PUGET SOUND ENERGY
The Energy To Do Great Things

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

August 15, 2011

David Danner, Secretary and Executive Director
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 Mr. Danner:

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,

John H. Story
Director, Cost & Regulation

cc Simon J. ffitch, Assistant Attorney General
Mike Parvinen, WUTC
Bob Cedarbaum, WUTC

# Puget Sound Energy
# Power Cost Adjustment Summary

**Actual Costs and Disallowance as recorded through the PCA Mechanism**

| PCA Year (B) | Actuals Monthly | Actuals Cumulative | Baseline Baseline | Baseline Cumulative | Difference (A) Monthly | Difference (A) Cumulative | Wholesale Customer Monthly | Wholesale Customer Cumulative | Imbalance for Sharing Monthly | Imbalance for Sharing PCA Period | Imbalance for Sharing Cumulative | Company per PCA Monthly (A) | Company per PCA Cumulative (A) | Customer per PCA Monthly (A) | Customer per PCA Cumulative (A) | Total Monthly Difference (A) | Total Cumulative Difference (A) | Interest on Customer Monthly (A) | Interest on Customer Cumulative (A) | Total Customer per PCA Monthly (A) | Total Customer per PCA Cumulative (A) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1-7 - Cumulative Amounts | | 6,917,055,382 | | 6,920,611,962 | | (3,556,580) | | (9,798) | | | (3,566,379) | | (3,235,705) | | (330,674) | | (3,566,379) | | 911,051 | | 580,376 |

| | | Actuals Monthly | Actuals PCA Period | Baseline Baseline | Baseline PCA Period | Difference (A) Monthly Difference | Difference (A) PCA Period | Wholesale Customer Monthly | Wholesale Customer PCA Period | Imbalance for Sharing Monthly | Imbalance for Sharing PCA Period | Company per PCA Monthly | Company per PCA PCA Period | Customer per PCA Monthly | Customer per PCA PCA Period | Total Monthly Difference | Total PCA Period | Interest on Customer Monthly | Interest on Customer PCA Period | Total Customer per PCA Monthly | Total Customer per PCA PCA Period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 8 | Jan-09 | 132,115,947 | 132,115,947 | 142,357,342 | 142,357,342 | (10,241,395) | (10,241,395) | 3,683 | 3,683 | (10,237,712) | (10,237,712) | (10,237,712) | (10,237,712) | - | - | (10,237,712) | (10,237,712) | (1,269) | (1,269) | (1,269) | (1,269) |
| 8 | Feb-09 | 126,956,558 | 259,072,506 | 121,748,943 | 264,106,285 | 5,207,616 | (5,033,779) | (1,873) | 1,810 | 5,205,743 | (5,031,969) | 5,205,743 | (5,031,969) | - | - | 5,205,743 | (5,031,969) | (1,147) | (2,416) | (1,147) | (2,416) |
| 8 | Mar-09 | 129,609,545 | 388,682,051 | 129,587,005 | 393,693,290 | 22,540 | (5,011,239) | (8) | 1,802 | 22,532 | (5,009,437) | 22,532 | (5,009,437) | - | - | 22,532 | (5,009,437) | (1,269) | (3,685) | (1,269) | (3,685) |
| 8 | Apr-09 | 103,958,631 | 492,640,682 | 107,439,486 | 501,132,776 | (3,480,855) | (8,492,094) | 1,252 | 3,054 | (3,479,603) | (8,489,040) | (3,479,603) | (8,489,040) | - | - | (3,479,603) | (8,489,040) | (916) | (4,601) | (916) | (4,601) |
| 8 | May-09 | 87,302,717 | 579,943,400 | 100,022,769 | 601,155,545 | (12,720,051) | (21,212,146) | 4,574 | 7,628 | (12,715,477) | (21,204,517) | (12,113,219) | (20,602,259) | (602,259) | (602,259) | (12,715,477) | (21,204,517) | (1,002) | (5,603) | (603,261) | (607,862) |
| 8 | Jun-09 | 93,585,837 | 673,529,237 | 94,670,137 | 695,825,682 | (1,084,300) | (22,296,446) | 390 | 8,018 | (1,083,910) | (22,288,428) | (541,955) | (21,144,214) | (541,955) | (1,144,214) | (1,083,910) | (22,288,428) | (2,634) | (8,238) | (544,589) | (1,152,451) |
| 8 | Jul-09 | 101,053,414 | 774,582,651 | 103,847,342 | 799,673,024 | (2,793,928) | (25,090,373) | 1,005 | 9,023 | (2,792,923) | (25,081,350) | (1,396,461) | (22,540,675) | (1,396,461) | (2,540,675) | (2,792,923) | (25,081,350) | (4,195) | (12,433) | (1,400,657) | (2,553,108) |
| 8 | Aug-09 | 100,798,071 | 875,380,723 | 99,566,731 | 899,239,756 | 1,231,340 | (23,859,033) | (443) | 8,580 | 1,230,897 | (23,850,453) | 615,449 | (21,925,227) | 615,449 | (1,925,227) | 1,230,897 | (23,850,453) | (7,871) | (20,304) | 607,578 | (1,945,531) |
| 8 | Sep-09 | 109,419,421 | 984,800,144 | 96,914,436 | 996,154,192 | 12,504,985 | (11,354,048) | (4,497) | 4,083 | 12,500,488 | (11,349,965) | 10,575,262 | (11,349,965) | 1,925,227 | - | 12,500,488 | (11,349,965) | (5,855) | (26,159) | 1,919,372 | (26,159) |
| 8 | Oct-09 | 128,426,537 | 1,113,226,681 | 109,843,920 | 1,105,998,112 | 18,582,618 | 7,228,570 | (6,682) | (2,599) | 18,575,935 | 7,225,970 | 18,575,935 | 7,225,970 | - | - | 18,575,935 | 7,225,970 | (913) | (27,071) | (913) | (27,071) |
| 8 | Nov-09 | 127,406,900 | 1,240,633,581 | 119,041,969 | 1,225,040,081 | 8,364,931 | 15,593,501 | (3,008) | (5,608) | 8,361,923 | 15,587,893 | 8,361,923 | 15,587,893 | - | - | 8,361,923 | 15,587,893 | (883) | (27,955) | (883) | (27,955) |
| 8 | Dec-09 | 164,430,501 | 1,405,064,083 | 149,548,885 | 1,374,588,966 | 14,881,616 | 30,475,117 | (5,352) | (10,959) | 14,876,265 | 30,464,158 | 9,644,186 | 25,232,079 | 5,232,079 | 5,232,079 | 14,876,265 | 30,464,158 | (447) | (28,401) | 5,231,632 | 5,203,677 |
| 9 | Jan-10 | 134,987,442 | 134,987,442 | 126,298,040 | 126,298,040 | 8,689,402 | 8,689,402 | (3,125) | (3,125) | 8,686,277 | 8,686,277 | 8,686,277 | 8,686,277 | - | - | 8,686,277 | 8,686,277 | 13,529 | 13,529 | 13,529 | 13,529 |
| 9 | Feb-10 | 127,345,444 | 262,332,887 | 111,110,995 | 237,409,035 | 16,234,449 | 24,923,851 | (5,836) | (8,963) | 16,228,611 | 24,914,888 | 13,771,167 | 22,457,444 | 2,457,444 | 2,457,444 | 16,228,611 | 24,914,888 | 12,439 | 25,968 | 2,469,883 | 2,483,412 |
| 9 | Mar-10 | 129,470,686 | 391,803,573 | 118,436,669 | 355,845,705 | 11,034,017 | 35,957,868 | (3,968) | (12,931) | 11,030,049 | 35,944,937 | 5,515,025 | 27,972,469 | 5,515,025 | 7,972,469 | 11,030,049 | 35,944,937 | 20,804 | 46,771 | 5,535,828 | 8,019,240 |
| 9 | Apr-10 | 104,472,087 | 496,275,660 | 110,235,654 | 466,081,359 | (5,763,567) | 30,194,301 | 2,026 | (10,905) | (5,761,541) | 30,183,397 | (2,880,770) | 25,091,698 | (2,880,770) | 5,091,698 | (5,761,541) | 30,183,397 | 34,133 | 80,904 | (2,846,638) | 5,172,602 |
| 9 | May-10 | 90,709,305 | 586,984,965 | 104,215,281 | 570,296,640 | (13,505,976) | 16,688,325 | 4,715 | (6,190) | (13,501,261) | 16,682,136 | (8,409,563) | 16,682,136 | (5,091,698) | - | (13,501,261) | 16,682,136 | 27,130 | 108,034 | (5,064,568) | 108,034 |
| 9 | Jun-10 (C) | 99,729,987 | 686,714,952 | 90,335,557 | 660,632,196 | 9,394,430 | 26,082,755 | (3,280) | (9,469) | 9,391,150 | 26,073,286 | 6,354,507 | 23,036,643 | 3,036,643 | 3,036,643 | 9,391,150 | 26,073,286 | 13,363 | 121,398 | 3,050,006 | 3,158,041 |
| 9 | Jul-10 | 93,631,381 | 780,346,332 | 101,296,002 | 761,928,199 | (7,664,622) | 18,418,134 | 2,676 | (6,794) | (7,661,946) | 18,411,340 | (4,625,303) | 18,411,340 | (3,036,643) | - | (7,661,946) | 18,411,340 | 21,641 | 143,038 | (3,015,002) | 143,038 |
| 9 | Aug-10 | 97,773,671 | 878,120,003 | 101,910,768 | 863,838,966 | (4,137,097) | 14,281,037 | 1,444 | (5,349) | (4,135,653) | 14,275,687 | (4,135,653) | 14,275,687 | - | - | (4,135,653) | 14,275,687 | 13,529 | 156,568 | 13,529 | 156,568 |
| 9 | Sep-10 | 105,365,234 | 983,485,237 | 97,163,879 | 961,002,845 | 8,201,355 | 22,482,392 | (2,863) | (8,212) | 8,198,492 | 22,474,179 | 6,961,402 | 21,237,090 | 1,237,090 | 1,237,090 | 8,198,492 | 22,474,179 | 13,203 | 169,771 | 1,250,293 | 1,406,860 |
| 9 | Oct-10 | 114,003,409 | 1,097,488,646 | 108,947,212 | 1,069,950,057 | 5,056,197 | 27,538,588 | (1,765) | (9,978) | 5,054,431 | 27,528,611 | 2,527,216 | 23,764,305 | 2,527,216 | 3,764,305 | 5,054,431 | 27,528,611 | 17,169 | 186,940 | 2,544,385 | 3,951,245 |
| 9 | Nov-10 | 127,842,562 | 1,225,331,208 | 127,209,681 | 1,197,159,738 | 632,881 | 28,171,470 | (221) | (10,198) | 632,661 | 28,161,271 | 316,330 | 24,080,636 | 316,330 | 4,080,636 | 632,661 | 28,161,271 | 23,176 | 210,116 | 339,507 | 4,290,752 |
| 9 | Dec-10 | 148,630,367 | 1,373,961,575 | 139,692,838 | 1,336,852,576 | 8,937,529 | 37,108,999 | (3,120) | (13,319) | 8,934,409 | 37,095,681 | 4,467,205 | 28,547,840 | 4,467,205 | 8,547,840 | 8,934,409 | 37,095,681 | 25,191 | 235,306 | 4,492,395 | 8,783,147 |
| 10 | Jan-11 | 136,993,204 | 136,993,204 | 140,508,766 | 140,508,766 | (3,515,562) | (3,515,562) | 1,227 | 1,227 | (3,514,335) | (3,514,335) | (3,514,335) | (3,514,335) | - | - | (3,514,335) | (3,514,335) | 37,124 | 37,124 | 37,124 | 37,124 |
| 10 | Feb-11 | 130,578,298 | 267,571,501 | 127,314,917 | 267,823,683 | 3,263,380 | (252,182) | (1,139) | 88 | 3,262,241 | (252,094) | 3,262,241 | (252,094) | - | - | 3,262,241 | (252,094) | 33,531 | 70,655 | 33,531 | 70,655 |
| 10 | Mar-11 | 122,373,225 | 389,944,726 | 126,505,123 | 394,328,807 | (4,131,899) | (4,384,080) | 1,442 | 1,530 | (4,130,456) | (4,382,550) | (4,130,456) | (4,382,550) | - | - | (4,130,456) | (4,382,550) | 37,124 | 107,778 | 37,124 | 107,778 |
| 10 | Apr-11 | 104,683,648 | 494,628,374 | 116,015,164 | 510,343,971 | (11,331,517) | (15,715,597) | 3,956 | 5,486 | (11,327,561) | (15,710,111) | (11,327,561) | (15,710,111) | - | - | (11,327,561) | (15,710,111) | 35,926 | 143,704 | 35,926 | 143,704 |
| 10 | May-11 | 89,900,087 | 584,528,461 | 105,909,373 | 616,253,344 | (16,009,286) | (31,724,883) | 5,589 | 11,075 | (16,003,697) | (31,713,808) | (10,146,793) | (25,856,904) | (5,856,904) | (5,856,904) | (16,003,697) | (31,713,808) | 36,602 | 180,306 | (5,820,302) | (5,676,598) |
| 10 | Jun-11 | 99,731,063 | 684,259,523 | 96,350,816 | 712,604,160 | 3,380,246 | (28,344,637) | (1,180) | 9,895 | 3,379,066 | (28,334,742) | 1,689,533 | (24,167,371) | 1,689,533 | (4,167,371) | 3,379,066 | (28,334,742) | 20,431 | 200,738 | 1,709,965 | (3,966,633) |
| rt | | | | | | | | | | | | | $ 26,376,843 | | $ 9,281,874 | | | | $ 1,318,693 | | $ 10,600,568 |

