

**EXHIBIT NO. ___(DEM-13)
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 ___**

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

FEBRUARY 15, 2006

**2006 GRC
2006 GRC vs 2005 PCORC power cost projections**

| LN | FERC | Contract/Resource | 2005 PCORC (Dec'05-Nov'06) | | | 2006 GRC (Jan'07-Dec'07) | | | Increase / (Decrease) Costs | | | Incr/(Decr) MWhs | | | |
|----|------|--|----------------------------|----------|----------------|--------------------------|----------|----------------|-----------------------------|----------|---------------|------------------|------------|---------------|---|
| | | | (costs in '000s) | | | (costs in '000s) | | | (costs in '000s) | | | 2005PCORC | 2006 GRC | 06GRC-05PCORC | |
| | a/c | | AURORA | Other | Total | AURORA | Other | Total | AURORA | Other | Total | MWH | MWH | MWH | |
| 1 | 501 | Colstrip 1&2 | 16,594 | 3,184 | 19,778 | 20,381 | 3,567 | 23,948 | 3,787 | 382 | 4,170 | 2,147,415 | 2,310,439 | 163,023 | |
| 2 | 501 | Colstrip 3&4 | 17,195 | 4,441 | 21,636 | 21,160 | 4,693 | 25,853 | 3,965 | 252 | 4,217 | 2,542,662 | 2,603,377 | 60,714 | |
| 3 | 547 | Encogen | 31,079 | (19,830) | 11,249 | 26,106 | (34,556) | (8,450) | (4,973) | (14,726) | (19,699) | 489,107 | 325,131 | (163,975) | |
| 4 | 547 | Fred 1 | 30,914 | 5,460 | 36,374 | 37,680 | 5,770 | 43,450 | 6,767 | 310 | 7,077 | 624,665 | 581,369 | (43,296) | |
| 5 | 547 | Frederickson 1&2 | 211 | 0 | 211 | 1,092 | 0 | 1,092 | 881 | 0 | 881 | 2,463 | 9,831 | 7,368 | |
| 6 | 547 | Fredonia 1&2 | 1,008 | 1,368 | 2,375 | 3,173 | 791 | 3,964 | 2,166 | (577) | 1,589 | 12,578 | 30,266 | 17,688 | |
| 7 | 547 | Fredonia 3&4 | 199 | 204 | 404 | 2,033 | 791 | 2,824 | 1,833 | 587 | 2,420 | 2,467 | 21,672 | 19,206 | |
| 8 | 547 | Whitehorn 2&3 | 116 | 181 | 297 | 908 | 181 | 1,089 | 793 | 0 | 793 | 1,247 | 7,911 | 6,664 | |
| 9 | 555 | Baker Replacement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,009 | 7,009 | 0 | |
| 10 | 555 | BC Hydro Point Roberts | 1,314 | 0 | 1,314 | 1,464 | 0 | 1,464 | 150 | 0 | 150 | 19,610 | 19,678 | 68 | |
| 11 | 555 | BPA Firm - WNP #3 Exchange | 11,021 | 0 | 11,021 | 11,952 | 0 | 11,952 | 931 | 0 | 931 | 407,507 | 390,727 | (16,780) | |
| 12 | 555 | BPA Snohomish Conservation | 3,754 | 0 | 3,754 | 4,426 | 0 | 4,426 | 672 | 0 | 672 | 90,128 | 92,864 | 2,736 | |
| 13 | 555 | Canadian EA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (325,463) | (293,355) | 32,108 | |
| 14 | 555 | Market Purchase | 193,304 | 1,134 | 194,438 | 276,671 | 234 | 276,905 | 83,366 | (900) | 82,466 | 3,642,250 | 3,853,312 | 211,062 | |
