



PUGET
SOUND
ENERGY

Power Cost Adjustment Mechanism Annual Report

PCA Period Two

(Pursuant to Order No. 01 dated February 23, 2005 in WUTC Docket No. UE-041570)

Twelve Months Ended June 30, 2004

Puget Sound Energy
Power Cost Adjustment Mechanism
2004 Annual Report – PCA Period Two
Twelve Months Ended June 30, 2004

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POWER COST ADJUSTMENT SUMMARY

PCA Period Two - Power Costs:

Actual	\$	903,001,659
Baseline	\$	872,785,985
Difference	\$	30,215,674
Wholesale Customers	\$	(12,220)
Total Cost Over Baseline	\$	30,203,454

Allocation of PCA Period Two - Power Costs

Company	\$	25,101,727
Customers	\$	5,101,727
Total Cost Allocated	\$	30,203,454

Customer Share Including Interest

Customer Share	\$	5,101,727
Interest	\$	61,539
Total Customer Share Including Interest	\$	5,163,266

**Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004**

Exhibit No._(BAL-3)
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Exhibit A-1 Power Cost Rate: Updated Actual 7/1/03-6/30/04

Row			\$/MWh	
3	Regulatory Assets (Variable)	\$ 284,845,904		
4	Transmission Rate Base (Fixed)	\$ 123,753,863		
5	Production Rate Base (Fixed)	\$ 480,459,327		
5a	New Resource (Fixed)	\$ 7,910,073		
6		\$ 896,969,167		
7	Net of tax rate of return		7.30%	
8				
9				
10	Regulatory Asset Recovery	\$ 31,990,386	\$ 1.619	(c)
11	Fixed Asset Recovery-Prod Factored	\$ 54,442,023	\$ 2.755	(a)
12	Fixed Asset Recovery Other	\$ 15,188,534	\$ 0.769	(a)
12a	Fixed New Resource Recovery	\$ 888,362	\$ 0.045	(a)
13	501-Steam Fuel	\$ 38,008,989	\$ 1.923	(c)
14	555-Purchased power	\$ 684,698,559	\$ 34.646	(c)
15	557-Other Power Exp	\$ 11,943,348	\$ 0.604	(a)
16	547-Fuel	\$ 28,620,139	\$ 1.448	(c)
17	565-Wheeling	\$ 40,738,171	\$ 2.061	(c)
18	Variable Transmission Income	\$ (3,190,788)	\$ (0.161)	(c)
19	Hydro and Other Pwr.	\$ 53,025,866	\$ 2.683	(a)
20	447-Sales to Others	\$ (104,104,176)	\$ (5.268)	(c)
21	456-Subaccounts 12, 18,35,36	\$ (5,574,649)	\$ (0.282)	(c)
22	Transmission Exp - 500KV	\$ 367,182	\$ 0.019	(a)
23	Depreciation-Production	\$ 37,790,080	\$ 1.912	(a)
24a	Amortization-White River	\$ 118,936	\$ 0.006	(a)
24	Depreciation-Transmission	\$ 4,887,094	\$ 0.247	(a)
25	Property Taxes-Production	\$ 8,696,608	\$ 0.440	(a)
26	Property Taxes-Transmission	\$ 4,466,995	\$ 0.226	(a)
27	Subtotal & Baseline Rate	\$ 903,001,659	\$ 45.693	(b)
28	Revenue Sensitive Items	\$ 0.955234		
29		\$ 945,320,144		
30	Year Load (MWH's)	19,762,540		<-- includes Firm Wholesale
31		Before Rev. Sensitive Items	After Rev. Sensitive Items	
32	Power Cost in Rates with Revenue Sensitive Items (the adjusted baseline)		47.834	
33	sum of (a) = Fixed Rate Component	9.655	10.107	
34	(b) = Power Cost Rate	45.693	47.834	
35	sum of (c) = Variable Power Rate Component	35.987	37.673	
36				
37				
38	* Regulatory Assets are Tenaska, Encogen Fuel Buyout and BEP			

Puget Sound Energy

Power Cost Adjustment Mechanism Annual Report

PCA Period Two

Twelve Months Ended June 30, 2004

Exhibits

From 7/1/03 To 5/23/04

PCA Period 2 prior to rates approved in UE-031725 Power Cost Only Rate Case

Puget Sound Energy
PCA Mechanism Report
Twelve Months Ended June 30, 2004

Exhibit No._(BAL-3)

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Exhibit A-1 Power Cost Rate: PCA Settlement Stipulation

Row		<u>Test Year</u>			
3	Regulatory Assets (Variable)	\$	284,728,294		
4	Transmission Rate Base (Fixed)		124,643,364		
5	Production Rate Base (Fixed)		493,777,165		
6		\$	903,148,823		
7	Net of tax rate of return		7.30%		
8					
9				<u>Test Yr</u>	<u>Rate Year</u>
				<u>\$/MWh</u>	
10	Regulatory Asset Recovery	\$	31,977,178	\$ 1.677	(c)
11	Fixed Asset Recovery-Prod Factored		54,142,951	\$ 2.840	(a)
12	Fixed Asset Recovery Other		15,310,432	\$ 0.803	(a)
13	501-Steam Fuel		32,511,186	\$ 1.705	(c)
14	555-Purchased power		526,980,333	\$ 27.643	(c)
15	557-Other Power Exp		11,499,089	\$ 0.603	(a)
16	547-Fuel		61,173,325	\$ 3.209	(c)
17	565-Wheeling		41,435,360	\$ 2.174	(c)
18	Variable Transmission Income		(6,510,985)	\$ (0.342)	(c)
19	Hydro and Other Pwr.		51,597,583	\$ 2.707	(a)
20	447-Sales to Others		(37,525,193)	\$ (1.968)	(c)
	456-Subaccounts 00012 &				
21	00018 and 00035 & 00036		1,077,379	\$ 0.057	(c)
22	Transmission Exp - 500KV		342,495	\$ 0.018	(a)
23	Depreciation-Production		36,265,740	\$ 1.902	(a)
24	Depreciation-Transmission		4,851,654	\$ 0.254	(a)
25	Property Taxes-Production		8,343,174	\$ 0.438	(a)
26	Property Taxes-Transmission		4,441,860	\$ 0.233	(a)
27	Subtotal & Baseline Rate	\$	837,913,560	\$ 43.953	(b)
28	Revenue Sensitive Items		0.9552337		
29		\$	877,181,741		
30	Test Year Load (MWH's)		19,063,867		<-- includes Firm Wholesale
31				<u>Before Rev. Sensitive Items</u>	<u>After Rev. Sensitive Items</u>
	Power Cost in Rates with				
	Revenue Sensitive Items (the				
32	adjusted baseline			46.013	
33	sum of (a) = Fixed Rate Component		9.798	10.257	
34	(b) = Power Cost Rate		43.953	46.013	
35	Rate Component		34.155	35.756	

* Regulatory Assets are Tenaska, Encogen Fuel Buyout and BEP

**Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004**

Exhibit No. (BAL-3)
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Exhibit A-2 Transmission Costs: 7/1/03-5/23/04

Row		Date	DR (CR)-Accumulated Deferred FIT Balance		
8	Colstrip Related Transmission Assets				
9					
10	Balance at:	6/30/2001		(15,759,774)	
11	No deferred income taxes associated with the 3rd AC Intertie, Northern Intertie and BPA Transmission Assets.				
12					
13					
14	Test Period Property Taxes on transmission Related Assets:				
15		<u>Amount</u>			
16	Oregon-3rd AC Intertie		\$864,624		
17	Montana-Transmission Assets		1,622,875		
18	Montana-Beneficial Use Property Taxes on BPA Transmission Assets		1,826,626		
19	Washington-Northern Intertie		127,735		
20	Total Property Taxes		<u>\$4,441,860</u>		
21					
22					
23	Wheeling Expense		41,435,360		
24					
25	Transmission Plant				
26					
27		Plant			
28		AMA 6/30/01	Accum. Dep.	Depreciation Exp.	
28	E351	Easements	685,927	264,280	17,011
29	E353	Station Equipment	1,231,131	682,186	34,964
30	E354	Towers & Fixtures	14,474,343	5,917,036	374,885
31	E355	Poles & Fixtures	49,007	39,834	774
32	E356	OH Conductors & devices	13,158,153	5,749,080	369,744
33	E359	Roads & Trails	113,968	43,839	2,872
34	COLSTRIP 1&2 TRANSMISSION		<u>29,712,529</u>	<u>12,696,255</u>	<u>800,250</u>
35					
36		TRANS - COLSTRIP 3 & 4			
37	E351	Easements	1,071,124	396,585	27,314
38	E352	Structures & Improvements	478,326	188,636	11,719
39	E353	Station Equipment	17,687,015	6,706,154	578,365
40	E354	Towers & Fixtures	20,422,516	8,020,387	541,197
41	E355	Poles & Fixtures	122,619	58,220	3,298
42	E356	OH Conductors & Devices	20,015,734	8,474,189	572,450
43	E359	Roads & Trails	341,015	127,820	8,730
44	COLSTRIP 3&4 TRANSMISSION		<u>60,138,349</u>	<u>23,971,991</u>	<u>1,743,073</u>
45					
46		TRANS - 3RD NW-SW INTERTIE			
47	E352	Structures & Improvements	1,276,264	183,547	22,845
48	E353	Station Equipment	31,157,075	5,529,150	716,613
49	E354	Towers & Fixtures	22,781,417	3,276,322	430,569
50	E355	Poles & Fixtures	204,200	19,787	5,268
51	E356	OH Conductors & devices	23,458,461	4,528,227	609,920
52	E359	Roads & Trails	59,215	4,141	628
53	TOTAL 3RD NW-SW INTERTIE		<u>78,936,632</u>	<u>13,541,174</u>	<u>1,785,843</u>
54					
55		TRANS - NORTHERN INTERTIE			
56	E351	Easements - Whatcom		-	-
57	E354	Towers & Fixtures-Whatcom	5,744,097	533,604	106,840
58	E355	Poles & Fixtures-Whatcom	11,219	1,702	289
59	E356	OH Conductors & Devices-Whatcom	7,460,099	904,353	193,963
60	E355	Poles & Fixtures-Skagit	3,398,685	416,680	87,686
61	E356	OH Conductors & Devices-Skagit	5,142,699	501,239	133,710
62	TOTAL NORTHERN INTERTIE		<u>21,756,799</u>	<u>2,357,578</u>	<u>522,488</u>
63					
64	Total Transmission		190,544,309	52,566,998	4,851,654
65	Less				
66	Accumulated Depreciation		52,566,998		
67	Deferred Taxes		15,759,774		
68	Transmission Ratebase		<u>122,217,537</u>		
	revised_A2	revised accumulated depreciation	50,141,171		
			124,643,364		

**Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004**

Exhibit A-3 Colstrip Fixed Costs: 7/1/03-5/23/04

Row

8	Revenue Requirement for Colstrip		
9	Plant	647,044,433	
10	Accumulated Depreciation	(329,162,407)	
11	Deferred Taxes	(93,634,221)	
12	Net Plant	<u>224,247,805</u>	
13	Rate of Return (net of Tax)	7.30%	
14	Revenue Requirement after tax	16,370,090	
15	Plant Revenue Requirement	25,184,753	(Adjusted for Federal Tax)
16	Expenses	<u>52,329,881</u>	
17	Total Revenue Requirement	<u>77,514,634</u>	(before revenue sensitive items)

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Support for Revenue Requirement - Ratebase

FERC	DESCRIPTION	30-Jun-00	30-Jun-01	13 MONTH AMA	ANNUITY RATE	ANNUALIZED DEPRECIATION	ACUMM. DEPR. 06/30/2001
	COLSTRIP #1						
E311	Structures & Improvements	6,931,939	7,097,390	7,021,558	3.03%	212,753	4,519,382
E312	Boiler Plant Equipment	46,965,650	48,224,007	47,159,778	3.12%	1,471,385	30,962,573
E314	Turbo Generating Units	12,437,937	12,437,937	12,437,937	3.29%	409,208	8,005,683
E315	Accessory Electric Equip.	7,042,053	7,043,604	7,042,893	2.71%	190,862	4,440,864
E316	Misc. Power Plant Equip.	365,117	426,565	398,401	3.87%	15,418	215,987
	TOTAL	<u>73,742,696</u>	<u>75,229,503</u>	<u>74,060,567</u>	<u>3.11%</u>	<u>2,299,626</u>	<u>48,144,489</u>
	COLSTRIP #2						
E311	Structures & Improvements	5,317,757	5,573,640	5,456,360	3.06%	166,965	3,343,898
E312	Boiler Plant Equipment	39,821,935	40,460,296	40,167,714	3.05%	1,225,115	26,457,593
E314	Turbo Generating Units	12,178,755	12,519,462	12,363,305	3.26%	403,044	7,691,610
E315	Accessory Electric Equip.	4,536,518	4,592,474	4,566,828	2.69%	122,848	2,797,275
E316	Misc. Power Plant Equip.	365,931	427,379	399,215	3.61%	14,412	217,888
	TOTAL	<u>62,220,896</u>	<u>63,573,251</u>	<u>62,953,422</u>	<u>3.07%</u>	<u>1,932,384</u>	<u>40,508,264</u>
	COLSTRIP 1 & 2 COMMON						
E311	Structures & Improvements	30,345,256	31,983,349	31,232,556	3.16%	986,949	18,788,553
E312	Boiler Plant Equipment	8,623,422	8,679,337	8,653,709	3.18%	275,188	5,533,214
E314	Turbo Generating Units	3,918,858	3,918,858	3,918,858	3.31%	129,714	2,382,313
E315	Accessory Electric Equip.	2,377,984	2,420,179	2,400,840	3.07%	73,706	1,334,875
E316	Misc. Power Plant Equip.	6,235,545	6,561,728	6,412,227	3.82%	244,947	3,136,065
	TOTAL	<u>51,501,065</u>	<u>53,563,451</u>	<u>52,618,190</u>	<u>3.25%</u>	<u>1,710,504</u>	<u>31,175,020</u>
	COLSTRIP 3						
E311	Structures & Improvements	28,829,642	28,882,948	28,858,516	2.45%	707,034	14,566,340
E312	Boiler Plant Equipment	113,898,277	115,756,485	113,618,072	2.68%	3,044,964	57,262,237
E314	Turbo Generating Units	32,936,825	33,180,681	33,068,914	2.97%	982,147	14,166,239
E315	Accessory Electric Equip.	6,401,615	6,401,615	6,401,615	2.47%	158,120	2,874,151
E316	Misc. Power Plant Equip.	454,762	480,140	468,508	2.86%	13,399	210,034
	TOTAL	<u>182,521,121</u>	<u>184,701,869</u>	<u>182,415,625</u>	<u>2.69%</u>	<u>4,905,664</u>	<u>89,079,001</u>
	COLSTRIP 4						
E311	Structures & Improvements	26,542,394	26,595,701	26,571,269	2.54%	674,910	11,552,369
E312	Boiler Plant Equipment	99,709,843	100,508,440	100,142,416	2.75%	2,753,916	43,898,286
E314	Turbo Generating Units	27,895,777	28,602,598	28,278,638	2.94%	831,392	10,813,318
E315	Accessory Electric Equip.	5,589,362	5,596,707	5,593,341	2.52%	140,952	2,163,849
E316	Misc. Power Plant Equip.	650,784	676,163	664,531	2.79%	18,540	277,867
	TOTAL	<u>160,388,160</u>	<u>161,979,609</u>	<u>161,250,195</u>	<u>2.74%</u>	<u>4,419,710</u>	<u>68,705,689</u>
	COLSTRIP 3 & 4 COMMON						
E311	Structures & Improvements	71,951,771	72,034,845	71,996,769	2.33%	1,677,525	35,209,226
E312	Boiler Plant Equipment	20,855,440	20,915,298	20,887,863	2.48%	518,019	10,585,040
E314	Turbo Generating Units	274,553	274,553	274,553	2.62%	7,193	125,852
E315	Accessory Electric Equip.	7,706,935	7,748,971	7,729,705	2.31%	178,556	3,422,068
E316	Misc. Power Plant Equip.	4,861,282	5,098,460	4,989,753	2.79%	139,214	2,083,870
	TOTAL	<u>105,649,981</u>	<u>106,072,127</u>	<u>105,878,643</u>	<u>2.38%</u>	<u>2,520,507</u>	<u>51,426,056</u>
	COLSTRIP 1-4 COMMON						
E316	Misc. Power Plant Equip.	253,865	253,865	253,865	2.46%	6,245	123,888
	TOTAL	<u>253,865</u>	<u>253,865</u>	<u>253,865</u>	<u>2.46%</u>	<u>6,245</u>	<u>123,888</u>
	COLSTRIP COMMON FERC ADJ.	8,316,981					
	COLSTRIP DEF DEPR FERC ADJ.	<u>2,449,668</u>					
	Total Plant and Acc. Deprec.	<u>647,044,433</u>				17,794,640	329,162,407

Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004

Exhibit A-3 Colstrip Fixed Costs: 7/1/03-5/23/04

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77	Support for Revenue Requirement - Expenses		
78			Amount before
79	Order	Description	Prod. Adj.
80	50004011	1&2 Sup & Eng	76,685
81	50005011	3&4 Sup & Eng	108,581
82	50204001	1&2 Steam Exp	1,217,034
83	50205001	3&4 Steam Exp	624,831
84	50504001	1&2 Elec Exp	(208,933)
85	50505001	3&4 Elec Exp	(223,913)
86	50604001	1&2 Misc Exp	3,320,269
87	50605001	3&4 Misc Exp	2,515,968
88	50605002	3&4 Steam	(2,399)
89	50704001	1&2 Rents	95,991
90	50705001	3&4 Rents	131,692
91	51004001	1&2 Maint Supv	669,151
92	51005001	3&4 Maint Supv	539,405
93	51104001	1&2 Maint of Struct	405,072
94	51105001	3&4 Maint of Struct	373,938
95	51204001	1&2 Maint of Boiler	4,902,128
96	51205001	3&4 Maint of Boiler	5,967,278
97	51304001	1&2 Maint of E Plant	(178,069)
98	51305001	3&4 Maint of E Plant	705,533
99	51404001	1&2 Maint of Misc	4,578,888
100	51405001	3&4 Maint of Misc	1,159,196
101		Property Taxes-Montana	6,027,509
102		Electric Energy Tax	1,729,406
103	403xxxx	Depreciation	17,794,640
104			<u>\$52,329,881</u>

**Puget Sound Energy
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Exhibit A-4 Production Adjustment UE-011570: 7/1/03-5/23/04

