

**PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE**

Docket UE-031725  
Exhibit \_\_ (JMR-2)  
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1	Staff Witness	Russell	McIntosh	McIntosh	McIntosh/Russell	Russell	Russell	Russell
			Adjustment-1	Adjustment-2	Adjustment-3	Adjustment-4	Adjustment-5	Adjustment-6
	Test Year		POWER	SALES FOR	NEW	TRANSMISSION	PRODUCTION PLANT	PROPERTY
	Actual		COST	RESALE	PLANT	INCOME	DEPRECIATION &	TAXES
	2003 TY						AMORTIZATION	
<b>Power Cost Rate</b>								
2	Regulatory Assets (Variable)	\$ 291,579,399						
3	Transmission Rate Base (Fixed)	115,844,514						
4	Production Rate Base (Fixed)	462,808,403			78,245,591			
		\$ 870,232,316	\$ -	\$ -	\$ 78,245,591	\$ -	\$ -	\$ -
5	Net of tax rate of return							
								7.30%
6	Regulatory Asset Recovery	\$ 32,746,609						
7	Fixed Asset Recovery-Prod Factored	51,976,944				8,787,582		
8	Fixed Asset Recovery Other	13,010,230						
9	501- Steam Fuel	32,196,077	3,990,853					
10	555-Purchased power	724,616,401	(188,287,169)					
11	557-Other Power Exp	12,126,825	(147,370)		403,616			
12	547-Fuel	27,644,080	25,277,750		31,210,173			
13	565-Wheeling	39,871,180	(33,846)		2,071,394			
14	456-17 Variable Transm. Income	(6,992,847)				3,253,602		
15	Hydro and Other Pwr.	47,990,567	(525,762)		4,690,637			
16	447-Sales to Others	(166,885,152)		152,573,194	(8,485,904)			
17	456-16 & -18 Purchase/Sales of Gas	(3,815,282)	3,602,212					
18	Transmission Exp - 500KV	490,492	(4,409)					
19	Depreciation/Amortization -Production	39,386,240			2,660,908		(49,774)	
20	Depreciation-Transmission	4,873,884					(15,457)	
21	Property Taxes-Production	8,260,464			1,030,400			87,871
22	Property Taxes-Transmission	4,538,642						64,394
23	Subtotal & Baseline Cost Rate	\$ 862,035,357	\$ (156,127,742)	\$ 152,573,194	\$ 42,368,805	\$ 3,253,602	\$ (65,231)	\$ 152,265

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	Russell	Russell	Russell	Russell	Russell	Schooley	Elgin		Restated	\$/MWh
	Adjustment-7	Adjustment-8	Adjustment-9	Adjustment-10	Adjustment-11	New Adj. 12	New Adj. 13	TOTAL	2003 TY	19,271,717
	MONTANA ENERGY TAX	PROPERTY INSURANCE	WHITE RIVER	REGULATORY ASSETS / ACQ ADJUSTMENT	PRODUCTION ADJUSTMENT	TENASKA ADJUSTMENT	ENCORE & TENASKA FUEL ADJUSTMENT	ADJUSTMENT		
\$	-	-	1,852,487	(31,357,326)	(2,339,323)			(33,696,649)	257,882,750	
\$			1,852,487	0	(4,880,577)			75,217,502	115,844,514	
\$			1,852,487	(31,357,326)	(7,219,900)			41,520,852	538,025,904	
\$	92,218	126,210	0	(3,521,669)	(262,724)			(3,784,393)	28,962,216	1.503
			208,049	0	(548,126)			8,447,504	60,424,448	3.135
						(11,947,000)	(33,341,000)	3,990,853	13,010,230	0.675
					(38,891)			(233,575,169)	36,186,931	1.878
								435,782	491,041,232	25.480
								56,487,923	12,562,608	0.652
								2,037,547	84,132,003	4.366
								3,253,602	41,908,728	2.175
					(42,168)			4,122,708	(3,739,245)	(0.194)
								144,087,290	52,113,275	2.704
								3,602,212	(22,797,861)	(1.183)
								(4,409)	(213,070)	(0.011)
								2,233,589	486,083	0.025
								(15,457)	41,619,829	2.160
								1,033,958	4,858,427	0.252
								64,394	9,294,422	0.482
\$	92,218	126,210	208,049	(3,521,669)	(1,353,766)	(11,947,000)	(33,341,000)	37,705,936	854,453,292	44.337

