



*PUGET
SOUND
ENERGY*

**Power Cost Adjustment Mechanism
Annual Report**

PCA Period 6

Twelve Months Ended December 31, 2007

REDACTED
VERSION

Puget Sound Energy, Inc
Power Cost Adjustment Mechanism
Annual Report – PCA Period Six
Twelve Months Ended December 31, 2007

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Puget Sound Energy, Inc.

Power Cost Adjustment Mechanism Annual Report

PCA Period Six

Twelve Months Ended December 31, 2007

Exhibits

**In Support of Updated Power Cost Rate
From January 1, 2007, through December 31, 2007**

PUGET SOUND ENERGY
PCA MECHANISM ANNUAL REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007

POWER COST ADJUSTMENT SUMMARY

	12 mo end 6.30.03	12 mo end 6.30.04	12 mo end 6.30.05	12 mo end 6.30.06	6 mo end 12.31.06	12 mo end 12.30.07	Cumulative
	PCA Period One	PCA Period Two	PCA Period Three	PCA Period Four	PCA Period Five	PCA Period Six	PCA Periods
<u>Power Costs</u>							
Actual	\$ 845,405,696	\$ 903,001,659	\$ 959,718,871	\$ 1,064,701,272	\$ 597,031,702	\$ 1,226,485,255	\$ 5,596,344,455
Baseline	\$ 843,126,410	\$ 872,785,985	\$ 949,412,459	\$ 1,075,227,683	\$ 597,089,567	\$ 1,253,089,187	\$ 5,590,731,291
Difference	\$ 2,279,286	\$ 30,215,674	\$ 10,306,412	\$ (10,526,410)	\$ (57,865)	\$ (26,603,932)	\$ 5,613,164
Wholesale Customers	\$ (10,220)	\$ (12,220)	\$ (4,225)	\$ 3,643	\$ 18	\$ 9,891	\$ (13,113)
Total Cost Over Baseline	\$ 2,269,066	\$ 30,203,454	\$ 10,302,187	\$ (10,522,768)	\$ (57,848)	\$ (26,594,041)	\$ 5,600,051
 <u>Allocation of Power Costs</u>							
Company	\$ 2,269,066	\$ 25,101,727	\$ 10,302,187	\$ (10,522,768)	\$ (57,848)	\$ (23,297,020)	\$ 3,795,345
Customers	\$ -	\$ 5,101,727	\$ -	\$ -	\$ -	\$ (3,297,022)	\$ 1,804,705
Total Cost Allocated	\$ 2,269,066	\$ 30,203,454	\$ 10,302,187	\$ (10,522,768)	\$ (57,848)	\$ (26,594,041)	\$ 5,600,050
 <u>Customer Share Including Interest</u>							
Customer Share	\$ -	\$ 5,101,727	\$ -	\$ -	\$ -	\$ (3,297,022)	\$ 1,804,705
Interest	\$ -	\$ 61,868	\$ 345,776	\$ 736,238	\$ 111,206	\$ 54,352	\$ 1,309,441
Total Customer Share Including Interest	\$ -	\$ 5,163,595	\$ 345,776	\$ 736,238	\$ 111,206	\$ (3,242,669)	\$ 3,114,146

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Exhibit A-1 Power Cost Rate Updated: January 1, 2007 - December 31, 2007

Row				
3	Regulatory Assets (Variable) (Note 1)	\$	236,875,710	
4	Transmission Rate Base (Fixed) (Note 2)		111,465,848	
5	Production Rate Base (Fixed) (Note 3)		993,896,469	
6		\$	<u>1,342,238,027</u>	
7				
8	Net of tax rate of return		7.01% & 7.06%	
9	Blended net of tax rate of return (7.01% for 12 days and 7.06% for 353 days)		7.0584%	
10				
11				
12	Regulatory Asset Recovery (on Row 3)	\$	25,722,356	\$ 1.189 (c)
13	Fixed Asset Recovery Other (on Row 4) - (Line 4 X Line 9 / 65%)		12,104,087	\$ 0.559 (a)
14	Fixed Asset Recovery-Prod Factored (on Row 5) - (Line 5 X Line 9 / 65%)		107,927,309	\$ 4.989 (a)
15	501-Steam Fuel		58,595,358	\$ 2.708 (c)
16	555-Purchased power		791,324,354	\$ 36.577 (c)
16.a	Commission Disallowance for Tenaska & March Point 2		(11,099,609)	\$ (0.513) (c)
17	557-Other Power Exp		12,767,904	\$ 0.590 (a)
18	547-Fuel		85,416,337	\$ 3.948 (c)
19	565-Wheeling		67,946,820	\$ 3.141 (c)
20	Variable Transmission Income		(5,159,186)	\$ (0.238) (c)
21	Hydro and Other Pwr.		77,441,995	\$ 3.580 (a)
22	447-Sales to Others		(109,735,913)	\$ (5.072) (c)
23	456-Subaccounts 00012 & 00018 and 00035 & 00036		(1,471,600)	\$ (0.068) (c)
24.a	Transmission Exp - 500KV		1,022,242	\$ 0.047 (a)
24.b	New Resource Pricing Adjustment		(1,715,356)	\$ (0.079) (c)
25	Depreciation-Production (FERC 403)		64,351,316	\$ 2.974 (a)
26	Depreciation-Transmission		5,114,548	\$ 0.236 (a)
27	Amortization - Regulatory Assets		29,764,119	\$ 1.376 (c)
28	Property Taxes-Production		12,102,821	\$ 0.559 (a)
29	Property Taxes-Transmission		3,838,977	\$ 0.177 (a)
30	Hedging Line of Credit		226,377	\$ 0.010 (c)
31	Subtotal & Baseline Rate	\$	<u>1,226,485,255</u>	\$ <u>56.692</u> (b)
32	Revenue Sensitive Items		0.9548744	
33		\$	<u>1,284,446,702</u>	
34	DELIVERED Load (MWH's) <i>January - December 2007</i>		21,634,346	<-- includes Firm Wholesale
35				
36				
37	Power Cost in Rates with Revenue Sensitive Items (the adjusted baseline)			\$ <u>59.371</u>
38	sum of (a) = Fixed Rate Component	\$	13.713	\$ 14.361
39	(b) = Power Cost Rate	\$	<u>56.692</u>	\$ 59.371
40	sum of (c) = Variable Power Rate Component	\$	42.979	\$ 45.010
41			-	-
42				

(Note 1) Regulatory Assets and Liabilities are detailed on Exhibit D (JHS-3 page 8)

(Note 2) During the PCA period, the authorized rate of return and the transmission rate base changed. The amount shown on line 4 represents the average transmission rate base, taking all of these changes into consideration.

(Note 3) During the PCA period, the authorized rate of return and production rate base changed. Additionally, the production rate base associated with Wild Horse and Baker Lake Relicensing included in fixed costs from the 2006 GRC and 2007 PCORC A-1 were removed and replaced with actual amounts. The amount shown on line 5 represents the average production rate base, taking all of these changes into consideration.

Exhibit B: Monthly Power Costs -- PCA PERIOD 6
Derived from Original PCA Exhibit B
Subject to PCA Sharing
UE-011570

PCA Mechanism Report - PCA 6
Twelve Months Ended December 31, 2007

Row		Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Period to Date
6														
7	Return on Fixed RB	\$ 8,603,630	\$ 9,487,152	\$ 9,913,008	\$ 9,787,762	\$ 9,882,692	\$ 9,806,192	\$ 9,909,080	\$ 9,907,619	\$ 10,873,914	\$ 10,493,216	\$ 10,683,565	\$ 10,683,565	\$ 120,031,396
8	Other Fixed Costs	13,344,978	14,272,462	14,268,854	14,280,743	14,280,840	14,299,657	14,305,831	14,311,803	15,785,367	15,851,951	15,818,659	15,818,659	176,639,803
9	Subtotal Fixed Costs	\$ 21,948,608	\$ 23,759,614	\$ 24,181,863	\$ 24,068,505	\$ 24,163,532	\$ 24,105,849	\$ 24,214,912	\$ 24,219,422	\$ 26,659,281	\$ 26,345,167	\$ 26,502,223	\$ 26,502,223	\$ 296,671,199
10	Total Variable Component Actual													
	FERC Acct.													
11	Steam Oper. Fuel	501	501	501	501	501	501	501	501	501	501	501	501	501
12	Other Pwr Gen Fuel	547	547	547	547	547	547	547	547	547	547	547	547	547
13	Other Elec Revenues	45600012,18,80,81,130	45600012,18,80,81,130	45600012,18,80,81,130	45600012,18,80,81,130	45600012,18,80,81,130	45600012,18,80,81,130	45600012,18,80,81,130	45600012,18,80,81,130	45600012,18,80,81,130	45600012,18,80,81,130	45600012,18,80,81,130	45600012,18,80,81,130	45600012,18,80,81,130
14	Purchase Power	555	555	555	555	555	555	555	555	555	555	555	555	555
15	Sales to Other Util	447	447	447	447	447	447	447	447	447	447	447	447	447
16	Wheeling	565	565	565	565	565	565	565	565	565	565	565	565	565
17	Transmission Revenue	45600017	45600017	45600017	45600017	45600017	45600017	45600017	45600017	45600017	45600017	45600017	45600017	45600017
18	White River Amortization	124,559	124,559	124,559	124,559	124,559	124,559	124,559	124,559	124,559	124,559	124,559	124,559	124,559
19	Subtotal Variable Components	\$ 107,639,408	\$ 92,880,093	\$ 84,126,701	\$ 56,066,985	\$ 47,887,989	\$ 54,158,835	\$ 52,954,682	\$ 60,806,427	\$ 67,376,689	\$ 84,416,819	\$ 94,141,819	\$ 114,223,848	\$ 916,680,289
20														
21	Regulatory Assets (Return on RB portion only)	2,134,917	2,134,917	2,134,917	2,134,917	2,214,881	2,150,910	2,150,910	2,208,864	2,142,320	2,156,395	2,016,467	2,141,941	\$ 25,722,356
22	Fixed and Interest Costs on Hedging Facility 42806051, 43100071, 41900031	-	-	-	-	24,553	25,294	25,294	25,337	24,595	25,337	24,595	25,337	226,377
23	SUBTOTAL before Adjustments	\$ 131,722,933	\$ 118,774,623	\$ 110,443,480	\$ 82,294,959	\$ 74,291,696	\$ 80,441,629	\$ 79,345,797	\$ 87,260,049	\$ 96,202,885	\$ 112,943,717	\$ 122,685,104	\$ 142,893,349	\$ 1,239,300,220
24														
25	Adjustments:													
26	Prudence from UE-921262	\$ (297,830)	\$ (276,016)	\$ (288,932)	\$ (210,281)	\$ (79,329)	\$ (265,904)	\$ (257,912)	\$ (259,520)	\$ (263,111)	\$ (297,632)	\$ (298,704)	\$ (316,175)	\$ (3,111,346)
27	Contract price adjustment	(228,797)	-	-	-	-	-	-	-	-	-	-	-	(228,797)
28	Colstrip availability adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
29														
30	New resource pricing adjustment - Goldendale / Klondike	-	-	(190,344)	(118,471)	(175,554)	204,563	(1,504,917)	69,367	-	-	-	-	(1,715,356)
31	Tenaska Disallowance (prior month adj)	-	-	-	-	-	-	-	-	-	-	-	-	\$
32	Tenaska Disallowance (current month adj)	(646,622)	(646,622)	(646,622)	(646,622)	(646,622)	(646,622)	(646,622)	(646,622)	(646,622)	(646,622)	(646,622)	(646,622)	(7,759,466)
33														
34	Subtotal Adjustments	\$ (1,173,250)	\$ (922,638)	\$ (1,125,898)	\$ (975,374)	\$ (901,505)	\$ (707,963)	\$ (2,409,451)	\$ (836,775)	\$ (909,733)	\$ (944,254)	\$ (945,326)	\$ (962,797)	\$ (12,814,965)
35	Total allowable costs	\$ 130,549,683	\$ 117,851,985	\$ 109,317,582	\$ 81,319,585	\$ 73,390,191	\$ 79,733,666	\$ 76,936,345	\$ 86,423,274	\$ 95,293,152	\$ 111,999,463	\$ 121,739,778	\$ 141,930,552	\$ 1,226,485,255
36														
37														
38	PCA period delivered load (Kwh)	2,287,773,848	1,858,118,508	1,902,872,486	1,696,404,102	1,600,226,672	1,518,805,361	1,605,461,134	1,575,545,616	1,557,259,125	1,797,640,945	1,967,364,673	2,266,873,765	21,634,346,235
39	Baseline Power Cost													
40	1/1/07 - 1/12/07	\$ 50,390,950												50,390,950
40a	1/13/07 - 8/31/07	\$ 79,782,866	105,725,085	108,271,542	96,523,697	91,051,297	86,418,506	91,349,133	89,646,970					748,769,096
40b	9/1/07 -	\$ 0,059813								93,144,340	107,522,298	117,673,983	135,588,521	453,929,142
41	Imbalance for Sharing	\$ 375,868	\$ 12,126,900	\$ 1,046,040	\$ (15,204,112)	\$ (17,661,108)	\$ (6,684,840)	\$ (14,412,788)	\$ (3,223,696)	\$ 2,148,812	\$ 4,477,165	\$ 4,065,795	\$ 6,342,031	\$ (26,603,932)
42	positive is potential customer surcharge, negative is potential cust credit	\$ 375,868	\$ 12,126,900	\$ 1,046,040	\$ (15,204,112)	\$ (17,661,108)	\$ (6,684,840)	\$ (14,412,788)	\$ (3,223,696)	\$ 2,148,812	\$ 4,477,165	\$ 4,065,795	\$ 6,342,031	\$ (26,603,932)
43														
44		Jan 1'07 -	Jan 12'07	Jan13'07 -	Sep 1'07 -									
45	Less Firm Wholesale	0.02957%	0.03650%	0.03550%										
46	Gross PCA	\$ 375,741	\$ 12,122,474	\$ 1,045,658	\$ (15,198,563)	\$ (17,654,661)	\$ (6,682,400)	\$ (14,407,527)	\$ (3,222,520)	\$ 2,148,049	\$ 4,475,576	\$ 4,064,352	\$ 6,339,780	\$ (26,594,041)
47	Gross PCA Contra	\$ (375,741)	\$ (12,122,474)	\$ (1,045,658)	\$ 15,198,563	\$ 17,654,661	\$ 6,682,400	\$ 14,407,527	\$ 3,222,520	\$ (2,148,049)	\$ (4,475,576)	\$ (4,064,352)	\$ (6,339,780)	\$ 26,594,041
48														
49	Cumulative Gross PCA	\$ 375,741	\$ 12,498,215	\$ 13,543,873	\$ (1,654,690)	\$ (19,309,351)	\$ (25,991,751)	\$ (40,399,279)	\$ (43,621,798)	\$ (41,473,749)	\$ (36,998,174)	\$ (32,933,822)	\$ (26,594,042)	\$ (26,594,041)
50	Cumulative Gross PCA Contra	\$ (375,741)	\$ (12,498,215)	\$ (13,543,873)	\$ 1,654,690	\$ 19,309,351	\$ 25,991,751	\$ 40,399,279	\$ 43,621,798	\$ 41,473,749	\$ 36,998,174	\$ 32,933,822	\$ 26,594,042	\$ 26,594,041
51														
52														
53	Note: This schedule was derived from original PCA collaborative exhibit B													

