

**EXHIBIT NO. \_\_\_(DEM-21)  
DOCKET NO. UE-060266/UG-060267  
2006 PSE GENERAL RATE CASE  
WITNESS: DAVID E. MILLS**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. UE-060266  
Docket No. UG-060267**

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED REBUTTAL TESTIMONY OF  
DAVID E. MILLS  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**AUGUST 23, 2006**

**Puget Sound Energy**  
**2006 GRC Rebuttal**  
**Rate Year Power Costs**  
(dollars in thousands)

		AURORA	Not In Models	Prod'n O&M	Disallowance	TOTAL
<b>Per Feb06 as-filed GRC</b>	3-mo avg gas @ 11.30.05	\$ 709,086	\$ 191,131	\$ 77,216	\$ (11,892)	\$ 965,541
<b><u>Production O&amp;M:</u></b>						
	Colstrip Updates			\$ 3,033		\$ 3,033
	Frederickson/Epcor Updates			751		751
	Update Relicensing Costs			391		391
	Other			(16)		(16)
<b><u>Not In Models:</u></b>						
	MidC Budget Updates		\$ 6,109			6,109
	Wheeling Forecast Updates		(3,826)			(3,826)
	AURORA Price Updates		(1,897)			(1,897)
	Colstrip Updates		118			118
	Other		114			114
<b><u>AURORA:</u></b>						
	Coal Prices Update	\$ 2,320				2,320
	Priest Rapids Cost Update	(459)				(459)
	Gas Price & Resource Update	(3,755)			(19)	(3,775)
<b>Total Changes to Power Costs</b>		<b>\$ (1,895)</b>	<b>\$ 618</b>	<b>\$ 4,160</b>	<b>\$ (19)</b>	<b>\$ 2,863</b>
<b>Suppl GRC Power Costs</b>	3-mo avg gas @ 5.23.06	<b>\$ 707,191</b>	<b>\$ 191,749</b>	<b>\$ 81,375</b>	<b>\$ (11,911)</b>	<b>\$ 968,404</b>
<b><u>Production O&amp;M:</u></b>						
	Changes due to AURORA update			(163)		(163)
<b><u>Not In Models:</u></b>						
	Changes due to AURORA update		985			985
<b><u>AURORA:</u></b>						
	Resource & Capacity Update	(4,015)			14	(4,000)
<b>Total Changes to Power Costs</b>		<b>\$ (4,015)</b>	<b>\$ 985</b>	<b>\$ (163)</b>	<b>\$ 14</b>	<b>\$ (3,178)</b>
<b>Rebuttal GRC Power Costs</b>	3-mo avg gas @ 5.23.06	<b>\$ 703,176</b>	<b>\$ 192,734</b>	<b>\$ 81,213</b>	<b>\$ (11,897)</b>	<b>\$ 965,226</b>

