EXHIBIT NO.	(JHS-4)
DOCKET NO.	
2003 POWER COST ONLY R	ATE CASE
WITNESS: JOHN	H. STORY

BEFORE THE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISS		
,	Complainant,	Docket No.
. V.		
PUGET SOUND ENERGY, INC.,	,	
	Respondent.	

DIRECT TESTIMONY OF JOHN H. STORY ON BEHALF OF PUGET SOUND ENERGY, INC.

				PUGET SO POWER COST	PUGET SOUND ENERGY POWER COST ONLY RATE CASE	SE		Docket Number UE-03 Exhibit No. (JHS	UE-03(JHS-4)
				Adjustment-1	Adjustment-2	Adjustment-3	Adjustment-4		Page 1 of 15 Adjustment-6
			Test Year Actual	POWER	SALES FOR	NEW PI ANT	TRANSMISSION	PRODUCTION PLANT DEPRECIATION &	PROPERTY
Pow	Power Cost Bate		1 1 2007	COSI	NESALE	FLAINI	INCOME	AMORITZATION	IAAES
•								,	
Row						,			
3	Regulatory Assets (Variable)	⇔ .	293,050,974						
4 v	Transmission Rate Base (Fixed)		115,844,514		*	02 046 163			
)		69	883.749.570	6.	50				•
9		,		•	•		,	>	,
7	Net of tax rate of return		7.30%						
∞									
6									
10	Regulatory Asset Recovery	↔	32,911,879						
11	Fixed Asset Recovery-Prod Factored		53,329,766			\$ 9,315,380			
12	Fixed Asset Recovery Other		13,010,230						
13	501-Steam Fuel		32,196,077	\$ 3,264,171					
14	555-Purchased power		724,616,401	(176,878,964)					
15	557-Other Power Exp		12,602,684	(161,903)		403,616			
16	547-Fuel		27,644,080	25,184,815		31,155,366			
17	565-Wheeling		39,871,180	(103,803)		2,067,756			
18	Variable Transmission Income		(6,992,847)				\$ 5,593,730		
10	Hydro and Other Pwr.		47,990,567	(609,113)		4,690,637			
70	447-Sales to Others		(166,885,152)	٠	\$ 152,598,327	(8,471,002)			
21	456-Subaccounts 00016 & 00018		(3,815,282)	3,602,586					
22	Transmission Exp - 500KV		490,492	(5,262.98)					
23	Depreciation/Amortization -Production		39,386,240			2,869,519		\$ (49,774)	
24	Depreciation-Transmission		4,873,884					(15,457)	
25	Property Taxes-Production		7,760,030			1,030,400			\$ 588,305
76	Property Taxes-Transmission		4,538,642						
27	Subtotal & Baseline Rate	⊘	863,528,874	\$ (145,707,474)	\$ 152,598,327	\$ 43,061,671	\$ 5,593,730	\$ (65,231)	\$ 652,699

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PUGET SOUND ENERGY POWER COST ONLY RATE CASE

	PO	PUGET SOUND ENERGY WER COST ONLY RATE C	PUGET SOUND ENERGY POWER COST ONLY RATE CASE			Docket Number UE-03	E-03(JHS-4)
Adjustment-7	Adjustment-8	Adjustment-9	Adjustment-7 Adjustment-8 Adjustment-9 Adjustment-10 Adjustment-11 REGILATORY	Adjustment-11		D C C C C C C C C C C C C C C C C C C C	Fage 2 of 15
MONTANA PROPER	PROPERTY	WHITE	ASSETS / ACQ	ASSETS / ACQ PRODUCTION	TOTAL	Restated	\$/MWh
ENERGY TAX INSURANCE	INSURANCE	RIVER	ADJUSTMENT	ADJUSTMENT ADJUSTMENT ADJUSTMENT	ADJUSTMENT	2003 TY	19,237,873

