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OMB No. 1902-0028  
(Expires 3/31/2005)



FERC FORM NO. 2:  
ANNUAL REPORT OF MAJOR NATURAL  
GAS COMPANIES

This report is mandatory under the Natural Gas Act, Sections 10(a) and 16, and 18 CFR 260.1. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company) PUGET SOUND ENERGY, INC.	Year of Report Dec. 31, 2002
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UBI#179010055



**FERC FORM NO. 2:  
ANNUAL REPORT OF NATURAL GAS COMPANIES**

IDENTIFICATION		
01 Exact Legal Name of Respondent  Puget Sound Energy, Inc.	02 Year of Report  Dec. 31, 2002	
03 Previous Name and Date of Change (If name changed during year)		
04 Address of Principal Office at End of Year (Street, City, State, Zip Code)  P.O. Box 97034, Bellevue, WA 98009-9734		
05 Name of Contact Person  James W. Eldredge	06 Title of Contact Person  VP, Corporate Secretary and Controller	
07 Address of Contact Person (Street, City, State, Zip Code) P.O. Box 97034, Bellevue, WA 98009-9734		
08 Telephone of Contact Person, Including Area Code  (425) 462 - 3135	09 This Report Is  (1) * An Original (2) A Resubmission	10 Date of Report (Mo, Da, Yr) 04/30/2003
ATTESTATION		
The undersigned officer certifies that he/she has examined the accompanying report to the best of his/her knowledge, information, belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.		
11 Name  James W. Eldredge	12 Title  VP, Corporate Secretary and Controller	
13 Signature	14 Date Signed (Mo, Day, Yr) 04/30/2003	
Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.		

Name of Respondent Puget Sound Energy, Inc.	This Report is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
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LIST OF SCHEDULES (Natural Gas Company)

Enter in column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
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Name of Respondent	This Report is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002	
Puget Sound Energy, Inc.				
LIST OF SCHEDULES (Natural Gas Company) (Continued)				
Enter in column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."				
Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
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67	System Map	522		
68	Footnote Reference	551		
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70	Stockholders' Reports (check appropriate line)			
	Four Copies will be submitted.			
	No Annual report to stockholders is prepared.			

[Next page is 101]

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

James Eldredge  
Vice President, Corporate Secretary and Controller  
Puget Sound Energy, Inc.  
P.O. Box 97034 OBC-15  
Bellevue, Washington 98009-9734

2. Provide the name of the State under the laws which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

**State of Washington - September 12, 1960**

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

**NOT APPLICABLE**

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

**Electric - State of Washington**  
**Gas - State of Washington**

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) Yes...Enter the date when such independent accountant was initially engaged: \_\_\_\_\_.

(2) \* No

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/03	Year of Report <b>Dec. 31, 2002</b>
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**CONTROL OVER RESPONDENT**

1. Report in column (a) the names of all corporations, partnerships, business trusts, and similar organizations that directly, indirectly, or jointly held control (see page 103 for definition of control) over the respondent at the end of the year. If control is in a holding company organization, report in a footnote the chain of organization

2. If control was held by a trustee(s), state in a footnote the names of trustee(s), names of beneficiaries for whom the trust was maintained, and purpose of the trust.

3. In column (b) designate type of control over the respondent. Report an "M" if the company is the main parent or controlling company is the main parent or controlling company having ultimate control over the respondent. Otherwise, report a "D" for direct, an "I" for indirect, or a "J" for joint control.

Line No.	Company Name (a)	Type of Control (b)	State of Incorporation (c)	Percent Voting Stock owned (d)
1	Puget Energy, Inc. (a holding company)	M	Washington	100
2				
3				
4				
5				

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**CORPORATIONS CONTROLLED BY RESPONDENT**

- |  |  |
|--|--|
| <p>1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote</p> <p>2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved</p> | <p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.</p> <p>4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.</p> |
|--|--|

**DEFINITIONS**

- |  |   |
|--|---|
| <p>1. See the Uniform System of Accounts for a definition of control.</p> <p>2. Direct control is that which is exercised without interposition of an intermediary</p> <p>3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.</p> | <p>4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts Accounts, regardless of the relative voting rights of each party</p> |
|--|---|

Line No.	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned (d)	Footnote Ref. (e)
1	<b>Puget Western, Inc.</b>	D	Real Estate Oper.	100%	
2	<b>GP Acquisition Corp.</b>	D	General partner-Encogen	100%	
3	<b>LP Acquisition Corp.</b>	D	Limited Partner-Encogen	100%	
4	<b>Puget Sound Energy Services, Inc.</b>	D	Energy Services Provider	100%	
5	<b>PSE Utility Solutions, Inc.</b>	D	Energy Services Provider	100%	
6	<b>WNG Cap I</b>	D	Financing	100%	
7	<b>Washington Energy Gas Marketing</b>	D	Gas Transportation	100%	
8	<b>Hydro Energy Development Corporation</b>	D	Small Hydro Development	100%	
9	<b>Controlled by Hydro Energy Devel.Corp.:</b> Black Creek Hydro, Inc.	I	Small Hydro Development	100%	
10	Baker Mountain Hydro Electric Co., Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
11	Cascade River Hydro, Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
12	Nooksack River Hydro, Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
13	Skagit River Hydro, Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
14	Skykomish River Hydro, Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
15	Snoqualmie River Hydro, Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
16	Suiattle River Hydro, Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
17	wasnington Hydro Development Corporation	I	Small Hydro Development	100%	Ref. Page 103.1
18	Calligan Hydro, Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
19	Warm Creek Hydro, Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
20	Skookum Hydro, Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
21	Hancock Hydro, Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
22	Pacific Hydro, Inc.	I	Small Hydro Development	100%	Ref. Page 103.1
23	<b>Controlled by Pacific Hydro, Inc.:</b> Pacific Oregon Corporation	I	Small Hydro Development	100%	Ref. Page 103.1
24					

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: <b>(1) * An Original</b> <b>(2) A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
<b>CORPORATIONS CONTROLLED BY RESPONDENT</b>			
<p>1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.</p> <p>2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.</p>		<p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.</p> <p>4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.</p>	
<b>DEFINITIONS</b>			
<p>1. See the Uniform System of Accounts for a definition of control.</p> <p>2. Direct control is that which is exercised without interposition of an intermediary.</p> <p>3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.</p>		<p>4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.</p>	
<p>Line 10 Baker Mountain Hydro Electric Co., Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 11 Cascade River Hydro, Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 12 Nooksack River Hydro, Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 13 Skagit River Hydro, Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 14 Skykomish River Hydro, Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 15 Snoqualmie River Hydro, Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 16 Suiattle River Hydro, Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 17 Washington Hydro Development Corporation was sold in 2002 to an unrelated entity.</p> <p>Line 18 Calligan Hydro, Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 19 Warm Creek Hydro, Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 20 Skookum Hydro, Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 21 Hancock Hydro, Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 22 Pacific Hydro, Inc. was sold in 2002 to an unrelated entity.</p> <p>Line 23 The parent company of Pacific Oregon Corporation, Pacific Hydro, Inc., was sold in 2002 to an unrelated entity.</p>			



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**SECURITY HOLDERS AND VOTING POWERS**

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:  <b>March 18, 2002 - Record Date</b> <b>May 14, 2002 - Annual shareholders meeting</b>	2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy  <b>Total: 85,903,790</b> <b>By proxy: 85,903,790</b>	3. Give the date and place of such meeting:  <b>May 14, 2002</b> <b>Bellevue, Washington</b>
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Line No.	Name (Title) and Address of Security Holder  (a)	VOTING SECURITIES			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	<b>85,903,790</b>	<b>85,903,790</b>		
6	TOTAL number of security holders	<b>1</b>	<b>1</b>		
7	TOTAL votes of security holders listed below	<b>85,903,790</b>	<b>85,903,790</b>		
8	<b>Puget Energy, Inc.</b>	<b>85,903,790</b>	<b>85,903,790</b>		
9					
10					
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12					
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15					
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22					

**EMPLOYEE STOCK PURCHASE PLAN:**  
Puget Sound Energy has an Employee Stock Purchase Plan, under which options are granted to eligible employees who elect to participate in the plan on January 1 and July 1 of each year. Participants are allowed to exercise those options six months later to the extent of payroll deductions or cash payments accumulated during the six-month period. The option price under the Plan in 2002 was 85% of either the fair market value of the common stock of Puget Energy, Inc. at the grant date or the fair market value at the exercise date, whichever was less. In 2002, 19,407 shares were purchased on the open market under the plan at an average price per share of \$20.77 and 18,252 shares were recorded in book entry form at an average price per share of \$17.70. At December 31, 2002, 298,602 shares were authorized for future issuance.

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
<b>IMPORTANT CHANGES DURING THE YEAR</b>			
<p>Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none" or "not applicable" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.</p> <p>1. Changes in and important additions to franchise rights: Describe the actual consideration given therefor and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.</p> <p>2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.</p> <p>3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.</p> <p>4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.</p> <p>5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development,</p>		<p>purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc</p> <p>6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.</p> <p>7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.</p> <p>8. State the estimated annual effect and nature of any important wage scale changes during the year</p> <p>9. State briefly the status of any materially important legal proceedings pending at the end of the year and the results of any such proceedings culminated during the year.</p> <p>10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.</p> <p>11. Estimated increase or decrease in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.</p>	
<p>1. Changes in and important additions to franchises: Four new (replacement) franchises were granted and accepted by the company in 2002: Oak Harbor, Kitsap County, Shoreline and Pierce County. All locations are in Washington State. Two existing franchises were extended in 2002: Bellevue, Washington and Everett, Washington. No consideration was given for any of the agreements.</p> <p>2. None</p> <p>3. None</p> <p>4. In 2002, PSE entered into a lease agreement with BTC Seattle, LLC, as the landlord, under which PSE leases five floors of Building B in The Summit building located in Bellevue, Washington. The lease term begins in August 2003, with moving and partial occupancy beginning in June 2003. The lease terms are for five to ten year periods, depending on individual floor, but can be canceled by PSE after three to seven years, also dependent on individual floor agreements. The lease agreement was signed June 17, 2002.</p> <p>5. None</p> <p>6. Short term debt on December 31, 2002 was \$30.3 million, all of which was commercial paper. On December 31, 2001, short-term debt was \$338.2 million, which consisted of \$123.2 million of commercial paper and \$215.0 million of bank borrowing.</p> <p>7. None .</p> <p>8. Employees represented by the IBEW received a 3 % wage increase effective April 1, 2002. Employees represented by the UA received a 3% increase effective October 1, 2002. In addition exempt and non-exempt employees received an average 3% salary increase effective March 1, 2002. Overall annualized payroll costs decreased an estimated \$17.6 million in 2002, however, due to the transition of service jobs to outside service providers.</p> <p>9. None</p> <p>10. None</p> <p>11. An interim electric rate surcharge was in effect April 1, 2002 through June 30, 2002 which increased electric revenue by \$25 million and a 4.6% electric general rate increase effective July 1, 2002 increased electric revenue by \$32 million in 2002. This affected approximately an annual average of 950,000 electricity customers. A gas general rate increase in revenue effective September 1, 2002 increased revenue by approximately \$11.8 million in 2002. This affected approximately an annual average of 614,000 natural gas customers.</p>			

Name of Respondent		This Report Is:	Date of Report	Year of Report
PUGET SOUND ENERGY, INC.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	200-201	6,142,161,302	5,955,481,829
3	Construction Work in Progress (107)	200-201	108,658,275	123,306,691
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	6,250,819,577	6,078,788,520
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)		2,337,832,036	2,194,048,225
6	Net Utility Plant (Total of line 4 less 5)		3,912,987,541	3,884,740,295
7	Nuclear Fuel (120.1-120.4, 120.6)			
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assem. (120.5)			
9	Net Nuclear Fuel (Total of line 7 less 8)			
10	Net Utility Plant (Total of lines 6 and 9)		3,912,987,541	3,884,740,295
11	Utility Plant Adjustments (116)	122		
12	Gas Stored-Base Gas (117.1)	220		
13	System Balancing Gas (117.2)	220		
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)	220	3,241,171	3,241,171
15	Gas Owned to System Gas (117.4)	220		
16	<b>OTHER PROPERTY AND INVESTMENTS</b>			
17	Nonutility Property (121)		2,122,608	1,105,453
18	(Less) Accum. Prov. for Depr. and Amort. (122)		(423,344)	
19	Investments in Associated Companies (123)	222-223		
20	Investment in Subsidiary Companies (123.1)	224-225	124,345,549	116,975,228
21	(For Cost of Account 123.1, See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances			
23	Other Investments (124)		41,526,680	33,372,539
24	Special Funds (125-128)			
25	TOTAL Other Property & Investments (Total of lines 17-20, 22-24)		167,571,493	151,453,220
26	<b>CURRENT AND ACCRUED ASSETS</b>			
27	Cash (131)		62,394,975	(2,959,692)
28	Special Deposits (132-134)		217,249	215,757
29	Working Funds (135)		1,816,996	1,551,631
30	Temporary Cash Investments (136)		48,925,000	20,011,715
31	Notes Receivable (141)		335,106	316,936
32	Customer Accounts Receivable (142)		127,929,184	148,992,879
33	Other Accounts Receivable (143)		121,721,540	129,847,517
34	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		(43,255,709)	(45,150,181)
35	Notes Receivable from Associated Companies (145)			
36	Accounts Receivable from Assoc. Companies (146)		1,038,287	9,421,041
37	Fuel Stock (151)		11,980,471	11,960,566
38	Fuel Stock Expense Undistributed (152)			-
39	Residuals (Elec) and Extracted Products (Gas) (153)			
40	Plant Materials and Operating Supplies (154)		25,255,860	26,312,597
41	Merchandise (155)			-
42	Other Material and Supplies (156)			
43	Nuclear Materials Held for Sale (157)			
44	Allowances (158.1 and 158.2)			
45	(Less) Noncurrent Portion of Allowances			

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: <b>(1) * An Original</b> <b>(2) A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
46	Stores Expenses Undistributed (163)		1,350,654	1,357,293
47	Gas Stored Underground - Current (164.1)		24,399,930	45,111,544
48	Liquefied Natural Gas Stored and Held for Processing (164.2 and 164.3)		576,201	576,201
49	Prepayments (165)		8,867,076	7,142,777
50	Advances for Gas (166-167)			
51	Interest and Dividends Receivable (171)		705,260	203,206
52	Rents Receivable (172)			
53	Accrued Utility Revenues (173)		112,115,106	147,008,022
54	Miscellaneous Current and Accrued Assets (174)			231,187
55	Derivative Instrument Assets (175)		103,376	-
56	Derivative Instrument Assets - Hedges (176)		13,507,223	-
57	TOTAL Current & Accrued Assets (Total of lines 27 thru 56)		519,983,785	502,150,996
58	<b>DEFERRED DEBITS</b>			
59	Unamortized Debt Expense (181)	258-259	20,825,488	22,488,513
60	Extraordinary Property Losses (182.1)	230	21,851,678	26,601,680
61	Unrecovered Plant and Regulatory Study Costs (182.2)	230		
62	Other Regulatory Assets (182.3)	232	554,761,373	584,499,712
63	Prelim. Survey and Investigation Charges (Electric) (183)			-
64	Prelim. Sur. and Invest. Charges (Gas) (183.1, 183.2)			-
65	Clearing Accounts (184)			
66	Temporary Facilities (185)		(50,704)	145,972
67	Miscellaneous Deferred Debits (186)	233	123,298,182	96,824,607
68	Def. Losses from Disposition of Utility Plt. (187)		3,523,361	4,645,837
69	Research, Devel. and Demonstration Expend. (188)			
70	Unamortized Loss on Reacquired Debt (189)	260	6,797,581	7,876,225
71	Accumulated Deferred Income Taxes (190)	234-235	116,074,634	112,200,706
72	Unrecovered Purchased Gas Costs (191)		(83,810,667)	37,228,034
73	TOTAL Deferred Debits (Total of lines 57 thru 70)		763,270,926	892,511,286
74	TOTAL Assets and other Debits (Total of lines 10-15, 25, 57, and 73)		5,367,054,916	5,434,096,968

Name of Respondent		This Report Is:	Date of Report	Year of Report
Puget Sound Energy, Inc.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)	250-251	859,037,900	859,037,900
3	Preferred Stock Issued (204)	250-251	103,161,900	110,661,900
4	Capital Stock Subscribed (202, 205)	250-251	300,000,000	300,000,000
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252	478,145,250	478,145,250
7	Other Paid-In Capital (208-211)	253	29,761,143	(115,303,195)
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254	(9,571,316)	(9,571,316)
11	Retained Earnings (215, 215.1, 216)	118-119	21,330,840	32,503,911
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	45,640,133	22,841,201
13	(Less) Reacquired Capital Stock (217)	250-251		
14	Accumulated Other Comprehensive Income (219)		1,777,193	
15	TOTAL Proprietary Capital (Enter Total of lines 2 thru 14)		1,829,283,043	1,678,315,651
16	<b>LONG-TERM DEBT</b>			
17	Bonds (221)	256-257	2,093,860,000	2,170,860,000
18	(Less) Reacquired Bonds (222)	256-257		
19	Advances from Associated Companies (223)	256-257		4,560,578
20	Other Long-Term Debt (224)	256-257		0
21	Unamortized Premium on Long-Term Debt (225)	258-259		0
22	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	258-259		(45,371)
23	(Less) Current Portion of Long-Term Debt	256-257	(27,776)	
24	TOTAL Long-Term Debt (Enter Total of lines 16 thru 22)		2,093,832,224	2,175,375,207
25	<b>OTHER NONCURRENT LIABILITIES</b>			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28	Accumulated Provision for Injuries and Damages (228.2)		600,000	650,000
29	Accumulated Provision for Pensions and Benefits (228.3)			
30	Accumulated Miscellaneous Operating Provisions (228.4)		37,578,088	15,868,490
31	Accumulated Provision for Rate Refunds (229)			
32	TOTAL Other Noncurrent Liab. (Enter Total of lines 25 thru 30)		38,178,088	16,518,490



Name of Respondent		This Report Is:	Date of Report	Year of Report
Puget Sound Energy, Inc.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
COMPARATIVE BALANCE SHEET (LIABILITES AND OTHER CREDITS) (Continued)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
33	CURRENT AND ACCRUED LIABILITIES			
34	Current Portion of Long-Term Debt			
35	Notes Payable (231)		30,340,000	338,168,000
36	Accounts Payable (232)		202,382,712	168,146,964
37	Notes Payable to Associated Companies (233)		2,000	2,000
38	Accounts Payable to Associated Companies (234)		2,917,945	15,204,211
39	Customer Deposits (235)		10,625,498	8,573,828
40	Taxes Accrued (236)	262-263	61,701,956	58,180,964
41	Interest Accrued (237)		37,942,232	42,505,301
42	Dividends Declared (238)		1,102,105	1,101,252
43	Matured Long-Term Debt (239)			
44	Matured Interest (240)			
45	Tax Collections Payable (241)		382,467	(40,512)
46	Miscellaneous Current and Accrued Liabilities (242)	268	12,888,152	11,475,746
47	Obligations Under Capital Leases-Current (243)			
48	Derivative Instrument Liabilities (244)			
49	Derivative Instrument Liabilities - Hedges (245)		2,410,030	
50	TOTAL Current & Accrued Liab. (Total of lines 34 thru 49)		362,695,097	643,317,754
51	DEFERRED CREDITS			
52	Customer Advances for Construction (252)		38,675,431	32,888,868
53	Accumulated Deferred Investment Tax Credits (255)		4,022,545	4,683,272
54	Deferred Gains from Disposition of Utility Plant (256)		14,421,004	17,277,076
55	Other Deferred Credits (253)	269	153,389,570	153,726,087
56	Other Regulatory Liabilities (254)	278	4,926,645	5,563,451
57	Unamortized Gain on Reacquired Debt (257)	260	1,020,290	1,143,736
58	Accumulated Deferred Income Taxes (281-283)	274-277	826,610,979	705,287,376
59	TOTAL Deferred Credits (Enter Total of lines 49 thru 55)		1,043,066,464	920,569,866
60	TOTAL Liabilities and Other Credits (Total of lines 14,23,31, 47 and 56)		5,367,054,916	5,434,096,968

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report <b>Dec. 31, 2002</b>
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**STATEMENT OF INCOME FOR THE YEAR**

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,j) in a similar manner to a utility department. Spread the amount(s) over lines 02 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.  
3. Report data for lines 7, 9 and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

Line No.	Account (a)	Reference Page Number (b)	TOTAL	
			Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400) *	300-301	2,062,688,718	2,679,952,792
3	Operating Expenses			
4	Operation Expenses (401) *	317-325	1,244,580,770	1,841,252,201
5	Maintenance Expenses (402)	317-325	68,234,741	74,573,076
6	Depreciation Expense (403)	336-338	177,294,073	169,555,400
7	Amort. & Depletion of Utility Plant (404-405)	336-338	27,689,652	25,984,085
8	Amort. of Utility Plant Acq. Adjustment (406)	336-338	7,435,691	10,282,176
9	Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1)		4,808,186	3,578,856
10	Amort. of Conversion Expenses (407.2)			
11	Regulatory Debits (407.3)		583,945	
12	(Less) Regulatory Credits (407.4)		0	0
13	Taxes Other Than Income Taxes (408.1)	262-263	202,110,150	208,466,687
14	Income Taxes - Federal (409.1)	262-263/276-277	(87,153,016)	47,111,312
15	Income Taxes - Other (409.1)	262-263		
16	Provision for Deferred Inc. Taxes (410.1)	262-263/276-277	195,670,455	60,062,999
17	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234-235	(57,574,970)	(39,712,081)
18	Investment Tax Credit Adjustment - Net (411.4)		(660,727)	(688,700)
19	(Less) Gains from Disposition of Utility Plant (411.6)		(3,272,229)	(705,288)
20	Losses from Disposition of Utility Plant (411.7)		557,506	10,140
21	(Less) Gains from Disposition of Allowances (411.8)		(351,329)	(344,794)
22	Losses from Disposition of Allowances (411.9)			
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)		1,779,952,898	2,399,426,069
24	Net Utility Operating Income (Total of lines 2 less 23) (Carry forward to page 116, line 25)		282,735,820	280,526,723

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report <b>Dec. 31, 2002</b>
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STATEMENT OF INCOME FOR THE YEAR (Continued)

4. Explain in a footnote if the previous year's figures are different from those reported in the prior reports.

5. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (in dollars) (e)	Previous Year (in dollars) (f)	Current Year (in dollars) (g)	Previous Year (in dollars) (h)	Current Year (in dollars) (i)	Previous Year (in dollars) (j)	
						1
1,365,533,215	1,864,881,617	697,155,503	815,071,175			2
						3
777,399,906	1,261,667,148	472,017,317	597,542,481	(4,836,453)	(17,957,428)	4
60,539,674	67,158,874	7,695,067	7,414,202			5
122,476,152	118,375,247	54,817,921	51,180,153			6
18,780,946	18,204,112	8,908,706	7,779,973			7
7,435,691	10,282,176	0	0			8
4,750,002	3,500,000	58,184	78,856			9
						10
383,633		200,312				11
0	0	0	0			12
133,061,181	134,142,302	69,048,969	74,324,385			13
(43,578,530)	40,909,612	(43,574,486)	6,201,700			14
						15
116,871,236	34,063,999	78,799,219	25,999,000			16
(28,709,880)	(18,115,081)	(28,865,090)	(21,597,000)			17
		(660,727)	(688,700)			18
(3,272,229)	(705,288)	0	0			19
557,506	10,140	0	0			20
(351,329)	(344,794)	0	0			21
						22
1,166,343,959	1,669,148,447	618,445,392	748,235,050	(4,836,453)	(17,957,428)	23
199,189,256	195,733,170	78,710,111	66,836,125	4,836,453	17,957,428	24

Name of Respondent		This Report Is:	Date of Report	Year of Report
Puget Sound Energy, Inc.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
STATEMENT OF INCOME FOR THE YEAR (Continued)				
Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)
25	Net Utility Operating Income <i>Carried forward from page 114</i>	-	282,735,820	280,526,723
26	OTHER INCOME AND DEDUCTIONS			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing & Contract Work (415)		4,761,696	3,367,871
30	(Less) Costs & Exp. of Merchandising, Jobbing & Contract Work (416)		(4,864,302)	(3,119,010)
31	Revenues From Nonutility Operations (417)		13,768	62,412
32	(Less) Expenses of Nonutility Operations (417.1)		(10,047,313)	(8,104,213)
33	Nonoperating Rental Income		(28,147)	0
34	Equity in Earnings of Subsidiary Companies (418.1)	119	4,903,035	24,245,671
35	Interest and Dividend Income (419)		14,256,895	14,958,954
36	Allowance for Other Funds Used During Construction (419.1)		1,397,417	882,724
37	Miscellaneous Nonoperating Income (421)		2,451,969	2,582,781
38	Gain on Disposition of Property (421.1)		789,713	148,263
39	TOTAL Other Income (Total of lines 29 thru 38)		13,634,731	35,025,453
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)		651	735
42	Miscellaneous Amortization (425)	340	0	0
43	Miscellaneous Income Deductions (426.1 thru 426.5)	340	(1,295,579)	10,255,520
44	TOTAL Other Income Deductions (Total of lines 41 thru 43)		(1,294,928)	10,256,255
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	262-263	36,000	36,000
47	Income Taxes-Federal (409.2)	262-263	(3,406,042)	1,986,191
48	Income Taxes-Other (409.2)	262-263	0	0
49	Provision for Deferred Income Taxes (410.2)	234-235	3,943,567	885,694
50	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234-235	(2,715,194)	(3,145,211)
51	Investment Tax Credit Adjustment-Net (411.5)			
52	(Less) Investment Tax Credits (420)			
53	TOTAL Taxes on Other Income & Deductions (Total of 46 thru 52)		(2,141,669)	(237,326)
54	Net Other Income & Deductions (Total of lines 39, 44, 53)		17,071,328	25,006,524
55	INTEREST CHARGES			
56	Interest on Long-Term Debt (427)	256-257	182,197,660	178,146,978
57	Amortization of Debt Disc. and Expense (428)		1,926,427	1,889,073
58	Amortization of Loss on Reacquired Debt (428.1)		1,078,643	1,428,014
59	(Less) Amortization of Premium on Debt-Credit (429)			
60	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		(123,445)	(123,445)
61	Interest on Debt to Associated Companies (430)	340		
62	Other Interest Expense (431)	340	7,749,878	9,508,250
63	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		(1,969,261)	(4,445,722)
64	Net Interest Charges (Total of lines 56 thru 63)		190,859,902	186,403,148
65	Income Before Extraordinary Items (Total of lines 25, 54 & 64)		108,947,246	119,130,099
66	EXTRAORDINARY ITEMS			
67	Extraordinary Income (434)			
68	(Less) Extraordinary Deductions (435)		0	22,690,505
69	Net Extraordinary Items (Total of line 67 less line 68)		0	(22,690,505)
70	Income Taxes-Federal and Other (409.3)	262-263	0	(7,941,677)
71	Extraordinary Items After Taxes (Total of line 69 less line 70)		0	(14,748,828)
72	Net Income (Total of lines 65 and 71)		108,947,246	133,878,927

Name of Respondent Puget Sound Energy, Inc.	This Report is (1) X An Original	Date of Report 4/30/03	Year of Report Dec. 31, 2002
FOOTNOTES			

Schedule Page: 114 Line No.: 2 Column: c

Includes optimization transactions reported net in the income statement as required by EITF 02-03 effective after June 30, 2002. Prior periods have been reclassified to conform with the current presentation.

Schedule Page: 114 Line No.: 4 Column: c

Same as footnote immediately above.

Schedule Page: 114 Line No.: 2 Column: d

Same as footnote immediately above.

Schedule Page: 114 Line No.: 4 Column: d

Same as footnote immediately above.

Schedule Page: 115 Line No.: 2 Column: e

Same as footnote immediately above.

Schedule Page: 115 Line No.: 4 Column: e

Same as footnote immediately above.

Schedule Page: 115 Line No.: 2 Column: f

Same as footnote immediately above.

Schedule Page: 115 Line No.: 4 Column: f

Same as footnote immediately above.



Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**STATEMENT OF RETAINED EARNINGS FOR THE YEAR**

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.  
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).

3. State the purpose and amount for each reservation or appropriation of retained earnings.  
4. List first account 439, *Adjustments to Retained Earnings*, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.  
5. Show dividends for each class and series of capital stock.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Year Amount (in dollars) (c)	Previous Year Amount (in dollars) (d)
<b>UNAPPROPRIATED RETAINED EARNINGS</b>				
1	Balance - Beginning of Year		26,668,818	90,204,311
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
4			-	-
5				
6			-	-
7				
8				
9	TOTAL Credits to Retained Earnings(Acct.439)			
10	Licensed Hydro Project Excess Earnings		325,669	1,418,786
11	Loss on Redemption of Preferred Stock		-	-
12	Loss on Sale of Preferred Stock			
13				
14				
15	TOTAL Debits to Retained Earnings(Acct.439)		325,669	1,418,786
16	Balance Transferred from Income (Account 433 less Account 418.1)		104,044,211	80,135,600
17	Appropriations of Retained Earnings (Account 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings(Acct.436)		0	0
23	Dividends Declared - Preferred Stock (Account 437)			
24			7,904,120	8,485,370
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock(Acct.437)		7,904,120	8,485,370
30	Dividends Declared - Common Stock (Account 438)			
31			89,416,892	133,224,121
32				
33				
34				
35	TOTAL Dividends Declared-Common Stock(Acct.438)		89,416,892	133,224,121
36	Transfers from Acct.216.1,Unappropriated Undistributed Subs Earnings		(17,896,270)	(542,816)
37				
38	Balance-End of Year (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		15,170,078	26,668,818

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: <b>(1) * An Original</b> <b>(2) A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**STATEMENT OF RETAINED EARNINGS FOR THE YEAR**

6. Show separately the State and Federal income tax effect of items shown in Account 439, *Adjustments to Retained Earnings*.

7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent; state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.

