

**EXHIBIT NO. ___(DEM-11C)
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**

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

**REDACTED
VERSION**

SEPTEMBER 28, 2009

2009 GRC Update vs 2009 GRC As-Filed Power Cost Projections
2009 GRC Update

LN	FERC	Contract/Resource	2009 GRC As-Filed (costs in '000s)			2009 GRC Update (costs in '000s)			Increase / (Decrease) Costs (costs in '000s)			Total	As-Filed 2009 GRC MWh	Update 2009 GRC MWh	Incr/(Decr) MWhs 09GRC	
			AURORA	Other	Total	AURORA	Other	Total	AURORA	Other	Total					
1	alC	Baker Replacement	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	7,009	7,009	0	
2	555	BC Hydro Point Roberts	14,876	0	14,876	13,750	0	13,750	(1,126)	XXXXX	(1,126)	20,138	20,132	(7)		
3	555	BPA Firm - WMP #3 Exchange	0	0	0	0	0	0	0	0	0	383,704	407,307	23,603		
4	555	BPA Snohomish Conservation	0	0	0	0	0	0	0	0	0	0	0	0		
5	555	Canadian EA	28,255	11,664	39,919	31,084	10,909	41,993	2,830	(755)	2,075	(281,053)	(283,623)	(2,571)		
6	555	Colstrip 1&2	28,798	14,866	43,664	29,350	10,820	40,170	562	(4,046)	(3,494)	2,258,159	2,250,396	(7,764)		
7	501	Colstrip 3&4	27,704	0	27,704	27,704	0	27,704	0	0	0	2,703,369	2,893,600	190,231		
8	555	Credit Suisse	0	0	0	0	0	0	0	0	0	438,000	438,000	0		
9	547	Crystal Mountain	6,289	(5,200)	1,090	9,143	1,663	10,807	2,854	6,863	9,717	103,040	158,943	55,903		
10	547	Encogen	21,305	5,620	26,925	22,974	6,080	29,055	1,669	460	2,129	439,068	503,178	64,110		
11	547	Fred 1	15	0	15	15	0	15	0	0	0	187	201	14		
12	547	Frederickson 1&2	51	790	841	49	790	840	(2)	0	(2)	685	712	27		
13	547	Fredonia 1&2	57	790	847	110	790	900	53	0	53	938,350	1,069,367	131,017		
14	547	Fredonia 3&4	44,759	3,348	48,107	47,930	6,187	54,117	3,171	2,839	6,010	938,350	1,069,367	131,017		
15	547	Goldendale	0	(364)	(364)	0	(381)	(381)	0	(17)	(17)	477,363	477,363	0		
16	555	Hopkins Ridge Wind	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	0	
17	555	Klondike Wind PPA	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	0	
18	555	Lehman Brothers PPA	0	0	0	0	0	0	0	0	0	0	0	0	0	
19	555	Market Purchase	158,565	0	158,565	94,713	35	94,748	(63,853)	35	(63,818)	3,446,952	2,089,267	(1,357,685)		
20	447	Market Sale	(15,231)	0	(15,231)	(28,315)	0	(28,315)	(13,084)	0	(13,084)	XXXXX	XXXXX	(321,592)		
21	447	Mid Columbia	75,253	0	75,253	78,484	0	78,484	3,230	0	3,230	XXXXX	XXXXX	41,183		
22	555	Mint Farm	51,552	7,808	59,360	54,237	8,681	62,918	2,686	873	3,559	1,070,002	1,196,383	126,381		
23	547	Noaksack Hydro	1,063	0	1,063	1,036	0	1,036	(27)	0	(27)	18,655	18,180	(475)		
24	555	Northwestern	5,427	30,134	35,561	5,693	30,134	35,827	266	0	266	542,192	598,047	55,855		
25	555	PG&E Exchange	0	(0)	(0)	0	0	0	0	0	0	735	711	(24)		
26	555	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	0	
27	555	PR Displacement Product	7,079	0	7,079	7,079	0	7,079	0	0	0	180,000	180,000	0		
28	555	PSE Short Term Contracts	102,195	0	102,195	102,716	0	102,716	521	0	521	1,609,400	1,585,000	(24,400)		
29	555	Pugets Hydro	0	0	0	0	0	0	0	0	0	880,101	831,862	(48,239)		
30	555	QF Koma Kulshan Hydro	2,977	0	2,977	2,932	0	2,932	(45)	0	(45)	38,912	38,446	(466)		
31	555	QF March 1	38,737	0	38,737	38,591	0	38,591	(146)	0	(146)	691,747	690,789	(958)		
32	555	QF March Point 2	33,214	0	33,214	29,677	0	29,677	(3,537)	0	(3,537)	429,867	374,129	(55,737)		