**PUGET SOUND ENERGY-ELECTRIC
PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED JUNE 30, 2001**

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LINE NO.	DESCRIPTION	PRO FORMA AMOUNT	PRODUCTION 2.84%	FIT 35%	
1	PRODUCTION WAGE INCREASE				
2	PURCHASED POWER	0	0	0	
3	OTHER POWER SUPPLY	0	0	0	
4	TOTAL PRODUCTION WAGE INCREASE	0	0	0	
5					
6	PAYROLL OVERHEADS	783,939	(22,264)	7,792	
7	PROPERTY INSURANCE	1,026,555	(29,154)	10,204	
8	TOTAL A&G	1,810,494	(51,418)	17,996	
9					
10	DEPRECIATION PRODUCTION PROPERTY				
11	DEPRECIATION / AMORTIZATION	37,325,792	(1,060,052)	263,024	
12	PURCHASED POWER	3,526,620	(100,156)	35,055	
13	FUEL	0	0	0	
14	TOTAL	40,852,412	(1,160,209)	298,079	
15					
16	TAXES OTHER-PRODUCTION PROPERTY				
17	PROPERTY TAXES - WASHINGTON	3,041,963	(86,392)	30,237	
18	PROPERTY TAXES - MONTANA	6,027,509	(171,181)	59,913	
19	ELECTRIC ENERGY TAX	1,729,406	(49,115)	17,190	
20	PAYROLL TAXES	630,032	(17,893)	6,263	
21	TOTAL TAXES OTHER	11,428,910	(324,581)	113,603	
22					
23	INCREASE(DECREASE) INCOME		1,536,208		
24	INCREASE(DECREASE) FIT			429,678	
25	INCREASE(DECREASE) NOI			1,106,530	
26					
27	RATE BASE:				
28	PRODUCTION PROPERTY	1,065,115,283			
29	COLSTRIP COMMON FERC ADJ.	8,316,981			
30	COLSTRIP DEF DEPR FERC ADJ.	2,449,668			
31	ENCOGEN ACQUISITION ADJ.	60,574,557			After Production Adj.
32	BPA POWER EXCHANGE INVESTMENT	51,135,941	sum of L32 thru	293,050,941	284,728,294
33	TENASKA REGULATORY ASSET	229,424,000	L34		
34	CABOT OIL REGULATORY ASSET	12,491,000			
35	LESS ACCUM. DEPRECIATION	(519,770,787)			
36	LESS ACCUM. AMORTIZATION	(3,186,245)			
37	NET PRODUCTION PROPERTY	906,550,398			
38					
39	DEDUCT:				
40	LIBR. DEPREC. PRE 1981 (EOP)	(5,250,238)			
41	LIBR. DEPREC. POST 1980 (EOP)	(94,132,216)			
42	OTHER DEF. TAXES (EOP)	(17,930,541)			Less Regulatory Assets
43	ADJUSTMENT TO RATE BASE	789,237,403	(22,414,342)	766,823,061	482,094,767
	Plus Snoqualmie CWIP				11,682,398
					493,777,165

**Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004**

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Exhibit A-5 Power Costs UE-011570: 7/1/03-5/23/04
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**PUGET SOUND ENERGY-ELECTRIC
POWER COSTS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2001
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	PRODUCTION EXPENSES:			
2	FUEL	\$ 297,843,394	\$ 93,684,510	\$ (204,158,884)
3	PURCHASED AND INTERCHANGED	2,226,570,459	534,528,072	(1,692,042,387)
4	WHEELING	31,116,222	41,435,360	10,319,138
5	OTHER POWER SUPPLY EXPENSES	46,736,543	51,597,585	4,861,042
6	TRANS. EXP. INCL. 500KV O&M	352,506	342,495	(10,011)
7	SALES FOR RESALE	(1,766,314,721)	(37,525,193)	1,728,789,528
8	PURCHASES/SALES OF NON-CORE GAS	(22,281,093)	1,077,379	23,358,472
9	WHEELING FOR OTHERS	(7,762,159)	(10,902,262)	(3,140,103)
10	SUBTOTAL	<u>\$ 806,261,151</u>	<u>\$ 674,237,946</u>	<u>\$ (132,023,205)</u>
11				
12	LESS: SALES FOR RESALE	1,766,314,721	37,525,193	(1,728,789,528)
13	LESS: WHEELING FOR OTHERS	7,762,159	10,902,262	3,140,103
14	SCH. 94 - RES./FARM CREDIT	(46,773,115)	-	46,773,115
15	TOTAL	<u>\$ 2,533,564,916</u>	<u>\$ 722,665,401</u>	<u>\$ (1,810,899,515)</u>
16	TRANS. EXP. INCL. 500KV O&M	(352,506)		
17	PURCHASES/SALES OF NON-CORE GAS	<u>22,281,093</u>		
18	POWER COSTS PER G/L	<u>\$ 2,555,493,503</u>		
19	INCREASE(DECREASE) INCOME			\$ 1,810,899,515
20				
21	INCREASE(DECREASE) FIT @	35%		633,814,830
22	INCREASE(DECREASE) NOI			<u>\$ 1,177,084,685</u>

Schedule B: Monthly Power Costs -- PCA PERIOD 2
Derived from Original PCA Exhibit B
Subject to PCA Sharing
UE-011570

Row	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Period to Date
7	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 5,137,844	\$ 5,952,602	\$ 57,528,410
8	\$ 11,318,666	\$ 11,318,666	\$ 11,318,666	\$ 11,318,666	\$ 11,318,666	\$ 11,318,666	\$ 11,318,666	\$ 11,318,666	\$ 11,318,666	\$ 11,318,666	\$ 10,375,599	\$ 10,375,599	\$ 133,937,854
9	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,513,443	\$ 16,328,201	\$ 191,466,263
10	Total Variable Component Actual												
11	\$ 3,100,043	\$ 3,147,825	\$ 3,187,664	\$ 3,135,110	\$ 2,774,476	\$ 3,757,607	\$ 3,009,836	\$ 2,884,460	\$ 3,258,802	\$ 2,654,032	\$ 4,876,993	\$ 2,424,081	\$ 38,008,989
12	\$ 4,115,712	\$ 3,757,239	\$ 3,483,707	\$ 3,743,454	\$ 2,130,598	\$ 1,247,014	\$ 2,594,321	\$ 1,038,553	\$ 1,100,455	\$ 1,416,347	\$ 2,735,341	\$ 1,277,398	\$ 28,820,139
13	\$ (552,347)	\$ 99,033	\$ 105,440	\$ (587,437)	\$ 446,548	\$ (1,125,498)	\$ (1,587,866)	\$ (659,576)	\$ (1,105,289)	\$ (750,230)	\$ (219,267)	\$ 321,642	\$ (9,574,649)
14	\$ 56,232,242	\$ 53,192,823	\$ 54,316,856	\$ 59,984,136	\$ 65,396,037	\$ 78,087,660	\$ 77,442,485	\$ 61,919,000	\$ 59,325,532	\$ 48,737,681	\$ 36,101,033	\$ 45,831,128	\$ 696,536,631
15	\$ (19,155,882)	\$ (17,254,577)	\$ (15,732,024)	\$ (12,645,070)	\$ (6,830,791)	\$ (10,150,427)	\$ (10,345,518)	\$ (13,387)	\$ (1,128,066)	\$ (2,790,299)	\$ (4,762,583)	\$ (3,195,552)	\$ (104,104,176)
16	\$ 3,251,949	\$ 3,528,617	\$ 3,291,053	\$ 3,270,992	\$ 3,430,054	\$ 3,218,138	\$ 3,452,807	\$ 3,363,068	\$ 3,295,374	\$ 3,683,892	\$ 3,412,432	\$ 3,538,795	\$ 40,738,171
17	\$ (118,807)	\$ (116,759)	\$ (119,959)	\$ (131,622)	\$ (229,585)	\$ (289,070)	\$ (305,449)	\$ (285,770)	\$ (425,956)	\$ (323,498)	\$ (541,070)	\$ (233,498)	\$ (3,190,788)
18	\$ 46,872,910	\$ 46,354,201	\$ 48,512,737	\$ 56,769,563	\$ 67,007,337	\$ 74,746,444	\$ 74,280,616	\$ 68,246,346	\$ 64,317,852	\$ 52,658,887	\$ 41,527,438	\$ 124,559	\$ 348,764
19	Subtotal Variable Components												
20	\$ 2,685,866	\$ 2,685,866	\$ 2,685,866	\$ 2,685,866	\$ 2,685,866	\$ 2,685,866	\$ 2,685,866	\$ 2,685,866	\$ 2,685,866	\$ 2,685,866	\$ 2,685,866	\$ 2,685,866	\$ 691,383,081
21	Regulatory Assets (Return on RB portion only)												
22	\$ 65,501,238	\$ 64,982,529	\$ 67,141,065	\$ 75,397,891	\$ 85,635,665	\$ 93,374,772	\$ 92,908,944	\$ 86,874,874	\$ 82,946,180	\$ 71,287,215	\$ 59,706,746	\$ 69,082,817	\$ 31,990,388
23	SUBTOTAL before Adjustments												
24	\$ (210,839)	\$ (210,839)	\$ (210,839)	\$ (218,184)	\$ (218,736)	\$ (180,763)	\$ (406,439)	\$ (239,312)	\$ (168,081)	\$ (311,396)	\$ (45,755)	\$ (219,938)	\$ (2,638,944)
25	Adjustments:												
26	\$ (131,515)	\$ (129,921)	\$ (169,879)	\$ (182,391)	\$ (248,674)	\$ (250,803)	\$ (415,607)	\$ (427,574)	\$ (451,431)	\$ (1,168,778)	\$ 593,403	\$ (59,830)	\$ (3,124,200)
27	Prudence from UE-921262												
28	Contract price adjustment												
29	Costrip availability adjustment												
30	New resource pricing adjustment												
31	Tennessee Disallowance (prior month adj)												
32	Tennessee Disallowance (current month adj)												
33	\$ (342,354)	\$ (340,443)	\$ (378,858)	\$ (400,575)	\$ (466,610)	\$ (431,566)	\$ (1,834,534)	\$ (1,879,374)	\$ (1,632,000)	\$ (2,512,662)	\$ (524,840)	\$ (1,292,256)	\$ (11,838,072)
34	\$ 65,158,884	\$ 64,642,086	\$ 66,782,207	\$ 74,997,316	\$ 85,167,055	\$ 92,943,206	\$ 91,074,410	\$ 85,195,299	\$ 81,314,180	\$ 66,774,553	\$ 59,161,906	\$ 67,790,561	\$ 963,001,659
35	Total allowable cost (line 28/line 30) (Before Tennessee adj)												
36	\$ 1,470,447,440	\$ 1,435,859,393	\$ 1,421,484,209	\$ 1,589,218,046	\$ 1,869,741,554	\$ 2,035,904,354	\$ 2,088,479,280	\$ 1,768,217,034	\$ 1,755,299,661	\$ 1,501,276,221	\$ 1,462,148,455	\$ 1,394,464,134	\$ 19,762,539,781
37	PCA period delivered load (Kwh)												
38	\$ 0.043953	\$ 64,630,576	\$ 63,110,328	\$ 62,478,495	\$ 68,971,841	\$ 82,180,751	\$ 89,484,104	\$ 90,476,340	\$ 78,697,503	\$ 77,150,686	\$ 65,985,594	\$ 65,152,397	\$ 872,785,985
39	Baseline Power Cost 7/01/02 - 5/23/04												
40	\$ 528,307	\$ 1,531,758	\$ 4,283,711	\$ 6,025,475	\$ 2,986,304	\$ 3,459,101	\$ 598,070	\$ 6,597,796	\$ 4,163,494	\$ 2,788,959	\$ (5,970,491)	\$ 3,223,191	\$ 30,215,674
41	Imbalance for Sharing												
42	Positive is potential customer surcharge, negative is potential customer credit												
43	\$ 528,307	\$ 1,531,758	\$ 4,283,711	\$ 6,025,475	\$ 2,986,304	\$ 3,459,101	\$ 598,070	\$ 6,597,796	\$ 4,163,494	\$ 2,788,959	\$ (5,970,491)	\$ 3,223,191	\$ 30,215,674
44	Less Firm Wholesale												
45	\$ 528,094	\$ 1,531,138	\$ 4,281,979	\$ 6,023,038	\$ 2,985,096	\$ 3,457,703	\$ 597,828	\$ 6,595,128	\$ 4,161,810	\$ 2,787,831	\$ (5,968,077)	\$ 3,221,888	\$ 30,203,454
46	Gross PCA												
47	\$ (528,094)	\$ (1,531,138)	\$ (4,281,979)	\$ (6,023,038)	\$ (2,985,096)	\$ (3,457,703)	\$ (597,828)	\$ (6,595,128)	\$ (4,161,810)	\$ (2,787,831)	\$ 5,968,077	\$ (3,221,888)	\$ (30,203,454)
48	Gross PCA Contra												
49	\$ 528,094	\$ 2,059,232	\$ 6,341,210	\$ 12,364,248	\$ 15,349,345	\$ 18,807,047	\$ 19,404,875	\$ 26,000,003	\$ 30,161,813	\$ 32,949,644	\$ 26,981,567	\$ 30,203,454	\$ 30,203,454
50	Cumulative Gross PCA												
51	\$ (528,094)	\$ (2,059,232)	\$ (6,341,210)	\$ (12,364,248)	\$ (15,349,345)	\$ (18,807,047)	\$ (19,404,875)	\$ (26,000,003)	\$ (30,161,813)	\$ (32,949,644)	\$ (26,981,567)	\$ (30,203,454)	\$ (30,203,454)
52	Cumulative Gross PCA Contra												