8. At lines 3, 4, 7, 9, 11, and 15, add rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, e.g., 3.01, 3.02, etc.

Line No.	Item  (a)	Current Year Amount (in dollars) (b)	Previous Year Amount (in dollars) (c)
	<b>APPROPRIATED RETAINED EARNINGS (Account 215)</b> State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
15.01		-	-
15.02			
15.03			
15.04			
15.05			
15.06			
15.07			
15.08			
16	TOTAL Appropriated Retained Earnings (Account 215)	-	-
	<b>APPROPRIATED RETAINED EARNINGS - AMORTIZATION RESERVE, FEDERAL (Account 215.1)</b> State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.		
17	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account 215.1)	6,160,762	5,835,093
18	TOTAL Appropriated Retained Earnings (Account 215, 215.1) (Total of lines 16 and 17)	6,160,762	5,835,093
19	TOTAL Retained Earnings (Account 215, 215.1, 216) (Total of lines 14 and 18)	21,330,840	32,503,911
	<b>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</b>		
20	Balance - Beginning of Year (Debit or Credit)	22,841,201	(1,947,286)
21	Equity in Earnings for Year (Credit) (Account 418.1)	4,903,035	24,245,671
22	(Less) Dividends Received (Debit)		
23	Transfer to 216 due to closing of a subsidiary.	17,895,897	542,816
24	Balance - End of Year	45,640,133	22,841,201

Name of Respondent <b>PUGET SOUND ENERGY</b>	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**STATEMENT OF CASH FLOWS**

1. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.
2. Under "Other" specify significant amounts and group others.
3. Operating Activities-Other; Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
1	Net Cash Flow from Operating Activities		
2	Net Income (line 72(c) on page 116)	108,947,247	104,381,272
3	Non-Cash Charges (Credits) to Income		
4	Depreciation and Depletion	203,073,235	194,858,955
5	Amortization of (Specify):		
5.01	Utility Plant & Utility Plant Acquisition Adjustments	7,435,691	10,282,176
5.02	Property Losses	4,808,186	3,578,856
6	Deferred Income Taxes (Net)	129,527,458	22,341,085
7	Investment Tax Credit Adjustments (Net)	(660,727)	(688,700)
8	Net (Increase) Decrease in Receivables	35,659,784	74,535,801
9	Net (Increase) Decrease in Inventory	21,755,085	8,460,257
10	Net (Increase) Decrease in Allowances Inventory		
11	Net Increase (Decrease) in Payables and Accrued Expenses	24,795,313	(284,275,714)
12	Net (Increase) Decrease in Other Regulatory Assets	29,738,339	(3,034,030)
13	Net Increase (Decrease) in Other Regulatory Liabilities	(636,806)	(7,460,796)
14	(Less) Allowance for Other Funds Used During Construction	(1,397,417)	(882,724)
15	(Less) Undistributed Earnings from Subsidiary Companies		
16	Other:		
16.01	Net (Increase)Decrease in Purchased Gas Liability	129,240,360	58,822,038
16.02	Amortization of Conservation Costs:	18,368,517	6,770,676
16.03	Net (Increase)Decrease in Unbilled Revenue	34,892,916	64,775,464
17	Other:	(8,147,919)	2,372,974
18	Net Cash Provided by (Used in) Operating Activities		
19	(Total of lines 2 thru 17)	737,399,262	254,837,590
20			
21	Cash Flows from Investment Activities		
22	Construction and Acquisition of Plant (including land):		
23	Gross Additions to Utility Plant (less nuclear fuel)	(225,562,906)	(248,317,425)
24	Gross Additions to Nuclear Fuel		
25	Gross Additions to Common Utility Plant		
26	Gross Additions to Nonutility Plant		
27	(Less) Allowance for Other Funds Used During Construction	1,397,417	882,724
28	Other:		
28.01	Investment in InfrastruX	-	-
29	Cash Outflows for Plant (Total of lines 22 thru 27.02)	(224,165,489)	(247,434,701)
30			
31	Proceeds from Disposal of Noncurrent Assets (d)	529,684	1,643,612
32	Proceeds from Sale of Utility Property (d)	-	-
33	Investments in and Advances to Associated and Subsidiary Companies	50,000	(5,916,750)
34	Contributions from Associated and Subsidiary Companies		
35	Disposition of Investments in (and Advances to):		
36	Associated and Subsidiary Companies		
37			
38	Dividends Received from Investments (a)	311,968	294,000
39	Proceeds from Sales of Investment Securities (a)	830,417	19,551

Name of Respondent <b>PUGET SOUND ENERGY</b>	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
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**STATEMENT OF CASH FLOWS (Continued)**

<p>4. Investing Activities Include at Other (line 27) net cash outflow to acquire other companies. Provide a reconciliation assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.</p>	<p>5. Codes used; (a) Net Proceeds or payments. (b) Bonds, Debentures, and other long-term debt. (c) Include commercial paper. (d) Identify separate such items as investments fixed assets, intangibles, etc.</p> <p>6. Enter on page 122 clarifications and explanations. 7. At lines 5, 16, 27, 47, 56, 58, and 65, add rows as necessary to report all data. Number the extra rows in sequence, 5.01, 5.02, etc.</p>
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Line No.	DESCRIPTION (See Instruction No. 5 for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
40	Loans made or Purchased	-	51,948,460
41	Net (Increase) Decrease in Receivables		
42	Net (Increase) Decrease in Inventory		
43	Net Increase (Decrease) in Allowances Held for Speculation		
44	Net Increase (Decrease) in Payables and Accrued Expenses		
45	Restricted Cash	(18,871,226)	
46	Additions to Energy Conservation	(11,356,364)	(15,590,986)
47	Other	(16,143,873)	(18,403,680)
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47)	(268,814,883)	(233,440,494)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)	40,000,000	
54	Preferred Stock		
55	Common Stock		
56	Other:		
57	Net increase in Short-Term Debt (c)	(307,828,000)	(38,845,491)
58	Other: Trust Preferred	-	200,000,000
58.01			
59	Cash Provided by Outside Sources (Total of lines 53 thru 58.02)	(267,828,000)	161,154,509
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)	(117,000,000)	(19,000,000)
63	Preferred Stock	(7,500,000)	(7,500,000)
64	Common Stock		
65	Other: Investment from Puget Energy	115,736,213	
66	Other:	(136,771)	(3,708,720)
67	Net Decrease in Short-Term Debt (c)		
68			
69	Dividends on Preferred Stock	(7,904,120)	(8,485,370)
70	Dividends on Common Stock	(89,416,892)	(133,224,121)
71	Net Cash Provided by (Used in) Financing Activities		
72	(Total of lines 59 thru 69)	(374,049,570)	(10,763,702)
73			
74	Net Increase (Decrease) in Cash and Cash Equivalents		
75	(Total of lines 17, 48 and 70)	94,534,809	10,633,394
76			
77	Cash and Cash Equivalents at Beginning of Year	18,819,411	8,186,017
78			
79	Cash and Cash Equivalents at End of Year	113,354,220	18,819,411

Name of Respondent PUGET SOUND ENERGY, INC.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
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NOTES TO FINANCIAL STATEMENTS

1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at the end of the year, including a brief explanation of an action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Also briefly explain any dividends in arrears on cumulative preferred stock
3. Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plan: as required by instruction no. 1 and , in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting fo the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, th amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, termination, transfers, or reversions of assets
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts
5. Explain concisely any of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions
6. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities o the sale of ownership in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital
7. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility' customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues c costs to which a contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or t recover amounts paid with respect to power and gas purchases
8. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenue received or costs incurred for power or gas purchases, and summarize the adjustments made to the balance sheet, income, and expense accounts
9. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basi of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes

PAGE 122 INTENTIONALLY LEFT BLANK.

SEE PAGE [122.1-122.22](#) FOR REQUIRED INFORMATION.



**NOTES TO FINANCIAL STATEMENTS**

## NOTES

### *To Consolidated Financial Statements of Puget Sound Energy*

#### NOTE 1.

##### *Summary of Significant Accounting Policies*

These financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than generally accepted accounting principles. As a result, the presentation of these financial statements differs from generally accepted accounting principles. The primary differences include one-year presentation of the Statement of Cash Flows and Statement of Retained Earnings for FERC reporting requirements. Generally accepted accounting principles require the presentation of a Statement of Cash Flows and Statement of Retained Earnings for each year a Statement of Income is presented. Additionally, earnings per share are not presented in the accompanying FERC financial statements whereas earnings per share disclosure is required on the face of the Statement of Income under generally accepted accounting principles. Certain disclosures which are required by generally accepted accounting principles and not required by FERC have been excluded from these financial statements.

As required by FERC, Puget Sound Energy, Inc. classifies certain items in its Form 1 Balance Sheet (Primarily the classification of the components of accumulated deferred income taxes, certain miscellaneous current and accrued liabilities, maturities of long-term debt, deferred debits and deferred credits) in a manner different than that required by generally accepted accounting principles.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### BASIS OF PRESENTATION

Puget Energy, Inc. holds all the common shares of Puget Sound Energy, Inc. (PSE). The results of PSE are presented on a consolidated basis. PSE's consolidated financial statements include the accounts of PSE and its subsidiaries. The consolidated financial statements are presented after elimination of all significant intercompany items and transactions. Certain amounts previously reported have been reclassified to conform with current year presentations with no effect on total equity or net income. Investments in subsidiaries are stated on an equity basis inasmuch as the assets, liabilities, revenues and operating expenses of the subsidiaries are not material in relation to those of the Company.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q are available at the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov) or at Puget Sound Energy's website at [www.pse.com](http://www.pse.com).

#### UTILITY PLANT

The costs of additions to utility plant, including renewals and betterments, are capitalized at original cost. Costs include indirect costs such as engineering, supervision, certain taxes and pension and other employee benefits, and an allowance for funds used during construction. Replacements of minor items of property are included in maintenance expense. The original cost of operating property together with removal cost, less salvage, is charged to accumulated depreciation when the property is retired and removed from service.

#### NON-UTILITY PROPERTY, PLANT AND EQUIPMENT

The costs of other property, plant and equipment are stated at cost. Expenditures for refurbishment and improvements that significantly add to productive capacity or extend useful life of an asset are capitalized. Replacement of minor items is expensed, on a current basis. Gains and losses on assets sold or retired are reflected in earnings.

**NOTES TO FINANCIAL STATEMENTS**

ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS

The Company evaluates impairment of long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 establishes accounting standards for determining if long-lived assets are impaired and how losses, if any, should be recognized. The Company believes that the net cash flows are sufficient to cover the carrying value of the assets.

DEPRECIATION AND AMORTIZATION

For financial statement purposes, the Company provides for depreciation and amortization on a straight-line basis. Amortization is comprised of software, small tools and office equipment. The depreciation of automobiles, trucks, power-operated equipment and tools is allocated to asset and expense accounts based on usage. The annual depreciation provision stated as a percent of average original cost of depreciable electric utility plant was 2.9% in 2002, 3.0% in 2001 and 2.9% in 2000; depreciable gas utility plant was 3.3% in 2002, 3.5% in 2001 and 3.3% in 2000; and depreciable common utility plant was 4.3% in 2002, 3.1% in 2001 and 1.9% in 2000.

CASH

All liquid investments with maturities of three months or less at the date of purchase are considered cash.

MATERIAL AND SUPPLIES

Material and supplies consists primarily of materials and supplies used in the operation and maintenance of the electric and gas systems, coal, diesel and natural gas held for generation, and natural gas and liquefied natural gas held in storage for future sales. These items are recorded at the lower of cost or market value, primarily using the weighted average cost method.

REGULATORY ASSETS AND AGREEMENTS

The Company accounts for its regulated operations in accordance with SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation". SFAS No. 71 requires the Company to defer certain costs that would otherwise be charged to expense, if it is probable that future rates will permit recovery of such costs. Accounting under SFAS No. 71 is appropriate as long as: rates are established by or subject to approval by independent, third-party regulators; rates are designed to recover the specific enterprise's cost-of-service; and in view of demand for service, it is reasonable to assume that rates set at levels that will recover costs can be charged to and collected from customers. In applying SFAS No. 71, the Company must give consideration to changes in the level of demand or competition during the cost recovery period. In accordance with SFAS No. 71, the Company capitalizes certain costs in accordance with regulatory authority whereby those costs will be expensed and recovered in future periods.

The Company is allowed a return on the net regulatory assets and liabilities of 8.76% for both electric rates beginning July 1, 2002 and gas rates beginning September 1, 2002. The 2001 allowed rate of return was 8.94% for electric rates and 9.15% for gas rates. The net regulatory assets and liabilities at December 31, 2002 and 2001, included the following:

(Dollars in millions)	REMAINING		2002	2001
	AMORTIZATION PERIOD			
Deferred income taxes			\$167.1	\$193.0
PURPA electric energy supply contract buyout costs	6 to 9 years		243.6	244.6
Investment in BEP exchange contract	14 years		51.1	54.7
Unamortized energy conservation charges	1 to 3 years		8.2	15.2
Storm damage costs – electric	4 years		21.9	26.6
Purchased gas receivable/(payable)	1 year		(83.8)	37.2
Deferred AFUDC	30 years		29.9	28.5
Environmental remediation			41.6	14.4
Various other regulatory assets	1 to 21 years		24.4	47.7
Deferred gains on property sales	3 years		(14.4)	(17.3)
Various other regulatory liabilities	1 to 17 years		(5.9)	(6.7)
Net regulatory assets and liabilities			\$483.7	\$637.9

**NOTES TO FINANCIAL STATEMENTS**

If the Company, at some point in the future, determines that all or a portion of the utility operations no longer meet the criteria for continued application of SFAS No. 71, the Company would be required to adopt the provisions of SFAS No. 101, "Regulated Enterprises - Accounting for the Discontinuation of Application of FASB Statement No. 71". Adoption of SFAS No. 101 would require the Company to write off the regulatory assets and liabilities related to those operations not meeting SFAS No. 71 requirements. Discontinuation of SFAS No. 71 could have a material impact on the Company's financial statements.

The Company, in prior years, incurred costs associated with its 5% interest in a now-terminated nuclear generating project (identified herein as Investment in Bonneville Exchange Power (BEP)). Under terms of a settlement agreement with the Bonneville Power Administration (BPA), which settled claims of the Company relating to construction delays associated with that project, the Company is receiving power from the federal power system resources marketed by BPA. The Company's remaining investment in BEP is included in rate base and amortized on a straight-line basis over the life of the settlement agreement (amortization is included in purchased electricity expense). The Company has regulatory assets of approximately \$243.6 million related to the buyout of purchased power and gas sales contracts of two non-utility generation projects. Washington Commission accounting orders have approved payments pursuant to these contracts for deferral and collection in rates over the remaining life of the energy supply contracts.

**ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION**

The Allowance for Funds Used During Construction (AFUDC) represents the cost of both the debt and equity funds used to finance utility plant additions during the construction period. The amount of AFUDC recorded in each accounting period varies depending principally upon the level of construction work in progress and the AFUDC rate used. AFUDC is capitalized as a part of the cost of utility plant and is credited as a non-cash item to other income and interest charges currently. Cash inflow related to AFUDC does not occur until these charges are reflected in rates.

The AFUDC rate allowed by the Washington Commission for gas utility plant additions was 8.76% beginning September 1, 2002 and 9.15% in 2001 and 2000. The allowed AFUDC rate on electric utility plant was 8.76% beginning July 1, 2002 and 8.94% in 2001 and 2000. To the extent amounts calculated using this rate exceed the AFUDC calculated rate using the Federal Energy Regulatory Commission (FERC) formula, the Company capitalizes the excess as a deferred asset, crediting miscellaneous income. The amounts included in income were \$2.6 million for 2002, \$2.7 million for 2001 and \$2.8 million for 2000. The deferred asset is being amortized over the average useful life of the Company's non-project utility plant.

**REVENUE RECOGNITION**

Operating utility revenues are recorded on the basis of service rendered, which includes estimated unbilled revenue.

**ALLOWANCE FOR DOUBTFUL ACCOUNTS**

Allowance for doubtful accounts is calculated based upon historical write-offs as compared to operating revenues. The Company has also provided for a reserve for fiscal 2000 sales transactions related to the California Independent System Operator and counterparties based upon probability of collection. PSE's allowance for doubtful accounts for 2002 and 2001 was \$43.5 million and \$45.2 million, respectively.

**RESTRICTED CASH**

Restricted cash represents cash to be used for specific purposes. Approximately \$17.8 million in restricted cash was received from BPA under the amended Residential Purchase and Sale Agreement for residential and small farm customers who receive a credit on their bills for the Residential and Farm Energy Exchange credit tariff. The restricted amount is the excess paid by the BPA over the credit provided to these customers. All funds received will be credited to these customers in the future.

**SELF-INSURANCE**

The Company currently has no insurance coverage for storm damage and is self-insured for a portion of the risk associated with comprehensive liability, industrial accidents and catastrophic property losses. With approval of the Washington Commission, PSE is able to defer for collection in future rates certain uninsured storm damage costs associated with major storms.

**NOTES TO FINANCIAL STATEMENTS**

FEDERAL INCOME TAXES

The Company normalizes, with the approval of the Washington Commission, certain income tax items. Deferred taxes have been determined under SFAS No. 109. Investment tax credits are deferred and amortized based on the average useful life of the related property in accordance with regulatory and income tax requirements.

ENERGY CONSERVATION

The Company offers programs designed to help new and existing customers use energy efficiently. The primary emphasis is to provide information and technical services to enable customers to make energy efficient choices with respect to building design, equipment and building systems, appliance purchases and operating practices.

Since May 1997, the Company has recovered electric energy conservation expenditures through a tariff rider mechanism. The rider mechanism allows the Company to defer the conservation expenditures and amortize them to expense as PSE concurrently collects the conservation expenditures in rates over a one-year period. As a result of the rider, there is no effect on earnings per share.

Since 1995, the Company has been authorized by the Washington Commission to defer gas energy conservation expenditures and recover them through a tariff tracker mechanism. The tracker mechanism allows the Company to defer conservation expenditures and recover them in rates over the subsequent year. The tracker mechanism also allows the Company to recover an Allowance for Funds Used to Conserve Energy (AFUCE) on any outstanding balance that is not being recovered in rates.

RATE ADJUSTMENT MECHANISM

The Company has a Power Cost Adjustment (PCA) mechanism that provides for an automatic rate adjustment if PSE's costs to provide customers' electricity falls outside certain bands from a normalized level of power costs established in the electric general rate case. The Company's cumulative maximum pre-tax earnings exposure due to power cost variations over the four year period ending June 30, 2006 is limited to \$40 million plus 1% of the excess. All significant variable power supply cost drivers are included in the power cost adjustment mechanism (hydroelectric generation variability, market price variability for purchased power and surplus power sales, natural gas and coal fuel price variability, generation unit forced outage risk and wheeling cost variability). The mechanism apportions increases or decreases in power costs, on a graduated scale, between PSE and its customers.

The differences between the actual cost of the Company's gas supplies and gas transportation contracts and that currently allowed by the Washington Commission are deferred and recovered or repaid through the purchased gas adjustment (PGA) mechanism.

NATURAL GAS OFF-SYSTEM SALES AND CAPACITY RELEASE

The Company contracts for firm gas supplies and holds firm transportation and storage capacity sufficient to meet the expected peak winter demand for gas for space heating by its firm customers. Due to the variability in weather and other factors, however, the Company holds contractual rights to gas supplies and transportation and storage capacity in excess of its immediate requirements to serve firm customers on its distribution system for much of the year which, therefore, are available for third-party gas sales, exchanges and capacity releases. The Company sells excess gas supplies, enters into gas supply exchanges with third parties outside of its distribution area and releases to third parties excess interstate gas pipeline capacity and gas storage rights on a short-term basis to mitigate the costs of firm transportation and storage capacity for its core gas customers. The proceeds, net of transactional costs, from such activities are accounted for as reductions in the cost of purchased gas and passed on to customers through the PGA mechanism, with no direct impact on net income. As a result, the Company does not reflect sales revenue or associated cost of sales for these transactions in its income statement.

ENERGY RISK MANAGEMENT

The Company's energy related businesses are exposed to risks related to changes in commodity prices and volumetric changes in its loads and resources. The Company's energy risk management function manages the Company's core electric and gas supply portfolios to achieve three primary objectives:

- (i) Ensure that physical energy supplies are available to serve retail customer requirements;
- (ii) Manage portfolio risks to limit undesired impacts on financial results; and

**NOTES TO FINANCIAL STATEMENTS**

(iii) Optimize the value of energy supply assets.

The Company enters into physical and financial instruments for the purpose of hedging commodity price risk. Gains or losses on these derivatives are accounted for pursuant to SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS No. 138. The Company has established policies and procedures to manage these risks. A Risk Management Committee separate from the business units that create these risks monitors compliance with policies and procedures. In addition, the Audit Committee of the Company's Board of Directors has oversight of the Risk Management Committee.

ACCOUNTING FOR DERIVATIVES

On January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 138. SFAS No. 133 requires that all contracts considered to be derivative instruments be recorded on the balance sheet at their fair value. Certain contracts that would otherwise be considered derivatives are exempt from this SFAS if they qualify for a normal purchase and normal sale exception. The Company enters into both physical and financial contracts to manage its energy resource portfolio. The majority of these contracts qualify for the normal purchase and normal sale exception. However, certain of these contracts are derivatives and pursuant to SFAS No. 133 are reported at their fair value in the balance sheet. Changes in their fair value are reported in earnings unless they meet specific hedge accounting criteria, in which case changes in their fair market value are recorded in comprehensive income until the time when the transaction that they are hedging is recorded as income. The Company designates derivative instruments as a qualifying cash flow hedge if the change in the fair value of the derivative is highly effective at offsetting the changes in the fair value of an asset, liability or a forecasted transaction. To the extent that a portion of a derivative designated as a hedge is ineffective, changes in the fair value of the ineffective portion of that derivative are recognized currently in earnings. Finally, changes in the market value of derivative transactions related to obtaining gas for the Company's retail gas business are deferred as regulatory assets or liabilities as a result of the Company's PGA mechanism and recorded in earnings as the transactions are executed.

STOCK-BASED COMPENSATION

The Company has various stock compensation plans, which are accounted for in accordance with APB No. 25, "Accounting for Stock Issued to Employees," and related interpretations. The exercise price of stock options granted was the market value of the stock on the date of grant, so no compensation expense was recorded in the income statement for the options. There was, however, compensation expense related to other stock compensation plans.

DEBT RELATED COSTS

Debt premium, discount and expenses are amortized over the life of the related debt. The premiums and costs associated with reacquired debt are deferred and amortized over the life of the related new issuance, in accordance with ratemaking treatment.

ACCOUNTS RECEIVABLE SECURITIZATION PROGRAM

Rainier Receivables, Inc., is a wholly owned, bankruptcy-remote subsidiary of PSE formed in December 2002 for the purpose of purchasing customers' accounts receivable, both billed and unbilled, of PSE. Rainier Receivables and PSE have an agreement whereby Rainier Receivables can sell on a revolving basis, up to \$150.0 million of those receivables. The current agreement expires in December 2005. Rainier Receivables is obligated to pay fees that approximate the third party purchaser's cost of issuing commercial paper equal in value to the interests in receivables sold. At December 31, 2002, there were no borrowings outstanding under the receivable securitization program.

NEW ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46 - "Consolidation of Variable Interest Entities" (FIN 46). FIN 46 clarifies the application of Accounting Research Bulletin No. 51 - "Consolidated Financial Statements" to certain entities in which equity investors do not have controlling interest or sufficient equity at risk for the entity to finance its activities without additional financial support. This Interpretation requires that if a business entity has a controlling financial interest in a variable interest entity the financial statements must be included in the consolidated financial statements of the business entity. The adoption of this Interpretation for all interests in variable interest entities created after January 31, 2003

**NOTES TO FINANCIAL STATEMENTS**

is effective immediately. For variable interest entities created before February 1, 2003, it is effective July 1, 2003. The Company is in the process of determining the impacts of this Interpretation.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which is effective for fiscal years beginning after June 15, 2002. SFAS No. 143 requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time that the obligations are incurred. Upon initial recognition of a liability, that cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. The Company will adopt the new rules on asset retirement obligations on January 1, 2003. Application of the new rules is not expected to result in a material increase in net property, plant and equipment or expense.

The Emerging Issues Task Force of the Financial Accounting Standards Board (EITF or Task Force) at its June 2002 meeting came to a consensus on one of three items included in EITF Issue 02-3 "Accounting for Contracts Involved in Energy Trading and Risk Management Activities" (EITF 02-3). The Task Force has agreed that all mark-to-market gains and losses on energy trading contracts whether realized or unrealized will be shown net in the income statement (costs offset against revenues), irrespective of whether the contract is physically settled. The presentation is applicable to financial statements for periods ending after July 15, 2002. The Company performs risk management activities to optimize the value of energy supply and transmission assets and to ensure that physical energy supply is available to meet the customer demand loads. The Company also purchases energy when demand exceeds available supplies in its portfolio; likewise the Company makes sales to other utilities and marketers when surplus energy is available. These transactions are part of the Company's normal operations to meet retail load. The Company has reclassified all settled transactions that meet the definition of optimization (trading transactions that optimize hydro resources, and purchases and sales between trading points) net in the income statement to conform to the new presentation required under EITF 02-3. The Company previously reported these transactions when settled in a gross manner in the income statement in electric operating revenue and purchased electricity expense. Unrealized gains or losses on derivative instruments that are required to be marked-to-market remain reflected in unrealized (gain) loss on derivative instruments on Puget Energy's and PSE's income statement as required by SFAS No. 133. The adoption of EITF 02-3 does not have any impact on the previously reported net income of the Company. The following optimization transactions were recorded in electric operating revenue:

Years Ended December 31; (Dollars in thousands)	2002	2001	2000
Optimization sales	\$66,992	\$492,447	\$133,361
Optimization purchases	64,448	487,431	139,376
Net margin on optimization transactions	\$ 2,544	\$ 5,016	\$ (6,015)

NOTE 2.

*Utility Plant*

Utility plant at December 31, 2002 and 2001 included the following:

(Dollars in thousands) At December 31	2002	2001
Electric, gas and common utility plant classified by prescribed accounts at original cost:		
Distribution plant	\$ 3,911,725	\$ 3,736,590
Production plant	1,126,173	1,117,099
Transmission plant	368,959	361,662
General plant	365,409	376,119
Construction work in progress	108,658	123,307
Plant acquisition adjustment	76,623	76,623
Intangible plant (including capitalized software)	260,043	255,619
Underground storage	22,291	21,872
Liquefied natural gas	644	--
Plant held for future use	8,729	8,331
Other	4,807	4,807
Less accumulated provision for depreciation	(2,337,832)	(2,194,048)
Net utility plant	\$ 3,916,229	\$ 3,887,981

**NOTES TO FINANCIAL STATEMENTS**

NOTE 3.

*Preferred Stock*

	PREFERRED STOCK	
	NOT SUBJECT TO MANDATORY REDEMPTION \$25 PAR VALUE	SUBJECT TO MANDATORY REDEMPTION \$100 PAR VALUE
Shares outstanding December 31, 1999	2,400,000	656,619
Acquired for sinking fund:		
2000	--	(75,000)
2001	--	(75,000)
2002	--	(75,000)
Called for redemption or reacquired and canceled:		
2000	--	--
2001	--	--
2002	--	--
Shares outstanding December 31, 2002	2,400,000	431,619

See "Consolidated Statements of Capitalization" for details on specific series.

The \$25 par value 7.45% Series Preferred stock not subject to mandatory redemption may be redeemed at par on or after November 1, 2003.

PREFERRED STOCK SUBJECT TO MANDATORY REDEMPTION

The Company is required to deposit funds annually in a sinking fund sufficient to redeem the following number of shares of each series of preferred stock at \$100 per share plus accrued dividends: 4.70% Series and 4.84% Series, 3,000 shares each and 7.75% Series, 37,500 shares. All previous sinking fund requirements have been satisfied. At December 31, 2002, there were 40,689 shares of the 4.70% Series and 24,192 shares of the 4.84% Series acquired by the Company and available for future sinking fund requirements. Upon involuntary liquidation, all preferred shares are entitled to their par value plus accrued dividends.

The preferred stock subject to mandatory redemption may also be redeemed by the Company at the following redemption prices per share plus accrued dividends: 4.70% Series, \$101.00 and 4.84% Series, \$102.00. The 7.75% Series may be redeemed by the Company, subject to certain restrictions, at \$102.58 per share plus accrued dividends through February 15, 2003, and at per share amounts which decline annually to a price of \$100 after February 15, 2007.

COMPANY-OBLIGATED, MANDATORILY REDEEMABLE PREFERRED SECURITIES

In 1997 and 2001, the Company formed Puget Sound Energy Capital Trust I and Puget Sound Energy Capital Trust II, respectively, for the sole purpose of issuing and selling common and preferred securities (Trust Securities). The proceeds from the sale of Trust Securities were used to purchase Junior Subordinated Debentures (Debentures) from the Company. The Debentures are the sole assets of the Trusts and the Company owns all common securities of the Trusts.

The Debentures of Trust I and Trust II have an interest rate of 8.231% and 8.40%, respectively, and a stated maturity date of June 1, 2027 and June 30, 2041, respectively. The Trust Securities are subject to mandatory redemption at par on the stated maturity date of the Debentures. The Trust Securities in the Capital Trust I may be redeemed earlier, under certain conditions, at the option of the Company. The Capital Trust II Securities may be redeemed at any time on or after June 30, 2006 at par, under certain conditions, at the option of the Company. Dividends relating to preferred securities are included in interest expense. On February 26, 2003, the Company repurchased 19,750 shares of the 8.231% Trust Securities.

NOTE 4.

*Dividend Restrictions*

The payment of dividends on common stock is restricted by provisions of certain covenants applicable to preferred stock and long-term debt contained in the Company's Articles of Incorporation and Mortgage Indentures. Under the most restrictive



**NOTES TO FINANCIAL STATEMENTS**

covenants of PSE, earnings reinvested in the business unrestricted as to payment of cash dividends were approximately \$202.7 million at December 31, 2002.

Under the general rate settlement, PSE must rebuild its common equity ratio to at least 39%, with milestones of 34%, 35% and 39% at the end of 2003, 2004 and 2005 respectively. If PSE should fail to meet the schedule, it would be subject to a 2% rate reduction penalty. The common equity ratio for PSE at December 31, 2002 was 36.1%.

NOTE 5.

