

EXHIBIT NO. \_\_\_\_\_ (WAG-16)  
DOCKET NO. \_\_\_\_\_  
2003 POWER COST ONLY RATE CASE  
WITNESS: WILLIAM A. GAINES

BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

Docket No. \_\_\_\_\_

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DIRECT TESTIMONY OF  
WILLIAM A. GAINES  
ON BEHALF OF PUGET SOUND ENERGY, INC.

**Exhibit WAG-16**  
**PCORC Power cost projections vs 2002 rate case power cost projections**

FERC a/c	Contract/Resource	Per Last Rate Case Settlement (costs in '000s)			PCORC (costs in '000s)			Increase / (Decrease) Costs (costs in '000s)			RC	PCORC	Change	
		Aurora	Other	Total	Aurora	Other	Total	Aurora	Other	Total	Settlement MW/hrs	MW/hrs	MW/hrs	
501	Colstrip 1&2	\$ 11,377	\$ 2,701	\$ 14,079	\$ 13,144	\$ 2,759	\$ 15,903	\$ 1,767	\$ 58	\$ 1,825	2,236,320	2,307,935	71,616	
501	Colstrip 3&4	16,084	3,299	19,382	16,206	3,735	19,942	123	437	559	2,638,003	2,500,540	(137,463)	
555	Puget's Hydro	-	-	0	-	-	-	-	-	0	1,420,197	1,158,223	(261,975)	
547	Encogen	29,736	1,929	31,665	32,046	(6,174)	25,873	2,310	(8,103)	(5,792)	1,012,080	757,394	(254,685)	
555	Nooksack Hydro	-	-	0	393	-	393	393	-	393	-	-	13,424	13,424
547	Fredonia 1&2	5,996	3,888	9,884	4,446	5,111	9,557	(1,550)	1,222	(327)	156,626	81,969	(74,656)	
547	Fredonia 3&4	6,801	1,593	8,394	7,068	1,852	8,920	266	259	526	195,394	144,905	(50,489)	
547	Frederickson 1&2	3,225	1,902	5,127	2,310	2,412	4,722	(915)	510	(405)	80,829	40,806	(40,023)	
547	Whitehorn 2&3	5,963	1,927	7,890	1,117	3,214	4,330	(4,847)	1,287	(3,560)	164,530	18,537	(145,993)	
547	New CCCT 1	-	-	0	27,475	4,019	31,493	27,475	4,019	31,493	-	833,833	833,833	
555	Baker Replacement	-	-	0	-	-	-	-	-	0	7,010	7,198	188	
555	BC Hydro Point Roberts	1,431	-	1,431	1,315	-	1,315	(116)	-	(116)	21,358	19,630	(1,727)	
555	BPA Firm - WNP #3 Exchange	10,830	-	10,830	10,634	-	10,634	(196)	-	(196)	384,388	361,795	(22,593)	
555	BPA Snohomish Conservation	4,733	-	4,733	3,698	-	3,698	(1,035)	-	(1,035)	92,170	89,874	(2,296)	
555	Mid Columbia	-	85,768	85,768	-	83,865	83,865	-	(1,903)	(1,903)	6,532,288	6,372,538	(159,751)	
555	Canadian EA	-	-	0	-	-	-	-	-	0	(309,063)	(350,585)	(41,522)	
555	MPC Firm Contract	3,966	29,382	33,348	3,497	31,681	35,178	(469)	2,299	1,830	709,440	699,343	(10,097)	
555	Skookumchuck Hydro	-	-	0	-	-	-	-	-	0	-	-	-	
555	Wasco Hydro	2,453	-	2,453	2,438	-	2,438	(15)	-	(15)	39,031	38,650	(380)	
555	PG&E Exchange	-	-	0	-	-	-	-	-	0	(36)	(3,633)	(3,596)	
555	QF Shipp Hutch. Creek	52	-	52	133	-	133	82	-	82	1,731	4,213	2,482	
555	QF Koma Kulshan Hydro	2,654	-	2,654	2,976	-	2,976	322	-	322	35,450	39,434	3,985	
555	QF March Point Cogen Phase1	36,674	-	36,674	40,143	-	40,143	3,469	-	3,469	642,884	740,729	97,844	
555	QF March Point Cogen Phase2	30,298	-	30,298	31,761	-	31,761	1,463	-	1,463	433,615	469,607	35,992	