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
PCA Period 6 (Effective January 13, 2007, Trued-Up as of December 31, 2007;
Revised January 7, 2008 for White River Relicensing Expenditures

Ref	Description	12 Months Ended December 31		PCA Period						
		Asset Amort	Balance net of AA & ADFIT	Asset Amort	AMA Ratebase as of	A.T. %	Return Amount	Pre Tax	Monthly	
		(Note 1)		(Note 1)						
10										
11	Cabot Buyout									
21	Dec 2007	\$ (3,078,000)	1,374,000	(3,078,000)	2,791,458	12/07	7.01%&7.06%	197,031	303,125	25,260
25										
26	Tenaska									
38	Dec 2007	\$ (24,343,000)	131,477,000	(24,343,000)	142,912,958	12/07	7.01%&7.06%	10,087,306	15,518,932	1,293,244
45										
46	BEP									
54	Dec 2007	\$ (3,526,620)	22,808,103	(3,526,620)	24,500,027	12/07	7.01%&7.06%	1,729,299	2,660,460	221,705
67										
68	White River Relicensing (Note 2)									
74	Dec 2007	\$	23,801,059	-	23,235,098	12/07	7.01%&7.06%	1,640,016	2,523,101	210,258
80										
81	White River Plant Costs									
87	Dec 2007	\$ (1,494,702)	36,050,027	(1,494,702)	37,628,503	12/07	7.01%&7.06%	2,655,954	4,086,083	340,507
93										
94	Canwest Liability									
100	Dec 2007	\$ 3,797,503	(1,234,188)	3,797,503	(2,468,377)	12/07	7.01%&7.06%	(174,227)	(268,041)	(22,337)
104										
105	Hopkins Ridge Prepaid Transm									
110	Dec 2007	\$ (1,119,300)	7,220,061	(1,119,300)	8,276,042	12/07	7.01%&7.06%	584,153	898,696	74,891

Period	From	To	Asset Amort	AMA Ratebase as of	A.T. %	Return Amount	Pre Tax	Monthly	
						(Annualized)			
PCA #6	Jan 2007	Dec 2007	(29,764,119)	236,875,710	12/07	7.01%&7.06%	16,719,531	25,722,356	2,143,530
			-	-					

Note (1) Amounts in these columns are net of accumulated amortization AND the associated Deferred FIT liability / asset.

Note (2) During the 2004 General Rate Case filed under WUTC Docket No. UE-040640, et al., it was agreed that the return of the White River Relicensing costs would be delayed until the sale of White River is complete. At that time, the Commission can make a final determination in a separate proceeding regarding the application of the proceeds against the deferred costs and the disposition of any remaining balance.

Exhibit E - Contract Adjustments Section I of 2: 1/1/2007 - 1/12/2007

		Actual	Actual
Row	Effective 7/1/06 - 1/12/07	Jan-07 Generation + Displ. KWh	Jan-07 Total Cost + Replacement Energy Cost for Displ NUGS \$
7	CONTRACTS		
8	Baker Replacement		
9	BC Hydro Point Roberts		
10	BPA WNP-3 Exchange Power		
11	BPA WNP3 Return		
12	BPA Snohomish Conservation		
13	CSPE		
14	Mid-Columbia		
15	Canadian Entitlement and CEA-EA		
16	MPC Firm Contract-Demand		
17	MPC Firm Contract-Energy		
18	PPL Contract 15 yr		
19	Supplemental Entitlement Cap		
20	North Wasco Winter		
20A	North Wasco Summer		
21	WWP Contract 15 yr		
22	PG&E Exchange Storage Acctg.		
23	QF Shipp Hutch. Creek		
24	QF Koma Kulshan Hydro		
25	QF March Point Cogen 1 Winter		
26	QF March Point Cogen 1 Summer		
27	QF March Point Cogen 2 Winter		
28	QF March Point Cogen 2 Summer		
29	QF Port Townsend Hydro		
30	QF PERC Puyallup		
31a	QF Spokane MSW Winter		
31b	QF Spokane MSW Summer		
32	QF Sumas Winter		
33	QF Sumas Summer		
34	QF Sygitowicz		
35	QF Tenaska (excl. Reg. Amort.)		
36	QF Twin Falls		
37	QF Weeks Falls		
38	Skookumchuck		
39	TOTAL		
40			

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PUGET SOUND ENERGY
PCA MECHANISM ANNUAL REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007

Exhibit E - Contract Adjustments Section 2 of 2: 1/1/2007 - 1/12/2007

Row		Jan-07
		Total Cost + Replacement Energy Cost for Displ NUGS \$
41	CONTRACTS	
42	Baker Replacement	
43	BC Hydro Point Roberts	
44	BPA WNP-3 Exchange Power	
45	BPA WNP3 Return	
46	BPA Snohomish Conservation	
47	CSPE	
48	Mid-Columbia	
49	Canadian Entitlement and CEA-EA	
50	MPC Firm Contract-Demand	
51	MPC Firm Contract-Energy	
52	PPL Contract 15 yr	
53	Supplemental Entitlement Cap	
54	North Wasco Winter	
55	North Wasco Summer	
56	WWP Contract 15 yr	
57	PG&E Exchange Storage Acctg.	
58	QF Shipp Hutch. Creek	
59	QF Koma Kulshan Hydro	
60	QF March Point Cogen 1 Winter	
61	QF March Point Cogen 1 Summer	
62	QF March Point Cogen 2 Winter	
63	QF March Point Cogen 2 Summer	
64	QF Port Townsend Hydro	
65	QF PERC Puyallup	
66	QF Spokane MSW Winter	
67	QF Spokane MSW Summer	
68	QF Sumas Winter	
69	QF Sumas Summer	
70	QF Sygitowicz	
71	QF Tenaska (excl. Reg. Amort.)	
72	QF Twin Falls	
73	QF Weeks Falls	
74	Skookumchuck	
75	TOTAL	591,060
76	TOTAL * -1	(591,060)
77	To Schedule B	(591,060)
78		
79	Exhibit E applicable to PCA 6 - Jan 1 to 12, 2007 = 12 days	12
80	Number of days in January 2007	31
81	To Schedule B line 27 = (Row 79 / Row 80) X Row 77	<u>(228,797)</u>

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PUGET SOUND ENERGY
PCA MECHANISM ANNUAL REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007

Exhibit G - New Resource Adjustment
For New Resources that are not in the baseline
rate and that have Terms Longer than 2 Years

Name	Goldendale
Description	Combined cycle gas turbine In-service date 2.22.07
PCA Period	Included in baseline rate effective 9.01.07 PCA 6 Calendar 2007

(Note 1) ==>	Estimate of Feb-Aug07 as of 2.28.07 (Note 2)	Estimate of Feb-Aug07 as of 3.31.07	Estimate of Feb-Aug07 as of 4.30.07	Estimate of Feb-Aug07 as of 5.31.07	Estimate of Feb-Aug07 as of 6.30.07	Estimate of Feb-Aug07 as of 7.31.07	Estimate of Feb-Aug07 as of 8.31.07 (Note 2)
1 Total Variable Component Actual							
2 Steam Oper. Fuel 501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Other Pwr Gen Fuel 547	29,800,760	19,352,499	21,262,406	24,747,311	24,914,155	10,999,342	11,065,584
4 Other Elec Revenues 45600012, 18	-	-	-	-	-	-	-
5 Purchase Power 555	-	-	-	-	-	-	-
6 Sales to Other Util 447	-	-	-	-	-	-	-
7 Wheeling 565	3,279,789	3,296,443	3,308,113	3,464,001	3,511,483	3,486,838	3,351,222
8 Transmission Revenue 45600017	-	-	-	-	-	-	-
9 Total Variable Component Actual	\$ 33,080,549	\$ 22,648,942	\$ 24,570,519	\$ 28,211,312	\$ 28,425,638	\$ 14,486,180	\$ 14,416,806
10 Exhibit G Adjustment Period Generation:							
11 Actual Period-to-Date Generation	28,880	31,719	54,141	92,212	136,131	223,228	223,228
12 Estimated Generation through the time rates							
13 would be in effect	585,105	360,079	392,482	453,910	482,163	223,228	223,228
14 Ratio (Line 11 ÷ Line 13)	4.9%	8.8%	13.8%	20.3%	28.2%	100.0%	100.0%
15							
16 Actual Variable Cost (Line 9 + Line 13)	\$56.538	\$62.900	\$62.603	\$62.152	\$58.954	\$64.894	\$64.583
17							
18							
19 Baseline Power Cost Rate in effect	\$56.899	\$56.899	\$56.899	\$56.899	\$56.899	\$56.899	\$56.899
20							
21 Lesser of Actual Cost (Line 16) or							
22 Baseline Rate (Line 19)	\$56.538	\$56.899	\$56.899	\$56.899	\$56.899	\$56.899	\$56.899
23							
24							
25							
26 Adjustment Rate							
27 (If L19 < L16 then L19 - L16 otherwise zero)	\$0.000	-\$6.001	-\$5.704	-\$5.253	-\$2.055	-\$7.995	-\$7.684
28 Adjustment volume (Line 13)	585,105	360,079	392,482	453,910	482,163	223,228	223,228
29 Cumulative Adjustment (Line 27 x Line 28)	\$ -	\$ (2,160,807)	\$ (2,238,685)	\$ (2,384,287)	\$ (991,045)	\$ (1,784,724)	\$ (1,715,356)
30 Cumul. thru current mo. (Line 29 x Line 14)	\$ -	\$ (190,343)	\$ (308,816)	\$ (484,369)	\$ (279,806)	\$ (1,784,723)	\$ (1,715,356)
31 Used in Sch B each month (sum Line 30)	\$ -	\$ (190,343)	\$ (118,473)	\$ (175,553)	\$ 204,563	\$ (1,504,918)	\$ 69,368
32							

33 (Note 1) Amounts shown are the cumulative amounts estimated at the time each month was analyzed when booking the PCA deferral.

34

35 (Note 2) There were no resources requiring an adjustment per Exhibit G during Jan, Sept, Oct, Nov or Dec of the PCA Period.

Exhibit G - New Resource Adjustment

Wild Horse:

The only variable costs identified for Wild Horse for January 1 to January 12, 2007 was transmission expense of \$12K
This amount was removed from the PCA deferral calculation. Please see tab "C" workpaper 9 for support.

TransAlta LEA:

PSE entered into a locational power exchange agreement with TransAlta. In return, TransAlta will pay PSE \$1 per MWh.
Therefore it results in no variable unit cost for comparison to the baseline rate. Thus no adjustment pursuant to Exhibit G is necessary.

Klondike II PPA:

Exhibit G - New Resource Adjustment

For New Resources with a Terms Longer than 2 Years

Name	Klondike
Description	Wind PPA In-service date 12.1.2007, 20yr term

PCA Period **PCA 6 Calendar 2007**

DEC ACTUALS (IN SERVICE THIS MO)

		Actual Dec-07
Total Variable Component Actual		
Steam Oper. Fuel	501	
Other Pwr Gen Fuel	547	
Other Elec Revenues	45600012, 18	
Purchase Power	555	427,215
Sales to Other Util	447	
Wheeling	565	78,448
Transmission Revenue	45600017	
		\$ 505,663
PCA Period Generation	(MWh)	8,570
Actual Variable Cost	(\$/MWh)	\$59.004
Compare with Baseline Rate		
Baseline Power Cost Rate	(\$/MWh)	\$59.813
Lesser of Actual Cost or Baseline Rate		
Actual Variable Cost		\$59.004

Adjustment Needed?

No

Adjustment needed if Baseline rate is lower than actual variable cost

Adjustment Rate	(\$/MWh)	\$0.000
Adjustment volume	(MWh)	8,570
Adjustment Amount	(\$)	\$ -

Components of December	\$ -
Booked in December	\$ -

Puget Sound Energy, Inc.

