

**EXHIBIT NO. ___(DEM-12C)
DOCKET NOS. UE-111048/UG-111049
2011 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-111048
Docket No. UG-111049**

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

**REDACTED
VERSION**

JANUARY 17, 2012

PUGET SOUND ENERGY, INC.
2011 GRC Power Costs Projections - AURORA + Not in Models
Rate Year May 2012 through April 2013

Power Cost Update
(dollars are in thousands)

	3-mo Gas Prices at & average	AURORA	NIM	Total Power Costs	Other	Prod'n O&M	Total	MWh
Supplemental Power Costs	7.26.11 = \$4.79	\$ 599,088	\$ 244,701	\$ 843,789	\$ 1,420	\$ 137,606	\$ 982,815	23,172,444
Updates for:								
Gas Price Update to 12.8.11		(30,850)		(30,850)			(30,850)	
ST Hedges at 12.8.11		(756)		(756)			(756)	
Gas MTM Update			20,251	20,251			20,251	
Physical Power Index Hedges			(622)	(622)			(622)	
Colstrip Maintenance Update		(267)		(267)			(267)	
Colstrip Coal Cost and O&M Update		(561)	(736)	(1,297)		(2,627)	(3,924)	
Transmission - Mainly LSR LGIA Customer Interest Credits			(2,168)	(2,168)			(2,168)	
Transmission Reassignments			(1,218)	(1,218)			(1,218)	
Mid-C Contracts - Grant PUD Auction & Budget Updates		(433)	2,073	1,641			1,641	
Mid-C Contracts - Douglas Updates			1,137	1,137			1,137	
Mid-C Contracts - Chelan Budget & Transmission Update			(2,418)	(2,418)			(2,418)	
Gas Transport Fixed Charges			(978)	(978)			(978)	
Peak Planning			(482)	(482)			(482)	
Proform JP Storage to current expense				-		(304)	(304)	
Total Updates		\$ (32,867)	\$ 14,839	\$ (18,028)	\$ -	\$ (2,930)	\$ (20,958)	-
Rebuttal Power Costs	12.08.11 = \$4.07	\$ 566,221	\$ 259,540	\$ 825,761	\$ 1,420	\$ 134,676	\$ 961,857	23,172,444

Gas Price Update = (11,977)

PUGET SOUND ENERGY
2011 GRC Power Costs Comparison
(dollars in thousands)

