

**REDACTED
VERSION**

**PUGET SOUND ENERGY-ELECTRIC
STORM DAMAGE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

LINE

| NO. | DESCRIPTION | AMOUNT | | |
|-----|---|---------------------|---------------------|--------------|
| 1 | NORMAL STORMS | Transmission | Distribution | Total |
| 2 | ACTUAL O&M: | | | |
| 3 | TWELVE MONTHS ENDED 9/30/00 | \$ 166,215 | \$ 2,374,579 | \$ 2,540,794 |
| 4 | TWELVE MONTHS ENDED 9/30/01 | 310,116 | 3,785,706 | 4,095,822 |
| 5 | TWELVE MONTHS ENDED 9/30/02 | (4,894) | 6,583,315 | 6,578,421 |
| 6 | TWELVE MONTHS ENDED 9/30/03 | 6,615 | 5,325,797 | 5,332,412 |
| 7 | TWELVE MONTHS ENDED 9/30/04 | 202,197 | 12,072,103 | 12,274,300 |
| 8 | TWELVE MONTHS ENDED 9/30/05 | 51,609 | 1,947,808 | 1,999,417 |
| 9 | TOTAL NORMAL STORMS | 731,858 | 32,089,308 | 32,821,166 |
| 10 | | | | |
| 11 | SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR | 121,976 | 5,348,218 | 5,470,194 |
| 12 | | | | |
| 13 | CHARGED TO EXPENSE FOR TEST YEAR ENDED 9/30/05: | | | |
| 14 | STORM DAMAGE EXPENSE (LINE 8) | 51,609 | 1,947,808 | 1,999,417 |
| 15 | | | | |
| 16 | INCREASE (DECREASE) OPERATING EXPENSE | 70,367 | 3,400,410 | 3,470,777 |
| 17 | | | | |
| 18 | CATASTROPHIC STORMS | | | |
| 19 | ACTUAL DEFERRED BALANCES: | | | |
| 20 | 12/4/03 WIND STORM AT BEGINNING OF RATE YEAR (1/1/07) | | 8,789,840 | |
| 21 | | | | |
| 22 | THREE-YEAR AMORTIZATION FOR RATE YEAR (LINE 20/3 YEARS) | | 2,929,947 | |
| 23 | | | | |
| 24 | LESS CATASTROPHIC STORM AMORT (PER UE-040641) FOR TEST YEAR | | 6,096,698 | |
| 25 | | | | |
| 26 | INCREASE (DECREASE) OPERATING EXPENSE (LINE 22 - LINE 24) | | | (3,166,751) |
| 27 | | | | |
| 28 | TOTAL INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 26) | | | 304,026 |
| 29 | | | | |
| 30 | INCREASE (DECREASE) FIT @ 35% (LINE 28 X 35%) | | | (106,409) |
| 31 | | | | |
| 32 | INCREASE (DECREASE) NOI | | | \$ (197,617) |

Exhibit A-1 Power Cost Rate

| Row | | <u>Test Year</u> | | | <u>Production</u> |
|-----|---|------------------------|------------------------|-----|-----------------------------|
| | | | | | <u>Factor</u> |
| | | | | | <u>Rate Year</u> |
| 3 | Regulatory Assets (Variable) | \$ 230,034,285 | | | |
| 4 | Transmission Rate Base (Fixed) | 113,206,055 | | | |
| 5 | Production Rate Base (Fixed) | 1,002,685,953 | | | |
| 6 | | <u>\$1,345,926,293</u> | | | |
| 7 | Net of tax rate of return | 7.57% | | | 0.99109 |
| 8 | | | <u>Test Yr</u> | | |
| 9 | | | <u>\$/MWh</u> | | |
| 10 | Regulatory Asset Recovery (on Row 3) | \$ 26,790,147 | \$ 1.317 | (c) | |
| 11 | Fixed Asset Recovery Other (on Row 4) | 13,184,151 | \$ 0.648 | (a) | 13,184,151 |
| 12 | Fixed Asset Recovery-Prod Factored (on Row 5) | 116,774,349 | \$ 5.741 | (a) | 117,824,162 |
| 13 | 501-Steam Fuel | 49,357,273 | \$ 2.427 | (c) | |
| 14 | 555-Purchased power | 712,676,347 | \$ 35.040 | (c) | |
| 14a | Tenaska disallowance | (11,786,042) | \$ (0.579) | (c) | |
| 15 | 557-Other Power Exp | 7,052,087 | \$ 0.347 | (a) | 7,115,486 |
| 15a | Payroll Overheads - Worker's Comp | 1,077,159 | \$ 0.053 | (a) | 1,086,842 |
| 15b | Property Insurance | 1,952,634 | \$ 0.096 | (a) | 1,970,189 |
| 15c | Montana Electric Energy Tax | 1,704,512 | \$ 0.084 | (a) | 1,719,835 |
| 15d | Payroll Taxes on Production Wages | 524,291 | \$ 0.026 | (a) | 529,004 |
| 16 | 547-Fuel | 44,290,328 | \$ 2.178 | (c) | |
| 17 | 565-Wheeling | #VALUE! | #VALUE! | (c) | |
| 18 | Variable Transmission Income | (3,869,746) | \$ (0.190) | (c) | |
| 19 | Hydro and Other Pwr. | #VALUE! | #VALUE! | (a) | #VALUE! |
| 20 | 447-Sales to Others | (10,163,628) | \$ (0.500) | (c) | |
| 21 | 456-Subaccounts 00012 & 00018 and 00035 & 00036 | (470,768) | \$ (0.023) | (c) | |
| 22 | Transmission Exp - 500KV | 862,248 | \$ 0.042 | (a) | 870,000 |
| 23 | Depreciation & Amort -Production (FERC 403) | 68,076,116 | \$ 3.347 | (a) | 68,688,127 |
| 24 | Depreciation-Transmission | 5,109,174 | \$ 0.251 | (a) | 5,109,174 |
| 25 | Amortization-Production Reg Assets | 30,028,391 | \$ 1.476 | (c) | |
| 26 | Property Taxes-Production | 12,693,942 | \$ 0.624 | (a) | 12,808,062 |
| 27 | Property Taxes-Transmission | 4,237,062 | \$ 0.208 | (a) | 4,237,062 |
| 28 | Subtotal & Baseline Rate | #VALUE! | #VALUE! | (b) | #VALUE! |
| 29 | Revenue Sensitive Items | 0.9549744 | | | |
| 30 | | <u>#VALUE!</u> | | | |
| 31 | Test Year DELIVERED Load (MWH's) | 20,339,227 | | | <-- includes Firm Wholesale |
| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | | <u>Before Rev.</u> | <u>After Rev.</u> | | |
| 36 | | <u>Sensitive Items</u> | <u>Sensitive Items</u> | | |
| 37 | Power Cost in Rates with Revenue Sensitive | | | | |
| 38 | Items (the adjusted baseline) | #VALUE! | #VALUE! | | |
| 39 | sum of (a) = Fixed Rate Component | #VALUE! | #VALUE! | | |
| 40 | (b) = Power Cost Rate | #VALUE! | #VALUE! | | |
| 41 | sum of (c) = Variable Power Rate Component | #VALUE! | #VALUE! | | |

Exhibit A-2 Transmission Rate Base

| Row | | Plant AMA 9/30/2005 | AMA Accum Deprec/Amort | Net | Annualized Depreciation |
|-----|------|--|---------------------------------|----------------|----------------------------|
| 7 | | | | | |
| 8 | | | | | |
| 6 | | TRANS - COLSTRIP 1 & 2 | | | |
| 7 | E350 | 100428 | Land and Land Rights | \$ 10,247 | \$ - |
| 8 | E351 | 100127 | Easements | 685,927 | (328,174) |
| 9 | E353 | 100136 | Station Equipment | 1,231,131 | (809,116) |
| 10 | E354 | 100145 | Towers & Fixtures | 14,474,343 | (7,330,817) |
| 11 | E355 | 100149 | Poles & Fixtures | 49,007 | (43,744) |
| 12 | E356 | 100157 | OH Conductors & Devices | 13,158,153 | (7,143,515) |
| 13 | E359 | 100170 | Roads & Trails | 113,968 | (54,580) |
| 14 | | TOTAL COLSTRIP 1&2 TRANSMISSION | | 29,722,776 | (15,709,946) |
| 15 | | | | 14,012,830 | 800,254 |
| 16 | | TRANS - COLSTRIP 3 & 4 | | | |
| 17 | E351 | 100128 | Easements | 1,071,124 | (498,101) |
| 18 | E352 | 100132 | Structures & Improvements | 496,711 | (235,088) |
| 19 | E353 | 100137 | Station Equipment | 17,948,341 | (8,791,003) |
| 20 | E354 | 100146 | Towers & Fixtures | 20,492,882 | (10,042,410) |
| 21 | E355 | 100150 | Poles & Fixtures | 88,692 | (50,835) |
| 22 | E356 | 100158 | OH Conductors & Devices | 19,991,226 | (10,587,643) |
| 23 | E359 | 100171 | Roads & Trails | 341,015 | (160,200) |
| 24 | | TOTAL COLSTRIP 3&4 TRANSMISSION | | 60,429,991 | (30,365,280) |
| 25 | | | | 30,064,711 | 1,752,466 |
| 26 | | TRANS - 3RD NW-SW INTERTIE | | | |
| 27 | E350 | 100430 | Land and Land Rights | 1,769,178 | - |
| 28 | E352 | 100134 | Structures & Improvements | 1,276,264 | (274,257) |
| 29 | E353 | 100143 | Station Equipment | 31,157,075 | (8,339,518) |
| 30 | E354 | 100147 | Towers & Fixtures | 22,781,417 | (4,958,160) |
| 31 | E355 | 100649 | Poles & Fixtures | 204,200 | (40,881) |
| 32 | E356 | 100164 | OH Conductors & Devices | 23,458,256 | (6,895,149) |
| 33 | E356 | 100437 | OH Conductors & Devices | 206 | (32) |
| 34 | E359 | 100174 | Roads & Trails | 59,215 | (6,495) |
| 35 | | TOTAL 3RD NW-SW INTERTIE | | 80,705,811 | (20,514,492) |
| 36 | | | | 60,191,319 | 1,785,843 |
| 37 | | TRANS - NORTHERN INTERTIE | | | |
| 38 | E350 | 100881 | Land and Land Rights | 30,604 | - |
| 39 | E354 | 100879 | Towers & Fixtures-Whatcom | 5,744,097 | (956,614) |
| 40 | E355 | 100878 | Poles & Fixtures-Whatcom | 11,219 | (3,305) |
| 41 | E356 | 100877 | OH Conductors & Devices-Whatcor | 7,460,099 | (1,672,921) |
| 42 | E355 | 100647 | Poles & Fixtures-Skagit | 3,398,685 | (767,764) |
| 43 | E356 | 100648 | OH Conductors & Devices-Skagit | 5,142,699 | (1,020,137) |
| 44 | | TOTAL NORTHERN INTERTIE | | 21,787,403 | (4,420,741) |
| 45 | | | | 17,366,662 | 522,488 |
| 46 | | | | | |
| 47 | | Total Transmission | | \$ 192,645,981 | \$ (71,010,459) |
| 48 | | Accumulated Depreciation (AMA) | | (71,010,459) | |
| 49 | | Deferred Taxes (AMA) | | (13,194,608) | |
| 50 | | Transmission portion of: | | | |
| 51 | | Colstrip Common FERC Adj, net of accum amort | | 4,101,699 | 213,630 |
| 52 | | Colstrip Def Depr FERC Adj, net of accum amort | | 663,442 | 34,493 |
| 53 | | | | | |
| 54 | | Total Transmission Rate Base | | \$ 113,206,055 | \$ 5,109,174 |