**Notes:**

(A) A credit balance represents an overrecovery of power costs (baseline rate was greater than actual rate). A debit balance represents an underrecovery of power costs (actual rate was greater than baseline rate.) The difference excludes any adjustments for Firm Wholesale Customers.

(B) The PCA mechanism was a June through July fiscal period from July 2002 through June 2006 with a cumulative cap on excess power costs of $40 million. The Washington Commission changed the PCA mechanism period to a calendar year basis without a cumulative cap starting January 2007.

(C) The June 2010 PCA calculation does not include a $17.8 million loss that PSE recorded per the Washington Commission's order in Docket No. UE-070725 to adjust the carrying value of PSE's California wholesale energy sales regulatory asset as the sales occurred in 2000, prior to the establishment of the PCA mechanism. Exclusion of this charge from the calculation of the imbalance for sharing is pursuant to the Methodology for Adjustments of Costs Outside of the PCA Period ("PCA tru-up methodology").

NOTE: In March 2010 PSE and its partners at Colstrip 3&4 reached a settlement of a dispute with Western Energy regarding reclamation costs built into the price of coal in 2007. PSE will receive $1,625,000 which was recorded as a credit to a 501 order in March 2010. The amount is over $1 million and relates to 2007 so per the PCA true-up methodology it was not included in the current month PCA. Instead the 2007 PCA was restated to reflect the settlement amount, net of the wholesale adjustment, according to the sharing bands which were at the 50/50 sharing band level. As a result, $812,205 of the settlement decreased the customer deferral and the remaining $812,205 was reflected as a reduction to power costs for the company share. In addition, the customer deferral interest was recalculated which caused a decrease in interest income of $125,431 due to the decrease in the customer deferral balance.

NOTE: In November 2010 PSE and BPA signed an agreement in which BPA would pay PSE $5,601,664 for PSE's net over-return of 127,271 MWh of line losses under multiple contracts from July 2001 through August 2009. PSE recorded the amount as a credit on its books to a 555 order in November 2010. However, following the PCA true-up methodology for true-ups greater than $1 million, the credit was not included in the calculation of the imbalance for sharing in November 2010, the month it was booked. Instead, amounts shown for FERC 555 for each of PCA periods 1 though 8 were restated to include the reduction for the settlement amounts related to each respective PCA period. As a result $1,134,419 of the settlement decreased the previously reported customer deferral. The amount of the $1,134,419 reduction in the customer deferral was calculated in accordance with the sharing band level PSE was in at that time period. The revision of the prior PCA periods also resulted in a $286,181 decrease to PCA interest income on the customer deferral balance.

NOTE: In March 2011 PSE and BPA reached an agreement in which BPA would pay PSE $2,110,264 for 58,880 MWh that PSE had purchased from Kilckitat County PUD for Goldendale station service from March 2009 through February 11, 2011 but which was never delivered by BPA due to a metering problem. PSE recorded the amount as a credit to a 447 order in March 2011. However, following the PCA methodology for true-ups greater than $1 million, the credits related to the 2009 and 2010 amounts were not included in the calculation of the imbalance for sharing in March 2011. instead the FERC 447 amounts for PCA periods 8 and 9 were restated to include the reductions for the settlement credits related to each PCA period. As a result the previously reported customer deferral decreased by $1,029,615, net of the wholesale adjustment. The amount of the reduction in the customer deferral was calculated in accordance with the sharing band level PSE was in at each time period. The revision of the PCA periods also resulted in a $26,437 decrease in PCA interest on the customer deferral balance.

