

Exhibit No. ____ (RCM-2)
Docket UE-070565
Witness: Roland C. Martin

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET UE-070565

**EXHIBIT TO
TESTIMONY OF**

Roland C. Martin

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Restating and Pro forma Power Cost Adjustments

June 15, 2007

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE

WUTC Docket Number -070565
Exhibit No. _____ (RCM-2)
Page 1 of 17

Row	Test Year Actual 12 months ended December 31, 2006	CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED		CONTESTED			
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Power Cost Rate

Regulatory Assets (Variable)	\$	260,628,635										\$ (44,993,019)
Transmission Rate Base (Fixed)		107,835,081										
Production Rate Base (Fixed)		655,339,126										
	\$	1,023,802,843	\$	-	\$	-	\$	-	\$	-	\$	29,083,389
Net of tax rate of return												
Regulatory Asset Recovery	\$	28,308,279	\$	-	\$	-	\$	-	\$	-	\$	(4,886,934)
Fixed Asset Recovery Other		11,712,549		-		-		-		-		-
Fixed Asset Recovery-Prod Factored		71,179,911		-		-		-		-		-
501-Steam Fuel		50,018,165		-		-		-		-		-
555-Purchased power		820,748,691		-		-		-		-		-
Rate Disallowances for March Point 2 and Tenaska												
557-Other Power Exp		7,798,027										
Payroll Overheads - Benefits (Incl Worker's Comp)		1,923,098										
Property Insurance		1,789,638										
Montana Electric Energy Tax		1,755,000										
Payroll Taxes on Production Wages		723,944										
547-Fuel		48,485,371										
565-Wheeling		50,788,707										
Variable Transmission Income		(4,610,746)										
Hydro and Other Pwr.		65,868,284										
447-Sales to Others		(85,003,391)										
456-Subaccounts 00016,18,80,81,130		(16,445,463)										
Transmission Exp - 500KV		949,052										
Depreciation/Amortization - Production		51,960,217										
Depreciation-Transmission		5,123,147										
Amortization - Regulatory Assets		26,324,847										
Property Taxes-Production		9,680,662										
Property Taxes-Transmission		3,413,121										
Hedging Line of Credit												
Subtotal & Baseline Rate	\$	1,151,491,112	\$	82,382,579	\$	545,355	\$	30,241,412	\$	47,393,779	\$	1,786,790

