

Exhibit No. ____ (RCM-2)
Dockets UE-111048/UG-111049
Witness: Roland C. Martin

**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**

ROLAND C. MARTIN

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Electric Results of Operations

December 7, 2011

PUGET SOUND ENERGY-ELECTRIC
 RESULTS OF OPERATIONS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE CASE

| LINE NO. | ACTUAL RESULTS OF OPERATIONS | TOTAL ADJUSTMENTS | ADJUSTED RESULTS OF OPERATIONS | ADJUSTMENT TO REFLECT "0" CURRENT FIT | ADJUSTED RESULTS BEFORE INCREASE | REVENUE REQUIREMENT DEFICIENCY | ADJUSTED RESULTS WITH INCREASE | Rate Increase Percent |
|----------|---|-------------------|--------------------------------|---------------------------------------|----------------------------------|--------------------------------|--------------------------------|-----------------------|
| 1 | OPERATING REVENUES | | | | | | | |
| 2 | SALES TO CUSTOMERS | | | | | | | |
| 3 | SALES FROM RESALE-FIRM/SPECIAL CONTRACT | | | | | | | |
| 4 | SALES TO OTHER UTILITIES | | | | | | | |
| 5 | OTHER OPERATING REVENUES | | | | | | | |
| 6 | TOTAL OPERATING REVENUES | | | | | | | |
| 7 | OPERATING REVENUE DEDUCTIONS: | | | | | | | |
| 8 | POWER COSTS: | | | | | | | |
| 9 | FUEL | | | | | | | |
| 10 | PURCHASED AND INTERCHANGED | | | | | | | |
| 11 | WHEELING | | | | | | | |
| 12 | RESIDENTIAL EXCHANGE | | | | | | | |
| 13 | TOTAL PRODUCTION EXPENSES | | | | | | | |
| 14 | OTHER POWER SUPPLY EXPENSES | | | | | | | |
| 15 | TRANSMISSION EXPENSE | | | | | | | |
| 16 | DISTRIBUTION EXPENSE | | | | | | | |
| 17 | CUSTOMER ACCTS EXPENSES | | | | | | | |
| 18 | CUSTOMER SERVICE EXPENSES | | | | | | | |
| 19 | CONSERVATION AMOKIZATION | | | | | | | |
| 20 | ADMIN & GENERAL EXPENSE | | | | | | | |
| 21 | DEPRECIATION | | | | | | | |
| 22 | AMORTIZ OF PROPERTY GAIN/LOSS | | | | | | | |
| 23 | OTHER OPERATING EXPENSES | | | | | | | |
| 24 | ASC 815 | | | | | | | |
| 25 | TAXES OTHER THAN INCOME TAXES | | | | | | | |
| 26 | INCOME TAXES | | | | | | | |
| 27 | DEFERRED INCOME TAXES | | | | | | | |
| 28 | TOTAL OPERATING REV. DEDUCT. | | | | | | | |
| 29 | NET OPERATING INCOME | | | | | | | |
| 30 | RATE BASE | | | | | | | |
| 31 | RATE OF RETURN | | | | | | | |
| 32 | RATE BASE: | | | | | | | |
| 33 | GROSS UTILITY PLANT IN SERVICE | | | | | | | |
| 34 | ACCUM DEPR AND AMORT | | | | | | | |
| 35 | DEFERRED DEBITS AND CREDITS | | | | | | | |
| 36 | DEFERRED TAXES | | | | | | | |
| 37 | ALLOWANCE FOR WORKING CAPITAL | | | | | | | |
| 38 | OTHER | | | | | | | |
| 39 | TOTAL RATE BASE | | | | | | | |

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 Adjustment Summary (Page 1 of 4)

| LINE NO. | ACTUAL RESULTS OF OPERATIONS | POWER COSTS 13-01 | LOWER SNAKE RIVER 13-02 | TRANSM DEP 13-03 | MT ELECTRIC ENERGY TAX 13-04 | WILD HORSE SOLAR 13-05 | ASC 815 (PREV. SEAS 133) 13-06 | STORM DAMAGE 13-07 | REMOVE TENASKA 13-08 |
|----------|---|-------------------|-------------------------|------------------|------------------------------|------------------------|--------------------------------|--------------------|----------------------|
| 1 | OPERATING REVENUES | | | | | | | | |
| 2 | SALES TO CUSTOMERS | \$ 2,042,334,319 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3 | SALES FROM RESALE-FIRM/SPECIAL CONTRACT | 350,182 | | | | | | | |
| 4 | SALES TO OTHER UTILITIES | 201,262,557 | (191,035,261) | | | | | | |
| 5 | OTHER OPERATING REVENUES | 30,706,333 | 37,423,537 | | | | | | |
| 6 | TOTAL OPERATING REVENUES | \$ 2,274,653,391 | \$ (153,611,725) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 7 | | | | | | | | | |
| 8 | OPERATING REVENUE DEDUCTIONS: | | | | | | | | |
| 9 | | | | | | | | | |
| 10 | POWER COSTS: | | | | | | | | |
| 11 | FUEL | \$ 268,147,071 | \$ (45,775,088) | | | | | | |
| 12 | PURCHASED AND INTERCHANGED | 832,711,097 | (303,949,582) | | | | | | (37,532,000) |
| 13 | WHEELING | 78,564,669 | 8,176,499 | 420,203 | | | | | |
| 14 | RESIDENTIAL EXCHANGE | (75,109,150) | | | | | | | |
| 15 | TOTAL PRODUCTION EXPENSES | \$ 1,104,313,687 | \$ (341,548,171) | \$ 420,203 | \$ - | \$ - | \$ - | \$ - | \$ (37,532,000) |
| 16 | | | | | | | | | |
| 17 | OTHER POWER SUPPLY EXPENSES | \$ 102,409,192 | \$ 10,527,877 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 18 | TRANSMISSION EXPENSE | 11,865,443 | (29,798) | | | | | 50,883 | |
| 19 | DISTRIBUTION EXPENSE | 82,924,735 | | | | | | 726,525 | |
| 20 | CUSTOMER ACCTS EXPENSES | 50,172,086 | | | | | | | |
| 21 | CUSTOMER SERVICE EXPENSES | 13,431,632 | | | | | | | |
| 22 | CONSERVATION AMORTIZATION | 75,336,909 | | | | | | | |
| 23 | ADMIN & GENERAL EXPENSE | 94,643,935 | | | | | | | |
| 24 | DEPRECIATION | 190,245,449 | 495,108 | | | (275,497) | | | |
| 25 | AMORTIZATION | 40,184,321 | 31,782,192 | | | | | | |
| 26 | AMORTIZ OF PROPERTY GAIN/LOSS | 17,493,031 | | | | | | (4,019,913) | |
| 27 | OTHER OPERATING EXPENSES | 30,169,560 | | 697,745 | | | | | |
| 28 | ASC 815 | 166,953,097 | | | | | \$ (166,953,097) | | |
| 29 | TAXES OTHER THAN INCOME TAXES | 193,255,907 | | | 154,131 | | | | |
| 30 | INCOME TAXES | 16,263,334 | 62,094,278 | (391,282) | (53,946) | 96,424 | | 1,134,877 | 7,247,900 |
| 31 | DEFERRED INCOME TAXES | (32,436,237) | | | | | | | |
| 32 | TOTAL OPERATING REV. DEDUCT. | \$ 2,157,226,080 | \$ (268,929,669) | \$ 726,666 | \$ 100,185 | \$ (179,073) | \$ (108,519,513) | \$ (2,107,628) | \$ (30,284,100) |
| 33 | | | | | | | | | |
| 34 | NET OPERATING INCOME | \$ 117,427,311 | \$ 115,317,944 | \$ (726,666) | \$ (100,185) | \$ 179,073 | \$ 108,519,513 | \$ 2,107,628 | \$ 30,284,100 |
| 35 | | | | | | | | | |
| 36 | RATE BASE | \$ 4,100,870,913 | \$ - | \$ 644,066,095 | \$ 110,846,093 | \$ (3,370,636) | \$ - | \$ - | \$ (56,496,129) |
| 37 | | | | | | | | | |
| 38 | RATE OF RETURN | 2.86% | | | | | | | |
| 39 | | | | | | | | | |
| 40 | RATE BASE: | | | | | | | | |
| 41 | GROSS UTILITY PLANT IN SERVICE | \$ 7,157,671,291 | \$ - | \$ 742,505,032 | \$ - | \$ (4,357,020) | \$ - | \$ - | \$ - |
| 42 | ACCUM DEPR AND AMORT | (2,758,182,029) | | (23,093,267) | | 462,883 | | | |
| 43 | DEFERRED DEBITS AND CREDITS | 241,208,023 | | 116,822,817 | | | | | (59,395,254) |
| 44 | DEFERRED TAXES | (656,658,557) | | (5,976,724) | | | | | 2,899,125 |
| 45 | ALLOWANCE FOR WORKING CAPITAL | 204,952,589 | | | | | | | |
| 46 | OTHER | (88,120,404) | | | | | | | |
| 47 | TOTAL RATE BASE | \$ 4,100,870,913 | \$ - | \$ 644,066,095 | \$ 110,846,093 | \$ (3,370,636) | \$ - | \$ - | \$ (56,496,129) |

