



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

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WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

May 15, 2006

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

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

Dear Ms. Washburn:

Attached are an original and two copies of Puget Sound Energy, Inc.'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 & Regulations

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

Jim Russell WUTC
Bob Cedarbaum WUTC

All parties to UE-011570

Schedule B: Monthly Power Costs -- PCA PERIOD 4
Derived from Original PCA Exhibit B
Subject to PCA Sharing
UE-011570

Row	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Period to Date	
7	\$ 5,352,302	\$ 5,352,302	\$ 5,352,302	\$ 5,352,302	\$ 5,272,121	\$ 6,451,157	\$ 6,468,884	\$ 6,492,945	\$ 6,463,893	\$ 52,558,206	
8	10,524,795	10,524,795	10,524,795	10,524,795	10,792,946	11,760,173	11,771,488	11,784,216	11,772,906	99,980,909	
9	\$ 15,877,097	\$ 15,877,097	\$ 15,877,097	\$ 15,877,097	\$ 16,065,066	\$ 18,211,330	\$ 18,240,372	\$ 18,277,161	\$ 18,236,800	\$ 152,539,115	
10	Total Variable Component Actual										
11	\$ 4,230,525	\$ 3,669,132	\$ 3,763,113	\$ 3,453,767	\$ 3,616,449	\$ 4,026,583	\$ 3,797,123	\$ 4,354,599	\$ 4,368,865	\$ 35,282,156	
12	2,862,569	5,315,989	1,216,504	(435,436)	447,565	7,807,709	2,724,037	4,493,323	1,845,883	26,278,143	
13	(724,475)	(3,581,050)	(4,828,688)	(6,039,235)	(1,503,041)	(4,307,958)	(3,023,689)	(819,375)	(2,062,223)	(26,889,734)	
14	56,664,685	65,777,648	64,011,670	75,897,466	86,859,234	105,715,174	83,544,014	75,303,585	85,900,082	699,672,558	
15	(15,262,086)	(16,785,220)	(8,579,054)	(8,523,716)	(9,505,931)	(12,779,405)	(6,615,702)	(4,921,679)	(4,265,248)	(87,638,041)	
16	3,501,522	3,537,265	5,464,040	4,689,805	4,417,353	5,134,399	5,039,935	4,262,924	3,734,905	39,782,148	
17	(185,103)	(23,320)	(162,698)	(287,819)	(164,085)	(137,500)	(159,188)	(134,468)	(624,969)	(1,879,130)	
18	32,864	32,864	(190,627)	(41,633)	124,558	52,331	124,558	153,391	124,558	(1,412,864)	
19	\$ 51,120,501	\$ 57,943,308	\$ 60,694,260	\$ 68,713,199	\$ 83,891,122	\$ 105,513,333	\$ 85,431,088	\$ 82,692,300	\$ 89,021,853	\$ 685,020,964	
20	Regulatory Assets (Return on RB portion only)										
21	2,431,305	2,431,305	2,578,647	2,480,419	2,480,419	2,471,096	2,480,419	2,480,419	2,637,492	\$ 22,471,521	
22	SUBTOTAL before Adjustments										
23	\$ 69,428,903	\$ 76,251,710	\$ 79,150,004	\$ 87,070,715	\$ 102,436,607	\$ 126,195,759	\$ 106,151,879	\$ 103,449,880	\$ 109,896,144	\$ 860,031,600	
24	Adjustments:										
25	Prudence from UE-921262										
26	(251,336)	(267,973)	(328,045)	(351,157)	(315,458)	(384,211)	(305,730)	(266,611)	(279,819)	(2,750,339)	
27	(13,376)	(11,396)	(368)	(1,746)	(188,361)	(197,785)	(197,751)	(178,157)	(98,303)	(887,243)	
28	Contract price adjustment										
29	Colstrip availability adjustment										
30	Frederickson #1 True-up Adjustment										
31	Tenaska Disallowance (prior month adj)										
32	Tenaska Disallowance (current month adj)										
33	Subtotal Adjustments										
34	\$ (778,427)	\$ (778,427)	\$ (778,427)	\$ (778,427)	\$ (778,427)	\$ (778,427)	\$ (778,427)	\$ (778,427)	\$ (778,427)	\$ (7,006,842)	
35	\$ (1,043,139)	\$ (1,057,796)	\$ (1,106,840)	\$ (1,131,330)	\$ (1,282,246)	\$ (1,360,423)	\$ (1,281,908)	\$ (1,223,194)	\$ (1,156,549)	\$ (10,643,424)	
36	\$ 68,385,764	\$ 75,193,914	\$ 78,043,164	\$ 85,939,385	\$ 101,754,361	\$ 124,835,336	\$ 104,869,972	\$ 102,226,685	\$ 108,739,595	\$ 849,388,176	
37	1,507,579,263	1,544,390,047	1,478,731,635	1,633,225,388	1,929,876,314	2,175,645,704	2,043,524,920	1,900,937,949	1,932,499,981	16,146,410,201	
38	PCA period delivered load (Kwh)										
39	Baseline Power Cost										
40	\$ 74,070,384	\$ 75,878,972	\$ 72,653,043	\$ 80,243,630	\$ 101,324,973	\$ 114,228,749	\$ 107,291,981	\$ 99,805,664	\$ 101,462,777	302,846,029	
39a	\$ (5,684,621)	\$ (685,058)	\$ 5,390,121	\$ 5,695,755	\$ (170,612)	\$ 10,606,588	\$ (2,421,989)	\$ 2,421,022	\$ 7,276,818	524,114,124	
42	Imbalance for Sharing										
43	positive is potential customer surcharge, negative is potential customer credit										
44	Jul05 - Oct05 Nov05 -										
45	0.0398% 0.0367%										
46	Less Firm Wholesale										
47	\$ (5,682,358)	\$ (684,785)	\$ 5,387,976	\$ 5,693,488	\$ (170,544)	\$ 10,602,366	\$ (2,421,025)	\$ 2,420,307	\$ 7,273,922	\$ 22,419,347	
48	Gross PCA										
49	\$ 5,682,358	\$ 684,785	\$ (5,387,976)	\$ (5,693,488)	\$ 170,544	\$ (10,602,366)	\$ 2,421,025	\$ (2,420,307)	\$ (7,273,922)	\$ (22,419,347)	
50	Cumulative Gross PCA										
51	\$ (5,682,358)	\$ (6,367,143)	\$ (979,168)	\$ 4,714,320	\$ 4,543,777	\$ 15,146,143	\$ 12,725,117	\$ 15,145,424	\$ 22,419,347	\$ 22,419,347	
52	\$ 5,682,358	\$ 6,367,143	\$ 979,168	\$ (4,714,320)	\$ (4,543,777)	\$ (15,146,143)	\$ (12,725,117)	\$ (15,145,424)	\$ (22,419,347)	\$ (22,419,347)	
53	Note: This schedule was derived from original PCA collaborative exhibit B										
54	Note 1: White River and DIT turnaround for all reg assets										
55											
56											

