

**Exhibit No. KHB-2  
Dockets UE-090704 and UG-090705  
Witness: Kathryn H. Breda**

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**DOCKET UE-090704**

**DOCKET UG-090705**

**EXHIBIT TO TESTIMONY OF**

**KATHRYN H. BREDA**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Electric Results of Operations and Revenue Requirement*

**November 17, 2009  
Revised December 11, 2009**

Puget Sound Energy - Electric  
 Pro Forma Results of Operations  
 For the Twelve Months Ended December 31, 2008

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	\$ 7,238,781	\$ 2,019,707,746
3	Sales from Resale-Firm	369,320	(20,041)	349,279	79,160	428,439
4	Sales to Other Utilities	173,342,971	(152,409,715)	20,933,256		20,933,256
5	Other Operating Revenues	55,432,486	(15,220,981)	40,211,505	220,879	40,432,384
6	<b>Total Operating Revenues</b>	<b>\$ 2,218,090,420</b>	<b>\$ (144,127,416)</b>	<b>\$ 2,073,963,004</b>	<b>\$ 7,538,820</b>	<b>\$ 2,081,501,824</b>
7	Operating Expenses:					
8	Power Costs:					
10	Fuel Stock	\$ 212,332,676	\$ 43,308,621	\$ 255,641,297	\$ -	\$ 255,641,297
11	Purchased and Interchanged	920,346,551	(262,193,399)	658,153,152		658,153,152
12	Wheeling	70,713,346	10,068,232	80,781,578		80,781,578
13	Residential Exchange	(40,663,861)	40,663,861	-		-
14	<b>Total Production Expenses</b>	<b>\$ 1,162,728,712</b>	<b>\$ (168,152,686)</b>	<b>\$ 994,576,026</b>	<b>\$ -</b>	<b>\$ 994,576,026</b>
15	Other Power Supply Expenses	\$ 102,819,798	\$ (2,127,198)	\$ 100,692,600	\$ -	\$ 100,692,600
17	Transmission Expense	9,234,124	(360,596)	8,873,528		8,873,528
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	27,306	41,926,209
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	4,272,250	93,690,946	15,078	93,706,024
23	Depreciation	173,307,040	134,928	173,441,968		173,441,968
24	Amortization	34,012,299	10,975,974	44,988,273		44,988,273
25	Amortization Property Gain/Loss	6,493,409	11,378,140	17,871,549		17,871,549
26	Other Operating Expense	(483,686)	6,428,038	5,944,352		5,944,352
27	FAS 133	7,537,999	-	7,537,999		7,537,999
28	Taxes Other than Income Taxes	188,816,368	(76,353,310)	112,463,057	290,923	112,753,980
29	Income Taxes	4,629,482	42,447,446	47,076,928	2,521,931	49,598,859
30	Deferred Income Taxes	30,323,152	25,330,482	55,653,634		55,653,634
31	<b>Total Operating Expense</b>	<b>\$ 1,992,758,652</b>	<b>\$ (210,887,970)</b>	<b>\$ 1,781,870,682</b>	<b>\$ 2,855,238</b>	<b>\$ 1,784,725,920</b>
32						
33	<b>Net Operating Income:</b>	<b>\$ 225,331,768</b>	<b>\$ 66,760,554</b>	<b>\$ 292,092,322</b>	<b>\$ 4,683,582</b>	<b>\$ 296,775,904</b>
34						
35	<b>Rate Base:</b>					
36	Gross Utility Plant In Service	\$ 6,183,573,988	\$ 475,215,964	\$ 6,658,789,952	\$ -	\$ 6,658,789,952
37	Accum. Depreciation and Amortization	(2,533,770,195)	(192,159,562)	(2,725,929,757)		(2,725,929,757)
38	Deferred Debits	286,749,772	56,451,485	343,201,257		343,201,257
39	Deferred Taxes	(515,196,416)	(51,813,255)	(567,009,671)		(567,009,671)
40	<b>Allowance for Working Capital</b>	<b>132,602,669</b>	<b>-</b>	<b>132,602,669</b>		<b>132,602,669</b>
41	Other	(89,746,678)	(89,746,678)	(89,746,678)		(89,746,678)
42	Total Rate Base	\$ 3,464,213,140	\$ 287,694,632	\$ 3,751,907,773	\$ -	\$ 3,751,907,773
43						
44	Rate of Return	6.50%	7.9%	7.9%		7.91%



Puget Sound Energy - Electric  
 Pro Forma Results of Operations  
 For the Twelve Months Ended December 31, 2008  
 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						188,209	
6	<b>Total Operating Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (95,631,915)	\$ -
7								
8	Operating Expenses:							
9	Power Costs:							
10	Fuel Stock	\$ -	\$ 53,577,114	\$ -	\$ -	\$ -	\$ -	\$ -
11	Purchased and Interchanged							
12	Wheeling	23,006	5,278,114					
13	Residential Exchange							
14	<b>Total Production Expenses</b>	\$ 23,006	\$ 58,855,228	\$ -	\$ -	\$ -	\$ 40,663,861	\$ -
15								
16	Other Power Supply Expenses	\$ 1,242,216	\$ 4,934,400	\$ -	\$ -	\$ -	\$ -	\$ -
17	Transmission Expense							
18	Distribution Expense							
19	Customer Accounts Expense						(346,379)	(1,571,313)
20	Customer Service Expense						(7,837,447)	
21	Conservation Amortization						(53,979,048)	
22	Administrative & General Expense			57,036	27,837	657,936	(191,431)	
23	Depreciation	3,795,860	2,671,236	857,130	804,698	658,190		
24	Amortization		4,566,401		2,282,922			
25	Amortization Property Gain/Loss							
26	Other Operating Expense							
27	FAS 133							
28	Taxes Other than Income Taxes						(72,956,529)	
29	Income Taxes	(4,856,605)	(28,260,928)	(240,716)	82,415	(995,958)	(344,730)	549,960
30	Deferred Income Taxes	3,085,226	3,271,823	(79,243)	(1,172,826)	535,314		
31	<b>Total Operating Expense</b>	\$ 3,289,703	\$ 46,408,340	\$ 594,207	\$ 2,025,045	\$ 855,481	\$ (94,991,703)	\$ (1,021,353)
32								
33	<b>Net Operating Income:</b>	\$ (3,289,703)	\$ (46,408,340)	\$ (594,207)	\$ (2,025,045)	\$ (855,481)	\$ (640,213)	\$ 1,021,353
34								
35	<b>Rate Base:</b>							
36	Gross Utility Plant In Service	\$ 90,388,143	\$ 241,461,125	\$ 47,652,000	\$ 45,185,333	\$ 34,453,197	\$ -	\$ -
37	Accum. Depreciation and Amortization	(3,479,538)	(17,541,673)	(39,465,819)	(27,403,197)	(1,614,591)		
38	Deferred Debits							
39	Deferred Taxes	(20,562,543)	(6,349,531)	567,124	171,688	(1,179,960)		
40	Allowance for Working Capital							
41	Other							
42	<b>Total Rate Base</b>	\$ 66,346,062	\$ 217,569,921	\$ 8,753,305	\$ 17,953,824	\$ 31,658,646	\$ -	\$ -





