

RECEIVED
RECORDS MANAGEMENT

04 DEC 10 AM 9:24

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Perkins
Coie

Jason Kuzma
Direct: (425) 635-1416
Email: jkuzma@perkinscoie.com

The PSE Building
10885 N.E. Fourth Street, Suite 700
Bellevue, WA 98004-5579
PHONE: 425.635.1400
FAX: 425.635.2400
www.perkinscoie.com

VIA OVERNIGHT MAIL and VIA EMAIL

December 9, 2004

Dennis J. Moss
Senior Review Judge
Washington Utilities and Transportation
Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504

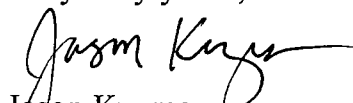
**Re: 2004 PSE General Rate Case
Consolidated Docket Nos. UG-040640, UE-040641, et al**

Dear Judge Moss:

Enclosed please find Puget Sound Energy, Inc.'s Responses to Bench Request Nos. 6.

Thank you for your assistance in this matter.

Very truly yours,


Jason Kuzma

JK:pli

Enclosures

cc: Bradley Van Cleve (w/encl)
Bob Cedarbaum (w/encl)
Ronald Roseman (w/encl)
John O'Rourke (w/encl)
Simon J. ffitch (w/encl)
Edward Finklea (w/encl)
Danielle Dixon (w/encl)
Donald Schoenbeck (w/encl)
Michael Kurtz (w/encl)
Kevin C. Higgins (w/encl)

[07771-0089-000000/BA043430.029]

ANCHORAGE · BEIJING · BELLEVUE · BOISE · CHICAGO · DENVER · HONG KONG · LOS ANGELES
MENLO PARK · OLYMPIA · PORTLAND · SAN FRANCISCO · SEATTLE · WASHINGTON, D.C.

Perkins Coie LLP and Affiliates

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UG-040640 and UE-040641
Puget Sound Energy, Inc.'s General Rate Case
for Gas and Electric Operations**

COMMISSION BENCH DATA REQUEST NO. 006

COMMISSION BENCH DATA REQUEST NO. 006:

In reference to Mr. Story's Exhibits JHS-E3 page 8 of 41 and JHS-E8 page 8 of 35 and Ms. Ryan's Exhibits JMR-22 page 1 of 3 and JMR-23 page 1 of 4:

- a) Is it correct that in order to reconcile the power costs shown in Ms. Ryan's exhibits to Mr. Story's exhibits, adjustments to rate year costs have to be made for (i) Transmission Income and (ii) for the removal of "Ben and Tax" as shown in Mr. Russell's Exhibit JMR-3C, page 4 of 36.
- b) If this is correct please explain the adjustment to remove Ben & Tax. In any event, please reconcile the referenced exhibits of Mr. Story and Ms. Ryan.

Response:

- a) It is correct that in order to reconcile the power costs shown in Ms. Ryan's exhibits to Mr. Story's exhibits, adjustments to rate year costs have to be made for (i) Transmission Income (as it is obtained from a different department) and (ii) for the removal of "Ben and Tax" as shown in Mr. Russell's Exhibit No. ___ (JMR-3C) at page 4 of 36.
- b) Benefits and taxes relating to power costs in Exhibit No. ___ (JHS-E8) at page 8 of 35 are removed from Ms. Ryan's Exhibits to reconcile to Mr. Story's Exhibits.

Mr. Story's exhibits are sorted by SAP by FERC Accounts, where payroll taxes and benefits are reflected in FERC Account Numbers 926 (line 23 of Puget Sound Energy, Inc.'s ("PSE") Statement of Operations), Employee Pension and Benefits and 408.1, Taxes Other Than Income Taxes (line 27 of PSE's Statement of Operations).

Attached as Attachment A to PSE's Response to Commission Bench Request No. 006, please find a copy of workpapers that reconcile the referenced exhibits.

