

**Exhibit No. \_\_ (WHW-8)  
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***

**June 25, 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)                 | (a)              |
|----------|--------------------------------------|-------------------|--------------------------------|--------------------------------|---------------------|------------------|
| LINE NO. | RESULTS OF OPERATIONS                | TOTAL ADJUSTMENTS | ADJUSTED RESULTS OF OPERATIONS | REVENUE REQUIREMENT DEFICIENCY | AFTER RATE INCREASE |                  |
| 1        | <b>OPERATING REVENUES:</b>           |                   |                                |                                |                     |                  |
| 2        | SALES TO CUSTOMERS                   | \$ 1,169,255,872  | \$ (113,875,834)               | \$ 1,055,380,038               | \$ 43,348,479       | \$ 1,098,726,517 |
| 3        | MUNICIPAL ADDITIONS                  | 49,479,594        | (49,479,594)                   | -                              | -                   | -                |
| 4        | OTHER OPERATING REVENUES             | 17,032,367        | (2,951,933)                    | 14,080,433                     | 404,891             | 14,485,324       |
| 5        | TOTAL OPERATING REVENUES             | \$ 1,235,767,832  | \$ (166,307,361)               | \$ 1,069,460,472               | \$ 43,751,370       | \$ 1,113,211,841 |
| 6        |                                      |                   |                                |                                |                     |                  |
| 7        |                                      |                   |                                |                                |                     |                  |
| 8        | <b>OPERATING REVENUE DEDUCTIONS:</b> |                   |                                |                                |                     |                  |
| 9        |                                      |                   |                                |                                |                     |                  |
| 10       | <b>GAS COSTS:</b>                    |                   |                                |                                |                     |                  |
| 11       |                                      |                   |                                |                                |                     |                  |
| 12       | PURCHASED GAS                        | \$ 800,512,866    | \$ (103,496,401)               | \$ 697,016,465                 | \$ -                | \$ 697,016,465   |
| 13       |                                      |                   |                                |                                |                     |                  |
| 14       | TOTAL PRODUCTION EXPENSES            | \$ 800,512,866    | \$ (103,496,401)               | \$ 697,016,465                 | \$ -                | \$ 697,016,465   |
| 15       |                                      |                   |                                |                                |                     |                  |
| 16       | OTHER POWER SUPPLY EXPENSES          | \$ 1,700,509      | \$ 32,106                      | \$ 1,732,615                   | \$ -                | \$ 1,732,615     |
| 17       | TRANSMISSION EXPENSE                 | 570,155           | 15,934                         | 586,089                        | -                   | 586,089          |
| 18       | DISTRIBUTION EXPENSE                 | 40,817,492        | 1,191,137                      | 42,008,629                     | -                   | 42,008,629       |
| 19       | CUSTOMER ACCOUNT EXPENSES            | 25,226,971        | 462,475                        | 25,689,446                     | 121,629             | 25,811,074       |
| 20       | CUSTOMER SERVICE EXPENSES            | 4,652,566         | (3,337,761)                    | 1,314,805                      | -                   | 1,314,805        |
| 21       | CONSERVATION AMORTIZATION            | 4,796,112         | (4,796,112)                    | (0)                            | -                   | (0)              |