| 15 | 447 | Market Sale | (7,855) | 0 | (7,855) | (10,255) | 0 | (10,255) | (2,400) | 0 | (2,400) | (229,486) | (214,764) | 14,722 | |
| 16 | 555 | Mid Columbia | 0 | 76,456 | 76,456 | 0 | 80,702 | 80,702 | 0 | 4,246 | 4,246 | 5,769,271 | 5,710,583 | (58,689) | |
| 17 | 555 | MPC Firm Contract | 3,521 | 34,254 | 37,775 | 4,423 | 35,763 | 40,186 | 902 | 1,509 | 2,411 | 690,117 | 705,429 | 15,312 | |
| 18 | 555 | Nooksack Hydro | 1,154 | (57) | 1,097 | 1,419 | (71) | 1,348 | 265 | (14) | 251 | 24,528 | 21,900 | (2,628) | |
| 19 | 555 | PG&E Exchange | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (462) | 2,044 | 2,505 | |
| 20 | 555 | PR Displacement Product | 0 | 5,055 | 5,055 | 9,027 | 0 | 9,027 | 9,027 | (5,055) | 3,973 | 228,819 | 255,406 | 26,587 | |
| 21 | 555 | Puget's Hydro | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,121,654 | 1,138,895 | 17,241 | |
| 22 | 555 | QF Koma Kulshan Hydro | 3,046 | 0 | 3,046 | 3,047 | 0 | 3,047 | 1 | 0 | 1 | 39,799 | 39,799 | 0 | |
| 23 | 555 | QF March Point Cogen Phase1 | 38,016 | 0 | 38,016 | 38,338 | 0 | 38,338 | 322 | 0 | 322 | 698,627 | 698,627 | 0 | |
| 24 | 555 | QF March Point Cogen Phase2 | 25,567 | 0 | 25,567 | 23,741 | 0 | 23,741 | (1,826) | 0 | (1,826) | 377,970 | 386,459 | 8,489 | |
| 25 | 555 | QF Port Townsend Hydro | 117 | 0 | 117 | 161 | (8) | 153 | 45 | (8) | 37 | 2,545 | 2,545 | 0 | |
| 26 | 555 | QF Puyallup Energy Recovery Co. (PERC) | 616 | 340 | 956 | 850 | 340 | 1,190 | 233 | 0 | 233 | 12,970 | 12,970 | 0 | |
| 27 | 555 | QF Spokane MSW | 12,633 | 0 | 12,633 | 12,700 | 0 | 12,700 | 67 | 0 | 67 | 142,148 | 142,148 | 0 | |
| 28 | 555 | QF Sumas | 78,935 | 0 | 78,935 | 63,582 | 0 | 63,582 | (15,353) | 0 | (15,353) | 891,712 | 944,599 | 52,887 | |
| 29 | 555 | QF Sygitowicz | 42 | 0 | 42 | 44 | 0 | 44 | 2 | 0 | 2 | 717 | 717 | 0 | |
| 30 | 555 | QF Tenaska | 122,779 | 20,389 | 143,168 | 146,308 | 24,343 | 170,651 | 23,529 | 3,954 | 27,483 | 791,336 | 953,061 | 161,725 | |
| 31 | 555 | QF Twin Falls | 5,247 | 0 | 5,247 | 5,247 | 0 | 5,247 | 0 | 0 | 0 | 69,955 | 69,955 | 0 | |
| 32 | 555 | QF Weeks Falls | 943 | 0 | 943 | 943 | 0 | 943 | 0 | 0 | 0 | 12,569 | 12,569 | 0 | |
| 33 | 555 | Wasco Hydro | 2,451 | 0 | 2,451 | 2,465 | 0 | 2,465 | 15 | 0 | 15 | 38,054 | 37,994 | (60) | |
| 34 | 565 | Hopkins Ridge Wind | 0 | 3,248 | 3,248 | 0 | 4,875 | 4,875 | 0 | 1,627 | 1,627 | 443,409 | 460,940 | 17,531 | |
| 35 | 565 | Wild Horse Wind | 0 | 0 | 0 | 0 | 2,593 | 2,593 | 0 | 2,593 | 2,593 | 0 | 630,244 | 630,244 | 0 |
| 36 | 555 | APS | 34,420 | 0 | 34,420 | 0 | 0 | 0 | (34,420) | 0 | (34,420) | 744,600 | 0 | (744,600) | |
| 37 | 547 | Oil for CT | 0 | 4,000 | 4,000 | 0 | 0 | 0 | 0 | (4,000) | (4,000) | 0 | 0 | 0 | |
