

Exhibit No. __ (WHW-5)
Dockets UE-072300/
UG-072301/UG-080064
Witness: William H. Weinman

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

**DOCKET UE-072300
DOCKET UG-072301
(consolidated)**

DOCKET UG-080064

EXHIBIT TO TESTIMONY OF

WILLIAM H. WEINMAN

**STAFF OF THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION**

Gas Results of Operations and Revenue Requirement

May 30, 2008

PUGET SOUND ENERGY-GAS
 RESULTS OF OPERATIONS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
 GENERAL RATE INCREASE

(a)	(b)	(c)	(d)	(e)	(f)	(g)
LINE NO.	RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE	
1	OPERATING REVENUES:					
2	\$ 1,169,255,872	\$ (113,875,834)	\$ 1,055,380,038	\$ 43,053,259	\$ 1,098,433,297	
3	49,479,594	(49,479,594)				
4	17,032,367	(2,951,933)	14,080,433	404,891	14,485,324	
5	\$ 1,235,767,832	\$ (166,307,361)	\$ 1,069,460,472	\$ 43,458,150	\$ 1,112,918,621	
6						
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	GAS COSTS:					
11						
12	\$ 800,512,866	\$ (103,496,401)	\$ 697,016,465	\$ -	\$ 697,016,465	
13						
14	\$ 800,512,866	\$ (103,496,401)	\$ 697,016,465	\$ -	\$ 697,016,465	
15						
16	\$ 1,700,509	\$ 32,106	\$ 1,732,615	\$ -	\$ 1,732,615	
17	570,155	15,934	586,089		586,089	
18	40,817,492	1,191,137	42,008,629		42,008,629	
19	25,226,971	462,475	25,689,446	120,814	25,810,259	
20	4,652,566	(3,337,761)	1,314,805		1,314,805	
21	4,796,112	(4,796,112)	(0)		(0)	
22	38,296,979	1,092,875	39,389,854	86,916	39,476,770	
23	72,897,010	14,032,673	86,929,683		86,929,683	
24	14,088,267	-	14,088,267		14,088,267	
25	-	-	-		-	
26	511,054	(1,784,122)	(1,273,068)		(1,273,068)	
27	FAS 133					
28	110,684,987	(54,210,475)	56,474,511	1,669,228	58,143,739	
29	10,002,284	5,004,514	15,006,798	14,553,417	29,560,215	
30	7,046,149	1,787,482	8,833,631		8,833,631	
31	\$ 331,290,535	\$ (40,509,275)	\$ 290,781,259	\$ 16,430,375	\$ 307,211,634	
32						
33	\$ 103,964,432	\$ (22,301,685)	\$ 81,662,747	\$ 27,027,775	\$ 108,690,522	
34						
37	7.69%		6.20%		8.25%	
38						
39	RATE BASE:					
40	\$ 2,268,630,640	\$ 2,458,688	\$ 2,271,089,328			
41	(754,747,709)		(754,747,709)			
42	(181,249,183)		(181,249,183)			
43	(18,315,278)		(18,315,278)			
44	\$ 1,314,318,470	\$ 2,458,688	\$ 1,316,777,158			
45	37,061,609	(36,376,049)	685,560			
46	\$ 1,351,380,079	\$ (33,917,361)	\$ 1,317,462,718			

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
RESTATING AND PRO FORMA ADJUSTMENTS