## Schedule B: Monthly Power Costs -- PCA PERIOD 10
**Derived from Original PCA Exhibit B**
**Subject to PCA Sharing**
**UE-011570**

| Row | | | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 |
|---|---|---|---|---|---|---|---|---|
| 6 | | | | | | | | |
| 7 | Return on Fixed RB | | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 |
| 8 | Other Fixed Costs | | 17,098,452 | 17,098,452 | 17,098,452 | 17,098,452 | 17,098,452 | 17,098,452 |
| 9 | Subtotal Fixed Costs | | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 |
| 10 | Total Variable Component Actual | FERC Acct. | | | | | | |
| 11 | Steam Oper. Fuel | 501 | $ 6,309,883 | $ 5,929,078 | $ 6,284,947 | $ 4,972,679 | $ 4,469,888 | $ 3,435,276 |
| 12 | Other Pwr Gen Fuel | 547 | 13,240,427 | 8,899,753 | 4,364,549 | 5,157,962 | 3,949,056 | 4,095,012 |
| 13 | Other Elec Revenues | 45600012,18,80,81,130 | 9,737,050 | 12,122,117 | 10,810,123 | 3,903,715 | 1,279,522 | 792,552 |
| 14 | Purchase Power | 555 | 72,039,636 | 67,579,343 | 64,065,915 | 54,329,616 | 44,810,047 | 53,775,939 |
| 15 | Sales to Other Util | 447 | (2,929,467) | (2,585,373) | (1,373,314) | (1,596,701) | (2,425,963) | (1,472,619) |
| 16 | Wheeling | 565 | 6,857,027 | 6,994,593 | 6,648,298 | 6,609,413 | 6,518,290 | 7,226,722 |
| 17 | Transmission Revenue | 45610005 | (534,282) | (660,938) | (715,901) | (993,537) | (1,133,289) | (433,802) |
| 18 | White River Amortization | 40700015 | 124,558 | 124,558 | 124,558 | 124,558 | 124,558 | 124,558 |
| 19 | Goldendale Amortization | 40730041 | 346,846 | 346,846 | 346,846 | 346,846 | 346,846 | 346,846 |
| 20 | Mint Farm Amortization | 40730051 | 240,421 | 240,421 | 240,421 | 240,421 | 240,421 | 240,421 |
| 21 | Wild Horse Expn Amortization | 40730061 | 234,856 | 234,856 | 234,856 | 234,856 | 234,856 | 234,856 |
| 22 | Freddy 1-Prepaid Major Maint-Amort-51 | 218007, 51318019, 55360053, 55460 | 11,784 | 11,784 | 11,784 | 11,784 | 11,784 | 11,784 |
| 23 | Goldendale-Prepaid Major Maint-Amort | 553002864 | 29,548 | 29,548 | 29,548 | 29,548 | 29,548 | 29,548 |
| 25 | Mnt Farm- Prepaid Major Maint - Amort | 553002866 | 65,181 | 65,181 | 65,181 | 65,181 | 65,181 | 65,181 |
| 26 | Sumas- Hot Gas Path Inspection | 553008200 | 30,517 | 30,517 | 30,517 | 30,517 | 30,517 | 30,517 |
| 26 | Subtotal Variable Components | | $ 105,803,985 | $ 99,362,284 | $ 91,168,328 | $ 73,466,858 | $ 58,551,262 | $ 68,502,791 |
| 27 | | | | | | | | |
| 28 | Regulatory Assets (Return on RB portion only) | | 696,936 | 696,936 | 696,936 | 696,936 | 696,936 | 696,936 |
| 29 | Fixed & Interest Cost on Hedging Facility | 42806051, 43100071, 41900031 | 25,337 | 23,113 | 25,337 | 24,595 | 25,337 | 24,595 |
| 30 | **SUBTOTAL before Adjustments** | | $ 137,231,743 | $ 130,787,818 | $ 122,596,086 | $ 104,893,874 | $ 89,979,020 | $ 99,929,807 |
| 31 | | | | | | | | |
| 32 | **Adjustments:** | | | | | | | |
| 33 | Prudence from UE-921262 | | $ (238,539) | $ (209,520) | $ (222,861) | $ (210,226) | $ (78,933) | $ (198,744) |
| 34 | Contract price adjustment - discontinued Jan 13, 2007 | | | | | | | |
| 35 | Colstrip availability adjustment | | - | - | - | - | - | - |
| 36 | New resource pricing adjustment | | - | | | | | |
| 37 | Tenaska Disallowance (prior month adj) | | | | | | | |
| 38 | Tenaska Disallowance (current month adj) | | $ - | $ - | $ - | $ - | $ - | $ - |
| 39 | | | | | | | | |
| 40 | Subtotal Adjustments | | $ (238,539) | $ (209,520) | $ (222,861) | $ (210,226) | $ (78,933) | $ (198,744) |
| 41 | **Total allowable costs** | | $ 136,993,204 | $ 130,578,298 | $ 122,373,225 | $ 104,683,648 | $ 89,900,087 | $ 99,731,063 |
| 42 | | | | | | | | |
| 43 | | | | | | | | |
| 44 | PCA period delivered load (Kwh) | | 2,182,253,653 | 1,977,338,863 | 1,964,761,883 | 1,798,322,267 | 1,641,674,903 | 1,493,510,087 |
| 45 | **Baseline Power Cost** | | | | | | | |
| 46 | 4/7/10 - 3/31/11 | $0.064387 | $ 140,508,766 | $ 127,314,917 | $ 126,505,123 | | | |
| 47 | 4/1/11 - | $0.064513 | | | | $ 116,015,164 | $ 105,909,373 | $ 96,350,816 |
| 48 | Imbalance for Sharing | | $ (3,515,562) | $ 3,263,380 | $ (4,131,899) | $ (11,331,517) | $ (16,009,286) | $ 3,380,246 |
| 49 | positive is potential customer surcharge, negative is potential cust credit | | $ (3,515,562) | $ 3,263,380 | $ (4,131,899) | $ (11,331,517) | $ (16,009,286) | $ 3,380,246 |
| 50 | | | | | | | | |
| 51 | | Apr 8'10 | | | | | | |
| 52 | **Less Firm Wholesale** | 0.034910% | $ (3,514,335) | $ 3,262,241 | $ (4,130,456) | $ (11,327,561) | $ (16,003,697) | $ 3,379,066 |
| 53 | **Gross PCA** | | $ (3,514,335) | $ 3,262,241 | $ (4,130,456) | $ (11,327,561) | $ (16,003,697) | $ 3,379,066 |
| 54 | **Gross PCA Contra** | | $ 3,514,335 | $ (3,262,241) | $ 4,130,456 | $ 11,327,561 | $ 16,003,697 | $ (3,379,066) |
| 55 | | | | | | | | |
| 56 | **Cumulative Gross PCA** | | $ (3,514,335) | $ (252,094) | $ (4,382,550) | $ (15,710,111) | $ (31,713,808) | $ (28,334,742) |
| 57 | **Cumulative Gross PCA Contra** | | $ 3,514,335 | $ 252,094 | $ 4,382,550 | $ 15,710,111 | $ 31,713,808 | $ 28,334,742 |
| 58 | | | | | | | | |
| 59 | | | | | | | | |
| 60 | | | | | | | | |

# Puget Sound Energy
# Power Cost Adjustment Summary

**Actual Costs and Disallowance as recorded through the PCA Mechanism**

| PCA Year (B) | Actuals | | Baseline | | Difference (A) | | Wholesale Customer | | Imbalance for Sharing | | | Company per PCA | | Customer per PCA | | Total | | Interest on Customer | | Total Customer per PCA | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Monthly | Cumulative | Baseline | Cumulative | Monthly | Cumulative | Monthly | Cumulative | Monthly | PCA Period | Cumulative | Monthly (A) | Cumulative (A) | Monthly (A) | Cumulative (A) | Monthly Difference (A) | Cumulative Difference (A) | Monthly (A) | Cumulative (A) | Monthly (A) | Cumulative (A) |
| 1-7 - Cumulative Amounts | | 6,917,055,382 | | 6,920,611,962 | | (3,556,580) | | (9,798) | | | (3,566,379) | | (3,235,705) | | (330,674) | | (3,566,379) | | 911,051 | | 580,376 |

