

EXHIBIT NO. \_\_\_ (JHS-E3C)  
DOCKET NO. UE-04 \_\_\_ /UG-04 \_\_\_  
2004 PSE GENERAL RATE CASE  
WITNESS: JOHN H. STORY

BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UE-04 \_\_\_  
Docket No. UG-04 \_\_\_

SECOND EXHIBIT TO PREFILED DIRECT TESTIMONY OF  
JOHN H. STORY (CONFIDENTIAL)  
ON BEHALF OF PUGET SOUND ENERGY, INC.

REDACTED VERSION

APRIL 5, 2004

PUGET SOUND ENERGY-ELECTRIC  
 RESULTS OF OPERATIONS  
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
 GENERAL RATE INCREASE

LINE NO.	ACTUAL RESULTS OF OPERATIONS	CONSERVATION TRUST	ACTUAL RESULTS OF OPERATION W/ CONSERVATION TRUST	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	OPERATING REVENUES:						
2	SALES TO CUSTOMERS	11,716,081	1,262,309,726	162,890,708	1,425,200,434	81,446,431	1,506,646,865
3	SALES FROM RESALE-FIRM	364,717	364,717	92,726	457,443	39,285	496,728
4	SALES TO OTHER UTILITIES	199,186,464	199,186,464	(172,430,770)	26,755,694		26,755,694
5	OTHER OPERATING REVENUES	45,262,737	45,262,737	(12,290,771)	32,971,966	115,053	33,087,019
6	TOTAL OPERATING REVENUES	1,495,407,563	1,507,123,644	(21,738,107)	1,485,385,536	81,600,769	1,566,986,305
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	POWER COSTS:						
11	FUEL		64,236,514	79,500,816	143,737,330		143,737,330
12	PURCHASED AND INTERCHANGED		769,384,600	(211,218,865)	558,165,735		558,165,735
13	WHEELING		39,868,912	4,029,090	43,898,001		43,898,001
14	RESIDENTIAL EXCHANGE		(172,382,420)	172,382,420			
15	TOTAL PRODUCTION EXPENSES		701,107,606	44,693,461	745,801,067		745,801,067
16							
17	OTHER POWER SUPPLY EXPENSES		46,852,153	5,131,380	51,983,533		51,983,533
18	TRANSMISSION EXPENSE		3,409,865	205,764	3,615,629		3,615,629
19	DISTRIBUTION EXPENSE		58,327,849	496,466	58,824,315		58,824,315
20	CUSTOMER ACCOUNT EXPENSES		34,589,847	1,753,792	36,343,639		36,343,639
21	CUSTOMER SERVICE EXPENSES		8,700,615	(5,742,551)	2,958,064		2,958,064
22	CONSERVATION AMORTIZATION	10,967,322	40,389,187	(40,290,817)	98,370	611,255	98,370
23	ADMIN & GENERAL EXPENSE		59,296,783	13,928,005	73,224,788		73,224,788
24	DEPRECIATION		124,154,290	2,292,259	126,446,549		126,446,549
25	AMORTIZ OF PROPERTY GAIN/LOSS		24,086,070	2,002,662	26,088,732		26,088,732
26	OTHER OPERATING EXPENSES		6,000,000	4,655,471	10,655,471		10,655,471
27	TAXES OTHER THAN F.I.T.		(3,438,725)	(855,328)	(4,294,053)		(4,294,053)
28	FEDERAL INCOME TAXES		131,930,399	(26,477,394)	105,453,005	3,142,731	108,595,736
29	DEFERRED INCOME TAXES		(5,764,878)	34,698,406	28,933,528	27,246,374	56,179,903
30	TOTAL OPERATING REV. DEDUCT.		57,844,151	(30,411,536)	27,432,615		27,432,615
31			1,287,485,210	6,080,040	1,293,565,250	31,000,361	1,324,565,611
32							
33	NET OPERATING INCOME	748,759	219,638,434	(27,818,147)	191,820,286	50,600,408	242,420,695
34							
35	RATEBASE		2,629,512,568	28,609,083	2,658,121,651		2,658,121,651
36							
37	RATE OF RETURN	8.32%	8.35%		7.22%		9.12%
38							
39	RATEBASE:						
40	UTILITY PLANT IN SERVICE		2,578,449,579	69,386,176	2,647,835,755		2,647,835,755
41	DEFERRED DEBITS		334,433,269	(34,247,681)	300,185,588		300,185,588
42	DEFERRED TAXES		(322,115,231)	5,040,452	(317,074,779)		(317,074,779)
43	CONSERVATION TRUST		11,569,864	(11,569,864)			
44	ALLOWANCE FOR WORKING CAPITAL		59,592,732		59,592,732		59,592,732
45	OTHER		(32,417,645)		(32,417,645)		(32,417,645)
46	TOTAL RATEBASE		2,629,512,568	28,609,083	2,658,121,651		2,658,121,651

EXHIBIT NO. \_\_\_\_\_ (JHS-E3)  
DOCKET NO. UE-04\_\_\_\_/UG-04\_\_\_\_  
2004 PSE GENERAL RATE CASE  
WITNESS: JOHN H. STORY

BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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SECOND EXHIBIT TO PREFILED DIRECT TESTIMONY OF  
JOHN H. STORY (NONCONFIDENTIAL) ON BEHALF OF  
PUGET SOUND ENERGY, INC.

APRIL 5, 2004

EXHIBIT NO. \_\_\_\_\_ (JHS-4)  
DOCKET NO. UE-04\_\_\_\_/UG-04\_\_\_\_  
2004 PSE GENERAL RATE CASE  
WITNESS: JOHN H. STORY

BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UE-04\_\_\_\_  
Docket No. UG-04\_\_\_\_

THIRD EXHIBIT TO PREFILED DIRECT TESTIMONY OF  
JOHN H. STORY (NONCONFIDENTIAL) ON BEHALF OF  
PUGET SOUND ENERGY, INC.

