

**EXHIBIT NO. ___(WJE-6HC)
DOCKET NO. UE-06___/UG-06___
2006 PSE GENERAL RATE CASE
WITNESS: W. JAMES ELSEA**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-06___
Docket No. UG-06___**

**FIFTH EXHIBIT (HIGHLY CONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
W. JAMES ELSEA
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED
VERSION**

FEBRUARY 15, 2006



PUGET SOUND ENERGY

Confidential and Proprietary
Proposed Power Sales Agreement with PUD No. 1 of Chelan County
Project (Stand Alone) Pro Forma Income Statement \$000's

Line #	Income Statement \$000	2011-2031	2004	2007	2008	2009	2010	2011	2012	2013	2014	2016	2016	2017	2018
1	Operating Revenue Requirement														
2	Operating Expenses:														
3	Purchased Power Expense														
4	Rock Island I & II O&M														
5	Licensing studies as O&M? Yes														
6	Credit for Payment Reserve														
7	Rocky Reach O&M														
8	Rock Island I & II Debt Service														
9	Rocky Reach Debt Service														
10	Other Contract Charges														
11	Transmission Charge														
12	Working Capital Charge														
13	Coverage Fund Charge														
14	Debt Administrative Charge														
15	Interest (Credit) on DRC and CRC														
16	Debt Reduction Charge (DRC)														
17	Capital Recovery Charge (CRC)														
18	Total Purchased Power Expense														
19	Amortization of Regulatory Asset														
20	Current Income Tax														
21	Deferred Tax														
22	Total Income Tax														
23	Total Operating Expenses														
24	Operating Income														
25	Other Income														
26	AFUDC														
27	Total Other Income														
28	Income Before Interest Charges														
29	Interest Expense														
30	Net Income														
31	Less: Preferred Stock Dividends														
32	Income for Common Stock														
33	Beginning Ratebase (Regulatory Asset)														
34	Up Front and Prepayment Requirement														
35	AFUDC														
36	Amortization														
37	Ending Ratebase														
38	ROR (Op. Inc. on Beginning Ratebase)														
39	Unit Cost Calculation														
40	Operating Revenue Requirement														
41	Energy/GWh														
42	PSA Cost per MWh														
43	Impaired Debt (S&P 30% Risk Factor)														
44	Cost of Equity Offset														
45	Unit Cost of Equity Offset \$/MWh														
46	Total Cost Including Equity Offset \$/MWh														
47															
48															
49															
50															
51															
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Pro Forma Income Statement
Exhibit 5b Page 1

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Confidential and Proprietary
Proposed Power Sales Agreement with PUD No. 1 of Chelan County
Project (Stand Alone) Pro Forma Income Statement \$000's



Line #	Income Statement \$000	2017-2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
1	Operating Revenue Requirement												
2	Operating Expenses:												
3	Purchased Power Expense												
4	Risk Island I & II O&M												
5	Licensing studies as O&M? Yes												
6	Credit for Payment Reserve												
7	Risky Reach O&M												
8	Risk Island I & II Debt Service												
9	Risky Reach Debt Service												
10	Other Contract Charges												
11	Transmission Charge												
12	Working Capital Charge												
13	Coverage Fund Charge												
14	Debt Administrative Charge												
15	Interest (Credit) on DRC and CRC												
16	Debt Reduction Charge (DRC)												
17	Capital Recovery Charge (CRC)												
18	Total Purchased Power Expense												
19	Amortization of Regulatory Asset												
20	Current Income Tax												
21	Deferred Tax												
22	Total Income Tax												
23	Total Operating Expenses												
24	Operating Income												
25	Other Income												
26	APUDC												
27	Total Other Income												
28	Income Before Interest Charges												
29	Interest Expense												
30	Net Income												
31	Less: Preferred Stock Dividends												
32	Income for Common Stock												
33	Beginning Retiree (Regulatory Asset)												
34	Up Front and Prepayment Requirement												
35	APUDC												
36	Amortization												
37	Ending Retiree												
38	ROR (Op. Inc. on Beginning Retiree)												
39	Unit Cost Calculation												
40	Operating Revenue Requirement												
41	Energy GWh												
42	PSA Cost per MWh												
43	Imputed Debt (S&P 30% Risk Factor)												
44	Cost of Equity Other												
45	Unit Cost of Equity Other												
46	Total Cost Including Equity Offset \$/MWh												