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
LINE NO.	ACTUAL RESULTS OF OPERATIONS 12ME Sept. 30, 2007	TEMPERATURE NORMALIZATION 9.01	REVENUE & EXPENSES 9.02	EVERETT DELTA LEASE 9.03	FEDERAL INCOME TAX 9.04	TAX BENEFIT OF PRO FORMA INTEREST 9.05	
1	OPERATING REVENUES						
2	SALES TO CUSTOMERS	\$ 1,169,255,872	\$ (24,484,888)	\$ (42,249,172)	\$	\$	\$
3	MUNICIPAL ADDITIONS	49,479,594					
4	OTHER OPERATING REVENUES	17,032,367		1,198,419	(4,150,352)		
5	TOTAL OPERATING REVENUES	\$ 1,235,767,832	\$ (24,484,888)	\$ (41,050,753)	\$	\$	\$
6							
7	OPERATING REVENUE DEDUCTIONS:						
8							
9							
10	GAS COSTS:						
11	PURCHASED GAS	\$ 800,512,866	\$	\$ (65,382,956)	\$	\$	\$
12							
13	TOTAL PRODUCTION EXPENSES	\$ 800,512,866	\$	\$ (65,382,956)	\$	\$	\$
14							
15	OTHER ENERGY SUPPLY EXPENSES	\$ 1,700,509	\$	\$	\$	\$	\$
16	TRANSMISSION EXPENSE	570,155					
17	DISTRIBUTION EXPENSE	40,817,492					
18	CUSTOMER ACCTS EXPENSES	25,228,971	(68,066)	(114,121)			
19	CUSTOMER SERVICE EXPENSES	4,682,566					
20	CONSERVATION AMORTIZATION	4,786,112					
21	ADMIN & GENERAL EXPENSE	38,286,979	(48,970)	(82,102)			
22	DEPRECIATION	72,897,010					
23	AMORTIZATION	14,088,267					
24	AMORTIZATION OF PROPERTY LOSS						
25	OTHER OPERATING EXPENSES	511,054					
26	FAS 133						
27	TAXES OTHER THAN INCOME TAXES	110,684,987	(940,465)	(1,576,759)			
28	INCOME TAXES	10,002,284	(8,199,585)	9,136,815	(1,452,623)	(2,165,855)	7,621,600
29	DEFERRED INCOME TAXES	7,046,149			1,787,482		
30	TOTAL OPERATING REV. DEDUCT.	\$ 331,290,535	\$ (9,257,087)	\$ 7,363,833	\$ (1,452,623)	\$ (378,373)	\$ 7,621,600
31	NET OPERATING INCOME	\$ 103,964,432	\$ (15,227,800)	\$ 16,966,370	\$ (2,697,729)	\$ 378,373	\$ (7,621,600)
32	RATE OF RETURN	7.69%					
33							
34	RATE BASE:						
35	UTILITY PLANT IN SERVICE	\$ 2,268,630,640	\$	\$	\$	\$	\$
36	ACCUMULATED DEPRECIATION	(754,747,709)					
37	ACCUMULATED DEFERRED FIT	(181,249,183)					
38	OTHER	(18,315,278)					
39	TOTAL NET INVESTMENT	\$ 1,314,318,470	\$	\$	\$	\$	\$
40	ALLOWANCE FOR WORKING CAPITAL	37,061,609					
41	TOTAL RATE BASE	\$ 1,351,380,079	\$	\$	\$	\$	\$
42							
43							
44							
45							
46							

PUGET SOUND ENERGY-GAS
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
 RESTATING AND PRO FORMA ADJUSTMENTS

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
LINE NO.		INTEREST ON CUSTOMER DEPOSITS 9.13	RATE CASE EXPENSES 9.14	DEFERRED GAINS/LOSSES PROP SALES 9.15	PROPERTY & LIABILITY INS 9.16	PENSION PLAN 9.17	WAGE INCREASE 9.18
1	OPERATING REVENUES						
2	SALES TO CUSTOMERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	MUNICIPAL ADDITIONS						
4	OTHER OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6							
7	OPERATING REVENUE DEDUCTIONS:						
8							
9							
10	GAS COSTS:						
11							
12	PURCHASED GAS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13							
14	TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15							
16	OTHER ENERGY SUPPLY EXPENSES		\$ -	\$ -	\$ -	\$ -	54,124
17	TRANSMISSION EXPENSE						14,409
18	DISTRIBUTION EXPENSE						1,099,143
19	CUSTOMER ACCTS EXPENSES	187,784					424,761
20	CUSTOMER SERVICE EXPENSES						60,646
21	CONSERVATION AMORTIZATION						
22	ADMIN & GENERAL EXPENSE		67,686			(408,851)	478,692
23	DEPRECIATION						
24	AMORTIZATION OF PROPERTY LOSS						
25	AMORTIZATION OF PROPERTY LOSS			(219,679)			
26	OTHER OPERATING EXPENSES						
27	FAS 133						
28	TAXES OTHER THAN INCOME TAXES						136,381
29	INCOME TAXES		(23,690)	76,888	(45,829)	143,098	(793,855)
30	DEFERRED INCOME TAXES						
31	TOTAL OPERATING REV. DEDUCT.	\$ 187,784	\$ 43,986	\$ (142,791)	\$ 85,111	\$ (265,753)	\$ 1,474,301
32							
33	NET OPERATING INCOME	\$ (187,784)	\$ (43,986)	\$ 142,791	\$ (85,111)	\$ 265,753	\$ (1,474,301)
34							
35	RATE OF RETURN						
36							
37							
38	RATE BASE:						
39	UTILITY PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40	ACCUMULATED DEPRECIATION						
41	ACCUMULATED DEFERRED FIT						
42	OTHER						
43	TOTAL NET INVESTMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	ALLOWANCE FOR WORKING CAPITAL						
45	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46							