Puget Sound Energy - Electric  
 Pro Forma Results of Operations  
 For the Twelve Months Ended December 31, 2008  
 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)	\$ -	5,295,052	\$ -
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							
22	Administrative & General Expense	(484,751)	(874,205)					
23	Depreciation					(9,109,591)		
24	Amortization				3,468,462			
25	Amortization Property Gain/Loss			11,378,140				4,557,725
26	Other Operating Expense							
27	FAS 133							
28	Taxes Other than Income Taxes	(126,215)						
29	Income Taxes	612,758	305,972	(3,325,551)	2,220,955		(1,853,268)	(1,595,204)
30	Deferred Income Taxes							
31	<b>Total Operating Expense</b>	\$ (1,137,979)	\$ (568,233)	\$ 6,176,024	\$ 4,659,619	\$ (9,109,591)	\$ 3,441,784	\$ 2,962,521
32								
33	<b>Net Operating Income:</b>	\$ 1,137,979	\$ 568,233	\$ (6,176,024)	\$ (4,659,619)	\$ 9,109,591	\$ (3,441,784)	\$ (2,962,521)
34								
35	<b>Rate Base:</b>							
36	Gross Utility Plant In Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37	Accum. Depreciation and Amortization					4,554,795		
38	Deferred Debits				(105,539,454)			54,711,178
39	Deferred Taxes							(19,148,918)
40	Allowance for Working Capital							
41	Other							
42	<b>Total Rate Base</b>	\$ -	\$ -	\$ -	\$ (105,539,454)	\$ 4,554,795	\$ -	\$ 35,562,260

Puget Sound Energy - Electric  
 Pro Forma Results of Operations  
 For the Twelve Months Ended December 31, 2008  
 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)	Wild Horse Deferred Costs Adj. 10.38 (ao)	Total Adjustments (ap=b..ao)	Adjusted Results of Operations (aq=a+ap)
1	Operating Revenues:						
2	Sales to Customers	\$ -	\$ -	\$ -	\$ -	\$ 23,523,321	\$ 2,012,468,965
3	Sales from Resale-Firm				(20,041)	(20,041)	349,279
4	Sales to Other Utilities				(152,409,715)	(152,409,715)	20,933,256
5	Other Operating Revenues				(15,220,981)	(15,220,981)	40,211,505
6	<b>Total Operating Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ (144,127,416)	\$ 2,073,963,004
7							
8	Operating Expenses:						
9	Power Costs:						
10	Fuel Stock	\$ -	\$ -	\$ -	\$ -	\$ 43,308,621	\$ 255,641,297
11	Purchased and Interchanged					(262,193,399)	658,153,152
12	Wheeling					10,068,232	80,781,578
13	Residential Exchange					40,663,861	-
14	<b>Total Production Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ (168,152,686)	\$ 994,576,026
15							
16	Other-Power Supply Expenses	\$ -	\$ -	\$ -	\$ -	(2,127,198)	100,692,600
17	Transmission Expense					(360,596)	8,873,528
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					(53,979,048)	1,062
22	Administrative & General Expense	(2,761,859)				4,272,250	93,690,946
23	Depreciation	804,616				134,928	173,441,968
24	Amortization					10,975,974	44,988,273
25	Amortization Property Gain/Loss					11,378,140	17,871,549
26	Other Operating Expense				2,915,800	6,428,038	5,944,352
27	FAS 133					-	7,537,999
28	Taxes Other than Income Taxes					(76,353,310)	112,463,057
29	Income Taxes	685,035			(1,020,530)	42,447,446	47,076,928
30	Deferred Income Taxes					25,330,482	55,653,634
31	<b>Total Operating Expense</b>	\$ (1,272,207)	\$ -	\$ -	\$ 1,895,270	\$ (210,887,970)	\$ 1,781,870,682
32							
33	<b>Net Operating Income:</b>	\$ 1,272,207	\$ -	\$ -	\$ (1,895,270)	\$ 66,760,554	\$ 292,092,322
34							
35	<b>Rate Base:</b>						
36	Gross Utility Plant in Service	\$ 8,777,632	\$ -	\$ -	\$ -	\$ 475,215,964	\$ 6,658,789,952
37	Accum. Depreciation and Amortization	(603,462)				(192,159,562)	(2,725,929,757)
38	Deferred Debits		(2,633,392)		4,373,699	56,451,485	343,201,257
39	Deferred Taxes	(726,142)	(897,536)		(1,530,795)	(51,813,255)	(567,009,671)
40	Allowance for Working Capital					-	132,602,669
41	Other					-	(89,746,678)
42	<b>Total Rate Base</b>	\$ 7,448,028	\$ (3,530,928)	\$ -	\$ 2,842,905	\$ 287,694,632	\$ 3,751,907,773



**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.01 TEMPERATURE NORMALIZATION  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.02 REVENUES AND EXPENSES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ADJUSTMENT
1 SALES TO CUSTOMERS:	
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	
12 MISCELLANEOUS ADJUSTMENTS	(412,534)
13 CONSERVATION	-
14 PROFORMA ADJUSTMENTS SALES TO CUSTOMERS	<u>(412,534)</u>
15	
16 TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ 139,034,099
17	
18 SALES FOR RESALE - SMALL FIRM AND SPECIAL CONTRACT	
19 MISCELLANEOUS RESTATING ADJUSTMENT	<u>(15,682)</u>
20	
21 TOTAL INCREASE (DECREASE) SALES FOR RESALE - SMALL FIRM	(15,682)
22	
23 OTHER OPERATING REVENUES	
24 POLE ATTACHMENT REVENUES	438,314
25	
26	
27 TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u>438,314</u>
28	
29 TOTAL INCREASE (DECREASE) REVENUES	139,456,731
30	
31 UNCOLLECTIBLES @ 0.0036220	\$ 505,112
32 ANNUAL FILING FEE @ 0.0020000	<u>278,913</u>
33 INCREASE (DECREASE) EXPENSES	784,026
34	
35 STATE UTILITY TAX @ 0.0385900	\$ 5,381,635
36 REMOVE MUNICIPAL TAX EXPENSED	
37 INCREASE (DECREASE) TAXES OTHER	<u>5,381,635</u>
38	
39 INCREASE (DECREASE) INCOME	133,291,070
40	
41 INCREASE (DECREASE) FIT @ 35%	<u>46,651,875</u>
42 INCREASE (DECREASE) NOI	<u>\$ 86,639,195</u>

