

**INDEX TABLE CROSS REFERENCING PSE'S ADJUSTMENTS WITH PUBLIC COUNSEL'S  
ADJUSTMENT SCHEDULES INCLUDED AS PART OF EXHIBIT NO. (JRD-2C)**

UE-090704/UG-090705  
Re-file of Exhibit No. JRD-2 per BR #1  
12/11/09  
Page 1 of 54

UE-090704, UG-090705  
Re-File Exhibit No JRD-2 per BR 1  
12/11/09  
Page 1 of 54

Company Adjustment Number or Incremental Staff/Public Counsel	Equivalent Public Counsel Adjustment Made on Schedules Affecting:	Net Operating Income	Rate Base
Number	Adjustment Description	Net Operating Income	Rate Base
10.01	Temperature Normalization		
10.02	Revenues & Expenses	C-1 (line 8)	
10.03	Power Costs	C-15 C-16 C-18 C-23 C-24 C-25 C-1 (Line 16)	B-6
10.04	Federal Income Tax	C-11 C-14	
10.05	Tax Benefits of Pro Forma Interest	C-13 C-1 (line 26)	
10.06	Hopkins Ridge Infill		
10.07	Wild Horse Expansion		
10.08	Mint Farm	C-17	
10.09	Sumas		
10.10	Whitehorn		
10.11	Baker Hydro Relicense		
10.12	Pass-Through Revenue & Expense		
10.13	Bad Debt		
10.14	Miscellaneous Operating Expense	C-5 C-21	
10.15	Property Tax	C-10	
10.16	Excise Tax & Filing Fee		
10.17	D&O Insurance	C-9	
10.18	Montana Electric Energy Tax		
10.19	Interest on Customer Deposits		
10.20	SFAS 133		
10.21	Rate Case Expense		
10.22	Deferred G/L on Property Sales		
10.23	Property & Liability Insurance	C-4	
10.24	Pension Plan	C-7 C-8	
10.25	Wage Increase	C-2	
10.26	Investment Plan	C-2 (Line 11)	
10.27	Employee Insurance	C-3	
10.28	Incentive Pay		
10.29	Merger Savings		
10.30	Storm Damage		
10.31	Regulatory Assets & Liabilities	C-19 C-20	B-2 B-3 B-4
10.32	Depreciation Study		
10.33	Fredonia Power Plant		
10.34	Mint Farm Deferred Cost		
10.35	Fleet Vehicles	C-22	B-5
10.36	Net Interest Paid to IRS		
10.37	Production Adjustment		
10.38	Staff-only Inc'l Wild Horse Adj't	C-26 (excluding elements that were factored with Company Adjustment 10.03)	B-7
10.39	Excess Aircraft Costs	C-12	B-1
10.40	Normalize Injuries and Damages	C-6	

Puget Sound Energy - Electric  
 Pro Forma Results of Operations  
 Public Counsel Revenue Requirement Summary

Line No.	Description	Actual Results of Operations (a)	Total Adjustments (b)	Adjusted Results of Operations (c)=(a)+(b)	Revenue Requirement Deficiency (d)	Achieved Results of Operations (e)
1	Operating Revenues:					
2	Sales to Customers	\$ 1,988,945,644	\$ 23,523,321	\$ 2,012,468,965	\$ (23,031,684)	\$ 1,989,437,281
3	Sales from Resale-Firm	369,320	(20,041)	349,279	79,160	428,439
4	Sales to Other Utilities	173,342,971	(87,341,669)	86,001,302		86,001,302
5	Other Operating Revenues	55,432,486	(15,033,177)	40,399,308	220,879	40,620,187
6	<b>Total Operating Revenues</b>	<b>\$ 2,218,090,420</b>	<b>\$ (78,871,566)</b>	<b>\$ 2,139,218,854</b>	<b>\$ (22,731,645)</b>	<b>\$ 2,116,487,209</b>
7						
8	Operating Expenses:					
9	Power Costs:					
10	Fuel Stock	\$ 212,332,676	\$ 96,863,518	\$ 309,196,194	\$ -	\$ 309,196,194
11	Purchased and Interchanged	920,346,551	(260,539,180)	659,807,371	-	659,807,371
12	Wheeling	70,713,346	11,377,708	82,091,054		82,091,054
13	Residential Exchange	(40,663,861)	40,663,861	-		-
14	<b>Total Production Expenses</b>	<b>\$ 1,162,728,712</b>	<b>\$ (111,634,093)</b>	<b>\$ 1,051,094,619</b>	<b>\$ -</b>	<b>\$ 1,051,094,619</b>
15						
16	Other Power Supply Expenses	\$ 102,819,798	\$ (705,472)	\$ 102,114,327	\$ -	\$ 102,114,327
17	Transmission Expense	9,234,124	(334,245)	8,899,879		8,899,879
18	Distribution Expense	76,776,331	(1,818,077)	74,958,254		74,958,254
19	Customer Accounts Expense	43,145,324	(1,246,422)	41,898,903	(82,334)	41,816,569
20	Customer Service Expense	10,019,493	(7,817,892)	2,201,601		2,201,601
21	Conservation Amortization	53,980,110	(53,979,048)	1,062		1,062
22	Administrative & General Expense	89,418,696	1,705,842	91,124,538	(45,463)	91,079,075
23	Depreciation	173,307,040	616,322	173,923,362		173,923,362
24	Amortization	34,012,299	12,774,927	46,787,227		46,787,227
25	Amortization Property Gain/Loss	6,493,409	11,378,140	17,871,549		17,871,549
26	Other Operating Expense	(483,686)	(1,045,486)	(1,529,172)		(1,529,172)
27	FAS 133	7,537,999	-	7,537,999		7,537,999
28	Taxes Other than Income Taxes	188,816,368	(77,937,412)	110,878,956	(877,214)	110,001,742
29	Income Taxes	4,629,482	49,771,565	54,401,047	(7,604,326)	46,796,721
30	Deferred Income Taxes	30,323,152	19,690,188	50,013,340		50,013,340
31	<b>Total Operating Expense</b>	<b>\$ 1,992,758,652</b>	<b>\$ (160,581,161)</b>	<b>\$ 1,832,177,491</b>	<b>\$ (8,609,337)</b>	<b>\$ 1,823,568,154</b>
32						
33	<b>Net Operating Income:</b>	<b>\$ 225,331,768</b>	<b>\$ 81,709,595</b>	<b>\$ 307,041,363</b>	<b>\$ (14,122,308)</b>	<b>\$ 292,919,055</b>
34						
35	<b>Rate Base:</b>					
36	Gross Utility Plant In Service	\$ 6,183,573,988	\$ 609,987,396	\$ 6,793,561,384	\$ -	\$ 6,793,561,384
37	Accum. Depreciation and Amortization	(2,533,770,195)	(251,970,730)	(2,785,740,924)		(2,785,740,924)
38	Deferred Debits	286,749,772	(4,017,912)	282,731,860		282,731,860
39	Deferred Taxes	(515,196,416)	(31,799,539)	(546,995,955)		(546,995,955)
40	Allowance for Working Capital	130,674,248	-	130,674,248		130,674,248
41	Other	(89,746,678)	-	(89,746,678)		(89,746,678)
42	<b>Total Rate Base</b>	<b>\$ 3,462,284,719</b>	<b>\$ 322,199,215</b>	<b>\$ 3,784,483,934</b>	<b>\$ -</b>	<b>\$ 3,784,483,934</b>
43						
44	Rate of Return	6.51%	8.11%	8.11%		7.74%

Puget Sound Energy - Electric  
 Pro Forma Results of Operations  
 Public Counsel Revenue Requirement Summary  
 Adjustment Detail (Page 1)

Line No.	Description	Actual Results of Operations (a)	Temperature Normalization Adj. 10.01 (b)	Revenues and Expenses Adj. 10.02 (c)	Power Costs Adj. 10.03 (d)	Federal Income Tax Adj. 10.04 (e)	Tax Benefit of Pro Forma Interest Adj. 10.05 (f)	Hopkins Ridge Infill Adj. 10.06 (g)
1	Operating Revenues:							
2	Sales to Customers	\$ 1,988,945,644	\$ (19,690,654)	\$ 139,034,099	\$ -	\$ -	\$ -	\$ -
3	Sales from Resale-Firm	369,320	(4,359)	(15,682)				
4	Sales to Other Utilities	173,342,971		(87,341,669)				
5	Other Operating Revenues	55,432,486		438,314	(16,507,838)			
6	<b>Total Operating Revenues</b>	<b>\$ 2,218,090,420</b>	<b>\$ (19,695,013)</b>	<b>\$ 139,456,731</b>	<b>\$ (103,849,507)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
7								
8	Operating Expenses:							
9	Power Costs:							
10	Fuel Stock	\$ 212,332,676	\$ -	\$ -	\$ 33,848,605	\$ -	\$ -	\$ -
11	Purchased and Interchanged	920,346,551			(270,604,185)			
12	Wheeling	70,713,346			6,749,176			
13	Residential Exchange	(40,663,861)						
14	<b>Total Production Expenses</b>	<b>\$ 1,162,728,712</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (230,006,404)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
15								
16	Other Power Supply Expenses	\$ 102,819,798	\$ -	\$ -	\$ 181,900	\$ -	\$ -	\$ -
17	Transmission Expense	9,234,124			26,351			
18	Distribution Expense	76,776,331						
19	Customer Accounts Expense	43,145,324	(71,335)	505,112				
20	Customer Service Expense	10,019,493						
21	Conservation Amortization	53,980,110	(39,390)	278,913				
22	Administrative & General Expense	89,418,696						
23	Depreciation	173,307,040						
24	Amortization	34,012,299						
25	Amortization Property Gain/Loss	6,493,409						
26	Other Operating Expense	(483,686)						
27	FAS 133	7,537,999						
28	Taxes Other than Income Taxes	188,816,368	(760,031)	5,381,635	(38,457)			(27,122)
29	Income Taxes	4,629,482	(6,588,490)	46,651,875	44,095,486	2,502,716	(3,019,998)	(113,867)
30	Deferred Income Taxes	30,323,152				17,053,776		(1,887)
31	<b>Total Operating Expense</b>	<b>\$ 1,992,758,652</b>	<b>\$ (7,459,246)</b>	<b>\$ 52,817,536</b>	<b>\$ (185,741,124)</b>	<b>\$ 19,556,491</b>	<b>\$ (3,019,998)</b>	<b>\$ 214,973</b>
32								
33	<b>Net Operating Income:</b>	<b>\$ 225,331,768</b>	<b>\$ (12,235,767)</b>	<b>\$ 86,639,195</b>	<b>\$ 81,891,617</b>	<b>\$ (19,556,491)</b>	<b>\$ 3,019,998</b>	<b>\$ (214,973)</b>
34								
35	<b>Rate Base:</b>							
36	Gross Utility Plant In Service	\$ 6,183,573,988	\$ -	\$ 15,344,945	\$ -	\$ -	\$ -	\$ 8,028,450
37	Accum. Depreciation and Amortization	(2,533,770,195)		(6,145,416)				(1,117,250)
38	Deferred Debits	286,749,772		799,923				
39	Deferred Taxes	(515,196,416)		(1,146,015)				
40	Allowance for Working Capital	130,674,248						(2,206,395)
41	Other	(89,746,678)						
42	<b>Total Rate Base</b>	<b>\$ 3,462,284,719</b>	<b>\$ -</b>	<b>\$ 8,853,437</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,704,806</b>

Puget Sound Energy - Electric  
 Pro Forma Results of Operations  
 Public Counsel Revenue Requirement Summary  
 Adjustment Detail (Page 2)

