

EXHIBIT NO. _____ (WAG-26)
DOCKET NO. UE-031725
2003 POWER COST ONLY RATE CASE
WITNESS: WILLIAM A. GAINES

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

Docket No. UE-031725

v.

PUGET SOUND ENERGY, INC.,

Respondent.

REBUTTAL TESTIMONY OF
WILLIAM A. GAINES
ON BEHALF OF PUGET SOUND ENERGY, INC.

FEBRUARY 13, 2004

Puget Sound Energy

Docket No. UE-971619

Response to Staff Data Request No. 4

Request:

Referring to item 9, page 4, please explain and illustrate how changes in the current forward market gas price quotes will affect the buy out costs, new power costs, the requested costs and savings deferrals and their amortization.

Response:

A change in forward market gas price quotes would not affect the Company's buy out costs or its request for the proposed accounting treatment. In order to maximize its opportunity to obtain the best market pricing, the Company does not intend to lock in these prices. The Company intends to manage its gas costs as part of its total energy portfolio. If the Company can better these prices in the market, the savings will be greater. Conversely if prices go up, there will be less savings. In any event, there would be no change in the accounting treatment or the proposed order.