

**EXHIBIT NO. DEM-16C  
DOCKET NOS. UE-090704/UG-090705  
2009 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-090704  
Docket No. UG-090705**

**FOURTH EXHIBIT (CONFIDENTIAL) TO THE  
PREFILED REBUTTAL TESTIMONY OF  
DAVID E. MILLS  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED  
VERSION**

**DECEMBER 17, 2009**

**Puget Sound Energy**  
**Summary of Rebuttal Power Costs Changes from 09GRC Update**

2009 GRC Docket No. UE-090704 & UG-090705

Rate Year (Apr10-Mar11) Power Costs

(dollars in thousands)

	<b>AURORA</b>	<b>Not In Models</b>	<b>Prod'n O&amp;M</b>	<b>Disallowance</b>	<b>TOTAL</b>	<b>Load (MWhs)</b>	
<b>Per Sept 28, 2009 Update</b>	<b>3-mo avg gas @ 8.13.09 = \$5.97</b>	\$ 685,877	\$ 332,010	\$ 121,676	\$ (5,257)	\$ 1,134,306	22,984,236
Correction for Upper and Lower Baker Generation	(1,847)				\$ (1,847)		
Regional Load Reduction (\$ only)		(1,095)			\$ (1,095)	0	
Correction to Westcoast Basis Gain Calculation		(5,752)			\$ (5,752)		
Additional Basis Gain to Cover Westcoast Pipeline Fixed Costs		(2,376)			\$ (2,376)		
Grant Priest Rapids Updated Budget		(761)			\$ (761)		
Chelan Rocky Reach and Rock Island Updated Budget		(1,368)			\$ (1,368)		
Grant Power Auction Reasonable Portion Revenues		3,486			\$ 3,486		
Snoqualmie & Baker License			(980)		\$ (980)		
Mint Farm			(4,180)		\$ (4,180)		
Sumas			(1,221)		\$ (1,221)		
Other Gas Fired Generation			(1,911)		\$ (1,911)		
Hopkins and Wild Horse Wind			310		\$ 310		
Other				(7)	\$ (7)		
<b>Total Changes to Power Costs</b>	\$ (1,847)	\$ (7,865)	\$ (7,982)	\$ (7)	\$ (17,701)	0	
<b>Rebuttal Power Costs</b>	<b>3-mo avg gas @ 8.13.09 = \$5.97</b>	\$ 684,030	\$ 324,145	\$ 113,694	\$ (5,263)	\$ 1,116,605	22,984,236

**PUGET SOUND ENERGY**  
**2009 General Rate Case Power Cost Projections**  
**AURORA + Non-AURORA Power Costs**  
**8.13.09 AURORA Model run**

Rate Year 3-month average gas prices at 8.13.09 = \$5.97

(dollars are in thousands)

**2009 GRC Rebuttal**

	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Rebuttal</u> 2009 GRC	<u>Update</u> 2009 GRC	<u>Change fr</u> Rebuttal
501 Coal Fuel	\$ 6,485	\$ 6,024	\$ 6,200	\$ 6,804	\$ 6,895	\$ 6,729	\$ 6,896	\$ 6,738	\$ 6,905	\$ 7,694	\$ 7,152	\$ 7,642	\$ 82,166	\$ 82,164	\$ 2
547 Natural Gas Fuel	\$ 12,516	\$ 6,334	\$ 9,525	\$ 22,255	\$ 23,565	\$ 27,578	\$ 18,952	\$ 22,903	\$ 15,818	\$ 12,580	\$ 20,206	\$ 22,411	\$ 214,642	\$ 222,766	\$ (8,125)
555 Purchase & Interchange	\$ 49,867	\$ 42,892	\$ 50,386	\$ 29,964	\$ 30,032	\$ 31,698	\$ 56,730	\$ 66,576	\$ 88,135	\$ 78,595	\$ 66,554	\$ 60,358	\$ 651,788	\$ 653,045	\$ (1,257)
557 Other Power Supply	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 7,731	\$ 7,731	\$ -
565 Wheeling	\$ 6,725	\$ 6,732	\$ 6,726	\$ 6,745	\$ 6,738	\$ 6,743	\$ 6,740	\$ 6,743	\$ 6,727	\$ 6,712	\$ 6,704	\$ 6,747	\$ 80,782	\$ 80,782	\$ -
447 Secondary Sales	\$ (4,026)	\$ (927)	\$ (4,357)	\$ (4,874)	\$ (3,921)	\$ (2,600)	\$ (1,683)	\$ (2,932)	\$ (724)	\$ (194)	\$ (1,224)	\$ (1,184)	\$ (28,648)	\$ (28,315)	\$ (333)
<b>Subtotal</b>	\$ 72,210	\$ 61,700	\$ 69,124	\$ 61,538	\$ 63,954	\$ 70,793	\$ 88,278	\$ 100,672	\$ 117,506	\$ 106,032	\$ 100,036	\$ 96,618	\$ 1,008,460	\$ 1,018,172	\$ (9,712)
456 Non-Core Gas	(14)	-	(12)	(41)	(40)	(55)	(22)	(32)	(10)	(7)	(24)	(29)	(285)	(285)	-
<b>Total Power Costs</b>	\$ 72,196	\$ 61,700	\$ 69,112	\$ 61,497	\$ 63,913	\$ 70,738	\$ 88,256	\$ 100,640	\$ 117,496	\$ 106,025	\$ 100,012	\$ 96,589	\$ 1,008,175	\$ 1,017,887	\$ (9,712)
<b>Load in MWh</b>	1,806,607	1,720,949	1,624,878	1,684,490	1,699,694	1,639,908	1,863,661	2,092,359	2,393,714	2,346,016	2,038,694	2,073,265	22,984,236	22,984,236	0
6.7% <b>Delivered Load</b>	1,685,564	1,605,645	1,516,012	1,571,629	1,585,815	1,530,034	1,738,796	1,952,171	2,233,335	2,188,833	1,902,102	1,934,357	21,444,292	21,444,292	0
<b>Revenue Requirement Adjustments:</b>															
<b>ROR</b>															
<b>Before adjustment</b>													\$ 1,008,175	\$ 1,017,887	\$ (9,712)
Tenaska Buyout Disallowance 7.34%													\$ 4,541	\$ (2,264)	\$ (6)
Tenaska Prudence Disallowance 1.2%													\$ 155,127	\$ (1,861)	\$ (0)
March Point 2 Prudence Disallowance 3.0%													\$ 37,714	\$ (1,131)	\$ (0)
<b>Net Power Costs</b>													\$ 1,002,911	\$ 1,012,630	\$ (9,719)
<b>Production O&amp;M (including ben &amp; p/r tax)</b>													112,197	120,179	\$ (7,982)
<b>Colstrip 500 KV Expense</b>													1,497	1,497	\$ -
<b>Costs for Revenue Requirement</b>													\$ 1,116,605	\$ 1,134,306	\$ (17,701)