APRIL 5, 2004



PUGET SOUND ENERGY-ELECTRIC  
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS  
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	CONSERVATION	BAD DEBTS	MISCELLANEOUS OPERATING EXPENSE	PROPERTY TAXES	WHITE RIVER RELICENSING	FILING FEE	D&O INSURANCE	MONTANA ENERGY TAX
	2.08	2.09	2.10	2.11	2.12	2.13	2.14	2.15
1	OPERATING REVENUES							
2	SALES TO CUSTOMERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	SALES FROM RESALE-FIRM							
4	SALES TO OTHER UTILITIES							
5	OTHER OPERATING REVENUES							
6	TOTAL OPERATING REVENUES	\$ -	\$ -	(712,770)	\$ -	\$ -	\$ -	\$ -
7	OPERATING REVENUE DEDUCTIONS:							
8	POWER COSTS:							
9	FUEL							
10	PURCHASED AND INTERCHANGED							
11	WHEELING							
12	RESIDENTIAL EXCHANGE							
13	TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	OTHER POWER SUPPLY EXPENSES							
15	TRANSMISSION EXPENSE							
16	DISTRIBUTION EXPENSE							
17	CUSTOMER ACCTS EXPENSES							
18	CUSTOMER SERVICE EXPENSES							
19	CONSERVATION AMORTIZATION							
20	ADMIN & GENERAL EXPENSE							
21	DEPRECIATION							
22	AMORTIZATION							
23	AMORTIZ OF PROPERTY GAIN/LOSS							
24	OTHER OPERATING EXPENSES							
25	TAXES OTHER THAN F.I.T.							
26	FEDERAL INCOME TAXES							
27	DEFERRED INCOME TAXES							
28	TOTAL OPERATING REV. DEDUCT.	\$ (40,290,817)	\$ (49,046)	\$ (439,596)	\$ 2,496,853	\$ 143,941	\$ (26,853)	\$ 107,939
29	NET OPERATING INCOME	\$ 26,189,031	\$ 49,046	\$ (273,174)	\$ (2,496,853)	\$ (143,941)	\$ 26,853	\$ (107,939)
30	RATEBASE	\$ (11,569,864)	\$ -	\$ 1,711,055	\$ -	\$ 19,518,180	\$ -	\$ -
31	RATE OF RETURN							
32	RATEBASE:							
33	UTILITY PLANT IN SERVICE							
34	DEFERRED DEBITS							
35	DEFERRED TAXES							
36	CONSERVATION TRUST							
37	ALLOWANCE FOR WORKING CAPITAL							
38	OTHER							
39	TOTAL RATEBASE	\$ (11,569,864)	\$ -	\$ 1,711,055	\$ -	\$ 19,518,180	\$ -	\$ -



PUGET SOUND ENERGY-ELECTRIC  
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS  
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	MONTANA CORP LICENSE TAX 2.25	STORM DAMAGE 2.26	FREDERICKSON PLANT 2.27	LOW INCOME AMORTIZATION 2.28	REGULATORY ASSETS 2.29	PRODUCTION ADJUSTMENT 2.30	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1				\$ -	\$ -	\$ -	\$ 162,890,708	\$ 1,425,200,434
2							92,726	457,443
3							(172,430,770)	26,755,694
4							(12,290,771)	32,971,966
5							(21,738,107)	1,485,385,536
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REDACTED

CONFIDENTIAL per WAC 480-07-160



**PUGET SOUND ENERGY-ELECTRIC  
TEMPERATURE NORMALIZATION  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
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>6.40%</u>
4	Oct-02	1,691,158	1,670,669	(20,489)	(19,178)
5	Nov-02	1,807,647	1,841,715	34,068	31,887
6	Dec-02	2,061,746	2,120,555	58,809	55,046
7	Jan-03	1,979,614	2,101,564	121,950	114,145
8	Feb-03	1,848,298	1,813,468	(34,830)	(32,601)
9	Mar-03	1,877,283	1,893,108	15,825	14,812
10	Apr-03	1,691,863	1,670,087	(21,776)	(20,383)
11	May-03	1,585,662	1,575,964	(9,698)	(9,077)
12	Jun-03	1,490,550	1,474,297	(16,253)	(15,213)
13	Jul-03	1,568,794	1,553,446	(15,348)	(14,366)
14	Aug-03	1,532,398	1,525,817	(6,581)	(6,160)
15	Sep-03	1,506,449	1,498,678	(7,771)	(7,274)
16		20,641,463	20,739,368	97,905	91,638
17					
18	REVENUE ADJUSTMENT:	Schedule 7		\$	6,876,128
19		Schedule 24			58,139
20		Schedule 25			(145,160)
21		Schedule 26			(168,308)
22		Schedule 29			16,067
23		Schedule 31			(165,176)
24		Schedule 35			-
25		Schedule 43			574,056
26		Firm Resale			1,194
27	INCREASE (DECREASE) SALES TO CUSTOMERS				\$ 7,046,940
28					
29	UNCOLLECTIBLES @			0.0055908 \$	39,398
30	ANNUAL FILING FEE @			0.0019000	13,389
31	INCREASE (DECREASE) EXPENSES				52,787
32					
33	STATE UTILITY TAX @			0.0385135 \$	271,402
34	INCREASE (DECREASE) TAXES OTHER				271,402
35					
36	INCREASE (DECREASE) INCOME				6,722,751
37					
38	INCREASE (DECREASE) FIT @			35%	2,352,963
39	INCREASE (DECREASE) NOI				\$ 4,369,788

**PUGET SOUND ENERGY-ELECTRIC  
GENERAL REVENUES ADJUSTMENT  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<b>SALES TO CUSTOMERS:</b>	
2	<u>RESTATING ADJUSTMENTS:</u>	
3	ADD BACK SCHEDULE 94 RESIDENTIAL/FARM CREDIT	\$ 180,281,489
4	REMOVE MUNICIPAL TAXES	(40,996,559)
5	REMOVE SCHEDULE 120 CONSERVATION RIDER REVENUE	(26,692,602)
6	ADD BACK CENTRALIA CREDIT	7,653
7	OUT OF PERIOD CHARGES	(3,570,280)
8	LOW INCOME RATE CHANGE	(3,830,521)
9	MISCELLANEOUS RESTATING ADJUSTMENTS - SALES TO CUSTOMERS	(785,533)
10	MISCELLANEOUS RESTATING ADJUSTMENTS - SALES FROM RESALE-FIRM	(14,782)
11	SUBTOTAL RESTATING ADJUSTMENTS	<u>104,398,865</u>
12		
13	<u>PROFORMA ADJUSTMENTS:</u>	
14	PCORC PROFORMA INCREASE DOCKET 03-1725	54,567,717
15	PROFORMA UNBILLED REVENUE	542,641
16	LOW INCOME REVENUE	(2,269,353)
17	MISC. PROFORMA ADJSUTMENTS - SALES TO CUSTOMERS	(1,409,690)
18	MISC. PROFORMA ADJSUTMENTS - SALES FROM RESALE-FIRM	106,314
19	SUBTOTAL PROFORMA ADJUSTMENTS	<u>51,537,629</u>
20		
21	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ 155,936,494
22		
23	<b>OTHER OPERATING REVENUES:</b>	
24	MISCELLANEOUS CUSTOMER CHARGES	706,411
25	MISC. PROFORMA ADJSUTMENTS - OTHER OPERATING REVENUES	<u>429,988</u>
26		
27	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u>1,136,399</u>
28		
29	TOTAL INCREASE (DECREASE) REVENUES	157,072,893
30		
31	UNCOLLECTIBLES @	0.0055908 \$ 878,163
32	ANNUAL FILING FEE @	0.0019000 <u>298,438</u>
33	INCREASE (DECREASE) EXPENSES	1,176,602
34		
31	STATE UTILITY TAX @	0.0385135 \$ 6,049,427
32	MUNICIPAL TAX EXPENSED	<u>(39,773,688)</u>
33	INCREASE (DECREASE) TAXES OTHER	<u>(33,724,261)</u>
34		
35	INCREASE (DECREASE) INCOME	189,620,553
36		
37	INCREASE (DECREASE) FIT @	35% 66,367,193
38	INCREASE (DECREASE) NOI	<u>\$ 123,253,360</u>

