

EXHIBIT NO. ___ (JMR-22)
DOCKET NO. UG-040640, *et al.* (consolidated)
2004 PSE GENERAL RATE CASE
WITNESS: JULIA M. RYAN

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*)

TENTH EXHIBIT TO THE
PREFILED REBUTTAL TESTIMONY OF
JULIA M. RYAN (NONCONFIDENTIAL)
ON BEHALF OF PUGET SOUND ENERGY, INC.

REVISED DECEMBER 10, 2004

GRC Power Cost Projections Reconciliation
Rate Year AURORA + 2011-AURORA Power Costs

Power Costs

9.30.04 Rebuttal Gas Price Update vs GRC Filing

| | GRC 9.30.04 | | Tenaska & March Point | | Production Colstrip | | Net Costs for | |
|---|-------------|---------------|-----------------------|--------------|---------------------|--------|---------------|--------------|
| | Aurora | Not in Models | Total | Disallowance | O&M | 500 KV | Revenue | Requirements |
| REBUTTAL w/ Gas Price Update | | | | | | | | |
| GRC 1.19.04 as filed | \$ 525,879 | \$ 205,494 | \$ 731,373 | \$ (11,993) | \$ 53,496 | \$ 492 | \$ 773,369 | |
| Reconciling Items: | | | | | | | | |
| 50 yr vs 60 yr hydro | (1,978) | | (1,978) | | | | (1,978) | H |
| Update Gas Forecast | 56,440 | | 56,440 | | | | 56,440 | G |
| Gas MTM | | (9,784) | (9,784) | | | | (9,784) | G |
| Update Coal Price & move adj to Aurora | 2,406 | (912) | 1,495 | | | | 1,495 | Coal |
| Remove PSEG contract to Tenaska | | 323 | 323 | | | | 323 | Contracts |
| Douglas Settlement | | (931) | (931) | | | | (931) | G |
| Adjust Wheeling Incr from 15% to 14% | | 338 | 338 | | | | 338 | W |
| Adjust WNP3 Contract Capacity Cost Update | | (1,525) | (1,525) | | | | (1,525) | Contracts |
| Fixed Fuel Costs for Encogen | | (2,746) | (2,746) | | | | (2,746) | Cap |
| Prudence & Buyout Disallowance | | 28 | 28 | | | | 28 | G |
| Colstrip O&M | | | | (1,761) | 1,151 | | (1,761) | G |
| Generation Impact for Freddy/Epcor | | | | | (62) | | (62) | G |
| Normalized Major Maintenance | | | | | (422) | | (422) | G |
| Net Change before CanWest | \$ 56,868 | \$ (15,208) | \$ 41,661 | \$ (1,761) | \$ 39,899 | \$ 667 | \$ 40,566 | |
| Rebuttal w/ Gas Price Updates b4 CanWest | \$ 582,748 | \$ 190,286 | \$ 773,033 | \$ (13,754) | \$ 54,163 | \$ 492 | \$ 813,935 | |
| CanWest Stimt | | 1,577 | 1,577 | | | | 1,577 | CW |
| CanWest Replacement Gas Contracts MTM | | (345) | (345) | | | | (345) | CW |
| CanWest Change | \$ - | \$ 1,232 | \$ 1,232 | \$ - | \$ 1,232 | \$ - | \$ 1,232 | |
| Net Change | \$ 56,868 | \$ (13,976) | \$ 42,893 | \$ (1,761) | \$ 41,132 | \$ 667 | \$ 41,799 | |
| GRC 9.30.04 rebuttal w/ CanWest | \$ 582,748 | \$ 191,518 | \$ 774,266 | \$ (13,754) | \$ 54,163 | \$ 492 | \$ 815,168 | |

| | As Filed | |
|-----------|----------------------------|------------|
| H | Hydro Update | \$ 773,369 |
| G | Gas Price Update | (1,978) |
| Cap | Capacity Update | 43,508 |
| Coal | Colstrip Update | (2,746) |
| Contracts | Contracts Update | 2,645 |
| W | Wheeling | (1,202) |
| | Rebuttal before CanWest | 338 |
| CW | CanWest Update | \$ 813,935 |
| | Rebuttal including CanWest | 1,232 |
| | | \$ 815,168 |