Reference: PSE Response to WUTC Data Request 139, Attachment C

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.03 POWER COSTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	SALES FOR RESALE	\$ 173,342,971	\$ 20,933,256	\$ (152,409,715)
2				
3	PURCHASES/SALES OF NON-CORE GAS	15,804,883	285,000	(15,519,883)
4	WHEELING FOR OTHERS	11,562,467	10,386,710	(1,175,757)
5		27,367,351	10,671,711	(16,695,640)
6				
7	TOTAL OPERATING REVENUES	200,710,322	31,604,966	(169,105,355)
8				
9	FUEL	\$ 212,821,384	\$ 202,456,333	\$ (10,365,051)
10				
11	PURCHASED AND INTERCHANGED	888,547,931	621,089,120	(267,458,811)
12	HEDGING		305,917	305,917
13	<i>RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASKA</i>	-	<i>(5,105,510)</i>	<i>(5,105,510)</i>
14	SUBTOTAL PURCHASED AND INTERCHANGED	\$ 888,547,931	\$ 616,289,527	\$ (272,258,404)
15	WHEELING	68,962,375	74,402,075	5,439,700
16				
17	TOTAL PRODUCTION EXPENSES	\$ 1,170,331,690	\$ 893,147,935	\$ (277,183,754)
18	HYDRO AND OTHER POWER	92,332,638	89,008,350	(3,324,288)
19	TRANS. EXP. INCL. 500KV O&M	1,497,266	1,497,266	0
20				
21	TOTAL OPERATING EXPENSES	\$ 1,264,161,593	\$ 983,653,551	(280,508,043)
22				
23	INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 21)	\$ (1,063,451,272)	\$ (952,048,584)	\$ 111,402,687
24				
25	REDUCTION TO STATE UTILITY TAX SAVINGS FOR LINE 4	3.873%		(45,537)
26	INCREASE (DECREASE) INCOME			\$ 111,448,224
27	INCREASE (DECREASE) FIT @	35%		39,006,878
28	INCREASE (DECREASE) NOI			\$ 72,441,346

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.04 FEDERAL INCOME TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME (LOSS)	\$ 22,313,583
2		
3	FEDERAL INCOME TAX EXPENSE (BENEFIT) @ 35%	7,809,754
4	CURRENTLY PAYABLE	<u>\$ 7,809,754</u>
5		
6	DEFERRED FIT - DEBIT	\$ 81,055,294
7	DEFERRED FIT - CREDIT	(33,678,366)
8	ADDITIONAL DEFERRED CREDITS	<u>-</u>
9	TOTAL RESTATED FIT	\$ 55,186,682
10		
11	FIT PER BOOKS:	
12	CURRENTLY PAYABLE	\$ 4,629,482
13	DEFERRED FIT - DEBIT	95,224,301
14	DEFERRED FIT - CREDIT	(64,901,149)
15	DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.	<u>-</u>
16	TOTAL CHARGED TO EXPENSE	\$ 34,952,634
17		
18	INCREASE(DECREASE) FIT	3,180,272
19	INCREASE(DECREASE) DEFERRED FIT	<u>17,053,776</u>
20	INCREASE(DECREASE) NOI	<u><u>\$ (20,234,048)</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.05 BENEFIT OF PRO FORMA INTEREST  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 3,751,907,773
2		
3	NET RATE BASE	<u>\$ 3,751,907,773</u>
4		
5	WEIGHTED COST OF DEBT	<u>3.41%</u>
6	PROFORMA INTEREST	\$ 127,940,055
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	<u>(61,479)</u>
17	CHARGED TO EXPENSE IN TEST YEAR	<u>129,505,097</u>
18		
19	INCREASE (DECREASE) INCOME	\$ 1,565,042
20		
21	INCREASE (DECREASE) FIT @	35% <u>547,765</u>
22	INCREASE (DECREASE) NOI	<u>\$ (547,765)</u>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.06 HOPKINS RIDGE INFILL PROJECT  
FOR THE TWELVE MONTH ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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	\$ 12,054,738	\$ 7,298,533
4	ACCUM DEPRECIATION	(43,454)	(1,110,077)	(1,066,623)
5	DEFERRED INCOME TAX LIABILITY	(123,025)	(2,279,667)	(2,156,642)
6	NET HOPKINS RIDGE INFILL PLANT RATEBASE	<u>\$ 4,589,726</u>	<u>\$ 8,664,994</u>	<u>\$ 4,075,268</u>
7				
8	<u>HOPKINS RIDGE INFILL OPERATING EXPENSE</u>			
9	DEPRECIATION EXPENSE	\$ 200,142	\$ 511,121	\$ 310,979
10	PROPERTY INSURANCE	4,735	9,094	4,359
11	PROPERTY TAXES	-	-	-
12	TOTAL OPERATING EXPENSES	<u>\$ 204,877</u>	<u>\$ 520,215</u>	<u>\$ 315,338</u>
13				
14	INCREASE (DECREASE) OPERATING EXPENSE			315,338
15				
16	INCOME TAX	(669,339)	(777,820)	(108,481)
17	DEFERRED INCOME TAX	597,633	595,745	(1,887)
18	INCREASE (DECREASE) NOI	<u>\$ (133,170)</u>	<u>\$ (338,140)</u>	<u>\$ (204,970)</u>
19				
20				
21				
22	TAX CALCULATION			
23	Operating Revenue	\$ (204,877)	\$ (520,215)	\$ (315,338)
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	(1,912,398)	(2,222,344)	(309,946)
31	Adjustments to FIT			
32	Federal Income Tax	<u>\$ (669,339)</u>	<u>\$ (777,820)</u>	<u>\$ (108,481)</u>
33	Tax Rate	0.35	0.35	0.35

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.07 WILD HORSE WIND EXPANSION PROJECT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>WILD HORSE EXPANSION RATEBASE (AMA)</u>			
2	<u>UTILITY PLANT RATEBASE</u>			
3	PLANT BALANCE	\$ -	\$ 90,388,143	\$ 90,388,143
4	ACCUM DEPRECIATION	-	(3,479,538)	(3,479,538)
5	<i>DEFERRED INCOME TAX LIABILITY</i>	-	<i>(20,562,543)</i>	<i>(20,562,543)</i>
6	<b>NET WH EXPANSION PLANT RATEBASE</b>	<b>\$ -</b>	<b>\$ 66,346,062</b>	<b>\$ 66,346,062</b>
7				
8	<u>WILD HORSE EXPANSION OPERATING EXPENSE</u>			
9	DEPRECIATION EXPENSE	\$ -	\$ 3,795,860	\$ 3,795,860
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	-	1,242,216	1,242,216
14	PROPERTY INSURANCE	-	-	-
15	PROPERTY TAXES	-	-	-
16	TOTAL POWER COST AND PROD O&M	-	1,265,222	1,265,222
17				
18	INCREASE ( DECREASE ) EXPENSE	-	5,061,082	5,061,082
19				
20	<i>INCOME TAX</i>		<i>(4,856,605)</i>	<i>(4,856,605)</i>
21	<i>DEFERRED INCOME TAX</i>		<i>3,085,226</i>	<i>3,085,226</i>
22	<b><i>INCREASE (DECREASE) NOI</i></b>		<b><i>\$ (3,289,703)</i></b>	<b><i>\$ (3,289,703)</i></b>
23				
24	TAX CALCULATION			
25				
26				
27	Operating Revenue	\$ -	\$ (5,061,082)	\$ (5,061,082)
28	Other Deductions			
29	Interest (AFUDC)			
30	Interest			
31	Schedule "M" additions			-
32	<b>Schedule "M" deductions</b>		<b>\$ 8,814,931</b>	<b>\$ 8,814,931</b>
33				
34	Income Before Tax	-	(13,876,013)	(13,876,013)
35	Adjustments to FIT			
36	Federal Income Tax	\$ -	\$ (4,856,605)	\$ (4,856,605)
37				
38				
39				
40	Tax Rate	0.35	0.35	0.35