**PUGET SOUND ENERGY-ELECTRIC  
POWER COSTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1 PRODUCTION EXPENSES:			
2 FUEL	\$ 64,236,514	\$ 143,737,330	\$ 79,500,816
3 PURCHASED AND INTERCHANGED:	769,384,600	558,165,735	(211,218,865)
4 WHEELING	39,868,912	43,898,002	4,029,090
5 HYDRO AND OTHER POWER	46,852,153	51,388,582	4,536,429
6 TRANS. EXP. INCL. 500KV O&M	492,266	485,960	(6,306)
7 SALES FOR RESALE	(199,186,464)	(26,755,694)	172,430,770
8 PURCHASES/SALES OF NON-CORE GAS	(9,704,193)	(319,170)	9,385,023
9 WHEELING FOR OTHERS	(12,727,829)	(9,398,452)	3,329,377
10 SUBTOTAL	\$ 699,215,959	\$ 761,202,293	\$ 61,986,334
11			
12 LESS: SALES FOR RESALE	199,186,464	26,755,694	(172,430,770)
13 LESS: WHEELING FOR OTHERS	12,727,829	9,398,452	(3,329,377)
14 SCH. 94 - RES./FARM CREDIT	(172,382,420)	-	172,382,420
15 TOTAL	\$ 738,747,832	\$ 797,356,439	\$ 58,608,607
16 TRANS. EXP. INCL. 500KV O&M	(492,266)		
17 PURCHASES/SALES OF NON-CORE GAS	9,704,193		
18 POWER COSTS PER G/L	\$ 747,959,759		
19 INCREASE(DECREASE) INCOME			\$ (58,608,607)
20			
21 INCREASE(DECREASE) FIT @	35%		(20,513,012)
22 INCREASE(DECREASE) NOI			\$ (38,095,594)

**PUGET SOUND ENERGY-ELECTRIC  
SALES FOR RESALE - SECONDARY  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT	ADJUSTMENT
1	PROFORMA SALES FOR RESALE - OTHER UTILITIES	\$ 26,755,694	
2	ACTUAL SALES FOR RESALE - OTHER UTIL.	<u>199,186,464</u>	
3	INCREASE (DECREASE) REVENUES - OTHER UTILITIES		\$ (172,430,770)
4			
5	PROFORMA REVENUES - WHEELING FOR OTHERS	\$ 9,398,452	
6	ACTUAL REVENUES - WHEELING FOR OTHERS	<u>12,727,829</u>	
7	INCREASE (DECREASE) OTHER OPERATING REVENUES		<u>(3,329,377)</u>
8	INCREASE (DECREASE) REVENUE		\$ (175,760,147)
9			
10	STATE UTILITY TAX		
11	(APPLICABLE TO LINE 7)	0.0385135 <u>(128,226)</u>	
12	INCREASE (DECREASE) STATE UTILITY TAX		<u>(128,226)</u>
13	INCREASE (DECREASE) INCOME		\$ (175,631,921)
14			
15	INCREASE (DECREASE) FIT @	35%	(61,471,172)
16	INCREASE (DECREASE) NOI		<u>\$ (114,160,749)</u>

**PUGET SOUND ENERGY-ELECTRIC  
FEDERAL INCOME TAX  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ 84,563,914
2		
3	FEDERAL INCOME TAX @ 35%	29,597,370
4	CURRENTLY PAYABLE	\$ 29,597,370
5		
6	DEFERRED FIT - DEBIT	\$ 41,384,000
7	DEFERRED FIT - CREDIT	(14,250,750)
8	DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.	-
9	TOTAL RESTATED FIT	\$ 56,730,620
10		
11	FIT PER BOOKS:	
12	CURRENTLY PAYABLE	\$ (5,764,878)
13	DEFERRED FIT - DEBIT	78,533,358
14	DEFERRED FIT - CREDIT	(20,689,207)
15	DEFERRED FIT - INV TAX CREDIT, NET OF AMOR	-
16	TOTAL CHARGED TO EXPENSE	\$ 52,079,273
17		
18	INCREASE(DECREASE) FIT	35,362,248
19	INCREASE(DECREASE) DEFERRED FIT	(30,710,901)
20	INCREASE(DECREASE) NOI	\$ (4,651,347)

PUGET SOUND ENERGY-ELECTRIC  
TAX BENEFIT OF PRO FORMA INTEREST  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	RATEBASE	\$ 2,658,121,651
2	DEDUCTIBLE CWIP	63,264,591
3	NET RATEBASE	\$ 2,721,386,242
4		
5	WEIGHTED COST OF DEBT	3.83%
6	PROFORMA INTEREST	\$ 104,183,080
7		
8	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
9	INTEREST ON LONG TERM DEBT	\$ 119,754,211
10	AMORTIZATION OF DEBT DISCOUNT	
11	AND EXPENSE, NET OF PREMIUMS	2,967,877
12	CONSERVATION TRUST INTEREST	865,394
13	OTHER INTEREST EXPENSE	3,133,604
14	LESS: INTEREST ON CUSTOMER DEPOSITS	(151,631)
15	CHARGED TO EXPENSE IN TEST YEAR	126,569,455
16		
17	INCREASE (DECREASE) INCOME	\$ 22,386,375
18		
19	INCREASE (DECREASE) FIT @	35% 7,835,231
20	INCREASE (DECREASE) NOI	\$ (7,835,231)

**PUGET SOUND ENERGY-ELECTRIC**  
**DEPRECIATION/AMORTIZATION**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003**  
**GENERAL RATE INCREASE**

## LINE

NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	<u>NET OPERATING INCOME:</u>			
2				
3	DEPRECIATION EXPENSE (ORDER GROUP 403)	\$ 124,127,498	\$ 124,258,306	\$ 130,808
4				
5	<u>AMORTIZATION EXPENSE:</u>			
6	WUTC AFUDC PLANT ACQUISITION ADJUSTMENT	1,160,838	1,179,649	18,811
7				
8	INCREASE (DECREASE) NET OPERATING INCOME	125,288,336	125,437,955	\$ (149,619)
9				
10	<u>RATEBASE</u>	50%		(74,810)