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 Adjustment Summary (Page 4 of 4)

| LINE NO. | DEFERRED G/L ON PROPERTY SALES | PROPERTY & LIABILITY INS | PENSION PLAN | WAGE INCREASE | INVESTMENT PLAN | EMPLOYEE INSURANCE | WORKING CAPITAL | TOTAL ADJUSTMENTS | ADJUSTED RESULTS OF OPERATIONS |
|----------|--------------------------------|--------------------------|--------------|---------------|-----------------|--------------------|-----------------|-------------------|--------------------------------|
| | 14.16 | 14.17 | 14.18 | 14.19 | 14.20 | 14.21 | 14.22 | | |
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PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.01-POWER COSTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | INCREASE (DECREASE) |
|-------------|---|--------------------|------------------|------------------------|
| 1 | SALES FOR RESALE | \$ 201,262,557 | \$ 10,227,296 | \$ (191,035,261) |
| 2 | | | | |
| 3 | PURCHASES/SALES OF NON-CORE GAS | (36,748,461) | - | 36,748,461 |
| 4 | WHEELING FOR OTHERS | 10,703,023 | 11,378,098 | 675,075 |
| 5 | | (26,045,439) | 11,378,098 | 37,423,537 |
| 6 | | | | |
| 7 | TOTAL OPERATING REVENUES | 175,217,118 | 21,605,394 | (153,611,725) |
| 8 | | | | |
| 9 | FUEL | \$ 269,007,822 | \$ 223,232,734 | \$ (45,775,088) |
| 10 | | | | |
| 11 | PURCHASED AND INTERCHANGED | 792,862,060 | 487,491,570 | (305,370,490) |
| 12 | HEDGING | - | 1,420,907 | 1,420,907 |
| 13 | | | | |
| 14 | SUBTOTAL PURCHASED AND INTERCHANGED | \$ 792,862,060 | \$ 488,912,478 | \$ (303,949,582) |
| 15 | WHEELING | 76,487,811 | 84,664,310 | 8,176,499 |
| 16 | | | | - |
| 17 | TOTAL PRODUCTION EXPENSES | \$ 1,138,357,693 | \$ 796,809,522 | \$ (341,548,171) |
| 18 | HYDRO AND OTHER POWER | 101,194,084 | 111,721,961 | 10,527,877 |
| 19 | TRANS. EXP. INCL. 500KV O&M | 1,419,635 | 1,389,837 | (29,798) |
| 20 | | | | |
| 21 | TOTAL OPERATING EXPENSES | \$ 1,240,971,412 | \$ 909,921,320 | \$ (331,050,092) |
| 22 | | | | |
| 23 | INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 21) | \$ (1,065,754,294) | \$ (888,315,926) | \$ 177,438,368 |
| 24 | | | | |
| 25 | STATE UTILITY TAX SAVINGS FOR LINE 4 | 3.873% | | (26,146) |
| 26 | INCREASE (DECREASE) INCOME | | | \$ 177,412,222 |
| 27 | INCREASE (DECREASE) FIT @ | 35% | | 62,094,278 |
| 28 | INCREASE (DECREASE) NOI | | | \$ 115,317,944 |

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 13.02-LOWER SNAKE RIVER PROJECT
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | TEST YEAR | PROFORMA | ADJUSTMENT |
|----------|--|------------------|-----------------------|------------------------|
| 1 | <u>LOWER SNAKE RIVER RATEBASE (AMA)</u> | | | |
| 2 | <u>UTILITY PLANT RATEBASE</u> | | | |
| 3 | PLANT BALANCE | \$ 42,219 | \$ 742,547,251 | \$ 742,505,032 |
| 4 | ACCUM DEPRECIATION | - | (23,093,267) | (23,093,267) |
| 5 | DEFERRED INCOME TAX LIABILITY | - | (75,345,670) | (75,345,670) |
| 6 | | | | |
| 7 | NET LSR EXPANSION PLANT RATEBASE | <u>\$ 42,219</u> | <u>\$ 644,108,314</u> | <u>\$ 644,066,095</u> |
| 8 | | | | |
| 9 | <u>LOWER SNAKE RIVER OPERATING EXPENSE</u> | | | |
| 10 | TAXABLE DEPRECIATION EXPENSE | \$ - | \$ 26,936,416 | \$ 26,936,416 |
| 11 | NON-TAXABLE DEPRECIATION EXPENSE | | 4,845,776 | 4,845,776 |
| 12 | TOTAL DEPRECIATION EXPENSE | <u>\$ -</u> | <u>\$ 31,782,192</u> | <u>\$ 31,782,192</u> |
| 13 | | | | |
| 14 | | | | |
| 15 | <u>POWER COST AND O&M RELATED TO LOWER SNAKE RIVER</u> | | | |
| 16 | PURCHASED POWER | | \$ 776,099 | \$ 776,099 |
| 17 | WHEELING | | 7,524,912 | 7,524,912 |
| 18 | PRODUCTION O&M | - | 10,891,023 | 10,891,023 |
| 19 | PROPERTY INSURANCE | - | 495,108 | 495,108 |
| 20 | PROPERTY TAXES | | - | - |
| 21 | TOTAL POWER COST AND PROD O&M | <u>-</u> | <u>19,687,142</u> | <u>19,687,142</u> |
| 22 | | | | |
| 23 | INCREASE (DECREASE) EXPENSE | - | 51,469,334 | 51,469,334 |
| 24 | | | | |
| 25 | INCREASE (DECREASE) FIT ON ALL EXPENSES EXCEPT LINE 11 @ | | 35% | (16,318,245) |
| 26 | INCREASE (DECREASE) NOI | | | <u>\$ (35,151,089)</u> |

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 13.03 - LOWER SNAKE RIVER PREPAID TRANSMISSION DEPOSITS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | TEST YEAR | PROFORMA | ADJUSTMENT |
|-------------|---|-----------|----------------|----------------|
| 1 | <u>PRINCIPAL PORTION OF LSR PREPAID TRANSMISSION (AMA)</u> | | | |
| 2 | TOTAL PREPAID DEPOSIT | | \$ 99,800,000 | \$ 99,800,000 |
| 3 | ACCUM AMORT. CREDIT PYMT FR. BPA | | (53,537) | (53,537) |
| 4 | NET LSR PREPAID TRANS. RATEBASE | \$ - | \$ 99,746,463 | \$ 99,746,463 |
| 5 | | | | |
| 6 | <u>DEFERRED CARRYING CHARGES (AMA)</u> | | | |
| 7 | CARRYING CHARGES BALANCE | | 17,425,226 | \$ 17,425,226 |
| 8 | ACCUM AMORT. CARRYING CHARGES | | (348,872) | \$ (348,872) |
| 9 | DEFERRED INCOME TAX | | (5,976,724) | \$ (5,976,724) |
| 10 | NET LSR CARRYING CHARGES RATEBASE | \$ - | \$ 11,099,630 | \$ 11,099,630 |
| 11 | | | | |
| 12 | <u>TOTAL RATEBASE</u> | \$ - | \$ 110,846,093 | \$ 110,846,093 |
| 13 | | | | |
| 14 | <u>OPERATING EXPENSE</u> | | | |
| 15 | AMORTIZATION OF PRINCIPAL (565) | \$ - | 420,203 | \$ 420,203 |
| 16 | AMORTIZATION OF CARRYING CHARGES (407.3) | - | 697,745 | \$ 697,745 |
| 17 | | | | |
| 18 | INCREASE (DECREASE) EXPENSE | - | 1,117,947 | 1,117,947 |
| 19 | | | | |
| 20 | INCREASE (DECREASE) FIT @ | | 35% | (391,282) |
| 21 | INCREASE (DECREASE) NOI | | | \$ (726,666) |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.04 - MONTANA ELECTRIC ENERGY TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|-------------------------------|---------------------|
| 1 | PROFORMA KWH (COLSTRIP) | 4,846,358,760 |
| 2 | TAX RATE | <u>0.00035</u> |
| 3 | | |
| 4 | PROFORMA ENERGY TAX | 1,696,226 |
| 5 | CHARGED TO EXPENSE | <u>1,542,094</u> |
| 6 | INCREASE (DECREASE) EXPENSE | \$ 154,131 |
| 7 | | |
| 8 | INCREASE (DECREASE) FIT @ 35% | <u>(53,946)</u> |
| 9 | INCREASE (DECREASE) NOI | <u>\$ (100,185)</u> |

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 13.05 - WILD HORSE SOLAR
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | ADJUSTMENT |
|-------------|--|---------------------|-------------|-----------------------|
| 1 | | | | |
| 2 | <u>RATEBASE (AMA) UTILITY PLANT RATEBASE</u> | | | |
| 3 | PLANT BALANCE | \$ 4,357,020 | | \$ (4,357,020) |
| 4 | ACCUM DEPRECIATION | (462,883) | | 462,883 |
| 5 | DEFERRED INCOME TAX LIABILITY | (523,501) | | 523,501 |
| 6 | NET WILD HORSE SOLAR PLANT RATEBASE | <u>\$ 3,370,636</u> | <u>\$ -</u> | <u>\$ (3,370,636)</u> |
| 7 | | | | |
| 8 | <u>OPERATING EXPENSE</u> | | | |
| 9 | DEPRECIATION EXPENSE | \$ 275,497 | | \$ (275,497) |
| 10 | | | | |
| 11 | INCREASE (DECREASE) EXPENSE | | | (275,497) |
| 12 | | | | |
| 13 | INCREASE (DECREASE) FIT @ | | 35% | 96,424 |
| 14 | INCREASE (DECREASE) NOI | | | <u>\$ 179,073</u> |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.06 - ACCOUNTING STANDARDS CODIFICATION 815 (FORMERLY SFAS 133)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. | | ACTUAL | RESTATED | ADJUSTMENT |
|----------|-------------------------------------|----------------|----------|-----------------------|
| 1 | ASC 815 OPERATING EXPENSE | \$ 166,953,097 | \$ - | \$ (166,953,097) |
| 2 | | | | |
| 3 | INCREASE (DECREASE) IN EXPENSE | \$ 166,953,097 | \$ - | \$ (166,953,097) |
| 4 | | | | |
| 5 | INCREASE(DECREASE) OPERATING INCOME | | | 166,953,097 |
| 6 | | | | |
| 7 | INCREASE (DECREASE) DEFERRED FIT @ | 35% | | 58,433,584 |
| 8 | | | | |
| 9 | INCREASE (DECREASE) NOI | | | <u>\$ 108,519,513</u> |