**PUGET SOUND ENERGY
 PRODUCTION ADJUSTMENT
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | PROFORMA AND RESTATED | PRODUCTION 0.891% | FIT 35% |
|----------|--|-----------------------|-------------------|------------------|
| 1 | <u>O&M ON PRODUCTION PROPERTY</u> | | | |
| 2 | PRODUCTION WAGE INCREASE: | | | |
| 3 | PURCHASED POWER | \$ 61,809 | \$ (551) | \$ 193 |
| 4 | OTHER POWER SUPPLY | 283,215 | (2,523) | 883 |
| 5 | TOTAL PRODUCTION WAGE INCREASE | 345,024 | (3,074) | 1,076 |
| 6 | | | | |
| 7 | WIND PLANT POWER COSTS AND PRODUCTION O&M: | | | |
| 8 | 565 - WHEELING | #VALUE! | #VALUE! | #VALUE! |
| 9 | PRODUCTION O&M | #VALUE! | #VALUE! | #VALUE! |
| 10 | TOTAL WILD HORSE POWER COSTS AND PRODUCTION O&M | #VALUE! | #VALUE! | #VALUE! |
| 11 | | | | |
| 12 | ADMIN & GENERAL EXPENSES | | | |
| 13 | PAYROLL OVERHEADS | 1,086,842 | (9,684) | 3,389 |
| 14 | PROPERTY INSURANCE | 1,970,189 | (17,554) | 6,144 |
| 15 | TOTAL ADMIN & GENERAL EXPENSES | 3,057,031 | (27,238) | 9,533 |
| 16 | | | | |
| 17 | DEPRECIATION / AMORTIZATION: | | | |
| 18 | DEPRECIATION | 65,700,547 | (585,392) | 166,941 |
| 19 | AMORTIZATION | 2,987,580 | (26,619) | 8,194 |
| 20 | TOTAL DEPRECIATION AND AMORTIZATION (FERC 403) | 68,688,127 | (612,011) | 175,136 |
| 21 | TAXES OTHER-PRODUCTION PROPERTY: | | | |
| 22 | PROPERTY TAXES - WASHINGTON | 6,957,804 | (61,994) | 21,698 |
| 23 | PROPERTY TAXES - MONTANA | 5,850,258 | (52,126) | 18,244 |
| 24 | ELECTRIC ENERGY TAX | 1,719,835 | (15,324) | 5,363 |
| 25 | PAYROLL TAXES | 529,004 | (4,713) | 1,650 |
| 26 | TOTAL TAXES OTHER | 15,056,901 | (134,157) | 46,955 |
| 27 | | | | |
| 28 | <u>O&M ON REGULATORY ASSETS:</u> | | | |
| 29 | CABOT | \$ 3,078,000 | (27,425) | 9,599 |
| 30 | TENASKA | 24,343,000 | (216,896) | 75,914 |
| 31 | BEP | 3,526,620 | (31,422) | 10,998 |
| 32 | WHITE RIVER PLANT COSTS | 1,494,702 | (13,318) | 4,661 |
| 33 | WHITE RIVER RELICENSING & CWIP | - | - | - |
| 34 | CANWEST | (3,797,503) | 33,836 | (11,843) |
| 35 | HOPKINS RIDGE PREPAID TRANSMISSION | 1,653,530 | (14,733) | 5,157 |
| 36 | TOTAL ADJUSTMENT TO O&M ON REGULATORY ASSETS | \$ 30,298,349 | \$ (269,958) | \$ 94,486 |
| 37 | INCREASE(DECREASE) EXPENSE | | #VALUE! | |
| 38 | INCREASE(DECREASE) FIT | | | #VALUE! |
| 39 | INCREASE(DECREASE) NOI | | | #VALUE! |
| 40 | | | | |
| 41 | <u>PRODUCTION PROPERTY RATE BASE:</u> | | | |
| 42 | DEPRECIABLE PRODUCTION PROPERTY | \$ 1,699,912,438 | \$ (15,146,220) | |
| 43 | LESS PRODUCTION PROPERTY ACCUM DEPR. | (664,968,132) | 5,924,866 | |
| 44 | NON-DEPRECIABLE PRODUCTION PROPERTY | 51,671,468 | (460,393) | |
| 45 | LESS PRODUCTION PROPERTY ACCUM AMORT. | (3,018,492) | 26,895 | |
| 46 | COLSTRIP COMMON FERC ADJUSTMENT | 6,809,639 | (60,674) | |
| 47 | COLSTRIP DEFERRED DEPRECIATION FERC ADJ. | 2,006,346 | (17,877) | |
| 48 | ENCOGEN ACQUISITION ADJUSTMENT | 46,646,833 | (415,623) | |
| 49 | NET PRODUCTION PROPERTY | 1,139,060,099 | (10,149,025) | |
| 50 | DEDUCT: | | | |
| 51 | LIBR. DEPREC. PRE 1981 (EOP) | (669,177) | 5,962 | |
| 52 | LIBR. DEPREC. POST 1980 (EOP) | (122,639,761) | 1,092,720 | |
| 53 | OTHER DEF. TAXES (EOP) | (4,050,958) | 36,094 | |
| 54 | SUBTOTAL | (127,359,896) | 1,134,777 | |
| 55 | | | | |
| 56 | ADJUSTMENT TO PRODUCTION RATE BASE | \$ 1,011,700,203 | \$ (9,014,249) | \$ 1,002,685,955 |
| 57 | | | | |
| 58 | <u>REGULATORY ASSETS RATE BASE:</u> | | | |
| 59 | CABOT | 2,824,963 | (25,170) | |
| 60 | TENASKA | 142,925,042 | (1,273,462) | |
| 61 | BEP | 24,007,413 | (213,906) | |
| 62 | WHITE RIVER PLANT COSTS | 39,052,307 | (347,956) | |
| 63 | WHITE RIVER RELICENSING & CWIP | 17,018,469 | (151,635) | |
| 64 | CANWEST | (2,468,377) | 21,993 | |
| 65 | HOPKINS RIDGE PREPAID TRANSMISSION | 8,742,500 | (77,896) | |
| 66 | | | | |
| 67 | ADJUSTMENT TO REGULATORY ASSETS RATE BASE | \$ 232,102,317 | \$ (2,068,032) | \$ 230,034,285 |
| 68 | | | | |
| 69 | TOTAL ADJUSTMENT TO RATEBASE (LINE 56 + LINE 67) | | \$ (11,082,282) | |

Exhibit A-5 Power Costs

**PUGET SOUND ENERGY
POWER COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | INCREASE (DECREASE) |
|-------------|-------------------------------------|-----------------------|-------------------|------------------------|
| 1 | SALES FOR RESALE | \$ 151,158,328 | \$ 10,163,628 | \$ (140,994,700) |
| 2 | | | | |
| 3 | PURCHASES/SALES OF NON-CORE GAS | 20,154,644 | 470,768 | (19,683,876) |
| 4 | WHEELING FOR OTHERS | 11,340,015 | 10,373,140 | (966,875) |
| 5 | | 31,494,659 | 10,843,908 | (20,650,751) |
| 6 | | | | |
| 7 | TOTAL OPERATING REVENUES | 182,652,987 | 21,007,536 | (161,645,451) |
| 8 | | | | |
| 9 | FUEL | \$ 72,975,508 | \$ 93,647,602 | \$ 20,672,094 |
| 10 | | | | |
| 11 | PURCHASED AND INTERCHANGED | 788,255,330 | 719,667,176 | (68,588,154) |
| 12 | RATE DISALLOWANCES FOR MARCH POIN | - | (11,786,042) | (11,786,042) |
| 13 | SUBTOTAL PURCHASED AND INTERCHAN | \$ 788,255,330 | \$ 707,881,134 | \$ (80,374,196) |
| 14 | WHEELING | 43,994,427 | #VALUE! | #VALUE! |
| 15 | SCH. 94 - RES./FARM CREDIT | (177,350,021) | - | 177,350,021 |
| 16 | TOTAL PRODUCTION EXPENSES | \$ 727,875,244 | #VALUE! | #VALUE! |
| 17 | HYDRO AND OTHER POWER | 53,185,137 | #VALUE! | #VALUE! |
| 18 | TRANS. EXP. INCL. 500KV O&M | 604,461 | 862,248 | 257,787 |
| 19 | | | | |
| 20 | TOTAL OPERATING EXPENSES | \$ 781,664,842 | #VALUE! | #VALUE! |
| 21 | | | | |
| 22 | INCREASE (DECREASE) OPERATING INCOM | \$ (599,011,855) | #VALUE! | #VALUE! |
| 23 | | | | |
| 24 | REDUCTION TO STATE UTILITY TAX SAVI | 3.85% | | (37,225) |
| 25 | INCREASE (DECREASE) INCOME | | | #VALUE! |
| 26 | INCREASE (DECREASE) FIT @ | 35% | | #VALUE! |
| 27 | INCREASE (DECREASE) NOI | | | #VALUE! |

| | | TEST YEAR | | |
|----|---|------------------|--------------|-------------------------|
| | | GRC | PTC | As Currently Calculated |
| 3 | TEST YEAR Revenue Requirement Wild Horse | | | |
| 4 | Net of Production Factor of | 0.99109 | | |
| 5 | | | | |
| 6 | | | | |
| 7 | Ratebase | Fixed | 351,622,824 | #VALUE! |
| 8 | | | 351,622,824 | #VALUE! |
| 9 | Return | | 7.57% | |
| 10 | Return on Ratebase | | 26,617,848 | #VALUE! |
| 11 | | | | |
| 12 | Wind Plant Recovery | Fixed | 40,950,535 | #VALUE! |
| 13 | Prdctn - Prpty Ins | Fixed | 261,855 | 261,855 |
| 14 | Wheeling | Variable | #VALUE! | #VALUE! |
| 15 | O&M Wind Plant | Fixed | #VALUE! | #VALUE! |
| 16 | Prdctn Depreciation | Fixed | 18,667,968 | 18,667,968 |
| 17 | Production Tax Credit | Variable | - | #VALUE! |
| 18 | Prdctn - Prpty Taxes | Fixed | 2,435,544 | 2,435,544 |
| 19 | REVENUE REQUIREMENT - WILD HORSE | | #VALUE! | #VALUE! |
| 20 | Reduction in Power Costs due to Wild Horse | Variable | (39,720,030) | - |
| 21 | Subtotal | | #VALUE! | #VALUE! |
| 22 | Grossup Factor | | 0.954974 | 0.954974 |
| 23 | Net Revenue Requirement | | #VALUE! | #VALUE! |



| | | RATE YEAR | | |
|----|---|------------------|--------------|------------|
| | | GRC | PTC | Calculated |
| 29 | RATE YEAR Revenue Requirement Wild Horse | | | |
| 30 | Before Production Factor | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | Ratebase | Fixed | 354,783,949 | #VALUE! |
| 34 | | | 354,783,949 | #VALUE! |
| 35 | Return | | 7.57% | |
| 36 | Return on Ratebase | | 26,857,145 | #VALUE! |
| 37 | | | | |
| 38 | Wind Plant Recovery | Fixed | 41,318,685 | #VALUE! |
| 39 | Prdctn - Prpty Ins | Fixed | 264,209 | 264,209 |
| 40 | Wheeling | Variable | #VALUE! | #VALUE! |
| 41 | O&M Wind Plant | Fixed | #VALUE! | #VALUE! |
| 42 | Prdctn Depreciation | Fixed | 18,835,795 | 18,835,795 |
| 43 | Production Tax Credit | Variable | - | #VALUE! |
| 44 | Prdctn - Prpty Taxes | Fixed | 2,457,440 | 2,457,440 |
| 45 | REVENUE REQUIREMENT - WILD HORSE | | #VALUE! | #VALUE! |
| 46 | Reduction in Power Costs due to Wild Horse | Variable | (40,077,117) | - |
| 47 | Subtotal | | #VALUE! | #VALUE! |
| 48 | Grossup Factor | | 0.954974 | 0.954974 |
| 49 | Net Revenue Requirement | | #VALUE! | #VALUE! |