PUGET SOUND ENERGY-GAS
 BILLING DISCOUNT
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	PRO FORMA	ADJUSTMENT
1	SALES TO CUSTOMERS:			
2				
3	RESIDENTIAL		\$ 1,228,388	\$ 1,228,388
4				
5	EXPENSES:			
6				
7	CUSTOMER ACCTS	0.0027800		3,415
8	GENERAL & ADMN	0.002		2,457
9				
10	TOTAL EXPENSES			
11				
12				
13	STATE EXCISE TAX	3.85%		47,293
14				
15				
16	FEDERAL INCOME TAX	35.00%		411,328
17	TOTAL TAXES			464,493
18				
19	TOTAL EXPENSES & TAXES			464,493
20				
21	INCREASE(DECREASE) NOI			763,895

**PUGET SOUND ENERGY-GAS
REVENUE AND EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	ADD GRC INCREASE DOCKET UG-060267	\$ 12,621,527
3	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
4	OTHER OPERATING	(903,739)
5	OCTOBER 2007 PURCHASED GAS	
6	ADJUSTMENT, DOCKET UG-071775.	(47,385,174)
7	SCHEDULE MIGRATION	(2,218,411)
8	TRUE UP CHANGE IN UNBILLED	(5,687,892)
9	OTHER ADJUSTMENTS	1,324,517
10	RESTATING ADJUSTMENTS SALES TO CUSTOMERS	<u>(42,249,172)</u>
11		
12	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ (42,249,172)
13		
14	OTHER OPERATING REVENUES	
15	RENTALS:	
16	ADD GRC INCREASE DOCKET 060266	220,411
17	TRUE UP CHANGE IN UNBILLED	74,269
18	OTHER OPERATING REVENUES	
19	RECLASS PENALTIES AND NEW CUSTOMER REVENUE	
20	FROM SALES TO CUSTOMERS	<u>903,739</u>
21	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u>1,198,419</u>
22		
23	TOTAL INCREASE (DECREASE) REVENUES	(41,050,753)
24		
25	OPERATING EXPENSES:	
26	PURCHASED GAS COSTS	\$ (65,382,956)
27	UNCOLLECTIBLES @	0.00278 \$ (114,121)
28	ANNUAL FILING FEE @	0.00200 (82,102)
29	INCREASE (DECREASE) EXPENSES	<u>(65,579,178)</u>
30		
31	STATE UTILITY TAX @	0.03841 \$ (1,576,759)
32		
33	INCREASE (DECREASE) TAXES OTHER	<u>(1,576,759)</u>
34		
35	INCREASE (DECREASE) INCOME	26,105,185
36	INCREASE (DECREASE) FIT @	35% 9,136,815
37	INCREASE (DECREASE) NOI	<u>\$ 16,968,370</u>

**PUGET SOUND ENERGY-GAS
EVERETT DELTA
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	ADJUSTMENTS	RESTATED
1	OPERATING REVENUES:			
2	SALES TO CUSTOMERS		\$ -	\$ -
3	MUNICIPAL ADDITIONS			-
4	OTHER OPERATING REVENUES	4,150,352	(4,150,352)	-
5	TOTAL OPERATING REVENUES	\$ 4,150,352	\$ (4,150,352)	-
6				
7				
8	OPERATING REVENUE DEDUCTIONS:			
9				
10	GAS COSTS:			
11				
12	PURCHASED GAS	\$ -	\$ -	\$ -
13				
14	TOTAL PRODUCTION EXPENSES	-	-	-
15				
16	OTHER POWER SUPPLY EXPENSES	-	-	-
17	TRANSMISSION EXPENSE	-	-	-
18	DISTRIBUTION EXPENSE	-	-	-
19	CUSTOMER ACCOUNT EXPENSES	-	-	-
20	CUSTOMER SERVICE EXPENSES	-	-	-
21	CONSERVATION AMORTIZATION	-	-	-
22	ADMIN & GENERAL EXPENSE	-	-	-
23	DEPRECIATION	578,772	-	578,772
24	AMORTIZATION	-	-	-
25	AMORTIZATION OF PROPERTY LOSS	-	-	-
26	OTHER OPERATING EXPENSES	-	-	-
27	FAS 133	-	-	-
28	PROPERTY TAX	491,910	-	491,910
29	INCOME TAXES	1,077,885	(1,452,623)	(374,738)
30	DEFERRED INCOME TAXES	-	-	-
31	TOTAL OPERATING REV. DEDUCT.	2,148,566	(1,452,623)	695,943
32				
33	NET OPERATING INCOME	\$ 2,001,786	\$ (2,697,729)	\$ (695,943)
34				
35	RATE BASE	\$ 23,765,912	\$ 0	\$ 23,765,912
36				
37	RATE OF RETURN	8.42%		-2.93%
38				
39	RATE BASE:			
40	UTILITY PLANT IN SERVICE	\$ 30,624,284	\$ -	\$ 30,624,284
41	ACCUMULATED DEPRECIATION	(1,374,636)	-	(1,374,636)
42	ACCUMULATED DEFERRED FIT - LIBEI	(5,483,736)	-	(5,483,736)
43	OTHER	-	-	-
44	TOTAL NET INVESTMENT	23,765,912	-	23,765,912
45	ALLOWANCE FOR WORKING CAPITAL	-	-	-
46	TOTAL RATE BASE	\$ 23,765,912	\$ -	\$ 23,765,912
47				