*Long-Term Debt*

FIRST MORTGAGE BONDS AND SENIOR NOTES

AT DECEMBER 31 (Dollars in thousands)

SERIES	DUE	2002	2001	SERIES	DUE	2002	2001
7.07%	2002	\$ --	\$ 27,000	6.51%	2008	\$ 1,000	\$ 1,000
7.15%	2002	--	5,000	6.53%	2008	3,500	3,500
7.53%	2002	--	10,000	7.61%	2008	25,000	25,000
7.625%	2002	--	25,000	6.46%	2009	150,000	150,000
7.85%	2002	--	30,000	6.61%	2009	3,000	3,000
7.91%	2002	--	20,000	6.62%	2009	5,000	5,000
6.20%	2003	3,000	3,000	7.12%	2010	7,000	7,000
6.23%	2003	1,500	1,500	7.96%	2010	225,000	225,000
6.24%	2003	1,500	1,500	7.69%	2011	260,000	260,000
6.30%	2003	20,000	20,000	8.20%	2012	30,000	30,000
6.31%	2003	5,000	5,000	8.59%	2012	5,000	5,000
6.40%	2003	11,000	11,000	6.83%	2013	3,000	3,000
7.02%	2003	30,000	30,000	6.90%	2013	10,000	10,000
6.25%	2004	40,000	--	7.35%	2015	10,000	10,000
6.07%	2004	10,000	10,000	7.36%	2015	2,000	2,000
6.10%	2004	8,500	8,500	6.74%	2018	200,000	200,000
7.70%	2004	50,000	50,000	9.57%	2020	25,000	25,000
7.80%	2004	30,000	30,000	8.25%	2022	25,000	25,000
6.92%	2005	11,000	11,000	8.39%	2022	7,000	7,000
6.93%	2005	20,000	20,000	8.40%	2022	3,000	3,000
6.58%	2006	10,000	10,000	7.19%	2023	3,000	3,000
8.06%	2006	46,000	46,000	7.35%	2024	55,000	55,000
8.14%	2006	25,000	25,000	7.15%	2025	15,000	15,000
7.02%	2007	20,000	20,000	7.20%	2025	2,000	2,000
7.75%	2007	100,000	100,000	7.02%	2027	300,000	300,000
7.04%	2007	5,000	5,000	7.00%	2029	100,000	100,000
8.40%	2007	10,000	10,000	Total		\$1,932,000	\$2,009,000

In January 2002, the Company issued \$40.0 million of First Mortgage Bonds which are due January 2004. In February 2002, the Company filed a shelf-registration statement with the Securities and Exchange Commission for the offering on a delayed or continuous basis, of up to \$500 million of any combination of common stock of Puget Energy, principal amount of Senior Notes secured by a pledge of First Mortgage Bonds, Unsecured Debentures or Trust Preferred Securities. In February 2003, the Company notified investors of its intent to call three series of first mortgage bonds totaling \$20 million. The Company will repay the bonds using cash on hand.

Substantially all utility properties owned by the Company are subject to the lien of the Company's electric and gas mortgage indentures. To issue additional first mortgage bonds under these indentures, PSE's earnings available for interest must be at least twice the annual interest charges on outstanding first mortgage bonds. At December 31, 2002, the earnings available for interest were 2.4 times the annual interest charges.

POLLUTION CONTROL BONDS

The Company has outstanding three series of Pollution Control Bonds. Amounts outstanding were borrowed from the City of Forsyth, Montana (the City). The City obtained the funds from the sale of Customized Pollution Control Refunding Bonds

**NOTES TO FINANCIAL STATEMENTS**

issued to finance pollution control facilities at Colstrip Units 3 and 4.

Each series of bonds is collateralized by a pledge of PSE's First Mortgage Bonds, the terms of which match those of the Pollution Control Bonds. No payment is due with respect to the related series of First Mortgage Bonds so long as payment is made on the Pollution Control Bonds.

At December 31 (Dollars in thousands)			
SERIES	DUE	2002	2001
1993 Series – 5.875%	2020	\$ 23,460	\$ 23,460
1991 Series – 7.05%	2021	27,500	27,500
1991 Series – 7.25%	2021	23,400	23,400
1992 Series – 6.80%	2022	87,500	87,500
<b>Total</b>		<b>\$161,860</b>	<b>\$161,860</b>

On February 19, 2003 the Board of Directors approved the refinancing of all Pollution Control Bonds series. It is anticipated that the refinancing of the Pollution Control Bonds will be completed in March or April 2003.

**LONG-TERM DEBT MATURITIES**

The principal amounts of long-term debt maturities for the next five years and thereafter are as follows:

(Dollars in thousands)	2003	2004	2005	2006	2007	Thereafter
Maturities of:						
Long-term debt	\$72,000	\$138,473	\$31,000	\$81,000	\$135,000	\$1,636,360

**NOTE 6.**

*Liquidity Facilities and Other Financing Arrangements*

At December 31, 2002, PSE had short-term borrowing arrangements that included a \$250 million unsecured 364-day line of credit with various banks and a \$150 million 3-year receivables securitization program. These agreements replaced a \$375 million line of credit, which would have expired on February 13, 2003. The new agreements provide PSE with the ability to borrow at different interest rate options and include variable fee levels. The line of credit allows the Company to make floating rate advances at prime plus a spread and Eurodollar advances at LIBOR plus a spread. The agreement contains "credit sensitive" pricing with various spreads associated with various credit rating levels. The agreement also allows for drawing letters of credit up to \$50 million. The receivables securitization program allows the Company to draw against eligible receivables at a rate equal to that of high grade commercial paper.

In addition, PSE has agreements with several banks to borrow on an uncommitted, as available, basis at money-market rates quoted by the banks. There are no costs, other than interest, for these arrangements. PSE also uses commercial paper to fund its short-term borrowing requirements. The following table presents the liquidity facilities and other financing arrangements at December 31, 2002 and 2001.

(Dollars in thousands)	2002	2001
At December 31		
Short-term borrowings outstanding:		
Commercial paper notes	\$ 30,340	\$123,168
Bank line of credit borrowings	--	215,000
Weighted average interest rate	2.37%	2.68%
PSE credit availability <sup>1</sup>	250,000	375,000
PSE receivable securitization program	150,000	--

The Company has, on occasion, entered into interest rate swap agreements to reduce the impact of changes in interest rates on portions of its floating-rate debt. There were no such agreements outstanding at December 31, 2002 and 2001.

<sup>1</sup> Provides liquidity support for PSE's outstanding commercial paper in the amount of \$30.3 million and \$338.2 million for 2002 and 2001, respectively, effectively reducing the available borrowing capacity under these credit lines to \$219.7 million and \$36.8 million, respectively.

**NOTES TO FINANCIAL STATEMENTS**

NOTE 7.

*Estimated Fair Value of Financial Instruments*

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2002 and 2001:

(Dollars in millions)	2002 CARRYING AMOUNT	2002 FAIR VALUE	2001 CARRYING AMOUNT	2001 FAIR VALUE
<b>Financial assets:</b>				
Cash	\$176.7	\$176.7	\$ 92.3	\$ 92.3
Restricted cash	17.8	17.8	--	--
Equity securities <sup>1</sup>	10.4	10.4	12.8	12.8
Notes receivable and other	41.5	41.5	40.0	40.0
Energy derivatives	13.6	13.6	6.6	6.6
<b>Financial liabilities:</b>				
Short-term debt	30.3	30.3	338.2	338.2
Preferred stock subject to mandatory redemption	43.2	42.4	50.7	49.3
Corporation obligated, mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the corporation	300.0	303.1	300.0	301.8
Long-term debt	2,093.9	2,252.7	2,170.9	2,055.4
Energy derivatives	2.4	2.4	35.2	35.2

The fair value of outstanding bonds including current maturities is estimated based on quoted market prices.

The preferred stock subject to mandatory redemption and corporation obligated, mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the corporation is estimated based on dealer quotes.

The carrying value of short-term debt and notes receivable are considered to be a reasonable estimate of fair value. The carrying amount of cash, which includes temporary investments with original maturities of three months or less, is also considered to be a reasonable estimate of fair value.

Derivative instruments have been used by the Company on a limited basis and are recorded at fair value. The Company has a policy that financial derivatives are to be used only to mitigate business risk.

NOTE 8.

*Supplementary Income Statement Information*

(Dollars in thousands)	2002	2001	2000
<b>Taxes other than income taxes:</b>			
Real estate and personal property	\$48,408	\$ 41,588	\$ 47,357
State business	77,527	84,735	83,485
Municipal and occupational	67,770	71,819	65,155
Other	24,463	29,084	30,073
<b>Total taxes other than income taxes</b>	<b>\$218,168</b>	<b>\$ 227,226</b>	<b>\$ 226,070</b>
<b>Charged to:</b>			
Operating expense	\$202,381	\$ 207,365	\$ 202,398
Other accounts, including construction work in progress	15,787	19,861	23,672
<b>Total taxes other than income taxes</b>	<b>\$218,168</b>	<b>\$ 227,226</b>	<b>\$ 226,070</b>

<sup>1</sup> The 2002 and 2001 carrying amount includes an adjustment of \$2.4 million and \$4.5 million, respectively, to report the available-for-sale securities at market value. This amount (or unrealized gain) has been included as a component of other comprehensive income net of deferred taxes of \$0.8 million and \$1.6 million for 2002 and 2001, respectively.

**NOTES TO FINANCIAL STATEMENTS**

NOTE 9.

*Leases*

All of PSE's leases are operating leases. Certain leases contain purchase options, renewal and escalation provisions. Operating lease payments net of sublease receipts were:

(Dollars in thousands)	
At December 31	Operating
2002	\$20,176
2001	20,135
2000	18,239

Payments received for the sublease of properties were approximately \$2.6 million, \$2.5 million, and \$2.4 million for the years ended December 31, 2002, 2001, and 2000, respectively.

Future minimum lease payments for non-cancelable leases net of sublease receipts are:

(Dollars in thousands)	
At December 31	Operating
2003	\$12,644
2004	10,404
2005	6,446
2006	6,502
2007	6,468
Thereafter	9,350
Total minimum lease payments	\$51,814

Future minimum sublease receipts for non-cancelable subleases are \$1 million for 2003.

NOTE 10.

*Income Taxes*

The details of income taxes are as follows:

(Dollars in thousands)	2002	2001	2000
Charged to operating expense:			
Current - federal	\$(81,839)	\$ 58,331	\$ 128,138
Current - state	(548)	1,232	832
Deferred - net federal	135,884	18,040	1,557
Deferred-net state	--	--	--
Deferred investment tax credits	(661)	(688)	(704)
Total charged to operations	52,836	76,915	129,823
Charged to miscellaneous income:			
Current	(3,406)	6,272	7,843
Deferred - net	1,228	(2,259)	(10,150)
Total charged to miscellaneous income	(2,178)	4,013	(2,307)
Cumulative effect of accounting change	--	(7,942)	--
Total income taxes	\$50,658	\$ 72,986	\$127,516

The following is a reconciliation of the difference between the amount of income taxes computed by multiplying pre-tax book income by the statutory tax rate and the amount of income taxes in the Consolidated Statements of Income for the

**NOTES TO FINANCIAL STATEMENTS**

Company:

(Dollars in thousands)	2002	2001	2000
Income taxes at the statutory rate	\$55,862	\$ 62,079	\$ 112,471
Increase (decrease):			
Depreciation expense deducted in the financial statements in excess of tax depreciation, net of depreciation treated as a temporary difference	10,041	11,726	10,807
AFUDC included in income in the financial statements but excluded from taxable income	(1,387)	(2,126)	(3,274)
Accelerated benefit on early retirement of depreciable assets	(1,469)	(319)	(834)
Investment tax credit amortization	(661)	(689)	(704)
Energy conservation expenditures - net	6,259	6,859	10,634
Tax benefit of reduced salvage values	(10,193)	--	--
State income taxes net of the federal income tax benefit	(356)	801	541
Other - net	(7,438)	(5,345)	(2,125)
<b>Total income taxes</b>	<b>\$50,658</b>	<b>\$ 72,986</b>	<b>\$127,516</b>
<b>Effective tax rate</b>	<b>31.7%</b>	<b>41.1%</b>	<b>39.7%</b>

The following are the principal components of income taxes as reported:

(Dollars in thousands)	2002	2001	2000
Current income taxes - federal	\$(85,245)	\$ 64,603	\$ 135,981
Current income taxes - state	(548)	1,232	832
Deferred income taxes:			
Conservation tax settlement	--	963	1,776
Deferred FAS-133	4,064	(4,028)	--
Cabot preferred stock sale	--	--	(10,635)
Deferred taxes related to insurance reserves	(1,662)	(1,225)	(384)
Residential Purchase and Sale Agreement - net	--	3,390	2,226
Normalized tax benefits of the accelerated cost recovery system	29,197	11,423	10,931
Energy conservation program	(96)	(1,337)	(1,666)
Environmental remediation	1,392	1,326	721
WNP 3 tax settlement	(1,126)	(1,126)	(1,126)
Demand charges	(8)	(98)	(79)
Deferred revenue	612	(5,904)	--
Software amortization	35,373	--	--
Capitalized overhead costs deducted for tax purposes	72,220	--	--
Allowance for doubtful accounts	--	--	(13,821)
Other	(2,854)	4,455	3,464
<b>Total deferred income taxes</b>	<b>137,112</b>	<b>7,839</b>	<b>(8,593)</b>
Deferred investment tax credits - net of amortization	(661)	(688)	(704)
<b>Total income taxes</b>	<b>\$50,658</b>	<b>\$ 72,986</b>	<b>\$ 127,516</b>

The Company's deferred tax liability at December 31, 2002 and 2001 is comprised of amounts related to the following types of temporary differences:

**NOTES TO FINANCIAL STATEMENTS**

(Dollars in thousands)	2002	2001
Utility plant	\$578,137	\$ 570,982
Energy conservation charges	16,473	23,782
Contributions in aid of construction	(44,770)	(36,044)
Bonneville Exchange Power	15,537	17,897
Cabot gas contract purchase	4,157	4,477
Deferred revenue	(5,292)	(5,904)
Software amortization	41,408	--
Capitalized overhead costs	72,220	--
Other	37,709	25,811
<b>Total</b>	<b>\$715,579</b>	<b>\$ 601,001</b>

PSE's totals of \$715.6 million and \$601.0 million for 2002 and 2001 consist of deferred tax liabilities of \$824.2 million and \$707.4 million net of deferred tax assets of \$108.6 million and \$106.4 million, respectively.

Deferred tax amounts shown above result from temporary differences for tax and financial statement purposes. Deferred tax provisions are not recorded in the income statement for certain temporary differences between tax and financial statement purposes because they are not allowed for ratemaking purposes.

The Company calculates its deferred tax assets and liabilities under SFAS No. 109, "Accounting for Income Taxes". SFAS No. 109 requires recording deferred tax balances, at the currently enacted tax rate, for all temporary differences between the book and tax bases of assets and liabilities, including temporary differences for which no deferred taxes had been previously provided because of use of flow-through tax accounting for ratemaking purposes. Because of prior and expected future ratemaking treatment for temporary differences for which flow-through tax accounting has been utilized, a regulatory asset for income taxes recoverable through future rates related to those differences has also been established by PSE. At December 31, 2002, the balance of this asset was \$167.1 million.

NOTE 11.

*Retirement Benefits*

The Company has a defined benefit pension plan covering substantially all of its utility employees. Benefits are a function of both age and salary. Additionally, Puget Sound Energy maintains a non-qualified supplemental retirement plan for officers and certain director-level employees.

In addition to providing pension benefits, the Company provides certain health care and life insurance benefits for retired employees. These benefits are provided principally through an insurance company whose premiums are based on the benefits paid during the year.

(Dollars in thousands)	PENSION BENEFITS		OTHER BENEFITS	
	2002	2001	2002	2001
<b>Change in benefit obligation:</b>				
Benefit obligation at beginning of year	\$400,461	\$ 366,482	\$29,115	\$ 27,568
Service cost	8,474	9,862	168	243
Interest cost	25,858	26,734	1,930	2,022
Amendments <sup>1</sup>	3,073	3,984	3,493	--
Actuarial loss	2,055	15,417	(419)	1,101
Plan curtailment <sup>2</sup>	(9,518)	--	(553)	--
Special adjustments <sup>2</sup>	10,872	--	--	--
Benefits paid	(71,583)	(22,018)	(2,041)	(1,819)
Benefit obligation at end of year	\$369,692	\$400,461	\$31,693	\$29,115
<b>Change in plan assets:</b>				

<sup>1</sup> In 2002, the Company had \$3.1 million in pension benefits plan amendments due to changes in employment contracts, the addition of new entrants to the plan and the vesting of certain nonvested participants who were affected by the transition of service jobs to service providers. The Company had \$3.5 million in other benefits plan amendments due to an increase in the Company's contribution to the retiree medical plan.

<sup>2</sup> In 2002, the Company had a \$9.5 million curtailment credit and \$9.2 million in special adjustments to the pension benefit plan related to the transition of service jobs to service providers. The Company also had a \$1.7 million special adjustment to the pension benefit plan related to the non-qualified pension benefit plan required to reflect the special benefit agreement given upon termination of a plan participant.

**NOTES TO FINANCIAL STATEMENTS**

Fair value of plan assets at beginning of year	\$443,512	\$496,468	\$15,978	\$15,661
Actual return on plan assets	(40,849)	(32,025)	650	595
Employer contribution	12,880	1,087	1,573	1,541
Benefits paid	(71,583)	(22,018)	(2,041)	(1,819)
Fair value of plan assets at end of year	\$343,960	\$ 443,512	\$16,160	\$15,978

Funded status	\$(25,732)	\$ 43,051	\$(15,533)	\$(13,137)
Unrecognized actuarial gain	66,784	(27,035)	(1,878)	(1,944)
Unrecognized prior service cost	18,228	20,250	3,021	(361)
Unrecognized net initial (asset)/obligation	(2,371)	(3,873)	4,201	6,894
Net amount recognized	\$ 56,909	\$ 32,393	\$(10,189)	\$ (8,548)

**Amounts recognized on statement of financial position consist of:**

Prepaid benefit cost	\$73,361	\$ 54,335	\$(10,189)	\$ (8,548)
Accrued benefit liability	(34,253)	(37,002)	--	--
Intangible asset	10,555	9,912	--	--
Accumulated other comprehensive income	7,246	5,148	--	--
Net amount recognized	\$ 56,909	\$ 32,393	\$(10,189)	\$ (8,548)

In accounting for pension and other benefits costs under the plans, the following weighted average actuarial assumptions were used:

	PENSION BENEFITS			OTHER BENEFITS		
	2002	2001	2000	2002	2001	2000
Discount rate	6.75%	7.25%	7.5%	6.75%	7.25%	7.5%
Return on plan assets	8.25%	9.50%	9.75%	6-7.00%	6-8.25%	6-8.5%
Rate of compensation increase	4.50%	5.0%	5.0%	--	--	--
Medical trend rate	--	--	--	10.00%	6.5%	7.0%

(Dollars in thousands)	PENSION BENEFITS			OTHER BENEFITS		
	2002	2001	2000	2002	2001	2000
<b>Components of net periodic benefit cost:</b>						
Service cost	\$ 8,474	\$ 9,862	\$ 9,005	\$ 168	\$ 243	\$ 224
Interest cost	25,858	26,734	25,500	1,930	2,022	1,965
Expected return on plan assets	(43,032)	(46,222)	(42,280)	(906)	(947)	(892)
Amortization of prior service cost	2,990	2,960	2,884	90	(34)	(34)
Recognized net actuarial gain	(5,120)	(7,570)	(6,851)	(229)	(109)	(195)
Amortization of transition (asset)/obligation	(1,136)	(1,230)	(1,230)	470	627	627
Plan curtailment	(1,353)	--	--	1,691	--	--
Special recognition of prior service costs	1,683	108	77	--	--	--
Net pension benefit cost (income)	\$(11,636)	\$(15,358)	\$(12,895)	\$3,214	\$1,802	\$1,695

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the non-qualified pension plan, which has accumulated benefit obligations in excess of plan assets, were \$39.4 million, \$34.2 million, and \$0, respectively, as of December 31, 2002. For the qualified pension plan the projected benefit obligation, accumulated benefit obligation and fair value of plan assets were \$330.3 million, \$310.1 million, and \$344.0 million, respectively as of December 31, 2002.

The assumed medical inflation rate is 10.0% in 2003 decreasing 1.0% per year to 6.0%. A 1% change in the assumed medical inflation rate would have the following effects:



**NOTES TO FINANCIAL STATEMENTS**

(Dollars in thousands)	2002		2001	
	1% INCREASE	1% DECREASE	1% INCREASE	1% DECREASE
Effect on service and interest cost components	\$580	\$(515)	\$ 625	\$(558)
Effect on post retirement benefit obligation	36	(32)	47	(42)

NOTE 12.

*Employee Investment Plans and Employee Stock Purchase Plan*

The Company has qualified Employee Investment Plans under which employee salary deferrals and after-tax contributions are used to purchase several different investment fund options.

PSE's contributions to the Employee Investment Plan were \$6.1 million, \$6.8 million, and \$7.2 million for the years 2002, 2001 and 2000, respectively. The Employee Investment Plan eligibility requirements are set forth in the plan documents.

The Company also has an Employee Stock Purchase Plan which was approved by shareholders on May 19, 1997, and commenced July 1, 1997, under which options are granted to eligible employees who elect to participate in the plan on January 1st and July 1st of each year. Participants are allowed to exercise those options six months later to the extent of payroll deductions or cash payments accumulated during that six-month period. The option price under the plan during 2002 was 85% of either the fair market value of the common stock at the grant date or the fair market value at the exercise date, whichever was less. Prior to 2002 the Company purchased stock for the plan on the open market. Starting with the purchase rights accumulated under the July 1, 2002 grant the Company began issuing rather than purchasing stock. The Company's contributions to the plan were \$0.1 million, \$0.1 million and \$0.3 million for 2002, 2001 and 2000, respectively.

NOTE 13.

*Stock-based Compensation Plans*

The Company has various stock compensation plans accounted for according to APB No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Total compensation expense related to the plans was \$6.3 million, \$2.1 million and \$3.9 million in 2002, 2001 and 2000 respectively.

The Company's shareholder approved Long-Term Incentive Plan (LTI Plan) encompasses many of the awards granted to employees. Established in 1995 and amended and restated in 1997, the LTI Plan applies to officers and key employees of the Company. Awards granted under this plan include stock awards, performance awards, or other stock-based awards as defined by the plan. Any shares awarded are purchased on the open market. The maximum number of shares that may be purchased for the LTI Plan is 1,200,000.

**PERFORMANCE SHARE GRANTS**

Each year the Company awards performance share grants under the LTI Plan. These are granted to key employees and vest at the end of four years with the final number of shares awarded depending on a performance measure. The Company records compensation expense related to the shares based on the performance measure and changes in the market price of the stock. Compensation expense related to performance share grants was \$5.5 million, \$2.3 million and \$3.2 million for 2002, 2001 and 2000, respectively. The fair value of the performance awards granted in 2002, 2001 and 2000 is \$14.82, \$17.86 and \$14.19 respectively. 247,184 performance awards were granted in 2002, 183,881 in 2001 and 204,044 in 2000. As of December 31, 2002, there are four grant cycles active for a total of 571,719 share grants outstanding although they may not all be awarded.

**STOCK OPTIONS**

In 2002, Puget Energy's Board of Directors granted 40,000 stock options under the LTI Plan and an additional 260,000 options outside of the LTI Plan for a total of 300,000 non-qualified stock options to the new president and chief executive officer. These options were awarded at the grant date market price of \$22.51 and vest yearly over four and five years although vesting is accelerated under certain conditions. The options expire 10 years from the grant date. As of December 31, 2002, no options were exercisable. The grant date fair value of the options is \$3.37. Following the intrinsic value method of APB 25, no

**NOTES TO FINANCIAL STATEMENTS**

compensation expense was recorded for these options.

**RESTRICTED STOCK**

In 2002, the Company granted 30,000 shares of restricted stock under the LTI Plan to be purchased on the open market. The shares vest monthly with all of the shares vested by December 2003. The Company also issued 50,000 shares of restricted stock outside of the LTI Plan as approved by the Puget Energy Board of Directors. These shares were recorded as a separate component of stockholders equity and vest at the rate of 20% per year. Compensation expense related to the restricted shares was \$0.5 million in 2002. No restricted shares were issued in 2001 and 2000. Dividends are paid on all outstanding restricted stock and are accounted for as a Puget Energy stock dividend, not as compensation expense. At December 31, 2002 the weighted average grant date fair value for all outstanding shares of restricted stock was \$21.94.

**EMPLOYEE STOCK PURCHASE PLAN**

The Company has a shareholder-approved Employee Stock Purchase Plan (ESPP) open to all employees. Offerings occur at six month intervals at the end of which the participating employees receive shares for 85% of the lower of the stock's fair market price at the beginning or the end of the six month period. A maximum of 500,000 shares may be sold to employees under the plan. The Company purchased shares for the plan on the open market up until the most recent offering at which time common stock was issued rather than purchased. The Company currently plans to issue common stock for the ESPP. In 2002, 19,407 shares were purchased for the plan and 18,252 shares were issued. 45,659 shares and 48,513 shares were purchased in 2001 and 2000 respectively. At December 31, 2002 298,602 shares may still be sold to employees under the plan. Dividends are paid on purchased shares and are accounted for as a Puget Energy stock dividend, not as compensation expense. The weighted average fair value of the purchase rights granted in 2002, 2001 and 2000 was \$4.19, \$4.35 and \$3.90 respectively.

**NON-EMPLOYEE DIRECTOR STOCK PLAN**

The Company has a director stock plan created in 1998 for all non-employee directors of Puget Energy/PSE. Under the plan non-employee directors receive part of their quarterly retainer in Company stock and may receive their entire retainer in Company stock if they choose. The compensation expense related to the director stock plan was \$0.2 million, \$0.1 million and \$0.3 million in 2002, 2001, and 2000, respectively. The Company purchases stock for this plan on the open market up to a maximum of 100,000 shares. As of December 31, 2002, 6,916 shares have been purchased for the director stock plan and 36,117 deferred, for a total of 43,033 shares.

**OTHER PLANS**

In addition to current stock compensation plans, the Company also has outstanding shares related to two plans that were in effect prior to the 1997 merger between Puget Sound Power and Light (PSP&L) and Washington Energy Company (WECO). There are 30,800 vested, unexercised stock appreciation rights from the PSP&L Incentive Plan Awards granted to executives of PSP&L. These were granted in 1993 and 1994 for \$27.63 and \$20.75, respectively, and expire 10 years after the grant date. There are also 17,960 vested, unexercised options from the WECO Incentive Stock Option Plan granted to key employees of WECO. The options were granted between 1993 and 1996 for prices ranging from \$15.55 to \$23.11 and expire 10 years from the date of grant. These are generally paid out as stock appreciation rights at the discretion of the grantees. The Company records compensation expense each quarter related to the PSP&L and WECO shares as the difference between the exercise price and the current market price. Compensation expense related to the WECO plan was near \$0 in 2002, \$(0.2) million in 2001 and \$0.2 million in 2000. Compensation expense related to the PSP&L plan was near \$0 in 2002, \$(0.1) million in 2001, and \$0.2 million in 2000.

The Company used the Black-Scholes option pricing model to determine the fair value of certain stock based awards to employees. The following assumptions were used for awards granted in 2002, 2001 and 2000:

**NOTES TO FINANCIAL STATEMENTS**

	2002	2001	2000
<b>Stock Options</b>			
Risk-free interest rate	4.32%	-	-
Expected lives - years	4.50	-	-
Expected stock volatility	23.62%	-	-
Dividend yield	5.00%	-	-
<b>Performance Awards</b>			
Risk-free interest rate	4.00%	4.99%	6.66%
Expected lives - years	4.00	4.00	4.00
Expected stock volatility	23.71%	20.76%	18.59%
Dividend yield	8.85%	7.67%	9.14%
<b>Employee Stock Purchase Plan</b>			
Risk-free interest rate	1.65%	4.26%	5.59%
Expected lives - years	0.50	0.50	0.50
Expected stock volatility	26.97%	19.04%	22.73%
Dividend yield	5.81%	7.72%	8.98%

NOTE 14.

*Other Investments*

In March 1998, the Company entered into an agreement with Schlumberger North America (Schlumberger) (formerly known as CellNet Data Services Inc.), under which the Company would lend Schlumberger up to \$35 million in the form of multiple draws so that Schlumberger could finance an Automated Meter Reading (AMR) network system to be deployed in the Company's service territory. In September 1999, the Company announced it was expanding its AMR network system from 800,000 meters to 1,325,000 meters and as a result increased the authorized loan amount to \$72 million. As of December 31, 2000, the outstanding loan balance was \$51.9 million. In August 2001, Schlumberger paid off its outstanding loan balance of \$64.1 million.

NOTE 15.

*Commitments and Contingencies*

COMMITMENTS – ELECTRIC

For the twelve months ended December 31, 2002, approximately 22.5% of the Company's energy output was obtained at an average cost of approximately 13.96 mills per kWh through long-term contracts with several of the Washington Public Utility Districts (PUDs) owning hydroelectric projects on the Columbia River.

The purchase of power from the Columbia River projects is on a "cost-of-service" basis under which the Company pays a proportionate share of the annual cost of each project in direct proportion to the amount of power annually purchased by the Company from such project. Such payments are not contingent upon the projects being operable. These projects are financed through substantially level debt service payments, and their annual costs should not vary significantly over the term of the contracts unless additional financing is required to meet the costs of major maintenance, repairs or replacements or license requirements. The Company's share of the costs and the output of the projects is subject to reduction due to various withdrawal rights of the PUDs and others over the lives of the contracts.

As of December 31, 2002, the Company was entitled to purchase portions of the power output of the PUDs' projects as set forth in the following tabulation:

**NOTES TO FINANCIAL STATEMENTS**

PROJECT	CONTRACT <sup>1</sup> EXP. DATE	LICENSE <sup>2</sup> EXP. DATE	BONDS	COMPANY'S ANNUAL AMOUNT		
			OUTSTANDING 12/31/02 <sup>3</sup> (MILLIONS)	PURCHASABLE (APPROXIMATE)		
				% OF OUTPUT	MEGAWATT CAPACITY	COSTS <sup>4</sup> (MILLIONS )
Rock Island						
Original units	2012	2029	\$ 102.4	50.0	} 455	\$43.3
Additional units	2012	2029	333.7	85.0		
Rocky Reach	2011	2006	408.9	38.9	505	26.2
Wells	2018	2012	165.5	31.3	261	9.8
Priest Rapids	2005	2005	150.4	8.0	72	2.3
Wanapum	2009	2005	136.2	10.8	98	4.1
<b>Total</b>			<b>\$1,297.1</b>		<b>1,391</b>	<b>\$85.7</b>

The Company's estimated payments for power purchases from the Columbia River are \$92.7 million for 2003, \$82.6 million for 2004, \$78.9 million for 2005, \$76.5 million for 2006, \$79.3 million for 2007 and in the aggregate, \$377.9 million thereafter through 2018.

The Company also has numerous long-term firm purchased power contracts with other utilities in the region. The Company is generally not obligated to make payments under these contracts unless power is delivered. The Company's estimated payments for firm power purchases from other utilities, excluding the Columbia River projects, are \$124.0 million for 2003, \$75.5 million for 2004, \$76.3 million for 2005, \$77.9 million for 2006, \$80.6 million for 2007 and in the aggregate, \$500.3 million thereafter through 2037. These contracts have varying terms and may include escalation and termination provisions.

As required by the federal Public Utility Regulatory Policies Act (PURPA), PSE entered into long-term firm purchased power contracts with non-utility generators. The Company purchases the net electrical output of four significant projects at fixed and annually escalating prices, which were intended to approximate the Company's avoided cost of new generation projected at the time these agreements were made. The Company's estimated payments under these contracts are \$202.7 million for 2003, \$215.0 million for 2004, \$220.3 million for 2005, \$227.6 million for 2006, \$210.4 million for 2007 and in the aggregate, \$946.5 million thereafter through 2012.