PSE
PTCs in the 190 Deferred Tax Account

| | Pre Tax Inc | PTCs generated | *** Activity in 190 Account *** | | | Interest |
|----------------------------|-------------|----------------|---------------------------------|----------|-------------|----------|
| | | | Booked to 190 | PTC used | Cum Bal 190 | |
| Nov 05 | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | Actual |
| Dec 05 | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | Actual |
| Jan 06 | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| Feb | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| Mar | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| Apr | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| May | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| Jun | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| Jul | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| Aug | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| Sep | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| Oct | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| Nov | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| Dec | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| 2006 Year | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | |
| Jan 07 | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Feb | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Mar | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Apr | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| May | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Jun | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Jul | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Aug | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Sep | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Oct | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Nov | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Dec | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| 2007 Year | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Grant total 2007 | | XXXXX | XXXXX | XXXXX | XXXXX | |
| Gross up for FIT | | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| | | | | XXXXX | | <=AMA |
| | | PTC | Interest | Total | | |
| Revenue Impact | | XXXXX | XXXXX | XXXXX | | |
| Production Factor | | XXXXX | XXXXX | XXXXX | | |
| Test Year Revenue Impact | | XXXXX | XXXXX | XXXXX | | |
| Conversion Factor | | XXXXX | XXXXX | XXXXX | | |
| Revenue Requirement Impact | | XXXXX | XXXXX | XXXXX | | |

Notes:

1. PTC usage is limited to the lesser of 25% of taxable income or AMT.
2. No projected limitation in PTC usage for 2006.
3. No projected limitation in PTC usage for 2007.

Puget Sound Energy
General Rate Case
Property Taxes On Production and Transmission
Restated (Used for the Production Adjustment and for preparation of the Power Cost Rate)

Calculation of property taxes on production and transmission:

The amounts determined below are used in the production adjustment as well as the development of the power cost rate for the PCA mechanism. The amounts below are considered to be a component of the restated amount of property taxes shown in the Property Tax Adjustment GRC Page 4.09

| | <u>Memo</u> | <u>Production</u> | <u>Transmission</u> | <u>Total</u> |
|--|---------------------|----------------------------|----------------------------|-----------------------------|
| Oregon property taxes (01/01/05-12/31/05 All taxes-Third Intertie) | \$ 763,235 | \$ - | \$ 763,235 | \$ 763,235 |
| Washington property taxes <i>excluding Encogen</i> (01/1/05-12/31/05) | <u>21,713,636</u> | | | |
| Allocation of WA property taxes to production based on 2004 production%: 12.2681% | | 2,663,846 | | 2,663,846 |
| Transmission-Northern Intertie Fredrickson I | | | 115,556 | 115,556 |
| Subtotal Washington | | <u>1,068,192</u> | | <u>1,068,192</u> |
| | | <u>3,732,038</u> | <u>115,556</u> | <u>3,847,594</u> |
| Montana (All taxes are treated as either production or transmission) | | | | |
| Total Montana taxes | 9,208,529 | | | |
| Beneficial use (For BPA use) | <u>1,756,518</u> | | 1,756,518 | 1,756,518 |
| Property taxes on PSE property (=Total Montana taxes - Beneficial use) | 7,452,011 | | | |
| Property taxes on PSE property distribution: | | | | |
| AV transmission | 1,600,582 | | 1,600,582 | 1,600,582 |
| Other Generation | 5,371,177 | 5,371,177 | | 5,371,177 |
| Polution control | 470,603 | 470,603 | | 470,603 |
| Remainder [87.8600% to production; (1 - 87.8600%) to transmission] | 9,649 | 8,478 | 1,171 | 9,649 |
| Subtotal Montana | <u>\$ 7,452,011</u> | <u>5,850,258</u> | <u>3,358,271</u> | <u>9,208,529</u> |
| Total restated RY production & transmission property taxes | | <u>\$ 9,582,296</u> | <u>\$ 4,237,062</u> | <u>\$ 13,819,358</u> |

ESTIMATE
 Puget Sound Energy
 Property Tax Dept
 Allocation of Property Taxes to Production Property
For Assessment Year 2005 Payable in 2006
(05-06)

| | 40810006 | | 40810012 | | 40810013 | |
|----------------------------------|---------------|-----------------|------------|----------|-------------|-----------|
| | Washington | | Oregon | | Montana | |
| (A) Total plant in Service | 3,626,145,180 | 1 | 86,483,734 | 7 | 769,911,778 | 10 |
| (B) Future Use | 7,273,504 | 2 | 0 | | 0 | |
| (C) Acquisition Adj | 77,871,127 | 3 | 0 | | 0 | |
| (D) CWIP | 96,681,020 | 4 | 0 | | 0 | |
| (E) Total Utility Plant | 3,807,970,831 | | 86,483,734 | | 769,911,778 | |
| (F) Production Plant | 467,164,953 | 5 | 0 | | 676,444,708 | 11 |
| (G) Production Plant % | (F) / (E) | | 0.0000% | | 87.8600% | |
| (H) Property Taxes Pro-Forma | 22,889,690 | 6 | 763,235 | 8 | 9,208,529 | 12 |
| Less 3% discount | | | 0 | 9 | | |
| Less; Non-oper property | (50,000) | | | | (9,648) | |
| Less MT Beneficial Use | | ESTIMATE | | | (1,756,518) | 13 |
| | 22,839,690 | | 763,235 | | 7,442,363 | |
| (I) Property taxes on Prod Plant | (G) X (H) | | 0 | | 6,538,862 | |

C:\add\PSE Resp Bench Request 013_Attach B (R).xls]P Tax 06

| Total |
|---------------|
| 4,482,540,692 |
| 7,273,504 |
| 77,871,127 |
| 96,681,020 |
| 4,664,366,343 |
| 1,143,609,661 |
| |

EST:Revised 10-07-05
PUGET SOUND ENERGY
PROPERTY TAX DEPT
MONTANA, WASHINGTON and OREGON 2004 PROPERTY TAXES
Assessment Year 2005 Payable 2006

| A. MONTANA (ELECTRIC) | | 1/1/05 | PER CENT | | 04-05 | |
|--|--------------------|---------------------|----------|------------|--------------|------------|
| | | ACTUAL VALUE | TAXABLE | ASSESSMENT | LEVY RATE | TAX AMOUNT |
| AD VALOREM-Regular | (STATE ASSESSED) | 49,254,731 | 12% | 5,910,568 | | |
| AD VALOREM-non-pollution generation | | 325,367,843 | 6% | 19,834,479 | | |
| AD VALOREM-POLLUTION CONTROL | (STATE ASSESSED) | 57,927,516 | 3% | 1,737,825 | | |
| SUB TOTAL | | 432,550,090 | | 27,482,872 | 0.27080 | 7,442,363 |
| BENEFICIAL USE | (STATE ASSESSED) | 30,958,831 | 12% | 3,715,060 | 0.47281 | 1,756,518 |
| TOTAL | | 463,508,921 | | 31,197,932 | | 9,198,881 |
| AD VALOREM | (LOCALLY ASSESSED) | | | | | 9,648 |
| TOTAL | | | | | | 9,208,529 |
| <u>DISTRIBUTION BY ACCOUNT:</u> OPERATING 40810053 | | | | | | 9,208,529 |

| B. WASHINGTON (ELECTRIC) | | 1/1/05 | | | 04-05 | |
|--|------------------------------|---------------------|---------------|---------------|--------------|----------------|
| | | ACTUAL VALUE | AVERAGE RATIO | ASSESSMENT | LEVY RATE | TAX AMOUNT |
| AD VALOREM | OPERATING (STATE ASSESSED) | 1,962,097,000 | 94.50% | 1,854,181,665 | 12.14000 | 22,509,765 |
| | | | | | | 134,986 |
| AD VALOREM | OPERATING (LOCALLY ASSESSED) | | | | | 194,939 |
| AD VALOREM | NON-OPER. (LOCALLY ASSESSED) | | | | | 50,000 |
| TOTAL | | | | | | 22,889,690 |
| <u>DISTRIBUTION BY ACCOUNT:</u> OPERATING 40810053 | | | | | | 19,925,504 |
| | Fredrickson 1 | | | | | 1,068,192 |
| | White river | | | | | 554,384 |
| | Encogen | | | | | 1,176,054 |
| | Northern Intertie | | | | | 115,556 |
| | NON-OPER. 40820001 | | | | | 50,000 |
| TOTAL | | | | | | (A) 22,889,690 |

| C. WASHINGTON(GAS) | | 1/1/05 | ESTIMATED | 0 | 04-05 | 0 |
|--|------------------------------|---------------------|---------------|---------------|--------------|------------|
| | | ACTUAL VALUE | AVERAGE RATIO | ASSESSMENT | LEVY RATE | TAX AMOUNT |
| AD VALOREM | OPERATING (STATE ASSESSED) | 1,123,056,000 | 94.50% | 1,061,287,920 | 12.16000 | 12,905,261 |
| AD VALOREM | OPERATING (LOCALLY ASSESSED) | | | | | 20,000 |
| AD VALOREM | NON-OPER. (LOCALLY ASSESSED) | | | | | 0 |
| TOTAL | | | | | | 12,925,261 |
| <u>DISTRIBUTION BY ACCOUNT:</u> OPERATING 40810013 | | | | | | 12,925,261 |
| | NON-OPER. 40820002 | | | | | 0 |
| TOTAL | | | | | | 12,925,261 |

| D. OREGON | | 1/1/05 | ESTIMATED | 0 | 04-05 | 0 |
|--|----------------------------|---------------------|---------------|------------|--------------|------------|
| | | ACTUAL VALUE | AVERAGE RATIO | ASSESSMENT | LEVY RATE | TAX AMOUNT |
| AD VALOREM | OPERATING (STATE ASSESSED) | 65,011,500 | 100.00% | 65,011,500 | 11.74 | 763,235 |
| | Less 3% | | | | | |
| TOTAL | | | | | | 763,235 |
| <u>DISTRIBUTION BY ACCOUNT:</u> OPERATING 40810012 | | | | | | 763,235 |

