

EXHIBIT NO. ___(JHS-4)
DOCKET NO. UG-10___
WITNESS: JOHN H. STORY

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of
PUGET SOUND ENERGY, INC.'S
Natural Gas Tariff Increase

Docket No. UG-10___

**THIRD EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
JOHN H. STORY
ON BEHALF OF PUGET SOUND ENERGY, INC.**

OCTOBER 1, 2010

**RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	<u>OPERATING REVENUES:</u>				
2	\$ 963,232,859	\$ 87,476,343	\$ 1,050,709,201	\$ 24,412,897	\$ 1,075,122,099
3	43,439,732	(43,439,732)	-	-	-
4	16,566,668	(1,457,309)	15,109,358	230,107	15,339,465
5	<u>\$ 1,023,239,258</u>	<u>\$ 42,579,302</u>	<u>\$ 1,065,818,560</u>	<u>\$24,643,004</u>	<u>\$ 1,090,461,564</u>
6					
7					
8	<u>OPERATING REVENUE DEDUCTIONS:</u>				
9					
10	<u>GAS COSTS:</u>				
11					
12	\$ 550,153,571	\$ 79,150,697	\$ 629,304,268	\$ -	\$ 629,304,268
13					
14	<u>\$ 550,153,571</u>	<u>\$ 79,150,697</u>	<u>\$ 629,304,268</u>	<u>\$ -</u>	<u>\$ 629,304,268</u>
15					
16	\$ 1,995,330	\$ (7,546)	\$ 1,987,784	\$ -	\$ 1,987,784
17	819,170	(524)	818,646		818,646
18	49,275,443	(66,099)	49,209,344		49,209,344
19	33,716,568	(3,675,345)	30,041,222	73,658	30,114,880
20	4,493,583	(3,250,838)	1,242,745		1,242,745
21	12,533,943	(12,533,943)	(0)		(0)
22	44,718,807	(109,960)	44,608,847	49,286	44,658,133
23	98,032,901	(6,032,225)	92,000,675		92,000,675
24	15,432,435	0	15,432,435		15,432,435
25	-	0	-		-
26	(255,496)	105,355	(150,141)		(150,141)
27	-	0	-		-
28	97,432,691	(41,082,819)	56,349,872	946,415	57,296,287
29	(35,657,054)	44,412,752	8,755,698	8,250,773	17,006,472
30	48,545,918	(27,884,481)	20,661,437		20,661,437
31	<u>\$ 921,237,809</u>	<u>\$ (50,125,673)</u>	<u>\$ 320,958,565</u>	<u>\$ 9,320,132</u>	<u>\$ 330,278,697</u>
32					
33	\$ 102,001,449	\$ 13,554,278	\$ 115,555,727	\$ 15,322,872	\$ 130,878,599
34					
35	\$ 1,593,833,326	\$21,951,845	\$ 1,615,785,171	\$ -	\$ 1,615,785,171
36					
37	6.40%		7.15%		8.10%
38					
39	<u>RATE BASE:</u>				
40	2,764,280,280	\$ 2,022,959	\$ 2,766,303,239		
41	(929,174,672)	2,340,972	(926,833,700)		
42	(278,318,799)	17,587,914	(260,730,885)		
43	(39,901,507)	-	(39,901,507)		
44	<u>\$ 1,516,885,302</u>	<u>\$ 21,951,845</u>	<u>\$ 1,538,837,147</u>		
45	76,948,024	-	76,948,024		
46	<u>\$ 1,593,833,326</u>	<u>\$ 21,951,845</u>	<u>\$ 1,615,785,171</u>		