PUGET SOUND ENERGY-ELECTRIC  
CONSERVATION  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT	ADJUSTMENT
1	<u>CONSERVATION RIDER AMORTIZATION</u>		
2	ACTUAL CONSERVATION RIDER AMORTIZATION	\$26,807,031.08	
3	RESTATE CONSERVATION RIDER AMORTIZATION	-	
4	INCREASE (DECREASE) EXPENSE	(26,807,031)	
5	INCREASE (DECREASE) OPERATING INCOME		\$ 26,807,031
6			
7	<u>PROFORMA</u>		
8	<u>95 CONSERVATION TRUST AMORTIZATION</u>		
9	ACTUAL 95 CONSERVATION TRUST AMORTIZATION	14,776,806	
10	PROFORMA 95 CONSERVATION TRUST AMORTIZATION	-	
11	INCREASE (DECREASE) EXPENSE	(14,776,806)	
12	INCREASE (DECREASE) OPERATING INCOME		14,776,806
13			
14	<u>ONE TIME ADJUSTMENTS IN ACCOUNT 18230621</u>		
15	SCH128 OVER-COLLECTION TRANSFER	(643,539)	
16	CENTRALIA FUEL TAX REFUND FROM PACIFICORP	(420,042)	
17	TRANSALTA (SCRUBBER ESC)	(229,439)	
18	INCREASE (DECREASE) EXPENSE	1,293,020	
19	INCREASE (DECREASE) OPERATING INCOME		(1,293,020)
20			
21	TOTAL AMORTIZATION		\$ 40,290,817
22			
23	INCREASE (DECREASE) FIT	35%	\$ 14,101,786
24			
25	INCREASE (DECREASE) NOI		\$ 26,189,031
26			
27	<b>RATEBASE ADJUSTMENTS:</b>		
28	95 CONSERVATION TRUST		(11,569,864)
29	RATEBASE ADJUSTMENT		\$ (11,569,864)



PUGET SOUND ENERGY-ELECTRIC  
BAD DEBTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
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 09/30/2003	\$ 7,244,897	\$ 1,495,407,563	\$ 199,186,464	\$ 364,717	\$ 1,295,856,382	0.5590818%
2							
3	PROFORMA BAD DEBT RATE					0.5590818%	
4	PROFORMA BAD DEBTS					\$ 7,244,897	
5							
6	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR					7,320,353	
7	INCREASE (DECREASE) EXPENSE					\$ (75,456)	
8							
9	INCREASE (DECREASE) FIT					35%	26,410
10	INCREASE (DECREASE) NOI					\$ 49,046	

**PUGET SOUND ENERGY-ELECTRIC  
MISCELLANEOUS OPERATING EXPENSE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	<u>OPERATING EXPENSES (RESTATED)</u>			
2	INCENTIVE/MERIT PAY	\$ 2,479,895	\$ 2,206,528	\$ (273,367)
3	PAYROLL TAXES ASSOC WITH MERIT PAY	173,593	154,457	(19,136)
4				
5	<u>OPERATING EXPENSES (PROFORMA)</u>			
6	REDUCE STEAM SALES TO GP	(1,558,715)	(845,945)	712,770
7				
8	INCREASE (DECREASE) IN EXPENSE	\$ 1,094,772	\$ 1,515,040	\$ 420,267
9				
10	INCREASE(DECREASE) INCOME			(420,267)
11	INCREASE(DECREASE) FIT @		35%	(147,093)
12				
13	INCREASE(DECREASE) NOI			<b>\$ (273,174)</b>
14				
15	<u>RATEBASE</u>			
16	FUTURE USE ADJUSTMENT			33,275
17	CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT			1,677,780
18				
19	TOTAL ADJUSTMENT TO RATEBASE			<b>\$ 1,711,055</b>

**PUGET SOUND ENERGY-ELECTRIC  
PROPERTY TAXES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	WASHINGTON	MONTANA	OREGON	TOTAL
1 RESTATED PROPERTY TAX	\$25,897,139.00	\$8,987,001.00	\$952,202.00	\$ 35,836,342
2 CHARGED TO EXPENSE IN TY	23,055,301	9,387,665	829,823	33,272,789
3 INCREASE(DECREASE) INCOME	\$ (2,841,838)	\$ 400,664	\$ (122,379)	\$ (2,563,553)
4				
5 1995-2001 BACK TAX PAYMENT			3,833,282	
6 RATE YEAR AMOUNT (BASE ON 3 YEAR AVERAGE)			1,277,761	
7 INCREASE(DECREASE) INCOME				(1,277,761)
8				
9 TOTAL INCREASE(DECREASE) INCOME				\$ (3,841,313)
10 INCREASE(DECREASE) FIT @			35%	(1,344,460)
11				
12 INCREASE(DECREASE) NOI				<b>\$ (2,496,853)</b>

**PUGET SOUND ENERGY-ELECTRIC**  
**WHITE RIVER RELICENSING**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003**  
**GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1 <u>WHITE RIVER HYDROELECTRIC PLANT:</u>			
2 DEFERRED CWIP BALANCES:			
3 WHITE RIVER LICENSING CHARGES	\$ -	\$ 15,201,438	
4 WATER RIGHTS	-	2,585,017	
5 OTHER WHITE RIVER CWIP	-	2,758,997	
6 TOTAL DEFERRED CWIP BALANCES (TO BE AMORTIZED OVER 10 YEAR):	\$ -	20,545,452	
7			
8			
9 <u>WHITE RIVER OPERATING EXPENSE:</u>			
10 INCREASE AMORTIZATION EXPENSE	\$ -	\$ 2,054,545	\$ 2,054,545
11			
12 INCREASE (DECREASE) FIT @		35%	(719,091)
13 INCREASE (DECREASE) NOI			<b>\$ (1,335,454)</b>
14			
15 <u>ADJUSTMENT TO RATEBASE:</u>			
16 REG ASSET NET OF ACCUM AMORT:			
17 WHITE RIVER	\$ -	\$ 19,518,180	\$ 19,518,180
			-

**PUGET SOUND ENERGY-ELECTRIC  
FILING FEE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	AMOUNT
1 RESTATED WUTC FILING FEE	\$ 2,490,585
2 CHARGED TO EXPENSE FOR TEST YEAR	2,269,137
3 INCREASE(DECREASE) WUTC FILING FEE	\$ 221,448
4	
5 INCREASE(DECREASE) INCOME	(221,448)
6	
7 INCREASE(DECREASE) FIT @	35% (77,507)
8 INCREASE(DECREASE) NOI	<b>\$ (143,941)</b>

