

EXHIBIT NO. ___(JHS-3C)
DOCKET NO. UE-07___
PCA 5 COMPLIANCE
WITNESS: JOHN H. STORY

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of
PUGET SOUND ENERGY, INC.
For Approval of its March 2007 Power Cost
Adjustment Mechanism Report**

Docket No. UE-07___

**SECOND EXHIBIT (CONFIDENTIAL)
TO THE PREFILED DIRECT TESTIMONY OF
JOHN H. STORY
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED
VERSION**

MARCH 30, 2007



Power Cost Adjustment Mechanism Report

PCA Period Five

**Six Months Ended
December 31, 2006**

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**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 5
SIX MONTHS ENDED DECEMBER 2006**

POWER COST ADJUSTMENT SUMMARY

	12 mo end 6.30.03 PCA Period One	12 mo end 6.30.04 PCA Period Two	12 mo end 6.30.05 PCA Period Three	12 mo end 6.30.06 PCA Period Four	6 mo end 12.31.06 PCA Period Five	Cumulative PCA Periods
<u>Power Costs</u>						
Actual	\$ 845,405,696	\$ 903,001,659	\$ 959,718,871	\$ 1,064,701,272	\$ 597,031,702	\$ 4,369,859,200
Baseline	\$ 843,126,410	\$ 872,785,985	\$ 949,412,459	\$ 1,075,227,683	\$ 597,089,567	\$ 4,337,642,104
Difference	\$ 2,279,286	\$ 30,215,674	\$ 10,306,412	\$ (10,526,410)	\$ (57,865)	\$ 32,217,097
Wholesale Customers	\$ (10,220)	\$ (12,220)	\$ (4,225)	\$ 3,643	\$ 17	\$ (23,005)
Total Cost Over Baseline	\$ 2,269,066	\$ 30,203,454	\$ 10,302,187	\$ (10,522,768)	\$ (57,848)	\$ 32,194,092
 <u>Allocation of Power Costs</u>						
Company	\$ 2,269,066	\$ 25,101,727	\$ 10,302,187	\$ (10,522,768)	\$ (57,848)	\$ 27,092,364
Customers	\$ -	\$ 5,101,727	\$ -	\$ -	\$ -	\$ 5,101,727
Total Cost Allocated	\$ 2,269,066	\$ 30,203,454	\$ 10,302,187	\$ (10,522,768)	\$ (57,848)	\$ 32,194,091
 <u>Customer Share Including Interest</u>						
Customer Share	\$ -	\$ 5,101,727	\$ -	\$ -	\$ -	\$ 5,101,727
Interest	\$ -	\$ 61,868	\$ 345,776	\$ 736,238	\$ 111,206	\$ 1,255,088
Total Customer Share Including Interest	\$ -	\$ 5,163,595	\$ 345,776	\$ 736,238	\$ 111,206	\$ 6,356,815

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 5
SIX MONTHS ENDED DECEMBER 2006**