Rate Increase
2.3%
1.5%
2.3%

**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12ME June 30, 2010	TEMPERATURE NORMALIZATION 4.01	REVENUE & EXPENSES 4.02	TAX ACCOUNTING METHOD CHANGE 4.03	FEDERAL INCOME TAX 4.04	TAX BENEFIT OF PRO FORMA INTEREST 4.05
1	OPERATING REVENUES					
2	SALES TO CUSTOMERS	\$ 963,232,859	\$ 27,743,954	\$ (2,419,567)	\$ -	\$ -
3	MUNICIPAL ADDITIONS	43,439,732				
4	OTHER OPERATING REVENUES	16,566,668		(1,457,309)		
5	TOTAL OPERATING REVENUES	\$ 1,023,239,258	\$ 27,743,954	\$ (3,876,876)	\$ -	\$ -
6						
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	GAS COSTS:					
11						
12	PURCHASED GAS	\$ 550,153,571	\$ 18,694,108	\$ (14,791,392)	\$ -	\$ -
13						
14	TOTAL PRODUCTION EXPENSES	\$ 550,153,571	\$ 18,694,108	\$ (14,791,392)	\$ -	\$ -
15						
16	OTHER ENERGY SUPPLY EXPENSES	\$ 1,995,330		\$ -	\$ -	\$ -
17	TRANSMISSION EXPENSE	819,170				
18	DISTRIBUTION EXPENSE	49,275,443				
19	CUSTOMER ACCTS EXPENSES	33,716,568	82,927	(11,588)		
20	CUSTOMER SERVICE EXPENSES	4,493,583				
21	CONSERVATION AMORTIZATION	12,533,943				
22	ADMIN & GENERAL EXPENSE	44,718,807	55,488	(7,754)		
23	DEPRECIATION	98,032,901				
24	AMORTIZATION	15,432,435				
25	AMORTIZATION OF PROPERTY LOSS	-				
26	OTHER OPERATING EXPENSES	(255,496)	-	-		
27	FAS 133	-				
28	TAXES OTHER THAN INCOME TAXES	97,432,691	1,065,507	(148,891)		
29	INCOME TAXES	(35,657,054)	2,746,073	3,878,962	55,595,960	(19,510,606)
30	DEFERRED INCOME TAXES	48,545,918			(27,884,481)	
31	TOTAL OPERATING REV. DEDUCT.	\$ 921,237,809	\$ 3,949,995	\$ 3,710,729	\$ -	\$ (19,510,606)
32						
33	NET OPERATING INCOME	\$ 102,001,449	\$ 5,099,850	\$ 7,203,788	\$ -	\$ (27,711,479)
34						19,510,606
35	RATE BASE	\$ 1,593,833,326		\$ 17,882,767		
36						
37	RATE OF RETURN	6.40%				
38						
39	RATE BASE:					
40	UTILITY PLANT IN SERVICE	\$ 2,764,280,280	\$ -	\$ -	\$ -	\$ -
41	ACCUMULATED DEPRECIATION	(929,174,672)				
42	ACCUMULATED DEFERRED FIT	(278,318,799)		17,882,767		
43	OTHER	(39,901,507)		-		
44	TOTAL NET INVESTMENT	\$ 1,516,885,302	\$ -	\$ -	\$ 17,882,767	\$ -
45	ALLOWANCE FOR WORKING CAPITAL	76,948,024				
46	TOTAL RATE BASE	\$ 1,593,833,326	\$ -	\$ -	\$ 17,882,767	\$ -

**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	NORMALIZE INJURIES & DAMAGE ¹ 4.06	PASS THROUGH REVENUE & EXPENSE 4.07	BAD DEBTS 4.08	MISCELLANEOUS OPERATING EXPENSE 4.09	PROPERTY TAXES 4.10	WATER HEATER DEPRECIATION 4.11	D&O INSURANCE 4.12
1	OPERATING REVENUES						
2	\$ -	\$ 62,151,956	\$ -	\$ -	\$ -	\$ -	\$ -
3		(43,439,732)					
4	OTHER OPERATING REVENUES						
5	\$ -	\$ 18,712,224	\$ -	\$ -	\$ -	\$ -	\$ -
6							
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	GAS COSTS:						
11							
12	\$ -	\$ 75,247,981	\$ -	\$ -	\$ -	\$ -	\$ -
13							
14	\$ -	\$ 75,247,981	\$ -	\$ -	\$ -	\$ -	\$ -
15							
16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	TRANSMISSION EXPENSE						
18	DISTRIBUTION EXPENSE						
19		55,931	(3,845,510)				
20		(3,245,612)					
21		(12,533,943)					
22	49,915	37,424	-	(8,845)			(71,036)
23	DEPRECIATION						
24	AMORTIZATION						
25	AMORTIZATION OF PROPERTY LOSS						
26	OTHER OPERATING EXPENSES						
27	FAS 133						
28		(41,038,890)			(945,870)		
29	(17,470)	66,266	1,345,929	3,096	331,055		24,863
30	DEFERRED INCOME TAXES						
31	\$ 32,445	\$ (56,658,823)	\$ (2,499,581)	\$ (5,749)	\$ (614,816)	\$ (6,126,949)	\$ (46,173)
32							
33	\$ (32,445)	\$ 123,066	\$ 2,499,581	\$ 5,749	\$ 614,816	\$ 6,126,949	\$ 46,173
34							
35	\$ -			\$ -		\$ 3,063,475	
36							
37	RATE OF RETURN						
38							
39	RATE BASE:						
40		\$ -	\$ -	\$ -	\$ -		
41	-			-		\$ 3,063,475	
42	-						
43	OTHER						
44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,063,475	\$ -
45	ALLOWANCE FOR WORKING CAPITAL						
46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,063,475	\$ -