| 22       | ADMIN & GENERAL EXPENSE              | 38,296,979        | 934,075                        | 39,231,054                     | 87,503              | 39,318,557       |
| 23       | DEPRECIATION                         | 72,897,010        | 14,032,673                     | 86,929,683                     | -                   | 86,929,683       |
| 24       | AMORTIZATION                         | 14,088,267        | -                              | 14,088,267                     | -                   | 14,088,267       |
| 25       | AMORTIZATION OF PROPERTY LOSS        | -                 | -                              | -                              | -                   | -                |
| 26       | OTHER OPERATING EXPENSES             | 511,054           | (1,344,765)                    | (833,711)                      | -                   | (833,711)        |
| 27       | FAS 133                              | -                 | -                              | -                              | -                   | -                |
| 28       | TAXES OTHER THAN INCOME TAXES        | 110,684,987       | (54,210,475)                   | 56,474,511                     | 1,680,490           | 58,155,001       |
| 29       | INCOME TAXES                         | 10,002,284        | 4,906,318                      | 14,908,602                     | 14,651,612          | 29,560,214       |
| 30       | DEFERRED INCOME TAXES                | 7,046,149         | 1,787,482                      | 8,833,631                      | -                   | 8,833,631        |
| 31       | TOTAL OPERATING REV. DEDUCT.         | \$ 331,290,535    | \$ (40,326,913)                | \$ 290,963,622                 | \$ 16,541,234       | \$ 307,504,855   |
| 32       |                                      |                   |                                |                                |                     |                  |
| 33       | NET OPERATING INCOME                 | \$ 103,964,432    | \$ (22,484,047)                | \$ 81,480,385                  | \$ 27,210,136       | \$ 108,690,521   |
| 34       |                                      |                   |                                |                                |                     |                  |
| 35       | RATE OF RETURN                       | 7.69%             |                                | 6.18%                          |                     | 8.25%            |
| 36       |                                      |                   |                                |                                |                     |                  |
| 37       |                                      |                   |                                |                                |                     |                  |
| 38       |                                      |                   |                                |                                |                     |                  |
| 39       | <b>RATE BASE:</b>                    |                   |                                |                                |                     |                  |
| 40       | UTILITY PLANT IN SERVICE             | \$ 2,268,630,640  | \$ 2,458,688                   | \$ 2,271,089,328               |                     |                  |
| 41       | ACCUMULATED DEPRECIATION             | (754,747,709)     |                                | (754,747,709)                  |                     |                  |
| 42       | ACCUMULATED DEFERRED FIT             | (181,249,183)     |                                | (181,249,183)                  |                     |                  |
| 43       | OTHER                                | (18,315,278)      |                                | (18,315,278)                   |                     |                  |
| 44       | TOTAL NET INVESTMENT                 | \$ 1,314,318,470  | \$ 2,458,688                   | \$ 1,316,777,158               |                     |                  |
| 45       | ALLOWANCE FOR WORKING CAPITAL        | 37,061,609        | (36,376,049)                   | 685,560                        |                     |                  |
| 46       | TOTAL RATE BASE                      | \$ 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

