

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKET UE-200980

SETTLEMENT STIPULATION AND  
AGREEMENT

**I. INTRODUCTION**

1. This Settlement Stipulation and Agreement (“Settlement”) is entered into by and between the following parties in this case: (i) Puget Sound Energy (“PSE”), (ii) the regulatory staff of the Washington Utilities and Transportation Commission (“Commission Staff”),<sup>1</sup> (iii) the Alliance of Western Energy Consumers (“AWEC”), and (iv) The Energy Project, as of April 1, 2021 (the “Settlement Date”). These parties are hereinafter collectively referred to as “Settling Parties” and individually as a “Settling Party.” The Public Counsel Unit of the Washington Office of the Attorney General (“Public Counsel”) neither joins nor opposes the Settlement.

2. Because this Settlement is entered into by some, but not all, the parties, and it resolves all issues in the case, it is a “full multiparty settlement,” as that term is defined in WAC 480-07-730(3).

3. This Settlement is subject to review and disposition by the Washington Utilities and Transportation Commission (“Commission”). Section III of the Settlement is effective on the

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<sup>1</sup> In formal proceedings, such as this, the Commission’s regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners’ policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. See RCW 34.05.455.

date of the Commission order approving it (unless the Commission establishes a different effective date). The remainder of the Settlement is effective as of April 1, 2021.

## **II. BACKGROUND AND NATURE OF THE DOCKET**

4. On December 9, 2020, PSE filed with the Commission, in Docket UE-200980, a power cost only rate case (“PCORC”). PSE’s filing proposed to update its power costs, and PSE filed certain revisions to its currently effective WN U-60, Tariff G. In its PCORC filing, PSE proposed to increase electric rates by \$78.5 million on an annual basis, or an average increase of approximately 3.69 percent across all customer classes. Along with the tariff revisions, PSE submitted prefiled direct testimony and exhibits from several PSE witnesses supporting the tariff revisions.

5. On December 16, 2020, the Commission suspended operation of the as-filed tariffs, commenced discovery, and set the matter for hearing in Order 01.

6. On January 13, 2021, the Commission convened a virtual prehearing conference. The Commission granted party interventions and set a procedural schedule in the Prehearing Conference Order, served on January 14, 2021.

7. The Settling Parties participated in a workshop on January 26, 2021, in which PSE provided an overview of its filing; walked through its testimony, exhibits and workpapers; and answered questions from the parties.

8. On February 2, 2021, PSE filed updated power costs and supplemental testimony and exhibits supporting the updated power costs. The updated power costs increased PSE’s proposed electric rate increase to \$88.0 million on an annual basis, or an average increase of approximately 4.13 percent from current rates.

9. The Settling Parties engaged in discovery. PSE responded to data requests that addressed PSE's initial filing and supplemental filing.

10. The parties to the proceeding participated in a virtual settlement conference on March 2, 2021, and participated in settlement-related calls and correspondence after the formal settlement conference. On March 12, 2021, all parties except for Public Counsel reached an agreement in principle for all issues currently pending before the Commission in this case and provided notice of this agreement in principle to Administrative Law Judge Michael S. Howard. On March 30, 2021, Public Counsel notified the Settling Parties that it would neither join nor oppose the settlement.

### III. AGREEMENT

11. The Settling Parties agree to the following terms<sup>2</sup> as a full multiparty settlement of PSE's 2020 PCORC:

A. **Revenue Requirement Increase**: The Settling Parties agree to an electric revenue increase of approximately \$65.3 million, or 3.07 percent, which will be updated through a power cost update at the compliance filing to reflect the most up-to-date natural gas prices as well as the most up-to-date electric and gas hedging positions. The revenue requirement includes the following agreements and adjustments to PSE's \$88 million request in its supplemental filing:

1. **Green Direct**: The Settling Parties agree to alter the treatment of Green Direct in determination of the revenue deficiency (-\$13.9 million adjustment from PSE's supplemental filing); and recognize the change for the reduction to the Energy Charge Credit being provided to Green Direct customers under Schedule 139,

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<sup>2</sup> Supporting schedules are presented in Attachment A to this Settlement Stipulation and Agreement. Workpapers have also been reviewed by the Settling Parties.

which reduces the Energy Credit to Green Direct customers by \$3.7 million. In addition, the Settling Parties agree to the following treatment of Green Direct:

- a. The Variable PCA Baseline Rate used for purposes of the PCA imbalance for sharing in Schedule B will not include normalized test year Green Direct load. The rate is \$40.706 per MWh and is reflected on line 37 of column (II) in Proposed Exhibit A-1 Power Cost Baseline Rate (Page 7 of Attachment A).
  - b. The Energy Charge Credit for Green Direct customers under Schedule 139 shall be the Variable PCA Baseline Rate adjusted to include normalized test year load for Green Direct customers. The rate is \$39.346 per MWh and is reflected on line 37 of column (V) in Proposed Exhibit A-1 Power Cost Baseline Rate (Page 7 of Attachment A).
  - c. The revenue deficiency calculation and rate spread must include normalized Green Direct load in the test year.
  - d. The Aurora power cost model must exclude the Green Direct load in the rate year.
  - e. The Aurora power cost model shall not include the Skookumchuck and Lund Hill PPAs serving the Green Direct Program.
  - f. Future PCA tracking shall not include the cost of Skookumchuck and Lund Hill PPAs.
  - g. PSE's proposed tracking of costs and benefits summarized in Exh. SEF-9 associated with generation surplus or deficiency is accepted.
  - h. Parties reserve the right to reevaluate the method to calculate the revenue requirement and to track PCA imbalances pertaining to the treatment of Green Direct cost, revenue, and load in future proceedings.
2. **BPA Transmission Rate**: The Settling Parties agree to use PSE's initial filing estimate of the BPA transmission rate increase (2.65 percent for point to point service, based on the average rate increase from 2002 through 2019, effective October 1, 2021), rather than the higher percentage increase used by PSE in its supplemental filing, which was based on the proposed rates in the BPA rate filing. This reduces expense by approximately \$6.2 million and reduces the revenue deficiency by approximately \$6.6 million from PSE's supplemental filing.