**PROPERTY INSURANCE COSTS
PRODUCTION PLANT PREMIUMS**

| | Renewal Period | Premium |
|--------------------------------|-------------------|---------|
| PSE Property generation plants | 4/1/05 - 4/1/06 | 850,310 |
| Colstrip 1&2 | 4/1/05 - 4/1/06 | 351,484 |
| Colstrip 3&4 | 4/1/05 - 4/1/06 | 373,046 |
| Fredrickson 1 | 10/1/04 - 10/1/05 | 256,391 |

| | |
|------------------|---------------------|
| Production Plant | 850,310 |
| | 64.26% |
| Colstrip 1&2 | 546,409.21 |
| Colstrip 3&4 | 724,530 |
| Fredrickson 1 | 240,000 |
| | 1,510,938.71 |

*estimates will be trued-up

| Renewal Period | Actual and Estimated Premiums |
|-------------------|--|
| 4/1/06 - 4/1/07 | 850,310 * |
| 4/1/06 - 4/1/07 | 351,484 * |
| 4/1/06 - 4/1/07 | 373,046 * |
| 10/1/05 - 10/1/06 | 240,000 |

PUGET SOUND ENERGY

2005 PRODUCTION PLANT VALUES & PREMIUM

4/1/05 - 4/1/06

TIV (000's)

HYDRAULIC PRODUCTION PLANT

| | |
|--|---------|
| UPPER BAKER DAM, POWER PLANT AND TRANSMISSION PLANT | 314,244 |
| LOWER BAKER DAM, POWER PLANT AND TRANSMISSION PLANT | 161,941 |
| WHITE RIVER GENERATING STATION | 181,139 |
| SNOQUALMIE FALLS PLANTS 1 AND 2 AND TRANSMISSION PLANT | 61,176 |
| ELECTRON HEIGHTS GENERATING PLANT | 107,004 |

OTHER PRODUCTION PLANT

| | |
|---|---------|
| CRYSTAL MOUNTAIN GENERATING PLANT | 3,086 |
| WHITEHORN GENERATING STATION AND TRANSMISSION PLANT | 73,979 |
| FREDERICKSON 1 & 2 GENERATING STATION AND TRANSMISSION PLANT | 76,678 |
| FREDONIA 1, 2, 3 AND 4 GENERATING STATION AND TRANSMISSION PLANT | 154,430 |
| ENCOGEN POWER PLANT | 155,780 |
| HOPKINS RIDGE WIND PRO (project should be added to policy by year-end 2005) | |
| TOTAL | |

| Premiums | | | |
|----------|--------|--------|---------|
| Fire | DIC | Boiler | Total |
| 54,050 | 50,265 | 41,645 | 145,960 |
| 27,854 | 25,578 | 19,579 | 73,011 |
| 31,156 | 28,605 | 21,900 | 81,661 |
| 10,522 | 9,688 | 7,396 | 27,606 |
| 18,405 | 16,914 | 12,937 | 48,256 |
| 701 | 527 | 636 | 1,864 |
| 16,793 | 11,707 | 31,096 | 59,596 |
| 31,668 | 12,133 | 38,689 | 82,490 |
| 63,780 | 24,393 | 78,565 | 166,738 |
| 64,337 | 24,606 | 74,185 | 163,128 |
| | | | 850,310 |

**PUGET SOUND ENERGY
PRODUCTION PLANT INFORMATION
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2005**

| FERC Account or Group Asset # | Description | 12 Mo. AMA 09/30/2005 | Annualized Depreciation Expense 09/30/2005 | Accum Depr (AMA) 09/30/2005 |
|---|--|--------------------------|---|-----------------------------------|
| DEPRECIABLE PRODUCTION PLANT | | | | |
| E311 | Structures & Improvements | \$ 176,825,240 | \$ 4,617,008 | \$(101,814,340) |
| E312 | Boiler Plant Equipment | 414,360,035 | 11,631,377 | (233,139,680) |
| E314 | Turbogenerator Units | 140,529,672 | 4,205,729 | (63,818,586) |
| E315 | Accessory Electric Equip | 37,107,653 | 955,422 | (20,919,704) |
| E316 | Misc Power Plant Equipment | 13,986,372 | 467,165 | (7,561,626) |
| E317 | Asset Retirement Costs | 1,105,663 | 23,021 | (810,967) |
| | TOTAL STEAM PRODUCTION | <u>783,914,635</u> | <u>21,899,722</u> | <u>(428,064,902)</u> |
| E331 | Structures & Improvements | 14,212,744 | 1,194,913 | (9,685,867) |
| E332 | Reservoirs, Dams & Waterways | 102,945,160 | 7,709,673 | (76,154,849) |
| E333 | Turbines & Generators | 24,894,795 | 1,303,170 | (12,407,766) |
| E334 | Accessory Electric Equip | 5,607,092 | 348,765 | (3,305,711) |
| E335 | Misc Power Plant Equipment | 3,162,716 | 178,782 | (1,616,991) |
| E336 | Roads, Trails & Bridges | 1,257,567 | 56,591 | (970,265) |
| E337 | Easements | 32,899 | 1,022 | (894) |
| | TOTAL HYDRO PRODUCTION | <u>152,112,973</u> | <u>10,792,915</u> | <u>(104,142,344)</u> |
| E341 | Structures & Improvements | 12,212,815 | 374,098 | (7,027,072) |
| E342 | Fuel Holders & Accessories | 17,192,011 | 497,155 | (9,167,444) |
| E344 | Generators | 166,458,503 | 4,226,754 | (88,613,291) |
| E345 | Accessory Electric Equip | 4,436,516 | 106,760 | (2,445,753) |
| E346 | Other Production | 2,403,700 | 79,438 | (1,147,268) |
| E347 | Misc Power Plant Equipment | 406,074 | 13,927 | (271,432) |
| | TOTAL OTHER PRODUCTION | <u>203,109,620</u> | <u>5,298,132</u> | <u>(108,672,260)</u> |
| | TOTAL DEPRECIABLE | <u>1,139,137,228</u> | <u>37,990,768</u> | <u>(640,879,506)</u> |
| NON-DEPRECIABLE PRODUCTION PLANT | | | | |
| E310 | Steam Production - Land & Land Rights | 4,280,674 | - | (15) |
| E330 | Hydro Production - Land & Land Rights | 4,363,835 | 89,641 | (459,182) |
| E340 | Other Production - Land & Land Rights | 3,608,223 | - | - |
| E341 | Structures & Improvements | 8,694 | 26 | (8,691) |
| E344 | Generators | 321,548 | 11,750 | (233,810) |
| 100000 | Rock Island Expansion (E303) | 525,448 | 18,437 | (497,627) |
| 100006 | Whitehorn 2 & 3 Leasesholds (E303) | 877,820 | (26,010) | (881,071) |
| 100469 | Baker River License (E302) | 29,790 | 596 | (29,145) |
| 101000 | Snoqualmie Project License (E302) | 12,950,235 | 337,632 | (268,446) |
| | TOTAL NON-DEPRECIABLE PROD PLANT | <u>26,966,267</u> | <u>432,071</u> | <u>(2,377,987)</u> |
| | TOTAL PRODUCTION UTILITY PLANT IN SERVICE | <u>#####</u> | <u>\$ 38,422,840</u> | <u>\$(643,257,493)</u> |

Puget Sound Energy
Production Adjustment
For the Twelve Months Ended 9/30/2005
Rate Year: Twelve Months Ended 12/31/2007

| Line | Description | % Tax Deductible | Proforma Amount | Production Wage % | Production Amount | Per Books FIT Amount |
|------|--|---------------------|--------------------|----------------------|----------------------|-------------------------|
| 1 | Purchased Power | | | | \$ 61,809 | |
| 2 | Other Power Supply | | | | 283,215 | |
| 3 | Production Wage and Incentive Plan Increase (2) | | | | \$ 345,024 | |
| 4 | Payroll Taxes on Production Wages and Incentive | | \$ 5,425,683 | 9.75% | 529,004 | |
| 5 | | | | | | |
| 6 | Payroll Overheads: | | | | | |
| 7 | Investment Plan | | \$ 2,768,075 | 9.75% | \$ 269,887 | |
| 8 | Employee Insurance | | 7,528,061 | 9.75% | 733,986 | |
| 9 | Worker's Compensation | | 850,964 | 9.75% | 82,969 | |
| 10 | Total Overheads | | \$ 11,147,100 | | \$ 1,086,842 | |
| 11 | | | | | | |
| 12 | Production Property Depreciation (FERC 403): | | | | | |
| 13 | Test Year Depreciable Production Property | | | | \$ 37,990,768 | \$ 9,037,992 |
| 14 | Hopkins Ridge Wind Plant | | | | 8,873,984 | 3,105,894 |
| 15 | Wild Horse Wind Plant | | | | 18,835,795 | 6,592,528 |
| 16 | Subtotal Depreciation | | | | 65,700,547 | 18,736,415 |
| 17 | Production Property Amortization (FERC 403): | | | | | |
| 18 | Non-Depreciable Production Property: | | | | | |
| 19 | Non-Depreciable Production Property | | | | 432,071 | 151,225 |
| 20 | Colstrip Common FERC Adj. - Reg Asset (1) | | 1.48% | | 354,669 | (1,837) |
| 21 | Colstrip Def Depr FERC Adj. - Reg Asset | | | | 104,311 | 36,509 |
| 22 | Encogen Acquisition Adjustment | | | | 1,547,525 | 541,634 |
| 23 | Baker Lake Relicensing Cost Amortization | | | | 549,004 | 192,152 |
| 24 | | | | | 2,987,580 | 919,682 |
| 25 | Total Production Property Depreciation & Amortization | | | | \$ 68,688,127 | \$ 19,656,096 |
| 26 | | | | | | |
| 27 | Production Factor | | | | | 0.891% |
| 28 | | | | | | |
| 29 | Tax Benefit of Production Adjusted Depreciation (FERC 403) | | | | | \$ 166,941 |
| 30 | Tax Benefit of Production Adjusted Amortization (FERC 403) | | | | | \$ 8,194 |

31

32 (1) Line 20 is calculated as follows: $-(\$354,669 * 1.48% * 35%) = (\$1,837)$

33

34 (2) Production wages and incentive plan costs are included in Power Costs in the Income Statement.

35 Power Costs are presented pro-forma, net of production factor in Adjustment 4.03. Therefore, only the
36 change to production wages and incentive costs (which are not included in Adjustment 4.03) needs to be
37 production-factored in this adjustment.