A/C	Contract/Resource	2011 GRC (May12-Apr13)			2011 GRC (May12-Apr13)			Supplemental			Increase / (Decrease) Costs			11GRC		Incr/(Deer) MWH
		AURORA	Other	Total	AURORA	Other	Total	AURORA	Other	Total	Rebuttal MWH	Update MWH	Rebuttal MWH	Update MWH		
1	555H Electron	-	-	-	-	-	-	-	-	-	-	-	-	72,704	72,704	-
2	555H Lower Baker	-	-	-	-	-	-	-	-	-	-	-	-	369,178	369,178	-
3	555H Upper Baker	-	-	-	-	-	-	-	-	-	-	-	-	352,730	352,730	-
4	555H Snoqualmie Falls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	555 Mid-C Canadian EA	-	-	-	-	61,544	-	-	-	-	-	-	-	(188,991)	(186,491)	(2,500)
6	555H Mid-C Rock Island	-	-	-	-	-	-	-	-	(705)	-	-	-	839,476	839,476	-
7	555H Mid-C Rocky Reach	-	-	-	-	-	-	-	-	-	-	-	1,538,280	1,538,280	-	
8	555H Mid-C Priest Rapids Project	-	-	-	-	(5,067)	-	-	-	2,073	-	-	-	67,924	53,865	14,059
9	555H Mid-C Douglas Wells	-	-	-	-	16,574	-	-	-	152	-	-	-	1,155,121	1,155,121	-
10	501 Colstrip 1&2	37,595	9,731	-	36,996	10,251	-	-	-	(520)	-	-	-	2,217,572	2,143,870	73,702
11	501 Colstrip 3&4	36,098	7,128	-	36,676	7,344	-	-	-	(216)	-	-	-	2,641,506	2,702,398	(60,892)
12	555 Northwestern Energy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	547 Goldendale	41,390	-	18,640	43,780	-	21,177	-	-	(2,390)	-	24,833	-	1,382,226	1,242,318	139,907
14	547 Mint Farm	42,224	-	42,224	44,702	-	44,702	-	-	(2,478)	-	(2,478)	-	1,378,758	1,243,696	135,062
15	547 Sumas	9,993	-	9,993	9,872	-	9,872	-	-	121	-	121	-	295,760	246,301	49,459
16	547 Freddy1	7,019	-	7,019	7,950	-	7,950	-	-	(931)	-	(931)	-	225,721	217,799	7,922
17	547 Encogen	4,461	-	4,461	3,950	-	3,950	-	-	511	-	511	-	112,479	83,987	28,492
18	547 Fredonia 1&2	0	-	0	0	-	0	-	-	0	-	0	-	7	-	7
19	547 Fredonia 3&4	434	-	434	315	-	315	-	-	119	-	119	-	9,348	5,865	3,483
20	547 Fredrickson 1&2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	547 Whitehorn 2&3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	555 KlamathPeaker	-	1,785	1,785	-	1,785	-	-	-	-	-	-	-	-	-	-
23	555 2011 GRC 9.1.11 Update	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	555 QF March Point 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	555 QF Tenaska	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	555 Tenaska Excess Energy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	555W Hopkins Ridge	-	-	-	-	-	-	-	-	-	-	-	-	447,831	447,831	-
28	555W Wild Horse	-	-	-	-	-	-	-	-	-	-	-	-	604,733	604,733	-
29	555 Wild Horse Expansion	-	-	-	-	-	-	-	-	-	-	-	-	91,731	91,731	-
30	555W LSR1	-	-	-	-	-	-	-	-	-	-	-	-	892,068	892,068	-
31	555W Klondike Wind PPA	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
32	555 Baker Replacement	-	-	-	-	-	-	-	-	-	-	-	-	7,009	7,009	-
33	555 Barclays PPA	16,362	-	16,362	16,362	-	16,362	-	-	-	-	-	-	216,000	216,000	-
34	555 Credit Suisse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	555 PG&E Exchange	-	(16)	(16)	-	(15)	(15)	-	-	(0)	-	(0)	-	36	36	-
36	555 Point Roberts BC Hydro	1,440	-	1,440	1,440	-	1,440	-	-	-	-	-	-	20,618	20,618	-
37	555 Powerex OnPeak PPA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	555 PR Displacement Product	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	555 QF Koma Kulshan	2,981	-	2,981	2,981	-	2,981	-	-	-	-	-	-	38,832	38,832	-
40	555 QF Nooksack	1,261	-	1,261	1,261	-	1,261	-	-	-	-	-	-	22,123	22,123	-
41	555 QF Spokane MSW	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	555 QF Sygitowicz	53	-	53	53	-	53	-	-	-	-	-	-	660	660	-
43	555 QF Twin Falls	5,157	-	5,157	5,157	-	5,157	-	-	-	-	-	-	68,760	68,760	-
44	555 QF Weeks Falls	945	-	945	945	-	945	-	-	-	-	-	-	12,598	12,598	-
45	555 JP Morgan	36,392	-	36,392	36,392	-	36,392	-	-	-	-	-	-	529,800	529,800	-
46	555 Shell Energy PPA	25,427	-	25,427	25,427	-	25,427	-	-	-	-	-	-	402,000	402,000	-
47	555 TransAlta Exchange	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	555 Wasco Hydro	1,722	-	1,722	1,722	-	1,722	-	-	-	-	-	-	27,022	27,022	-
49	555 WNP-3 Exchange BPA Firm	15,919	-	15,919	15,919	-	15,919	-	-	-	-	-	-	426,435	426,435	-
50	555 WNP-3 Return	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	555 Qualco Dairy Digester	341	-	341	341	-	341	-	-	-	-	-	-	3,427	3,427	-
52	555 Sch91/Contracts	4,000	-	4,000	4,000	-	4,000	-	-	-	-	-	-	43,236	43,236	-

PUGET SOUND ENERGY
2011 GRC Power Costs Comparison
(dollars in thousands)