Puget Sound Energy Power Cost Adjustment Summary

Year	Actual Costs and Disallowance as recorded through the PCA Mechanism									
	Actuals	Baselines	Differences (A)	Wholesale Customer Imbalance for Starting PCA Period	Company per PCA	Customer per PCA	Total Difference	Interest on Customer	Total Customer per PCA	Total Customer per PCA
	Cumulative	Cumulative	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Cumulative
1	80,033,261	\$ 61,616,953	\$ (1,883,132)	\$ (3,581,693)	\$ (3,581,693)	\$ (3,581,693)	\$ -	\$ -	\$ (3,581,693)	\$ -
1	12,059,914	12,059,914	(1,381,255)	(1,381,255)	(1,381,255)	(1,381,255)	-	-	(1,381,255)	-
1	68,853,622	65,377,206	3,476,416	3,476,416	3,476,416	3,476,416	-	-	3,476,416	-
1	73,027,438	69,523,183	3,504,275	3,504,275	3,504,275	3,504,275	-	-	3,504,275	-
1	230,039,888	230,039,888	230,039,888	230,039,888	230,039,888	230,039,888	-	-	230,039,888	-
1	86,853,485	84,572,381	2,281,104	2,281,104	2,281,104	2,281,104	-	-	2,281,104	-
1	417,926,381	417,926,381	417,926,381	417,926,381	417,926,381	417,926,381	-	-	417,926,381	-
1	80,918,974	80,918,974	80,918,974	80,918,974	80,918,974	80,918,974	-	-	80,918,974	-
1	1,471,150,190	1,471,150,190	1,471,150,190	1,471,150,190	1,471,150,190	1,471,150,190	-	-	1,471,150,190	-
1	947,236,417	947,236,417	947,236,417	947,236,417	947,236,417	947,236,417	-	-	947,236,417	-
1	87,181,583	87,181,583	87,181,583	87,181,583	87,181,583	87,181,583	-	-	87,181,583	-
1	83,344,684	83,344,684	83,344,684	83,344,684	83,344,684	83,344,684	-	-	83,344,684	-
1	50,037,002	50,037,002	50,037,002	50,037,002	50,037,002	50,037,002	-	-	50,037,002	-
2	65,158,888	64,630,578	528,309	528,309	528,309	528,309	-	-	528,309	-
2	68,724,296	62,178,455	6,545,841	6,545,841	6,545,841	6,545,841	-	-	6,545,841	-
2	74,897,915	74,897,915	74,897,915	74,897,915	74,897,915	74,897,915	-	-	74,897,915	-
2	85,167,054	82,160,751	3,006,303	3,006,303	3,006,303	3,006,303	-	-	3,006,303	-
2	82,943,205	1,202,133,241	1,202,133,241	1,202,133,241	1,202,133,241	1,202,133,241	-	-	1,202,133,241	-
2	81,074,410	1,389,150,656	1,389,150,656	1,389,150,656	1,389,150,656	1,389,150,656	-	-	1,389,150,656	-
2	85,125,289	1,471,346,155	1,471,346,155	1,471,346,155	1,471,346,155	1,471,346,155	-	-	1,471,346,155	-
2	82,853,282	1,405,712,757	1,405,712,757	1,405,712,757	1,405,712,757	1,405,712,757	-	-	1,405,712,757	-
2	89,776,886	1,522,634,886	1,522,634,886	1,522,634,886	1,522,634,886	1,522,634,886	-	-	1,522,634,886	-
2	89,713,583	1,630,618,783	1,630,618,783	1,630,618,783	1,630,618,783	1,630,618,783	-	-	1,630,618,783	-
2	87,760,581	1,748,407,354	1,748,407,354	1,748,407,354	1,748,407,354	1,748,407,354	-	-	1,748,407,354	-
3	72,572,202	1,820,979,556	1,820,979,556	1,820,979,556	1,820,979,556	1,820,979,556	-	-	1,820,979,556	-
3	88,980,310	1,909,969,866	1,909,969,866	1,909,969,866	1,909,969,866	1,909,969,866	-	-	1,909,969,866	-
3	79,234,223	2,038,213,189	2,038,213,189	2,038,213,189	2,038,213,189	2,038,213,189	-	-	2,038,213,189	-