The following table summarizes the Company's estimated obligations for future power purchases:

(Dollars in millions)	2003	2004	2005	2006	2007	2008 & THERE- AFTER	TOTAL
Columbia River Projects	\$ 92.7	\$ 82.6	\$ 78.9	\$ 76.5	\$ 79.3	\$ 377.9	\$ 787.9
Other utilities	124.0	75.5	76.3	77.9	80.6	500.3	934.6
Non-utility generators	202.7	215.0	220.3	227.6	210.4	946.5	2,022.5
<b>Total</b>	<b>\$419.4</b>	<b>\$373.1</b>	<b>\$375.5</b>	<b>\$382.0</b>	<b>\$370.3</b>	<b>\$1,824.7</b>	<b>\$3,745.0</b>

Total purchased power contracts provided the Company with approximately 12.1 million, 11.9 million and 15.1 million

<sup>1</sup> On December 28, 2001, PSE signed a contract offer for new contracts for the Priest Rapids and Wanapum Developments. On April 12, 2002, PSE signed amendments to those agreements which are technical clarifications of certain sections of the agreements. Under the terms of these contracts, PSE will continue to obtain capacity and energy for the term of any new FERC license to be obtained by Grant County PUD. The new contracts begin in November of 2005 for the Priest Rapids Development and in November of 2009 for the Wanapum Development. Unlike the current contracts, in the new contracts PSE's share of power from developments declines over time as Grant County PUD's load increases.

On March 8, 2002, the Yakama Nation filed a complaint with FERC which alleged that Grant County's new contracts unreasonably restrain trade and violate various sections of the Federal Power Act and Public Law 83-544. On November 21, 2002, FERC dismissed the complaint while agreeing that certain aspects of the complaint had merit. As a result, they have ordered Grant County PUD to remove specific Sections of the contract which constrain the parties to the Grant County PUD contracts from competing with Grant County PUD for a new license. A rehearing has been requested.

<sup>2</sup> The Company is unable to predict whether the licenses under the Federal Power Act will be renewed to the current licensees. FERC has issued orders for the Rocky Reach, Wells and Priest Rapids/Wanapum projects under Section 22 of the Federal Power Act, which affirm the Company's contractual rights to receive power under existing terms and conditions even if a new licensee is granted a license prior to expiration of the contract term.

<sup>3</sup> The contracts for purchases initially were generally coextensive with the term of the PUD bonds associated with the project. Under the terms of some financings and refinancings, however, long-term bonds were sold to finance certain assets whose estimated useful lives extend beyond the expiration date of the power sales contracts. Of the total outstanding bonds sold for each project, the percentage of principal amount of bonds which mature beyond the contract expiration date are: 41.7% at Rock Island; 55.1% at Rocky Reach; 89.7% at Priest Rapids; 67.9% at Wanapum; and 5.7% at Wells.

<sup>4</sup> The components of 2002 costs associated with the interest portion of debt service are: Rock Island, \$21.1 million for all units; Rocky Reach, \$8.0 million; Wells, \$2.6 million; Priest Rapids, \$0.7 million; and Wanapum, \$0.8 million.

**NOTES TO FINANCIAL STATEMENTS**

MWh of firm energy at a cost of approximately \$466.1 million, \$496.3 million, and \$506.5 million for the years 2002, 2001 and 2000, respectively.

As part of its electric operations and in connection with the 1997 restructuring of the Tenaska Power Purchase Agreement, PSE is obligated to deliver to Tenaska up to 48,000 MMBtu per day of natural gas for operation of Tenaska's cogeneration facility. This obligation continues for the remaining term of the agreement, provided that no deliveries are required during the month of May. The price paid by Tenaska for this gas is reflective of the daily price of gas at the United States/Canada border near Sumas, Washington.

The following table indicates the Company's percentage ownership and the extent of the Company's investment in jointly-owned generating plants in service at December 31, 2002:

(Dollars in millions)	ENERGY SOURCE (FUEL)	COMPANY'S OWNERSHIP SHARE	COMPANY'S SHARE	
			PLANT IN SERVICE AT COST	ACCUMULATED DEPRECIATION
Colstrip 1 and 2	Coal	50%	\$201	\$128
Colstrip 3 and 4	Coal	25%	458	226

Financing for a participant's ownership share in the projects is provided for by such participant. The Company's share of related operating and maintenance expenses is included in corresponding accounts in the Consolidated Statements of Income.

As part of its electric operations and in connection with the 1999 buy-out of the Cabot gas supply contract, PSE is obligated to deliver to Encogen up to 21,800 MMBtu per day of natural gas for operation of the Encogen cogeneration facility. This obligation continues for the remaining term of the original Cabot agreement. The Company entered into a financial arrangement to hedge a portion of future gas supply costs associated with this obligation, 10,000 MMBtu per day, for the remaining term of the agreement. The Company has a maximum financial obligation under this hedge agreement of \$8.1 million in 2002, \$8.2 million in 2003, \$8.5 million in 2004, \$8.7 million in 2005, \$8.9 million in 2006 and \$13.9 million thereafter. Depending on actual market prices, these costs will be partially, or perhaps entirely, offset by floating price payments received under the hedge arrangement. Encogen has two gas supply agreements that comprise 40% of the plant's requirements with remaining terms of 6.5 years. The obligations under these contracts are \$12.8 million in 2002, \$13.5 million in 2003, \$14.2 million in 2004, \$14.9 million in 2005, \$15.6 million in 2006 and \$25.0 million in the aggregate thereafter.

PSE enters into short-term energy supply contracts to meet its core customer needs. These contracts are classified as normal purchases and sales in accordance with SFAS No. 133. Commitments under these contracts for 2003 and 2004 total \$47.2 million and \$1.8 million, respectively.

**GAS SUPPLY**

The Company has also entered into various firm supply, transportation and storage service contracts in order to assure adequate availability of gas supply for its firm customers. Many of these contracts, which have remaining terms from less than 1 year to 21 years, provide that the Company must pay a fixed demand charge each month, regardless of actual usage. Certain of PSE's firm gas supply agreements also obligate the Company to purchase a minimum annual quantity at market-based contract prices. Generally, if the minimum volumes are not purchased and taken during the year, the Company is obligated to either: 1) pay a monthly or annual gas inventory charge calculated as a percentage of the then-current contract commodity price times the minimum quantity not taken; or 2) pay for gas not taken. Alternatively, under some of the contracts, the supplier may exercise a right to reduce its subsequent obligation to provide firm gas to the Company. The Company incurred demand charges in 2002 for firm gas supply, firm transportation service and firm storage and peaking service of \$27.4 million, \$49.0 million and \$6.4 million, respectively. WNG Cap I incurred demand charges in 2002 for firm transportation service of \$9.4 million.

The following tables summarize the Company's obligations for future demand charges through the primary terms of its existing contracts and the minimum annual take requirements under the gas supply agreements. The quantified obligations are based on current contract prices and FERC authorized rates, which are subject to change.

**DEMAND CHARGE OBLIGATIONS**

**NOTES TO FINANCIAL STATEMENTS**

(Dollars in millions)	2003	2004	2005	2006	2007	2008 & THERE- AFTER	TOTAL
Firm gas supply	\$20.6	\$ 12.5	\$ 1.1	\$ 1.1	\$ 1.2	\$ 2.8	\$ 39.3
Firm transportation service	54.6	44.7	11.6	11.6	11.6	82.1	216.2
Firm storage service	7.2	8.6	7.7	7.7	7.7	55.9	94.8
Total	\$82.4	\$65.8	\$20.4	\$20.4	\$20.5	\$140.8	\$350.3

MINIMUM ANNUAL TAKE OBLIGATIONS

(Therms in thousands)	2003	2004	2005	2006	2007	2008 & THERE- AFTER	TOTAL
Firm gas supply	671,675	228,820	1,013	--	--	--	901,508

The Company believes that all demand charges will be recoverable in rates charged to its customers. Further, pursuant to implementation of FERC Order No. 636, the Company has the right to resell or release to others any of its unutilized gas supply or transportation and storage capacity.

The Company does not anticipate any difficulty in achieving the minimum annual take obligations shown, as such volumes represent approximately 64% of expected annual sales for 2003 and less than 11% of expected sales in subsequent years.

The Company's current firm gas supply contracts obligate the suppliers to provide, in the aggregate, annual volumes up to those shown below:

MAXIMUM SUPPLY AVAILABLE UNDER CURRENT FIRM SUPPLY CONTRACTS

(Therms in thousands)	2003	2004	2005	2006	2007	2008 & THERE- AFTER	TOTAL
Firm gas supply	719,821	264,035	7,013	6,000	6,000	24,000	1,026,869

SERVICE CONTRACT

On August 30, 2001, PSE and Alliance Data Systems Corp. announced a contract under which Alliance Data will provide data processing and billing services for PSE. In providing services to PSE under the 10-year agreement, Alliance Data will use ConsumerLinX software, PSE's customer-information software developed by its ConneXt subsidiary. Alliance Data acquired the assets of ConneXt, including the exclusive use of the ConsumerLinX software for five years with an option for renewal. Alliance Data will offer ConsumerLinX as part of its integrated, single-source customer relationship management solution for large-scale, regulated utility clients. The obligations under the contract are \$19.4 million in 2003, \$20.0 million in 2004, \$22.5 million in 2005, \$23.2 million in 2006, \$23.9 million in 2007 and \$86.7 million in the aggregate thereafter.

SURETY BOND

The Company has a self-insurance surety bond in the amount of \$5.2 million guaranteeing compliance with the Industrial Insurance Act (workers' compensation) and nine self-insurer's pension bonds totaling \$1.4 million.

ENVIRONMENTAL

The Company is subject to environmental regulation by federal, state and local authorities. The Company has been named by the Environmental Protection Agency (EPA) and/or the Washington State Department of Ecology as potentially responsible at several contaminated sites and manufactured gas plant sites. PSE has implemented an ongoing program to test, replace and remediate certain underground storage tanks as required by federal and state laws and this process is nearing completion. Remediation and testing of Company vehicle service facilities and storage yards is also continuing.

During 1992, the Washington Commission issued orders regarding the treatment of costs incurred by the Company for certain sites under its environmental remediation program. The orders authorize the Company to accumulate and defer prudently incurred cleanup costs paid to third parties for recovery in rates established in future rate proceedings. The Company believes a

**NOTES TO FINANCIAL STATEMENTS**

significant portion of its past and future environmental remediation costs are recoverable from either insurance companies, third parties or under the Washington Commission's order.

The information presented here as it relates to estimates of future liability is as of December 31, 2002.

**ELECTRIC SITES**

The Company has expended approximately \$17.7 million related to the remediation activities covered by the Washington Commission's order and has accrued approximately \$1.7 million as a liability for future remediation costs for these and other remediation activities. To date, the Company has recovered approximately \$17.2 million from insurance carriers.

Based on all known facts and analyses, the Company believes it is not likely that the identified environmental liabilities will result in a material adverse impact on the Company's financial position, operating results or cash flow trends.

**GAS SITES**

The Company has expended approximately \$62.5 million related to the remediation activities covered by a Washington Commission's order and has accrued approximately \$33.3 million for future remediation costs for these and other remediation sites. To date, the Company has recovered approximately \$58.7 million from insurance carriers and other third parties. The Company expects to recover legal and remediation activities from either insurance companies or customers per Washington Commission orders.

Based on all known facts and analyses, the Company believes it is not likely that the identified environmental liabilities will result in a material adverse impact on the Company's financial position, operating results or cash flow trends.

**LITIGATION**

Other contingencies, arising out of the normal course of the Company's business, exist at December 31, 2002. The ultimate resolution of these issues is not expected to have a material adverse impact on the financial condition, results of operations or liquidity of the Company.

**NOTE 16.**

*Accounting for Derivative Instruments and Hedging Activities*

On January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 138. SFAS No. 133 requires that all contracts considered to be derivative instruments be recorded on the balance sheet at their fair value. The Company enters into both physical and financial contracts to manage its energy resource portfolio including forward physical and financial contracts, option contracts and swaps. The majority of these contracts qualify for the normal purchase and normal sale exception provided by SFAS No. 133.

On January 1, 2001, the Company recognized the cumulative effect of adopting SFAS No. 133 by recording a liability and an offsetting after-tax decrease to current earnings of approximately \$14.7 million for the fair value of electric derivatives that did not meet hedge criteria. The Company also recorded an asset and an offsetting increase to other comprehensive income of approximately \$286.9 million for the fair value of derivative instruments that did meet hedge criteria on the implementation date.

During the year ended December 31, 2001, the Company recorded an increase to current earnings of approximately \$11.2 million pre-tax (\$7.2 million after-tax) to record the change in market value of outstanding derivative instruments not meeting cash flow hedge criteria. During the year ended December 31, 2002, the remainder of the contracts which had given rise to the income statement losses were settled and resulted in an additional increase to earnings of \$11.6 million pre-tax (\$7.5 million after-tax). As of December 31, 2002, the Company had a long-term unrealized gain recorded in Other Comprehensive Income of \$9.9 million after-tax and a short term unrealized loss of \$2.4 million after-tax related to contracts which meet the criteria for designation as cash flow hedges under SFAS No. 133. The amount of cash flow hedges that will reverse and be settled into the income statement during 2003 will be \$4.1 million. In addition, on December 31, 2002 the Company had a short term unrealized gain on derivative contracts for the purchase of natural gas for core gas business of \$3.7 million pre-tax.

The Company has two contracts outstanding with a counterparty whose senior unsecured debt ratings were downgraded in September 2002 to Ba2 by Moody's and in November 2002 to BB by Standard & Poor's. The first contract is a fixed for floating price natural gas swap contract for which the Company has collected a collateral deposit in the amount of \$21.4 million



**NOTES TO FINANCIAL STATEMENTS**

from the counterparty to guarantee performance. The contract will expire in June 2008 and is accounted for as a cash flow hedge under SFAS No. 133. The second is a physical gas supply contract expiring in July 2008 which has been designated as a normal purchase under SFAS No. 133. In February 2003, the counterparty's credit was further downgraded although the counterparty continues to perform as required under the terms of the two contracts. The Company believes the risk of non-performance by the counterparty is remote.

At October 15, 2001, the Company had recorded a deferred liability of approximately \$26.9 million after-tax for financial gas contracts to be used for electric production that until October 15, 2001 were designated as qualifying cash flow hedges. Changes in the market values of these de-designated contracts resulted in the recording of a loss of \$7.8 million pre-tax (\$5.1 million after-tax) to earnings in the fourth quarter of 2001. In the first quarter of 2002, the loss was reversed in its entirety when all of these contracts were settled or terminated.

During 2001, the Financial Accounting Standards Board's Derivative Implementation Group for SFAS No. 133 issued guidance under Issue C16 – "Applying the Normal Purchases and Normal Sales Exception to Contracts that Combine a Forward Contract and Purchased Option Contract" which became effective in the second quarter of 2002 for the Company. Issue C16 establishes that fuel supply contracts that combine a forward contract with a purchased option cannot qualify for the normal purchase and normal sales exception because of the optionality of the quantity of fuel to be delivered under the contract.

A review of the fuel supply contracts by the Company determined that two long-term fuel supply contracts that deliver natural gas to the Company's Encogen combustion turbine plant contained provisions for the purchase of optional quantities of fuel, and as originally written, would no longer qualify as normal purchase contracts upon implementation of Issue C16. In the second quarter of 2002, the Company signed amendments to those contracts that remove the optional provisions, requiring that the Company purchase 100% of the contractual fuel quantities for the remaining terms of the contracts. As a result, the contracts continue to qualify for the normal purchase-normal sale exception to SFAS 133.

NOTE 17.

*Supplemental Quarterly Financial Data (Unaudited)*

The following unaudited amounts, in the opinion of the Company, include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods. Quarterly amounts vary during the year due to the seasonal nature of the utility business.

(Unaudited; dollars in thousands)

2002 QUARTER	FIRST	SECOND	THIRD	FOURTH
Operating revenues	\$678,299	\$464,697	\$366,103	\$563,694
Operating income	74,732	72,724	51,367	95,769
Other income	309	3,455	210	1,241
Net income	25,698	28,839	4,701	49,709

(Unaudited; dollars in thousands)

2001 QUARTER	FIRST	SECOND	THIRD	FOURTH
Operating revenues	\$995,694	\$664,827	\$426,195	\$628,058
Operating income	130,111	61,629	42,360	54,383
Other income	2,843	2,485	8,885	2,839
Net income	72,879	17,275	5,474	8,754

Operating revenues for the Company include optimization transactions reported net in the income statement as required by EITF 02-03 effective after June 30, 2002. The operating revenues for all quarters of 2001 and the first and second quarters of 2002 have been reclassified to conform with the current presentation.

Name of Respondent		This Report Is:	Date of Report	Year Ending
Puget Sound Energy, Inc.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
Line No.	Item  (a)	Total  (b)		
1	UTILITY PLANT			
2	In Service	6,055,243,678		
3	Plant in Service (Classified)			
4	Property Under Capital Leases			
5	Plant Purchased or Sold			
6	Completed Construction not Classified			
7	Experimental Plant Unclassified			
8	TOTAL (Total of lines 3 thru 7)	6,055,243,678		
9	Leased to Others			
10	Held for Future Use	8,729,486		
11	Construction Work in Progress	108,658,275		
12	Acquisition Adjustments	78,188,137		
13	TOTAL Utility Plant (Total of lines 8 thru 12)	6,250,819,576		
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	2,337,832,036		
15	Net Utility Plant (Total of line 13 less 14)	3,912,987,540		
DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
16	In Service			
17	Depreciation	2,207,471,378		
18	Amort. and Depl. of Producing Natural Gas Land and Land Rights			
19	Amortization of Underground Storage Land and Land Rights			
20	Amortization of Other Utility Plant	105,071,782		
21	TOTAL in Service (Total of lines 18 thru 21)	2,312,543,160		
22	Leased to Others			
23	Depreciation			
24	Amortization and Depletion			
25	TOTAL Leased to Others (Total of lines 24 and 25)			
26	Held for Future Use			
27	Depreciation	222,339		
28	Amortization			
29	TOTAL Held for Future Use (Total of lines 28 and 29)	222,339		
30	Abandonment of Leases (Natural Gas)			
31	Amortization of Plant Acquisition Adjustment	25,066,537		
32	TOTAL Accumulated Provisions (Should agree with line 14 above) (Total of lines 22, 26, 30, 31 and	2,337,832,036		
33				

Name of Respondent		This Report Is:	Date of Report	Year of Report
Puget Sound Energy, Inc.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)				
Electric	Gas	Other (Specify)	Common	Line No.
(c)	(d)	(e)	(f)	
				1
4,063,562,074	1,618,020,331		373,661,274	2
				3
				4
			-	5
	-			6
				7
4,063,562,074	1,618,020,331		373,661,274	8
				9
7,002,577	1,726,909			10
80,916,599	22,559,302		5,182,374	11
77,871,127	317,010			12
4,229,352,377	1,642,623,552		378,843,648	13
1,732,938,202	497,099,971		107,793,863	14
2,496,414,175	1,145,523,581		271,049,785	15
				16
				17
1,693,602,751	484,091,312		29,777,315	18
				19
				20
14,363,585	12,691,649		78,016,548	21
1,707,966,336	496,782,961		107,793,863	22
				23
-				24
-				25
-				26
				27
222,339				28
-				29
222,339				30
				31
24,749,527	317,010			32
1,732,938,202	497,099,971		107,793,863	33

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106)**

1. Report below the original cost of gas plant in service according to the prescribed accounts.  
2. In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified-Gas.  
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.  
4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts  
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the

entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements. Attach supplemental statements showing the account distributions of these tentative classifications in columns (c) and (d),

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	158,692	
3	302 Franchises and Consents	7,460	41,592
4	303 Miscellaneous Intangible Plant	22,967,357	694
5	TOTAL Intangible Plant (Total of Lines 2 thru 4)	23,133,509	42,286
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Measuring and Regulating Station Equipment		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines		
20	333 Field Compressor Station Equipment		
21	334 Field Measuring and Regulating Station Equipment		
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration & Development Costs		
26	TOTAL Production and Gathering Plant (Total of Lines 8 thru 25)		
27	PRODUCTS EXTRACTION PLANT		
28	340 Land and Land Rights		
29	341 Structures and Improvements		
30	342 Extraction and Refining Equipment		
31	343 Pipe Lines		
32	344 Extracted Products Storage Equipment		
33	345 Compressor Equipment		

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)**

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in col-

umn (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			158,692	2
			49,052	3
3,000,402		(12,767)	19,954,882	4
3,000,402		(12,767)	20,162,626	5
				6
				7
				8
				9
				10
				11
				12
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Name of Respondent		This Report Is:	Date of Report	Year of Report
Puget Sound Energy, Inc.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
34	346 Gas Measuring and Regulating Equipment			
35	347 Other Equipment			
36	TOTAL Products Extraction Plant (Total of lines 28 thru 35)			
37	TOTAL Natural Gas Production Plant (Total of lines 26 and 36)			
38	Manufactured Gas Production Plant ( <i>Submit Supplementary Statement</i> )	6,945,261	44,329	
39	TOTAL Production Plant (Total of lines 37 and 38)	6,945,261	44,329	
40	NATURAL GAS STORAGE AND PROCESSING PLANT			
41	Underground Storage Plant			
42	350.1 Land	358,376	27,738	
43	350.2 Rights-of-Way	50,538	19,213	
44	351 Structures and Improvements	807,889		
45	352 Wells	7,009,000	238,450	
46	352.1 Storage Leaseholds and Rights			
47	352.2 Reservoirs	1,188,300	-	
48	352.3 Non-recoverable Natural Gas	2,184,130	-	
49	353 Lines	1,453,260	70,652	
50	354 Compressor Station Equipment	6,986,722	1,127	
51	355 Measuring and Regulating Equipment	293,675	-	
52	356 Purification Equipment	1,012,001	-	
53	357 Other Equipment	528,271	64,218	
54	TOTAL Underground Storage Plant (Total of lines 42 thru 53)	21,872,162	421,398	
55	Other Storage Plant			
56	360 Land and Land Rights			
57	361 Structures and Improvements			
58	362 Gas Holders			
59	363 Purification Equipment			
60	363.1 Liquefaction Equipment			
61	363.2 Vaporizing Equipment			
62	363.3 Compressor Equipment			
63	363.4 Measuring and Regulating Equipment			
64	363.5 Other Equipment			
65	TOTAL Other Storage Plant (Enter		-	
66	Base Load Liquefied Natural Gas Terminating & Processing Plant			
67	364.1 Land and Land Rights			
68	364.2 Structures and Improvements			
69	364.3 LNG Processing Terminal Equipment			
70	364.4 LNG Transportation Equipment		643,704	
71	364.5 Measuring and Regulating Equipment			
72	364.6 Compressor Station Equipment			
73	364.7 Communications Equipment			
74	364.8 Other Equipment			
75	TOTAL Base Load Liquefied Nat'l Gas, Terminating & Process Plnt (lines 67-74)		643,704	
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 & 75)	21,872,162	1,065,102	
77	TRANSMISSION PLANT			
78	365.1 Land and Land Rights	565,189	-	
79	365.2 Rights-of-Way			
80	366 Structures and Improvements	231,587	-	

Name of Respondent		This Report Is:		Date of Report	Year of Report
Puget Sound Energy, Inc.		(1) * An Original (2) A Resubmission		(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.	
					34
					35
					36
					37
			6,989,590		38
			6,989,590		39
					40
					41
			386,114		42
			69,751		43
			807,889		44
		49,718	7,297,168		45
			-		46
	-		1,188,300		47
	-		2,184,130		48
	-		1,523,912		49
	-		6,987,849		50
	-		293,675		51
	-		1,012,001		52
2,807		(49,718)	539,964		53
2,807	-	-	22,290,753		54
					55
					56
					57
					58
					59
					60
					61
					62
					63
					64
-	-				65
					67
					68
					69
			643,704		70
					71
					72
					73
					74
-	-	-	643,704		75
2,807	-	-	22,934,457		76
					77
	-	123,041	688,230		78
					79
	-	-	231,587		80



Name of Respondent		This Report Is:	Date of Report	Year of Report
Puget Sound Energy, Inc.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
81	367 Mains	71,282,774	6,941,373	
82	368 Compressor Station Equipment		-	
83	369 Measuring and Regulating Station Equipment	14,265,826	721,996	
84	370 Communication Equipment			
85	371 Other Equipment			
86	TOTAL Transmission Plant (Enter Totals of lines 78 thr	86,345,376	7,663,369	
87	DISTRIBUTION PLANT			
88	374 Land and Land Rights	1,027,392	50,799	
89	375 Structures and Improvements	7,560,569	12,051	
90	376 Mains	624,697,660	52,785,145	
91	377 Compressor Station Equipment		-	
92	378 Measuring and Regulating Station Equipment-General	19,869,277	2,309,910	
93	379 Measuring and Regulating Station Equipment-City Gate		-	
94	380 Services	471,188,151	17,870,448	
95	381 Meters	42,271,708	4,189,082	
96	382 Meter Installations	59,097,180	25,457,283	
97	383 House Regulators	7,051,411	240,519	
98	384 House Reg. Installations	6,891,709	2,032	
99	385 Industrial Measuring and Regulating Station Equipment	23,937,629	2,295,361	
100	386 Other Property on Customers' Premises	53,425,252	2,580,087	
101	387 Other Equipment	5,915,108	551,428	
102	TOTAL Distribution Plant(enter totals 88 thru 101)	1,322,933,046	108,344,145	
103	GENERAL PLANT			
104	389 Land and Land Rights	1,495,233	-	
105	390 Structures and Improvements	7,501,181		
106	391 Office Furniture and Equipment	27,634,506	1,687	
107	392 Transportation Equipment	6,154,639	-	
108	393 Stores Equipment	245,736	-	
109	394 Tools, Shop, and Garage Equipment	4,993,293	257,053	
110	395 Laboratory Equipment	40,178	44,535	
111	396 Power Operated Equipment	1,353,694	31,842	
112	397 Communication Equipment	7,266,432	24,160	
113	398 Miscellaneous Equipment	336,776	-	
114	Subtotal (Enter Total of lines 104 thru 113)	57,021,668	359,277	
115	399 Other Tangible Property		-	
116	TOTAL General Plant(Enter Total of lines 114 and 115)	57,021,668	359,277	
117	TOTAL (Accounts 101 and 106)	1,518,251,022	117,518,508	
118	Gas Plant Purchased (See Instr. 8)			
119	(Less) Gas Plant Sold (See Instr. 8)			
120	Experimental Gas Plant Unclassified			
121	TOTAL Gas Plant in Service (Enter Total of lines 117 thru 120)	1,518,251,022	117,518,508	

Name of Respondent	This Report Is:		Date of Report	Year of Report
Puget Sound Energy, Inc.	(1) * An Original	(2) A Resubmission	(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)				
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
-		-	78,224,147	81
-		-	-	82
-		4,927	14,992,749	83
			-	84
				85
-	-	127,968	94,136,713	86
				87
-		(125,304)	952,887	88
-		(19,992)	7,552,628	89
2,371,808		(28,350)	675,082,647	90
-		-	-	91
1,840,413		15,028	20,353,802	92
-		-	-	93
4,283,257		(2,040,364)	482,734,978	94
354,731		-	46,106,059	95
77,340		953,440	85,430,563	96
21,404		2,040,364	9,310,890	97
14,183		(953,440)	5,926,118	98
36,961		(1,067,373)	25,128,656	99
4,829,193		-	51,176,146	100
542		1,075,768	7,541,762	101
13,829,832	-	(150,223)	1,417,297,136	102
				103
			1,495,233	104
	-	-	7,501,181	105
38,581		12,766	27,610,378	106
151,337	-	-	6,003,302	107
			245,736	108
329,272	-	-	4,921,074	109
-	-	-	84,713	110
374,713	-	-	1,010,823	111
-	-	-	7,290,592	112
-			336,776	113
893,903		12,766	56,499,808	114
-	-	-	-	115
893,903	-	12,766	56,499,808	116
17,726,944	-	(22,256)	1,618,020,330	117
			-	118
			-	119
				120
17,726,944	-	(22,256)	1,618,020,330	121

Name of Respondent <a href="#">Puget Sound Energy, Inc.</a>		Date of Report (Mo, Da, Yr) <a href="#">04/30/2003</a>	Year of Report <a href="#">Dec. 31, 2002</a>
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued) <b><i>Supplement to pages 204-205--Line 38</i></b>			
	Account  (a)	Balance at Beginning Of Year (b)	Additions  (c)
	2. Production Plant		
	A. Manufactured Gas Production Plant		
304	Land and Land Rights	<a href="#">146,527</a>	
305	Structures and Improvements	<a href="#">384,177</a>	44,329
311	Liquified Petroleum Gas Equipment	<a href="#">6,337,517</a>	
320	Other Equipment	<a href="#">77,040</a>	
	Total Mfd. Gas Production Plant	6,945,261	44,329

Name of Respondent Puget Sound Energy, Inc.			Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued) <b>Supplement to pages 204-205--Line 38</b>				
Retirements <i>(d)</i>	Adjustments <i>(e)</i>	Transfers <i>(f)</i>	Balance at End Of Year <i>(g)</i>	
			146,527	304
			428,506	305
			6,337,517	311
			77,040	320
			6,989,590	

Name of Respondent PUGET SOUND ENERGY	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2003	Year of Report Dec. 31, 2002
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**Gas Plant Held for Future Use (Account 105)**

1. Report separately each property held for future use at end of the year having an original cost of \$1,000,000 or more. Group other items of property held for future use.
2. For property having an original cost of \$1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in this Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Gig Harbor LNG Satellite Facility land	9/19/2002	12/31/2003	1,704,569
2				
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34				
35				
36				
37				
38				
39				
40				
41	Future Use land less than \$1,000,000			22,340
42				
43				
44				
45	<b>Total</b>			1,726,909

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2003	Year of Report Dec. 31, 2002
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**CONSTRUCTION WORK IN PROGRESS - GAS (Account 107)**

- |   |  |
|---|--|
| <p>1. Report below descriptions and balances at end of year of projects in process of construction (107).<br/>2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,</p> | <p>Development, and Demonstration (see Account 107 of the Uniform System of Accounts).<br/>3. Minor projects (less than \$1,000,000) may be grouped.</p> |
|---|--|

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	MISC CONSTRUCTION PROJECTS, EACH LESS THAN \$1,000,000	\$ 13,981,556	
2	PS KITTITAS PH2 HP LINES-P	2,873,326	
3	CAST IRON BARE STEEL REPLACEMENT	2,312,936	
4	EVERETT DELTA PROJECT	3,011,627	
5			
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41			
42			
43	TOTAL	\$ 22,179,445	0

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2003	Year of Report Dec. 31, 2002
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**GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE**

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the U.S. of A.