		Adjus	Adjustment-7	Adjustment-8	Adjustment-9	Adjustment-10	Adjustment-11				
	u.	MOM	MONTANA	PROPERTY	WHITE	ASSETS / ACQ	PRODUCTION	TOTAL		Restated	\$/MWh
		ENER	ENERGY TAX	INSURANCE	RIVER	ADJUSTMENT	ADJUSTMENT AJ	ADJUSTMENT	•	2003 TY	19.237.873
Pow	Power Cost Rate										
Row											
33	Regulatory Assets (Variable)					\$ (30,228,214)	\$ (2,820,088) \$	(33,048,302)	6	260,002,672	
4	Transmission Rate Base (Fixed)							•		115,844,514	
5	Production Rate Base (Fixed)				\$ (40,628,090)	(4,642,575)	(5,499,432)	32,175,065		507,029,147	
,		⇔		, •	\$ (40,628,090)	\$ (34,870,789)	\$ (8,319,520) \$	(873,237)	€9	882,876,333	
9											
7.	Net of tax rate of return										
∞											
6	-										
10	Regulatory Asset Recovery					\$ (3,394,861)	\$ (316,718) \$	(3,711,579)	69	29,200,300 \$	1.518
11	Fixed Asset Recovery-Prod Factored				\$ (4,562,847)	(521,397)	(617,628)	3,613,507		56,943,273	2.960
12	Fixed Asset Recovery Other							•		13,010,230	0.676
13	501-Steam Fuel							3,264,171		35,460,249	1.843
14	555-Purchased power							(176,878,964)		547,737,437	28.472
15	557-Other Power Exp	69	51,806	\$ (349,649)	(117,538)		(44,725)	(218,393)		12,384,291	0.644
16	547-Fuel							56,340,181		83,984,261	4.366
17	565-Wheeling							1,963,953		41,835,133	2.175
18	Variable Transmission Income							5,593,730		(1,399,117)	(0.073)
19	Hydro and Other Pwr.				ı		(50,331)	4,031,193		52,021,761	2.704
20	447-Sales to Others							144,127,325		(22,757,827)	(1.183)
21	456-Subaccounts 00016 & 00018							3,602,586		(212,696)	(0.011)
22	Transmission Exp - 500KV							(5,263)		485,229	0.025
23	Depreciation/Amortization -Production				(1,370,975)		(438,160)	1,010,610		40,396,850	2.100
24	Depreciation-Transmission							(15,457)		4,858,427	0.253
25	Property Taxes-Production				(701,260)		(93,109)	824,335		8,584,365	0.446
26	Property Taxes-Transmission							64,394		4,603,036	0.239
27	Subtotal & Baseline Rate	€9	51,806 \$	\$ (349,649)	\$ (6,752,621)	\$ (3,916,258)	\$ (1,560,670) \$	43,606,330	89	907,135,203 \$	47.154

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Adjustment 1

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 POWER COST

LINE		PROFORMA		
NO.	DESCRIPTION	RYE MAR '05	TEST YEAR	ADJUSTMENT
1	PRODUCTION EXPENSES:			
2	FUEL:			
3	501-STEAM FUEL	\$ 35,460,249	\$ 32,196,077	\$ 3,264,171
4	547-FUEL	52,828,895	27,644,080	25,184,815
5	PURCHASED AND INTERCHANGED:			, ,
6	555-PURCHASED POWER	547,737,437	724,616,401	(176,878,964)
7	557 - OTHER POWER EXPENSE	8,260,804	8,422,707	(161,903)
8	WHEELING	39,767,377	39,871,180	(103,803)
9	HYDRO AND OTHER POWER	47,381,454	47,990,567	(609,113)
10	TRANS. EXP. INCL. 500KV O&M	485,229	490,492	(5,263)
11	SALES FOR RESALE	(14,286,825)	(166,885,152)	152,598,327
12	PURCHASES/SALES OF NON-CORE GAS	(212,696)	(3,815,282)	3,602,586
13	WHEELING FOR OTHERS - COLSTRIP, 3RD AC & NI	(1,399,117)	(6,992,847)	5,593,730
14	INCREASE (DECREASE) EXPENSE	716,022,807	703,538,224	12,484,583
15				
16	LESS: SALES FOR RESALE	14,286,825	166,885,152	(152,598,327)
17	LESS: WHEELING FOR OTHERS	1,399,117	6,992,847	(5,593,730)
18	SCH. 94 - RES./FARM CREDIT	-	-	•
19	INCREASE(DECREASE) EXPENSE	731,708,749	\$ 877,416,223	\$ (145,707,474)
20	TRANS. EXP. INCL. 500KV O&M	(485,229)	,,	<u> </u>
21	PURCHASES/SALES OF NON-CORE GAS	212,696		
22	POWER COSTS PER G/L	\$ 731,436,216	•	

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Adjustment 2

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 SALES FOR RESALE

LINE NO. DESCRIPTION	PROFORMA RYE MAR '05 T	EST YEAR	ADJUSTMENT
1 SALES FOR RESALE - OTHER UTILITIES 2 INCREASE (DECREASE) EXPENSE	\$ (14,286,825) \$ \$ (14,286,825) \$		