AURORA As Filed \$ 525,879
AURORA As Filed w/ 50 year Hydro 523,901
Decrease due to 50 vs 60 year Hydro (1,978)

GRC Power Cost Projections
Rate Year AURORA + Non-AURORA Power Costs
GRC 9.30.04 Gas Price Updates + 50 Year Hydro

Changes Highlighted

General Rate Case Rate Year: March 2005 - February 2006

| | Mar-05 | Apr-05 | May-05 | Jun-05 | Jul-05 | Aug-05 | Sep-05 | Oct-05 | Nov-05 | Dec-05 | Jan-06 | Feb-06 | Rate Year |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| 501 Coal Fuel | \$ 3,524 | \$ 3,428 | \$ 2,848 | \$ 3,012 | \$ 3,524 | \$ 3,524 | \$ 3,428 | \$ 3,524 | \$ 3,428 | \$ 3,524 | \$ 3,626 | \$ 3,331 | \$ 40,719 |
| 547 Natural Gas Fuel | 5,755 | 4,618 | 4,169 | 4,341 | 7,291 | 12,077 | 13,831 | 9,878 | 10,506 | 11,747 | 13,402 | 10,916 | 108,531 |
| 555 Purchase & Interchange | 57,732 | 43,390 | 32,823 | 40,654 | 33,694 | 34,242 | 37,130 | 51,434 | 60,064 | 75,823 | 72,717 | 61,696 | 601,398 |
| 557 Other Power Supply | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 544 | 544 | 6,708 |
| 565 Wheeling | 3,373 | 3,390 | 3,386 | 3,549 | 3,763 | 3,573 | 3,880 | 4,057 | 4,018 | 3,975 | 3,927 | 3,916 | 44,806 |
| 447 Secondary Sales | (1,128) | (1,642) | (448) | (1,295) | (5,162) | (4,981) | (3,887) | (2,570) | (2,680) | (1,662) | (1,318) | (1,122) | (27,896) |
| Subtotal | \$ 69,817 | \$ 53,746 | \$ 43,338 | \$ 50,822 | \$ 43,671 | \$ 48,996 | \$ 54,944 | \$ 66,865 | \$ 75,897 | \$ 93,969 | \$ 92,899 | \$ 79,281 | \$ 774,266 |
| Non-Core Gas | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal with Non-Core Gas | \$ 69,817 | \$ 53,746 | \$ 43,338 | \$ 50,822 | \$ 43,671 | \$ 48,996 | \$ 54,944 | \$ 66,865 | \$ 75,897 | \$ 93,969 | \$ 92,899 | \$ 79,281 | \$ 774,266 |

| | | | | | | | | | | | | | |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| 6.40% Load in MWh | 1,913,303 | 1,657,048 | 1,577,190 | 1,478,858 | 1,508,755 | 1,537,626 | 1,499,973 | 1,690,860 | 1,881,084 | 2,141,613 | 2,177,709 | 1,859,919 | 20,923,938 |
| Delivered Load | 1,790,852 | 1,550,997 | 1,476,250 | 1,384,211 | 1,412,194 | 1,439,218 | 1,403,975 | 1,582,645 | 1,760,695 | 2,004,550 | 2,038,336 | 1,740,884 | 19,584,806 |

Revenue Requirement Adjustments:

| | |
|--|-----------------|
| Before adjustment | \$ 774,266 |
| Tenaska Buyout Disallowance | 50.0% \$ 21,442 |
| Tenaska Prudence Disallowance | 1.2% \$ 164,337 |
| March Point 2 Prudence Disallowance | 3.0% \$ 35,351 |
| Net Power Costs | \$ 760,512 |
| Production O&M (including ben & p/r tax) | 54,163 |
| Colstrip 500 KV Expense | 492 |
| Subtotal Costs for Revenue Requirement | \$ 815,167 |
| Remove CanWest Impact: | (1,232) |
| Net Costs for Revenue Requirement | \$ 813,935 |
| Original File | \$ 813,935 |
| Rebuttal | \$ 813,417 |
| As Filed Net Costs | \$ 773,369 |
| Difference | \$ 40,566 |
| | \$ 518 |