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.08 MINT FARM PROJECT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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	\$ 251,762,998	\$ 241,461,125
4	ACCUM DEPRECIATION	(216,686)	(17,758,359)	(17,541,673)
5	ACQUISITION ADJUSTMENT	\$ -	\$ -	\$ -
6	ACCUMULATED AMORTIZATION ON ACQ ADJ	-	-	\$ -
7	DEFERRED FIT	(24,401)	\$ (6,373,932)	\$ (6,349,531)
8	TOTAL ACQUISITION ADJUSTMENT RATEBASE	<u>\$ 10,060,786</u>	<u>\$ 227,630,707</u>	<u>\$ 217,569,921</u>
9				
10	<u>TOTAL RATEBASE</u>	<u>\$ 10,060,786</u>	<u>\$ 227,630,707</u>	<u>\$ 217,569,921</u>
11				
12	<u>MINT FARM OPERATING EXPENSE</u>			
13	DEPRECIATION EXPENSE	\$ -	\$ 2,671,236	\$ 2,671,236
14	AMORTIZATION EXPENSE	-	4,566,401	\$ 4,566,401
15	PROPERTY INSURANCE	-	370,180	370,180
16	PROPERTY TAXES	-	-	-
17	INCREASE (DECREASE) EXPENSE	-	7,607,816	7,607,816
18				
19	<u>POWER COST ASSOCIATED WITH MINT FARM</u>			
20	NATURAL GAS FUEL	-	53,577,114	\$ 53,577,114
21	WHEELING	-	5,278,114	5,278,114
22	INCREASE (DECREASE) POWER COST	-	58,855,228	58,855,228
23				
24	<u>PRODUCTION O&amp;M</u>	-	4,934,400	\$ 4,934,400
25				
26	INCREASE (DECREASE) EXPENSE	-	71,397,445	71,397,445
27				
28	<u>INCOME TAX</u>	-	(28,260,928)	(28,260,928)
	<u>DEFERRED INCOME TAX</u>	-	3,271,823	3,271,823
29	<u>INCREASE (DECREASE) NOI</u>	<u>\$ -</u>	<u>\$ (46,408,340)</u>	<u>\$ (46,408,340)</u>
30				
31	TAX CALCULATION			
32				
33				
34	Operating Revenue	\$ -	\$ (71,397,445)	\$ (71,397,445)
35	Other Deductions			
36	Interest (AFUDC)			
37	Interest			
38	Schedule "M" additions			
39	<u>Schedule "M" deductions</u>	<u>\$ -</u>	<u>\$ 9,348,065</u>	<u>\$ 9,348,065</u>
40				
41	Income Before Tax	-	(80,745,510)	(80,745,510)
42	Adjustments to FIT			
43	<u>Federal Income Tax</u>	<u>\$ -</u>	<u>\$ (28,260,928)</u>	<u>\$ (28,260,928)</u>
44				
45				
46				
47	Tax Rate	0.35	0.35	0.35



**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.09 SUMAS  
FOR THE TWELVE MONTH ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>SUMAS RATEBASE</u>			
2	PLANT BALANCE	\$ 39,393,000	\$ 87,045,000	\$ 47,652,000
3	ACCUM DEPRECIATION	(27,628,000)	(67,093,819)	(39,465,819)
4	DEFERRED INCOME TAX	(390,511)	176,613	567,124
5	NET SUMAS PLANT RATEBASE	<u>\$ 11,374,489</u>	<u>\$ 20,127,794</u>	<u>\$ 8,753,305</u>
6				
7	<u>SUMAS OPERATING EXPENSE</u>			
8	DEPRECIATION EXPENSE	643,626	1,500,756	857,130
9	PROPERTY INSURANCE	65,335	122,371	57,036
10	PROPERTY TAXES	-	-	-
11	TOTAL OPERATING EXPENSES	<u>\$ 708,961</u>	<u>\$ 1,623,127</u>	<u>\$ 914,166</u>
12				
13	INCREASE (DECREASE) OPERATING EXPENSE	708,961	1,623,127	914,166
14				
15	INCOME TAX	(337,840)	(578,556)	(240,716)
16	DEFERRED INCOME TAX	89,704	10,461	(79,243)
17	INCREASE (DECREASE) NOI	<u>\$ (460,825)</u>	<u>\$ (1,055,032)</u>	<u>\$ (594,207)</u>
18				
19	TAX CALCULATION			
20	Per Company			
21				
22	Operating Revenue	\$ (708,961)	\$ (1,623,127)	\$ (914,166)
23	Other Deductions			
24	Interest (AFUDC)			
25	Interest			
26	Schedule "M" additions			-
27	Schedule "M" deductions	<u>\$ 256,297</u>	<u>\$ 29,889</u>	<u>\$ (226,408)</u>
28				
29	Income Before Tax	(965,258)	(1,653,016)	(687,758)
30	Adjustments to FIT			
31	Federal Income Tax	<u>\$ (337,840)</u>	<u>\$ (578,556)</u>	<u>\$ (240,716)</u>
32				
33				
34				
35	Tax Rate	0.35	0.35	0.35