Row		CONTESTED			CONTESTED			Including Tenaska Flow Through Tax True-up 2007 PCORC Unit Cost Dollars/MWh 21,157,569	Excluding Tenaska Flow Through Tax True-up 2007 PCORC Unit Cost Dollars/MWh 21,157,569
		Adjustment-11	Adjustment-12	ADJUSTMENT	TOTAL	Adjusted 12 months ended December 31, 2006	ADJUSTMENT-13 TENASKA FLOW THROUGH TAX TRUE-UP		
	Power Cost Rate								
3	Regulatory Assets (Variable)	\$ (5,781,191)	\$ -	\$ (50,774,210)	\$ -	\$ 209,854,425	\$ -		
4	Transmission Rate Base (Fixed)	(29,533,507)		416,712,857		1,072,051,983			
5	Production Rate Base (Fixed)	\$ (35,314,698)	\$ -	\$ 365,938,647	\$ -	\$ 1,389,741,490	\$ -		
6									
7	Net of tax rate of return					7.06%			
8									
9									
10	Regulatory Asset Recovery	\$ (627,926)	\$ -	\$ (5,514,860)	\$ -	\$ 22,793,419	\$ -	\$ 1,077	\$ 1,077
11	Fixed Asset Recovery Other					11,712,349		0.554	0.554
12	Fixed Asset Recovery-Prod Factored	(3,207,793)		45,261,427		116,441,338		5.504	5.504
13	501-Steam Fuel			8,731,677		58,749,842		2.777	2.777
14	555-Purchased power			(158,111,561)		662,637,130		31.319	31.319
14a	Rate Disallowances for March Point 2 and Tenaska			(10,024,217)		(10,024,217)		(0.474)	(0.474)
15	557-Other Power Exp			(1,263,879)		6,534,148		0.309	0.309
15a	Payroll Overheads - Benefits (Incl Worker's Comp)	(4,860)		(4,860)		1,918,238		0.091	0.091
15b	Property Insurance	(50,279)		(94,726)		1,694,912		0.080	0.080
15c	Montana Electric Energy Tax	(46,973)		(49,897)		1,705,103		0.081	0.081
15d	Payroll Taxes on Production Wages					723,944		0.034	0.034
16	547-Fuel			81,645,032		130,130,403		6.151	6.151
17	565-Wheeling			14,077,029		64,865,736		3.066	3.066
18	Variable Transmission Income			545,355		(4,065,390)		(0.192)	(0.192)
19	Hydro and Other Pwr.			20,327,412		86,195,696		4.074	4.074
20	447-Sales to Others	(300,076)		78,075,428		(6,927,963)		(0.327)	(0.327)
21	456-Subaccounts 00016,18,80,81,130			15,869,042		(576,422)		(0.027)	(0.027)
22	Transmission Exp - 500KV			366,415		1,315,467		0.062	0.062
23	Depreciation/Amortization -Production	(1,929,595)		17,618,382		69,578,600		3.289	3.289
24	Depreciation-Transmission					5,123,147		0.242	0.242
25	Amortization - Regulatory Assets	(884,692)		5,789,033		32,113,880		1.518	1.518
26	Property Taxes-Production	(334,497)		1,738,158		11,418,820		0.540	0.540
27	Property Taxes-Transmission			35,520		3,448,641		0.163	0.163
28	Hedging Line of Credit	(8,259)	308,050	299,791		299,791		0.014	0.014
29	Subtotal & Baseline Rate	\$ (7,394,949)	\$ 308,050	\$ 115,315,702	\$ -	\$ 1,267,806,813	\$ -	\$ 59,922	\$ 59,922

Adjustment 1

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	\$ 58,749,842	\$ 8,731,677
4	547-FUEL	48,485,371	38,586,859	(9,898,512)
5	PURCHASED AND INTERCHANGED:			
6	555-PURCHASED POWER	820,748,691	754,090,944	(66,657,747)
7	RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASKA	-	(10,024,217)	(10,024,217)
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)	(2,620,812)	82,382,579
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	980,407,602	39,345,133
16				
17	LESS: SALES FOR RESALE (LINE 12)	85,003,391	2,620,812	(82,382,579)
18	LESS: WHEELING FOR OTHERS (LINE 14)	4,610,746	4,065,390	(545,355)
19	SCH. 94 - RES./FARM CREDIT	-	-	-
20	INCREASE(DECREASE) EXPENSE	1,030,676,606	987,093,804	\$ (43,582,802)
21	TRANS. EXP. INCL. 500KV O&M (LINE 11)		(1,315,467)	
22	PURCHASES/SALES OF NON-CORE GAS (LINE 13)		576,422	
23	POWER COSTS PER G/L		986,354,759	

Adjustment 2

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

LINE NO.	DESCRIPTION	ADJUSTED		
		TEST YEAR	TEST YEAR	ADJUSTMENT
1	SALES FOR RESALE - OTHER UTILITIES	\$ (85,003,391)	\$ (2,620,812)	\$ 82,382,579
2	INCREASE (DECREASE) EXPENSE	\$ (85,003,391)	\$ (2,620,812)	\$ 82,382,579

Adjustment 3

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

LINE NO.	DESCRIPTION	ADJUSTED		
		TEST YEAR	TEST YEAR	ADJUSTMENT
1	REVENUE - WHEELING FOR OTHERS - COLSTRIP, 3RD AC & NI	\$ (4,610,746)	\$ (4,065,390)	\$ 545,355
2	INCREASE (DECREASE) EXPENSE	\$ (4,610,746)	\$ (4,065,390)	\$ 545,355