**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	INTEREST ON CUSTOMER DEPOSITS 4.13	RATE CASE EXPENSES 4.14	DEFERRED GAINS/ LOSSES PROP SALES 4.15	PROPERTY & LIABILITY INS 4.16	PENSION PLAN 4.17	WAGE INCREASE 4.18
1	OPERATING REVENUES					
2	\$	-	\$	-	\$	-
3	SALES TO CUSTOMERS					
4	MUNICIPAL ADDITIONS					
5	OTHER OPERATING REVENUES					
5	\$	-	\$	-	\$	-
5	TOTAL OPERATING REVENUES					
6						
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	GAS COSTS:					
11						
12	\$	-	\$	-	\$	-
13	PURCHASED GAS					
14	\$	-	\$	-	\$	-
14	TOTAL PRODUCTION EXPENSES					
15						
16		\$	-	\$	-	3,827
17	OTHER ENERGY SUPPLY EXPENSES					
17	TRANSMISSION EXPENSE					
18	DISTRIBUTION EXPENSE					
19		27,363				95,430
20	CUSTOMER ACCTS EXPENSES					
20	CUSTOMER SERVICE EXPENSES					
21	CONSERVATION AMORTIZATION					
22			122,651	(701,311)	874,805	9,634
22	ADMIN & GENERAL EXPENSE					
23	DEPRECIATION					
24	AMORTIZATION					
25	AMORTIZATION OF PROPERTY LOSS					
26				105,355		
26	OTHER OPERATING EXPENSES					
27	FAS 133					
28						14,161
29		\$	(42,928)	(36,874)	245,459	(86,826)
29	INCOME TAXES					
30	DEFERRED INCOME TAXES					
31	\$	27,363	\$	79,723	\$	68,481
31	TOTAL OPERATING REV. DEDUCT.					
32						
33	\$	(27,363)	\$	(79,723)	\$	(68,481)
33	NET OPERATING INCOME					
34						
35	\$	-				
35	RATE BASE					
36						
37	RATE OF RETURN					
38						
39	RATE BASE:					
40	\$	-	\$	-	\$	-
40	UTILITY PLANT IN SERVICE					
41	ACCUMULATED DEPRECIATION					
42	ACCUMULATED DEFERRED FIT - LIBERALIZED					
43	OTHER					
44	\$	-	\$	-	\$	-
44	TOTAL NET INVESTMENT					
45	ALLOWANCE FOR WORKING CAPITAL					
46	\$	-	\$	-	\$	-
46	TOTAL RATE BASE					

**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	INVESTMENT PLAN 4.19	EMPLOYEE INSURANCE 4.20	INCENTIVE PAY 4.21	GENERAL PLANT DEPRECIATION 4.22	FLEET VEHICLES 4.23	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1	OPERATING REVENUES						
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,476,343	\$ 1,050,709,201
3	SALES TO CUSTOMERS						
4						(43,439,732)	-
5	MUNICIPAL ADDITIONS						
6						(1,457,309)	15,109,358
7	OTHER OPERATING REVENUES						
8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,579,302	\$ 1,065,818,560
9	TOTAL OPERATING REVENUES						
10	OPERATING REVENUE DEDUCTIONS:						
11	GAS COSTS:						
12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,150,697	\$ 629,304,268
13	PURCHASED GAS						
14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,150,697	\$ 629,304,268
15	TOTAL PRODUCTION EXPENSES						
16	\$ -	\$ -	(11,373)			\$ (7,546)	\$ 1,987,784
17	OTHER ENERGY SUPPLY EXPENSES						
18			(1,086)			(524)	818,646
19	TRANSMISSION EXPENSE						
20			(186,826)			(66,099)	49,209,344
21	DISTRIBUTION EXPENSE						
22			(79,898)			(3,675,345)	30,041,222
23	CUSTOMER ACCTS EXPENSES						
24			(8,960)			(3,250,838)	1,242,745
25	CUSTOMER SERVICE EXPENSES						
26						(12,533,943)	(0)
27	CONSERVATION AMORTIZATION						
28	7,582	111,075	(99,738)		(489,851)	(109,960)	44,608,847
29	ADMIN & GENERAL EXPENSE						
30				(190,398)	285,122	(6,032,225)	92,000,675
31	DEPRECIATION						
32						-	15,432,435
33	AMORTIZATION						
34						-	-
35	AMORTIZATION OF PROPERTY LOSS						
36						105,355	(150,141)
37	OTHER OPERATING EXPENSES						
38						-	-
39	FAS 133						
40			(28,835)			(41,082,819)	56,349,872
41	TAXES OTHER THAN INCOME TAXES						
42	(2,654)	(38,876)	145,851		71,655	44,412,752	8,755,698
43	INCOME TAXES						
44						(27,884,481)	20,661,437
45	DEFERRED INCOME TAXES						
46	\$ 4,928	\$ 72,199	\$ (270,866)	\$ (190,398)	\$ (133,074)	\$ (50,125,673)	\$ 320,958,565
47	TOTAL OPERATING REV. DEDUCT.						
48	\$ (4,928)	\$ (72,199)	\$ 270,866	\$ 190,398	\$ 133,074	\$ 13,554,278	\$ 115,555,727
49	NET OPERATING INCOME						
50	RATE BASE						
51				\$ (357,945)	\$ 1,363,548	\$ 21,951,845	\$ 1,615,785,171
52	RATE OF RETURN						
53							
54	RATE BASE:						
55	\$ -	\$ -	\$ -	\$ -	\$ 2,022,959	\$ 2,022,959	\$ 2,766,303,239
56	UTILITY PLANT IN SERVICE						
57				(357,945)	(364,558)	2,340,972	(926,833,700)
58	ACCUMULATED DEPRECIATION						
59					\$ (294,853)	17,587,914	(260,730,885)
60	ACCUMULATED DEFERRED FIT - LIBERALIZED						
61						-	(39,901,507)
62	OTHER						
63	\$ -	\$ -	\$ -	\$ (357,945)	\$ 1,363,548	\$ 21,951,845	\$ 1,538,837,147
64	TOTAL NET INVESTMENT						
65						-	76,948,024
66	ALLOWANCE FOR WORKING CAPITAL						
67	\$ -	\$ -	\$ -	\$ (357,945)	\$ 1,363,548	\$ 21,951,845	\$ 1,615,785,171
68	TOTAL RATE BASE						