Exhibit A-1 Power Cost Rate Updated: July 1, 2006 - December 31, 2006

Row				
3	Regulatory Assets (Variable) (Note 1)	\$	265,779,411	
4	Transmission Rate Base (Fixed)		114,273,211	
5	Production Rate Base (Fixed)		591,893,771	
6		\$	971,946,393	
7				
8	Net of tax rate of return		7.01%	
9				
10			\$/MWH	
11	Regulatory Asset Recovery (on Row 3)	\$	14,331,644	\$ 1.366 (c)
12	Fixed Asset Recovery Other (on Row 4)		6,188,636	\$ 0.590 (a)
13	Fixed Asset Recovery-Prod Factored (on Row 5)		32,054,890	\$ 3.055 (a)
14	501-Steam Fuel		26,308,398	\$ 2.507 (c)
15	555-Purchased power		438,004,470	\$ 41.741 (c)
16	Commission Disallowance for Tenaska & March Point 2		(5,938,772)	\$ (0.566) (c)
17	Contract Price Adjustments		(700,963)	\$ (0.067) (c)
18	557-Other Power Exp		3,458,737	\$ 0.330 (a)
19	557-Other Power Expense Adjustments		2,675,279	\$ 0.255 (a)
20	547-Fuel		34,967,549	\$ 3.332 (c)
21	565-Wheeling		25,450,919	\$ 2.425 (c)
22	Variable Transmission Income		(1,439,893)	\$ (0.137) (c)
23	Hydro and Other Pwr.		30,823,680	\$ 2.937 (a)
24	Hydro and Other Pwr. Adjustment		(848,139)	\$ (0.081) (a)
25	447-Sales to Others		(52,449,757)	\$ (4.998) (c)
26	456-Subaccounts 00012 & 00018 and 00035 & 00036		(4,437,451)	\$ (0.423) (c)
27	Transmission Exp - 500KV		305,934	\$ 0.029 (a)
28	Depreciation-Production (FERC 403)		25,048,433	\$ 2.387 (a)
29	Depreciation-Transmission		2,565,694	\$ 0.245 (a)
30	Amortization - Regulatory Assets		13,730,525	\$ 1.308 (c)
31	Property Taxes-Production		4,802,852	\$ 0.458 (a)
32	Property Taxes-Transmission		2,129,038	\$ 0.203 (a)
33	Subtotal & Baseline Rate	\$	597,031,702	\$ 56.895 (b)
34	Revenue Sensitive Items		0.9550366	
35		\$	625,140,127	
36	DELIVERED Load (MWH's) <i>July - Dec 2006</i>		10,493,481	<-- includes Firm Wholesale
37				
38			Before Rev. S. Items	After Rev. S Items
39	Power Cost in Rates with Revenue Sensitive Items (the adjusted baseline)		\$ 59.574	\$ 59.574
40	sum of (a) = Fixed Rate Component	\$	10.407	\$ 10.897
41	(b) = Power Cost Rate	\$	56.895	\$ 59.574
42	sum of (c) = Variable Power Rate Component	\$	46.489	\$ 48.677
43			-	-
44				
45	(Note 1) Regulatory Assets and Liabilities are detailed on Exhibit D (JHS-3 page 15)			

Puget Sound Energy, Inc.
Power Cost Adjustment Mechanism Report
PCA Period Five
Six Months Ended December 31, 2006

Exhibits

From 07/01/06 through 12/31/06
Docket No. UE-060783 2005 PCORC Update Filing Made on May 15, 2006

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 5
SIX MONTHS ENDED DECEMBER 2006**

Exhibit A-1 Power Cost Rate: July 1, 2006 - December 31, 2006

Row		Test Year Balances				
3	Regulatory Assets (2) (Variable)	\$	262,780,238			
4	Transmission Rate Base (Fixed)		114,273,211			
5	Production Rate Base (Fixed)		591,893,771			
6		\$	968,947,220			
7	Net of tax rate of return		7.01%		Production Factor	
8					0.99569	
9						
10	Regulatory Asset (2) Recovery (on Row 3) (3)	\$	14,231,256	\$	1.438	(c)
11	Fixed Asset Recovery Other (on Row 4) (3)		6,188,636	\$	0.625	(a)
12	Fixed Asset Recovery-Prod Factored (on Row 5) (3)		32,054,890	\$	3.240	(a)
13	501-Steam Fuel		24,018,792	\$	2.428	(c)
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)
15	557-Other Power Exp		3,458,737	\$	0.350	(a)
15a	557-Other Power Expense Adjustments		2,675,279	\$	0.270	(a)
16	547-Fuel		40,644,835	\$	4.108	(c)
17	565-Wheeling		26,150,678	\$	2.643	(c)
18	Variable Transmission Income		(1,722,689)	\$	(0.174)	(c)
19	Hydro and Other Pwr.		30,823,680	\$	3.115	(a)
19a	Hydro and Other Pwr. Adjustment		(848,139)	\$	(0.086)	(a)
20	447-Sales to Others		(8,707,061)	\$	(0.880)	(c)
21	456-Subaccounts 00012 & 00018 and 00035 & 00036		243,282	\$	0.025	(c)
22	Transmission Exp - 500KV		305,934	\$	0.031	(a)
23	Depreciation-Production (FERC 403)		25,048,433	\$	2.532	(a)
24	Depreciation-Transmission		2,565,694	\$	0.259	(a)
24a	Amortization - Regulatory Assets		12,952,833	\$	1.309	(c)
26	Property Taxes-Production		4,802,852	\$	0.485	(a)
27	Property Taxes-Transmission		2,129,038	\$	0.215	(a)
28	Subtotal & Baseline Rate	\$	562,981,728	\$	56.901	(b) (4)
29	Revenue Sensitive Items		0.9550366			
30		\$	589,487,071			
31	DELIVERED Load (MWH's) July - Dec 2006		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	\$	45.863	\$	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						