**Attachment A to PSE's Response to
Commission Bench Data Request No. 006**

**PUGET SOUND ENERGY-ELECTRIC
POWER COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	PRODUCTION EXPENSES:			
2	FUEL	\$ 64,236,514	\$ 146,121,367	\$ 81,884,853
3	PURCHASED AND INTERCHANGED	769,384,600	596,801,097	(172,583,503)
3a	TENASKA DISALLOWANCE	-	(10,583,873)	(10,583,873)
4				
5	WHEELING	39,868,912	43,721,038	3,852,126
6	HYDRO AND OTHER POWER	46,852,153	52,046,659	5,194,506
7	TRANS. EXP. INCL. 500KV O&M	492,266	485,960	(6,306)
8	SALES FOR RESALE	(199,186,464)	(27,538,643)	171,647,821
9	PURCHASES/SALES OF NON-CORE GAS	(9,704,193)	-	9,704,193
10	WHEELING FOR OTHERS	(12,727,829)	(9,398,452)	3,329,377
11	SUBTOTAL	\$ 699,215,959	\$ 791,655,153	\$ 92,439,194
12				
13	LESS: SALES FOR RESALE	199,186,464	(27,538,643)	(171,647,821)
14	LESS: WHEELING FOR OTHERS	12,727,829	(9,398,452)	(3,329,377)
15	SCH. 94 - RES./FARM CREDIT	(172,382,420)	-	172,382,420
16	TOTAL	\$ 738,747,832	\$ 828,592,248	\$ 89,844,416
17	TRANS. EXP. INCL. 500KV O&M	(492,266)		
18	PURCHASES/SALES OF NON-CORE GAS	9,704,193		
19	POWER COSTS PER G/L	\$ 747,959,759		
20	INCREASE(DECREASE) INCOME			\$ (89,844,416)
21				
22	INCREASE(DECREASE) FIT @	35%		(31,445,545)
23	INCREASE(DECREASE) NOI			\$ (58,398,870)

GRC Power Cost Projections Reconciliations
Rate Year AURORA + Non-AURORA Power Costs
Rate Year: March 2005 through February 2006

	As Filed	Change	(No Gas Updates) Rebuttal	Gas Price Change	Rebuttal w/ Gas Price Updates	CanWest Change	Rebuttal w/ Gas Price Updates + CanWest
501 Coal Fuel	39,224	1,502	40,726	(8)	40,719 (4)	-	40,719
547 Natural Gas Fuel	106,378	(445)	105,934	1,365	107,298	1,232	108,531
555 Purchase & Interchange	562,021	(5,229)	556,792	44,606	601,398 (R)	-	601,398
557 Other Power Supply	6,708	-	6,708	-	6,708 (4)	-	6,708
565 Wheeling	44,468	(179)	44,288	-	44,288	-	44,288
447 Secondary Sales	(27,103)	(303)	(27,406)	(490)	(27,896)	-	(27,896)
Subtotal	\$ 731,696	\$ (4,654)	\$ 727,043	\$ 45,473	\$ 772,516	\$ 1,232	\$ 773,748
456 Non-Core Gas	(323)	323	-	-	-	-	-
Subtotal with Non-Core Gas	\$ 731,373	\$ (4,330)	\$ 727,043	\$ 45,473	\$ 772,516	\$ 1,232	\$ 773,748

6.40% Load in MWh Delivered Load

	As Filed	Change	(No Gas Updates) Rebuttal	Gas Price Change	Rebuttal w/ Gas Price Updates	CanWest Change	Rebuttal w/ Gas Price Updates + CanWest
Revenue Requirement Adjustments:							
Before adjustment	\$ 731,373	\$ (4,330)	\$ 727,043	\$ 45,473	\$ 772,516	\$ 1,232	\$ 773,748
Tenaska Buyout Disallowance 50.0%	(9,201)	21	(9,180)	(1,541)	(10,721) (4)	-	(10,721)
Tenaska Prudence Disallowance 1.2%	(1,724)	(3)	(1,728)	(244)	(1,972) (R)	-	(1,972)
March Point 2 Prudence Disallowance 3.0%	(1,067)	(4)	(1,071)	11	(1,061)	-	(1,061)
Net Power Costs	\$ 719,381	\$ (4,317)	\$ 715,064	\$ 43,698	\$ 758,762	\$ 1,232	\$ 759,995
Production O&M (including ben & p/r tax) Colstrip 500 KV Expense	53,496	1,130	54,626	(463)	54,163 (4)	-	54,163
	492	-	492	-	492	-	492
Net Costs for Revenue Requirement	\$ 773,369	\$ (3,187)	\$ 770,182	\$ 43,235	\$ 813,417	\$ 1,232	\$ 814,650
As Filed Net Costs	773,369		773,369		773,369		773,369
Difference	0		(3,187)		40,048		41,281