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.07 - STORM DAMAGE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE
CONTESTED**

| LINE NO. | DESCRIPTION | AMOUNT | | |
|----------|---|------------|--------------|--------------|
| 1 | NORMAL STORMS | | | |
| 2 | ACTUAL O&M: | | | |
| 3 | TWELVE MONTHS ENDED 12/31/05 | \$ 122,468 | \$ 3,449,456 | \$ 3,571,923 |
| 4 | TWELVE MONTHS ENDED 12/31/06 | 450,748 | 10,435,721 | 10,886,469 |
| 5 | TWELVE MONTHS ENDED 12/31/07 | 376,353 | 8,672,798 | 9,049,151 |
| 6 | TWELVE MONTHS ENDED 12/31/08 | 77,335 | 9,967,803 | 10,045,138 |
| 7 | TWELVE MONTHS ENDED 12/31/09 | 41,126 | 4,617,466 | 4,658,592 |
| 8 | TWELVE MONTHS ENDED 12/31/10 | 152,546 | 23,248,542 | 23,401,088 |
| 9 | TOTAL NORMAL STORMS | 1,220,576 | 60,391,786 | 61,612,362 |
| 10 | | | | |
| 11 | SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR | 203,429 | 10,065,298 | 10,268,727 |
| 12 | | | | |
| 13 | CHARGED TO EXPENSE 12 MONTHS ENDED 12/31/10 | | | |
| 14 | STORM DAMAGE EXPENSE (LINE 8) | 152,546 | 9,338,773 | 9,491,319 |
| 15 | | | | |
| 16 | INCREASE (DECREASE) OPERATING EXPENSE | \$ 50,883 | \$ 726,525 | \$ 777,408 |
| 17 | | | | |
| 18 | | | | |
| 19 | CATASTROPHIC STORMS | | | |
| 20 | DEFERRED BALANCES FOR UE-090704 4 YEAR AMORTIZATION | | | |
| 21 | AT START OF RATE YEAR (05/1/12): | | | |
| 22 | 2006 STORM DAMAGE (EXCL 12/13/06 WIND STORM) | \$ 283,161 | | |
| 23 | 2007 STORM DAMAGE | 13,794,354 | | |
| 24 | 2008 STORM DAMAGE | 1,998,779 | | |
| 25 | 2008 STORM DAMAGE-PENDING APPROVAL | - | | |
| 26 | 2010 STORM DAMAGE-PENDING APPROVAL | - | | |
| 27 | DEFERRAL BALANCES BEG OF RY (LINE 22 THROUGH LINE 26) | 16,076,294 | | |
| 28 | | | | |
| 29 | ANNUAL AMORTIZATION (LINE 27 + 48 MONTHS) x 12 | 4,019,074 | | |
| 30 | | | | |
| 31 | | | | |
| 32 | DEFERRED BALANCES FOR 10 YEAR AMORTIZATION AT | | | |
| 33 | START OF RATE YEAR (05/1/12): | | | |
| 34 | 12/13/06 WIND STORM | 51,735,725 | | |
| 35 | TOTAL (LINE 34) | 51,735,725 | | |
| 36 | ORIGINAL AMORT PERIOD FROM UE-072300 WAS 10 YEARS | | | |
| 37 | FROM NOVEMBER 2008 THROUGH OCTOBER 2018 | | | |
| 38 | ANNUAL AMORTIZATION (LINE 35 ÷ 78 (5/2012 - 10/2018) x 12) | 7,959,342 | | |
| 39 | TOTAL RATE YEAR AMORTIZATION (LINE 29 + LINE 38) | | 11,978,416 | |
| 40 | LESS TEST YEAR CATASTROPHIC STORM AMORTIZATION | | 15,998,329 | |
| 41 | | | | |
| 42 | INCREASE (DECREASE) OPERATING EXPENSE (LINE 38- LINE 39) | | | (4,019,913) |
| 43 | | | | |
| 44 | TOTAL INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 42) | | | (3,242,505) |
| 45 | | | | |
| 46 | INCREASE (DECREASE) FIT @ 35% (LINE 44 X 35%) | | 35% | 1,134,877 |
| 47 | | | | |
| 48 | INCREASE (DECREASE) NOI | | | \$ 2,107,628 |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.08 - REMOVE COSTS ASSOCIATED WITH TENASKA REGULATORY ASSET
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | ADJUSTED | | |
|-------------|--|----------------------|-------------|------------------------|
| | | TEST YEAR | TEST YEAR | ADJUSTMENT |
| 1 | RATEBASE | | | |
| 2 | REGULATORY ASSET | \$ 59,395,254 | \$ - | \$ (59,395,254) |
| 3 | DEFERRED FIT | (2,899,125) | 0 | 2,899,125 |
| 4 | | | | |
| 5 | NET RATEBASE | <u>\$ 56,496,129</u> | <u>\$ -</u> | <u>\$ (56,496,129)</u> |
| 6 | | | | |
| 7 | AMORTIZATION (NOTE 1) AND DISALLOWANCES | | | |
| 8 | AMORTIZATION OF PURCHASE PRICE: | | | - |
| 9 | TAXABLE - SEE LINE 18 FOR TAX (LINE 18 ÷ 35%) | 14,334,286 | - | (14,334,286) |
| 10 | NON-TAXABLE | 16,823,714 | - | (16,823,714) |
| 11 | TOTAL AMORTIZATION OF PURCHASE PRICE | <u>31,158,000</u> | - | <u>(31,158,000)</u> |
| 12 | | | | |
| 13 | AMORTIZATION OF AFPC PORTION (NOTE 3) | 6,374,000 | - | (6,374,000) |
| 14 | DISALLOWANCES | | - | - |
| 15 | SUBTOTAL NORMALIZED | <u>6,374,000</u> | - | <u>(6,374,000)</u> |
| 16 | | | | |
| 17 | INCREASE (DECREASE) EXPENSE | | | (37,532,000) |
| 18 | INCREASE (DECREASE) FIT (ON LINE 9) | | | 5,017,000 |
| 19 | INCREASE (DECREASE) FIT (ON LINE 15) | | 35% | 2,230,900 |
| 20 | INCREASE (DECREASE) NOI | | | |
| 21 | TOTAL NET OPERATING INCOME | | | <u>\$ 30,284,100</u> |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | (NOTE 1) TOTAL AMORTIZATION = \$37,532,000 = \$14,334,286 TAXABLE PURCHASE PRICE + | | | |
| 26 | \$16,823,714 NON-TAXABLE PURCHASE PRICE + TAXABLE AFPC \$6,374,000. | | | |
| 27 | | | | |
| 28 | (NOTE 2) THE IMPACT ON THE TAX BENEFIT OF PROFORMA INTEREST IS HANDLED IN | | | |
| 29 | ADJUSTMENT NO. 13.05 | | | |
| 30 | | | | |
| 31 | (NOTE 3) AFPC STANDS FOR ALLOWANCE FOR FUNDS ON POWER CONTRACTS | | | |

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 13.09 - CONTRACT PAYMENTS TO CHELAN PUD
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | TEST YEAR | ADJUSTED RATE YEAR | ADJUSTMENT |
|---|-----------|-----------------------|-----------------|
| 1 <u>INITIATION PAYMENT AMA (UE-060539)</u> | | | |
| 2 INITIATION PAYMENT BALANCE | \$ - | \$ 141,761,312 | \$ 141,761,312 |
| 3 ACCUMULATED AMORTIZATION | 0 | (7,088,066) | \$ (7,088,066) |
| 4 DEFERRED INCOME TAX | - | (17,542,944) | \$ (17,542,944) |
| 5 | | | |
| 6 NET INITIATION PAYMENT RATEBASE AMA | \$ - | \$ 117,130,302 | \$ 117,130,302 |
| 7 | | | |
| 8 <u>SECURITY DEPOSIT AMA</u> | | | |
| 9 SECURITY DEPOSIT BALANCE | \$ - | \$ 18,500,000 | \$ 18,500,000 |
| 10 ACCUMULATED AMORTIZATION | - | - | - |
| 11 NET SECURITY DEPOSIT AMA | \$ - | \$ 18,500,000 | \$ 18,500,000 |
| 12 | | | |
| 13 <u>INCREASE RATEBASE</u> | \$ - | \$ 135,630,302 | \$ 135,630,302 |
| 14 | | | |
| 15 <u>OPERATING EXPENSE</u> | | | |
| 16 AMORTIZATION OF INITIATION PAYMENT (555) | - | 7,088,066 | 7,088,066 |
| 17 INCREASE (DECREASE) EXPENSE | \$ - | \$ 7,088,066 | \$ 7,088,066 |
| 18 | | | |
| 19 INCREASE (DECREASE) FIT @ | | 35% | (2,480,823) |
| 20 INCREASE (DECREASE) NOI | | | \$ (4,607,243) |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.10 - REGULATORY ASSETS AND LIABILITIES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | TEST YEAR | RATE YEAR | ADJUSTMENT |
|-------------------------|--|----------------------|------------------------|
| 1 | <u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u> | | |
| 2 | 16,250,380 | 11,214,773 | (5,035,607) |
| 3 | 37,566,968 | 34,565,277 | (3,001,690) |
| 4 | 24,579,164 | 24,941,807 | 362,643 |
| 5 | (25,951,720) | (29,911,730) | (3,960,010) |
| 6 | (11,889,662) | (10,331,528) | 1,558,135 |
| 7 | 1,394,050 | - | (1,394,050) |
| 8 | 3,605,729 | - | (3,605,729) |
| 9 | (326,871) | - | 326,871 |
| 10 | (2,135,222) | (1,529,462) | 605,761 |
| 11 | (2,286,406) | (2,096,742) | 189,664 |
| 12 | 26,616,505 | 23,180,901 | (3,435,604) |
| 13 | 2,331,479 | - | (2,331,479) |
| 14 | 5,000,000 | 3,583,333 | (1,416,667) |
| 15 | - | 1,193,198 | 1,193,198 |
| 16 | CONTRACT MAJOR MAINTENANCE: | | |
| 17 | 82,651 | 31,789 | (50,862) |
| 18 | 212,106 | - | (212,106) |
| 19 | 590,967 | - | (590,967) |
| 20 | 62,508 | - | (62,508) |
| 21 | 678,973 | - | (678,973) |
| 22 | - | (2,767,909) | (2,767,909) |
| 23 | - | 12,682,422 | 12,682,422 |
| 24 | \$ 76,381,598 | \$ 64,756,129 | \$ (11,625,469) |
| 25 | <u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u> | | |
| 26 | 3,526,620 | 3,526,620 | - |
| 27 | 1,494,702 | 1,494,702 | (0) |
| 28 | 2,076,858 | - | (2,076,858) |
| 29 | 4,162,154 | - | (4,162,154) |
| 30 | (1,209,583) | - | 1,209,583 |
| 31 | (457,531) | (392,170) | 65,362 |
| 32 | (403,220) | (537,626) | (134,407) |
| 33 | 2,159,053 | 2,872,182 | 713,129 |
| 34 | 2,102,006 | - | (2,102,006) |
| 35 | - | 500,000 | 500,000 |
| 36 | - | 265,155 | 265,155 |
| 37 | CONTRACT MAJOR MAINTENANCE (PROD O&M): | | |
| 38 | 61,034 | 152,586 | 91,552 |
| 39 | 223,889 | - | (223,889) |
| 40 | 354,580 | - | (354,580) |
| 41 | 119,333 | - | (119,333) |
| 42 | 456,270 | - | (456,270) |
| 43 | - | (946,294) | (946,294) |
| 44 | - | 5,616,072 | 5,616,072 |
| 45 | \$ 14,666,166 | \$ 12,551,227 | \$ (2,114,939) |
| 46 | | | |
| 47 | INCREASE (DECREASE) EXPENSE | | (2,114,939) |
| 48 | | | |
| 49 | INCREASE (DECREASE) FIT | | 35% 740,229 |
| 50 | | | |
| 51 | INCREASE (DECREASE) NOI | | \$ 1,374,710 |

