

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
Revised August 9, 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)	978,893,346			
6		\$ 1,322,133,686			
7	Net of tax rate of return	6.61%			0.99109
8					Rate Year
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)	99,545,923	\$ 4.894	(a)	100,440,851
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	7,006,705	\$ 0.344	(a)	7,069,696
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	521,542	\$ 0.026	(a)	526,231
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.	73,794,776	\$ 3.628	(a)	74,458,198
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	12,313,203	\$ 0.605	(a)	12,423,900
27	Property Taxes-Transmission	4,022,759	\$ 0.198	(a)	4,022,759
28	Subtotal & Baseline Rate	\$ 1,152,832,918	\$ 56.677	(b)	284,123,257
29	Revenue Sensitive Items	0.9549744			
30		\$ 1,207,187,267			
31	Test Year DELIVERED Load (MWH's)	20,339,227			<-- includes Firm Wholesale
32					
33					
34					
35		<u>Before Rev.</u>	<u>After Rev.</u>		
36		<u>Sensitive Items</u>	<u>Sensitive Items</u>		
37	Power Cost in Rates with Revenue Sensitive				
38	Items (the adjusted baseline)	\$ 56.677	\$ 59.349		
39	sum of (a) = Fixed Rate Component	\$ 13.852	\$ 14.505		
40	(b) = Power Cost Rate	\$ 56.677	\$ 59.349		
41	sum of (c) = Variable Power Rate Component	\$ 42.825	\$ 44.844		