| LINE NO. | (a)                           | (b) | (c)   | (d)                               | (e)                        | (f)                         | (g)                        | (h)                                       |
|----------|-------------------------------|-----|---|-----------------------------------|----------------------------|-----------------------------|----------------------------|---|
|          |                               |     | ACTUAL RESULTS OF OPERATIONS<br>12ME Sept. 30, 2007 | TEMPERATURE NORMALIZATION<br>9.01 | REVENUE & EXPENSES<br>9.02 | EVERETT DELTA LEASE<br>9.03 | FEDERAL INCOME TAX<br>9.04 | TAX BENEFIT OF PRO FORMA INTEREST<br>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      |     | 17,032,387  |                                   | 1,198,419                  | (4,150,352)                 |                            |   |
| 5        | TOTAL OPERATING REVENUES      | \$  | 1,235,767,832                                       | \$ (24,484,888)                   | \$ (41,050,753)            | \$ (4,150,352)              | \$                         | \$  |
| 6        |                               |     |   |                                   |                            |                             |                            |   |
| 7        | OPERATING REVENUE DEDUCTIONS: |     |   |                                   |                            |                             |                            |   |
| 8        |                               |     |   |                                   |                            |                             |                            |   |
| 9        |                               |     |   |                                   |                            |                             |                            |   |
| 10       | GAS COSTS:                    |     |   |                                   |                            |                             |                            |   |
| 11       |                               |     |   |                                   |                            |                             |                            |   |
| 12       | PURCHASED GAS                 | \$  | 800,512,866   | \$                                | \$ (65,382,956)            | \$                          | \$                         | \$  |
| 13       |                               |     |   |                                   |                            |                             |                            |   |
| 14       | TOTAL PRODUCTION EXPENSES     | \$  | 800,512,866   | \$                                | \$ (65,382,956)            | \$                          | \$                         | \$  |
| 15       |                               |     |   |                                   |                            |                             |                            |   |
| 16       | OTHER ENERGY SUPPLY EXPENSES  | \$  | 1,700,509   | \$                                |                            |                             |                            |   |
| 17       | TRANSMISSION EXPENSE          |     | 570,155   |                                   |                            |                             |                            |   |
| 18       | DISTRIBUTION EXPENSE          |     | 40,817,492  |                                   |                            |                             |                            |   |
| 19       | CUSTOMER ACCTS EXPENSES       |     | 25,226,971  | (68,068)                          | (114,121)                  |                             |                            |   |
| 20       | CUSTOMER SERVICE EXPENSES     |     | 4,652,566   |                                   |                            |                             |                            |   |
| 21       | CONSERVATION AMORTIZATION     |     | 4,796,112   |                                   |                            |                             |                            |   |
| 22       | ADMIN & GENERAL EXPENSE       |     | 38,296,979  | (48,970)                          | (82,102)                   |                             |                            |   |
| 23       | DEPRECIATION                  |     | 72,897,010  |                                   |                            |                             |                            |   |
| 24       | AMORTIZATION                  |     | 14,088,267  |                                   |                            |                             |                            |   |
| 25       | AMORTIZATION OF PROPERTY LOSS |     |   |                                   |                            |                             |                            |   |
| 26       | OTHER OPERATING EXPENSES      |     | 511,054   |                                   |                            |                             |                            |   |
| 27       | FAS 133                       |     |   |                                   |                            |                             |                            |   |
| 28       | TAXES OTHER THAN INCOME TAXES |     | 110,664,987   | (940,465)                         | (1,576,759)                |                             |                            | 7,621,600                                 |
| 29       | INCOME TAXES                  |     | 10,002,284  | (8,199,585)                       | 9,136,815                  | (1,452,623)                 | (2,165,855)                | 1,787,482                                 |
| 30       | DEFERRED INCOME TAXES         |     | 7,046,149   |                                   |                            |                             |                            |   |
| 31       | TOTAL OPERATING REV. DEDUCT.  | \$  | 331,290,535   | \$ (9,257,087)                    | \$ 7,363,833               | \$ (1,452,623)              | \$ (378,373)               | \$ 7,621,600                              |
| 32       |                               |     |   |                                   |                            |                             |                            |   |
| 33       | NET OPERATING INCOME          | \$  | 103,964,432   | \$ (15,227,800)                   | \$ 16,968,370              | \$ (2,697,729)              | \$ 378,373                 | \$ (7,621,600)                            |
| 34       |                               |     |   |                                   |                            |                             |                            |   |
| 35       | RATE OF RETURN                |     | 7.66%   |                                   |                            |                             |                            |   |
| 36       |                               |     |   |                                   |                            |                             |                            |   |
| 37       | RATE BASE:                    |     |   |                                   |                            |                             |                            |   |
| 38       |                               |     |   |                                   |                            |                             |                            |   |
| 39       | UTILITY PLANT IN SERVICE      | \$  | 2,268,630,640                                       | \$                                | \$                         | \$                          | \$                         | \$  |
| 40       | ACCUMULATED DEPRECIATION      |     | (754,747,709)                                       |                                   |                            |                             |                            |   |
| 41       | ACCUMULATED DEFERRED FIT      |     | (181,249,163)                                       |                                   |                            |                             |                            |   |
| 42       | OTHER                         |     | (18,315,278)  |                                   |                            |                             |                            |   |
| 43       |                               |     |   |                                   |                            |                             |                            |   |
| 44       | TOTAL NET INVESTMENT          | \$  | 1,314,318,470                                       | \$                                | \$                         | \$                          | \$                         | \$  |
| 45       | ALLOWANCE FOR WORKING CAPITAL |     | 37,061,609  |                                   |                            |                             |                            |   |
| 46       | TOTAL RATE BASE               | \$  | 1,351,380,079                                       | \$                                | \$                         | \$                          | \$                         | \$  |