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Pro Forma Income Statement
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	2006 - 2031		2011 - 2031	
	Nominal (\$000)	NPV 2006\$ (\$000)	Nominal (\$000)	NPV 2011\$ (\$000)
Contract Costs				
Operating Costs	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Equity Offset Imputed Debt	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
TOTAL	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

	2006 - 2031		2011 - 2031	
	Nominal (\$000)	NPV 2006\$ (\$000)	Nominal (\$000)	NPV 2011\$ (\$000)
Market Replacement				
Market + ancillary services	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Levelized Savings \$/MWh

\$ [REDACTED]

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\$ [REDACTED]

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Summary Nominal NPV Levelized
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All Values x 1,000

Total Cost - Chelan Power System	2011-2031	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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Rocky Reach O&M Existing Debt Service Incremental Debt Service Subtotal	REDACTED											
Rock Island I & II O&M Licensing studies as O&M? Yes Existing Debt Service Incremental Debt Service Subtotal	REDACTED											
TOTAL CHELAN POWER SYSTEM (x 1,000)	REDACTED											
100% Total Debt Service	REDACTED											
100% Estimated Principal Balance	REDACTED											

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Confidential and Proprietary
Chelan Power System Debt Service and
Operation and Maintenance Summary \$000 Nominal

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
All Values x 1,000										
Total Cost - Chelan Power System										
Rocky Reach										
O&M										
Existing Debt Service										
Incremental Debt Service										
Subtotal										
Rock Island I & II										
O&M										
Licensing studies as O&M? Yes										
Existing Debt Service										
Incremental Debt Service										
Subtotal										
TOTAL CHELAN POWER SYSTEM (x 1,000)										
100% Total Debt Service										
100% Estimated Principal Balance										

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Confidential and Proprietary
Chelan Power System Operation and Maintenance
100% Nominal \$000's

All Values x 1,000

Operations & Maintenance

2011-2031 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

- Rocky Reach Plant O&M
- Licensing O&M
- Relicensing Costs
- Shoreline Erosion Management Plan
- Water Quality
- Anadromous Fish Protection
- Comprehensive Fish Management Plan
- Bull Trout Management Plan
- Pacific Lamprey Monitoring and Management Plan
- Wildlife Habitat
- Cultural Resources Management Plan
- Recreation and Resources Management Plan
- Subtotal Licensing
- Subtotal Rocky Reach
- Rock Island
- Rock Island I O&M
- Rock Island II O&M
- Licensing O&M
- Relicensing Costs
- Shoreline Erosion Management Plan
- Water Quality
- Anadromous Fish Protection
- Comprehensive Fish Management Plan
- Bull Trout Management Plan
- Pacific Lamprey Monitoring and Management Plan
- Wildlife Habitat
- Cultural Resources Management Plan
- Recreation and Resources Management Plan
- Subtotal Licensing
- Subtotal Rock Island

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100% Expense - Nominal - Term
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Confidential and Proprietary
Chelan Power System Operation and Maintenance
100% Nominal \$000's

All Values x 1,000
 Operations & Maintenance

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
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- Rocky Reach Plant O&M
- Licensing O&M
- Relicensing Coasts
- Shoreline Erosion Management Plan
- Water Quality
- Anadromous Fish Protection
- Comprehensive Fish Management Plan
- Bull Trout Management Plan
- Pacific Lamprey Monitoring and Management Plan
- Wildlife Habitat
- Cultural Resources Management Plan
- Recreation and Resources Management Plan
- Subtotal Licensing
- Subtotal Rocky Reach
- Rock Island
- Rock Island I O&M
- Rock Island II O&M
- Licensing O&M
- Relicensing Coasts
- Shoreline Erosion Management Plan
- Water Quality
- Anadromous Fish Protection
- Comprehensive Fish Management Plan
- Bull Trout Management Plan
- Pacific Lamprey Monitoring and Management Plan
- Wildlife Habitat
- Cultural Resources Management Plan
- Recreation and Resources Management Plan
- Subtotal Licensing
- Subtotal Rock Island

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100% Expense - Nominal - Term
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Confidential and Proprietary
Rocky Reach Capital Expenditures
100% Nominal \$000's