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Adjustment 3

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 NEW PLANT

LINE		PROFORMA		
NO.	DESCRIPTION	RYE MAR '05	TEST YEAR	ADJUSTMENT
1	NEW PLANT RATE BASE			
2	PLANT BALANCE	86,085,560	-	86,085,560
3	ACCUMULATED DEPRECIATION	2,869,519		2,869,519
4	DEFERRED FIT	270,880	_	270,880
5	NET NEW PLANT RATE BASE	82,945,162	-	82,945,162
6		, ,		,- 1 - ,- 0 -
7	FIXED ASSET RECOVERY	9,315,380	_	9,315,380
8		, ,		-,,
9	NEW PLANT DEPRECIATION EXPENSE	2,869,519	-	2,869,519
10	NEW PLANT PROPERTY INSURANCE	403,616	-	403,616
11	NEW PLANT PROPERTY TAXES	1,030,400		1,030,400
12		4,303,534	-	4,303,534
13				. ,
14	POWER COST ASSOCIATED TO NEW PLANT (NET OF PI	RODUCTION FACTO	OR)	
15	547 NATURAL GAS	31,155,366	-	31,155,366
16	565 WHEELING	2,067,756	_	2,067,756
17	447 SECONDARY SALE	(8,471,002)	-	(8,471,002)
18	INCREASE(DECREASE) POWER COST	24,752,120	-	24,752,120
19				· · ·
20	PRODUCTION O&M (Prod Factor adjusted in Prod Adj.)	4,690,637	_	4,690,637
21	•	, ,		.,0,0,0,7
22	INCREASE (DECREASE) EXPENSE	\$ 43,061,671	\$ -	\$ 43,061,671

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Adjustment 4

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 TRANSMISSION INCOME (new)

LINE NO.	DESCRIPTION		ROFORMA YE MAR '05	T	EST YEAR	A	DJUSTMENT
1 2	REVENUE - WHEELING FOR OTHERS - COLSTRIP, 3RD AC & NI INCREASE (DECREASE) EXPENSE	<u>\$</u>	(1,399,117) (1,399,117)	<u> </u>	(6,992,847) (6,992,847)		5,593,730 5,593,730

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Adjustment 5

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 PRODUCTION PLANT DEPRECIATION AND AMORTIZATION

LINE NO.	DESCRIPTION	RESTATED	T	EST YEAR	Al	DJUSTMENT
1	DEPRECIATION - PRODUCTION	\$ 36,224,586	\$	36,274,360	\$	(49,774)
2	AMORTIZATION - PRODUCTION	3,111,880	•	3,111,880	Ψ	(42,774)
3	DEPRECIATION-TRANSMISSION	4,858,427		4,873,884		(15,457)
4	INCREASE (DECREASE) EXPENSES	\$ 44,194,893	\$	44,260,124	\$	(65,231)

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Adjustment 6

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 PROPERTY TAXES

I	\mathbf{I}	NE

NO. DESCRIPTION	RESTATED	TEST YEAR	ADJUSTMENT
1 RESTATED PROPERTY TAXES-PRODUCTION 2 RESTATED PROPERTY TAXES-TRANSMISSION	\$ 8,348,335 4,603,036	\$ 7,760,030 4,538,642	\$ 588,305 64,394
3 INCREASE (DECREASE) EXPENSES	\$ 12,951,371	\$ 12,298,672	\$ 652,699

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Adjustment 7

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 MONTANA ELECTRIC ENERGY TAX

LINE NO.	DESCRIPTION	PROFORMA N RYE MAR '05 TEST YEAR			TEST YEAR	ADJUSTMENT		
1 2	PROFORMA kWh TAX RATE	\$	4,808,495,039 0.00035	\$	4,660,478,000 0.00035	\$	148,017,039	
3	MONTANA ENERGY TAX EXPENSE	\$	1,682,973	\$	1,631,167	\$	51,806	

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Adjustment 8

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 PROPERTY INSURANCE (Production Related Only)

LINE NO.	DESCRIPTION	PROFO RYE MA		TEST YEAR	ADJUSTMENT
1 2	PROPERTY INSURANCE EXPENSE INCREASE(DECREASE) EXPENSE		04,658 \$ 04,658 \$	2,254,307 2,254,307	\$ (349,649) \$ (349,649)

