

**EXHIBIT NO. ___(RCS-1T)
DOCKET NO. UE-072300/UG-072301
2007 PSE GENERAL RATE CASE
WITNESS: RALPH C. SMITH**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-072300
Docket No. UG-072301**

**PREFILED
DIRECT TESTIMONY (REDACTED) OF
RALPH C. SMITH
ON BEHALF OF
THE NAVY UTILITY RATE AND STUDIES OFFICE
AND FEDERAL EXECUTIVE AGENCIES**

MAY 30, 2008

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PUGET SOUND ENERGY, INC.

**PREFILED DIRECT TESTIMONY (REDACTED)
OF
RALPH C. SMITH**

I. INTRODUCTION

Q. Please state your name and business address.

A. Ralph C. Smith, 15728 Farmington Road, Livonia, Michigan 48154.

Q. What is your occupation?

A. I am a certified public accountant and a senior regulatory utility consultant with the firm Larkin & Associates, PLLC, certified public accountants and regulatory consultants.

Q. What is your educational background and professional experience?

A. These are presented in Exhibit No. __ (RCS-2). This exhibit also summarizes some of my regulatory experience and qualifications.

1 **Q. On whose behalf are you appearing?**

2 A. My firm is under contract with the Navy Utility Rate and Studies Office (URASO)
3 to perform utility revenue requirement studies on behalf of the consumer interests
4 of the Navy and all other Federal Executive Agencies (FEA).

5

6 **Q. Please describe the tasks you performed related to your testimony in this**
7 **case.**

8 A. We reviewed the Company's testimony, exhibits and workpapers, issued
9 information requests, and analyzed PSE's responses to them. We reviewed and
10 analyzed data (1) to obtain an understanding of the Puget Sound Energy's ("PSE,"
11 "Puget" or "Company") rate filing package as it relates to the selected issues in the
12 Company's proposed rate increase and (2) to formulate an opinion concerning the
13 reasonableness of the Company's proposals on those selected issues.

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15 **Q. What issues will you be addressing in your testimony?**

16 A. My direct testimony discusses Puget's ratemaking proposals concerning the
17 following issue areas:

18 1) storm damage cost recovery

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2) wire zone vegetation management expense

Q. What test year and rate year are being used in PSE's filing?

A. Puget's request for a rate increase is based on a test year ending September 30, 2007 and a rate year from November 1, 2008 through October 31, 2009.

II. STORM DAMAGE COST

Q. Please summarize your understanding of Puget's proposed expense for storm damage cost.

A. The Company's request for storm damage costs is summarized on Exhibit __ (JHS-11), page 11.31, attached to PSE's witness John Story's supplemental testimony. As shown on that Exhibit, PSE is requesting a total of \$30.8 million, consisting of the following amounts for normal and catastrophic storms:

Summary of PSE Request for Storm Damage Costs		
Description/Storm Category	Amount	Basis
Normal Storms	\$ 7,987,354	Six-year average
Catastrophic Storms:		
12/4/03 wind storm	\$ 1,104,639	Three-year amortization
2006 storm damage excluding 12/13/07 wind storm)	\$ 8,145,430	Three-year amortization
2007 storm damage	\$ 260,440	Three-year amortization
12/13/06 wind storm	\$ 13,308,308	Six-year amortization
Subtotal Catastrophic Storms	\$ 22,818,816	
Total annual storm cost requested by PSE	\$ 30,806,170	

1 **Q. Had PSE made any adjustments to storm cost from its original filing to its**
2 **supplemental filing?**

3 A. Yes. As described and detailed in PSE's response to FEA DR 2.30, the Company
4 reduced the cost requested for amortization for the December 13, 2006 wind
5 storm from a total amount of \$83,574,249 in its original filing to \$79,849,846.
6 The difference of \$3,724,404 relates to the amounts that were removed from the
7 deferral account and into capitalized accounts.

8
9 **Q. What adjustments are you recommending?**

10 A. I am recommending one adjustment: that the adjusted \$79.8 million cost related to
11 the extremely catastrophic December 13, 2006 wind storm be amortized over 10
12 years, rather than PSE's proposed six years. Reasons for this include the
13 following:

14 1) Using a longer amortization period for this extremely costly storm will help
15 ameliorate the rate impacts.

16 2) Using a longer amortization period is better correlated with the infrequent
17 experience of storms as devastating and costly as the extraordinary December 13,
18 2006 wind storm.

19

1 **Q. Does Puget agree that using a longer amortization period for this extremely**
2 **costly storm will help ameliorate the rate impacts?**

3 A. Apparently Puget agrees with this concept. PSE's response to FEA DR 2.30
4 states in part that: "Any amortization longer than three years will mitigate rate
5 impact on customers. The longer the period, the smaller amount customers will
6 pay per year, ignoring impacts of additional costs related to cash flow." Puget
7 proposed a six-year amortization period for the cost of the December 13, 2006
8 wind storm in order to mitigate the rate impact on customers.¹ The rate impact
9 upon customers of this extraordinarily costly storm would be better mitigated by a
10 longer amortization period.