GRC Power Cost Projections
Rate Year AURORA + Non-AURORA Power Costs
GRC 1.19.04 50 Year Hydro

Changes Highlighted

General Rate Case Rate Year: March 2005 - February 2006

| | Mar-05 | Apr-05 | May-05 | Jun-05 | Jul-05 | Aug-05 | Sep-05 | Oct-05 | Nov-05 | Dec-05 | Jan-06 | Feb-06 | Rate Year |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| 501 Coal Fuel | \$ 3,524 | \$ 3,429 | \$ 2,848 | \$ 3,012 | \$ 3,524 | \$ 3,524 | \$ 3,429 | \$ 3,524 | \$ 3,429 | \$ 3,524 | \$ 3,626 | \$ 3,331 | \$ 40,726 |
| 547 Natural Gas Fuel | 5,543 | 4,965 | 4,605 | 4,559 | 7,026 | 11,594 | 14,061 | 10,231 | 10,434 | 10,950 | 11,940 | 10,026 | 105,934 |
| 555 Purchase & Interchange | 53,627 | 40,324 | 30,843 | 38,105 | 31,707 | 32,258 | 34,324 | 46,845 | 54,619 | 69,248 | 67,580 | 57,313 | 556,792 |
| 557 Other Power Supply | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 544 | 544 | 6,708 |
| 565 Wheeling | 3,373 | 3,390 | 3,386 | 3,549 | 3,763 | 3,573 | 3,880 | 4,057 | 4,018 | 3,975 | 3,927 | 3,916 | 44,806 |
| 447 Secondary Sales | (990) | (1,743) | (530) | (1,315) | (4,683) | (4,832) | (4,124) | (2,974) | (2,558) | (1,528) | (1,160) | (969) | (27,406) |
| Subtotal | \$ 65,639 | \$ 50,927 | \$ 41,714 | \$ 48,472 | \$ 41,899 | \$ 46,679 | \$ 52,131 | \$ 62,245 | \$ 70,503 | \$ 86,732 | \$ 86,457 | \$ 74,162 | \$ 727,560 |
| Non-Core Gas | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal with Non-Core Gas | \$ 65,639 | \$ 50,927 | \$ 41,714 | \$ 48,472 | \$ 41,899 | \$ 46,679 | \$ 52,131 | \$ 62,245 | \$ 70,503 | \$ 86,732 | \$ 86,457 | \$ 74,162 | \$ 727,560 |

| | | | | | | | | | | | | | |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| 6.40% Load in MWh | 1,913,303 | 1,657,048 | 1,577,190 | 1,478,858 | 1,508,755 | 1,537,626 | 1,499,973 | 1,690,860 | 1,881,085 | 2,141,614 | 2,177,709 | 1,859,919 | 20,923,938 |
| Delivered Load | 1,790,852 | 1,550,997 | 1,476,249 | 1,384,211 | 1,412,194 | 1,439,218 | 1,403,975 | 1,582,645 | 1,760,695 | 2,004,550 | 2,038,335 | 1,740,884 | 19,584,806 |

Revenue Requirement Adjustments:

| | |
|-------------------------------------|-------------------|
| Before adjustment | \$ 727,560 |
| Tenaska Buyout Disallowance | 50.0% \$ 18,360 |
| Tenaska Prudence Disallowance | 1.2% \$ 143,972 |
| March Point 2 Prudence Disallowance | 3.0% \$ 35,704 |
| Net Power Costs | \$ 715,581 |

| | |
|--|-------------------|
| Production O&M (including ben & p/r tax) | 54,626 |
| Colstrip 500 KV Expense | 492 |
| Net Costs for Revenue Requirement | \$ 770,700 |

| | |
|-------------------------------|-------------------|
| As Filed Net Costs | 773,369 |
| Difference | (2,669) |
| Original File Rebuttal | \$ 813,417 |

| | |
|--------------------|--------------------|
| As Filed Net Costs | \$ 773,369 |
| Difference | \$ (2,669) |
| Rebuttal | \$ (42,717) |