

Appendix A

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	DOCKET UE-072300
TRANSPORTATION COMMISSION,	)	DOCKET UG-072301
	)	<i>(consolidated)</i>
Complainant,)	
v.)	
	)	MULTIPARTY SETTLEMENT RE:
PUGET SOUND ENERGY, INC.,	)	ELECTRIC RATE SPREAD AND
	)	ELECTRIC RATE DESIGN
Respondent.)	
)	
)	
)	

I. INTRODUCTION

1 This Multiparty Settlement is entered into pursuant to WAC 480-07-730(3) in order to compromise and settle all issues concerning electric rate spread and rate design that have been raised in this consolidated proceeding between the settling parties. This Multiparty Settlement sets forth the rate spread and rate design that the parties agree should be applied to any electric revenue requirement the Commission determines at the conclusion of litigation on contested revenue requirement issues.

II. PARTIES

2 This Multiparty Settlement is entered into by: Puget Sound Energy, Inc. ("PSE"); The Staff of the Washington Utilities and Transportation Commission ("Staff"); the Public Counsel Section of the Attorney General's Office ("Public Counsel"); the Industrial Customers of Northwest Utilities ("ICNU"); The Energy Project; and The Kroger Co. ("Kroger") (collectively referred to hereinafter as the "Parties" and each individually as a "Party").

III. BACKGROUND

3 On December 3, 2007, PSE filed with the Washington Utilities and Transportation Commission (“Commission”) revisions to its currently effective Tariff WA U-60, Tariff G, Electric Service, Advice No. 2007-34 and Tariff WN U-2, Gas Service, Advice No. 2007-35. The proposed revisions would implement a general rate increase of \$174.5 million, or 9.50 percent, for electric service and \$56.8 million, or 5.31 percent, for natural gas service. On December 12, 2007, the Commission suspended and consolidated the filings (collectively referred to hereinafter as the “General Rate Case”). PSE subsequently amended its General Rate Case filing on April 14, 2008, revising its electric revenue requirement to \$179.7 million and its natural gas revenue requirement to \$58.1 million. In rebuttal testimony filed July 3, 2008, PSE further revised its electric revenue requirement to \$165.1 million and its natural gas revenue requirement to \$55.5 million.

4 A prehearing conference in the General Rate Case was held on January 14, 2008. The Commission granted petitions to intervene in the electric rate docket of ICNU, Kroger, and The Energy Project.¹

5 The settling Parties have reached a Multiparty Settlement pursuant to WAC 480-07-730(3) and now wish to present their agreement for Commission approval. In the interests of expediting the orderly disposition of the General Rate Case, the Parties therefore adopt the following Multiparty Settlement which is entered into by the Parties voluntarily to resolve matters in dispute among them regarding electric rate spread and rate design.

¹ Other interveners that are not parties to this Multiparty Settlement are the Federal Executive Agencies (“FEA”), the Northwest Industrial Gas Users, Nucor Steel Seattle, Inc., and Seattle Steam Company. FEA has authorized the Parties to represent that it does not oppose our agreement. The Northwest Industrial Gas Users, Nucor and Seattle Steam Company are parties to a separate multiparty settlement on natural gas rate spread and industrial natural gas rate design, filed with the Commission on July 3, 2008.

6 The Parties understand that only Sections IV and V of this Multiparty Settlement are subject to Commission approval and hereby respectfully request that the Commission issue an order approving Sections IV and V of this Multiparty Settlement. The Parties request that the Commission hear evidence concerning their stipulation of electric rate spread and rate design as part of the hearings scheduled to commence before the Commission on September 2, 2008. The Parties to this Multiparty Settlement are also filing Joint Testimony in support of their agreement, pursuant to WAC 480-07-740(2).

IV. **AGREEMENT – ELECTRIC RATE SPREAD**

7 This section describes how the total electric revenue requirement increase determined by the Commission will be applied to each class of electricity customers at the conclusion of the General Rate Case. For illustrative purposes, page 1 of the Attachment to this Multiparty Settlement shows the Parties' agreed rate spread associated with a hypothetical final revenue requirement increase of \$130 million.

8 Schedule 449 will receive no change in rates.

9 Schedule 40 rates will be determined in accordance with the calculated rate methodology as proposed by the Company in its direct case in which Schedule 40 rates for power supply (generation and transmission) are set equal to Schedule 49 High Voltage charges (adjusted for power factor and losses). In addition, delivery-related charges are derived based upon customer specific costs of PSE distribution facilities used to directly provide delivery services to the Schedule 40 customers.