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

| LINE NO. | (a)                           | (b) | (c)                     | (d)                        | (e)                   | (f)                       | (g)                                 | (h)                                     | (i)                  |                                      |
|----------|-------------------------------|-----|-------------------------|----------------------------|-----------------------|---------------------------|-------------------------------------|---|----------------------|--------------------------------------|
|          |                               |     | INVESTMENT PLAN<br>9.19 | EMPLOYEE INSURANCE<br>9.20 | INCENTIVE PAY<br>9.21 | BILLING DISCOUNTS<br>9.22 | WORKING CAP<br>DISALLOWANCE<br>9.23 | CRYSTAL MTN ELEC<br>LEGAL COSTS<br>9.24 | TOTAL<br>ADJUSTMENTS | ADJUSTED<br>RESULTS OF<br>OPERATIONS |
| 1        | OPERATING REVENUES            | \$  | -                       | -                          | \$                    | 1,228,388                 | \$                                  | -                                       | \$                   | 1,055,360,038                        |
| 2        | SALES TO CUSTOMERS            |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 3        | MUNICIPAL ADDITIONS           |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 4        | OTHER OPERATING REVENUES      | \$  | -                       | -                          | \$                    | 1,228,388                 | \$                                  | -                                       | \$                   | 14,080,433                           |
| 5        | TOTAL OPERATING REVENUES      | \$  | -                       | -                          | \$                    | 1,228,388                 | \$                                  | -                                       | \$                   | 1,069,460,472                        |
| 6        |                               |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 7        |                               |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 8        | OPERATING REVENUE DEDUCTIONS: |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 9        |                               |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 10       | GAS COSTS:                    |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 11       |                               |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 12       | PURCHASED GAS                 | \$  | -                       | -                          | \$                    | -                         | \$                                  | -                                       | \$                   | 697,016,465                          |
| 13       |                               |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 14       | TOTAL PRODUCTION EXPENSES     | \$  | -                       | -                          | \$                    | -                         | \$                                  | -                                       | \$                   | 697,016,465                          |
| 15       |                               |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 16       | OTHER ENERGY SUPPLY EXPENSES  | \$  | -                       | -                          | \$                    | (22,018)                  | \$                                  | -                                       | \$                   | 32,106                               |
| 17       | TRANSMISSION EXPENSE          |     |                         |                            |                       | (5,136)                   |                                     |   |                      | 15,934                               |
| 18       | DISTRIBUTION EXPENSE          |     |                         |                            |                       | (350,350)                 |                                     |   |                      | 1,191,137                            |
| 19       | CUSTOMER ACCTS EXPENSES       |     |                         |                            |                       | 3,415                     |                                     |   |                      | 462,475                              |
| 20       | CUSTOMER SERVICE EXPENSES     |     |                         |                            |                       | (23,323)                  |                                     |   |                      | (3,337,761)                          |
| 21       | CONSERVATION AMORTIZATION     |     |                         |                            |                       |                           |                                     |   |                      | 1,314,805                            |
| 22       | ADMIN & GENERAL EXPENSE       |     | 94,757                  |                            |                       | 2,457                     |                                     | (158,800)                               |                      | (4,796,112)                          |
| 23       | DEPRECIATION                  |     |                         | 888,342                    |                       |                           |                                     |   |                      | 934,075                              |
