

Exhibit No. JH-4
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 Employee Insurance Adjustments

November 17, 2009

**PUGET SOUND ENERGY-ELECTRIC
 EMPLOYEE INSURANCE
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	SALARIED EMPLOYEES	\$ 10,156,410
3	UNION EMPLOYEES	9,050,475
4	PRO FORMA INSURANCE COSTS	<u>19,206,885</u>
5		
6	APPLICABLE TO OPERATIONS @ 59.40%	11,408,890
7	CHARGED TO EXPENSE 12 MONTH ENDING DECEMBER 2008	<u>10,217,330</u>
8	INCREASE(DECREASE) OPERATING EXPENSE	1,191,560
9		
10	INCREASE(DECREASE) FIT @ 35%	(417,046)
11		
12	INCREASE(DECREASE) NOI	<u>\$ (774,514)</u>

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

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	SALARIED EMPLOYEES	\$ 5,483,273
3	UNION EMPLOYEES	4,886,197
4	PRO FORMA INSURANCE COSTS	<u>10,369,470</u>
5		
6	APPLICABLE TO OPERATIONS @ 59.40%	6,159,465
7	CHARGED TO EXPENSE 12 MONTH ENDING DECEMBER 2008	<u>5,516,162</u>
8	INCREASE(DECREASE) OPERATING EXPENSE	643,303
9		
10	INCREASE(DECREASE) FIT @ 35%	(225,156)
11		
12	INCREASE(DECREASE) NOI	<u><u>\$ (418,147)</u></u>

**PUGET SOUND ENERGY
 GENERAL RATE CASE
 DETERMINATION OF FLEX CREDITS EXPENSE
 Test Year: 12 Months Ended December 2008
 Rate Year: 12 Months Ended March 2011**

<u>Line No.</u>	<u>Total</u>	<u>64.94% Electric</u>	<u>35.06% Gas</u>
	(a)	=(a) X 64.94%	=(a) X 35.06%
1 Actual Flex Credits from Payroll runs	26,487,360	17,200,892	9,286,469
2 Direct Labor O&M %	59.40%	59.40%	59.40%
3			
4 O&M Flex Credits (Line 1 X Line 2)	<u>15,733,492</u>	<u>10,217,330</u>	<u>5,516,162</u>

Rate Year Period
 November '08 - October '09

Group	Note	Test Period (Jan '08 - Dec '08) Average Employees Participation (a)	Monthly Flex Credits Amount During Rate Year Period Apr '10 - Dec '10 Jan '11 - Mar '11		Number of months During Rate Year Period Apr '10 - Dec '10 Jan '11 - Mar '11		Total Amount of Flex Credits During Rate Year Period Apr '10 - Dec '10 Jan '11 - Mar '11		Total Estimated Annual Cost (h) = (f) + (g)	Allocation	
			(b)	(c)	(d)	(e)	(f) = (a) * (b) * (d)	(g) = (c) * (e)		(i) = 63.06% * (h)	(j) = 36.94% * (h)
IBEW		886	\$ 953	\$ 953	9	3	\$ 7,599,937	\$ 2,533,312	\$ 10,133,249	\$ 6,580,532	\$ 3,552,717
UA		333	\$ 953	\$ 953	9	3	2,852,567	950,856	3,803,423	2,469,943	1,333,480
Union Total							10,452,504	3,484,168	13,936,672	9,050,475	4,886,197
Salaried		1,368	\$ 953	\$ 953	9	3	11,729,762	3,909,921	15,639,683	10,156,410	5,483,273
		2,586					\$ 32,634,770	\$ 10,878,257	\$ 43,513,027	\$ 28,257,360	\$ 15,255,667

Period	Flex Credit Amount per Employee			
	IBEW	UA	Salaried	% Change
10/02 to 06/03	\$ 513	\$ 513	\$ 513	
07/03 to 09/03	\$ 565	\$ 564	\$ 564	10.00%
10/03 to 12/03	\$ 564	\$ 564	\$ 564	
01/04 to 06/04	\$ 564	\$ 564	\$ 564	
07/04 to 12/04	\$ 620	\$ 620	\$ 620	10.00%
03/05 to 06/05	\$ 620	\$ 620	\$ 620	
07/05 to 06/06	\$ 682	\$ 682	\$ 682	10.00%
07/06 to 12/06	\$ 750	\$ 750	\$ 750	10.00%
01/07 to 06/07	\$ 750	\$ 750	\$ 750	
07/07 to 12/07	\$ 780	\$ 780	\$ 780	4.00%
01/08 to 12/08	\$ 843	\$ 842	\$ 842	8.00%
01/09 to 12/09	\$ 910	\$ 910	\$ 910	8.00%
01/10 to 01/11 Actual	\$ 983	\$ 983	\$ 983	4.75%

FLEX CREDITS:

Average during 2007 GRC TY (12ME 9/07)	\$	758	
Average during 2009 GRC TY (12ME 12/08)	\$	842	11%
Average restated Flex Credit for 2007 GRC	\$	899	
Average restated Flex Credit for 2009 GRC	\$	983	9%

Percentage increase from 2009 GRC TY to Restated

19%

Reasonable

DOLLARS FOR GAS:

Test Year \$	5,516,162	
Restated \$	6,159,465	17%

Group	Flex Credits		
	2009 Contribution	2010 Estimated Increase	2010 Contribution
IBEW	910	1.0475	953.225
UA	910	1.0475	953.225
Salaried *	910	1.0475	953.225

Note 1 Company contribution estimated at same flexible credit rates as UA.