

**EXHIBIT NO. ___(DEM-7C)
DOCKET NO. UE-141141
2014 PSE PCORC
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-141141

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

**REDACTED
VERSION**

AUGUST 1, 2014

**PUGET SOUND ENERGY
PCORC Power Costs Comparison**
(dollars in thousands)

A/C	Contract/Resource	2014 PCORC Suppl (Dec14-Nov15) Prices = 6.19.14			2014 PCORC As Filed Prices = 4.10.14			Increase / (Decrease) Costs			2014 PCORC	2014 PCORC	Change	
		AURORA	NIM	Total	AURORA	NIM	Total	AURORA	Other	Total	Supplemental	As Filed	Incr/(Decr)	
		MWH	MWH	MWH	MWH	MWH	MWH	MWH	MWH	MWH	MWH	MWH	MWH	
1	555	Electron	\$0	\$ -	\$0	\$0	\$ -	\$0	\$0	\$ -	\$0	-	64,950	(64,950)
2	555H	Lower Baker	-	-	-	-	-	-	-	-	-	351,334	351,334	-
3	555H	Upper Baker	-	-	-	-	-	-	-	-	-	314,428	314,428	-
4	555H	Snoqualmie Falls	-	-	-	-	-	-	-	-	-	274,115	274,115	-
5	555H	Mid-C Canadian EA	-	-	-	-	-	-	-	-	-	(188,285)	(188,285)	-
6	555H	Mid-C Rock Island	-	29,289	29,289	-	29,289	29,289	-	-	-	681,645	681,645	-
7	555H	Mid-C Rocky Reach	-	22,347	22,347	-	22,347	22,347	-	-	-	1,632,335	1,632,335	-
8	555H	Mid-C Priest Rapids Project	-	(5,031)	(5,031)	-	(4,614)	(4,614)	-	(417)	(417)	61,148	61,148	-
9	555H	Mid-C Douglas Wells	-	17,149	17,149	-	17,031	17,031	-	117	117	1,275,041	1,275,041	-
10	501	Colstrip 1&2	39,084	8,728	47,812	39,080	8,728	47,808	4	-	4	2,218,969	2,218,684	286
11	501	Colstrip 3&4	38,143	8,751	46,894	38,142	8,751	46,893	1	-	1	2,758,540	2,758,464	76
12														
13	547	Goldendale	38,560	-	38,560	38,115	-	38,115	445	-	445	1,151,760	1,188,150	(36,391)
14	547	Mint Farm	42,807	-	42,807	42,183	-	42,183	623	-	623	1,283,200	1,318,045	(34,845)
15	547	Sumas	12,572	-	12,572	12,357	-	12,357	216	-	216	338,192	347,296	(9,104)
16	547	Freddy1	6,052	-	6,052	5,838	-	5,838	214	-	214	170,873	172,854	(1,981)
17	547	Encogen	7,889	-	7,889	7,748	-	7,748	141	-	141	181,040	186,164	(5,125)
18	547	Fredonia 1&2	98	-	98	104	-	104	(6)	-	(6)	2,071	2,284	(214)
19	547	Fredonia 3&4	2,239	-	2,239	2,381	-	2,381	(142)	-	(142)	53,048	59,546	(6,498)
20	547	Frederickson 1&2	110	-	110	116	-	116	(7)	-	(7)	2,283	2,517	(234)
21	547	Whitehorn 2&3	146	-	146	155	-	155	(9)	-	(9)	2,980	3,309	(330)
22	547	Ferndale	16,636	-	16,636	16,036	-	16,036	600	-	600	428,487	428,471	(1,984)
23	555	KlamathPeaker	5	1,807	1,812	5	1,807	1,812	0	0	0	88	87	2
24														
25														
26														
27														
28	555W	Hopkins Ridge	-	-	-	-	-	-	-	-	-	447,831	447,831	-
29	555W	Wild Horse	-	-	-	-	-	-	-	-	-	604,733	604,733	-