3. **Colstrip**: The Settling Parties agree to the following treatment with respect to Colstrip:

- a. Reduce the Colstrip operations and maintenance (“O&M”) expense in PSE’s filing that was based on test year amounts by \$1.0 million, which reduces the revenue deficiency by \$1.1 million.
- b. Remove SmartBurn depreciation expense of \$0.3 million, which reduces the revenue deficiency by \$0.4 million.
- c. Accept PSE’s treatment of Production Tax Credits (“PTCs”) in this case and agree it is consistent with PSE’s 2017 general rate case settlement. PSE offset monetized PTCs against the Colstrip 1 and 2 regulatory asset balance, which represents stranded plant associated with Colstrip Units 1 and 2. PSE included the excess \$31.4 million of PTCs above the regulatory asset balance in rate base and will cease accruing carrying charges on these PTCs effective with the date rates become effective in this proceeding. PSE will accrue carrying charges on future PTCs that are not included in rate base as they become monetized.

4. **Energy Imbalance Market (“EIM”) Benefits and Costs**: The Settling Parties agree to reduce the cost of market purchases in variable power costs by an agreed to amount for CAISO<sup>3</sup> EIM benefits of \$8.0 million and to include \$3.9 million for EIM costs in the fixed production costs in this case. The net effect of this adjustment is a reduction of revenue deficiency by \$4.4 million. PSE will discontinue including EIM fixed costs as an adjustment to its PCA imbalance calculation effective with the date rates become effective in this proceeding.

B. **Prudence**: The Settling Parties, other than PSE, take no position and do not contest the prudence of PSE’s proposed new and renewed resources presented within PSE’s filing.

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<sup>3</sup> CAISO is the California Independent System Operator.

- C. **Green Direct**: The Settling Parties will work toward a path forward on a durable method for calculating the energy credit for Green Direct customers and a means to flow any impacts from changing the methodology for calculating the Green Direct credit through to non-Green Direct customers. If the Green Direct energy credit is further reduced prior to a GRC, PSE will defer savings and flow the savings back to non-Green Direct customers at an appropriate time.
- D. **Hedging Collaborative**: The Settling Parties agree to participate in a collaborative workshop on electric and natural gas hedging for power cost management and natural gas intra-company transactions.
- E. **EIM Collaborative**: The Settling Parties agree to participate in a collaborative workshop on the estimation and treatment of EIM costs and benefits for rate making purposes.
- F. **Electric Low Income Assistance**: The Settling Parties agree that the funding for electric customer low income assistance under the permanent Home Energy Lifeline Program (“HELP”) section of PSE’s Schedule 129, shall be increased by twice the percentage increase in the residential customer base rate approved by the Commission, with a minimum increase of \$1 million. The additional funding will be available starting from the beginning of next HELP program year, October 1, 2021. The increase will be reflected in PSE’s Schedule 129 filing, which will take place in August 2021 for an effective date around October 1, 2021. Based on amounts included in this settlement before updating for power costs, this would equate to a 5.59% or \$1.2 million increase.

G. **PCORC**: PSE will include in its next general rate case (or another proceeding in 2022) the issue of whether the PCORC should continue. PSE will not file another PCORC before this issue is litigated.

#### IV. GENERAL PROVISIONS

12. Entire Agreement. This Settlement is the product of negotiations and compromise amongst the Settling Parties and constitutes the entire agreement of the Settling Parties.

Accordingly, the Settling Parties recommend that the Commission adopt and approve the Settlement in its entirety as a full resolution of contested issues in this docket. This Settlement will not be construed against any Settling Party on the basis that it was the drafter of any or all portions of this Settlement. This Settlement supersedes any and all prior oral and written understandings and agreements on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations will be relied upon by the Settling Parties to interpret this Settlement or for any other reason.

13. Confidentiality of Negotiations. The Settling Parties agree that this Settlement represents a compromise in the Settling Parties' positions. As such, conduct, statements and documents disclosed during the negotiation of this Settlement are not admissible in this or any other proceeding and will remain confidential. Notwithstanding the foregoing, the Settlement itself and its terms do not fall within the scope of this confidentiality provision, and each Settling Party is free to publicly disclose the basis for its own support of the Settlement.

14. Precedential Effect of Settlement. The Settling Parties enter into this Settlement to avoid further expense, uncertainty, inconvenience, and delay. The Settling Parties agree that this Settlement establishes no precedent for future cases, or for any other methodology used in the Settlement. This Settlement does not serve to bind the Commission when it considers any other

matter not specifically resolved by this Settlement in future proceedings. Nothing in this Settlement compels any Settling Party to affirmatively intervene or participate in a future proceeding.

15. Positions Not Conceded. In reaching this Settlement, the Settling Parties agree that no Settling Party concedes any particular argument advanced by that Settling Party or accedes to any particular argument made by any other Settling Party. Nothing in this Settlement (or any testimony, presentation or briefing supporting this Settlement) shall be asserted or deemed to mean that a Settling Party agreed with or adopted another Settling Party's legal or factual assertions in this proceeding.