11
12 **Q. What amortization period do you recommend for the Hanukkah Eve Storm**
13 **cost?**

14 A. I recommend a 10-year amortization period. The \$79.8 million cost of the
15 Hanukkah Eve storm is approximately 3.3 times the \$24.4 million cost of other
16 2006 catastrophic storm damage, which is being amortized over a 3-year period.
17 A 10-year cost recovery period is also in line with the time frames used for
18 recovery of extremely catastrophic storm costs in recent years in states such as

¹ See, e.g., prefiled direct testimony of John Story at page 47, lines 11-13.

1 Louisiana and Florida that have had to address extremely costly hurricane damage
2 in recent years.² The use of a 10-year recovery period, in essence, treats PSE's
3 cost related to the "once-per-century" Hanukkah Eve Storm as a "once-per-
4 decade" event for ratemaking purposes. A period longer than ten years could be
5 justified, based on the historic infrequency of storms of such extraordinary
6 devastation, and the observations discussed below.

7
8 **Q. What have other Puget witnesses stated concerning the extraordinary nature**
9 **of the December 13, 2006 wind storm?**

10 A. Exhibit GJZ-5, page 1 of 8, to PSE witness Greg Zeller's prefiled direct testimony
11 stated that: "University of Washington Climatologist Cliff Mass classified the
12 December windstorm as a mid-latitude cyclone with once-per-decade wind speeds.
13 However, he said that the damage caused by this storm was closer to what one
14 would expect from a once-per-century storm, which he attributed principally to
15 soil saturation."

16 Page 8 of Mr. Zeller's prefiled direct testimony stated that: "The
17 Hanukkah Eve Storm severely impacted PSE's customers and inflicted the worst

² Both of those states appear to have used a securitization approach to address utility recovery of extremely costly storm restoration.

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damage to PSE’s electric transmission and distribution system, possibly in the history of the Company.”

PSE’s response to FEA DR 2.32 states that: “In Mr. Greg Zeller’s 34 years of experience in storm restoration work, he has not experienced any worse storm than the Hanukkah Eve Storm. Similarly, operations personnel have expressed the opinion that the Hanukkah Eve Storm was the most expensive and damaging storm they have experienced.”

PSE’s response to FEA DR 2.32 stated that: “The Hanukkah Eve Storm costs exceed any prior storm costs” that were included in information on storm cost restoration costs back to 1993 for storms that met PSE’s cost deferral requirements.”

These observations by PSE witnesses would suggest the following amortization periods for the cost of the Hanukkah Eve Storm:

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Observation	Amortization Period	Note
"the damage caused by this storm was closer to what one would expect from a once-per-century storm"	100 years	
"the worst damage to PSE's electric transmission and distribution system, possibly in the history of the Company."	49 years	(1)
"In Mr. Greg Zeller's 34 years of experience in storm restoration work, he has not experienced any worse storm than the Hanukkah Eve Storm."	34 years	
"operations personnel have expressed the opinion that the Hanukkah Eve Storm was the most expensive and damaging storm they have experienced."	49 years	(1)
"The Hanukkah Eve Storm costs exceed any prior storm costs that were included in information on storm cost restoration costs back to 1993 for storms that met PSE's cost deferral requirements."	16 years	(2)

Notes:

- (1) Puget was incorporated in 1960. Per the 2007 SEC Form 10-K:
"PSE is a public utility incorporated in the state of Washington in 1960."
- (2) 1993 to 2009 is 16 years

Q. Has PSE provided quantitative information concerning how the cost of the Hanukkah Eve Storm compared with other storm costs, which qualified for deferral under PSE's cost deferral requirements?

A. Yes. Comparative data concerning the cost of storm restoration costs back to 1993 for storms that met PSE's cost deferral requirements were also provided in response to FEA DR 2.32. Those costs, and how the extraordinary cost of the Hanukkah Eve Storm compares to each, are summarized in the following table:

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Comparison of the Cost of the December 13, 2006 Storm with Other Catastrophic Storms

Line	Storm (1)	Storm Cost	Dollar	Percent
		Amount (1)	Excess (2)	Excess (2)
1	1993 Inaugural Day Storm	\$ 10,919,260	\$ 68,930,586	631%
2	2/1/1995 -Windstorm	\$ 6,066,929	\$ 73,782,917	1216%
3	12/26/1996 -Snow Storm	\$ 19,607,457	\$ 60,242,389	307%
4	11/23/1998 -Storm	\$ 4,776,553	\$ 75,073,293	1572%
5	1/16/2000 -Windstorm	\$ 2,705,896	\$ 77,143,950	2851%
6	12/4/2003 Windstorm	\$ 11,242,071	\$ 68,607,775	610%
7	2006 Storm Damage -Other Storms	\$ 24,436,289	\$ 55,413,557	227%
8	2006 Storm Damage -December 13, 2006 Storm	\$ 79,849,846	\$ -	0%
9	2007 Storm Damage	\$ 781,320	\$ 79,068,526	10120%

Notes and Source

(1) Source: PSE's response to FEA DR 2.32, Attachment A

(2) Hanukkah Eve Storm cost compared with each other storm listed in the above table

Q. What is the average remaining life of PSE's Transmission and Distribution plant?

A. Using the information provided in response to FEA DR 2.33, the average remaining life of PSE's Transmission and Distribution plant is approximately 38.0 and 28.8 years, respectively.