PUGET SOUND ENERGY
GENERAL RATE CASE
DETERMINATION OF NET POWER COSTS FOR GRC ADJUSTMENT 13.01
TEST YEAR ENDED DECEMBER 31, 2010
RATE YEAR ENDED APRIL 30, 2013

| Line FERC | a | b | c | c.1 | Remove amounts shown on other adjustments and include Staff | | | | g | h | i | j | k |
|----------------|-----------|--|----------------|---|---|----------------------------|--------------------------|----------------|--------------|------------------------|---|---|---|
| | | | | | JP Storage Staff Proforma Rent | Buckley Adjustments | 13.01E | 13.09E | | | | | |
| Per PSE 13.01A | Rate Year | 12ME | 4/30/2013 | Reduce by \$303,825 Buckley \$223,076 Martin \$80,749 | A Buckley Adjustments | Less Chelan Initiation Pmt | Less Amort of Reg Assets | Remove Ben&Tax | Add Hedging | Net Before Prod Factor | Per Adj. -5.01 After Prod Factor of 0.97901 | | |
| 1 | Fuel: | | | | | | | | | | | | |
| 2 | 501 | Steam Fuel | \$ 91,268,161 | | | | (555,556) | - | | \$ 90,712,605 | \$ 88,808,547 | | |
| 3 | 547 | Fuel | 149,217,980 | | (12,841,531) | | 929,796 | - | | 137,306,245 | 134,424,187 | | |
| 4 | | | 240,486,141 | | (12,841,531) | | 374,240 | - | | 228,018,850 | 223,232,734 | | |
| 5 | | Purchased and Interchanged: | | | | | | | | | | | |
| 6 | 555 | Purchased Power | 508,060,098 | | (5,386,010) | (7,088,066) | (3,526,620) | - | | 491,283,303 | 480,971,267 | | |
| 7 | | | | | | | | | | | | | |
| 8 | 557 | Other Power Expense | 8,029,303 | | | | | (1,369,204) | | 6,660,099 | 6,520,304 | | |
| 9 | | Hedging | | | | | | | 1,451,372 | 1,451,372 | 1,420,907 | | |
| 10 | | | 516,089,401 | | (5,386,010) | (7,088,066) | (3,526,620) | (1,369,204) | 1,451,372 | 499,394,774 | 488,912,478 | | |
| 11 | | | | | | | | | | | | | |
| 12 | 565 | Wheeling | 97,660,154 | | (1,257,700) | | | - | | 86,479,515 | 84,664,310 | | |
| 13 | | | | | | | | | | | | | |
| 14 | various | Hydro and Other Power | 137,606,376 | | (80,749) | (10,891,023) | (1,215,107) | (6,849,513) | | 114,117,283 | 111,721,961 | | |
| 15 | | | | | | | | | | | | | |
| 16 | various | Trans. Exp. Incl. 500Kv O&M | 1,419,635 | | | | | | | 1,419,635 | 1,389,837 | | |
| 17 | 447 | Sales for Resale | (10,446,569) | | | | | | | (10,446,569) | (10,227,296) | | |
| 18 | 456 | Purchases/Sales Of Non-Core Gas | | | | | | | | | | | |
| 19 | | | (9,026,934) | | | | | | | (9,026,934) | (8,837,459) | | |
| 20 | | | | | | | | | | | | | |
| 21 | | Net Power Costs (column c per DEM Exhibit) | 982,815,137 | | (80,749) | (21,590,061) | (4,367,487) | (8,218,717) | 1,451,372 | 918,983,488 | 899,694,024 | | |
| 22 | various | Variable Transmission Income | (11,622,045) | | | | | | | (11,622,045) | (11,378,098) | | |
| 23 | | | | | | | | | | | | | |
| 24 | | Col k = amount of adjustment on RCM-2 13.01 Line | \$ 971,193,092 | | \$ (23,937,941) | \$ (7,088,066) | \$ (4,367,487) | \$ (8,218,717) | \$ 1,451,372 | \$ 907,361,443 | \$ 888,315,926 | | |

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.11 - PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

| LINE NO. DESCRIPTION | PROFORMA AND RESTATED | PRODUCTION 2.099% | FIT 35% |
|--|--------------------------|----------------------|--------------|
| 1 <u>O&M ON PRODUCTION PROPERTY</u> | | | |
| 2 PRODUCTION WAGE ADJUSTMENTS AND INCENTIVE: | | | |
| 3 PURCHASED POWER | \$ (34,651) | \$ 727 | \$ (255) |
| 4 OTHER POWER SUPPLY | (329,728) | 6,921 | (2,422) |
| 5 TOTAL WAGE RELATED ADJUSTMENTS | (364,379) | 7,648 | (2,677) |
| 6 | | | |
| 7 ADMIN & GENERAL EXPENSES | | | |
| 8 PAYROLL OVERHEADS | 4,977,976 | (104,488) | 36,571 |
| 9 PROPERTY INSURANCE | 2,835,322 | (59,513) | 20,830 |
| 10 TOTAL ADMIN & GENERAL EXPENSES | 7,813,298 | (164,001) | 57,401 |
| 11 | | | |
| 12 DEPRECIATION / AMORTIZATION: | | | |
| 13 DEPRECIATION | 94,691,431 | (1,987,573) | 812,992 |
| 14 AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB) | 11,264,042 | (236,432) | 80,107 |
| 15 TOTAL DEPRECIATION AND AMORTIZATION (FERC 403) | 105,955,474 | (2,224,005) | 893,099 |
| 16 | | | |
| 17 TAXES OTHER-PRODUCTION PROPERTY: | | | |
| 18 PROPERTY TAXES - WASHINGTON | 6,327,238 | (132,809) | 46,483 |
| 19 PROPERTY TAXES - MONTANA | 7,617,103 | (159,883) | 55,959 |
| 20 ELECTRIC ENERGY TAX | 1,696,226 | (35,604) | 12,461 |
| 21 PAYROLL TAXES | 1,968,747 | (41,324) | 14,463 |
| 22 TOTAL TAXES OTHER | 17,609,314 | (369,619) | 129,366 |
| 23 | | | |
| 24 <u>LOWER SNAKE RIVER</u> | | | |
| 25 | | | |
| 26 PURCHASED POWER | 776,099 | (16,290) | 5,702 |
| 27 WHEELING | 7,524,912 | (157,948) | 55,282 |
| 28 SALES FOR RESALE | - | - | - |
| 29 PRODUCTION O&M | 10,891,023 | (228,603) | 80,011 |
| 30 PROPERTY INSURANCE | 495,108 | (10,392) | 3,637 |
| 31 PROPERTY TAX | - | - | - |
| 32 TOTAL OPERATING EXPENSES LOWER SNAKE RIVER | 19,687,142 | (413,233) | 144,632 |
| 33 | | | |
| 34 <u>AMORTIZATION ON REGULATORY ASSETS:</u> | | | |
| 35 BEP (555) | 3,526,620 | (74,024) | 25,908 |
| 36 WHITE RIVER PLANT COSTS (407) | 1,494,702 | (31,374) | 10,981 |
| 37 WHITE RIVER RELICENSING & CWIP | - | - | - |
| 38 HOPKINS RIDGE PREPAID TRANSMISSION (565) | 0 | - | - |
| 39 GOLDENDALE FIXED COSTS DEFERRAL (407.3) | 0 | - | - |
| 40 HOPKINS RIDGE MITIGATION CREDIT (555) | 0 | - | - |
| 41 WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) (547) | (392,170) | 8,232 | (2,881) |
| 42 WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) (547) | (537,626) | 11,285 | (3,950) |
| 43 MINT FARM DEFERRAL (407.3) | 2,872,182 | (60,287) | 21,100 |
| 44 WILD HORSE EXPANSION DEFERRAL (407.3) | 0 | - | - |
| 45 COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT (501) | 500,000 | (10,495) | 3,673 |
| 46 FERC PART 12 NON-CONSTRUCTION STUDY COSTS UE-070074 (407.3) | 265,155 | (5,566) | 1,948 |
| 47 MAJOR MAINTENANCE (SUMMARIZED) (PROD O&M) | 152,586 | (3,203) | 1,121 |
| 48 LOWER SNAKE RIVER PREPAID TRANS DEPOSITS (407.3) | 1,117,947 | (23,466) | 8,213 |
| 49 CHELAN RESERVATION PREPAYMENT (555) | 7,088,066 | (148,778) | 52,072 |
| 50 REC SALES | (946,294) | 19,863 | (6,952) |
| 51 LSR DEFERRED COSTS | 5,616,072 | (117,881) | 41,258 |
| 52 | | | |
| 53 TOTAL AMORTIZATION OF REGULATORY ASSETS AND LIABILITIES | \$ 20,757,240 | \$ (435,694) | \$ 152,491 |
| 54 | | | |
| 55 | | | |
| 56 INCREASE(DECREASE) EXPENSE | | 171,458,088 | (3,598,905) |
| 57 INCREASE(DECREASE) FIT | | | 1,374,312 |
| INCREASE(DECREASE) NOI | | | \$ 2,224,593 |