16. Manner of Execution. This Settlement is executed when all Settling Parties sign the Settlement. A designated and authorized representative may sign the Settlement on a Settling Party's behalf. The Settling Parties may execute this Settlement in counterparts. If the Settlement is executed in counterparts, all counterparts shall constitute one agreement. A Settlement signed in counterpart and sent by facsimile or emailed as a pdf is as effective as an original document. A faxed or emailed signature page containing the signature of a Settling Party is acceptable as an original signature page signed by that Settling Party. Each Settling Party shall indicate the date of its signature on the signature page. The date of execution of the Settlement will be the latest date indicated on the signature page(s).

17. Approval Process and Support of Settlement. Each Settling Party agrees to support in this proceeding the terms and conditions of this Settlement as a full and final resolution of all contested issues between them in the above-captioned docket. Each Settling Party agrees to support or not to oppose the Settlement during the course of whatever proceedings and procedures the Commission determines are appropriate for approval of the



Settlement. Each Settling Party agrees to make available one or more witnesses to testify in support of the Settlement, if the Commission determines to hold an evidentiary hearing on the Settlement.


18. Commission Approval with Conditions. In the event the Commission approves this Settlement, but with conditions not proposed in this Settlement, the provisions of WAC 480-07-750(2)(b) will apply.

19. Commission Rejection. In the event the Commission rejects this Settlement, the provisions of WAC 480-07-750(2)(c) will apply. In that event, the Settling Parties agree to jointly and promptly request the Commission convene a prehearing conference to address procedural matters, including a procedural schedule for resolution of the case at the earliest possible date.


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Dated this 1st day of April, 2021.

**PUGET SOUND ENERGY**


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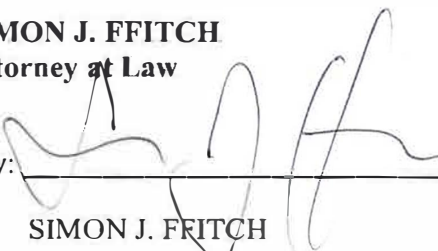
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# **ATTACHMENT A**

2019 GRC Vol Rpt \$ 59,844

Conf Fctr 0.951115  
 Prod Fctr 1.01684

Line	Description	Fixed Var <sup>1</sup>	2020 PCORC Costs (in millions)	Grossed Up <sup>1</sup> Costs (in millions)	MWwhs (e)	2020 PCORC Volumetric Rate (in \$/MWh) (f) = (d) + (e) <sup>2</sup>	Change Volumetric Rate (in \$/MWh) (g) = (f) - \$59.844	Deficiency in millions (in millions) (h) = (g) x (e) <sup>3</sup>	Subtotals (in millions) (i)
(a)	(b)		(c)	(d) = (c) * PF + CF	(e)	(f) = (d) + (e) <sup>2</sup>	(g) = (f) - \$59.844	(h) = (g) x (e) <sup>3</sup>	(i)
1	Amounts per Supplemental			\$ 1,266.0	19,685,487	\$ 64.313	\$ 4.469	\$ 88.0	
2	Remove Test Year SmartBurn Depreciation	F	\$ (0.3)	\$ (0.3)	(0.3)	\$ 64.295	\$ 4.451	\$ (0.4)	
3	Include Agreed to EIM Benefits	V	\$ (8.0)	\$ (8.5)	(8.5)	\$ 63.863	\$ 4.019	\$ (8.5)	
4	Include EIM Costs	F	\$ 3.9	\$ 4.1	4.1	\$ 64.073	\$ 4.229	\$ 4.1	\$ (4.4)
5	BPA Transmission Rate to initial filing	V	\$ (6.2)	\$ (6.6)	(6.6)	\$ 63.736	\$ 3.892	\$ (6.6)	
6	Reduce Colstrip 3 & 4 O&M by 1/2	F	\$ (1.0)	\$ (1.1)	(1.1)	\$ 63.681	\$ 3.837	\$ (1.1)	
7	Include Green Direct Load				680,058	\$ 61.555	\$ 1.711	\$ (40.7)	\$ (13.9)
8	Add Back Amount for Green Direct Credit <sup>4</sup>							\$ 26.8	
9									
10	Change from Supplemental <sup>5</sup>			\$ (11.6)	(12.4)	\$ 61.554	\$ 1.710	\$ 61.6	
11	Add Reduction in Green Direct Credit (page 10)							\$ 3.7	
12	Final Settlement Amounts Before Power Cost Update							\$ 65.3	
13									
14									

<sup>1</sup> Multiplied by Production Factor (PF) only if cost is a variable cost

<sup>2</sup> Where (d) and (e) are cumulative.

<sup>3</sup> Where (e) is cumulative and (h) is not, i.e. result is reduced by prior amounts in column (h)

<sup>4</sup> Independently calculated:

Green Direct load	\$ 680,058
Variable baseline rate	\$ 39,346
Line 8 (in millions)	\$ 26.8

<sup>5</sup> The difference between the volumetric rates on lines 7 and 10 is due to rounding from amounts presented in millions. The amounts on line 10 are the true volumetric rate per the settlement (fixed and variable combined).

