

Components of Operating Expense Increase since 2007-2008 Rate Case (\$M)

	Rate Case	2010	Increase	Components
Production	24.0	34.5	10.5	
Inflation				2.5
Wage settlements > inflation				0.6
14 construction mgmt. staff				1.8
Integrated Resource Plan				0.3
Boundary relicensing				1.2
Boundary sluice gate maint.				0.6
Diablo dredging/cleaning				1.8
Skagit/Boundary-vessel maint.				0.4
Skagit water system improvemt				0.2
True-up to actual expense				1.1
Total				<u>10.5</u>
Transmission	5.8	9.1	3.3	
Inflation				0.6
Wage settlements > inflation				0.2
True-up to actual expense				2.5
Total				<u>3.3</u>
Distribution	41.5	64.3	22.8	
Inflation				4.4
Wage settlements > inflation				1.4
63 skilled/lineworker positions				4.6
Apprenticeship program				0.8
Asset Management				2.5
Pole testing/treatment				1.1
Contruccion and electrical mat'ls				1.6
Field system & substation O&M				0.5
Fire resistant clothing				0.3
NERC/regulatory compliance				2.2
Overtime to repair outages, etc.				-1.0
Tree trimming to avoid outages				4.3
True-up to actual expense				0.1
Total				<u>22.8</u>
Conservation	2.5	8.7	6.2	
Inflation				0.3
Wage settlements > inflation				0.1
5-year plan				4.2
Energy efficiency fund				0.2
True-up to actual expense				1.4
Total				<u>6.2</u>
Customer Accounting	26.3	31.6	5.3	
Inflation				2.8
Wage settlements > inflation				0.3
Call Center (paid to SPU)				1.7
True-up to actual expense				0.5
Total				<u>5.3</u>
Administration	53.5	66.2	12.7	
Inflation				5.7
Wage settlements > inflation				1.0
Climate studies program				0.9
City cost allocations				1.6
Duwamish cleanup				2.0
Greenhouse gas offsets				0.9
Low-income assistance				0.2
Rent from City				2.6
Risk management audit				0.2
Safety compliance				0.4
True-up to actual expense				-2.8
Total				<u>12.7</u>
Net true-up to actual expense				2.8
Total			60.8	