3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

**EXPLANATION OF CONSTRUCTION OVERHEADS**

**INDIRECT OVERHEAD - REGULAR PROJECTS**

**Administrative and General Expenses:**  
Administrative and general expenses charged to construction and other work in progress represent the payroll and expenses applicable to construction for service of personnel whose general activities preclude the charging of expenditures directly to blanket and specific work orders. In some cases a fixed portion of the employee's payroll and expenses are allocated to construction overhead based upon special studies that are performed on an annual basis

**Injuries and Damage:**

A portion of injuries and damage costs are transferred to CWIP overhead based on the ratio of total CWIP labor dollars to total Company labor dollars charged each month.

**Employee Pension and Benefits:**

Expenditures for pension and benefits are allocated to CWIP on the basis of payroll charges

**INDIRECT OVERHEAD - MAJOR CONSTRUCTION PROJECTS**

Puget as the sponsor of a Jointly Owned Project - Indirect overhead is applied monthly to direct payroll. The rate is computed annually on certain selected administrative and general expenses  
Puget as a participant in Jointly Owned Project - No indirect overhead for administrative and general expenses is applied

**ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION**

The AFUDC rate is the Company's rate of return allowed by the Washington Utilities and Transportation Commission. To the extent this rate exceeds the maximum AFUDC rate calculated using the Federal Energy Regulatory Commission (FERC) formula, FERC requires the excess be recorded as miscellaneous income and charged to a deferred asset account

For recording the current month's AFUDC, work order accumulated charges at the beginning of the month are multiplied by 1/12 of the annual rate and current month's charges are multiplied by 1/24 the annual rate

The Washington Utilities and Transportation Commission in Cause U-81-41 authorized the annual compounding of accrued allowance for funds used during construction. Cause U-83-54 changed the tax accounting for AFUDC from the normalization method to the flow-through method. Therefore, effective October 1984, the FERC and the WUTC rates were the gross-of-tax rate.

Periodically, the Short-Term debt balance has exceeded Construction Work in Progress. In accordance with Federal Power Commission Order 561-A, the AFUDC rate used was the weighted average Short-Term Debt Rate, and the entire credit for AFUDC was recorded in Account 432, Allowance for Borrowed Funds Used During Construction-Credit

**COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES**

For line 5, column (d) below, enter the rate granted in the last rate proceeding. If such is not available, use the average rate earned during the preceding three years

**COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES**

1. Components of Formula (Derived from actual book balances and actual cost rates):

Line No.	Title (a)	Amount (b)	Capitalization Ratio (Percent) (c)	Cost Rate Percentage (d)
(1)	Average Short-Term Debt	S 126,377,018		
(2)	Short-Term Interest			s 5.020%
(3)	Long-Term Debt	D 2,170,860,000	55.58%	d 7.460%
(4)	Preferred Stock	P 410,661,900	10.51%	p 8.370%
(5)	Common Equity	C 1,324,518,182	33.91%	c 10.500%
(6)	Total Capitalization	4,032,417,100	100.00%	
(7)	Average Construction Work in Progress Balance	W 115,181,439		

2. Gross Rate for Borrowed Funds  $s(S/W) + d\{D/(D+P+C)\}(1-S/W)$  5.105%

3. Rate for Other Funds  $[1-S/W]\{p\{P/(D+P+C)\} + c\{C/(D+P+C)\}\}$  0.00%

4. Weighted Average Rate Actually Used for the Year:  
a. Rate for Borrowed Funds- 8.955%  
b. Rate for Other Funds - 0.00%

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**ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)**

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for gas plant in service, pages 204-209, column (d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If

the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.

4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

**Section A. Balances and Changes During the Year**

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant In Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year	446,594,214	446,594,214		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	53,021,244	53,021,244		
4	(413) Exp. of Gas Plt. Leas. to Others	0	0		
5	Transportation Expenses-Clearing	600,097	600,097		
6	Other Clearing Accounts	0	0		
7	Other Accounts (Specify):	0			
7.01					
8	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 7)	53,621,341	53,621,341		
9	Net Charges for Plant Retired:				
10	Book Cost of Plant Retired	(10,766,276)	(10,766,276)		
11	Cost of Removal/Salvage	(18,124,471)	(18,124,471)		
12					
13	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 10 thru 12)	(28,890,747)	(28,890,747)		
14	Other Debit or Cr. Items (Describe):	12,766,504	12,766,504		
14.01					
15	Balance End of Year (Enter Total of lines 1, 8, 13, 14 and 14.?)	484,091,312	484,091,312		

**Section B. Balances at End of Year According to Functional Classifications**

16	Production-Manufactured Gas	3,983,445	3,983,445		
17	Product and Gathering-Natural Gas				
18	Products Extraction-Natural Gas	0			
19	Underground Gas Storage	10,523,640	10,523,640		
20	Other Storage Plant	0			
21	Base Load LNG Term. and Proc. Plant	21,556	21556		
22	Transmission	18,276,600	18,276,600		
23	Distribution	430,523,868	430,523,868		
24	General	20,762,205	20,762,205		
25	TOTAL (Enter Total of lines 16 thru 24)	484,091,314	484,091,314		



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GAS STORED (ACCOUNT 117.1, 117.2, 117.3, 117.4, 164.1, 164.2 AND 164.3)									
1. If during the year adjustment was made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.					2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts. 3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method)				
Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of Year			3,241,171		45,111,544	576,201	0	48,928,916
2	Gas Delivered to Storage			0		43,308,651	0		43,308,651
3	Gas Withdrawn from Storage			0		64,020,264	0		64,020,264
4	Other Debits and Credits								
5	Balance at End of Year			3,241,171		24,399,931	576,201	0	28,217,303
6	Dth			4,649,600		11,388,651	241,700	0	16,279,951
7	Amount Per Dth			\$0.6971		\$2.1425	\$2.3840	N/A	\$1.7333

(1) The segregation of inventory between current and noncurrent portions is based on FERC approved engineering designs of the project.

(2) For non-current gas, injections are specifically identified when purchased, and withdrawals are accounted for on a last in first out (LIFO) basis. For current gas, injections are valued at the weighted average cost of gas for the month purchased, and withdrawals are valued at the average cost of gas in inventory.

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INVESTMENTS (ACCOUNT 123, 124, AND 136)

1. Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.

2. Provide a subheading for each account and list thereunder the information called for:

(a) Investment in Securities—List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant

to authorization by the Board of Directors, and included in Account 124, Other Investments) state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.

(b) Investment Advances—Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment  (A)	*  (B)	Book Cost at Beginning of Year (If book cost is different form cost to respondent, give cost to respondent in a footnote and explain difference  (C)	Purchases or Additions During Year  (D)
1				
2	124			
3				
4	Life Insurance		35,143,082	1,531,744
5			-	
6				
7	Notes Rec - Alaska Power & Telephone		1,325,000	400,000
8	Notes Rec - BOA Keyport Lighting & Capacitor		1,928,419	2,459,104
9	Investment in Derivative Instruments		(6,775,048)	7,867,350
10	Notes Rec - Misc		1,751,086	1,045,345
11				
12				
13				
14				
15				
16				
17	136			
18				
19	Temporary Cash Investments		20,011,715	46,925,000
20				
21				
22				
23				
24				
25				
26				
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INVESTMENTS (ACCOUNT 123, 124, AND 136)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.

5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Sales or Other Dispositions During Year  (E)	Principal Amount or No. of Shares at End of Year  (F)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.)  (G)	Revenues for Year  (H)	Gain or Loss from Investment Disposed of  (I)	Line No.
					1
					2
					3
		36,674,826	1,042,830		4
	-	-	-		5
		-			6
1,725,000		-	107,141		7
2,176,290		2,211,234	4,917		8
1,092,302	-	-	-		9
155,811		2,640,619	191,917		10
					11
					12
					13
					14
					15
					16
					17
					18
18,011,715		48,925,000	1,592,268		19
					20
					21
					22
					23
					24
					25
					26
					27
					28
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**INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1)**

1. Report below investments in Account 123.1, Investments in Subsidiary Companies.

2. Provide a subheading for each company and list thereunder the information called for below. Subtotal by company and give a total in columns (e), (f), (g) and (h).

(a) Investments in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.

(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. with respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.

3. Report separately the equity in undistributed subsidiary earnings since acquisition. the total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year
1	PUGET WESTERN INC.	May 31, 1960		
2	Common			10,200
3	Equity			101,068,622
4	Add Paid in Capital			(8,492,874)
5	Other Investments			1,632,256
6	Subtotal			94,218,204
7				
8	HYDRO ENERGY DEVELOPMENT CORP	November 30, 1988		
9	Common			1,500
10	Equity			(17,359,885)
11	Add Paid in Capital			(7,776,372)
12	Advances - Open Account			27,786,896
13	Advances - Interest			3,156,678
14	Interest Receivable			8,556,189
15	Subtotal			14,365,006
16				
17	CONNEXT	January 5, 1996		
18	Preferred			3,500,000
19	Common			500
20	Equity			(17,736,098)
21	Add Paid in Capital			2,065,038
22	Advances - Open Account			18,716,668
23	Interest Receivable			966,304
24	Subtotal			7,512,412
25				
26	WEGM	March 2, 1994		
27	Add Paid in Capital			25,624,255
28	Equity			(25,682,548)
29	Subtotal			(58,293)
30				
31	PSE SECURITY ASSETS, INC. (formerly Homeguard)	October 1, 1993		
32	Add Paid in Capital			(8,915,381)
33	Equity			8,915,753
34	Subtotal			372
35				
36	PUGET SOUND ENERGY SERVICES, INC.	December 17, 1997		
37	Add Paid in Capital			1,849,641
38	Equity			(1,183,984)
39	Subtotal			665,657
40				
41	PUGET SOUND ENERGY UTILITY SOLUTIONS, INC.	April 8, 1999		
42	Equity			(45,590)
43	Add Paid in Capital			73,710
44	Advance			241,750
45	Subtotal			269,870
46				

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**INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1)**

4. Designate in a footnote, any securities, notes, or accounts that were pledged, and state the name of pledgee and purpose of the pledge.  
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.  
6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.  
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustments includible in column (f).  
8. Report on Line 40, column (a) the total of Account 123.1.

Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
		10,200		1
		106,286,104		2
5,217,482		(8,882,259)		3
	(389,385)			4
	17,699,947	19,332,203		5
5,217,482	17,310,562	116,746,248		6
				7
		1,500		8
(252,713)		(17,612,598)		9
	(6,708,787)	(14,485,159)		10
	(50,000)	27,736,896		11
		3,156,678		12
	-	8,556,189		13
(252,713)	(6,758,787)	7,353,506		14
				15
				16
		3,500,000		17
		500		18
79,865		(17,656,233)		19
	(7,592,277)	(5,527,239)		20
	-	18,716,668		21
	-	966,304		22
79,865	(7,592,277)	-		23
				24
				25
				26
-	(31,935)	25,592,320		27
-		(25,682,548)		28
-	(31,935)	(90,228)		29
				30
				31
	-	(8,915,381)		32
-	(372)	8,915,381		33
-	(372)	-		34
				35
				36
	(189,198)	1,660,443		37
(141,599)		(1,325,583)		38
(141,599)	(189,198)	334,860		39
				40
				41
		(45,590)		42
	(270,707)	(196,997)		43
		241,750		44
-	(270,707)	(837)		45
				46

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INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1)

1. Report below investments in Account 123.1, Investments in Subsidiary Companies. (b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. with respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.

2. Provide a subheading for each company and list thereunder the information called for below. Subtotal by company and give a total in columns (e), (f), (g) and (h). 3. Report separately the equity in undistributed subsidiary earnings since acquisition. the total in column (e) should equal the amount entered for Account 418.1.

(a) Investments in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year
1	GP ACQUISITION CORP.	September 21, 1999		
2	Add Paid in Capital			1,000
3	Subtotal			1,000
4				
5	LP ACQUISITION CORP.	September 21, 1999		
6	Add Paid in Capital			1,000
7	Subtotal			1,000
8				
9				
10				
11				
12				
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35				
36				
37				
38				
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40				
41				
42				
43				
44				
45				
Total Cost of Account 123.1		\$	124,345,549	116,975,228

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INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1)

- |  |  |
|--|--|
| <p>4. Designate in a footnote, any securities, notes, or accounts that were pledged, and state the name of pledgee and purpose of the pledge.</p> <p>5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.</p> <p>6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.</p> | <p>7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustments includible in column (f).</p> <p>8. Report on Line 40, column (a) the total of Account 123.1.</p> |
|--|--|

Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
				1
		1,000		2
-	-	1,000		3
				4
				5
		1,000		6
-	-	1,000		7
				8
				9
				10
				11
				12
				13
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				38
				39
				40
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				42
				43
				44
4,903,035	2,467,286	124,345,549	-	45

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PREPAYMENTS (Account 165)						
1. Report below the particulars (details) on each prepayment.						
Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)				
1	Prepaid Insurance	1,942,134				
2	Prepaid Rents	0				
3	Prepaid Taxes	0				
4	Prepaid Interest	34,332				
5	Gas Prepayments					
6	Miscellaneous Prepayments:	6,890,609				
7	TOTAL	8,867,075				
EXTRAORDINARY PROPERTY LOSSES (Account 182.1)						
Line No.	Description of Extraordinary Loss [Include the date of loss, the date of Comm. authorization to use Account 182.1 and period of amortization (mo,yr to mo, yr) Add rows as necessary to report all data. (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Storm Damages		0	407	4,750,002	21,851,678
2					-	-
3					-	-
4					-	-
5					-	-
6					-	-
7					-	-
8					-	-
9	TOTAL		-		4,750,002	21,851,678
UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)						
Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Inclue in the description of costs, the date of the Comm. authorization (mo,yr to mo,yr) Add rows as necessary to report all data. Number rows in sequence beginning with the next row number. (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
10			NONE			
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	TOTAL					



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OTHER REGULATORY ASSETS (ACCOUNT 182.3)						
1. Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies ( and not includable in other accounts).		3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.				
2. For regulatory assets being amortized, show period of amortization in column (a).		4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.				
Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning of Year  (b)	Debits  c	WRITTEN OFF DURING YEAR		Balance at End of Year  (f)
				Account Charged (d)	Amount (e)	
1	Unamortized Conservation Costs - 1 to 10 years	\$ 14,813,249	\$ 32,273,086	Various	\$ 39,101,350	\$ 7,984,985
2	Adv Pmt Rock Island Chelan PUD - 48 years	67,707	5,209	555	41,667	31,249
3	Deferred AFUDC	28,479,448	2,550,689	406	1,104,404	29,925,733
4	Colstrip Common - 37.5 years	16,062,848	-	406	715,282	15,347,566
5	BPA Power Exchange - 30.5 years	54,662,518	-	555	3,526,620	51,135,898
6	SFAS 106 Post Ret Benefits	2,442,056	-	926	222,000	2,220,056
7						
8						
9						
10	Regulatory Tax Asset	193,016,010	-	283	25,958,000	167,058,010
11						
12						
13	Enviromental Remediation Costs	3,227,125	1,546,443	407	274,128	4,499,440
14	PURPA Buyout Regulatory Asset - Tenaska - 14 ye	231,670,758	8,792,530	555	9,503,625	230,959,663
15	PURPA Buyout Regulatory Asset - Cabot - 8.5 year	12,963,782	731,000	Various	1,070,000	12,624,782
16	Tree Watch Program - 10 years	23,420,680	6,194,431	Various	3,108,733	26,506,378
17	Gas Rental Equipment Pipe & Vent	1,274,083	603,486	--	167,834	1,709,735
18	2001 Rate Case	2,399,448	6,414,040	--	4,055,610	4,757,878
19	Low Income Program	-	684,947		684,947	-
20	Electric Gross PCA	-	29,217,652		29,217,652	-
21	Deferred Energy Costs - UE-11600	-	242,416,265		242,416,265	-
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40	TOTAL	\$ 584,499,712	\$ 331,429,778		\$ 361,168,117	\$ 554,761,373

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MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	FASB 87 Pension Costs	17,988,891	2,478,824	253	9,912,715	10,555,000
2	PSD Pension Csts Excess Cntrib	53,824,889	23,908,218	926	4,372,323	73,360,784
3	AFUCE Gross Up	349,745	80	421	183,970	165,855
4	Clearing Acct Charges	145,373	323,736	184	150,667	318,442
5	Adv. Pay Montana Firm Cntrct	459,199	-	555	51,022	408,177
6	Enviromental Remediation Exp.	19,824,206	35,167,363	Various	17,929,145	37,062,424
7	Non-temp facilities	1,283,966	2,577,312	Various	2,946,232	915,046
8	Non-temp facilities - common	881,986	5,410,680	Various	5,994,220	298,446
9	Damage Claims	1,329,286	8,114,969	Various	8,381,704	1,062,551
10	Municipal Audit Assessments	660,460	-	Various	-	660,460
11	2000 Universal Shelf	76,606	166,022	181	242,628	0
12	2002 Universal Shelf	-	259,614	Various	87,026	172,588
13	FAS 133 Net Unrealized Gain/(Loss)	(3,239,970)	6,417,344	Various	6,814,769	(3,637,395)
14	FAS 133 Unrealized Gain/(Loss)	3,239,970	2,867,243	Various	6,107,213	-
15	CFS Parts Warranty Reimbursement	-	3,747	Various	81	3,666
16	Restricted Stock Grant	-	625,275	253	250,065	375,210
17	New Credit Agreement - 364 days	-	1,576,928	Various	-	1,576,928
18						
19						
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21						
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40	TOTAL	\$ 96,824,607				\$ 123,298,182

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: <b>(1) * An Original</b> <b>(2) A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**ACCUMULATED DEFERRED INCOME TAXES (Account 190)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.      2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric	73,400,743	27,162,119	22,451,772
3	Gas	38,799,963	3,840,549	9,275,090
4	Other (Define)			
5	Total (Total of lines 2 thru 4)	112,200,706	31,002,668	31,726,862
6	Other (Specify)			
6.01				
6.02				
7	TOTAL Account 190 (Total of lines 5 thru 6.)	112,200,706	31,002,668	31,726,862
8	Classification of TOTAL			
9	Federal Income Tax	112,200,706	31,002,668	31,726,862
10	State Income Tax			
11	Local Income Tax			

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: <b>(1) * An Original</b> <b>(2) A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)**

3. If more space is needed, use separate pages as required.

4. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year  (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct No. (g)	Amount (h)	Acct No. (i)	Amount (j)		
							1
<b>3,353,567</b>	<b>2,710,118</b>			<b>190 &amp; 283</b>	<b>3,789,183</b>	71,836,130	2
<b>(4,000)</b>	<b>0</b>					44,238,504	3
							4
<b>3,349,567</b>	<b>2,710,118</b>		<b>0</b>		<b>3,789,183</b>	116,074,634	5
							6
							6.01
							6.02
<b>3,349,567</b>	<b>2,710,118</b>		<b>0</b>		<b>3,789,183</b>	116,074,634	7
							8
<b>3,349,567</b>	<b>2,710,118</b>		<b>0</b>			116,074,634	9
							10
							11

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>4/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**CAPITAL STOCK (Accounts 201 and 204)**

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.

2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1	ACCOUNT 201			
2				
3	COMMON STOCK	150,000,000	\$10.00	
4				
5	TOTAL COMMON	150,000,000	\$10.00	
6				
7	ACCOUNT 204			
8				
9	PREFERRED STOCK			
10	\$100 Par Value			
11	4.70% Cumulative	150,000	\$100.00	\$101.00
12	4.84% Cumulative	150,000	\$100.00	\$102.00
13	7.75% Cumulative	750,000	\$100.00	\$102.58
14				
15	\$25 Par Value			
16	7.45% Series II Cumulative	2,400,000	\$25.00	N/A
17				
18	TOTAL PREFERRED	3,450,000		
19				
20	ACCOUNT 205			
21				
22	8.231% Capital Securities			
23	8.40% Capital Securities			
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Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>4/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**CAPITAL STOCK (Accounts 201 and 204) (Continued)**

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.  
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.  
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

OUTSTANDING PER BALANCE SHEET		HELD BY RESPONDENT				Line No.
(Total amount outstanding without reduction for amounts held by respondent.)		AS REQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
85,903,790	\$ 859,037,900					1
						2
						3
85,903,790	\$ 859,037,900					4
						5
						6
						7
						8
						9
						10
4,311	\$ 431,100					11
14,808	1,480,800					12
412,500	41,250,000					13
						14
						15
2,400,000	60,000,000					16
						17
2,831,619	\$ 103,161,900					18
						19
						20
	\$ 100,000,000					21
	200,000,000					22
						23
						24
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Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION,  
PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK**  
(Accounts 202 and 205, 203 and 206, 207, 212)

- |  |  |
|--|--|
| <p>1. Show for each of the above accounts the amounts applying to each class and series of capital stock.</p> <p>2. For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.</p> <p>3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203.</p> | <p>Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of the year.</p> <p>4. For Premium on Account 207, Capital Stock, designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.</p> |
|--|--|

Line No.	Name of Account and Description of item (a)	* (b)	Number of Shares (c)	Amount (c)
1	ACCOUNT 207			
2				
3	Premium on Common Stock Issued During 1961		326,682	\$ 7,782,690
4	Premium on Common Stock Issued During 1968		360,000	8,640,000
5	Premium on Common Stock Issued During 1970		1,752	29,927
6	Premium on Common Stock Issued During 1971		407,191	8,493,757
7	Premium on Common Stock Issued During 1972		12,900	276,268
8	Premium on Common Stock Issued During 1973		9,706	185,819
9	Premium on Common Stock Issued During 1974		612,802	7,055,455
10	Premium on Common Stock Issued During 1975		781,163	10,703,714
11	Premium on Common Stock Issued During 1976		954,797	19,264,821
12	Premium on Preferred Stock Issued During 1976 (\$2.59)		800,000	2,000,000
13	Premium on Common Stock Issued During 1977 Stock Split		7,019,243	(68,994,489)
14	Premium on Common Stock Issued During 1977		2,519,571	22,613,874
15	Premium on Preferred Stock Issued During 1977 (\$2.34)		1,000,000	2,500,000
16	Premium on Common Stock Issued During 1978		3,357,447	15,753,536
17	Premium on Common Stock Issued During 1979		3,657,643	16,751,584
18	Premium on Common Stock Issued During 1980		4,350,026	15,190,018
19	Premium on Common Stock Issued During 1981		5,056,169	14,045,545
20	Premium on Common Stock Issued During 1982		6,105,561	24,054,868
21	Premium on Preferred Stock Issued During 1982 (\$4.375)		2,000,000	5,000,000
22	Premium on Common Stock Issued During 1983		6,204,992	26,567,671
23	Premium on Common Stock Issued During 1984		3,569,179	5,253,174
24	Premium on Common Stock Issued During 1985		2,344,132	11,106,933
25	Premium on Common Stock Issued During 1986		1,455,370	16,119,886
26	Premium on Common Stock Issued During 1987		1,866,732	19,129,717
27	Premium on Preferred Stock Transferred During 1987 to A/C 210:			
28	\$2.59		(800,000)	(2,000,000)
29	\$2.34		(1,000,000)	(2,500,000)
30	\$4.375		(2,000,000)	(5,000,000)
31	Premium on Common Stock Issued During 1988		1,795,188	16,129,075
32	Premium on Common Stock Issued During 1989		447,550	3,823,223
33	Premium on Common Stock Issued During 1992		3,012,986	49,837,127
34	Premium on Common Stock Issued During 1993		5,054,785	88,486,880
35	Premium on Common Stock Issued During 1994		11,443	124,437
36	Premium on Common Stock Issued During 1999		361,944	4,198,328
37	Premium on Common Stock Issued During 2000		981,549	13,294,693
38	Adjustment for Premium on Capital Stock previously issued by			
39	Washington Energy Co. with shares adjusted for conversion ratio of .86		9,583,670	122,847,945
40				
41	Fractional share redemption in connection with merger exchange		(1,941)	(30,026)
42				
43	Charge to Additional Paid-in Capital for Company cost of Employee			0
44	Stock Purchase Plan 1997-2001			(591,200)
45				
46				
47	TOTAL		72,220,232	\$ 478,145,250

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>		This Report Is: <b>(1) * An Original</b> <b>(2) A Resubmission</b>	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report <b>Dec. 31, 2002</b>
OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)				
<p>Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112.</p> <p>Explain changes made in any account during the year and give the accounting entries effecting such change.</p> <p>(a) <i>Donations Received from Stockholders</i> (Account 208)--State amount and give brief explanation of the origin and purpose of each donation.</p> <p>(b) <i>Reduction in Par of Stated Value of Capital Stock</i> (Account 209)--State amount and give brief explanation of the</p>		<p>capital changes which gave rise to amounts reported under this caption (Including identification with the class and series of stock to which related.</p> <p>(c) <i>Gain on Resale or Cancellation of Reacquired Capital Stock</i> (Account 210)--Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.</p> <p>(d) <i>Miscellaneous Paid-In Capital</i> (Account 211)--Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.</p>		
Line No.	Item (a)	Amount (b)		
1	Account 208 - Donations Received from Stockholder	0		
2				
3	<b>Account 209 - Reduction in Par or Stated Value of Capital Stock</b>	<b>0</b>		
4				
5	Account 210 - Gain on Resale or Cancellation of Reacquired Capital Stock	0		
6				
9	Account 211 - Miscellaneous Paid-in-Capital	<b>29,761,143</b>		
10				
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40	TOTAL	<b>29,761,143</b>		



Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: <b>(1) * An Original</b> <b>(2) A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**DISCOUNT ON CAPITAL STOCK (Account 213)**

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. Use as many rows as necessary to report all data.

2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off during the year and specify the amount charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
3		
4		
5		
6	N O N I	
7		
8		
9		
10		
11		
12		
13		
14		
15	<b>TOTAL</b>	

**CAPITAL STOCK EXPENSE (Account 214)**

1. Report the balance at end of year of capital stock expenses for each class and series of capital stock. Use as many rows as necessary to report all data.

2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
16		
17	<b>COMMON STOCK EXPENSE</b>	\$7,133,880
18		
19		
20	<b>PREFERRED STOCK EXPENSE</b>	
21	7.75% Series	786,587
22		
23	7.45% - Series II	1,650,849
24		
25		
26	2. No change during 2002 in balances.	
27		
28		
29		
35	<b>TOTAL</b>	\$ 9,571,316

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: <b>(1) * An Original</b> <b>(2) A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**SECURITIES ISSUED OR ASSUMED AND  
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

<p>1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.</p> <p>2. Provide details showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.</p> <p>3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate,</p>	<p>nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.</p> <p>4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.</p> <p>5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.</p>
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**SECURITIES ISSUED OR ASSUMED**

**PREFERRED STOCK \$25 PAR**  
None

**PREFERRED STOCK \$100 PAR**  
None

**SECURITIES REFUNDED OR RETIRED**

**COMMON STOCK \$10 STATED VALUE**  
None

**PREFERRED STOCK \$25 PAR**  
None

**PREFERRED STOCK \$100 PAR**  
Redeemed for Sinking Fund 75,000 shares 7.75% Preferred @ Par

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**LONG TERM DEBT (Accounts 221, 222, 223, and 224)**

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, *Advances from Associated Companies*, and 224, *Other Long-Term Debt*.

2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.

3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange  (a)	Nominal Date of Issue  (b)	Date of Maturity  (c)	Outstanding (Total amount outstanding without reduction for amounts held by respondent)  (d)
1	<a href="#">Account 221 - Bonds</a>			
2				
3	First Mortgage Bonds MTN - Series A	11/25/1991	11/30/2006	25,000,000
4	First Mortgage Bonds MTN - Series A	1/27/1992	2/1/2007	100,000,000
5	First Mortgage Bonds MTN - Series A	4/9/1992	4/9/2012	5,000,000
6	First Mortgage Bonds MTN - Series A	5/7/1992	5/7/2007	10,000,000
7	Forsyth Pollution Control Bonds 7.05% 1991A	8/7/1991	8/1/2021	27,500,000
8	Forsyth Pollution Control Bonds 7.25% 1991B	8/7/1991	8/1/2021	23,400,000
9	Forsyth Pollution Control Bonds 6.80%	3/1/1992	3/1/2022	87,500,000
10	Forsyth Pollution Control Bonds 5.875%	4/29/1993	4/1/2020	23,460,000
11	First Mortgage Bonds MTN - Series A	5/29/1992	5/29/2002	0
12	First Mortgage Bonds MTN - Series A	6/18/1992	6/19/2006	46,000,000
13	First Mortgage Bonds MTN - Series A	8/28/1992	8/28/2002	0
14	First Mortgage Bonds MTN - Series A	9/11/1992	9/11/2002	0
15	First Mortgage Bonds MTN - Series B	12/10/1992	12/10/2002	0
16	First Mortgage Bonds MTN - Series B	12/10/1992	12/10/2004	50,000,000
17	First Mortgage Bonds MTN - Series B	12/21/1992	12/21/2012	30,000,000
18	First Mortgage Bonds MTN - Series B	2/9/1993	2/10/2003	30,000,000
19	First Mortgage Bonds MTN - Series B	11/29/1993	12/1/2003	3,000,000
20	First Mortgage Bonds MTN - Series B	11/29/1993	12/2/2003	11,000,000
21	First Mortgage Bonds MTN - Series B	2/1/1994	2/1/2024	55,000,000
22	First Mortgage Bonds MTN - Series B	5/27/1994	5/27/2004	30,000,000
23	First Mortgage Bonds Senior MTN - Series A	12/22/1997	12/1/2027	300,000,000
24	First Mortgage Bonds Senior MTN - Series A	6/15/1998	6/15/2018	200,000,000
25	First Mortgage Bonds Senior MTN - Series B	3/9/1999	3/9/2009	150,000,000
26	First Mortgage Bonds Senior MTN - Series B	3/9/1999	3/9/2009	100,000,000
27	First Mortgage Bonds Senior MTN - Series B	9/8/2000	9/8/2008	25,000,000
28	First Mortgage Bonds Senior MTN - Series B	2/22/2000	2/22/2010	225,000,000
29	First Mortgage Bonds Senior MTN - Series C	11/9/2000	2/1/2011	260,000,000
30				
31	First Mortgage Bonds Senior MTN - Series C UE 001546 11/25/2000	1/16/2002	1/16/2004	40,000,000
32				
33	Capital Trust I - 8.231% (balance of \$100,000,000 held in account 205)	6/5/1997	6/1/2027	0
34	Capital Trust II - 8.40% (balance of \$200,000,000 held in account 205)	6/4/2001	6/30/2041	0
35				
36	Account 223, Advances from Associated Companies			0
37				
38				
39	SUBTOTAL			1,856,860,000
40	TOTAL			

Name of Respondent <b>Puget Sound Energy, Inc.</b>		This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>	
LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)					
<p>5. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during the year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.</p> <p>6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of pledge.</p> <p>7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at the end of year, describe such securities in a footnote.</p>		<p>8. If interest expense was incurred during the year or any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, <i>Interest on Long-Term Debt</i> and Account 430, <i>Interest on Debt to Associated Companies</i>. issued.</p> <p>9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.</p>			
INTEREST FOR YEAR		HELD BY RESPONDENT		Redemption Price Per \$100 at End of Year	Line No.
Rate (in %)  (e)	Amount  (f)	Reacquired Bonds (Acct. 222)  (g)	Sinking and Other Funds  (h)		
				(i)	
				-	1
				-	2
8.14%	2,035,000			-	3
7.75%	7,750,000			-	4
8.59%	429,500			-	5
8.40%	840,000			-	6
7.05%	1,938,750			-	7
7.25%	1,696,500			-	8
6.80%	5,950,000			-	9
5.875%	1,378,275			-	10
7.85%	974,708			-	11
8.06%	3,707,600			-	12
7.07%	1,261,995			-	13
7.15%	249,256			-	14
7.625%	1,800,401			-	15
7.70%	3,850,000			-	16
8.20%	2,460,000			-	17
7.02%	2,106,000			-	18
6.20%	186,000			-	19
6.40%	704,000			-	20
7.35%	4,042,500			-	21
7.80%	2,340,000			-	22
7.02%	21,060,000			-	23
6.74%	13,480,000			-	24
6.46%	9,696,512			-	25
7.00%	7,000,000			-	26
7.61%	1,902,500			-	27
7.96%	17,910,000			-	28
7.69%	19,994,000			-	29
				-	30
6.25%	2,402,778			-	31
				-	32
8.231%	8,231,000			-	33
8.400%	16,800,000			-	34
				-	35
				-	36
				-	37
				-	40
	164,177,275			-	44
				-	45

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**LONG TERM DEBT (Accounts 221, 222, 223, and 224)**

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, *Advances from Associated Companies*, and 224, *Other Long-Term Debt*.