Adjustment 4

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

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>NEW PLANT RATEBASE</u>			
2	PLANT BALANCE	\$ -	\$ 127,714,847	\$ 127,714,847
3	ACCUM DEPRECIATION	-	(4,656,826)	(4,656,826)
4	DEFERRED INCOME TAX	-	(391,120)	(391,120)
5	NET GOLDENDALE PLANT RATEBASE	-	122,666,901	122,666,901
6				
7	FIXED ASSETS RECOVERY	-	13,323,513	13,323,513
8				
9	<u>GOLDENDALE OPERATING EXPENSE</u>			
10	GOLDENDALE DEPRECIATION EXPENSE	-	4,516,058	4,516,058
11	GOLDENDALE PROPERTY INSURANCE	-	126,850	126,850
12	GOLDENDALE PROPERTY TAXES	-	1,082,315	1,082,315
13		-	5,725,223	5,725,223
14				
15	<u>POWER COST ASSOCIATED WITH GOLDENDALE (Prod. Factor adjusted in Prod. Adj.)</u>			
16	NATURAL GAS FUEL	-	91,543,544	91,543,544
17	PURCHASE AND INTERCHANGE	-	(91,453,814)	(91,453,814)
18	WHEELING	-	6,905,196	6,905,196
19	SECONDARY SALES	-	(4,307,151)	(4,307,151)
20	INCREASE (DECREASE) POWER COST	-	2,687,775	2,687,775
21				
22	PRODUCTION O&M (Prod. Factor adjusted in Prod. Adj.)	-	8,504,901	8,504,901
23				
24	INCREASE (DECREASE) EXPENSE	\$ -	\$ 30,241,412	\$ 30,241,412

Adjustment 5

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2006
RATE YEAR ENDED AUGUST 31, 2008
PROPERTY TAXES ON PRODUCTION PLANT**

LINE NO.	DESCRIPTION	ADJUSTED		
		TEST YEAR	RATE YEAR	ADJUSTMENT
1	RESTATED PROPERTY TAXES-PRODUCTION	\$ 9,680,662	\$ 9,680,005	\$ (657)
2	RESTATED PROPERTY TAXES-TRANSMISSION	3,413,121	3,448,641	35,520
3	INCREASE (DECREASE) EXPENSES	\$ 13,093,783	\$ 13,128,646	\$ 34,863

Adjustment 6

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

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	PROFORMA kWh	5,014,285,714	5,005,930,515	(8,355,199)
2	TAX RATE	0.00035	0.00035	0.00035
3				
4	MONTANA ENERGY TAX EXPENSE	\$ 1,755,000	\$ 1,752,076	\$ (2,924)

Adjustment 7

PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2006
RATE YEAR ENDED AUGUST 31, 2008
PROPERTY INSURANCE ON PRODUCTION PLANT

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 1,789,638	\$ 1,575,790	\$ (213,848)
2	INCREASE(DECREASE) EXPENSE	\$ 1,789,638	\$ 1,575,790	\$ (213,848)

Adjustment 8

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

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>WILD HORSE RATE BASE</u>			
2	<u>UTILITY PLANT RATEBASE</u>			
3	PLANT BALANCE	\$ 23,371,245	\$ 377,586,033	\$ 354,214,788
4	ACCUMULATED DEPRECIATION	(41,502)	(17,436,575)	(17,395,073)
5	DEFERRED TAX	(668,159)	(43,661,240)	(42,993,081)
6	DEFERRED TAX ASSET	-	669,440	669,440
7	TOTAL UTILITY PLANT RATEBASE	22,661,584	317,157,658	294,496,074
8				
9	OVERALL INCREASE TO RATEBASE	\$ 22,661,584	\$ 317,157,658	\$ 294,496,074
10				
11	<u>WILD HORSE O&M</u>			
12	DEPRECIATION EXPENSE ON UTILITY PLANT	464,746	14,838,173	14,373,427
13	PROPERTY INSURANCE	130,195	172,746	42,551
14	PROPERTY TAXES	723,250	1,714,247	990,997
15	TOTAL O&M	1,318,191	16,725,166	15,406,975
16				
17	GRAND TOTAL OF OPERATING EXPENSES	\$ 1,318,191	\$ 16,725,166	\$ 15,406,975