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.10 WHITEHORN  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>RATEBASE</u>			
2	UTILITY PLANT BALANCE	\$ -	\$ 28,235,000	\$ 28,235,000
3	<i>ACCUMULATED DEPRECIATION</i>	-	<i>(23,607,400)</i>	<i>(23,607,400)</i>
4	ACQUISITION ADJUSTMENT		\$ 16,950,333	\$ 16,950,333
5	<i>ACCUMULATED AMORTIZATION ON ACQ ADJ</i>		<i>(3,795,797)</i>	<i>(3,795,797)</i>
6	<i>DEFERRED FIT</i>	<i>(1,153,839)</i>	<i>(982,151)</i>	<i>171,688</i>
7	<u>TOTAL RATEBASE</u>	<u>\$ (1,153,839)</u>	<u>\$ 16,799,985</u>	<u>\$ 17,953,824</u>
8				
9	<u>OPERATING EXPENSES</u>			
10	LEASE PAYMENTS			
11	DEPRECIATION EXPENSE	0	\$ 804,698	\$ 804,698
12	AMORTIZATION EXPENSE	0	\$ 2,282,922	2,282,922
13	PROPERTY INSURANCE	\$41,405	69,242	27,837
14	PROPERTY TAXES			-
15	TOTAL O&M	\$ 41,405	\$ 3,156,861	\$ 3,115,456
16				
17	INCREASE (DECREASE) EXPENSE	41,405	3,156,861	3,115,456
18				
19	<i>INCOME TAX</i>	35% (670,066)	<i>(587,651)</i>	<i>82,415</i>
20	<i>DEFERRED INCOME TAX</i>	655,575	<i>(517,251)</i>	<i>(1,172,826)</i>
21	<i>INCREASE (DECREASE) NOI</i>	<u>\$ (26,914)</u>	<u>\$ (2,051,959)</u>	<u>\$ (2,025,045)</u>
22				
23	TAX CALCULATION			
24	Per Company			
25				
26	Operating Revenue	\$ (41,405)	\$ (3,156,861)	\$ (3,115,456)
27	Other Deductions			
28	Interest (AFUDC)			
29	Interest			
30	Schedule "M" additions			-
31	<i>Schedule "M" deductions</i>	<u>\$ 1,873,070</u>	<u>\$ (1,477,859)</u>	<u>\$ (3,350,929)</u>
32				
33	Income Before Tax	(1,914,475)	(1,679,002)	235,473
34	Adjustments to FIT			
35	Federal Income Tax	<u>\$ (670,066)</u>	<u>\$ (587,651)</u>	<u>\$ 82,415</u>
36				
37	Tax Rate	0.35	0.35	0.35

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.11 BAKER HYDRO RELICENSING COSTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTED		
		TEST YEAR	RATE YEAR	ADJUSTMENT
1	BAKER HYDRO RELICENSING OPERATING EXPENSE			
2	AMORTIZATION EXPENSE	\$ 125,847	\$ 784,036	\$ 658,190
3	AMORTIZATION OF PREPAYMENT FOR			
4	FEDERAL LAND USE	230,670	888,606	657,936
5	TOTAL OPERATING EXPENSES	<u>356,517</u>	<u>1,672,642</u>	<u>1,316,125</u>
6				
7	INCREASE (DECREASE) EXPENSE	<u>356,517</u>	<u>1,672,642</u>	<u>1,316,125</u>
8				
9	<i>INCOME TAX</i>	<u>\$ (232,536)</u>	<u>\$ (1,228,494)</u>	<u>\$ (995,958)</u>
10	<i>DEFERRED INCOME TAX</i>	<u>\$ 107,755</u>	<u>\$ 643,069</u>	<u>\$ 535,314</u>
11	<i>INCREASE (DECREASE) NOI</i>	<u>\$ (231,736)</u>	<u>\$ (1,087,217)</u>	<u>\$ (855,481)</u>
12				
13	BAKER HYDRO RELICENSING RATEBASE			
14	PLANT BALANCE	\$ 4,867,210	\$ 39,320,407	\$ 34,453,197
15	ACCUM AMORTIZATION	(6,745)	(1,621,336)	(1,614,591)
16	<i>Accumulated Deferred Income Tax</i>	<u>(10,242)</u>	<u>(1,190,202)</u>	<u>(1,179,960)</u>
17				
18	<i>NET BAKER HYDRO RELIC RATEBASE</i>	<u>\$ 4,850,223</u>	<u>\$ 36,508,869</u>	<u>\$ 31,658,646</u>
19				
20	TAX CALCULATION			
21	Per Company			
22				
23	Operating Revenue	\$ (356,517)	\$ (1,672,642)	\$ (1,316,125)
24	Other Deductions			
25	Interest (AFUDC)			
26	Interest			
27	Schedule "M" additions			
28	<i>Schedule "M" deductions</i>	<u>307,872</u>	<u>1,837,340</u>	<u>1,529,468</u>
29				
30	<i>Income Before Tax</i>	<u>(664,389)</u>	<u>(3,509,982)</u>	<u>(2,845,593)</u>
31	<i>Adjustments to FIT</i>			
32	<i>Federal Income Tax</i>	<u>\$ (232,536)</u>	<u>\$ (1,228,494)</u>	<u>\$ (995,958)</u>
33	Tax Rate	0.35	0.35	0.35

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.12 PASS-THROUGH REVENUES AND EXPENSES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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><u>\$ (640,213)</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.13 BAD DEBTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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	

**PUGET SOUND ENERGY  
ADJUSTMENT 10.14 MISCELLANEOUS EXPENSE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	Test Year	Company Adjustment	Staff Adjustment	Staff Proposed
1	<b>OPERATING REVENUES</b>				
2	Other Operating Revenues				
3	Amortization of Summit Buyout Purchase Option	169,628	1,017,765	1,017,765	848,137
4	Increase (Decrease) in Revenue	169,628	1,017,765	1,017,765	848,137
5					
6					
7	<b>OPERATING EXPENSES</b>				
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	484,913	237,009
13	Cost of Planned Transmission Vegetation Management Wire Zone.	2,987,000	2,300,000	2,300,000	(687,000)
14	Increase in Service Contract O&M Baseline Charges, Transmission	783,838	807,353	783,838	(0)
15	Increase in Service Contract O&M Baseline Charges, Distribution	27,737,607	28,612,146	27,737,607	(0)
16	Company Store- Net Purchase/Sales of Merchandise in A&G	(2,376)	-	0	2,376
17	Summit Building Contractual Rent 4th Floor-New	193,718	506,302	506,302	312,584
18	Summit Building Contractual Rent Increases	1,622,420	2,252,355	2,252,355	629,936
19	Airport Parking	13,138	-	0	(13,138)
20	Athletic Events - Charged Above the Line	13,505	-	0	(13,505)
21	Advertizing Expenses				
22	Increase(Decrease) in Expense	35,645,381	\$ 34,963,070	34,065,015	(1,580,366)
23					
24	Total Increase(Decrease) in Income				(2,428,502)
25	Increase(Decrease) FIT @ 35%		35%		849,976
26					
27	Increase(Decrease) NOI				1,578,526

**PUGET SOUND ENERGY  
ADJUSTMENT 10.15 PROPERTY TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE CASE**

DESCRIPTION	WASHINGTON	MONTANA	OREGON	TOTAL
1 RESTATED PROPERTY TAX	\$ 25,089,976	\$ 10,427,003	\$ 682,879	\$ 36,199,858
2 CHARGED TO EXPENSE IN TY	22,610,386	10,434,323	687,927	33,732,636
3 INCREASE(DECREASE) OPERATING EXPENSE	\$ 2,479,590	\$ (7,320)	\$ (5,048)	\$ 2,467,222
4				
5 TOTAL INCREASE(DECREASE) OPERATING EXPENSE (LINE 3)				\$ 2,467,222
6 INCREASE(DECREASE) FIT @			35%	(863,528)
7 INCREASE(DECREASE) NOI				<b>\$ (1,603,695)</b>