Puget Sound Energy
Production Factor
For the Twelve Months Ended 9/30/2003

| Line | Description | Production Amount |
|------|--|-----------------------|
| 1 | TEST YEAR <u>BILLED</u> LOAD | 20,199,200,095 |
| 2 | CHANGE IN UNBILLED KWHS (<i>negative for the period</i>) | (3,222,242) |
| 3 | TEST YEAR CORE DELIVERED LOAD BEFORE PROFORMA/RESTATING | <u>20,195,977,853</u> |
| 4 | ADJUSTMENTS (<i>agrees to Sales of Electricity Report- Total Retail Sales</i>) | 4,607,545 |
| 5 | RESTATING ADJUSTMENTS (<i>out of period items</i>) | (3,668,100) |
| 6 | RESTATING ADJUSTMENTS (<i>Sch 40 Interim kWh</i>) | - |
| 7 | RESTATING ADJUSTMENTS (<i>end of period customers</i>) | 6,486,670 |
| 8 | PROFORMA ADJUSTMENTS (<i>large power load and Sch 40</i>) | <u>135,823,000</u> |
| 9 | PROFORMA ADJUSTMENTS (<i>temp norm</i>) | <u>20,339,226,968</u> |
| 10 | | |
| 11 | TOTAL ADJUSTED TEST YEAR <u>DELIVERED</u> LOAD | ÷ 20,522,175,000 |
| 12 | FORECASTED RATE YEAR KWH | |
| 13 | | |
| 14 | LINE 11 DIVIDED BY LINE 12 | 0.99109 |
| 15 | | |
| 16 | PRODUCTION FACTOR= (1-LINE 14) | 0.00891 |

**PUGET SOUND ENERGY
GENERAL RATE CASE
DETERMINATION OF NET POWER COSTS FOR GRC PAGE 4.03
TEST YEAR ENDED SEPTEMBER 30, 2005
RATE YEAR ENDED DECEMBER 31, 2007**

| Line FERC | Description | Rate Year 12ME 12/31/2007 | Less Hopkins Ridge | Less Wild Horse | Less Amort of Reg Assets | Remove Ben&Tax | Net Before Prod Factor | After Prod Factor of 0.99109 |
|-----------|--|---------------------------------|-----------------------|--------------------|-----------------------------|-------------------|---------------------------|------------------------------------|
| 1 | Fuel: | | | | | | | |
| 2 | 501 Steam Fuel | \$ 49,801,000 | | | | \$ - | \$ 49,801,000 | \$ 49,357,273 |
| 3 | 547 Fuel | 43,969,000 | | | 719,503 | - | 44,688,503 | 44,290,328 |
| 4 | | 93,770,000 | - | - | 719,503 | - | 94,489,503 | 93,647,602 |
| 5 | Purchased and Interchanged: | | | | | | | |
| 6 | 555 Purchased Power | 746,953,000 | | | (27,869,620) | - | 719,083,380 | 712,676,347 |
| 6a | 555 Tenaska Buyout Disallowance | (8,317,000) | | | | | (8,317,000) | (8,242,896) |
| 6a | 555 Tenaska Prudence Disallowance | (2,511,000) | | | | | (2,511,000) | (2,488,627) |
| 6a | 555 March Point 2 Prudence Disallowance | (1,064,000) | | | | | (1,064,000) | (1,054,520) |
| 7 | 557 Other Power Expense | 7,730,000 | | | | (676,323) | 7,053,677 | 6,990,829 |
| 8 | | 742,791,000 | - | - | (27,869,620) | (676,323) | 714,245,057 | 707,881,134 |
| 9 | | | | | | | | |
| 10 | 565 Wheeling | 62,494,000 | | #VALUE! | (1,653,530) | - | #VALUE! | #VALUE! |
| 11 | | | | | | | | |
| 12 | various Hydro and Other Power | 76,346,000 | #VALUE! | #VALUE! | | #VALUE! | #VALUE! | #VALUE! |
| 13 | | | | | | | | |
| 14 | various Trans. Exp. Incl. 500Kv O&M | 870,000 | | | | | 870,000 | 862,248 |
| 15 | 447 Sales for Resale | (10,255,000) | | | | | (10,255,000) | (10,163,628) |
| 16 | 456 Purchases/Sales Of Non-Core Gas | (475,000) | | | | | (475,000) | (470,768) |
| 17 | | (9,860,000) | - | - | - | - | (9,860,000) | (9,772,147) |
| 18 | | | | | | | | |
| 19 | Net Power Costs | 965,541,000 | #VALUE! | #VALUE! | (28,803,647) | #VALUE! | #VALUE! | #VALUE! |
| 20 | various Variable Transmission Income | (10,466,396) | | | | | (10,466,396) | (10,373,140) |
| 21 | | | | | | | | |
| 22 | Power Costs Page 4.03 Line 22 | \$ 955,074,604 | #VALUE! | #VALUE! | \$ (28,803,647) | #VALUE! | #VALUE! | #VALUE! |
| 23 | | | | | | | | #VALUE! |
| 24 | | | | | | | | |
| 25 | | | | | | | | |
| 26 | | | | | | | | |
| 27 | Power Costs Provided by Power Cost Analysis Dept. | | | | | - | \$ 965,541,000 | \$ 956,938,030 |
| 28 | Benefits and Taxes | | | | | | #VALUE! | #VALUE! |
| 29 | Variable Transmission Income | | | | | | (10,466,396) | (10,373,140) |
| 30 | New Plants | | | | | | #VALUE! | #VALUE! |
| 31 | Amortization of Regulatory Assets | | | | | | (28,803,647) | (28,547,007) |
| 32 | Power Costs Page 4.03 Line 22 | | | | | | #VALUE! | #VALUE! |
| 33 | | | | | | | | |
| 34 | Power Costs Page 4.03 Line 21 | | | | | | #VALUE! | #VALUE! |
| 35 | Add Amortization of Regulatory Assets | | | | | | 30,298,349 | 30,028,391 |
| 36 | Add Other Costs to 557 | | | | | | 5,305,870 | 5,258,595 |
| 37 | New Plants | | | | | | #VALUE! | #VALUE! |
| 38 | Purchased Power | | | | | | 61,809 | 61,258 |
| 39 | Other Power Supply | | | | | | 283,215 | 280,692 |
| 40 | Less Transmission Income not related to 3 allowed transmission lines | | | | | | 6,561,861 | 6,503,394 |
| 41 | Lines 34 - 41 and Power Cost Portion of Line 23a of Exhibit A-1 | | | | | | #VALUE! | #VALUE! |
| 42 | | | | | | | | |

Reconciliation of Total power Costs

Final Dated 1.9.06
GRC Power Cost Projections
Rate Year AURORA + Non-AURORA Power Costs
1.09.06 AURORA Model run

GRC Rate Year: 2007

| | | | | | | | | | | | | | 2006 GRC |
|---|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | | | | | | | | | | | | | Rate Year |
| | Jan-07 | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | Jul-07 | Aug-07 | Sep-07 | Oct-07 | Nov-07 | Dec-07 | |
| 501 Coal Fuel | \$ 4,293 | \$ 3,949 | \$ 4,377 | \$ 3,970 | \$ 3,663 | \$ 3,235 | \$ 4,343 | \$ 4,378 | \$ 4,337 | \$ 4,459 | \$ 4,338 | \$ 4,459 | \$ 49,801 |
| 547 Natural Gas Fuel | \$ 1,530 | \$ 2,061 | \$ 4,419 | \$ 963 | \$ (719) | \$ (1,066) | \$ 4,317 | \$ 7,068 | \$ 8,977 | \$ 6,375 | \$ 5,400 | \$ 4,646 | 43,969 |
| 555 Purchase & Interchange | \$ 93,441 | \$ 83,547 | \$ 74,977 | \$ 53,550 | \$ 43,066 | \$ 48,776 | \$ 33,855 | \$ 41,751 | \$ 42,134 | \$ 65,939 | \$ 73,531 | \$ 92,386 | 746,953 |
| 557 Other Power Supply | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | 7,730 |
| 565 Wheeling | \$ 5,313 | \$ 5,294 | \$ 5,314 | \$ 5,063 | \$ 5,070 | \$ 5,067 | \$ 5,074 | \$ 5,075 | \$ 5,069 | \$ 5,194 | \$ 5,440 | \$ 5,521 | 62,494 |
| 447 Secondary Sales | \$ (132) | \$ (33) | \$ (270) | \$ (128) | \$ (18) | \$ (77) | \$ (2,460) | \$ (3,764) | \$ (1,997) | \$ (742) | \$ (590) | \$ (43) | (10,255) |
| Subtotal | \$ 105,089 | \$ 95,462 | \$ 89,461 | \$ 64,062 | \$ 51,705 | \$ 56,578 | \$ 45,773 | \$ 55,153 | \$ 59,164 | \$ 81,869 | \$ 88,763 | \$ 107,613 | \$ 900,691 |
| 456 Non-Core Gas | (31) | (27) | (43) | (21) | - | (4) | (30) | (59) | (74) | (72) | (60) | (54) | (475) |
| Total Power Costs | \$ 105,058 | \$ 95,435 | \$ 89,418 | \$ 64,042 | \$ 51,705 | \$ 56,575 | \$ 45,743 | \$ 55,093 | \$ 59,089 | \$ 81,797 | \$ 88,703 | \$ 107,559 | \$ 900,217 |
| Load in MWh | 2,233,503 | 1,943,913 | 2,000,857 | 1,746,571 | 1,667,560 | 1,557,430 | 1,604,603 | 1,617,021 | 1,561,579 | 1,795,800 | 1,976,796 | 2,266,717 | 21,972,350 |
| 0 Delivered Load | 2,086,092 | 1,815,615 | 1,868,801 | 1,631,298 | 1,557,501 | 1,454,639 | 1,498,700 | 1,510,298 | 1,458,515 | 1,677,277 | 1,846,327 | 2,117,114 | 20,522,175 |
| Revenue Requirement Adjustments: | | | | | | | | | | | | | |
| Before adjustment | | | | | | | | | | | | | \$ 900,217 |
| Tenaska Buyout Disallowance 50.0% | | | | | | | | | | | | | \$ 16,162 |
| Tenaska Prudence Disallowance 1.2% | | | | | | | | | | | | | \$ 209,224 |
| March Point 2 Prudence Disallowance 3.0% | | | | | | | | | | | | | \$ 35,463 |
| Net Power Costs | | | | | | | | | | | | | \$ 888,325 |
| Production O&M (including ben & p/r tax) | | | | | | | | | | | | | 76,346 |
| Colstrip 500 KV Expense | | | | | | | | | | | | | 870 |
| Costs for Revenue Requirement | | | | | | | | | | | | | \$ 965,541 |