30	555W	Wild Horse Expansion	-	-	-	-	-	-	-	-	-	91,731	91,731	-
31	555W	LSR1	-	-	-	-	-	-	-	-	-	892,274	892,274	-
32	555W	Klondike Wind PPA	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
33	555	Baker Replacement	-	-	-	-	-	-	-	-	-	7,006	7,006	-
34	555	Barclays PPA	12,272	-	12,272	12,272	-	12,272	-	-	-	162,000	162,000	-
35														
36	555	PG&E Exchange	-	(9)	(9)	-	(9)	(9)	-	(0)	(0)	(251)	(251)	-
37	555	Point Roberts BC Hydro	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	20,729	20,729	-
38	555	Centralia PPA	72,801	-	72,801	72,801	-	72,801	-	-	-	1,576,800	1,576,800	-
39	555	Electron PPA	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
40	555	QF Hutchinson Hydro	4	-	4	4	-	4	-	-	-	105	105	-
41	555	QF Koma Kulshan	3,184	-	3,184	3,184	-	3,184	-	-	-	39,088	39,088	-
42	555	QF Nooksack	-	-	-	-	-	-	-	-	-	-	-	-
43														
44	555	QF Sygitowicz	-	-	-	-	-	-	-	-	-	-	-	-
45	555	QF Twin Falls	5,251	-	5,251	5,251	-	5,251	-	-	-	70,014	70,014	-
46	555	QF Weeks Falls	961	-	961	961	-	961	-	-	-	12,807	12,807	-
47	555	JP Morgan	-	-	-	-	-	-	-	-	-	-	-	-
48	555	Shell Energy PPA	-	-	-	-	-	-	-	-	-	-	-	-
49														
50	555	WNP-3 Exchange BPA Firm	13,370	-	13,370	16,430	-	16,430	(3,060)	-	(3,060)	310,086	393,793	(83,707)
51	555	WNP-3 Return	-	-	-	-	-	-	-	-	-	-	-	-
52	555	Qualco Dairy Digester	-	-	-	-	-	-	-	-	-	-	-	-
53	555	Sch91Contracts	10,473	-	10,473	10,473	-	10,473	-	-	-	119,045	119,045	-
54	447	Market Sale PSE's	(1,064)	-	(1,064)	(1,064)	-	(1,064)	-	-	-	(20,800)	(20,800)	-
55	555	Market Purchase PSE's	111,899	1,308	113,207	109,710	0	109,710	2,189	1,308	3,497	3,381,200	3,289,400	91,800
56	555MP	Market Purchase	93,333	-	93,333	88,589	0	88,589	4,744	-	4,744	XXXXXX	XXXXXX	XXXXXX
57	447	Market Sale	(18,891)	-	(18,891)	(19,212)	-	(19,212)	321	-	321	(574,796)	(609,588)	34,792
58	555	Peak Planning	-	16,840	17	-	17	17	-	-	-	-	-	-
59	555	BEP Amortization	-	3,527	3,527	-	3,527	3,527	-	-	-	-	-	-
60	555	Douglas Settlement Pymt	-	(820)	(820)	-	(713)	(713)	-	(107)	(107)	-	-	-
61	557	Other Power Costs	-	8,296	8,296	-	8,296	8,296	-	-	-	-	-	-
62	565	Transmission	-	111,659	111,659	-	112,611	112,611	-	(951)	(951)	-	-	-
63	555	Chelan Amort	-	7,088	7,088	-	7,088	7,088	-	-	-	-	-	-
64	456	MTM & Sales of Excess Gas	-	(18,711)	(18,711)	-	(16,307)	(16,307)	-	(2,405)	(2,405)	-	-	-
65	456	Cedar Hills Gas	-	-	-	-	-	-	-	-	-	-	-	-
66														
67														
68														
69														
70	555	Wind Integration Costs	-	3,723	3,723	-	3,723	3,723	-	-	-	-	-	-