**PUGET SOUND ENERGY-GAS
FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ 22,389,797
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @ 35%	7,836,429
5	DEFERRED FIT - DEBIT	43,360,625
6	DEFERRED FIT - CREDIT	(33,624,571)
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(902,423)
8	TOTAL RESTATED FIT	<u>\$ 16,670,060</u>
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	\$ 10,002,284
12	DEFERRED FIT - DEBIT	48,445,101
13	DEFERRED FIT - CREDIT	(40,948,243)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	<u>(450,709)</u>
15		
16	TOTAL CHARGED TO EXPENSE	\$ 17,048,433
17		
18	INCREASE(DECREASE) FIT	\$ (2,165,855)
19	INCREASE(DECREASE) DEFERRED FIT	2,239,196
20	INCREASE(DECREASE) ITC	(451,714)
21	INCREASE(DECREASE) NOI	<u><u>\$ 378,373</u></u>

**PUGET SOUND ENERGY-GAS
TAX BENEFIT OF PRO FORMA INTEREST
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 1,317,462,718
2	DEDUCTIBLE CWIP	47,186,981
3	NET RATE BASE	<u>\$ 1,364,649,699</u>
4		
5	WEIGHTED COST OF DEBT	<u>3.74%</u>
6	PROFORMA INTEREST	\$ 51,037,899
7		
8	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
9	INTEREST ON LONG TERM DEBT	\$ 63,212,987
10	INTEREST ON PREFERRED STOCK	
11	AMORTIZATION OF DEBT DISCOUNT	
12	AND EXPENSE, NET OF PREMIUMS	1,126,339
13	INTEREST ON DEBT TO ASSOCIATED COMPANIES	477,460
14	OTHER INTEREST EXPENSE	8,184,896
15	LESS INTEREST ON CUSTOMER DEPOSITS	<u>(187,784)</u>
16	CHARGED TO EXPENSE IN TEST YEAR	<u>72,813,898</u>
17	INCREASE (DECREASE) INCOME	\$ 21,776,000
18		
19	INCREASE (DECREASE) FIT @	35% 7,621,600
20	INCREASE (DECREASE) NOI	<u><u>\$ (7,621,600)</u></u>

**PUGET SOUND ENERGY-GAS
DEPRECIATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	<u>ADJUSTMENT TO OPERATING EXPENSES</u>			
2	403 DEPRECIATION EXPENSE	\$ 68,026,974	\$ 79,599,749	\$ 11,572,775
3	403 GAS PORTION OF COMMON	2,369,038	4,857,234	2,488,196
4	403 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	1,886,500	1,886,500	-
5	SUBTOTAL DEPRECIATION EXPENSE 403	<u>72,282,513</u>	<u>86,343,484</u>	<u>14,060,971</u>
6				
7	403.1 DEPR. EXP- FAS 143 (RECOVERED IN RATES)	614,403	614,403	-
8	403.1 DEPR. EXP - FAS 143 (NOT RECOVERED IN RATES)	94		(94)
9	SUBTOTAL DEPRECIATION EXPENSE 403.1	<u>614,497</u>	<u>614,403</u>	<u>(94)</u>
10				
11	TOTAL DEPRECIATION EXPENSE	<u>72,897,010</u>	<u>86,957,887</u>	<u>14,060,877</u>
12				
13	4111 ACCRETION EXP. - FAS 143 (RECOVERED IN RATES)	303,738	303,738	-
14	4111 ACCRETION EXP. - FAS 143 (NOT RECOVERED IN RATES)	640		(640)
15	SUBTOTAL ACCRETION EXPENSE 411.1	<u>304,378</u>	<u>303,738</u>	<u>(640)</u>
16				
17	FLEET DEPR. EXP. ON INC STMT NOT RECORDED IN 403	<u>48,221</u>	<u>20,656</u>	<u>(27,565)</u>
18				
19	INCREASE(DECREASE) EXPENSE			\$ 14,032,673
20	INCREASE(DECREASE) FIT			
21	INCREASE(DECREASE) DEFERRED FIT			
22	INCREASE(DECREASE) NOI			<u>\$ (14,032,673)</u>
23				
24				
25	<u>ADJUSTMENT TO RATE BASE</u>			
26	ADJUST ACCUM DEPR FOR ADDITIONAL DEPR EXP (50% OF LINE 19)			
27	ADJUST ACCUMULATED DFIT FOR ADDITIONAL EXPENSE (50% OF LINE 21)			
28	TOTAL ADJUSTMENT TO RATEBASE			<u>\$ -</u>