10 The revenue requirement for all other rate schedules will be equal to the Revenue Allocation Factors shown in column I of the Attachment, page 1 multiplied by the final Revenue Requirement excluding revenues attributable to Schedules 40 and 449, as approved

by the Commission in this proceeding. The Revenue Allocation Factors represent each affected rate schedule's respective percentage share of the total revenue requirement, exclusive of revenues attributable to Schedules 40 and 449.

11 The Revenue Allocation Factors in the Attachment, page 1 are calculated using PSE's proposed revenue requirement of \$165.1 million as requested in PSE's rebuttal filing, which shall be termed the Baseline Case.

12 In deriving the Revenue Allocation Factors for the Baseline Case, the Parties agree to the following rate spread metrics:

- Schedules 7, 24, 31, 35, 43, 46, 49, 50-59, and Firm Resale receive a uniform percentage increase; and
- Schedules 25, 26 and 29 receive a percentage increase equal to 50 percent of the uniform increase assigned to the other rates schedules above.

13 For the purpose of preparing the Attachment, page 1, no rate change is applied to Schedule 449 and an estimated increase for Schedule 40 is used as a placeholder. (However, these assumptions do not impact the determination of Revenue Allocation Factors for the remaining rate schedules.)

V. AGREEMENT – ELECTRIC RATE DESIGN

14 This section describes how electric rates will be designed at the conclusion of the General Rate Case. The Joint Parties' rate design follows the methods proposed by PSE and detailed in PSE's direct testimony at Exhibit No. __ (DWH-5), except for the basic charges. The rate design agreement is detailed in the Attachment and summarized in the Attachment, page 2. Under the agreement, non-residential basic charges are increased by approximately one-half of the amount proposed by PSE. The residential one phase basic charge is set at \$7.00.

VI. MISCELLANEOUS PROVISIONS

- 15 1. The Parties agree to support the terms and conditions of this Multiparty Settlement as a settlement of all contested issues between them in the above-captioned consolidated proceedings regarding electric rate spread and rate design.
- 16 2. This Multiparty Settlement represents an integrated resolution of electric rate spread and rate design. Accordingly, the Parties recommend that the Commission adopt and approve Sections IV and V of this Multiparty Settlement in their entirety, including the Attachment.
- 17 3. The Parties shall cooperate in submitting this Multiparty Settlement promptly to the Commission for approval of Sections IV and V above, and shall cooperate in developing supporting testimony as required in WAC 480-07-740(2)(b). The Parties agree to support the Multiparty Settlement throughout this proceeding, provide witnesses to sponsor such Multiparty Settlement at a Commission hearing, and recommend that the Commission issue an order adopting the Multiparty Settlement in its entirety.
- 18 4. In the event the Commission rejects Section IV or V of the Multiparty Settlement, the provisions of WAC 480-07-750(2)(b) shall apply. In the event the Commission accepts Section IV or V of the Multiparty Settlement upon conditions not proposed herein, each Party reserves the right, upon written notice to the Commission and all other parties to this proceeding within five (5) days of the Commission order, to state its rejection of the conditions. In such event, the Parties immediately will request that hearings be held on the appropriateness of the conditions or upon other electric rate spread proposals of the Parties. In any further proceedings triggered by this paragraph, the Parties agree to cooperate in development of a hearing schedule that concludes such proceeding at the

earliest possible date. Any further proceedings triggered by this paragraph shall not delay any compliance filing of PSE ordered by the Commission and such compliance filing shall remain in effect pending any further proceeding.

19 5. The Parties enter into this Multiparty Settlement to avoid further expense, uncertainty, and delay. By executing this Multiparty Settlement, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Multiparty Settlement and except to the extent expressly set forth in this Multiparty Settlement, no Party shall be deemed to have agreed that this Multiparty Settlement is appropriate for resolving any issues in any other proceeding. No Party shall represent that any of the facts, principles, methods, or theories employed by any Party in arriving at the terms of this Multiparty Settlement are precedents in any other proceeding.

20 6. This Multiparty Settlement may be executed in counterparts, through original and/or facsimile signature, and each signed counterpart shall constitute an original document.