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.11 - PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | PROFORMA AND RESTATED | PRODUCTION 2.099% | FIT 35% |
|-------------|---|--------------------------|------------------------|-------------------------|
| 58 | <u>PRODUCTION PROPERTY RATE BASE:</u> | | | |
| 59 | DEPRECIABLE PRODUCTION PROPERTY (INCL LSR AND WH SOLAR) | \$ 3,279,702,197 | \$ (68,840,949) | |
| 60 | PRODUCTION PROPERTY ACCUM DEPR. (INCL LSR AND WH SOLAR) | (1,195,325,383) | 25,089,880 | |
| 61 | NON-DEPRECIABLE PRODUCTION PROPERTY | 77,287,156 | (1,622,257) | |
| 62 | PRODUCTION PROPERTY ACCUM AMORT. | (4,080,190) | 85,643 | |
| 63 | COLSTRIP COMMON FERC ADJUSTMENT | 4,947,628 | (103,851) | |
| 64 | COLSTRIP DEFERRED DEPRECIATION FERC ADJ. | 1,458,712 | (30,618) | |
| 65 | ACQUISITION ADJUSTMENTS | 250,524,822 | (5,258,516) | |
| 66 | ACCUMULATED AMORTIZATION ON ACQUISITION ADJ | (54,306,612) | 1,139,896 | |
| 67 | NET PRODUCTION PROPERTY | <u>2,360,208,331</u> | <u>(49,540,772)</u> | |
| 68 | | | | |
| 69 | LIBR. DEPREC. POST 1980 (AMA) | (323,231,975) | 6,784,639 | |
| 70 | NOL DEFERRED TAX ASSET ATTRIBUTABLE TO PRODUCTION | 6,328,940 | (132,844) | |
| 71 | SUBTOTAL | <u>(316,903,035)</u> | <u>6,651,795</u> | |
| 72 | | | | |
| 73 | TOTAL PRODUCTION PROPERTY RATE BASE | <u>\$ 2,043,305,296</u> | <u>\$ (42,888,977)</u> | <u>\$ 2,000,416,319</u> |
| 74 | | | | |
| 75 | <u>REGULATORY ASSETS RATE BASE:</u> | | | |
| 76 | BEP | 11,214,773 | (235,398) | |
| 77 | WHITE RIVER PLANT COSTS | 34,565,277 | (725,525) | |
| 78 | WHITE RIVER RELICENSING & CWIP | 24,941,807 | (523,529) | |
| 79 | PROCEEDS FROM THE SALE OF WHITE RIVER ASSETS TO CWA | (29,911,730) | 627,847 | |
| 80 | DFIT WHITE RIVER REG ASSETS | (10,331,528) | 216,859 | |
| 81 | WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) | (1,529,462) | 32,103 | |
| 82 | WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) | (2,096,742) | 44,011 | |
| 83 | MINT FARM DEFERRAL UE-090704 | 23,180,901 | (486,567) | |
| 84 | COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT | 3,583,333 | (75,214) | |
| 85 | FERC PART 12 NON-CONSTRUCTION STUDY COSTS UE-070074 | 1,193,198 | (25,045) | |
| 84 | LOWER SNAKE RIVER PREPAID TRANSMISSION DEPOSITS | 99,746,463 | (2,093,678) | |
| 85 | CARRYING CHARGES ON LSR PREPAID TRANSM DEPOSITS | 11,099,630 | (232,981) | |
| 86 | CHELAN RESERVATION PAYMENT | 117,130,302 | (2,458,565) | |
| 87 | CHELAN SECURITY DEPOSIT | 18,500,000 | (388,315) | |
| 88 | MAJOR MAINTENANCE (SUMMARIZED) | 31,789 | (667) | |
| 89 | REC SALES | -2,767,909 | 58,098 | |
| 90 | LSR DEFERRED COSTS | 12,682,422 | (266,204) | |
| 91 | | | | |
| 92 | TOTAL REGULATORY ASSETS AND LIABILITIES RATE BASE | <u>\$ 311,232,524</u> | <u>\$ (6,532,770)</u> | <u>\$ 304,699,754</u> |
| 93 | | | | |
| 94 | TOTAL ADJUSTMENT TO RATEBASE (LINE 73 + LINE 89) | | <u>\$ (49,421,747)</u> | |

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.01 - TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | ACTUAL GPI MWH | TEMP ADJ GPI MWH | MWH CHANGE | ADJ FOR LOSSES 6.80% |
|----------|--|-------------------|---------------------|---------------|-------------------------|
| 1 | <u>TEMPERATURE NORMALIZATION ADJUSTMENT:</u> | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | Jan-10 | 2,154,814 | 2,282,983 | 128,169 | 119,453 |
| 5 | Feb-10 | 1,895,526 | 1,986,793 | 91,267 | 85,061 |
| 6 | Mar-10 | 2,022,382 | 2,041,217 | 18,835 | 17,554 |
| 7 | Apr-10 | 1,844,814 | 1,833,221 | (11,593) | (10,805) |
| 8 | May-10 | 1,764,805 | 1,748,090 | (16,715) | (15,578) |
| 9 | Jun-10 | 1,618,462 | 1,630,730 | 12,267 | 11,433 |
| 10 | Jul-10 | 1,688,022 | 1,697,904 | 9,882 | 9,210 |
| 11 | Aug-10 | 1,703,415 | 1,695,906 | (7,509) | (6,999) |
| 12 | Sep-10 | 1,637,493 | 1,642,184 | 4,691 | 4,372 |
| 13 | Oct-10 | 1,814,110 | 1,830,543 | 16,433 | 15,316 |
| 14 | Nov-10 | 2,122,228 | 2,059,041 | (63,187) | (58,890) |
| 15 | Dec-10 | 2,328,203 | 2,397,719 | 69,516 | 64,789 |
| 16 | | 22,594,274 | 22,846,330 | 252,056 | 234,916 |
| 17 | | | | KWH | |
| 18 | REVENUE ADJUSTMENT: SCHEDULE 7 | | | 133,624,643 | \$ 13,759,867 |
| 19 | SCHEDULE 24 | | | 34,368,345 | 2,990,016 |
| 20 | SCHEDULE 25 | | | 34,964,494 | 2,241,783 |
| 21 | SCHEDULE 26 | | | 15,451,095 | 951,927 |
| 22 | SCHEDULE 29 | | | (107,335) | (5,741) |
| 23 | SCHEDULE 31 | | | 9,574,376 | 570,154 |
| 24 | SCHEDULE 43 | | | 3,801,197 | 212,913 |
| 25 | SCHEDULE 40 - MED SEC VOLTAGE | | | | |
| 26 | SCHEDULE 40 - LARGE SEC VOLTAGE | | | 3,151,344 | 172,414 |
| 27 | SCHEDULE 40 - PRIMARY VOLTAGE | | | | |
| 28 | LIGHTING | | | | |
| 29 | FIRM RESALE | | | 88,248 | 3,093 |
| 30 | INCREASE (DECREASE) SALES TO CUSTOMERS | | | 234,916,406 | \$ 20,896,426 |
| 31 | | | | | |
| 32 | UNCOLLECTIBLES @ | | | 0.0044440 | \$ 92,864 |
| 33 | ANNUAL FILING FEE @ | | | 0.0020000 | 41,793 |
| 31 | INCREASE (DECREASE) EXPENSES | | | | 134,657 |
| 32 | | | | | |
| 33 | STATE UTILITY TAX @ | | | 0.0385580 | \$ 805,724 |
| 34 | INCREASE (DECREASE) TAXES OTHER | | | | 805,724 |
| 35 | | | | | |
| 36 | INCREASE (DECREASE) INCOME | | | | \$ 19,956,045 |
| 37 | | | | | |
| 38 | INCREASE (DECREASE) FIT @ | | | 35% | 6,984,616 |
| 39 | INCREASE (DECREASE) NOI | | | | \$ 12,971,429 |

