

**EXHIBIT NO. ___(MRM-4C)
DOCKET NO. UE-072300/UG-072301
2007 PSE GENERAL RATE CASE
WITNESS: MATTHEW R. MARCELIA**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-072300
Docket No. UG-072301**

**THIRD EXHIBIT (CONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
MATTHEW R. MARCELIA
ON BEHALF OF PUGET SOUND ENERGY, INC.**

REDACTED

JULY 3, 2008

**PSE
Puget Energy and Affiliated Companies
Analysis of Taxes Paid**

Calculation of Taxes Paid

| Affiliate | 2004 | | | | 2005 | | | | 2006 | | | |
|---|----------------------|--------------------|----------------|-----------------|----------------------|--------------------|----------------|-----------------|----------------------|---------------------|-----------------|------------------|
| | (1) Income/(Loss) | (2) Tax Expense | (3) Credits | (4) Tax Paid | (5) Income/(Loss) | (6) Tax Expense | (7) Credits | (8) Tax Paid | (9) Income/(Loss) | (10) Tax Expense | (11) Credits | (12) Tax Paid |
| 1 Puget Energy, Inc. | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 2 Puget Sound Energy, Inc. ("PSE") | 73,832,090 | 25,841,232 | 3,654,096 | 22,187,136 | 386,607,245 | 135,312,536 | 687,857 | 134,624,679 | 203,000,242 | 71,050,085 | 7,224,871 | 63,825,214 |
| 3 Puget Western, Inc. | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 4 Rainier Receivables, Inc. ("RR") | (8,052,537) | (2,818,388) | | (2,818,388) | (13,428,843) | (4,700,095) | | (4,700,095) | - | - | | - |
| 5 PSE Funding, Inc. ("PSEFI") | - | - | | - | (57,539) | (20,139) | | (20,139) | (2,141,371) | (749,480) | | (749,480) |
| 6 Black Creek Hydro, Inc. | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 7 Hydro Energy Development Corp. | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 8 GP Acquisition Corp. | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 9 LP Acquisition Corp. | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 10 Washington Energy Gas Marketing | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 11 WNG CAP 1, Inc. | - | - | | - | - | 0 | | - | - | - | | - |
| 12 Infrastrux Group, Inc. | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 13 Utilix Corporation | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 14 Lineal Industries, Inc. | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 15 Intercom Construction, Inc. | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 16 Trafford Corporation | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 17 Texas Electric Utility Construction | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 18 Skibeck Pipeline Company, Inc. | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 19 Chapman Construction Co., LP | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 20 Flowers Holding, Inc. | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 21 Gill Electric Service, LTD | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 22 B&H Maintenance and Construction | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 23 | | | | | | | | | | | | |
| 24 TOTAL | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX | \$XXX,XXX |
| 25 | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | |
| 27 | (from Col (1)) | (from Col (4)) | | | (from Col (1)) | (from Col (4)) | | | (from Col (1)) | (from Col (4)) | | |
| 28 | Taxable Income | Tax Paid | Cash Tax Rate | | Taxable Income | Tax Paid | Cash Tax Rate | | Taxable Income | Cash Tax Paid | Cash Tax Rate | |
| 29 Regulated (PSE + RR + PSEFI) | \$XXX,XXX | \$XXX,XXX | XX.X% | | \$XXX,XXX | \$XXX,XXX | XX.X% | | \$XXX,XXX | \$XXX,XXX | XX.X% | |
| 30 Non Regulated | \$XXX,XXX | \$XXX,XXX | XX.X% | | \$XXX,XXX | \$XXX,XXX | XX.X% | | \$XXX,XXX | \$XXX,XXX | XX.X% | |
| 31 Total Consolidated | \$XXX,XXX | \$XXX,XXX | XX.X% | | \$XXX,XXX | \$XXX,XXX | XX.X% | | \$XXX,XXX | \$XXX,XXX | XX.X% | |
| 32 | | | | | | | | | | | | |
| 33 | | | | | | | | | | | | |
| 34 Note: Compare the Cash Tax Rate on Line 29 with the rate on Line 30. The Regulated entities paid tax at lower rate than the non-regulated group. | | | | | | | | | | | | |

**REDACTED
VERSION**