Line No.	Description	Wild Horse Expansion Adj. 10.07 (h)	Mint Farm Adj. 10.08 (i)	Sumas Adj. 10.09 (j)	Whitehorn Adj. 10.10 (k)	Baker Hydro License Adj. 10.11 (l)	Pass-Through Rev & Exp Adj. 10.12 (m)	Bad Debts Adj. 10.13 (n)
1	Operating Revenues:							
2	Sales to Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (95,820,124)	\$ -
3	Sales from Resale-Firm							
4	Sales to Other Utilities							
5	Other Operating Revenues	23,006	5,278,114					
6	<b>Total Operating Revenues</b>	\$ 23,006	\$ 68,196,470	\$ -	\$ -	\$ -	\$ 188,209	\$ -
7							\$ (95,631,915)	\$ -
8	Operating Expenses:							
9	Power Costs:							
10	Fuel Stock	\$ -	\$ 62,918,356	\$ -	\$ -	\$ -	\$ -	\$ -
11	Purchased and Interchanged							
12	Wheeling	23,006	5,278,114					
13	Residential Exchange							
14	<b>Total Production Expenses</b>	\$ 23,006	\$ 68,196,470	\$ -	\$ -	\$ -	\$ 40,663,861	\$ -
15							\$ 40,663,861	\$ -
16	Other Power Supply Expenses	1,951,841	4,934,401					
17	Transmission Expense							
18	Distribution Expense							
19	Customer Accounts Expense							
20	Customer Service Expense							
21	Conservation Amortization							
22	Administrative & General Expense	82,056	772,130	274,405	6,080	878,359	(346,379)	(1,571,313)
23	Depreciation	4,317,416	2,665,817	852,783	804,698		(7,837,447)	
24	Amortization		4,745,240		2,282,922	661,163	(53,979,048)	(191,431)
25	Amortization Property Gain/Loss							
26	Other Operating Expense							
27	FAS 133							
28	Taxes Other than Income Taxes	447,883	1,295,495	8,835	6,769		(72,956,529)	
29	Income Taxes	(2,387,771)	(28,913,343)	(397,608)	(1,085,164)	(538,833)	(344,730)	549,960
30	Deferred Income Taxes							
31	<b>Total Operating Expense</b>	\$ 4,434,431	\$ 53,696,209	\$ 738,415	\$ 2,015,304	\$ 1,000,689	\$ (94,991,703)	\$ (1,021,353)
32								
33	<b>Net Operating Income:</b>	\$ (4,434,431)	\$ (53,696,209)	\$ (738,415)	\$ (2,015,304)	\$ (1,000,689)	\$ (640,213)	\$ 1,021,353
34								
35	<b>Rate Base:</b>							
36	Gross Utility Plant In Service	\$ 102,555,661	\$ 247,549,230	\$ 46,046,487	\$ 45,170,620	\$ 34,483,278	\$ -	\$ -
37	Accum. Depreciation and Amortization	\$ (3,604,747)	\$ (17,777,127)	\$ (39,449,975)	\$ (27,386,911)	\$ (1,606,537)	\$ -	\$ -
38	Deferred Debits							
39	Deferred Taxes	(23,523,878)	(6,263,024)	685,684	539,657	-		
40	Allowance for Working Capital							
41	Other							
42	<b>Total Rate Base</b>	\$ 75,427,036	\$ 223,509,079	\$ 7,282,195	\$ 18,323,366	\$ 32,876,741	\$ -	\$ -





Puget Sound Energy - Electric  
 Pro Forma Results of Operations  
 Public Counsel Revenue Requirement Summary  
 Adjustment Detail (Page 5)

Line No.	Description	Incentive Pay Adj. 10.28 (ac)	Merger Savings Adj. 10.29 (ad)	Storm Damage Adj. 10.30 (ae)	Regulatory Assets and Liabilities Adj. 10.31 (af)	Depreciation Study Adj. 10.32 (ag)	Fredonia Power Plant Adj. 10.33 (ah)	Mint Farm Deferred Cost Adj. 10.34 (ai)
1	Operating Revenues:							
2	Sales to Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Sales from Resale-Firm							
4	Sales to Other Utilities							
5	Other Operating Revenues							
6	<b>Total Operating Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7								
8	Operating Expenses:							
9	Power Costs:							
10	Fuel Stock	\$ -	\$ -	\$ -	\$ 96,558	\$ -	\$ -	\$ -
11	Purchased and Interchanged	(70,727)			10,033,393			
12	Wheeling				(672,588)			
13	Residential Exchange							
14	<b>Total Production Expenses</b>	\$ (70,727)	\$ -	\$ -	\$ 9,457,362	\$ -	\$ -	\$ -
15								
16	Other Power Supply Expenses	\$ (298,670)	\$ -	\$ -	\$ (10,487,160)	\$ -	\$ -	\$ -
17	Transmission Expense	(247,924)		133,119				
18	Distribution Expense	(264,098)		(2,009,684)				
19	Customer Accounts Expense	(222,450)						
20	Customer Service Expense	(35,902)						
21	Conservation Amortization	(484,751)	(874,205)				6,667	
22	Administrative & General Expense					(9,109,591)		
23	Depreciation				3,468,462		1,617,141	
24	Amortization			11,378,140				
25	Amortization Property Gain/Loss							
26	Other Operating Expense							
27	FAS 133							
28	Taxes Other than Income Taxes	(126,215)					(19,306)	
29	Income Taxes	612,758	305,972	(3,325,551)	2,220,955		(561,576)	
30	Deferred Income Taxes							
31	<b>Total Operating Expense</b>	\$ (1,137,979)	\$ (568,233)	\$ 6,176,024	\$ 4,659,619	\$ (9,109,591)	\$ 1,042,926	\$ -
32								
33	<b>Net Operating Income:</b>	\$ 1,137,979	\$ 568,233	\$ (6,176,024)	\$ (4,659,619)	\$ 9,109,591	\$ (1,042,926)	\$ -
34								
35	<b>Rate Base:</b>							
36	Gross Utility Plant In Service						70,121,452	
37	Accum. Depreciation and Amortization						(27,672,234)	
38	Deferred Debits				(118,447,101)	4,554,795	(845,814)	
39	Deferred Taxes							(110,252)
40	Allowance for Working Capital							38,583
41	Other							
42	<b>Total Rate Base</b>	\$ -	\$ -	\$ -	\$ (118,447,101)	\$ 4,554,795	\$ 41,603,405	\$ (71,669)

Puget Sound Energy - Electric  
 Pro Forma Results of Operations  
 Public Counsel Revenue Requirement Summary  
 Adjustment Detail (Page 6)

Line No.	Description	Fleet Vehicles Adj. 10.35 (al)	Net Interest Paid to IRS Adj. 10.36 (am)	Production Adjustment Adj. 10.37 (an)	Excess Aircraft Costs Adj. 10.39 (ao)	Normalize Inj. & Damages Exp. Adj. 10.40 (ap)	Total Adjustments (aq=b..ap)	Adjusted Results of Operations (ar=a+aq)
1	Operating Revenues:							
2	Sales to Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,523,321	\$ 2,012,468,965
3	Sales from Resale-Firm						(20,041)	349,279
4	Sales to Other Utilities						(87,341,669)	86,001,302
5	Other Operating Revenues						(15,033,177)	40,399,308
6	<b>Total Operating Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (78,871,566)	\$ 2,139,218,854
7								
8	Operating Expenses:							
9	Power Costs:							
10	Fuel Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,863,518	\$ 309,196,194
11	Purchased and Interchanged						(260,539,180)	659,807,371
12	Wheeling						11,377,708	82,091,054
13	Residential Exchange						40,663,861	-
14	<b>Total Production Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (111,634,093)	\$ 1,051,094,619
15								
16	Other Power Supply Expenses			2,500,965			(705,472)	102,114,327
17	Transmission Expense						(334,245)	8,899,879
18	Distribution Expense						(1,818,077)	74,958,254
19	Customer Accounts Expense						(1,246,422)	41,898,903
20	Customer Service Expense						(7,817,892)	2,201,601
21	Conservation Amortization				(211,383)		(53,979,048)	1,062
22	Administrative & General Expense	(2,761,859)	2,263,966			(1,004,456)	1,705,842	91,124,538
23	Depreciation	804,616			(50,980)		616,322	173,923,362
24	Amortization						12,774,927	46,787,227
25	Amortization Property Gain/Loss						11,378,140	17,871,549
26	Other Operating Expense						(1,045,486)	(1,529,172)
27	FAS 133						-	7,537,999
28	Taxes Other than Income Taxes						(77,937,412)	110,878,956
29	Income Taxes	685,035	(792,388)	(767,699)	91,827	351,559	49,771,565	54,401,047
30	Deferred Income Taxes						19,690,188	50,013,340
31	<b>Total Operating Expense</b>	\$ (1,272,207)	\$ 1,471,578	\$ 1,733,266	\$ (170,536)	\$ (652,896)	\$ (160,581,161)	\$ 1,832,177,491
32								
33	<b>Net Operating Income:</b>	\$ 1,272,207	\$ (1,471,578)	\$ (1,733,266)	\$ 170,536	\$ 652,896	\$ 81,709,595	\$ 307,041,363
34								
35	<b>Rate Base:</b>							
36	Gross Utility Plant In Service	\$ 8,777,632	\$ -	\$ 33,399,620	\$ (1,489,980)	\$ -	\$ 609,987,396	\$ 6,793,561,384
37	Accum. Depreciation and Amortization	(603,462)		(13,390,152)	675,388		(251,970,730)	(2,785,740,924)
38	Deferred Debits		(1,323,561)	(2,481,659)	(56,550)		(4,017,912)	282,731,860
39	Deferred Taxes	(726,142)		801,991			(31,799,539)	(546,995,955)
40	Allowance for Working Capital						-	130,674,248
41	Other						-	(89,746,678)
42	<b>Total Rate Base</b>	\$ 7,448,028	\$ (1,323,561)	\$ 18,329,800	\$ (871,142)	\$ -	\$ 322,199,215	\$ 3,784,483,934



**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.01 TEMPERATURE NORMALIZATION  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
UNCONTESTED**

LINE NO.	DESCRIPTION				
1	<u>TEMPERATURE NORMALIZATION ADJUSTMENT:</u>				
2		ACTUAL	TEMP ADJ	MWH	ADJ FOR LOSSES
3		<u>GPI MWH</u>	<u>GPI MWH</u>	<u>CHANGE</u>	<u>6.70%</u>
4	Jan-08	2,469,690	2,391,018	(78,672)	(78,672)
5	Feb-08	2,107,909	2,120,848	12,939	12,939
6	Mar-08	2,170,180	2,091,248	(78,932)	(78,932)
7	Apr-08	1,958,626	1,886,833	(71,793)	(71,793)
8	May-08	1,766,162	1,766,439	277	277
9	Jun-08	1,675,454	1,675,928	474	474
10	Jul-08	1,672,937	1,682,789	9,851	9,851
11	Aug-08	1,721,324	1,713,215	(8,110)	(8,110)
12	Sep-08	1,662,996	1,666,514	3,518	3,518
13	Oct-08	1,892,478	1,882,587	(9,891)	(9,891)
14	Nov-08	1,952,479	2,053,028	100,549	100,549
15	Dec-08	2,521,637	2,426,079	(95,558)	(95,558)
16		23,571,872	23,356,525	(215,347)	(215,348)
17					
18	REVENUE ADJUSTMEN	Schedule 7		(176,605)	(18,021,127)
19		Schedule 24		(7,529)	(657,045)
20		Schedule 25		(7,940)	(504,896)
21		Schedule 26		(3,774)	(230,199)
22		Schedule 29		68	3,652
23		Schedule 31		(928)	(54,654)
24		Schedule 43		(3,472)	(192,341)
25		Schedule 40 - Med Sec Voltage		9	501
26		Schedule 40 - Large Sec Voltage		(419)	(23,339)
27		Schedule 40 - Primary Voltage		(207)	(11,206)
28		Firm Resale		(124)	(4,359)
29	INCREASE (DECREASE)	SALES TO CUSTOMERS			\$ (19,695,013)
30					
31	UNCOLLECTIBLES @		0.0036220	\$	(71,335)
32	ANNUAL FILING FEE @		0.0020000		(39,390)
31	INCREASE (DECREASE)	EXPENSES			(110,725)
32					
33	STATE UTILITY TAX @		0.0385900	\$	(760,031)
34	INCREASE (DECREASE)	TAXES OTHER			(760,031)
35					
36	INCREASE (DECREASE)	INCOME			(18,824,257)
37					
38	INCREASE (DECREASE)	FIT @	35%		(6,588,490)
39	INCREASE (DECREASE)	NOI			<u>\$ (12,235,767)</u>