**Rebuttal 2006 GRC  
Rebuttal 2006 GRC vs Suppl 2006 GRC power cost projections**

LN	FERC a/c	Contract/Resource	Suppl 2006 GRC (Jan'07-Dec'07) (costs in '000s)			2006 GRC (Jan'07-Dec'07) (costs in '000s)			Increase / (Decrease) Costs (costs in '000s)			Suppl	Rebuttal	Incr/(Decr) MWhs	
			AURORA	Other	Total	AURORA	Other	Total	AURORA	Other	Total	2006 GRC	2006 GRC	Rebuttal - Suppl	
			MWH	MWH	MWH	MWH	MWH	MWH	MWH	MWH	MWH	MWH	MWH	MWH	
1															
2	501	Colstrip 1&2	21,493	3,505	24,998	21,498	3,505	25,003	4	-	4	2,344,034	2,344,526	491	
3	501	Colstrip 3&4	22,367	4,873	27,240	22,368	4,873	27,241	1	-	1	2,587,933	2,588,069	136	
4	547	Encogen	23,650	(34,610)	(10,961)	20,554	(34,508)	(13,954)	(3,095)	103	(2,993)	290,751	252,919	(37,832)	
5	547	Fred 1	39,116	6,763	45,879	37,836	6,763	44,598	(1,281)	-	(1,281)	594,185	575,224	(18,961)	
6	547	Frederickson 1&2	554	-	554	424	-	424	(130)	-	(130)	5,064	3,863	(1,201)	
7	547	Fredonia 1&2	1,742	791	2,533	1,428	791	2,219	(314)	-	(314)	16,873	13,821	(3,052)	
8	547	Fredonia 3&4	959	791	1,750	753	791	1,544	(206)	-	(206)	10,290	8,040	(2,250)	
9	547	Whitehorn 2&3	448	181	629	364	181	545	(83)	-	(83)	3,976	3,219	(758)	
10	555	Baker Replacement	-	-	-	-	-	-	-	-	-	7,009	7,009	-	
11	555	BC Hydro Point Roberts	1,486	-	1,486	1,478	-	1,478	(8)	-	(8)	19,678	19,678	-	
12	555	BPA Firm - WNP #3 Exchange	11,960	-	11,960	11,964	-	11,964	3	-	3	390,782	390,807	25	
13	555	BPA Snohomish Conservation	4,426	-	4,426	4,426	-	4,426	-	-	-	92,864	92,864	-	
14	555	Canadian EA	-	-	-	-	-	-	-	-	-	(293,355)	(293,355)	-	
15	555	Market Purchase	288,756	(2,926)	285,830	297,163	(2,102)	295,061	8,407	824	9,231	4,043,360	4,212,471	169,110	
16	447	Market Sale	(10,270)	-	(10,270)	(9,159)	-	(9,159)	1,111	-	1,111	(202,658)	(186,045)	16,613	
17	555	Mid Columbia	-	86,811	86,811	-	86,811	86,811	-	-	-	5,714,970	5,714,970	-	
18	555	MPC Firm Contract	4,566	35,865	40,431	4,566	35,865	40,431	-	-	-	698,228	698,228	-	
19	555	Nooksack Hydro	1,439	(72)	1,367	1,418	(71)	1,347	(21)	1	(20)	21,900	21,900	-	
20	555	PG&E Exchange	-	-	-	-	-	-	-	-	-	2,044	2,044	-	
21	555	PR Displacement Product	8,568	-	8,568	8,568	-	8,568	-	-	-	255,406	255,406	-	
22	555	Puget's Hydro	-	-	-	-	-	-	-	-	-	1,136,080	1,136,080	-	
23	555	QF Koma Kulshan Hydro	3,047	-	3,047	3,047	-	3,047	-	-	-	39,799	39,799	-	
24	555	QF March Point Cogen Phase1	38,338	-	38,338	38,338	-	38,338	-	-	-	698,627	698,627	-	
25	555	QF March Point Cogen Phase2	23,299	-	23,299	23,280	-	23,280	(19)	-	(19)	379,982	378,559	(1,422)	
26	555	QF Port Townsend Hydro	163	(8)	155	161	(8)	153	(2)	0	(2)	2,545	2,545	-	
27	555	QF Puyallup Energy Recovery Co. (PERC)	860	340	1,200	848	340	1,187	(13)	-	(13)	12,970	12,970	-	
28	555	QF Spokane MSW	12,700	-	12,700	12,700	-	12,700	-	-	-	142,148	142,148	-	
29	555	QF Sumas	56,051	-	56,051	54,482	-	54,482	(1,570)	-	(1,570)	839,341	814,516	(24,826)	
30	555	QF Sygitowicz	44	-	44	44	-	44	-	-	-	717	717	-	
31	555	QF Tenaska	142,773	24,343	167,116	135,974	24,343	160,317	(6,799)	-	(6,799)	905,102	809,027	(96,075)	
32	555	QF Twin Falls	5,247	-	5,247	5,247	-	5,247	-	-	-	69,955	69,955	-	
33	555	QF Weeks Falls	943	-	943	943	-	943	-	-	-	12,569	12,569	-	
34	555	Wasco Hydro	2,465	-	2,465	2,465	-	2,465	-	-	-	37,994	37,994	-	
35	565	Hopkins Ridge Wind	-	3,182	3,182	-	3,182	3,182	-	-	-	460,940	460,940	-	
36	555	Wild Horse Wind	-	2,593	2,593	-	2,593	2,593	-	-	-	630,244	630,244	-	
37	555	APS	-	-	-	-	-	-	-	-	-	-	-	-	
38	547	Oil for CT	-	-	-	-	-	-	-	-	-	-	-	-	
39	555	QF Hutchinson	-	-	-	-	-	-	-	-	-	-	-	-	
40	557	Other Power Costs	-	7,700	7,700	-	7,700	7,700	-	-	-	-	-	-	
41	565	Wheeling	-	55,882	55,882	-	55,882	55,882	-	-	-	-	-	-	
42	555	Douglas Settlement	-	(8,374)	(8,374)	-	(8,215)	(8,215)	-	159	159	-	-	-	
43	555	Capacity	-	1,146	1,146	-	996	996	-	(150)	(150)	-	-	-	
44	555	Powerex	-	-	-	-	-	-	-	-	-	-	-	-	
45	456	(Gain) / Loss on Sale of Excess Gas	-	(552)	(552)	-	(504)	(504)	-	48	48	-	-	-	
46	555	BEP Amort	-	3,527	3,527	-	3,527	3,527	-	-	-	-	-	-	
47			707,191	191,749	898,939	703,176	192,734	895,910	(4,015)	985	(3,030)	21,972,348	21,972,348	(0)	
48			(0)	-	-	0	-	-	-	-	(0)	-	-	-	
49	501	Coal Fuel	43,860	8,378	52,238	43,866	8,378	52,244	6	-	6	4,931,968	4,932,595	628	
50	547	Natural Gas Fuel	66,468	(26,085)	40,383	61,359	(25,982)	35,376	(5,109)	103	(5,006)	921,139	857,086	(64,053)	
51	555	Purchase & Interchange	607,133	143,244	750,377	607,110	144,079	751,189	(22)	834	812	15,860,959	15,907,771	46,812	
52	557	Other Power Supply	-	7,700	7,700	-	7,700	7,700	-	-	-	-	-	-	
53	565	Wheeling	-	59,064	59,064	-	59,064	59,064	-	-	-	460,940	460,940	-	
54	447	Secondary Sales	(10,270)	-	(10,270)	(9,159)	-	(9,159)	1,111	-	1,111	(202,658)	(186,045)	16,613	
55	456	Non-Core Gas	-	(552)	(552)	-	(504)	(504)	-	48	48	-	-	-	
56			707,191	191,749	898,939	703,176	192,734	895,910	(4,015)	985	(3,030)	21,972,348	21,972,348	(0)	
57															
58		Prudence & Buyout Disallowances			\$ (11,911)			\$ (11,897)			\$ 14				
59		Production O&M (including ben & p/r tax)			80,505			80,343			(163)				
60		Colstrip 500 KV Expense			870			870			-				
61		<b>Costs for Revenue Requirement</b>			<u>\$ 968,404</u>			<u>\$ 965,226</u>			<u>\$ (3,178)</u>				