

EXHIBIT NO. ____ (DEM-4)
DOCKET NO. UE-07 ____
2007 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-07 ____

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

MARCH 20, 2007

PUGET SOUND ENERGY
Rate Case Power Cost Projections
Rate Year: AURORA + Non-AURORA Power Costs
3.2.2007 AURORA Model run
3-month average gas prices at 2.27.2007

2007 PCORC

	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>	<u>Apr-08</u>	<u>May-08</u>	<u>Jun-08</u>	<u>Jul-08</u>	<u>Aug-08</u>	2007PCORC <u>Rate Year</u>	2006 GRC <u>Rate Year</u>	07PCORC vs <u>2006GRC</u>
501 Coal Fuel	\$ 4,664	\$ 4,794	\$ 4,664	\$ 4,794	\$ 4,876	\$ 4,611	\$ 4,976	\$ 4,553	\$ 4,000	\$ 4,090	\$ 5,002	\$ 5,005	\$ 56,027	\$ 52,246	\$ 3,781
547 Natural Gas Fuel	\$ 14,630	\$ 12,335	\$ 13,839	\$ 10,655	\$ 8,588	\$ 9,946	\$ 9,217	\$ 7,728	\$ 6,553	\$ 2,375	\$ 13,593	\$ 13,714	\$ 123,172	\$ 31,582	\$ 91,590
555 Purchase & Interchange	\$ 45,519	\$ 61,023	\$ 72,406	\$ 94,192	\$ 82,539	\$ 72,415	\$ 76,555	\$ 52,661	\$ 41,941	\$ 50,412	\$ 34,874	\$ 38,547	\$ 723,085	\$ 720,903	\$ 2,182
557 Other Power Supply	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 7,243	\$ 7,700	\$ (456)
565 Wheeling	\$ 5,439	\$ 5,445	\$ 5,700	\$ 5,762	\$ 5,691	\$ 5,683	\$ 5,717	\$ 5,437	\$ 5,450	\$ 5,404	\$ 5,469	\$ 5,463	\$ 66,659	\$ 59,064	\$ 7,595
447 Secondary Sales	\$ (1,832)	\$ (702)	\$ (452)	\$ (20)	\$ (17)	\$ (75)	\$ (4)	\$ (86)	\$ (24)	\$ (386)	\$ (4,448)	\$ (3,264)	\$ (11,311)	\$ (7,471)	\$ (3,840)
Subtotal	\$ 69,023	\$ 83,498	\$ 96,760	\$ 115,986	\$ 102,280	\$ 93,184	\$ 97,065	\$ 70,897	\$ 58,523	\$ 62,499	\$ 55,093	\$ 60,068	\$ 964,875	\$ 864,023	\$ 100,852
456 Non-Core Gas	(664)	(57)	(61)	(30)	(18)	(38)	(27)	(24)	-	(13)	(40)	(48)	(1,020)	\$ 406	(1,426)
Total Power Costs	\$ 68,359	\$ 83,441	\$ 96,699	\$ 115,956	\$ 102,262	\$ 93,146	\$ 97,037	\$ 70,873	\$ 58,523	\$ 62,486	\$ 55,053	\$ 60,020	\$ 963,855	\$ 864,429	\$ 99,426
Load in MWh	1,644,217	1,890,833	2,081,408	2,386,672	2,377,585	2,069,314	2,129,932	1,859,242	1,775,133	1,657,899	1,708,116	1,721,334	23,301,685	21,972,348	1,329,337
6.7% Delivered Load	1,534,054	1,764,147	1,941,954	2,226,765	2,218,287	1,930,670	1,987,227	1,734,673	1,656,199	1,546,820	1,593,672	1,606,005	21,740,472	20,522,173	1,218,299
Revenue Requirement Adjustments:															
Before adjustment													\$ 963,855	\$ 864,429	\$ 99,426
Tenaska Buyout Disallowance 50.0% 13,730													\$ (6,865)	(7,762)	897
Tenaska Prudence Disallowance 1.2% \$ 188,401													(2,261)	(2,269)	8
March Point 2 Prudence Disallowance 3.0% \$ 37,426													(1,123)	(1,087)	(36)
Net Power Costs													\$ 953,606	\$ 853,312	\$ 100,294
Production O&M (including ben & p/r tax)													92,064	80,119	11,945
Colstrip 500 KV Expense													1,352	870	482
Costs for Revenue Requirement													\$ 1,047,022	\$ 934,301	\$ 112,721