**PUGET SOUND ENERGY  
 POWER COST ONLY RATE CASE  
 TWELVE MONTHS ENDED JUNE 30, 2003  
 POWER COST (RYE Production Factored)**

LINE NO. DESCRIPTION	PROFORMA RYE MAR '05	TEST YEAR	ADJUSTMENT
1 PRODUCTION EXPENSES:			
2 FUEL:			
3 501-STEAM FUEL	\$ 36,186,931	\$ 32,196,077	\$ 3,990,853
4 547-FUEL	52,921,830	27,644,080	25,277,750
5 PURCHASED AND INTERCHANGED:			
6 555-PURCHASED POWER	536,329,232	724,616,401	(188,287,169)
7 557-OTHER POWER EXPENSE	8,275,337	8,422,707	(147,370)
8 565-WHEELING	39,837,334	39,871,180	(33,846)
9 HYDRO AND OTHER POWER	47,464,805	47,990,567	(525,762)
10 TRANS. EXP. INCL. 500KV O&M	486,083	490,492	(4,409)
11 447-SALES FOR RESALE	(14,311,957)	(166,885,152)	152,573,194
12 456-16 & 18 PURCHASES/SALES OF NON-CORE GAS	(213,070)	(3,815,282)	3,602,212
13 456-17 WHEELING FOR OTHERS - COLSTRIP, 3RD AC & NI	(3,739,245)	(6,992,847)	3,253,602
14 INCREASE (DECREASE) EXPENSE	703,237,279	703,538,224	(300,945)
15			
16 LESS: SALES FOR RESALE	14,311,957	166,885,152	(152,573,194)
17 LESS: WHEELING FOR OTHERS - COLSTRIP, 3RD AC & NI	3,739,245	6,992,847	(3,253,602)
18 SCH. 94 - RES./FARM CREDIT	-	-	-
19 INCREASE(DECREASE) EXPENSE	721,288,481	\$ 877,416,223	\$ (156,127,742)
20 TRANS. EXP. INCL. 500KV O&M	(486,083)		
21 PURCHASES/SALES OF NON-CORE GAS	213,070		
22 POWER COSTS	\$ 721,015,469		

**PUGET SOUND ENERGY**  
**DETERMINATION OF NET POWER COSTS FOR ADJUSTMENT PCORC-01**  
**TEST YEAR ENDED JUNE 30, 2003**  
**RATE YEAR ENDED MARCH 31, 2005**

Line FERC	Description	TEST YEAR				RATE YEAR				After Prod Factor of 0.99101			
		12ME 6/30/2003	Reclass Prod O&M EE Ben to 557	Reclass Prod O&M ER Taxes Ben & Tax	O&M Manual Clearing Ben & Tax	12ME 3/31/2005	Less New Plant	Reclass Ben&Tax	Net Before Prod Factor				
1	Fuel:												
2	501 Steam Fuel	\$ 32,196,077	\$ -	\$ -	\$ -	\$ 32,196,077				\$ 36,515,192	\$ -	\$ 36,515,192	\$ 36,186,931
3	547 Fuel	27,644,080	-	-	-	27,644,080				84,895,187	(31,493,289)	53,401,898	52,921,830
4		59,840,158	-	-	-	59,840,158				121,410,378	(31,493,289)	89,917,090	89,108,761
5	Purchased and Interchanged												
6	555 Purchased Power	724,616,401	-	-	-	724,616,401				541,194,418	-	541,194,418	536,329,232
7	557 Other Power Expense	7,273,440	1,047,757	541,953	(440,443)	8,422,707				7,201,138	-	8,350,404	8,275,337
8		731,889,841	1,047,757	541,953	(440,443)	733,039,108				548,395,556	-	549,544,822	544,604,569
9													
10	565 Wheeling	39,871,180	-	-	-	39,871,180				42,288,893	(2,090,184)	40,198,709	39,837,334
11													
12	various Hydro and Other Power	49,580,277	(1,047,757)	(541,953)	-	47,990,567				54,175,718	(4,690,637)	(1,589,710)	47,464,805
13													
14	various Trans. Exp. Incl. 500Kv O&M	490,492	-	-	-	490,492				490,492	-	490,492	486,083
15	447 Sales for Resale	(166,885,152)	-	-	-	(166,885,152)				(23,004,667)	8,562,882	(14,441,785)	(14,311,957)
16	456 Purchases/Sales Of Non-Core Gas	(3,815,282)	-	-	-	(3,815,282)				(215,003)	-	(215,003)	(213,070)
17		(170,209,942)	-	-	-	(170,209,942)				(22,729,178)	8,562,882	(14,166,296)	(14,038,945)
18													
19	Net Power Costs	710,971,514	-	-	(440,443)	710,531,071				743,541,367	(29,711,228)	713,389,696	706,976,523
20	45600017 Variable Transmission Income	(6,992,847)	-	-	-	(6,992,847)				(3,773,164)	-	(3,773,164)	(3,739,245)
21													
22	To PCORC-01	\$703,978,667	\$ -	\$ -	\$(440,443)	\$703,538,224				\$739,768,203	\$(29,711,228)	\$(440,443)	\$703,237,278

**PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE  
TWELVE MONTHS ENDED JUNE 30, 2003  
SALES FOR RESALE (RYE Production Factored)**

<b>LINE</b>		<b>PROFORMA</b>		
<b>NO.</b>	<b>DESCRIPTION</b>	<b>RYE MAR '05</b>	<b>TEST YEAR</b>	<b>ADJUSTMENT</b>
1	447-SALES FOR RESALE	\$ (14,311,957)	\$ (166,885,152)	\$ 152,573,194
2	INCREASE (DECREASE) EXPENSE	\$ (14,311,957)	\$ (166,885,152)	\$ 152,573,194

**PUGET SOUND ENERGY  
 POWER COST ONLY RATE CASE  
 TWELVE MONTHS ENDED JUNE 30, 2003  
 NEW PLANT**

LINE NO.	DESCRIPTION	PROFORMA RYE MAR '05	TEST YEAR	ADJUSTMENT
1	<u>NEW PLANT RATE BASE</u>			
2	PLANT BALANCE	79,827,232	-	79,827,232
3	ACCUMULATED DEPRECIATION	1,330,454	-	1,330,454
4	DEFERRED FIT	251,187	-	251,187
5	NET NEW PLANT RATE BASE	78,245,591	-	78,245,591
6				
7	FIXED ASSET RECOVERY	8,787,582	-	8,787,582
8				
9	NEW PLANT DEPRECIATION EXPENSE (30 Yr)	2,660,908	-	2,660,908
10	NEW PLANT PROPERTY INSURANCE	403,616	-	403,616
11	NEW PLANT PROPERTY TAXES	1,030,400	-	1,030,400
12		4,094,923	-	4,094,923
13				
14	<u>POWER COST ASSOCIATED TO NEW PLANT (NET OF PRODUCTION FACTOR)</u>			
15	547 NATURAL GAS	31,210,173	-	31,210,173
16	565 WHEELING	2,071,394	-	2,071,394
17	447 SECONDARY SALE	(8,485,904)	-	(8,485,904)
18	INCREASE(DECREASE) POWER COST	24,795,663	-	24,795,663
19				
20	PRODUCTION O&M (Prod Factor adjusted in Prod Adj.)	4,690,637	-	4,690,637
21				
22	INCREASE (DECREASE) EXPENSE	\$ 42,368,805	\$ -	\$ 42,368,805

PUGET SOUND ENERGY  
 POWER COST ONLY RATE CASE  
 TWELVE MONTHS ENDED JUNE 30, 2003  
 TRANSMISSION INCOME (new)

LINE NO.	DESCRIPTION	PROFORMA RYE MAR '05	TEST YEAR	ADJUSTMENT
1	456-17 WHEELING FOR OTHERS - COLSTRIP, 3RD AC & NI	\$ (3,739,245)	\$ (6,992,847)	\$ 3,253,602
2	INCREASE (DECREASE) EXPENSE	\$ (3,739,245)	\$ (6,992,847)	\$ 3,253,602

**PUGET SOUND ENERGY**  
**REVENUE RECOGNIZED IN ORDER 45600017**  
**Calendar Years 1999 - 2003 and 9 Months Ended September 2003**

