

**EXHIBIT NO. ___(DEM-10)
DOCKET NO. UE-06 ___/UG-06 ___
2006 PSE GENERAL RATE CASE
WITNESS: DAVID E. MILLS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-06 ___
Docket No. UG-06 ___**

**NINTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
DAVID E. MILLS
ON BEHALF OF PUGET SOUND ENERGY, INC.**

FEBRUARY 15, 2006

2006 GRC Power Cost Projections
Rate Year AURORA + Non-AURORA Power Costs
1.9.06 AURORA Model run
3-month average gas prices at 11.30.05

GRC Rate Year: 2007														2006 GRC			2005 PCORC			06 GRC		
	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>	<u>Apr-07</u>	<u>May-07</u>	<u>Jun-07</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>	Rate Year	Rate Year	Incr / (Decr)	Rate Year	Rate Year	MWwhs Incr / (Decr)				
501 Coal Fuel	\$ 4,293	\$ 3,949	\$ 4,377	\$ 3,970	\$ 3,663	\$ 3,235	\$ 4,343	\$ 4,378	\$ 4,337	\$ 4,459	\$ 4,338	\$ 4,459	\$ 49,801	\$ 41,414	\$ 8,386	4,913,815	4,690,078	223,738				
547 Natural Gas Fuel	\$ 1,530	\$ 2,061	\$ 4,419	\$ 963	\$ (719)	\$ (1,066)	\$ 4,317	\$ 7,068	\$ 8,977	\$ 6,375	\$ 5,400	\$ 4,646	43,969	54,909	(10,940)	976,181	1,132,526	(156,345)				
555 Purchase & Interchange	\$ 93,441	\$ 83,547	\$ 74,977	\$ 53,550	\$ 43,066	\$ 48,776	\$ 33,855	\$ 41,751	\$ 42,134	\$ 65,939	\$ 73,531	\$ 92,386	746,953	677,705	69,248	16,297,118	15,941,379	355,739				
557 Other Power Supply	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	7,730	6,935	795	-	-	-				
565 Wheeling	\$ 5,313	\$ 5,294	\$ 5,314	\$ 5,063	\$ 5,070	\$ 5,067	\$ 5,074	\$ 5,075	\$ 5,069	\$ 5,194	\$ 5,440	\$ 5,521	62,494	52,915	9,578	-	-	-				
447 Secondary Sales	\$ (132)	\$ (33)	\$ (270)	\$ (128)	\$ (18)	\$ (77)	\$ (2,460)	\$ (3,764)	\$ (1,997)	\$ (742)	\$ (590)	\$ (43)	(10,255)	(7,855)	(2,400)	(214,764)	(229,486)	14,722				
Subtotal	\$ 105,089	\$ 95,462	\$ 89,461	\$ 64,062	\$ 51,705	\$ 56,578	\$ 45,773	\$ 55,153	\$ 59,164	\$ 81,869	\$ 88,763	\$ 107,613	\$ 900,691	\$ 826,024	\$ 74,667	-	-	-				
456 Non-Core Gas	(31)	(27)	(43)	(21)	-	(4)	(30)	(59)	(74)	(72)	(60)	(54)	(475)	(1,202)	727	-	-	-				
Total Power Costs	\$ 105,058	\$ 95,435	\$ 89,418	\$ 64,042	\$ 51,705	\$ 56,575	\$ 45,743	\$ 55,093	\$ 59,089	\$ 81,797	\$ 88,703	\$ 107,559	\$ 900,217	\$ 824,822	\$ 75,395	21,972,350	21,534,496	437,854				
Load in MWh	2,233,503	1,943,913	2,000,857	1,746,571	1,667,560	1,557,430	1,604,604	1,617,021	1,561,579	1,795,800	1,976,796	2,266,717	21,972,350	21,534,496	437,854	-	-	-				
6.60% Delivered Load	2,086,092	1,815,615	1,868,801	1,631,298	1,557,501	1,454,639	1,498,700	1,510,298	1,458,515	1,677,277	1,846,327	2,117,114	20,522,175	20,113,220	408,955	-	-	-				
Revenue Requirement Adjustments:																						
Before adjustment														\$ 900,217	\$ 824,822	\$ 75,395						
Tenaska Buyout Disallowance 50.0%														\$ 16,634	(8,317)	(8,901)	584					
Tenaska Prudence Disallowance 1.2%														\$ 209,224	(2,511)	(2,135)	(376)					
March Point 2 Prudence Disallowance 3.0%														\$ 35,463	(1,064)	(1,043)	(21)					
Net Power Costs														\$ 888,325	\$ 812,743	\$ 75,582						
Production O&M (including ben & p/r tax)														76,346	61,647	14,698						
Colstrip 500 KV Expense														870	612	258						
Costs for Revenue Requirement														\$ 965,541	\$ 875,002	\$ 90,538						