| 24       | AMORTIZATION                  |     |                         |                            |                       |                           |                                     |   |                      | 14,032,673                           |
| 25       | AMORTIZATION OF PROPERTY LOSS |     |                         |                            |                       |                           |                                     |   |                      | -                                    |
| 26       | OTHER OPERATING EXPENSES      |     |                         |                            |                       |                           |                                     |   |                      | (1,344,765)                          |
| 27       | FAS 133                       |     |                         |                            |                       |                           |                                     |   |                      | -                                    |
| 28       | TAXES OTHER THAN INCOME TAXES |     |                         |                            |                       | 47,293                    |                                     |   |                      | 56,474,511                           |
| 29       | INCOME TAXES                  |     | (33,165)                | (310,920)                  |                       | 411,328                   |                                     | 55,580                                  |                      | 14,908,602                           |
| 30       | DEFERRED INCOME TAXES         |     |                         |                            |                       |                           |                                     |   |                      | 8,833,631                            |
| 31       | TOTAL OPERATING REV. DEDUCT.  | \$  | 61,592                  | 577,422                    | \$                    | 464,493                   | \$                                  | -                                       | \$                   | 290,963,622                          |
| 32       |                               |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 33       | NET OPERATING INCOME          | \$  | (61,592)                | (577,422)                  | \$                    | 783,895                   | \$                                  | 103,220                                 | \$                   | 81,480,385                           |
| 34       |                               |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 35       | RATE OF RETURN                |     |                         |                            |                       |                           |                                     |   |                      | 6.16%                                |
| 36       |                               |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 37       |                               |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 38       | RATE BASE:                    |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 39       | UTILITY PLANT IN SERVICE      | \$  | -                       | -                          | \$                    | -                         | \$                                  | -                                       | \$                   | 2,271,069,328                        |
| 40       | ACCUMULATED DEPRECIATION      |     |                         |                            |                       |                           |                                     |   |                      | (754,747,709)                        |
| 41       | ACCUMULATED DEFERRED FIT      |     |                         |                            |                       |                           |                                     |   |                      | (181,249,183)                        |
| 42       | OTHER                         |     |                         |                            |                       |                           |                                     |   |                      | (18,315,278)                         |
| 43       |                               |     |                         |                            |                       |                           |                                     |   |                      |                                      |
| 44       | TOTAL NET INVESTMENT          | \$  | -                       | -                          | \$                    | -                         | \$                                  | -                                       | \$                   | 1,316,777,156                        |
| 45       | ALLOWANCE FOR WORKING CAPITAL | \$  | -                       | -                          | \$                    | (36,376,049)              | \$                                  | -                                       | \$                   | 685,560                              |
| 46       | TOTAL RATE BASE               | \$  | -                       | -                          | \$                    | -                         | \$                                  | -                                       | \$                   | 1,317,462,718                        |