**PUGET SOUND ENERGY-GAS
TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	TEMPERATURE NORMALIZATION ADJUSTMENT:			
2		ACTUAL	TEMP ADJ	THERMS
3		THERMS	THERMS	CHANGE
4	Jul-09	42,111,231	42,111,231	0
5	Aug-09	41,932,286	41,932,286	0
6	Sep-09	49,436,805	51,408,299	1,971,494
7	Oct-09	83,819,877	83,236,265	(583,612)
8	Nov-09	120,772,450	127,319,153	6,546,703
9	Dec-09	153,363,575	141,140,415	(12,223,160)
10	Jan-10	128,649,892	153,783,897	25,134,005
11	Feb-10	107,345,273	123,168,193	15,822,920
12	Mar-10	111,656,665	115,821,150	4,164,485
13	Apr-10	92,511,746	89,213,792	(3,297,954)
14	May-10	74,762,970	68,067,440	(6,695,530)
15	Jun-10	56,123,560	52,980,735	(3,142,825)
16		<u>1,062,486,330</u>	<u>1,090,182,856</u>	<u>27,696,526</u>
17				
18	REVENUE ADJUSTMENT:			
19	Residential (23, 53)			\$ 18,575,351
20	Commercial & industrial (31,36,51)			7,038,717
21	Large volume (41)			1,554,852
22	Interruptible (85)			131,110
23	Limited interruptible (86)			258,395
24	Non exclusive interruptible (87)			164,577
25	Transportation (87T)			9,590
26	Contracts			<u>11,362</u>
27	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ 27,743,954
28	OPERATING EXPENSES			
29	PURCHASED GAS COSTS			<u>\$ 18,694,108</u>
30				\$ 18,694,108
31				
32	UNCOLLECTIBLES @		0.002989	\$ 82,927
33	ANNUAL FILING FEE @		0.002000	<u>55,488</u>
34	INCREASE (DECREASE) EXPENSES			138,415
35				
36	STATE UTILITY TAX @		0.038405	<u>\$ 1,065,507</u>
37	INCREASE (DECREASE) TAXES OTHER			<u>1,065,507</u>
38				
39	INCREASE (DECREASE) INCOME			7,845,923
40				
41	INCREASE (DECREASE) FIT @		35%	<u>2,746,073</u>
42	INCREASE (DECREASE) NOI			<u><u>\$ 5,099,850</u></u>

**PUGET SOUND ENERGY-GAS
REVENUE AND EXPENSES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	ADD GRC INCREASE DOCKET UG-090705	\$ 7,640,696
3	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
4	OTHER OPERATING	(1,139,058)
5	OCTOBER 2009 PURCHASED GAS	
6	ADJUSTMENT, DOCKET UG-091372	(14,024,873)
7	REMOVE MERGER RATE CREDIT SCH 132	3,752,055
8	TRUE UP CHANGE IN UNBILLED	1,344,004
9	OTHER ADJUSTMENTS	7,609
10	RESTATING ADJUSTMENTS SALES TO CUSTOMERS	<u>(2,419,567)</u>
11		
12	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ (2,419,567)
13		
14	OTHER OPERATING REVENUES	
15	RENTALS:	
16	2009 GRC INCREASE DOCKET UG-090705	155,330
17	TRUE UP CHANGE IN UNBILLED	63,179
18	OTHER OPERATING REVENUES	
19	RECLASS PENALTIES AND NEW CUSTOMER REVENUE	
20	FROM SALES TO CUSTOMERS	1,139,058
21	REMOVE STORAGE RENTAL REVENUE	(1,291,875)
22	REMOVE EVERETT DELTA LEASE REVENUES	<u>(1,523,002)</u>
23	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u>(1,457,309)</u>
24		
25	TOTAL INCREASE (DECREASE) REVENUES	(3,876,876)
26		
27	OPERATING EXPENSES:	
28	PURCHASED GAS COSTS	
29	2009 GRC INCREASE DOCKET UG-090705	\$ -
30	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
31	OTHER OPERATING	\$ -
32	OCTOBER 2009 PURCHASED GAS ADJUSTMENT	
33	DOCKET UG-091372	\$ (13,419,311)
34	TRUE UP CHANGE IN UNBILLED	\$ (1,372,081)
35	OTHER ADJUSTMENTS	\$ -
36	TOTAL PURCHASE GAS COSTS	<u>\$ (14,791,392)</u>
37		
38	UNCOLLECTIBLES @	0.002989 \$ (11,588)
39	ANNUAL FILING FEE @	0.002000 (7,754)
40	INCREASE (DECREASE) EXPENSES	<u>(14,810,734)</u>
41		
42	STATE UTILITY TAX @	0.038405 \$ (148,891)
43		
44	INCREASE (DECREASE) TAXES OTHER	<u>(148,891)</u>
45		
46	INCREASE (DECREASE) INCOME	11,082,750
47	INCREASE (DECREASE) FIT @	35% 3,878,962
48	INCREASE (DECREASE) NOI	<u>\$ 7,203,788</u>