**Public Counsel Revenue Requirement Summary**  
**PUGET SOUND ENERGY-ELECTRIC**  
**ADJUSTMENT 10.02 REVENUES AND EXPENSES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**CONTESTED**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<b>SALES TO CUSTOMERS:</b>	
2	RESTATING ADJUSTMENTS:	
3	ADD GRC INCREASE DOCKET 072300	\$ 162,849,052
4	REMOVE PCA INCREASE	(54,276,915)
5	REMOVE SCHEDULE 95A PRODUCTION TAX CREDITS	29,870,589
6	OATT REVENUE	(95,488)
7	MISCELLANEOUS RESTATING ADJUSTMENT	1,099,396
8	RESTATING ADJUSTMENTS SALES TO CUSTOMERS	<u>139,446,633</u>
9		
10	PROFORMA ADJUSTMENTS:	
11	MISCELLANEOUS ADJUSTMENTS	(412,534)
12	CONSERVATION	-
13	PROFORMA ADJUSTMENTS SALES TO CUSTOMERS	<u>(412,534)</u>
14		
15	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ 139,034,099
16		
17	SALES FOR RESALE - SMALL FIRM AND SPECIAL CONTRACT	
18	MISCELLANEOUS RESTATING ADJUSTMENT	<u>(15,682)</u>
19		
20	TOTAL INCREASE (DECREASE) SALES FOR RESALE - SMALL FIRM	(15,682)
21		
22	OTHER OPERATING REVENUES	
23		
24	POLE ATTACHMENT REVENUES	<u>438,314</u>
25	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	438,314
26		
27	TOTAL INCREASE (DECREASE) REVENUES	139,456,731
28	UNCOLLECTIBLES @	0.0036220 \$ 505,112
29	ANNUAL FILING FEE @	0.0020000 <u>278,913</u>
30	INCREASE (DECREASE) EXPENSES	784,026
31	STATE UTILITY TAX @	0.0385900 \$ 5,381,635
32	REMOVE MUNICIPAL TAX EXPENSED	
33	INCREASE (DECREASE) TAXES OTHER	<u>5,381,635</u>
34		
35	INCREASE (DECREASE) INCOME	133,291,070
36		
37	INCREASE (DECREASE) FIT @	35% <u>46,651,875</u>
38	INCREASE (DECREASE) NOI	<u>\$ 86,639,195</u>
39		
40	ROLL OUT IMPACT OF CONSERVATION ADJUSTMENT ON RATE BASE	
41		
42		<u>PSE ORIGINAL      PER PC DR 469      ADJUSTMENT</u>
43	GROSS UTILITY PLANT IN SERVICE	\$ 6,779,535,781    \$ 6,794,880,726    \$ 15,344,945
44	ACCUM DEP RE & AMORTIZATION	(2,661,741,341)    (2,667,886,757)    (6,145,416)
45	DEFERRED DEBITS	236,225,197        237,025,120        799,923
46	ACCUMULATED DEFERRED INCOME TAXES	(569,760,687)     (570,906,702)     (1,146,015)
47	OTHER	<u>(89,746,678)      (89,746,678)      -</u>
48	TOTAL RATE BASE	<u>\$ 3,694,512,272    \$ 3,703,365,709    \$ 8,853,437</u>

49 Reference: The source for all amounts found on this schedule is PSE's response to Public Counsel Data Request No. 469

51 (1) The impact of the changes in this Company-proposed Conservation adjustment were reflected on Schedule B-6  
52 and Schedule C-1 of Exhibit No. (JRD-2C). An additional impact of the Conservation adjustment is also reflected  
53 with the Power Cost Adjustment 10.03

54  
55  
56

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.03 POWER COSTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
CONTESTED**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	SALES FOR RESALE	\$ 173,342,971	\$ 86,001,302	\$ (87,341,669)
2				
3	PURCHASES/SALES OF NON-CORE GAS	15,804,883	\$ 289,997	(15,514,886)
4	WHEELING FOR OTHERS	11,562,467	\$ 10,569,516	(992,951)
5		27,367,351	10,859,513	(16,507,838)
6				
7	TOTAL OPERATING REVENUES	200,710,322	96,860,815	(103,849,507)
8				
9	FUEL	\$ 212,821,383	\$ 246,669,988	\$ 33,848,605
10				
11	PURCHASED AND INTERCHANGED	888,547,931	\$ 622,981,582	(265,566,349)
12	HEDGING		\$ 311,301	311,301
13	RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASKA	-	\$ (5,349,137)	(5,349,137)
14	SUBTOTAL PURCHASED AND INTERCHANGED	\$ 888,547,931	\$ 617,943,746	\$ (270,604,185)
15	WHEELING	68,962,375	\$ 75,711,551	6,749,176
16				
17	TOTAL PRODUCTION EXPENSES	\$ 1,170,331,689	\$ 940,325,285	\$ (230,006,404)
18	HYDRO AND OTHER POWER	92,332,638	\$ 92,514,538	181,900
19	TRANS. EXP. INCL. 500KV O&M	1,497,266	\$ 1,523,617	26,351
20				
21	TOTAL OPERATING EXPENSES	\$ 1,264,161,593	\$ 1,034,363,440	\$ (229,798,153)
22				
23	INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 21)	\$ (1,063,451,271)	\$ (937,502,625)	\$ 125,948,646
24				
25	REDUCTION TO STATE UTILITY TAX SAVINGS FOR LINE 4	3.873%		(38,457)
26	INCREASE (DECREASE) INCOME			\$ 125,987,103
27	INCREASE (DECREASE) FIT @	35%		44,095,486
28	INCREASE (DECREASE) NOI			\$ 81,891,617
29				

The changes to this Company proforma adjustment were reflected on the following schedules to Exhibit No. (JRD-2C):

Description	Schedule
Eliminate PSE's proposed "Conservation Adjustment." Other elements of adjustments on Schedule C-1 affect other PSE-proposed adjustments.	C-1
Adjust to reflect test year actual production O&M for mature units	C-15
Reflect latest 12 months actual production O&M for Sumas	C-16
Adjust Vestas Contract Costs	C-18
Factor the above three adjustments for rate year/test year sales levels (other production function costs were factored with Adjustment 10.37)	C-26
Adjusted purchased power cost for normalized hydro availability	C-23
Incremental off-system sales margin adjustment	C-24
Reflect REC sales as a credit to base rate development	C-25

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.04 FEDERAL INCOME TAX**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**CONTESTED**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME (LOSS) AS PROPOSED BY PSE	\$ 22,313,583
2	ELIMINATE SECTION 162 LIMITATION	<u>(594,209)</u>
3	SUBTOTAL	21,719,374
4	THREE YEAR AVERAGE OF INJURIES AND DAMAGES	
5	BOOK/TAX TIMING DIFFERENCE	
	2006	800,000
6	2007	(725,000)
7	2008	<u>2,050,000</u>
8	AVERAGE	708,333
9	REDUCTION IN TAXABLE INCOME - 3 YEAR	
10	AVERAGE MINUS 2008 TEST YEAR ACTUAL	<u>(1,341,667)</u>
11	PUBLIC COUNSEL PROPOSED TAXABLE INCOME	20,377,707
12		
13	FEDERAL INCOME TAX EXPENSE (BENEFIT) @ 35%	<u>7,132,198</u>
14	CURRENTLY PAYABLE	\$ 7,132,198
15		
16	DEFERRED FIT - DEBIT	\$ 81,055,294
17	DEFERRED FIT - CREDIT	(33,678,366)
18	ADDITIONAL DEFERRED CREDITS	-
19	TOTAL RESTATED FIT	<u>\$ 54,509,126</u>
20		
21	FIT PER BOOKS:	
22	CURRENTLY PAYABLE	\$ 4,629,482
23	DEFERRED FIT - DEBIT	95,224,301
24	DEFERRED FIT - CREDIT	(64,901,149)
25	DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.	<u>-</u>
26	TOTAL CHARGED TO EXPENSE	\$ 34,952,634
27		
28	INCREASE(DECREASE) FIT	2,502,716
29	INCREASE(DECREASE) DEFERRED FIT	17,053,776
30	INCREASE(DECREASE) NOI	<u>\$ (19,556,491)</u>
31		
32	The impact of the changes in this Company-proposed adjustment were reflected on Schedule C-11	
33	and C-14 of Exhibit No. __ (JRD-2C)	

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.05 BENEFIT OF PRO FORMA INTEREST**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**CONTESTED**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 3,784,483,934
2		
3	NET RATE BASE	\$ 3,784,483,934
4		
5	WEIGHTED COST OF DEBT	3.65%
6	PROFORMA INTEREST	\$ 138,133,664
7		
8		
9	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
10	INTEREST ON LONG TERM DEBT	\$ 118,050,837
11	AMORTIZATION OF DEBT DISCOUNT	
12	AND EXPENSE, NET OF PREMIUMS	2,191,065
13	INTEREST ON DEBT TO ASSOCIATED	
14	ASSOCIATED COMPANIES	526,222
15	OTHER INTEREST EXPENSE	8,798,452
16	LESS: INTEREST ON CUSTOMER DEPOSITS	(61,479)
17	CHARGED TO EXPENSE IN TEST YEAR	129,505,097
18		
19	INCREASE (DECREASE) INCOME	\$ (8,628,567)
20		
21	INCREASE (DECREASE) FIT @	35% (3,019,998)
22	INCREASE (DECREASE) NOI	\$ 3,019,998
23		
24	<b>The impact of the change in this Company-proposed adjustment was reflected on Schedule C-13</b>	
25	<b>and on Line 26 of Schedule C-1 of Exhibit No. (JRD-2C)</b>	

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.06 HOPKINS RIDGE INFILL PROJECT**  
**FOR THE TWELVE MONTH ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>HOPKINS RIDGE INFILL RATEBASE (AMA)</u>			
2	<u>UTILITY PLANT RATEBASE</u>			
3	PLANT BALANCE	\$ 4,756,205	\$ 12,784,655	\$ 8,028,450
4	ACCUM DEPRECIATION	(41,878)	(1,159,128)	(1,117,250)
5	DEFERRED INCOME TAX LIABILITY	(123,577)	(2,329,972)	(2,206,395)
6	NET HOPKINS RIDGE INFILL PLANT RATEBASE	<u>\$ 4,590,749</u>	<u>\$ 9,295,555</u>	<u>\$ 4,704,806</u>
7				
8	<u>HOPKINS RIDGE INFILL OPERATING EXPENSE</u>			
9	DEPRECIATION EXPENSE	\$ 210,507	\$ 542,069	\$ 331,562
10	PROPERTY INSURANCE	4,735	31,022	26,287
11	PROPERTY TAXES	88,507	61,385	(27,122)
12	TOTAL OPERATING EXPENSES	<u>\$ 303,749</u>	<u>\$ 634,476</u>	<u>\$ 330,727</u>
13				
14	INCREASE (DECREASE) OPERATING EXPENSE			330,727
15				
16	INCOME TAX	(703,945)	(817,812)	(113,867)
17	DEFERRED INCOME TAX	597,633	595,745	(1,887)
18	INCREASE (DECREASE) NOI	<u>\$ (197,436)</u>	<u>\$ (412,409)</u>	<u>\$ (214,973)</u>
19				
20				
21				
22	TAX CALCULATION			
23	Operating Revenue	\$ (303,749)	\$ (634,476)	\$ (330,727)
24	Other Deductions			
25	Interest (AFUDC)			
26	Interest			
27	Schedule "M" additions			
28	Schedule "M" deductions	<u>\$ 1,707,522</u>	<u>\$ 1,702,129</u>	<u>\$ (5,393)</u>
29				
30	Income Before Tax	(2,011,270)	(2,336,605)	(325,335)
31	Adjustments to FIT			
32	Federal Income Tax	<u>\$ (703,945)</u>	<u>\$ (817,812)</u>	<u>\$ (113,867)</u>
33	Tax Rate	0.35	0.35	0.35

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.07 WILD HORSE WIND EXPANSION PROJECT**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>WILD HORSE EXPANSION RATEBASE (AMA)</u>			
2	<u>UTILITY PLANT RATEBASE</u>			
3	PLANT BALANCE	\$ -	\$ 102,555,661	\$ 102,555,661
4	ACCUM DEPRECIATION	-	(3,604,747)	(3,604,747)
5	DEFERRED INCOME TAX LIABILITY	-	(23,523,878)	(23,523,878)
6	NET WH EXPANSION PLANT RATEBASE	\$ -	\$ 75,427,036	\$ 75,427,036
7				
8	<u>WILD HORSE EXPANSION OPERATING EXPENSE</u>			
9	DEPRECIATION EXPENSE	\$ -	\$ 4,317,416	\$ 4,317,416
10				
11	<u>POWER COST &amp; PRODUCTION O&amp;M RELATED TO WILD HORSE EXPANSION</u>			
12	WHEELING		\$ 23,006	\$ 23,006
13	PRODUCTION O&M	-	1951840.771	1,951,841
14	PROPERTY INSURANCE	-	82056.09462	82,056
15	PROPERTY TAXES	-	\$ 447,883	447,883
16	TOTAL POWER COST AND PROD O&M	-	2,504,786	2,504,786
17				
18	INCREASE ( DECREASE ) EXPENSE	-		6,822,202
19				
20	INCREASE (DECREASE) IN INCOME TAX @ 35%			(2,387,771)
21	INCREASE (DECREASE) NOI			\$ (4,434,431)

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.08 MINT FARM PROJECT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
CONTESTED**