Q. Why is that information relevant in addressing an appropriate amortization period for an extraordinary storm, such as the Hanukkah Eve Storm cost?

A. PSE's Transmission and Distribution plant is the plant most likely damaged in a severe storm. Much of the storm restoration cost involves rebuilding PSE's Transmission and Distribution systems. Consequently, the average remaining life

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of such plant presents a longer period over which the cost of an extraordinary “one in a hundred years” storm, such as the Hanukkah Eve Storm could potentially be amortized. For example, using the average remaining life for Distribution Plant would imply an amortization period for the Hanukkah Eve Storm of approximately 28.8 years.

Q. Please explain how your recommendation of a 10-year period better mitigates the impact on ratepayers than would PSE’s proposed period of only six years for the extraordinary cost of the Hanukkah Eve Storm.

A. The annual allowance for catastrophic storm costs of \$17.5 million under my recommendation better mitigates the impact on ratepayers than PSE’s proposed annual allowance of \$22.8 million. Using a 10-year amortization period produces an annual amortization amount for the Hanukkah Eve Storm of approximately \$8.0 million. In addition to the \$9.5 million requested by PSE for amortization of other “catastrophic” storms, this produces an annual allowance for catastrophic storm costs of \$17.5 million. This allowance is approximately 3.5 times higher (i.e., approximately 355% higher) than the test year recorded catastrophic storm amortization of \$3.8 million.

1 **Q. What adjustment to PSE's proposed operating expenses and net operating**
2 **income results from your recommendations concerning storm cost?**

3 A. As shown on Exhibit __ (RCS-3), my recommendations concerning storm cost
4 decrease annual amortization expense by \$5.3 million and increase PSE's proposed
5 net operating income by \$3.5 million.

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7 **III. WIRE ZONE VEGETATION MANAGEMENT**

8 **Q. Please summarize your understanding of Puget's proposed expense for wire**
9 **zone vegetation management expense.**

10 A. The Company's filing at 11.14E, Miscellaneous Operating Expense – Electric,
11 page 4.14, line 9, shows that PSE is requesting an increase of \$4 million per year
12 for the cost of a wire zone vegetation management program. As shown on the
13 Company's supporting workpapers, this is comprised of two months of 2008
14 budget amount of \$2.5 million and 10 months of 2009 budget amount of \$4.4
15 million totaling \$4,048,333, which Puget rounded to \$4 million as an estimate for
16 rate case purposes.

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18 **Q. What amount does PSE project for 2010 and subsequent years?**

1 A. As shown in the PSE workpaper for 11.14E, Miscellaneous Operating Expense
2 (C): VEGMGMT BUDGET, the Company is projecting \$1 million for 2010³ and
3 zero for 2011 and 2012. The prefiled direct testimony of PSE witness Susan
4 McLain states at page 23, lines 12-14, that: “The incremental expected cost to
5 follow the wire zone/border zone right-of-way best practice will be approximately
6 \$7 million through 2010: \$2.5 million in 2008, \$4.4 million in 2009, and \$0.1
7 million in 2010. This work is in addition to any regular vegetation management
8 work and is not expected to be funded by reductions in other vegetation
9 management programs.”
10

11 **Q. What budgeted and projected information for vegetation management costs**
12 **has PSE submitted?**

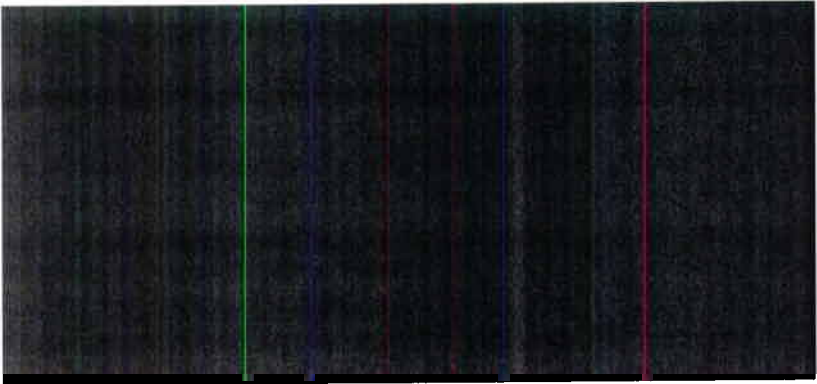
13 A. PSE Exhibit ___ (SML-6C) provided summary information concerning vegetation
14 management costs budgeted and projected by PSE for 2007 through 2012, by
15 year. PSE’s response to Bench DR 002 also contained projections of PSE’s
16 projected vegetation management expenses for 2007 through 2012.
17