Power Cost Adjustment Mechanism Annual Report

PCA Period Six – A

Twelve Months Ended December 31, 2007

Exhibits

From January 1, 2007, through January 12, 2007
Docket No. UE-060783, 2005 PCORC Update Filing
Made on May 15, 2006

**PUGET SOUND ENERGY
PCA MECHANISM ANNUAL REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007**

Exhibit A-1 Power Cost Rate : 1/1/2007 - 1/12/2007

******* TIME PERIOD = 6 MONTHS *******

Row	Test Year Balances			Production Factor 0.99569	Monthly (a)	PCA 6 Jan 1 - Jan 12, '07 (b) = (a) * 12/31	
	Rate Year Expense	Rate Year \$/MWh		Rate Year(1) (IV)			
	(I)			(II)			
3	Regulatory Assets (2) (Variable)	\$ 262,851,032					
4	Transmission Rate Base (Fixed)	114,273,211					
5	Production Rate Base (Fixed)	591,893,771					
6		\$ 969,018,014					
7	Net of tax rate of return	7.01%					
10	Regulatory Asset (2) Recovery (on Row 3) (3)	\$ 14,235,090	\$ 1.439	(c)			
11	Fixed Asset Recovery Other (on Row 4) (3)	6,188,636	\$ 0.625	(a)	\$ 6,188,636	1,031,439.36	} 6,373,921.01
12	Fixed Asset Recovery-Prod Factored (on Row 5) (3)	32,054,890	\$ 3.240	(a)	32,054,890	5,342,481.66	
13	501-Steam Fuel	24,018,792	\$ 2.428	(c)			} 11,826,917.86
14	555-Purchased power	352,051,994	\$ 35.582	(c)			
14a	Rate Disallowances for March Point 2 and Tenaska	(6,087,225)	\$ (0.615)	(c)			} 2,467,324.26
15	557-Other Power Exp	3,458,737	\$ 0.350	(a)	3,458,737	576,456.17	
15a	557-Other Power Expense Adjustments	2,675,279	\$ 0.270	(a)	2,675,279	445,879.80	} 223,144.32
16	547-Fuel	40,644,835	\$ 4.108	(c)			
17	565-Wheeling	26,150,678	\$ 2.643	(c)			} 172,598.63
18	Variable Transmission Income	(1,722,689)	\$ (0.174)	(c)			
19	Hydro and Other Pwr.	30,823,680	\$ 3.115	(a)	30,823,680	5,137,279.97	} 1,988,624.51
19a	Hydro and Other Pwr. Adjustment	(848,139)	\$ (0.086)	(a)	(848,139)	(141,356.46)	
20	447-Sales to Others	(8,707,061)	\$ (0.880)	(c)			} (54,718.63)
21	456-Subaccounts 00012 & 00018 and 00035 & 00036	243,282	\$ 0.025	(c)			
22	Transmission Exp - 500KV	305,934	\$ 0.031	(a)	305,934	50,988.99	} 19,737.67
23	Depreciation-Production (FERC 403)	25,048,433	\$ 2.532	(a)	25,048,433	4,174,738.87	
24	Depreciation-Transmission	2,565,694	\$ 0.259	(a)	2,565,694	427,615.59	} 1,616,027.95
24a	Amortization - Regulatory Assets	12,952,833	\$ 1.309	(c)			
26	Property Taxes-Production	4,802,852	\$ 0.485	(a)	4,802,852	800,475.31	} 165,528.61
27	Property Taxes-Transmission	2,129,038	\$ 0.215	(a)	2,129,038	354,839.62	
28	Subtotal & Baseline Rate	\$ 562,985,562	\$ 56.901	(b) (4)	\$ 109,205,033		} 4,578,161.75
29	Revenue Sensitive Items	0.9550366					
30		\$ 589,491,085					
31	DELIVERED Load (MWH's) <i>July - Dec 2006</i>	9,894,085		<-- includes Firm Wholesale			
32							
33							
34							
35							
36							
37	Power Cost in Rates with Revenue Sensitive						
38	Items (the adjusted baseline)	\$ 56.901	\$ 59.580				
39	sum of (a) = Fixed Rate Component	\$ 11.037	\$ 11.557				
40	(b) = Power Cost Rate	\$ 56.901	\$ 59.580				
41	sum of (c) = Variable Power Rate Component	\$ 45.864	\$ 48.023				
42							
43							
44	Amounts reported in BOLD are new or have been revised since the distribution of the 5/18/2006 revision.						
45							
46	(1) - Rate Year includes test year amounts plus the impacts of any adjustments to power cost rate.						
47	Production related costs are then grossed-up by the production factor of 0.99569 where appropriate.						
48							
49	(2) - Regulatory Assets are shown in detail on Exhibit D.						
50							
51	(3) - Rate year amount (Line item * .0701 / .65 / 2 / .99569)						
52							
53	(4) - Beginning July 1, 2006, \$56.901 per MWh will be used in Schedule B to determine the imbalance for sharing under the PCA mechanism.						
54							

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007**

Exhibit A-2 Transmission Rate Base: 1/1/2007 - 1/12/2007

Row		AMA 12/31/2005
6		
7		
8	TRANS - COLSTRIP 1 & 2	
9	E350 Land and Land Rights	10,247
10	E351 Easements	685,927
11	E353 Station Equipment	1,231,131
12	E354 Towers & Fixtures	14,474,343
13	E355 Poles & Fixtures	49,007
14	E356 OH Condcutors & devices	13,158,153
15	E359 Roads & Trails	113,968
16	COLSTRIP 1&2 TRANSMISSION	29,722,775
17	TRANS - COLSTRIP 3 & 4	
18	E351 Easements	1,071,124
19	E352 Structures & Improvements	496,711
20	E353 Station Equipment	17,917,642
21	E354 Towers & Fixtures	20,507,563
22	E355 Poles & Fixtures	88,692
23	E356 OH Conductors & Devices	19,991,226
24	E359 Roads & Trails	341,015
25	COLSTRIP 3&4 TRANSMISSION	60,413,973
26	TRANS - 3RD NW-SW INTERTIE	
27	E350 Land and Land Rights	1,769,178
28	E352 Structures & Improvements	1,276,264
29	E353 Station Equipment	31,158,610
30	E354 Towers & Fixtures	22,781,417
31	E355 Poles & Fixtures	204,200
32	E356 OH Conductors & Devices	23,459,919
33	E356 OH Conductors & Devices	206
34	E359 Roads & Trails	59,215
35	TOTAL 3RD NW-SW INTERTIE	80,709,009
36	TRANS - NORTHERN INTERTIE	
37	E350 Land and Land Rights	30,604
38	E354 Towers & Fixtures-Whatcom	5,744,097
39	E355 Poles & Fixtures-Whatcom	3,398,685
40	E356 OH Conductors & Devices-Whatcom	11,219
41	E355 Poles & Fixtures-Skagit	5,142,699
42	E356 OH Conductors & Devices-Skagit	7,460,099
43	TOTAL NORTHERN INTERTIE	21,787,403
44		
45	Total Transmission	192,633,160
46	Less	
47	Accumulated Depreciation (AMA)	(72,225,654)
48	Deferred Taxes (EOP)	(12,897,269)
49	Transmission portion of:	
50	Colstrip Common FERC Adj, net of accum amort	4,048,292
51	Colstrip Def Depr FERC Adj, net of accum amort	2,714,682
	Transmission Ratebase	\$ 114,273,211

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007**

Exhibit A-3 Colstrip Fixed Costs (Section 1 of 2): 1/1/2007 - 1/12/2007

Row

8	Revenue Requirement for Colstrip		
9	Plant	683,847,908	
10	Accumulated Depreciation	(384,319,124)	
11	Deferred Taxes at 6/30/2003	(65,574,042)	
12	Net Plant	233,954,742	
13	Rate of Return (net of Tax)	7.01%	
14	Revenue Requirement after tax	16,400,227	
15	Plant Revenue Requirement	25,231,119	(Adjusted for Federal Tax)
16	Expenses	54,650,791	
17	Total Revenue Requirement	79,881,910	(before revenue sensitive items)

Support for Revenue Requirement - Ratebase

FERC	DESCRIPTION	31-Mar-04	31-Mar-05	13 MONTH AMA	ANNUITY RATE	ANNUALIZED DEPRECIATION	ACUMM. DEPR. 06/30/2003
	COLSTRIP #1						
E311	Structures & Improvements	7,235,283	7,372,745	7,386,230	3.03%	223,803	(4,073,980)
E312	Boiler Plant Equipment	54,087,207	52,680,111	53,054,963	3.12%	1,655,315	(33,602,708)
E314	Turbo Generating Units	13,596,258	14,969,912	14,634,602	3.29%	481,478	(8,483,528)
E315	Accessory Electric Equipment	7,151,247	7,153,656	7,152,593	2.71%	193,835	(4,794,950)
E316	Misc. Power Plant Equipment	486,394	537,632	504,143	3.87%	19,510	(246,688)
	TOTAL	82,556,389	82,714,055	82,732,531	3.11%	2,573,941	(51,201,855)
	COLSTRIP #2						
E311	Structures & Improvements	5,706,503	5,727,592	5,728,283	3.06%	175,285	(3,653,230)
E312	Boiler Plant Equipment	46,001,941	46,553,042	46,470,850	3.05%	1,417,361	(28,806,599)
E314	Turbo Generating Units	13,493,641	14,323,040	14,249,672	3.26%	464,539	(8,235,807)
E315	Accessory Electric Equipment	5,303,205	5,061,164	5,233,253	2.69%	140,775	(3,043,974)
E316	Misc. Power Plant Equipment	511,180	562,410	528,043	3.61%	19,062	(247,499)
	TOTAL	71,016,471	72,227,249	72,210,101	3.07%	2,217,022	(43,987,109)
	COLSTRIP 1 & 2 COMMON						
E311	Structures & Improvements	31,473,984	31,359,809	31,440,683	3.16%	993,526	(20,395,759)
E312	Boiler Plant Equipment	8,354,764	8,030,614	8,260,221	3.18%	262,675	(5,767,278)
E314	Turbo Generating Units	3,918,858	3,918,858	3,918,858	3.31%	129,714	(2,622,147)
E315	Accessory Electric Equipment	2,420,179	2,379,882	2,408,426	3.07%	73,939	(1,470,405)
E316	Misc. Power Plant Equipment	6,366,491	6,365,234	6,354,815	3.82%	242,754	(3,559,040)
	TOTAL	52,534,276	52,054,397	52,383,003	3.25%	1,702,608	(33,814,629)
	COLSTRIP 3						
E311	Structures & Improvements	28,948,432	28,976,803	28,978,876	2.45%	709,982	(15,568,775)
E312	Boiler Plant Equipment	121,014,137	118,651,909	119,189,045	2.68%	3,194,266	(63,482,913)
E314	Turbo Generating Units	34,313,111	38,223,363	37,220,353	2.97%	1,105,444	(15,966,099)
E315	Accessory Electric Equipment	6,466,260	6,466,260	6,466,260	2.47%	159,717	(3,183,989)
E316	Misc. Power Plant Equipment	496,445	531,119	507,610	2.86%	14,518	(224,109)
	TOTAL	191,238,385	192,849,454	192,362,144	2.69%	5,183,927	(98,425,884)
	COLSTRIP 4						
E311	Structures & Improvements	26,552,773	26,546,706	26,554,659	2.54%	674,488	(12,902,625)
E312	Boiler Plant Equipment	104,602,581	105,620,134	105,408,981	2.75%	2,898,747	(49,488,910)
E314	Turbo Generating Units	30,772,919	33,040,130	32,326,921	2.94%	950,411	(12,387,935)
E315	Accessory Electric Equipment	5,660,702	5,660,702	5,660,702	2.52%	142,650	(2,441,024)
E316	Misc. Power Plant Equipment	694,048	728,727	705,215	2.79%	19,675	(305,486)
	TOTAL	168,283,022	171,596,400	170,656,478	2.75%	4,685,971	(77,525,980)
	COLSTRIP 3 & 4 COMMON						
E311	Structures & Improvements	70,723,992	70,676,244	70,713,181	2.33%	1,647,617	(37,638,359)
E312	Boiler Plant Equipment	20,359,928	19,413,895	20,084,002	2.48%	498,083	(11,249,994)
E314	Turbo Generating Units	277,420	277,420	277,420	2.62%	7,268	(139,868)
E315	Accessory Electric Equipment	7,748,971	7,669,926	7,725,916	2.31%	178,469	(3,776,971)
E316	Misc. Power Plant Equipment	4,725,566	4,725,430	4,725,435	2.79%	131,840	(2,132,955)
	TOTAL	103,835,877	102,762,915	103,525,954	2.38%	2,463,277	(54,938,148)
	COLSTRIP 1-4 COMMON						
E316	Misc. Power Plant Equip.	251,534	251,534	251,534	2.46%	6,188	(135,747)
	TOTAL	251,534	251,534	251,534	2.46%	6,188	(135,747)
66	Subtotal before Colstrip FERC Adjustments	669,715,953	674,456,004	674,121,745	2.79%	18,832,934	(388,517,156)
67	Colstrip Common FERC Adj. (AMA is Net of Accum. Amort.)			6,986,973		354,669	
68	Colstrip Def Depr FERC Adj. (AMA is Net of Accum. Amort.)			2,739,190		104,311	
69	Total Plant and Acc. Deprec.			683,847,908	2.82%	19,291,914	(360,029,352)
70	AMA Adj. to Accum Depr.						4,198,033
71	Totals			683,847,908	2.82%	19,291,914	(384,319,124)

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007**

Exhibit A-3 Colstrip Fixed Costs (Section 2 of 2): 1/1/2007 - 1/12/2007

Row
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Support for Revenue Requirement - Expenses	Description	Amount before Prod. Adj.
Order		
50004011	1&2 Sup & Eng - Steam Ope	
50004012	1&2 Sup & Eng - Steam Ope	
50005011	3&4 Sup & Eng - Steam Ope	
50005012	3&4 Sup & Eng - Steam Ope	
50204001	1&2 Steam Exp - Steam Gen Op	
50205001	3&4 Steam Exp - Steam Gen Op	
50504001	1&2 Elec Exp - Steam Gen	
50505001	3&4 Elec Exp - Steam Gen	
50604001	1&2 Misc Exp - Steam Gen	
50605001	3&4 Misc Exp - Steam Gen	
50605002	3&4 Steam - Housing	
50704001	1&2 Rents - Steam Gen Oper	
50705001	3&4 Rents - Steam Gen Oper	
51004001	1&2 Maint Supv - Steam Gen	
51005001	3&4 Maint Supv - Steam Gen	
51104001	1&2 Maint of Struct - Stm Gen	
51105001	3&4 Maint of Struct - Stm Gen	
51204001	1&2 Maint of Boiler - Stm Gen	
51205001	3&4 Maint of Boiler - Stm Gen	
51304001	1&2 Maint of E Plant - Stm G	
51305001	3&4 Maint of E Plant - Stm G	
51404001	1&2 Maint of Misc - Stm Gen	
51405001	3&4 Maint of Misc - Stm Gen	
	Subtotal on Orders	24,506,641
	Property Taxes-Montana	9,075,236
	Electric Energy Tax	1,777,000
403xxxxx	Depreciation	19,291,914
		<u>\$ 54,650,791</u>