Puget Sound Energy REVENUE (SURPLUS) / DEFICIENCY 2020 PCORC compared to 2019 GRC 48.5% Equity / 6.80% Net of tax rate of return				
Row	TY	2020 PCORC	2019 GRC	Revenue Deficiency (Surplus)
	RY	Jul '19 ~ Jun '20 Jun '21 ~ May '22	Jan '18 -Dec '18 Oct '20 - Sep '21	
14		<b><u>VARIABLE DEFICIENCY (SURPLUS)</u></b>		
15				
16		\$ 762,137,401	\$ 713,651,644	
17		0.9511150	0.9511150	
18				
19		801,309,412	750,331,604	
20		20,365,545	20,535,749	
21				
22		\$ 39.346	\$ 36.538	\$ 2.808
23				
24				20,365,545
25				
26				\$ 57,186,449
27				
28		<b><u>FIXED PRODUCTION DEFICIENCY (SURPLUS)</u></b>		
29				
30		\$ 430,163,067	\$ 455,200,098	
31		0.9511150	0.9511150	
32				
33		452,272,404	478,596,277	
34		20,365,545	20,535,749	
35				
36		\$ 22.208	\$ 23.306	\$ (1.098)
37				
38				20,365,545
39				
40				\$ (22,361,368)
41				
42				\$ 26,757,563
43				
44			2.891%	\$ 61,582,644
45				
46				\$ 3,765,483
47				
48			3.068%	\$ 65,348,127
49				
50			\$ 2,129,936,675	

PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE  
TWELVE MONTHS ENDED JUNE 30, 2020  
SUMMARY PAGES

A-1 Line	TEST YEAR 12 MONTHS ENDED JUNE 30, 2020	Adjustment 1 POWER COST	Adjustment 2 MONTANA ENERGY TAX	Adjustment 3 RATE BASE AMA TO EOP	Adjustment 4 DEPRECIATION AMA TO EOP	Adjustment 5 REMOVE EIM	Adjustment 6 REMOVE WILD HORSE SOLAR
<b>Power Cost Rate</b>							
3	\$ 163,785,795						
3a	19,508,549		68,100,572				
4	79,930,654		(483,040)	60,791			
5	1,527,004,039		(85,555,571)	341		(59,062)	(1,401,982)
	1,790,229,037		(17,938,039)	61,132		(59,062)	(1,401,982)
7	6.80%	0	0	0	0	0	0
8							
9							
10	F \$ 15,777,235	\$ -	\$ -	\$ 5,861,821	\$ -	\$ -	\$ -
10a	V						
11	F 6,880,107	4,163,374					
12	F 131,438,322			(41,578)	5,233		
13	V 81,044,146			(7,364,277)	29	(5,084)	(120,677)
14	V 535,009,174	(39,134,729)					
15	F (23,522,407)	(6,444,443)					
15a	F 7,746,401	35,457,393					
15b	F 3,549,802						
15c	V 1,116,935		(306,449)				
15d	F 2,154,162						
15e	V 489,609						
16	V 183,617,976	8,245					
17	V 123,883,051	(36,706,164)					
18	F (6,480,454)	6,647,645					
19	F 120,717,329	(34,967)					
20	V (189,780,074)	(16,205,128)					
21	V (9,520,817)	148,461,646					
22	F 728,610	(40,411,726)					
23	F 153,284,670				(8,246,818)	(2,186,135)	(203,317)
24	F 3,758,630				(76,951)		
25	F 11,632,920						
26	F 9,250,000						
27	\$ 1,162,775,327	\$ 55,801,148	\$ (306,449)	\$ (1,544,034)	\$ (8,318,507)	\$ (2,191,219)	\$ (323,993)

PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE  
TWELVE MONTHS ENDED JUNE 30, 2020  
SUMMARY PAGES

	Adjustment 7	Adjustment 8	Adjustment 9	Adjustment 10	Adjustment 11	Adjustment 12	Adjustment 13
	PROPERTY	REGULATORY	COLSTRIP 3/4	PTC-OFFSET TO	REMOVE	ADD	REMOVE
	INSURANCE	ASSETS AND	DEPRECIATION	COLSTRIP 1-2	GREEN	SPI BIOMASS	SMART
		LIABILITIES	STUDY	REG ASSET	DIRECT	REG ASSET	BURN
A-1 Line							
3	Regulatory Assets	\$ (25,478,162)				\$ 726,067	
3a	Colstrip 1&2 Regulatory Asset			(119,015,766)			
4	Transmission Rate Base						
5	Production Rate Base		(13,368,818)	(119,015,766)	(340,637)	726,067	
7	Net of tax rate of return	0	0	0	0	0	0
8							
9							
10	Regulatory Asset Rate Base Return (on Row 3+3a)	F \$ -	\$ (2,193,057)	\$ -	\$ (10,244,395)	\$ 62,497	\$ -
10a	Equity Adder Centralia Coal Transition PPA	V					
11	Transmission Rate Base Return (on Row 4)	F					
12	Production Rate Base Return (on Row 5)	F					
13	501-Steam Fuel Incl Reg Amort	V		(1,150,734)	(29,321)		
14	555-Purchased power Incl Reg Amort	V					
15	557-Other Power Exp	F					
15a	Payroll Overheads - Benefits	F					
15b	Property Insurance	F	59,930				
15c	Montana Electric Energy Tax	V					
15d	Payroll Taxes on Production Wages	F					
15e	Brokerage Fees #55700003	V					
16	547-Fuel Incl Reg Amort	V					
17	565-Wheeling Incl Reg Amort	V					
18	456-1 OATT Transmission Income	F					
19	Production O&M	F					
20	447-Sales to Others	V					
21	456-Purch/Sales Non-Core Gas	V					
22	Transmission Exp - 500KV	F					
23	Depreciation-Production (FERC 403)	F		16,922,555			(321,547)
24	Depreciation-Transmission	F					
25	Amortization - Reg Assets - Non PC Only	F	(8,060,448)			612,715	
26	Amortization - Colstrip 1&2 Regulatory Asset	F		(9,250,000)			
27	Subtotal & Baseline Rate	\$	\$ 59,930	\$ (10,253,505)	\$ 15,771,821	\$ (29,321)	\$ (321,547)

PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE  
TWELVE MONTHS ENDED JUNE 30, 2020  
SUMMARY PAGES

		TOTAL ADJUSTMENT	ADJUSTED AMOUNTS
<b>Power Cost Rate</b>			
A-1 Line			
3	Regulatory Assets	\$ (24,752,095)	\$ 139,033,700
3a	Colstrip 1&2 Regulatory Asset	(50,915,194)	(31,406,645)
4	Transmission Rate Base	(422,249)	79,508,405
5	Production Rate Base	(100,725,730)	1,426,278,308
		(176,815,268)	1,613,413,769
7	Net of tax rate of return		6.80%
8			
9			
10	Regulatory Asset Rate Base Return (on Row 3+3a)	F (6,513,134)	\$ 9,264,101
10a	Equity Adder Centralia Coal Transition PPA	V 4,163,374	4,163,374
11	Transmission Rate Base Return (on Row 4)	F (36,345)	6,843,761
12	Production Rate Base Return (on Row 5)	F (8,670,063)	122,768,259
13	501-Steam Fuel Incl Reg Amort	V (39,134,729)	41,909,417
14	555-Purchased power Incl Reg Amort	V (6,444,443)	528,564,731
15	557-Other Power Exp	F 35,457,393	11,934,986
15a	Payroll Overheads - Benefits	F -	7,746,401
15b	Property Insurance	F 59,930	3,609,732
15c	Montana Electric Energy Tax	V (306,449)	810,487
15d	Payroll Taxes on Production Wages	F -	2,154,162
15e	Brokerage Fees #55700003	V 8,245	497,854
16	547-Fuel Incl Reg Amort	V (36,706,164)	146,911,812
17	565-Wheeling Incl Reg Amort	V 6,647,645	130,530,696
18	456-1 OATT Transmission Income	F (34,967)	(6,515,421)
19	Production O&M	F (16,205,128)	104,512,201
20	447-Sales to Others	V 148,461,646	(41,318,427)
21	456-Purch/Sales Non-Core Gas	V (40,411,726)	(49,932,543)
22	Transmission Exp - 500KV	F -	728,610
23	Depreciation-Production (FERC 403)	F 5,964,739	159,249,409
24	Depreciation-Transmission	F (76,951)	3,681,679
25	Amortization - Reg Assets - Non PC Only	F (7,447,733)	4,185,187
26	Amortization - Colstrip 1&2 Regulatory Asset	F (9,250,000)	-
27	Subtotal & Baseline Rate	\$ 29,525,141	\$ 1,192,300,468



Adjustment 10

PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE  
TEST YEAR 12 MONTHS ENDED JUNE 30, 2020  
RATE YEAR 12 MONTHS ENDED MAY 31, 2022  
**COLSTRIP 1-2 REGULATORY ASSET PTC OFFSET**

LINE NO.	DESCRIPTION	ADJS. #3 & #4	RESTATED 10/15/2020 EOP	PTC OFFSET	ADJUSTED RATE YEAR	RATE BASE ADJUSTMENT
1	RATE BASE ADJUSTMENT:					
2	COLSTRIP 1-2 REGULATORY ASSET	\$ 24,694,366	\$ 110,897,622	\$ (150,652,868)	\$ (39,755,246)	\$ (150,652,868)
3	ACCUMULATED DEFERRED INCOME TAXES	(5,185,817)	(23,288,501)	31,637,102	8,348,602	31,637,102
4	NET COLSTRIP REGULATORY ASSET AND PTC OFFSET	<u>\$ 19,508,549</u>	<u>\$ 87,609,121</u>	<u>\$ (119,015,766)</u>	<u>\$ (31,406,645)</u>	<u>\$ (119,015,766)</u>
5						
6						
7	TEST YEAR EXPENSE ADJUSTMENT:					
8	COLSTRIP 1-2 REG ASSET AMORT ADJ	<u>\$ 9,250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,250,000)</u>