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

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
Coal Fuel	\$ 3,524	\$ 3,428	\$ 2,848	\$ 3,012	\$ 3,524	\$ 3,428	\$ 3,428	\$ 3,524	\$ 3,428	\$ 3,524	\$ 3,626	\$ 3,331	\$ 40,719
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
Purchase & Interchange	57,732	43,390	32,823	40,654	33,694	34,242	37,130	51,434	60,064	75,823	72,717	61,695	601,398
Other Power Supply	562	562	562	562	562	562	562	562	562	562	544	544	6,708
Wheeling	3,373	3,390	3,386	3,549	3,763	3,573	3,880	3,954	3,914	3,871	3,823	3,813	44,285
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	\$ 66,781	\$ 75,794	\$ 93,865	\$ 92,795	\$ 79,178	\$ 773,748
Non-Core Gas	\$ 99,817	\$ 53,746	\$ 43,338	\$ 50,822	\$ 43,671	\$ 48,996	\$ 54,944	\$ 66,781	\$ 75,794	\$ 93,865	\$ 92,795	\$ 79,178	\$ 773,748
Subtotal with Non-Core Gas	\$ 99,817	\$ 53,746	\$ 43,338	\$ 50,822	\$ 43,671	\$ 48,996	\$ 54,944	\$ 66,781	\$ 75,794	\$ 93,865	\$ 92,795	\$ 79,178	\$ 773,748

Load in MWh	1,913,303	1,657,048	1,577,190	1,478,858	1,508,755	1,537,828	1,499,973	1,690,860	1,981,084	2,141,813	2,177,709	1,859,919	20,923,938
Delivered Load	1,790,852	1,550,997	1,478,250	1,364,211	1,412,194	1,439,218	1,403,975	1,582,645	1,760,685	2,004,550	2,038,336	1,740,884	19,584,806
6.40%													
Revenue Requirement Adjustments:													
Before adjustment													\$ 773,748
Tenaska Buyout Disallowance												\$ 21,442	(10,721)
Tenaska Prudence Disallowance												\$ 184,337	(1,972)
March Point 2 Prudence Disallowance												\$ 35,351	(1,061)
Net Power Costs													\$ 759,995
Production O&M (including ben & p/r tax)													\$ 54,163
Colstrip 500 KV Expense													\$ 492
Subtotal Costs for Revenue Requirement													\$ 814,650
Remove CanWest Impact:													(1,232)
Net Costs for Revenue Requirement													\$ 813,417
As Filed Net Costs													\$ 773,369
Difference													\$ 40,048

Σ (R) = 107,298 (2)

Attachment A

(3)

PUGET SOUND ENERGY
 GENERAL RATE CASE
 DETERMINATION OF NET POWER COSTS FOR GRC PAGE 2.03
 TEST YEAR ENDED SEPTEMBER 30, 2003
 RATE YEAR ENDED FEBRUARY 28, 2006

