

EXHIBIT NO. ____ (DEM-6)
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 ____

**FIFTH 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

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	2007PCORC Rate Year
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
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
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
557 Other Power Supply	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 7,243
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
447 Secondary Sales	\$ (1,832)	\$ (702)	\$ (452)	\$ (20)	\$ (17)	\$ (75)	\$ (4)	\$ (86)	\$ (24)	\$ (386)	\$ (4,448)	\$ (3,264)	\$ (11,311)
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
456 Non-Core Gas	\$ (664)	\$ (57)	\$ (61)	\$ (30)	\$ (18)	\$ (38)	\$ (27)	\$ (24)	\$ -	\$ (13)	\$ (40)	\$ (48)	\$ (1,020)
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
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
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
Revenue Requirement Adjustments:													
Before adjustment													\$ 963,855
Tenaska Buyout Disallowance 50.0% 13,730													\$ (6,865)
Tenaska Prudence Disallowance 1.2% \$ 188,401													\$ (2,261)
March Point 2 Prudence Disallowance 3.0% \$ 37,426													\$ (1,123)
Net Power Costs													\$ 953,606
Production O&M (including ben & p/r tax)													\$ 92,064
Colstrip 500 KV Expense													\$ 1,352
Costs for Revenue Requirement													\$ 1,047,022

Excluding Goldendale

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Rate Year
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
547 Natural Gas Fuel	\$ 6,947	\$ 4,807	\$ 5,195	\$ 2,569	\$ 757	\$ 1,881	\$ 1,206	\$ 1,566	\$ 383	\$ 519	\$ 6,527	\$ 6,333	\$ 38,691
555 Purchase & Interchange	\$ 54,063	\$ 69,297	\$ 82,562	\$ 102,699	\$ 90,254	\$ 81,283	\$ 84,587	\$ 58,472	\$ 46,832	\$ 51,619	\$ 39,730	\$ 44,999	\$ 806,397
557 Other Power Supply	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 604	\$ 7,243
565 Wheeling	\$ 4,878	\$ 4,864	\$ 5,114	\$ 5,194	\$ 5,125	\$ 5,112	\$ 5,146	\$ 4,873	\$ 4,886	\$ 4,890	\$ 4,893	\$ 4,886	\$ 59,861
447 Secondary Sales	\$ (631)	\$ (172)	\$ (77)	\$ (1)	\$ (2)	\$ (7)	\$ (0)	\$ (10)	\$ (1)	\$ (272)	\$ (2,168)	\$ (1,520)	\$ (4,861)
Subtotal	\$ 70,525	\$ 84,194	\$ 98,062	\$ 115,859	\$ 101,614	\$ 93,483	\$ 96,518	\$ 70,057	\$ 56,703	\$ 61,449	\$ 54,588	\$ 60,307	\$ 963,359
456 Non-Core Gas	\$ (664)	\$ (57)	\$ (61)	\$ (30)	\$ (18)	\$ (38)	\$ (27)	\$ (24)	\$ -	\$ (13)	\$ (40)	\$ (48)	\$ (1,020)
Subtotal with Non-Core Gas	\$ 69,861	\$ 84,137	\$ 98,001	\$ 115,830	\$ 101,596	\$ 93,445	\$ 96,491	\$ 70,033	\$ 56,703	\$ 61,437	\$ 54,548	\$ 60,259	\$ 962,339
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
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
Revenue Requirement Adjustments:													
Before adjustment													\$ 962,339
Tenaska Buyout Disallowance 50.0% \$ 13,730													\$ (6,865)
Tenaska Prudence Disallowance 1.2% \$ 188,401													\$ (2,261)
March Point 2 Prudence Disallowance 3.0% \$ 37,426													\$ (1,123)
Net Power Costs													\$ 952,090
Production O&M (excluding Goldendale)													\$ 82,722
Colstrip 500 KV Expense													\$ 1,352
Costs for Revenue Requirement													\$ 1,036,163

Goldendale

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Rate Year
501 Coal Fuel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
547 Natural Gas Fuel	\$ (7,684)	\$ (7,527)	\$ (8,643)	\$ (8,086)	\$ (7,831)	\$ (8,065)	\$ (8,011)	\$ (6,162)	\$ (6,170)	\$ (1,856)	\$ (7,066)	\$ (7,381)	\$ (84,481)
555 Purchase & Interchange	\$ 8,544	\$ 8,274	\$ 10,156	\$ 8,507	\$ 7,715	\$ 8,868	\$ 8,032	\$ 5,811	\$ 4,890	\$ 1,207	\$ 4,856	\$ 6,452	\$ 83,313
557 Other Power Supply	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
565 Wheeling	\$ (561)	\$ (581)	\$ (586)	\$ (568)	\$ (566)	\$ (571)	\$ (571)	\$ (564)	\$ (564)	\$ (513)	\$ (575)	\$ (577)	\$ (6,798)
447 Secondary Sales	\$ 1,201	\$ 530	\$ 376	\$ 19	\$ 15	\$ 68	\$ 4	\$ 76	\$ 23	\$ 113	\$ 2,281	\$ 1,745	\$ 6,450
Subtotal	\$ 1,501	\$ 696	\$ 1,302	\$ (127)	\$ (666)	\$ 299	\$ (547)	\$ (840)	\$ (1,820)	\$ (1,049)	\$ (504)	\$ 239	\$ (1,516)
456 Non-Core Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal with Non-Core Gas	\$ 1,501	\$ 696	\$ 1,302	\$ (127)	\$ (666)	\$ 299	\$ (547)	\$ (840)	\$ (1,820)	\$ (1,049)	\$ (504)	\$ 239	\$ (1,516)
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
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
Revenue Requirement Adjustments:													
Before adjustment													\$ (1,516)
Tenaska Buyout Disallowance 50.0% \$ -													\$ -
Tenaska Prudence Disallowance 1.2% \$ -													\$ -
March Point 2 Prudence Disallowance 3.0% \$ -													\$ -
Net Power Costs													\$ (1,516)
Production O&M (Goldendale only)													\$ (9,342)
Colstrip 500 KV Expense													\$ -
Costs for Revenue Requirement													\$ (10,859)

Goldendale	{	Increases Fuel Costs	\$ 84,481
		Decreases Net Secondary Purchases	\$ (89,763)
		Increases Wheeling Costs	\$ 6,798
		Increases Production O&M	\$ 9,342
		Cost of Goldendale	\$ 10,859