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TYPE	Path Name	As filed in WUTC Staff DRR 67 (12-18-03)					
		1999	2000	2001	2002	9 ME Sept 2003	12 ME Dec 2003
1 FIRM	Southern Intertie - North to South	\$ 1,184,220	\$ 2,239,515	\$ 2,053,632	\$ 2,277,765	\$ 2,964,377	\$ 3,544,902
2 FIRM	Southern Intertie - South to North	\$ -	\$ 7,500	\$ 1,836,000	\$ 5,322,368	\$ -	\$ -
3 FIRM	Northern Intertie - South to North	\$ 187,707	\$ -	\$ -	\$ -	\$ -	\$ -
4 FIRM	Washington State	\$ 1,204	\$ -	\$ -	\$ 4,140	\$ -	\$ -
5 TOTAL FIRM		\$ 1,373,131	\$ 2,247,015	\$ 3,889,632	\$ 7,604,273	\$ 2,964,377	\$ 3,544,902
6 NON-FIRM	Colstrip	\$ 518,981	\$ 966,571	\$ 928,768	\$ 104,774	\$ 77,735	\$ 109,754
7 NON-FIRM	Northern Intertie - North-South-North	\$ 86,168	\$ 105,444	\$ 27,181	\$ 23,694	\$ 3,073	\$ 7,328
8 NON-FIRM	Southern Intertie - North to South	\$ 95,417	\$ 46,207	\$ 121,415	\$ 79,108	\$ 46,341	\$ 62,223
9 NON-FIRM	Southern Intertie - South to North	\$ 15,374	\$ 16,892	\$ 12,637	\$ 4,830	\$ 1,038	\$ 1,536
10 NON-FIRM	Washington State	\$ 6,861	\$ 3,847	\$ 769	\$ 400	\$ 400	\$ 400
11 TOTAL NON-FIRM		\$ 722,800	\$ 1,138,962	\$ 1,090,770	\$ 212,805	\$ 128,587	\$ 181,240
12 OTHER	Tax	\$ -	\$ -	\$ -	\$ 54,566	\$ 48,953	\$ 66,102
13 OTHER	Adjustments/Rounding	\$ (4,349)	\$ (1,950)	\$ (294)	\$ (2,084)	\$ -	\$ (51)
14 TOTAL OTHER		\$ (4,349)	\$ (1,950)	\$ (294)	\$ 52,482	\$ 48,953	\$ 66,051
15 Total in Order 45600017		\$ 2,091,582	\$ 3,384,026	\$ 4,980,108	\$ 7,869,560	\$ 3,141,916	\$ 3,792,193
16 Remove 2002 SI - South to North abnormal revenue					\$ (5,322,368)		
17 Adjusted Totals		\$ 2,091,582	\$ 3,384,026	\$ 4,980,108	\$ 2,547,192		\$ 3,792,193
18				3 Year Adjusted Average (2000-02)			\$ 3,773,164
19				Production factor			0.99101
20				3 Year Adjusted Average - Production Factored			\$ 3,739,245



**PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE  
TWELVE MONTHS ENDED JUNE 30, 2003  
PRODUCTION PLANT DEPRECIATION AND AMORTIZATION**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>RESTATED</b>	<b>TEST YEAR</b>	<b>ADJUSTMENT</b>
1	DEPRECIATION - PRODUCTION	\$ 36,224,586	\$ 36,274,360	\$ (49,774)
2	AMORTIZATION - PRODUCTION	3,111,880	3,111,880	-
3	DEPRECIATION-TRANSMISSION	4,858,427	4,873,884	(15,457)
4	INCREASE (DECREASE) EXPENSES	\$ 44,194,893	\$ 44,260,124	\$ (65,231)

**PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE  
TWELVE MONTHS ENDED JUNE 30, 2003  
PROPERTY TAXES**

LINE NO. DESCRIPTION	RESTATED	TEST YEAR	ADJUSTMENT
1 RESTATED PROPERTY TAXES-PRODUCTION	\$ 8,348,335	\$ 8,260,464	\$ 87,871
2 RESTATED PROPERTY TAXES-TRANSMISSION	4,603,036	4,538,642	64,394
3 INCREASE (DECREASE) EXPENSES	\$ 12,951,371	\$ 12,799,106	\$ 152,265

**PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE  
TWELVE MONTHS ENDED JUNE 30, 2003  
MONTANA ELECTRIC ENERGY TAX**