71	547	Gas Transportation & Oil	-	37,027	37,027	-	37,031	37,031	-	(4)	(4)	-	-	-
72		Total	\$521,620	\$236,145	\$757,765	\$513,140	\$ 238,604	\$751,744	\$8,480	(\$2,459)	\$6,020	22,932,513	22,932,513	0
73		ck s/b zero												
74	501	Coal	\$77,227	\$17,479	\$94,706	\$77,222	\$17,479	\$94,701	\$5	\$0	\$5	4,977,509	4,977,148	362
75	547	Natural Gas	127,109	37,027	164,136	125,034	37,031	162,065	2,076	(4)	2,072	3,611,934	3,708,638	(96,705)
76	555	Purchased Power	234,298	16,641	250,938	232,964	15,440	248,403	1,334	1,201	2,535	5,745,939	5,755,573	(9,634)
77	555W	Wind	9,607	-	9,607	9,607	-	9,607	-	-	-	2,195,964	2,195,964	-
78	555H	Hydro	-	63,753	63,753	-	64,053	64,053	-	(300)	(300)	4,401,760	4,401,760	-
79	557	Other Power Costs	-	8,296	8,296	-	8,296	8,296	-	-	-	-	-	-
80	565	Transmission	-	111,659	111,659	-	112,611	112,611	-	(951)	(951)	-	-	-
81	555MP	Market Purchases	93,333	-	93,333	88,589	-	88,589	4,744	-	4,744	2,595,003	2,523,817	71,185
82	447	Secondary Sales	(19,954)	-	(19,954)	(20,275)	-	(20,275)	321	-	321	(595,596)	(630,388)	34,792
83	456	Non-Core Gas	-	(18,711)	(18,711)	-	(16,307)	(16,307)	-	(2,405)	(2,405)	-	-	-
84		Total	\$521,620	\$236,145	\$757,765	\$513,140	\$238,604	\$751,744	\$8,480	(\$2,459)	\$6,020	22,932,513	22,932,513	0

PUGET SOUND ENERGY
PCORC Power Costs Comparison
(dollars in thousands)

A/C	Contract/Resource	2014 PCORC Suppl (Dec14-Nov15) Prices = 6.19.14			2013 PCORC (Nov13-Oct14) Prices = 8.5.13			Increase / (Decrease) Costs			2014 PCORC	2013 PCORC	Change
		AURORA	NIM	Total	AURORA	NIM	Total	AURORA	Other	Total	As Filed	MWH	Incr/(Decr)
1	555 Electron	\$0	\$ -	\$0	\$0	\$ -	\$0	\$0	\$ -	\$0	-	64,950	(64,950)
2	555H Lower Baker	-	-	-	-	-	-	-	-	-	351,334	377,801	(26,468)
3	555H Upper Baker	-	-	-	-	-	-	-	-	-	314,428	345,856	(31,428)
4	555H Snoqualmie Falls	-	-	-	-	-	-	-	-	-	274,115	262,365	11,750
5	555H Mid-C Canadian EA	-	-	-	-	-	-	-	-	-	(188,285)	(185,521)	(2,764)
6	555H Mid-C Rock Island	-	29,289	29,289	-	29,255	29,255	-	34	34	681,645	801,737	(120,092)
7	555H Mid-C Rocky Reach	-	22,347	22,347	-	22,146	22,146	-	201	201	1,632,335	1,577,849	54,486
8	555H Mid-C Priest Rapids Project	-	(5,031)	(5,031)	-	(3,513)	(3,513)	-	(1,518)	(1,518)	61,148	58,423	2,725
9	555H Mid-C Douglas Wells	-	17,149	17,149	-	16,212	16,212	-	937	937	1,275,041	1,152,693	122,348
10	501 Colstrip 1&2	39,084	8,728	47,812	37,971	9,353	47,324	1,113	(625)	488	2,218,969	2,300,953	(81,984)
