



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

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November 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,

for Susan Tree

John H. Story
Director, Cost & Regulation

cc Simon J. ffitich, Assistant Attorney General
Jim Russell, WUTC
Bob Cedarbaum, WUTC
All parties to UE-011570

Schedule B: Monthly Power Costs -- PCA PERIOD 5
Derived from Original PCA Exhibit B
Subject to PCA Sharing
UE-011570

Row		Jul-06	Aug-06	Sep-06	Period to Date	
8						
9	Return on Fixed RB	\$ 6,373,921	\$ 6,373,921	\$ 6,373,921	\$ 19,121,763	
10	Other Fixed Costs	11,826,918	11,826,918	11,826,918	\$ 35,480,754	
11	Subtotal Fixed Costs	\$ 18,200,839	\$ 18,200,839	\$ 18,200,839	\$ 54,602,517	
12	Total Variable Component Actual	FERC Acct.				
13	Steam Oper. Fuel	501	\$ 4,220,584	\$ 5,341,888	\$ 3,632,289	\$ 13,194,761
14	Other Pwr Gen Fuel	547	7,562,647	7,771,627	6,993,586	22,327,860
15	Other Elec Revenues	45600012,18,35,36,80,81,130	(124,400)	(1,018,290)	1,206,432	63,742
16	Purchase Power	555	49,119,969	55,022,015	61,866,300	166,008,284
17	Sales to Other Util	447	(10,721,553)	(8,699,907)	(4,887,526)	(24,308,986)
18	Wheeling	565	4,191,705	4,162,849	4,370,018	12,724,572
19	Transmission Revenue	45600017	(171,220)	(118,162)	(143,708)	(433,090)
20	White River Amortization		124,558	124,558	124,558	373,674
21	Subtotal Variable Components		\$ 54,202,290	\$ 62,586,578	\$ 73,161,949	\$ 189,950,817
22						
23	Regulatory Assets (Return on RB portion only)	2,371,876	2,371,876	2,371,876	\$ 7,115,628	
24						
25	SUBTOTAL before Adjustments		\$ 74,775,005	\$ 83,159,293	\$ 93,734,664	\$ 251,668,961
26						
27	Adjustments:					
28	Prudence from UE-921262		\$ (256,815)	\$ (271,167)	\$ (250,220)	\$ (778,202)
29	Contract price adjustment		-	-	-	-
30	Colstrip availability adjustment		-	-	-	-
31						
32	Frederickson #1 True-up Adjustment		-	-	-	-
33	Tenaska Disallowance (prior month adj)				\$ -	-
34	Tenaska Disallowance (current month adj)		\$ (714,309)	\$ (714,309)	\$ (714,309)	\$ (2,142,927)
35						
36	Subtotal Adjustments		\$ (971,124)	\$ (985,476)	\$ (964,529)	\$ (2,921,129)
37	Total allowable cost (line 28/line 30) (Before Tenaska adj)		\$ 73,803,881	\$ 82,173,817	\$ 92,770,135	\$ 248,747,832
38						
39						
40	PCA period delivered load (Kwh)	1,573,491,962	1,568,350,162	1,541,506,974	4,683,349,098	
41	Baseline Power Cost					
42	7/1/2006 - 12/31/06	\$0.056901	\$ 89,533,013	\$ 89,240,945	\$ 87,713,288	266,487,247
39a						
44	Imbalance for Sharing		\$ (15,729,132)	\$ (7,067,128)	\$ 5,056,846	\$ (17,739,414)
45	positive is potential customer surcharge, negative is potential customer credit		\$ (15,729,132)	\$ (7,067,128)	\$ 5,056,846	\$ (17,739,414)
46						
47		Jul06 - Dec06				
48	Less Firm Wholesale	0.02957%	\$ (15,724,481)	\$ (7,065,039)	\$ 5,055,351	\$ (17,734,169)
49	Gross PCA		\$ (15,724,481)	\$ (7,065,039)	\$ 5,055,351	\$ (17,734,169)
50	Gross PCA Contra		\$ 15,724,481	\$ 7,065,039	\$ (5,055,351)	\$ 17,734,169
51						
52	Cumulative Gross PCA		\$ (15,724,481)	\$ (22,789,520)	\$ (17,734,169)	\$ (17,734,169)
53	Cumulative Gross PCA Contra		\$ 15,724,481	\$ 22,789,520	\$ 17,734,169	\$ 17,734,169
54						
55						
56	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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