

Exhibit ___ (JMR-3)
Docket No. UE-060266, et al.
Witness: James M. Russell

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UE-060266

DOCKET NO. UG-060267
(consolidated)

EXHIBIT OF

JAMES M. RUSSELL

**STAFF OF THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION**

PCA Baseline Rate

July 25, 2006

Exhibit A-1 Power Cost Rate

Row		Test Year		Production Factor
3	Regulatory Assets (Variable)	\$ 230,034,285		
4	Transmission Rate Base (Fixed)	113,206,055		
5	Production Rate Base (Fixed)	978,695,344		
6		\$ 1,321,935,684		
7	Net of tax rate of return	6.61%		0.99109
8				
9				
10	Regulatory Asset Recovery (on Row 3)	\$ 23,392,717	\$ 1.150 (c)	
11	Fixed Asset Recovery Other (on Row 4)	11,512,185	\$ 0.566 (a)	11,512,185
12	Fixed Asset Recovery-Prod Factored (on Row 5)	99,525,788	\$ 4.893 (a)	100,420,535
13	501-Steam Fuel	51,773,733	\$ 2.546 (c)	
14	555-Purchased power	699,673,246	\$ 34.400 (c)	
14a	Tenaska disallowance	(11,807,274)	\$ (0.581) (c)	
15	557-Other Power Exp	7,005,218	\$ 0.344 (a)	7,068,196
15a	Payroll Overheads - Worker's Comp	1,077,159	\$ 0.053 (a)	1,086,842
15b	Property Insurance	2,267,699	\$ 0.111 (a)	2,288,086
15c	Montana Electric Energy Tax	1,704,512	\$ 0.084 (a)	1,719,835
15d	Payroll Taxes on Production Wages	521,274	\$ 0.026 (a)	525,960
16	547-Fuel	34,135,738	\$ 1.678 (c)	
17	565-Wheeling	56,506,255	\$ 2.778 (c)	
18	Variable Transmission Income	(3,869,746)	\$ (0.190) (c)	
19	Hydro and Other Pwr.	73,790,039	\$ 3.628 (a)	74,453,419
20	447-Sales to Others	(8,228,414)	\$ (0.405) (c)	
21	456-Subaccounts 00012 & 00018 and 00035 & 00036	(547,386)	\$ (0.027) (c)	
22	Transmission Exp - 500KV	862,248	\$ 0.042 (a)	870,000
23	Depreciation & Amort -Production (FERC 403)	62,037,772	\$ 3.050 (a)	62,595,498
24	Depreciation-Transmission	5,109,174	\$ 0.251 (a)	5,109,174
25	Amortization-Production Reg Assets	30,028,391	\$ 1.476 (c)	
26	Property Taxes-Production	12,427,500	\$ 0.611 (a)	12,539,224
27	Property Taxes-Transmission	4,045,891	\$ 0.199 (a)	4,045,891
28	Subtotal & Baseline Rate	\$ 1,152,943,719	\$ 56.683 (b)	284,234,845
29	Revenue Sensitive Items	0.9549744		
30		\$ 1,207,303,292		
31	Test Year DELIVERED Load (MWH's)	20,339,227		<-- includes Firm Wholesale
32				
33				
34				
35				
36				
37	Power Cost in Rates with Revenue Sensitive			
38	Items (the adjusted baseline)	\$ 56.683	\$ 59.356	
39	sum of (a) = Fixed Rate Component	\$ 13.858	\$ 14.511	
40	(b) = Power Cost Rate	\$ 56.683	\$ 59.356	
41	sum of (c) = Variable Power Rate Component	\$ 42.825	\$ 44.844	