Line FERC	Description	Rate Year 12ME 2/28/2006	Remove Ben&Tax	Net Before Prod Factor	After Prod Factor of 0.98719
1	Fuel:				
2	501 Steam Fuel	(2) \$ 40,718,646	\$ -	\$ 40,718,646	\$ 40,197,040
3	547 Fuel	107,298,825	-	107,298,825	105,924,327
4		148,017,471	-	148,017,471	146,121,367
5	Purchased and Interchanged:				
6	555 Purchased Power	(2) 598,365,699	-	598,365,699	590,700,634 (R1)
6a	555 Tenaska Disallowance	(10,721,212)	(R2) (528,602)	(10,721,212)	(10,583,873) (1)
7	557 Other Power Expense	6,708,226	(528,602)	6,179,624	6,100,463 (R1)
8		594,352,713	(528,602)	593,824,111	586,217,224
9					
10	565 Wheeling	(2) 44,288,372	-	44,288,372	43,721,038 (1)
11			(R3) (1,440,890)		
12	various Hydro and Other Power	54,162,918	(1,440,890)	52,722,028	52,046,659
13					
14	various Trans. Exp. Incl. 500Kv O&M	492,266		492,266	485,960
15	447 Sales for Resale	(27,895,991)		(27,895,991)	(27,538,643)
16	456 Purchases/Sales Of Non-Core Gas	-		-	-
17		(27,403,725)	-	(27,403,725)	(27,052,683)
18					
19	Net Power Costs	(2) 813,417,749	(1,969,492)	811,448,257	801,053,605
20	various Variable Transmission Income	(5) (9,520,408)		(9,520,408)	(9,398,452) (1)
21					
22	Power Costs Page 2.03 Line 11	\$ 803,897,341	\$ (1,969,492)	\$ 801,927,848	\$ 791,655,153
23					

Reconciliation of Total power Costs

27	Power Costs Provided by Energy Risk Dept.		\$ 813,416,751	\$ 802,996,882
28	Benefits and Taxes		(1,969,492)	(1,944,263)
29	Variable Transmission Income		(9,520,408)	(9,398,452)
30	Rounding		-	-
31	Power Costs Page 2.03 Line 11		\$ 801,926,850	\$ 791,654,168
32			(801,926,850)	(791,654,168)

Reconciliation of Employee Benefits and Payroll Taxes ("EB&T")

36	Rate Year Prod O&M Employee Benefits and Taxes incl by Energy Risk Dept		\$ 1,721,442	R \$ 1,699,391
37	Energy Risk Department Rate Year Adjustments:			
38	ERD Adj 3 - Remove White River TY O&M		(383,465)	R (378,553)
39	ERD Adj 4 - White River O&M remaining at Electron/Snoqualmie		106,182	R 104,822
40	ERD Adj 6 - Major Maintenance		(3,269)	R (3,227)
41	Add EB&T included in Order Group 557 "Other Power Supply Expenses"		528,602 (R2)	521,831
42	Total EB&T removed on Line 22 above		\$ 1,969,492	\$ 1,944,263

Sum of R = 1,440,850 (R3)

Σ (R1) = 596,801,097 (1)

Calculation of proforma transmission revenue adjustment

Account	Description	12ME ended 09/03*	12ME ended 02/06**	Adjustment	Comments
45600002	Transmission Services - Snohomish	\$ 10,733	\$ 9,324	\$ (1,409)	
45600003	Transmission Services - Whatcom	1,937,555	49,400	(1,888,155)	OASIS service agreement 11/1/2003 plus losses
45600004	Transmission Services - Miscellaneous	19,485	40,764	21,279	Black Creek Storage & wheeling
45600017	Transmission Revenues - OASIS - SI, NI, Colstrip	4,966,145	3,773,164	(1,191,981)	Based on 3 year average as of 12/31/2003. Consistent with PCORC Rebuttal.
45600019	Transmission Revenues - OASIS - Ancillary Service - Others, BPA GTA	205,350	168,090	(37,260)	Carried forward known firm sales through 12/2004. Includes Whatcom PUD of \$3800
45600024	Transmission Services - Seattle	332,304	332,304	-	
45600025	Transmission Services - Tacoma	4,576	4,769	193	
45600030	Transmission Revenues - OASIS - BPA GTA	1,083,996	1,083,996	-	
45600050	Transmission Revenues - OASIS - Anc Svc - Direct Charge - BPA GTA	307,401	307,401	-	
45600060-62	Transmission Revenues - OASIS - 449 all revenue	2,535,047	2,507,733	(27,314)	Based on 2003 actuals
45600064	Transmission Revenues - OASIS - Losses - Others	45,741	2,218	(43,523)	
45600065	Transmission Revenues - OASIS - Anc Svc - Imbalance - BPA GTA	50,207	50,207	-	
45600066	Transmission Revenues - OASIS - Losses - BPA GTA	304,365	304,365	-	
45600067-71	Transmission Revenues - OASIS - 448/SeaTac all revenue	909,678	871,673	(38,005)	Based on 2003 actuals
45600072	Transmission Revenues - OASIS - WA State - Not BPA GTA	16,246	15,000	(1,246)	
Totals		\$ 12,727,829	\$ 9,520,408	\$ (3,207,421)	