**PUGET SOUND ENERGY-GAS
PASS THROUGH REVENUE AND EXPENSE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ADJUSTMENT
1 <u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2 REMOVE LOW INCOME - SCHEDULE 129	\$ 3,498,771
3 REMOVE CONSERVATION - SCHEDULE 120	5,016,543
4 REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	39,854,849
5 REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	49,121,411
6 REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	358,182
7 TOTAL (INCREASE) DECREASE REVENUES	<u>97,849,756</u>
8	
9 <u>ADJUST REVENUE SENSITIVE ITEMS FOR REMOVAL OF REVENUE:</u>	
10 BAD DEBTS	0.278000% (272,022)
11 ANNUAL FILING FEE	0.200000% (195,700)
12 STATE UTILITY TAX	3.841000% (3,758,409)
13 TOTAL INCREASE (DECREASE) EXPENSE	<u>4.369178% (4,226,131)</u>
14	
15 <u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
16 REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	(3,344,943)
17 REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	(4,796,112)
18 REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	(38,113,445)
19 REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	(49,572,240)
20 REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	INCL. ABOVE
21 TOTAL INCREASE (DECREASE) EXPENSE	<u>(95,826,741)</u>
22	
23 INCREASE (DECREASE) IN OPERATING INCOME BEFORE TAXES	2,203,115
24 INCREASE (DECREASE) FIT	<u>771,090</u>
25 INCREASE (DECREASE) NOI	<u>1,432,025</u>

**PUGET SOUND ENERGY-GAS
BAD DEBTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	NET WRITEOFFS	GROSS REVENUES	NET REVENUES	AMOUNT
1	12 MOS ENDED 09/30/2004	\$ 2,058,469	\$ 736,127,073	\$ 736,127,073	0.2796350%
2	12 MOS ENDED 09/30/2005	\$ 2,735,000	\$ 879,440,289	\$ 879,440,289	0.3109933%
3	12 MOS ENDED 09/30/2007	\$ 3,007,806	\$ 1,235,767,832	\$ 1,235,767,832	0.2433957%
4	3-Yr Average of Net Write Off Rate				0.2780080%
5					
6	Test Period Revenues		\$ 1,235,767,832	\$ 1,235,767,832	
7					
8	PROFORMA BAD DEBT RATE			0.2780080%	
9	PROFORMA BAD DEBTS			\$ 3,435,533	
10					
11	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR			3,010,710	
12	INCREASE (DECREASE) EXPENSE				\$ 424,823
13					
14	INCREASE (DECREASE) FIT			35%	(148,688)
15	INCREASE (DECREASE) NOI				<u>\$ (276,135)</u>

**PUGET SOUND ENERGY-GAS
MISCELLANEOUS OPERATING EXPENSE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED / PROFORMA	ADJUSTMENT
1	<u>OPERATING EXPENSES</u>			
2	AMORT OF DEFERRED TAXES OF INDIRECT OVERHEADS			
3	REGULATORY ASSET (WUTC DOC # UG-051528)	\$ 1,015,556	\$ -	\$ (1,015,556)
4	INCREASE IN SERVICE CONTRACT BASELINE CHARGES TSM	134,575	141,236	6,661
5	INCREASE IN SERVICE CONTRACT BASELINE CHARGES DIST	10,061,331	10,503,675	442,344
6	ADJUSTMENT FOR ONE-TIME FAS 106 CURTAILMENT GAIN	(168,077)		168,077
7	COMPANY STORE - PURCHASE OF MERCHANDISE	30,141	0	(30,141)
8	COMPANY STORE - PURCHASE OF MERCHANDISE	27,648	0	(27,648)
9	COMPANY STORE - SALE OF MERCHANDISE	(44,441)	0	44,441
10	SUMMIT BUILDING CONTRACTUAL RENT INCREASES			
11	PER ACCOUNTING PETITION #UE-071876	443,035	1,106,539	663,504
12	AMORTIZATION OF SUMMIT BUYOUT PURCHASE OPTION			
13	PER ACCOUNTING PETITION #UE-071876	0	(548,888)	(548,888)
14	NEW YORK ST EXCH FEES	39,525		(39,525)
15	ADJUSTMENT TO MOVE WAGES FOR OFFICER TIME ON MERGER	1,312		(1,312)
16	CHARGED TO PSE:	14,908		(14,908)
17	EMPLOYEE BENEFITS, FERC 926	3,923		(3,923)
18	PUBLISH & DIST ANNUAL REPORTS TO STOCKHOLDERS	104,163		(104,163)
19	STOCKHOLDER MEETING EXPENSES	84,077		(84,007)
20	TRANSFER AGENT & REGISTRAR FEES	180,505		(180,505)
21				
22				
23				
24				
25				
26	INCREASE (DECREASE) IN EXPENSE	\$ 11,928,181	\$ 11,202,562	\$ (725,548)
27				
28				
29	INCREASE(DECREASE) FIT @		35%	253,942
30				
31	INCREASE(DECREASE) NOI			<u>\$ 471,606</u>
32				
33				
34	<u>RATE BASE</u>			
35	CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT			2,458,688