**Staff**

DESCRIPTION	WASHINGTON	MONTANA	OREGON	TOTAL
1 RESTATED PROPERTY TAX	22,610,386	10,434,323	687,927	33,732,636
2 CHARGED TO EXPENSE IN TY	22,610,386	10,434,323	687,927	33,732,636
3 INCREASE(DECREASE) OPERATING EXPENSE	\$ -	\$ -	\$ -	\$ -
4				
5 TOTAL INCREASE(DECREASE) OPERATING EXPENSE (LINE 3)				\$ -
6 INCREASE(DECREASE) FIT @			35%	-
7 INCREASE(DECREASE) NOI				<b>\$ -</b>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.26 EXCISE TAX & FILING FEE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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



**PUGET SOUND ENERGY  
ADJUSTMENT 10.17 DIRECTOR AND OFFICER INSURANCE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE CASE**

<u>Line No.</u>			<u>Company</u>	<u>Staff</u>
1				
2				
3				
4	<b>Electric 10.17</b>			
5				
6	Test Period D&O Insurance Expense	59.05%	624,952 <sup>1</sup>	624,952
7	Restated D&O Insurance Expense		<u>308,935 <sup>2</sup></u>	<u>154,467 <sup>3</sup></u>
8	Adjustment		(316,017)	(470,485)
9				
10	Income Taxes	35%	<u>110,606</u>	<u>164,670</u>
11				
12	Impact on Net Operating Income		<u>(205,411)</u>	<u>(305,815)</u>
13				
14	Revenue Requirement Impact	0.621262	<u>(330,636)</u>	<u>(492,248)</u>

<sup>1</sup> Exhibit No. JHS-10, Page 10.17

<sup>2</sup> Exhibit No. AMCL-2

<sup>3</sup> Id.

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

LINE NO.	DESCRIPTION	AMOUNT
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	1,878,891
6	INCREASE (DECREASE) EXPENSE	<u>\$ (78,493)</u>
7		
8	INCREASE (DECREASE) FIT @ 35%	<u>27,472</u>
9	INCREASE (DECREASE) NOI	<u><u>\$ 51,020</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.19 INTEREST ON CUSTOMER DEPOSITS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
2009 GENERAL RATE INCREASE**

<b>LINE NO.</b>	<b>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		
5	<i>INCREASE ELECTRIC NET RATE BASE</i>	<u>\$ -</u>
6		

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.20 SFAS 133  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

<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	<u>\$ 7,537,999</u>	<u>\$ - \$ (7,537,999)</u>
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>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.21 RATE CASE EXPENSES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.22 DEFERRED GAINS/LOSSES ON PROPERTY SALES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
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	\$ (4,501,692)
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	(2,266,696)
8		
9	INCREASE (DECREASE) EXPENSE (Line 5 - Line 7)	\$ 766,132
10		
11	INCREASE (DECREASE) FIT @ 35%	(268,146)
12		
13	INCREASE (DECREASE) NOI	\$ (497,986)

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.23 PROPERTY & LIABILITY INSURANCE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 1,421,247	\$ 2,407,746	\$ 986,499
2	LIABILITY INSURANCE EXPENSE	1,100,143	1,311,610	211,467
3	INCREASE(DECREASE) EXPENSE	\$ 2,521,391	\$ 3,719,356	\$ 1,197,965
4				
5	INCREASE (DECREASE) OPERATING EXPENSE			1,197,965
6				
7	INCREASE (DECREASE) FIT @	35%		(419,288)
8	INCREASE (DECREASE) NOI			<u>\$ (778,678)</u>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.24 PENSION PLAN  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>ACTUAL</b>	<b>RESTATE</b>	<b>DJUSTMENT</b>
1	QUALIFIED RETIREMENT FUND	\$ (157,074)	\$ 3,693,495	\$ 3,850,569
2	SERP PLAN	1,771,381	2,139,086	367,705
3	INCREASE(DECREASE) EXPENSE	\$ 1,614,306	\$ 5,832,581	\$ 4,218,275
4				
5	INCREASE(DECREASE) OPERATING EXPENSE			4,218,275
6				
7	INCREASE (DECREASE) FIT @	35%		<u>(1,476,396)</u>
8	INCREASE (DECREASE) NOI			<u><u>\$ (2,741,878)</u></u>



**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.25 WAGE INCREASE  
FOR THE TWELVE MONTHS ENDED DECEMBER 30, 2008  
2009 GENERAL RATE INCREASE**

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	<u>72,791,283</u>	<u>75,375,700</u>	2,584,417
11				
12	PAYROLL TAXES	6,333,220	6,509,379	176,159
13	TOTAL WAGES & TAXES	<u>\$ 79,124,503</u>	<u>\$ 81,885,079</u>	\$ 2,760,576
14				
15	INCREASE (DECREASE) OPERATING EXPENSE			\$ 2,760,576
16	INCREASE (DECREASE) FIT @ 35%			<u>(966,202)</u>
17	INCREASE (DECREASE) NOI			<u><u>\$ (1,794,374)</u></u>

**PUGET SOUND ENERGY-GAS  
ADJUSTMENT 10.26 INVESTMENT PLAN  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
2009 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION		AMOUNT
1	<u>NON-UNION (EXCLUDING EXECUTIVES)</u>		
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT		\$4,283,707
3	RATE YEAR MANAGEMENT WAGE INCREASE	3.28%	<u>140,506</u>
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT		4,424,213
5			
6	<u>NON-UNION ( EXECUTIVES)</u>		
7	INVESTMENT PLAN APPLICABLE TO IBEW		114,889
8	RATE YEAR IBEW WAGE INCREASE	0.00%	<u>0</u>
9	TOTAL COMPANY CONTRIBUTION FOR IBEW		114,889
10			
11	<u>IBEW</u>		
12	INVESTMENT PLAN APPLICABLE TO IBEW		1,108,036
13	RATE YEAR IBEW WAGE INCREASE	4.09%	<u>45,319</u>
14	TOTAL COMPANY CONTRIBUTION FOR IBEW		1,153,355
15			
16	<u>UA</u>		
17	INVESTMENT PLAN APPLICABLE TO UA		849,857
18	RATE YEAR UA WAGE INCREASE	5.32%	<u>45,212</u>
19	TOTAL COMPANY CONTRIBUTION FOR UA		<u>895,069</u>
20			
21	<u>TOTAL</u>		
22	TOTAL PROFORMA COSTS (LN 4 + LN 9 + LN 14 + LN 19)		6,587,526
23	PRO FORMA COSTS APPLICABLE TO OPERATIONS	59.40%	3,912,990
24	CHARGED TO EXPENSE FOR YEAR ENDED 12/31/08		<u>3,775,754</u>
25	INCREASE (DECREASE) EXPENSE		137,236
26			
27	INCREASE (DECREASE) FIT @	35%	<u>(48,033)</u>
28	INCREASE (DECREASE) NOI		<u><u>(\$89,203)</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.27 EMPLOYEE INSURANCE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	<u>BENEFIT CONTRIBUTION:</u>	
2	SALARIED EMPLOYEES	\$ 10,156,410
3	UNION EMPLOYEES	9,050,475
4	PRO FORMA INSURANCE COSTS	<u>19,206,885</u>
5		
6	APPLICABLE TO OPERATIONS @ 59.40%	11,408,890
7	CHARGED TO EXPENSE 12 MONTH ENDING DECEMBER 2008	<u>10,217,330</u>
8	INCREASE(DECREASE) OPERATING EXPENSE	1,191,560
9		
10	INCREASE(DECREASE) FIT @ 35%	(417,046)
11		
12	INCREASE(DECREASE) NOI	<u><u>\$ (774,514)</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.28 INCENTIVE PAY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.29 MERGER SAVINGS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