\$ 38,243,526
/6 Sch. B line 7 **\$6,373,921**

\$ 70,961,507
/6 Sch. B line 8 **\$11,826,918**

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 5
SIX MONTHS ENDED DECEMBER 2006**

Exhibit No. ____ (JHS-3C)
Page 7 of 15

Exhibit A-2 Transmission Rate Base: July 1, 2006 - December 31, 2006

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
			114,273,211
	Transmission Ratebase		\$ 114,273,211

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 5
SIX MONTHS ENDED DECEMBER 2006**

Exhibit A-3 Colstrip Fixed Costs (Page 1 of 2): July 1, 2006 - December 31, 2006

Section 1 of 2

Row

	Revenue Requirement for Colstrip							
8		Plant	683,847,908					
9		Accumulated Depreciation	(384,319,124)					
10		Deferred Taxes at 6/30/2003	<u>(65,574,042)</u>					
11		Net Plant	233,954,742					
12		Rate of Return (net of Tax)	<u>7.01%</u>					
13		Revenue Requirement after tax	16,400,227					
14		Plant Revenue Requirement	25,231,119					(Adjusted for Federal Tax)
15		Expenses	<u>54,650,791</u>					
16		Total Revenue Requirement	79,881,910					(before revenue sensitive items)
17								
18		Support for Revenue Requirement - Ratebase						
19		DESCRIPTION	31-Mar-04	31-Mar-05	13 MONTH AMA	ANNUITY RATE	ANNUALIZED DEPRECIATION	ACUMM. DEPR. 06/30/2003
20		COLSTRIP #1						
21	E311	Structures & Improvements	7,235,283	7,372,745	7,386,230	3.03%	223,803	(4,073,980)
22	E312	Boiler Plant Equipment	54,087,207	52,680,111	53,054,963	3.12%	1,655,315	(33,602,708)
23	E314	Turbo Generating Units	13,596,258	14,969,912	14,634,602	3.29%	481,478	(8,483,528)
24	E315	Accessory Electric Equipment	7,151,247	7,153,656	7,152,593	2.71%	193,835	(4,794,950)
25	E316	Misc. Power Plant Equipment	486,394	537,632	504,143	3.87%	19,510	(246,688)
26		TOTAL	<u>82,556,389</u>	<u>82,714,055</u>	<u>82,732,531</u>	<u>3.11%</u>	<u>2,573,941</u>	<u>(51,201,855)</u>
27		COLSTRIP #2						
28	E311	Structures & Improvements	5,706,503	5,727,592	5,728,283	3.06%	175,285	(3,653,230)
29	E312	Boiler Plant Equipment	46,001,941	46,553,042	46,470,850	3.05%	1,417,361	(28,806,599)
30	E314	Turbo Generating Units	13,493,641	14,323,040	14,249,672	3.26%	464,539	(8,235,807)
31	E315	Accessory Electric Equipment	5,303,205	5,061,164	5,233,253	2.69%	140,775	(3,043,974)
32	E316	Misc. Power Plant Equipment	511,180	562,410	528,043	3.61%	19,062	(247,499)
33		TOTAL	<u>71,016,471</u>	<u>72,227,249</u>	<u>72,210,101</u>	<u>3.07%</u>	<u>2,217,022</u>	<u>(43,987,109)</u>
34		COLSTRIP 1 & 2 COMMON						
35	E311	Structures & Improvements	31,473,984	31,359,809	31,440,683	3.16%	993,526	(20,395,759)
36	E312	Boiler Plant Equipment	8,354,764	8,030,614	8,260,221	3.18%	262,675	(5,767,278)