**PUGET SOUND ENERGY-ELECTRIC  
D&O INSURANCE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

**LINE**

<b>NO.</b>	<b>DESCRIPTION</b>	<b>TEST YEAR</b>	<b>RESTATED</b>	<b>ADJUSTMENT</b>
1	D & O INS. CHG EXPENSE	\$ 543,323	\$ 502,011	\$ (41,312)
2				0
3	INC(DEC) IN EXPENSE	\$ 543,323	\$ 502,011	\$ (41,312)
4				
5	INCREASE(DECREASE) OPERATING INCOME			41,312
6	INCREASE (DECREASE) FIT @		35%	14,459
7	INCREASE (DECREASE) NOI			\$ 26,853

**PUGET SOUND ENERGY-ELECTRIC  
MONTANA ELECTRIC ENERGY TAX  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	RESTATED KWH	4,976,755,000
2	TAX RATE	<u>0.00035</u>
3		
4	RESTATED ENERGY TAX	1,741,864
5	CHARGED TO EXPENSE	<u>1,575,805</u>
6	INCREASE (DECREASE) INCOME	\$ (166,059)
7		
8	INCREASE (DECREASE) FIT @ 35%	(58,121)
9	INCREASE (DECREASE) NOI	<b>\$ (107,939)</b>

**PUGET SOUND ENERGY-ELECTRIC  
INTEREST ON CUSTOMER DEPOSITS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

<b>LINE</b>			
<b>NO.</b>	<b>DESCRIPTION</b>		<b>AMOUNT</b>
1	INTEREST EXPENSE FOR TEST YEAR	\$	151,631
2			
3			
4	INCREASE (DECREASE) NOI	\$	(151,631)



**PUGET SOUND ENERGY-ELECTRIC**  
**SFAS 133**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003**  
**GENERAL RATE INCREASE**

<b>LINE NO.</b>		<b>ACTUAL</b>	<b>RESTATED</b>	<b>ADJUSTMENT</b>
1	FAS 133 OPERATING EXPENSE	\$ 855,328	\$ -	\$ (855,328)
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 855,328	\$ -	\$ (855,328)
4				
5	INCREASE(DECREASE) OPERATING INCOME			855,328
6				
7	INCREASE (DECREASE) DEFERRED FIT @	35%		299,365
8				
9	INCREASE (DECREASE) NOI			\$ 555,963

**PUGET SOUND ENERGY-ELECTRIC  
RATE CASE EXPENSES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	2001 GRC EXPENSE BALANCE AS 9/30/03	\$ 1,843,240
2	LESS PROJECTED AMORTIZATION FROM 10/01/03-2/28/05	(1,086,963)
3	REMAINING BALANCE @ 2/28/2005	<u>756,277</u>
4		
5	PROFORMA NEW RATE CASE EXPENSE:	
6	COST OF SERVICE	736,450
7	OUTSIDE SERVICE-PROFESSIONAL	100,000
8	OUTSIDE SERVICE-LEGAL	1,500,000
9	OUTSIDE SERVICE-IT	10,313
10	SAS CODING	48,000
11	OTHERS	-
12	TOTAL PROFORMA NEW RATE CASE EXPENSE	<u>2,394,763</u>
13		
14	POWER COST ONLY RATE CASE EXPENSES	<u>1,300,000</u>
15		
16	AMOUNT TO BE AMORTIZED OVER 3 YEARS	<u>\$ 4,451,040</u>
17		
18	ANNUAL AMORTIZATION	\$ 1,483,680
19	LESS TEST YEAR AMORTIZATION	<u>(767,268)</u>
20		
21	INCREASE (DECREASE) EXPENSE	\$ 716,412
22		
24	INCREASE(DECREASE) FIT @ 35%	(250,744)
25	INCREASE(DECREASE) NOI	<u>\$ (465,668)</u>

**PUGET SOUND ENERGY-ELECTRIC  
PROPERTY SALES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

<b>LINE</b>	<b>NO. DESCRIPTION</b>	<b>AMOUNT</b>
1	DEFERRED GAIN RECORDED SINCE UE-921262 @ 2/28/2005	\$ (1,863,550)
2	DEFERRED LOSS RECORDED SINCE UE-921262 @ 2/28/2005	<u>1,129,764</u>
3	TOTAL DEFERRED NET GAIN TO AMORTIZE	\$ (733,786)
4		
5	AMORTIZATION OF DEFERRED NET GAIN FOR RATE YEAR (Line 3/3years)	(244,595)
6		
7	AMORTIZATION OF DEFERRED NET GAIN FOR TEST YEAR	(4,734,298)
8		
9	INCREASE (DECREASE) EXPENSE (Line 5 + Line 7)	<b>\$ 4,489,703</b>
10		
11	INCREASE (DECREASE) FIT @ 35%	<b>(1,571,396)</b>
12		
13	INCREASE (DECREASE) NOI	<b>\$ (2,918,307)</b>

**PUGET SOUND ENERGY-ELECTRIC  
PROPERTY & LIABILITY INSURANCE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

**LINE**

NO. DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1 PROPERTY INSURANCE EXPENSE	\$ 2,081,708	\$ 1,976,369	(105,339)
2 LIABILITY INSURANCE EXPENSE	1,296,002	2,893,103	1,597,101
3 INCREASE(DECREASE) EXPENSE	\$ 3,377,710	\$ 4,869,472	\$ 1,491,762
4			
5 INCREASE(DECREASE) OPERATING INCOME			(1,491,762)
6 INCREASE (DECREASE) FIT @	35%		(522,117)
7 INCREASE (DECREASE) NOI			<b>\$ (969,645)</b>

**PUGET SOUND ENERGY-ELECTRIC  
PENSION PLAN  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE	NO. DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ (6,131,331)	\$ 2,891,507	\$ 9,022,838
2	SERP PLAN	2,614,901	2,141,029	\$ (473,872)
3	INCREASE(DECREASE) EXPENSE	\$ (3,516,430)	\$ 5,032,536	\$ 8,548,966
4				
5	INCREASE(DECREASE) OPERATING INCOME			(8,548,966)
6	INCREASE (DECREASE) FIT @	35%		(2,992,138)
7	INCREASE (DECREASE) NOI			<b>\$ (5,556,828)</b>

**PUGET SOUND ENERGY-ELECTRIC  
WAGE INCREASE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PRODUCTION	\$ 8,370,435	\$ 8,973,106	\$ 602,671
3	TRANSMISSION	1,159,494	1,242,977	83,484
4	DISTRIBUTION	18,812,777	20,167,297	1,354,520
5	CUSTOMER ACCTS	10,556,324	11,316,380	760,055
6	CUSTOMER SERVICE	1,073,955	1,151,279	77,325
7	SALES	404,574	433,703	29,129
8	ADMIN. & GENERAL	14,879,040	15,950,331	1,071,291
9	TOTAL WAGE INCREASE	55,256,599	59,235,074	3,978,475
10				
11	PAYROLL TAXES	4,631,774	4,910,208	278,434
12	TOTAL WAGES & TAXES	59,888,373	64,145,282	4,256,909
13				
14	INCREASE (DECREASE) OPERATING INC.			\$ (4,256,909)
15	INCREASE (DECREASE) FIT @ 35%			(1,489,918)
16	INCREASE (DECREASE) NOI			<b>\$ (2,766,991)</b>

