

**EXHIBIT NO. ___(DEM-8C)
DOCKET NO. UE-07___/UG-07___
2007 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-07___
Docket No. UG-07___**

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

**REDACTED
VERSION**

DECEMBER 3, 2007

**REDACTED
VERSION**

**PUGET SOUND ENERGY
2007 GRC vs 2007 PCORC Power Cost Projections**

LN	FERC	Contract/Resource	Stlmt (Sep07- (costs in '000s)			(Nov08- (costs in '000s)			Increase / (Decrease) Costs (costs in '000s)			Stlmt	As-Filed	Incr/(Decr) MWhs
			AURORA	Other	Total	AURORA	Other	Total	AURORA	Other	Total	07PCORC MWH	07GRC MWH	07GRC-07PCORC MWH
1	a/c													
2	547	Crystal Mountain	0	0	0	0	0	0	0	0	0	0	0	0
3	555	Baker Replacement	0	0	0	0	0	0	0	0	0	7,081	7,006	(75)
4	555	BC Hydro Point Roberts	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	19,808	19,723	(84)
5	555	BPA Firm - WNP #3 Exchange	11,692	0	11,692	12,803	0	12,803	1,111	0	1,111	319,493	368,751	49,258
6	555	BPA Snohomish Conservation	3,784	0	3,784	3,811	0	3,811	27	0	27	90,304	90,112	(192)
7	555	Canadian EA	0	0	0	0	0	0	0	0	0	(290,350)	(299,235)	(8,885)
8	501	Colstrip 1&2	23,579	4,127	27,705	24,782	4,682	29,464	1,203	556	1,759	2,224,303	2,161,280	(63,023)
9	501	Colstrip 3&4	25,740	5,576	31,316	22,491	7,875	30,367	(3,249)	2,299	(950)	2,781,627	2,510,234	(271,393)
10	547	Encogen	19,620	(27,637)	(8,017)	2,798	(2,258)	540	(16,822)	25,379	8,557	263,012	37,620	(225,392)
11	547	Fred 1	34,123	6,311	40,434	23,721	6,474	30,195	(10,401)	163	(10,238)	574,238	395,098	(179,139)
12	547	Frederickson 1&2	405	0	405	506	0	506	100	0	100	4,071	5,096	1,025
13	547	Fredonia 1&2	1,466	791	2,257	1,482	790	2,272	16	(1)	15	15,654	15,756	102
14	547	Fredonia 3&4	891	791	1,682	558	790	1,349	(332)	(1)	(333)	10,519	6,590	(3,929)
15	547	Goldendale	88,353	3,316	91,668	84,272	3,274	87,546	(4,080)	(42)	(4,122)	1,504,848	1,419,778	(85,071)
16	565	Hopkins Ridge Wind	0	3,225	3,225	0	(1,037)	(1,037)	0	(4,262)	(4,262)	457,378	454,408	(2,970)
17	555	Klondike Wind PPA	0	0	0	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	0	XXXXXXXX	156,370
18	555	Lehman Brothers PPA	0	0	0	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	0	364,800	364,800
19	555	Market Purchase	310,895	(5,216)	305,679	290,774	(3)	290,771	(20,121)	5,213	(14,908)	4,728,688	XXXXXXXX	183,279
20	447	Market Sale	(6,530)	0	(6,530)	(6,297)	0	(6,297)	233	0	233	(141,255)	XXXXXXXX	(968)
21	555	Mid Columbia	0	94,369	94,369	0	97,428	97,428	0	3,059	3,059	5,801,568	5,809,927	8,359
22	555	Nooksack Hydro	1,335	(62)	1,272	1,402	(3)	1,399	67	60	127	21,960	21,900	(60)
23	555	Northwestern	5,216	36,835	42,051	5,109	38,524	43,633	(107)	1,689	1,582	750,487	692,062	(58,425)
24	555	PG&E Exchange	0	0	0	0	(0)	(0)	0	(0)	(0)	5,957	(69)	(6,026)
25	555	XXXXXXXXXXXXXXXXXXXX	0	0	0	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	0	182,400	182,400
26	555	PR Displacement Product	6,309	0	6,309	4,493	0	4,493	(1,815)	0	(1,815)	213,608	156,970	(56,638)
27	555	PSE Short Term Contracts	0	0	0	16,017	0	16,017	16,017	0	16,017	0	234,450	234,450
28	555	Puget's Hydro	0	0	0	0	0	0	0	0	0	1,032,789	1,048,033	15,243
29	555	QF Koma Kulshan Hydro	2,981	0	2,981	2,983	0	2,983	1	0	1	38,961	38,900	(61)
30	555	QF March Point 1	37,323	0	37,323	37,333	0	37,333	10	0	10	670,782	668,868	(1,914)