| | | Actuals | | Baseline | | Difference (A) | | Wholesale Customer | | Imbalance for Sharing | | Company per PCA | | Customer per PCA | | Total | | Interest on Customer | | Total Customer per PCA | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Monthly | PCA Period | Baseline | PCA Period | Monthly Difference | PCA Period | Monthly | PCA Period | Monthly | PCA Period | Monthly | PCA Period | Monthly | PCA Period | Monthly Difference | PCA Period | Monthly | PCA Period | Monthly | PCA Period |
| 8 | Jan-09 | 132,115,947 | 132,115,947 | 142,357,342 | 142,357,342 | (10,241,395) | (10,241,395) | 3,683 | 3,683 | (10,237,712) | (10,237,712) | (10,237,712) | (10,237,712) | - | - | (10,237,712) | (10,237,712) | (1,269) | (1,269) | (1,269) | (1,269) |
| 8 | Feb-09 | 126,956,558 | 259,072,506 | 121,748,943 | 264,106,285 | 5,207,616 | (5,033,779) | (1,873) | 1,810 | 5,205,743 | (5,031,969) | 5,205,743 | (5,031,969) | - | - | 5,205,743 | (5,031,969) | (1,147) | (2,416) | (1,147) | (2,416) |
| 8 | Mar-09 | 129,609,545 | 388,682,051 | 129,587,005 | 393,693,290 | 22,540 | (5,011,239) | (8) | 1,802 | 22,532 | (5,009,437) | 22,532 | (5,009,437) | - | - | 22,532 | (5,009,437) | (1,269) | (3,685) | (1,269) | (3,685) |
| 8 | Apr-09 | 103,958,631 | 492,640,682 | 107,439,486 | 501,132,776 | (3,480,855) | (8,492,094) | 1,252 | 3,054 | (3,479,603) | (8,489,040) | (3,479,603) | (8,489,040) | - | - | (3,479,603) | (8,489,040) | (916) | (4,601) | (916) | (4,601) |
| 8 | May-09 | 87,302,717 | 579,943,400 | 100,022,769 | 601,155,545 | (12,720,051) | (21,212,146) | 4,574 | 7,628 | (12,715,477) | (21,204,517) | (12,113,219) | (20,602,259) | (602,259) | (602,259) | (12,715,477) | (21,204,517) | (1,002) | (5,603) | (603,261) | (607,862) |
| 8 | Jun-09 | 93,585,837 | 673,529,237 | 94,670,137 | 695,825,682 | (1,084,300) | (22,296,446) | 390 | 8,018 | (1,083,910) | (22,288,428) | (541,955) | (21,144,214) | (541,955) | (1,144,214) | (1,083,910) | (22,288,428) | (2,634) | (8,238) | (544,589) | (1,152,451) |
| 8 | Jul-09 | 101,053,414 | 774,582,651 | 103,847,342 | 799,673,024 | (2,793,928) | (25,090,373) | 1,005 | 9,023 | (2,792,923) | (25,081,350) | (1,396,461) | (22,540,675) | (1,396,461) | (2,540,675) | (2,792,923) | (25,081,350) | (4,195) | (12,433) | (1,400,657) | (2,553,108) |
| 8 | Aug-09 | 100,798,071 | 875,380,723 | 99,566,731 | 899,239,756 | 1,231,340 | (23,859,033) | (443) | 8,580 | 1,230,897 | (23,850,453) | 615,449 | (21,925,227) | 615,449 | (1,925,227) | 1,230,897 | (23,850,453) | (7,871) | (20,304) | 607,578 | (1,945,531) |
| 8 | Sep-09 | 109,419,421 | 984,800,144 | 96,914,436 | 996,154,192 | 12,504,985 | (11,354,048) | (4,497) | 4,083 | 12,500,488 | (11,349,965) | 10,575,262 | (11,349,965) | 1,925,227 | - | 12,500,488 | (11,349,965) | (5,855) | (26,159) | 1,919,372 | (26,159) |
| 8 | Oct-09 | 128,426,537 | 1,113,226,681 | 109,843,920 | 1,105,998,112 | 18,582,618 | 7,228,570 | (6,682) | (2,599) | 18,575,935 | 7,225,970 | 18,575,935 | 7,225,970 | - | - | 18,575,935 | 7,225,970 | (913) | (27,071) | (913) | (27,071) |
| 8 | Nov-09 | 127,406,900 | 1,240,633,581 | 119,041,969 | 1,225,040,081 | 8,364,931 | 15,593,501 | (3,008) | (5,608) | 8,361,923 | 15,587,893 | 8,361,923 | 15,587,893 | - | - | 8,361,923 | 15,587,893 | (883) | (27,955) | (883) | (27,955) |
| 8 | Dec-09 | 164,430,501 | 1,405,064,083 | 149,548,885 | 1,374,588,966 | 14,881,616 | 30,475,117 | (5,352) | (10,959) | 14,876,265 | 30,464,158 | 9,644,186 | 25,232,079 | 5,232,079 | 5,232,079 | 14,876,265 | 30,464,158 | (447) | (28,401) | 5,231,632 | 5,203,677 |
| 9 | Jan-10 | 134,987,442 | 134,987,442 | 126,298,040 | 126,298,040 | 8,689,402 | 8,689,402 | (3,125) | (3,125) | 8,686,277 | 8,686,277 | 8,686,277 | 8,686,277 | - | - | 8,686,277 | 8,686,277 | 13,529 | 13,529 | 13,529 | 13,529 |
| 9 | Feb-10 | 127,345,444 | 262,332,887 | 111,110,995 | 237,409,035 | 16,234,449 | 24,923,851 | (5,838) | (8,963) | 16,228,611 | 24,914,888 | 13,771,167 | 22,457,444 | 2,457,444 | 2,457,444 | 16,228,611 | 24,914,888 | 12,439 | 25,968 | 2,469,883 | 2,483,412 |
| 9 | Mar-10 | 129,470,686 | 391,803,573 | 118,436,669 | 355,845,705 | 11,034,017 | 35,957,868 | (3,968) | (12,931) | 11,030,049 | 35,944,937 | 5,515,025 | 27,972,469 | 5,515,025 | 7,972,469 | 11,030,049 | 35,944,937 | 20,804 | 46,771 | 5,535,828 | 8,019,240 |
| 9 | Apr-10 | 104,472,087 | 496,275,660 | 110,235,654 | 466,081,359 | (5,763,567) | 30,194,301 | 2,026 | (10,905) | (5,761,541) | 30,183,397 | (2,880,770) | 25,091,698 | (2,880,770) | 5,091,698 | (5,761,541) | 30,183,397 | 34,133 | 80,904 | (2,846,638) | 5,172,602 |
| 9 | May-10 | 90,709,305 | 586,984,965 | 104,215,281 | 570,296,640 | (13,505,976) | 16,688,325 | 4,715 | (6,190) | (13,501,261) | 16,682,136 | (8,409,563) | 16,682,136 | (5,091,698) | - | (13,501,261) | 16,682,136 | 27,130 | 108,034 | (5,064,568) | 108,034 |
| 9 | Jun-10 (C) | 99,729,987 | 686,714,952 | 90,335,557 | 660,632,196 | 9,394,430 | 26,082,755 | (3,280) | (9,469) | 9,391,150 | 26,073,286 | 6,354,507 | 23,036,643 | 3,036,643 | 3,036,643 | 9,391,150 | 26,073,286 | 13,363 | 121,398 | 3,050,006 | 3,158,041 |
| 9 | Jul-10 | 93,631,381 | 780,346,332 | 101,296,002 | 761,928,199 | (7,664,622) | 18,418,134 | 2,676 | (6,794) | (7,661,946) | 18,411,340 | (4,625,303) | 18,411,340 | (3,036,643) | - | (7,661,946) | 18,411,340 | 21,641 | 143,038 | (3,015,002) | 143,038 |
| 9 | Aug-10 | 97,773,671 | 878,120,003 | 101,910,768 | 863,838,966 | (4,137,097) | 14,281,037 | 1,444 | (5,349) | (4,135,653) | 14,275,687 | (4,135,653) | 14,275,687 | - | - | (4,135,653) | 14,275,687 | 13,529 | 156,568 | 13,529 | 156,568 |
| 9 | Sep-10 | 105,365,234 | 983,485,237 | 97,163,879 | 961,002,845 | 8,201,355 | 22,482,392 | (2,863) | (8,212) | 8,198,492 | 22,474,179 | 5,961,402 | 21,237,090 | 1,237,090 | 1,237,090 | 8,198,492 | 22,474,179 | 13,203 | 169,771 | 1,250,293 | 1,406,860 |
| 9 | Oct-10 | 114,003,409 | 1,097,488,646 | 108,947,212 | 1,069,950,057 | 5,056,197 | 27,538,588 | (1,765) | (9,978) | 5,054,431 | 27,528,611 | 2,527,216 | 23,764,305 | 2,527,216 | 3,764,305 | 5,054,431 | 27,528,611 | 17,169 | 186,940 | 2,544,385 | 3,951,245 |
| 9 | Nov-10 | 127,842,562 | 1,225,331,208 | 127,209,681 | 1,197,159,738 | 632,881 | 28,171,470 | (221) | (10,198) | 632,661 | 28,161,271 | 316,330 | 24,080,636 | 316,330 | 4,080,636 | 632,661 | 28,161,271 | 23,176 | 210,116 | 339,507 | 4,290,752 |
| 9 | Dec-10 | 148,630,367 | 1,373,961,575 | 139,692,838 | 1,336,852,576 | 8,937,529 | 37,108,999 | (3,120) | (13,319) | 8,934,409 | 37,095,681 | 4,467,205 | 28,547,840 | 4,467,205 | 8,547,840 | 8,934,409 | 37,095,681 | 25,191 | 235,306 | 4,492,395 | 8,783,147 |
| 10 | Jan-11 | 136,993,204 | 136,993,204 | 140,508,766 | 140,508,766 | (3,515,562) | (3,515,562) | 1,227 | 1,227 | (3,514,335) | (3,514,335) | (3,514,335) | (3,514,335) | - | - | (3,514,335) | (3,514,335) | 37,124 | 37,124 | 37,124 | 37,124 |
| 10 | Feb-11 | 130,578,298 | 267,571,501 | 127,314,917 | 267,823,683 | 3,263,380 | (252,182) | (1,139) | 88 | 3,262,241 | (252,094) | 3,262,241 | (252,094) | - | - | 3,262,241 | (252,094) | 33,531 | 70,655 | 33,531 | 70,655 |
| 10 | Mar-11 | 122,373,225 | 389,944,726 | 126,505,123 | 394,328,807 | (4,131,899) | (4,384,080) | 1,442 | 1,530 | (4,130,456) | (4,382,550) | (4,130,456) | (4,382,550) | - | - | (4,130,456) | (4,382,550) | 37,124 | 107,778 | 37,124 | 107,778 |
| 10 | Apr-11 | 104,683,648 | 494,628,374 | 116,015,164 | 510,343,971 | (11,331,517) | (15,715,597) | 3,956 | 5,486 | (11,327,561) | (15,710,111) | (11,327,561) | (15,710,111) | - | - | (11,327,561) | (15,710,111) | 35,926 | 143,704 | 35,926 | 143,704 |
| 10 | May-11 | 89,900,087 | 584,528,461 | 105,909,373 | 616,253,344 | (16,009,286) | (31,724,883) | 5,589 | 11,075 | (16,003,697) | (31,713,808) | (10,146,793) | (25,856,904) | (5,856,904) | (5,856,904) | (16,003,697) | (31,713,808) | 36,602 | 180,306 | (5,820,302) | (5,676,598) |
| 10 | Jun-11 | 99,731,063 | 684,259,523 | 96,350,816 | 712,604,160 | 3,380,246 | (28,344,637) | (1,180) | 9,895 | 3,379,066 | (28,334,742) | 1,689,533 | (24,167,371) | 1,689,533 | (4,167,371) | 3,379,066 | (28,334,742) | 20,431 | 200,738 | 1,709,965 | (3,966,633) |
| rt | | | | | | | | | | | | | $ 26,376,843 | | $ 9,281,874 | | | | $ 1,318,693 | | $ 10,600,568 |