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>MINT FARM RATEBASE (AMA)</u>			
2	<u>UTILITY PLANT RATEBASE</u>			
3	PLANT BALANCE	\$ 10,301,873	\$ 96,513,139	\$ 86,211,266
4	ACCUM DEPRECIATION	(216,686)	(9,462,820)	(9,246,134)
5	ACQUISITION ADJUSTMENT	\$ -	\$ 161,337,964	\$ 161,337,964
6	ACCUMULATED AMORTIZATION ON ACQ ADJ	\$ -	\$ (8,530,993)	\$ (8,530,993)
7	DEFERRED FIT	\$ (24,401)	\$ (6,287,425)	\$ (6,263,024)
8	TOTAL ACQUISITION ADJUSTMENT RATEBASE	<u>\$ 10,060,786</u>	<u>\$ 233,569,865</u>	<u>\$ 223,509,079</u>
9				
10	<u>TOTAL RATEBASE</u>	<u>\$ 10,060,786</u>	<u>\$ 233,569,865</u>	<u>\$ 223,509,079</u>
11				
12	<u>MINT FARM OPERATING EXPENSE</u>			
13	DEPRECIATION EXPENSE	\$ -	\$ 2,665,817	\$ 2,665,817
14	AMORTIZATION EXPENSE	-	\$ 4,745,240	\$ 4,745,240
15	PROPERTY INSURANCE	-	772,130	772,130
16	PROPERTY TAXES	-	1,295,495	1,295,495
17	INCREASE (DECREASE) EXPENSE	-	9,478,681	9,478,681
18				
19	<u>POWER COST ASSOCIATED WITH MINT FARM</u>			
20	NATURAL GAS FUEL	-	\$ 62,918,356	\$ 62,918,356
21	WHEELING	-	5,278,114	5,278,114
22	INCREASE (DECREASE) POWER COST	-	68,196,470	68,196,470
23				
19	<i>MINT FARM NON-FUEL PRODUCTION O&amp;M (Line 24 times 12)</i>		\$ 4,934,401	\$ 4,934,401
20				
21	INCREASE (DECREASE) EXPENSE		82,609,552	\$ 82,609,552
22				
23	INCOME TAX @ 35%		(28,913,343)	(28,913,343)
24				
20	INCREASE (DECREASE) NOI	<u>\$ -</u>	<u>\$ (53,696,209)</u>	<u>\$ (53,696,209)</u>
21				
22	<b>PUBLIC COUNSEL CALCULATION OF NON-FUEL PRODUCTION O&amp;M EXPENSE:</b>			
23	MINT FARM ACTUAL NON-FUEL PRODUCTION			
24	OPERATIONS AND MAINTENANCE EXPENSE FOR			
25	THE EIGHT MONTHS ENDING AUGUST 2009 (Per Staff DR No. 147)		\$ 3,289,600	
21				
22	MONTHLY AVERAGE (Line 22 divided by eight)		<u>411,200</u>	
23				
24	MINT FARM NON-FUEL PRODUCTION O&M (Line 24 times 12)		<u>4,934,401</u>	
25				
26	<b>The impact of the change in this Company-proposed adjustment was reflected on Schedule C-17</b>			
22	<b>of Exhibit No. __ (JRD-2C)</b>			



**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.09 SUMAS  
FOR THE TWELVE MONTH ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

*UNCONTESTED*

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>SUMAS RATEBASE</u>			
2	PLANT BALANCE	\$ 40,785,275	\$ 86,831,762	\$ 46,046,487
3	ACCUM DEPRECIATION	(27,871,612)	(67,321,588)	(39,449,975)
4	DEFERRED INCOME TAX	(788,841)	(103,157)	685,684
5	NET SUMAS PLANT RATEBASE	<u>\$ 12,124,822</u>	<u>\$ 19,407,017</u>	<u>\$ 7,282,195</u>
6				
7	<u>SUMAS OPERATING EXPENSE</u>			
8	DEPRECIATION EXPENSE	643,627	1,496,410	852,783
9	PROPERTY INSURANCE	65,335	339,740	274,405
10	PROPERTY TAXES	140,740	149,575	8,835
11				
12	TOTAL OPERATING EXPENSES	<u>\$ 849,702</u>	<u>\$ 1,985,725</u>	<u>\$ 1,136,024</u>
13				
14	INCREASE (DECREASE) OPERATING EXPENSE	849,702	1,985,725	1,136,024
15				
16	INCOME TAX	(297,396)	(695,004)	(397,608)
17				
18	INCREASE (DECREASE) NOI	<u>\$ (552,306)</u>	<u>\$ (1,290,721)</u>	<u>\$ (738,415)</u>

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.10 WHITEHORN**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>RATEBASE</u>			
2	UTILITY PLANT BALANCE	\$ -	\$ 28,235,000	\$ 28,235,000
3	ACCUMULATED DEPRECIATION	-	(23,591,945)	(23,591,945)
4	ACQUISITION ADJUSTMENT		16,935,620	16,935,620
5	ACCUMULATED AMORTIZATION ON ACQ ADJ		(3,794,967)	(3,794,967)
6	DEFERRED FIT	(1,481,626)	(941,969)	539,657
7	<u>TOTAL RATEBASE</u>	<u>\$ (1,481,626)</u>	<u>\$ 16,841,740</u>	<u>\$ 18,323,366</u>
8				
9	<u>OPERATING EXPENSES</u>			
10	LEASE PAYMENTS			
11	DEPRECIATION EXPENSE	\$ -	\$ 804,698	\$ 804,698
12	AMORTIZATION EXPENSE	-	2,282,922	2,282,922
13	PROPERTY INSURANCE	41,405	47,485	6,080
14	PROPERTY TAXES	71,610	78,379	6,769
15	TOTAL O&M	<u>\$ 113,015</u>	<u>\$ 3,213,484</u>	<u>\$ 3,100,468</u>
16				
17	INCREASE (DECREASE) EXPENSE	113,015	3,213,484	3,100,468
18				
19	INCOME TAX	35%	(39,555)	(1,124,719)
20				
21	INCREASE (DECREASE) NOI	<u>\$ (73,460)</u>	<u>\$ (2,088,764)</u>	<u>\$ (2,015,304)</u>

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.11 BAKER HYDRO RELICENSING COSTS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	BAKER HYDRO RELICENSING OPERATING EXPENSE			
2	AMORTIZATION EXPENSE	\$ 125,847	\$ 787,010	\$ 661,163
3	AMORTIZATION OF PREPAYMENT FOR			
4	FEDERAL LAND USE	230,670	1,109,030	878,359
5	TOTAL OPERATING EXPENSES	<u>356,517</u>	<u>1,896,039</u>	<u>1,539,522</u>
6				
7	INCREASE (DECREASE) EXPENSE	<u>356,517</u>	<u>1,896,039</u>	<u>1,539,522</u>
8				
9	INCOME TAX			\$ (538,833)
10				
11	INCREASE (DECREASE) NOI			<u>\$ (1,000,689)</u>
12				
13	BAKER HYDRO RELICENSING RATEBASE			
14	PLANT BALANCE	\$ 4,867,210	\$ 39,350,488	\$ 34,483,278
15	ACCUM AMORTIZATION	(6,745)	(1,613,282)	(1,606,537)
16				
17				
18	NET BAKER HYDRO RELIC RATEBASE	<u>\$ 4,860,465</u>	<u>\$ 37,737,206</u>	<u>\$ 32,876,741</u>
19				

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.12 PASS-THROUGH REVENUES AND EXPENSES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUE ASSOCIATED WITH RIDERS:</u>	
2	REMOVE CONSERVATION RIDER - SCHEDULE 120	\$ 56,528,843
3	REMOVE MUNICIPAL TAXES - SCHEDULE 81	71,715,879
4	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	7,416,313
5	REMOVE RESIDENTIAL EXCHANGE - SCH 194	(42,536,503)
6	GREEN POWER - SCH 135/136 (TAGS ELIM IN PAGE 4.03)	2,695,592
7	GREEN POWER - SCH 135/136 ELIMINATE UNDER EXPENSED	(188,209)
8	TOTAL (INCREASE) DECREASE IN REVENUES	<u>\$ 95,631,915</u>
9		
10	<u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u>	
11	BAD DEBTS	0.36220% (346,379)
12	ANNUAL FILING FEE	0.20000% (191,264)
13	STATE UTILITY TAX	3.85900% (3,690,436)
14	TOTAL	<u>\$ (4,228,078)</u>
15		
16	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
17	REMOVE CONSERVATION RIDER - SCHEDULE 120	(53,979,048)
18	REMOVE MUNICIPAL TAXES - SCHEDULE 81	(69,266,041)
19	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	(7,082,152)
20	REMOVE RESIDENTIAL EXCHANGE - SCH 194	40,663,861
21	GREEN POWER - SCH 135/136 (TAGS ELIM IN PAGE 4.03)	(755,295)
22	GREEN POWER - SCH 135/136 BENEFITS PORTION OF ADMIN	(167)
23	GREEN POWER - SCH 135/136 TAXES PORTION OF ADMIN	(52)
24	TOTAL INCREASE (DECREASE) EXPENSE	<u>\$ (90,418,895)</u>
25		
26	INCREASE (DECREASE) OPERATING INCOME BEFORE FIT	(984,942)
27	INCREASE (DECREASE) FIT	(344,730)
28	INCREASE (DECREASE) NOI	<u>\$ (640,213)</u>

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.13 BAD DEBTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
UNCONTESTED**

LINE NO.	YEAR	NET WRITEOFF'S	GROSS REVENUES	SALES FOR RESALE OTHER	SALES FOR RESALE FIRM	NET REVENUES	PERCENT WRITEOFF'S TO REVENUE	
1	12 MOS ENDED	DECEMBER				AUGUST		
2	2004	\$ 5,022,599	\$ 1,406,581,058	\$ 58,008,246	\$ 361,860	\$ 1,348,210,952	0.3725%	
3	2005	\$ 5,360,802	\$ 1,529,132,527	\$ 87,141,570	\$ 350,697	\$ 1,441,640,260	0.3719%	
4	2007	\$ 6,199,334	\$ 1,922,618,327	\$ 111,070,231	\$ 373,024	\$ 1,811,175,072	0.3423%	
5	3-Yr Average of Net Write Off Rate							0.3622%
6								
7	Test Period Revenues		\$ 2,218,090,420	\$ 173,342,971	\$ 369,320	\$ 2,044,378,130		
8								
9	PROFORMA BAD DEBT RATE					0.3622%		
10	PROFORMA BAD DEBTS					\$ 7,404,738		
11								
12	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR					8,976,051		
13	INCREASE (DECREASE) EXPENSE						\$ (1,571,313)	
14								
15	INCREASE (DECREASE) FIT					35%	549,960	
16	INCREASE (DECREASE) NOI						\$ 1,021,353	

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.14 MISCELLANEOUS EXPENSE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE CASE**  
**CONTESTED**

LINE

NO.	DESCRIPTION	Test Year	Restated Proforma Level	Adjustment
1	<u>OPERATING REVENUES</u>			
2	Other Operating Revenues			
3	Amortization of Summit Buyout Purchase Option	169,628	1,017,765	848,138
4	Increase (Decrease) in Revenue	169,628	1,017,765	848,138
5				
6				
7	<u>OPERATING EXPENSES</u>			
8	Amort of Deferred Taxes of Indirect Overheads			
9	Regulatory Asset (WUTC DOC # UE-051527)	2,048,627	0	(2,048,627)
10	Amort of Interest Associated with Deferral of Unrecovered			
11	Residential Exchange Benefits Credited to Customers ( WUTC			
12	DOC # UE-071024)	247,904	484,913	237,009
13	Cost of Planned Transmission Vegetation Management Wire Zone.	2,987,000	2,300,000	(687,000)
14	<i>Increase in Service Contract O&amp;M Baseline Charges, Transmission</i>	783,838	783,838	0
15	<i>Increase in Service Contract O&amp;M Baseline Charges, Distribution</i>	27,737,607	27,737,607	0
16	Company Store- Net Purchase/Sales of Merchandise in A&G	(2,376)		2,376
17	Summit Building Contractual Rent 4th Floor-New	193,718	506,302	312,584
18	Summit Building Contractual Rent Increases	1,622,420	2,252,355	629,936
19	Airport Parking	13,138		(13,138)
20	Athletic Events - Charged Above the Line	13,505		(13,505)
21	<i>Advertisizing Expenses - Green Power</i>	281,866	0	(281,866)
22	Increase(Decrease ) in Expense	35,927,247	34,065,015	(1,862,232)
23				
24	Increase(Decrease ) in Operating Expense			(2,710,369)
25	Increase(Decrease ) FIT @ 35%			948,629
26				
27	Increase(Decrease ) NOI			<u>\$ 1,761,740</u>
28				
29	<b>The impact of the changes in this Company-proposed adjustment were reflected on Schedule C-5</b>			
30	<b>and Schedule C-21 of Exhibit No.__(JRD-2C)</b>			

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.15 PROPERTY TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE CASE  
CONTESTED**