LINE NO.	DESCRIPTION	PROFORMA RYE MAR '05	TEST YEAR	ADJUSTMENT
1	PROFORMA kWh	4,923,957,239	4,660,478,000	263,479,239
2	TAX RATE	0.00035	0.00035	0.00035
3				
4	MONTANA ENERGY TAX EXPENSE	\$ 1,723,385	\$ 1,631,167	\$ 92,218

**PUGET SOUND ENERGY**  
**POWER COST ONLY RATE CASE**  
**TWELVE MONTHS ENDED JUNE 30, 2003**  
**PROPERTY INSURANCE (Production Related Only)**

LINE NO.	DESCRIPTION	PROFORMA RYE MAR '05	TEST YEAR	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 1,904,658	\$ 1,778,448	\$ 126,210
2	INCREASE(DECREASE) EXPENSE	\$ 1,904,658	\$ 1,778,448	\$ 126,210

**PUGET SOUND ENERGY  
 POWER COST ONLY RATE CASE  
 TWELVE MONTHS ENDED JUNE 30, 2003  
 WHITE RIVER**

LINE NO.	DESCRIPTION	PROFORMA RYE MAR '05	TEST YEAR	ADJUSTMENT
1	REDUCTION TO RATE BASE - WHITE RIVER:			
2	DEPRECIABLE PLANT	\$ 58,730,027	\$ 53,302,932	\$ 5,427,095
3	ACCUM DEP ON ABOVE	\$ (17,358,641)	(15,722,974)	(1,635,667)
4	FISH HATCHERY	\$ 7,094,306	7,094,306	-
5	ACCUM AMORT ON ABOVE	\$ (2,541,095)	(2,220,174)	(320,921)
6	WHITE RIVER HYDRO LAND	\$ 836,601	836,641	(40)
7	DEFERRED INCOME TAX	\$ (4,280,621)	(2,662,641)	(1,617,980)
8	REDUCTION TO RATE BASE - WHITE RIVER	<u>\$ 42,480,577</u>	<u>\$ 40,628,090</u>	<u>\$ 1,852,487</u>
9				
10	REDUCTION TO DEPRECIATION AND AMORTIZATION:			
11	DEPRECIATION EXPENSE	\$ 1,187,171	\$ 1,187,171	\$ -
12	AMORTIZATION EXPENSE	\$ 183,804	183,804	-
13	REDUCTION TO DEPRECIATION AND AMORTIZATION	<u>\$ 39,570,931</u>	<u>\$ 39,336,424</u>	<u>\$ -</u>
14				
15	REDUCTION TO OPERATING EXPENSES:			
16	PROPERTY TAXES	\$ 701,260	\$ 701,260	-
17	PROPERTY INSURANCE	\$ 117,538	117,538	-
18	REDUCTION TO OPERATING EXPENSES	<u>\$ 40,573,534</u>	<u>\$ 40,339,027</u>	<u>\$ -</u>

**PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE  
TWELVE MONTHS ENDED JUNE 30, 2003  
REGULATORY ASSETS AND ACQUISITION ADJUSTMENTS**

LINE NO.	DESCRIPTION	AMA RYE MAR '05	TEST YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSETS</u>			
2	CABOT BUYOUT	\$ 9,694,906	\$ 12,376,708	\$ (2,681,802)
3	TENASKA	205,562,854	228,066,750	(22,503,896)
4	BEP	44,964,313	51,135,941	(6,171,628)
5	TOTAL REGULATORY ASSETS	<u>260,222,073</u>	<u>291,579,399</u>	<u>(31,357,326)</u>
6				
7	<u>AMA OF ACQUISITION ADJUSTMENT</u>			
8	ENCOGEN ACQUISITION ADJUSTMENT	52,615,858	52,615,858	-
9				
10	INCREASE (DECREASE) RATE BASE	\$ 312,837,931	\$ 344,195,257	\$ (31,357,326)