**PUGET SOUND ENERGY-ELECTRIC  
INVESTMENT PLAN  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>MANAGEMENT (INC. EXECUTIVES)</u>	
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT	2,593,999
3	RATE YEAR MANAGEMENT WAGE INCREASE	6.71% <u>174,057</u>
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT	2,768,056
5		
6	<u>UNION</u>	
7	INVESTMENT PLAN APPLICABLE TO UNION	1,237,966
8	RATE YEAR UNION WAGE INCREASE	7.88% <u>97,552</u>
9	TOTAL COMPANY CONTRIBUTION FOR UNION	1,335,518
10		
11	<u>TOTAL</u>	
12	TOTAL PROFORMA COSTS (LN 4 + LN 9)	4,103,574
13	PRO FORMA COSTS APPLICABLE TO OPERATIONS	67.91% 2,786,737
14	CHARGED TO EXPENSE FOR YEAR ENDED 9/30/2003	<u>2,602,287</u>
15	INCREASE (DECREASE) INCOME	(184,450)
16		
17	INCREASE (DECREASE) FIT @	35% (64,557)
18	INCREASE (DECREASE) NOI	<u>(119,893)</u>

**PUGET SOUND ENERGY-ELECTRIC  
EMPLOYEE INSURANCE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	SALARIED EMPLOYEES	\$ 5,334,478
3	UNION EMPLOYEES	5,456,641
4	PRO FORMA INSURANCE COSTS	<u>10,791,119</u>
5		
6	APPLICABLE TO OPERATIONS @ 67.73%	7,308,825
7	CHARGED TO EXPENSE 09/30/03	<u>5,970,141</u>
8	INCREASE(DECREASE) INCOME	(1,338,684)
9		
10	INCREASE(DECREASE) FIT @ 35%	(468,539)
11		
12	INCREASE(DECREASE) NOI	<u>\$ (870,145)</u>



**PUGET SOUND ENERGY-ELECTRIC  
MONTANA CORPORATE LICENSE TAX  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	FEDERAL CURRENT TAXABLE INCOME	51,509,914
2	ADD: MONTANA CORP. LICENSE TAX DED. ON BOOKS	(1,741,728)
3	PRO FORMA INTEREST ADJUSTMENT	22,386,375
4	INCOME SUBJECT TO APPORTIONMENT	<u>72,154,561</u>
5		
6	MONTANA APPORTIONMENT FACTOR	<u>4.50%</u>
7	MONTANA TAXABLE INCOME	3,246,955
8		
9	PROFORMA MONTANA CORP. LIC. TAX	6.75%      219,169
10	CHARGED TO EXPENSE IN TEST YEAR	<u>(1,741,728)</u>
11	INCREASE (DECREASE) INCOME	(1,960,897)
12		
13	INCREASE (DECREASE) FIT @	35%      (686,314)
14	INCREASE (DECREASE) NOI	<u>(1,274,583)</u>

**PUGET SOUND ENERGY-ELECTRIC  
STORM DAMAGE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT		
1	<b>NORMAL STORMS</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Total</b>
2	ACTUAL O&M:			
3	TWELVE MONTHS ENDED 9/30/98	13,945	255,255	269,200
4	TWELVE MONTHS ENDED 9/30/99	319,211	8,481,806	8,801,017
5	TWELVE MONTHS ENDED 9/30/00	166,215	2,374,579	2,540,794
6	TWELVE MONTHS ENDED 9/30/01	310,116	3,785,706	4,095,822
7	TWELVE MONTHS ENDED 9/30/02	(4,894)	6,583,315	6,578,420
8	TWELVE MONTHS ENDED 9/30/03	6,615	5,325,797	5,332,412
9	TOTAL NORMAL STORMS	811,206	26,806,458	27,617,664
10				
11	SIX-YEAR AVERAGE STORM EXPENSE	135,201	4,467,743	4,602,944
12				
13	<b>CATASTROPHIC STORMS</b>			
14	ACTUAL DEFERRED BALANCES:			
15	12/26/96 SNOW/ICE STORM			1,369,229
16	11/23/98 STORM			4,776,553
17	1/16/00 WINDSTORM			2,705,896
18	12/4/03 WIND STORM			9,645,626
19	TOTAL CATASTROPHIC STORMS			18,497,304
20				
21	THREE-YEAR AMORTIZATION FOR RATE YEAR			6,165,768
22				
23				
24	TOTAL EXPENSE FOR RATE YEAR (LINE 11+LINE 21)			10,768,712
25				
26	CHARGED TO EXPENSE FOR TEST YEAR ENDED 9/30/03:			
27	STORM DAMAGE EXPENSE (LINE 8)	6,615	5,325,797	5,332,412
28	CATASTROPHIC STORM AMORT (PER UE-011570)			6,000,000
29	TOTAL EXPENSE FOR TEST YEAR			11,332,412
30				
31	INCREASE (DECREASE) OPERATING EXPENSE (LINE 24-LINE 29)			(563,700)
32	TRANSMISSION PORTION			128,586
33	DISTRIBUTION PORTION			(858,054)
34	AMORTIZATION			165,768
35	INCREASE (DECREASE) FIT @ 35%			197,295
36				
37	INCREASE (DECREASE) NOI			366,405

**PUGET SOUND ENERGY-ELECTRIC  
FREDRICKSON PLANT  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>TEST YEAR</b>	<b>PROFORMA RYE FEB '06</b>	<b>ADJUSTMENT</b>
---------------------	--------------------	----------------------	---------------------------------	-------------------

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
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- 15
- 16
- 17

REDACTED

**PUGET SOUND ENERGY-ELECTRIC  
LOW INCOME AMORTIZATION  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	AMORTIZATION FOR TEST YEAR	\$ 5,849,005
2		
3		
4	INCREASE (DECREASE) NOI	<b>\$ 5,849,005</b>
5		
6	INCREASE(DECREASE) FIT @ 35%	2,047,152
7		
8	INCREASE(DECREASE) NOI	<b>\$ 3,801,853</b>

**PUGET SOUND ENERGY-ELECTRIC  
REGULATORY ASSETS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>TEST YEAR</b>	<b>PROFORMA</b>	<b>ADJUSTMENT</b>
1	<u>ADJUSTMENT TO RATEBASE:</u>			
2	REG ASSET NET OF ACCUM AMORT AND DFIT:			
3	CABOT	\$ 8,512,095	\$ 6,285,375	\$ (2,226,721)
4	TENASKA	214,321,604	179,675,959	(34,645,645)
5	BEP	50,254,243	41,731,621	(8,522,622)
6				
7	ADJUSTMENT TO RATEBASE - NET ASSET VALUE			<b>\$ (45,394,988)</b>