Note: This schedule was derived from original PCA collaborative exhibit B

Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004

Exhibit D: Regulatory Assets 7/1/03-5/23/04

Row		GIL Acct #182300171	Interest	Amort	Balance	PCA (July-June) Amortization	Ratebase (AMA)	Return 7.30%	35% Pre Tax Return	Monthly Return Pre-tax July-June
4	Cabot Buyout									
5		12,588,000	709,000	(312,000)	12,985,000	(1,070,000)	12,376,708	\$ 903,500	\$ 1,390,000	\$ 115,833
6			720,000	(741,000)	12,964,000	(1,588,500)	10,986,333	\$ 802,148	\$ 1,234,074	\$ 102,840
7			548,000	(1,409,000)	12,442,000	(1,965,500)	9,215,833	\$ 672,756	\$ 1,035,009	\$ 86,251
8				(1,768,000)	9,265,000	(2,388,500)	7,045,500	\$ 514,322	\$ 791,264	\$ 65,939
9				(2,163,000)	7,102,000	(2,846,000)	4,430,833	\$ 323,451	\$ 497,617	\$ 41,468
10				(2,614,000)	4,488,000	(3,078,000)	1,622,667	\$ 118,455	\$ 182,238	\$ 15,186
11				(3,078,000)	1,410,000					
12				(1,410,000)	-					
13										
14										
15										
16	Tenaska									
17		GIL Acct #182300011	8,754,000	(1,952,000)	221,802,000	(9,494,000)	228,066,750	\$ 16,848,873	\$ 25,613,650	\$ 2,134,471
18			8,795,000	(3,863,000)	226,734,000	(13,334,000)	216,367,250	\$ 15,794,809	\$ 24,299,707	\$ 2,024,976
19			8,849,000	(5,463,000)	230,120,000	(16,326,000)	201,580,333	\$ 14,715,364	\$ 22,639,022	\$ 1,886,585
20			8,838,000	(7,382,000)	231,576,000	(19,261,500)	183,729,583	\$ 13,412,260	\$ 20,634,246	\$ 1,719,521
21			6,562,000	(9,494,000)	228,644,000	(22,479,000)	162,986,042	\$ 11,897,981	\$ 18,304,586	\$ 1,525,382
22				(11,924,000)	216,720,000	(26,307,500)	138,616,875	\$ 10,119,032	\$ 15,567,741	\$ 1,297,312
23				(14,744,000)	201,976,000	(14,136,000)	110,287,583			
24				(17,908,000)	184,068,000					
25				(20,615,000)	163,453,000					
26				(24,343,000)	139,110,000					
27				(28,272,000)	110,838,000					
28		GIL Acct #182300011								
29										
30										
31										
32	BEP									
33		GIL Acct #182300071 and #182300081								
34					54,662,561	(3,526,620)	51,135,941	\$ 3,732,924	\$ 5,742,960	\$ 478,580
35				(3,526,620)	47,609,321	(3,526,620)	47,609,321	\$ 3,475,480	\$ 5,346,893	\$ 445,574
36				(3,526,620)	44,082,701	(3,526,620)	44,082,701	\$ 3,218,037	\$ 4,950,826	\$ 412,569
37				(3,526,620)	40,556,081	(3,526,620)	40,556,081	\$ 2,960,594	\$ 4,554,760	\$ 379,563
38				(3,526,620)	37,029,461	(3,526,620)	37,029,461	\$ 2,703,151	\$ 4,158,693	\$ 346,558
39				(3,526,620)	33,502,841	(3,526,620)	33,502,841	\$ 2,445,707	\$ 3,762,627	\$ 313,552
40				(3,526,620)	29,976,221	(3,526,620)	29,976,221	\$ 2,188,264	\$ 3,366,560	\$ 280,547
41										
42										
43										
44										
45										
46										
47										
48										
49										

From	To	PCA#	Amortization	AMA Ratebase	Return	Return Pre-tax	Monthly Return Pre-tax
Jul-02	Jun-03	PCA#1	\$ (14,090,620)	\$ 291,579,399	\$ 21,285,297	\$ 32,746,610	\$ 2,728,884
Jul-03	Jun-04	PCA#2	\$ (18,449,120)	\$ 274,364,904	\$ 20,072,437	\$ 30,880,674	\$ 2,573,390
Jul-04	Jun-05	PCA#3	\$ (21,818,120)	\$ 254,878,667	\$ 18,606,157	\$ 28,624,857	\$ 2,385,405
Jul-05	Jun-06	PCA#4	\$ (25,176,620)	\$ 231,331,164	\$ 16,887,176	\$ 25,980,270	\$ 2,165,022
Jul-06	Jun-07	PCA#5	\$ (28,851,620)	\$ 204,446,336	\$ 14,924,583	\$ 22,960,896	\$ 1,913,408
Jul-07	Jun-08	PCA#6	\$ (32,078,120)	\$ 173,742,383	\$ 12,683,194	\$ 19,512,606	\$ 1,626,050

**Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004**

Exhibit No. (BAL-3)
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Schedule E - Contract Adjustments 7/1/03-5/23/04

E-Section 1

Derived from Original PCA Exhibit E

Row	Limit - Rate or Total Cost per UE-011570	Effective 4/1/04 UE-031725	Rate till 4/04		Rate till 4/04		Rate till 4/04		Rate till 4/04	
			Total Cost + Replacement Energy Cost for Displ NUGS \$	Actual Rate \$/kwh	Rate Change	Adjust for Positive Differences				
7	CONTRACTS									
8	Baker Replacement									
9	\$ 0.0670	\$ 0.0670	\$ 1,109,673	\$ 0.0682	\$ 0.0012	\$ 20,018				
10	\$ 0.0282	\$ 0.0294	\$ 9,776,228	\$ 0.0291	\$ 0.0010	\$ 320,622				
11	BPA WNP3 Return									
12	\$ 0.0514	\$ 0.0411	\$ 2,823,811	\$ 0.0409	\$ (0.0105)	\$ -				
13	CSPE									
14	Mid-Columbia									
15	Canadian Entitlement and CEA-EA									
16	\$ 29,382,000	\$ 31,680,988	\$ 23,234,784			\$ 708,584				
17	MPC Firm Contract-Energy									
18	PPL Contract 15 yr									
19	Supplemental Entitlement Cap									
20	\$ 0.0783	\$ 0.0787	\$ 1,270,801	\$ 0.0798	\$ 0.0015	\$ 23,482				
20A	\$ 0.0434	\$ 0.0437	\$ 350,500.40	\$ 0.0442	\$ 0.0008	\$ 6,364				
21	WWP Contract 15 yr									
22	PG&E Exchange Storage Acctg									
23	\$ 0.0300	\$ 0.0317	\$ 12,550	\$ 0.0249	\$ (0.0051)	\$ -				
24	\$ 0.0749	\$ 0.0755	\$ 1,708,209	\$ 0.0754	\$ 0.0005	\$ 10,982				
25	\$ 0.0610	\$ 0.0614	\$ 25,468,655	\$ 0.0611	\$ 0.0001	\$ 47,195				
26	\$ 0.0437	\$ 0.0439	\$ 5,563,391	\$ 0.0437	\$ (0.0000)	\$ -				
27	\$ 0.0660	\$ 0.0678	\$ 21,282,583	\$ 0.0670	\$ 0.0010	\$ 317,639				
28	\$ 0.0553	\$ 0.0568	\$ 5,517,296	\$ 0.0554	\$ 0.0001	\$ 10,935				
29	\$ 0.0282	\$ 0.0376	\$ 35,924	\$ 0.0298	\$ 0.0016	\$ 1,910				
30	QF PERC Puyallup									
31a	\$ 0.1072	\$ 0.1076	\$ 8,976,740	\$ 0.1073	\$ 0.0001	\$ 11,818				
31b	\$ 0.0636	\$ 0.0639	\$ 892,263	\$ 0.0637	\$ 0.0001	\$ 1,660				
32	\$ 0.0818	\$ 0.0845	\$ 54,345,761	\$ 0.0831	\$ 0.0012	\$ 801,780				
33	\$ 0.0592	\$ 0.0605	\$ 11,879,876	\$ 0.0594	\$ 0.0002	\$ 40,006				
34	\$ 0.0514	\$ 0.0547	\$ 22,215	\$ 0.0498	\$ (0.0016)	\$ -				
35	\$ 0.0318	\$ 0.0336	\$ 53,396,812	\$ 0.0323	\$ 0.0005	\$ 795,190				
36	\$ 0.0750	\$ 0.0750	\$ 3,054,750	\$ 0.0750	\$ (0.0000)	\$ -				
37	\$ 0.0750	\$ 0.0750	\$ 484,953	\$ 0.0750	\$ (0.0000)	\$ -				
38	Skookumchuck									
39	TOTAL									
										\$ 3,118,184
40	To Exhibit B line 22									\$ (3,118,184)

**Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004**

Exhibit No. (BAL-3)
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Schedule E - Contract Adjustments 7/1/03-5/23/04
Derived from Original PCA Exhibit E

E-Section 2

Row	Limit - Rate or Total Cost per UE-011570	Effective 4/1/04 UE- 031725	Total Cost + Replacement Energy Cost for Displ NUGS \$	Rate 5/04 fwd Actual Rate \$/kwh	Rate 5/04 fwd Rate Change	Rate 5/04 fwd Adjust for Positive Differences	
7	CONTRACTS						
8	Baker Replacement						
9	\$ 0.0670	\$ 0.0670	\$ 235,200	\$ 0.0670	\$ -	\$ -	
10	\$ 0.0282	\$ 0.0294	\$ 838,340	\$ 0.0291	\$ (0.0003)	\$ -	
11	BPA WNP3 Return						
12	\$ 0.0514	\$ 0.0411	\$ 858,725	\$ 0.0411	\$ (0.0000)	\$ -	
13	CSPE						
14	Mid-Columbia						
15	Canadian Entitlement and CEA						
16	\$ 29,382,000	\$ 31,680,988	\$ 7,300,440			\$ -	
17	MPC Firm Contract-Demand						
18	MPC Firm Contract-Energy						
19	PPL Contract 15 yr Supplemental Entitlement Cap						
20	\$ 0.0783	\$ 0.0787	\$ -	\$ -	\$ (0.0787)	\$ -	
20A	\$ 0.0434	\$ 0.0437	\$ 444,480	\$ 0.0443	\$ 0.0006	\$ 6,016	
21	WWP Contract 15 yr						
22	PG&E Exchange Storage Acctg						
23	\$ 0.0300	\$ 0.0317	\$ 29,104	\$ 0.0283	\$ (0.0034)	\$ -	
24	\$ 0.0749	\$ 0.0755	\$ 1,409,548	\$ 0.0754	\$ (0.0001)	\$ -	
25	\$ 0.0610	\$ 0.0614	\$ -	\$ -	\$ (0.0614)	\$ -	
26	\$ 0.0437	\$ 0.0439	\$ 6,820,515	\$ 0.0438	\$ (0.0001)	\$ -	
27	\$ 0.0660	\$ 0.0678	\$ -	\$ -	\$ (0.0678)	\$ -	
28	\$ 0.0553	\$ 0.0568	\$ 6,190,295	\$ 0.0567	\$ (0.0001)	\$ -	
29	\$ 0.0282	\$ 0.0376	\$ 25,806	\$ 0.0348	\$ (0.0028)	\$ -	
30	QF PERC Puyallup						
31a	\$ 0.1072	\$ 0.1076	\$ -	\$ -	\$ (0.1076)	\$ -	
31b	\$ 0.0636	\$ 0.0639	\$ 2,208,552	\$ 0.0638	\$ (0.0001)	\$ -	
32	\$ 0.0818	\$ 0.0845	\$ -	\$ -	\$ (0.0845)	\$ -	
33	\$ 0.0592	\$ 0.0605	\$ 10,932,846	\$ 0.0454	\$ (0.0151)	\$ -	
34	\$ 0.0514	\$ 0.0547	\$ 2,263	\$ 0.0336	\$ (0.0211)	\$ -	
35	\$ 0.0318	\$ 0.0336	\$ 10,636,920	\$ 0.0335	\$ (0.0001)	\$ -	
36	\$ 0.0750	\$ 0.0750	\$ 1,947,750	\$ 0.0750	\$ -	\$ -	
37	\$ 0.0750	\$ 0.0750	\$ 354,837	\$ 0.0750	\$ -	\$ -	
38	Skookumchuck						
39	TOTAL					Reverse sign and enter on line 42	\$ 6,016
40	To Exhibit B line 22						\$ (6,016)

Puget Sound Energy

Power Cost Adjustment Mechanism Annual Report

PCA Period Two

Twelve Months Ended June 30, 2004

Exhibits

From 5/24/04 To 6/30/04

Docket No. UE-031725 Power Cost Only Rate Case

PUGET SOUND ENERGY
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004
Per Docket No. UE-031725
Reflecting Final Order No. 14

Exhibit No. (BAL-3)
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PCA-2

Exhibit A-1 Power Cost Rate: 5/24/04-6/30/04

Row		Test Year				Rate Year(1)
3	Regulatory Assets ⁽²⁾ (Variable)	\$ 300,363,327				
4	Transmission Rate Base (Fixed)	115,844,514				
5	Production Rate Base (Fixed)	417,299,736				
5a	New Resource Rate Base (Fixed)	78,245,591				
6		\$ 911,753,168				
7	Net of tax rate of return	7.30%				
8						
9			<u>Test Yr</u>	<u>Adjustment</u>	<u>Baseline</u>	
10	Regulatory Asset ⁽²⁾ Recovery (on Row 3)	\$ 33,733,112	\$/MWh	to Power	Rate	
11	Fixed Asset Recovery Other (on Row 4)	13,010,230	\$	Cost Rate		
12	Fixed Asset Recovery on New Resources (on row 5)	46,865,970	\$	\$		
12a	Fixed Asset Recovery-Prod Factored (on Row 5a)	8,787,582	\$	\$		
13	501-Steam Fuel	36,168,277	\$			
14	555-Purchased power (from PSE Rebuttal Filing)	537,755,568	\$			
14a	555 - Commission Adjustment of Tenaska	(9,921,067)	\$			
15	557-Other Power Exp	12,557,182	\$			
16	547-Fuel	83,984,075	\$			
17	565-Wheeling	41,908,728	\$			
18	Variable Transmission Income	(3,739,245)	\$			
19	Hydro and Other Pwr.	50,816,136	\$			
20	447-Sales to Others	(23,172,693)	\$			
21	456-Subaccounts 00012 & 00018 and 00035 & 00036	(213,070)	\$			
22	Transmission Exp - 500KV	486,083	\$			
23	Depreciation-Production (FERC 403)	40,443,330	\$			
23a	Amortization-White River	1,176,499	\$			
25	Depreciation-Transmission	4,858,427	\$			
26	Property Taxes-Production	9,294,422	\$			
27	Property Taxes-Transmission	4,603,036	\$			
28	Subtotal & Baseline Rate	\$ 889,402,582	\$ 46.151	\$ 0.152	\$ 46.303	(b) \$ 195,938,407
29	Revenue Sensitive Items	0,9554723				
30		\$ 930,851,247				
31	Test Year Load (MWH's)	19,271,717				<-- includes Firm Wholesale
31a						
32			<u>Before Rev. Sensitive Items</u>	<u>After Rev. Sensitive Items</u>		
32a	Power Cost in Rates with Revenue Sensitive					
33	Items (the adjusted baseline)		\$ 48.460			
34	sum of (a) = Fixed Rate Component	\$ 10.091	\$ 10.561			
35	(b) = Power Cost Rate	\$ 46.303	\$ 48.460			
36	sum of (c) = Variable Power Rate Component	\$ 36.212	\$ 37.899			
37						
38						

- (1) - Rate Year includes test year amounts plus the impacts of any adjustments to power cost rate. The result is then grossed up for the production factor of 0.99101 where appropriate.
- (2) - Regulatory Assets are shown in detail on Exhibit D.

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Reflecting Final Order No. 14

Exhibit A-2 Transmission Rate Base 5/24/04-6/30/04

Row		Plant
6	Colstrip Related Transmission Assets	<u>AMA 6/30/2003</u>
7		
8	TRANS - COLSTRIP 1 & 2	
9	E351 Easements	685,927
10	E353 Station Equipment	1,231,131
11	E354 Towers & Fixtures	14,474,343
12	E355 Poles & Fixtures	49,007
13	E356 OH Condcutors & devices	13,158,153
14	E359 Roads & Trails	113,968
15		<u>29,712,529</u>
	COLSTRIP 1&2 TRANSMISSION	
16	TRANS - COLSTRIP 3 & 4	
17	E351 Easements	1,071,124
18	E352 Structures & Improvements	478,326
19	E353 Station Equipment	17,943,456
20	E354 Towers & Fixtures	20,422,516
21	E355 Poles & Fixtures	88,692
22	E356 OH Conductors & Devices	19,991,226
23	E359 Roads & Trails	341,015
24		<u>60,336,355</u>
	COLSTRIP 3&4 TRANSMISSION	
25	TRANS - 3RD NW-SW INTERTIE	
26	E352 Structures & Improvements	1,276,264
27	E353 Station Equipment	31,157,075
28	E354 Towers & Fixtures	22,781,417
29	E355 Poles & Fixtures	204,200
30	E356 OH Conductors & devices	23,458,462
31	E359 Roads & Trails	59,215
32		<u>78,936,633</u>
	TOTAL 3RD NW-SW INTERTIE	
33	TRANS - NORTHERN INTERTIE	
34	E351 Easements - Whatcom	
35	E354 Towers & Fixtures-Whatcom	5,744,097
36	E355 Poles & Fixtures-Whatcom	11,219
37	E356 OH Conductors & Devices-Whatc	7,460,099
38	E355 Poles & Fixtures-Skagit	3,398,685
39	E356 OH Conductors & Devices-Skagit	5,142,699
40		<u>21,756,799</u>
	TOTAL NORTHERN INTERTIE	
41		
42	Total Transmission	190,742,316
43	Less	
44	Accumulated Depreciation (AMA)	60,081,736
45	Deferred Taxes (EOP)	14,816,066
46		<u>75,897,802</u>
47	Transmission Ratebase	\$ 115,844,514