31	555	QF March Point 2	29,869	0	29,869	26,804	0	26,804	(3,065)	0	(3,065)	440,004	382,506	(57,497)
32	555	QF Puyallup Energy Recovery Co. (PERC)	668	340	1,007	315	159	474	(352)	(181)	(534)	10,905	5,179	(5,727)
33	555	QF Port Townsend Hydro	149	(7)	142	183	0	183	34	7	41	2,512	2,505	(7)
34	555	QF Spokane MSW	12,823	0	12,823	12,815	0	12,815	(8)	0	(8)	142,764	142,428	(336)
35	555	QF Sygitowicz	45	0	45	47	0	47	2	0	2	707	703	(4)
36	555	QF Tenaska	130,511	26,962	157,473	101,864	31,942	133,806	(28,647)	4,980	(23,667)	834,699	376,206	(458,493)
37	555	QF Twin Falls	5,168	0	5,168	5,151	0	5,151	(18)	0	(18)	68,910	68,675	(235)
38	555	QF Weeks Falls	926	0	926	923	0	923	(3)	0	(3)	12,341	12,301	(40)
39	555	Sempra PPA	0	0	0	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	0	438,000	438,000
40	547	Sumas	0	0	0	10,017	0	10,017	10,017	0	10,017	0	150,012	150,012
41	555	TransAlta Exchange	0	0	0	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	0	0	0
42	555	Wasco Hydro	2,491	0	2,491	2,492	0	2,492	1	0	1	38,208	38,126	(81)
43	547	Whitehorn 2&3	324	181	505	440	181	621	116	0	116	3,177	4,328	1,152
44	555	Wild Horse Wind	0	2,725	2,725	0	4,998	4,998	0	2,272	2,272	641,924	641,924	0
45	555	Vanderhaak Dairy	0	0	0	0	0	0	0	0	0	0	0	0
46	555	ORMAT	0	0	0	0	0	0	0	0	0	0	0	0
47	555	QF Hutch.-TY + Settlement Adjustments	0	(7,957)	(7,957)	0	0	0	0	7,957	7,957	0	0	0
48	557	Other Power Costs	0	6,782	6,782	0	7,058	7,058	0	276	276	0	0	0
49	565	Wheeling	0	65,478	65,478	0	72,176	72,176	0	6,698	6,698	0	0	0
50	555	Douglas Settlement	0	(4,302)	(4,302)	0	(5,079)	(5,079)	0	(777)	(777)	0	0	0
51	555	Capacity	0	634	634	0	63	63	0	(571)	(571)	0	0	0
52	555	Powerex	0	0	0	0	0	0	0	0	0	0	0	0
53	456	(Gain) / Loss on Sale of Excess Gas	0	(592)	(592)	0	(188)	(188)	0	404	404	0	0	0
54	555	BEP Amort	0	3,527	3,527	0	3,527	3,527	0	0	0	0	0	0
55	547	Gas Contracts Mark to Market	0	1,803	1,803	0	772	772	0	(1,031)	(1,031)	0	0	0
56		Total	\$ 751,758	\$ 218,000	\$ 969,757	\$ 766,851	\$ 272,288	\$ 1,039,139	\$ 15,094	\$ 54,288	\$ 69,382	23,301,683	23,599,465	297,782
58	501	Coal Fuel	49,319	9,703	59,022	47,273	12,558	59,831	(2,046)	2,855	809	5,005,931	4,671,514	(334,416)
59	547	Natural Gas Fuel	145,181	(14,444)	130,738	123,795	10,023	133,818	(21,387)	24,467	3,080	2,375,519	2,034,278	(341,241)
60	555	Purchase & Interchange	563,787	147,848	711,635	602,080	171,699	773,779	38,293	23,851	62,144	15,604,110	16,581,487	977,377
61	557	Other Power Supply	0	6,782	6,782	0	7,058	7,058	0	276	276	0	0	0
62	565	Wheeling	0	68,703	68,703	0	71,139	71,139	0	2,436	2,436	457,378	454,408	(2,970)
63	447	Secondary Sales	(6,530)	0	(6,530)	(6,297)	0	(6,297)	233	0	233	(141,255)	(142,222)	(968)
64	456	Non-Core Gas	0	(592)	(592)	0	(188)	(188)	0	404	404	0	0	0
65		Total	\$ 751,758	\$ 218,000	\$ 969,757	\$ 766,851	\$ 272,288	\$ 1,039,139	\$ 15,094	\$ 54,288	\$ 69,382	23,301,683	23,599,465	297,782
67		Prudence & Buyout Disallowances			\$ (10,300)			\$ (8,707)			\$ 1,593			
68		Production O&M (including ben & p/r tax)			91,505			103,745			12,240			
69		Colstrip 500 KV Expense			1,352			1,176			(176)			
70		Costs for Revenue Requirement			\$ 1,052,315			\$ 766,851			\$ 83,039			

NOTE: MWhs for Market Purchases and Sales have been identified as Confidential so the Klondike III MWhs could not be calculated.