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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

February 13, 2004

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

Subject: Settlement Stipulation, Exhibit A, Settlement Terms for the Power Cost Adjustment Mechanism (PCA), Docket No. UE-011570

Dear Ms. Washburn:

Attached is Puget Sound Energy's quarterly report of the power cost deferral calculation.

In the Commission's Third Supplemental Order in Docket No. UE-011570, the Company received approval of the Settlement Stipulation which resolved all electric issues and common electric-natural gas issues in the consolidated proceeding, as well as some natural gas issues. Included in the Stipulation was Exhibit A to the Stipulation, Settlement Terms for the PCA, which contained detail of the agreement regarding a power-cost adjustment mechanism. The quarterly report is required by the PCA Settlement, Exhibit A, paragraph 4 (third bullet).

Please contact me at (425) 462-3885 if you have any questions.

Sincerely,

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Lisa Steel WUTC
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All parties to UE-011570

Puget Sound Energy
Power Cost Adjustment Summary

PCA Year	Actuals		Baseline		Difference (A)		Capacity		Wholesale Customers		Over-Costs	
	Actuals	Baseline	Actuals	Baseline	Actuals	Baseline	Actuals	Baseline	Actuals	Baseline	Actuals	Baseline
1 Jul-02	58,033,261	61,616,393	(3,583,132)	(3,583,132)	(3,583,132)	(3,583,132)	1,449	1,449	-	-	(3,581,683)	(3,581,683)
1 Aug-02	60,995,923	62,377,208	(1,381,285)	(1,381,285)	(1,380,726)	(1,380,726)	559	2,008	-	-	(1,380,726)	(4,962,409)
1 Sept-02	66,952,027	60,040,410	6,811,617	184,034,011	6,808,862	1,846,453	(2,755)	(747)	-	-	6,808,862	1,846,453
1 Oct-02	73,027,438	69,523,163	3,504,275	253,557,174	5,351,476	5,349,311	(1,417)	(2,164)	-	-	3,502,858	5,349,311
1 Nov-02	72,030,237	74,375,539	(2,345,301)	327,932,713	3,006,175	3,004,959	948	(1,216)	-	-	(2,344,353)	3,004,959
1 Dec-02	86,853,495	84,599,368	2,254,128	412,532,070	2,254,138	5,268,184	(912)	(2,127)	-	-	2,253,225	5,268,184
1 Jan-03	80,417,925	81,723,969	(1,306,043)	494,256,039	3,954,269	3,952,670	528	(1,599)	-	-	(1,305,514)	3,952,670
1 Feb-03	84,985,417	75,416,275	9,569,142	569,672,315	7,431,998	16,889,466	(2,226)	(3,825)	-	-	5,501,373	9,454,043
1 Mar-03	87,904,413	77,553,819	10,350,594	647,226,133	7,431,998	16,889,466	635	(6,196)	-	-	(1,568,868)	16,882,635
1 Apr-03	67,904,413	69,473,916	(1,569,503)	716,700,049	15,319,963	15,313,768	635	(6,196)	-	-	(1,568,868)	15,313,768
1 May-03	63,348,684	65,590,803	(2,242,120)	782,290,853	13,077,843	13,072,554	907	(5,289)	-	-	(2,241,213)	13,072,554
1 Jun-03	73,025,920	60,835,557	12,190,363	843,126,410	25,268,207	25,268,207	(4,930)	(10,219)	2,628,993	2,628,993	12,186,433	25,257,988
2 Jul-03	65,090,737	64,630,576	460,161	907,756,986	25,728,367	23,088,969	(186)	(10,405)	-	-	459,975	25,717,962
2 Aug-03	64,573,939	63,110,328	1,463,611	970,657,314	27,191,979	24,551,988	(592)	(10,997)	-	-	1,463,019	27,160,982
2 Sept-03	66,669,731	62,478,495	4,191,235	1,033,945,809	31,383,214	28,741,528	(1,695)	(12,692)	-	-	2,628,993	4,189,540
2 Oct-03	74,904,840	68,971,941	5,932,899	1,102,317,650	37,316,213	34,672,128	(2,399)	(15,092)	-	-	2,628,993	5,930,599
2 Nov-03	85,074,578	82,180,751	2,893,828	1,184,498,401	40,210,040	37,564,785	(1,170)	(16,262)	-	-	2,628,993	2,892,657
2 Dec-03	92,850,729	89,484,104	3,366,625	1,273,982,505	43,576,665	40,009,301	(1,362)	(17,623)	920,747	(B)	3,365,263	43,559,042
2 Feb-04										(C)		
2 Mar-04												
2 Apr-04												
2 May-04												
2 Jun-04												

Notes:
(A) A credit balance represents an overrecovery of power costs (baseline rate was greater than actual rate). A debit balance represents an underrecovery of power costs (actual rate was greater than baseline rate).
The difference excludes any adjustments for Firm Wholesale Customers.

