

**Exhibit No. JH-2
Dockets UE-090704 and UG-090705
Witness: Joanna Huang**

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**DOCKET UE-090704
and
DOCKET UG-090705
(consolidated)**

EXHIBIT TO TESTIMONY OF

JOANNA HUANG

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Staff Wage Increase Adjustments

November 17, 2009

**PUGET SOUND ENERGY-ELECTRIC
WAGE INCREASE
FOR THE TWELVE MONTHS ENDED DECEMBER 30, 2008
2009 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PURCHASED POWER	\$ 3,120,093	\$ 3,222,432	\$ 102,339
3	OTHER POWER SUPPLY	13,571,238	14,082,490	511,252
4	TRANSMISSION	11,343,900	11,785,109	441,209
5	DISTRIBUTION	11,993,826	12,449,531	455,705
6	CUSTOMER ACCTS	10,174,505	10,572,969	398,464
7	CUSTOMER SERVICE	1,279,692	1,324,348	44,656
8	SALES	329,849	340,650	10,801
9	ADMIN. & GENERAL	20,978,180	21,598,171	619,991
10	TOTAL WAGE INCREASE	<u>72,791,283</u>	<u>75,375,700</u>	<u>2,584,417</u>
11				
12	PAYROLL TAXES	6,333,220	6,509,379	176,159
13	TOTAL WAGES & TAXES	<u>\$ 79,124,503</u>	<u>\$ 81,885,079</u>	<u>\$ 2,760,576</u>
14				
15	INCREASE (DECREASE) OPERATING EXPENSE			\$ 2,760,576
16	INCREASE (DECREASE) FIT @ 35%			(966,202)
17	INCREASE (DECREASE) NOI			<u><u>\$ (1,794,374)</u></u>

Note:

The revenue impact is also supported by the Company and shown on Page 3 of the Company's data response to Public Counsel Data Request No. 319

**PUGET SOUND ENERGY-GAS
WAGE INCREASE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
2008 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PRODUCTION MANUF. GAS	\$ 157,210	\$ 164,228	\$ 7,018
3	OTHER GAS SUPPLY	513,380	532,429	19,049
4	STORAGE, LNG T&G	517,951	541,110	23,159
5	TRANSMISSION	168,404	176,041	7,637
6	DISTRIBUTION	20,616,696	21,606,880	990,184
7	CUSTOMER ACCTS	7,375,878	7,669,538	293,660
8	CUSTOMER SERVICE	1,087,202	1,124,547	37,345
9	SALES	27,852	28,771	919
10	ADMIN. & GENERAL	10,569,517	10,879,692	310,175
11	TOTAL WAGE INCREASE	<u>41,034,090</u>	<u>42,723,236</u>	1,689,146
12				
13	PAYROLL TAXES	3,528,068	3,643,204	115,136
14	TOTAL WAGES & TAXES	<u>\$ 44,562,158</u>	<u>\$ 46,366,440</u>	<u>\$ 1,804,282</u>
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			\$ 1,804,282
17	INCREASE (DECREASE) FIT @ 35%			(631,499)
18	INCREASE (DECREASE) NOI			<u><u>\$ (1,172,783)</u></u>

Note:

The revenue impact is also supported by the Company and shown on Page 3 of the Company's data response to Public Counsel Data Request No. 319

Methodology: Test Year * Wage Increase

IBEW	4.09%
Salaried	3.28%
UA	5.32%

Puget Sound Energy
 O & M Wage Increase Adjustment
Rate Year Increase in O&M Wages by FERC
 Rate Year: Twelve Months Ended 3/31/2011