REDACTED

**REDACTED
VERSION**

PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007

2006 PCA Baseline Rate Update Power Cost Projections: 1/1/2007 - 1/12/2007

AURORA + Non-AURORA Power Costs
5.4.06 AURORA model run

0.995690

PCA Update Rate Period: July 2006 - December 2006

		Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2005 PCORC Rate Year	Production Factored
501	Coal Fuel	\$ 4,181	\$ 4,221	\$ 3,358	\$ 3,687	\$ 4,226	\$ 4,346	\$ 24,019	23,915,271
547	Natural Gas Fuel	\$ 4,870	\$ 6,685	\$ 8,771	\$ 7,583	\$ 6,206	\$ 5,939	\$ 40,053	39,880,455
555	Purchase & Interchange	\$ 37,508	\$ 41,340	\$ 55,264	\$ 67,908	\$ 73,225	\$ 88,878	\$ 364,123	362,553,434
557	Other Power Supply	\$ 576	\$ 576	\$ 576	\$ 576	\$ 576	\$ 576	\$ 3,459	3,443,830
565	Wheeling	\$ 4,535	\$ 4,449	\$ 4,773	\$ 4,377	\$ 4,355	\$ 4,389	\$ 26,877	26,761,261
447	Secondary Sales	\$ (2,781)	\$ (3,764)	\$ (784)	\$ (489)	\$ (594)	\$ (295)	\$ (8,707)	(8,669,534)
	Subtotal	\$ 48,889	\$ 53,508	\$ 71,958	\$ 83,642	\$ 87,994	\$ 103,832	\$ 449,823	447,884,718
456	Non-Core Gas	(24)	278	38	30	(43)	(35)	243	242,233
	Subtotal with Non-Core Gas	\$ 48,865	\$ 53,786	\$ 71,995	\$ 83,672	\$ 87,951	\$ 103,797	\$ 450,067	448,126,951
		14.72%	15.00%	14.65%	16.63%	18.27%	20.73%		
	Load in MWh	1,559,781	1,588,805	1,551,665	1,761,465	1,935,778	2,195,745	10,593,239	
6.6%	Delivered Load	1,456,836	1,483,944	1,449,255	1,645,208	1,808,017	2,050,826	9,894,085	
		14.72%	15.00%	14.65%	16.63%	18.27%	20.73%	100.00%	
Revenue Requirement Adjustments:									
Before adjustment								\$ 450,067	
Tenaska Buyout Disallowance 50.0%								\$ 8,572	(4,286)
Tenaska Prudence Disallowance 1.2%								\$ 104,662	(1,256)
March Point 2 Prudence Disallowance 3.0%								\$ 18,181	(545)
Net Power Costs								\$ 443,980	(6,060,989)
Production O&M (including ben & p/r tax)								30,824	30,690,830
Colstrip 500 KV Expense								306	304,615
Costs for Revenue Requirement								\$ 475,109	473,061,408
<hr/>									
	Purchase & Interchange	37,507,881	41,339,513	55,264,218	67,908,406	73,225,171	88,877,615	364,122,804	362,553,434
	Included on Separate Line:								
	Tenaska	1,717,917	1,717,917	1,717,917	1,717,917	1,717,917	1,717,917	10,307,500	10,263,075
	BEP	293,885	293,885	293,885	293,885	293,885	293,885	1,763,310	1,755,710
	Subtotal Amort in P&I	2,011,802	2,011,802	2,011,802	2,011,802	2,011,802	2,011,802	12,070,810	12,018,785
	Purchase & Interchange less Amort	35,496,079	39,327,711	53,252,416	65,896,605	71,213,369	86,865,813	352,051,994	350,534,650
	Natural Gas Fuel	4,870,142	6,685,324	8,770,717	7,582,635	6,205,617	5,938,648	40,053,084	39,880,455
	Post Filing Adjustment								
	Included on Separate Line:								
	CanWest	(316,459)	(316,459)	(316,459)	(316,459)	(316,459)	(316,459)	(1,898,751)	(1,890,568)
	Cabot	217,833	217,833	217,833	217,833	217,833	217,833	1,307,000	1,301,367
	Subtotal Amort in Fuel	(98,625)	(98,625)	(98,625)	(98,625)	(98,625)	(98,625)	(591,751)	(589,201)
	Fuel less Amort	4,968,768	6,783,950	8,869,343	7,681,261	6,304,242	6,037,273	40,644,835	40,469,656
	Increase Fuel for post filing correctio	-	-	-	-	-	-	-	-
	Adjusted Fuel	4,968,768	6,783,950	8,869,343	7,681,261	6,304,242	6,037,273	40,644,835	40,469,656
	Wheeling	4,534,586	4,449,480	4,772,827	4,376,698	4,354,745	4,388,766	26,877,101	26,761,261
	Included on Separate Line:								
	Hopkins Transmission Amort.	121,071	121,071	121,071	121,071	121,071	121,071	726,423	723,292
	Subtotal Amort in Wheeling	121,071	121,071	121,071	121,071	121,071	121,071	726,423	723,292
	Wheeling less Amort	4,413,515	4,328,409	4,651,757	4,255,627	4,233,674	4,267,695	26,150,678	26,037,969
	Remove Interest on HR Ppd	-	-	-	-	-	-	-	-
	Adjusted Wheeling less Amort	4,413,515	4,328,409	4,651,757	4,255,627	4,233,674	4,267,695	26,150,678	26,037,969
	Subtotal Amort in P&I	2,011,802	2,011,802	2,011,802	2,011,802	2,011,802	2,011,802	12,070,810	12,018,785
	Subtotal Amort in Fuel	(98,625)	(98,625)	(98,625)	(98,625)	(98,625)	(98,625)	(591,751)	(589,201)
	Subtotal Amort in Wheeling	121,071	121,071	121,071	121,071	121,071	121,071	726,423	723,292
	White River Amort	124,559	124,559	124,559	124,559	124,559	124,559	747,351	744,130
		2,158,805	2,158,805	2,158,805	2,158,805	2,158,805	2,158,805	12,952,833	12,897,006
	Times Prod'n Factor =>	2,149,501	2,149,501	2,149,501	2,149,501	2,149,501	2,149,501	12,897,006	

25,794,012
12,897,006

PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007

POWER COST BASELINE RATE EFFECTIVE: 1/1/2007 - 1/12/2007

AUTHORIZED Adjusted 12 months ended March 31, 2005					Amounts reflected for Jul-06 through Dec-06 have been updated pursuant to Attachment A to the Settlement Agreement in WUTC Docket No. UE-050870.							Total
Row	Total	Fixed or Variable (b)	Proposed		Jul-06 (e)	Aug-06 (f)	Sep-06 (g)	Oct-06 (h)	Nov-06 (i)	Dec-06 (j)	Total (k)	
			Basis (c)	Apportionment (d)								
2	0.99569											
3	\$ 267,511,998	V	12/2006 AMA	50/50						net of production factor	262,851,032	
4	115,730,840	F	12/2005 AMA	50/50							114,273,211	
5	<u>624,544,579</u>	F	12/2005 AMA	50/50						net of production factor	591,893,771	
	<u>\$ 1,007,787,417</u>											
6					Amounts presented in Line 10 through 26 represent test year amounts. They are converted to rate year values on Line 35.							
7	Net of tax rate of return	7.01%										
8												
9												
10	\$ 28,850,140	V	12/2006 AMA	50/50	2,362,289	2,362,289	2,362,289	2,362,289	2,362,289	2,362,289	14,173,736	
11	12,481,126	F	12/2005 AMA	50/50	1,026,994	1,026,994	1,026,994	1,026,994	1,026,994	1,026,994	6,161,963	
12	67,354,731	F	12/2005 AMA	50/50	5,319,456	5,319,456	5,319,456	5,319,456	5,319,456	5,319,456	31,916,733	
13	41,235,648	V	Updated	Per Model	4,163,333	4,202,760	3,343,176	3,671,087	4,207,927	4,326,989	23,915,271	
14	650,971,182	V	Updated	Per Model	35,343,091	39,158,209	53,022,898	65,612,590	70,906,439	86,491,422	350,534,650	
14a	(12,026,890)	V	Updated	Per Model	(974,776)	(992,919)	(1,003,827)	(1,014,662)	(1,022,931)	(1,051,874)	(6,060,989)	
15	6,905,045	F	2005 PCORC	50/50	573,972	573,972	573,972	573,972	573,972	573,972	3,443,830	
15a	5,327,497	F	2005 PCORC	50/50	443,958	443,958	443,958	443,958	443,958	443,958	2,663,748	
16	56,102,147	V	Updated	Per Model	4,947,352	6,754,711	8,831,116	7,648,154	6,277,071	6,011,252	40,469,656	
17	50,952,098	V	Updated	Per Model	4,394,493	4,309,754	4,631,708	4,237,286	4,215,427	4,249,301	26,037,969	
18	(3,430,528)	V	2005 PCORC	50/50	(285,877)	(285,877)	(285,877)	(285,877)	(285,877)	(285,877)	(1,715,264)	
19	61,381,660	F	2005 PCORC	50/50	5,115,138	5,115,138	5,115,138	5,115,138	5,115,138	5,115,138	30,690,830	
19a	(1,688,967)	F	2005 PCORC	50/50	(140,747)	(140,747)	(140,747)	(140,747)	(140,747)	(140,747)	(844,483)	
20	(7,821,028)	V	Updated	Per Model	(2,769,361)	(3,747,316)	(780,762)	(486,782)	(591,332)	(293,980)	(8,669,534)	
21	(1,196,883)	V	Updated	Per Model	(24,189)	276,958	37,553	29,576	(43,096)	(34,568)	242,233	
22	609,231	F	2005 PCORC	50/50	50,769	50,769	50,769	50,769	50,769	50,769	304,615	
23	50,720,695	F	12/2005 AMA	50/50	4,156,746	4,156,746	4,156,746	4,156,746	4,156,746	4,156,746	24,940,474	
24	5,109,271	F	2005 PCORC	50/50	425,773	425,773	425,773	425,773	425,773	425,773	2,554,635	
24a	25,820,706	V	CY06 from 2005 PCORC Amort Sched		2,149,501	2,149,501	2,149,501	2,149,501	2,149,501	2,149,501	12,897,006	
25	9,564,303	F	2005 PCORC	50/50	797,025	797,025	797,025	797,025	797,025	797,025	4,782,152	
26	4,239,723	F	2005 PCORC	50/50	353,310	353,310	353,310	353,310	353,310	353,310	2,119,862	
28	1,051,460,904				67,428,250	72,310,462	90,430,167	102,045,554	106,297,812	122,046,849	560,559,094	
	TEST Year DELIVERED Load											
	20,026,538											
29	Baseline Rate calculated on TEST Year	\$ 52,503										
30												
31	Fixed	222,004,314			18,122,393	18,122,393	18,122,393	18,122,393	18,122,393	18,122,393	108,734,360	
32	Variable	829,456,590			49,305,857	54,188,069	72,307,774	83,923,161	88,175,419	103,924,455	451,824,735	
33	Total	<u>1,051,460,904</u>			67,428,250	72,310,462	90,430,167	102,045,554	106,297,812	122,046,849	560,559,094	
34												
35	Rate Year = Prod'n Factor Grossed Up	\$ 1,056,012,318			\$ 67,720,124	\$ 72,623,470	\$ 90,821,608	\$ 102,487,275	\$ 106,757,939	\$ 122,575,147	\$ 562,985,562	
36	RATE YEAR Delivered Load (MWHs)	20,113,220			1,456,836	1,483,944	1,449,255	1,645,208	1,808,017	2,050,826	9,894,085	
37												
38												
39	Baseline Rate calculated on RATE Year	\$ 52,503									\$ 56,901	
40	Conversion Factor	0.9550366									0.9550366	
41	Baseline Rate incl. Revenue Sensitive Item	\$ 54,975									\$ 59,580	
42												
43	Amounts reported in BOLD have been revised since the original filing.											

PUGET SOUND ENERGY
 PCA MECHANISM ANNUAL REPORT - PCA 6
 TWELVE MONTHS ENDED DECEMBER 31, 2007

Exhibit E - Contract Adjustments: July 1, 2006 - December 31, 2007

Row	2006 PCA Baseline Rate Update Jul06- Dec06
7	REDACTED
CONTRACTS	
8 Baker Replacement	
9 BC Hydro Point Roberts	
10 BPA WNP-3 Exchange Power	
11 BPA WNP3 Return	
12 BPA Snohomish Conservation	
13 CSPE	
14 Mid-Columbia	
15 Canadian Entitlement and CEA-EA	
16 MPC Firm Contract-Demand	
17 MPC Firm Contract-Energy	
18 PPL Contract 15 yr	
19 Supplemental Entitlement Cap	
20 North Wasco Winter	
20A North Wasco Summer	
21 WWP Contract 15 yr	
22 PG&E Exchange Storage Acctg.	
23 QF Shipp Hutch. Creek	
24 QF Koma Kulshan Hydro	
25 QF March Point Cogen 1 Winter	
26 QF March Point Cogen 1 Summer	
27 QF March Point Cogen 2 Winter	
28 QF March Point Cogen 2 Summer	
29 QF Port Townsend Hydro	
30 QF PERC Puyallup	
31 QF Spokane MSW	
31a QF Spokane MSW Winter	
31b QF Spokane MSW Summer	
32 QF Sumas Winter	
33 QF Sumas Summer	
34 QF Sygitowicz	
35 QF Tenaska (excl. Reg. Amort.)	
36 QF Twin Falls	
37 QF Weeks Falls	
38 Skookumchuck	

REDACTED
VERSION

PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007
Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
2005 POWER COST ONLY UPDATE FILING MADE MAY 15, 2006 FOR RATES EFFECTIVE JULY 1, 2006