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Exhibit A-3 Colstrip Fixed Costs: 5/24/04-6/30/04

Exhibit No. (BAL-3)
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Row

5	Revenue Requirement for Colstrip		
6	Plant	665,037,750	
7	Accumulated Depreciation	350,886,264	
8	Deferred Taxes at 6/30/2003	(69,544,352)	
9	Net Plant	946,379,662	
10	Rate of Return (net of Tax)	7.30%	
11	Revenue Requirement after tax	69,085,715	
12	Plant Revenue Requirement	106,285,716	(Adjusted for Federal Tax)
13	Expenses	51,508,900	
14	Total Revenue Requirement	157,794,616	(before revenue sensitive items)

Support for Revenue Requirement - Ratebase

FERC	DESCRIPTION	30-Jun-02	30-Jun-03	13 MONTH AMA	ANNUITY RATE	ANNUALIZED DEPRECIATION	ACUMM. DEPR. 06/30/2003
	COLSTRIP #1						
E311	Structures & Improvements	7,097,390	7,157,382	7,135,175	3.03%	216,196	(4,073,980)
E312	Boiler Plant Equipment	52,251,546	51,604,239	53,435,969	3.12%	1,667,202	(33,602,708)
E314	Turbo Generating Units	12,421,401	12,205,320	12,358,594	3.29%	406,598	(8,483,528)
E315	Accessory Electric Equipment	7,043,604	7,093,003	7,068,427	2.71%	191,554	(4,794,950)
E316	Misc. Power Plant Equipment	426,565	428,726	427,582	3.87%	16,547	(246,688)
	TOTAL	79,240,506	78,488,671	80,425,747	3.11%	2,498,097	(51,201,855)
	COLSTRIP #2						
E311	Structures & Improvements	5,573,640	5,633,364	5,611,347	3.06%	171,707	(3,653,230)
E312	Boiler Plant Equipment	40,460,296	44,542,327	42,353,547	3.05%	1,291,783	(28,806,599)
E314	Turbo Generating Units	12,498,428	13,438,753	12,959,997	3.26%	422,496	(8,235,807)
E315	Accessory Electric Equipment	4,592,474	5,261,104	4,900,558	2.69%	131,825	(3,043,974)
E316	Misc. Power Plant Equipment	427,379	453,511	439,382	3.61%	15,862	(247,499)
	TOTAL	63,552,217	69,329,060	66,264,831	3.07%	2,033,673	(43,987,109)
	COLSTRIP 1 & 2 COMMON						
E311	Structures & Improvements	31,949,738	31,473,984	31,895,590	3.16%	1,007,901	(20,395,759)
E312	Boiler Plant Equipment	8,221,831	8,246,037	8,232,926	3.18%	261,807	(5,767,278)
E314	Turbo Generating Units	3,918,858	3,918,858	3,918,858	3.31%	129,714	(2,622,147)
E315	Accessory Electric Equipment	2,420,179	2,420,179	2,420,179	3.07%	74,299	(1,470,405)
E316	Misc. Power Plant Equipment	6,492,144	6,492,144	6,492,144	3.82%	248,000	(3,559,040)
	TOTAL	53,002,750	52,551,201	52,959,697	3.25%	1,721,721	(33,814,629)
	COLSTRIP 3						
E311	Structures & Improvements	28,882,948	28,905,637	28,893,929	2.45%	707,901	(15,568,775)
E312	Boiler Plant Equipment	118,273,982	119,674,187	118,840,689	2.68%	3,184,930	(63,482,913)
E314	Turbo Generating Units	33,180,681	33,121,620	33,167,019	2.97%	985,060	(15,966,099)
E315	Accessory Electric Equipment	6,401,615	6,401,615	6,401,615	2.47%	158,120	(3,183,989)
E316	Misc. Power Plant Equipment	456,965	456,965	456,965	2.86%	13,069	(224,109)
	TOTAL	187,196,191	188,560,024	187,760,217	2.69%	5,049,080	(98,425,884)
	COLSTRIP 4						
E311	Structures & Improvements	26,483,797	26,509,978	26,495,797	2.54%	672,993	(12,902,625)
E312	Boiler Plant Equipment	100,508,440	102,000,003	101,198,037	2.75%	2,782,946	(49,488,910)
E314	Turbo Generating Units	28,602,598	28,969,515	28,782,740	2.94%	846,213	(12,387,935)
E315	Accessory Electric Equipment	5,596,707	5,596,057	5,596,517	2.52%	141,032	(2,441,024)
E316	Misc. Power Plant Equipment	654,568	654,568	654,568	2.79%	18,262	(305,486)
	TOTAL	161,846,110	163,730,121	162,727,659	2.74%	4,461,446	(77,525,980)
	COLSTRIP 3 & 4 COMMON						
E311	Structures & Improvements	71,867,029	70,746,760	71,734,897	2.33%	1,671,423	(37,638,359)
E312	Boiler Plant Equipment	20,298,808	20,321,829	20,309,359	2.48%	503,672	(11,249,994)
E314	Turbo Generating Units	274,553	277,420	275,867	2.62%	7,228	(139,868)
E315	Accessory Electric Equipment	7,748,971	7,748,971	7,748,971	2.31%	179,001	(3,776,971)
E316	Misc. Power Plant Equipment	4,722,721	4,739,216	4,730,281	2.79%	131,975	(2,132,955)
	TOTAL	104,912,083	103,834,196	104,799,375	2.38%	2,493,299	(54,938,148)
	COLSTRIP 1-4 COMMON						
E316	Misc. Power Plant Equip.	251,534	251,534	251,534	2.46%	6,188	(135,747)
	TOTAL	251,534	251,534	251,534	2.46%	6,188	(135,747)
	COLSTRIP COMMON FERC ADJ.	7,607,644		7,607,644			
	COLSTRIP DEF DEPR FERC ADJ.	2,241,046		2,241,046			
	Total Plant and Acc. Deprec.	659,850,080		665,037,750		18,263,504	(360,029,352)
					AMA Adj.	9,143,088	
					AMA Acum Depr	(350,886,264)	

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Exhibit A-3 Colstrip Fixed Costs

Exhibit No._(BAL-3)
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Row			
67			
68			
69			
70	Support for Revenue Requirement - Expenses		
71			Amount before
72	Order	Description	Prod. Adj.
73	50004011	1&2 Sup & Eng - Steam Ope	\$ 154,359
74	50004012	1&2 Sup & Eng - Steam Ope	-
75	50005011	3&4 Sup & Eng - Steam Ope	91,158
76	50005012	3&4 Sup & Eng - Steam Ope	408
77	50204001	1&2 Steam Exp - Steam Gen Op	2,442,639
78	50205001	3&4 Steam Exp - Steam Gen Op	1,462,735
79	50504001	1&2 Elec Exp - Steam Gen	66,930
80	50505001	3&4 Elec Exp - Steam Gen	(321,323)
81	50604001	1&2 Misc Exp - Steam Gen	678,093
82	50605001	3&4 Misc Exp - Steam Gen	2,510,641
83	50605002	3&4 Steam - Housing	-
84	50704001	1&2 Rents - Steam Gen Oper	(4,566)
85	50705001	3&4 Rents - Steam Gen Oper	34,871
86	51004001	1&2 Maint Supv - Steam Gen	202,672
87	51005001	3&4 Maint Supv - Steam Gen	318,282
88	51104001	1&2 Maint of Struct - Stm Gen	416,254
89	51105001	3&4 Maint of Struct - Stm Gen	558,734
90	51204001	1&2 Maint of Boiler - Stm Gen	5,307,367
91	51205001	3&4 Maint of Boiler - Stm Gen	5,059,679
92	51304001	1&2 Maint of E Plant - Stm G	502,756
93	51305001	3&4 Maint of E Plant - Stm G	2,305,731
94	51404001	1&2 Maint of Misc - Stm Gen	819,435
95	51405001	3&4 Maint of Misc - Stm Gen	572,297
96		Property Taxes-Montana	8,348,335
97		Electric Energy Tax	1,717,910
98	403xxxxx	Depreciation	18,263,504
99			<u>\$ 51,508,900</u>

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Exhibit No._(BAL-3)
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Exhibit A-4 Production Adjustment: 5/24/04-6/30/04