Row	FERC account	Salaried	IBEW	UA	Manual JEs	Total	Percent
1	557	102,698	0	0	(360)	102,339	O
2	Purchased and Interchanged	102,698	0	0	(360)	102,339	2.4%
3							
4	500	5,621	166	0	0	5,787	O
5	502	58	441	0	(70)	429	O
5	505	243	17,184	0	82	17,509	O
6	506	(3)	407	0	(358)	46	O
7	507	(0)	11	0	(11)	0	O
8	535	21,020	2,202	0	103	23,326	O
9	537	13,072	19,453	0	10	32,535	O
10	538	2,126	35,097	0	405	37,628	O
11	539	21,420	27,345	0	(255)	48,511	O
12	540	0	0	0	0	0	O
13	546	37,166	758	0	520	38,444	O
14	548	2,446	98,669	0	442	101,557	O
15	549	8,999	21,426	0	303	30,727	O
16	550	(1)	316	0	(250)	66	O
17	556	30,128	0	0	0	30,128	O
18	Operations	142,296	223,475	0	921	366,692	8.6%
19							
20	510	2,033	96	0	0	2,128	M
21	511	(0)	16	0	0	16	M
22	512	7	2,807	0	(17)	2,797	M
23	513	(0)	1,180	0	0	1,180	M
24	514	(0)	1,466	0	17	1,483	M
25	541	5,573	93	0	(2)	5,665	M
26	542	1,039	8,158	0	423	9,619	M
27	543	1,089	8,408	0	11	9,508	M
28	544	4,027	28,475	0	556	33,058	M
29	545	5,653	22,765	0	7	28,426	M
30	551	8,527	467	0	5	8,998	M
31	552	381	3,240	0	(12)	3,608	M
32	553	2,887	25,357	0	103	28,347	M
33	554	1,703	6,516	0	1,506	9,726	M
34	Maintenance	32,918	109,045	0	2,597	144,561	3.4%
35	Power Production Expenses	175,214	332,520	0	3,518	511,252	
36							
37	Operations	244,994	223,475	0	562	469,031	11.0%
38	Maintenance	32,918	109,045	0	2,597	144,561	3.4%
39	Purch & Int and Power Prod	277,913	332,520	0	3,159	613,591	
40							
41	560	23,517	0	0	(57)	23,460	O
42	5611	4,835	90,239	0	(572)	94,502	O
43	5612	30,676	160,269	9	(4,200)	186,755	O
44	5613	8,483	83,750	(6)	645	92,873	O
45	5616	235	5,061	2	0	5,298	O
46	5618	7,775	0	0	2,365	10,140	O
47	561	322	0	0	0	322	O
48	562	963	0	0	0	963	O
48	563	4,238	0	0	0	4,238	O
49	566	1,310	0	0	0	1,310	O
50	Operations	82,354	339,320	5	(1,819)	419,859	9.8%
51							
52	5692	410	12,213	(85)	(0)	12,539	M
53	570	2,003	0	0	1	2,004	M
54	571	4,105	0	0	3	4,108	M
55	572	150	2,549	0	(0)	2,699	M

Methodology: Test Year * Wage Increase

IBEW	4.09%
Salaried	3.28%
UA	5.32%

Puget Sound Energy
 O & M Wage Increase Adjustment
Rate Year Increase in O&M Wages by FERC
 Rate Year: Twelve Months Ended 3/31/2011