DESCRIPTION	WASHINGTON	MONTANA	OREGON	TOTAL
1 <i>RESTATED PROPERTY TAX AT 1/1/2009</i>	\$ 2,191,761,000	\$ 527,151,585	\$ 58,700,000	\$ 2,777,612,585
2				
3 <i>AVERAGE SYSTEM RATIO 12/2009</i>	95.22%	6.61%	100.00%	
4				
5 <i>CALCULATED ASSESSED VALUE</i>	\$ 2,086,994,824	\$ 34,844,720	\$ 58,700,000	\$ 2,180,539,544
6				
7 <i>ESTIMATED LEVY RATE - PER PSE</i>	10.085	291.81		
8				
9 <i>CALCULATED PROPERTY TAX -</i>				
10 <i>OPERATIONS CENTRALLY ASSESSED</i>	\$ 21,047,343	\$ 10,168,038	\$ 682,879	\$ 31,898,259
11				
12 <i>ADD: OPERATIONS CENTRALLY ASSESSED</i>				
13 <i>TAXES - 2008</i>	226,523			\$ 226,523
14				
15 <b>TOTAL PUBLIC COUNSEL PROPOSED</b>				
16 <b>ELECTRIC PROPERTY TAXES</b>	\$ 21,273,866	\$ 10,168,038	\$ 682,879	32,124,782
17				
18 <b>LESS:</b>				
19 CHARGED TO EXPENSE IN TY	(22,610,386)	(10,434,323)	(687,927)	(33,732,636)
20				
21 PROFORMA PROPERTY TAX ADJUSTMENTS				
22 INCLUDED AS PART OF SEPARATE PRODUCTION				
23 PLANT ADJUSTMENTS BY PSE FOR WHICH				
24 PROFORMA PROPERTY TAXES CALCULATED				
25 ABOVE WOULD HAVE BEEN PROVIDED:				
26 - HOPKINS EXPANSION (10.06)	(61,385)			(61,385)
27 - MINT FARM (10.08)	(1,295,495)			(1,295,495)
28 - SUMAS (10.09)	(149,575)			(149,575)
29 - WHITEHORN (10.10)	(78,379)			(78,379)
30 - FREDONIA	(159,747)			(159,747)
31				
32 PUBLIC COUNSEL ADJUSTMENT DECREASING				
33 PROPERTY TAX EXPENSE	(3,081,101)	(266,285)	(5,048)	(3,352,435)
34				
35 INCREASE(DECREASE) FIT @				1,173,352
36 INCREASE(DECREASE) NOI				2,179,082
37				
38 <b>The impact of the change in this Company-proposed adjustment was reflected on Schedule C-10</b>				
39 <b>of Exhibit No.__(JRD-2C)</b>				

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.26 EXCISE TAX & FILING FEE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	RESTATED EXCISE TAXES	\$ 77,127,850
2	CHARGED TO EXPENSE FOR TEST YEAR	<u>77,534,151</u>
3	INCREASE (DECREASE) EXCISE TAX	\$ (406,301)
4		
5	RESTATED WUTC FILING FEE	\$ 4,067,207
6	CHARGED TO EXPENSE FOR TEST YEAR	<u>4,067,207</u>
7	INCREASE(DECREASE) WUTC FILING FEE	\$ 0
8		
9	INCREASE(DECREASE) EXPENSE	(406,301)
10		
11	INCREASE(DECREASE) FIT @	35% <u>142,205</u>
12	INCREASE(DECREASE) NOI	<u>\$ 264,096</u>



**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.17 DIRECTOR AND OFFICER INSURANCE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE CASE**  
**CONTESTED**

LINE NO.	DESCRIPTION	AMOUNT
1		
2		
3	PROFORMA DIRECTORS AND OFFICER'S	
4	INSURANCE FOR ELECTRIC OPERATIONS	
5	AS PROPOSED BY PSE	\$ 308,932 (1)
6		
7	<i>LESS ONE-HALF ASSIGNED TO SHAREHOLDERS</i>	<u>(154,466)</u>
8		
9	<i>PUBLIC COUNSEL PROPOSED PROFORMA LEVEL</i>	
10	<i>OF D&amp;O INSURANCE</i>	154,466
11		
12	TEST YEAR D&O INSURANCE CHARGED	
13	TO ELECTRIC EXPENSE	<u>624,952 (1)</u>
14		
15	DECREASE TO EXPENSE	(470,486)
16		
17	INCREASE(DECREASE) FIT @ 35%	<u>\$ 164,670</u>
18	INCREASE(DECREASE) NOI	<u>\$ 305,816</u>
19		
20	(1) Per PSE Exhibit No.__(JHS-10), Adjustment 10.17	
21		
22		
23	<b>The impact of the change in this Company-proposed adjustment was reflected on</b>	
24	<b>Schedule C-9 of Exhibit No.__(JRD-2C)</b>	

**Public Counsel Revenue Requirement Summary**

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.18 MONTANA ELECTRIC ENERGY TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
UNCONTESTED**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	RESTATED KWH (COLSTRIP)	5,143,995,586
2	TAX RATE	<u>0.00035</u>
3		
4	RESTATED ENERGY TAX	1,800,398
5	CHARGED TO EXPENSE	<u>1,878,891</u>
6	INCREASE (DECREASE) EXPENSE	\$ (78,493)
7		
8	INCREASE (DECREASE) FIT @ 35%	<u>27,472</u>
9	INCREASE (DECREASE) NOI	<u>\$ 51,020</u>

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.19 INTEREST ON CUSTOMER DEPOSITS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**2009 GENERAL RATE INCREASE**  
***UNCONTESTED***

<b>LINE</b>	<b>NO. DESCRIPTION</b>	<b>AMOUNT</b>
1	INTEREST EXPENSE FOR THE RESTATED TEST YEAR	\$ 61,479
2		
3	INCREASE (DECREASE) NOI	<u>\$ (61,479)</u>
4		

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.20 SFAS 133**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

<b>LINE NO.</b>		<b>ACTUAL</b>	<b>RESTATED ADJUSTMENT</b>
1	FAS 133 OPERATING EXPENSE	\$ 7,537,999	\$ - \$ (7,537,999)
2			
3	INCREASE (DECREASE) IN EXPENSE	\$ 7,537,999	\$ - \$ (7,537,999)
4			
5	INCREASE(DECREASE) OPERATING INCOME		7,537,999
6			
7	INCREASE (DECREASE) DEFERRED FIT @	35%	2,638,300
8			
9	INCREASE (DECREASE) NOI		<u>\$ 4,899,699</u>

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.21 RATE CASE EXPENSES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
UNCONTESTED**

LINE NO.	DESCRIPTION	AMOUNT	
1	<b>EXPENSES TO BE NORMALIZED:</b>		
2			
3	ESTIMATED 2006 and 2007 GRC EXPENSES TO BE NORMALIZED	\$ 1,139,000	
4			
5	ANNUAL NORMALIZATION (LINE 3 / 2 YEARS)	569,500	
6	LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO FERC 928	1,317,497	
7	INCREASE (DECREASE) EXPENSE	\$ (747,997)	(747,997)
8			
9	ESTIMATED 2005 and 2007 PCORC EXPENSES TO BE NORMALIZED	\$ 329,000	
10			
11	ANNUAL NORMALIZATION (LINE 9 / 2)	164,500	
12	LESS TEST YEAR EXPENSE: PCORC DIRECT CHARGES TO O& M	1,674	
13	INCREASE (DECREASE) EXPENSE	\$ 162,826	162,826
14			
15			
16	TOTAL INCREASE (DECREASE) EXPENSE		\$ (585,171)
17			
18	INCREASE(DECREASE) FIT @	35%	204,810
19	INCREASE(DECREASE) NOI		\$ 380,361
20			

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.22 DEFERRED GAINS/LOSSES ON PROPERTY SALES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	DEFERRED GAIN RECORDED SINCE UE-072300, <i>et al.</i> at 03/31/2010	\$ (4,860,165)
2	DEFERRED LOSS RECORDED SINCE UE-072300, <i>et al.</i> at 03/31/2010	358,473
3	TOTAL DEFERRED NET (GAIN) LOSS TO AMORTIZE	<u>\$ (4,501,692)</u>
4		
5	AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR RATE YEAR (Line 3/3years)	(1,500,564)
6		
7	AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR TEST YEAR	<u>(2,266,696)</u>
8		
9	INCREASE (DECREASE) EXPENSE (Line 5 - Line 7)	\$ 766,132
10		
11	INCREASE (DECREASE) FIT @ 35%	<u>(268,146)</u>
12		
13	INCREASE (DECREASE) NOI	<u><u>\$ (497,986)</u></u>

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.23 PROPERTY & LIABILITY INSURANCE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**CONTESTED**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 1,421,247	\$ 2,021,620	\$ 600,373
2	LIABILITY INSURANCE EXPENSE	1,100,143	1,311,610	211,467
3	INCREASE(DECREASE) EXPENSE	\$ 2,521,391	\$ 3,333,230	\$ 811,840
4				
5	INCREASE (DECREASE) OPERATING EXPENSE			811,840
6				
7	INCREASE (DECREASE) FIT @	35%		(284,144)
8	INCREASE (DECREASE) NOI			<u>\$ (527,696)</u>
9				
10				
11	The source for the Proforma Property Insurance Expense amount			
12	being proposed by Public Counsel is a supporting Excel spreadsheet			
13	entitled "Public Counsel Property Insurance Adjustment.xls"			
14				
15	<b>The impact of the change in this Company-proposed adjustment was reflected on</b>			
16	<b>Schedule C-4 of Exhibit No.__(JRD-2C)</b>			

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.24 PENSION PLAN**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**CONTESTED**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	<i>QUALIFIED RETIREMENT FUND</i>	\$ (157,074)	\$ 2,362,680	\$ 2,519,754
2	<i>SERP PLAN</i>	1,771,381	-	(1,771,381)
3	INCREASE(DECREASE) EXPENSE	\$ 1,614,306	\$ 2,362,680	\$ 748,373
4				
5	INCREASE(DECREASE) OPERATING EXPENSE			748,373
6				
7	INCREASE (DECREASE) FIT @	35%		(261,931)
8	INCREASE (DECREASE) NOI			<u>\$ (486,442)</u>
9				
10	Calculation of Restated Qualified Retirement Expense			
11	Pension Contributions to Qualified Retirement			
12	Plan for years ending December:			
13	2005			\$ -
14	2006			\$ -
15	2007			\$ -
16	2008			<u>\$ 24,500,000</u>
17				
18	Four year average of contributions to qualified			
19	retirement plans			\$ 6,125,000
20				
21	Allocate to Operations and Maintenance Expense			<u>59.40%</u>
22				
23	Subtotal - Pension contributions allocated to O&M			\$ 3,638,250
24				
25	Allocation to electric operations			<u>64.94%</u>
26				
27	Proforma electric operations pension expense			
28	recommended by Public Counsel			<u><u>2,362,680</u></u>
29				
30	<b>The impact of the change in this Company-proposed adjustment was reflected on</b>			
31	<b>Schedules C-7 and C-8 of Exhibit No. __ (JRD-2C)</b>			



**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.25 WAGE INCREASE  
FOR THE TWELVE MONTHS ENDED DECEMBER 30, 2008  
2009 GENERAL RATE INCREASE  
CONTESTED**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PURCHASED POWER	\$ 3,120,093	\$ 3,222,432	\$ 102,339
3	OTHER POWER SUPPLY	13,571,238	14,082,490	511,252
4	TRANSMISSION	11,343,900	11,785,109	441,209
5	DISTRIBUTION	11,993,826	12,449,531	455,705
6	CUSTOMER ACCTS	10,174,505	10,572,969	398,464
7	CUSTOMER SERVICE	1,279,692	1,324,348	44,656
8	SALES	329,849	340,650	10,801
9	ADMIN. & GENERAL	20,978,180	21,598,171	619,991
10	TOTAL WAGE INCREASE	72,791,283	75,375,700	2,584,417
11				
12	PAYROLL TAXES	6,333,220	6,558,078	224,858
13	TOTAL WAGES & TAXES	\$ 79,124,503	\$ 81,933,778	\$ 2,809,275
14				
15	INCREASE (DECREASE) OPERATING EXPENSE			\$ 2,809,275
16	INCREASE (DECREASE) FIT @ 35%			(983,246)
17	INCREASE (DECREASE) NOI			<u>\$ (1,826,029)</u>
18				
19	The source for the Proforma Rate Year Wage/Payroll Tax Expense amount			
20	being proposed by Public Counsel is a supporting Excel spreadsheet			
21	entitled "Public Counsel PSE Wage Adjustment.xls"			
22				
23	The impact of the change in this Company-proposed adjustment was reflected on			
24	Schedule C-2 of Exhibit No.__(JRD-2C)			

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.26 INVESTMENT PLAN**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**2009 GENERAL RATE INCREASE**  
**CONTESTED**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	<i>ELECTRIC O&amp;M PAYROLL AS PROPOSED BY PUBLIC</i>	
2	<i>COUNSEL ON ADJ'T. NO. 10.25</i>	\$ 75,375,700
3		
4	<i>TEST YEAR ACTUAL ELECTRIC O&amp;M WAGE</i>	<u>72,791,283</u>
5		
6	<i>FACTOR TO CONSIDER THE WAGE INCREASE BEING</i>	
7	<i>RECOMMENED BY THE PUBLIC COUNSEL (LINE 2/LINE 4)</i>	1.0355045
8		
9	<i>TEST YEAR ACTUAL INVESTMENT PLAN EXPENSE</i>	<u>\$ 3,775,755</u>
10		
11	<i>PROFORMA INVESTMENT PLAN EXPENSE</i>	3,909,811
12		
13	INCREASE (DECREASE) IN EXPENSE	134,056
14	INCREASE (DECREASE) IN FIT @ 35%	<u>(46,920)</u>
15	INCREASE (DECREASE) IN NOI	\$ (87,137)
16		
17		
18	<b>The impact of the change in this Company-proposed adjustment was reflected on</b>	
19	<b>Schedule C-2 of Exhibit No. __ (JRD-2C)</b>	