11	501 Colstrip 3&4	38,143	8,751	46,894	35,876	8,742	44,619	2,266	9	2,275	2,758,540	2,612,529	146,011
12													
13	547 Goldendale	38,560	-	38,560	31,721	-	31,721	6,839	-	6,839	1,151,760	997,575	154,185
14	547 Mint Farm	42,807	-	42,807	36,904	-	36,904	5,903	-	5,903	1,283,200	1,167,820	115,380
15	547 Sumas	12,572	-	12,572	11,009	-	11,009	1,564	-	1,564	338,192	313,482	24,709
16	547 Freddy1	6,052	-	6,052	5,222	-	5,222	830	-	830	170,873	162,081	8,793
17	547 Encogen	7,889	-	7,889	7,212	-	7,212	677	-	677	181,040	183,477	(2,438)
18	547 Fredonia 1&2	98	-	98	379	-	379	(280)	-	(280)	2,071	8,378	(6,307)
19	547 Fredonia 3&4	2,239	-	2,239	2,352	-	2,352	(113)	-	(113)	53,048	59,341	(6,293)
20	547 Frederickson 1&2	110	-	110	394	-	394	(285)	-	(285)	2,283	8,703	(6,420)
21	547 Whitehorn 2&3	146	-	146	498	-	498	(351)	-	(351)	2,980	11,075	(8,095)
22	547 Femdale	16,636	-	16,636	13,374	-	13,374	3,262	-	3,262	426,487	367,283	59,204
23	555 KlamathPeaker	5	1,807	1,812	1	1,794	1,795	4	12	17	88	11	78
24													
25													
26													
27													
28	555W Hopkins Ridge	-	-	-	-	-	-	-	-	-	447,831	447,831	-
29	555W Wild Horse	-	-	-	-	-	-	-	-	-	604,733	604,733	-
30	555W Wild Horse Expansion	-	-	-	-	-	-	-	-	-	91,731	91,731	-
31	555W LSR1	-	-	-	-	-	-	-	-	-	892,274	892,274	-
32	555W Klondike Wind PPA	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
33	555 Baker Replacement	-	-	-	-	-	-	-	-	-	7,006	7,009	(2)
34	555 Barclays PPA	12,272	-	12,272	16,362	-	16,362	(4,091)	-	(4,091)	162,000	216,000	(54,000)
35													
36	555 PG&E Exchange	-	(9)	(9)	-	5	5	-	(14)	(14)	(251)	156	(407)
37	555 Point Roberts BC Hydro	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	20,729	20,729	-
38	555 Centralia PPA	72,801	-	72,801	-	-	-	72,801	-	72,801	1,576,800	-	1,576,800
39	555 Electron PPA	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
40	555 QF Hutchinson Hydro	4	-	4	56	-	56	(52)	-	(52)	105	1,872	(1,768)
41	555 QF Koma Kulshan	3,184	-	3,184	3,116	-	3,116	69	-	69	39,088	39,088	-
42	555 QF Nooksack	-	-	-	228	-	228	(228)	-	(228)	-	3,997	(3,997)
43													
44	555 QF Sygutowicz	-	-	-	29	-	29	(29)	-	(29)	-	360	(360)
45	555 QF Twin Falls	5,251	-	5,251	5,251	-	5,251	-	-	-	70,014	70,014	-
46	555 QF Weeks Falls	961	-	961	961	-	961	-	-	-	12,807	12,807	-
50	555 WNP-3 Exchange BPA Firm	13,370	-	13,370	16,118	-	16,118	(2,748)	-	(2,748)	310,086	393,793	(83,707)
51	555 WNP-3 Return	-	-	-	-	-	-	-	-	-	-	-	-
52	555 Qualco Dairy Digester	-	-	-	36	-	36	(36)	-	(36)	-	352	(352)