37	E314	Turbo Generating Units	3,918,858	3,918,858	3,918,858	3.31%	129,714	(2,622,147)
38	E315	Accessory Electric Equipment	2,420,179	2,379,882	2,408,426	3.07%	73,939	(1,470,405)
39	E316	Misc. Power Plant Equipment	6,366,491	6,365,234	6,354,815	3.82%	242,754	(3,559,040)
40		TOTAL	<u>52,534,276</u>	<u>52,054,397</u>	<u>52,383,003</u>	<u>3.25%</u>	<u>1,702,608</u>	<u>(33,814,629)</u>
41		COLSTRIP 3						
42	E311	Structures & Improvements	28,948,432	28,976,803	28,978,876	2.45%	709,982	(15,568,775)
43	E312	Boiler Plant Equipment	121,014,137	118,651,909	119,189,045	2.68%	3,194,266	(63,482,913)
44	E314	Turbo Generating Units	34,313,111	38,223,363	37,220,353	2.97%	1,105,444	(15,966,099)
45	E315	Accessory Electric Equipment	6,466,260	6,466,260	6,466,260	2.47%	159,717	(3,183,989)
46	E316	Misc. Power Plant Equipment	496,445	531,119	507,610	2.86%	14,518	(224,109)
47		TOTAL	<u>191,238,385</u>	<u>192,849,454</u>	<u>192,362,144</u>	<u>2.69%</u>	<u>5,183,927</u>	<u>(98,425,884)</u>
48		COLSTRIP 4						
49	E311	Structures & Improvements	26,552,773	26,546,706	26,554,659	2.54%	674,488	(12,902,625)
50	E312	Boiler Plant Equipment	104,602,581	105,620,134	105,408,981	2.75%	2,898,747	(49,488,910)
51	E314	Turbo Generating Units	30,772,919	33,040,130	32,326,921	2.94%	950,411	(12,387,935)
52	E315	Accessory Electric Equipment	5,660,702	5,660,702	5,660,702	2.52%	142,650	(2,441,024)
53	E316	Misc. Power Plant Equipment	694,048	728,727	705,215	2.79%	19,675	(305,486)
54		TOTAL	<u>168,283,022</u>	<u>171,596,400</u>	<u>170,656,478</u>	<u>2.75%</u>	<u>4,685,971</u>	<u>(77,525,980)</u>
55		COLSTRIP 3 & 4 COMMON						
56	E311	Structures & Improvements	70,723,992	70,676,244	70,713,181	2.33%	1,647,617	(37,638,359)
57	E312	Boiler Plant Equipment	20,359,928	19,413,895	20,084,002	2.48%	498,083	(11,249,994)
58	E314	Turbo Generating Units	277,420	277,420	277,420	2.62%	7,268	(139,868)
59	E315	Accessory Electric Equipment	7,748,971	7,669,926	7,725,916	2.31%	178,469	(3,776,971)
60	E316	Misc. Power Plant Equipment	4,725,566	4,725,430	4,725,435	2.79%	131,840	(2,132,955)
61		TOTAL	<u>103,835,877</u>	<u>102,762,915</u>	<u>103,525,954</u>	<u>2.38%</u>	<u>2,463,277</u>	<u>(54,938,148)</u>
62		COLSTRIP 1-4 COMMON						
63	E316	Misc. Power Plant Equip.	251,534	251,534	251,534	2.46%	6,188	(135,747)
64		TOTAL	<u>251,534</u>	<u>251,534</u>	<u>251,534</u>	<u>2.46%</u>	<u>6,188</u>	<u>(135,747)</u>
65								
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.			<u>683,847,908</u>	2.82%	19,291,914	(360,029,352)
70		AMA Adj. to Accum Depr.						4,198,033
71		Totals			<u>683,847,908</u>	2.82%	19,291,914	(384,319,124)