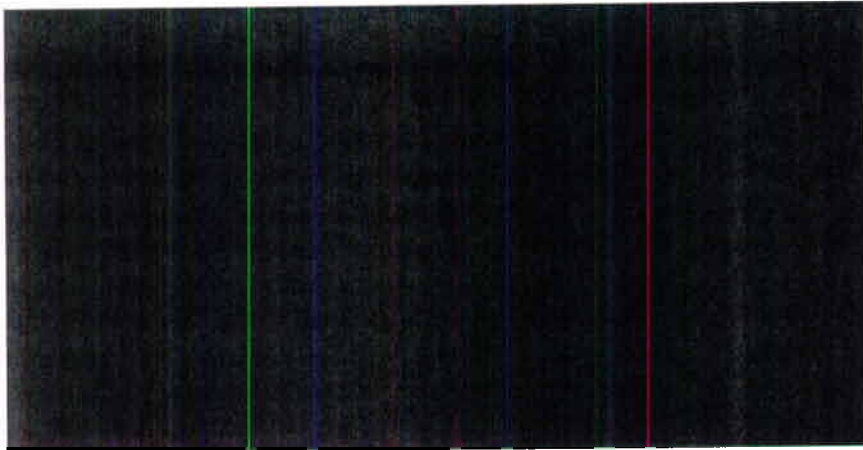
³ The \$1.0 million for 2010 apparently should be \$0.1 million (i.e., \$100,000) based on PSE’s response to Bench DR 002 Supp_01_Attach A 5-14-08 and Ms. McLain’s testimony.

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Q. What does that information show?

A. It shows that, largely attributable to PSE's planned wire zone vegetation management, [BEGIN CONFIDENTIAL]





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[END CONFIDENTIAL]

Consequently, the \$4 million annual allowance requested by PSE for wire zone vegetation management is excessive. If the base rates established in the current rate case are in effect for two years, PSE would collect \$8 million, which exceeds PSE's total projected amount of approximately \$7 million for wire zone vegetation management for the entire five-year period 2008-2012.

Q. What do you recommend?

A. I recommend that the wire zone management cost projected by PSE of approximately \$7 million over the 2008-2010 period be treated for ratemaking purposes as a normalized recovery amount of approximately \$2.3 million per year over that three year period. Instead of the \$4 million annual increase requested by

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PSE, the increase should be limited to a normalized amount of \$2.3 million.⁴
Providing for an annual allowance of \$2.3 million per year would allow PSE to collect its projected 2008-2010 amount of \$7 million, while minimizing the possibility of a substantial over-collection of such cost over that three-year period.

Q. What adjustment to PSE's proposed operating expenses and net operating income results from your recommendations concerning PSE's wire zone vegetation management expense proposal?

A. As shown on Exhibit __ (RCS-4), my recommendations concerning wire zone vegetation management decreases annual expense by \$1.7 million and increase PSE's proposed net operating income by \$1.1 million.

Q. Does that conclude your testimony?

A. Yes, it does.

⁴ The \$2.3 million is approximately \$7 million, normalized over three years.

Exhibit No. ____ (RCS-2)
QUALIFICATIONS OF RALPH C. SMITH

Accomplishments

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a licensed Certified Public Accountant (in Michigan) and attorney (in Michigan). He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, PSC staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, Nevada, North Carolina, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed was the economics of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

Partial list of utility cases participated in:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933*	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. --16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. -- E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC))
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)

U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company (Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company - Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. - Partial and Immediate (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-7650	Consumers Power Company - Final (Michigan PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)
U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company - Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R**	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA	
& 76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA	
& 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179**	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001	
& ER-85647001	New England Power Company (FERC)
850782-EI & 850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)