21 7. All Parties agree:

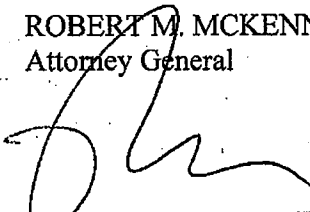
 i. to provide all other Parties the right to review in advance of publication any and all announcements or news releases that any other Party intends to make about the Multiparty Settlement. This right of advance review includes a reasonable opportunity for a Party to request changes to the text of such announcements. However, no Party is required to make any change requested by another Party; and

- ii. to include in any news release or announcement a statement that Staff's recommendation to approve the settlement is not binding on the Commission itself. This subsection does not apply to any news release or announcement that otherwise makes no reference to Staff.

DATED this 12th day of August, 2008.

Respectfully submitted,

ROBERT M. MCKENNA
Attorney General



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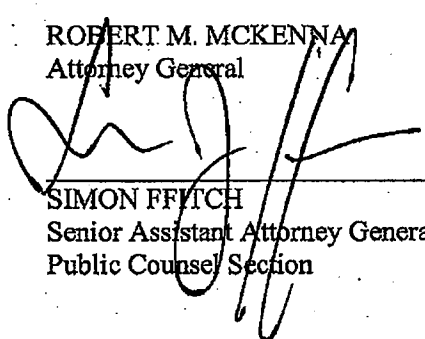
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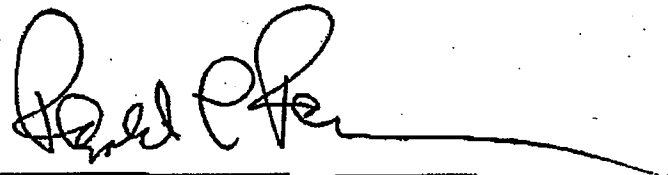
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ATTACHMENT

MULTIPARTY SETTLEMENT

RE: ELECTRIC RATE SPREAD AND RATE DESIGN

Puget Sound Energy
Twelve Months ended September 30, 2007
Summary - Rate Spread

Voltage Level	Schedule	kWh	A	B	C	D	E	F	G = B * F	H = B + G	I = H / H	J = I * Final RR (exc 40 & 449)	K = I - B	L = K / B
PSE Requested Revenue Increase		\$	165,100,000											
Illustrative Final Revenue Increase		\$	130,000,000											
Residential	7	10,688,799,626	\$ 984,090,383	54.70%	100%	10.35%	\$ 101,848,808	\$ 1,085,939,191	55.58%	\$ 1,066,431,574	\$ 82,341,191	8.37%		
Secondary Voltage														
Demand <= 50 kW	24	2,617,272,034	\$ 225,492,780	12.53%	100%	10.35%	\$ 23,337,461	\$ 248,830,241	12.73%	\$ 244,360,299	\$ 18,867,519	8.37%		
Demand > 50 kW but <= 350 kW	25 / 29	3,074,814,765	\$ 260,900,473	14.50%	50%	5.17%	\$ 13,500,997	\$ 274,401,470	14.04%	\$ 269,472,171	\$ 8,571,698	3.29%		
Demand > 350 kW	26	2,097,575,465	\$ 159,068,092	8.84%	50%	5.17%	\$ 8,231,406	\$ 167,299,499	8.56%	\$ 164,294,160	\$ 5,226,068	3.29%		
Total Secondary Voltage		7,789,662,264	\$ 645,461,345				\$ 45,069,864	\$ 690,531,209	35.34%	\$ 678,126,630	\$ 32,665,285			
Primary Voltage														
General Service / Irrigation	31 / 35	1,375,418,238	\$ 99,475,260	5.53%	100%	10.35%	\$ 10,295,230	\$ 109,770,490	5.62%	\$ 107,798,593	\$ 8,323,332	8.37%		
Interruptible Total Electric Schools	43	166,310,246	\$ 12,849,516	0.71%	100%	10.35%	\$ 1,329,866	\$ 14,179,381	0.73%	\$ 13,924,665	\$ 1,075,150	8.37%		
Total Primary Voltage		1,541,728,484	\$ 112,324,776				\$ 11,625,095	\$ 123,949,871	6.34%	\$ 121,723,258	\$ 9,398,482	8.37%		
Campus Rate	40	616,521,099	\$ 38,977,061				\$ 1,537,880	\$ 40,514,941		\$ 40,514,941	\$ 1,537,880	3.95% *		
Total High Voltage	46 / 49	559,457,418	\$ 31,895,958	1.77%	100%	10.35%	\$ 3,301,084	\$ 35,197,042	1.80%	\$ 34,564,769	\$ 2,668,811	8.37%		
Schedule 449	449	2,114,957,127	\$ 8,667,087	0.48%	0%	0.00%	\$ -	\$ 8,667,087		\$ 8,667,087	\$ -	0.00%		
Lighting	50-59	79,343,268	\$ 15,450,314	0.86%	100%	10.35%	\$ 1,599,036	\$ 17,049,350	0.87%	\$ 16,743,078	\$ 1,292,765	8.37%		
Firm Resale	005	155,316,511	\$ 1,142,381	0.06%	100%	10.35%	\$ 118,231	\$ 1,260,613	0.06%	\$ 1,237,967	\$ 95,586	8.37%		
Total Sales		23,545,985,797	\$ 1,838,009,305	100.00%		8.98%	\$ 165,100,000	\$ 2,003,109,305	100%	\$ 1,968,009,305	\$ 130,000,000	7.07%		
											Less 40 & 449:		\$	\$ 1,953,927,276