Row	FERC account	Salaried	IBEW	UA	Manual JEs	Total	Percent
55	Maintenance	6,668	14,762	(85)	4	21,350 M	0.5%
56	Transmission Expenses	89,022	354,082	(80)	(1,815)	441,209 M	
57							
58	580	219	3,881	0	0	4,101 O	
59	581	7,757	437	0	0	8,194 O	
60	582	425	0	0	0	425 O	
61	583	976	6,795	0	(81)	7,691 O	
62	584	4,708	1,864	0	(296)	6,277 O	
63	585	22	0	0	0	22 O	
64	586	35,025	0	0	877	35,902 O	
65	587	43,010	157,390	0	(9)	200,391 O	
66	588	2,283	33,945	0	1	36,229 O	
67	Operations	94,426	204,313	0	492	299,232	7.0%
68							
69	590	8,199	51,987	0	(90,662)	(30,476) M	
70	591	5,308	8,795	0	(18,673)	(4,570) M	
71	592	6,486	0	0	0	6,486 M	
72	593	4,413	55,589	(593)	(8,608)	50,802 M	
73	594	11,841	83,475	(19)	182	95,480 M	
74	595	20,113	11,486	12	5,623	37,234 M	
75	596	1,484	0	0	34	1,518 M	
76	597	1	0	0	0	1 M	
77	Maintenance	57,845	211,333	(600)	(112,104)	156,474	3.7%
78	Distribution Expenses	152,271	415,646	(600)	(111,611)	455,706	
79							
80	717	2,146	29	4,840	0	7,016 O	
81	Operations	2,146	29	4,840	0	7,016	0.2%
82							
83	741	0	0	1	0	1 M	
84	742	0	0	1	0	1 M	
85	Maintenance	0	0	2	0	2 ###	0.0%
86	Manufactured Gas Production	2,146	29	4,843	0	7,018	
87							
88	8072	688	0	5,781	(14)	6,455 O	
89	8074	12,606	0	0	(12)	12,594 O	
90	Operations	13,294	0	5,781	(26)	19,049	0.4%
91	Other Gas Supply Expenses	13,294	0	5,781	(26)	19,049	
92							
93	814	2,261	0	55	23	2,338 O	
94	818	59	0	5,555	68	5,681 O	
95	841	2,351	19	4,079	(8)	6,440 O	
96	Operations	4,670	19	9,689	82	14,460	0.3%
97							
98	830	2,276	0	65	23	2,363 M	
99	834	58	0	6,198	80	6,336 M	
100	835	0	0	0	0	0 M	
101	8432	0	0	0	0	0 M	
102	8433	0	0	0	0	0 M	
103	8436	0	0	0	0	0 M	
104	8438	0	0	0	0	0 M	
105	8439	0	0	0	0	0 M	
106	Maintenance	2,334	0	6,262	103	8,699	0.2%
107	Natural Gas Storage Expenses	7,004	19	15,952	185	23,159	
108							
109	856	1,183	10	413	(430)	1,176 O	
110	857	375	54	2,796	(2,814)	412 O	
111	Operations	1,559	65	3,209	(3,244)	1,588	0.0%

Methodology: Test Year * Wage Increase

IBEW	4.09%
Salaried	3.28%
UA	5.32%

Puget Sound Energy
 O & M Wage Increase Adjustment
Rate Year Increase in O&M Wages by FERC
 Rate Year: Twelve Months Ended 3/31/2011

Row	FERC account	Salaried	IBEW	UA	Manual JEs	Total	Percent
112							
113	862	321	3	2,285	(2)	2,607	M
114	863	521	47	1,542	446	2,555	M
115	865	1	0	0	0	1	M
116	867	91	0	796	(2)	885	M
117	Maintenance	934	50	4,623	442	6,048	0.1%
118	Transmission Expenses	2,492	114	7,832	(2,802)	7,637	
119							
120	870	19,253	0	0	31	19,284	O
121	871	4,820	0	0	(5)	4,815	O
122	874	39,497	30,288	191,394	3,925	265,104	O
123	875	10,103	168	50,946	950	62,167	O
124	876	1,279	276	17,557	2	19,113	O
125	878	16,509	6,457	241,933	(81,920)	182,978	O
126	879	14,892	4,125	177,660	(16)	196,662	O
127	880	11,620	4,152	10,074	6,271	32,117	O
128	Operations	117,974	45,465	689,564	(70,762)	782,240	18.3%
129							
130	887	16,956	1,970	67,115	(211)	85,830	M
131	889	649	25	3,228	1,947	5,849	M
132	890	1,036	258	13,593	7	14,894	M
133	892	4,509	514	19,746	47	24,817	M
134	893	2,169	1,034	38,736	0	41,939	M
135	894	3,287	1,586	29,775	(31)	34,616	M
136	Maintenance	28,606	5,386	172,193	1,759	207,944	4.9%
137	Distribution Expenses	146,579	50,852	861,757	(69,003)	990,185	
138							
139	902E	106	1,623	0	0	1,729	O
140	903E	11,846	56,586	1	10	68,443	O
141	901C	(130)	0	0	868	737	O
142	902C	3,314	1,725	408	(0)	5,446	O
143	903C	54,752	267,364	0	(8)	322,109	O
144	905C	0	0	0	0	0	O
145	Electric	69,888	327,297	409	869	398,464	9.3%
146							
147	902G	8,417	(3)	7,750	(6)	16,159	O
148	903G	16,977	5,096	28,419	(4)	50,487	O
149	901C	(90)	0	0	602	511	O
150	902C	1,902	990	234	(0)	3,126	O
151	903C	37,970	185,412	0	(5)	223,376	O
152	905C	0	0	0	0	0	O
153	Gas	65,176	191,495	36,403	586	293,660	6.9%
154							
155	901C	(221)	0	0	1,470	1,249	O
156	902C	5,216	2,715	642	(1)	8,572	O
157	903C	92,722	452,776	0	(13)	545,485	O
158	905C	0	0	0	0	0	O
159	Allocate to Electric and Gas	(97,718)	(455,490)	(642)	(1,456)	(555,306)	
160	Common	0	0	0	0	0	
161	Customer Accounts Expenses	135,064	518,793	36,813	1,455	692,125	
162							
163	908E	9,873	2	0	414	10,289	O
164	908C	8,321	12,968	1,388	(153)	22,526	O
165	909C	11,848	0	0	(7)	11,841	O
166	Electric	30,042	12,971	1,388	255	44,656	1.0%
167							
168	908G	13,514	(1)	0	(2)	13,512	O