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Adjustment 9

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 WHITE RIVER

LINE		PRO	FORMA				
NO.	DESCRIPTION		MAR '05		TEST YEAR	АΓ	JUSTMENT
							TO CONTINUE TO THE PARTY OF THE
1	REDUCTION TO RATE BASE - WHITE RIVER:						
. 2	DEPRECIABLE PLANT - AMA	\$	-	\$	53,302,932	\$	(53,302,932)
3	ACCUM DEP ON ABOVE - AMA	,	-	•	(15,722,974)	Ψ	15,722,974
4	FISH HATCHERY - EOP		_		7,094,306		(7,094,306)
5	ACCUM AMORT ON ABOVE - EOP		_		(2,220,174)		2,220,174
6	WHITE RIVER HYDRO LAND		_		836,641		(836,641)
7	DEFERRED INCOME TAX - EOP				(2,662,641)		2,662,641
8	REDUCTION TO RATE BASE - WHITE RIVER	\$	-	\$	40,628,090	\$	(40,628,090)
9					.0,020,000	<u> </u>	(10,020,050)
10	REDUCTION TO DEPRECIATION AND AMORTIZATION:						
11	DEPRECIATION EXPENSE - AMA	\$	_	\$	1,187,171	¢	(1,187,171)
12	AMORTIZATION EXPENSE - EOP	•	_	Ψ	183.804	Ψ	, ,
13	REDUCTION TO DEPRECIATION AND AMORTIZATION	\$		\$	1,370,975	\$	$\frac{(183,804)}{(1,370,975)}$
14				<u> </u>	1,570,775	Ψ	(1,370,973)
15	REDUCTION TO OPERATING EXPENSES:						
16	PROPERTY TAXES	\$		¢	701,260		(701.260)
17	PROPERTY INSURANCE	Ψ	_	Ф	•		(701,260)
18	REDUCTION TO OPERATING EXPENSES	\$		\$	117,538 818,799	·	(212,700)
		Ψ		φ	616,799	\$	(818,799)

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Adjustment 10

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 REGULATORY ASSETS AND ACQUISITION ADJUSTMENTS

LINE			AMA				
NO.	DESCRIPTION	R	YE MAR '05	,	TEST YEAR		ADJUSTMENT
					- ZOT TEM		ADJUSTNIENT
1	AMA OF REGULATORY ASSETS						
2	CABOT BUYOUT	\$	9,877,439	\$	12,491,033	\$	(2.612.504)
3	TENASKA	•	207,981,008	Ψ	229,424,000	Φ	(=,010,001)
4	BEP						(21,442,992)
5	TOTAL DECLIL ATODAL AGGREGA		44,964,313		51,135,941		(6,171,628)
•	TOTAL REGULATORY ASSETS		262,822,760		293,050,974		(30,228,214)
6					, ,		(00,220,211)
7	AMA OF ACQUISITION ADJUSTMENT						
8	ENCOGEN ACQUISITION ADJUSTMENT		47,973,283		52,615,858		(4 642 575)
9			11,570,203		32,013,030		(4,642,575)
10	INCREASE (DECREASE) RATE BASE	\$	310,796,043	\$	345,666,832	\$	(34,870,789)