Average Increase Before Schedule 40	100%	8.983%
Average Increase After Schedule 40 & Firm Resale		9.092%
Adjustment to Average Increase for Unequal Allocation of Increase		1.1385536
Average Increase After Schedule 40 adjusted for Unequal Allocation of Increase		10.350%

Final Revenue Change \$ 130,000,000
Final RR less Schedules 40 & 449 \$ 1,918,827,276

* Sched 40 estimated iteratively based on Final Revenue Requirement

Joint Parties
Summary of Agreed Upon Electric Rate Design Recommendations
(Accepting rate design from DWH-5 except for Basic Charges)
Docket No. UE-072300

Line No.	Rate Schedule	Tariff	Basic Charge	Demand Charge	Reactive Power Charge	Energy Charge	Lamp Charge
1	Residential	7	\$7.00 One Phase \$17.25 Three Phase	na	na	Equal ϕ of remaining costs to both blocks	na
2	Sec Volt \leq 50 kW Demand	24	\$9.25 One Phase \$23.50 Three Phase	na	na	Uniform % Increase	na
3	Sec Volt 50 > kW Demand \leq 350	25	\$50	150% of Class Average Increase	Class Average Increase	First Block = Class average on energy portion, 150% of class average on demand portion; Second block = Residual	na
4	Sec Volt > 350 kW Demand	26	\$100	Sch 31, adjusted for losses	Class Average Increase	Residual	na
5	Sec Volt, Irrigation	29	Same as Schedule 24	No Change	No Change	First Block Winter = Sch 25 First Block Summer = Class Avg Second Block = No Change	na
6	Pri Volt - Gen Svc	31	\$325	150% of Class Average Increase	Class Average Increase	Residual	na
7	Pri Volt - Irrigation	35	Same as Schedule 31	150% of Class Average Increase	Class Average Increase	Residual	na
8	Pri Volt - Interruptible Schools	43	Same as Schedule 31	150% of Class Average Increase	Class Average Increase	Residual	na
9	Campus Rate	40	Sch 25, 26 or 31	Sch 49, Adjusted for Power Factor and Line Losses	Sch 26 or 31	Sch 49, Adjust for Line Losses	na
10	High Volt - Interruptible	46	na	150% of Class Average Increase	na	Same as Schedule 49	na
11	High Volt - Gen Service	49	na	150% of Class Average Increase	na	Residual	na
12	Lighting	50-59	na	na	na	na	Class Average Increase
13	Transportation	449	\$1000	Equal \$ / kVa of remaining costs	na	na	na