3	85,846,148	2,122,417,339	2,122,417,339	2,122,417,339	2,122,417,339	2,122,417,339	-	-	2,122,417,339	-
3	85,769,435	2,218,236,774	2,218,236,774	2,218,236,774	2,218,236,774	2,218,236,774	-	-	2,218,236,774	-
3	88,890,720	2,316,887,494	2,316,887,494	2,316,887,494	2,316,887,494	2,316,887,494	-	-	2,316,887,494	-
3	82,853,282	2,405,712,757	2,405,712,757	2,405,712,757	2,405,712,757	2,405,712,757	-	-	2,405,712,757	-
3	89,776,886	2,522,634,886	2,522,634,886	2,522,634,886	2,522,634,886	2,522,634,886	-	-	2,522,634,886	-
3	81,330,803	2,574,871,554	2,574,871,554	2,574,871,554	2,574,871,554	2,574,871,554	-	-	2,574,871,554	-
3	72,123,953	2,708,126,225	2,708,126,225	2,708,126,225	2,708,126,225	2,708,126,225	-	-	2,708,126,225	-
4	68,385,784	2,776,511,889	2,776,511,889	2,776,511,889	2,776,511,889	2,776,511,889	-	-	2,776,511,889	-
4	75,183,914	2,851,705,803	2,851,705,803	2,851,705,803	2,851,705,803	2,851,705,803	-	-	2,851,705,803	-
4	85,839,385	3,015,898,451	3,015,898,451	3,015,898,451	3,015,898,451	3,015,898,451	-	-	3,015,898,451	-
4	101,154,381	3,116,842,812	3,116,842,812	3,116,842,812	3,116,842,812	3,116,842,812	-	-	3,116,842,812	-
4	124,835,338	3,241,678,149	3,241,678,149	3,241,678,149	3,241,678,149	3,241,678,149	-	-	3,241,678,149	-
4	104,869,972	3,346,548,117	3,346,548,117	3,346,548,117	3,346,548,117	3,346,548,117	-	-	3,346,548,117	-
4	102,229,985	3,448,774,006	3,448,774,006	3,448,774,006	3,448,774,006	3,448,774,006	-	-	3,448,774,006	-
4	108,739,585	3,557,514,401	3,557,514,401	3,557,514,401	3,557,514,401	3,557,514,401	-	-	3,557,514,401	-

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 includes any adjustments for Firm Wholesale Customers.
 (B) Includes Colstrip Price Reopener of \$2,624,732 per Western Energy Invoice July 7, 2004, plus PCA Tenaska Disallowance of (\$25,613,650).
 (C) Total Tenaska disallowance is reflected in the PCA by a \$25,613,650 reduction to Jun-03 Power Costs and a monthly reduction of \$1,012,468 for the last six months of the PCA 2 period (\$1,012,468 * 6 = \$6,074,828, for a total reduction of \$31,688,578 during the PCA2 period).
 (D) PCA period 3 Tenaska disallowance is reflected by a monthly reduction of \$545,841 through Feb 2005, \$884,124 for March 2005, and \$687,270 from April 2005 on, totaling \$1,111,062 in accordance with Docket No. UG-040640, et al. (consolidated), as reflected on Schedule B.
 (E) Jan 2005 is adjusted by the cumulative PCA3 effect of settlement of PCA 2 issues regarding White River accounting as a Regulatory Asset, displacement MWh's affecting Schedule X adjustments, and timing and calculation of the costs of the Fredrickson 1 generating plant in the PCA mechanism.
 (F) In March 2005, FSE recorded the Regulatory Asset Return for the period July 2003 - December 2003 which was approved by the Washington Commission in its February 23, 2005 order which was previously recorded as a disallowance.
 (G) PCA period 4 Tenaska Disallowance is reflected by monthly reduction of \$778,427, totaling \$8,341,124, as reflected on Schedule B.