**PUGET SOUND ENERGY-GAS
PROPERTY TAXES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED PROPERTY TAX	\$ 12,375,927
2	CHARGED TO EXPENSE IN TY	10,476,286
3	INCREASE(DECREASE) EXPENSE	\$ 1,899,642
4		
5	INCREASE(DECREASE) FIT @ 35%	(664,875)
6	INCREASE(DECREASE) NOI	\$ 1,234,767

**PUGET SOUND ENERGY-GAS
EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	AMOUNT
1 RESTATED EXCISE TAXES	\$ 47,160,661
2 CHARGED TO EXPENSE FOR TEST YEAR	47,552,492
3 INCREASE(DECREASE) EXCISE TAX	<u>\$ (391,831)</u>
4	
5 RESTATED WUTC FILING FEE	\$ 2,451,363
6 CHARGED TO EXPENSE FOR TEST YEAR	2,527,692
7 INCREASE(DECREASE) WUTC FILING FEE	<u>\$ (76,330)</u>
8	
9 INCREASE(DECREASE) OPERATING EXPENSE	\$ (468,161)
10	
11 INCREASE(DECREASE) FIT	35% \$ 163,856
12 INCREASE(DECREASE) NOI	<u><u>\$ 304,305</u></u>

**PUGET SOUND ENERGY-GAS
D&O INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. CHG EXPENSE	\$ 743,653	\$ 768,270	\$ 24,618
2				
3	INCREASE (DECREASE) D&O EXPENSE	\$ 743,653	\$ 768,270	\$ 24,618
4				
5	INCREASE (DECREASE) EXPENSE			24,618
6				
7	INCREASE (DECREASE) FIT @		35%	(8,616)
8	INCREASE (DECREASE) NOI			<u>\$ (16,002)</u>

**PUGET SOUND ENERGY-GAS
EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	AMOUNT
1 RESTATED EXCISE TAXES	\$ 47,160,661
2 CHARGED TO EXPENSE FOR TEST YEAR	47,552,492
3 INCREASE(DECREASE) EXCISE TAX	\$ (391,831)
4	
5 RESTATED WUTC FILING FEE	\$ 2,451,363
6 CHARGED TO EXPENSE FOR TEST YEAR	2,527,692
7 INCREASE(DECREASE) WUTC FILING FEE	\$ (76,330)
8	
9 INCREASE(DECREASE) OPERATING EXPENSE	\$ (468,161)
10	
11 INCREASE(DECREASE) FIT 35%	\$ 163,856
12 INCREASE(DECREASE) NOI	\$ 304,305

**PUGET SOUND ENERGY-GAS
D&O INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. CHG EXPENSE	\$ 743,653	\$ 768,270	\$ 24,618
2				
3	INCREASE (DECREASE) D&O EXPENSE	\$ 743,653	\$ 768,270	\$ 24,618
4				
5	INCREASE (DECREASE) EXPENSE			24,618
6				
7	INCREASE (DECREASE) FIT @		35%	(8,616)
8	INCREASE (DECREASE) NOI			<u>\$ (16,002)</u>

**PUGET SOUND ENERGY-GAS
INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	INTEREST EXPENSE FOR TEST YEAR	\$ 187,784
2		
3		
4		
5		
6	FIT increase	
7		
8		
9		
10		
11	INCREASE (DECREASE) NOI	<u>\$ 187,784</u>
12		