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 5
SIX MONTHS ENDED DECEMBER 2006**

Exhibit No. ____ (JHS-3C)
Page 9 of 15

Row

Exhibit A-3 Colstrip Fixed Costs (Page 2 of 2): July 1, 2006 - December 31, 2006

Section 2 of 2

82			
83			
84			
85			
86	Support for Revenue Requirement - Expenses	Amount before	
87	Description	Prod. Adj.	
88	Order		
89	50004011	1&2 Sup & Eng - Steam Ope	XXXXXX
90	50004012	1&2 Sup & Eng - Steam Ope	XXXXXX
91	50005011	3&4 Sup & Eng - Steam Ope	XXXXXX
92	50005012	3&4 Sup & Eng - Steam Ope	XXXXXX
93	50204001	1&2 Steam Exp - Steam Gen Op	XXXXXX
94	50205001	3&4 Steam Exp - Steam Gen Op	XXXXXX
95	50504001	1&2 Elec Exp - Steam Gen	XXXXXX
96	50505001	3&4 Elec Exp - Steam Gen	XXXXXX
97	50604001	1&2 Misc Exp - Steam Gen	XXXXXX
98	50605001	3&4 Misc Exp - Steam Gen	XXXXXX
99	50605002	3&4 Steam - Housing	XXXXXX
100	50704001	1&2 Rents - Steam Gen Oper	XXXXXX
101	50705001	3&4 Rents - Steam Gen Oper	XXXXXX
102	51004001	1&2 Maint Supv - Steam Gen	XXXXXX
103	51005001	3&4 Maint Supv - Steam Gen	XXXXXX
104	51104001	1&2 Maint of Struct - Stm Gen	XXXXXX
105	51105001	3&4 Maint of Struct - Stm Gen	XXXXXX
106	51204001	1&2 Maint of Boiler - Stm Gen	XXXXXX
107	51205001	3&4 Maint of Boiler - Stm Gen	XXXXXX
108	51304001	1&2 Maint of E Plant - Stm G	XXXXXX
109	51305001	3&4 Maint of E Plant - Stm G	XXXXXX
110	51404001	1&2 Maint of Misc - Stm Gen	XXXXXX
111	51405001	3&4 Maint of Misc - Stm Gen	XXXXXX
112		Subtotal on Orders	24,506,641
113		Property Taxes-Montana	9,075,236
114		Electric Energy Tax	1,777,000
115	403xxxxx	Depreciation	19,291,914
			\$ 54,650,791

**REDACTED
VERSION**

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 5
SIX MONTHS ENDED DECEMBER 2006**

2006 PCA Baseline Rate Update Power Cost Projections: July 1, 2006 - December 31, 2006

AURORA + Non-AURORA Power Costs

5.4.06 AURORA model run

0.995690

PCA Update Rate Period: July 2006 - December 2006

	<u>Jul-06</u>	<u>Aug-06</u>	<u>Sep-06</u>	<u>Oct-06</u>	<u>Nov-06</u>	<u>Dec-06</u>	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:								
							\$ 450,067	
							\$ 8,572	
							\$ 104,662	
							\$ 18,181	
							(4,286)	
							(1,256)	
							(545)	(6,060,989)
							\$ 443,980	
Production O&M (including ben & p/r tax)								
							30,824	30,690,830
							306	304,615
Costs for Revenue Requirement								
							\$ 475,109	473,061,408
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	

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 5
SIX MONTHS ENDED DECEMBER 2006**

POWER COST BASELINE RATE EFFECTIVE JULY 1, 2006: July 1, 2006 - December 31, 2006

