

EXHIBIT NO. ___(CEP-12)
DOCKET NO. UG-040640, *et al.* (consolidated)
2004 PSE GENERAL RATE CASE
WITNESS: COLLEEN E. PAULSON

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UG-040640
Docket No. UE-040641
(*consolidated*)

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

For an Order Regarding the Accounting
Treatment for Certain Costs of the Company's
Power Cost Only Rate Filing.

Docket No. UE-031471 (*consolidated*)

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

For an Accounting Order Authorizing
Deferral and Recovery of the Investment
And Costs Related to the White River
Hydroelectric Project.

Docket No. UE-032043 (*consolidated*)

FIRST EXHIBIT TO THE
PREFILED REBUTTAL TESTIMONY OF
COLLEEN E. PAULSON (NONCONFIDENTIAL)
ON BEHALF OF PUGET SOUND ENERGY, INC.

NOVEMBER 3, 2004

Combined Cycle Plant (Nominal \$)

Year	Capital Cost \$/MWH Yr	Fixed O&M \$/MWH	Ins / Prop Ta \$/MWH	Variable O&M \$/MWH	Gas \$/MMBTU	Gas \$/MWH	Total \$/MWH	Annual Inflation
2004	\$12.09	\$5.70	\$1.20	\$2.00	\$4.17	\$28.77	\$49.76	0.00%
2005	\$12.09	\$5.84	\$1.23	\$2.05	\$4.77	\$32.94	\$54.15	2.50%
2006	\$12.09	\$5.99	\$1.26	\$2.10	\$4.94	\$34.07	\$55.51	2.50%
2007	\$12.09	\$6.14	\$1.29	\$2.15	\$4.86	\$33.52	\$55.19	2.50%
2008	\$12.09	\$6.29	\$1.32	\$2.20	\$4.85	\$33.49	\$55.39	2.50%
2009	\$12.09	\$6.45	\$1.35	\$2.26	\$3.89	\$26.82	\$48.97	2.50%
2010	\$12.09	\$6.61	\$1.38	\$2.32	\$3.82	\$26.34	\$48.74	2.50%
2011	\$12.09	\$6.78	\$1.41	\$2.38	\$4.86	\$33.55	\$56.21	2.50%
2012	\$12.09	\$6.95	\$1.45	\$2.44	\$5.49	\$37.90	\$60.83	2.50%
2013	\$12.09	\$7.12	\$1.49	\$2.50	\$5.80	\$40.00	\$63.20	2.50%
2014	\$12.09	\$7.30	\$1.53	\$2.56	\$6.25	\$43.15	\$66.63	2.50%
2015	\$12.09	\$7.48	\$1.57	\$2.62	\$6.05	\$41.77	\$65.53	2.50%
2016	\$12.09	\$7.67	\$1.61	\$2.69	\$5.63	\$38.81	\$62.87	2.50%
2017	\$12.09	\$7.86	\$1.65	\$2.76	\$6.23	\$43.00	\$67.36	2.50%
2018	\$12.09	\$8.06	\$1.69	\$2.83	\$6.26	\$43.22	\$67.89	2.50%
2019	\$12.09	\$8.26	\$1.73	\$2.90	\$6.52	\$45.01	\$69.99	2.50%
2020	\$12.09	\$8.47	\$1.77	\$2.97	\$6.57	\$45.32	\$70.62	2.50%
2021	\$12.09	\$8.68	\$1.81	\$3.04	\$6.78	\$46.76	\$72.38	2.50%
2022	\$12.09	\$8.90	\$1.86	\$3.12	\$6.94	\$47.88	\$73.85	2.50%
2023	\$12.09	\$9.12	\$1.91	\$3.20	\$7.10	\$49.02	\$75.34	2.50%
2024	\$12.09	\$9.35	\$1.96	\$3.28	\$7.27	\$50.19	\$76.87	2.50%
2025	\$12.09	\$9.58	\$2.01	\$3.36	\$7.45	\$51.40	\$78.44	2.50%
2026	\$12.09	\$9.82	\$2.06	\$3.44	\$7.63	\$52.63	\$80.04	2.50%
2027	\$12.09	\$10.07	\$2.11	\$3.53	\$7.81	\$53.89	\$81.69	2.50%
2028	\$12.09	\$10.32	\$2.16	\$3.62	\$8.00	\$55.18	\$83.37	2.50%
2029	\$12.09	\$10.58	\$2.21	\$3.71	\$8.15	\$56.24	\$84.83	2.50%
2030	\$12.09	\$10.84	\$2.27	\$3.80	\$8.31	\$57.33	\$86.33	2.50%
2031	\$12.09	\$11.11	\$2.33	\$3.90	\$8.47	\$58.43	\$87.86	2.50%
2032	\$12.09	\$11.39	\$2.39	\$4.00	\$8.63	\$59.56	\$89.43	2.50%
2033	\$12.09	\$11.67	\$2.45	\$4.10	\$8.80	\$60.70	\$91.01	2.50%