Excluding Wild Horse

| | | | | | | | | | | | | | Rate Year |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Jan-07 | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | Jul-07 | Aug-07 | Sep-07 | Oct-07 | Nov-07 | Dec-07 | | |
| 501 Coal Fuel | \$ 4,296 | \$ 3,952 | \$ 4,378 | \$ 3,970 | \$ 3,663 | \$ 3,236 | \$ 4,344 | \$ 4,379 | \$ 4,335 | \$ 4,456 | \$ 4,335 | \$ 4,457 | \$ 49,801 |
| 547 Natural Gas Fuel | \$ 1,530 | \$ 2,061 | \$ 4,419 | \$ 963 | \$ (719) | \$ (1,066) | \$ 4,317 | \$ 7,068 | \$ 8,977 | \$ 6,375 | \$ 5,400 | \$ 4,646 | 43,969 |
| 555 Purchase & Interchange | \$ 96,492 | \$ 86,503 | \$ 78,611 | \$ 55,495 | \$ 45,153 | \$ 50,678 | \$ 35,786 | \$ 44,176 | \$ 45,065 | \$ 69,495 | \$ 77,467 | \$ 95,619 | 780,540 |
| 557 Other Power Supply | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | \$ 644 | 7,730 |
| 565 Wheeling | \$ 5,306 | \$ 5,287 | \$ 5,307 | \$ 5,056 | \$ 5,063 | \$ 5,060 | \$ 5,067 | \$ 5,068 | \$ 5,062 | \$ 5,187 | \$ 5,433 | \$ 5,514 | 62,412 |
| 447 Secondary Sales | \$ (83) | \$ (20) | \$ (141) | \$ (74) | \$ (5) | \$ (35) | \$ (1,617) | \$ (2,661) | \$ (1,143) | \$ (345) | \$ (219) | \$ (13) | (6,357) |
| Subtotal | \$ 108,185 | \$ 98,428 | \$ 93,218 | \$ 66,054 | \$ 53,799 | \$ 58,516 | \$ 48,540 | \$ 58,674 | \$ 62,939 | \$ 85,813 | \$ 93,061 | \$ 110,867 | \$ 938,094 |
| 456 Non-Core Gas | (31) | (27) | (43) | (21) | - | (4) | (30) | (59) | (74) | (72) | (60) | (54) | (475) |
| Subtotal with Non-Core Gas | \$ 108,154 | \$ 98,401 | \$ 93,175 | \$ 66,033 | \$ 53,799 | \$ 58,512 | \$ 48,510 | \$ 58,615 | \$ 62,865 | \$ 85,741 | \$ 93,001 | \$ 110,813 | \$ 937,619 |
| Load in MWh | 2,233,503 | 1,943,913 | 2,000,857 | 1,746,571 | 1,667,560 | 1,557,430 | 1,604,603 | 1,617,021 | 1,561,579 | 1,795,800 | 1,976,796 | 2,266,717 | 21,972,350 |
| 0 Delivered Load | 2,086,092 | 1,815,615 | 1,868,801 | 1,631,298 | 1,557,501 | 1,454,639 | 1,498,700 | 1,510,298 | 1,458,515 | 1,677,277 | 1,846,327 | 2,117,114 | 20,522,175 |
| Revenue Requirement Adjustments: | | | | | | | | | | | | | |
| Before adjustment | | | | | | | | | | | | | \$ 937,619 |
| Tenaska Buyout Disallowance 50.0% | | | | | | | | | | | | | \$ 16,162 |
| Tenaska Prudence Disallowance 1.2% | | | | | | | | | | | | | \$ 209,224 |
| March Point 2 Prudence Disallowance 3.0% | | | | | | | | | | | | | \$ 35,463 |
| Net Power Costs | | | | | | | | | | | | | \$ 925,727 |
| Production O&M (excluding WH) | | | | | | | | | | | | | \$ 66,424 |
| Colstrip 500 KV Expense | | | | | | | | | | | | | 870 |
| Costs for Revenue Requirement | | | | | | | | | | | | | \$ 993,022 |
| Cost Decr / (Incr) due to Hopkins Ridge | | | | | | | | | | | | | \$ 27,481 |

Wild Horse

| Jan-07 | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | Jul-07 | Aug-07 | Sep-07 | Oct-07 | Nov-07 | Dec-07 | Rate Year | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| 501 Coal Fuel | \$ 4 | \$ 4 | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ (3) | \$ (3) | \$ (3) | \$ (3) | - |
| 547 Natural Gas Fuel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| 555 Purchase & Interchange | \$ 3,051 | \$ 2,956 | \$ 3,634 | \$ 1,944 | \$ 2,087 | \$ 1,902 | \$ 1,931 | \$ 2,425 | \$ 2,931 | \$ 3,556 | \$ 3,936 | \$ 3,233 | 33,586 |
| 557 Other Power Supply | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| 565 Wheeling | \$ (7) | \$ (7) | \$ (7) | \$ (7) | \$ (7) | \$ (7) | \$ (7) | \$ (7) | \$ (7) | \$ (7) | \$ (7) | \$ (7) | (82) |
| 447 Secondary Sales | \$ 48 | \$ 13 | \$ 129 | \$ 54 | \$ 13 | \$ 42 | \$ 843 | \$ 1,103 | \$ 854 | \$ 397 | \$ 371 | \$ 30 | 3,898 |
| Subtotal | \$ 3,096 | \$ 2,966 | \$ 3,757 | \$ 1,992 | \$ 2,094 | \$ 1,938 | \$ 2,768 | \$ 3,522 | \$ 3,776 | \$ 3,944 | \$ 4,298 | \$ 3,254 | \$ 37,402 |
| 456 Non-Core Gas | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal with Non-Core Gas | \$ 3,096 | \$ 2,966 | \$ 3,757 | \$ 1,992 | \$ 2,094 | \$ 1,938 | \$ 2,768 | \$ 3,522 | \$ 3,776 | \$ 3,944 | \$ 4,298 | \$ 3,254 | \$ 37,402 |
| Load in MWh | - | - | - | - | - | - | (1) | - | - | - | - | - | - |
| 0 Delivered Load | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Requirement Adjustments: | | | | | | | | | | | | | |
| Before adjustment | | | | | | | | | | | | | \$ 37,402 |
| Tenaska Buyout Disallowance 50.0% | | | | | | | | | | | | | \$ - |
| Tenaska Prudence Disallowance 1.2% | | | | | | | | | | | | | \$ - |
| March Point 2 Prudence Disallowance 3.0% | | | | | | | | | | | | | \$ - |
| Net Power Costs | | | | | | | | | | | | | \$ 37,402 |
| Production O&M (including ben & p/r tax) | | | | | | | | | | | | | \$ (9,921) |
| Colstrip 500 KV Expense | | | | | | | | | | | | | \$ - |
| Costs for Revenue Requirement | | | | | | | | | | | | | \$ 27,481 |

Wild Horse }

| | | |
|---------------------------------------|-----------|-----------------|
| Increases Power Costs | \$ | 2,593 |
| Increases Power Costs: Wheeling Costs | \$ | 82 |
| Increases Production O&M | \$ | 9,921 |
| Benefit of Wild Horse | \$ | (27,481) |

AURORA Cost \$x1000

1.9.06 AURORA Run

With Wild Horse

Rate Year: January - December 2007

| | | <u>Jan-07</u> | <u>Feb-07</u> | <u>Mar-07</u> | <u>Apr-07</u> | <u>May-07</u> | <u>Jun-07</u> | <u>Jul-07</u> | <u>Aug-07</u> | <u>Sep-07</u> | <u>Oct-07</u> | <u>Nov-07</u> | <u>Dec-07</u> | <u>RY Total</u> |
|-------|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| 501 | Coal | \$ 3,608 | \$ 3,264 | \$ 3,689 | \$ 3,282 | \$ 2,975 | \$ 2,547 | \$ 3,655 | \$ 3,690 | \$ 3,646 | \$ 3,768 | \$ 3,647 | \$ 3,768 | \$ 41,541 |
| 547 | Natural Gas | \$ 5,650 | \$ 5,286 | \$ 7,744 | \$ 2,716 | \$ 858 | \$ 427 | \$ 5,908 | \$ 8,788 | \$ 10,777 | \$ 8,307 | \$ 7,420 | \$ 7,113 | \$ 70,993 |
| 555 | Purchase & Interchan | \$ 31,692 | \$ 28,169 | \$ 32,044 | \$ 22,664 | \$ 11,119 | \$ 19,283 | \$ 23,622 | \$ 26,852 | \$ 32,789 | \$ 33,144 | \$ 34,053 | \$ 34,706 | \$ 330,137 |
| 555MP | Secondary Purchase | \$ 43,176 | \$ 39,437 | \$ 31,854 | \$ 20,111 | \$ 20,178 | \$ 13,071 | \$ 8,029 | \$ 10,379 | \$ 15,033 | \$ 22,061 | \$ 22,550 | \$ 30,792 | \$ 276,671 |
| 447 | Secondary Sale | \$ (132) | \$ (33) | \$ (270) | \$ (128) | \$ (18) | \$ (77) | \$ (2,460) | \$ (3,764) | \$ (1,997) | \$ (742) | \$ (590) | \$ (43) | \$ (10,255) |
| | SUBTOTAL AURORA | \$ 83,994 | \$ 76,122 | \$ 75,061 | \$ 48,646 | \$ 35,111 | \$ 35,251 | \$ 38,754 | \$ 45,945 | \$ 60,248 | \$ 66,539 | \$ 67,079 | \$ 76,336 | \$ 709,086 |
| | Load MWh F05 | 2,233,503 | 1,943,913 | 2,000,857 | 1,746,571 | 1,667,560 | 1,557,430 | 1,604,604 | 1,617,021 | 1,561,579 | 1,795,800 | 1,976,796 | 2,266,717 | 21,972,350 |

Without Wild Horse

Rate Year: January - December 2007

| | | <u>Jan-07</u> | <u>Feb-07</u> | <u>Mar-07</u> | <u>Apr-07</u> | <u>May-07</u> | <u>Jun-07</u> | <u>Jul-07</u> | <u>Aug-07</u> | <u>Sep-07</u> | <u>Oct-07</u> | <u>Nov-07</u> | <u>Dec-07</u> | <u>RY Total</u> |
|-------|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| 501 | Coal | \$ 3,608 | \$ 3,264 | \$ 3,689 | \$ 3,282 | \$ 2,975 | \$ 2,547 | \$ 3,655 | \$ 3,690 | \$ 3,646 | \$ 3,768 | \$ 3,647 | \$ 3,768 | \$ 41,541 |
| 547 | Natural Gas | \$ 5,650 | \$ 5,286 | \$ 7,744 | \$ 2,716 | \$ 858 | \$ 427 | \$ 5,908 | \$ 8,788 | \$ 10,777 | \$ 8,307 | \$ 7,420 | \$ 7,113 | \$ 70,993 |
| 555 | Purchase & Interchan | \$ 31,692 | \$ 28,169 | \$ 32,044 | \$ 22,664 | \$ 11,119 | \$ 19,283 | \$ 23,622 | \$ 26,852 | \$ 32,789 | \$ 33,144 | \$ 34,053 | \$ 34,706 | \$ 330,137 |
| 555MP | Secondary Purchase | \$ 46,400 | \$ 42,559 | \$ 35,693 | \$ 22,213 | \$ 22,490 | \$ 15,248 | \$ 10,214 | \$ 13,030 | \$ 18,183 | \$ 25,858 | \$ 26,747 | \$ 34,215 | \$ 312,850 |
| 447 | Secondary Sale | \$ (83) | \$ (20) | \$ (141) | \$ (74) | \$ (5) | \$ (35) | \$ (1,617) | \$ (2,661) | \$ (1,143) | \$ (345) | \$ (219) | \$ (13) | \$ (6,357) |
| | SUBTOTAL AURORA | \$ 87,266 | \$ 79,257 | \$ 79,029 | \$ 50,801 | \$ 37,436 | \$ 37,470 | \$ 41,782 | \$ 49,698 | \$ 64,253 | \$ 70,733 | \$ 71,647 | \$ 79,790 | \$ 749,163 |
| | Load MWh F05 | 2,233,503 | 1,943,913 | 2,000,857 | 1,746,571 | 1,667,560 | 1,557,430 | 1,604,603 | 1,617,021 | 1,561,579 | 1,795,800 | 1,976,796 | 2,266,717 | 21,972,350 |

Wild Horse Impact

Rate Year: January - December 2007

| | | <u>Jan-07</u> | <u>Feb-07</u> | <u>Mar-07</u> | <u>Apr-07</u> | <u>May-07</u> | <u>Jun-07</u> | <u>Jul-07</u> | <u>Aug-07</u> | <u>Sep-07</u> | <u>Oct-07</u> | <u>Nov-07</u> | <u>Dec-07</u> | <u>RY Total</u> |
|-------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| 501 | Coal | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 547 | Natural Gas | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 555 | Purchase & Interchan | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 555MP | Secondary Purchase | \$ 3,224 | \$ 3,123 | \$ 3,839 | \$ 2,102 | \$ 2,312 | \$ 2,177 | \$ 2,185 | \$ 2,650 | \$ 3,151 | \$ 3,797 | \$ 4,197 | \$ 3,423 | \$ 36,179 |
| 447 | Secondary Sale | \$ 48 | \$ 13 | \$ 129 | \$ 54 | \$ 13 | \$ 42 | \$ 843 | \$ 1,103 | \$ 854 | \$ 397 | \$ 371 | \$ 30 | \$ 3,898 |
| | SUBTOTAL AURORA | \$ 3,272 | \$ 3,136 | \$ 3,968 | \$ 2,156 | \$ 2,326 | \$ 2,219 | \$ 3,028 | \$ 3,753 | \$ 4,005 | \$ 4,194 | \$ 4,568 | \$ 3,454 | \$ 40,077 |