Power Cost Rate	AUTHORIZED				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
	Adjusted				Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06		
	12 months ended		Proposed									
Row	Total	Fixed or Variable	Basis	Apportionment	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	(a)	(b)	(c)	(d)								
2	Production Factor	0.99569										
3	Regulatory Assets (Variable)	\$ 267,511,998	V	12/2006 AMA	50/50					net of production factor	262,851,032	
4	Transmission Rate Base (Fixed)	115,730,840	F	12/2005 AMA	50/50						114,273,211	
5	Production Rate Base (Fixed)	624,544,579	F	12/2005 AMA	50/50					net of production factor	591,893,771	
		\$ 1,007,787,417										
6												
7	Net of tax rate of return	7.01%										
8												
9												
10	Regulatory Asset Recovery	\$ 28,850,140	V	12/2006 AMA	50/50	2,362,289	2,362,289	2,362,289	2,362,289	2,362,289	14,173,736	
11	Fixed Asset Recovery Other	12,481,126	F	12/2005 AMA	50/50	1,026,994	1,026,994	1,026,994	1,026,994	1,026,994	6,161,963	
12	Fixed Asset Recovery	67,354,731	F	12/2005 AMA	50/50	5,319,456	5,319,456	5,319,456	5,319,456	5,319,456	31,916,733	
13	501-Steam Fuel	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	
14	555-Purchased power	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	
14a	Disallow. for March Point 2 and Tenaska	(12,026,890)	V	Updated	Per Model	(974,776)	(992,919)	(1,003,827)	(1,014,662)	(1,022,931)	(1,051,874)	
15	557-Other Power Exp	6,905,045	F	2005 PCORC	50/50	573,972	573,972	573,972	573,972	573,972	3,443,830	
15a	557-Other Power Expense Adjustments	5,327,497	F	2005 PCORC	50/50	443,958	443,958	443,958	443,958	443,958	2,663,748	
16	547-Fuel	56,102,147	V	Updated	Per Model	4,947,352	6,754,711	8,831,116	7,648,154	6,277,071	40,469,656	
17	565-Wheeling	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	
18	Variable Transmission Income	(3,430,528)	V	2005 PCORC	50/50	(285,877)	(285,877)	(285,877)	(285,877)	(285,877)	(1,715,264)	
19	Hydro and Other Pwr.	61,381,660	F	2005 PCORC	50/50	5,115,138	5,115,138	5,115,138	5,115,138	5,115,138	30,690,830	
19a	Hydro and Other Pwr. Adjustment	(1,688,967)	F	2005 PCORC	50/50	(140,747)	(140,747)	(140,747)	(140,747)	(140,747)	(844,483)	
20	447-Sales to Others	(7,821,028)	V	Updated	Per Model	(2,769,361)	(3,747,316)	(780,762)	(486,782)	(591,332)	(293,980)	
21	456-Subaccounts 00016 & 00018	(1,196,883)	V	Updated	Per Model	(24,189)	276,958	37,553	29,576	(43,096)	(34,568)	
22	Transmission Exp - 500KV	609,231	F	2005 PCORC	50/50	50,769	50,769	50,769	50,769	50,769	304,615	
23	Depreciation/Amortization -Production	50,720,695	F	12/2005 AMA	50/50	4,156,746	4,156,746	4,156,746	4,156,746	4,156,746	24,940,474	
24	Depreciation-Transmission	5,109,271	F	2005 PCORC	50/50	425,773	425,773	425,773	425,773	425,773	2,554,635	
24a	Amortization - Regulatory Assets	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	12,897,006	
25	Property Taxes-Production	9,564,303	F	2005 PCORC	50/50	797,025	797,025	797,025	797,025	797,025	4,782,152	
26	Property Taxes-Transmission	4,239,723	F	2005 PCORC	50/50	353,310	353,310	353,310	353,310	353,310	2,119,862	
28	Subtotal & Baseline Rate	1,051,460,904				67,428,250	72,310,462	90,430,167	102,045,554	106,297,812	122,046,849	
	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	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	
33	Total	1,051,460,904				67,428,250	72,310,462	90,430,167	102,045,554	106,297,812	122,046,849	
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	
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	
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 Items	\$ 54.975									\$ 59.580	
42												
43	Amounts reported in BOLD have been revised since the original filing.											