Contract Year	Start	2011-2031	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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- Rocky Reach Licensing
- Shoreline Erosion Management Plan
- Water Quality
- Anadromous Fish Protection
- Comprehensive Fish Management Plan
- White Sturgeon Management Plan
- Bull Trout Management Plan
- Pacific Lamprey Monitoring and Management Plan
- Wildlife Habitat
- Cultural Resources Management Plan
- Recreation and Resources Management Plan
- Subtotal
- Rocky Reach PP&E
- 1.0 Turbine
- 2.0 Auxiliary Mechanical
- 3.0 Generators
- 4.0 Controls
- 5.0 Transformers
- 6.0 Switchgear
- 7.0 Miscellaneous
- Subtotal
- TOTAL Rocky Reach Capital

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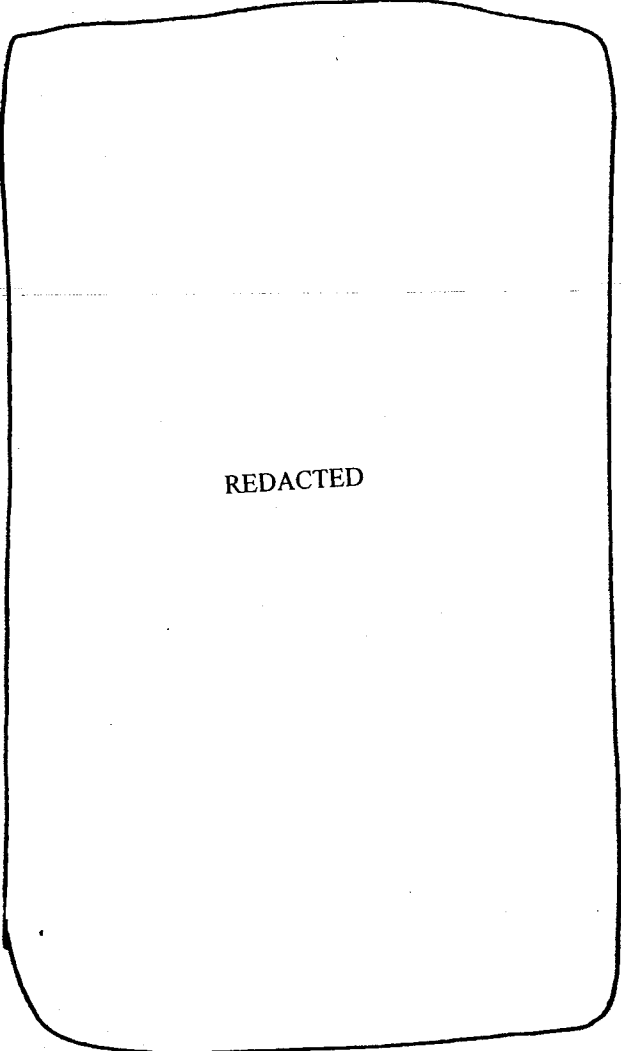
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Confidential and Proprietary
Rocky Reach Capital Expenditures
100% Nominal \$000's

All Values x 1,000
Contract Year 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031



- Rocky Reach Licensing
- Shoreline Erosion Management Plan
- Water Quality
- Anadromous Fish Protection
- Comprehensive Fish Management Plan
- White Sturgeon Management Plan
- Bull Trout Management Plan
- Pacific Lamprey Monitoring and Management Plan
- Wildlife Habitat
- Cultural Resources Management Plan
- Recreation and Resources Management Plan
- Subtotal
- Rocky Reach PP&E
- 1.0 Turbine
- 2.0 Auxiliary Mechanical
- 3.0 Generators
- 4.0 Controls
- 5.0 Transformers
- 6.0 Switchgear
- 7.0 Miscellaneous
- Subtotal
- TOTAL Rocky Reach Capital

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**Confidential and Proprietary
Rock Island Capital Expenditures
100% Nominal \$000's**

Contract Year	Start	1	2	3	4	5	6	7	8	9	10	11
	7/1/2012	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021