Wild Horse Project

INCOME STATEMENT

months

12

2007

| | |
|---|--------|
| Capacity (MW) | XXXXXX |
| Cumulative Months of Operation | XXXXXX |
| Revenue, \$/MWh | XXXXXX |
| Capacity Factor | XXXXXX |
| MWh for entire project - Net of Station Service | XXXXXX |
| PTC Eligible MWh | XXXXXX |
| Rate Base | XXXXXX |

REVENUE

| | |
|---------------------|--------|
| Revenue Requirement | XXXXXX |
|---------------------|--------|

EXPENSES

Plant Operations & Maintenance

| | | |
|---|---------------|-----------|
| Labor | XXXXXX | |
| Consumables | XXXXXX | |
| Parts Replacement | XXXXXX | |
| Site, Tool & Vehicle Expenses | XXXXXX | |
| Outside Services | XXXXXX | |
| Third Party Service Contract (includes Sales and Use Tax) | XXXXXX | Prod' O&M |
| Total Plant O&M | XXXXXX | |

Other Operating Expenses

| | | |
|---|---------------|---------------------|
| Property Tax | XXXXXX | Revenue requirement |
| Insurance | XXXXXX | Revenue requirement |
| Easement & EFSEC Costs | XXXXXX | Prod' O&M |
| Land Owner Royalty | XXXXXX | Prod' O&M |
| Production Payment | XXXXXX | Prod' O&M |
| Site, Office, & Asset Management | XXXXXX | Prod' O&M |
| Outside Services (Includes Sales and Use Tax) | XXXXXX | Prod' O&M |
| Transmission & Integration | XXXXXX | Power Cost |
| Contingency | XXXXXX | Prod' O&M |
| Total Other Operating Expenses | XXXXXX | |
| Total Other Operating Expenses | XXXXXX | |

Summary of Wild Horse Non-Capital Costs to 2006 GRC

[Does not include Benefit of decreased Secondary Purch.]

| | | | |
|------------------------------------|-----|---------------|---------------|
| Power Cost | \$ | XXXXXX | Variable |
| Prod' O&M | \$ | XXXXXX | Fixed |
| Revenue Requirement | \$ | XXXXXX | Fixed |
| Hopkins Ridge Costs for GRC | \$ | XXXXXX | |
| Generation (MWhs): | MWH | XXXXXX | XXXXXX |

Puget Sound Energy - GRC
Production O&M by Resource

| <u>Resource</u> | <u>Steam Ops</u> | <u>Steam Maint</u> | <u>Hydro Ops</u> | <u>Hydro Maint</u> |
|--|----------------------|------------------------|----------------------|------------------------|
| Colstrip 1/2 | XXXXX | XXXXX | XXXXX | XXXXX |
| Colstrip 3/4 | XXXXX | XXXXX | XXXXX | XXXXX |
| Encogen | XXXXX | XXXXX | XXXXX | XXXXX |
| Lower Baker | XXXXX | XXXXX | XXXXX | XXXXX |
| Upper Baker | XXXXX | XXXXX | XXXXX | XXXXX |
| Electron | XXXXX | XXXXX | XXXXX | XXXXX |
| Snoqualmie 1/2 | XXXXX | XXXXX | XXXXX | XXXXX |
| White River | XXXXX | XXXXX | XXXXX | XXXXX |
| Skookumchuck | XXXXX | XXXXX | XXXXX | XXXXX |
| Freddie 1 | XXXXX | XXXXX | XXXXX | XXXXX |
| Crystal | XXXXX | XXXXX | XXXXX | XXXXX |
| South Whidbey | XXXXX | XXXXX | XXXXX | XXXXX |
| Whitehorn 1/2/3 | XXXXX | XXXXX | XXXXX | XXXXX |
| Frederickson | XXXXX | XXXXX | XXXXX | XXXXX |
| Fredonia 1-4 | XXXXX | XXXXX | XXXXX | XXXXX |
| Undistrib/Other/Misc/Nooksack | XXXXX | XXXXX | XXXXX | XXXXX |
| Hopkins Ridge | XXXXX | XXXXX | XXXXX | XXXXX |
| Wild Horse | XXXXX | XXXXX | XXXXX | XXXXX |
| Whitehorn Lease | XXXXX | XXXXX | XXXXX | XXXXX |
| Fredonia Lease | XXXXX | XXXXX | XXXXX | XXXXX |
| Sys Control & Dispatch | XXXXX | XXXXX | XXXXX | XXXXX |
| TY 10/04 - 9/05 | XXXXX | XXXXX | XXXXX | XXXXX |
| Less: Benefits and taxes | XXXXX | XXXXX | XXXXX | XXXXX |
| TY 10/04 - 09/05 | | | | |
| less benefits & payroll taxes | XXXXX | XXXXX | XXXXX | XXXXX |
| <u>Adjustments:</u> | | | | |
| 1 Wind Plant - Hopkins Ridge | XXXXX | XXXXX | XXXXX | XXXXX |
| 2 Snoqualmie Relicensing | XXXXX | XXXXX | XXXXX | XXXXX |
| 3 Muckleshoot normalization | XXXXX | XXXXX | XXXXX | XXXXX |
| 4 Proform Colstrip to Rate Year | XXXXX | XXXXX | XXXXX | XXXXX |
| 5 Remove White River TY O&M | XXXXX | XXXXX | XXXXX | XXXXX |
| 6 Freddy / Epcor | XXXXX | XXXXX | XXXXX | XXXXX |
| 7 Major Maintenance | XXXXX | XXXXX | XXXXX | XXXXX |
| 8 Normalized Major Maint - Ct's | XXXXX | XXXXX | XXXXX | XXXXX |
| 8 Normalized Major Maint - Encogen | XXXXX | XXXXX | XXXXX | XXXXX |
| 9 Norm'd Major Maint - Epcor/Fred1 | XXXXX | XXXXX | XXXXX | XXXXX |
| 10 Whitehorn Lease Adjustment | XXXXX | XXXXX | XXXXX | XXXXX |
| 11 Fredonia Lease Adjustment | XXXXX | XXXXX | XXXXX | XXXXX |
| 12 Wind Plant - WildHorse | XXXXX | XXXXX | XXXXX | XXXXX |
| 13 Baker Relicensing | XXXXX | XXXXX | XXXXX | XXXXX |
| Total Adjustments | XXXXX | XXXXX | XXXXX | XXXXX |
| Rate Year Prod.O&M - after EB&T | XXXXX | XXXXX | XXXXX | XXXXX |

Notes

1. The adjustments on this schedule for White River and Major Maintenance include Benefits & Tax

| Rate Year Production O&M incl. benefits & payroll taxes | | | | |
|--|--------|--------|--------|--------|
| TY 10/04 - 9/05 | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| Total Adjustments | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| Rate Year Prod'on O&M (After Adjustments) | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| Less Ben & Payroll Tax | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| B&T Adjustments: | | | | |
| White River | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| Baker | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| Encogen | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| Fredonia | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| Whitehorn | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| Total B&T Adjustments | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| Total After Ben & Payroll Tax | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| Rate Year Prod'n O&M (After Benefits/Taxes) | XXXXXX | XXXXXX | XXXXXX | XXXXXX |
| 2005 PCORC Prod'n O&M | XXXXXX | XXXXXX | XXXXXX | XXXXXX |

(per "Production O&M TY ended 3.31.05.xls")

I:\Cost Accounting\Resource Costs\Forecast & Variance\GRC\2006\Power Costs\Production O&M\I

Notes

1. The adjustments on this schedule for White River and Major Maintenance include Benefits & Tax

I:\Cost Accounting\Resource Costs\Forecast & Variance\GRC\2006\Power Costs\Production O&M\I

res OH

| | | | |
|-------|-------|-------|-------|
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |
| XXXXX | XXXXX | XXXXX | XXXXX |

Prod O&M 2006 GRC.xls]Prodn OM by Resource GRC

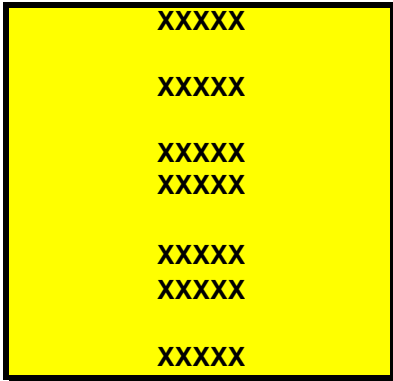
XXXXX

res OH

Prod O&M GRC 2006.xls]Prodn OM by Resource GRC

**Puget Sound Energy - GRC
Production O&M by Resource**

| <u>Resource</u> | Test Year | < ===== | | | |
|-------------------------------|-----------------------------|--------------|--------------|--------------|--------------|
| | 10/04 - 9/05 less Ben&PT | 1 | 2 | 3 | 4 |
| Colstrip 1/2 | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Colstrip 3/4 | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Encogen | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Lower Baker | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Upper Baker | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Electron | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Snoqualmie 1/2 | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| White River | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Skookumchuck | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Freddie 1 | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Crystal | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| South Whidbey | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Whitehorn 1/2/3 | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Frederickson | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Fredonia 1-4 | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Undistrib/Other/Misc/Nooksack | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Hopkins Ridge | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Wild Horse | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Whitehorn Lease | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Fredonia Lease | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| Sys Control & Dispatch | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| TY 10/04 - 9/05 | XXXXX | XXXXX | XXXXX | XXXXX | XXXXX |
| | \$ | - | - | - | - |



B&T

adj

Adj B&T

new RY

Adjustments

| 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|-------|-------|-------|-------|-------|-------|-------|-------|
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**Adjusted
Test Year
10/04 - 9/05**

13

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**PUGET SOUND ENERGY
 PROOF THAT RATE YEAR POWER COSTS AGREES TO
 AMOUNT PROVIDED BY
 2006 GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | BALANCE |
|-------------|--|-----------------------|
| 1 | Total Before Variable Transmission Income | |
| 2 | provided by Energy Risk Department | \$ 965,541,000 |
| 3 | Add Rate Year Variable Transmission Income | (10,466,396) |
| 4 | Add Wage Increase and Incentive Adj | 345,024 |
| 5 | Add Production Portion of Manually Cleared | |
| 6 | Benefits and Taxes not included in Line 2 | <u>#VALUE!</u> |
| 7 | Subtotal | <u>#VALUE!</u> |
| 8 | Production Factor | <u>0.99109</u> |
| 10 | Total Power Costs net of Production Factor | <u><u>#VALUE!</u></u> |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | Test Year Power Costs | \$ 599,011,855 |
| 15 | Adjustments: | |
| 16 | Power Costs Adj 2.03 | #VALUE! |
| 17 | Wild Horse Adj 2.27 | #VALUE! |
| 18 | Hopkins Ridge Adj 2.11 | #VALUE! |
| 19 | Wage Increase Adj 2.21 | 345,024 |
| 20 | Production Adjustment Adj 2.32 | #VALUE! |
| 21 | Reg Assets / Liab Adj 2.26 | <u>26,893,477</u> |
| 22 | Total | <u><u>#VALUE!</u></u> |
| 23 | | <u><u>#VALUE!</u></u> |