(B) The amount booked in December 2003 SAP order 55700130 is as follows:

Adjustment for PCA Year #1	
Original Deferral @ 6/03	\$ 4,085,327
Correct Deferral per WUTC	\$ (2,628,993)
	\$ 1,456,334
Dec. 2003 Deferral	\$ 1,456,334
Dec. 2003 Activity in Order 55700130 @ 12/31/03	\$ (920,747)
	\$ 535,587

(C) 2003 YTD Balance in order 55700130 \$ (3,549,741)

Schedule B: Monthly Power Costs
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	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	\$ 27,862,778
8	Other Fixed Costs	11,318,666	11,318,666	11,318,666	11,318,666	11,318,666	11,318,666	67,911,994
9	Subtotal Fixed Costs	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 15,962,462	\$ 95,774,772
10	Total Variable Component Actual							
	FERC Acct.							
11	Steam Oper. Fuel	\$ 3,100,043	\$ 3,147,825	\$ 3,187,664	\$ 3,135,110	\$ 2,774,476	\$ 3,757,607	\$ 19,102,725
12	Other Pwr Gen Fuel	4,115,712	3,757,239	3,463,707	3,743,454	2,130,598	1,247,014	18,457,724
13	Other Elec Revenues	(592,347)	99,033	105,440	(567,437)	446,548	(1,125,498)	(1,594,261)
14	Purchase Power	56,232,242	53,192,823	54,316,856	59,964,136	65,386,037	78,087,680	367,179,774
15	Sales to Other Util	(19,155,862)	(17,254,577)	(15,732,024)	(12,645,070)	(6,930,791)	(10,150,427)	(81,868,771)
16	Whueling	3,251,949	3,528,617	3,291,053	3,270,992	3,430,054	3,219,138	19,991,803
17	Transmission Revenue	(118,807)	(116,759)	(119,959)	(131,622)	(229,565)	(289,070)	(1,005,802)
18	Subtotal Variable Components	\$ 46,872,910	\$ 46,354,201	\$ 48,512,737	\$ 56,769,563	\$ 67,007,337	\$ 74,746,444	\$ 340,263,192
19								
20	Regulatory Assets (Return on RB portion only)	2,597,719	2,597,719	2,573,389	2,573,389	2,573,389	2,573,389	15,488,995
21								
22	SUBTOTAL before Adjustments	\$ 65,433,091	\$ 64,914,382	\$ 67,048,588	\$ 75,305,414	\$ 85,543,188	\$ 93,282,295	\$ 451,526,959
23	SUBTOTAL before Adjustments	\$ 65,433,091	\$ 64,914,382	\$ 67,048,588	\$ 75,305,414	\$ 85,543,188	\$ 93,282,295	\$ 451,526,959
24	Adjustments:							
25	Prudence from UE-921262	\$ (210,899)	\$ (210,522)	\$ (208,979)	\$ (218,184)	\$ (218,736)	\$ (180,763)	\$ (1,248,023)
26	Contract price adjustment	(131,515)	(129,921)	(169,879)	(182,391)	(249,874)	(250,803)	(1,114,382)
27	Colstrip availability adjustment							
28	New resource pricing adjustment							
29								
30	Subtotal Adjustments	\$ (342,354)	\$ (340,443)	\$ (378,857)	\$ (400,574)	\$ (468,610)	\$ (431,566)	\$ (2,362,405)
31								
32	Total allowable cost (line 28/line 30)	\$ 65,090,737	\$ 64,573,939	\$ 66,669,731	\$ 74,904,840	\$ 85,074,578	\$ 92,850,729	\$ 449,164,554
33								
34	PCA period delivered load (Kwh)	1,470,447,440	1,435,859,393	1,421,484,209	1,569,218,046	1,869,741,554	2,035,904,354	9,802,654,996
35	Baseline Power Cost	\$ 64,630,576	\$ 63,110,328	\$ 62,478,495	\$ 68,971,841	\$ 82,180,751	\$ 89,484,104	\$ 430,856,095
36								
37	Imbalance for Sharing	\$ 460,161	\$ 1,463,611	\$ 4,191,235	\$ 5,932,999	\$ 2,893,828	\$ 3,366,625	\$ 18,308,459
38	positive is potential customer surcharge, negative is potential customer credit	\$ 460,161	\$ 1,463,611	\$ 4,191,235	\$ 5,932,999	\$ 2,893,828	\$ 3,366,625	\$ 18,308,459
41	Gross PCA	\$ 459,975	\$ 1,463,019	\$ 4,189,540	\$ 5,930,599	\$ 2,892,657	\$ 3,365,263	\$ 18,308,459
42	Gross PCA Contra	(459,975)	(1,463,019)	(4,189,540)	(5,930,599)	(2,892,657)	(3,365,263)	(18,308,459)
43								
44	Cumulative Gross PCA	\$ 459,975	\$ 1,922,994	\$ 6,112,534	\$ 12,043,134	\$ 14,935,791	\$ 18,301,054	\$ 18,308,459
45	Cumulative Gross PCA Contra	(459,975)	(1,922,994)	(6,112,534)	(12,043,134)	(14,935,791)	(18,301,054)	(18,308,459)
46								
47								

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

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document excluding confidential papers upon the following parties of record in this proceeding via first class mail:

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