4

* Includes taxes and prior period adjustments

** Does not include taxes or prior period adjustments

PUGET SOUND ENERGY-ELECTRIC
2.03 POWER COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO. DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1 PRODUCTION EXPENSES:			
2 FUEL	\$ 64,236,514	\$ 200,357,175	\$ 136,120,661
2a TENASKA DISALLOWANCE		(9,082,902)	(9,082,902)
3 PURCHASED AND INTERCHANGED:	769,384,600	550,939,082	(218,445,518)
4 WHEELING	39,868,912	41,793,080	1,924,168
5 HYDRO AND OTHER POWER	46,852,153	51,388,582	4,536,429
6 TRANS. EXP. INCL. 500KV O&M	492,266	485,960	(6,306)
7 SALES FOR RESALE	(199,186,464)	(55,157,632)	144,028,832
8 PURCHASES/SALES OF NON-CORE GAS	(9,704,193)	(319,170)	9,385,023
9 WHEELING FOR OTHERS	(12,727,829)	(9,398,452)	3,329,377
10 SUBTOTAL	\$ 699,215,959	\$ 771,005,722	\$ 71,789,763
11			
12 LESS: SALES FOR RESALE	199,186,464	55,157,632	(144,028,832)
13 LESS: WHEELING FOR OTHERS	12,727,829	9,398,452	(3,329,377)
14 SCH. 94 - RES./FARM CREDIT	(172,382,420)	-	172,382,420
15 TOTAL	\$ 738,747,832	\$ 835,561,806	\$ 96,813,974
16 TRANS. EXP. INCL. 500KV O&M	(492,266)		
17 PURCHASES/SALES OF NON-CORE GAS	9,704,193		
18 POWER COSTS PER G/L	\$ 747,959,759		
19 INCREASE(DECREASE) INCOME			\$ (96,813,974)
20			
21 INCREASE(DECREASE) FIT @	35%		(33,884,891)
22 INCREASE(DECREASE) NOI			\$ (62,929,083)

PUGET SOUND ENERGY
 GENERAL RATE CASE
 DETERMINATION OF NET POWER COSTS FOR GRC PAGE 2.03
 TEST YEAR ENDED SEPTEMBER 30, 2003
 RATE YEAR ENDED FEBRUARY 28, 2006

Line FERC	Description	Rate Year 12ME 3/31/2005	Remove Ben&Tax	Net Before Prod Factor	After Prod Factor of 0.98719
1	Fuel:				
2	501 Steam Fuel		\$ -	\$ 41,665,584	\$ 41,131,848
3	547 Fuel		-	161,291,471	159,225,327
4			-	202,957,055	200,357,175
5	Purchased and Interchanged:				
6	555 Purchased Power		-	551,908,568	544,838,619
6a	555 Tenaska Disallowance			(9,200,764)	(9,082,902)
7	557 Other Power Expense			6,708,226	6,100,463
8				(528,602)	
9				(528,602)	541,856,180
10	565 Wheeling		-	42,335,396	41,793,080
11					
12	various Hydro and Other Power		(1,440,890)	52,055,412	51,388,582
13					
14	various Trans. Exp. Incl. 500Kv O&M			492,266	485,960
15	447 Sales for Resale			(55,873,370)	(55,157,632)
16	456 Purchases/Sales Of Non-Core Gas			(323,312)	(319,170)
17				(55,704,416)	(54,990,842)
18					
19	Net Power Costs		792,500,367	790,530,875	780,404,174
20	various Variable Transmission Income		(9,520,408)	(9,520,408)	(9,398,452)
21					
22	Power Costs Page 2.03 Line 11		\$ 782,979,959	\$ (1,969,492)	\$ 771,005,722
23					

Attachment A (7)