Adjustment 9

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

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1				
2	<u>BAKER LAKE RATE BASE</u>			
3	<u>UTILITY PLANT RATEBASE</u>			
4	PLANT BALANCE	\$ -	\$ 29,632,132	\$ 29,632,132
5	ACCUMULATED AMORTIZATION	-	(548,743)	(548,743)
6	DEFERRED TAX	-	-	-
7	TOTAL UTILITY PLANT RATEBASE	-	29,083,389	29,083,389
8				
9	OVERALL INCREASE TO RATEBASE	\$ -	\$ 29,083,389	\$ 29,083,389
10				
11				
12	<u>BAKER LAKE O&M</u>			
13	AMORTIZATION OF BAKER LAKE RELICENSING	-	658,492	658,492
14	TOTAL O&M	\$ -	\$ 658,492	\$ 658,492

Adjustment 10

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

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2	CABOT BUYOUT	\$ 5,558,533	\$ 1,231,500	\$ (4,327,033)
3	TENASKA	164,055,798	126,839,375	(37,216,423)
4	BEP	26,483,884	22,408,333	(4,075,551)
5	WHITE RIVER PLANT COSTS	40,306,337	38,299,445	(2,006,892)
6	WHITE RIVER RELICENSING & CWIP	18,913,136	21,307,241	2,394,105
7	CANWEST	(4,938,003)	(857,075)	4,080,928
8	HOPKINS RIDGE	10,248,951	6,406,798	(3,842,153)
9				
10	TOTAL REGULATORY ASSETS	260,628,635	215,635,616	(44,993,019)
11				
12				
13	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
14	CABOT BUYOUT	\$ 2,614,000	\$ 2,436,000	\$ (178,000)
15	TENASKA	20,615,004	26,962,333	6,347,329
16	BEP	3,526,620	3,526,620	-
17	WHITE RIVER PLANT COSTS	1,494,702	1,494,702	(0)
18	WHITE RIVER RELICENSING & CWIP	-	-	-
19	CANWEST	(3,797,508)	(3,164,586)	632,922
20	HOPKINS RIDGE	1,872,029	1,743,503	(128,527)
21				
22	TOTAL AMORTIZATION OF REGULATORY ASSET/LIAB	26,324,847	32,998,572	6,673,724

Adjustment 11

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

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION FACTOR 2.681%	NET AMOUNT
1	O&M ON PRODUCTION PROPERTY			
2	PRODUCTION O&M INCLUDED IN 557:			
3	WORKER'S COMPENSATION	\$ 181,269	\$ (4,860)	\$ 176,409
4	PROPERTY INSURANCE	1,875,386	(50,279)	1,825,107
5	ELECTRIC ENERGY TAX	1,752,076	(46,973)	1,705,103
6	TOTAL PRODUCTION O&M	3,808,731	(102,112)	3,706,619
7				
8	GOLDENDALE POWER COSTS AND PRODUCTION O&M	11,192,676	(300,076)	10,892,601
9				
10	HEDGING LINE OF CREDIT	308,050	(8,259)	299,791
11				
12	DEPRECIATION AND AMORTIZATION ON PRODUCTION PROPERTY	71,972,940	(1,929,595)	70,043,346
13				
14	PROPERTY TAXES ON PRODUCTION PROPERTY	12,476,567	(334,497)	12,142,070
15				
16	TOTAL PRODUCTION ADJUSTMENT TO BASELINE RATE	\$ 99,758,964	\$ (2,674,538)	\$ 97,084,426
17				
18				
19	PRODUCTION RATE BASE:			
20	PRODUCTION PROPERTY	\$ 1,897,245,224	\$ (50,865,144)	\$ 1,846,380,080
21	COLSTRIP COMMON FERC ADJUSTMENT	6,366,303	(170,681)	6,195,622
22	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	2,496,283	(66,925)	2,429,358
23	ENCOGEN ACQUISITION ADJUSTMENT	43,330,708	(1,161,696)	42,169,012
24	LESS PRODUCTION PROPERTY ACCUM DEPR.	(709,856,998)	19,031,266	(690,825,732)
25	LESS PRODUCTION PROPERTY ACCUM AMORT.	(3,454,190)	92,607	(3,361,583)
26	NET PRODUCTION PROPERTY	1,236,127,329	(33,140,574)	1,202,986,756
27				
28	DEDUCT:			
29	LIBR. DEPREC. PRE 1981 (AMA)	(435,114)	11,665	(423,449)
30	LIBR. DEPREC. POST 1980 (AMA)	(130,481,100)	3,498,198	(126,982,901)
31	OTHER DEF. TAXES (AMA)	(3,625,625)	97,203	(3,528,422)
32	ADJUSTMENT TO RATE BASE	(134,541,839)	3,607,067	(130,934,772)
33				
34	TOTAL ADJUSTMENT TO PRODUCTION RATE BASE	\$ 1,101,585,490	\$ (29,533,507)	\$ 1,072,051,983
35				
36				
37	O&M ON REGULATORY ASSETS			
38	AMORTIZATION OF REGULATORY ASSETS	32,998,572	(884,692)	32,113,880
39				
40	TOTAL REGULATORY ASSET ADJUSTMENT TO BASELINE RATE	\$ 32,998,572	\$ (884,692)	\$ 32,113,880
41				
42	REGULATORY ASSETS RATE BASE:			
43	BPA POWER EXCHANGE INVESTMENT	\$ 22,408,333	\$ (600,767)	\$ 21,807,566
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	(857,075)	22,978	(834,097)
49	HOPKINS RIDGE PREPAID TRANSMISSION	6,406,798	(171,766)	6,235,032
50				
51	TOTAL ADJUSTMENT TO REGULATORY ASSETS RATE BASE	\$ 215,635,616	\$ (5,781,191)	\$ 209,854,425