2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.

3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange  (a)	Nominal Date of Issue  (b)	Date of Maturity  (c)	Outstanding (Total amount outstanding without reduction for amounts held by respondent)  (d)
1	<u>ACCOUNT 221- BONDS:</u>			
2	Bonds assumed which were originally issued by Washington Gas Company:			
3				
4	FIRST MORTGAGE BONDS 2020	9/1/90	9/1/20	25,000,000
5				
6				
7	SECURED MEDIUM-TERM NOTES, SERIES A - 2002	1/9/92	1/9/02	0
8	SECURED MEDIUM-TERM NOTES, SERIES A - 2022	1/13/92	1/12/22	3,000,000
9	SECURED MEDIUM-TERM NOTES, SERIES A - 2022	1/13/92	1/13/22	7,000,000
10	SECURED MEDIUM-TERM NOTES, SERIES A - 2002	6/16/92	6/17/02	0
11	SECURED MEDIUM-TERM NOTES, SERIES A - 2022	8/14/92	8/12/22	25,000,000
12				
13	SECURED MEDIUM-TERM NOTES, SERIES B - 2003	8/19/93	8/19/03	1,500,000
14	SECURED MEDIUM-TERM NOTES, SERIES B - 2008	8/18/93	8/18/08	3,500,000
15	SECURED MEDIUM-TERM NOTES, SERIES B - 2003	8/18/93	8/18/03	5,000,000
16	SECURED MEDIUM-TERM NOTES, SERIES B - 2003	8/24/93	8/25/03	1,500,000
17	SECURED MEDIUM-TERM NOTES, SERIES B - 2013	8/18/93	8/19/13	3,000,000
18	SECURED MEDIUM-TERM NOTES, SERIES B - 2003	8/24/93	8/26/03	20,000,000
19	SECURED MEDIUM-TERM NOTES, SERIES B - 2008	8/19/93	8/19/08	1,000,000
20	SECURED MEDIUM-TERM NOTES, SERIES B - 2023	8/18/93	8/18/23	3,000,000
21	SECURED MEDIUM-TERM NOTES, SERIES B - 2004	9/30/93	1/15/04	8,500,000
22	SECURED MEDIUM-TERM NOTES, SERIES B - 2004	9/30/93	1/16/04	10,000,000
23	SECURED MEDIUM-TERM NOTES, SERIES B - 2013	9/30/93	10/1/13	10,000,000
24				
25	SECURED MEDIUM-TERM NOTES, SERIES C - 2005	9/11/95	9/12/05	8,000,000
26	SECURED MEDIUM-TERM NOTES, SERIES C - 2005	9/11/95	9/12/05	3,000,000
27	SECURED MEDIUM-TERM NOTES, SERIES C - 2005	9/11/95	9/12/05	20,000,000
28	SECURED MEDIUM-TERM NOTES, SERIES C - 2007	9/11/95	9/11/07	20,000,000
29	SECURED MEDIUM-TERM NOTES, SERIES C - 2007	9/11/95	9/12/07	5,000,000
30	SECURED MEDIUM-TERM NOTES, SERIES C - 2010	9/11/95	9/13/10	7,000,000
31	SECURED MEDIUM-TERM NOTES, SERIES C - 2015	9/11/95	9/11/15	10,000,000
32	SECURED MEDIUM-TERM NOTES, SERIES C - 2015	9/11/95	9/15/15	2,000,000
33	SECURED MEDIUM-TERM NOTES, SERIES C - 2009	12/20/95	12/21/09	3,000,000
34	SECURED MEDIUM-TERM NOTES, SERIES C - 2009	12/20/95	12/22/09	5,000,000
35	SECURED MEDIUM-TERM NOTES, SERIES C - 2025	12/20/95	12/19/25	15,000,000
36	SECURED MEDIUM-TERM NOTES, SERIES C - 2006	12/21/95	12/21/06	10,000,000
37	SECURED MEDIUM-TERM NOTES, SERIES C - 2025	12/20/95	12/22/25	2,000,000
38				
39	Subtotal			237,000,000
40	TOTAL			2,093,860,000

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)**

5. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during the year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of pledge.

7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at the end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year or any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, *Interest on Long-Term Debt* and Account 430, *Interest on Debt to Associated Companies*, issued.

9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

INTEREST FOR YEAR		HELD BY RESPONDENT		Redemption Price Per \$100 at End of Year	Line No.
Rate (in %)	Amount	Reacquired Bonds (Acct. 222)	Sinking and Other Funds		
(e)	(f)	(g)	(h)	(i)	
				-	1
				-	2
				-	3
				-	4
				-	5
				-	6
				-	7
				-	8
				-	9
				-	10
				-	11
				-	12
				-	13
				-	14
				-	15
				-	16
				-	17
				-	18
				-	19
				-	20
				-	21
				-	22
				-	23
				-	24
				-	25
				-	26
				-	27
				-	28
				-	29
				-	30
				-	31
				-	32
				-	33
				-	34
				-	35
				-	36
				-	37
				-	38
				-	39
				-	45
					46
	\$18,026,897				
	\$182,204,172				

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)**

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.  
2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.  
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt  (a)	Principal Amount of Debt Issued  (b)	Total Expense, Premium or Discount  (c)	AMORTIZATION PERIOD	
				Date From (d)	Date To (e)
1	Account 181 - Unamortized Debt Expense				
2					
3	First Mortgage Bonds MTN - Series A	25,000,000	207,952	Nov-91	Nov-06
4	First Mortgage Bonds MTN - Series A	100,000,000	839,600	Jan-92	Feb-07
5	First Mortgage Bonds MTN - Series A	5,000,000	44,968	Apr-92	Apr-12
6	First Mortgage Bonds MTN - Series A	10,000,000	83,981	May-92	May-07
7					
8	Forsyth Pollution Control Bonds 7.05% 1991A	27,500,000	780,408	Aug-91	Aug-21
9	Forsyth Pollution Control Bonds 7.25% 1991E	23,400,000	625,255	Aug-91	Aug-21
10	Forsyth Pollution Control Bonds 6.80%	87,500,000	2,018,916	Mar-92	Mar-22
11	Forsyth Pollution Control Bonds 5.875%	23,460,000	617,951	Apr-93	Apr-20
12					
13	First Mortgage Bonds MTN - Series A	30,000,000	229,178	May-92	May-02
14	First Mortgage Bonds MTN - Series A	46,000,000	351,408	Jun-92	Jun-06
15	First Mortgage Bonds MTN - Series A	27,000,000	203,770	Aug-92	Aug-02
16	First Mortgage Bonds MTN - Series A	5,000,000	37,735	Sep-92	Sep-02
17	First Mortgage Bonds MTN - Series B	25,000,000	181,250	Dec-92	Dec-02
18			33,750		
19	First Mortgage Bonds MTN - Series B	50,000,000	362,500	Dec-92	Dec-04
20			173,500		
21	First Mortgage Bonds MTN - Series B	30,000,000	255,000	Dec-92	Dec-12
22					
23	First Mortgage Bonds MTN - Series B	30,000,000	217,500	Feb-93	Feb-03
24					
25					
26	First Mortgage Bonds MTN - Series B	3,000,000	21,750	Nov-93	Dec-03
27	First Mortgage Bonds MTN - Series B	11,000,000	79,750	Nov-93	Dec-03
28	First Mortgage Bonds MTN - Series B	55,000,000	467,735	Feb-94	Feb-24
29					
30	First Mortgage Bonds MTN - Series B	30,000,000	217,500	May-94	May-04
31	Conservation Bonds - 1995 Series	202,250,000	2,528,066	Jun-95	Apr-05
32					
33	First Mortgage Bonds Senior MTN - Series A	300,000,000	3,020,891	Dec-97	Dec-27
34	First Mortgage Bonds Senior MTN - Series A	200,000,000	2,013,927	Jun-98	Jun-18
35	First Mortgage Bonds Senior MTN - Series B	150,000,000	1,089,295	Mar-99	Mar-09
36	First Mortgage Bonds Senior MTN - Series B	100,000,000	951,197	Mar-99	Mar-29
37	First Mortgage Bonds Senior MTN - Series B	25,000,000	182,279	Sep-00	Sep-08
38	First Mortgage Bonds Senior MTN - Series B	225,000,000	1,729,237	Feb-00	Feb-10
39	First Mortgage Bonds Senior MTN - Series C	260,000,000	1,865,627	Nov-00	Feb-11
40					
41	First Mortgage Bonds Senior MTN - Series C	40,000,000	226,896	Jan-02	Jan-04
42					
43	Capital Trust I - 8.231%	100,000,000	1,311,547	Jun-97	Jun-27
44	Capital Trust II - 8.40%	200,000,000	6,760,982	Jun-01	Jun-41
45					
46	<b>SUBTOTAL</b>	<b>2,446,110,000</b>	<b>29,731,301</b>		
47					
48	Acct 226 - Unamortized Discount on Long Term Debt				
49	7.625% Bonds				
50	7.70% Bonds				
51					
52					
53	<b>SUBTOTAL</b>				
54					

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002	
UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226) (Cont.)				
5. Furnish in a footnote particulars (details) re- garding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.		6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years. 7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.		
Balance at Beginning of Year  (f)	Debits During Year  (g)	Credits During Year  (h)	Balance at End of Year  (i)	Line No.
				1
67,842	0	13,798	54,044	2
284,276	0	55,923	228,353	3
22,368	466	2,229	20,605	4
29,890	0	5,604	24,286	5
				6
				7
479,136	0	24,467	454,669	8
408,642	0	20,867	387,775	9
1,357,161	0	67,297	1,289,864	10
417,757	0	22,891	394,866	11
				12
9,520	0	9,520	0	13
112,105	0	25,169	86,936	14
13,672	0	13,672	0	15
2,593	0	2,593	0	16
20,772	0	20,772	0	17
				18
107,496	0	36,856	70,640	19
				20
160,779	0	14,650	146,129	21
				22
29,287	0	27,034	2,253	23
				24
				25
5,039	0	2,629	2,410	26
18,477	0	9,640	8,837	27
389,236	0	17,626	371,610	28
				29
62,436	0	25,985	36,451	30
495,611	481	258,053	238,039	31
				32
2,622,170	0	101,177	2,520,993	33
1,661,124	0	100,929	1,560,195	34
788,589	0	109,653	678,936	35
865,603	0	31,833	833,770	36
162,933	0	24,349	138,584	37
1,393,571	0	171,078	1,222,493	38
1,660,174	0	182,771	1,477,403	39
				40
0	243,580	128,919	114,661	41
				42
961,111	597	38,415	923,293	43
6,657,423	924	168,553	6,489,794	44
				45
21,266,793	246,048	1,734,952	19,777,889	46
				47
				48
(3,103)		3,103	0	49
(42,268)		14,492	(27,776)	50
				51
				52
(45,371)		17,595	(27,776)	53
				54



Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)**

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.  
2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.  
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt  (a)	Principal Amount of Debt Issued  (b)	Total Expense, Premium or Discount  (c)	AMORTIZATION PERIOD	
				Date From (d)	Date To (e)
1	<u>Account 181 - Unamortized Debt Expense</u>				
2	Bonds assumed which were originally issued by				
3	Washington Gas Company:				
4					
5	First Mortgage Bonds      2020    9.57%	25,000,000	138,955	Sep 1990	Sep 2020
6					
7	Secured MTN, Series A      2002    7.53%	10,000,000	101,521	Jan 1992	Jan 2002
8	Secured MTN, Series A      2022    8.40%	3,000,000	34,231	Jan 1992	Jan 2022
9	Secured MTN, Series A      2022    8.39%	7,000,000	79,871	Jan 1992	Jan 2022
10	Secured MTN, Series A      2002    7.91%	20,000,000	200,488	Jun 1992	Jun 2002
11	Secured MTN, Series A      2022    8.25%	25,000,000	274,009	Aug 1992	Aug 2022
12					
13	Secured MTN, Series B      2003    6.24%	1,500,000	15,596	Aug 1993	Aug 2003
14	Secured MTN, Series B      2008    6.53%	3,500,000	37,265	Aug 1993	Aug 2008
15	Secured MTN, Series B      2003    6.31%	5,000,000	51,986	Aug 1993	Aug 2003
16	Secured MTN, Series B      2003    6.23%	1,500,000	15,596	Aug 1993	Aug 2003
17	Secured MTN, Series B      2013    6.83%	3,000,000	34,942	Aug 1993	Aug 2013
18	Secured MTN, Series B      2003    6.30%	20,000,000	207,944	Aug 1993	Aug 2003
19	Secured MTN, Series B      2008    6.51%	1,000,000	10,647	Aug 1993	Aug 2008
20	Secured MTN, Series B      2023    7.19%	13,000,000	151,414	Aug 1993	Aug 2023
21	Secured MTN, Series B      2004    6.10%	8,500,000	88,050	Sep 1993	Jan 2004
22	Secured MTN, Series B      2004    6.07%	10,000,000	103,588	Sep 1993	Jan 2004
23	Secured MTN, Series B      2013    6.90%	10,000,000	116,088	Sep 1993	Sep 2013
24					
25	Secured MTN, Series C      2005    6.92%	8,000,000	80,641	Sep 1995	Sep 2005
26	Secured MTN, Series C      2005    6.92%	3,000,000	30,240	Sep 1995	Sep 2005
27	Secured MTN, Series C      2005    6.93%	20,000,000	201,603	Sep 1995	Sep 2005
28	Secured MTN, Series C      2007    7.02%	20,000,000	201,603	Sep 1995	Sep 2007
29	Secured MTN, Series C      2007    7.04%	5,000,000	50,401	Sep 1995	Sep 2007
30	Secured MTN, Series C      2010    7.12%	7,000,000	74,061	Sep 1995	Sep 2010
31	Secured MTN, Series C      2015    7.35%	10,000,000	113,301	Sep 1995	Sep 2015
32	Secured MTN, Series C      2015    7.36%	2,000,000	22,660	Sep 1995	Sep 2015
33	Secured MTN, Series C      2009    6.61%	3,000,000	18,750	Dec 1995	Dec 2009
34	Secured MTN, Series C      2009    6.62%	5,000,000	31,250	Dec 1995	Dec 2009
35	Secured MTN, Series C      2025    7.15%	15,000,000	112,500	Dec 1995	Dec 2025
36	Secured MTN, Series C      2006    6.58%	10,000,000	62,500	Dec 1995	Dec 2006
37	Secured MTN, Series C      2025    7.20%	2,000,000	15,000	Dec 1995	Dec 2025
38					
39	SUBTOTAL	277,000,000	2,676,702		
40					
41					
42					
43					
44					
45					
46					
47					
48	TOTAL	2,723,110,000	32,408,003		

Name of Respondent	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002	
UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226) (Cont.)				
5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.		6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years. 7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.		
Balance at Beginning of Year  (f)	Debits During Year  (g)	Credits During Year  (h)	Balance at End of Year  (i)	Line No.
93,632		5,016	88,616	1
0		0	0	2
22,924		1,146	21,778	3
53,490		2,675	50,816	4
10,072		10,072	0	5
188,743	245	9,145	179,843	6
2,581		1,630	951	7
16,802		2,552	14,250	8
8,600		5,432	3,168	9
2,584		1,632	952	10
20,608		1,779	18,829	11
34,446		21,756	12,690	12
4,801		729	4,072	13
113,356		5,107	108,249	14
15,971		9,126	6,845	15
18,790		10,737	8,053	16
69,204		5,890	63,314	17
30,312		8,267	22,045	18
11,367		3,100	8,267	19
75,779		20,667	55,112	20
97,524		17,210	80,314	21
24,381		4,302	20,079	22
43,755		5,049	38,706	23
79,003		5,781	73,222	24
15,801		1,157	14,644	25
11,352		1,434	9,918	26
18,920		2,390	16,530	27
94,242		3,940	90,302	28
30,115		6,125	23,990	29
12,571		526	12,045	30
1,221,726	245	174,371	1,047,600	31
				32
				33
				34
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				46
				47
			20,825,489	48

Name of Respondent	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002			
Puget Sound Energy, Inc.						
UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)						
<p>1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.</p> <p>2. In column (c) show the principal amount of bonds or other long-term debt reacquired.</p> <p>3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform System of Accounts.</p> <p>4. Show loss amounts by enclosing the figures in parentheses.</p> <p>5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, <i>Amortization of Loss on Reacquired Debt</i>, or credited to Account 429.1, <i>Amortization of Gain on Reacquired Debt-Credit</i>.</p>						
Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	First Mortgage Bonds, 9 1/2% Series, due 7/1/00	4/20/1987	30,000,000	N/A	9,640	0
2						
3	First Mortgage Bonds, 7 3/4% Series, due 10/1/02	3/8/1993	30,000,000	N/A	16,689	1,284
4						
5	First Mortgage Bonds, 8-3/4% Series, due 3/1/04	6/10/1992	30,000,000	N/A	8,674	0
6						
7	First Mortgage Bonds, 8-7/8% Series, due 10/1/06	6/22/1992	40,000,000	N/A	133,940	103,858
8						
9	First Mortgage Bonds, 9-7/8% Series, due 7/1/08	4/20/1987	65,000,000	N/A	743	0
10						
11	First Mortgage Bonds, 8-1/4% Series, due 4/1/96	4/1/1992	100,000,000	N/A	554,991	445,813
12						
13	First Mortgage Bonds, 10% Series, due 9/15/94	9/15/1992	100,000,000	N/A	22,920	0
14						
15	First Mortgage Bonds, 9-5/8% Series, due 9/15/94	2/7/1994	50,000,000	N/A	3,729,436	3,560,556
16						
17	PCB 82 Series due 7/1/12	6/17/1986	115,000,000	N/A	889,892	816,545
18						
19	PCB 86 Series due 7/1/12	8/9/1991	115,000,000	N/A	585,327	551,075
20						
21	PCB 87 Series due 12/1/16	8/9/1991	23,400,000	N/A	369,669	350,792
22						
23	6.30% PCB due 6/1/07	4/29/1993	7,000,000	N/A	89,883	84,958
24						
25	PEI First Mortgage Bonds, 9.375% Series, due 12/1/17	1/4/1993	114,000,000	N/A	1,066,161	574,030
26						
27	First Mortgage Bonds, 9.14% Series, due 6/15/18	6/22/1998	30,000,000	N/A	57,737	54,233
28						
29						
30	<u>Mortgage Bonds originally issued by WECO</u>					
31						
32	First Mortgage Bonds, 10.4% Series, due 9/1/99	1/22/1992	9,200,000	(387,374)	24,970	0
33						
34	First Mortgage Bonds, 10-1/4% Series, due 6/1/95	1/22/1992	8,445,000	(127,402)	8,212	0
35						
36	First Mortgage Bonds, 8-5/8% Series, due 8/1/94	1/31/1992	20,000,000	(536,270)	34,567	0
37						
38	First Mortgage Bonds, 10-1/4% Series, due 12/15/97	12/15/1995	30,000,000	(383,554)	272,774	254,438
39						
40						
41						
42						
43	Total Unamortized Losses (189)				7,876,225	6,797,582
44						
45	Unamortized Gain - PCB 5.9% Series (257)	Various	Various	N/A	(44,677)	(42,229)
46	Unamortized Gain - WNG 7.19% (257)				(1,099,059)	(978,062)
47						
48						
49	Total Unamortized Gains (257)				(1,143,736)	(1,020,291)

Name of Respondent <b>Puget Sound Energy, Inc.</b>		This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
<b>RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES</b>				
1. Report the reconciliation of report net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.		2. If the utility is a member of a group which files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, inter-company amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.		
Line No.	Details (a)	Amount (b)		
1	Net Income (Loss) for the Year (Page 116)	108,947,246		
2	Reconciling Items for the Year:			
3				
4	Taxable Income Not Reported on Books:			
5	* See foot note page	(10,463,701)		
6				
7	Deductions Recorded on Books Not Deducted for Return:			
8	Provision for tax expense	48,104,073		
9	* See foot note page	3,968,255		
10				
11				
12				
13				
14				
15				
16				
17	Income Recorded on Books Not Included in Return:			
18	* See foot note page	11,187,524		
19				
20	Deductions on Return Not Charged Against Book Income:			
21	* See foot note page	117,127,833		
22				
23				
24				
25				
26				
27				
28	Estimated Federal Tax Net Income	22,240,516		
29	Taxable Income	22,240,516		
30	Income Tax Accrual	7,783,626		
31	Less credits			
32	Fuel Credit			
33	Adjustments:			
34	Prior Period Adjustments	(66,426,539)		
35	Tax Adjusting and Reclassification Entries	(31,916,145)		
36	Total Income Tax Accrual	(90,559,058)		
37				
38				
39	Operating Income Taxes	(87,153,016)		
40	Non-Operating Income Taxes	(3,406,042)		
41	Net Income Taxes	(90,559,058)		
42				
43				

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES (Continued)

Particulars (Details) (a)	Amount (b)
------------------------------	---------------

Summary of As-filed and Prior Year Adjustments

	2001 and prior year adjustments	2002 Provision	Total Provision
Current tax provision:			
Utility operating income	(98,343,016)	11,190,000	(87,153,016)
Other income	332	(3,406,374)	(3,406,042)
Deferred tax provision:			
Utility operating income	83,687,052	54,408,433	138,095,485
Other income	(4,000)	1,232,373	1,228,373
Amortization of ITC	0	(660,727)	(660,727)
	(14,659,632)	62,763,705	48,104,073

Name of Respondent Puget Sound Energy, Inc.	This Report is (1) X An Original	Date of Report 4/30/03	Year of Report Dec. 31, 2002
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FOOTNOTES

Schedule Page: 261 Line No.: 5 Column: b

**Taxable Income Not Reported on Books - CR (DR):**

Contributions in Aid of Construction - Net	9,735,930
Tenaska AFUDC Net	(7,137,000)
Loss on ACRS/MACRS Property	(8,601,517)
Gain on Land Sale	(2,166,574)
Demand Charges - Net	22,492
Gain on Sale of Emission Allowances	(306,286)
Intercompany Interest Income	14,501
FAS 106 Net	1,948,914
Site Clean-up Costs/Recoveries - net	(3,974,161)
Total Line 5	<u>(10,463,701)</u>

Schedule Page: 261 Line No.: 9 Column: b

**Deductions Recorded on Books Not Deducted in Return - DR (CR):**

Amort. Of Expns Related to Bond Redemptions	871,562
Unallowable Civic and Political Expenses	1,419,927
Capitalized Interest	3,245,555
Colstrip Reclamation	1,362,338
Property Taxes Capitalized	289,558
Storm Damage Amortization	4,750,002
Deferred Compensation Accruals, Net of Pymnts	2,655,455
Energy Conservation Costs, Amortization	27,743,050
Adjustment to Travel & Entertainment Exp.	384,240
Officers Life Insurance	(1,042,830)
Amortization of Capitalized Colstrip Costs	706,981
Excess Book Amortization of WNP#3	3,526,620
Executive Incentive Program	590,136
Pension Expense	(19,535,895)
FAS 133 Book Loss	(11,611,501)
Electric Plant Acquisition Adjustment	37,000
Rate Case Expenses (Net of Amortization)	(2,358,429)
Vacation Pay	(552,045)
Inventory Adjustments	500,000
Officer SERPS	(2,476,884)
DSM Amortization net of cost	277,293
Amortization - Customer connect fees	14,964
Miscellaneous	(6,828,842)
Total Line 9	<u>3,968,255</u>

Name of Respondent Puget Sound Energy, Inc.	This Report is (1) X An Original	Date of Report 4/30/03	Year of Report Dec. 31, 2002
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FOOTNOTES

Schedule Page: 261 Line No.: 18 Column: b

**Income Recorded on Books Not Included in Return - CR (DR):**

Allowance for Funds Used During Construction	4,548,335
Amortization of Reacquired Debt	2,448
Subsidiary Income Booked	4,903,035
Tax Exempt Interest	167,600
Deferred Revenue - ConneXt	1,749,996
AFUCE	(183,890)
Total Line 18	<u>11,187,524</u>

Schedule Page: 261 Line No.: 21 Column: b

**Deductions on Return Not Charged Against Book Income - DR (CR):**

ADR Dismantling	987,576
Indirect Cost Adjustment – Current Year Adjustment	19,893,294
Payroll Taxes Charged to Retirements	230,056
State and Local Tax Adjustments	1,240,039
Tenaska Amortization	6,451,333
Bad Debt Adjustment	1,896,060
2002 Conservation Expenditures	9,861,202
Injuries & Damages	50,000
Deferred Stock Options - WECO	(2,374)
Virtual Right of Way	3,085,698
Depreciation Adjustment	72,362,184
Cabot Gas Contract Purchase	1,072,765
Total Line 21	<u>117,127,833</u>

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2002	Year of Report Dec. 31, 2002
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**TAXES ACCRUED, PREPAID AND CHARGED DURING THE YEAR**

1. Give particulars (detail) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.  
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.  
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

Line No.	Kind of Tax (See Instruction 5)  (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)
1	FEDERAL		
2	Income	(2,647,808)	
3	Unemployment	13,910	
4	FICA	(13,948)	
5	Other Federal Taxes	(572)	15,767
6	STATE		
7	Property	35,346,495	
8	State Excise	9,542,020	
9	Municipal Excise	9,195,944	
10	Other State Taxes	883,451	
11			
12			
13	State of Montana & Oregon		
14	Property	4,119,435	
15	Corporate License	1,301,916	
16	Other State Taxes	440,121	
17	TOTAL	58,180,964	15,767

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)**

Line No.	Electric (Account 408.1, 409.1)  (i)	Gas (Account 408.1, 409.1)  (j)	Other Utility Departments (Account 408.1, 409.1)  (k)	Other Income and Deductions (Account 408.2, 409.2)  (l)
1				
2	(43,578,530)	(43,574,486)		(3,406,042)
3	564,099	252,446		
4	5,317,327	2,379,615	125,470	
5				
6				
7	22,048,218	10,875,636		36,000
8	50,095,584	26,639,595	752,476	
9	38,868,432	28,901,677		
10			40,992	
11				
12				
13				
14	15,085,387			
15	(547,866)			
16	1,630,000			
17	89,482,651	25,474,483	918,938	(3,370,042)



Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2002	Year of Report Dec. 31, 2002
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**TAXES ACCRUED, PREPAID AND CHARGED DURING THE YEAR (Continued)**

4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.  
5. If any tax (exclude Federal and state income taxes) covers more than one year, identify the year in column (a).  
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.  
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.  
8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.  
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Included in Account 165) (h)	
					1
(90,918,497)	94,943,086	(4,504,000)	(3,127,219)		2
1,202,043	(1,191,179)		24,774		3
11,330,744	(11,163,549)		153,247		4
22,392	(7,444)		240	1,631	5
					6
33,322,650	(32,891,873)	10,836	35,788,108		7
77,527,298	(79,398,739)		7,670,579		8
67,770,110	(67,231,585)		9,734,469		9
2,761,036	(3,178,724)	(50)	465,713		10
					11
					12
15,085,387	(9,040,397)		10,164,425		14
(547,866)	(350,000)		404,050		15
1,630,000	(1,646,551)		423,570		16
119,185,297	(111,156,955)	(4,493,214)	61,701,956	1,631	17

**DISTRIBUTION OF TAXES CHARGED (Show utility department applicable and account charged.)**

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	Line No.
				1
			Deferred Income Taxes (190)	2
			Const. Work In Process (107)	3
			Const. Work In Process (107)	4
			Const. Work In Process (107)	5
				6
			Const. Work In Process (107)	7
			Fuel Expense (547)	8
				9
			Const. Work In Process (107)	10
				11
				12
				13
				14
				15
				16
				17
				6,679,266

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
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MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year. 2. Minor items (less than \$250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Accrued Director Fees	799,391
2	Operating Leases - Whitehorn	1,827,449
3	FERC License Fees - Snoqualmie, Baker	213,360
4	FERC License Fees - White River	53,995
5	Employee severance payable	23,714
6	Conservation Trust Funds - 1995	1,243,061
7	Wash. State Annual Filing Fee	2,595,421
8	Accrued WUTC Fee	1,450,814
9	Workers Comp Reserve	789,581
10	401(k) 1% Company Contributions	1,176,945
11	Trading floor FERC fees payable	125,001
12	401(k) 1% Company contributions - Incentive plan	589,420
13	Colstrip Industrial Accident Claim	2,000,000
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42	TOTAL	12,888,152

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**OTHER DEFERRED CREDITS (ACCOUNT 253)**

1. Report below the details called for concerning other deferred credits.

2. For any deferred credit being amortized, show the period of amortization.

3. Minor items (less than \$250,000) may be grouped by classes

Line No.	Description of Other Deferred Credits	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	DEFERRED COMP - SALARY	21,120,021	232	9,358,698	12,014,153	23,775,476
2	FAS 87 PENSION LIABILITY	23,136,891	211,186	539	(5,335,352)	17,801,000
3	SPEC EMP RETIREMENT BENEFITS	5,745,509	232	6,051,354	2,056,256	1,750,411
4	SFAS 106 UNFUNDED LIABILITY	8,463,621	131	2,232,384	3,959,297	10,190,534
5	EXECUTIVE INCENTIVE PLANS	6,129,666	232,417	5,187,386	5,655,003	6,597,283
6	DEFERRED INTERCHANGE POWER	257,018	555	8,597,313	8,368,177	27,882
7	MISC ITEMS	120,428	Various	102,630	101,333	119,131
8	DEFERRED STOCK OPTIONS	50,975	232,417	13,999	16,373	53,349
9	PSE NON-QUAL RETIRE PLAN LIAB	21,942,148	232	16,637,205	11,147,199	16,452,142
10	COLSTRIP 3&4 FINAL RECLAMATION LIAB	1,037,374		-	1,362,337	2,399,711
11	UNCLAIMED PROPERTY	-	131	188,004	205,252	17,248
12	UNEARNED REVENUE	461,597	Various	1,687,162	2,117,181	891,616
13	OTHER DEFERRED CREDIT - ADS	16,869,625	Various	1,749,996	-	15,119,629
14	DEFERRED CREDIT - UTILICORP	-		-	21,425,000	21,425,000
15	RESIDENTIAL EXCHANGE -DEFERRED CREDIT	6,071,851	555	277,955,056	299,156,546	27,273,341
16	FAS 133 UNREALIZED LOSS	31,827,597	Various	47,079,189	15,251,592	-
17	UNAPPL CONSERVATION & RENEWABLE DISC	765,000		-	3,067,500	3,832,500
18	UNEARNED REVENUE - POLE CONTACTS	1,109,193	454	3,437,952	3,574,384	1,245,625
19	ENVIRONMENTAL REMEDIATION	8,617,573	232	8,617,573	-	-
20	UNALLOCATED LAWSUIT INSURANCE	-			375,000	375,000
21	CENTRALIA FUEL REFUND - RECLAMATION TAX	-	419,421	840,085	840,085	-
22	INTERIM RELIEF UE-011411 PAYABLE	-		-	643,539	643,539
23	LOW INCOME PROGRAM	-	908	1,952,075	5,713,648	3,761,573
24	CONTRA LOW INCOME PROGRAM	-	Various	362,420	-	(362,420)
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36	<b>TOTAL</b>	<b>153,726,087</b>		<b>392,051,020</b>	<b>391,714,503</b>	<b>153,389,570</b>

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
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**ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.  
2. For Other (Specify), include deferrals relating

Line No.	Account Subdivisions  (a)	Balance at Beginning of Year  (b)	CHANGES DURING YEAR	
			Amounts Debited (Account 410.1) (c)	Amounts Credited (Account 411.1) (d)
1	Account 282			
2	Electric	316,999,284	11,964,951	257,000
3	Gas	98,438,895	33,942,000	19,171,000
4	Other (Define)			
5	TOTAL (Enter Total of lines 2 thru 4)	415,438,179	45,906,951	19,428,000
6	Other (Specify)			
6.01				
6.02				
7	TOTAL Account 282 (Enter Total of lines 5 thru 6.?)	415,438,179	45,906,951	19,428,000
8	Classification of TOTAL			
9	Federal Income Tax			
10	State Income Tax			
11	Local Income Tax			

NOTES

Name of Respondent Puget Sound Energy, Inc.		This Report Is: (1) * An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 04/30/2003		Year of Report Dec. 31, 2002	
ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)							
to other income and deductions. 3. Add rows as necessary to report all data. When rows are added, the				additional row numbers should follow in sequence, 4.01, 4.02 and 6.01, 6.02, etc. Use separate pages as required			
CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year  (k)	Line No.
Amounts Debited (Account 410.2) (e)	Amounts Credited (Account 411.2) (f)	Debits		Credits			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
				190	(88,000)	328,795,235	1
						113,209,895	2
							3
			0		(88,000)	442,005,130	4
							5
							6
							6.01
							6.02
					(88,000)	442,005,130	7
							8
			0				9
							10
							11
NOTES (Continued)							

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: <b>(1) * An Original</b> <b>(2) A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.  
2. For Other (Specify), include deferrals relating

Line No.	Account Subdivisions  (a)	Balance at Beginning of Year  (b)	CHANGES DURING YEAR	
			Amounts Debited (Account 410.1) (c)	Amounts Credited (Account 411.1) (d)
1	Account 283			
2	Electric	238,012,857	111,624,836	6,420,108
3	Gas	51,836,340	7,136,000	-
3.1	Thermal Group *		-	
4	Other (Define)			
5	Total (Total of lines 2 thru 4)	289,849,197	118,760,836	6,420,108
6	Other (Specify)			
6.01				
6.02				
7	TOTAL (Total of lines 5 thru 6.?)	289,849,197	118,760,836	6,420,108
8	Classification of TOTAL			
9	Federal Income Tax			
10	State Income Tax			
11	Local Income Tax			

NOTES

\* From subsidiary merged into parent company.