<b>LINE NO.</b>	<b>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				<u>\$ 568,233</u>
11				
12				

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.30 STORM DAMAGE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT		
1	NORMAL STORMS	Transmission	Distribution	Total
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	CATASTROPHIC STORMS			
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 STOR	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	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	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)

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.31 REGULATORY ASSETS AND LIABILITIES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
2009 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	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	PROCEED FROM THE SALE OF WHITE RIVER	-	(16,250,000)	(16,250,000)
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	COLSTRIP SETTLEMENT - UE-080900 Account 186	-	2,083,590	2,083,590
13	WESTCOAST PIPELINE CAPACITY - UE-082013	(713,271)	(2,060,421)	(1,347,150)
14	OVER RECOVERY OF MAJOR MAINTENANCE			-
15	TOTAL REGULATORY ASSETS	<u>\$ 207,151,187</u>	<u>\$ 101,611,733</u>	<u>\$ (105,539,454)</u>
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	COLSTRIP SETTLEMENT - UE-080900	10,487,160		(10,487,160)
29	WESTCOAST PIPELINE CAPACITY - UE-082013		(392,150)	(392,150)
30	AMORTIZATION OF OVER-RECOVERY OF MAJOR MAINTENANCE			-
31	TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>22,266,437</u>	<u>15,920,852</u>	<u>(6,345,586)</u>
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%	<u>2,220,955</u>
38				
39	INCREASE (DECREASE) NOI (LINE 33 + LINE 35)			<u>\$ (4,659,619)</u>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.32 DEPRECIATION STUDY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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>



**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.33 FREDONIA POWER PLANT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>RATEBASE</u>			
2	UTILITY PLANT BALANCE	\$ -	\$ -	\$ -
3	ACCUMULATED DEPRECIATION	-	-	-
4	DEFERRED FIT	(5,482,293)	(5,482,293)	(0)
5	<u>TOTAL RATEBASE</u>	<u>\$ (5,482,293)</u>	<u>\$ (5,482,293)</u>	<u>\$ (0)</u>
6				
7				
8	<u>OPERATING EXPENSES</u>			
9	LEASE PAYMENT		5,295,052	\$ 5,295,052
10	DEPRECIATION EXPENSE	\$ -	\$ -	\$ -
11	PROPERTY INSURANCE	38,324	38,324	0
12	PROPERTY TAXES			-
13	INCREASE (DECREASE) EXPENSE	\$ 38,324	\$ 5,333,376	\$ 5,295,052
14				
15	INCREASE (DECREASE) EXPENSE	38,324	5,333,376	5,295,052
16				
17	INCREASE (DECREASE) FIT @	35% (13,413)	(1,866,682)	(1,853,268)
18	INCREASE (DECREASE) NOI	<u>\$ (24,911)</u>	<u>\$ (3,466,694)</u>	<u>\$ (3,441,784)</u>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.34 AMORTIZATION OF MINT FARM DEFERRED COSTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1				
2	AMORTIZATION OF FIXED COST DEFERRAL	\$ -	\$ 3,780,788	\$ 3,780,788
3	DEFERRAL OF MINT FARM FIXED COSTS	(776,937)	-	776,937
4	AMORTIZATION OF FIXED COST DEFERRAL	(776,937)	3,780,788	4,557,725
5				
6	INCREASE (DECREASE) OPERATING EXPENSES			4,557,725
7				
8	INCREASE(DECREASE) FIT @		35%	(1,595,204)
9				
10	INCREASE(DECREASE) NOI			<u>\$ (2,962,521)</u>
11				
12	RATE BASE			
13	MINT FARM AMA GROSS - DEF & INT.	\$ 110,252	\$ 56,711,824	\$ 56,601,572
14	MINT FARM AMA ACCUMULATED AMORTIZATION	-	(1,890,394)	\$ (1,890,394)
15	MINT FARM AMA ACCUMULATED DEFERRED FIT	(38,583)	(19,187,501)	\$ (19,148,918)
16	TOTAL MINT FARM RATE BASE	<u>71,669</u>	<u>35,633,929</u>	<u>35,562,260</u>

Note: PSE should update the amount to be amortized based on actual costs.

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.35 FLEET VEHICLES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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				

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.36 NET INTEREST PAID TO IRS ON SSCM  
FOR TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>DEFERRED SSCM NET INTEREST PAID TO IRS</u>			
2	GROSS DEFERRED BALANCE	\$ 2,633,392	\$ -	\$ (2,633,392)
3	ACCUM AMORTIZATION		-	-
4	DEFERRED FEDERAL INCOME TAX	897,536	-	(897,536)
5	NET DEFERRED INTEREST ADDITION TO RATEBASE	<u>\$ 3,530,928</u>	<u>\$ -</u>	<u>\$ (3,530,928)</u>
6				
7	<u>AMORTIZATION OF DEFERRED SSCM NET INTEREST PAID TO IRS</u>			
8	AMORTIZATION EXPENSE		-	-
9	TOTAL OPERATING EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
10				
11	INCREASE (DECREASE) EXPENSE		\$	-
12				
13	INCREASE (DECREASE) FIT @		35%	-
14	INCREASE (DECREASE) NOI		<u>\$</u>	<u>-</u>