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.27 EMPLOYEE INSURANCE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
CONTESTED**

LINE NO.	DESCRIPTION	AMOUNT
1	TEST YEAR AVERAG TOTAL NO. OF EMPLOYEES	2,613
2		
3	AVERAGE FLEX CREDIT PER EMPLOYEE PER	
4	MONTH EFFECTIVE IN 2009	\$ 910
5		
6	TOTAL FLEX CREDIT COSTS PER MONTH	\$ 2,377,830
7		
8	PROFORMA TOTAL PSE FLEX CREDITS - TIMES 12 MONTHS	28,533,960
9		
10	PERCENT TO ELECTRIC OPERATIONS	64.94%
11		
12	TOTAL PROFORMA ELECTRIC OPERATIONS FLEX CREDIT COSTS	18,529,954
13		
14	PERCENT TO ELECTRIC EXPENSE	59.40%
15		
16	PUBLIC COUNSEL PROPOSED PROFORMA FLEX	
17	CREDIT FOR ELECTRIC OPERATING EXPENSE	11,006,792
18		
19	CHARGED TO EXPENSE 12 MONTH ENDING DECEMBER 2008	10,217,330
20		
21	INCREASE(DECREASE) OPERATING EXPENSE	789,463
22		
23	INCREASE(DECREASE) FIT @ 35%	(276,312)
24		
25	INCREASE(DECREASE) NOI	\$ (513,151)
26		
27	<b>The impact of the change in this Company-proposed adjustment was reflected on</b>	
28	<b>Schedule C-3 of Exhibit No.__(JRD-2C)</b>	

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.28 INCENTIVE PAY**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	<u>OPERATING EXPENSES ( RESTATED)</u>			
2	PURCHASED POWER	\$ 291,735	\$ 221,008	\$ (70,727)
3	OTHER POWER SUPPLY	1,267,586	968,916	(298,670)
4	TRANSMISSION	1,059,495	811,571	(247,924)
5	DISTRIBUTION	1,120,699	856,601	(264,098)
6	CUSTOMER ACCTS	950,690	728,240	(222,450)
7	CUSTOMER SERVICE	119,686	91,095	(28,591)
8	SALES	30,602	23,291	(7,311)
9	ADMIN. & GENERAL	1,959,863	1,475,112	(484,751)
10	TOTAL INCENTIVE/MERIT PAY	\$ 6,800,356	\$ 5,175,834	\$ (1,624,522)
11				
12	PAYROLL TAXES ASSOC WITH MERIT PAY	528,346	402,131	(126,215)
13	INCREASE(DECREASE) EXPENSE	7,328,702	5,577,965	(1,750,737)
14				
15	INCREASE (DECREASE) OPERATING EXPENSE			(1,750,737)
16				
17	INCREASE (DECREASE) FIT @		35%	612,758
18	INCREASE (DECREASE) NOI			\$ 1,137,979

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.29 MERGER SAVINGS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

<b>LINE</b>	<b>NO. DESCRIPTION</b>	<b>ACTUAL</b>	<b>PROFORMA</b>	<b>ADJUSTMENT</b>
1				
2	OPEERATING EXPENSES			
3	MERGER SAVINGS	\$ 874,205	-	(874,205)
4	INCREASE(DECREASE) EXPENSE	874,205	-	(874,205)
5				
6	INCREASE(DECREASE) INCOME			(874,205)
7				
8	INCREASE (DECREASE) FIT @		35%	305,972
9	INCREASE (DECREASE) NOI			
10				\$ 568,233

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.30 STORM DAMAGE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	AMOUNT		
		Transmission	Distribution	Total
1	<u>NORMAL STORMS</u>			
2	ACTUAL O&M:			
3	TWELVE MONTHS ENDED 12/31/03	\$ 247,140	\$ 5,658,040	\$ 5,905,180
4	TWELVE MONTHS ENDED 12/31/04	(11,319)	9,133,971	9,122,653
5	TWELVE MONTHS ENDED 12/31/05	122,468	3,449,456	3,571,923
6	TWELVE MONTHS ENDED 12/31/06	450,748	10,435,721	10,886,469
7	TWELVE MONTHS ENDED 12/31/07	376,353	8,672,798	9,049,151
8	TWELVE MONTHS ENDED 12/31/08	77,335	9,881,618	9,958,953
9	TOTAL NORMAL STORMS	1,262,725	47,231,604	48,494,329
10				
11	SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR	210,454	7,871,934	8,082,388
12				
13	CHARGED TO EXPENSE FOR TEST YEAR ENDED 12/31/08:			
14	STORM DAMAGE EXPENSE (LINE 8)	77,335	9,881,618	9,958,953
15				
16	INCREASE (DECREASE) OPERATING EXPENSE	133,119	(2,009,684)	(1,876,565)
17				
18				
19	<u>CATASTROPHIC STORMS</u>			
20	DEFERRED BALANCES FOR 4 YEAR AMORTIZATION AT			
21	START OF RATE YEAR (4/1/10):			
22	2006 STORM DAMAGE (EXCL 12/13/06 WIND STORM)	17,706,790		
23	2007 STORM DAMAGE	13,794,354		
24	2008 STORM DAMAGE	1,998,779		
25	TOTAL	33,499,923		
26	ANNUAL AMORTIZATION (LINE 25 , 4 YEARS)		8,374,981	
27				
28	DEFERRED BALANCES FOR 10 YEAR AMORTIZATION AT			
29	START OF RATE YEAR (4/1/10):			
30	12/13/06 WIND STORM	68,317,669		
31	TOTAL	68,317,669		
32	ANNUAL AMORTIZATION (LINE 31 , 103 (# OF MONTHS REMAINING) X 12)	7,959,340		
33	TOTAL RATE YEAR AMORTIZATION		16,334,321	
34	LESS CATASTROPHIC STORM AMORT AS (12/31/08)		4,956,181	
35				
36	INCREASE (DECREASE) OPERATING EXPENSE (LINE 26+LINE 32 - LINE 34)	7,959,340		11,378,140
37				
38	TOTAL INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 36)			9,501,575
39				
40	INCREASE (DECREASE) FIT @ 35% (LINE 38 X 35%)			(3,325,551)
41				
42	INCREASE (DECREASE) NOI			\$ (6,176,024)

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.31 REGULATORY ASSETS AND LIABILITIES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**2009 GENERAL RATE INCREASE**  
**CONTESTED**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT	
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>				
2	CABOT BUYOUT	\$ 360,425	\$ -	\$ (360,425)	
3	TENASKA	118,166,087	47,565,333	(70,600,754)	
4	BEP	21,714,195	16,211,898	(5,502,297)	
5	WHITE RIVER PLANT COSTS	35,059,015	30,893,115	(4,165,899)	
6	WHITE RIVER RELICENSING & CWIP	19,828,326	19,459,947	(368,379)	
7	<i>PROCEED FROM THE SALE OF WHITE RIVER</i>	-	(27,074,057)	(27,074,057)	(3)
8	CANWEST	(319,932)	-	319,932	
9	HOPKINS RIDGE PREPAID TRANSMISSION	6,017,545	938,032	(5,079,513)	
10	GOLDENDALE FIXED COSTS DEFERRAL	7,814,472	2,930,761	(4,883,711)	
11	HOPKINS RIDGE MITIGATION CREDIT	(775,674)	(160,522)	615,152	
12	<i>COLSTRIP SETTLEMENT - UE-080900 Account 186</i>	-	-	-	
13	WESTCOAST PIPELINE CAPACITY - UE-082013	(713,271)	(2,060,421)	(1,347,150)	
14	<i>OVER RECOVERY OF MAJOR MAINTENANCE</i>	-	-	-	
15	TOTAL REGULATORY ASSETS	\$ 207,151,187	\$ 88,704,086	\$ (118,447,101)	
16					
17					
18	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>				
19	CABOT BUYOUT	\$ 1,410,033	\$ -	\$ (1,410,033)	
20	TENASKA (AMORT OF AFPC PORTION)	4,802,000	6,051,143	1,249,143	
21	BEP	3,526,620	3,526,620	-	
22	WHITE RIVER PLANT COSTS	1,494,702	1,494,702	-	
23	WHITE RIVER RELICENSING & CWIP	-	-	-	
24	CANWEST	(1,898,741)	-	1,898,741	
25	HOPKINS RIDGE PREPAID TRANSMISSION	1,992,888	1,925,091	(67,797)	
26	GOLDENDALE FIXED COSTS DEFERRAL	693,692	4,162,154	3,468,462	
27	HOPKINS RIDGE MITIGATION CREDIT	(241,917)	(846,708)	(604,792)	
28	<i>COLSTRIP SETTLEMENT - UE-080900</i>	10,487,160	-	(10,487,160)	(2)
29	WESTCOAST PIPELINE CAPACITY - UE-082013	-	(392,150)	(392,150)	
30	<i>AMORTIZATION OF OVER-RECOVERY OF MAJOR MAINTENANCE</i>	-	-	-	(1)
31	TOTAL AMORTIZATION OF REG ASSETS/LIABS	22,266,437	15,920,852	(6,345,586)	
32					
33	TENASKA FLOW THRU	23,470,000	32,254,250	8,784,250	
34					
35	TOTAL REGULATORY AMORT (LINE 29 + LINE 31)			2,438,664	
36					
37	INCREASE (DECREASE) FIT ON LINE 29		35%	2,220,955	
38					
39	INCREASE (DECREASE) NOI (LINE 33 + LINE 35)			<u>\$ (4,659,619)</u>	
40					
41	(1) PSE proposed the amortization of over-recovered production major maintenance costs				
42	which was eliminated with an adjustment shown on Schedule C-20 of Public				
43	Counsel Exhibit No. __ (JRD-2C). PSE's rate base proposal for this item was				
44	eliminated on Schedule B-3.				
45					
46	(2) PSE proposed the amortization of deferred Colstrip litigation costs which was				
47	eliminated with an adjustment shown on Schedule C-19 of Public Counsel				
48	Exhibit No. __ (JRD-2C). PSE's rate base proposal for this item was				
49	eliminated on Schedule B-2.				
50					
51	(3) The PSE-calculated level of expected White River sale net proceeds was				
52	was adjusted on Schedule B-4 of Public Counsel Exhibit No. __ (JRD-2C)				

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.32 DEPRECIATION STUDY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
UNCONTESTED**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	<b><u>ADJUSTMENT TO OPERATING EXPENSES</u></b>			
2	<b><u>DEPRECIATION EXPENSE</u></b>			
3	403 DEPRECIATION EXPENSE	\$ 163,345,135	\$ 151,549,221	\$ (11,795,914)
4	403 ELEC PORTION OF COMMON	5,390,885	8,077,208	2,686,323
5	403 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	4,462,322	4,462,322	-
6	SUBTOTAL DEPRECIATION EXPENSE 403	<u>\$ 173,198,341</u>	<u>\$ 164,088,750</u>	<u>\$ (9,109,591)</u>
7				
8	403.1 DEPR. EXP- FAS 143 (RECOVERED IN RATES)	102,031	108,699	6,668
9	403.1 DEPR. EXP - FAS 143 (NOT RECOVERED IN RATES)	6,668	-	(6,668)
10	SUBTOTAL DEPRECIATION EXPENSE 403.1	<u>\$ 108,699</u>	<u>\$ 108,699</u>	<u>\$ (0)</u>
11				
12	TOTAL DEPRECIATION EXPENSE	<u>173,307,040</u>	<u>164,197,450</u>	<u>(9,109,591)</u>
13				
14	<b><u>AMORTIZATION EXPENSE</u></b>			
15	4111 ACCRETION EXP. - FAS 143 (RECOVERED IN RATES)	832,086	968,936	136,850
16	4111 ACCRETION EXP. - FAS 143 (NOT RECOVERED IN RATES)	136,850	-	(136,850)
17	SUBTOTAL ACCRETION EXPENSE 411.1	<u>968,936</u>	<u>968,936</u>	<u>(0)</u>
18				
19	FLEET DEPR. EXP. ON INC STMT NOT RECORDED IN 403	-	-	-
20				
21	INCREASE(DECREASE) EXPENSE			\$ (9,109,591)
22				
23	INCREASE (DECREASE) FIT @		35%	
24	INCREASE(DECREASE) NOI			<u>\$ 9,109,591</u>
25				
26				
27	<b><u>ADJUSTMENT TO RATE BASE</u></b>			
28	ADJUST ACCUM. DEPR. FOR ADDITIONAL DEPRECIATION EXPENSE (50% OF LINE 21)			4,554,795
29				-
30	ADJUSTMENT TO RATE BASE			<u>\$ 4,554,795</u>



