

**PUGET SOUND ENERGY  
GENERAL RATE FILING-GAS  
GAS REVENUE REQUIREMENT ESTIMATE**

Tax Rate ---> 35%  
Rate of Return ---> 8.76%  
Gas Conversion Factor ---> 0.5982891

	<u>Expense</u>	<u>Rate Base</u>	<u>Revenue Requirement</u>
ORIGINAL REQUEST			89,188,160
REMOVE REAL TIME PEM			(5,602,998)
DECREASE IN COST OF CAPITAL (from 10.47% to 8.94%) PER SETTLEMENT STIPULATION			<u>(27,338,857)</u>
			56,246,305
PEM COST ALLOCATION SHIFT			(5,497,352)
FOUR FACTOR SHIFT			<u>(4,219,207)</u>
ADJUSTED CAP - PUBLISHED IN SETTLEMENT DOCUMENTS			46,529,746
EFFECT OF USING ELECTRIC CONVERSION FACTOR AND NEW RATE OF RETURN FOR PEM AND FOUR FACTOR SHIFTS ABOVE			(386,431)
EFFECT OF CHANGE IN RATE BASE (DUE TO 4 FACTOR SHIFT) ON TAX BENEFIT OF PRO FORMA INTEREST			<u>214,170</u>
TOTAL - ADJUSTED MODEL			46,357,485
ADDITIONAL ADJUSTMENTS:			
DECREASE IN COST OF CAPITAL (from 8.94% to 8.76%)			(1,825,669)
REVENUE (including effect of change in conversion factor on revenue)	(596,125)	-	(647,649)
EFFECT OF CHANGE IN CONVERSION FACTOR (other than revenue)			<u>33,867</u>
TOTAL - ADJUSTED MODEL			43,918,034
ADD BACK REAL TIME PEM COSTS WERE ELECTRIC ONLY			5,251,287
SFAS 133	(97,650)	-	(106,090)
INCENTIVE/MERIT PAY & PAYROLL TAX	(7,991)	-	(8,682)
SERP	(20,337)	-	(22,095)
REMAINDER OF PEM TO RIDER	(2,395,828)	-	(2,602,903)
ADS BASIC SERVICES	(1,228,217)	-	(1,334,373)
METERING NETWORK SERVICES	(431,420)	-	(468,708)
METER READING COSTS	(700,777)	-	(761,346)
STAFF'S GOVERNANCE ADJ.	(120,634)	-	(131,061)
PROPERTY TAX	(478,839)	-	(520,226)
WAGE INCREASE	(2,498,721)	-	(2,714,689)
EMPLOYEE INSURANCE	(833,290)	-	(905,312)
INVESTMENT PLAN	(89,061)	-	(96,759)
RATE CASE EXPENSES	309,255	-	335,984
PROPERTY & LIABILITY INSURANCE	496,474	-	539,385
NCR REVENUE			(788,445)
MISCELLANEOUS A&G REDUCTION			(4,000,000)
TOTAL - ADJUSTED MODEL	<u>\$ (8,097,036)</u>	<u>\$ -</u>	<u>\$ 35,584,003</u>