



Puget Sound Energy, Inc.
P.O. Box 97034
Bellevue, WA 98009-9734

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

May 10, 2004

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
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 ("the Company") 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,

John H. Story
Director, Cost and Regulation

cc Simon J. ffitich
Assistant Attorney General
Public Counsel Section
900 4th Ave., Suite 2000
Seattle, WA 98164-1012

Roger Braden WUTC
Jim Russell WUTC
Bob Cedarbaum WUTC

All parties to UE-011570

Puget Sound Energy Power Cost Adjustment Summary

PCA Year	Actuals		Baseline		Difference (A)		Company		Wholesale Customer		Customer		Total		Interest on Customer		Total Customer		
	Actuals	Cumulative	Baseline	Cumulative	Monthly Difference	Cumulative Difference	Monthly	Cumulative	Monthly	Cumulative	Monthly	Cumulative	Monthly Difference	Cumulative Difference	Monthly	Cumulative	Monthly	Cumulative	
1 Jul-02	\$ 58,033,261	\$ 58,033,261	\$ 61,616,393	\$ 61,616,393	\$ (3,583,132)	\$ (3,583,132)	\$ (3,581,683)	\$ (3,581,683)	\$ 1,449	\$ 1,449	\$ -	\$ -	\$ (3,581,683)	\$ (3,581,683)	\$ -	\$ -	\$ -	\$ -	
1 Aug-02	60,995,923	119,029,184	62,377,208	123,993,601	(1,381,285)	(4,964,417)	(1,380,726)	(4,962,409)	559	2,008	-	-	(1,380,726)	(4,962,409)	-	-	-	-	
1 Sept-02	66,852,027	185,881,212	60,040,410	184,034,011	6,811,617	1,847,200	6,808,862	1,846,453	(747)	(747)	-	-	6,808,862	1,846,453	-	-	-	-	
1 Oct-02	73,027,438	258,908,650	69,523,163	253,557,174	3,504,275	5,351,476	3,502,858	5,349,311	(2,164)	(2,164)	-	-	3,502,858	5,349,311	-	-	-	-	
1 Nov-02	72,020,237	330,928,887	74,375,539	327,932,713	(2,355,301)	3,006,175	(2,344,353)	3,004,959	948	(1,216)	-	-	(2,344,353)	3,004,959	-	-	-	-	
1 Dec-02	86,853,495	417,792,382	81,723,969	414,256,038	2,254,138	5,260,312	2,253,225	5,258,184	(912)	(2,127)	-	-	2,253,225	5,258,184	-	-	-	-	
1 Jan-03	80,417,925	498,210,307	81,723,969	494,256,038	(1,306,043)	3,954,268	(1,305,514)	3,952,670	528	(1,599)	-	-	(1,305,514)	3,952,670	-	-	-	-	
1 Feb-03	80,919,874	579,130,182	75,416,275	569,672,313	5,703,598	9,457,868	5,701,373	9,454,043	(2,226)	(3,825)	-	-	5,701,373	9,454,043	-	-	-	-	