A/C	2011 GRC (May12-Apr13)			2011 GRC (May12-Apr13)			2011 GRC (May12-Apr13)			2011 GRC (May12-Apr13)			2011 GRC (May12-Apr13)		
	AURORA	Other	Total	AURORA	Other	Total	AURORA	Other	Total	AURORA	Other	Total	Rebuttal	Update	Incr/(Deer)
	(590)	(590)	(590)	(590)	(590)	(590)	(590)	(590)	(590)	(590)	(590)	(590)	MWH	MWH	MWH
53	447	Market Sale	229,528	188,512	188,512	229,528	188,512	188,512	229,528	188,512	188,512	229,528	(18,600)	-	(18,600)
54	555	Market Purchase	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	5,713,600	4,504,200	1,209,400
55	555MP	Market Purchase	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
56	447	Market Sale	(22,297)	(10,447)	(10,447)	(22,297)	(10,447)	(10,447)	(22,297)	(10,447)	(10,447)	(22,297)	(718,366)	(310,681)	(407,685)
57	555	Snobomish	-	-	-	-	-	-	-	-	-	-	-	-	-
58	555	BEP Amortization	-	3,527	3,527	-	3,527	3,527	-	3,527	3,527	-	-	-	-
59	555	Douglas Settlement Pymt	-	(2,175)	(2,175)	-	(2,175)	(2,175)	-	(2,175)	(2,175)	-	-	-	-
60	557	Other Power Costs	-	8,029	8,029	-	8,029	8,029	-	8,029	8,029	-	985	-	985
61	565	Transmission	-	92,561	92,561	-	92,561	92,561	-	92,561	92,561	-	(5,099)	-	(5,099)
62	555	Chelan Amort	-	-	-	-	-	-	-	-	-	-	-	-	-
63	456	MTM & Sales of Excess Gas	-	24,585	24,585	-	24,585	24,585	-	24,585	24,585	-	19,609	-	19,609
64	547	Other(gas amort, oil & acctg)	-	624	624	-	624	624	-	624	624	-	20	-	20
65	555	BPA Losses Refund	-	-	-	-	-	-	-	-	-	-	-	-	-
66	447	Cal ISO Write-off	-	-	-	-	-	-	-	-	-	-	-	-	-
67	555	WHE Deferral	-	-	-	-	-	-	-	-	-	-	-	-	-
68	555	Mint Farm Deferral	-	-	-	-	-	-	-	-	-	-	-	-	-
69	555	Wind Integration Costs	-	5,386	5,386	-	5,386	5,386	-	5,386	5,386	-	-	-	-
70	555	Gas Transportation	-	32,090	32,090	-	32,090	32,090	-	32,090	32,090	-	-	-	-
71		Total	\$566,221	\$259,540	\$637,887	\$566,221	\$259,540	\$637,887	\$566,221	\$259,540	\$637,887	\$566,221	\$259,540	\$637,887	\$566,221
72															
73	501	Coal	\$73,693	\$16,859	\$90,552	\$73,693	\$16,859	\$90,552	\$73,693	\$16,859	\$90,552	\$73,693	\$16,859	\$90,552	\$73,693
74	547	Natural Gas	105,522	624	106,146	110,570	604	111,174	105,522	624	106,146	110,570	604	111,174	105,522
75	555	Purchased Power	341,527	41,582	383,109	300,512	41,576	342,088	341,527	41,582	383,109	300,512	41,576	342,088	341,527
76	555W	Wind	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
77	555H	Hydro	-	74,572	74,572	-	73,052	73,052	-	74,572	74,572	-	1,520	-	1,520
78	557	Other Power Costs	-	8,029	8,029	-	8,029	8,029	-	8,029	8,029	-	-	-	-
79	565	Transmission	-	92,561	92,561	-	92,561	92,561	-	92,561	92,561	-	-	-	-
80	555MP	Market Purchases	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
81	447	Secondary Sales	(22,887)	-	(22,887)	(10,447)	-	(10,447)	(22,887)	-	(22,887)	(10,447)	-	(10,447)	(22,887)
82	456	Non-Core Gas	-	24,585	24,585	-	24,585	24,585	-	24,585	24,585	-	19,609	-	19,609
83		Total	\$566,221	\$259,540	\$825,761	\$566,221	\$259,540	\$825,761	\$566,221	\$259,540	\$825,761	\$566,221	\$259,540	\$825,761	\$566,221
84		Production O&M	-	134,676	134,676	-	137,606	137,606	-	134,676	134,676	-	23,172,444	23,172,444	23,172,444
85		Colstrip 500KV	-	1,420	1,420	-	1,420	1,420	-	1,420	1,420	-	-	-	-
86		Regulatory Disallowances	-	-	-	-	-	-	-	-	-	-	-	-	-
87		Total	\$566,221	\$395,636	\$961,857	\$566,221	\$395,636	\$961,857	\$566,221	\$395,636	\$961,857	\$566,221	\$395,636	\$961,857	\$566,221

REDACTED
VERSION