	10.80%	5.18%
11	TOTAL AFTER TAX COST OF CAPITAL	100.00%		7.29%

1

Calculation of proforma transmission revenue adjustment

Account	Description	12ME ENDED			Comments
		12/2010	Restated	Adjustment	
45610002	4310 - Other Elec Rev - Transm Snohomish	(11,644.13)	(11,644.13)	\$ -	
45610004	4310 - Other Elec Rev - Transm Mlisc	(29,936.18)	(29,936.18)	-	
45610005	4310-Elec Trans Rev -OASIS-Cols,SI,NI	(4,694,442.73)	(5,613,464.75)	(919,022)	
45610006	4310 - Elec Trans. Rev - Ancillary Svc	(176,318.99)	(176,318.99)	-	
45610010	4310 - Other Elec Rev - Transm Seattle	(332,304.00)	(332,304.00)	-	
45610011	4310 - Other Elec Rev - Transm Tacoma	(4,575.96)	(4,575.96)	-	
45610013	4310- Elec Transm Rev - BPA GTA to OATT	(664,279.79)	(664,279.79)	-	
45610014	4310- Elec Transm Rev -GTA Direct charge	(166,741.88)	(166,741.88)	-	
45610015	4310- Elec Transm Rev - WA ST Tax -OASIS	(90,893.81)	(90,893.81)	-	
45610018	4310-Elec Trans Rev -Generator Imbalance	347,231.09	347,231.09	-	
45610019	4310 - Generator Imbalance Penalty	(18,404.00)	(18,404.00)	-	
45610020	4310-Imbalance penalty-Port SEA,BPA,WPUD	(124.00)	(124.00)	-	
45610021	4310-Elec Trans Revenue-SnoPUD Imbalance	0.00	0.00	-	
45610022	4310-Elec Trans Revenue-SnoPUD Losse	0.00	0.00	-	
45610030	4310 - Small Generator App Fees - Elect	(500.00)	(500.00)	-	
45610060	4310-Elec Trans Rev - Network 449 Transm	(586,174.37)	(586,174.37)	-	
45610061	4310-Elec Trans Rev- Network 449 Anc.svc	(423,717.28)	(423,717.28)	-	
45610062	4310-Elec Trans Rev -Network 449 Imbalan	(1,936,015.05)	(1,936,015.05)	-	
45610065	4310 - Elec Trans. Rev - GTA Imbalance	50,272.18	50,272.18	-	
45610067	4310 - Elec Trans Rev - SeaTac OATT (T)	(4,993.61)	(4,993.61)	-	
45610068	4310 - Elec Trans Rev -Sea Tac OATT (WDS)	(8,233.01)	(8,233.01)	-	
45610069	4310-Elec Trans Rev-SeaTac Ancillary Svc	(2,316.16)	(2,316.16)	-	
45610070	4310-Elec Trans Rev-SeaTac Egy Imbalance	(10,933.46)	(10,933.46)	-	
45610071	4310 - Elec Trans Rev-SeaTac Ded Facility	(15,840.00)	(15,840.00)	-	
45610072	4310-Elec Trans Rev -OASIS-WA(Non GTA)	(43,359.96)	(43,359.96)	-	
45610080	4310 - Elec Trans Rev-BPA NT OATT-T-Elec	(87,569.30)	(87,569.30)	-	
45610081	4310 - Elec Trans Rev-BPA NT Ded Fac-Elec	(236,428.00)	(236,428.00)	-	
45610082	4310 -Elec Trans Rev-BPA NT Eng Imb-Elec	(28,167.59)	(28,167.59)	-	
45610083	4310 -Elec Trans Rev-BPA NT Anc Svc-Elec	(43,195.61)	(43,195.61)	-	
45610084	4310-Elec Trans Rev-BPA NT OATT-WDS-Elec	(193,317.19)	(193,317.19)	-	
45610085	4310-Non Refundable transmission	(8,625.00)	(8,625.00)	-	
45610090	5360 - Elec Trans Rev. Losses	(1,281,475)	(1,281,475)	-	
Totals		\$ (10,703,023)	\$ (11,622,045)	\$ (919,022)	

(A) (5,613,464.75)
 * (5,195,163.8) ①

**Puget Sound Energy
General Rate Case
Property Taxes On Production and Transmission
Restated (Used for the Production Adjustment and for preparation of the Power Cost Rate)**

Calculation of property taxes on production and transmission:
The amounts determined below are used in the production adjustment as well as the development of the power cost rate for the PCA mechanism. The amounts below are considered to be a component of the restated amount of property taxes shown in the Property Tax Adjustment GRC Page 15.15

	<u>Memo</u>	<u>Production</u>	<u>Transmission</u>	<u>Total</u>
Oregon property taxes (2011 - Payable 2012; All taxes-Third Intertie)	\$ 619,062	\$ -	\$ 619,062	\$ 619,062
Washington property taxes (2011 - Payable 2012)	28,280,318			
Allocation of WA property taxes to production based on production%: 26.15%		7,396,041		7,396,041
Transmission-Northern Intertie based on Northern Intertie %: 0.32%			89,399	89,399
Subtotal Washington		7,396,041	89,399	7,485,441
Montana (All taxes are treated as either production or transmission)				
Total Montana taxes	8,969,872			
Less: Non-oper property	(6,528)			
Beneficial use (For BPA use)	-			
Property taxes on PSE property (=Total Montana taxes - Non-Oper Property - Beneficial use)	8,963,344			
Property taxes on PSE property distribution:				
Non-oper property			-	-
Transmission	986,072		986,072	986,072
Production based on 2010 production %: 89.00%	7,977,272	7,977,272		7,977,272
Subtotal Montana	\$ 8,963,344	7,977,272	986,072	8,963,344
Total restated RY production & transmission property taxes		\$ 15,373,313	\$ 1,694,533	\$ 17,067,847

Note: Amounts presented in bold italic have changed since the Sept 28 supplemental filing.

PUGET SOUND ENERGY-ELECTRIC
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION		RATE
1	BAD DEBTS		0.004444
2	ANNUAL FILING FEE		0.002000
3	STATE UTILITY TAX (3.873% - (LINE 1 * 3.873%))	3.873%	0.038558
4			
5	SUM OF TAXES OTHER		0.045002
6			
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5)		0.954998
8	FEDERAL INCOME TAX (LINE 7 * 35%)	35%	0.334249
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 7 - LINE 8)		0.620749

Note: Amounts presented in bold italic have changed since the June 13 original filing.

Puget Sound Energy
Production Factor
For the Twelve Months Ended 12/31/2010

Line	Description	Production Amount
1	TEST YEAR <u>BILLED</u> LOAD	21,033,671,724
2	CHANGE IN UNBILLED KWHS (<i>positive for the period</i>)	(125,288,128)
3	TEST YEAR CORE DELIVERED LOAD BEFORE PROFORMA/RESTATING	
4	ADJUSTMENTS (<i>agrees to Sales of Electricity Report- Total Retail Sales</i>)	20,908,383,596
5	PROFORMA ADJUSTMENTS (<i>temp norm</i>)	234,916,406
6		
7	TOTAL ADJUSTED TEST YEAR <u>DELIVERED</u> LOAD	21,143,300,002
8	FORECASTED RATE YEAR KWH	21,596,717,808
9		
10	LINE 11 DIVIDED BY LINE 12	0.97901
11		
12	PRODUCTION FACTOR= (1-LINE 14)	0.02099

The detailed support for this w/p on JHS-13 page 13.11
w/p (40)