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

| LINE NO. | DESCRIPTION                            | ACTUAL                             | RESTATED             | ADJUSTMENT                 |
|----------|--|------------------------------------|----------------------|----------------------------|
| 1        | TEMPERATURE NORMALIZATION ADJUSTMENT:  |                                    |                      |                            |
| 2        |  | ACTUAL                             | TEMP ADJ             | THERMS                     |
| 3        |  | THERMS                             | THERMS               | CHANGE                     |
| 4        | Oct-06                                 | 82,398,883                         | 79,616,166           | (2,782,717)                |
| 5        | Nov-06                                 | 122,310,200                        | 119,321,723          | (2,988,477)                |
| 6        | Dec-06                                 | 152,312,019                        | 151,250,129          | (1,061,890)                |
| 7        | Jan-07                                 | 162,522,738                        | 146,997,535          | (15,525,203)               |
| 8        | Feb-07                                 | 123,546,494                        | 124,495,095          | 948,601                    |
| 9        | Mar-07                                 | 115,870,737                        | 117,976,585          | 2,105,848                  |
| 10       | Apr-07                                 | 88,944,071                         | 87,374,580           | (1,569,491)                |
| 11       | May-07                                 | 66,872,283                         | 67,631,429           | 759,146                    |
| 12       | Jun-07                                 | 49,867,206                         | 49,274,516           | (592,690)                  |
| 13       | Jul-07                                 | 43,516,377                         | 43,516,377           | 0                          |
| 14       | Aug-07                                 | 44,021,922                         | 44,021,922           | 0                          |
| 15       | Sep-07                                 | 54,790,972                         | 52,732,112           | (2,058,860)                |
| 16       |  | <u>1,106,973,902</u>               | <u>1,084,208,169</u> | <u>(22,765,733)</u>        |
| 17       |  |                                    |                      |                            |
| 18       | REVENUE ADJUSTMENT:                    | Residential (23, 53)               |                      | \$ (17,702,847)            |
| 19       |  | Residential (16)                   |                      | 0                          |
| 20       |  | Commercial & industrial (31,36,51) |                      | (6,002,462)                |
| 21       |  | Large volume (41)                  |                      | 0                          |
| 22       |  | Compressed natural gas (50)        |                      | 0                          |
| 23       |  | Interruptible (85)                 |                      | (135,931)                  |
| 24       |  | Limited interruptible (86)         |                      | (304,428)                  |
| 25       |  | Non exclusive interruptible (87)   |                      | (296,095)                  |
| 26       |  | Transportation (57)                |                      | (31,415)                   |
| 27       |  | Contracts (99,199,299)             |                      | <u>(11,711)</u>            |
| 28       | INCREASE (DECREASE) SALES TO CUSTOMERS |                                    |                      | \$ (24,484,888)            |
| 29       |  |                                    |                      |                            |
| 30       | UNCOLLECTIBLES @                       |                                    | 0.00278              | \$ (68,068)                |
| 31       | ANNUAL FILING FEE @                    |                                    | 0.00200              | <u>(48,970)</u>            |
| 32       | INCREASE (DECREASE) EXPENSES           |                                    |                      | (117,038)                  |
| 33       |  |                                    |                      |                            |
| 34       | STATE UTILITY TAX @                    |                                    | 0.03841              | \$ <u>(940,465)</u>        |
| 35       | INCREASE (DECREASE) TAXES OTHER        |                                    |                      | (940,465)                  |
| 36       |  |                                    |                      |                            |
| 37       | INCREASE (DECREASE) INCOME             |                                    |                      | (23,427,385)               |
| 38       |  |                                    |                      |                            |
| 39       | INCREASE (DECREASE) FIT @              |                                    | 35%                  | <u>(8,199,585)</u>         |
| 40       | INCREASE (DECREASE) NOI                |                                    |                      | <u><u>(15,227,800)</u></u> |

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

| LINE<br>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 <u>(82,102)</u>       |
| 29          | INCREASE (DECREASE) EXPENSES                      | (65,579,178)                  |
| 30          |   |                               |
| 31          | STATE UTILITY TAX @                               | 0.03841 \$ <u>(1,576,759)</u> |
| 32          |   |                               |
| 33          | INCREASE (DECREASE) TAXES OTHER                   | <u>(1,576,759)</u>            |
| 34          |   |                               |
| 35          | INCREASE (DECREASE) INCOME                        | 26,105,185                    |
| 36          | INCREASE (DECREASE) FIT @                         | 35% <u>9,136,815</u>          |
| 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<br>NO. | DESCRIPTION                          | ACTUAL        | ADJUSTMENTS    | RESTATED      |
|-------------|--------------------------------------|---------------|----------------|---------------|
| 1           | <u>OPERATING REVENUES:</u>           |               |                |               |
| 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           | <u>OPERATING REVENUE DEDUCTIONS:</u> |               |                |               |
| 9           |                                      |               |                |               |
| 10          | <u>GAS COSTS:</u>                    |               |                |               |
| 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          | <u>RATE BASE:</u>                    |               |                |               |
| 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<br>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<br>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>\$ (7,621,600)</u>   |