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.02 - REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | ADJUSTMENT |
|-------------|---|---------------------------|
| 1 | SALES TO CUSTOMERS: | |
| 2 | RESTATING ADJUSTMENTS: | |
| 3 | ADD GRC INCREASE DOCKET UE-090704 | \$ 6,061,237 |
| 4 | REMOVE PCA INCREASE | (4,974) |
| 5 | REMOVE SCHEDULE 95A PRODUCTION TAX CREDITS | 16,481,251 |
| 6 | RECLASS TRANSPORTATION IMBALANCE REVENUE TO OTHER OPERATING REVENUE | (1,936,015) |
| 7 | REMOVE MERGER RATE CREDIT SCH 132 | 6,253,914 |
| 8 | REMOVE TENASKA REGULATORY ASSET TRACKER (SCH 133) | (35,143,487) |
| 9 | MISCELLANEOUS RESTATING ADJUSTMENT | 1,385,860 |
| 10 | RESTATING ADJUSTMENTS SALES TO CUSTOMERS | <u>(6,902,214)</u> |
| 11 | | |
| 12 | | |
| 13 | PROFORMA ADJUSTMENTS: | |
| 14 | RECLASS OF CUSTOMERS BETWEEN TARIFFS | <u>(213,655)</u> |
| 15 | PROFORMA ADJUSTMENTS SALES TO CUSTOMERS | <u>(213,655)</u> |
| 16 | | |
| 17 | TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS | \$ (7,115,868) |
| 18 | | |
| 19 | SALES FOR RESALE - SMALL FIRM AND SPECIAL CONTRACT | |
| 20 | MISCELLANEOUS RESTATING ADJUSTMENT | (15,398) |
| 21 | RECLASS SPECIAL CONTRACT REVENUE FROM OTHER OPERATING | <u>879,870</u> |
| 22 | | |
| 23 | TOTAL INCREASE (DECREASE) SALES FOR RESALE - SMALL FIRM | 864,472 |
| 24 | | |
| 25 | OTHER OPERATING REVENUES: | |
| 26 | POLE ATTACHMENT REVENUES | (20,001) |
| 27 | RECLASS TRANSPORTATION IMBALANCE REVENUE FROM SALES TO CUSTOMERS | 1,936,015 |
| 28 | RECLASS SPECIAL CONTRACT REVENUE TO SALES TO CUSTOMERS | <u>(879,870)</u> |
| 29 | | |
| 30 | TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE | <u>1,036,143</u> |
| 31 | | |
| 32 | TOTAL INCREASE (DECREASE) REVENUES | (5,215,253) |
| 33 | | |
| 34 | OPERATING EXPENSES: | |
| 35 | REMOVE EXPENSE ASSOCIATED WITH FUTURE PTC LIABILITY | (7,273,471) |
| 36 | | |
| 37 | UNCOLLECTIBLES @ | 0.0044440 \$ (23,177) |
| 38 | ANNUAL FILING FEE @ | 0.0020000 <u>(10,431)</u> |
| 39 | INCREASE (DECREASE) EXPENSES | (33,607) |
| 40 | | |
| 41 | STATE UTILITY TAX @ | 0.0385580 \$ (201,090) |
| 42 | INCREASE (DECREASE) TAXES OTHER | <u>(201,090)</u> |
| 43 | | |
| 44 | INCREASE (DECREASE) INCOME | \$ 2,292,915 |
| 45 | | |
| 46 | INCREASE (DECREASE) FIT @ | 35% <u>802,520</u> |
| 47 | INCREASE (DECREASE) NOI | <u>\$ 1,490,395</u> |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.03 - PASS-THROUGH REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | ADJUSTMENT |
|-------------|---|----------------------|
| 1 | <u>REMOVE REVENUE ASSOCIATED WITH RIDERS:</u> | |
| 2 | REMOVE CONSERVATION RIDER - SCHEDULE 120 | \$ 78,809,572 |
| 3 | REMOVE MUNICIPAL TAXES - SCHEDULE 81 | 75,028,227 |
| 4 | REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129 | 11,261,428 |
| 5 | REMOVE RESIDENTIAL EXCHANGE - SCH 194 | (78,576,305) |
| 6 | GREEN POWER - SCH 135/136 (TAGS ELIM IN PAGE 4.03) | 3,243,190 |
| 7 | GREEN POWER - SCH 135/136 ELIMINATE UNDER EXPENSED | 394,979 |
| 8 | REMOVE REC REVENUES - SCH 137 | (10,990,696) |
| 9 | REMOVE OFFSET TO REDUCTION OF REC LIABILITY - SCH 137 | 10,504,775 |
| 10 | REMOVE OFFSET TO REDUCTION OF REC LIABILITY - PTC OFFSETS | 21,591,916 |
| 11 | TOTAL (INCREASE) DECREASE IN REVENUES | <u>111,267,086</u> |
| 12 | | |
| 13 | <u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u> | |
| 14 | BAD DEBTS | 0.44440% (494,471) |
| 15 | ANNUAL FILING FEE | 0.20000% (222,534) |
| 16 | STATE UTILITY TAX | 3.85580% (4,290,236) |
| 17 | TOTAL | <u>(5,007,241)</u> |
| 18 | | |
| 19 | <u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u> | |
| 20 | REMOVE CONSERVATION RIDER - SCHEDULE 120 | (75,334,320) |
| 21 | REMOVE MUNICIPAL TAXES - SCHEDULE 81 | (72,142,816) |
| 22 | REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129 | (10,768,146) |
| 23 | REMOVE RESIDENTIAL EXCHANGE - SCH 194 | 75,109,150 |
| 24 | GREEN POWER - SCH 135/136 (TAGS ELIM IN PAGE 4.03) | (990,957) |
| 25 | GREEN POWER - SCH 135/136 BENEFITS PORTION OF ADMIN | (53,247) |
| 26 | GREEN POWER - SCH 135/136 TAXES PORTION OF ADMIN | (16,139) |
| 27 | REMOVE EXPENSE RECOGNIZED FOR FUTURE PTC LIABILITY | (21,591,916) |
| 28 | TOTAL INCREASE (DECREASE) EXPENSE | <u>(105,788,390)</u> |
| 29 | | |
| 30 | INCREASE (DECREASE) OPERATING INCOME BEFORE FIT | \$ (471,454) |
| 31 | INCREASE (DECREASE) FIT | (165,009) |
| 32 | INCREASE (DECREASE) NOI | <u>\$ (306,445)</u> |

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.04 - FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|--|------------------------|
| 1 | TAXABLE INCOME (LOSS) (NOTE 1) | \$ (187,810,292) |
| 2 | | |
| 3 | FEDERAL INCOME TAX EXPENSE (BENEFIT) @ 35% | (65,733,602) |
| 4 | CURRENTLY PAYABLE | (65,733,602) |
| 5 | | |
| 6 | DEFERRED FIT - DEBIT | 125,546,463 |
| 7 | DEFERRED FIT - CREDIT | (15,514,214) |
| 8 | ADDITIONAL DEFERRED CREDITS | - |
| 9 | TOTAL RESTATED FIT | 44,298,647 |
| 10 | | |
| 11 | FIT PER BOOKS: | |
| 12 | CURRENTLY PAYABLE | \$ 16,263,334 |
| 13 | DEFERRED FIT - DEBIT | 205,470,964 |
| 14 | DEFERRED FIT - CREDIT | (237,907,201) |
| 15 | DEFERRED FIT - INV TAX CREDIT, NET OF AMORT. | |
| 16 | TOTAL CHARGED TO EXPENSE | (16,172,903) |
| 17 | | |
| 18 | INCREASE(DECREASE) FIT | (81,996,936) |
| 19 | INCREASE(DECREASE) DEFERRED FIT | 142,468,487 |
| 20 | INCREASE(DECREASE) NOI | <u>\$ (60,471,551)</u> |
| 21 | | |
| 22 | DECREASE RATE BASE FOR REPAIRS/RET. | <u>\$ (41,414,322)</u> |
| 23 | | |
| 24 | | |
| 25 | | |

(NOTE 1)

DOES NOT INCLUDE A DEDUCTION FOR INTEREST AS THE TAX EFFECT FOR TOTAL PROFORMA INTEREST IS CALCULATED IN ADJUSTMENT 14.05

PUGET SOUND ENERGY-ELECTRIC
 ADJSUTMENT 14.05 - TAX BENEFIT OF PRO FORMA INTEREST
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|----------------------------|-----------------------------|
| 1 | RATE BASE | \$ 4,793,863,515 |
| 2 | | |
| 3 | NET RATE BASE | <u>\$ 4,793,863,515</u> |
| 4 | | |
| 5 | WEIGHTED COST OF DEBT | <u>3.22%</u> |
| 6 | PROFORMA INTEREST | <u>\$ 154,362,405</u> |
| 7 | | |
| 8 | INCREASE (DECREASE) INCOME | \$ (154,362,405) |
| 9 | | |
| 10 | INCREASE (DECREASE) FIT @ | 35% (54,026,842) |
| 11 | INCREASE (DECREASE) NOI | <u><u>\$ 54,026,842</u></u> |