Reflecting Final Order No. 14

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 0.899%	NET AMOUNT
1	PRODUCTION O&M INCLUDED IN 557:			
2	WORKER'S COMPENSATION	\$ 294,503	\$ (2,647)	\$ 291,856
3	PROPERTY INSURANCE	2,308,274	(20,751)	2,287,523
4	ELECTRIC ENERGY TAX	1,717,910	(15,444)	1,702,467
5	TOTAL PRODUCTION O&M	4,320,687	(38,842)	4,281,845
6				
7	INCREASE TO O&M EXPENSE ASSOC W/ NEW RESOURCE	4,690,637	(42,168)	4,648,470
8				
9	DEPRECIATION AND AMORTIZATION ON PRODUCTION			
10	PROPERTY	41,997,374	(377,545)	41,619,829
11				
12	PROPERTY TAXES ON PRODUCTION PROPERTY	9,378,735	(84,312)	9,294,422
13				
14	TOTAL PRODUCTION ADJUSTMENT TO BASELINE RATE	\$ 60,387,433	\$ (542,866)	\$ 59,844,567
15				
16	PRODUCTION RATE BASE:			
17	PRODUCTION PROPERTY	\$ 1,179,246,771	\$ (10,601,098)	\$ 1,168,645,674
18	COLSTRIP COMMON FERC ADJUSTMENT	7,607,644	(68,391)	7,539,253
19	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	2,241,046	(20,146)	2,220,900
20	ENCOGEN ACQUISITION ADJUSTMENT	52,615,858	(473,002)	52,142,856
21	LESS PRODUCTION PROPERTY ACCUM DEPR.	(584,218,558)	5,251,961	(578,966,597)
22	LESS PRODUCTION PROPERTY ACCUM AMORT.	(4,377,927)	39,356	(4,338,570)
23	NET PRODUCTION PROPERTY	653,114,835	(5,871,319)	647,243,516
24				
25	DEDUCT:			
26	LIBR. DEPREC. PRE 1981 (EOP)	(946,743)	8,511	(938,232)
27	LIBR. DEPREC. POST 1980 (EOP)	(83,233,990)	748,250	(82,485,740)
28	OTHER DEF. TAXES (EOP)	(26,027,621)	233,981	(25,793,640)
29	ADJUSTMENT TO RATE BASE BEFORE CWIP	(110,208,354)	990,742	(109,217,612)
30	SNOQUALMIE RELICENSING CWIP	-	-	-
31				
32	TOTAL ADJUSTMENT TO PRODUCTION RATE BASE	\$ 542,906,481	\$ (4,880,577)	\$ 538,025,904
33				
34	REGULATORY ASSETS RATE BASE:			
35	BPA POWER EXCHANGE INVESTMENT	\$ 44,964,313	\$ (404,217)	\$ 44,560,096
36	TENASKA REGULATORY ASSET	205,562,854	(1,847,952)	203,714,902
37	CABOT OIL REGULATORY ASSET	9,694,906	(87,154)	9,607,752
38				
39	TOTAL ADJUSTMENT TO REGULATORY ASSETS RATE BASE	\$ 260,222,073	\$ (2,339,323)	\$ 257,882,750

Exhibit A
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**Puget Sound Energy
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Exhibit No._(BAL-3)
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Exhibit A-5 Power Costs: 5/24/03-6/30/04

Reflecting Final Order No. 14

LINE NO.	DESCRIPTION	PROFORMA RYE MAR '05	TEST YEAR	ADJUSTMENT
1	PRODUCTION EXPENSES:			
2	FUEL:			
3	501-STEAM FUEL	\$ 36,168,277	\$ 32,196,077	\$ 3,972,200
4	547-FUEL	52,773,902	27,644,080	25,129,822
5	PURCHASED AND INTERCHANGED:			
6	555-PURCHASED POWER	537,755,568	724,616,401	(186,860,833)
7	557 - OTHER POWER EXPENSE	8,275,336	8,422,707	(147,371)
8	WHEELING	39,837,334	39,871,180	(33,846)
9	HYDRO AND OTHER POWER	46,167,666	47,990,567	(1,822,902)
10	TRANS. EXP. INCL. 500KV O&M	486,083	490,492	(4,409)
11	SALES FOR RESALE	(14,686,789)	(166,885,152)	152,198,362
12	PURCHASES/SALES OF NON-CORE GAS	(213,070)	(3,815,282)	3,602,212
13	WHEELING FOR OTHERS - COLSTRIP, 3RD AC & NI	(3,739,245)	(6,992,847)	3,253,602
14	INCREASE (DECREASE) EXPENSE	702,825,062	703,538,224	(713,162)
15				
16	LESS: SALES FOR RESALE	14,686,789	166,885,152	(152,198,362)
17	LESS: WHEELING FOR OTHERS	3,739,245	6,992,847	(3,253,602)
18	SCH. 94 - RES./FARM CREDIT	-	-	-
19	INCREASE(DECREASE) EXPENSE	721,251,096	\$ 877,416,223	\$ (156,165,127)
20	TRANS. EXP. INCL. 500KV O&M	(486,083)		
21	PURCHASES/SALES OF NON-CORE GAS	213,070		
22	POWER COSTS PER G/L	\$ 720,978,083		

Schedule B: Monthly Power Costs -- PCA PERIOD 2
Derived from Original PCA Exhibit B
Subject to PCA Sharing
UE-011570

Row	FERC Acct.	Actual	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Period to Date
6															
7		Return on Fixed RB	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,643,796	\$ 4,676,993	\$ 4,952,602	\$ 57,529,410
8		Other Fixed Costs	11,318,666	11,318,666	11,318,666	11,318,666	11,318,666	11,318,666	11,318,666	11,318,666	11,318,666	11,318,666	10,375,599	10,375,599	133,937,854
9		Subtotal Fixed Costs	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,513,443	\$ 16,328,201	\$ 191,466,263
10		Total Variable Component Actual													
11	501	Steam Oper. Fuel	\$ 3,100,043	\$ 3,147,825	\$ 3,187,564	\$ 3,135,110	\$ 2,774,476	\$ 3,757,607	\$ 3,009,836	\$ 2,884,460	\$ 3,256,802	\$ 2,654,092	\$ 4,676,993	\$ 4,242,081	\$ 38,008,989
12	547	Other Pwr Gen Fuel	4,115,712	3,757,239	3,463,707	3,743,454	2,130,598	1,247,014	2,594,321	1,038,553	1,100,455	1,416,347	2,735,241	1,277,398	28,620,139
13	456000012,18,35,36	Other Elec Revenues	(552,347)	99,033	105,440	(567,437)	446,548	(1,125,498)	(1,567,866)	(659,578)	(1,105,288)	(750,230)	(219,287)	531,642	(5,574,649)
14	555	Purchase Power	59,232,242	53,192,823	54,316,856	59,964,136	65,386,037	78,087,980	77,442,465	61,919,000	59,325,532	48,737,681	36,101,033	45,831,126	696,536,631
15	447	Sales to Other Util	(19,155,882)	(17,254,577)	(15,732,024)	(12,645,070)	(6,930,791)	(10,150,427)	(10,345,516)	(13,367)	(1,128,066)	(2,790,299)	(4,762,583)	(3,195,552)	(104,104,176)
16	565	Wheeling	3,251,949	3,528,617	3,291,053	3,270,992	3,450,054	3,219,138	3,452,807	3,383,068	3,295,374	3,683,892	3,412,432	3,538,795	40,738,171
17	456000017	Transmission Revenue	(116,807)	(116,759)	(119,959)	(131,622)	(229,585)	(289,070)	(305,449)	(285,770)	(426,956)	(392,243)	(541,070)	(233,498)	(3,190,788)
18		White River Amortization											99,647	124,559	348,784
19	407000015	Subtotal Variable Components	\$ 46,872,910	\$ 46,354,201	\$ 48,512,737	\$ 56,769,563	\$ 67,007,337	\$ 74,746,444	\$ 74,280,616	\$ 68,246,346	\$ 64,317,852	\$ 52,658,887	\$ 41,527,438	\$ 50,088,751	\$ 691,383,081
20		Regulatory Assets (Return on RB portion only)													
21			2,665,866	2,665,866	2,665,866	2,665,866	2,665,866	2,665,866	2,665,866	2,665,866	2,665,866	2,665,866	2,665,866	2,665,866	31,990,386
22		SubTOTAL before Adjustments	\$ 65,501,238	\$ 64,982,529	\$ 67,141,065	\$ 75,397,891	\$ 85,635,665	\$ 93,374,772	\$ 92,908,944	\$ 86,874,674	\$ 82,946,180	\$ 71,287,215	\$ 59,706,746	\$ 69,082,817	\$ 914,839,731
23		Adjustments:													
24		Prudence from UE-921262	(210,859)	(210,522)	(208,979)	(218,184)	(218,736)	(180,763)	(406,439)	(239,312)	(169,081)	(311,396)	(45,755)	(219,938)	(2,638,944)
25		Contract price adjustment	(131,515)	(129,921)	(169,879)	(182,391)	(249,874)	(250,803)	(415,607)	(427,574)	(451,431)	(1,188,778)	533,403	(59,830)	(3,124,200)
26		Colstrip availability adjustment													
27		New resource pricing adjustment													
28		Tenaska Disallowance (prior month adj)													
29		Tenaska Disallowance (current month adj)													
30		Subtotal Adjustments	\$ (342,374)	\$ (340,443)	\$ (378,858)	\$ (400,575)	\$ (488,610)	\$ (431,566)	\$ (1,834,534)	\$ (1,679,374)	\$ (1,632,000)	\$ (2,512,682)	\$ (524,840)	\$ (1,292,256)	\$ (11,838,072)
31		Total allowable cost (line 28/line 30) (Before Tenaska adj)	\$ 65,158,864	\$ 64,642,086	\$ 66,762,207	\$ 74,997,316	\$ 85,167,055	\$ 92,943,206	\$ 91,074,410	\$ 85,195,299	\$ 81,314,180	\$ 68,774,533	\$ 59,181,906	\$ 67,790,561	\$ 903,001,659
32		PCA period delivered load (Kwh)	1,470,447,440	1,435,859,393	1,421,484,209	1,569,218,048	1,869,741,554	2,035,904,354	2,058,479,280	1,798,217,034	1,755,299,661	1,501,276,221	1,462,148,455	1,394,464,134	19,762,539,781
33		Baseline Power Cost 7/01/02 - 5/23/04	\$ 64,630,576	\$ 63,110,328	\$ 62,478,485	\$ 68,971,841	\$ 82,180,751	\$ 89,484,104	\$ 90,476,340	\$ 78,597,503	\$ 77,150,686	\$ 65,965,594	\$ 65,152,397	\$ 64,567,370	\$ 872,785,985
34		Imbalance for Sharing	\$ 528,307	\$ 1,531,758	\$ 4,283,711	\$ 6,025,475	\$ 2,986,304	\$ 3,459,101	\$ 598,070	\$ 6,597,796	\$ 4,163,494	\$ 2,788,959	\$ (5,970,491)	\$ 3,223,191	\$ 30,215,674
35		positive is potential customer surcharge, negative is potential customer credit	\$ 528,307	\$ 1,531,758	\$ 4,283,711	\$ 6,025,475	\$ 2,986,304	\$ 3,459,101	\$ 598,070	\$ 6,597,796	\$ 4,163,494	\$ 2,788,959	\$ (5,970,491)	\$ 3,223,191	\$ 30,215,674
36		Less Firm Wholesale	\$ 528,094	\$ 1,531,138	\$ 4,281,979	\$ 6,023,038	\$ 2,985,096	\$ 3,457,703	\$ 597,828	\$ 6,595,128	\$ 4,161,610	\$ 2,787,831	\$ (5,968,077)	\$ 3,221,888	\$ 30,203,454
37		Gross PCA	\$ 528,094	\$ 1,531,138	\$ 4,281,979	\$ 6,023,038	\$ 2,985,096	\$ 3,457,703	\$ 597,828	\$ 6,595,128	\$ 4,161,610	\$ 2,787,831	\$ (5,968,077)	\$ 3,221,888	\$ 30,203,454
38		Gross PCA Contra	\$ (528,094)	\$ (1,531,138)	\$ (4,281,979)	\$ (6,023,038)	\$ (2,985,096)	\$ (3,457,703)	\$ (597,828)	\$ (6,595,128)	\$ (4,161,610)	\$ (2,787,831)	\$ (5,968,077)	\$ (3,221,888)	\$ (30,203,454)
39		Cumulative Gross PCA	\$ 528,094	\$ 2,059,232	\$ 6,341,210	\$ 12,364,248	\$ 15,349,345	\$ 18,807,047	\$ 19,404,875	\$ 26,000,003	\$ 30,161,813	\$ 32,949,644	\$ 26,981,567	\$ 30,203,454	\$ 30,203,454
40		Cumulative Gross PCA Contra	\$ (528,094)	\$ (2,059,232)	\$ (6,341,210)	\$ (12,364,248)	\$ (15,349,345)	\$ (18,807,047)	\$ (19,404,875)	\$ (26,000,003)	\$ (30,161,813)	\$ (32,949,644)	\$ (26,981,567)	\$ (30,203,454)	\$ (30,203,454)
41		Note: This schedule was derived from original PCA collaborative exhibit B													

