

Exhibit No. __ (BAE-2)
Dockets UE-111048/UG-111049
Witness: Betty A. Erdahl

BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**DOCKET UE-111048
DOCKET UG-111049
(Consolidated)**

**EXHIBIT TO
TESTIMONY OF**

BETTY A. ERDAHL

**ON BEHALF OF THE STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

*Staff Operating Expense Adjustments:
Board Fees and Expenses, CEO Allocation Factor*

December 7, 2011

**PUGET SOUND ENERGY
OPERATING EXPENSE - ELECTRIC
FOR TWELVE MONTHS ENDED DECEMBER 31, 2010
2011 GENERAL RATE CASE SUPPLEMENTAL FILING**

LINE NO.	DESCRIPTION	STAFF ADJUSTMENT
1	OPERATING EXPENSES	
2	REMOVE DEFERRAL OF MINT FARM COSTS	
3	REMOVE DEFERRAL OF WILD HORSE EXPANSION COSTS	
4	LAI D OFF EMPLOYEES:	
5	OTHER PRODUCTION EXPENSES	
6	DISTRIBUTION	
7	ADMIN & GENERAL	
8	RE STATED EXECUTIVE SALARY	\$ (498,021)
9	BENEFITS ON THE ABOVE WAGE ADJUSTMENTS	
10	PAYROLL TAXES ON THE ABOVE WAGE ADJUSTMENTS	
11	TO ADJUST FERC LAND USE FEE ACCRUAL	
12	REMOVE NON-BUSINESS OR NON-UTILITY RELATED EXPENSES	\$ (40,434)
13	<i>RECLASS FROM POWER COST FERC 557 TO A&G</i>	
14	INCREASE(DECREASE) IN EXPENSE	\$ (538,456)
15		
16	INCREASE (DECREASE) FIT @ 35%	188,459
17		
18	INCREASE (DECREASE) NOI	\$ 349,996

Adjustments were made to:

Change the allocation factor of Harris adjusted wage to the same allocation factor realized by Reynolds (line 8)

Removed 50% of Director Fees (line 8)

Removed 50% of Director Expenses (line 12)

**PUGET SOUND ENERGY
OPERATING EXPENSE - GAS
FOR TWELVE MONTHS ENDED DECEMBER 31, 2010
2011 GENERAL RATE CASE**

LINE NO. DESCRIPTION	STAFF ADJUSTMENT
1 OPERATING EXPENSES	
2 LAID OFF EMPLOYEES:	
3 DISTRIBUTION	
4 ADMIN & GENERAL	
5 RESTATED EXECUTIVE SALARY	(250,770)
6 BENEFITS ON THE ABOVE WAGE ADJUSTMENTS	
7 PAYROLL TAXES ON ON THE ABOVE WAGE ADJUSTMENTS	
8 REMOVE NON-BUSINESS OR NON-UTILITY RELATED EXPENSES	(20,360)
9 INCREASE(DECREASE) IN EXPENSE	\$ (271,130)
10	
11 INCREASE (DECREASE) FIT @ 35%	94,896
12	
13 INCREASE (DECREASE) NOI	\$ 176,235

Adjustments were made to:

Change the allocation factor of Harris adjusted wage to the same allocation factor realized by Reynolds (line 5)

Removed 50% of Director Fees (line 5)

Removed 50% of Director Expenses (line 8)