

**EXHIBIT NO. ___(DEM-4C)
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 ___**

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

**REDACTED
VERSION**

FEBRUARY 15, 2006

Core Gas Hedging Matrix

Confidential

Core Gas Hedging Strategy

Total Winter Quantity

XXXXXXXXXXXXXXXXXX

Total Portfolio					
Percentage Hedged (Floor - Minimum)	Time to start of Winter Strip (Nov - Mar)				
	XXX	XXX	XXX	XXX	Longer Term
XXX% XXX% XXX% XXX%					Hedging Requires Additional EMC Approval

Total Summer Quantity

XXXXXXXXXXXXXXXXXX

Total Portfolio					
Percentage Hedged (Floor - Minimum)	Time to start of Summer Strip (Apr - Oct)				
	XXX	XXX	XXX	XXX	Longer Term
XXX% XXX% XXX% XXX%					Hedging Requires Additional EMC Approval

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This is a subsection of the Matrix that is triggered when the Forward Market Price is at or below Threshold Price Levels.

(For Illustrative Purposes Only)

- Overall hedged volumes for the seasons do not increase, but hedging is accelerated above the percentages of the Matrix on the prior page for each XXXXX time band by the percentages listed below. (Please see David Mills' Testimony for Threshold Price Description).

Winter Fixed Price (Threshold) Matrix

ILLUSTRATIVE PRICE BAND	Hedging beyond the Floor XXXXXXXXXXXXX		
	XXXX	XXXX	XXXX
\$ XXX - \$XXX	XXX%	XXX%	XXX%
\$ XXX - \$XXX	XXX%	XXX%	XXX%
\$ XXX - \$XXX	XXX%	XXX%	XXX%
< \$XXX	XXX%	XXX%	XXX%

Summer Fixed Price (Threshold) Matrix

ILLUSTRATIVE PRICE BAND	Hedging beyond the Floor XXXXXXXXXXXXX		
	XXXX	XXXX	XXXX
\$ XXX - \$XXX	XXX%	XXX%	XXX%
\$ XXX - \$XXX	XXX%	XXX%	XXX%
\$ XXX - \$XXX	XXX%	XXX%	XXX%
< \$XXX	XXX%	XXX%	XXX%

REDACTED VERSION