33	555	QF Port Townsend Hydro	193	0	193	192	0	192	(1)	0	(1)	2,525	2,515	(9)		
34	555	QF Puyallup Energy Recovery Co. (PERC)	0	0	0	0	0	0	0	0	0	0	0	0	0	
35	555	QF Spokane MSW	12,881	0	12,881	12,882	0	12,882	2	0	2	142,221	142,466	245		
36	555	QF Syglowitz	47	0	47	50	0	50	4	0	4	644	695	51		
37	555	QF Tenaska	91,791	38,307	130,098	94,682	38,307	132,989	2,891	0	2,891	436,268	564,055	127,787		
38	555	QF Twin Falls	5,114	0	5,114	5,016	0	5,016	(98)	0	(98)	68,193	66,887	(1,306)		
39	555	QF Weeks Falls	931	0	931	927	0	927	(4)	0	(4)	12,414	12,356	(58)		
40	555	Qualico Dairy Digester	287	0	287	0	0	0	0	0	0	3,496	3,496	0		
41	555	Sempra PPA	37,628	0	37,628	37,628	0	37,628	0	0	0	547,800	547,800	0		
42	555	Sumas	14,952	0	14,952	17,700	0	17,700	2,748	0	2,748	269,040	340,518	71,479		
43	547	Tenaska Excess Energy	5	5	10	10	0	10	5	0	5	71	155	85		
44	547	TransAlta Exchange	(1,102)	0	(1,102)	(1,102)	0	(1,102)	0	0	0	0	0	0	0	
45	555	Vanderhaak Dairy	0	0	0	0	0	0	0	0	0	0	0	0	0	
46	555	Wasco Hydro	2,523	0	2,523	2,525	0	2,525	2	0	2	38,203	38,286	83		
47	555	Whitehorn 2&3	20	181	201	18	181	199	(3)	0	(3)	257	239	(17)		
48	547	Wild Horse Expansion	0	536	536	0	474	474	(63)	(63)	(63)	90,467	90,467	0		
49	555	Wild Horse Wind	0	3,795	3,795	0	3,351	3,351	(444)	(444)	(444)	640,060	640,060	0		
50	555	QF Hulch.-TY + Settlement Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	
51	555	Other Power Costs	0	7,731	7,731	0	7,731	7,731	0	0	0	0	0	0	0	0
52	557	Wheeling	0	84,253	84,253	0	80,782	80,782	(3,471)	0	(3,471)	0	0	0	0	0
53	565	Douglas Settlement	0	(2,826)	(2,826)	0	(2,600)	(2,600)	226	0	226	0	0	0	0	0
54	555	Capacity	0	46	46	0	59	59	13	0	13	0	0	0	0	0
55	555	Powerex	0	0	0	0	0	0	0	0	0	0	0	0	0	0
56	555	(Gain) / Loss on Sale of Excess Gas	0	(220)	(220)	0	(285)	(285)	(65)	0	(65)	0	0	0	0	0
57	456	BEP Amort	0	3,527	3,527	0	3,527	3,527	0	0	0	0	0	0	0	0
58	555	Gas Contracts Mark to Market	0	42,312	42,312	0	46,216	46,216	3,904	0	3,904	0	0	0	0	0
59	547	Total	\$ 747,966	\$ 322,439	\$ 1,070,405	\$ 685,877	\$ 332,010	\$ 1,017,887	\$ (62,090)	\$ 9,571	\$ (52,519)	\$ 23,916,618	\$ 22,984,236	\$ (932,382)		
60		Coal Fuel	57,052	26,531	83,583	60,434	21,730	82,164	3,382	(4,801)	(1,419)	4,961,528	5,143,996	182,467		
61	501	Natural Gas Fuel	139,005	55,650	194,655	152,186	70,590	222,776	13,181	14,940	28,121	2,821,530	3,271,400	449,870		
62	547	Purchase & Interchange	567,141	148,495	715,636	501,571	151,463	653,035	(65,569)	2,968	(62,601)	16,524,437	15,281,310	(1,243,128)		
63	555	Other Power Supply	0	7,731	7,731	0	7,731	7,731	0	0	0	0	0	0	0	0
64	555	Wheeling	0	84,253	84,253	0	80,782	80,782	(3,471)	0	(3,471)	0	0	0	0	0
65	565	Secondary Sales	(15,231)	0	(15,231)	(28,315)	0	(28,315)	(13,084)	0	(13,084)	(390,878)	(712,469)	(321,592)		
66	447	Non-Core Gas	0	(220)	(220)	0	(285)	(285)	(65)	0	(65)	0	0	0	0	0
67	456	Total	\$ 747,966	\$ 322,439	\$ 1,070,405	\$ 685,877	\$ 332,010	\$ 1,017,887	\$ (62,090)	\$ 9,571	\$ (52,519)	\$ 23,916,618	\$ 22,984,236	\$ (932,382)		
68	555	Prudence & Buyout Disallowances									\$ 524					
69	555	Production O&M (including ben & pir tax)									1,497					
70	555	Colstrip 500 KV Expense									1,497					
71		Costs for Revenue Requirement									\$ 1,134,306					
72																
73																
74																