Combustion Turbine

Year	Capital Cost \$/kW Yr	Fixed O&M \$/kW Yr	Ins / Prop Ta \$/kW Yr	Variable O&M \$/kW Yr	Fuel Oil \$/MMBTU	Fuel Oil \$/kW Yr	Gas \$/kW Yr	Total \$/kW Yr	Peak Credit \$/kW Yr	Inflation
2004	\$55.92	\$19.21	\$5.56	\$0.40	\$6.90	\$4.03	\$12.06	\$97.18	\$86.85	0.00%
2005	\$55.92	\$19.69	\$5.70	\$0.41	\$6.50	\$3.80	\$13.86	\$99.39	\$88.99	2.50%
2006	\$55.92	\$20.18	\$5.84	\$0.42	\$4.85	\$2.84	\$14.35	\$99.55	\$89.09	2.50%
2007	\$55.92	\$20.68	\$5.99	\$0.43	\$4.86	\$2.84	\$14.11	\$99.98	\$89.44	2.50%
2008	\$55.92	\$21.20	\$6.14	\$0.44	\$4.87	\$2.85	\$14.10	\$100.65	\$90.04	2.50%
2009	\$55.92	\$21.73	\$6.29	\$0.45	\$4.87	\$2.85	\$11.22	\$98.46	\$87.78	2.50%
2010	\$55.92	\$22.27	\$6.45	\$0.46	\$4.87	\$2.85	\$11.01	\$98.95	\$88.20	2.50%
2011	\$55.92	\$22.83	\$6.61	\$0.47	\$4.91	\$2.87	\$14.13	\$102.83	\$92.00	2.50%
2012	\$55.92	\$23.40	\$6.78	\$0.48	\$4.95	\$2.89	\$16.01	\$105.48	\$94.57	2.50%
2013	\$55.92	\$23.99	\$6.95	\$0.49	\$4.99	\$2.92	\$16.91	\$107.18	\$96.19	2.50%
2014	\$55.92	\$24.59	\$7.12	\$0.50	\$5.02	\$2.94	\$18.28	\$109.34	\$98.27	2.50%
2015	\$55.92	\$25.20	\$7.30	\$0.51	\$5.04	\$2.95	\$17.68	\$109.56	\$98.41	2.50%
2016	\$55.92	\$25.83	\$7.48	\$0.52	\$5.09	\$2.98	\$16.40	\$109.13	\$97.89	2.50%
2017	\$55.92	\$26.48	\$7.67	\$0.53	\$5.13	\$3.00	\$18.21	\$111.81	\$100.48	2.50%
2018	\$55.92	\$27.14	\$7.86	\$0.54	\$5.17	\$3.02	\$18.31	\$112.79	\$101.37	2.50%
2019	\$55.92	\$27.82	\$8.06	\$0.55	\$5.20	\$3.04	\$19.08	\$114.47	\$102.96	2.50%
2020	\$55.92	\$28.52	\$8.26	\$0.56	\$5.23	\$3.06	\$19.21	\$115.53	\$103.92	2.50%
2021	\$55.92	\$29.23	\$8.47	\$0.57	\$5.33	\$3.12	\$19.84	\$117.15	\$105.44	2.50%
2022	\$55.92	\$29.96	\$8.68	\$0.58	\$5.44	\$3.18	\$20.32	\$118.64	\$106.83	2.50%
2023	\$55.92	\$30.71	\$8.90	\$0.59	\$5.55	\$3.25	\$20.82	\$120.18	\$108.27	2.50%
2024	\$55.92	\$31.48	\$9.12	\$0.60	\$5.66	\$3.31	\$21.32	\$121.75	\$109.74	2.50%
2025	\$55.92	\$32.27	\$9.35	\$0.62	\$5.77	\$3.38	\$21.84	\$123.38	\$111.25	2.50%
2026	\$55.92	\$33.08	\$9.58	\$0.64	\$5.89	\$3.44	\$22.37	\$125.04	\$112.80	2.50%
2027	\$55.92	\$33.91	\$9.82	\$0.66	\$6.00	\$3.51	\$22.92	\$126.74	\$114.39	2.50%
2028	\$55.92	\$34.76	\$10.07	\$0.68	\$6.12	\$3.58	\$23.48	\$128.49	\$116.02	2.50%
2029	\$55.92	\$35.63	\$10.32	\$0.70	\$6.25	\$3.65	\$23.94	\$130.16	\$117.58	2.50%
2030	\$55.92	\$36.52	\$10.58	\$0.72	\$6.37	\$3.73	\$24.41	\$131.87	\$119.16	2.50%
2031	\$55.92	\$37.43	\$10.84	\$0.74	\$6.50	\$3.80	\$24.88	\$133.62	\$120.78	2.50%
2032	\$55.92	\$38.37	\$11.11	\$0.76	\$6.63	\$3.88	\$25.37	\$135.41	\$122.44	2.50%
2033	\$55.92	\$39.33	\$11.39	\$0.78	\$6.76	\$3.96	\$25.87	\$137.24	\$124.15	2.50%

	Combustion Turbine	Peak CT	CC CT	Peak Credit
Levelized Cost \$/mWh			66.44	
Levelized Cost \$/kW Yr	117.82	105.59	494.74	21%

Assumptions

- 1 Fixed Charge Rate: 12.37%
- 2 Hours/Year CT Peak Operation 200 Oil (hours): 50
- 3 CCCT Capacity Factor: 85%
- 4 Capital & Fixed O&M For CT Used For Peak Credit Cost % 75%
- 5 Fixed & variable O&M, gas, and fuel escalation rate beyond 2015: 2.80%
- 6 Natural Gas Fuel Cost Premium for CT 70%

	Capital \$/kW	Fixed O&M \$/kW/yr	Ins / Prop Tax \$/kW/yr	Var O&M \$/ MWH	Heat Rate BTU/kWh
7 Combined Cycle Combustion Turbine Plant	\$728	\$42.47	\$8.95	2.0	6,900
8 Simple Cycle Combustion Turbine Plant	\$452	\$19.21	\$5.56	2	11,700
9 Reserve margin 15%					