Per UE-031725-PCORC Reflecting Final Order No. 14

Exhibit D: Regulatory Assets: 5/24/04-6/30/04

Row	Cabot Buyout	G/L Acct #182300171	Interest	Amort	PCA (Jul02-Jun03)		RORC (Apr04 - Mar05)		Return 7.30%	35% Pre Tax Return	Monthly Return Pre-tax Jul. 01 - Jun. 30th
					Balance	Amortization	Ratebase (AMA)	Amortization			
5	2000 \$	12,588,000	709,000	(312,000)	12,985,000				903,500	1,390,000	115,833
6	2001 \$	-	720,000	(741,000)	12,964,000				602,148	1,234,074	
7	2002 \$	-	548,000	(1,070,000)	12,442,000				672,756	1,035,009	
8	2003 \$	-	-	(1,409,000)	11,033,000				514,322	791,264	
9	2004 \$	-	-	(1,768,000)	9,265,000				323,451	497,617	
10	2005 \$	-	-	(2,163,000)	7,102,000				118,455	182,238	
11	2006 \$	-	-	(2,614,000)	4,488,000						
12	2007 \$	-	-	(3,078,000)	1,410,000						
13	2008 \$	-	-	(1,410,000)	-						
14											
15											
16											
17	Tenaska										
18	1998 \$	215,000,000	8,754,000	(1,952,000)	221,802,000				16,648,873	25,613,650	2,134,471
19	1999 \$	-	8,795,000	(3,863,000)	226,734,000				15,794,809	24,299,707	
20	2000 \$	-	8,849,000	(5,463,000)	230,120,000				14,715,364	22,639,022	
21	2001 \$	-	8,838,000	(7,382,000)	231,576,000				13,412,260	20,634,246	
22	2002 \$	-	6,562,000	(9,494,000)	228,644,000				11,897,981	18,304,586	
23	2003 \$	-	-	(11,924,000)	216,720,000				10,119,032	15,567,741	
24	2004 \$	-	-	(14,744,000)	201,976,000						
25	2005 \$	-	-	(17,908,000)	184,068,000						
26	2006 \$	-	-	(20,615,000)	163,453,000						
27	2007 \$	-	-	(24,343,000)	139,110,000						
28	2008 \$	-	-	(28,272,000)	110,838,000						
29											
30											
31											
32	BEIP										
33											
34	2001	G/L Acct #18230081	54,662,561	(3,526,620)	51,135,941				3,732,924	5,742,960	478,580
35	2002		47,609,321	(3,526,620)	44,082,701				3,475,480	5,346,893	
36	2003		44,082,701	(3,526,620)	40,556,081				3,218,037	4,950,826	
37	2004		40,556,081	(3,526,620)	37,029,461				2,960,594	4,354,760	
38	2005		37,029,461	(3,526,620)	33,502,841				2,703,151	4,158,693	
39	2006		33,502,841	(3,526,620)	29,976,221				2,445,707	3,762,627	
40	2007		29,976,221	(3,526,620)	26,449,601				2,188,264	3,366,560	
41	2008		26,449,601	(3,526,620)	22,922,981						
42	White River Plant										
43	2001	G/L Acct #s 18220011, 21, 31, 41, 51	43,419,577	(1,252,723)	42,166,854				721,313	1,109,712	92,476
44	2002		42,166,854	(1,252,723)	40,914,131				3,078,339	4,735,906	394,659
45	2003		40,914,131	(1,252,723)	39,661,408				2,988,137	4,597,133	383,094
46	2004		39,661,408	(1,252,723)	38,408,684				2,899,012	4,460,018	371,668
47	2005		38,408,684	(1,252,723)	37,155,961				2,810,940	4,324,523	360,377
48	2006		37,155,961	(1,252,723)	35,903,238						
49	2007		35,903,238	(1,252,723)	34,650,515						
50	2008		34,650,515	(1,252,723)	33,397,792						
51											

Note: See PCORC Adjustment 9 for the baseline amortization expense related to White River (the amount shown above includes deferred taxes).

(22,181,093)	42,480,577
302,702,650	300,363,327

From	To	AMA Ratebase		Return	Return Pre-tax	Monthly Return Pre-tax Jul. 01 - Jun. 30th
		Amortization	Ratebase			
PCA#1	PCA#1	\$ (14,090,620)	\$ 291,579,399	\$ 21,265,296	\$ 32,746,609	\$ 2,728,884
PCA#2	PCA#2	\$ (19,701,843)	\$ 317,395,079	\$ 20,793,751	\$ 31,990,396	\$ 2,665,866
PCA#3	PCA#3	\$ (23,070,843)	\$ 297,047,891	\$ 21,684,496	\$ 33,360,763	\$ 2,780,064
PCA#4	PCA#4	\$ (26,429,343)	\$ 272,264,542	\$ 19,875,312	\$ 30,577,402	\$ 2,548,117
PCA#5	PCA#5	\$ (30,104,343)	\$ 244,158,828	\$ 17,823,594	\$ 27,420,915	\$ 2,285,076
PCA#6	PCA#6	\$ (33,330,843)	\$ 212,248,409	\$ 15,494,134	\$ 23,837,129	\$ 1,986,427

**Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004**

Exhibit No. (BAL-3)
25 of 25

Exhibit E - Contract Adjustments (UE-031725): 5/24/04-6/30/04

Reflecting Final Order No. 14

Row	Note	Limit - Rate or Total Cost per UE-011570	RY Apr04-Mar05	Increase / (Decrease) from UE to RY Apr04- Mar05
7	CONTRACTS			
8	Baker Replacement	Exchange		
9	BC Hydro Point Roberts	Rate Limit	\$ 0.0670	\$ (0.0000)
10	BPA WNP-3 Exchange Power	Rate Limit	\$ 0.0282	\$ 0.0012
11	BPA WNP3 Return	Actual Cost		
12	BPA Snohomish Conservation	Rate Limit	\$ 0.0514	\$ (0.0102)
13	CSPE	N/A		
14	Mid-Columbia	Actual Cost		
15	Canadian Entitlement and CEA-EA	N/A		
16	MPC Firm Contract-Demand	Total Cost	\$ 29,382,000	\$ 2,298,988
17	MPC Firm Contract-Energy	Actual Cost		
18	PPL Contract 15 yr	Actual Cost		
19	Supplemental Entitlement Cap	Actual Cost		
20a	North Wasco Winter	Rate Limit	\$ 0.0783	\$ 0.0004
20b	North Wasco Summer	Rate Limit	\$ 0.0434	\$ 0.0003
		Actual Cost		
21	WWP Contract 15 yr	through 12/31/02		
22	PG&E Exchange Storage Acctg.	Exchange		
23	QF Shipp Hutch. Creek	Actual Cost	\$ 0.0300	
24	QF Koma Kulshan Hydro	Rate Limit	\$ 0.0749	\$ 0.0006
25	QF March Point Cogen 1 Winter	NUG Rate Limit	\$ 0.0610	\$ 0.0004
26	QF March Point Cogen 1 Summer	NUG Rate Limit	\$ 0.0437	\$ 0.0002
27	QF March Point Cogen 2 Winter	NUG Rate Limit	\$ 0.0660	\$ 0.0018
28	QF March Point Cogen 2 Summer	NUG Rate Limit	\$ 0.0553	\$ 0.0015
29	QF Port Townsend Hydro	Actual Cost	\$ 0.0282	
30	QF PERC Puyallup	Actual Cost		
31a	QF Spokane MSW Winter	Rate Limit	\$ 0.1072	\$ 0.0004
31b	QF Spokane MSW Summer	Rate Limit	\$ 0.0636	\$ 0.0003
32	QF Sumas Winter	NUG Rate Limit	\$ 0.0818	\$ 0.0027
33	QF Sumas Summer	NUG Rate Limit	\$ 0.0592	\$ 0.0013
34	QF Sygitowicz	Actual Cost	\$ 0.0514	
35	QF Tenaska (excl. Reg. Amort.)	NUG Rate Limit	\$ 0.0318	\$ 0.0018
36	QF Twin Falls	Rate Limit	\$ 0.0750	\$ (0.0000)
37	QF Weeks Falls	Rate Limit	\$ 0.0750	\$ (0.0000)
38	Skookumchuck	Actual Cost		
39	Nooksack	Actual Cost		

QF Spokane MSW contract rate has been segregated into winter & summer rates as per the contract.