PUGET SOUND ENERGY-GAS
CHANGE IN METHOD OF ACCOUNTING FOR SERVICE REPAIRS FOR TAX PURPOSES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1				
2	DEFERRED FEDERAL INCOME TAX	(17,882,767)		\$ 17,882,767

**PUGET SOUND ENERGY-GAS
FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ 56,968,304
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @ 35%	19,938,906
5	DEFERRED FIT - DEBIT	24,774,534
6	DEFERRED FIT - CREDIT	(3,836,890)
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(276,207)
8	TOTAL RESTATED FIT	<u>\$ 40,600,343</u>
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	\$ (35,657,054)
12	DEFERRED FIT - DEBIT	52,951,794
13	DEFERRED FIT - CREDIT	(4,458,028)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	<u>52,152</u>
15		
16	TOTAL CHARGED TO EXPENSE	\$ 12,888,864
17		
18	INCREASE(DECREASE) FIT	\$ 55,595,960
19	INCREASE(DECREASE) DEFERRED FIT	(27,556,122)
20	INCREASE(DECREASE) ITC	(328,359)
21	INCREASE(DECREASE) NOI	<u><u>\$ (27,711,479)</u></u>

**PUGET SOUND ENERGY-GAS
TAX BENEFIT OF PRO FORMA INTEREST
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 1,615,785,171
2		
3	NET RATE BASE	<u>\$ 1,615,785,171</u>
4		
5	WEIGHTED COST OF DEBT	<u>3.45%</u>
6	PROFORMA INTEREST	\$ 55,744,588
7		
8	INCREASE (DECREASE) INCOME	\$ (55,744,588)
9		
10	INCREASE (DECREASE) FIT @	35% (19,510,606)
11	INCREASE (DECREASE) NOI	<u><u>\$ 19,510,606</u></u>

**PUGET SOUND ENERGY-GAS
NORMALIZE INJURIES AND DAMAGES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	INJURIES & DAMAGES ACCRUALS	\$ -	\$ 33,333	\$ 33,333
2	INJURIES & DAMAGES PAYMENTS IN EXCESS OF ACCRUALS	634,333	650,914	16,582
3				
4	INCREASE/(DECREASE) IN EXPENSE	<u>634,333</u>	<u>684,248</u>	49,915
5				
6				
7				
8				
9	INCREASE/(DECREASE) IN OPERATING EXPENSE (LINE 4)			49,915
10	INCREASE (DECREASE) FIT @		35%	\$ (17,470)
11				
12				
13				
14				
15	INCREASE (DECREASE) NOI			<u>\$ (32,445)</u>

**PUGET SOUND ENERGY-GAS
PASS THROUGH REVENUE AND EXPENSE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME - SCHEDULE 129	\$ 3,393,096
3	REMOVE CONSERVATION - SCHEDULE 120	13,099,623
4	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	(78,644,675)
5	REMOVE MUNICIPAL TAXES	43,439,732
6		
7	TOTAL (INCREASE) DECREASE REVENUES	<u>\$ (18,712,224)</u>
8		
9	<u>ADJUST REVENUE SENSITIVE ITEMS FOR REMOVAL OF REVENUE:</u>	
10	BAD DEBTS	0.2989% 55,931
11	ANNUAL FILING FEE	0.2000% 37,424
12	STATE UTILITY TAX	3.8405% 718,643
13	TOTAL INCREASE (DECREASE) EXPENSE	<u>4.3394% \$ 811,998</u>
14		
15	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
16	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	(3,245,612)
17	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	(12,533,943)
18	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	75,247,981
19	REMOVE MUNICIPAL TAXES	(41,757,533)
20		
21	TOTAL INCREASE (DECREASE) EXPENSE	<u>\$ 17,710,893</u>
22		
23	INCREASE (DECREASE) IN OPERATING INCOME BEFORE TAXES	189,333
24	INCREASE (DECREASE) FIT	<u>66,266</u>
25	INCREASE (DECREASE) NOI	<u>\$ 123,066</u>