**PUGET SOUND ENERGY-ELECTRIC  
PRODUCTION ADJUSTMENT  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 1.281%	FIT 35%
1	PRODUCTION WAGE INCREASE:			
2	PURCHASED POWER	\$	-	\$
3	OTHER POWER SUPPLY		-	-
4	TOTAL PRODUCTION WAGE INCREASE	602,671	(7,720)	2,702
5	PAYROLL OVERHEADS	1,735,539	(22,232)	7,781
6	PROPERTY INSURANCE	2,291,570	(29,355)	10,274
7	TOTAL A&G	4,027,109	(51,587)	18,055
8				
9	DEPRECIATION / AMORTIZATION:			
10	DEPRECIATION	38,989,626	(499,457)	129,909
11	AMORTIZATION	5,518,675	(70,694)	445
12	TOTAL DEPRECIATION AND AMORTIZATION	44,508,301	(570,151)	130,353
13	TAXES OTHER-PRODUCTION PROPERTY:			
14	PROPERTY TAXES - WASHINGTON	4,236,207	(54,266)	18,993
15	PROPERTY TAXES - MONTANA	5,321,477	(68,168)	23,859
16	ELECTRIC ENERGY TAX	1,741,864	(22,313)	7,810
17	PAYROLL TAXES	743,897	(9,529)	3,335
18	TOTAL TAXES OTHER	12,043,445	(154,277)	53,997
19	INCREASE(DECREASE) INCOME		783,735	
20	INCREASE(DECREASE) FIT			205,107
21	INCREASE(DECREASE) NOI			578,628
22				
23	PRODUCTION RATEBASE:			
24	DEPRECIABLE PRODUCTION PROPERTY	\$ 1,176,737,349	\$ (15,074,005)	
25	LESS PRODUCTION PROPERTY ACCUM DEPR.	(596,569,035)	7,642,049	
26	NON-DEPRECIABLE PRODUCTION PROPERTY	21,191,139	(271,458)	
27	LESS PRODUCTION PROPERTY ACCUM AMORT.	(4,046,799)	51,839	
28	COLSTRIP COMMON FERC ADJUSTMENT	7,518,976	(96,318)	
29	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	2,214,968	(28,374)	
30	ENCOGEN ACQUISITION ADJUSTMENT	51,952,633	(665,513)	
31	NET PRODUCTION PROPERTY	658,999,232	(8,441,780)	
32	DEDUCT:			
33	LIBR. DEPREC. PRE 1981 (EOP)	(647,743)	8,298	
34	LIBR. DEPREC. POST 1980 (EOP)	(86,744,463)	1,111,197	
35	OTHER DEF. TAXES (EOP)	(21,361,000)	273,634	
36	SUBTOTAL	(108,753,206)	1,393,129	
37				
38	ADJUSTMENT TO PRODUCTION RATEBASE	550,246,026	(7,048,651)	
39				
40	REGULATORY ASSETS RATEBASE:			
41	BPA POWER EXCHANGE INVESTMENT	41,731,621	(534,582)	
42	TENASKA REGULATORY ASSET	179,675,959	(2,301,649)	
43	CABOT OIL REGULATORY ASSET	6,285,375	(80,516)	
44	WHITE RIVER RELICENSING COSTS	19,518,180	(250,028)	
45	ADJUSTMENT TO REGULATORY ASSETS RATEBASE	247,211,134	(3,166,775)	
46				
47	TOTAL ADJUSTMENT TO RATEBASE	\$ 797,457,160	\$ (10,215,426)	

**Puget Sound Energy**  
**Electric Working Capital**  
**As of September 30, 2003**

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	Allocator	Tax Factor
Electric	68.24%	85.51%
Gas	35.86%	14.49%

Line No.	Description	AMA 12 Months Ended 09/30/03
1	<u>Average Invested Capital</u>	
2	Common Stock	859,037,900
3	Preferred Stock	381,901,588
4	Additional Paid in Capital	484,624,357
5	Unamortized Debt Expense	(23,839,290)
6	Unappropriated Retained Earnings	75,953,779
7	Notes Payable - Misc	-
8	Long Term Debt	2,088,790,800
9	Short Term Debt	50,427,833
10	Accumulated Deferred ITC	3,865,613
11	Deferred Debits-Other	(909,148)
12	Unamortized Gain/Loss on Debt	(8,683,895)
13	1995 Conservation Trust Bonds Payable	15,096,321
14	Total Average Invested Capital	<u>3,926,265,858</u>
15		
16	<u>Average Electric Operating Investments</u>	
17		
18	Electric Plant in Service (includes acquisition adj)	4,136,698,847
19	Electric Future Use Property	6,772,284
20	Customer Advances for Construction	(23,664,861)
21	Customer Deposits	(8,752,784)
22	Deferred Taxes	(316,659,395)
23	Deferred Debits - Other	335,236,065
24	Less: Accumulated Depreciation	(1,741,793,221)
25	Completed Const. Not Classified	-
26	Conservation Investment	154,506
26a	1995 Conservation Trust Asset	<u>11,569,864</u>
27	Average Electric Operating Investment-Direct	2,399,561,305
28	Common Plant-Allocation to Electric	252,614,535
29	Common Plant Held for Fut Use-Allocation to Electric	-
30	Common Accum Depr-Allocation to Electric	(75,842,866)
31	Common Deferred Taxes-Allocation to Electric	1,681,746
32	Common Deferred Debits-Allocation to Electric	-
33	Common Conservation Investment-Allocation to Electric	-
33a	Investment in Associated Companies-Rainier Receivables	<u>8,955,324</u>
34	Average Common Operating Invest-Allocation to Electric	<u>187,408,739</u>
35	Total Average Electric Operating Investment	2,586,970,044
36		
37		
38	<u>Nonoperating, Gas Plant &amp; Electric Plant Not In Service</u>	
39	Nonutility Property at Cost	1,789,905
40	Investment in Associated Companies	124,657,347
41	Other Investments & FAS 133	39,007,587
42	Interest Bearing Regulatory Assets	-
43	Electric CWIP	87,672,093