Ref	Description	12 Months Ended December 31			PCA Period					
		Asset Amort	Balance net of AA & ADFIT	Asset Amort	AMA Ratebase as of	A.T. %	Amount	Pre Tax	Monthly	
			(Note 1)							
9										
10	Cabot Buyout				G/L Accts #18230171 and #28300461 and Order #54756002					
18	Dec 2006	\$ (2,614,000)	4,488,000	(2,388,500)	5,410,125	6/06	7.01%	379,250	583,461	48,622
				(1,307,000)	3,984,333	12/06	7.01%	279,302	429,695	35,808
24										
25	Tenaska				G/L Accts #18230001 and #28300451 and Order #55500423					
35	Dec 2006	\$ (20,615,000)	163,453,000	(19,261,500)	173,230,500	6/06	7.01%	12,143,458	18,682,243	1,556,854
				(10,307,500)	158,961,667	12/06	7.01%	11,143,213	17,143,404	1,428,617
44										
45	BEP				G/L Accts #18230071 and #18230081 and Order #55500007					
51	Dec 2006	\$ (3,526,620)	37,029,461	(3,526,620)	40,556,081	6/06	7.01%	2,842,981	4,373,817	364,485
				(1,763,310)	\$37,911,116	12/06	7.01%	2,657,569	4,088,568	340,714
66										
67	White River Relicensing (Note 2)				G/L Accts #18230641, #18230691, #19000021 and 28300011					
71	Dec 2006	\$	17,442,218	-	16,727,249	6/06	7.01%	1,172,580	1,803,969	150,331
				-	17,442,218	12/06	7.01%	1,222,699	1,881,076	156,756
79										
80	White River Plant Costs				G/L Accts #18220011, #18220021, #18220031, #18220041 and #18220051 and Order #40700015					
84	Dec 2006	\$ (1,494,702)	39,706,852	(1,494,702)	40,844,007	6/06	7.01%	2,863,165	4,404,869	367,072
				(747,351)	39,988,129	12/06	7.01%	2,803,168	4,312,566	359,380
92										
93	Canwest Liability				G/L Accts #25400021, #14300061 and 19000451 and Order # 54756004					
97	Dec 2006	\$ 3,797,503	(3,702,565)	2,531,669	(5,490,031)	6/06	7.01%	(384,851)	(592,079)	(49,340)
				1,898,751	(4,319,660)	12/06	7.01%	(302,808)	(465,859)	(38,822)
103										
104	Hopkins Ridge Prepaid Transmission (Note 3)				G/L Acct #18230231 and Order #56500011					
107	Dec 2006	\$ (1,094,332)	9,655,668	(367,909)	6,670,465	6/06	7.01%	467,600	719,384	59,949
				(726,423)	10,021,021	12/06	7.01%	702,474	1,080,729	90,061

Ref	Description	From	To	Asset Amort	AMA Ratebase as of	A.T. %	Return			
							Amount	Pre Tax	Monthly	
122	PCA #5	Jul 2006	Dec 2006	(12,952,833)	263,988,824	12/06	7.01%	18,505,617	28,470,179	2,372,515
127				-	-					

Note (1) Amounts in these columns are net of accumulated amortization AND the associated Deferred FIT liability / asset.

Note (2) During the 2004 General Rate Case filed under WUTC Docket No. UE-040640, et al., it was agreed that the return of the White River Relicensing costs would be delayed until the sale of White River is complete. At that time, the Commission can make a final determination in a separate proceeding regarding the application of the proceeds against the deferred costs and the disposition of any remaining balance.

Note (3) Because Hopkins Ridge Prepaid Transmission regulatory asset was projected to the entire 12 months of the rate year in UE-05870, a full year's return is allowed for PCA 4 when the Power Cost Baseline Rate is in effect from UE-05870.

Puget Sound Energy, Inc.

Power Cost Adjustment Mechanism Annual Report

PCA Period Six – B

Twelve Months Ended December 31, 2007

Exhibits

From January 13, 2007, through August 31, 2007
Docket Nos. UE-060266, *et al.* (Consolidated), 2006 GRC

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007**

Exhibit A-1 Power Cost Rate: 1/13/2007 - 8/31/2007

Row		Test Year			Production Factor	Monthly	PCA 6		
					0.99109	(a)	Jan 13 - Jan 31, '07		
					Rate Year		(b) = (a) * 19/31		
3	Regulatory Assets (Variable)	\$	230,034,285						
4	Transmission Rate Base (Fixed)		113,206,055						
5	Production Rate Base (Fixed)		1,004,911,943						
6		\$	1,348,152,283						
7	Net of tax rate of return		7.06%						
8				Test Yr					
9				\$/MWh					
10	Regulatory Asset Recovery (on Row 3)	\$	24,985,262	\$	1.228	(c)			
11	Fixed Asset Recovery Other (on Row 4)		12,295,919	\$	0.605	(a)	12,295,919	1,024,659.93	
12	Fixed Asset Recovery-Prod Factored (on Row 5)		109,148,897	\$	5.366	(a)	110,130,157	9,177,513.08	10,202,173.01
13	501-Steam Fuel		51,780,346	\$	2.546	(c)			
14	555-Purchased power		687,031,832	\$	33.779	(c)			
14a	Rate Disallowances for March Point 2 & Tenaska		(11,018,001)	\$	(0.542)	(c)			
15	557-Other Power Exp		7,021,994	\$	0.345	(a)	7,085,122	590,426.84	361,874.51
15a	Payroll Overheads - Worker's Comp		1,077,896	\$	0.053	(a)	1,087,587	90,632.22	55,548.78
15b	Property Insurance		2,267,699	\$	0.111	(a)	2,288,086	190,673.83	116,864.61
15c	Montana Electric Energy Tax		1,704,512	\$	0.084	(a)	1,719,835	143,319.62	87,841.05
15d	Payroll Taxes on Production Wages		526,568	\$	0.026	(a)	531,302	44,275.14	27,136.38
16	547-Fuel		32,233,026	\$	1.585	(c)			
17	565-Wheeling		56,506,255	\$	2.778	(c)			
18	Variable Transmission Income		(3,869,746)	\$	(0.190)	(c)			
19	Hydro and Other Pwr.		77,648,296	\$	3.818	(a)	78,346,362	6,528,863.52	14,722,745.32
20	447-Sales to Others		(7,404,444)	\$	(0.364)	(c)			
21	456-Subaccounts 00012 & 00018 and 00035 & 00036		402,171	\$	0.020	(c)			
22	Transmission Exp - 500KV		862,248	\$	0.042	(a)	870,000	72,499.96	44,435.46
23	Depreciation & Amort -Production (FERC 403)		62,625,805	\$	3.079	(a)	63,188,817	5,265,734.78	3,227,385.83
24	Depreciation-Transmission		5,109,174	\$	0.251	(a)	5,109,174	425,764.50	260,952.44
25	Amortization-Production Reg Assets		30,028,391	\$	1.476	(c)			
26	Property Taxes-Production		12,313,203	\$	0.605	(a)	12,423,900	1,035,325.00	634,554.03
27	Property Taxes-Transmission		4,022,759	\$	0.198	(a)	4,022,759	335,229.91	205,463.49
28	Subtotal & Baseline Rate	\$	1,157,300,061	\$	56.899	(b)	299,099,020		
29	Revenue Sensitive Items		0,954,974						
30		\$	1,211,865,030						
31	Test Year DELIVERED Load (MWH's)		20,339,227						
									<-- includes Firm Wholesale
32									
33									
34									
35									
36									
37	Power Cost in Rates with Revenue Sensitive								
38	Items (the adjusted baseline)	\$	56.899	\$	59.582				
39	sum of (a) = Fixed Rate Component	\$	14.583	\$	15.271				
40	(b) = Power Cost Rate	\$	56.899	\$	59.582				
41	sum of (c) = Variable Power Rate Component	\$	42.316	\$	44.311				

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007**

Exhibit A-2 Transmission Rate Base: 1/13/2007 - 8/31/2007

Row		Plant AMA 9/30/2005	AMA Accum Deprec/Amort	Net	Annualized Depreciation
7					
8					
6					
7	E350	100428	TRANS - COLSTRIP 1 & 2		
8	E351	100127	Land and Land Rights	\$ 10,247	\$ -
9	E353	100136	Easements	685,927	(328,174)
10	E354	100145	Station Equipment	1,231,131	(809,116)
11	E355	100149	Towers & Fixtures	14,474,343	(7,330,817)
12	E356	100157	Poles & Fixtures	49,007	(43,744)
13	E359	100170	OH Conductors & Devices	13,158,153	(7,143,515)
14			Roads & Trails	113,968	(54,580)
15			TOTAL COLSTRIP 1&2 TRANSMISSION	29,722,776	(15,709,946)
16				14,012,830	800,254
17	E351	100128	TRANS - COLSTRIP 3 & 4		
18	E352	100132	Easements	1,071,124	(498,101)
19	E353	100137	Structures & Improvements	496,711	(235,088)
20	E354	100146	Station Equipment	17,948,341	(8,791,003)
21	E355	100150	Towers & Fixtures	20,492,882	(10,042,410)
22	E356	100158	Poles & Fixtures	88,692	(50,835)
23	E359	100171	OH Conductors & Devices	19,991,226	(10,587,643)
24			Roads & Trails	341,015	(160,200)
25			TOTAL COLSTRIP 3&4 TRANSMISSION	60,429,991	(30,365,280)
26				30,064,711	1,752,466
27	E350	100430	TRANS - 3RD NW-SW INTERTIE		
28	E352	100134	Land and Land Rights	1,769,178	-
29	E353	100143	Structures & Improvements	1,276,264	(274,257)
30	E354	100147	Station Equipment	31,157,075	(8,339,518)
31	E355	100649	Towers & Fixtures	22,781,417	(4,958,160)
32	E356	100164	Poles & Fixtures	204,200	(40,881)
33	E356	100437	OH Conductors & Devices	23,458,256	(6,895,149)
34	E359	100174	OH Conductors & Devices	206	(32)
35			Roads & Trails	59,215	(6,495)
36			TOTAL 3RD NW-SW INTERTIE	80,705,811	(20,514,492)
37				60,191,319	1,785,843
38	E350	100881	TRANS - NORTHERN INTERTIE		
39	E354	100879	Land and Land Rights	30,604	-
40	E355	100878	Towers & Fixtures-Whatcom	5,744,097	(956,614)
41	E356	100877	Poles & Fixtures-Whatcom	11,219	(3,305)
42	E355	100647	OH Conductors & Devices-Whatcom	7,460,099	(1,672,921)
43	E356	100648	Poles & Fixtures-Skagit	3,398,685	(767,764)
44			OH Conductors & Devices-Skagit	5,142,699	(1,020,137)
45			TOTAL NORTHERN INTERTIE	21,787,403	(4,420,741)
46				17,366,662	522,488
47	Total Transmission	\$ 192,645,981	\$ (71,010,459)	\$ 121,635,522	\$ 4,861,051
48	Accumulated Depreciation (AMA)	(71,010,459)			
49	Deferred Taxes (AMA)	(13,194,608)			
50	Transmission portion of:				
51	Colstrip Common FERC Adj, net of accum amort	4,101,699			213,630
52	Colstrip Def Depr FERC Adj, net of accum amort	663,442			34,493
53					
54	Total Transmission Rate Base	<u>\$ 113,206,055</u>			<u>\$ 5,109,174</u>

PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007

Exhibit A-3 Colstrip Fixed Costs (Section 1 of 2): 1/13/2007 - 8/31/2007

Row	Revenue Requirement for Colstrip					
4	Plant	685,685,332				
5	Accumulated Depreciation	(390,462,218)				
6	Deferred Taxes - AMA 9/30/2005	(65,389,156)				
7	Net Plant	229,833,958				
8	Rate of Return (net of Tax)	7.06%				
9	Revenue Requirement after tax	16,226,277	(Line 6 X Line 7)			
10	Plant Revenue Requirement	24,963,504	(Adjusted for Federal Tax) (Line 8 X (1 - 35%))		35.00%	
11	Expenses	55,944,269				
12	Total Revenue Requirement	80,907,773	(before revenue sensitive items)			
13						
14	Support for Revenue Requirement - Ratebase					

15	FERC	DESCRIPTION	2004/Sep	2005 Sep	13 MONTH AMA	ANNUITY RATE	ANNUALIZED DEPRECIATION	ACUMM. DEPR. 09/30/2005
16		COLSTRIP #1						
17	E311	Structures & Improvements	7,404,108	7,372,745	7,379,192	3.03%	223,590	(4,421,280)
18	E312	Boiler Plant Equipment	52,330,034	58,845,150	54,774,956	3.12%	1,708,979	(36,229,045)
19	E314	Turbo Generating Units	14,755,278	14,969,912	14,892,838	3.29%	489,974	(9,142,691)
20	E315	Accessory Electric Equipment	7,152,369	7,153,656	7,153,283	2.71%	193,854	(5,233,999)
21	E316	Misc. Power Plant Equipment	496,853	537,632	526,541	3.87%	20,377	(298,785)
22		TOTAL	82,138,642	88,879,094	84,726,810	3.11%	2,636,774	(55,325,800)
23		COLSTRIP #2						
24	E311	Structures & Improvements	5,730,076	5,727,592	5,728,023	3.06%	175,278	(4,045,437)
25	E312	Boiler Plant Equipment	46,840,522	46,553,042	46,537,700	3.05%	1,419,400	(30,518,549)
26	E314	Turbo Generating Units	14,480,769	14,323,040	14,314,565	3.26%	466,655	(8,318,739)
27	E315	Accessory Electric Equipment	5,304,326	5,061,164	5,111,718	2.69%	137,505	(3,107,857)
28	E316	Misc. Power Plant Equipment	518,105	562,410	550,585	3.61%	19,876	(298,108)
29		TOTAL	72,873,798	72,227,249	72,242,591	3.07%	2,218,714	(46,288,690)
30		COLSTRIP 1 & 2 COMMON						
31	E311	Structures & Improvements	31,473,984	31,359,809	31,383,595	3.16%	991,722	(22,516,690)
32	E312	Boiler Plant Equipment	8,354,764	8,030,614	8,098,146	3.18%	257,521	(6,033,870)
33	E314	Turbo Generating Units	3,918,858	3,918,858	3,918,858	3.31%	129,714	(2,914,004)
34	E315	Accessory Electric Equipment	2,420,179	2,379,882	2,388,277	3.07%	73,320	(1,595,736)
35	E316	Misc. Power Plant Equipment	6,365,234	6,365,234	6,365,234	3.82%	243,152	(4,001,768)
36	E317	Asset Retirement Obligation	540,097	540,097	540,097	0.00%	-	(401,214)
37		TOTAL	53,073,116	52,594,494	52,694,207	3.22%	1,695,429	(37,463,282)
38		COLSTRIP 3						
39	E311	Structures & Improvements	28,988,443	28,976,803	28,979,169	2.45%	709,990	(17,082,932)
40	E312	Boiler Plant Equipment	119,104,734	120,861,355	119,259,726	2.68%	3,196,161	(72,579,648)
41	E314	Turbo Generating Units	37,846,094	38,223,363	38,124,264	2.97%	1,132,291	(18,249,215)
42	E315	Accessory Electric Equipment	6,466,260	6,466,260	6,466,260	2.47%	159,717	(3,543,352)
43	E316	Misc. Power Plant Equipment	502,407	531,119	523,297	2.86%	14,966	(261,991)
44		TOTAL	192,907,938	195,058,900	193,352,716	2.70%	5,213,125	(111,717,138)
45		COLSTRIP 4						
46	E311	Structures & Improvements	26,558,346	26,546,706	26,549,072	2.54%	674,346	(14,408,437)
47	E312	Boiler Plant Equipment	105,422,962	105,620,134	105,567,131	2.75%	2,903,096	(55,979,740)
48	E314	Turbo Generating Units	32,479,545	33,040,130	32,872,602	2.94%	966,454	(14,524,657)
49	E315	Accessory Electric Equipment	5,660,702	5,660,702	5,660,702	2.52%	142,650	(2,761,989)
50	E316	Misc. Power Plant Equipment	700,012	728,727	720,904	2.79%	20,113	(354,593)
51		TOTAL	170,821,567	171,596,400	171,370,411	2.75%	4,706,659	(88,029,417)
52		COLSTRIP 3 & 4 COMMON						
53	E311	Structures & Improvements	70,723,992	70,625,143	70,674,528	2.33%	1,646,717	(41,266,676)
54	E312	Boiler Plant Equipment	20,359,928	19,413,895	19,610,986	2.48%	486,352	(11,412,510)
55	E314	Turbo Generating Units	277,420	277,420	277,420	2.62%	7,268	(156,203)
56	E315	Accessory Electric Equipment	7,748,971	7,669,926	7,686,394	2.31%	177,556	(4,098,397)
57	E316	Misc. Power Plant Equipment	4,725,430	4,725,430	4,725,430	2.79%	131,839	(2,420,718)
58	E317	Asset Retirement Obligation	333,978	333,978	333,978	0.00%	-	(197,349)
59		TOTAL	104,169,719	103,045,792	103,308,736	2.37%	2,449,732	(59,551,852)
60		COLSTRIP 1-4 COMMON						
61	E316	Misc. Power Plant Equip.	251,534	251,534	251,534	2.46%	6,188	(149,670)
62		TOTAL	251,534	251,534	251,534	2.46%	6,188	(149,670)
63								
64		Subtotal before Colstrip FERC Adjustments (Line 63 + 65)	676,236,313	683,653,463	677,947,005	2.79%	18,926,621	(398,525,849)
65		ARO - Electric Colstrip 1-4 (Acct: 23001021 - 1031) Adj (AMA is Net of Accum. Amort.)			(1,741,100)		(61,406)	
66		Colstrip Common FERC Adj. (AMA is Net of Accum. Amort.)			6,809,639		354,669	
67		Colstrip Def Depr FERC Adj. (AMA is Net of Accum. Amort.)			2,669,788		104,311	
68		Total Plant and Acc. Deprec.			685,685,332	2.82%	19,324,194	(398,525,849)
69								
70		AMA Adj. to Accum Depr.						8,063,631
71		Totals			685,685,332	2.82%	19,324,194	(390,462,218)