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**ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)**

to other income and deductions. Include amounts relating to insignificant items listed under Other.  
 3. Provide in a footnote, explanations for pages 276 and 277. 4. Add additional rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited (Account 410.2) (e)	Amounts Credited (Account 411.2) (f)	Debits		Credits			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
-	5,076		18,258,000		7,785,000	332,739,509	1
594,000						59,566,340	2
			-				3
							3.1
							4
594,000	5,076		18,258,000		7,785,000	392,305,849	5
							6
							6.01
594,000	5,076		18,258,000		7,785,000	392,305,849	6.02
							7
							8
							9
							10
							11

NOTES (Continued)

Name of Respondent Puget Sound Energy, Inc.		This Report Is: (1) * An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002	
OTHER REGULATORY LIABILITIES (ACCOUNT 254)						
1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies ( and not includable in other accounts).			2. For regulatory assets being amortized, show period of amortization in column (a). 3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.			
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Account Credited (c)	Amount (d)		
1	Rock Island Power Costs - 34 Years	1,991,967	555	263,586	0	1,728,381
2						
3	Whitehorn 2 & 3 Lease - 21.5 Years	140,771	550	54,492	-	86,279
4						
5	Unamort Gain from Disposition of Allowances	3,430,713		407,901	89,173	3,111,985
6						
7						
8						
9						
10						
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12						
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14						
15						
16						
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31						
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37						
38						
39						
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41						
42						
43						
44						
45	TOTAL	5,563,451		725,979	89,173	4,926,645



Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: <b>(1) * An Original</b> <b>(2) A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>4/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**GAS OPERATING REVENUES**

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.

2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.

3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.

Line No.	Title of Account  (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	480-484 Sales				
2	485 Intracompany Transfers				
3	487 Forfeited Discounts				
4	488 Miscellaneous Service Revenues				
5	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
6	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities				
7	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
8	489.4 Revenues from Storing Gas of Others				
9	490 Sales of Prod. Ext. from Natural Gas				
10	491 Revenues from Natural Gas Proc. by Others				
11	492 Incidental Gasoline and Oil Sales				
12	493 Rent from Gas Property				
13	494 Interdepartmental Rents				
14	495 Other Gas Revenues				
15	Subtotal:				
16	496 (Less) Provision for Rate Refunds				
17	TOTAL:				

Name of Respondent Puget Sound Energy, Inc.		This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2003	Year of Report Dec. 31, 2002
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GAS OPERATING REVENUES (Continued)

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.

5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.

6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.

OTHER REVENUES		TOTAL OPERATING REVENUES		DEKATHERM OF NATURAL GAS	
Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
673,204,517	793,073,581	673,204,517	793,073,581	83,957,499	89,052,530
1,435,070	318,133	1,435,070			
872,862	1,468,892	872,862	1,468,892		
12,851,292	11,779,574	12,851,292	11,779,574	20,785,167	20,403,496
8,049,782	8,304,206	8,049,782	8,304,206		
741,980	126,789	741,980	126,789		
697,155,503	815,071,175	697,155,503	815,071,175		
697,155,503	815,071,175	697,155,503	815,071,175		

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>		This Report Is: <b>(1) * An Original</b> <b>(2) A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>4/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
<b>GAS OPERATION AND MAINTENANCE EXPENSES</b>				
1. Report operation and maintenance expenses. If the amount for previous year is not derived from previously reported figures, explain in footnotes.		2. Provide in footnotes the source of the index used to determine the price for gas supplied by shippers as reflected on line 74.		
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
1	1. PRODUCTION EXPENSES			
2	A. Manufactured Gas Production			
3	Manufactured Gas Production	294,670	265,950	
4	B. Natural Gas Production			
5	B1. Natural Gas Production and Gathering			
6	Operation			
7	750 Operation Supervision and Engineering			
8	751 Production Maps and Records			
9	752 Gas Wells Expenses			
10	753 Field Lines Expenses			
11	754 Field Compressor Station Expenses			
12	755 Field Compressor Station Fuel and Power			
13	756 Field Measuring and Regulating Station Expenses			
14	757 Purification Expenses			
15	758 Gas Well Royalties			
16	759 Other Expenses			
17	760 Rents			
18	TOTAL Operation (Enter Total of lines 7 thru 17)	0	0	
19	Maintenance			
20	761 Maintenance Supervision and Engineering			
21	762 Maintenance of Structures and Improvements			
22	763 Maintenance of Producing Gas Wells			
23	764 Maintenance of Field Lines			
24	765 Maintenance of Field Compressor Station Equipment			
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment			
26	767 Maintenance of Purification Equipment			
27	768 Maintenance of Drilling and Cleaning Equipment			
28	769 Maintenance of Other Equipment			
29	TOTAL Maintenance (Enter Total of lines 20 thru 28)	0	0	
30	TOTAL Natural Gas Production & Gathering (Total of lines 18 & 29)	0	0	

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>		This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2003	Year of Report Dec. 31, 2002
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
31	B2. Products Extraction			
32	Operation			
33	770 Operation Supervision and Engineering			
34	771 Operation Labor			
35	772 Gas Shrinkage			
36	773 Fuel			
37	774 Power			
38	775 Materials			
39	776 Operation Supplies and Expenses			
40	777 Gas Processed by Others			
41	778 Royalties on Products Extracted			
42	779 Marketing Expenses			
43	780 Products Purchases for Resale			
44	781 Variation in Products Inventory			
45	(Less) 782 Extracted Products Used by the Utility - Credit			
46	783 Rents			
47	TOTAL Operation (Enter Total of lines 33 thru 46)	0		0
48	Maintenance			
49	784 Maintenance Supervision and Engineering			
50	785 Maintenance of Structures and Improvements			
51	786 Maintenance of Extraction and Refining Equipment			
52	787 Maintenance of Pipe Lines			
53	788 Maintenance of Extracted Products Storage Equipment			
54	789 Maintenance of Compressor Equipment			
55	790 Maintenance of Gas Measuring and Reg. Equipment			
56	791 Maintenance of Other Equipment			
57	TOTAL Maintenance (Enter Total of lines 49 thru 56)	0		0
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)	0		0

Name of Respondent		This Report Is:	Date of Report	Year of Report
PUGET SOUND ENERGY, INC.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 4/30/2003	Dec. 31, 2002
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
59	C. Exploration and Development			
60	Operation			
61	795 Delay Rentals			
62	796 Nonproductive Well Drilling			
63	797 Abandoned Leases			
64	798 Other Exploration			
65	TOTAL Exploration & Development (Enter Total of lines 61 thru 64)	0	0	
66	D. Other Gas Supply Expenses			
67	Operation			
68	800 Natural Gas Well Head Purchases			
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers			
70	801 Natural Gas Field Line Purchases			
71	802 Natural Gas Gasoline Plant Outlet Purchases			
72	803 Natural Gas Transmission Line Purchases			
73	804 Natural Gas City Gate Purchases	255,648,033	452,095,936	
74	804.1 Liquefied Natural Gas Purchases	0	0	
75	805 Other Gas Purchases	(22,944)	92,262	
76	(Less) 805.1 Purchased Gas Cost Adjustments	(133,260,683)	(73,743,431)	
77	TOTAL Purchased Gas (Enter Total of lines 68 to 76)	388,885,772	525,931,629	
78	806 Exchange Gas			
79	Purchased Gas Expenses			
80	807.1 Well Expenses - Purchased Gas			
81	807.2 Operation of Purchased Gas Measuring Stations	173,144	199,080	
82	807.3 Maintenance of Purchased Gas Measuring Stations			
83	807.4 Purchased Gas Calculations Expenses	248,228	328,163	
84	807.5 Other Purchased Gas Expenses			
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	421,372	527,243	

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PUGET SOUND ENERGY, INC.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 4/30/2003	Dec. 31, 2002
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
86	808.1 Gas Withdrawn from Storage - Debit	53,281,855	90,606,337	
87	(Less) 808.2 Gas Delivered to Storage - Credit	(37,151,604)	(79,107,154)	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing - Debit			
89	(Less) 809.2 Deliveries of Natural Gas for Processing - Credit			
90	(Less) Gas Used in Utility Operations - Credit	0	0	
91	810 Gas Used for Compressor Station Fuel - Credit			
92	811 Gas Used for Products Extraction - Credit			
93	812 Gas Used for Other Utility Operations - Credit	(138,124)	(127,761)	
94	TOTAL Gas Used in Utility Operations - Credit (Lines 91 thru 93)	(138,124)	(127,761)	
95	813 Other Gas Supply Expenses			
96	TOTAL Other Gas Supply Exp (Lines 77, 78, 85, 86 thru 89, 94, 95)	405,299,271	537,830,294	
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65 and 96)	405,593,941	538,096,244	
98	2. NATURAL GAS STORAGE, TERMINALING & PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering	74,112	67,027	
102	815 Maps and Records	0	0	
103	816 Wells Expenses	12,013	16,434	
104	817 Lines Expense	2,163	0	
105	818 Compressor Station Expenses	104,151	137,180	
106	819 Compressor Station Fuel and Power	16,693	15,986	
107	820 Measuring and Regulating Station Expenses	3,694	7,517	
108	821 Purification Expenses	3,523	4,695	
109	822 Exploration and Development	0	0	
110	823 Gas Losses	0	0	
111	824 Other Expenses	19,197	21,578	
112	825 Storage Well Royalties	40,990	25,850	
113	826 Rents	(4,262)	(490)	
114	TOTAL Operation (Enter Total of lines 101 thru 113)	272,274	295,777	

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>		This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2003	Year of Report <b>Dec. 31, 2002</b>
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
115	Maintenance			
116	830 Maintenance Supervision and Engineering	60,045	55,882	
117	831 Maintenance of Structures and Improvements	2,535	1,759	
118	832 Maintenance of Reservoirs and Wells	40,432	39,905	
119	833 Maintenance of Lines	6,776	8,897	
120	834 Maintenance of Compressor Station Equipment	127,288	96,587	
121	835 Maintenance of Measuring and Regulating Station Equipment	0	0	
122	836 Maintenance of Purification Equipment	2,913	1,303	
123	837 Maintenance of Other Equipment	3,854	3,559	
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	243,843	207,892	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	516,117	503,669	
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering			
129	841 Operation Labor and Expenses			
130	842 Rents			
131	842.1 Fuel			
132	842.2 Power			
133	842.3 Gas Losses			
134	TOTAL Operation (Enter Total of lines 128 thru 133)	0	0	
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering			
137	843.2 Maintenance of Structures and Improvements			
138	843.3 Maintenance of Gas Holders			
139	843.4 Maintenance of Purification Equipment			
140	843.5 Maintenance of Liquefaction Equipment			
141	843.6 Maintenance of Vaporizing Equipment			
142	843.7 Maintenance of Compressor Equipment			
143	843.8 Maintenance of Measuring and Regulating Equipment			
144	843.9 Maintenance of Other Equipment			
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	0	0	
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	0	0	

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>		This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2003	Year of Report <b>Dec. 31, 2002</b>
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminating and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering			
150	844.2 LNG Processing Terminal Labor and Expenses			
151	844.3 Liquefaction Processing Labor and Expenses			
152	844.4 Liquefaction Transportation Labor and Expenses			
153	844.5 Measuring and Regulation Labor and Expenses			
154	844.6 Compressor Station Labor and Expenses			
155	844.7 Communication System Expenses			
156	844.8 System Control and Load Dispatching			
157	845.1 Fuel			
158	845.2 Power			
159	845.3 Rents			
160	845.4 Demurrage Charges			
161	(Less) 845.5 Wharfage Receipts - Credit			
162	845.6 Processing Liquefied or Vaporized Gas by Others			
163	846.1 Gas Losses			
164	846.2 Other Expenses			
165	TOTAL Operation (Enter Total of lines 149 thru 164)	0	0	
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering			
168	847.2 Maintenance of Structures and Improvements			
169	847.3 Maintenance of LNG Processing Terminal Equipment			
170	847.4 Maintenance of LNG Transportation Equipment			
171	847.5 Maintenance of Measuring and Regulating Equipment			
172	847.6 Maintenance of Compressor Station Equipment			
173	847.7 Maintenance of Communication Equipment			
174	847.8 Maintenance of Other Equipment			
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	0	0	
176	TOTAL Liquefied Nat Gas Terminating & Process Exp (Lines 165 & 175)	0	0	
177	TOTAL Natural Gas Storage (Enter Total of lines 125, 146 and 176)	516,117	503,669	



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PUGET SOUND ENERGY, INC.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 4/30/2003	Dec. 31, 2002
<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering	17,683	18,303	
181	851 System Control and Load Dispatching			
182	852 Communication System Expenses			
183	853 Compressor Station Labor and Expenses			
184	854 Gas for Compressor Station Fuel			
185	855 Other Fuel and Power for Compressor Stations			
186	856 Mains Expenses	74,807	100,354	
187	857 Measuring and Regulating Station Expenses	69,868	71,264	
188	858 Transmission and Compression of Gas by Others			
189	859 Other Expenses	0	0	
190	860 Rents			
191	TOTAL Operation (Enter Total of lines 180 thru 190)	162,358	189,921	
192	Maintenance			
193	861 Maintenance Supervision and Engineering	0	0	
194	862 Maintenance of Structures and Improvements	22,557	20,578	
195	863 Maintenance of Mains	84,670	60,084	
196	864 Maintenance of Compressor Station Equipment	0	0	
197	865 Maintenance of Measuring and Reg. Station Equipment	0	0	
198	866 Maintenance of Communication Equipment	0	0	
199	867 Maintenance of Other Equipment	25,702	23,597	
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)	132,929	104,259	
201	TOTAL Transmission Expenses (Enter Total of lines 191 and 200)	295,287	294,180	
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering	485,591	571,894	
205	871 Distribution Load Dispatching	94,961	120,207	
206	872 Compressor Station Labor and Expenses	0	0	
207	873 Compressor Station Fuel and Power	0	0	

Name of Respondent		This Report Is:	Date of Report	Year of Report
PUGET SOUND ENERGY, INC.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 4/30/2003	Dec. 31, 2002
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
208	874 Mains and Services Expenses	6,055,001	6,311,086	
209	875 Measuring and Regulating Station Expenses - General	1,309,939	1,174,403	
210	876 Measuring and Regulating Station Expenses - Industrial	52,285	76,787	
211	877 Measuring & Regulating Station Exp - City Gate Check Station	0	0	
212	878 Meter and House Regulator Expenses	4,059,041	3,110,149	
213	879 Customer Installations Expenses	4,709,358	6,205,333	
214	880 Other Expenses	2,373,328	864,142	
215	881 Rents	178,302	192,738	
216	TOTAL Operation (Enter Total of lines 204 thru 215)	19,317,806	18,626,739	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	0	0	
219	886 Maintenance of Structures and Improvements	0	0	
220	887 Maintenance of Mains	2,710,533	2,639,910	
221	888 Maintenance of Compressor Station Equipment	0	0	
222	889 Maintenance of Meas. and Reg. Sta. Equip. - General	53,069	16,600	
223	890 Maintenance of Meas. and Reg. Sta. Equip. - Industrial	466,994	627,290	
224	891 Maint. of Meas. & Reg. Sta. Equip. - City Gate Check Station	0	0	
225	892 Maintenance of Services	781,018	808,658	
226	893 Maintenance of Meters and House Regulators	347,091	214,041	
227	894 Maintenance of Other Equipment	895,959	868,096	
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	5,254,664	5,174,595	
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	24,572,470	23,801,334	
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision	345,675	222,824	
233	902 Meter Reading Expenses	8,817,465	7,862,655	
234	903 Customer Records and Collection Expenses	7,488,939	6,867,803	

Name of Respondent		This Report Is:	Date of Report	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
235	904 Uncollectible Accounts	3,460,699	2,624,093	
236	905 Miscellaneous Customer Accounts Expenses	(21,352)	(12,186)	
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	20,091,426	17,565,189	
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision	0	0	
241	908 Customer Assistance Expenses *	3,853,028	3,036,390	
242	909 Informational and Instructional Expenses	229,572	144,748	
243	910 Miscellaneous Customer Service and Informational Expenses	38,786	28,373	
244	TOTAL Customer Service & Information Expenses (Lines 240 thru 243)	4,121,386	3,209,511	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	0	0	
248	912 Demonstrating and Selling Expenses	532,570	605,121	
249	913 Advertising Expenses	0	10,351	
250	916 Miscellaneous Sales Expenses	0	0	
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	532,570	615,472	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	6,216,714	5,847,468	
255	921 Office Supplies and Expenses	5,521,572	4,737,732	
256	(Less) (922) Administrative Expenses Transferred - Cr.	(65,873)	(84,755)	
257	923 Outside Services Employed	1,753,539	1,497,938	
258	924 Property Insurance	771,601	540,960	
259	925 Injuries and Damages	1,854,677	1,200,263	
260	926 Employee Pensions and Benefits	2,647,006	1,795,162	
261	927 Franchise Requirements	0	0	
262	928 Regulatory Commission Expenses	1,437,571	1,687,924	
263	(Less) (929) Duplicate Charges - Cr.	0	0	
264	930.1 General Advertising Expenses	0	283	
265	930.2 Miscellaneous General Expenses	937,490	837,984	
266	931 Rents	1,099,574	1,092,925	
267	TOTAL Operation (Enter Total lines 254 thru 266)	22,173,871	19,153,884	
268	Maintenance			
269	935 Maintenance of General Plant	1,815,316	1,717,200	
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	23,989,187	20,871,084	
271	TOTAL Gas O & M Exp (Lines 97,177,201,229,237,244,251 and 270)	479,712,384	604,956,683	

Name of Respondent Puget Sound Energy, Inc.	This Report is (1) X An Original	Date of Report 4/30/03	Year of Report Dec. 31, 2002
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FOOTNOTES

Schedule Page: 325 Line No.: 241 Column: c

In calculating 2001 gas costs per customer, Puget Sound Energy excludes \$985,991 million in Personal Energy Management costs. Puget Sound Energy began providing Personal Energy Management billing information to electric customers in December 2000. Personal Energy Management consumption information is available to all classes of customers. Electric customers are able to monitor their energy usage and shift usage to low-demand off-peak periods. This program benefits overall conservation efforts by reducing the demand for peak power generation.

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year Ending <b>Dec. 31, 2002</b>
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**EXCHANGE AND IMBALANCE TRANSACTIONS**

1. Report below details by zone and rate schedule concerning the gas quantities and related dollar amount of imbalances associated with system balancing and no-notice service. Also, report certificated natural gas exchange transactions during the year. Provide subtotals for imbalance and no-notice quantities for exchanges.

If respondent does not have separate zones, provide totals by rate schedule. Minor exchange transactions (less than 100,000 Dth) may be grouped.

Line No.	Zones/Rate Schedule  (a)	Gas Received from Others		Gas Delivered to Others	
		Amount (c)	Dth (d)	Amount (e)	Dth (f)
1	NONE	0	0	0	0
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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21					
22					
23					
24					
25	TOTAL	-	-	-	-

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year Ending <b>Dec. 31, 2002</b>
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**GAS USED IN UTILITY OPERATIONS - CREDIT**

1. Report details of credits during the year to Accounts 810, 811, and 812. 2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Dth of gas used, omitting entries in column (d).

Line No.	Purpose of Which Gas Was Used  (a)	Account Charged  (b)	Natural Gas		Manufactured Gas	
			Gas Used (Dth)  (c)	Amount of Credit (in dollars)  (d)	Gas Used (Dth)  (e)	Amount of Credit  (f)
1	810 Gas used for Compressor Station Fuel - Credit					
2	811 Gas used for Products Extraction - Credit					
3	Gas Shrinkage and Other Usage in Respondent's Own Processing					
4	Gas Shrinkage, etc. for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)	Various	43,223	138,124		
6						
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23						
24						
25	TOTAL		43,223	138,124		

Name of Respondent	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
PUGET SOUND ENERGY		04/30/2003	Dec. 31, 2002
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)			
1	Industry association dues		37,967
2	Experimental and general research expenses		22,497
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent		379,397
4	Other expenses (items of \$250,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$250,000 may be grouped by classes if the number of items so grouped is shown)		
5	a) Board of director fees and expenses		
6	D.P. Beighle	\$69	
7	C.W. Bingham	13,979	
8	P.J. Campbell	20	
9	J.D. Durbin	3,053	
10	T. Moriguchi	11,125	
11	S.G. Narodick	20	
12	C.W. Cole	204	
13	K.P. Mortimer	1,953	
14	Deferred Director Fees	72,979	
15	Director Stock Plan	46,485	
16			149,887
17			
18	Company memberships		-
19			
20	Economic Development Council-Seattle/King County -		4,649
21	an organization of public and private interests		
22	working together to foster economic growth in		
23	the Seattle/King County area.		
24			
25	Northwest Energy Coalition- an organization to		10,841
26	promote energy efficiency policies, programs and		
27	technologies that foster economic growth and		
28	environmental improvement.		
29			
30	Washington Roundtable - an organization utilizing		6,656
31	the knowledge, creativity and leadership of its		
32	members and their businesses to address the		
33	most serious challenges facing the street.		
34			
35	Western Energy Institute		25,328
36			
37	All other Membership dues		31,383
38			
39	Other Expenses:		
40	Treasury fees		159,128
41	Audit Expenses		3,121
42	Adjacency Study		13,369
43	Communications Services		88,809
44			
45			
46	Misc. Gen. Exp. - Gas		4,458
47			
48			
49			
50	TOTAL		937,490

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT ( Accounts 403, 404.1, 404.2, 404.3, 405)  
(Except Amortization of Acquisition Adjustments)**

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are

**Section A. Summary of Depreciation, Depletion, and Amortization Charges**

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (d)
1	Intangible plant			
2	Production plant, manufactured gas	243,682		
3	Production and gathering plant, natural gas			
4	Products extraction plant			
5	Underground gas storage plant	726,505		
6	Other storage plant			
7	Base load LNG terminaling and processing plant	22,337		
8	Transmission plant	2,072,522		
9	Distribution plant	48,192,617		
10	General plant	1,931,414		
11	Common plant - gas	1,628,843		
12	<b>TOTAL</b>	54,817,920	0	0



Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT ( Accounts 403, 404.1, 404.2, 404.3, 405)  
(Except Amortization of Acquisition Adjustments)**

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.  
3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

**Section A. Summary of Depreciation, Depletion, and Amortization Charges**

Amortization of Other Limited-term Gas plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a)	Line No.
1,794,256		1,794,256	Intangible plant	1
		243,682	Production plant, manufactured gas	2
		0	Production and gathering plant, natural gas	3
		0	Products extraction plant	4
		726,505	Underground gas storage plant	5
		0	Other storage plant	6
		22,337	Base load LNG terminaling and processing plant	7
		2,072,522	Transmission plant	8
		48,192,617	Distribution plant	9
		1,931,414	General plant	10
7,114,449		8,743,292	Common plant - gas	11
8,908,705	0	63,726,625	TOTAL	12

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT ( Accounts 403, 404.1, 404.2, 404.3, 405) (Continued)**

4. Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.01, 2.03, 3.01, 3.02, etc.