REDACTED VERSION

2009 GRC vs 2007 GRC Updated Power Cost Projections
Increase / (Decrease) Costs
(costs in '000s)

LN	FERC a/c	Contract/Resource	2007 GRC Updated (costs in '000s)			2009 GRC Update (April10-Mar11) (costs in '000s)			Increase / (Decrease) Costs (costs in '000s)			Final		Incr/(Decr) MWhs		
			AURORA	Other	Total	AURORA	Other	Total	AURORA	Other	Total	2007 GRC MWH	2009 GRC MWH	2007 GRC MWH	09GRC-07GRC MWH	
1		Baker Replacement	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	7,006	7,009	2		
2	555	BC Hydro Point Roberts	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	19,723	20,132	408			
3	555	BPA Firm - WNP #3 Exchange	12,818	0	12,818	13,750	0	13,750	932	0	932	368,751	407,307	38,556		
4	555	BPA Snohomish Conservation	3,811	0	3,811	0	0	0	(3,811)	0	(3,811)	90,112	0	(90,112)		
5	555	Canadian EA	0	4,757	4,757	10,909	41,993	52,902	7,045	6,152	13,197	(299,235)	(283,623)	15,612		
6	555	Colstrip 1&2	24,039	7,875	31,914	29,350	10,820	40,170	5,727	2,945	8,672	2,145,805	2,250,396	104,590		
7	555	Colstrip 3&4	23,623	7,875	31,498	27,704	0	27,704	27,704	0	27,704	2,622,472	2,893,600	271,128		
8	555	Credit Suisse	0	0	0	0	0	0	0	0	0	0	438,000	438,000	0	
9	555	Crystal Mountain	0	(4,102)	(4,102)	9,143	1,663	10,807	6,839	5,766	12,605	30,062	158,943	128,881		
10	547	Encogen	21,522	6,606	28,128	22,974	6,080	29,055	1,452	(525)	926	338,872	503,178	164,306		
11	547	Fred 1	563	563	1,126	15	15	30	(549)	0	(549)	5,425	201	(5,223)		
12	547	Frederickson 1&2	1,561	790	2,351	49	790	840	(1,511)	0	(1,511)	15,869	712	(15,156)		
13	547	Frederia 1&2	602	790	1,392	110	790	900	(492)	0	(492)	6,816	1,693	(5,123)		
14	547	Frederia 3&4	87,781	3,293	91,074	47,930	6,187	54,117	(39,852)	2,895	(36,957)	1,390,754	1,069,367	(321,387)		
15	547	Goldendale	0	(1,037)	(1,037)	0	(381)	(381)	XXXXX	XXXXX	656	454,408	477,363	22,955		
16	555	Hopkins Ridge Wind	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	3,025	
17	555	Klondike Wind PPA	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	3,025	
18	555	Lehman Brothers PPA	23,457	0	23,457	0	0	0	(23,457)	0	(23,457)	364,800	158,943	(205,857)		
19	555	Market Purchase	170,120	(2)	170,118	94,713	35	94,748	(75,370)	38	(75,370)	2,777,433	2,089,267	(688,166)		