**PUGET SOUND ENERGY-ELECTRIC  
ADJUSTMENT 10.37 PRODUCTION ADJUSTMENT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION	FIT 35%
1	<u>O&amp;M ON PRODUCTION PROPERTY</u>			
2	PRODUCTION WAGE INCREASE AND INCENTIVE:			
3	PURCHASED POWER			
4	OTHER POWER SUPPLY			
5	TOTAL PRODUCTION WAGE INCREASE			
6				
7	ADMIN & GENERAL EXPENSES			
8	PAYROLL OVERHEADS			
9	PROPERTY INSURANCE			
10	TOTAL ADMIN & GENERAL EXPENSES			
11				
12	DEPRECIATION / AMORTIZATION:			
13	DEPRECIATION			
14	AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB)			
15	TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)			
16				
17	TAXES OTHER-PRODUCTION PROPERTY:			
18	PROPERTY TAXES - WASHINGTON			
19	PROPERTY TAXES - MONTANA			
20	ELECTRIC ENERGY TAX			
21	PAYROLL TAXES			
22	TOTAL TAXES OTHER			
23				
24	<u>WILD HORSE EXPANSION AND MINT FARM</u>			
25	FUEL			
26	PURCHASED POWER			
27	WHEELING			
28	SALES FOR RESALE			
29	PRODUCTION O&M			
30	TOTAL NEW PLANT			
31				
32	<u>O&amp;M ON REGULATORY ASSETS:</u>			
33	CABOT BUYOUT			
34	TENASKA (AMORT OF AFPC PORTION)			
35	BEP			
36	WHITE RIVER PLANT COSTS			
37	WHITE RIVER RELICENSING & CWIP			
38	CANWEST			
39	HOPKINS RIDGE PREPAID TRANSMISSION			
40	GOLDENDALE FIXED COSTS DEFERRAL			
41	HOPKINS RIDGE MITIGATION CREDIT			
42	COLSTRIP SETTLEMENT - UE-080900			
43	WESTCOAST PIPELINE CAPACITY - UE-082013			
44	MINT FARM DEFERRAL			
45	OVER-RECOVERY MAJOR MAINTENANCE			
46	TOTAL AMORTIZATION OF REG ASSETS/LIABS			
47				
48	TENASKA FLOW THRU			
49	TOTAL REGULATORY AMORT (LINE 46 + LINE 48)			
50				
51				
52	INCREASE(DECREASE) EXPENSE			
53	INCREASE(DECREASE) FIT			
54	INCREASE(DECREASE) NOI			
55				
56	<u>PRODUCTION PROPERTY RATE BASE:</u>			
57	DEPRECIABLE PRODUCTION PROPERTY			
58	LESS PRODUCTION PROPERTY ACCUM DEPR.			
59	NON-DEPRECIABLE PRODUCTION PROPERTY (Baker, Whitehorn)			
60	LESS PRODUCTION PROPERTY ACCUM AMORT. (Baker, Whitehorn)			
61	COLSTRIP COMMON FERC ADJUSTMENT			
62	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.			
63	ENCOGEN AND OTHER ACQUISITION ADJUSTMENTS			
64	ACCUMULATED AMORTIZATION ON ACQUISITION ADJ			
65	NET PRODUCTION PROPERTY			
66	DEDUCT:			
67	LIBR. DEPREC. POST 1980 (AMA)			
68	OTHER DEF. TAXES (AMA)			
69	SUBTOTAL			
70				
71	ADJUSTMENT TO PRODUCTION RATE BASE			
72				
73	<u>REGULATORY ASSETS RATE BASE:</u>			
74	CABOT			
75	TENASKA			
76	BEP			
77	WHITE RIVER PLANT COSTS			
78	WHITE RIVER RELICENSING & CWIP			
79	PROCEEDS FROM THE SALE OF WHITE RIVER			
80	CANWEST			
81	HOPKINS RIDGE PREPAID TRANSMISSION			
82	GOLDENDALE FIXED COSTS DEFERRAL			
83	HOPKINS RIDGE MITIGATION CREDIT			
84	COLSTRIP SETTLEMENT - UE-080900			
85	WESTCOAST PIPELINE CAPACITY - UE-082013			
86	MINT FARM DEFERRAL			
87	OVER RECOVERY MAINTENANCE			
88				
89	ADJUSTMENT TO REGULATORY ASSETS RATE BASE			
90				
91	TOTAL ADJUSTMENT TO RATEBASE (LINE 73 + LINE 91)			

**PUGET SOUND ENERGY  
AMORTIZATION OF WILD HORSE EXPANSION  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<b><u>OPERATING EXPENSE FIXED COSTS</u></b>			
2	AMORTIZATION OF FIXED COST DEFERRAL	\$ -	\$ 2,915,800	\$ 2,915,800
3	DEFERRAL OF WH EXPANSION FIXED COSTS	\$ -	\$ -	\$ -
4	TOTAL AMORTIZATION WILD HORSE EXPANSION	-	2,915,800	2,915,800
5				
6	INCREASE (DECREASE) OPERATING EXPENSES			2,915,800
7				
8	INCREASE (DECREASE) FIT	35%		(1,020,530)
9				
10	INCREASE (DECREASE) NOI			(1,895,270)
11				
12	<b><u>RATE BASE</u></b>			
13	WILD HORSE EXPANSION AMA GROSS - DEF	-	5,831,599	\$ 5,831,599
14	WILD HORSE EXPANSION AMA ACCUMULATED AMORTIZATION	-	(\$1,457,900)	\$ (1,457,900)
15	WILD HORSE EXPANSION AMA ACCUMULATED DEFERRED FIT	-	(\$1,530,795)	\$ (1,530,795)
16	TOTAL WILD HORSE EXPANSION RATE BASE	\$ -	2,842,905	2,842,905

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

**LINE**

**NO. DESCRIPTION**

1	RATE BASE	\$	3,751,907,773
2	RATE OF RETURN		7.91%
3			
4	OPERATING INCOME REQUIREMENT		296,775,905
5			
6	PRO FORMA OPERATING INCOME		292,092,322
7	OPERATING INCOME DEFICIENCY		4,683,582
8			
9	CONVERSION FACTOR		0.6212620
10	REVENUE REQUIREMENT DEFICIENCY		7,538,820
11	LARGE FIRM WHOLESALE		220,879
12	SALES FROM RESALE-FIRM		79,160
13	REVENUE REQUIREMENT DEFICIENCY	\$	7,238,781

**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	3.95%	2.47%	0.10%
2	<b>LONG TERM DEBT</b>	51.05%	<b>6.48%</b>	<b>3.31%</b>
3	PREFERRED	0.00%	0.00%	0.00%
4	EQUITY	45.00%	10.00%	4.50%
5	TOTAL	100.00%		<b>7.91%</b>
6				
7	AFTER TAX SHORT TERM DEBT ( (LINE 1)* 65%)	3.95%	1.61%	0.07%
8	<b>AFTER TAX LONG TERM DEBT ( (LINE 2)* 65%)</b>	51.05%	<b>4.21%</b>	<b>2.15%</b>
9	PREFERRED	0.00%	0.00%	0.00%
10	EQUITY	45.00%	10.00%	4.50%
11	TOTAL AFTER TAX COST OF CAPITAL	100.00%		<b>6.72%</b>



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

LINE NO.	DESCRIPTION	RATE
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% 0.334526
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX ( LINE 7 - LINE 8 )	<span style="border: 1px solid black; padding: 2px;">0.621262</span>