Methodology: Test Year * Wage Increase

IBEW	4.09%
Salaried	3.28%
UA	5.32%

Puget Sound Energy
 O & M Wage Increase Adjustment
Rate Year Increase in O&M Wages by FERC
 Rate Year: Twelve Months Ended 3/31/2011

Row	FERC account	Salaried	IBEW	UA	Manual JEs	Total	Percent
169	908C	5,771	8,993	963	(106)	15,621 O	
170	909C	8,216	0	0	(5)	8,212 O	
171	Gas	27,502	8,993	963	(112)	37,345	0.9%
172							
173	908C	14,092	21,962	2,351	(258)	38,147 O	
174	909C	20,064	0	0	(12)	20,053 O	
175	Allocate to Electric and Gas	(34,157)	(21,962)	(2,351)	270	(58,200)	
176	Common	0	0	0	0	0	
177	Customer Service and Informational Expenses	57,544	21,963	2,351	143	82,001	
178							
179	912E	7,331	0	0	21	7,352 O	
180	913E	0	0	0	0	0 O	
181	916E	3,449	0	0	0	3,449 O	
182	912C	0	0	0	0	0 O	
183	Electric	10,780	0	0	21	10,801	0.3%
184							
185	912G	905	0	14	(0)	919 O	
186	912C	0	0	0	0	0 O	
187	Gas	905	0	14	(0)	919	0.0%
188							
189	912C	0	0	0	0	0 O	
190	Allocate to Electric and Gas	0	0	0	0	0	
191	Common	0	0	0	0	0	
192	Sales Expenses	11,686	0	14	20	11,720	
193							
194	920E	155,705	240	(0)	291	156,235 O	
195	924E	8,370	0	0	0	8,370 O	
196	925E	7,924	0	0	0	7,924 O	
197	920C	379,364	22,176	5	(618)	400,928 O	
198	924C	8,140	0	0	0	8,140 O	
199	925C	7,385	0	0	0	7,385 O	
199	9301C	450	0	0	(1)	449 O	
200	9302C	221	0	0	4	225 O	
201	Electric Operations	567,559	22,416	5	(324)	589,657 O	13.8%
202							
203	935E	422	1,727	0	82	2,231 M	
204	935C	6,199	15,222	6,686	(3)	28,104 M	
205	Electric Maintenance	6,621	16,949	6,686	79	30,335 M	0.7%
206	Electric	574,181	39,365	6,691	(245)	619,992	
207							
208	920G	47,948	0	0	0	47,948 O	
209	924G	8,110	0	0	0	8,110 O	
210	925G	6,808	0	0	0	6,808 O	
211	920C	207,705	12,142	3	(338)	219,511 O	
212	924C	5,096	0	0	0	5,096 O	
213	925C	5,122	0	0	0	5,122 O	
213	9301C	246	0	0	(0)	246 O	
214	9302C	121	0	0	2	123 O	
215	Gas Operations	281,156	12,142	3	(336)	292,964	6.9%
216							
217	932G	628	1,007	191	(1)	1,825 M	
218	935C	3,394	8,334	3,660	(2)	15,387 M	
219	Gas Maintenance	4,022	9,341	3,851	(2)	17,212	0.4%
220	Gas	285,177	21,483	3,854	(339)	310,176	
221							
222	920C	587,069	34,318	8	(957)	620,439 O	

