

**EXHIBIT NO. ___(DEM-10)
DOCKET NOS. UE-090704/UG-090705
2009 PSE GENERAL RATE CASE
WITNESS: DAVID E. MILLS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-090704
Docket No. UG-090705**

**FIRST EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED SUPPLEMENTAL DIRECT TESTIMONY OF
DAVID E. MILLS
ON BEHALF OF PUGET SOUND ENERGY, INC.**

SEPTEMBER 28, 2009

PUGET SOUND ENERGY, INC.
2009 General Rate Case Power Cost Projections
AURORA + Non-AURORA Power Costs
8.13.09 AURORA Model run
RY 3-month average gas prices at 8.13.09 = \$5.97

(dollars are in thousands)

2009 GRC	2009 GRC												Update	As-Filed	Change fr	2007 GRC	Change fr					
	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	2009 GRC	2009 GRC	As-Filed	2007 GRC	2007 GRC					
501 Coal Fuel	\$ 6,485	\$ 6,024	\$ 6,199	\$ 6,804	\$ 6,895	\$ 6,730	\$ 6,896	\$ 6,738	\$ 6,905	\$ 7,694	\$ 7,152	\$ 7,641	\$ 82,164	\$ 83,583	\$ (1,419)	\$ 60,294	\$ 21,869					
547 Natural Gas Fuel	\$ 12,993	\$ 6,590	\$ 9,715	\$ 22,480	\$ 23,723	\$ 27,859	\$ 20,142	\$ 24,293	\$ 17,118	\$ 14,021	\$ 21,280	\$ 22,552	\$ 222,766	\$ 194,650	\$ 28,116	\$ 126,163	\$ 96,603					
555 Purchase & Interchange	\$ 49,871	\$ 42,693	\$ 50,229	\$ 29,766	\$ 29,978	\$ 31,707	\$ 56,638	\$ 66,753	\$ 88,808	\$ 79,053	\$ 67,323	\$ 60,224	\$ 653,045	\$ 715,641	\$ (62,596)	\$ 800,621	\$ (147,577)					
557 Other Power Supply	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 644	\$ 7,731	\$ 7,731	\$ -	\$ 6,928	\$ 803					
565 Wheeling	\$ 6,725	\$ 6,732	\$ 6,726	\$ 6,745	\$ 6,738	\$ 6,743	\$ 6,740	\$ 6,743	\$ 6,727	\$ 6,712	\$ 6,704	\$ 6,747	\$ 80,782	\$ 84,253	\$ (3,471)	\$ 72,028	\$ 8,754					
447 Secondary Sales	\$ (3,866)	\$ (1,039)	\$ (4,316)	\$ (4,872)	\$ (3,938)	\$ (2,549)	\$ (1,729)	\$ (2,895)	\$ (574)	\$ (189)	\$ (1,086)	\$ (1,262)	\$ (28,315)	\$ (15,231)	\$ (13,084)	\$ (15,819)	\$ (12,496)					
Subtotal	\$ 72,851	\$ 61,644	\$ 69,198	\$ 61,567	\$ 64,041	\$ 71,134	\$ 89,331	\$ 102,278	\$ 119,629	\$ 107,935	\$ 102,018	\$ 96,546	\$ 1,018,172	\$ 1,070,626	\$ (52,454)	\$ 1,050,215	\$ (32,044)					
456 Non-Core Gas	(14)	-	(12)	(41)	(40)	(55)	(22)	(32)	(10)	(7)	(24)	(29)	(285)	(220)	(65)	(155)	(130)					
Total Power Costs	\$ 72,837	\$ 61,644	\$ 69,186	\$ 61,526	\$ 64,001	\$ 71,079	\$ 89,309	\$ 102,246	\$ 119,619	\$ 107,928	\$ 101,994	\$ 96,517	\$ 1,017,887	\$ 1,070,405	\$ (52,519)	\$ 1,050,061	\$ (32,174)					
Load in MWh	1,806,607	1,720,949	1,624,878	1,684,489	1,699,694	1,639,908	1,863,661	2,092,359	2,393,714	2,346,016	2,038,694	2,073,265	22,984,236	23,916,618	(932,382)	23,599,466	(615,230)					
6.7% Delivered Load	1,685,564	1,605,645	1,516,012	1,571,629	1,585,815	1,530,034	1,738,796	1,952,171	2,233,335	2,188,833	1,902,102	1,934,357	21,444,292	22,314,205	(869,913)	22,018,302	(574,010)					
													Revenue Requirement Adjustments:									
													ROB	Before adjustment								
														Tenaska Buyout Disallowance	7.34%	50.0%	\$ 4,528	\$ (2,264)	\$ (2,700)	\$ 436	\$ (5,260)	\$ 2,996
														Tenaska Prudence Disallowance		1.2%	\$ 155,114	(1,861)	(1,913)	\$ 52	(2,343)	482
														March Point 2 Prudence Disallowance		3.0%	\$ 37,704	(1,131)	(1,168)	\$ 36	(1,104)	(27)
														Net Power Costs			\$ 1,012,630	\$ 1,064,625	\$ (51,995)	\$ 1,041,353	\$ (28,723)	
														Production O&M (including ben & p/r tax)			120,179	118,273	\$ 1,906	102,444	17,735	
														Colstrip 500 KV Expense			1,497	1,497	\$ -	1,176	322	
														Costs for Revenue Requirement			\$ 1,134,306	\$ 1,184,395	\$ (50,089)	\$ 1,144,973	\$ (10,667)	