20	555	Market Sale	(15,819)	0	(15,819)	(28,315)	0	(28,315)	(12,496)	0	(12,496)	XXXXX	XXXXX	(602,109)		
21	447	Mid Columbia	0	98,860	98,860	0	78,484	78,484	(20,377)	0	(20,377)	XXXXX	XXXXX	(523,296)		
22	547	Mint Farm	1,248	17	1,265	5,693	30,134	35,827	54,237	8,681	62,918	21,900	1,196,393	1,196,393		
23	547	Nooksack Hydro	5,373	38,524	43,897	0	0	0	(212)	(17)	(230)	723,564	18,180	(705,384)		
24	555	Northwestern	0	0	0	0	0	0	321	(8,390)	(8,070)	598,047	711	(128,517)		
25	555	PG&E Exchange	0	0	0	0	0	0	0	0	0	(69)	180,000	179,931		
26	555	PR Displacement Product	4,493	0	4,493	XXXXX	XXXXX	XXXXX	(196)	0	(196)	182,400	180,000	(2,400)		
27	555	PSE Short Term Contracts	165,187	0	165,187	102,716	0	102,716	(62,471)	0	(62,471)	156,970	253,584	96,613		
28	555	Puget's Hydro	2,983	0	2,983	2,932	0	2,932	2,586	0	2,586	2,589,808	1,585,000	(1,004,808)		
29	555	QF Koma Kulshan Hydro	37,439	0	37,439	38,591	0	38,591	1,152	0	1,152	1,048,033	831,862	(216,170)		
30	555	QF March Point 1	26,395	0	26,395	29,677	0	29,677	3,282	0	3,282	38,900	38,446	(454)		
31	555	QF March Point 2	330	0	330	192	0	192	(138)	0	(138)	688,868	690,789	21,921		
32	555	QF Port Townsend Hydro	183	159	342	12,882	0	12,882	(183)	(159)	(342)	374,129	374,129	(7,545)		
33	555	QF Puyallup Energy Recovery Co. (PERC)	12,836	0	12,836	0	0	0	46	0	46	5,179	2,515	(2,664)		
34	555	QF Spokane MSW	47	47	94	50	0	50	3	0	3	142,428	142,466	38		
35	555	QF Sygnowicz	100,435	31,942	132,377	94,682	38,307	132,989	(5,753)	6,365	612	703	695	(8)		
36	555	QF Tenaska	5,151	0	5,151	5,016	0	5,016	(134)	0	(134)	309,941	564,055	254,114		
37	555	QF Twin Falls	923	0	923	927	0	927	4	0	4	68,675	66,887	(1,788)		
38	555	QF Weeks Falls	0	0	0	0	0	0	0	0	0	12,301	12,356	55		
39	555	Qualico Dairy Digester	30,086	0	30,086	37,628	0	37,628	267	0	267	438,000	547,800	109,800		
40	555	Sempra PPA	8,935	0	8,935	17,700	0	17,700	8,765	0	8,765	127,900	340,518	212,618		
41	555	Sumas	1	1	2	10	9	19	9	9	18	14	155	142		
42	555	Tenaska Excess Energy	(1,460)	0	(1,460)	(1,102)	0	(1,102)	359	0	359	0	0	0		
43	547	TransAlta Exchange	0	0	0	0	0	0	0	0	0	0	0	0		
44	547	Vanderhaak Dairy	2,498	0	2,498	2,525	0	2,525	27	0	27	38,126	38,286	160		
45	555	Wasco Hydro	501	181	682	18	181	199	(483)	(0)	(483)	4,716	239	(4,477)		