**PUGET SOUND ENERGY
PCA MECHANISM REPORT - PCA 5
SIX MONTHS ENDED DECEMBER 2006**

**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	AA & ADFIT	Asset Amort	AMA Ratebase as of	A.T. %	Amount	Pre Tax	Monthly	
		Balance net of				Return				
		(Note 1)		(Note 1)						
9										
10	Cabot Buyout									
17	Dec 2005	\$ (2,163,000)	7,102,000	(1,965,500)	8,621,792	6/05	7.3%&7.01%	621,239	955,752	79,646
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									
34	Dec 2005	\$ (17,908,000)	184,068,000	(16,326,000)	198,322,583	6/05	7.3%&7.01%	14,290,039	21,984,675	1,832,056
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									
50	Dec 2005	\$ (3,526,620)	40,556,081	(3,526,620)	44,082,701	6/05	7.3%&7.01%	3,176,358	4,886,704	407,225
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)									
70	Dec 2005	\$	17,134,558	-	15,867,232	6/05	7.3%&7.01%	362,638	557,905	46,492
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									
81	Beginning	\$	43,419,577							
82	Dec 2004	\$ (1,494,702)	42,052,182							
83	Dec 2005	\$ (1,494,702)	40,832,250	(1,494,702)	42,108,377	6/05	7.3%&7.01%	3,034,099	4,667,844	388,987
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									
96	Dec 2005	\$ 632,917	(6,170,942)	-	(1,317,326)	6/05	7.3%&7.01%	(62,513)	(96,174)	(8,014)
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)									
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

Period	From	To	Asset Amort	AMA Ratebase as of	A.T. %	Return			
						Amount	Pre Tax	Monthly	
PCA #3	Jul 2004	Jun 2005	(23,312,822)	307,685,359	6/05	7.3%&7.01%	21,421,859	32,956,707	2,746,392
PCA #4	Jul 2005	Jun 2006	(24,507,562)	277,948,396	6/06	7.01%	19,484,183	29,975,665	2,497,972
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
			-	-					

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
PCA MECHANISM REPORT - PCA 5
SIX MONTHS ENDED DECEMBER 2006**

Schedule E - Contract Adjustments: July 1, 2006 - December 31, 2006
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Row	2006 PCA Baseline Rate Update Jul06- Dec06
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
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 5
SIX MONTHS ENDED DECEMBER 2006**

**Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
PCA Period 5 (Trued-Up as of November 30, 2006; Distributed January 8, 2007)**