**Notes:**

(A) A credit balance represents an overrecovery of power costs (baseline rate was greater than actual rate). A debit balance represents an underrecovery of power costs (actual rate was greater than baseline rate.) The difference excludes any adjustments for Firm Wholesale Customers.

(B) The PCA mechanism was a June through July fiscal period from July 2002 through June 2006 with a cumulative cap on excess power costs of $40 million. The Washington Commission changed the PCA mechanism period to a calendar year basis without a cumulative cap starting January 2007.

(C) The June 2010 PCA calculation does not include a $17.8 million loss that PSE recorded per the Washington Commission's order in Docket No. UE-070725 to adjust the carrying value of PSE's California wholesale energy sales regulatory asset as the sales occurred in 2000, prior to the establishment of the PCA mechanism. Exclusion of this charge from the calculation of the imbalance for sharing is pursuant to the Methodology for Adjustments of Costs Outside of the PCA Period ("PCA tru-up methodology").

NOTE: In March 2010 PSE and its partners at Colstrip 3&4 reached a settlement of a dispute with Western Energy regarding reclamation costs built into the price of coal in 2007. PSE will receive $1,625,000 which was recorded as a credit to a 501 order in March 2010. The amount is over $1 million and relates to 2007 so per the PCA true-up methodology it was not included in the current month PCA. Instead the 2007 PCA was restated to reflect the settlement amount, net of the wholesale adjustment, according to the sharing bands which were at the 50/50 sharing band level. As a result, $812,205 of the settlement decreased the customer deferral and the remaining $812,205 was reflected as a reduction to power costs for the company share. In addition, the customer deferral interest was recalculated which caused a decrease in interest income of $125,431 due to the decrease in the customer deferral balance.

NOTE: in November 2010 PSE and BPA signed an agreement in which BPA would pay PSE $5,601,664 for PSE's net over-return of 127,271 MWh of line losses under multiple contracts from July 2001 through August 2009. PSE recorded the amount as a credit on its books to a 555 order in November 2010. However, following the PCA true-up methodology for true-ups greater than $1 million, the credit was not included in the calculation of the imbalance for sharing in November 2010, the month it was booked. Instead, amounts shown for FERC 555 for each of PCA periods 1 though 6 were restated to include the reduction for the settlement amounts related to each respective PCA period. As a result $1,134,419 of the settlement decreased the previously reported customer deferral. The amount of the $1,134,419 reduction in the customer deferral was calculated in accordance with the sharing band level PSE was in at that time period. The revision of the prior PCA periods also resulted in a $286,181 decrease to PCA interest income on the customer deferral balance.

NOTE: In March 2011 PSE and BPA reached an agreement in which BPA would pay PSE $2,110,264 for 58,880 MWh that PSE had purchased from Klickitat County PUD for Goldendale station service from March 2009 through February 11, 2011 but which was never delivered by BPA due to a metering problem. PSE recorded the amount as a credit to a 447 order in March 2011. However, following the PCA methodology for true-ups greater than $1 million, the credits related to the 2009 and 2010 amounts were not included in the calculation of the imbalance for sharing in March 2011. Instead the FERC 447 amounts for PCA periods 8 and 9 were restated to include the reductions for the settlement credits related to each PCA period. As a result the previously reported customer deferral decreased by $1,029,615, net of the wholesale adjustment. The amount of the reduction in the customer deferral was calculated in accordance with the sharing band level PSE was in at each time period. The revision of the PCA periods also resulted in a $26,437 decrease in PCA interest on the customer deferral balance.

## Schedule B: Monthly Power Costs -- PCA PERIOD 10
**Derived from Original PCA Exhibit B**
**Subject to PCA Sharing**
**UE-011570**

| Row | | | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 |
|---|---|---|---|---|---|---|---|---|
| 6 | | | | | | | | |
| 7 | Return on Fixed RB | | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 |
| 8 | Other Fixed Costs | | 17,098,452 | 17,098,452 | 17,098,452 | 17,098,452 | 17,098,452 | 17,098,452 |
| 9 | Subtotal Fixed Costs | | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 |
| 10 | Total Variable Component Actual | FERC Acct. | | | | | | |
| 11 | Steam Oper. Fuel | 501 | $ 6,309,883 | $ 5,929,078 | $ 6,284,947 | $ 4,972,679 | $ 4,469,888 | $ 3,435,276 |
| 12 | Other Pwr Gen Fuel | 547 | 13,240,427 | 8,899,753 | 4,364,549 | 5,157,962 | 3,949,056 | 4,095,012 |
| 13 | Other Elec Revenues | 45600012,18,80,81,130 | 9,737,050 | 12,122,117 | 10,810,123 | 3,903,715 | 1,279,522 | 792,552 |
| 14 | Purchase Power | 555 | 72,039,636 | 67,579,343 | 64,065,915 | 54,329,616 | 44,810,047 | 53,775,939 |
| 15 | Sales to Other Util | 447 | (2,929,467) | (2,585,373) | (1,373,314) | (1,596,701) | (2,425,963) | (1,472,619) |
| 16 | Wheeling | 565 | 6,857,027 | 6,994,593 | 6,648,298 | 6,609,413 | 6,518,290 | 7,226,722 |
| 17 | Transmission Revenue | 45610005 | (534,282) | (660,938) | (715,901) | (993,537) | (1,133,289) | (433,802) |
| 18 | White River Amortization | 40700015 | 124,558 | 124,558 | 124,558 | 124,558 | 124,558 | 124,558 |
| 19 | Goldendale Amortization | 40730041 | 346,846 | 346,846 | 346,846 | 346,846 | 346,846 | 346,846 |
| 20 | Mint Farm Amortization | 40730051 | 240,421 | 240,421 | 240,421 | 240,421 | 240,421 | 240,421 |
| 21 | Wild Horse Expn Amortization | 40730061 | 234,856 | 234,856 | 234,856 | 234,856 | 234,856 | 234,856 |
| 22 | Freddy 1-Prepaid Major Maint-Amort-51 | 218007, 51318019, 55360053, 55460 | 11,784 | 11,784 | 11,784 | 11,784 | 11,784 | 11,784 |
| 23 | Goldendale-Prepaid Major Maint-Amort | 553002864 | 29,548 | 29,548 | 29,548 | 29,548 | 29,548 | 29,548 |
| 25 | Mnt Farm- Prepaid Major Maint - Amort | 553002866 | 65,181 | 65,181 | 65,181 | 65,181 | 65,181 | 65,181 |
| 26 | Sumas- Hot Gas Path Inspection | 553008200 | 30,517 | 30,517 | 30,517 | 30,517 | 30,517 | 30,517 |
| 26 | Subtotal Variable Components | | $ 105,803,985 | $ 99,362,284 | $ 91,168,328 | $ 73,466,858 | $ 58,551,262 | $ 68,502,791 |
| 27 | | | | | | | | |
| 28 | Regulatory Assets (Return on RB portion only) | | 696,936 | 696,936 | 696,936 | 696,936 | 696,936 | 696,936 |
| 29 | Fixed & Interest Cost on Hedging Facility | 42806051, 43100071, 41900031 | 25,337 | 23,113 | 25,337 | 24,595 | 25,337 | 24,595 |
| 30 | **SUBTOTAL before Adjustments** | | $ 137,231,743 | $ 130,787,818 | $ 122,596,086 | $ 104,893,874 | $ 89,979,020 | $ 99,929,807 |
| 31 | | | | | | | | |
| 32 | **Adjustments:** | | | | | | | |
| 33 | Prudence from UE-921262 | | $ (238,539) | $ (209,520) | $ (222,861) | $ (210,226) | $ (78,933) | $ (198,744) |
| 34 | Contract price adjustment - discontinued Jan 13, 2007 | | | | | | | |
| 35 | Colstrip availability adjustment | | - | - | - | - | - | - |
| 36 | New resource pricing adjustment | | - | | | | | |
| 37 | Tenaska Disallowance (prior month adj) | | | | | | | |
| 38 | Tenaska Disallowance (current month adj) | | $ - | $ - | $ - | $ - | $ - | $ - |
| 39 | | | | | | | | |
| 40 | Subtotal Adjustments | | $ (238,539) | $ (209,520) | $ (222,861) | $ (210,226) | $ (78,933) | $ (198,744) |
| 41 | **Total allowable costs** | | $ 136,993,204 | $ 130,578,298 | $ 122,373,225 | $ 104,683,648 | $ 89,900,087 | $ 99,731,063 |
| 42 | | | | | | | | |
| 43 | | | | | | | | |
| 44 | PCA period delivered load (Kwh) | | 2,182,253,653 | 1,977,338,863 | 1,964,761,883 | 1,798,322,267 | 1,641,674,903 | 1,493,510,087 |
| 45 | **Baseline Power Cost** | | | | | | | |
| 46 | 4/7/10 - 3/31/11 | $0.064387 | $ 140,508,766 | $ 127,314,917 | $ 126,505,123 | | | |
| 47 | 4/1/11 - | $0.064513 | | | | $ 116,015,164 | $ 105,909,373 | $ 96,350,816 |
| 48 | Imbalance for Sharing | | $ (3,515,562) | $ 3,263,380 | $ (4,131,899) | $ (11,331,517) | $ (16,009,286) | $ 3,380,246 |
| 49 | positive is potential customer surcharge, negative is potential cust credit | | $ (3,515,562) | $ 3,263,380 | $ (4,131,899) | $ (11,331,517) | $ (16,009,286) | $ 3,380,246 |
| 50 | | | | | | | | |
| 51 | | Apr 8'10 | | | | | | |
| 52 | **Less Firm Wholesale** | 0.034910% | $ (3,514,335) | $ 3,262,241 | $ (4,130,456) | $ (11,327,561) | $ (16,003,697) | $ 3,379,066 |
| 53 | **Gross PCA** | | $ (3,514,335) | $ 3,262,241 | $ (4,130,456) | $ (11,327,561) | $ (16,003,697) | $ 3,379,066 |
| 54 | **Gross PCA Contra** | | $ 3,514,335 | $ (3,262,241) | $ 4,130,456 | $ 11,327,561 | $ 16,003,697 | $ (3,379,066) |
| 55 | | | | | | | | |
| 56 | **Cumulative Gross PCA** | | $ (3,514,335) | $ (252,094) | $ (4,382,550) | $ (15,710,111) | $ (31,713,808) | $ (28,334,742) |
| 57 | **Cumulative Gross PCA Contra** | | $ 3,514,335 | $ 252,094 | $ 4,382,550 | $ 15,710,111 | $ 31,713,808 | $ 28,334,742 |
| 58 | | | | | | | | |
| 59 | | | | | | | | |
| 60 | | | | | | | | |