| 38 | 555 | QF Hutchinson | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 39 | 557 | Other Power Costs | 0 | 6,935 | 6,935 | 0 | 7,730 | 7,730 | 0 | 795 | 795 | 0 | 0 | 0 | |
| 40 | 565 | Wheeling | 0 | 49,667 | 49,667 | 0 | 58,015 | 58,015 | 0 | 8,348 | 8,348 | 0 | 0 | 0 | |
| 41 | 555 | Douglas Settlement | 0 | (3,218) | (3,218) | 0 | (8,778) | (8,778) | 0 | (5,560) | (5,560) | 0 | 0 | 0 | |
| 42 | 555 | Capacity | 0 | 1,785 | 1,785 | 0 | 1,105 | 1,105 | 0 | (680) | (680) | 0 | 0 | 0 | |
| 43 | 555 | Powerex | 0 | (838) | (838) | 0 | 0 | 0 | 0 | 838 | 838 | 0 | 0 | 0 | |
| 44 | 456 | (Gain) / Loss on Sale of Excess Gas | 0 | (1,202) | (1,202) | 0 | (475) | (475) | 0 | 727 | 727 | 0 | 0 | 0 | |
| 45 | 555 | BEP Amort | 0 | 3,527 | 3,527 | 0 | 3,527 | 3,527 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 46 | | | 628,339 | 196,483 | 824,822 | 709,086 | 191,131 | 900,217 | 80,747 | (5,353) | 75,395 | 21,534,496 | 21,972,350 | 437,854 | |
| 47 | | | | | | | | | | | | | | | |
| 49 | 501 | Coal Fuel | 33,789 | 7,625 | 41,414 | 41,541 | 8,260 | 49,801 | 7,752 | 634 | 8,386 | 4,690,078 | 4,913,815 | 223,738 | |
| 50 | 547 | Natural Gas Fuel | 63,527 | (8,617) | 54,909 | 70,993 | (27,024) | 43,969 | 7,466 | (18,406) | (10,940) | 1,132,526 | 976,181 | (156,345) | |
| 51 | 555 | Purchase & Interchange | 538,878 | 138,827 | 677,705 | 606,807 | 140,146 | 746,953 | 67,929 | 1,319 | 69,248 | 15,941,379 | 16,297,118 | 355,739 | |
| 52 | 557 | Other Power Supply | 0 | 6,935 | 6,935 | 0 | 7,730 | 7,730 | 0 | 795 | 795 | 0 | 0 | 0 | |
| 53 | 565 | Wheeling | 0 | 52,915 | 52,915 | 0 | 62,494 | 62,494 | 0 | 9,578 | 9,578 | 0 | 0 | 0 | |
| 54 | 447 | Secondary Sales | (7,855) | 0 | (7,855) | (10,255) | 0 | (10,255) | (2,400) | 0 | (2,400) | (229,486) | (214,764) | 14,722 | |
| 55 | 456 | Non-Core Gas | 0 | (1,202) | (1,202) | 0 | (475) | (475) | 0 | 727 | 727 | 0 | 0 | 0 | |
| 56 | | | 628,339 | 196,483 | 824,822 | 709,086 | 191,131 | 900,217 | 80,747 | (5,353) | 75,395 | 21,534,496 | 21,972,350 | 437,854 | |
| | | Tenaska Buyout Disallowance | | | (8,901) | | | (8,317) | | | 584 | | | | |
| | | Tenaska Prudence Disallowance | | | (2,135) | | | (2,511) | | | (376) | | | | |
| | | March Point 2 Prudence Disallowance | | | (1,043) | | | (1,064) | | | (21) | | | | |
| | | Production O&M (including ben & p/r tax) | | | 61,647 | | | 76,346 | | | 14,698 | | | | |
| | | Colstrip 500 KV Expense | | | 612 | | | 870 | | | 258 | | | | |
| | | Power Costs for Revenue Requirement | | | <u>875,002</u> | | | <u>965,541</u> | | | <u>90,538</u> | | | | |
| | | | | | | | | | | | | | | 10.3% | |