**Puget Sound Energy**  
**Electric Working Capital**  
**As of September 30, 2003**

**Page 4.01**

	Allocator	Tax Factor
Electric	68.24%	85.51%
Gas	35.86%	14.49%

Line No.	Description	AMA 12 Months Ended 09/30/03
44	Common CWIP-Allocation to Electric	8,485,355
45	Other Electric Work in Progress	21,767
46	Other Common Work in Progress	1,391,143
47	Deferred Items - Other Electric	152,222,970
48	Less: Related Deferred FIT	(153,815,441)
49	Common Deferred Items	(42,749,955)
50	Less: Common Related Deferred FIT-Allocation to Electric	9,369,425
51	Temporary Cash Investments	50,966,149
52	Electric Preliminary Surveys	78,965
53	Gas Plant in Service	1,634,697,162
54	Common Plant in Service-Allocation to Gas	117,570,891
55	Gas Completed Construction Not Classified	-
56	Gas Future Use	-
57	Common Plant Held for Fut Use-Allocation to Gas	-
58	Gas Construction Work in Progress	28,009,840
59	Common CWIP-Allocation to Gas	3,949,221
60	Gas Stored Underground	3,246,534
61	Less: Gas Accumulated Depreciation	(505,508,739)
62	Common Plant Accum Depr-Allocation to Gas	(35,298,497)
63	Gas Customer Contribution/Advances	(17,174,520)
64	Deferred Taxes - Other Gas	(187,428,993)
65	Gas Nonoperating Items	(28,044,350)
65a	Common Current Accts-Gas Share	(3,198,054)
65b	Gas Current Accts	48,962,510
66	Common Non-Operating Items	(90,154,255)
67	Common Other Operating Items-Allocation to Gas	4,360,682
68		
69	Total Nonoperating & Gas Investments	1,253,086,742
70	Total Average Investments	<u>3,840,056,786</u>
71	Total Investor Supplied Working Capital	<u>\$ 86,209,072</u>
72		
73	Total Average Investments	3,840,056,786
74	Less: Electric CWIP	(96,157,448)
	Interest Bearing Regulatory Assets	-
75	Other Work in Progress	(1,412,910)
76	Preliminary Surveys	(78,965)
77	Total	<u>3,742,407,463</u>
78		
79	Working Capital %	2.30%
80		
81	Non Electric Working Capital	26,616,340
82		
83	Operating Working Capital	<u>\$ 59,592,732</u>



**PUGET SOUND ENERGY-ELECTRIC  
FOR FORMA COST OF CAPITAL  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

<b>LINE NO. DESCRIPTION</b>	<b>PRO FORMA CAPITAL %</b>	<b>COST %</b>	<b>COST OF CAPITAL</b>
1 DEBT	54.96%	6.96%	3.83%
2 PREFERRED	0.04%	8.51%	0.00%
3 EQUITY	45.00%	11.75%	5.29%
4 TOTAL	100.00%		9.12%
5			
6 AFTER TAX DEBT ( LINE 1 * 65%)	54.96%	4.52%	2.49%
7 PREFERRED	0.04%	8.51%	0.00%
8 EQUITY	45.00%	11.75%	5.29%
9 TOTAL AFTER TAX COST OF CAPITAL	100.00%		7.78%

**PUGET SOUND ENERGY-ELECTRIC  
CONVERSION FACTOR  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE**

LINE	NO. DESCRIPTION	RATE
1	BAD DEBTS	0.0055908
2	ANNUAL FILING FEE	0.0019000
3	STATE UTILITY TAX (( 1 - LINE 1 ) * 3.873%)	3.873% <u>0.0385135</u>
4		
5	SUM OF TAXES OTHER	0.0460043
6		
7	FEDERAL INCOME TAX (( 1 - LINE 5 ) * 35%)	35% 0.3338985
8	CONVERSION FACTOR ( 1 - ( LINE 5 + LINE 7 ) )	<u>0.6200972</u>

**PUGET SOUND ENERGY-ELECTRIC  
GENERAL RATE INCREASE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
ALLOCATION METHODS**

Method	Description		Electric	Gas	Total
1	* <u>12 Month Average Number of Customers</u>	9/30/2003	963,664	628,082	1,591,746
	Percent		<b>60.54%</b>	<b>39.46%</b>	100.00%
2	* <u>Joint Meter Reading Customers</u>	9/30/2003	619,724	332,671	952,395
	Percent		<b>65.07%</b>	<b>34.93%</b>	100.00%
3	* <u>Non-Production Plant</u>				
	Distribution	9/30/2003	\$2,504,397,382.40	\$1,475,499,325.28	\$ 3,979,896,708
	Transmission	9/30/2003	274,609,259	98,770,380	373,379,640
	Direct General Plant	9/30/2003	136,210,907	50,818,388	187,029,295
	Total		<b>\$ 2,915,217,549</b>	<b>\$ 1,625,088,093</b>	<b>\$ 4,540,305,642</b>
Percent		<b>64.21%</b>	<b>35.79%</b>	100.00%	
4	* <u>4-Factor Allocator</u>				
	Number of Customers	9/30/2003	963,664	628,082	1,591,746
	Percent		<b>60.54%</b>	<b>39.46%</b>	100.00%
	Labor - Direct Charge to O&M	9/30/2003	\$ 28,154,990	\$ 14,311,924	\$ 42,466,914
	Percent		<b>66.30%</b>	<b>33.70%</b>	100.00%
	T&D O&M Expense (Less Labor)	9/30/2003	\$ 41,897,721	\$ 11,543,859	\$ 53,441,580
	Percent		<b>78.40%</b>	<b>21.60%</b>	100.00%
	Net Classified Plant (Excluding General Plant)	9/30/2003	\$ 2,321,603,082	\$ 1,105,973,344	\$ 3,427,576,426
	Percent		<b>67.73%</b>	<b>32.27%</b>	100.00%
	Total Percentages		<b>272.97%</b>	<b>127.03%</b>	<b>400.00%</b>
Percent		<b>68.24%</b>	<b>31.76%</b>	100.00%	
5	* <u>Labor</u>				
	Benefit Assessment Distribution	9/30/2003	\$ 5,944,648	\$ 3,322,937	\$ 9,267,585
	Total		<b>\$ 5,944,648</b>	<b>\$ 3,322,937</b>	<b>\$ 9,267,585</b>
Percent		<b>64.14%</b>	<b>35.86%</b>	100.00%	
6	* <u>Current &amp; Deferred FIT</u>	9/30/2003	\$ 52,079,273	\$ 8,822,100	\$ 60,901,373
	Percent		<b>85.51%</b>	<b>14.49%</b>	100.00%

PUGET SOUND ENERGY-ELECTRIC  
GENERAL RATE INCREASE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003  
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	
1	RATEBASE	2,658,121,651
2	RATE OF RETURN	<u>9.12%</u>
3		
4	OPERATING INCOME REQUIREMENT	242,420,695
5		
6	PRO FORMA OPERATING INCOME	<u>191,820,286</u>
7	OPERATING INCOME DEFICIENCY	50,600,408
8		
9	CONVERSION FACTOR	<u>0.6200972</u>
10	REVENUE REQUIREMENT DEFICIENCY	81,600,769
11	ASSIGNMENT TO LARGE FIRM WHOLESALE	115,053
12	ASSIGNMENT TO SMALL FIRM WHOLESALE	<u>39,285</u>
13		81,446,431