R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU	
& 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut FUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
R-860378	Duquesne Light Company Surrebuttal (Pennsylvania PUC)
3673-	Georgia Power Company (Georgia PSC)
29484	Long Island Lighting Co. (New York Dept. of Public Service)
U-8924	Consumers Power Company – Gas (Michigan PSC)
Docket No. 1	Austin Electric Utility (City of Austin, Texas)
Docket E-2, Sub 527	Carolina Power & Light Company (North Carolina PUC)
870853	Pennsylvania Gas and Water Company (Pennsylvania PUC)
880069**	Southern Bell Telephone Company (Florida PSC)
U-1954-88-102	Citizens Utilities Rural Company, Inc. & Citizens Utilities Company, Kingman Telephone Division (Arizona CC)
T E-1032-88-102	Illinois Bell Telephone Company (Illinois CC)
89-0033	Puget Sound Power & Light Company (Washington UTC))
U-89-2688-T	Philadelphia Electric Company (Pennsylvania PUC)
R-891364	Potomac Electric Power Company (District of Columbia PSC)
F.C. 889	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
Case No. 88/546*	Duquesne Light Company, et al, plaintiffs, against: Gulf+ Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
87-11628*	Florida Power & Light Company (Florida PSC)
	Gulf Power Company (Florida PSC)
890319-EI	Jersey Central Power & Light Company (BPU)
891345-EI	Hawaiian Electric Company (Hawaii PUCs)
ER 8811 0912J	Equitable Gas Company (Pennsylvania Consumer Counsel)
6531	Artesian Water Company (Delaware PSC)
R0901595	Southern New England Telephone Company (Connecticut PUC)
90-10	Southern States Utilities, Inc. (Florida PSC)
89-12-05	Southern California Edison Company (California PUC)
900329-WS	Long Island Lighting Company (New York DPS)
90-12-018	Pennsylvania Gas & Water Company (Pennsylvania PUC)
90-E-1185	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
R-911966	Southwest Gas Corporation (Arizona CC)
1.90-07-037, Phase II	Sun City Water Company (Arizona RUCO)
	Havasu Water Company (Arizona RUCO)
U-1551-90-322	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1656-91-134	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
U-2013-91-133	Hawaiian Electric Company (Hawaii PUC)
91-174***	Intrastate Access Charge Methodology, Pool and Rates
	Local Exchange Carriers Association and South Dakota Independent Telephone Coalition
U-1551-89-102	General Development Utilities - Port Malabar and West Coast Divisions (Florida PSC)
& U-1551-89-103	The Peoples Natural Gas Company (Pennsylvania PUC)
Docket No. 6998	Hawaiian Nonpension Postretirement Benefits (Hawaiian PUC)
TC-91-040A and	
TC-91-040B	
9911030-WS &	
911-67-WS	
922180	
7233 and 7243	

R-00922314 & M-920313C006 R00922428 E-1032-92-083 & U-1656-92-183	Metropolitan Edison Company (Pennsylvania PUC) Pennsylvania American Water Company (Pennsylvania PUC)
92-09-19 E-1032-92-073 UE-92-1262 92-345 R-932667 U-93-60** U-93-50** U-93-64 7700 E-1032-93-111 & U-1032-93-193 R-00932670 U-1514-93-169/ E-1032-93-169 7766 93-2006- GA-AIR* 94-E-0334 94-0270 94-0097 PU-314-94-688 94-12-005-Phase I R-953297 95-03-01 95-0342 94-996-EL-AIR 95-1000-E Non-Docketed Staff Investigation E-1032-95-473 E-1032-95-433	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission) Southern New England Telephone Company (Connecticut PUC) Citizens Utilities Company (Electric Division), (Arizona CC) Puget Sound Power and Light Company (Washington UTC)) Central Maine Power Company (Maine PUC) Pennsylvania Gas & Water Company (Pennsylvania PUC) Matanuska Telephone Association, Inc. (Alaska PUC) Anchorage Telephone Utility (Alaska PUC) PTI Communications (Alaska PUC) Hawaiian Electric Company, Inc. (Hawaii PUC) Citizens Utilities Company - Gas Division (Arizona Corporation Commission) Pennsylvania American Water Company (Pennsylvania PUC) Sale of Assets CC&N from Contel of the West, Inc. to Citizens Utilities Company (Arizona Corporation Commission) Hawaiian Electric Company, Inc. (Hawaii PUC) The East Ohio Gas Company (Ohio PUC) Consolidated Edison Company (New York DPS) Inter-State Water Company (Illinois Commerce Commission) Citizens Utilities Company, Kauai Electric Division (Hawaii PUC) Application for Transfer of Local Exchanges (North Dakota PSC) Pacific Gas & Electric Company (California PUC) UGI Utilities, Inc. - Gas Division (Pennsylvania PUC) Southern New England Telephone Company (Connecticut PUC) Consumer Illinois Water, Kankakee Water District (Illinois CC) Ohio Power Company (Ohio PUC) South Carolina Electric & Gas Company (South Carolina PSC) Citizens Utility Company - Arizona Telephone Operations (Arizona Corporation Commission) Citizens Utility Co. - Northern Arizona Gas Division (Arizona CC) Citizens Utility Co. - Arizona Electric Division (Arizona CC) Collaborative Rate-making Process Columbia Gas of Pennsylvania (Pennsylvania PUC)
GR-96-285 94-10-45 A.96-08-001 et al.	Missouri Gas Energy (Missouri PSC) Southern New England Telephone Company (Connecticut PUC) California Utilities' Applications to Identify Sunk Costs of Non- Nuclear Generation Assets, & Transition Costs for Electric Utility Restructuring, & Consolidated Proceedings (California PUC)
96-324 96-08-070, et al.	Bell Atlantic - Delaware, Inc. (Delaware PSC) Pacific Gas & Electric Co., Southern California Edison Co. and San Diego Gas & Electric Company (California PUC)
97-05-12 R-00973953	Connecticut Light & Power (Connecticut PUC) Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code (Pennsylvania PUC)
97-65 16705 E-1072-97-067 Non-Docketed Staff Investigation	Application of Delmarva Power & Light Co. for Application of a Cost Accounting Manual and a Code of Conduct (Delaware PSC) Entergy Gulf States, Inc. (Cities Steering Committee) Southwestern Telephone Co. (Arizona Corporation Commission) Delaware - Estimate Impact of Universal Services Issues (Delaware PSC)