PUGET SOUND ENERGY
 PCA MECHANISM REPORT - PCA 6
 TWELVE MONTHS ENDED DECEMBER 31, 2007

Exhibit A-3 Colstrip Fixed Costs (Section 2 of 2): 1/13/2007 - 8/31/2007

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Support for Revenue Requirement - Expenses

Order	Description
50004011	1&2 Sup & Eng - Steam Ope
50004012	1&2 Sup & Eng - Steam Ope
50005011	3&4 Sup & Eng - Steam Ope
50005012	3&4 Sup & Eng - Steam Ope
50204001	1&2 Steam Exp - Steam Gen Op
50205001	3&4 Steam Exp - Steam Gen Op
50504001	1&2 Elec Exp - Steam Gen
50505001	3&4 Elec Exp - Steam Gen
50604001	1&2 Misc Exp - Steam Gen
50605001	3&4 Misc Exp - Steam Gen
50605002	3&4 Steam - Housing
50704001	1&2 Rents - Steam Gen Oper
50705001	3&4 Rents - Steam Gen Oper
51004001	1&2 Maint Supv - Steam Gen
51005001	3&4 Maint Supv - Steam Gen
51104001	1&2 Maint of Struct - Stm Gen
51105001	3&4 Maint of Struct - Stm Gen
51204001	1&2 Maint of Boiler - Stm Gen
51205001	3&4 Maint of Boiler - Stm Gen
51304001	1&2 Maint of E Plant - Stm G
51305001	3&4 Maint of E Plant - Stm G
51404001	1&2 Maint of Misc - Stm Gen
51405001	3&4 Maint of Misc - Stm Gen
	Subtotal on Orders
	Property Taxes-Montana
	Electric Energy Tax
403xxxxx	Depreciation

Amount before
Prod. Adj.

REDACTED

25,691,710
9,208,529
1,719,835
19,324,194
\$ 55,944,269

**REDACTED
VERSION**

PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007

Exhibit A-4 Production Adjustment: 1/13/2007 - 8/31/2007

PUGET SOUND ENERGY
PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 0.891%	FIT 35%
1	<u>O&M ON PRODUCTION PROPERTY</u>			
2	PRODUCTION WAGE INCREASE:			
3	PURCHASED POWER	\$ 61,851	\$ (551)	\$ 193
4	OTHER POWER SUPPLY	359,976	(3,207)	1,123
5	TOTAL PRODUCTION WAGE INCREASE	<u>421,827</u>	<u>(3,758)</u>	<u>1,316</u>
6				
7	WIND PLANT POWER COSTS AND PRODUCTION O&M:			
8	565 - WHEELING	2,621,721	(23,360)	8,176
9	PRODUCTION O&M	14,650,354	(130,535)	45,687
10	TOTAL WILD HORSE POWER COSTS AND PRODUCTION O&M	<u>17,272,075</u>	<u>(153,894)</u>	<u>53,863</u>
11				
12	ADMIN & GENERAL EXPENSES			
13	PAYROLL OVERHEADS	1,087,587	(9,690)	3,392
14	PROPERTY INSURANCE	2,288,086	(20,387)	7,135
15	TOTAL ADMIN & GENERAL EXPENSES	<u>3,375,673</u>	<u>(30,077)</u>	<u>10,527</u>
16				
17	DEPRECIATION / AMORTIZATION:			
18	DEPRECIATION	60,156,922	(535,998)	149,654
19	AMORTIZATION	3,031,895	(27,014)	8,333
20	TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)	<u>63,188,817</u>	<u>(563,012)</u>	<u>157,986</u>
21	TAXES OTHER-PRODUCTION PROPERTY:			
22	PROPERTY TAXES - WASHINGTON	6,575,857	(58,591)	20,507
23	PROPERTY TAXES - MONTANA	5,848,043	(52,106)	18,237
24	ELECTRIC ENERGY TAX	1,719,835	(15,324)	5,363
25	PAYROLL TAXES	531,302	(4,734)	1,657
26	TOTAL TAXES OTHER	<u>14,675,037</u>	<u>(130,755)</u>	<u>45,764</u>
27				
28	<u>O&M ON REGULATORY ASSETS:</u>			
29	CABOT	\$ 3,078,000	(27,425)	9,599
30	TENASKA	24,343,000	(216,896)	75,914
31	BEP	3,526,620	(31,422)	10,998
32	WHITE RIVER PLANT COSTS	1,494,702	(13,318)	4,661
33	WHITE RIVER RELICENSING & CWIP	-	-	-
34	CANWEST	(3,797,503)	33,836	(11,843)
35	HOPKINS RIDGE PREPAID TRANSMISSION	1,653,530	(14,733)	5,157
36	TOTAL ADJUSTMENT TO O&M ON REGULATORY ASSETS	<u>\$ 30,298,349</u>	<u>\$ (269,958)</u>	<u>\$ 94,486</u>
37	INCREASE(DECREASE) EXPENSE		(1,151,455)	
38	INCREASE(DECREASE) FIT			363,942
39	INCREASE(DECREASE) NOI			<u>\$ 787,513</u>
40				
41	<u>PRODUCTION PROPERTY RATE BASE:</u>			
42	DEPRECIABLE PRODUCTION PROPERTY	\$ 1,697,599,545	\$ (15,125,612)	
43	LESS PRODUCTION PROPERTY ACCUM DEPR.	(662,196,258)	5,900,169	
44	NON-DEPRECIABLE PRODUCTION PROPERTY	53,665,604	(478,161)	
45	LESS PRODUCTION PROPERTY ACCUM AMORT.	(2,822,976)	25,153	
46	COLSTRIP COMMON FERC ADJUSTMENT	6,809,639	(60,674)	
47	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	2,006,346	(17,877)	
48	ENCOGEN ACQUISITION ADJUSTMENT	46,646,833	(415,623)	
49	NET PRODUCTION PROPERTY	<u>1,141,708,732</u>	<u>(10,172,625)</u>	
50	DEDUCT:			
51	LIBR. DEPREC. PRE 1981 (EOP)	(669,177)	5,962	
52	LIBR. DEPREC. POST 1980 (EOP)	(123,042,393)	1,096,308	
53	OTHER DEF. TAXES (EOP)	(4,050,958)	36,094	
54	SUBTOTAL	<u>(127,762,528)</u>	<u>1,138,364</u>	
55				
56	ADJUSTMENT TO PRODUCTION RATE BASE	<u>\$ 1,013,946,204</u>	<u>\$ (9,034,261)</u>	<u>\$ 1,004,911,943</u>
57				
58	<u>REGULATORY ASSETS RATE BASE:</u>			
59	CABOT	2,824,963	(25,170)	
60	TENASKA	142,925,042	(1,273,462)	
61	BEP	24,007,413	(213,906)	
62	WHITE RIVER PLANT COSTS	39,052,307	(347,956)	
63	WHITE RIVER RELICENSING & CWIP	17,018,469	(151,635)	
64	CANWEST	(2,468,377)	21,993	
65	HOPKINS RIDGE PREPAID TRANSMISSION	<u>8,742,500</u>	<u>(77,896)</u>	
66				
67	ADJUSTMENT TO REGULATORY ASSETS RATE BASE	<u>\$ 232,102,317</u>	<u>\$ (2,068,032)</u>	<u>\$ 230,034,285</u>
68				
69	TOTAL ADJUSTMENT TO RATEBASE (LINE 56 + LINE 67)		<u>\$ (11,102,293)</u>	

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007**

Exhibit A-5 Power Costs: 1/13/2007 - 8/31/2007

**PUGET SOUND ENERGY
POWER COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	SALES FOR RESALE	\$ 151,158,328	\$ 7,404,444	\$ (143,753,884)
2				
3	PURCHASES/SALES OF NON-CORE GAS	20,154,644	(402,171)	(20,556,815)
4	WHEELING FOR OTHERS	11,340,015	10,373,140	(966,875)
5		31,494,659	9,970,969	(21,523,690)
6				
7	TOTAL OPERATING REVENUES	182,652,987	17,375,414	(165,277,573)
8				
9	FUEL	\$ 72,975,508	\$ 84,013,372	\$ 11,037,864
10				
11	PURCHASED AND INTERCHANGED	788,255,330	693,992,526	(94,262,804)
12	RATE DISALLOWANCES FOR MARCH POINT	-	(11,018,001)	(11,018,001)
13	SUBTOTAL PURCHASED AND INTERCHANGED	\$ 788,255,330	\$ 682,974,525	\$ (105,280,805)
14	WHEELING	43,994,427	53,907,894	9,913,467
15	SCH. 94 - RES./FARM CREDIT	(177,350,021)	-	177,350,021
16	TOTAL PRODUCTION EXPENSES	\$ 727,875,244	\$ 820,895,790	\$ 93,020,546
17	HYDRO AND OTHER POWER	53,185,137	62,771,708	9,586,571
18	TRANS. EXP. INCL. 500KV O&M	604,461	862,248	257,787
19				
20	TOTAL OPERATING EXPENSES	\$ 781,664,842	\$ 884,529,746	\$ 102,864,904
21				
22	INCREASE (DECREASE) OPERATING INCOME	\$ (599,011,855)	\$ (867,154,332)	\$ (268,142,477)
23				
24	REDUCTION TO STATE UTILITY TAX SAVING	3.85%		(37,225)
25	INCREASE (DECREASE) INCOME			\$ (268,105,253)
26	INCREASE (DECREASE) FIT @	35%		(93,836,838)
27	INCREASE (DECREASE) NOI			<u>\$ (174,268,414)</u>

PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007

Exhibit D: Regulatory Assets and Liabilities
 PCA PERIODS - FILED WITH THE 2006 GRC

Ref	Description	12 Months Ended December 31		PCA Periods - 12 Months Ended June 30 and / or December 31					
		Asset Amort	Balance net of AA	Asset Amort	AMA Ratebase Net of DFIT	As of	A.T. %	Return After Tax	Return Pre Tax
(Note 1)									
8									
9	Cabot Buyout								
19	Dec 2007	\$ (3,078,000)	1,410,000	(3,078,000)	2,824,963	12/07	7.06%	199,442	306,834
23									
24	Tenaska								
36	Dec 2007	\$ (24,343,000)	139,110,000	(24,343,000)	142,925,042	12/07	7.06%	10,090,508	15,523,858
43									
44	BEP								
52	Dec 2007	\$ (3,526,620)	33,502,841	(3,526,620)	24,007,413	12/07	7.06%	1,694,923	2,607,574
64									
65	White River Relicensing (Note 2)								
71	Dec 2007	\$	19,767,073	-	17,018,469	12/07	7.06%	1,201,504	1,848,468
76									
77	White River Plant Costs								
83	Dec 2007	\$ (1,494,702)	41,899,273	(1,494,702)	39,052,307	12/07	7.06%	2,757,093	4,241,681
88									
89	Canwest Liability								
95	Dec 2007	\$ 3,797,503	(1,898,751)	3,797,503	(2,468,377)	12/07	7.06%	(174,267)	(268,104)
98									
99	Hopkins Ridge								
104	Dec 2007	\$ (1,653,530)	7,902,142	(1,653,530)	8,742,500	12/07	7.06%	617,220	949,570
109									
110	Total all Regulatory Assets and Liabilities								
111	Period	From	To	Asset Amort	AMA Ratebase Net of DFIT	As of	A.T. %	Pre-Tax Return Amount	Monthly
112									
113									
117	PCA 6	Jan-08	Dec-08	(34,620,762)	202,103,718	12/08	7.06%	21,951,573	1,829,298
122									
123	Note (1) Amounts in these columns are net of accumulated amortization AND the associated Deferred FIT liability / asset.								
124	DFIT balances are end of period balances through December 2006 and average of the monthly averages thereafter.								
125	Note (2) During the 2004 General Rate Case filed under WUTC Docket No. UE-040640, et al., it was agreed that the return								
126	of the White River Relicensing costs would be delayed until the sale of White River is complete. At that time, the								
127	Commission can make a final determination in a separate proceeding regarding the application of the proceeds against the								
128	deferred costs and the disposition of any remaining balance.								