**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.33 FREDONIA POWER PLANT**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>RATEBASE</u>			
2	UTILITY PLANT BALANCE	\$ -	\$ 70,121,452	\$ 70,121,452
3	ACCUMULATED DEPRECIATION	-	(27,672,234)	(27,672,234)
4	DEFERRED FIT	(5,482,293)	(6,328,106)	(845,814)
5	<u>TOTAL RATEBASE</u>	<u>\$ (5,482,293)</u>	<u>\$ 36,121,112</u>	<u>\$ 41,603,405</u>
6				
7				
8	<u>OPERATING EXPENSES</u>			
9	LEASE PAYMENT			
10	DEPRECIATION EXPENSE	\$ -	\$ 1,617,141	\$ 1,617,141
11	PROPERTY INSURANCE	38,324	44,991	6,667
12	PROPERTY TAXES	179,053	159,747	(19,306)
13	INCREASE (DECREASE) EXPENSE	<u>\$ 217,376</u>	<u>\$ 1,821,879</u>	<u>\$ 1,604,502</u>
14				
15	INCREASE (DECREASE) EXPENSE	217,376	1,821,879	1,604,502
16				
17	INCREASE (DECREASE) FIT @	35% (76,082)	(637,658)	(561,576)
18	INCREASE (DECREASE) NOI	<u>\$ (141,294)</u>	<u>\$ (1,184,221)</u>	<u>\$ (1,042,926)</u>

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.34 AMORTIZATION OF MINT FARM DEFERRED COSTS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**CONTESTED**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1				
2	AMORTIZATION OF FIXED COST DEFERRAL	\$ -	\$ -	-
3	DEFERRAL OF MINT FARM FIXED COSTS	(776,937)	(776,937)	-
4	AMORTIZATION OF FIXED COST DEFERRAL	(776,937)	(776,937)	-
5				
6	INCREASE (DECREASE) OPERATING EXPENSES			-
7				
8	INCREASE(DECREASE) FIT @		35%	-
9				
10	INCREASE(DECREASE) NOI		\$	-
11				
12	RATE BASE			
13	MINT FARM AMA GROSS - DEF & INT.	\$ 110,252	\$ -	(110,252)
14	MINT FARM AMA ACCUMULATED AMORTIZATION	-	-	-
15	MINT FARM AMA ACCUMULATED DEFERRED FIT	(38,583)	-	38,583
16	TOTAL MINT FARM RATE BASE	71,669	-	(71,669)

17

18 **This PSE-proposed proforma adjustment was eliminated with Schedule B-5 and Schedule C-22 of**

19 **Public Counsel Exhibit No.\_\_(JRD-2C)**

20

21 An error in presenting Public Counsel's Exhibit No.\_\_(JRD-2C) has been identified.

22 The "negative" expense related to the Mint Farm deferral occurring during the test

23 year should have been reversed. To tie results of this Bench Request back to

24 Exhibit No.\_\_(JRD-2C) we have intentionally not corrected this error in this

25 response. This and any other identified errors will be corrected at a later time.

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.35 FLEET VEHICLES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
UNCONTESTED**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1	<u>FLEET OPERATING EXPENSES</u>			
2	LEASE PAYMENT	\$ 2,761,859	\$ -	\$ (2,761,859)
3	DEPRECIATION EXPENSE	-	\$ 804,616	804,616
4	INCREASE (DECREASE) EXPENSE	\$ 2,761,859	\$ 804,616	\$ (1,957,242)
5				
6	INCREASE (DECREASE) EXPENSE	2,761,859	804,616	(1,957,242)
7				
8		35%		
9	INCREASE (DECREASE) FIT @	(966,651)	(281,616)	685,035
10	INCREASE (DECREASE) NOI	\$ (1,795,208)	\$ (523,000)	\$ 1,272,207
11				
12	<u>RATEBASE</u>			
13	FLEET BALANCE	\$ -	\$ 8,777,632	\$ 8,777,632
14	ACCUMULATED DEPRECIATION	-	(603,462)	(603,462)
15	DEFERRED FIT	-	(726,142)	(726,142)
16	<u>NET FLEET RATEBASE</u>	\$ -	\$ 7,448,028	\$ 7,448,028
17				

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.36 NET INTEREST PAID TO IRS ON SSCM**  
**FOR TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1	<u>AMORTIZATION OF DEFERRED SSCM NET</u>			
2	<u>INTEREST PAID TO IRS</u>			
3	AMORTIZATION EXPENSE		2,263,966	2,263,966
4	TOTAL OPERATING EXPENSES	\$ -	\$ 2,263,966	\$ 2,263,966
5				
6	INCREASE (DECREASE) EXPENSE			\$ 2,263,966
7				
8	INCREASE (DECREASE) FIT @		35%	(792,388)
9	INCREASE (DECREASE) NOI			\$ (1,471,578)
10				
11	RATEBASE			
12	<u>DEFERRED SSCM NET INTEREST PAID TO IRS</u>			
13	GROSS DEFERRED BALANCE	\$ 2,633,392	\$ 4,527,932	\$ 1,894,540
14	ACCUM AMORTIZATION		(1,131,983)	(1,131,983)
15	DEFERRED FEDERAL INCOME TAX	897,536	(1,188,582)	(2,086,118)
16	NET DEFERRED INTEREST ADDITION TO RATEBASE	\$ 3,530,928	\$ 2,207,367	\$ (1,323,561)

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 10.37 PRODUCTION ADJUSTMENT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 1.76%	FIT 35%
<b>ADJUSTMENT FOR INCREMENTAL PUBLIC COUNSEL INCOME AND RATE BASE ADJUSTMENTS</b>				
1	PROFORMA PRODUCTION COSTS NOT FACTORED			
2	WITH ADJUSTMENT 10.03 (POWER COST ADJT)			
3	OTHER POWER SUPPLY EXPENSE	\$ (3,856,067)	\$ (67,867)	\$ 23,753
4	ADMIN & GENERAL EXPENSES	(1,090,819)	(19,198)	6,719
5	TOTAL TAXES OTHER	(1,877,748)	(33,048)	11,567
6	TOTAL AMORTIZATION OF REG ASSETS/LIABS	(23,487,861)	(413,386)	144,685
7				
8	PUBLIC COUNSEL'S INCREMENTAL PRODUCTION ADJUSTMENT	(30,312,496)	(533,500)	186,725
9				
10	PLUS: PSE'S ORIGINAL ADJUSTMENT	252,031,968	3,034,465	(954,424)
11				
12	INCREASE (DECREASE) IN NET EXPENSE		2,500,965	(767,699)
13				
14	INCREASE IN NOI			\$ (1,733,266)
15				
16	REGULATORY ASSETS RATE BASE:	(47,842,844)	\$ (842,034)	
17				
18	PSE'S PRODUCTION ADJUSTMENT POSTED IN SUPPLEMENTAL FILING EXH. NO. (JHS-10), ADJT 10.37			
19	PRODUCTION PROPERTY RATE BASE:		(0.0120)	
20	DEPRECIABLE PRODUCTION PROPERTY	\$ 2,480,979,950	29,870,999	
21	LESS PRODUCTION PROPERTY ACCUM DEPR.	(1,096,832,900)	(13,205,868)	
22	NON-DEPRECIABLE PRODUCTION PROPERTY (Baker, Whitehorn)	94,342,575	1,135,885	
23	LESS PRODUCTION PROPERTY ACCUM AMORT. (Baker, Whitehorn)	(8,457,749)	(101,831)	
24	COLSTRIP COMMON FERC ADJUSTMENT	5,656,965	68,110	
25	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	1,667,334	20,075	
26	ENCOGEN AND OTHER ACQUISITION ADJUSTMENTS	193,075,346	2,324,627	
27	ACCUMULATED AMORTIZATION ON ACQUISITION ADJ	(8,515,583)	(102,528)	
28	NET PRODUCTION PROPERTY	1,661,915,937	20,009,468	
29	DEDUCT:			
30	LIBR. DEPREC. POST 1980 (AMA)	(202,838,431)	(2,442,175)	
31	OTHER DEF. TAXES (AMA)	(3,279,416)	(39,484)	
32	SUBTOTAL	(206,117,847)	(2,481,659)	
33				
34	PSE ADJUSTMENT TO PRODUCTION RATE BASE	\$ 1,455,798,090	\$ 17,527,809	
35				
36	REGULATORY ASSETS RATE BASE:			
37	CABOT	-	-	
38	TENASKA	47,565,333	572,687	
39	BEP	16,211,898	195,191	
40	WHITE RIVER PLANT COSTS	30,893,115	371,953	
41	WHITE RIVER RELICENSING & CWIP	19,459,947	234,298	
42	PROCEEDS FROM THE SALE OF WHITE RIVER	(16,250,000)	(195,650)	
43	CANWEST	-	-	
44	HOPKINS RIDGE PREPAID TRANSMISSION	938,032	11,294	
45	GOLDENDALE FIXED COSTS DEFERRAL	2,930,761	35,286	
46	HOPKINS RIDGE MITIGATION CREDIT	(160,522)	(1,933)	
47	COLSTRIP SETTLEMENT - UE-080900	7,142,281	85,993	
48	WESTCOAST PIPELINE CAPACITY - UE-082013	(2,060,421)	(24,807)	
49	MINT FARM DEFERRAL	32,862,450	395,664	
50	OVER RECOVERY MAINTENANCE	(2,985,943)	(35,951)	
51				
52	PSE ADJUSTMENT TO REGULATORY ASSETS RATE BASE	\$ 136,546,931	\$ 1,644,025	
53				
54	TOTAL ADJUSTMENT TO RATEBASE (LINE 73 + LINE 91)	\$ 1,544,502,177	\$ 18,329,800	

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 10.39 CORPORATE AIRCRAFT EXPENSE IN EXCESS OF ALTERNATIVE TRAVEL COSTS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**CONTESTED - INCREMENTAL PUBLIC COUNSEL ADJUSTMENT**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<b><u>CORPORATE AIRCRAFT OPERATING EXPENSE</u></b>			
2	ADMINISTRATIVE AND GENERAL EXPENSE	\$ 379,800	\$ 168,417	\$ (211,383)
3	DEPRECIATION EXPENSE	50,980	-	(50,980)
4	TOTAL AMORTIZATION WILD HORSE EXPANSION	<u>\$ 430,780</u>	<u>\$ 168,417</u>	<u>\$ (262,363)</u>
5				
6	INCREASE (DECREASE) OPERATING EXPENSES			(262,363)
7				
8	INCREASE (DECREASE) FIT	35%		<u>91,827</u>
9				
10	INCREASE (DECREASE) NOI			<u><u>170,536</u></u>
11				
12	<b><u>RATE BASE- CORPORATE AIRCRAFT COSTS</u></b>			
13	PLANT IN SERVICE	\$ 1,489,980	-	\$ (1,489,980)
14	ACCUMULATED DEPRECIATION	(675,388)	-	675,388
15	ACCUMULATED DEFERRED INCOME TAXES	56,550	-	(56,550)
16	TOTAL AMOUNT OF AIRCRAFT COSTS IN RATE BASE	<u>\$ 871,142</u>	<u>\$ -</u>	<u>\$ (871,142)</u>
17				
18	<b>This adjustment was reflected on Schedules B-1 and C-12 of Public Counsel Exhibit No. __ (JRD-2C)</b>			

**Public Counsel Revenue Requirement Summary**  
**PUGET SOUND ENERGY**  
**ADJUSTMENT 10.40 TO NORMALIZE INJURIES AND DAMAGES EXPENSE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**CONTESTED - INCREMENTAL PUBLIC COUNSEL ADJUSTMENT**

Line No.	Description (a)	Year (b)	Amount (c)
1	Accruals for Injuries and Damages Expense	2006	\$ 1,209,817
2	(Source: Public Counsel Data Request	2007	1,435,000
3	No. 336)	2008	2,832,212
4	Payments Expensed - Not Previously Accrued	2006	1,266,151
5	(Source: Public Counsel Data Request	2007	770,721
6	No. 336)	2008	<u>1,015,316</u>
7	Total Accruals & Payment Charged to	2006	2,475,968
8	Injuries and Damages Expense	2007	2,205,721
9		2008	3,847,528
10	Three Year Average of Injuries and Damages Expense (Average Lines 7 - 9)		\$ 2,843,072
11	Less: Test Year Actual Accruals and Payments (Line 9)		<u>(3,847,528)</u>
12	Adjustment to normalize injuries and damages		
13	expense based upon a three year average (Line 10 - Line 9)		(1,004,456)
14	Increase/(Decrease) in federal income tax expense @ 35%		<u>351,559</u>
15	Increase/(Decrease) in Net Operating Income (Line 13 - Line 14)		<u><u>\$ 652,896</u></u>