PU-314-97-12 97-0351 97-8001	US West Communications, Inc. Cost Studies (North Dakota PSC) Consumer Illinois Water Company (Illinois CC) Investigation of Issues to be Considered as a Result of Restructuring of Electric Industry (Nevada PSC)
U-0000-94-165	Generic Docket to Consider Competition in the Provision of Retail Electric Service (Arizona Corporation Commission)
98-05-006-Phase I 9355-U	San Diego Gas & Electric Co., Section 386 costs (California PUC)
97-12-020 - Phase I	Georgia Power Company Rate Case (Georgia PUC)
U-98-56, U-98-60, U-98-65, U-98-67	Pacific Gas & Electric Company (California PUC)
(U-99-66, U-99-65, U-99-56, U-99-52)	Investigation of 1998 Intrastate Access charge filings (Alaska PUC)
Phase II of 97-SCCC-149-GIT	Investigation of 1999 Intrastate Access Charge filing (Alaska PUC)
PU-314-97-465	Southwestern Bell Telephone Company Cost Studies (Kansas CC)
Non-docketed Assistance	US West Universal Service Cost Model (North Dakota PSC)
Contract Dispute	Bell Atlantic - Delaware, Inc., Review of New Telecomm. and Tariff Filings (Delaware PSC)
Non-docketed Project	City of Zeeland, MI - Water Contract with the City of Holland, MI (Before an arbitration panel)
Non-docketed Project	City of Danville, IL - Valuation of Water System (Danville, IL)
E-1032-95-417	Village of University Park, IL - Valuation of Water and Sewer System (Village of University Park, Illinois)
T-1051B-99-0497	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
T-01051B-99-0105 A00-07-043	Proposed Merger of the Parent Corporation of Qwest Communications Corporation, LCI International Telecom Corp., and US West Communications, Inc. (Arizona CC)
T-01051B-99-0499 99-419/420	US West Communications, Inc. Rate Case (Arizona CC)
PU314-99-119	Pacific Gas & Electric - 2001 Attrition (California PUC)
98-0252	US West/Quest Broadband Asset Transfer (Arizona CC)
00-108	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
U-00-28	US West, Inc. Residential Rate Increase and Cost Study Review (North Dakota PSC)
Non-Docketed	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-11-038	Delmarva Billing System Investigation (Delaware PSC)
00-11-056	Matanuska Telephone Association (Alaska PUC)
00-10-028	Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation (California PUC)
98-479	Southern California Edison (California PUC)
99-457	Pacific Gas & Electric (California PUC)
99-582	The Utility Reform Network for Modification of Resolution E-3527 (California PUC)
99-03-04	Delmarva Power & Light Application for Approval of its Electric and Fuel Adjustments Costs (Delaware PSC)
99-03-36	Delaware Electric Cooperative Restructuring Filing (Delaware PSC)
Civil Action No. 98-1117	Delmarva Power & Light dba Conectiv Power Delivery Analysis of Code of Conduct and Cost Accounting Manual (Delaware PSC)
	United Illuminating Company Recovery of Stranded Costs (Connecticut OCC)
	Connecticut Light & Power (Connecticut OCC)
	West Penn Power Company vs. PA PUC (Pennsylvania PSC)