**PUGET SOUND ENERGY-GAS
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	AMOUNT
1 DEFERRED EXPENDITURES TO BE AMORTIZED:	
2	
3 REMAINING 2001 GRC DEFERRALS TO BE AMORTIZED	IMMATERIAL
4 LESS TEST YEAR EXPENSE: 2001 GRC AMORTIZATION	241,861
5 INCREASE (DECREASE) EXPENSE	<u>(241,861)</u> \$ (241,861)
6	
7	
8 REMAINING 2004 GRC DEFERRALS TO BE AMORTIZED	IMMATERIAL
9 LESS TEST YEAR EXPENSE: 2004 GRC AMORTIZATION	110,484
10 INCREASE (DECREASE) EXPENSE	<u>(110,484)</u> (110,484)
11	
12	
13 EXPENSES TO BE NORMALIZED:	
14	
15 ESTIMATED GRC EXPENSES TO BE NORMALIZED	<u>\$ 1,474,000</u>
16	
17 ANNUAL NORMALIZATION (LINE 22 / 2 YEARS)	737,000
18 LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO O&M	<u>316,969</u>
19	
20 INCREASE (DECREASE) EXPENSE	<u>\$ 420,031</u> 420,031
21	
22	
23 TOTAL INCREASE (DECREASE) EXPENSE	\$ 67,686
24	
25 INCREASE(DECREASE) FIT @	35% (23,690)
26 INCREASE(DECREASE) NOI	<u>\$ (43,996)</u>

**PUGET SOUND ENERGY-GAS
DEFERRED GAINS/LOSSES ON PROPERTY SALES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ADJUSTMENT
1 DEFERRED (GAIN) RECORDED SINCE UG-040640 @ 12/31/2006	\$ (1,167,199)
2 DEFERRED LOSS RECORDED SINCE UG-040640 @ 12/31/2006	312,730
3 TOTAL DEFERRED NET (GAIN) LOSS TO AMORTIZE	\$ (854,469)
4	
5 AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR RATE YEAR (Line 3/3years)	(284,823)
6	
7 AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR TEST YEAR	(504,502)
8	
9 INCREASE (DECREASE) EXPENSE (Line 5 - Line 7)	\$ (219,679)
10	
11 INCREASE (DECREASE) FIT @ 35%	76,888
12	
13 INCREASE (DECREASE) NOI	\$ (142,791)

**PUGET SOUND ENERGY-GAS
PROPERTY & LIABILITY INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 346,848	382,814	\$ 35,965
2	LIABILITY INSURANCE EXPENSE	862,117	957,091	\$ 94,974
3	INCREASE(DECREASE) EXPENSE	\$ 1,208,965	\$ 1,339,904	\$ 130,939
4				
5				
6	INCREASE (DECREASE) FIT @	35%		(45,829)
7	INCREASE (DECREASE) NOI			<u>\$ (85,111)</u>

**PUGET SOUND ENERGY-GAS
PENSION PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 490,476	\$ -	\$ (490,476)
2	SERP PLAN	\$ 1,228,239	\$ 1,309,865	\$ 81,626
3				
4	INCREASE(DECREASE) EXPENSE	\$ 1,718,716	\$ 1,309,865	\$ (408,851)
5				
6				
7	INCREASE (DECREASE) FIT @	35%		143,098
8	INCREASE (DECREASE) NOI			<u>\$ 265,753</u>

**PUGET SOUND ENERGY-GAS
WAGE INCREASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PRODUCTION MANUF. GAS	\$ 87,830	\$ 93,466	\$ 5,636
3	OTHER GAS SUPPLY	478,721	503,463	24,742
4	STORAGE, LNG T&G	475,599	499,345	23,746
5	TRANSMISSION	246,149	260,558	14,409
6	DISTRIBUTION	17,003,356	18,102,499	1,099,143
7	CUSTOMER ACCTS	6,116,658	6,541,419	424,761
8	CUSTOMER SERVICE	921,552	973,034	51,482
9	SALES	191,307	200,471	9,164
10	ADMIN. & GENERAL	9,637,520	10,116,212	478,692
11	TOTAL WAGE INCREASE	<u>35,158,692</u>	<u>37,290,467</u>	\$ 2,131,775
12				
13	PAYROLL TAXES	2,956,629	3,093,010	136,381
14	TOTAL WAGES & TAXES	<u>\$ 38,115,321</u>	<u>\$ 40,383,477</u>	\$ 2,268,156
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			\$ 2,268,156
17	INCREASE (DECREASE) FIT @ 35%			(793,855)
18	INCREASE (DECREASE) NOI			<u>\$ (1,474,301)</u>