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 14.06 - MISCELLANEOUS OPERATING EXPENSE
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | ACTUAL | PROFORMA RESTATED | ADJUSTMENT |
|--|-----------------------|----------------------|------------------------------|
| 1 OPERATING EXPENSES | | | |
| 2 REMOVE DEFERRAL OF MINT FARM COSTS | \$ (3,790,493) | \$ - | \$ 3,790,493 |
| 3 REMOVE DEFERRAL OF WILD HORSE EXPANSION COSTS | (1,569,757) | 0 | 1,569,757 |
| 4 LAID OFF EMPLOYEES: | | | |
| 5 OTHER PRODUCTION EXPENSES | 77,825 | 0 | (77,825) |
| 6 DISTRIBUTION | 112,534 | 0 | (112,534) |
| 7 ADMIN & GENERAL | 34,160 | 0 | (34,160) |
| 8 EXECUTIVE SALARY | 502,917 | 4,896 | (498,021) |
| 9 BENEFITS ON THE ABOVE WAGE ADJUSTMENTS | 198,812 | 0 | (198,812) |
| 10 PAYROLL TAXES ON THE ABOVE WAGE ADJUSTMENTS | 29,687 | 1,910 | (27,777) |
| 11 ADJUST FERC LAND USE FEES | (315,680) | 340,291 | 655,971 |
| 12 RECLASS FERC 557 | 0 | 1,464,898 | 1,464,898 |
| 13 REMOVE NON-BUSINESS OR NON-UTILITY RELATED EXPENSES | 63,989 | 23,555 | (40,434) |
| 14 INCREASE (DECREASE) IN EXPENSE | <u>\$ (4,656,006)</u> | <u>\$ 1,835,550</u> | <u>\$ 6,491,556</u> |
| 15 | | | |
| 16 INCREASE(DECREASE) OPERATING EXPENSE | | | 6,491,556 |
| 17 INCREASE(DECREASE) FIT @ | | 35% | <u>(2,272,045)</u> |
| 18 | | | |
| 19 INCREASE(DECREASE) NOI | | | <u><u>\$ (4,219,511)</u></u> |

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.07 - GENERAL PLANT DEPRECIATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | TEST YEAR | RESTATED | ADJUSTMENT |
|-------------|---|------------|--------------|----------------|
| 1 | <u>ADJUSTMENT TO RATE BASE</u> | | | |
| 2 | ACCUMULATED DEPRECIATION - ELECTRIC | \$ - | \$ (359,644) | \$ (359,644) |
| 3 | ACCUMULATED DEFERRED FIT | - | 125,875 | 125,875 |
| 4 | TOTAL ADJUSTMENT TO RATE BASE | - | (233,769) | (233,769) |
| 5 | | | | |
| 6 | <u>ADJUSTMENT TO OPERATING EXPENSES</u> | | | |
| 7 | DEPRECIATION EXPENSE | 10,971,543 | 9,912,385 | (1,059,158) |
| 8 | | | | |
| 9 | INCREASE (DECREASE) EXPENSE | | | \$ (1,059,158) |
| 10 | | | | |
| 11 | INCREASE(DECREASE) FIT @ | | 35% | 370,705 |
| 12 | | | | |
| 13 | INCREASE (DECREASE) NOI | | | \$ 688,453 |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.08 - NORMALIZE INJURIES AND DAMAGES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | TEST YEAR | RESTATED | ADJUSTMENT |
|-------------|---|------------|--------------|---------------------|
| 1 | INJURIES & DAMAGES ACCRUALS | \$ 195,771 | \$ 1,109,328 | \$ 913,557 |
| 2 | INJURIES & DAMAGES PAYMENTS IN EXCESS OF ACCRUALS | 615,331 | 818,110 | 202,779 |
| 3 | INCREASE/(DECREASE) IN EXPENSE | 811,102 | 1,927,438 | 1,116,336 |
| 4 | | | | |
| 5 | INCREASE/(DECREASE) IN OPERATING EXPENSE (LINE 3) | | | \$ 1,116,336 |
| 6 | INCREASE (DECREASE) FIT @ | | 35% | (390,718) |
| 7 | | | | |
| 8 | INCREASE (DECREASE) NOI | | | <u>\$ (725,618)</u> |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.09 - BAD DEBTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. | YEAR | NET WRITEOFF'S | GROSS REVENUES | SALES FOR RESALE OTHER | OTHER OPERATING REVENUES | SALES FOR RESALE FIRM | NET REVENUES | PERCENT WRITEOFF'S TO REVENUE |
|----------|--|----------------|------------------|------------------------|--------------------------|-----------------------|------------------|-------------------------------|
| 1 | 12 MOS ENDI | DECEMBER | AUGUST | AUGUST | AUGUST | AUGUST | AUGUST | |
| 2 | 2007 | \$ 6,924,812 | \$ 1,922,618,327 | \$ 111,070,231 | \$ 43,200,762 | \$ 373,024 | \$ 1,767,974,310 | 0.3917% |
| 3 | 2008 | \$ 8,122,860 | \$ 2,132,433,310 | \$ 95,513,282 | \$ 59,332,118 | \$ 374,652 | \$ 1,977,213,258 | 0.4108% |
| 4 | 2009 | \$ 10,727,813 | \$ 2,093,755,523 | \$ 64,642,019 | \$ 7,215,398 | \$ 360,829 | \$ 2,021,537,277 | 0.5307% |
| 5 | 3-YR AVERAGE OF NET WRITE OFF RATE | | | | | | | 0.4444% |
| 6 | | | | | | | | |
| 7 | TEST PERIOD REVENUES | | \$ 2,274,653,391 | \$ 201,262,557 | \$ 30,706,333 | \$ 350,182 | \$ 2,042,334,319 | |
| 8 | | | | | | | | |
| 9 | PROFORMA BAD DEBT RATE | | | | | | 0.4444% | |
| 10 | PROFORMA BAD DEBTS | | | | | | \$ 9,076,134 | |
| 11 | | | | | | | | |
| 12 | UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR | | | | | | 11,596,412 | |
| 13 | INCREASE (DECREASE) EXPENSE | | | | | | | \$ (2,520,278) |
| 14 | | | | | | | | |
| 15 | INCREASE (DECREASE) FIT | | | | | | 35% | 882,097 |
| 16 | INCREASE (DECREASE) NOI | | | | | | | <u>\$ 1,638,181</u> |

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 14.10 - INCENTIVE PAY
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | ACTUAL | RESTATED | ADJUSTMENT |
|----------|---------------------------------------|--------------|--------------|---------------------|
| 1 | <u>OPERATING EXPENSES</u> | | | |
| 2 | PURCHASED POWER | \$ 261,243 | \$ 114,354 | \$ (146,889) |
| 3 | OTHER POWER SUPPLY | 1,299,242 | 573,684 | (725,558) |
| 4 | TRANSMISSION | 210,121 | 92,177 | (117,944) |
| 5 | DISTRIBUTION | 1,505,513 | 666,219 | (839,294) |
| 6 | CUSTOMER ACCTS | 893,833 | 395,837 | (497,996) |
| 7 | CUSTOMER SERVICE | 79,167 | 34,809 | (44,358) |
| 8 | SALES | 7,752 | 3,394 | (4,358) |
| 9 | ADMIN. & GENERAL | 1,532,695 | 671,526 | (861,169) |
| 10 | TOTAL INCENTIVE/MERIT PAY | \$ 5,789,566 | \$ 2,552,001 | \$ (3,237,565) |
| 11 | | | | |
| 12 | PAYROLL TAXES ASSOC WITH MERIT PAY | 475,543 | 209,616 | (265,927) |
| 13 | INCREASE(DECREASE) EXPENSE | 6,265,109 | 2,761,617 | (3,503,492) |
| 14 | | | | |
| 15 | INCREASE (DECREASE) OPERATING EXPENSE | | | \$ (3,503,492) |
| 16 | | | | |
| 17 | INCREASE (DECREASE) FIT @ | | 35% | 1,226,222 |
| 18 | INCREASE (DECREASE) NOI | | | <u>\$ 2,277,270</u> |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.11 - PROPERTY TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | WASHINGTON | MONTANA | OREGON | TOTAL |
|------------------------------|---------------|--------------|------------|---------------|
| 1 RESTATED PROPERTY TAX | \$ 24,589,320 | \$ 8,571,790 | \$ 645,611 | \$ 33,806,721 |
| 2 CHARGED TO EXPENSE IN TY | 23,853,529 | 8,578,000 | 645,632 | 33,077,161 |
| 3 INCREASE(DECREASE) EXPENSE | \$ 735,791 | \$ (6,211) | \$ (21) | \$ 729,560 |
| 4 | | | | |
| 5 INCREASE(DECREASE) FIT @ | | | 35% | (255,346) |
| 6 | | | | |
| 7 INCREASE(DECREASE) NOI | | | | \$ (474,214) |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.12 - EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|------------------------------------|---------------|
| 1 | RESTATED EXCISE TAXES | \$ 79,150,521 |
| 2 | CHARGED TO EXPENSE FOR TEST YEAR | 78,841,323 |
| 3 | INCREASE (DECREASE) EXCISE TAX | \$ 309,198 |
| 4 | | |
| 5 | RESTATED WUTC FILING FEE | \$ 4,157,945 |
| 6 | CHARGED TO EXPENSE FOR TEST YEAR | 4,157,945 |
| 7 | INCREASE(DECREASE) WUTC FILING FEE | \$ - |
| 8 | | |
| 9 | INCREASE(DECREASE) EXPENSE | \$ 309,198 |
| 10 | | |
| 11 | INCREASE(DECREASE) FIT @ | 35% (108,219) |
| 12 | INCREASE(DECREASE) NOI | \$ (200,979) |