**Section B. Factors Used in Estimating Depreciation Charges**

Line No.	Functional Classification  (a)	Depreciation Plant Base (Thousands)  (b)	Applied Depreciation or Amortization Rates (percent)  (c)
1	Production and Gathering Plant		
2	Offshore		
3	Onshore		
4	Underground Gas Storage Plant		
5	Transmission Plant		
6	Offshore		
7	Onshore		
8	General Plant		
9			
10			
11			
12			
13			
14			
15			

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (CONTINUED)  
(Supplement to Page 338)

FACTORS USED IN ESTIMATING DEPRECIATION CHARGES

Line No.	Acct No. (a)	Depreciable Plant Base (b)	Estimated Avg Svc Life (c)	Net Salvage (Percent) (d)	Applied Depr Rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
1	305	406,342	60	-25	3.09	R4	14.2
2	311	6,337,517	60	-25	3.61	R4	14.1
3	320	77,040	60		3.04	R4	14.3
4	TOTAL	6,820,899					
5	351.1	365,403	80	-10	3.88	R4	19.4
6	351.2	331,242	80	-10	2.58	R4	19.4
7	351.3	2,245	80	-10	3.09	R4	19.4
8	351.4	108,999	80	-10	3.72	R4	19.4
9	352	7,159,002	80	-15	2.97	R4	19.4
10	352.2	1,182,383	80	-15	2.74	R4	19.5
11	352.3	2,184,130	80		2.79	SQ	19.5
12	353	1,488,586	80	-10	2.94	R4	19.3
13	354	6,987,285	80		4.12	R4	19.4
14	355	293,675	80		3.55	R4	19.5
15	356	1,012,001	80	-10	4.11	R4	19.4
16	357	534,118	80		1.88	R4	19.2
17	TOTAL	21,649,069					
18	364	1,174,137			6.94		
19		1,174,137					
20	366	231,587	45		2.38	R5	18.8
21	367	74,753,460	65	-25	1.99	R4	56.7
22	369	14,629,288	30	-5	4.00	R3	24.5
23	TOTAL	89,614,335					
24	375	7,556,599	30		2.71	R3	20.4
25	376.1	1,050,946		-80	4.74		7.0
26	376.2	470,375,024	50	-35	2.79	R4	42.3
27	376.3	30,682,623		-90	3.38		17.0
28	376.4	147,782,060	50	-50	2.94	R4	34.5
29	378	20,111,540	30	-15	4.16	L3	19.9
30	380	476,961,565	40	-35	3.81	R2.5	31.3
31	381	44,188,884	40	-35	3.10	R1	32.6
32	382	72,263,871	40		2.95	R2.5	33.8
33	383	8,181,150	40	-30	3.20	R4	27.5
34	384	6,408,913	40		2.85	R4	28.5
35	385	24,533,143	30		3.64	R2.5	20.4
36	386.1	11,903,629	10	-5	11.09	R1	4.3
37	386.2	33,988,633	10		10.02	R1.5	4.2
38	386.3	5,819,777	15	10	6.81	L2	5.9
39	386.4	6,827	15		8.53	L3	14.5
40	386.5	377,157	10	5	13.36	L3	2.1
41	386.7	204,676	25		5.38	L4	17.3
42	387	6,728,434	25		4.05	R3	17.5
43	TOTAL	1,369,125,451					
44	390	7,501,181	35		2.72	R4	32.4
45	391	27,622,442	10	10	6.84	R5	6.5
46	392	6,078,971		20	6.94		
47	393	245,736			3.71		
48	394	4,957,184	25	10	3.16	L4	17.9
49	395	62,446			2.71		
50	396	1,182,259		10	15.28		
51	397	7,278,511	20		4.14	R2	15.6
52	398	336,776			3.85		
53	TOTAL	55,265,506					
54	PLANT	1,543,649,397					

Name of Respondent		This Report Is:	Date of Report	Year of Report
Puget Sound Energy, Inc.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS				
Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.		<p>(a) Miscellaneous Amortization (Account 425)--Describe the nature of items included in this account, the contra account charged, the total amortization charges for the year, and the period of amortization.</p> <p>(b) Miscellaneous Income Deductions--Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than</p>		
		<p>\$250,000 maybe grouped by classes within the above accounts.</p> <p>(c) Interest on Debt to Associated Companies (Account430)--For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.</p> <p>(d) Other Interest Expense (Account 431)--Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.</p>		
Line No.	Item (a)	Amount (b)		
1				
2	Account 426.1 - Miscellaneous Income Deductions			
4	Social & Health Organizations	224,324		
5	Colleges, Universities & Other Educational Inst.	321,501		
6	Environmental Betterment Activities	70,031		
7	Art & Culture Organizations	46,751		
8	Civic Activities	77,681		
9	United Way	261,000		
10	Employee Matching Programs	23,690		
11	Other Misc.	14,644		
12	Total 426.1	1,039,622		
13				
14	Account 426.2 - Life Insurance			
15	Officer & Sr Management Corp-Owned Life Insurance	(1,042,830)		
16	Total 426.2	(1,042,830)		
17				
18	Account 426.4 Civic, Political & Related Expenses			
19				
20	Contribution to Political Campaigns & Groups	240,425		
21	Federal Functions	641,652		
22	State Functions	683,801		
23	Local & Community Related to Governmental Activities	1,273,976		
24	Total 426.4	2,839,854		
25				
26	Account 426.5 - Other Deductions			
27	Special Employee Retirement Benefits	122,331		
28	Company Image Advertising	616,938		
29	Disallowed SFAS 106-Electric	(102,000)		
30	Civic Membership	104,165		
31	PNT RW Land donation	71,462		
32	Other Miscellaneous Deductions each under \$100,000	281,458		
33	Director and Officer Liability Insurance	269,529		
34	Refund for time of use	1,213,329		
35	Loss on FV of Derviative Instrument (FAS-133)	(6,775,048)		
36	Total 426.5	(4,197,836)		
37				
38	Account 431 - Other Interest			
39	Customer deposits - Rate 5.25%	393,027		
40	Deferred compensation plan - Various	173,874		
41	Bank notes - Various	3,585,620		
42	Gas - PGA balance - Rate 8.17%	3,478,722		
43	Other - each under 5% of account balance	118,635		
44	Total 431	7,749,878		
45				
46				
47				
48				
49				

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**REGULATORY COMMISSION EXPENSES (Account 928)**

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description <i>(Furnish name of regulatory commission or body, the docket number, and a description of the case.)</i>	Assessed by Regulatory Commission	Expenses of Utility	Total Expenses to Date	Deferred in Account 182.3 at Beginning of Year (1)
	(a)	(b)	(c)	(d)	(e)
1	<b>WUTC Filing Fee</b>	<b>1,437,571</b>		<b>1,437,571</b>	
2					
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37					
38					
39	<b>TOTAL</b>	<b>\$ 1,437,571</b>	<b>\$ -</b>	<b>\$ 1,437,571</b>	<b>\$ -</b>

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
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REGULATORY COMMISSION EXPENSES (Account 928) (continued)

- |   |  |
|---|--|
| <p>3. Show in column (k) any expenses incurred in prior years that are being amortized. List in column (a) the period of amortization.</p> <p>4. Identify separately all annual charge adjustments (ACA).</p> | <p>5. List in column (f), (g), and (h) expenses incurred during year which were charges currently to income, plant, or other accounts.</p> <p>6. Minor items (less than \$250,000) may be grouped.</p> |
|---|--|

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR			Deferred in Account 182.3 End of Year	Line No.
CHARGED CURRENTLY TO			Deferred to Account 182.3	Contra Account	Amount		
Department (f)	Account No. (g)	Amount (h)				(i)	(j)
Gas	928	1,437,571					1
							2
							3
							4
							5
							6
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		\$ 1,437,571	\$ -		\$ -	\$ -	39

Name of Respondent <b>Puget Sound Energy, Inc.</b>		This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year Ending <b>Dec. 31, 2002</b>
<b>DISTRIBUTION OF SALARIES AND WAGES</b>				
Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided.		In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.		
Line No.	Classification  (a)	Direct Payroll Distribution  (b)	Allocation of Payroll Charged for Clearing Accounts  (c)	Total  (d)
1	Electric			
2	Operation			
3	Production	5,684,385		
4	Transmission	1,132,557		
5	Distribution	11,379,139		
6	Customer Accounts	10,732,418		
7	Customer Service and Informational	1,275,864		
8	Sales	860,651		
9	Administrative and General	13,684,765		
10	TOTAL Operation (Total of lines 3 thru 9)	44,749,779		
11	Maintenance			
12	Production	2,411,317		
13	Transmission	338,704		
14	Distribution	8,197,760		
15	Administrative and General	511,973		
16	TOTAL Maintenance (Total of lines 12 thru 15)	11,459,754		
17	Total Operation and Maintenance			
18	Production (Total of lines 3 and 12)	8,095,702		
19	Transmission (Total of lines 4 and 13)	1,471,261		
20	Distribution (Total of lines 5 and 14)	19,576,899		
21	Customer Accounts (Line 6)	10,732,418		
22	Customer Service and Informational (Line 7)	1,275,864		
23	Sales (Line 8)	860,651		
24	Administrative and General (Total of lines 9 and 15)	14,196,738		
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)	56,209,533	606,395	56,815,928
26	Gas			
27	Operation			
28	Production-Manufactured Gas	33,691		
29	Production-Natural Gas (Including Exploration and Development)	0		
30	Other Gas Supply	311,650		
31	Storage, LNG Terminaling and Processing	13,819		
32	Transmission	108,344		
33	Distribution	10,872,662		
34	Customer Accounts	5,598,521		
35	Customer Service and Informational	460,417		
36	Sales	394,732		
37	Administrative and General	6,314,559		
38	TOTAL Operation (Total of lines 28 thru 37)	24,108,395		
39	Maintenance			
40	Production - Manufactured Gas	97,409		
41	Production - Natural Gas (Including Exploration and Development)	0		
42	Other Gas Supply	0		
43	Storage, LNG Terminaling and Processing	0		
44	Transmission	92,765		
45	Distribution	2,410,638		
46	Administrative and General	284,958		
47	TOTAL Maintenance (Total of lines 40 thru 46)	2,885,770		

Name of Respondent		This Report Is:	Date of Report	Year Ending
Puget Sound Energy, Inc.		(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002
DISTRIBUTION OF SALARIES AND WAGES (Continued)				
Line No.	Classification	Direct Payroll Distribution	Allocation of Payroll Charged for Clearing Accounts	Total
	(a)	(b)	(c)	(d)
48	Gas (Continued)			
49	Total Operation and Maintenance			
50	Production - Manufactured Gas (Total of lines 28 and 40)	131,100		
51	Production - Natural Gas (Including Expl. and Dev.)(lines 29 and 41)	0		
52	Other Gas Supply (Total of lines 30 and 42)	311,650		
53	Storage, LNG Terminaling and Processing (Total of lines 31 and 43)	13,819		
54	Transmission (Total of lines 32 and 44)	201,109		
55	Distribution (Total of lines 33 and 45)	13,283,300		
56	Customer Accounts (Total of line 34)	5,598,521		
57	Customer Service and Informational (Total of line 35)	460,417		
58	Sales (Total of line 36)	394,732		
59	Administrative and General (Total of lines 37 and 46)	6,599,517		
60	TOTAL Operation and Maintenance (Total of lines 50 thru 59)	26,994,165	291,216	27,285,381
61	Other Utility Departments			
62	Operation and Maintenance			
63	TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62)	83,203,698	897,611	84,101,309
64	Utility Plant			
65	Construction (By Utility Departments)			
66	Electric Plant	17,003,164	183,432	17,186,596
67	Gas Plant	11,695,154	126,169	11,821,323
68	Common Plant	3,809,428	41,097	3,850,525
69	TOTAL Construction (Total of lines 66 thru 68)	32,507,746	350,698	32,858,444
70	Plant Removal (By Utility Departments)			
71	Electric Plant	914,076	9,861	923,937
72	Gas Plant	87,750	947	88,697
73	Other	1,631,878	17,605	1,649,483
74	TOTAL Plant Removal (Total of lines 71 thru 73)	2,633,704	28,413	2,662,117
75	Other Accounts (Specify):			
75.01	121 Non Utility Property	90,475	976	91,451
75.02	163 Store Expense	2,013,743	21,724	2,035,467
75.03	182 Regulatory Asset	1,696,071	18,297	1,714,368
75.04	185 Temporary Facilities	11,686	126	11,812
75.05	186 Misc. Deferred Debits	1,631,781	17,604	1,649,385
75.06	Misc. 400 Accounts	1,330,930	14,358	1,345,288
75.07	143 Accts Receivable Misc	468,697	5,056	473,753
75.08	Misc. 200 Accounts	234,349	2,528	236,877
75.09				
75.10				
75.11				
75.12				
75.13				
75.14				
75.15				
75.16				
75.17				
75.18				
75.19				
76	TOTAL Other Accounts	7,477,732	80,669	7,558,401
77	TOTAL SALARIES AND WAGES	125,822,880	1,357,391	127,180,271



Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or

individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$250,000, including payments for legislative services except those which should be reported in Account 426.4 *Expenditures for Certain Civic, Political and Related Activities*.

- (a) Name of person or organization rendering services.
  - (b) Total charges for the year.
2. Designate associate companies with an asterisk in in column (b).

Line No.	Description (a)	(b)	Amount (in dollars) (c)
1	QUANTA SERVICES INC		\$ 56,871,671
2	PILCHUCK CONTRACTORS INC		49,697,258
3	SCHLUMBERGER RESOURCE MGMT SVCS INC		23,045,673
4	POTELCO INC		15,498,852
5	ASPLUNDH TREE EXPERTS		14,194,484
6	PERKINS COIE LLP		7,050,257
7	ADS ALLIANCE DATA SYSTEMS INC		5,172,499
8	VOLT		2,748,683
9	EEX CORPORATION		2,484,363
10	GEOENGINEERS INC		1,851,244
11	CENTRAL LOCATING SERVICES LTD		1,789,310
12	LOCATING INC		1,554,038
13	SCHLUMBERGER RMS INC		1,549,100
14	DEPARTMENT OF COMMUNITY & ECONOMIC		1,438,662
15	RIDDELL WILLIAMS PS		1,414,002
16	KW INTERNATIONAL		1,311,253
17	MONTGOMERY WATSON HARZA		1,103,205
18	HDR ENGINEERING INC		1,080,434
19	RETEC GROUP INC		1,044,697
20	HEATH CONSULTANTS INC		1,035,291
21	HELLER EHRMAN WHITE & MCAULIFFE LLP		912,412
22	R2 RESOURCE CONSULTANTS INC.		863,244
23	DELOITTE & TOUCHE LLP		812,196
24	VAN NESS FELDMAN		780,426
25	ER SOLUTIONS INC		740,853
26	GORDON MURRAY & TILDEN		672,994
27	BLC CORPORATION		659,422
28	PEDERSEN POWER PRODUCTS		634,897
29	MELLON INVESTOR SERVICES		621,024
30	NAVIGANT CONSULTING INC		590,276
31	WIRELESS APPLICATIONS & CONSULTING		570,081
32	ATHERTON CONSTRUCTION INC		552,504
33	NORTHWEST WATER HEATER INC		547,866
34	ENCOMPASS SERVICES CORPORATION		547,493
35	CECON CORPORATION		519,689
36	HUSKY INTERNATIONAL TRUCKS INC		518,365
37	NORTHWEST ENERGY EFFICIENCY		514,823
38	WESTERN ENERGY & COMMUNICATIONS INC		514,137
39	PRICEWATERHOUSECOOPERS LLP		498,938
40	VOYAGER FLEET SYSTEMS INC		486,919
41	ENCOMPASS ELECTRICAL TECH		485,013
42	NEXUS ENERGY SOFTWARE INC		482,667
43	MOZA CONSTRUCTION INC.		466,236
44	PRUDENTIAL RELOCATION		462,119
45	THE BRATTLE GROUP		452,801
46	PUI&E INC		447,376
47			
48			

Name of Respondent <b>PUGET SOUND ENERGY, INC.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or

individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$250,000, including payments for legislative services except those which should be reported in Account 426.4 *Expenditures for Certain Civic, Political and Related Activities*.

- (a) Name of person or organization rendering services.
  - (b) Total charges for the year.
2. Designate associate companies with an asterisk in in column (b).

Line No.	Description (a)	(b)	Amount (in dollars) (c)
1	ENVIRONMENTAL CROSSINGS INC		422,774
2	CHI ENGINEERING SERVICES INC		421,225
3	CHARLES RIVER ASSOCIATES INC		411,553
4	AMERICAN PAYMENT SYSTEMS		406,056
5	UTILITIES UNDERGROUND LOCATION CTR		405,548
6	BENJAMIN ASPHALT INC		401,151
7	UTILX CORPORATION		399,032
8	MILLIMAN USA		377,290
9	COMFORCE STAFFING SERVICES INC		375,734
10	UTILITY SYSTEMS & APPLICATIONS		350,006
11	AA ASPHALTING INC		343,764
12	WILSON CONSTRUCTION COMPANY INC		340,333
13	PLEM COMPANY		336,448
14	HAMER ENVIRONMENTAL LP		333,817
15	DATAMATIC.COM LTD		329,870
16	GE INTERNATIONAL INC		326,400
17	PIRELLI JACOBSON INC		316,868
18	HODGE CONSTRUCTION INC		303,685
19	GOLDEN ENERGY SERVICES INC		295,675
20	DALTON OLMSTED & FUGLEVAND		291,523
21	UNIVERSAL FIELD SERVICES INC		278,713
22	UNIVERSAL ENSCO INC		267,698
23	PATCH INC		263,366
24	DEPARTMENT OF ECOLOGY		258,966
25			
26			
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47	TOTAL (OVER \$250,000)		\$ 215,547,244
48			

Name of Respondent <a href="#">Puget Sound Energy, Inc.</a>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
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**COMPRESSOR STATIONS**

1. Report below particulars (details) concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.

such stations are used. Relatively small field compressor stations may be grouped by production areas. Show the number of stations grouped. Designate any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership. If jointly owned

2. For column (a), indicate the production areas where

Line No.	Name of Station and Location  (a)	Number of Units at Station  (b)	Certificated Horsepower for Each Station  (c)	Plant Cost  (d)
1	JACKSON PRAIRIE STORAGE PROJECT (Note 1)	8	21,400	6,899,349
2				
3				
4				
5				
6	Note 1: Jointly owned by:			
7	33% <a href="#">Puget Sound Energy, Inc.</a>			
8	33% <a href="#">Avista</a>			
9	33% <a href="#">Williams Gas Pipeline</a>			
10				
11	<a href="#">Column D represents 1/3 of total Compressor Stations Plant Costs</a>			
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Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
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COMPRESSOR STATIONS (Continued)

Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote the size of each such unit, and the date each such unit was placed in operation. 3. For column(d), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Expenses (Except depreciation and taxes)		Gas for Compressor Fuel in Dth	Operation Data			Line No.
Fuel or Power  (e)	Other  (f)		Total Compressor Hours of Operation During Year (h)	Number of Compressors Operated at Time of Station Peak (i)	Date of Station Peak (j)	
(See Note 2) 0	0	133,090 Dth = 100%	7,879	3	16-Jan-02	1
						2
						3
						4
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Note 2:  
Compressors are fueled by natural gas only.  
This represents 100% of station, including PSE's 1/3.

Name of Respondent <b>Puget Sound Energy, Inc.</b>		This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>04/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
<b>TRANSMISSION LINES</b>				
<p>1. Report below by State the total miles of transmission lines of each transmission system operated by respondent at end of year.</p> <p>2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.</p> <p>3. Report separately any line that was not operated during the past year. Enter in a footnote the particulars (details) and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book cost are contemplated.</p> <p>4. Report the number of miles of pipe to one decimal point.</p>				
Line No.	Designation (Identification) of Line or Group of Lines (a)			Total Miles of Pipe (to 0.1) (b)
1	<b>JACKSON PRAIRIE STORAGE PROJECT</b>			<b>7.7</b>
2				
3				
4	(see also 514A - 514E)			
5				
6				
7				
8				
9	<b>Jointly owned by:</b>			
10	1) PSE - 33%			
11	2) Northwest Pipeline - 33%			
12	3) Avista - 33%			
13				
14				
15	Note: This total includes lines from field to compressor			
16	station. All lines in the field have been classified as			
17	transmission lines as a result of Audit by the			
18	Office of Pipeline Safety.			
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44	<b>TOTAL</b>			<b>7.7</b>

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
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TRANSMISSION MAINS  
(Supplement to Page 514)

Type Of Material (A)	Lengths of Pipe in Feet				
	Diameter Pipe Inches (B)	Beginning Of Year (C)	Laid During Year (D)	Abandoned During Year (E)	End Of Year (F)
Steel	2	41,050			41,050
Steel	4	167,742			167,742
Steel	6	127,594			127,594
Steel	8	292,517			292,517
Steel	12	413,602	879		414,481
Steel	16	390,122	21,542		411,664
Steel	20	31,401			31,401
	Totals	1,464,028	22,421	0	1,486,449

Name of Respondent	This Report Is:		Date of Report	Year of Report	
Puget Sound Energy, Inc.	(1) * An Original (2) A Resubmission		(Mo, Da, Yr) 04/30/2003	Dec. 31, 2002	
DISTRIBUTION MAINS (Supplement to Page 514)					
Kind Of Material (A)	Lengths of Pipe in Feet				
	Diameter Pipe Inches (B)	Beginning Of Year (C)	Laid During Year (D)	Abandoned During Year (E)	End Of Year (F)
CI	03.000	1,284		20,651	(19,367)
CI	04.000	669,898		75,708	594,190
CI	06.000	299,126		24,119	275,007
CI	08.000	5,606		12,809	(7,203)
CI	10.000	2,222			2,222
CI	12.000	93,611		9,441	84,170
CI	16.000	9,086			9,086
CI	20-24	2,199			2,199
Total Cast Iron		1,083,032	0	142,728	940,304
PE	01.125	67,293	4,620	146	71,767
PE	01.250	1,966,186	82,966	7,128	2,042,024
PE	02.000	8,549,505	1,064,983	49,521	9,564,967
PE	03.000	43,022	685		43,707
PE	04.000	4,071,464	269,714	22,222	4,318,956
PE	06.000	1,399,430	149,546	3,149	1,545,827
PE	08.000	166,517	27,651	110	194,058
PE	1.250-2	17,941,207			17,941,207
Total Plastic		34,204,624	1,600,165	82,276	35,722,513
ST	0.750-2.50	14,825,113		37,662	14,787,451
ST	03.000	51,769			51,769
ST	4.000-5	3,558,594		11,993	3,546,601
ST	06.000	2,083,731		15,004	2,068,727
ST	8.000-10	541,257		2,250	539,007
ST	12.000	285,230		966	284,264
ST	14.000-16	43,819		90	43,729
ST	20.000	11,342		836	10,506
STW	0.750-01.250	4,738	557		5,295
STW	02.000	28,733	2,217		30,950
STW	03.000	245			245
STW	04.000	31,997	2,447		34,444
STW	06.000	32,927	10,850		43,777
STW	08.000	87,229	46,947		134,176
STW	12.000	737			737
STW	16.000	51,435			51,435
Total Steel		21,638,896	63,018	68,801	21,633,113
Combined Total		56,926,552	1,663,183	293,805	58,295,930

Name of Respondent			This Report Is;		Date of Report		Year of Report	
Puget Sound Energy, Inc.			(1) * An Original (2) A Resubmission		04/30/2003		Dec. 31, 2002	
SERVICE PIPES FERC 380- GAS (Supplement to Page 514)								
Number of services							Additions	
Type of Service			Beginning Of Year (D)	Added (E)	Retired (F)	End Of Year (G)	Average Length Feet (H)	
Type of Material (A)	Type of Service Facility (B)	Pipe Inches (C)						
KR	COMP	0.625	3		3	0	0	
KR	COMP	1.125	599			599	0	
KR	COMP	1.625	17			17	0	
PE	COMP	0.625	308,970	8,723	817	316,876	1389	
PE	EXTN	0.625	83,226	10,900	1,121	93,005	615	
PE	STUB	0.625	79,079	9,011	123	87,967	248	
PE	TWIN	0.625	13,820	1,267	162	14,925	311	
PE	COMP	1.125	22,130	992	99	23,023	1161	
PE	EXTN	1.125	3,583	190	351	3,422	403	
PE	STUB	1.125	3,097	484	10	3,571	183	
PE	TWIN	1.125	215	210	20	405	74	
PE	EXTN	1.25	2,357	66	66	2,357	279	
PE	STUB	1.25	2,895	52	149	2,798	354	
PE	TWIN	1.25	170	2	2	170	24	
PE	COMP	1.250-2	19,567	487	497	19,557	1677	
PE	EXTN	2	821	37	13	845	546	
PE	STUB	2	712	38	18	732	198	
PE	TWIN	2	10	1	2	9	240	
PE	COMP	4	1,583	7	1	1,589	1,992	
PE	EXTN	4	38	4	1	41	247	
PE	STUB	4	36			36		
PE	EXTN	6	4			4		
PE	STUB	6	4			4		
PE	COMP	6	6	1		7	104	
ST	COMP	0.5	(372)	372		0		
ST	EXTN	0.5	13		13	0		
ST	STUB	0.5	4		4	0		
ST	TWIN	0.5	4			4		
ST	COMP	.500-1	152,218		957	151,261		
ST	EXTN	.500-1	(156)	156	0	0		
ST	STUB	.500-1	4,497		15	4,482		
ST	TWIN	.500-1	23		2	21		
ST	COMP	1.250-2	58,681		825	57,856		
Total			757,854	33,000	5,271	785,583	10,045	
Type of Material	Type of Service Facility	Pipe Inches						
PE = Plastic	EXTN = Extension	.500 = 1/2						
ST = Steel Bare	COMP = Complete	.625 = 5/8						
STW = Steel Wrap	STUB = Stub	1.125 = 1 1/8						
KR = Copper	TWIN = Twin	1.250 = 1 1/4						



Name of Respondent			This Report Is;		Date of Report		Year of Report	
Puget Sound Energy, Inc.			(1) * An Original (2) A Resubmission		(Mo, Da, Yr) 04/30/2003		Dec. 31, 2002	
SERVICE PIPES FERC 380- GAS (Supplement to Page 514)								
Type of Service			Number of services				Additions	
Type of Material (A)	Type of Service Facility (B)	Pipe Inches (C)	Beginning Of Year (D)	Added (E)	Retired (F)	End Of Year (G)	Average Length Feet (H)	
ST	EXTN	1.250-2	532	8	117	423	32	
ST	STUB	1.250-2	8,828		67	8761		
ST	TWIN	1.250-2	0		0	0		
ST	COMP	3	741		4	737		
ST	EXTN	3-4	8		6	2		
ST	STUB	3-4	93		1	92		
ST	COMP	4	295		6	289		
ST	COMP	6	44			44		
ST	COMP	8	15			15		
ST	COMP	12	4			4		
STW	COMP	0.5	253			253		
STW	EXTN	0.5	78			78		
STW	STUB	0.5	10		1	9		
STW	TWIN	0.5	88			88		
STW	COMP	0.75	299	13		312	136	
STW	EXTN	0.75	114		94	20		
STW	STUB	0.75	49			49		
STW	TWIN	0.75	88			88		
STW	COMP	1	80	6		86	244	
STW	EXTN	1	21	5		26	49	
STW	STUB	1	12	1	5	8	21	
STW	TWIN	1	2			2		
STW	COMP	1.25	226	2		228	47	
STW	EXTN	1.25	55			55		
STW	STUB	1.25	48	1		49	27	
STW	TWIN	1.25	24		4	20		
STW	COMP	2	60	3		63	0	
STW	EXTN	2	84	4		88	39	
STW	STUB	2	87	1		88	79	
STW	TWIN	2	5			5		
STW	STUB	3	1			1		
STW	COMP	4	8	1		9	504	
STW	EXTN	4	27			27		
STW	STUB	4	28			28		
Total			12,307	45	305	12,047	1,178	
			770,161	33,045	5,576	797,630	11,223	
Type of Material	Type of Service Facility	Pipe Inches						
PE = Plastic	EXTN = Extension	.500 = 1/2						
ST = Steel Bare	COMP = Complete	.625 = 5/8						
STW = Steel Wrap	STUB = Stub	1.125 = 1 1/8						
KR = Copper	TWIN = Twin	1.250 = 1 1/4						

Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) <b>4/30/2003</b>	Year of Report <b>Dec. 31, 2002</b>
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**CUSTOMER METERS FERC 381 & 385**  
*(Supplement to Page 514)*

Size of Meter (Class) (A)	(1) Type of Meter (B)	(2) Make of Meter (C)	Capacity of Meter (D)	Number of Meters			
				Beginning Of Year (B)	Added (C)	Retired (D)	End Of Year (E)
100	A,WC	R,Am,Sp	100-199	170,767		1,899	168,868
200	A	R,Am,Sp,Sch,Eq	200-399	488,797	20,000	898	507,899
300	A	AM					0
400	A	Sp,Am	400-599	20,057	600	69	20,588
600	A	Sp	600-699	78			78
700	A	R	700-799	2,960		269	2,691
800	A,R	Am,R,Dr	800-999	1,707			1,707
1000	A	Am	1000-1199	21,479	4,150	145	25,484
1200	A	Am	1200-1399				0
1400	A	Am	1400-1499	768	20		788
1500	RTC,R	Dr	1500-2299	48			48
2300	A	Am	2300-2999	874			874
3000	IC,R,RTC,A	Am,R,Dr	3000-4999	600	67		667
5000	A,WC,R,RTC	Am,R,Dr	5000-6999	870	41		911
7000	R,RTC	Dr,Ro	7000-10999	222	25		247
11000	R,RTC	Dr	11000-15999	183	32		215
16000	R,T,RTC	Am,R	16000-17999	181	19		200
18000	T	Am,R	18000-22999	31			31
23000	R	Am,Dr	23000-29999	60			60
30000	T	Am,R,Dr	30000-37999	8,026			8,026
38000	R	Dr	38000-59999	17			17
60000	T	Am,R	60000-149999	43			43
150000	T	Am	150000	7			7
				717,775	24,954	3,280	739,449

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year of Report Dec. 31, 2002
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**REGULATORS**  
(Supplement to Page 514)

Size (A)	Type (B)	Make (C)	Capacity (D)	Number of Regulators			In Service End of Year (H)
				In Service Beginning of Year (E)	Added During Year (F)	Retired During Year (G)	
3/4 X 1 1 X 1-1/4	S102	Fisher	375-400CFH	4,030	630	202	4,458
1-1/2 X 1-1/2 2 X 2	S202	Fisher	3750-3780CFH	1,599	0	100	1,499
3/4 X 1	S252	Fisher	300CFH	451,989	40	1,504	450,525
1-1/4 X 1-1/4	S302	Fisher	1000CFH	17,354		56	17,298
3/4 X 1	S402	Fisher	900-1500PSI	398	89	0	487
3/4 X 1	1213B	American	350-600PSI	484	0	1	483
3/4 X 1 1-1/4 X 1-1/4	1813C	American	425-1400CFH	685	2	11	676
				476,539	761	1,874	475,426

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Name of Respondent <b>Puget Sound Energy, Inc.</b>	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2003	Year Ending <b>Dec. 31, 2002</b>
<b>GAS ACCOUNT - NATURAL GAS</b>			
<p>1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.</p> <p>2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.</p> <p>3. Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.</p> <p>4. Indicate in a footnote the quantities of bundled sales and specify the line on which such quantities are listed.</p> <p>5. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.</p> <p>6. Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline</p>		<p>transported or sold through its local distribution facilities or intrastate facilities, and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.</p> <p>7. Also indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities</p> <p>8. Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.</p>	
<b>01 NAME OF SYSTEM</b>			
Line No.	Item	Ref. Page No. (b)	Amount of Dth (c)
	(a)		
2	<b>GAS RECEIVED</b>		
3	Gas Purchases (Accounts 800-805)		81,483,092
4	Gas of Others Received for Gathering (Account 489.1)	303	
5	Gas of Others Received for Transmission (Account 489.2)	305	
6	Gas of Others Received for Distribution (Account 489.3)	301	20,785,167
7	Gas of Others Received for Contract Storage (Account 489.4)	307	
8	Exchanged Gas Received from Others (Account 806)	328	0
9	Gas Received as Imbalances (Account 806)	328	
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	
11	Other Gas Withdrawn from Storage (Explain)		22,420,798
12	Gas Received from Shippers as Compressor Station Fuel		
13	Gas Received from Shippers as Lost and Unaccounted for		
14	Other Receipts		
15	Total Receipts (Total of Lines 3 thru 14)		124,689,057
16	<b>GAS DELIVERED</b>		
17	Gas Sales (Accounts 480-484)	301	83,957,499
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	
19	Deliveries of Gas Transported for Others (Account 489.2)	305	
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	20,785,167
21	Deliveries of Contract Storage Gas (Account 489.4)	307	
22	Exchange Gas Delivered to Others (Account 806)	328	0
23	Gas Delivered as Imbalances (Account 806)	328	
24	Deliveries of Gas to Others for Transportation (Account 858)	332	
25	Other Gas Delivered to Storage (Explain)		20,475,759
26	Gas Used for Compressor Station Fuel	509	133,090
27	Other Deliveries (Specify) - Company use		43,223
28	Total Deliveries (Total of lines 17 thru 27)		125,394,738
29	<b>GAS UNACCOUNTED FOR</b>		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		(705,681)
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total of lines 30 thru 35)		(705,681)
37	Total Deliveries & Unaccounted For (Total of lines 28 and 36)		124,689,057

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**SYSTEM MAPS**

1. Furnish 3 copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.

2. Indicate the following information on the maps:

- (a) Transmission lines-colored in red, if they are not otherwise clearly indicated.
- (b) Principal pipeline arteries of gathering systems.
- (c) Sizes of pipe in principal pipelines shown on map.
- (d) Normal directions of gas flow-indicated by arrows.
- (e) Location of natural gas fields or pools in which the respondent produces or purchases natural gas.

- (f) Locations of compressor stations, products extractions plants, stabilization plants, important purification plants, underground storage areas, recycling areas, etc.
- (g) Important main line interconnections with other natural gas companies, indicating in each case whether gas is received or delivered and name of connecting company.
- (h) Principal communities in which respondent renders local distribution service.

3. In addition, show on each map: graphic scale to which map is drawn; date as of which the map represents the facts it purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.

4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than the report. Bind the maps to the report.

[See map following this page.](#)

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