PUGET SOUND ENERGY
DETERMINATION OF ELECTRIC - PRODUCTION RELATED EMPLOYEE BENEFITS AND TAXES
General Rate Case - Test Year 12ME 09/2005; Rate Year 12ME 12/2007

| Order Ref Group | Description | Oct - Dec 2004 | Jan - Sep 2005 | 12ME Sep 2005 |
|---|------------------------------------|----------------------|------------------------|------------------------|
| 7 SUMMARY - Production Related Employee Benefits and Payroll Taxes | | | | |
| 8 | Production O&M - reclassify to 557 | \$ 419,318.85 | \$ 1,713,173.67 | \$ 2,132,492.52 |
| 9 | 557 Other Power Supply Expense | 154,604.62 | 521,718.28 | 676,322.90 |
| 10 | Total 557 used in Power Cost Rate | <u>\$ 573,923.47</u> | <u>\$ 2,234,891.95</u> | <u>\$ 2,808,815.42</u> |

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| 12 DETAIL | Cost Element Group - ASMT_BENEF | | | |
|------------------|--|----------------------|------------------------|------------------------|
| 13 500 | Steam Oper Supv & Engineering | \$ 2,307.70 | \$ 5,967.85 | \$ 8,275.55 |
| 14 502 | Steam Oper Steam Expenses | 25.78 | 3,189.47 | 3,215.25 |
| 15 506 | Steam Oper Misc Steam Power | - | 4,133.64 | 4,133.64 |
| 16 510 | Steam Maint Supv & Engineering | - | 10,827.00 | 10,827.00 |
| 17 511 | Steam Maint Structures | - | 32.97 | 32.97 |
| 18 512 | Steam Maint Boiler Plant | - | 3,702.64 | 3,702.64 |
| 19 513 | Steam Maint Electric Plant | - | 1,470.80 | 1,470.80 |
| 20 514 | Steam Maint Misc Steam Plant | - | 751.39 | 751.39 |
| 21 535 | Hydro Oper Supv & Engineering | 13,363.61 | 37,477.50 | 50,841.11 |
| 22 537 | Hydro Oper Hydraulic Expenses | 27,431.74 | 119,498.88 | 146,930.62 |
| 23 538 | Hydro Oper Electric Expenses | 43,711.09 | 139,269.23 | 182,980.32 |
| 24 539 | Hydro Oper Misc Hydraulic Exp | 25,472.36 | 99,487.97 | 124,960.33 |
| 25 541 | Hydro Maint Supv & Engineering | 5,698.82 | 11,028.53 | 16,727.35 |
| 26 542 | Hydro Maint Structures | 10,185.23 | 45,392.13 | 55,577.36 |
| 27 543 | Hydro Maint Res, Dams, Wtrwys | 26,455.44 | 98,284.02 | 124,739.46 |
| 28 544 | Hydro Maint Electric Plant | 14,258.69 | 76,917.53 | 91,176.22 |
| 545 | Hydro Maint Misc Hydraulic Plt | 25,849.39 | 97,696.17 | 123,545.56 |
| 546 | Other Pwr Gen Oper Supv & Eng | 12,300.30 | 60,228.94 | 72,529.24 |
| 548 | Other Pwr Gen Oper Gen Exp | 15,511.77 | 109,870.09 | 125,381.86 |
| 549 | Other Pwr Gen Oper Misc | 9,269.27 | 41,371.60 | 50,640.87 |
| 551 | Other Pwr Gen Maint Supv & Eng | 2,207.21 | 14,727.01 | 16,934.22 |
| 34 552 | Other Pwr Gen Maint Structures | 3,371.92 | 11,877.10 | 15,249.02 |
| 35 553 | Other Pwr Gen Maint Gen & Elec | 12,876.75 | 79,368.57 | 92,245.32 |
| 36 554 | Other Pwr Gen Maint Misc | 2,392.65 | 2,183.57 | 4,576.22 |
| 37 556 | System Control & Load Dispatch | 37,849.24 | 135,208.13 | 173,057.37 |
| 38 | Production O&M - reclassify to 557 | 290,538.96 | 1,209,962.73 | 1,500,501.69 |
| 39 557 | Other Power Supply Expense | 107,181.86 | 368,223.64 | 475,405.50 |
| 40 | TOTAL PRODUCTION RELATED | <u>\$ 397,720.82</u> | <u>\$ 1,578,186.37</u> | <u>\$ 1,975,907.19</u> |

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| 42 DETAIL | Cost Element Group - ASMT_TAXES | | | |
|------------------|--|-------------|-------------|-------------|
| 43 500 | Steam Oper Supv & Engineering | \$ 1,020.34 | \$ 2,471.39 | \$ 3,491.73 |
| 44 502 | Steam Oper Steam Expenses | 11.81 | 1,301.46 | 1,313.27 |
| 45 506 | Steam Oper Misc Steam Power | - | 1,713.37 | 1,713.37 |
| 46 510 | Steam Maint Supv & Engineering | - | 4,498.48 | 4,498.48 |
| 47 511 | Steam Maint Structures | - | 13.66 | 13.66 |
| 48 512 | Steam Maint Boiler Plant | - | 1,535.80 | 1,535.80 |
| 49 513 | Steam Maint Electric Plant | - | 609.62 | 609.62 |
| 50 514 | Steam Maint Misc Steam Plant | - | 312.68 | 312.68 |
| 51 535 | Hydro Oper Supv & Engineering | 5,931.35 | 15,480.06 | 21,411.41 |
| 52 537 | Hydro Oper Hydraulic Expenses | 12,199.08 | 49,596.77 | 61,795.85 |
| 53 538 | Hydro Oper Electric Expenses | 19,412.64 | 58,115.38 | 77,528.02 |
| 54 539 | Hydro Oper Misc Hydraulic Exp | 11,298.95 | 41,314.82 | 52,613.77 |
| 55 541 | Hydro Maint Supv & Engineering | 2,520.46 | 4,555.02 | 7,075.48 |
| 56 542 | Hydro Maint Structures | 4,513.01 | 18,953.80 | 23,466.81 |
| 57 543 | Hydro Maint Res, Dams, Wtrwys | 11,760.69 | 41,066.54 | 52,827.23 |
| 58 544 | Hydro Maint Electric Plant | 6,324.44 | 32,002.43 | 38,326.87 |
| 59 545 | Hydro Maint Misc Hydraulic Plt | 11,459.79 | 40,572.43 | 52,032.22 |
| 60 546 | Other Pwr Gen Oper Supv & Eng | 5,398.34 | 25,288.50 | 30,686.84 |
| 61 548 | Other Pwr Gen Oper Gen Exp | 6,875.78 | 45,558.86 | 52,434.64 |
| 62 549 | Other Pwr Gen Oper Misc | 4,117.01 | 17,125.78 | 21,242.79 |
| 63 551 | Other Pwr Gen Maint Supv & Eng | 976.37 | 6,358.23 | 7,334.60 |
| 64 552 | Other Pwr Gen Maint Structures | 1,494.44 | 4,921.86 | 6,416.30 |

PUGET SOUND ENERGY
DETERMINATION OF ELECTRIC - PRODUCTION RELATED EMPLOYEE BENEFITS AND TAXES
General Rate Case - Test Year 12ME 09/2005; Rate Year 12ME 12/2007

| Order Ref Group | Description | Oct - Dec 2004 | Jan - Sep 2005 | 12ME Sep 2005 |
|--------------------|------------------------------------|----------------------|----------------------|----------------------|
| 65 553 | Other Pwr Gen Maint Gen & Elec | 5,706.64 | 32,789.37 | 38,496.01 |
| 66 554 | Other Pwr Gen Maint Misc | 1,059.73 | 904.18 | 1,963.91 |
| 67 556 | System Control & Load Dispatch | 16,699.02 | 56,150.45 | 72,849.47 |
| 68 | Production O&M - reclassify to 557 | 128,779.89 | 503,210.94 | 631,990.83 |
| 69 557 | Other Power Supply Expense | 47,422.76 | 153,494.64 | 200,917.40 |
| 70 | TOTAL PRODUCTION RELATED | <u>\$ 176,202.65</u> | <u>\$ 656,705.58</u> | <u>\$ 832,908.23</u> |

C:\add\PSE Resp Bench Request 013_Attach B (R).xls]EB&Taxes

Calculation of proforma transmission revenue adjustment

| Account | Description | 12ME ended | | Adjustment |
|---------------|--|----------------------|----------------------|---------------------|
| | | 09/05 | Restated | |
| 45600002 | 4310 - Other Elec Rev - Transm Snohomish | \$ 10,422 | \$ 10,422 | \$ - |
| 45600004 | 4310 - Other Elec Rev - Transm Mlsc | - | - | - |
| 45600017 | 4310-Elec Trans Rev -OASIS-Cols,SI ,NI | 4,778,155 | 3,904,535 | (873,620) |
| 45600019 | 4310 - Elec Trans. Rev - Ancillary Svc | 213,395 | 213,395 | |
| 45600024 | 4310 - Other Elec Rev - Transm Seattle | 332,304 | 332,304 | - |
| 45600025 | 4310 - Other Elec Rev -Transm Tacoma | 4,576 | 4,576 | (0) |
| 45600030 | 4310- Elec Transm Rev - BPA GTA to OATT | 1,076,360 | 1,076,360 | 0 |
| 45600050 | 4310- Elec Transm Rev -GTA Direct charge | 307,400 | 307,400 | 0 |
| 45600060 | 4310-Elec Trans Rev - Network 449 Transm | 1,025,790 | 1,025,790 | (0) |
| 45600061 | 4310-Elec Trans Rev- Network 449 Anc.svc | 854,253 | 854,253 | 0 |
| 45600062 | 4310-Elec Trans Rev -Network 449 Imbalan | 1,370,334 | 1,370,334 | (0) |
| 45600064 | 4310 - Elec Trans. Rev - Losses | 6,025 | 6,025 | 0 |
| 45600065 | 4310 - Elec Trans. Rev - GTA Imbalance | 55,879 | 55,879 | (0) |
| 45600066 | 4310 - Elec Trans. Rev - GTA Losses | 311,799 | 311,799 | (0) |
| 45600067 | 4310 - Elec Trans Rev - SeaTac OATT (T) | 95,241 | 95,241 | |
| 45600068 | 4310 - Elec Trans Rev -SeaTac OATT (WDS) | 200,300 | 200,300 | |
| 45600069 | 4310-Elec Trans Rev-SeaTac Ancillary Svc | 26,593 | 26,593 | |
| 45600070 | 4310-Elec Trans Rev-SeaTac Egy Imbalance | 178,877 | 178,877 | (0) |
| 45600071 | 4310 -Elec Trans Rev-SeaTac Ded Facility | 448,485 | 448,485 | |
| 45600072 | 4310-Elec Trans Rev -OASIS-WA(Non GTA) | 43,360 | 43,360 | |
| 45600075 | 4310-Ele Trans Rev OASIS Overrun Penalty | 468 | 468 | - |
| Totals | | \$ 11,340,016 | \$ 10,466,396 | \$ (873,620) |
| | | | \$ 6,561,861 | |