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Adjustment 11

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 PRODUCTION ADJUSTMENT

LINE	NTG CONTINUE AND	PROFORMA		PRODUCTION	NET
NO.	DESCRIPTION	A	ND RESTATED	1.073%	AMOUNT
1	PRODUCTION O&M INCLUDED IN 557:				
2	WORKER'S COMPENSATION	•		_	
3	PROPERTY INSURANCE	\$	294,503	(-)/ 4	291,343
4	ELECTRIC ENERGY TAX		2,190,735	(23,507)	2,167,229
5	TOTAL PRODUCTION O&M		1,682,973	(18,058)	1,664,915
6	TOTAL TRODUCTION OWN		4,168,212	(44,725)	4,123,487
7	INCREASE TO O&M EXPENSE ASSOC W/ NEW RESOURCE				
, 8	MOREMOND TO OCCUMENT ENDE ASSOC W/ NEW RESOURCE		4,690,637	(50,331)	4,640,307
9	DEPRECIATION AND AMORTIZATION ON PRODUCTION				
10	PROPERTY				
11	I KOI EKI I		40,835,010	(438,160)	40,396,850
12	DDODEDTY TAVES ON DDODLISTION DD ODEDTY				
13	PROPERTY TAXES ON PRODUCTION PROPERTY		8,677,474	(93,109)	8,584,365
14	TOTAL DRODUCTION ADDICTION OF THE				
15	TOTAL PRODUCTION ADJUSTMENT TO BASELINE RATE	\$	58,371,333	\$ (626,324) \$	57,745,008
16	PRODUCTION RATE BASE:				
17	PRODUCTION PROPERTY				
18		\$	1,118,844,165	·	1,106,838,967
	COLSTRIP COMMON FERC ADJUSTMENT		7,607,644	(81,630)	7,526,014
19	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.		2,241,046	(24,046)	2,217,000
20	ENCOGEN ACQUISITION ADJUSTMENT		47,973,283	(514,753)	47,458,530
21	LESS PRODUCTION PROPERTY ACCUM DEPR.		(568,398,982)	6,098,921	(562,300,061)
22	LESS PRODUCTION PROPERTY ACCUM AMORT.		(1,836,831)	19,709	(1,817,122)
23	NET PRODUCTION PROPERTY		606,430,325	(6,506,997)	599,923,328
24	DEDUCE				
25	DEDUCT:				
26 27	LIBR. DEPREC. PRE 1981 (EOP)		(946,743)	10,159	(936,584)
27	LIBR. DEPREC. POST 1980 (EOP)		(83,253,683)	893,312	(82,360,371)
28	OTHER DEF. TAXES (EOP)		(21,747,000)	233,345	(21,513,655)
29	ADJUSTMENT TO RATE BASE BEFORE CWIP		(105,947,426)	1,136,816	(104,810,610)
30	SNOQUALMIE RELICENSING CWIP		12,045,680	(129,250)	11,916,429
31	TOTAL AD THOSE OF THE PARTY OF				
32	TOTAL ADJUSTMENT TO PRODUCTION RATE BASE	\$	512,528,579	\$ (5,499,432) \$	507,029,147
33	DECLE LEGISLA				
34	REGULATORY ASSETS RATE BASE:				
35	BPA POWER EXCHANGE INVESTMENT	\$	44,964,313	\$ (482,467)	44,481,846
36	TENASKA REGULATORY ASSET		207,981,008	(2,231,636)	205,749,371
37	CABOT OIL REGULATORY ASSET		9,877,439	(105,985)	9,771,454
38				· · · · · · · · · · · · · · · · · · ·	.,,
39	TOTAL ADJUSTMENT TO REGULATORY ASSETS RATE BASE	\$	262,822,760	\$ (2,820,088) \$	260,002,672

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Adjustment 12

PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 TEMPERATURE NORMALIZATION

LINE NO.	DESCRIPTION	ACTUAL GPI MWH	TEMP ADJ GPI MWH	MWH CHANGE	ADJ FOR LOSSES 6.49%
1	Jul-02	1,506,686	1,491,747	(14,940)	(13,971)
2	Aug-02	1,511,988	1,483,868	(28,121)	(26,297)
3	Sep-02	1,460,462	1,450,589	(9,874)	(9,233)
4	Oct-02	1,691,158	1,666,143	(25,016)	` ' '
5	Nov-02	1,807,647	1,847,651	40,004	(23,393)
6	Dec-02	2,061,746	2,129,151	,	37,409
7	Jan-03	1,979,614	2,118,931	67,406	63,034
8	Feb-03	1,848,298	1,808,435	139,316	130,280
9	Mar-03			(39,863)	(37,277)
10		1,877,283	1,895,001	17,718	16,569
	Apr-03	1,691,863	1,667,425	(24,439)	(22,853)
11	May-03	1,585,662	1,572,960	(12,702)	(11,878)
12	Jun-03	1,490,550	1,466,626	(23,924)	(22,372)
13		20,512,959	20,598,527	85,568	80,018

Docket Numbe	r UE-03
Exhibit No	_ (JHS-4)
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PUGET SOUND ENERGY POWER COST ONLY RATE CASE TWELVE MONTHS ENDED JUNE 30, 2003 CONVERSION FACTOR

LINE NO.	DESCRIPTION		D. A. MINT
***************************************			RATE
1	BAD DEBTS		0.0041068
2	ANNUAL FILING FEE		0.0041008
3	STATE UTILITY TAX ((1 - LINE 1) * 3.873%)	2.0720/	
4	((1 21/21) 3.07370)	3.873%_	0.0385709
5	SUM OF TAXES OTHER		0.0445055
6			0.0445277
7	CONVERSION FACTOR (1 - LINE 5)		0.9554723
	· · · · · · · · · · · · · · · · · · ·	L	0.2334723