

EXHIBIT NO. __ (BAL-4)
DOCKET NO. UE-04 _____
2004 PSE PCA 2 COMPLIANCE
WITNESS: BARBARA A. LUSCIER

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

**For Approval of its 2004 Power Cost Adjustment
Mechanism Report**

Docket No. UE-04 _____

THIRD EXHIBIT (NONCONFIDENTIAL) TO
PREFILED DIRECT TESTIMONY OF BARBARA A. LUSCIER
ON BEHALF OF PUGET SOUND ENERGY, INC.

AUGUST 31, 2004

**Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004**

POWER COST ADJUSTMENT SUMMARY

PCA Period Two - Power Costs:

Actual	\$	907,935,279
Baseline		<u>872,786,624</u>
Difference	\$	35,148,655
Wholesale Customers		<u>(14,215)</u>
Total Cost Over Baseline	\$	35,134,440

Allocation of PCA Period Two - Power Costs

Company	\$	27,567,220
Customers		<u>7,567,220</u>
Total Cost Allocated	\$	35,134,440

Customer Share Including Interest

Customer Share	\$	7,567,220
Interest		<u>80,467</u>
Total Customer share Including Interest	\$	7,647,687

Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004

Exhibit A-1 Power Cost Rate: Updated Actual 7/1/03-6/30/04

Row						
3	Regulatory Assets (Variable)	\$	274,964,904			
4	Transmission Rate Base (Fixed)	\$	123,753,863			
5	Production Rate Base (Fixed)	\$	498,250,398			
6		\$	896,969,165			
7	Net of tax rate of return			7.30%		
8						
9						
				\$/MWh		
10	Regulatory Asset Recovery	\$	30,880,674	\$	1.563 (c)	
11	Fixed Asset Recovery-Prod Factored	\$	56,524,076	\$	2.860 (a)	
12	Fixed Asset Recovery Other	\$	15,188,534	\$	0.769 (a)	
13	501-Steam Fuel	\$	38,008,989	\$	1.923 (c)	
14	555-Purchased power	\$	707,408,313	\$	35.795 (c)	
15	557-Other Power Exp	\$	11,943,348	\$	0.604 (a)	
16	547-Fuel	\$	28,620,139	\$	1.448 (c)	
17	565-Wheeling	\$	40,738,171	\$	2.061 (c)	
18	Variable Transmission Income	\$	(3,190,788)	\$	(0.161) (c)	
19	Hydro and Other Pwr.	\$	53,025,866	\$	2.683 (a)	
20	447-Sales to Others	\$	(104,104,176)	\$	(5.268) (c)	
21	456-Subaccounts 12, 18,35,36	\$	(5,574,649)	\$	(0.282) (c)	
22	Transmission Exp - 500KV	\$	367,182	\$	0.019 (a)	
23	Depreciation-Production	\$	37,909,016	\$	1.918 (a)	
24	Depreciation-Transmission	\$	4,887,094	\$	0.247 (a)	
25	Property Taxes-Production	\$	8,696,608	\$	0.440 (a)	
26	Property Taxes-Transmission	\$	4,466,995	\$	0.226 (a)	
27	Subtotal & Baseline Rate	\$	925,795,391	\$	46.846 (b)	
28	Revenue Sensitive Items	\$	0.955234			
29		\$	969,182,088			
30	Year Load (MWH's)		19,762,540		<-- includes Firm Wholesale	
31				Before Rev. Sensitive Items	After Rev. Sensitive Items	
32	Power Cost in Rates with Revenue Sensitive Items (the adjusted baseline)				49.041	
33	sum of (a) = Fixed Rate Component		9.766		10.224	
34	(b) = Power Cost Rate		46.846		49.041	
35	sum of (c) = Variable Power Rate Component		37.080		38.817	
36						
37						
38	* Regulatory Assets are Tenaska, Encogen Fuel Buyout and BEP					

Puget Sound Energy
PCA Mechanism Annual Report
Twelve Months Ended June 30, 2004

Exhibit No. ___(BAL-4)
3 of 3

Power Costs -PCA Period 2
Original PCA Exhibit B
Subject to PCA Sharing
Per UE-011570

Row		FERC Acct.	Period to Date
6			
7	Return on Fixed RB		\$ 59,226,726
8	Other Fixed Costs		\$ 133,781,998
9	Subtotal Fixed Costs		\$ 193,008,724
10	Total Variable Component Actual		
11	Steam Oper. Fuel	501	\$ 38,008,989
12	Other Pwr Gen Fuel	547	28,620,139
13	Other Elec Revenues	45600012,18,35,36	(5,574,649)
14	Purchase Power	555	696,536,631
15	Sales to Other Util	447	(104,104,176)
16	Wheeling	565	40,738,171
17	Transmission Revenue	45600017	(3,190,788)
18	Subtotal Variable Components		\$ 691,034,317
19			
20	Regulatory Assets (Return on RB portion only)		\$ 30,880,668
21			
22	SUBTOTAL before Adjustments		\$ 914,923,709
23			
24	Adjustments:		
25	Prudence from UE-921262		\$ (2,654,599)
26	Contract price adjustment		(3,064,461)
27	Colstrip availability adjustment		-
28	New resource pricing adjustment		-
29	Tenaska Disallowance (prior month adj)		\$ -
30	Tenaska Disallowance (current month adj)		\$ (1,269,371)
31			-
32	Subtotal Adjustments		\$ (6,988,431)
33	Total allowable cost (line 28/line 30) (Before Tenaska adj)		\$ 907,935,278
34			
35			
36	PCA period delivered load (Kwh)		19,762,539,781
37	Baseline Power Cost 7/01/02 - 5/23/04	\$0.043953	\$ 872,786,624
38	5/24/04 - 2/28/05	\$0.046303	
39	Imbalance for Sharing		\$ 35,148,654
40	positive is potential customer surcharge, negative is potential customer credit		\$ 35,148,654
41			
42			\$ -
43	Less Firm Wholesale	0.0404%	\$ 35,134,440
44	Gross PCA		\$ 35,134,440
45	Gross PCA Contra		\$ (35,134,440)
46			
47	Cumulative Gross PCA		\$ 35,134,440
48	Cumulative Gross PCA Contra		\$ (35,134,440)
49			
50			