Ref	Description	12 Months Ended December 31		PCA Period						
		Balance net of		Asset Amort	AMA Ratebase as of	A.T. %	Return			
		Asset Amort	AA & ADFIT				Amount	Pre Tax	Monthly	
		(Note 1)		(Note 1)						
10										
11	Cabot Buyout			G/L Accts #18230171 and #28300461 and Order #54756012						
18	Dec 2005 \$	(2,163,000)	5,464,000	(1,965,500)	8,621,792	6/05	7.3%&7.01%	621,239	955,752	79,646
19	Dec 2006 \$	(2,614,000)	3,491,000	(2,388,500)	5,410,125	6/06	7.01%	379,250	583,461	48,622
20				(1,307,000)	3,984,333	12/06	7.01%	279,302	429,695	35,808
25										
26	Tenaska			G/L Accts #18230001 and #28300451 and Order #55500423						
35	Dec 2005 \$	(17,908,000)	173,550,000	(16,326,000)	198,322,583	6/05	7.3%&7.01%	14,290,039	21,984,675	1,832,056
36	Dec 2006 \$	(20,615,000)	154,100,000	(19,261,500)	173,230,500	6/06	7.01%	12,143,458	18,682,243	1,556,854
37				(10,307,500)	158,961,667	12/06	7.01%	11,143,213	17,143,404	1,428,617
46										
47	BEP			G/L Accts #18230071 and #18230081 and Order #55500007						
52	Dec 2005 \$	(3,526,620)	40,556,081	(3,526,620)	44,082,701	6/05	7.3%&7.01%	3,176,358	4,886,704	407,225
53	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
54				(1,763,310)	37,911,116	12/06	7.01%	2,657,569	4,088,568	340,714
68										
69	White River Relicensing (Note 2)			G/L Accts #18230641, #18236021, 6031, 6041, 6051, 6061, 6071, #18230691, #19000021 and #28300011						
72	Dec 2005 \$		17,134,558	-	15,867,232	6/05	7.3%&7.01%	362,638	557,905	46,492
73	Dec 2006 \$		21,307,241	-	16,727,249	6/06	7.01%	1,172,580	1,803,969	150,331
74				-	19,952,479	12/06	7.01%	1,398,669	2,151,798	179,317
81										
82	White River Plant Costs			G/L Accts #18220011, #18220021, #18220031, #18220041 and #18220051 and Order #40700015						
85	Dec 2005 \$	(1,494,702)	40,832,250	(1,494,702)	42,108,377	6/05	7.3%&7.01%	3,034,099	4,667,844	388,987
86	Dec 2006 \$	(1,494,702)	39,625,900	(1,494,702)	40,832,156	6/06	7.01%	2,862,334	4,403,591	366,966
87				(747,351)	39,923,952	12/06	7.01%	2,798,669	4,305,645	358,804
94										
95	Canwest Liability			G/L Accts #25400021, #14300061 and #19000451 and Order # 54756004						
98	Dec 2005 \$	632,917	(6,170,942)	-	(1,317,326)	6/05	7.3%&7.01%	(62,513)	(96,174)	(8,014)
99	Dec 2006 \$	3,797,503	(3,702,565)	2,531,669	(5,490,031)	6/06	7.01%	(384,851)	(592,079)	(49,340)
100				1,898,751	(4,319,660)	12/06	7.01%	(302,808)	(465,859)	(38,822)
105										
106	Hopkins Ridge Prepaid Transm (Notes 3/4)			G/L Acct #18230231 and #18230371 and Order #56500011						
108	Dec 2005 \$	-	10,750,000	-	-	6/05	7.3%&7.01%	-	-	-
109	Dec 2006 \$	(1,872,030)	8,857,970	(367,909)	6,670,465	6/06	7.01%	467,600	719,384	59,949
110				(1,504,121)	9,365,525	12/06	7.01%	656,523	1,010,036	84,170
118										
119										
120										
121	Period	From	To	Asset Amort	AMA Ratebase as of	A.T. %	Amount	Pre Tax	Monthly	
122										(Annualized)
123	PCA #3	Jul 2004	Jun 2005	(23,312,822)	307,685,359	6/05	7.3%&7.01%	21,421,859	32,956,707	2,746,392
124	PCA #4	Jul 2005	Jun 2006	(24,507,562)	277,936,545	6/06	7.01%	19,483,352	29,974,387	2,497,866
125	PCA #5	Jul 2006	Dec 2006	(13,730,530)	265,779,411	12/06	7.01%	18,631,137	28,663,287	2,388,607
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- 134 **Note (1)** Amounts in these columns are net of accumulated amortization AND the associated Deferred FIT liability / asset.
- 135
- 136 **Note (2)** During the 2004 General Rate Case filed under WUTC Docket No. UE-040640, et al., it was agreed that the return
- 137 of the White River Relicensing costs would be delayed until the sale of White River is complete. At that time, the
- 138 Commission can make a final determination in a separate proceeding regarding the application of the proceeds against
- 139 the deferred costs and the disposition of any remaining balance.
- 140
- 141 **Note (3)** Because Hopkins Ridge Prepaid Transmission regulatory asset was projected to the entire 12 months of the rate year in
- 142 UE-050870, a full year's return is allowed for PCA 4 when the Power Cost Baseline Rate is in effect from UE-050870.
- 143
- 144 **Note (4)** Asset amortization for the 12 months ending December 2006 is per the new Hopkins Ridge amortization schedule.
- 145 Asset amortization for the 6 months ending June 2006 is per the old Hopkins Ridge amortization schedule.
- 146 Asset amortization for the 6 months ending December 2006 is the difference between the previous two.