Puget Sound Energy, Inc.

Power Cost Adjustment Mechanism Annual Report

PCA Period Six – C

Twelve Months Ended December 31, 2007

Exhibits

**From September 1, 2007, through December 31, 2007
Docket No. UE-070565, 2007 PCORC**

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007**

Exhibit A-1 Power Cost Rate: 9/1/2007 - 12/31/2007

Row		Test Year				Production Factor		
3	Regulatory Assets (1) (Variable)	\$	209,854,425					
4	Transmission Rate Base (Fixed)		107,835,081					
5	Production Rate Base (Fixed)		1,072,051,983					
6		\$	1,389,741,490					
7	Net of tax rate of return		7.06%			0.97319		
8								
9								
9A								
10	Regulatory Asset Recovery (on Row 3)	\$	22,793,419	\$ 1.077	\$ 1.077	(c)		
11	Fixed Asset Recovery Other (on Row 4)		11,712,549	\$ 0.554	\$ 0.554	(a)	\$ 11,712,549	976,045.74
12	Fixed Asset Recovery-Prod Factored (on Row 5)		116,441,338	\$ 5.504	\$ 5.504	(a)	119,649,132	9,970,760.98
13	501-Steam Fuel		57,439,461	\$ 2.715	\$ 2.715	(c)		
14	555-Purchased power		660,899,180	\$ 31.237	\$ 31.237	(c)		
14a	Rate Disallowances for March Point 2 and Tenaska		(10,023,555)	\$ (0.474)	\$ (0.474)	(c)		
15	557-Other Power Exp		6,534,148	\$ 0.309	\$ 0.309	(a)	6,714,155	559,512.90
15a	Payroll Overheads - Benefits (Inc. Worker's Comp)		1,918,238	\$ 0.091	\$ 0.091	(a)	1,971,083	164,256.91
15b	Property Insurance		1,694,912	\$ 0.080	\$ 0.080	(a)	1,741,604	145,133.69
15c	Montana Electric Energy Tax		1,705,103	\$ 0.081	\$ 0.081	(a)	1,752,076	146,006.31
15d	Payroll Taxes on Production Wages		723,944	\$ 0.034	\$ 0.034	(a)	743,888	61,990.64
16	547-Fuel		130,399,129	\$ 6.163	\$ 6.163	(c)		
17	565-Wheeling		64,865,736	\$ 3.066	\$ 3.066	(c)		
18	Variable Transmission Income		(4,065,390)	\$ (0.192)	\$ (0.192)	(c)		
19	Hydro and Other Pwr.		86,202,400	\$ 4.074	\$ 4.074	(a)	88,577,153	7,381,429.44
20	447-Sales to Others		(6,462,987)	\$ (0.305)	\$ (0.305)	(c)		
21	456-Subaccounts 00012 & 00018 and 00035 & 00036		(576,422)	\$ (0.027)	\$ (0.027)	(c)		
22	Transmission Exp - 500KV		1,315,467	\$ 0.062	\$ 0.062	(a)	1,351,706	112,642.17
23	Depreciation-Production (FERC 403)		69,578,600	\$ 3.289	\$ 3.289	(a)	71,495,391	5,957,949.26
24	Depreciation-Transmission		5,123,147	\$ 0.242	\$ 0.242	(a)	5,123,147	426,928.96
25	Amortization - Regulatory Assets (1)		32,113,880	\$ 1.518	\$ 1.518	(c)		
26	Property Taxes-Production		11,418,820	\$ 0.540	\$ 0.540	(a)	11,733,392	977,782.71
27	Property Taxes-Transmission		3,448,641	\$ 0.163	\$ 0.163	(a)	3,448,641	287,386.75
28	Hedging Line of Credit		299,791	\$ 0.014	\$ 0.014	(c)		
29	Subtotal & Baseline Rate	\$	1,265,499,550	\$ 59.813	\$ -	\$ 59.813	(b)	\$ 326,013,917
30	Revenue Sensitive Items		0.9548744					
31		\$	1,325,304,742					
32	Test Year DELIVERED Load (MWH's)		21,157,569					
33								
34								
35								
36	Power Cost in Rates with Revenue Sensitive							
37	Items (the adjusted baseline)	\$	59.813	\$ 62.640	\$ 59.813	\$ 62.640		
38	sum of (a) = Fixed Rate Component	\$	15.021	\$ 15.731	\$ 15.021	\$ 15.731		
39	(b) = Power Cost Rate	\$	59.813	\$ 62.640	\$ 59.813	\$ 62.640		
40	sum of (c) = Variable Power Rate Component	\$	44.792	\$ 46.908	\$ 44.792	\$ 46.908		
41								
42	(1) - Regulatory Assets are shown in detail on Exhibit D.							

PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007

Exhibit A-2 Transmission Rate Base: 9/1/2007 - 12/31/2007

Row			Plant AMA 12/31/2006	AMA Accum Deprec/Amort	Net	Annualized Depreciation	
6		TRANS - COLSTRIP 1 & 2					
7	E350	100428	Land and Land Rights	\$ 10,247	\$ -	\$ 10,247	\$ -
8	E351	100127	Easements	685,927	(349,438)	336,488	17,011
9	E353	100136	Station Equipment	1,231,131	(852,821)	378,310	34,964
10	E354	100145	Towers & Fixtures	14,474,343	(7,799,425)	6,674,918	374,885
11	E355	100149	Poles & Fixtures	49,007	(44,712)	4,294	774
12	E356	100157	OH Conductors & Devices	13,158,153	(7,605,696)	5,552,457	369,744
13	E359	100170	Roads & Trails	113,968	(58,170)	55,798	2,872
14		TOTAL COLSTRIP 1&2 TRANSMISSION	29,722,775	(16,710,262)	13,012,513	800,251	
16		TRANS - COLSTRIP 3 & 4					
17	E351	100128	Easements	1,071,124	(532,243)	538,882	27,314
18	E352	100132	Structures & Improvements	496,711	(250,295)	246,416	12,169
19	E353	100137	Station Equipment	18,004,864	(9,525,436)	8,479,428	589,794
20	E354	100146	Towers & Fixtures	20,513,929	(10,721,999)	9,791,930	543,619
21	E355	100150	Poles & Fixtures	88,692	(53,818)	34,874	2,386
22	E356	100158	OH Conductors & Devices	19,991,226	(11,302,329)	8,688,897	571,749
23	E359	100171	Roads & Trails	341,015	(171,112)	169,903	8,730
24		TOTAL COLSTRIP 3&4 TRANSMISSION	60,507,561	(32,557,232)	27,950,329	1,755,761	
26		TRANS - 3RD NW-SW INTERTIE					
27	E350	100430	Land and Land Rights	1,769,178	-	1,769,178	-
28	E352	100134	Structures & Improvements	1,276,264	(302,813)	973,450	22,845
29	E353	100143	Station Equipment	31,291,408	(9,236,875)	22,054,533	726,256
30	E354	100147	Towers & Fixtures	22,781,417	(5,496,371)	17,285,046	430,569
31	E355	100649	Poles & Fixtures	204,200	(47,466)	156,734	5,268
32	E356	100164	OH Conductors & Devices	23,498,183	(7,658,581)	15,839,603	610,953
33	E356	100437	OH Conductors & Devices	206	(39)	167	5
34	E359	100174	Roads & Trails	59,215	(7,279)	51,936	628
35		TOTAL 3RD NW-SW INTERTIE	80,880,071	(22,749,425)	58,130,646	1,796,524	
37		TRANS - NORTHERN INTERTIE					
38	E350	100881	Land and Land Rights	30,604	-	30,604	-
39	E354	100879	Towers & Fixtures-Whatcom	5,744,097	(1,090,164)	4,653,933	106,840
40	E355	100878	Poles & Fixtures-Whatcom	11,219	(3,667)	7,553	289
41	E356	100877	OH Conductors & Devices-Whatcom	7,460,099	(1,915,374)	5,544,725	193,963
42	E355	100647	Poles & Fixtures-Skagit	3,398,685	(877,372)	2,521,313	87,686
43	E356	100648	OH Conductors & Devices-Skagit	5,142,699	(1,187,275)	3,955,424	133,710
44		TOTAL NORTHERN INTERTIE	21,787,403	(5,073,851)	16,713,553	522,488	
47		Total Transmission	\$ 192,897,810	\$ (77,090,770)	\$ 115,807,040	\$ 4,875,025	
48		Accumulated Depreciation (AMA)	(77,090,770)				
49		Deferred Taxes (AMA)	(12,426,947)				
50		Transmission portion of:					
51		Colstrip Common FERC Adj, net of accum amort	3,834,662			213,630	
52		Colstrip Def Depr FERC Adj, net of accum amort	620,326			34,493	
54		Total Transmission Rate Base	\$ 107,835,081			\$ 5,123,147	

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007**

Exhibit A-3 Colstrip Fixed Costs (Section 1 of 2): 9/1/2007 - 12/31/2007

Row	Revenue Requirement for Colstrip		
4	Plant	698,894,064	
5	Accumulated Depreciation	(409,785,123)	
6	Deferred Taxes - AMA 12/31/2006	(62,368,904)	
7	Net Plant	226,740,037	
8	Rate of Return (net of Tax)	7.06%	
9	Revenue Requirement after tax	16,007,847	(Line 6 X Line 7)
10	Plant Revenue Requirement	24,627,456	(Adjusted for Federal Tax) (Line 8 X (1 - 35%)) 35.00%
11	Expenses	62,326,672	
12	Total Revenue Requirement	86,954,128	(before revenue sensitive items)
13			
14	Support for Revenue Requirement - Ratebase		

15	FERC	DESCRIPTION	2005/Dec	2006/Dec	13 MONTH AMA	ANNUITY RATE	ANNUALIZED DEPRECIATION	ACUMM. DEPR. 12/31/2006
16		COLSTRIP #1						
17	E311	Structures & Improvements	7,394,742	7,439,094	7,428,372	3.03%	225,080	(4,585,543)
18	E312	Boiler Plant Equipment	53,092,955	57,923,526	55,117,857	3.12%	1,719,677	(38,212,872)
19	E314	Turbo Generating Units	16,880,590	21,474,561	18,277,556	3.29%	601,332	(9,917,384)
20	E315	Accessory Electric Equipment	7,158,935	7,180,382	7,178,656	2.71%	194,542	(5,475,648)
21	E316	Misc. Power Plant Equipment	553,369	748,120	583,021	3.87%	22,563	(329,322)
22		TOTAL	85,080,590	94,765,683	88,585,462	3.12%	2,763,194	(58,520,770)
23		COLSTRIP #2						
24	E311	Structures & Improvements	5,777,041	5,826,036	5,812,411	3.06%	177,860	(4,266,971)
25	E312	Boiler Plant Equipment	49,319,438	50,275,609	49,619,252	3.05%	1,513,387	(32,050,678)
26	E314	Turbo Generating Units	15,883,444	18,439,809	16,595,790	3.26%	541,023	(8,923,118)
27	E315	Accessory Electric Equipment	5,066,442	5,070,990	5,079,694	2.69%	136,644	(3,260,175)
28	E316	Misc. Power Plant Equipment	578,153	772,900	607,561	3.61%	21,933	(327,800)
29		TOTAL	76,624,518	80,385,343	77,714,708	3.08%	2,390,847	(48,828,741)
30		COLSTRIP 1 & 2 COMMON						
31	E311	Structures & Improvements	31,359,809	31,349,014	31,355,761	3.16%	990,842	(23,744,437)
32	E312	Boiler Plant Equipment	7,817,978	7,804,511	7,812,928	3.18%	248,451	(6,116,626)
33	E314	Turbo Generating Units	3,850,696	3,845,456	3,848,731	3.31%	127,393	(2,999,274)
34	E315	Accessory Electric Equipment	2,378,791	2,375,376	2,377,511	3.07%	72,990	(1,682,455)
35	E316	Misc. Power Plant Equipment	6,365,234	6,363,663	6,364,645	3.82%	243,129	(4,304,107)
36	E317	Asset Retirement Obligation	540,097	540,097	540,097	0.00%	-	(416,645)
37		TOTAL	52,312,604	52,278,117	52,299,673	3.22%	1,682,805	(39,263,545)
38		COLSTRIP 3						
39	E311	Structures & Improvements	29,014,998	29,048,535	29,037,595	2.45%	711,421	(17,922,196)
40	E312	Boiler Plant Equipment	118,928,683	120,026,661	120,665,831	2.68%	3,233,844	(76,142,837)
41	E314	Turbo Generating Units	37,467,940	39,374,274	38,248,092	2.97%	1,135,968	(18,146,387)
42	E315	Accessory Electric Equipment	6,448,029	6,467,682	6,461,332	2.47%	159,595	(3,720,215)
43	E316	Misc. Power Plant Equipment	545,050	675,352	564,759	2.86%	16,152	(281,501)
44		TOTAL	192,404,701	195,592,503	194,977,609	2.70%	5,256,980	(116,213,136)
45		COLSTRIP 4						
46	E311	Structures & Improvements	26,584,899	26,590,546	26,597,038	2.54%	675,565	(15,224,462)
47	E312	Boiler Plant Equipment	106,725,276	108,107,975	107,241,553	2.75%	2,949,143	(59,659,731)
48	E314	Turbo Generating Units	34,164,771	37,400,011	35,311,767	2.94%	1,038,166	(15,834,655)
49	E315	Accessory Electric Equipment	5,660,702	5,668,758	5,663,175	2.52%	142,712	(2,940,241)
50	E316	Misc. Power Plant Equipment	742,659	872,841	762,324	2.79%	21,269	(380,414)
51		TOTAL	173,878,308	178,640,132	175,575,857	2.75%	4,826,855	(94,039,503)
52		COLSTRIP 3 & 4 COMMON						
53	E311	Structures & Improvements	70,623,103	70,602,621	70,615,423	2.33%	1,645,339	(43,304,366)
54	E312	Boiler Plant Equipment	19,232,387	18,959,641	19,130,107	2.48%	474,427	(11,549,952)
55	E314	Turbo Generating Units	36,223	13,373	27,654	2.62%	725	109,199
56	E315	Accessory Electric Equipment	7,669,926	7,652,070	7,663,230	2.31%	177,021	(4,301,803)
57	E316	Misc. Power Plant Equipment	4,725,430	4,639,637	4,693,257	2.79%	130,942	(2,498,528)
58	E317	Asset Retirement Obligation	333,978	333,978	333,978	0.00%	-	(204,939)
59		TOTAL	102,621,047	102,201,321	102,463,649	2.37%	2,428,454	(61,750,389)
60		COLSTRIP 1-4 COMMON						
61	E316	Misc. Power Plant Equip.	251,534	251,534	251,534	2.46%	6,188	(157,404)
62		TOTAL	251,534	251,534	251,534	2.46%	6,188	(157,404)
63								
64		Subtotal before Colstrip FERC Adjustments (Line 63 + 65)	683,173,301	704,114,632	691,868,492	2.80%	19,355,323	(418,773,489)
65		ARO - Electric Colstrip 1-4 (Acct: 23001021 - 1031) Adj (AMA is Net of Accum. Amort.)			(1,837,014)		(78,385)	
66		Colstrip Common FERC Adj. (AMA is Net of Accum. Amort.)			6,366,303		354,669	
67		Colstrip Def Depr FERC Adj. (AMA is Net of Accum. Amort.)			2,496,283		104,311	
68		Total Plant and Acc. Deprec.			698,894,064	2.82%	19,735,917	(418,773,489)
69								
70		AMA Adj. to Accum Depr.						8,988,365
71		Totals			698,894,064	2.82%	19,735,917	(409,785,123)
72								
73								