Case No. 12604	Upper Peninsula Power Company (Michigan AG)
Case No. 12613	Wisconsin Public Service Commission (Michigan AG)
41651	Northern Indiana Public Service Co Overearnings investigation (Indiana UCC)
13605-U	Savannah Electric & Power Company -- FCR (Georgia PSC)
14000-U	Georgia Power Company Rate Case/M&S Review (Georgia PSC)
13196-U	Savannah Electric & Power Company Natural Gas Procurement and Risk Management/Hedging Proposal, Docket No. 13196-U (Georgia PSC)
Non-Docketed	Georgia Power Company & Savannah Electric & Power FPR Company Fuel Procurement Audit (Georgia PSC)
Non-Docketed	Transition Costs of Nevada Vertically Integrated Utilities (US Department of Navy)
Application No. 99-01-016,	Post-Transition Ratemaking Mechanisms for the Electric Industry Restructuring (US Department of Navy)
Phase I	
99-02-05	Connecticut Light & Power (Connecticut OCC)
01-05-19-RE03	Yankee Gas Service Application for a Rate Increase, Phase I-2002-IERM (Connecticut OCC)
G-01551A-00-0309	Southwest Gas Corporation, Application to amend its rate Schedules (Arizona CC)
00-07-043	Pacific Gas & Electric Company Attrition & Application for a rate increase (California PUC)
97-12-020	
Phase II	Pacific Gas & Electric Company Rate Case (California PUC)
01-10-10	United Illuminating Company (Connecticut OCC)
13711-U	Georgia Power FCR (Georgia PSC)
02-001	Verizon Delaware § 271(Delaware DPA)
02-BLVT-377-AUD	Blue Valley Telephone Company Audit/General Rate Investigation (Kansas CC)
02-S&TT-390-AUD	S&T Telephone Cooperative Audit/General Rate Investigation (Kansas CC)
01-SFLT-879-AUD	Sunflower Telephone Company Inc., Audit/General Rate Investigation (Kansas CC)
01-BSTT-878-AUD	Bluestem Telephone Company, Inc. Audit/General Rate Investigation (Kansas CC)
P404, 407, 520, 413 426, 427, 430, 421/ CI-00-712	Sherburne County Rural Telephone Company, dba as Connections, Etc. (Minnesota DOC)
U-01-85	ACS of Alaska, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-34	ACS of Anchorage, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-83	ACS of Fairbanks, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-87	ACS of the Northland, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
96-324, Phase II	Verizon Delaware, Inc. UNE Rate Filing (Delaware PSC)
03-WHST-503-AUD	Wheat State Telephone Company (Kansas CC)
04-GNBT-130-AUD	Golden Belt Telephone Association (Kansas CC)
Docket 6914	Shoreham Telephone Company, Inc. (Vermont BPU)
Docket No. E-01345A-06-009	Arizona Public Service Company (Arizona Corporation Commission)
Case No. 05-1278-E-PC-PW-42T	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (West Virginia PSC)
Docket No. 05-304	Delmarva Power & Light Company (Delaware PSC)
Docket No. 04-0113	Hawaiian Electric Company (Hawaii PUC)

Case No. U-14347 Consumers Energy Company (Michigan PSC)
 Case No. 05-725-EL-UNC Cincinnati Gas & Electric Company (PUC of Ohio)
 Docket No. 21229-U Savannah Electric & Power Company (Georgia PSC)
 Docket No. 19142-U Georgia Power Company (Georgia PSC)
 Docket No.
 03-07-02REO1 Connecticut Light & Power Company (CT DPUC)
 Docket No. 03-07-01RE Connecticut Light & Power Company (CT DPUC)
 Docket No. 19042-U Savannah Electric & Power Company (Georgia PSC)
 Docket No. 2004-178-E South Carolina Electric & Gas Company (South Carolina PSC)
 Docket No. 03-07-02 Connecticut Light & Power Company (CT DPUC)
 Docket No. EX02060363,
 Phases I&II Rockland Electric Company (NJ BPU)
 Docket No. U-00-88 ENSTAR Natural Gas Company and Alaska Pipeline Company (Regulatory
 Commission of Alaska)

 Phase 1-2002 IERM,
 Docket No.
 01-05-19 REO3 Yankee Gas Service (CT DPUC)
 Docket No.
 G-01551A-00-0309 Southwest Gas Corporation (Arizona Corporation Commission)
 Docket No. U-02-075 Interior Telephone Company, Inc. (Regulatory Commission of Alaska)
 Docket No. 05-SCNT-
 1048-AUD South Central Telephone Company (Kansas CC)
 Docket No. 05-TRCT-
 607-KSF Tri-County Telephone Company (Kansas CC)
 Docket No. 05-KOKT-
 060-AUD Kan Okla Telephone Company (Kansas CC)
 Docket No. 2002-747 Northland Telephone Company of Maine (Maine PUC)
 Docket No. 2003-34 Sidney Telephone Company (Maine PUC)
 Docket No. 2003-35 Maine Telephone Company (Maine PUC)
 Docket No. 2003-36 China Telephone Company (Maine PUC)
 Docket No. 2003-37 Standish Telephone Company (Maine PUC)
 Docket Nos. U-04-022,
 U-04-023 Anchorage Water and Wastewater Utility (Regulatory Commission of Alaska)
 Case 05-116-U Entergy Arkansas, Inc. (Arkansas Public Service Commission)
 Case 04-137-U Southwest Power Pool RTO (Arkansas Public Service Commission)
 Case No. 7109/7160 Vermont Gas Systems (Department of Public Service)
 Case No. 05-116-U Entergy Arkansas, Inc. (Arkansas PSC)
 Case No. 04-137-U Southwest Power Pool RTO (Arkansas PSC)
 Case No. ER-2006-0315 Empire District Electric Company (Missouri PSC)