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 14.13 - DIRECTORS & OFFICERS INSURANCE
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE CASE

| LINE NO. | DESCRIPTION | TEST YEAR | RESTATED | ADJUSTMENT |
|-------------|--------------------------------|------------|------------|--------------|
| 1 | D & O INS. CHG EXPENSE | \$ 322,484 | \$ 203,112 | \$ (119,372) |
| 2 | | | | |
| 3 | INCREASE (DECREASE) IN EXPENSE | \$ 322,484 | \$ 203,112 | \$ (119,372) |
| 4 | | | | |
| 5 | INCREASE (DECREASE) FIT @ | | 35% | 41,780 |
| 6 | | | | |
| 7 | INCREASE (DECREASE) NOI | | | \$ 77,592 |
| 8 | | | | |
| 9 | | | | |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.14 INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|--|-------------|
| 1 | INTEREST EXPENSE AT MOST CURRENT INTEREST RATE | \$ 47,149 |
| 2 | | |
| 3 | INCREASE (DECREASE) NOI | \$ (47,149) |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.15 RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|-----------------------------------|---------|
| 1 | EXPENSES TO BE NORMALIZED: | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | RESTATED EXPENSE | 641,575 |
| 6 | LESS TEST YEAR EXPENSE | 641,575 |
| 7 | INCREASE (DECREASE) EXPENSE | \$ - |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | RESTATED EXPENSE | - |
| 12 | LESS TEST YEAR EXPENSE | - |
| 13 | INCREASE (DECREASE) EXPENSE | \$ - |
| 14 | | |
| 15 | | |
| 16 | TOTAL INCREASE (DECREASE) EXPENSE | \$ - |
| 17 | | |
| 18 | INCREASE(DECREASE) FIT @ | 35% |
| 19 | INCREASE(DECREASE) NOI | \$ - |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.16 - DEFERRED GAINS/LOSSES ON PROPERTY SALES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|---|----------------|
| 1 | DEFERRED GAINS RECORDED FOR UE-090704, et al. at 4/30/2012 | \$ (1,822,806) |
| 2 | DEFERRED LOSSES RECORDED FOR UE-090704, et al. at 4/30/2012 | 107,709 |
| 3 | TOTAL DEFERRED NET GAINS FOR UE-090704, et al. at 4/30/2012 | \$ (1,715,097) |
| 4 | | |
| 5 | DEFERRED GAINS PENDING APPROVAL SINCE UE-090704 | (76,217) |
| 6 | DEFERRED LOSSES PENDING APPROVAL SINCE UE-090704 | 290,236 |
| 7 | NET DEFERRED LOSSES PENDING APPROVAL | 214,019 |
| 8 | | |
| 9 | NET GAIN (LINE 3 + LINE 7) | (1,501,078) |
| 10 | | |
| 11 | ANNUAL AMORTIZATION (LINE 9 ÷ 36 MONHS) x 12 MONTHS | (500,359) |
| 12 | | |
| 13 | AMORTIZATION OF DEFERRED NET GAIN FOR TEST YEAR | (2,082,384) |
| 14 | | |
| 15 | INCREASE (DECREASE) EXPENSE | \$ 1,582,025 |
| 16 | | |
| 17 | INCREASE (DECREASE) FIT @ 35% | (553,709) |
| 18 | | |
| 19 | INCREASE (DECREASE) NOI | \$ (1,028,316) |

**PUGET SOUND ENERGY-ELECTRIC
ADJSUTMENT 14.17- PROPERTY & LIABILITY INSURANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | ADJUSTMENT |
|-------------|---------------------------------------|--------------|--------------|--------------|
| 1 | PROPERTY INSURANCE EXPENSE | \$ 2,661,295 | \$ 2,817,401 | \$ 156,106 |
| 2 | LIABILITY INSURANCE EXPENSE | 1,594,752 | 1,630,150 | 35,398 |
| 3 | INCREASE(DECREASE) EXPENSE | \$ 4,256,047 | \$ 4,447,551 | \$ 191,504 |
| 4 | | | | |
| 5 | INCREASE (DECREASE) OPERATING EXPENSE | | | 191,504 |
| 6 | | | | |
| 7 | INCREASE (DECREASE) FIT @ | 35% | | (67,026) |
| 8 | INCREASE (DECREASE) NOI | | | \$ (124,477) |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.18 - PENSION PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | ACTUAL | RESTATED | ADJUSTMENT |
|------------------------------|--------------|--------------|----------------|
| 1 QUALIFIED RETIREMENT FUND | \$ 3,279,192 | \$ 5,594,713 | \$ 2,315,521 |
| 2 SERP PLAN | 469,392 | - | (469,392) |
| 3 INCREASE(DECREASE) EXPENSE | \$ 3,748,584 | \$ 5,594,713 | \$ 1,846,129 |
| 4 | | | |
| 5 INCREASE (DECREASE) FIT @ | 35% | | (646,145) |
| 6 INCREASE (DECREASE) NOI | | | \$ (1,199,984) |

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 14.19 - WAGE INCREASE
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | TEST YEAR | RATE YEAR | ADJUSTMENT |
|----------|---------------------------------------|--------------|--------------|----------------|
| 1 | WAGES: | | | |
| 2 | PURCHASED POWER | \$ 3,782,810 | \$ 3,895,048 | \$ 112,238 |
| 3 | OTHER POWER SUPPLY | 18,813,086 | 19,286,741 | 473,655 |
| 4 | TRANSMISSION | 3,042,579 | 3,128,925 | 86,346 |
| 5 | DISTRIBUTION | 21,799,940 | 22,323,872 | 523,932 |
| 6 | CUSTOMER ACCTS | 12,942,747 | 13,248,616 | 305,869 |
| 7 | CUSTOMER SERVICE | 1,146,347 | 1,177,753 | 31,406 |
| 8 | SALES | 112,249 | 115,580 | 3,331 |
| 9 | ADMIN. & GENERAL | 22,193,516 | 22,842,123 | 648,607 |
| 10 | TOTAL WAGE INCREASE | 83,833,274 | 86,018,658 | 2,185,384 |
| 11 | | | | |
| 12 | PAYROLL TAXES | 7,347,779 | 7,489,825 | 142,046 |
| 13 | TOTAL WAGES & TAXES | 91,181,053 | 93,508,483 | 2,327,430 |
| 14 | | | | |
| 15 | INCREASE (DECREASE) OPERATING EXPENSE | | | \$ 2,327,430 |
| 16 | INCREASE (DECREASE) FIT @ 35% | | | (814,601) |
| 17 | INCREASE (DECREASE) NOI | | | \$ (1,512,830) |

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 14.20- INVESTMENT PLAN
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | | AMOUNT |
|-------------|--|---------------|--------------|
| 1 | <u>NON-UNION (EXCLUDING EXECUTIVES)</u> | | |
| 2 | INVESTMENT PLAN APPLICABLE TO MANAGEMENT | \$5,398,753 | |
| 3 | RATE YEAR MANAGEMENT WAGE INCREASE | 2.97% 160,343 | |
| 4 | TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT | | \$ 5,559,096 |
| 5 | | | |
| 6 | <u>NON-UNION (EXECUTIVES)</u> | | |
| 7 | INVESTMENT PLAN APPLICABLE TO MANAGEMENT | 132,722 | |
| 8 | RATE YEAR MANAGEMENT WAGE INCREASE | 0.00% 0 | |
| 9 | TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT | | 132,722 |
| 10 | | | |
| 11 | <u>IBEW</u> | | |
| 12 | INVESTMENT PLAN APPLICABLE TO IBEW | 1,409,136 | |
| 13 | RATE YEAR IBEW WAGE INCREASE | 2.19% 30,914 | |
| 14 | TOTAL COMPANY CONTRIBUTION FOR IBEW | | 1,440,049 |
| 15 | | | |
| 16 | <u>UA</u> | | |
| 17 | INVESTMENT PLAN APPLICABLE TO UA | 936,139 | |
| 18 | RATE YEAR UA WAGE INCREASE | 2.26% 21,180 | |
| 19 | TOTAL COMPANY CONTRIBUTION FOR UA | | 957,319 |
| 20 | | | |
| 21 | <u>TOTAL</u> | | |
| 22 | TOTAL PROFORMA COSTS (LN 4 + LN 9 + LN 14 + LN 19) | | \$ 8,089,186 |
| 23 | PRO FORMA COSTS APPLICABLE TO OPERATIONS | 60.56% | 4,898,811 |
| 24 | CHARGED TO EXPENSE FOR YEAR ENDED 12/31/10 | | 4,770,159 |
| 25 | INCREASE (DECREASE) EXPENSE | | \$ 128,652 |
| 26 | | | |
| 27 | INCREASE (DECREASE) FIT @ | 35% | (45,028) |
| 28 | INCREASE (DECREASE) NOI | | \$ (83,624) |

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 14.21 - EMPLOYEE INSURANCE
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | AMOUNT | LINE NO. |
|-------------|-------------------------------------|-------------------|-------------|
| 1 | <u>BENEFIT CONTRIBUTION:</u> | | 1 |
| 2 | SALARIED EMPLOYEES | \$ 12,647,781 | 2 |
| 3 | UNION EMPLOYEES | 9,491,413 | 3 |
| 4 | PRO FORMA INSURANCE COSTS | <u>22,139,194</u> | 4 |
| 5 | | | |
| 6 | APPLICABLE TO OPERATIONS @ 60.56% | 13,407,496 | |
| 7 | CHARGED TO EXPENSE DURING TEST YEAR | <u>13,515,093</u> | |
| 8 | INCREASE(DECREASE) EXPENSE | (107,597) | |
| 9 | | | |
| 10 | INCREASE(DECREASE) FIT @ 35% | <u>37,659</u> | |
| 11 | | | |
| 12 | INCREASE(DECREASE) NOI | <u>\$ 69,938</u> | |

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.22 - WORKING CAPITAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

| <u>DESCRIPTION</u> | <u>TEST YEAR</u> | <u>RESTATED</u> | <u>ADJUSTMENT</u> |
|--------------------------------|--------------------|--------------------|---------------------|
| <u>ADJUSTMENT TO RATE BASE</u> | | | |
| ALLOWANCE FOR WORKING CAPITAL | \$ 204,952,589 | \$ 169,964,771 | \$ (34,987,818) |
| TOTAL ADJUSTMENT TO RATE BASE | <u>204,952,589</u> | <u>169,964,771</u> | <u>(34,987,818)</u> |