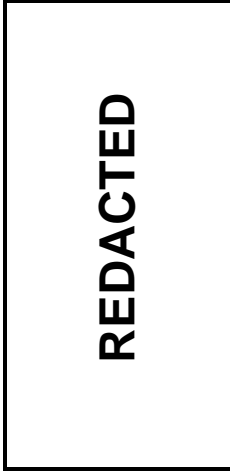
PUGET SOUND ENERGY
 PCA MECHANISM REPORT - PCA 6
 TWELVE MONTHS ENDED DECEMBER 31, 2007

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Exhibit A-3 Colstrip Fixed Costs (Section 2 of 2): 9/1/2007 - 12/31/2007

Support for Revenue Requirement - Expenses

Order	Description	Amount before Prod. Adj.
82	50004011 Colstrip 1&2 - Supv & Eng'g - Steam Ope	
83	50005011 Colstrip 3&4 - Supv & Eng'g - Steam Ope	
84	50204001 Colstrip 1&2 - Steam Exp - Steam Gen Op	
85	50205001 Colstrip 3&4 - Steam Exp - Steam Gen Op	
86	50504001 Colstrip 1&2 - Electric Exp - Steam Gen	
87	50505001 Colstrip 3&4 - Electric Exp - Steam Gen	
88	50604001 Colstrip 1&2 - Misc Stm Pwr - Steam Gen	
89	50605001 Colstrip 3&4 - Misc Stm Pwr - Steam Gen	
90	50704001 Colstrip 1&2 - Rents - Steam Gen Oper	
91	50705001 Colstrip 3&4 - Rents - Steam Gen Oper	
92	51004001 Colstrip 1&2 - Supv & Eng'g - Steam Gen	
93	51005001 Colstrip 3&4 - Supv & Eng'g - Steam Gen	
94	51104001 Colstrip 1&2 - Structures - Steam Gen M	
95	51105001 Colstrip 3&4 - Structures - Steam Gen M	
96	51204001 Colstrip 1&2 - Boiler Plant - Steam Gen	
97	51205001 Colstrip 3&4 - Boiler Plant - Steam Gen	
98	51304001 Colstrip 1&2 - Electric Plant - Steam G	
99	51305001 Colstrip 3&4 - Electric Plant - Steam G	
100	51404001 Colstrip 1&2 -Misc Steam Plt -Steam Gen	
101	51405001 Colstrip 3&4 -Misc Steam Plt -Steam Gen	
102	Subtotal on Orders	31,644,619
103	Property Taxes-Montana	9,191,136
104	Electric Energy Tax	1,755,000
105	403xxxxx Depreciation	19,735,917
106		\$ 62,326,672



**REDACTED
 VERSION**

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007**

Exhibit A-4 Production Adjustment: 9/1/2007 - 12/31/2007

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2006
PRODUCTION ADJUSTMENT**

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 2.681%	NET AMOUNT
1	PRODUCTION O&M INCLUDED IN 557:			
2	WORKER'S COMPENSATION	\$ 181,269	\$ (4,860)	\$ 176,409
3	PROPERTY INSURANCE	1,875,386	(50,279)	1,825,107
4	ELECTRIC ENERGY TAX	1,752,076	(46,973)	1,705,103
5	TOTAL PRODUCTION O&M	<u>3,808,731</u>	<u>(102,112)</u>	<u>3,706,619</u>
6				
7	INCREASE TO O&M EXPENSE ASSOC W/ NEW RESOURCE	10,942,629	(293,372)	10,649,257
8				
9	HEDGING LINE OF CREDIT	308,050	(8,259)	299,791
10				
11	DEPRECIATION AND AMORTIZATION ON PRODUCTION			
12	PROPERTY	71,972,940	(1,929,595)	70,043,346
13				
14	PROPERTY TAXES ON PRODUCTION PROPERTY	<u>12,476,567</u>	<u>(334,497)</u>	<u>12,142,070</u>
15				
16	TOTAL PRODUCTION ADJUSTMENT TO BASELINE RATE	<u>\$ 99,508,917</u>	<u>\$ (2,667,834)</u>	<u>\$ 96,841,083</u>
17				
18	<u>PRODUCTION RATE BASE:</u>			
19	PRODUCTION PROPERTY	\$ 1,897,245,224	\$ (50,865,144)	\$ 1,846,380,080
20	COLSTRIP COMMON FERC ADJUSTMENT	6,366,303	(170,681)	6,195,622
21	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	2,496,283	(66,925)	2,429,358
22	ENCOGEN ACQUISITION ADJUSTMENT	43,330,708	(1,161,696)	42,169,012
23	LESS PRODUCTION PROPERTY ACCUM DEPR.	(709,856,998)	19,031,266	(690,825,732)
24	LESS PRODUCTION PROPERTY ACCUM AMORT.	<u>(3,454,190)</u>	<u>92,607</u>	<u>(3,361,583)</u>
25	NET PRODUCTION PROPERTY	<u>1,236,127,329</u>	<u>(33,140,574)</u>	<u>1,202,986,756</u>
26				
27	DEDUCT:			
28	LIBR. DEPREC. PRE 1981 (EOP)	(435,114)	11,665	(423,449)
29	LIBR. DEPREC. POST 1980 (EOP)	(130,481,100)	3,498,198	(126,982,901)
30	OTHER DEF. TAXES (EOP)	<u>(3,625,625)</u>	<u>97,203</u>	<u>(3,528,422)</u>
31	ADJUSTMENT TO RATE BASE BEFORE CWIP	<u>(134,541,839)</u>	<u>3,607,067</u>	<u>(130,934,772)</u>
32				
33	TOTAL ADJUSTMENT TO PRODUCTION RATE BASE	<u>\$ 1,101,585,490</u>	<u>\$ (29,533,507)</u>	<u>\$ 1,072,051,983</u>
34				
35				
36				
37	<u>O&M ON REGULATORY ASSETS</u>			
38	AMORTIZATION OF REGULATORY ASSETS	<u>32,998,572</u>	<u>(884,692)</u>	<u>32,113,880</u>
39				
40	TOTAL REGULATORY ASSET ADJUSTMENT TO BASELINE RATE	<u>\$ 32,998,572</u>	<u>\$ (884,692)</u>	<u>\$ 32,113,880</u>
41				
42	<u>REGULATORY ASSETS RATE BASE:</u>			
43	BPA POWER EXCHANGE INVESTMENT	\$ 22,408,333	\$ (600,767)	\$ 44,560,096
44	TENASKA REGULATORY ASSET	126,839,375	(3,400,564)	123,438,811
45	CABOT OIL REGULATORY ASSET	1,231,500	(33,017)	1,198,483
46	WHITE RIVER PLANT COSTS	38,299,445	(1,026,808)	37,272,637
47	WHITE RIVER RELICENSING & CWIP	21,307,241	(571,247)	20,735,994
48	CANWEST (NEW)	(857,075)	22,978	(834,097)
49	HOPKINS RIDGE PREPAID TRANSMISSION (NEW)	<u>6,406,798</u>	<u>(171,766)</u>	<u>6,235,032</u>
50				
51	TOTAL ADJUSTMENT TO REGULATORY ASSETS RATE BASE	<u>\$ 215,635,616</u>	<u>\$ (5,781,191)</u>	<u>\$ 209,854,425</u>

PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007

Exhibit A-5 Power Costs: 9/1/2007 - 12/31/2007

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2006
RATE YEAR ENDED AUGUST 31, 2008
POWER COST

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED TEST YEAR	ADJUSTMENT
1	PRODUCTION EXPENSES:			
2	FUEL:			
3	501-STEAM FUEL	\$ 50,018,165	\$ 57,439,461	\$ 7,421,296
4	547-FUEL	48,485,371	38,730,922	(9,754,449)
5	PURCHASED AND INTERCHANGED:			
6	555-PURCHASED POWER	820,748,691	752,992,386	(67,756,305)
7	RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASK/	-	(10,023,555)	(10,023,555)
8	557 - OTHER POWER EXPENSE	10,263,800	8,999,921	(1,263,879)
9	WHEELING	50,788,707	57,960,540	7,171,833
10	HYDRO AND OTHER POWER	65,868,284	77,990,870	12,122,586
11	TRANS. EXP. INCL. 500KV O&M	949,052	1,315,467	366,415
12	SALES FOR RESALE	(85,003,391)	(2,420,518)	82,582,873
13	PURCHASES/SALES OF NON-CORE GAS	(16,445,463)	(576,422)	15,869,042
14	WHEELING FOR OTHERS - COLSTRIP, 3RD AC & NI	(4,610,746)	(4,065,390)	545,355
15	INCREASE (DECREASE) EXPENSE	941,062,470	978,343,683	37,281,213
16				
17	LESS: SALES FOR RESALE	85,003,391	2,420,518	(82,582,873)
18	LESS: WHEELING FOR OTHERS	4,610,746	4,065,390	(545,355)
19	SCH. 94 - RES./FARM CREDIT	-	-	-
20	INCREASE(DECREASE) EXPENSE	#####	984,829,591	\$ (45,847,015)
21	TRANS. EXP. INCL. 500KV O&M		(1,315,467)	
22	PURCHASES/SALES OF NON-CORE GAS		576,422	
23	POWER COSTS PER G/L		\$ 984,090,546	

PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 6
TWELVE MONTHS ENDED DECEMBER 31, 2007

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
2007 Power Cost Only Rate Case

Ref	Description	12 Months Ended December 31		PCA Period						
		Asset Amort	Balance net of AA & ADFIT (Note 1)	Asset Amort	AMA Ratebase as of (Note 1)	A.T. %	Return Amount	Pre Tax	Monthly	
11										
12	Cabot Buyout									
22	Dec 2007 \$	(3,078,000)	1,374,000	(3,078,000)	2,791,458	12/07	7.01%&7.06%	197,031	303,125	25,260
25										
26	Tenaska									
38	Dec 2007 \$	(24,343,000)	131,477,000	(24,343,000)	142,912,958	12/07	7.01%&7.06%	10,087,306	15,518,932	1,293,244
44										
45	BEP									
53	Dec 2007 \$	(3,526,620)	22,808,103	(3,526,620)	24,500,027	12/07	7.01%&7.06%	1,729,299	2,660,460	221,705
65										
66	White River Relicensing (Note 2)									
72	Dec 2007 \$		21,307,241	-	21,307,241	12/07	7.01%&7.06%	1,503,941	2,313,755	192,813
77										
78	White River Plant Costs									
84	Dec 2007 \$	(1,494,702)	38,496,298	(1,494,702)	39,061,099	12/07	7.01%&7.06%	2,757,071	4,241,648	353,471
89										
90	Canwest Liability									
96	Dec 2007 \$	3,797,503	(1,234,188)	3,797,503	(2,468,377)	12/07	7.01%&7.06%	(174,227)	(268,041)	(22,337)
99										
100	Hopkins Ridge Prepaid Transm (Notes 3/4)									
105	Dec 2007 \$	(2,129,108)	6,728,862	(2,129,108)	7,814,935	12/07	7.01%&7.06%	551,606	848,625	70,719

Period	From	To	Asset Amort	AMA Ratebase as of	A.T. %	Return Amount (Annualized)	Pre Tax	Monthly	
PCA #6	Jan 2007	Dec 2007	(30,773,927)	235,919,342	12/07	7.01%&7.06%	16,652,027	25,618,504	2,134,875

Note (1) Amounts in these columns are net of accumulated amortization AND the associated Deferred FIT liability / asset.

Note (2) During the 2004 General Rate Case filed under WUTC Docket No. UE-040640, et al., it was agreed that the return of the White River Relicensing costs would be delayed until the sale of White River is complete. At that time, the Commission can make a final determination in a separate proceeding regarding the application of the proceeds against the deferred costs and the disposition of any remaining balance.

Note (3) Because Hopkins Ridge Prepaid Transmission regulatory asset was projected to the entire 12 months of the rate year in UE-050870, a full year's return is allowed for PCA 4 when the Power Cost Baseline Rate is in effect from UE-050870.

Note (4) Asset amortization for the 12 months ending December 2006 is per the new Hopkins Ridge amortization schedule. Asset amortization for the 6 months ending June 2006 is per the old Hopkins Ridge amortization schedule. Asset amortization for the 6 months ending December 2006 is the difference between the previous two.