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007

	Voltage Level	Schedule	kWh	Proforma Revenue Rates Effective 9-1-07	Proposed Revenue	\$ Change	Change as Allocated by Rate Spread	Rounding Differences	% Change
Residential									
Residential		7	10,688,799,626 \$	984,090,383 \$	1,066,431,247 \$	82,340,865	82,341,191 \$	327	8.4%
Total Residential			10,688,799,626 \$	984,090,383 \$	1,066,431,247 \$	82,340,865	82,341,191 \$	327	8.4%
Secondary Voltage									
Demand <= 50 kW		24	2,617,272,034 \$	225,492,780 \$	244,359,176 \$	18,866,396			
Demand > 50 kW but <= 350 kW		25	3,059,870,061 \$	259,771,628 \$	268,266,856 \$	8,495,228			
Demand > 350 kW		26	2,097,575,465 \$	159,068,092 \$	164,292,488 \$	5,224,396			
Seasonal Irrigation & Drainage Pumping		29	14,944,705 \$	1,128,845 \$	1,204,890 \$	76,044.88			
Total Secondary Voltage			7,789,662,264 \$	645,461,345 \$	678,123,411 \$	32,662,065	32,665,285 \$	3,220	5.1%
Primary Voltage									
General Service		31	1,370,554,020 \$	99,227,836 \$	107,529,929 \$	8,302,093			
Seasonal Irrigation & Drainage Pumping		35	4,864,218 \$	247,424 \$	268,128 \$	20,704			
Interruptible Total Electric Schools		43	166,310,246 \$	12,849,516 \$	13,924,649 \$	1,075,133			
Total Primary Voltage			1,541,728,484 \$	112,324,776 \$	121,722,707 \$	9,397,931	9,398,482 \$	551	8.4%
Campus Rate		40	616,521,099 \$	38,977,061 \$	40,514,941 \$	1,537,880	1,537,880 \$	0	3.9%
High Voltage									
Interruptible		46	51,364,412 \$	2,850,180 \$	3,068,731 \$	218,551			
General Service		49	508,093,006 \$	29,045,778 \$	31,495,480 \$	2,449,702			
Total High Voltage			559,457,418 \$	31,895,958 \$	34,564,211 \$	2,668,253	2,668,811 \$	558	8.4%
Lighting		50-59	79,343,268 \$	15,450,314 \$	16,742,845 \$	1,292,532	1,292,765 \$	233	8.4%
Total Retail Sales to Customers			21,275,512,159 \$	1,828,199,836 \$	1,958,099,362 \$	129,899,525	129,904,414 \$	4,889	7.1%
Small Firm Resale		005	7,652,696 \$	355,705 \$	360,403				
Special Contract		001	147,863,815 \$	786,677 \$	877,465				
Total Firm Resale			155,516,511 \$	1,142,381 \$	1,237,869 \$	95,487	95,586 \$	99	8.4%
Transportation Sales									
Transportation Sales		449	1,776,999,365 \$	8,099,775 \$	8,093,905 \$	(5,870)			
Total Transportation Sales		459	337,957,762 \$	567,312 \$	572,602 \$	5,289			
			2,114,957,127 \$	8,667,087 \$	8,666,507 \$	(581)	- \$	581	0.0%
Total Sales to Customers			23,545,985,797 \$	1,838,009,305 \$	1,968,003,737 \$	129,994,432	130,000,000 \$	5,568	7.1%

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
Residential
Schedule 7

	Bill Determinants		Proforma Rates Effective 9-1-07		Proposed Rates Effective 2008		Differences	
	Temperature Adjustment	Total	Charge	Revenue	Charge	Revenue	\$	%
Basic Charge - 1 Phase	11,374,965	11,374,965	\$ 6.02	\$ 68,477,289	\$ 7.00	\$ 79,624,755	\$ 11,147,466	16.3%
Basic Charge - 3 Phase	3,377	3,377	\$ 14.85	\$ 50,148	\$ 17.25	\$ 58,253	\$ 8,105	16.2%
Total Basic Charge	11,378,342	11,378,342		\$ 68,527,438		\$ 79,683,008	\$ 11,155,571	16.3%
First 600 kWh	5,821,836,138	5,821,836,138	\$ 0.074314	\$ 432,643,931	\$ 0.084216	\$ 490,291,752	\$ 57,647,821	13.3%
All Over 600 kWh	4,944,559,234	4,833,024,765	\$ 0.092122	\$ 445,227,907	\$ 0.102023	\$ 493,079,686	\$ 47,851,778	10.7%
Total kWh	10,766,395,372	10,654,860,903		\$ 877,871,838		\$ 983,371,438	\$ 105,499,600	12.0%
Schedule 95		10,654,860,903	\$ 0.003245	\$ 34,575,024	\$ -	\$ -	\$ (34,575,024)	-100.0%
Unbilled Revenue		33,938,723	\$ 0.091815	\$ 3,116,083	\$ 0.099497	\$ 3,376,801	\$ 260,718	8.4%
Total Revenue		10,688,799,626		\$ 984,090,383		\$ 1,066,431,247	\$ 82,340,865	8.4%

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
Secondary Voltage, Demand 50 kW or less
Schedule 24