**Exhibit A-1 Power Cost Baseline Rate  
2020 PCORC**

Row								
			Test Yr		Fixed		Variable	
			\$/MWh		Prod Costs		Prod Costs	
					In Decoupling		in PCA	
9A	(I)	(II)	(III)	(IV)	(V)			
3	Regulatory Assets	\$ 107,627,056						
4	Transmission Rate Base	79,508,405						
5	Production Rate Base	1,426,278,308						
6		\$ 1,613,413,769						
7	Net of tax rate of return	6.80%						
10	Regulatory Asset Rate Base Return (on Row 3)	\$ 9,264,101	\$ 0.471	F	\$ 9,264,101			
10a	Equity Adder Centralia Coal Transition PPA	4,163,374	\$ 0.211	V			\$ 4,163,374	
11	Transmission Rate Base Return (on Row 4)	6,843,761	\$ 0.348	F	6,843,761			
12	Production Rate Base Return (on Row 5)	122,768,259	\$ 6.236	F	122,768,259			
13	501-Steam Fuel Incl Reg Amort	41,909,417	\$ 2.129	V			41,909,417	
14	555-Purchased power Incl Reg Amort	528,564,731	\$ 26.850	V			528,564,731	
15	557-Other Power Exp	11,934,986	\$ 0.606	F	11,934,986			
15a	Payroll Overheads - Benefits	7,746,401	\$ 0.394	F	7,746,401			
15b	Property Insurance	3,609,732	\$ 0.183	F	3,609,732			
15c	Montana Electric Energy Tax	810,487	\$ 0.041	V			810,487	
15d	Payroll Taxes on Production Wages	2,154,162	\$ 0.109	F	2,154,162			
15e	Brokerage Fees #55700003	497,854	\$ 0.025	V			497,854	
16	547-Fuel Incl Reg Amort	146,911,812	\$ 7.463	V			146,911,812	
17	565-Wheeling Incl Reg Amort	130,530,696	\$ 6.631	V			130,530,696	
18	456-1 OATT Transmission Income	(6,515,421)	\$ (0.331)	F	(6,515,421)			
19	Production O&M	104,512,201	\$ 5.309	F	104,512,201			
20	447-Sales to Others	(41,318,427)	\$ (2.099)	V			(41,318,427)	
21	456-Purch/Sales Non-Core Gas	(49,932,543)	\$ (2.537)	V			(49,932,543)	
22	Transmission Exp - 500KV	728,610	\$ 0.037	F	728,610			
23	Depreciation-Production (FERC 403)	159,249,409	\$ 8.090	F	159,249,409			
24	Depreciation-Transmission	3,681,679	\$ 0.187	F	3,681,679			
25	Amortization - Reg Assets - Non PC Only	4,185,187	\$ 0.213	F	4,185,187			
27	Subtotal & Baseline Rate	\$ 1,192,300,468	\$ 60.567		\$ 430,163,067		\$ 762,137,401	
28	Revenue Sensitive Items	0.9511150	\$ -	<=check	0.951115		0.951115	
29	Grossed up for RSI	\$ 1,253,581,815			\$ 452,272,404		\$ 801,309,412	
30	Test Year DELIVERED Load (MWh's)	19,685,487			20,365,545		← includes GD	
31		\$ -	<=check				For Green Direct Credit	
32		<u>Before Rev.</u>	<u>After Rev.</u>		<u>Before Rev.</u>		<u>After Rev.</u>	
33		<u>Sensitive Items</u>	<u>Sensitive Items</u>		<u>Sensitive Items</u>		<u>Sensitive Items</u>	
34		<u>Rev Req (Column (II) )</u>			<u>Rev Req (Column (II) )</u>			
35	Power Cost Baseline Rate	\$ 60.567	\$ 63.681		\$ 58.545		\$ 61.554	
36	Fixed Production Costs	\$ 21.852	\$ 22.975		\$ 21.122		\$ 22.208	
37	Variable Production Costs	\$ 38.716	\$ 40.706		\$ 37.423		\$ 39.346	
38	Power Cost Baseline Rate	\$ 60.567	\$ 63.681		\$ 58.545		\$ 61.554	

Line No.	Tariff	Annual kWh Normalized & Delivered Sales 07/01/19 to 06/30/20	Estimated Annual Base Revenue Rates Effective 10/15/20	Schedule 95 PCA/PCORC	Schedule 95A Federal Incentive Credit	Schedule 120 Conservation	Schedule 129 Low Income	Schedule 137 REC's	Schedule 139 Green Power
		a	b	c	d	e	f	g	h
1	7	10,863,043.096	\$ 1,198,750,986	\$ 23,188,538	\$ (20,563,741)	\$ 50,610,918	\$ 11,558,278	\$ (890,770)	\$ (80)
2	Residential	10,863,043.096	\$ 1,198,750,986	\$ 23,188,538	\$ (20,563,741)	\$ 50,610,918	\$ 11,558,278	\$ (890,770)	\$ (80)
3									
4	24 (8)	2,586,338.527	\$ 266,717,014	\$ 5,573,098	\$ (4,531,265)	\$ 11,170,396	\$ 2,625,134	\$ (196,562)	\$ (168,132)
5	25 (11, 7A)	2,884,671.454	\$ 271,468,431	\$ 6,414,072	\$ (4,802,978)	\$ 11,818,499	\$ 2,639,474	\$ (207,696)	\$ (41,965)
6	26 (12,26P)	1,841,173.275	\$ 159,383,675	\$ 4,283,949	\$ (3,371,188)	\$ 8,325,786	\$ 1,563,156	\$ (145,453)	\$ (34,620)
7	29	11,424,740	\$ 1,039,246	\$ 21,164	\$ (15,606)	\$ 38,102	\$ 9,208	\$ (674)	\$ -
8	Total Secondary	7,323,607.996	\$ 698,608,366	\$ 16,292,283	\$ (12,721,037)	\$ 31,352,783	\$ 6,836,972	\$ (550,385)	\$ (244,717)
9									
10	31 (10)	1,335,654.341	\$ 114,022,050	\$ 2,844,020	\$ (2,193,144)	\$ 5,410,736	\$ 1,124,621	\$ (94,832)	\$ (34,905)
11	35	5,945,040	\$ 399,858	\$ 9,446	\$ (7,764)	\$ 18,947	\$ 3,579	\$ (333)	\$ -
12	43	116,280,760	\$ 10,673,527	\$ 197,712	\$ (158,491)	\$ 390,936	\$ 103,490	\$ (6,861)	\$ (513)
13	Total Primary	1,457,880.141	\$ 125,095,435	\$ 3,051,178	\$ (2,359,399)	\$ 5,820,619	\$ 1,231,690	\$ (102,026)	\$ (35,418)
14									
15	46	81,635,228	\$ 5,647,851	\$ 148,375	\$ (84,492)	\$ 208,088	\$ 55,594	\$ (3,674)	\$ (10,403)
16	49	563,071.446	\$ 38,129,814	\$ 1,107,541	\$ (915,554)	\$ 2,252,286	\$ 375,006	\$ (39,415)	\$ (55,702)
17	Total High Voltage	644,706.674	\$ 43,777,665	\$ 1,255,916	\$ (1,000,046)	\$ 2,460,374	\$ 430,600	\$ (43,089)	\$ (66,105)
18									
19	50-59	68,936,798	\$ 17,648,843	\$ 146,866	\$ (140,355)	\$ 345,098	\$ 164,070	\$ (6,066)	\$ -
20	Transportation 449-459	1,993,508.562	\$ 9,257,177	\$ -	\$ -	\$ 2,087,203	\$ 85,721	\$ -	\$ -
21	Special Contract	303,234.527	\$ 4,716,791	\$ -	\$ -	\$ 1,244,778	\$ 186,186	\$ -	\$ -
22									
23	Retail Sales	22,654,917.793	\$ 2,097,855,263	\$ 43,934,781	\$ (36,784,578)	\$ 93,921,773	\$ 20,493,517	\$ (1,592,336)	\$ (346,320)
24									
25	5	7,369,853	\$ 346,070	\$ 15,016	\$ -	\$ -	\$ -	\$ (560)	\$ -
26									
27	Total Sales	22,662,287.646	\$ 2,098,201,333	\$ 43,949,797	\$ (36,784,578)	\$ 93,921,773	\$ 20,493,517	\$ (1,592,896)	\$ (346,320)
28									
29	Check	22,662,287.646	\$ 2,098,201,333	\$ 43,949,797	\$ (36,784,578)	\$ 93,921,773	\$ 20,493,517	\$ (1,592,896)	\$ (346,320)
30									
31									
32									
33									