**PUGET SOUND ENERGY-GAS
INVESTMENT PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION		AMOUNT
1	MANAGEMENT (INC. EXECUTIVES)	
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT	2,054,720
3	RATE YEAR MANAGEMENT WAGE INCREASE	4.79% <u>98,421</u>
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT	2,153,141
5		
6	IBEW	
7	INVESTMENT PLAN APPLICABLE TO IBEW	541,567
8	RATE YEAR IBEW WAGE INCREASE	7.97% <u>43,163</u>
9	TOTAL COMPANY CONTRIBUTION FOR IBEW	584,730
10		
11	UA	
12	INVESTMENT PLAN APPLICABLE TO UA	430,779
13	RATE YEAR UA WAGE INCREASE	6.61% <u>28,474</u>
14	TOTAL COMPANY CONTRIBUTION FOR UA	459,253
15		
16	TOTAL	
17	TOTAL PROFORMA COSTS (LN 4 + LN 9 + 14)	3,197,124
18	PRO FORMA COSTS APPLICABLE TO OPERATIONS	55.72% 1,781,438
19	CHARGED TO EXPENSE FOR YEAR ENDED 9/30/2007	<u>1,686,681</u>
20	INCREASE (DECREASE) EXPENSE	94,757
21		
22	INCREASE (DECREASE) FIT @	35% (33,165)
23	INCREASE (DECREASE) NOI	<u>\$ (61,592)</u>

**PUGET SOUND ENERGY-GAS
EMPLOYEE INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION		AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>		
2	SALARIED EMPLOYEES	\$	4,981,504
3	UNION EMPLOYEES		4,676,395
4	PRO FORMA INSURANCE COSTS		<u>9,657,899</u>
5			
6	APPLICABLE TO OPERATIONS @	55.72%	5,381,381
7	CHARGED TO EXPENSE 09/30/07		4,493,040
8	INCREASE(DECREASE) EXPENSE		<u>888,342</u>
9			
10	INCREASE(DECREASE) FIT @	35%	(310,920)
11			
12	INCREASE(DECREASE) NOI	\$	<u><u>(577,422)</u></u>

**PUGET SOUND ENERGY-GAS
INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	INCENTIVE/MERIT PAY			
2	PRODUCTION MANUF. GAS	\$ 6,038	\$ 4,216	(1,822)
3	OTHER GAS SUPPLY	32,897	22,783	(10,114)
4	STORAGE, LNG T&G	32,680	22,598	(10,082)
5	TRANSMISSION	16,907	11,771	(5,136)
6	DISTRIBUTION	1,168,107	817,757	(350,350)
7	CUSTOMER ACCTS	420,197	296,100	(124,097)
8	CUSTOMER SERVICE	63,306	44,049	(19,257)
9	SALES	13,139	9,073	(4,066)
10	ADMIN. & GENERAL	662,069	458,063	(204,006)
11	TOTAL INCENTIVE PAY	\$ 2,415,340	\$ 1,686,410	\$ (728,930)
12				
13				
14	INCREASE(DECREASE) EXPENSE	2,415,340	1,686,410	(728,930)
15				
16				
17				
18	PAYROLL TAXES ASSOC WITH MERIT PAY	#### 174,871	122,096	\$ (52,775)
19				
20	INCREASE(DECREASE) FIT @	35%		273,597
21	TOTAL TAXES			\$ 220,822
22				
23	TOTAL EXPENSES AND TAXES			\$ (508,108)
24				
25	INCREASE(DECREASE) NOI			\$ 508,108

PUGET SOUND ENERGY-GAS
 BILLING DISCOUNT
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	PRO FORMA	ADJUSTMENT
1	SALES TO CUSTOMERS:			
2				
3	RESIDENTIAL		\$ 1,228,388	\$ 1,228,388
4				
5	EXPENSES:			
6				
7	CUSTOMER ACCTS	0.0027800		3,415
8	GENERAL & ADMN	0.002		2,457
9				
10	TOTAL EXPENSES			
11				
12				
13	STATE EXCISE TAX	3.85%		47,293
14				
15				
16	FEDERAL INCOME TAX	35.00%		411,328
17	TOTAL TAXES			464,493
18				
19	TOTAL EXPENSES & TAXES			464,493
20				
21	INCREASE(DECREASE) NOI			763,895

**PUGET SOUND ENERGY-GAS
WORKING CAPITAL DISALLOWANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATING	NET WORKING CAP
1				
2				
3	NOI			
4				
5				
6				
7				
8	RATE BASE:			
9	UTILITY PLANT IN SERVICE			
10	ACCUMULATED DEPRECIATION			
11	ACCUMULATED DEFERRED FIT			
12	OTHER			
13	TOTAL NET INVESTMENT			
14	ALLOWANCE FOR WORKING CAPITAL	37,061,609	(36,376,049)	685,560
15	TOTAL RATE BASE			