**PUGET SOUND ENERGY-GAS
BAD DEBTS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	NET WRITEOFFS	GROSS REVENUES	OTHER OPERATING REVENUE	NET REVENUES	AMOUNT
1	12 MOS ENDED	JUNE	FEBRUARY	FEBRUARY	FEBRUARY	
2	12 ME 6/30/2006	\$ 2,453,487	\$ 997,394,893	\$ 16,995,288	\$ 980,399,605	0.2503%
3	12 ME 6/30/2008	\$ 3,795,863	\$ 1,176,566,925	\$ 17,321,699	\$ 1,159,245,226	0.3274%
4	12 ME 6/30/2009	\$ 3,948,361	\$ 1,255,318,916	\$ 17,898,967	\$ 1,237,419,949	0.3191%
5	3-Yr Average of Net Write Off Rate					<u>0.2989%</u>
6						
7	Test Period Revenues		\$ 1,023,239,258	\$ 16,956,554	\$ 1,006,282,704	
8						
9	PROFORMA BAD DEBT RATE				<u>0.2989%</u>	
10	PROFORMA BAD DEBTS				<u>\$ 3,007,779</u>	
11						
12	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR				<u>6,853,289</u>	
13	INCREASE (DECREASE) EXPENSE					\$ (3,845,510)
14						
15	INCREASE (DECREASE) FIT				35%	<u>1,345,929</u>
16	INCREASE (DECREASE) NOI					<u><u>\$ 2,499,581</u></u>

**PUGET SOUND ENERGY-GAS
MISCELLANEOUS OPERATING EXPENSE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED / PROFORMA	ADJUSTMENT
1	<u>OPERATING EXPENSES</u>			
2	AIRPORT PARKING	6,385	0	(6,385)
3	ATHLETIC EVENTS - CHARGED ABOVE THE LINE	2,459	0	(2,459)
4	INCREASE (DECREASE) IN EXPENSE	\$ 8,845	\$ -	\$ (8,845)
5				
6	INCREASE(DECREASE) FIT @		35%	3,096
7				
8	INCREASE(DECREASE) NOI			\$ 5,749

**PUGET SOUND ENERGY-GAS
PROPERTY TAXES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION		AMOUNT
1	RESTATED PROPERTY TAX	\$	12,064,577
2	CHARGED TO EXPENSE IN TY		13,010,447
3	INCREASE(DECREASE) EXPENSE	\$	(945,870)
4			
5	INCREASE(DECREASE) FIT @	35%	331,055
6	INCREASE(DECREASE) NOI	\$	614,816

**PUGET SOUND ENERGY-GAS
WATER HEATER DEPRECIATION
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	
			RESTATED	ADJUSTMENT
1	<u>ADJUSTMENT TO OPERATING EXPENSES</u>			
2	DEPRECIATION EXPENSE	\$ 7,665,119	\$ 1,538,170	\$ (6,126,949)
3	TOTAL WATER HEATERS DEPRECIATION EXPENSE	<u>7,665,119</u>	<u>1,538,170</u>	<u>(6,126,949)</u>
4				
8				
9	INCREASE(DECREASE) EXPENSE			\$ (6,126,949)
10	INCREASE(DECREASE) NOI			<u>\$ 6,126,949</u>
11				
12	<u>ADJUSTMENT TO RATE BASE</u>			
13	DECREASE TO ACCUM. DEPREC. FOR LESS DEPRECIATION			<u>3,063,475</u>
14	TOTAL ADJUSTMENT TO RATEBASE			<u><u>3,063,475</u></u>

**PUGET SOUND ENERGY-GAS
D&O INSURANCE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. CHG EXPENSE	\$ 259,251	\$ 188,215	\$ (71,036)
2				
3	INCREASE (DECREASE) D&O EXPENSE	\$ 259,251	\$ 188,215	\$ (71,036)
4				
5	INCREASE (DECREASE) EXPENSE			(71,036)
6				
7	INCREASE (DECREASE) FIT @		35%	24,863
8	INCREASE (DECREASE) NOI			<u>\$ 46,173</u>

**PUGET SOUND ENERGY-GAS
INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	INTEREST EXPENSE FOR TEST YEAR	\$ 27,363
2		
3	INCREASE (DECREASE) NOI	\$ (27,363)