Adjustment 12

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2006
RATE YEAR ENDED AUGUST 31, 2008
HEDGING LINE OF CREDIT**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	HEDGING LINE OF CREDIT	\$ -	\$ 308,050	\$ 308,050
2	INCREASE(DECREASE) EXPENSE	\$ -	\$ 308,050	\$ 308,050

Adjustment 13

**PUGET SOUND ENERGY
POWER COST ONLY RATE CASE
TWELVE MONTHS ENDED DECEMBER 31, 2006
RATE YEAR ENDED AUGUST 31, 2008
TENASKA FLOW THROUGH TAX TRUE-UP**

LINE NO.	DESCRIPTION	RATE YEAR		ADJUSTED RATE YEAR		ADJUSTMENT
1	TENASKA FLOW THROUGH TAX TRUE-UP*	\$	-	\$	-	\$ -
2	INCREASE(DECREASE) EXPENSE	\$	-	\$	-	\$ -

*Net of Production Adjustment

Adjustment 14

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

LINE NO.	DESCRIPTION	ACTUAL	TEMP ADJ	MWH	ADJ FOR LOSSES
		GPI MWH	GPI MWH	CHANGE	6.70%
1	Jan-06	2,190,234	2,327,053	136,819	127,652
2	Feb-06	2,031,682	2,029,308	(2,375)	(2,216)
3	Mar-06	2,072,178	2,046,985	(25,193)	(23,505)
4	Apr-06	1,765,434	1,763,981	(1,453)	(1,356)
5	May-06	1,697,517	1,708,138	10,621	9,909
6	Jun-06	1,606,550	1,602,017	(4,532)	(4,229)
7	Jul-06	1,686,625	1,668,819	(17,806)	(16,613)
8	Aug-06	1,680,862	1,681,595	733	684
9	Sep-06	1,628,039	1,625,480	(2,559)	(2,388)
10	Oct-06	1,845,737	1,826,459	(19,278)	(17,987)
11	Nov-06	2,117,926	2,094,170	(23,757)	(22,165)
12	Dec-06	2,265,270	2,259,678	(5,592)	(5,217)
13	Total	22,588,053	22,633,681	45,628	42,569

Adjustment 15

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

LINE NO.	DESCRIPTION	RATE
1	BAD DEBTS	0.0045727
2	ANNUAL FILING FEE	0.0020000
3	STATE UTILITY TAX ((1 - LINE 1) * 3.873%)	3.873% 0.0385529
4		
5	SUM OF TAXES OTHER	0.0451256
6		
7	CONVERSION FACTOR (1 - LINE 5)	0.9548744