**PUGET SOUND ENERGY  
 POWER COST ONLY RATE CASE  
 TWELVE MONTHS ENDED JUNE 30, 2003  
 PRODUCTION ADJUSTMENT**

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION ADJUSTMENT 0.899%	NET AMOUNT
1	PRODUCTION O&M INCLUDED IN 557:			
2	WORKER'S COMPENSATION	\$ 294,503	\$ (2,647)	\$ 291,856
3	PROPERTY INSURANCE	2,308,274	(20,751)	2,287,523
4	ELECTRIC ENERGY TAX	1,723,385	(15,493)	1,707,892
5	TOTAL PRODUCTION O&M	4,326,162	(38,891)	4,287,271
6				
7	INCREASE TO O&M EXPENSE ASSOC W/ NEW RESOURCE	4,690,637	(42,168)	4,648,469
8				
9	DEPRECIATION AND AMORTIZATION ON PRODUCTION			
10	PROPERTY	41,997,374	(377,545)	41,619,829
11				
12	PROPERTY TAXES ON PRODUCTION PROPERTY	9,378,735	(84,312)	9,294,422
13				
14	TOTAL PRODUCTION ADJUSTMENT TO BASELINE RATE	\$ 60,392,907	\$ (542,915)	\$ 59,849,992
15				
16	PRODUCTION RATE BASE:			
17	PRODUCTION PROPERTY	\$ 1,179,246,771	\$ (10,601,098)	\$ 1,168,645,674
18	COLSTRIP COMMON FERC ADJUSTMENT	7,607,644	(68,391)	7,539,253
19	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	2,241,046	(20,146)	2,220,900
20	ENCOGEN ACQUISITION ADJUSTMENT	52,615,858	(473,002)	52,142,856
21	LESS PRODUCTION PROPERTY ACCUM DEPR.	(586,759,653)	5,274,805	(581,484,848)
22	LESS PRODUCTION PROPERTY ACCUM AMORT.	(1,836,831)	16,513	(1,820,319)
23	NET PRODUCTION PROPERTY	653,114,835	(5,871,319)	647,243,516
24				
25	DEDUCT:			
26	LIBR. DEPREC. PRE 1981 (EOP)	(946,743)	8,511	(938,232)
27	LIBR. DEPREC. POST 1980 (EOP)	(83,233,990)	748,250	(82,485,740)
28	OTHER DEF. TAXES (EOP)	(26,027,621)	233,981	(25,793,640)
29	ADJUSTMENT TO RATE BASE BEFORE CWIP	(110,208,354)	990,742	(109,217,612)
30	SNOQUALMIE RELICENSING CWIP	-	-	-
31				
32	TOTAL ADJUSTMENT TO PRODUCTION RATE BASE	\$ 542,906,481	\$ (4,880,577)	\$ 538,025,904
33				
34	REGULATORY ASSETS RATE BASE:			
35	BPA POWER EXCHANGE INVESTMENT	\$ 44,964,313	\$ (404,217)	\$ 44,560,096
36	TENASKA REGULATORY ASSET	205,562,854	(1,847,952)	203,714,902
37	CABOT OIL REGULATORY ASSET	9,694,906	(87,154)	9,607,752
38				
39	TOTAL ADJUSTMENT TO REGULATORY ASSETS RATE BASE	\$ 260,222,073	\$ (2,339,323)	\$ 257,882,750

**RY Generation & TY Load:**

	Staff	PSE	Difference (Weather Normalization)	
40	From Sales Reconciliation	19,271,717,302	19,237,873,302	33,844,000
41	Unbilled	-15,023,919	-15,023,919	0
42	Restated & Pro Forma Test Year Load (KWh's)	19,256,693,383	19,222,849,383	33,844,000
43	Rate Year Load	19,431,376,000	19,431,376,000	0
44	TY/Ry load (Production Factor)	0.991010	0.989269	
45	Converse (1-production factor)	0.898972%	1.073144%	
46	Gross up for line losses (@ 6.40% of generation)	1.068376	1.068376	1.06838
47	Generation MWh	<b>20,760,017</b>	20,760,017	0

**PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE  
TWELVE MONTHS ENDED JUNE 30, 2003  
TEMPERATURE NORMALIZATION**

LINE NO.	DESCRIPTION	ACTUAL GPI MWH	TEMP ADJ GPI MWH	MWH CHANGE	ADJ FOR LOSSES 6.40%
1	Jul-02	1,506,686	1,504,638	(2,049)	(1,918)
2	Aug-02	1,511,988	1,505,434	(6,554)	(6,135)
3	Sep-02	1,460,462	1,456,508	(3,955)	(3,702)
4	Oct-02	1,691,158	1,669,330	(21,829)	(20,432)
5	Nov-02	1,807,647	1,843,402	35,755	33,467
6	Dec-02	2,061,746	2,123,065	61,320	57,395
7	Jan-03	1,979,614	2,109,073	129,459	121,174
8	Feb-03	1,848,298	1,811,300	(36,998)	(34,630)
9	Mar-03	1,877,283	1,893,804	16,521	15,464
10	Apr-03	1,691,863	1,669,743	(22,120)	(20,704)
11	May-03	1,585,662	1,575,452	(10,210)	(9,556)
12	Jun-03	1,490,550	1,472,856	(17,694)	(16,561)
13		20,512,959	20,634,606	121,647	113,862