555	QF Port Townsend Hydro	76	-	76	95	-	95	20	-	20	2,694	2,538	(156)	
555	QF Puyallup Energy Recovery Co. (PERC)	527	340	867	546	340	886	19	(0)	19	15,326	14,309	(1,018)	
555	QF Spokane MSW	12,391	-	12,391	12,573	-	12,573	183	-	183	141,552	142,711	1,160	
555	QF Sumas	78,319	-	78,319	83,260	-	83,260	4,941	-	4,941	994,379	1,075,100	80,721	
555	QF Sygitowicz	73	-	73	41	-	41	(31)	-	(31)	1,421	753	(668)	
555	QF Tanaska	108,794	11,317	120,111	116,149	15,535	131,684	7,355	4,218	11,573	1,704,353	1,273,874	(430,479)	
555	QF Twin Falls	5,247	-	5,247	5,233	-	5,233	(13)	-	(13)	69,955	69,780	(176)	
555	QF Weeks Falls	941	-	941	947	-	947	7	-	7	12,542	12,633	91	
555MP	Market Purchases	50,341	-	50,341	101,770	768	102,538	51,429	768	52,197	1,528,251	2,494,327	966,076	
447	Market Sales	(38,622)	-	(38,622)	(23,005)	-	(23,005)	15,617	-	15,617	(1,420,383)	(672,365)	748,018	
555	Columbia Storage Pwr Exchg (CSPE)	-	-	0	-	-	-	-	-	0	79,030	-	(79,030)	
555	Supplemental Capacity	-	48	48	-	-	-	-	(48)	(48)	1,379	-	(1,379)	
555	WWP 15 year contract	1,759	-	1,759	-	-	-	(1,759)	-	(1,759)	54,783	-	(54,783)	
555	PPL 15 year contract	20,010	38,082	58,092	-	-	-	(20,010)	(38,082)	(58,092)	1,072,621	-	(1,072,621)	
557	Other Power Costs	-	7,666	7,666	-	7,201	7,201	-	(465)	(465)	-	-	-	
565	Wheeling	-	42,647	42,647	-	42,289	42,289	-	(358)	(358)	-	-	-	
555	Douglas Settlement	-	(2,300)	(2,300)	-	(3,585)	(3,585)	-	(1,285)	(1,285)	-	-	-	
555	Capacity	-	11,173	11,173	-	10,490	10,490	-	(683)	(683)	-	-	-	
555	Powerex	-	(4,200)	(4,200)	-	(4,200)	(4,200)	-	-	0	-	-	-	
456	(Gain) / Loss on Sale of Excess Gas	-	1,109	1,109	-	(215)	(215)	-	(1,324)	(1,324)	-	-	-	
555	BEP Amort	-	3,527	3,527	-	3,527	3,527	-	(0)	(0)	-	-	-	
		\$ 412,126	\$ 241,798	\$ 653,923	\$ 498,411	\$ 204,625	\$ 703,035	\$ 86,285	\$ (37,173)	\$ 49,112	\$ 20,752,124	\$ 20,760,017	7,894	
											\$ 31.51	\$ 33.86		
											Average Cost	Average Cost		
501	Coal Fuel	27,461	6,000	33,461	29,350	6,494	35,845	1,889	494	2,384	-	-	-	
547	Natural Gas Fuel	51,721	11,239	62,960	74,461	10,434	84,895	22,740	(805)	21,935	-	-	-	
555	Purchase & Interchange	371,565	173,137	544,702	417,603	138,422	556,025	46,038	(34,715)	11,323	-	-	-	
557	Other Power Supply	-	7,666	7,666	-	7,201	7,201	-	(465)	(465)	-	-	-	
565	Wheeling	-	42,647	42,647	-	42,289	42,289	-	(358)	(358)	-	-	-	
447	Secondary Sales	(38,622)	-	(38,622)	(23,005)	-	(23,005)	15,617	-	15,617	-	-	-	
456	Non-Core Gas	-	1,109	1,109	-	(215)	(215)	-	(1,324)	(1,324)	-	-	-	
		412,126	241,798	653,923	498,411	204,625	703,035	86,285	(37,173)	49,112				
Prudence Disallowance				(2,215)			(2,347)			(132)				
Production O&M				53,458			54,666			1,208				
Net Normalized Power Costs				\$ 705,167			\$ 755,355			\$ 50,188				