**PUGET SOUND ENERGY-GAS
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	AMOUNT
1	EXPENSES TO BE NORMALIZED:	
2		
3	RATE CASE EXPENSES APPROVED IN UG-090705 TO BE NORMALIZED	\$ 1,139,000
4		
5	ANNUAL NORMALIZATION (LINE 3 / 2 YEARS)	569,500
6	LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO O&M	446,849
7		
8	INCREASE (DECREASE) EXPENSE	\$ 122,651
9		
10		
11	TOTAL INCREASE (DECREASE) EXPENSE	\$ 122,651
12		
13	INCREASE(DECREASE) FIT @	35% (42,928)
14	INCREASE(DECREASE) NOI	\$ (79,723)

**PUGET SOUND ENERGY-GAS
DEFERRED GAINS/LOSSES ON PROPERTY SALES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

1	DEFERRED GAIN RECORDED SINCE UE-090705, et al. at 01/31/2011	\$	(443,461)
2	DEFERRED LOSS RECORDED SINCE UE-090705, et al. at 01/31/2011		118,156
3	TOTAL DEFERRED NET GAIN TO AMORTIZE	\$	<u>(325,305)</u>
4			
5	NET GAIN FOR RATE YEAR - 2009 GRC (Line 3)	\$	(325,305)
6	ANNUAL AMORTIZATION (Line 5 ÷ 26 (2/2011 - 3/2013) x 12)		(150,141)
7	AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR TEST YEAR		
8	TOTAL DEFERRED NET GAIN (Line 6)	\$	<u>(150,141)</u>
9			
10	AMORTIZATION OF DEFERRED NET GAIN FOR TEST YEAR		<u>(255,496)</u>
11			
12	INCREASE (DECREASE) EXPENSE (Line 8 - Line 10)		105,355
13			
14	INCREASE (DECREASE) FIT @ 35%		<u>(36,874)</u>
15			
16	INCREASE (DECREASE) NOI	\$	<u><u>(68,481)</u></u>

**PUGET SOUND ENERGY-GAS
PROPERTY & LIABILITY INSURANCE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE					
NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT	
1	PROPERTY INSURANCE EXPENSE	\$ 1,036,128	\$ 426,771	\$ (609,357)	
2	LIABILITY INSURANCE EXPENSE	1,042,580	950,626	(91,954)	
3	INCREASE(DECREASE) EXPENSE	\$ 2,078,709	\$ 1,377,398	\$ (701,311)	
4					
5					
6	INCREASE (DECREASE) FIT @	35%		245,459	
7	INCREASE (DECREASE) NOI			\$ 455,852	

**PUGET SOUND ENERGY-GAS
PENSION PLAN
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 1,081,111	\$ 2,655,255	\$ 1,574,144
2	SERP PLAN	699,339	-	(699,339)
3				
4	INCREASE(DECREASE) EXPENSE	\$ 1,780,450	\$ 2,655,255	\$ 874,805
5				
6				
7	INCREASE (DECREASE) FIT @	35%		(306,182)
8	INCREASE (DECREASE) NOI			\$ (568,623)

**PUGET SOUND ENERGY-GAS
WAGE INCREASE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PRODUCTION MANUF. GAS	\$ 143,812	\$ 144,397	\$ 585
3	OTHER GAS SUPPLY	515,077	515,941	864
4	STORAGE, LNG T&G	603,014	605,392	2,378
5	TRANSMISSION	122,318	122,880	562
6	DISTRIBUTION	21,279,357	21,400,084	120,727
7	CUSTOMER ACCTS	9,350,427	9,445,857	95,430
8	CUSTOMER SERVICE	891,349	895,082	3,733
9	SALES	127,760	127,761	1
10	ADMIN. & GENERAL	11,028,797	11,038,431	9,634
11	TOTAL WAGE INCREASE	44,061,911	44,295,825	233,914
12				
13	PAYROLL TAXES	3,615,312	3,629,473	14,161
14	TOTAL WAGES & TAXES	\$ 47,677,223	\$ 47,925,298	\$ 248,075
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			\$ 248,075
17	INCREASE (DECREASE) FIT @ 35%			(86,826)
18	INCREASE (DECREASE) NOI			<u>\$ (161,249)</u>

**PUGET SOUND ENERGY-GAS
INVESTMENT PLAN
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION		AMOUNT
1	NON-UNION (EXCLUDING EXECUTIVES)		
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT		2,531,187
3	RATE YEAR MANAGEMENT WAGE INCREASE	0.00%	<u>0</u>
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT		2,531,187
5			
6	NON-UNION (EXECUTIVES)		
7	INVESTMENT PLAN APPLICABLE TO IBEW		58,786
8	RATE YEAR IBEW WAGE INCREASE	0.00%	<u>0</u>
9	TOTAL COMPANY CONTRIBUTION FOR IBEW		58,786
10			
11	IBEW		
12	INVESTMENT PLAN APPLICABLE TO IBEW		617,501
13	RATE YEAR IBEW WAGE INCREASE	1.50%	<u>9,263</u>
14	TOTAL COMPANY CONTRIBUTION FOR IBEW		626,764
15			
16	UA		
17	INVESTMENT PLAN APPLICABLE TO UA		438,764
18	RATE YEAR UA WAGE INCREASE	0.75%	<u>3,291</u>
19	TOTAL COMPANY CONTRIBUTION FOR UA		<u>442,055</u>
20			
21	TOTAL		
22	TOTAL PROFORMA COSTS (LN 4 + LN 9 + LN 14 + LN 19)		3,658,791
23	PRO FORMA COSTS APPLICABLE TO OPERATIONS	60.40%	2,209,910
24	CHARGED TO EXPENSE FOR YEAR ENDED 06/30/2010		<u>2,202,328</u>
25	INCREASE (DECREASE) EXPENSE		7,582
26			
27	INCREASE (DECREASE) FIT @	35%	<u>(2,654)</u>
28	INCREASE (DECREASE) NOI		<u><u>(\$4,928)</u></u>