**Public Counsel Revenue Requirement Summary  
GENERAL RATE INCREASE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNTS CALCULATED IN THIS RESPONSE	ORIGINAL AMOUNTS PER SCH. A OF EXHIBIT NO. (JRD-2C)
1	RATE BASE	\$ 3,784,483,934	\$ 3,784,483,000
2	RATE OF RETURN	7.74%	7.74%
3			
4	OPERATING INCOME REQUIREMENT	292,919,057	292,919,000
5			
6	PRO FORMA OPERATING INCOME	307,041,363	307,062,000
7	OPERATING INCOME DEFICIENCY	(14,122,307)	(14,143,000)
8			
9	CONVERSION FACTOR	0.6212620	0.6212620
10	REVENUE REQUIREMENT DEFICIENCY	(22,731,645)	(22,766,000)
11	LARGE FIRM WHOLESAL	220,879	221,000
12	SALES FROM RESALE-FIRM	79,160	79,000
13	REVENUE REQUIREMENT DEFICIENCY	\$ (23,031,684)	\$ (23,066,000)
14			
15	<b>Adjustment to Eliminate Equity</b>		
16	<b>Return on Mint Farm Investment:</b>		
17	Mint Farm Rate Base as		
18	Proposed by PSE - from		
19	Exhibit No.__(JHS-10),		
20	Adjustment No. 10.08	\$ 233,570	\$ 233,570
21			
22	PSE's Proposed Before-tax Weighted Cost of		
23	Common Equity (this will be corrected/revised		
24	at a later date to Reflect Public Counsel's		
25	Recommended Before-tax WCCE	8.338%	8.338%
26			
27	Reduction in Revenue Requirement		
28	Resulting from Elimination of an		
29	Equity Return on Mint Farm		
30	Rate Base Investment - as		
31	Proposed by Scott Norwood	\$ 19,475,000	\$ 19,475,000
32			
33	<b>Public Counsel's Recommended</b>		
34	<b>Revenue Deficiency/(Excess)</b>	<b>\$ (42,506,684)</b>	<b>\$ (42,541,000)</b>
35			
36	Unreconciled difference - Rounding and/or unlocated	\$ (34,316)	



Public Counsel Revenue Requirement Summary

PUGET SOUND ENERGY-ELECTRIC  
PRO FORMA COST OF CAPITAL  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1	SHORT TERM DEBT	4.00%	2.47%	0.10%
2	LONG TERM DEBT	53.00%	6.70%	3.55%
3	PREFERRED	0.00%	0.00%	0.00%
4	EQUITY	43.00%	9.50%	4.09%
5	TOTAL	100.00%		7.74%
6				
7	AFTER TAX SHORT TERM DEBT ((LINE 1)* 65%)	4.00%	1.61%	0.07%
8	AFTER TAX LONG TERM DEBT ((LINE 2)* 65%)	53.00%	4.36%	2.31%
9	PREFERRED	53.00%	0.00%	0.00%
10	EQUITY	43.00%	9.50%	4.09%
11	TOTAL AFTER TAX COST OF CAPITAL	153.00%		6.47%

**Public Counsel Revenue Requirement Summary**

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

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>RATE</b>
1	BAD DEBTS	0.003622
2	ANNUAL FILING FEE	0.002000
3	STATE UTILITY TAX ( 3.873% - ( LINE 1 * 3.873% ) )	3.873% <u>0.038590</u>
4		
5	SUM OF TAXES OTHER	0.044212
6		
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX ( 1 - LINE )	0.955788
8	FEDERAL INCOME TAX ( LINE 7 * 35% )	35% <u>0.334526</u>
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX ( LINE 7 - LINE 8 )	<u>0.621262</u>



Puget Sound Energy  
 UE 090704  
 Test Year December 31, 2008  
 Public Counsel Revenue Requirement Summary  
 Electric Operations

Adj. No. (a)	Description (b)	Net Operating Income (c)	Rate Base (d)	Rev Req @ 8.50 (e)	Rev Req @7.74% (f)	Cost of Capital Difference (g)
<b>Actual Results of Operations</b>						
10.01	Temperature Normalization	225,331,768	3,462,284,719	111,003,784	68,649,087	(42,354,697)
10.02	Revenues & Expenses	(12,235,767)	-	19,695,019	19,695,019	-
10.03	Power Costs	86,639,195	8,853,437	(138,245,464)	(138,353,769)	(108,306)
10.04	Federal Income Tax	81,891,617	-	(131,814,946)	(131,814,946)	-
10.05	Tax Benefits of Pro Forma Interest	(19,556,491)	-	31,478,654	31,478,654	-
10.06	Hopkins Ridge Infill	3,019,998	-	(4,861,070)	(4,861,070)	-
10.07	Wild Horse Expansion	(214,973)	4,704,806	989,730	932,175	(57,555)
10.08	Mint Farm	(4,434,431)	75,427,036	17,457,577	16,534,866	(922,711)
10.09	Sumas	(53,696,209)	223,509,079	117,010,988	114,276,765	(2,734,223)
10.10	Whitehorn	(738,415)	7,282,195	2,184,911	2,095,826	(89,084)
10.11	Baker Hydro Relicense	(2,015,304)	18,323,366	5,750,860	5,526,707	(224,153)
10.12	Pass-Through Revenue & Expense	(1,000,689)	32,876,741	6,108,876	5,706,689	(402,187)
10.13	Bad Debt	(640,213)	-	1,030,503	1,030,503	-
10.14	Miscellaneous Operating Expense	1,021,353	-	(1,643,997)	(1,643,997)	-
10.15	Property Tax	1,761,740	-	(2,835,744)	(2,835,744)	-
10.16	Excise Tax & Filing Fee	2,179,082	-	(3,507,510)	(3,507,510)	-
10.17	D&O Insurance	264,096	-	(425,096)	(425,096)	-
10.18	Montana Electric Energy Tax	305,816	-	(492,249)	(492,249)	-
10.19	Interest on Customer Deposits	51,020	-	(82,123)	(82,123)	-
10.20	SFAS 133	(61,479)	-	98,958	98,958	-
10.21	Rate Case Expense	4,899,699	-	(7,886,688)	(7,886,688)	-
10.22	Deferred G/L on Property Sales	380,361	-	(612,240)	(612,240)	-
10.23	Property & Liability Insurance	(497,986)	-	801,572	801,572	-
10.24	Pension Plan	(527,696)	-	849,393	849,393	-
10.25	Wage Increase	(486,442)	-	782,991	782,991	-
10.26	Investment Plan	(1,826,029)	-	2,939,225	2,939,225	-
10.27	Employee Insurance	(87,137)	-	140,257	140,257	-
10.28	Incentive Pay	(513,151)	-	825,981	825,981	-
10.29	Merger Savings	1,137,979	-	(1,831,722)	(1,831,722)	-
10.30	Storm Damage	568,233	-	(914,644)	(914,644)	-
10.31	Regulatory Assets & Liabilities	(6,176,024)	-	9,941,094	9,941,094	-
10.32	Depreciation Study	(4,659,619)	(118,447,101)	(8,705,481)	(7,256,498)	1,448,983
10.33	Fredonia Power Plant	9,109,591	4,554,795	(14,039,863)	(14,095,582)	(55,720)
10.34	Mint Farm Deferred Cost	(1,042,926)	41,603,405	7,370,829	6,861,887	(508,941)
10.35	Fleet Vehicles	-	(71,669)	(9,806)	(8,929)	877
10.36	Net Interest Paid to IRS	1,272,207	7,448,028	(1,028,753)	(1,119,866)	(91,113)
10.37	Production Adjustment	(1,471,578)	(1,323,561)	2,187,604	2,203,796	16,191
10.38	Staff-only Inc'l Wild Horse Adj't	(1,733,266)	18,329,800	5,297,763	5,073,532	(224,231)
10.39	Excess Aircraft Cost Adjustment	170,536	(871,142)	(393,687)	(383,030)	10,657
10.40	Normalize Injuries and Damages	652,896	-	(1,050,919)	(1,050,919)	-
<b>Total Adjustments</b>		81,709,595	322,199,215	(87,439,216)	(91,380,731)	(3,941,516)
<b>Adjusted Results of Operations</b>		307,041,363	3,784,483,934	23,564,569	(22,731,644)	(46,296,213)

Puget Sound Energy  
 UE 090704  
 Test Year December 31, 2008  
 Public Counsel Revenue Requirement Summary  
 Electric Operations

Adj. No. (a)	Description (b)	Net Operating Income (c)	Rate Base (d)	Rev Req @8.50 (e)	Rev Req @7.74% (f)
<b>Actual Results of Operations</b>					
10.01	Temperature Normalization	225,331,768	3,462,284,719	111,003,784	68,649,087
10.02	Revenues & Expenses	(12,235,767)	-	19,695,019	19,695,019
10.03	Power Costs	80,396,404	-	(129,408,211)	(129,408,211)
10.04	Federal Income Tax	43,026,979	-	(69,257,381)	(69,257,381)
10.05	Tax Benefits of Pro Forma Interest	(20,234,048)	-	32,569,267	32,569,267
10.06	Hopkins Ridge Infill	(878,117)	-	1,413,441	1,413,441
10.07	Wild Horse Expansion	(214,972)	4,704,806	989,728	932,174
10.08	Mint Farm	(4,434,431)	75,427,036	17,457,577	16,534,865
10.09	Sumas	(56,574,839)	223,509,079	121,644,509	118,910,285
10.10	Whitehorn	(738,416)	7,282,195	2,184,912	2,095,827
10.11	Baker Hydro Relicence	(2,015,304)	18,323,366	5,750,859	5,526,706
10.12	Pass-Through Revenue & Expense	(1,000,689)	32,876,741	6,108,875	5,706,689
10.13	Bad Debt	(640,213)	-	1,030,504	1,030,504
10.14	Miscellaneous Operating Expense	1,021,353	-	(1,643,997)	(1,643,997)
10.15	Property Tax	994,791	-	(1,601,242)	(1,601,242)
10.16	Excise Tax & Filing Fee	(1,603,694)	-	2,581,349	2,581,349
10.17	D&O Insurance	264,096	-	(425,096)	(425,096)
10.18	Montana Electric Energy Tax	205,413	-	(330,638)	(330,638)
10.19	Interest on Customer Deposits	51,020	-	(82,123)	(82,123)
10.20	SFAS 133	(61,479)	-	98,958	98,958
10.21	Rate Case Expense	4,899,699	-	(7,886,687)	(7,886,687)
10.22	Deferred G/L on Property Sales	380,361	-	(612,239)	(612,239)
10.23	Property & Liability Insurance	(497,986)	-	801,572	801,572
10.24	Pension Plan	(680,687)	-	1,095,652	1,095,652
10.25	Wage Increase	(2,741,878)	-	4,413,400	4,413,400
10.26	Investment Plan	(3,511,487)	-	5,652,184	5,652,184
10.27	Employee Insurance	(163,422)	-	263,048	263,048
10.28	Incentive Pay	(1,007,959)	-	1,622,438	1,622,438
10.29	Merger Savings	1,137,979	-	(1,831,722)	(1,831,722)
10.30	Storm Damage	568,233	-	(914,643)	(914,643)
10.31	Regulatory Assets & Liabilities	(6,176,024)	-	9,941,094	9,941,094
10.32	Depreciation Study	(5,500,394)	(103,466,707)	(5,302,555)	(4,036,830)
10.33	Fredonia Power Plant	9,109,591	4,554,795	(14,039,863)	(14,095,583)
10.34	Mint Farm Deferred Cost	(1,042,927)	41,603,405	7,370,830	6,861,888
10.35	Fleet Vehicles	(13,649,989)	32,790,782	26,457,767	26,056,632
10.36	Net Interest Paid to IRS	1,272,207	7,448,028	(1,028,752)	(1,119,865)
10.37	Production Adjustment	(1,471,578)	(1,323,561)	2,187,604	2,203,795
10.38	Wild Horse Deferred Cost	(2,080,041)	19,171,835	5,971,147	5,736,615
10.40	Normalize Injuries and Damages				
<b>Total Adjusted</b>		4,171,785	362,901,800	42,936,584	38,497,147
<b>Adjusted Results of Operations</b>		229,503,553	3,825,186,519	153,940,368	107,146,234

Public Counsel Revenue Requirement Summary  
Puget Sound Energy - Electric  
Cost of Capital

	Per Company	Per Public Counsel
Long-term Debt	3.220%	3.55%
Short term Debt	0.100%	0.10%
Preferred Stock	0.000%	0.00%
Common Stock	5.180%	4.09%
Cost of Capital	<b>8.500%</b>	<b>7.740%</b>
Conversion Factor - Electric	0.621262	0.621262
Conversion Factor - Electric	0.621891	0.621891
Tax Rate	0.35	0.35