Methodology: Test Year * Wage Increase

IBEW	4.09%
Salaried	3.28%
UA	5.32%

Puget Sound Energy
O & M Wage Increase Adjustment
Rate Year Increase in O&M Wages by FERC
Rate Year: Twelve Months Ended 3/31/2011

Row	FERC account	Salaried	IBEW	UA	Manual JEs	Total	Percent
223	924C	13,236	0	0	0	13,236	O
224	925C	12,507	0	0	0	12,507	O
225	9302C	342	0	0	6	348	O
226	Allocate O to Electric and Gas	(613,153)	(34,318)	(8)	950	(646,530)	O
227	935C	9,593	23,556	10,346	(5)	43,490	M
228	Allocate M to Electric and Gas	(9,593)	(23,556)	(10,346)	5	(43,490)	M
229	Common	0	0	0	0	(0)	
Administrative and General Expenses							
230		859,358	60,848	10,545	(584)	930,167	
231							
232	Total O&M	1,754,371	1,754,866	945,208	(180,878)	4,273,566	100.0%
233		0	0	0	(0)	1	
234							
235							
236							
237	Electric Operations	1,100,044	1,129,792	1,808	56	2,231,700	52.2%
238	Electric Maintenance	104,052	352,090	6,001	(109,424)	352,719	8.3%
239	Electric O & M	1,204,096	1,481,881	7,809	(109,368)	2,584,419	60.5%
240							
241	Gas Operations	514,380	258,207	750,466	(73,812)	1,449,242	33.9%
242	Gas Maintenance	35,895	14,777	186,932	2,302	239,906	5.6%
243	Gas O & M	550,274	272,985	937,399	(71,510)	1,689,148	39.5%
244							
245	Total O & M	1,754,371	1,754,866	945,208	(180,878)	4,273,566	100.0%

Test Year Wages - O&M	57,190,973	42,944,842	17,775,417	(4,085,861)	113,825,371
Less Executive Compensation	(3,704,057)				
Adjusted Total	53,486,916	42,944,842	17,775,417	(4,085,861)	113,825,371
Wage % Increase	3.28%	4.09%	5.32%	4.43%	3.75%
Wage Increase	1,754,371	1,754,866	945,208	(180,878)	4,273,566

Allocation Method		Electric	Gas	
1	12 Month Average number of Customers	59.05%	40.95%	100.00%
2	Joint Meter Reading Customers	63.53%	36.47%	100.00%
3	Non-Production Plant	61.50%	38.50%	100.00%
4	4-Factor Allocator	64.62%	35.38%	100.00%
5	Direct Labor	64.94%	35.06%	100.00%

FERC	Allocation Method	FERC	Allocation Method
(20) 901 - Customer Accounts Supe	1	(23) 922 - Admin Expenses Trans	4
(20) 902 - Meter Reading Expense	2	(23) 923 - Outside Services Empl	4
(20) 903 - Customer Records & Col	1	(23) 924 - Property Insurance	3
(20) 905 - Misc. Customer Accounts	1	(23) 925 - Injuries & Damages	1
(21) 908 - Customer Assistance Exj	1	(23) 926 - Emp Pension & Benefil	5
(21) 909 - Info & Instructional Adver	1	(23) 928 - Regulatory Commissioi	4
(21) 910 - Misc Cust Svc & Info Exp	1	(23) 9301 - Gen Advertising Exp	4
(21) 912 - Demonstration & Selling	1	(23) 9302 - Misc. General Expens	4
(21) 913 - Advertising Expense	1	(23) 931 - Rents	4
(23) 920 - A & G Salaries	4	(23) 935 - Maint General Plant	4
(23) 921 - Office Supplies and Expe	4		