53	555 Sch91Contracts	10,473	-	10,473	9,846	-	9,846	627	-	627	119,045	114,784	4,261
54	447 Market Sale PSE's	(1,064)	-	(1,064)	(4,402)	-	(4,402)	3,339	-	3,339	(20,800)	(120,600)	99,800
55	555 Market Purchase PSE's	111,899	1,308	113,207	208,017	0	208,017	(96,118)	1,308	(94,810)	3,381,200	6,086,040	(2,704,840)
56	555MP Market Purchase	93,333	-	93,333	65,333	0	65,333	28,000	-	28,000	XXXXXX	XXXXXX	XXXXXX
57	447 Market Sale	(18,891)	-	(18,891)	(25,420)	-	(25,420)	6,530	-	6,530	(574,796)	(801,493)	226,697
58	555 Peak Planning	-	16,840	17	-	16	16	-	1	1	-	-	-
59	555 BEP Amortization	-	3,527	3,527	-	3,527	3,527	-	-	-	-	-	-
60	555 Douglas Settlement Pymt	-	(820)	(820)	-	(908)	(908)	-	88	88	-	-	-
61	557 Other Power Costs	-	8,296	8,296	-	7,833	7,833	-	463	463	-	-	-
62	565 Transmission	-	111,659	111,659	-	107,803	107,803	-	3,856	3,856	-	-	-
63	555 Chelan Amort	-	7,088	7,088	-	7,088	7,088	-	0	0	-	-	-
64	456 MTM & Sales of Excess Gas	-	(18,711)	(18,711)	-	(9,037)	(9,037)	-	(9,674)	(9,674)	-	-	-
65	456 Cedar Hills Gas	-	-	-	-	-	-	-	-	-	-	-	-
66													
67													
68													
69													
70	555 Wind Integration Costs	-	3,723	3,723	-	3,162	3,162	-	561	561	-	-	-
71	547 Gas Transportation & Oil	-	37,027	37,027	-	41,580	41,580	-	(4,552)	(4,552)	-	-	-
72	Total	\$521,620	\$236,145	\$757,765	\$489,274	\$ 245,058	\$734,332	\$32,346	(\$8,914)	\$23,433	22,932,513	22,890,882	41,631
73	ck s/b zero												
74	501 Coal	\$77,227	\$17,479	\$94,706	\$73,848	\$18,095	\$91,942	\$3,379	(\$616)	\$2,764	4,977,509	4,913,482	64,027
75	547 Natural Gas	127,109	37,027	164,136	109,065	41,580	150,644	18,045	(4,552)	13,492	3,611,934	3,279,215	332,718
76	555 Purchased Power	234,298	16,641	250,938	261,469	14,684	276,153	(27,171)	1,956	(25,215)	5,745,939	7,031,961	(1,286,022)
77	555W Wind	9,607	-	9,607	9,382	-	9,382	225	-	225	2,195,964	2,195,964	-
78	555H Hydro	-	63,753	63,753	-	64,100	64,100	-	(347)	(347)	4,401,760	4,391,203	10,557
79	557 Other Power Costs	-	8,296	8,296	-	7,833	7,833	-	463	463	-	-	-
80	565 Transmission	-	111,659	111,659	-	107,803	107,803	-	3,856	3,856	-	-	-
81	555MP Market Purchases	93,333	-	93,333	65,333	-	65,333	28,000	-	28,000	2,595,003	2,001,150	593,853
82	447 Secondary Sales	(19,954)	-	(19,954)	(29,822)	-	(29,822)	9,868	-	9,868	(595,596)	(922,093)	326,497
83	456 Non-Core Gas	-	(18,711)	(18,711)	-	(9,037)	(9,037)	-	(9,674)	(9,674)	-	-	-
84	Total	\$521,620,060	\$236,145	\$757,765	\$489,274	\$245,058	\$734,332	\$32,346	(\$8,914)	\$23,433	22,932,513	22,890,882	41,631