PUGET SOUND ENERGY  
 POWER COST ONLY RATE CASE  
 TWELVE MONTHS ENDED JUNE 30, 2003  
 CONVERSION FACTOR

LINE NO.	DESCRIPTION		Proposed Rate	Current Rate	Diff
1	BAD DEBTS		0.004107	0.004199	(0.000092)
2	ANNUAL FILING FEE		0.001850	0.002000	(0.000150)
3	STATE UTILITY TAX (( 1 - LINE 1 ) * 3.873%)	3.873%	0.038571	0.038567	0.000003
4					
5	SUM OF TAXES OTHER		0.044528	0.044766	(0.000239)
6					
7	CONVERSION FACTOR ( 1 - LINE 5 )		0.955472	0.955234	0.000239

**PUGET SOUND ENERGY  
POWER COST ONLY RATE CASE**

Docket UE-031725

Exhibit \_\_\_ (JMR-2)

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CASE DIFFERENCES:	PSE		Staff		Difference	Explanation:
	Direct		Direct			
<b>PCA Costs</b>						
Per Books (test year)	\$863,528,874		\$862,035,357		(\$1,493,517)	Removed Snoqualmie CWIP, restated regulatory assets, and restated TY property taxes & property insurance.
Power Costs	(145,707,474)		(156,127,742)		(10,420,268)	Revised for Mr. McIntosh's Power Supply issues and the production factor difference.
Sales For Resale	152,598,327		152,573,194		(25,133)	Revised for production factor.
New Plant (Fredrickson I)	43,061,671		42,368,805		(692,866)	Remove Sales Tax on Purchase, restated A/D from EOP to Avg. basis.
Transmission Income	5,593,730		3,253,602		(2,340,128)	Normalized using a 3 year adjusted average amount.
Prod. Plant Deprec. & Amort.	(65,231)		(65,231)		0	
Property Taxes	652,699		152,265		(500,434)	PSE understated TY property taxes from error in calculating TY production % (offset in "test year amount").
Montana Energy Tax	51,806		92,218		40,412	
Property Insurance	(349,649)		126,210		475,859	PSE TY amount was overstated because it included 574 days of insurance costs (offset in "test year amount").
White River	(6,752,621)		208,049		6,960,670	Left White River in as a regulatory asset at the rate year level consistent with pending agreement with PSE on the AP.
Reg. Assets / Acq. Adj.	(3,916,258)		(3,521,669)		394,589	Regulatory assets revised per PCA settlement agreement and Encogen stated at test year.
Production Adjustment	(1,560,670)		(1,353,766)		206,904	Revised partially for adjustments 3 and for adjustments 5-10 and the production factor.
UE-021262 Tenaska Adj	0		(11,947,003)		(11,947,003)	Tenaska UE-921262 disallowance
Encogen/Tenaska Fuel	0		(33,341,009)		(33,341,009)	Tenaska/Encogen fuel disallowance.
Total Proforma Costs	\$907,135,204		\$854,453,280		(\$52,681,924)	
Divided by KWh	19,237,873		19,271,717		(1,487,559)	Due to Increased KWh. There are offsetting effects of approx. \$1.48 M from RY items included in the adj's above.
Proposed PCA Cost Rate	47.154		44.337			
Current PCA Cost Rate	43.953		43.953			
Change in PCA Cost Rate	3.201		0.384			
Change in Costs	\$61,572,972		\$7,403,489		(\$54,169,483)	
Rev. Sens. Costs (PSE Method)	2,869,474					
Rev. Sens. Costs (Staff Method)			123,386		(2,745,888)	Difference results from Staff's smaller revenue tax base and gross up methodology.
<b>Revenue Requirement</b>	<b>\$64,442,446</b>		<b>\$7,527,075</b>		<b>(\$56,915,371)</b>	