**PUGET SOUND ENERGY-GAS
EMPLOYEE INSURANCE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	RESTATED INSURANCE COSTS	6,436,216
3		
4	CHARGED TO EXPENSE DURING TEST YEAR	6,325,141
5	INCREASE(DECREASE) EXPENSE	<u>111,075</u>
6		
7	INCREASE(DECREASE) FIT @	(38,876)
8	35%	
9	INCREASE(DECREASE) NOI	<u><u>\$ (72,199)</u></u>

**PUGET SOUND ENERGY-GAS
INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATE	ADJUSTMENT
1	INCENTIVE/MERIT PAY			
2	PRODUCTION MANUF. GAS	\$ 9,234	\$ 7,954	\$ (1,280)
3	OTHER GAS SUPPLY	32,740	27,961	\$ (4,779)
4	STORAGE, LNG T&G	38,337	33,023	\$ (5,314)
5	TRANSMISSION	7,835	6,749	\$ (1,086)
6	DISTRIBUTION	1,351,310	1,164,484	\$ (186,826)
7	CUSTOMER ACCTS	593,804	513,906	\$ (79,898)
8	CUSTOMER SERVICE	56,526	48,691	\$ (7,835)
9	SALES	8,115	6,990	\$ (1,125)
10	ADMIN. & GENERAL	700,420	600,682	\$ (99,738)
11	TOTAL INCENTIVE PAY	<u>\$ 2,798,323</u>	<u>\$ 2,410,441</u>	<u>\$ (387,882)</u>
12				
13	PAYROLL TAXES ASSOC WITH MERIT PAY	208,027	179,192	(28,835)
14	INCREASE(DECREASE) EXPENSE	<u>3,006,351</u>	<u>2,589,634</u>	<u>(416,717)</u>
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			(416,717)
17				
18	INCREASE(DECREASE) FIT @		35%	145,851
19	INCREASE(DECREASE) NOI			<u><u>\$ 270,866</u></u>

**PUGET SOUND ENERGY-GAS
GENERAL PLANT DEPRECIATION
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	<u>GENERAL PLANT RATEBASE</u>			
2	PLANT BALANCE			
3	ACCUMULATED DEPRECIATION		(357,945)	(357,945)
4	NET RATEBASE		(357,945)	(357,945)
5				
6	<u>GENERAL PLANT DEPRECIATION EXPENSES</u>			
7	DEPRECIATION EXPENSE	5,710,437	5,520,039	(190,398)
8	INCREASE (DECREASE) EXPENSE	5,710,437	5,520,039	(190,398)
9				
10	INCREASE (DECREASE) EXPENSE			(190,398)
11				
12				
13	INCREASE (DECREASE) NOI			\$ 190,398

**PUGET SOUND ENERGY-GAS
FLEET VEHICLES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	<u>RATEBASE</u>			
2	FLEET BALANCE	\$ 1,722,669	\$ 3,745,628	\$ 2,022,959
3	ACCUMULATED DEPRECIATION	(22,001)	(386,559)	(364,558)
4	DEFERRED FIT	(26,711)	(321,565)	(294,853)
5	<u>NET FLEET RATEBASE</u>	<u>\$ 1,673,956</u>	<u>\$ 3,037,505</u>	<u>\$ 1,363,548</u>
6				
7				
8	<u>FLEET OPERATING EXPENSES</u>			
9	LEASE PAYMENT	\$ 489,851	\$ -	\$ (489,851)
10	DEPRECIATION EXPENSE	85,872	370,994	285,122
11	INCREASE (DECREASE) EXPENSE	<u>\$ 575,723</u>	<u>\$ 370,994</u>	<u>\$ (204,729)</u>
12				
13	INCREASE (DECREASE) EXPENSE	575,723	370,994	(204,729)
14				
15				
16	INCREASE (DECREASE) FIT @	35.00% (201,503)	(129,848)	71,655
17	INCREASE (DECREASE) NOI	<u>\$ (374,220)</u>	<u>\$ (241,146)</u>	<u>\$ 133,074</u>