Line No.	Tariff	Schedule 140 Property Tax	Schedule 141X (Protected EDIT)	Schedule 141Y Tax Over Collection	Schedule 141Z (Unprotected) EDIT	Schedule 142 Deferral	Schedule 194 BPA Res & Farm Credit	Subtotal Rider Rates	Annual Estimated Revenue @ Rates Effective 10/15/20
		i	j	k	l	m	n	o	p
1	7	\$ 34,859,505	\$ (32,762,938)	\$ (662,646)	\$ (9,602,930)	\$ 3,410,996	\$ (80,235,816)	\$ (21,090,686)	\$ 1,177,660,300
2	Residential	\$ 34,859,505	\$ (32,762,938)	\$ (662,646)	\$ (9,602,930)	\$ 3,410,996	\$ (80,235,816)	\$ (21,090,686)	\$ 1,177,660,300
3									
4	24 (8)	\$ 6,833,106	\$ (6,292,561)	\$ (129,317)	\$ (1,844,060)	\$ 3,106,193	\$ (1,863,985)	\$ 14,282,045	\$ 280,999,059
5	25 (11, 7A)	\$ 6,614,551	\$ (6,582,821)	\$ (129,810)	\$ (1,929,845)	\$ (175,965)	\$ (1,021,759)	\$ 12,593,757	\$ 284,062,188
6	26 (12,26P)	\$ 4,168,417	\$ (3,625,271)	\$ (82,852)	\$ (1,062,357)	\$ 558,730	\$ (121,354)	\$ 10,456,943	\$ 169,840,618
7	29	\$ 26,197	\$ (26,071)	\$ (514)	\$ (7,643)	\$ (697)	\$ (84,385)	\$ (40,919)	\$ 998,327
8	Total Secondary	\$ 17,642,271	\$ (16,526,724)	\$ (342,493)	\$ (4,843,905)	\$ 3,488,261	\$ (3,091,483)	\$ 37,291,826	\$ 735,900,192
9									
10	31 (10)	\$ 2,828,916	\$ (2,690,008)	\$ (56,097)	\$ (788,036)	\$ 1,125,689	\$ (188,893)	\$ 7,288,067	\$ 121,310,117
11	35	\$ 12,592	\$ (19,827)	\$ (250)	\$ (5,814)	\$ (363)	\$ (43,911)	\$ (33,698)	\$ 366,160
12	43	\$ 350,470	\$ (322,447)	\$ (6,861)	\$ (94,536)	\$ (7,093)	\$ -	\$ 445,806	\$ 11,119,333
13	Total Primary	\$ 3,191,978	\$ (3,032,282)	\$ (63,208)	\$ (888,386)	\$ 1,118,233	\$ (232,804)	\$ 7,700,175	\$ 132,795,610
14									
15	46	\$ 136,984	\$ (125,310)	\$ (2,776)	\$ (36,736)	\$ -	\$ -	\$ 285,650	\$ 5,933,501
16	49	\$ 944,834	\$ (864,315)	\$ (19,144)	\$ (253,382)	\$ -	\$ -	\$ 2,532,155	\$ 40,661,969
17	Total High Voltage	\$ 1,081,818	\$ (989,625)	\$ (21,920)	\$ (290,118)	\$ -	\$ -	\$ 2,817,805	\$ 46,595,470
18									
19	50-59	\$ 656,623	\$ (588,376)	\$ (12,478)	\$ (172,549)	\$ -	\$ (13,604)	\$ 379,229	\$ 18,028,072
20	Transportation 449-459	\$ 49,838	\$ (31,896)	\$ (13,955)	\$ (9,968)	\$ -	\$ -	\$ 2,166,943	\$ 11,424,120
21	Special Contract	\$ 630,728	\$ (290,195)	\$ (12,129)	\$ (85,209)	\$ 781,435	\$ -	\$ 2,455,594	\$ 7,172,385
22									
23	Retail Sales	\$ 58,112,761	\$ (54,222,036)	\$ (1,128,829)	\$ (15,893,065)	\$ 8,798,925	\$ (83,573,707)	\$ 31,720,886	\$ 2,129,576,149
24									
25	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,456	\$ 360,526
26									
27	Total Sales	\$ 58,112,761	\$ (54,222,036)	\$ (1,128,829)	\$ (15,893,065)	\$ 8,798,925	\$ (83,573,707)	\$ 31,735,342	\$ 2,129,936,675
28									
29	Check	\$ 58,112,761	\$ (54,222,036)	\$ (1,128,829)	\$ (15,893,065)	\$ 8,798,925	\$ (83,573,707)	\$ 31,735,342	\$ 2,129,936,675
30									
31									
32									
33									