Puget Sound Energy
 Non-Union Wage Increase
 Test Year: Twelve Months Ended 12/31/2008
 Rate Year: Twelve Months Ended 3/31/2011

Line	(a)	(b)	Effective Rate Increase	Effective Wage Increase Compounded	Projected Wage Increase	Budgeted Wage Increase Compounded	(g) = (f) + 1
1	March 1, 2005		1.87%	1.0187	3.00%	1.0300	
2							
3	March 1, 2006		2.95%	1.0487	3.00%	1.0609	
4							
5	March 1, 2007		4.42%	1.0950	3.50%	1.0980	
6							
7	March 1, 2008		1.29%	1.1091	3.50%	1.1365	
8							
8	4 Year Compounded Increase			10.91%		13.65%	
9							
10	Slippage Calculation (Effective Increase/Wage Increase)					79.93% = 10.91% / 13.65%	
11							
12	Rate Year Increase (col (f) = col (d) * col (e))			79.93%	4.10%	3.28% = 79.93% * 4.1%	
13							
14	4 Year Average Increase (row 13 divided by 4 years)			2.73%		3.41%	
15							
16							
17	Rate Year Increase Compounded:						
18		from	to				
19							
20	Wage Rate Increase in Effect during Test Year	3/1/2008	2/28/2009	3.50%	*12/12	3.50%	
21	Less Portion Inside Test Year	3/1/2008	12/31/2008	-3.50%	*10/12	-2.92%	
22						0.58%	1.006
23							
24	Wage Rate Increase in 2009	3/1/2009	2/28/2010	3.50%	*12/12	3.50%	1.035
25							
31							
32	Compound Wage Increase	1/1/2008	2/28/2011		Total	4.10%	1.0410
33						(1+Line 28)*(1+Line 30)*(1+Line 34)-1	
34							
35							
36							
37	UTC Slippage Calculation		# of non-union employees	Total non-union wages	Amount per employee	Effective Wage Increase Percentage	
38							
39							
40	March 1, 2004		1,091	74,089,864	67,914		
41							
42	March 1, 2005		1,131	78,244,153	69,181	1.87%	
43							
44	March 1, 2006		1,186	84,465,865	71,219	2.95%	
45							
46	March 1, 2007		1,229	91,394,524	74,365	4.42%	
47							
48	March 1, 2008		1,362	102,594,250	75,326	1.29%	
49							
50							
51							

Puget Sound Energy
 Union Wage Increases
 Test Year: Twelve Months Ended 12/31/2008
 Rate Year: Twelve Months Ended 3/31/2011

Line	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (f) + 1
1	IBEW:						
2	Full Wage Increase in Effect Entering Test Year	<u>from</u> 4/1/2008	<u>to</u> 3/31/2009	3.25%	*12/12	3.25%	
3	Less Portion in Test Year Only	4/1/2008	12/31/2008	-3.25%	*9/12	<u>-2.44%</u>	
4	Subtotal Test Year					0.81%	1.0081
5							
6	Wage Rate Increase in 2009	4/1/2009	3/31/2010	3.25%	*12/12	3.25%	1.0325
7							
12	Compound IBEW Wage Increase				Total	<u>4.09%</u>	1.0409
13						(1+Line 4)*(1+Line 6)*(1+Line10)-1	
14							
15	UA:						
16	Wage Increase in Effect Entering Test Year	10/1/2008	9/30/2009	3.00%	*12/12	3.00%	
17	Less Portion in Test Year Only	10/1/2008	12/31/2008	-3.00%	*3/12	<u>-0.75%</u>	
18	Subtotal Test Year					2.25%	1.0225
19							
19	Wage Rate Increase in 2009	10/1/2009	9/30/2010	3.00%	*12/12	3.00%	1.0300
20							
24							
25	Compound UA Wage Increase				Total	<u>5.32%</u>	1.0532
26						(1+Line 18)*(1+Line 20)*(1+Line 22)*(1+Line 26)-1	
27							
28							