Rock Island Licensing Relineasing Costs - process and studies as O&M Shoreline Erosion Management Plan Water Quality Anadromous Fish Protection Comprehensive Fish Management Plan White Sturgeon Management Plan Bull Trout Management Plan Pacific Lamprey Monitoring and Management Plan Wildlife Habitat Cultural Resources Management Plan Recreation and Resources Management Plan Subtotal	2011-2031	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	<div style="border: 2px solid black; padding: 10px; text-align: center;"> <p>REDACTED</p> </div>											

Rock Island PP&E 1.0 Turbine 2.0 Auxiliary Mechanical 3.0 Generators 4.0 Controls 5.0 Transformers 6.0 Switchgear 7.0 Miscellaneous Subtotal PP&E Rock Island General 15.0 Fisheries Equipment 18.0 Spillway Improvements Subtotal Fish and Spillway Improvements TOTAL	2011-2031	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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**Confidential and Proprietary
Rock Island Capital Expenditures
100% Nominal \$000's**

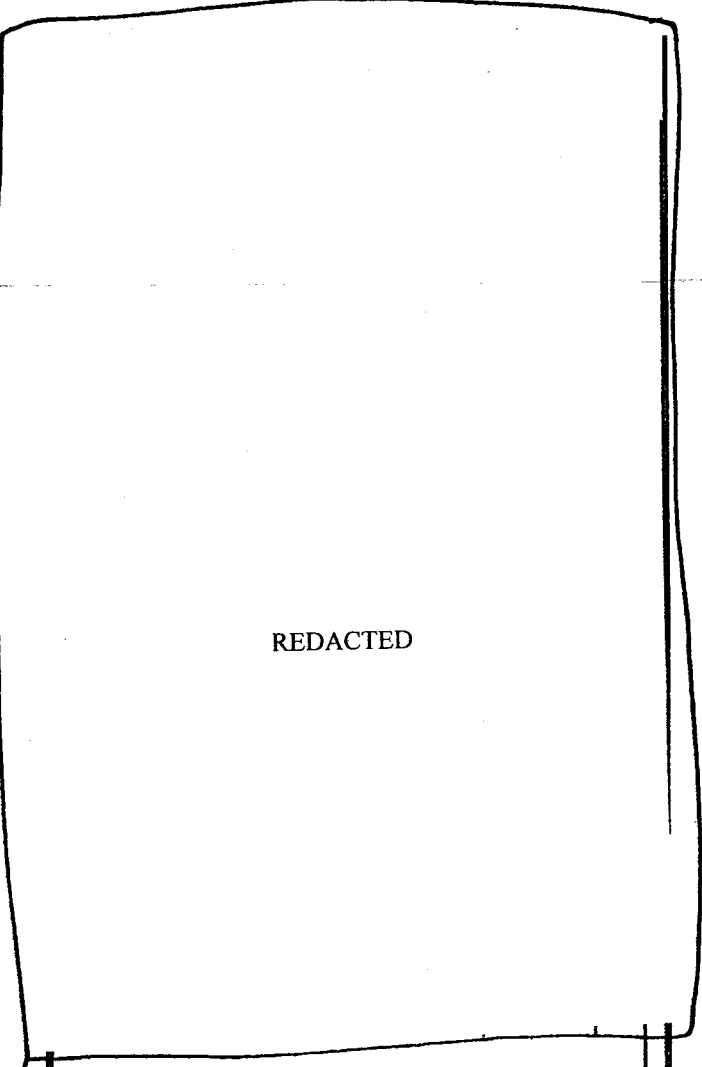
All Values x 1,000
Contract Year 12 13 14 15 16 17 18 19 20 21
 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

Rock Island Licensing
Relicensing Costs - process and studies as O&M
Shoreline Erosion Management Plan
Water Quality
Anadromous Fish Protection
Comprehensive Fish Management Plan
White Sturgeon Management Plan
Bull Trout Management Plan
Pacific Lamprey Monitoring and Management Plan
Wildlife Habitat
Cultural Resources Management Plan
Recreation and Resource Management Plan
Subtotal

Rock Island PP&E
1.0 Turbine
2.0 Auxiliary Mechanical
3.0 Generators
4.0 Controls
5.0 Transformers
6.0 Switchgear
7.0 Miscellaneous
Subtotal PP&E

Rock Island General
15.0 Fisheries Equipment
16.0 Spillway Improvements
Subtotal Fish and Spillway Improvements

TOTAL



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