# Puget Sound Energy
# Power Cost Adjustment Summary

**Actual Costs and Disallowance as recorded through the PCA Mechanism**

| PCA Year (B) | Actuals Monthly | Actuals Cumulative | Baseline Baseline | Baseline Cumulative | Difference (A) Monthly | Difference (A) Cumulative | Wholesale Customer Monthly | Wholesale Customer Cumulative | Imbalance for Sharing Monthly | Imbalance for Sharing PCA Period | Imbalance for Sharing Cumulative | Company per PCA Monthly (A) | Company per PCA Cumulative (A) | Customer per PCA Monthly (A) | Customer per PCA Cumulative (A) | Total Monthly Difference (A) | Total Cumulative Difference (A) | Interest on Customer Monthly (A) | Interest on Customer Cumulative (A) | Total Customer per PCA Monthly (A) | Total Customer per PCA Cumulative (A) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1-7 - Cumulative Amounts | | 6,917,055,382 | | 6,920,611,962 | | (3,556,580) | | (9,798) | | | (3,566,379) | | (3,235,705) | | (330,674) | | (3,566,379) | | 911,051 | | 580,376 |

| | | Actuals Monthly | Actuals PCA Period | Baseline Baseline | Baseline PCA Period | Difference (A) Monthly Difference | Difference (A) PCA Period | Wholesale Customer Monthly | Wholesale Customer PCA Period | Imbalance for Sharing Monthly | Imbalance for Sharing PCA Period | Company per PCA Monthly | Company per PCA PCA Period | Customer per PCA Monthly | Customer per PCA PCA Period | Total Monthly Difference | Total PCA Period | Interest on Customer Monthly | Interest on Customer PCA Period | Total Customer per PCA Monthly | Total Customer per PCA PCA Period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 8 | Jan-09 | 132,115,947 | 132,115,947 | 142,357,342 | 142,357,342 | (10,241,395) | (10,241,395) | 3,683 | 3,683 | (10,237,712) | (10,237,712) | (10,237,712) | (10,237,712) | - | - | (10,237,712) | (10,237,712) | (1,269) | (1,269) | (1,269) | (1,269) |
| 8 | Feb-09 | 126,956,558 | 259,072,506 | 121,748,943 | 264,106,285 | 5,207,616 | (5,033,779) | (1,873) | 1,810 | 5,205,743 | (5,031,969) | 5,205,743 | (5,031,969) | - | - | 5,205,743 | (5,031,969) | (1,147) | (2,416) | (1,147) | (2,416) |
| 8 | Mar-09 | 129,609,545 | 388,682,051 | 129,587,005 | 393,693,290 | 22,540 | (5,011,239) | (8) | 1,802 | 22,532 | (5,009,437) | 22,532 | (5,009,437) | - | - | 22,532 | (5,009,437) | (1,269) | (3,685) | (1,269) | (3,685) |
| 8 | Apr-09 | 103,958,631 | 492,640,682 | 107,439,486 | 501,132,776 | (3,480,855) | (8,492,094) | 1,252 | 3,054 | (3,479,603) | (8,489,040) | (3,479,603) | (8,489,040) | - | - | (3,479,603) | (8,489,040) | (916) | (4,601) | (916) | (4,601) |
| 8 | May-09 | 87,302,717 | 579,943,400 | 100,022,769 | 601,155,545 | (12,720,051) | (21,212,146) | 4,574 | 7,628 | (12,715,477) | (21,204,517) | (12,113,219) | (20,602,259) | (602,259) | (602,259) | (12,715,477) | (21,204,517) | (1,002) | (5,603) | (603,261) | (607,862) |
| 8 | Jun-09 | 93,585,837 | 673,529,237 | 94,670,137 | 695,825,682 | (1,084,300) | (22,296,446) | 390 | 8,018 | (1,083,910) | (22,288,428) | (541,955) | (21,144,214) | (541,955) | (1,144,214) | (1,083,910) | (22,288,428) | (2,634) | (8,238) | (544,589) | (1,152,451) |
| 8 | Jul-09 | 101,053,414 | 774,582,651 | 103,847,342 | 799,673,024 | (2,793,928) | (25,090,373) | 1,005 | 9,023 | (2,792,923) | (25,081,350) | (1,396,461) | (22,540,675) | (1,396,461) | (2,540,675) | (2,792,923) | (25,081,350) | (4,195) | (12,433) | (1,400,657) | (2,553,108) |
| 8 | Aug-09 | 100,798,071 | 875,380,723 | 99,566,731 | 899,239,756 | 1,231,340 | (23,859,033) | (443) | 8,580 | 1,230,897 | (23,850,453) | 615,449 | (21,925,227) | 615,449 | (1,925,227) | 1,230,897 | (23,850,453) | (7,871) | (20,304) | 607,578 | (1,945,531) |
| 8 | Sep-09 | 109,419,421 | 984,800,144 | 96,914,436 | 996,154,192 | 12,504,985 | (11,354,048) | (4,497) | 4,083 | 12,500,488 | (11,349,965) | 10,575,262 | (11,349,965) | 1,925,227 | - | 12,500,488 | (11,349,965) | (5,855) | (26,159) | 1,919,372 | (26,159) |
| 8 | Oct-09 | 128,426,537 | 1,113,226,681 | 109,843,920 | 1,105,996,112 | 18,582,618 | 7,228,570 | (6,682) | (2,599) | 18,575,935 | 7,225,970 | 18,575,935 | 7,225,970 | - | - | 18,575,935 | 7,225,970 | (913) | (27,071) | (913) | (27,071) |
| 8 | Nov-09 | 127,406,900 | 1,240,633,581 | 119,041,969 | 1,225,040,081 | 8,364,931 | 15,593,501 | (3,008) | (5,608) | 8,361,923 | 15,587,893 | 8,361,923 | 15,587,893 | - | - | 8,361,923 | 15,587,893 | (883) | (27,955) | (883) | (27,955) |
| 8 | Dec-09 | 164,430,501 | 1,405,064,083 | 149,548,885 | 1,374,588,966 | 14,881,616 | 30,475,117 | (5,352) | (10,959) | 14,876,265 | 30,464,158 | 9,644,186 | 25,232,079 | 5,232,079 | 5,232,079 | 14,876,265 | 30,464,158 | (447) | (28,401) | 5,231,632 | 5,203,677 |
| 9 | Jan-10 | 134,987,442 | 134,987,442 | 126,298,040 | 126,298,040 | 8,689,402 | 8,689,402 | (3,125) | (3,125) | 8,686,277 | 8,686,277 | 8,686,277 | 8,686,277 | - | - | 8,686,277 | 8,686,277 | 13,529 | 13,529 | 13,529 | 13,529 |
| 9 | Feb-10 | 127,345,444 | 262,332,887 | 111,110,995 | 237,409,035 | 16,234,449 | 24,923,851 | (5,838) | (8,963) | 16,228,611 | 24,914,888 | 13,771,167 | 22,457,444 | 2,457,444 | 2,457,444 | 16,228,611 | 24,914,888 | 12,439 | 25,968 | 2,469,883 | 2,483,412 |
| 9 | Mar-10 | 129,470,686 | 391,803,573 | 118,436,669 | 355,845,705 | 11,034,017 | 35,957,868 | (3,968) | (12,931) | 11,030,049 | 35,944,937 | 5,515,025 | 27,972,469 | 5,515,025 | 7,972,469 | 11,030,049 | 35,944,937 | 20,804 | 46,771 | 5,535,828 | 8,019,240 |
| 9 | Apr-10 | 104,472,087 | 496,275,660 | 110,235,654 | 466,081,359 | (5,763,567) | 30,194,301 | 2,026 | (10,905) | (5,761,541) | 30,183,397 | (2,880,770) | 25,091,698 | (2,880,770) | 5,091,698 | (5,761,541) | 30,183,397 | 34,133 | 80,904 | (2,846,638) | 5,172,602 |