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

| LINE<br>NO. | DESCRIPTION   | ACTUAL            | PRO FORMA         | ADJUSTMENT             |
|-------------|---|-------------------|-------------------|------------------------|
| 1           | <b><u>ADJUSTMENT TO OPERATING EXPENSES</u></b>                  |                   |                   |                        |
| 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 STMNT 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          | <b><u>ADJUSTMENT TO RATE BASE</u></b>                           |                   |                   |                        |
| 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<br>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                                       | 771,090                      |
| 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<br>NO. | DESCRIPTION                                    | NET<br>WRITEOFFS | GROSS<br>REVENUES | NET<br>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                        |                  |                   |                  | \$ (276,135) |

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

| LINE<br>NO. | DESCRIPTION  | ACTUAL        | RESTATED /<br>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          | 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<br>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<br>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**

| <b>LINE<br/>NO.</b> | <b>DESCRIPTION</b>              | <b>TEST YEAR</b> | <b>RESTATED</b> | <b>ADJUSTMENT</b>  |
|---------------------|---------------------------------|------------------|-----------------|--------------------|
| 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**

| <b>LINE<br/>NO.</b> | <b>DESCRIPTION</b>             | <b>ADJUSTMENT</b> |
|---------------------|--------------------------------|-------------------|
| 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<br>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<br>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                             | <u>\$ (854,469)</u>        |
| 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)                          | <u>\$ 219,679</u>          |
| 10   |                            |
| 11 INCREASE (DECREASE) FIT @ 35%   | <u>(76,888)</u>            |
| 12   |                            |
| 13 INCREASE (DECREASE) NOI   | <u><u>\$ (142,791)</u></u> |

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

| LINE<br>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<br>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<br>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<br>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<br>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    |        | 9,657,899 |
| 5           |                              |        |           |
| 6           | APPLICABLE TO OPERATIONS @   | 55.72% | 5,381,381 |
| 7           | CHARGED TO EXPENSE 09/30/07  |        | 4,493,040 |
| 8           | INCREASE(DECREASE) EXPENSE   |        | 888,342   |
| 9           |                              |        |           |
| 10          | INCREASE(DECREASE) FIT @     | 35%    | (310,920) |
| 11          |                              |        |           |
| 12          | INCREASE(DECREASE) NOI       | \$     | (577,422) |

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

| LINE<br>NO. | DESCRIPTION                        | ACTUAL       | PROFORMA<br>RESTATE | 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             |              |                     | <u>\$ 508,108</u> |

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

| LINE<br>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<br>NO. | DESCRIPTION                   | ACTUAL     | RESTATING    | NET<br>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               |            |              |                    |

**PUGET SOUND ENERGY-GAS  
REMOVE CRYSTAL MOUNTAIN LEGAL EXPENSE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

| LINE<br>NO. | DESCRIPTION            | ACTUAL | RESTATING | ADJUSTMENT |
|-------------|------------------------|--------|-----------|------------|
| 1           | SALES TO CUSTOMERS:    |        |           |            |
| 2           |                        |        |           |            |
| 3           | RESIDENTIAL            |        |           | \$ -       |
| 4           |                        |        |           |            |
| 5           | EXPENSES:              |        |           |            |
| 6           |                        |        |           |            |
| 7           | CUSTOMER ACCTS         |        |           | -          |
| 8           | GENERAL & ADMN         |        | (158,800) | (158,800)  |
| 9           |                        |        |           |            |
| 10          | TOTAL EXPENSES         |        |           |            |
| 11          |                        |        |           |            |
| 12          |                        |        |           |            |
| 13          | STATE EXCISE TAX       |        |           | -          |
| 14          |                        |        |           |            |
| 15          |                        |        |           |            |
| 16          | FEDERAL INCOME TAX     | 35.00% |           | 55,580     |
| 17          | TOTAL TAXES            |        |           | 55,580     |
| 18          |                        |        |           |            |
| 19          | TOTAL EXPENSES & TAXES |        |           | (103,220)  |
| 20          |                        |        |           |            |
| 21          | INCREASE(DECREASE) NOI |        |           | 103,220    |