PUGET SOUND ENERGY-ELECTRIC
 STORM DAMAGE
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
 2007 GENERAL RATE CASE

LINE NO.	DESCRIPTION	Transmission	Distribution	Pugnet AMOUNT	FEA Proposed Amount	FEA Adjustment
	NORMAL STORMS			Total		
1	ACTUAL O&M.					
2	TWELVE MONTHS ENDED 9/30/02	\$ (4,894)	\$ 6,583,315	\$ 6,578,420		
3	TWELVE MONTHS ENDED 9/30/03	\$ 6,615	\$ 5,325,797	\$ 5,332,412		
4	TWELVE MONTHS ENDED 9/30/04	\$ 202,197	\$ 12,062,138	\$ 12,264,335		
5	TWELVE MONTHS ENDED 9/30/05	\$ 50,866	\$ 1,947,137	\$ 1,998,004		
6	TWELVE MONTHS ENDED 9/30/05	\$ 417,714	\$ 10,336,885	\$ 10,754,599		
7	TWELVE MONTHS ENDED 9/30/06	\$ 495,730	\$ 10,500,628	\$ 10,996,358		
8	TWELVE MONTHS ENDED 9/30/07	\$ 1,168,228	\$ 46,755,899	\$ 47,924,127		
9	TOTAL NORMAL STORMS	\$ 194,705	\$ 7,792,650	\$ 7,987,354	\$ 7,987,354	\$ -
10	SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR (LINE 9, 6 YEARS)					
11		\$ 495,730	\$ 10,500,628	\$ 10,996,358	\$ 10,996,358	\$ -
12	CHARGED TO EXPENSE 12 MONTH ENDED 9/30/07:					
13	STORM DAMAGE EXPENSE (LINE 8)	\$ (301,025)	\$ (2,707,978)	\$ (3,009,003)	\$ (3,009,003)	\$ -
14	INCREASE (DECREASE) OPERATING EXPENSE (LINE 11-LINE 14)					
15						
16						
17						
18						
19						
20	CATASTROPHIC STORMS					
21	DEFERRED BALANCES FOR 3 YEAR AMORTIZATION AT					
22	START OF RATE YEAR (11/1/08):					
23	12/03 WINDSTORM	3,313,916				
24	2006 STORM DAMAGE (EXCL 12/13/07 WIND STORM)	24,436,289				
25	2007 STORM DAMAGE	781,320				
26	TOTAL (LINE 22 + LINE 23 + LINE 24)	28,531,525				
27	ANNUAL AMORTIZATION (LINE 25, 3 YEARS)	\$ 9,510,508			\$ 9,510,508	\$ -
28	DEFERRED BALANCES FOR 6 YEAR AMORTIZATION AT					
29	START OF RATE YEAR (11/1/08):					
30	12/13/06 WIND STORM	79,849,846				
31	TOTAL (LINE 30)	79,849,846				
32	ANNUAL AMORTIZATION (LINE 31, 6 YEARS)	\$ 13,308,308				
33	TOTAL RATE YEAR AMORTIZATION (LINE 26 + LINE 32)	\$ 22,818,816				
34	LESS CATASTROPHIC STORM AMORT AS (9/30/07)	\$ 3,843,257				
35	INCREASE (DECREASE) OPERATING EXPENSE (LINE 26 + LINE 32 - LINE 34)	\$ 18,975,558			\$ 18,975,558	\$ (5,323,323)
36						
37						
38	TOTAL INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 36)	\$ 15,966,555			\$ 15,966,555	\$ (5,323,323)
39						
40	INCREASE (DECREASE) FIT @ 35% (LINE 38 X 35%)	\$ (5,588,294)			\$ (5,588,294)	\$ 1,863,163
41						
42	INCREASE (DECREASE) NOI	\$ (10,378,261)			\$ (10,378,261)	\$ 3,460,160

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

PUGET SOUND ENERGY-ELECTRIC
 WIRE ZONE VEGETATION MANAGEMENT
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
 2007 GENERAL RATE CASE

Line No.	Description	Puget Amount	FEA Proposed Amount	FEA Adjustment
1	Cost of Wire Zone Vegetation Management Program	\$ 4,000,000	\$ 2,333,333	\$ (1,666,667)
2				
3	TOTAL INCREASE (DECREASE) OPERATING EXPENSE			\$ (1,666,667)
4				
5	INCREASE (DECREASE) FIT @ 35% (LINE 3 X 35%)			\$ 583,333
6				
7	INCREASE (DECREASE) NOI			<u>\$ 1,083,333</u>

Notes and Source

Puget workpapers, page 4.14, 11.14E Miscellaneous Operating Expense (C): 11.14E, line 9
 FEA amount. see testimony