| 9 | May-10 | 90,709,305 | 586,984,965 | 104,215,281 | 570,296,640 | (13,505,976) | 16,688,325 | 4,715 | (6,190) | (13,501,261) | 16,682,136 | (8,409,563) | 16,682,136 | (5,091,698) | - | (13,501,261) | 16,682,136 | 27,130 | 108,034 | (5,064,568) | 108,034 |
| 9 | Jun-10 (C) | 99,729,987 | 686,714,952 | 90,335,557 | 660,632,196 | 9,394,430 | 26,082,755 | (3,280) | (9,469) | 9,391,150 | 26,073,286 | 6,354,507 | 23,036,643 | 3,036,643 | 3,036,643 | 9,391,150 | 26,073,286 | 13,363 | 121,398 | 3,050,006 | 3,158,041 |
| 9 | Jul-10 | 93,631,381 | 780,346,332 | 101,296,002 | 761,928,199 | (7,664,622) | 18,418,134 | 2,676 | (6,794) | (7,661,946) | 18,411,340 | (4,625,303) | 18,411,340 | (3,036,643) | - | (7,661,946) | 18,411,340 | 21,641 | 143,038 | (3,015,002) | 143,038 |
| 9 | Aug-10 | 97,773,671 | 878,120,003 | 101,910,768 | 863,838,966 | (4,137,097) | 14,281,037 | 1,444 | (5,349) | (4,135,653) | 14,275,687 | (4,135,653) | 14,275,687 | - | - | (4,135,653) | 14,275,687 | 13,529 | 156,568 | 13,529 | 156,568 |
| 9 | Sep-10 | 105,365,234 | 983,485,237 | 97,163,879 | 961,002,845 | 8,201,355 | 22,482,392 | (2,863) | (8,212) | 8,198,492 | 22,474,179 | 6,961,402 | 21,237,090 | 1,237,090 | 1,237,090 | 8,198,492 | 22,474,179 | 13,203 | 169,771 | 1,250,293 | 1,406,860 |
| 9 | Oct-10 | 114,003,409 | 1,097,488,646 | 108,947,212 | 1,069,950,057 | 5,056,197 | 27,538,588 | (1,765) | (9,978) | 5,054,431 | 27,528,611 | 2,527,216 | 23,764,305 | 2,527,216 | 3,764,305 | 5,054,431 | 27,528,611 | 17,169 | 186,940 | 2,544,385 | 3,951,245 |
| 9 | Nov-10 | 127,842,562 | 1,225,331,208 | 127,209,681 | 1,197,159,738 | 632,881 | 28,171,470 | (221) | (10,198) | 632,661 | 28,161,271 | 316,330 | 24,080,636 | 316,330 | 4,080,636 | 632,661 | 28,161,271 | 23,176 | 210,116 | 339,507 | 4,290,752 |
| 9 | Dec-10 | 148,630,367 | 1,373,961,575 | 139,692,838 | 1,336,852,576 | 8,937,529 | 37,108,999 | (3,120) | (13,319) | 8,934,409 | 37,095,681 | 4,467,205 | 28,547,840 | 4,467,205 | 8,547,840 | 8,934,409 | 37,095,681 | 25,191 | 235,306 | 4,492,395 | 8,783,147 |
| 10 | Jan-11 | 136,993,204 | 136,993,204 | 140,508,766 | 140,508,766 | (3,515,562) | (3,515,562) | 1,227 | 1,227 | (3,514,335) | (3,514,335) | (3,514,335) | (3,514,335) | - | - | (3,514,335) | (3,514,335) | 37,124 | 37,124 | 37,124 | 37,124 |
| 10 | Feb-11 | 130,578,298 | 267,571,501 | 127,314,917 | 267,823,683 | 3,263,380 | (252,182) | (1,139) | 88 | 3,262,241 | (252,094) | 3,262,241 | (252,094) | - | - | 3,262,241 | (252,094) | 33,531 | 70,655 | 33,531 | 70,655 |
| 10 | Mar-11 | 122,373,225 | 389,944,726 | 126,505,123 | 394,328,807 | (4,131,899) | (4,384,080) | 1,442 | 1,530 | (4,130,456) | (4,382,550) | (4,130,456) | (4,382,550) | - | - | (4,130,456) | (4,382,550) | 37,124 | 107,778 | 37,124 | 107,778 |
| 10 | Apr-11 | 104,683,648 | 494,628,374 | 116,015,164 | 510,343,971 | (11,331,517) | (15,715,597) | 3,956 | 5,486 | (11,327,561) | (15,710,111) | (11,327,561) | (15,710,111) | - | - | (11,327,561) | (15,710,111) | 35,926 | 143,704 | 35,926 | 143,704 |
| 10 | May-11 | 89,900,087 | 584,528,461 | 105,909,373 | 616,253,344 | (16,009,286) | (31,724,883) | 5,589 | 11,075 | (16,003,697) | (31,713,808) | (10,146,793) | (25,856,904) | (5,856,904) | (5,856,904) | (16,003,697) | (31,713,808) | 36,602 | 180,306 | (5,820,302) | (5,676,598) |
| 10 | Jun-11 | 99,731,063 | 684,259,523 | 96,350,816 | 712,604,160 | 3,380,246 | (28,344,637) | (1,180) | 9,895 | 3,379,066 | (28,334,742) | 1,689,533 | (24,167,371) | 1,689,533 | (4,167,371) | 3,379,066 | (28,334,742) | 20,431 | 200,738 | 1,709,965 | (3,966,633) |
| rt | | | | | | | | | | | | | $ 26,376,843 | | $ 9,281,874 | | | | $ 1,318,693 | | $ 10,600,568 |

**Notes:**

(A) A credit balance represents an overrecovery of power costs (baseline rate was greater than actual rate). A debit balance represents an underrecovery of power costs (actual rate was greater than baseline rate.) The difference excludes any adjustments for Firm Wholesale Customers.

(B) The PCA mechanism was a June through July fiscal period from July 2002 through June 2006 with a cumulative cap on excess power costs of $40 million. The Washington Commission changed the PCA mechanism period to a calendar year basis without a cumulative cap starting January 2007.

(C) The June 2010 PCA calculation does not include a $17.8 million loss that PSE recorded per the Washington Commission's order in Docket No. UE-070725 to adjust the carrying value of PSE's California wholesale energy sales regulatory asset as the sales occurred in 2000, prior to the establishment of the PCA mechanism. Exclusion of this charge from the calculation of the imbalance for sharing is pursuant to the Methodology for Adjustments of Costs Outside of the PCA Period ("PCA tru-up methodology").

NOTE: In March 2010 PSE and its partners at Colstrip 3&4 reached a settlement of a dispute with Western Energy regarding reclamation costs built into the price of coal in 2007. PSE will receive $1,625,000 which was recorded as a credit to a 501 order in March 2010. The amount is over $1 million and relates to 2007 so per the PCA true-up methodology it was not included in the current month PCA. Instead the 2007 PCA was restated to reflect the settlement amount, net of the wholesale adjustment, according to the sharing bands which were at the 50/50 sharing band level. As a result, $812,205 of the settlement decreased the customer deferral and the remaining $812,205 was reflected as a reduction to power costs for the company share. In addition, the customer deferral interest was recalculated which caused a decrease in interest income of $125,431 due to the decrease in the customer deferral balance.