1 Mar-03	84,985,417	664,115,599	77,553,819	647,226,133	7,431,598	16,889,466	7,428,593	16,882,635	(3,006)	(6,831)	-	-	7,428,593	16,882,635	-	-	-	-	
1 Apr-03	67,904,412	732,020,012	69,473,916	716,700,049	(1,569,503)	15,319,963	(1,568,868)	15,313,768	635	(6,831)	-	-	(1,568,868)	15,313,768	-	-	-	-	
1 May-03	63,348,684	795,368,696	65,590,803	782,290,852	(2,242,120)	13,077,843	(2,241,213)	13,072,554	907	(5,289)	-	-	(2,241,213)	13,072,554	-	-	-	-	
1 Jun-03	73,025,920	868,394,616	60,835,557	843,126,411	12,190,363	25,268,207	9,556,440	22,628,994	(4,930)	(10,219)	-	-	9,556,440	22,628,994	-	-	2,628,993	2,628,993	
2 Jul-03	65,066,407	933,461,023	64,630,576	907,756,986	435,830	25,704,037	435,654	23,064,648	(176)	(10,395)	-	-	435,654	25,693,642	-	-	9,796	2,638,789	
2 Aug-03	64,549,609	998,010,632	63,110,328	970,867,314	1,439,281	27,143,318	1,438,699	24,503,348	(582)	(10,877)	-	-	1,438,699	27,132,341	-	-	9,490	2,648,279	
2 Sept-03	66,668,731	1,064,680,363	62,478,495	1,033,345,809	4,191,235	31,334,554	4,189,540	28,692,888	(1,695)	(12,872)	-	-	4,189,540	31,321,881	-	-	19,285	2,667,462	
2 Oct-03	74,904,840	1,139,585,203	68,971,841	1,102,317,655	5,932,999	37,267,552	5,930,599	34,623,487	(2,399)	(15,072)	-	-	5,930,599	37,252,481	-	-	28,469	2,695,931	
2 Nov-03	85,074,578	1,224,659,781	82,180,751	1,184,498,401	2,893,828	40,161,380	2,892,657	37,516,144	(1,170)	(16,242)	-	-	2,892,657	40,145,138	-	-	9,088	2,714,019	
2 Dec-03	92,850,729	1,317,510,510	89,484,104	1,273,982,505	3,366,625	43,528,005	2,492,671	40,008,815	(1,362)	(17,604)	-	-	2,492,671	43,510,401	-	-	8,795	2,732,814	
2 Jan-04	91,994,421	1,409,504,931	90,476,340	1,364,458,845	1,518,082	45,046,087	15,175	40,023,990	(614)	(18,218)	-	-	15,175	45,027,869	-	-	12,060	2,744,874	
2 Feb-04	86,115,311	1,495,620,242	78,597,503	1,443,056,348	7,517,807	52,563,894	75,148	40,099,137	(3,040)	(21,258)	-	-	75,148	52,542,636	-	-	16,718	2,761,592	
2 Mar-04	82,234,191	1,577,854,433	77,150,686	1,520,207,034	5,083,505	57,647,399	50,814	40,149,952	(2,056)	(23,314)	-	-	50,814	57,624,088	-	-	42,825	2,774,417	
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 Customer