46	555	Whitehorn 2&3	0	0	0	0	0	0	0	0	0	0	0	0		
47	555	Wild Horse Expansion	0	4,641	4,641	0	474	474	0	474	0	90,467	90,467	0		
48	555	Wild Horse Wind	0	0	0	3,351	0	3,351	0	(1,290)	(1,290)	641,924	640,060	(1,864)		
49	555	Other Power Adjustments	0	0	0	0	0	0	0	0	0	0	0	0		
50	555	Other Power Costs	0	6,928	6,928	7,731	0	7,731	0	803	803	0	0	0		
51	555	Wheeling	0	72,028	72,028	80,782	0	80,782	8,754	0	8,754	0	0	0		
52	555	Douglas Settlement	0	(5,235)	(5,235)	(2,600)	0	(2,600)	0	2,635	2,635	0	0	0		
53	555	Capacity	0	21	21	59	0	59	38	0	38	0	0	0		
54	555	Powerex	0	0	0	0	0	0	0	0	0	0	0	0		
55	555	(Gain) / Loss on Sale of Excess Gas	0	(155)	(155)	(285)	0	(285)	(130)	0	(130)	0	0	0		
56	555	BEP Amort	0	3,527	3,527	3,527	0	3,527	0	0	0	0	0	0		
57	555	Gas Contracts Mark to Market	0	(5,166)	(5,166)	46,216	0	46,216	51,382	0	51,382	0	0	0		
58	555	Total	\$ 784,676	\$ 265,385	\$ 1,050,061	\$ 885,877	\$ 332,010	\$ 1,017,887	\$ (98,799)	\$ 66,625	\$ (32,174)	\$ 23,599,467	\$ 22,984,236	\$ (615,231)		
59	547	Coal Fuel	47,662	12,632	60,294	60,434	21,730	82,164	12,772	9,098	21,869	4,768,277	5,143,996	375,718		
60	547	Natural Gas Fuel	123,771	2,392	126,163	152,186	70,590	222,776	28,415	68,198	96,613	1,920,426	3,271,400	1,350,973		
61	547	Purchase & Interchange	629,061	171,560	800,621	501,571	151,463	653,035	(127,490)	(20,097)	(147,586)	17,221,124	15,281,310	(1,939,814)		
62	555	Other Power Supply	0	6,928	6,928	7,731	0	7,731	803	0	803	0	0	0		
63	555	Wheeling	0	72,028	72,028	80,782	0	80,782	8,754	0	8,754	0	0	0		
64	555	Secondary Sales	(15,819)	0	(15,819)	(28,315)	0	(28,315)	(12,496)	0	(12,496)	(310,360)	(712,469)	(402,109)		
65	447	Non-Core Gas	0	(155)	(155)	0	(285)	(285)	0	(130)	(130)	23,599,467	22,984,236	(615,231)		
66	456	Total	\$ 784,676	\$ 265,385	\$ 1,050,061	\$ 885,877	\$ 332,010	\$ 1,017,887	\$ (98,799)	\$ 66,625	\$ (32,174)	\$ 23,599,467	\$ 22,984,236	\$ (615,231)		
67		Prudence & Buyout Disallowances														
68		Production O&M (including ben & p/r tax)														
69		Colstrip 500 KV Expense														
70		Costs for Revenue Requirement														
71																
72																
73																
74																

REDACTED VERSION