Line No.	Tariff	Remove:		Add:		Schedule 139 Green Power	Net Adjustments	Total Proposed Rates at 06/01/2021	Current Average Rates per KWHs	Proposed Average Rates per KWHs	% Change (Net)
		Schedule 95 PCA/PCORC	Schedule 139 Green Power	Schedule 95 PCA/PCORC	Schedule 139 Green Power						
1	7										
2	Residential	\$ (23,188,538)	\$ 80	\$ 56,129,337	\$ 1,200	\$ 1,200	\$ 32,942,079	\$ 1,210,602,379	\$ 0.108410	\$ 0.111442	2.80%
3		\$ (23,188,538)	\$ 80	\$ 56,129,337	\$ 1,200	\$ 1,200	\$ 32,942,079	\$ 1,210,602,379	\$ 0.108410	\$ 0.111442	2.80%
4	24 (8)	\$ (5,573,098)	\$ 168,132	\$ 13,733,998	\$ 1,496,555	\$ 1,496,555	\$ 9,825,587	\$ 290,824,646	\$ 0.108647	\$ 0.112446	3.50%
5	25 (11, 7A)	\$ (6,414,072)	\$ 41,965	\$ 15,366,190	\$ 416,979	\$ 416,979	\$ 9,411,062	\$ 293,473,250	\$ 0.098473	\$ 0.101735	3.31%
6	26 (12, 26P)	\$ (4,283,949)	\$ 34,620	\$ 9,823,037	\$ 435,521	\$ 435,521	\$ 6,009,229	\$ 175,849,847	\$ 0.092246	\$ 0.095510	3.54%
7	29	\$ (21,164)	\$ -	\$ 59,149	\$ -	\$ -	\$ 37,985	\$ 1,036,312	\$ 0.087383	\$ 0.090708	3.80%
8	Total Secondary	\$ (16,292,283)	\$ 244,717	\$ 38,982,374	\$ 2,349,055	\$ 2,349,055	\$ 25,283,863	\$ 761,184,055	\$ 0.100483	\$ 0.103936	3.44%
9											
10	31 (10)	\$ (2,844,020)	\$ 34,905	\$ 6,710,096	\$ 354,988	\$ 354,988	\$ 4,255,969	\$ 125,566,086	\$ 0.090824	\$ 0.094011	3.51%
11	35	\$ (9,446)	\$ -	\$ 19,113	\$ -	\$ -	\$ 9,667	\$ 375,827	\$ 0.061591	\$ 0.063217	2.64%
12	43	\$ (197,712)	\$ 513	\$ 463,760	\$ 7,767	\$ 7,767	\$ 274,328	\$ 11,393,661	\$ 0.095625	\$ 0.097984	2.47%
13	Total Primary	\$ (3,051,178)	\$ 35,418	\$ 7,192,969	\$ 362,755	\$ 362,755	\$ 4,539,964	\$ 137,335,574	\$ 0.091088	\$ 0.094202	3.42%
14											
15	46	\$ (148,375)	\$ 10,403	\$ 315,214	\$ 62,233	\$ 62,233	\$ 239,475	\$ 6,172,976	\$ 0.072683	\$ 0.075617	4.04%
16	49	\$ (1,107,541)	\$ 55,702	\$ 2,538,315	\$ 643,915	\$ 643,915	\$ 2,130,391	\$ 42,792,360	\$ 0.072215	\$ 0.075998	5.24%
17	Total High Voltage	\$ (1,255,916)	\$ 66,105	\$ 2,853,529	\$ 706,148	\$ 706,148	\$ 2,369,866	\$ 48,965,336	\$ 0.072274	\$ 0.075950	5.09%
18											
19	50-59	\$ (146,866)	\$ -	\$ 337,973	\$ 5	\$ 5	\$ 191,112	\$ 18,219,184	\$ 0.261516	\$ 0.264288	1.06%
20	Transportation 449-459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,424,120	\$ 0.005731	\$ 0.005731	0.00%
21	Special Contract	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,172,385	\$ 0.023653	\$ 0.023653	0.00%
22											
23	Retail Sales	\$ (43,934,781)	\$ 346,320	\$ 105,496,182	\$ 3,419,163	\$ 3,419,163	\$ 65,326,884	\$ 2,194,903,033	\$ 0.094001	\$ 0.096884	3.07%
24											
25	5	\$ (15,016)	\$ -	\$ 36,259	\$ -	\$ -	\$ 21,243	\$ 381,769	\$ 0.048919	\$ 0.051801	5.89%
26											
27	Total Sales	\$ (43,949,797)	\$ 346,320	\$ 105,532,441	\$ 3,419,163	\$ 3,419,163	\$ 65,348,127	\$ 2,195,284,802	\$ 0.093986	\$ 0.096870	3.07%
28											
29	Check	\$ (43,949,797)	\$ 346,320	\$ 105,532,441	\$ 3,419,163	\$ 3,419,163	\$ 65,348,127	\$ 2,195,284,802			
30		a1	a2	a3	a4						
31											
32											
33											

Net Sch 95 Adjustment \$ 61,582,644 a1 + a3  
 Net Sch 139 Adjustment \$ 3,765,483 a2 + a4