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	Jan-04	Feb-04	Mar-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	\$ 41,794,167
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	101,867,991
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	\$ 143,662,158
10	Total Variable Component Actual										
11	Steam Oper. Fuel	\$ 3,100,043	\$ 3,147,825	\$ 3,187,664	\$ 3,135,110	\$ 2,774,476	\$ 3,757,607	\$ 3,009,836	\$ 2,884,460	\$ 3,256,802	\$ 28,253,823
12	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	23,191,053
13	Other Elec Revenues	(552,347)	99,033	105,440	(567,437)	446,548	(1,125,498)	(1,567,866)	(659,578)	(1,105,289)	(4,926,994)
14	Purchase Power	56,232,242	53,192,823	54,316,856	59,964,136	65,386,037	78,087,680	77,442,485	61,919,000	59,325,532	565,866,791
15	Sales to Other Util	(19,155,882)	(17,254,577)	(15,732,024)	(12,645,070)	(6,930,791)	(10,150,427)	(10,345,518)	(13,387)	(1,128,066)	(93,355,742)
16	Wheeling	3,251,949	3,528,617	3,291,053	3,270,992	3,430,054	3,219,138	3,452,807	3,363,068	3,295,374	30,103,052
17	Transmission Revenue	(118,807)	(116,759)	(119,959)	(131,622)	(229,585)	(289,070)	(305,449)	(285,770)	(426,956)	(2,023,977)
18	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	\$ 547,108,006
19											
20	Regulatory Assets (Return on RB portion only)	2,573,389	2,573,389	2,573,389	2,573,389	2,573,389	2,573,389	2,573,389	2,573,389	2,573,389	23,160,502
21											
22	SUBTOTAL before Adjustments	\$ 65,408,761	\$ 64,890,052	\$ 67,048,588	\$ 75,305,414	\$ 85,543,188	\$ 93,282,295	\$ 92,816,467	\$ 86,782,197	\$ 82,853,703	\$ 713,930,666
23	SUBTOTAL before Adjustments	\$ 65,408,761	\$ 64,890,052	\$ 67,048,588	\$ 75,305,414	\$ 85,543,188	\$ 93,282,295	\$ 92,816,467	\$ 86,782,197	\$ 82,853,703	\$ 713,930,666
24	Adjustments:										
25	Prudence from UE-921262	(210,839)	(210,522)	(208,979)	(218,184)	(218,736)	(180,763)	(406,439)	(239,312)	(168,081)	(2,061,855)
26	Contract price adjustment	(131,515)	(129,921)	(169,879)	(182,391)	(249,874)	(259,803)	(415,607)	(427,574)	(451,431)	(2,408,995)
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)	\$ (822,046)	\$ (666,886)	\$ (619,512)	\$ (4,470,850)
31											
32	Total allowable cost (line 28/line 30)	\$ 65,066,407	\$ 64,549,609	\$ 66,669,731	\$ 74,904,840	\$ 85,074,578	\$ 92,850,729	\$ 91,994,421	\$ 86,115,311	\$ 82,234,191	\$ 709,459,816
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	2,058,479,280	1,788,217,034	1,755,299,661	15,404,650,971
35	Baseline Power Cost	\$ 64,630,576	\$ 63,110,328	\$ 62,478,495	\$ 68,971,841	\$ 82,180,751	\$ 89,484,104	\$ 90,476,340	\$ 78,597,503	\$ 77,150,686	\$ 677,080,624
36											
37	Imbalance for Sharing	\$ 435,830	\$ 1,439,281	\$ 4,191,235	\$ 5,932,999	\$ 2,893,828	\$ 3,366,625	\$ 1,518,082	\$ 7,517,807	\$ 5,083,505	\$ 32,379,192
38	positive is potential customer surcharge, negative is potential customer credit	\$ 435,830	\$ 1,439,281	\$ 4,191,235	\$ 5,932,999	\$ 2,893,828	\$ 3,366,625	\$ 1,518,082	\$ 7,517,807	\$ 5,083,505	\$ 32,379,192
39	Less Firm Wholesale	\$ 435,654	\$ 1,438,699	\$ 4,189,540	\$ 5,930,599	\$ 2,892,657	\$ 3,365,263	\$ 1,517,468	\$ 7,514,767	\$ 5,081,449	\$ 32,366,097
40	Gross PCA	\$ 435,654	\$ 1,438,699	\$ 4,189,540	\$ 5,930,599	\$ 2,892,657	\$ 3,365,263	\$ 1,517,468	\$ 7,514,767	\$ 5,081,449	\$ 32,366,097
41	Gross PCA Contra	(435,654)	(1,438,699)	(4,189,540)	(5,930,599)	(2,892,657)	(3,365,263)	(1,517,468)	(7,514,767)	(5,081,449)	(32,366,097)
42											
43	Cumulative Gross PCA	\$ 435,654	\$ 1,874,353	\$ 6,063,893	\$ 11,994,493	\$ 14,887,150	\$ 18,252,414	\$ 19,769,881	\$ 27,284,648	\$ 32,366,097	\$ 32,366,097
44	Cumulative Gross PCA Contra	(435,654)	(1,874,353)	(6,063,893)	(11,994,493)	(14,887,150)	(18,252,414)	(19,769,881)	(27,284,648)	(32,366,097)	(32,366,097)
45											
46											
47	Note: This schedule was derived from original PCA collaborative exhibit B										