NOTE: In November 2010 PSE and BPA signed an agreement in which BPA would pay PSE $5,601,664 for PSE's net over-return of 127,271 MWh of line losses under multiple contracts from July 2001 through August 2009. PSE recorded the amount as a credit on its books to a 555 order in November 2010. However, following the PCA true-up methodology for true-ups greater than $1 million, the credit was not included in the calculation of the imbalance for sharing in November 2010, the month it was booked. Instead, amounts shown for FERC 555 for each of PCA periods 1 though 8 were restated to include the reduction for the settlement amounts related to each respective PCA period. As a result $1,134,419 of the settlement decreased the previously reported customer deferral. The amount of the $1,134,419 reduction in the customer deferral was calculated in accordance with the sharing band level PSE was in at that time period. The revision of the prior PCA periods also resulted in a $286,181 decrease to PCA interest income on the customer deferral balance.

NOTE: In March 2011 PSE and BPA reached an agreement in which BPA would pay PSE $2,110,264 for 58,880 MWh that PSE had purchased from Klickitat County PUD for Goldendale station service from March 2009 through February 11, 2011 but which was never delivered by BPA due to a metering problem. PSE recorded the amount as a credit to a 447 order in March 2011. However, following the PCA methodology for true-ups greater than $1 million, the credits related to the 2009 and 2010 amounts were not included in the calculation of the imbalance for sharing in March 2011. Instead the FERC 447 amounts for PCA periods 8 and 9 were restated to include the reductions for the settlement credits related to each PCA period. As a result the previously reported customer deferral decreased by $1,029,615, net of the wholesale adjustment. The amount of the reduction in the customer deferral was calculated in accordance with the sharing band level PSE was in at each time period. The revision of the PCA periods also resulted in a $26,437 decrease in PCA interest on the customer deferral balance.

## Schedule B: Monthly Power Costs -- PCA PERIOD 10
**Derived from Original PCA Exhibit B**
**Subject to PCA Sharing**
**UE-011570**

| Row | | | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 |
|---|---|---|---|---|---|---|---|---|
| 6 | | | | | | | | |
| 7 | Return on Fixed RB | | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 | $ 13,607,032 |
| 8 | Other Fixed Costs | | 17,098,452 | 17,098,452 | 17,098,452 | 17,098,452 | 17,098,452 | 17,098,452 |
| 9 | Subtotal Fixed Costs | | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 | $ 30,705,485 |
| 10 | Total Variable Component Actual | FERC Acct. | | | | | | |
| 11 | Steam Oper. Fuel | 501 | $ 6,309,883 | $ 5,929,078 | $ 6,284,947 | $ 4,972,679 | $ 4,469,888 | $ 3,435,276 |
| 12 | Other Pwr Gen Fuel | 547 | 13,240,427 | 8,899,753 | 4,364,549 | 5,157,962 | 3,949,056 | 4,095,012 |
| 13 | Other Elec Revenues | 45600012,18,80,81,130 | 9,737,050 | 12,122,117 | 10,810,123 | 3,903,715 | 1,279,522 | 792,552 |
| 14 | Purchase Power | 555 | 72,039,636 | 67,579,343 | 64,065,915 | 54,329,616 | 44,810,047 | 53,775,939 |
| 15 | Sales to Other Util | 447 | (2,929,467) | (2,585,373) | (1,373,314) | (1,596,701) | (2,425,963) | (1,472,619) |
| 16 | Wheeling | 565 | 6,857,027 | 6,994,593 | 6,648,298 | 6,609,413 | 6,518,290 | 7,226,722 |
| 17 | Transmission Revenue | 45610005 | (534,282) | (660,938) | (715,901) | (993,537) | (1,133,289) | (433,802) |
| 18 | White River Amortization | 40700015 | 124,558 | 124,558 | 124,558 | 124,558 | 124,558 | 124,558 |
| 19 | Goldendale Amortization | 40730041 | 346,846 | 346,846 | 346,846 | 346,846 | 346,846 | 346,846 |
| 20 | Mint Farm Amortization | 40730051 | 240,421 | 240,421 | 240,421 | 240,421 | 240,421 | 240,421 |
| 21 | Wild Horse Expn Amortization | 40730061 | 234,856 | 234,856 | 234,856 | 234,856 | 234,856 | 234,856 |
| 22 | Freddy 1-Prepaid Major Maint-Amort-51 | 218007, 51318019, 55360053, 55460 | 11,784 | 11,784 | 11,784 | 11,784 | 11,784 | 11,784 |
| 23 | Goldendale-Prepaid Major Maint-Amort | 553002864 | 29,548 | 29,548 | 29,548 | 29,548 | 29,548 | 29,548 |
| 25 | Mnt Farm- Prepaid Major Maint - Amort | 553002866 | 65,181 | 65,181 | 65,181 | 65,181 | 65,181 | 65,181 |
| 26 | Sumas- Hot Gas Path Inspection | 553008200 | 30,517 | 30,517 | 30,517 | 30,517 | 30,517 | 30,517 |
| 26 | Subtotal Variable Components | | $ 105,803,985 | $ 99,362,284 | $ 91,168,328 | $ 73,466,858 | $ 58,551,262 | $ 68,502,791 |
| 27 | | | | | | | | |
| 28 | Regulatory Assets (Return on RB portion only) | | 696,936 | 696,936 | 696,936 | 696,936 | 696,936 | 696,936 |
| 29 | Fixed & Interest Cost on Hedging Facility | 42806051, 43100071, 41900031 | 25,337 | 23,113 | 25,337 | 24,595 | 25,337 | 24,595 |
| 30 | **SUBTOTAL before Adjustments** | | $ 137,231,743 | $ 130,787,818 | $ 122,596,086 | $ 104,893,874 | $ 89,979,020 | $ 99,929,807 |
| 31 | | | | | | | | |
| 32 | **Adjustments:** | | | | | | | |
| 33 | Prudence from UE-921262 | | $ (238,539) | $ (209,520) | $ (222,861) | $ (210,226) | $ (78,933) | $ (198,744) |
| 34 | Contract price adjustment - discontinued Jan 13, 2007 | | | | | | | |
| 35 | Colstrip availability adjustment | | - | - | - | - | - | - |
| 36 | New resource pricing adjustment | | - | | | | | |
| 37 | Tenaska Disallowance (prior month adj) | | | | | | | |
| 38 | Tenaska Disallowance (current month adj) | | $ - | $ - | $ - | $ - | $ - | $ - |
| 39 | | | | | | | | |
| 40 | Subtotal Adjustments | | $ (238,539) | $ (209,520) | $ (222,861) | $ (210,226) | $ (78,933) | $ (198,744) |
| 41 | **Total allowable costs** | | $ 136,993,204 | $ 130,578,298 | $ 122,373,225 | $ 104,683,648 | $ 89,900,087 | $ 99,731,063 |
| 42 | | | | | | | | |
| 43 | | | | | | | | |
| 44 | PCA period delivered load (Kwh) | | 2,182,253,653 | 1,977,338,863 | 1,964,761,883 | 1,798,322,267 | 1,641,674,903 | 1,493,510,087 |
| 45 | **Baseline Power Cost** | | | | | | | |
| 46 | 4/7/10 - 3/31/11 | $0.064387 | $ 140,508,766 | $ 127,314,917 | $ 126,505,123 | | | |
| 47 | 4/1/11 - | $0.064513 | | | | $ 116,015,164 | $ 105,909,373 | $ 96,350,816 |
| 48 | Imbalance for Sharing | | $ (3,515,562) | $ 3,263,380 | $ (4,131,899) | $ (11,331,517) | $ (16,009,286) | $ 3,380,246 |
| 49 | positive is potential customer surcharge, negative is potential cust credit | | $ (3,515,562) | $ 3,263,380 | $ (4,131,899) | $ (11,331,517) | $ (16,009,286) | $ 3,380,246 |
| 50 | | | | | | | | |
| 51 | | Apr 8'10 | | | | | | |
| 52 | **Less Firm Wholesale** | 0.034910% | $ (3,514,335) | $ 3,262,241 | $ (4,130,456) | $ (11,327,561) | $ (16,003,697) | $ 3,379,066 |
| 53 | **Gross PCA** | | $ (3,514,335) | $ 3,262,241 | $ (4,130,456) | $ (11,327,561) | $ (16,003,697) | $ 3,379,066 |
| 54 | **Gross PCA Contra** | | $ 3,514,335 | $ (3,262,241) | $ 4,130,456 | $ 11,327,561 | $ 16,003,697 | $ (3,379,066) |
| 55 | | | | | | | | |
| 56 | **Cumulative Gross PCA** | | $ (3,514,335) | $ (252,094) | $ (4,382,550) | $ (15,710,111) | $ (31,713,808) | $ (28,334,742) |
| 57 | **Cumulative Gross PCA Contra** | | $ 3,514,335 | $ 252,094 | $ 4,382,550 | $ 15,710,111 | $ 31,713,808 | $ 28,334,742 |
| 58 | | | | | | | | |
| 59 | | | | | | | | |
| 60 | | | | | | | | |