	Bill Determinants		Proforma		Proposed		Differences	
	Temperature Adjustment	Total	Rates Effective 9-1-07 Charge	Revenue	Rates Effective 2008 Charge	Revenue	\$	%
Basic Charge - 1 Phase	1,040,499	1,040,499	\$ 6.80	\$ 7,075,393	\$ 9.25	\$ 9,624,616	\$ 2,549,223	36.0%
Basic Charge - 3 Phase	401,495	401,495	\$ 16.79	\$ 6,741,101	\$ 23.50	\$ 9,435,133	\$ 2,694,031	40.0%
Total Basic Charge	1,441,994	1,441,994		\$ 13,816,494		\$ 19,059,748	\$ 5,243,254	37.9%
Winter Energy	1,388,857,914	1,376,892,475	\$ 0.079049	\$ 108,841,973	\$ 0.087462	\$ 120,425,770	\$ 11,583,796	10.6%
Summer Energy	1,237,234,757	1,229,934,738	\$ 0.076264	\$ 93,799,743	\$ 0.084499	\$ 103,928,255	\$ 10,128,513	10.8%
Total kWh	2,626,092,671	2,606,827,213		\$ 202,641,716		\$ 224,354,025	\$ 21,712,309	10.7%
Schedule 95		2,606,827,213	\$ 0.003125	\$ 8,146,335	-	\$ -	\$ (8,146,335)	-100.0%
Unbilled Revenue		10,444,821	\$ 0.085041	\$ 888,234	\$ 0.090514	\$ 945,403	\$ 57,168	6.4%
Total Revenue Schedule 24		2,617,272,034		\$ 225,492,780		\$ 244,359,176	\$ 18,866,396	8.4%

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
Secondary Voltage, Demand Greater than 50 kW but less than or equal to 350 kW
Schedule 25

	Bill Determinants		Proforma		Proposed		Differences	
	Temperature Adjustment	Total	Charge	Revenue	Charge	Revenue	\$	%
Total Basic Charge	93,148	93,148	\$ 27.20	\$ 2,533,626	\$ 50.00	\$ 4,657,400	\$ 2,123,774	83.8%
Winter - First 20,000 kWh	781,028,543	781,028,543	\$ 0.082041	\$ 64,076,363	\$ 0.088261	\$ 68,934,360	\$ 4,857,998	7.6%
Summer- First 20,000 kWh	766,793,107	766,793,107	\$ 0.074445	\$ 57,083,913	\$ 0.080388	\$ 61,640,964	\$ 4,557,051	8.0%
All Over 20,000 kWh	1,499,730,303	1,499,200,671	\$ 0.060417	\$ 90,577,207	\$ 0.063576	\$ 95,313,182	\$ 4,735,975	5.2%
Total kWh Energy	3,047,551,953	3,047,022,321		\$ 211,737,482		\$ 225,888,506	\$ 14,151,024	6.7%
First 50 kW	6,636,131	6,636,131	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Winter - All Over 50 kW	2,383,723	2,383,723	\$ 8.31	\$ 19,808,738	\$ 8.72	\$ 20,786,065	\$ 977,326	4.9%
Summer- All Over 50 kW	2,266,686	2,266,686	\$ 5.54	\$ 12,557,441	\$ 5.81	\$ 13,169,447	\$ 612,005	4.9%
Total kW Demand	11,286,540	11,286,540		\$ 32,366,179		\$ 33,955,511	\$ 1,589,332	4.9%
Total kVarh Reactive Power	983,442,054	983,442,054	\$ 0.00265	\$ 2,606,121	\$ 0.00274	\$ 2,694,631	\$ 88,510	3.4%
Schedule 95	3,047,022,321	3,047,022,321	\$ 0.003115	\$ 9,491,475	\$ -	\$ -	\$ (9,491,475)	-100.0%
Unbilled Revenue	12,847,740	12,847,740	\$ 0.080695	\$ 1,036,745	\$ 0.083346	\$ 1,070,808	\$ 34,063	3.3%
Total Revenue	3,059,870,061	3,059,870,061		\$ 259,771,628		\$ 268,266,856	\$ 8,495,228	3.3%

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
Secondary Voltage, Demand Greater than 350 kW
Schedule 26

	Bill Determinants		Proforma		Proposed		Differences	
	Temperature Adjustment	Total	Rates Effective 9-1-07 Charge	Revenue	Rates Effective 2008 Charge	Revenue	\$	%
Total Basic Charge	9,387	9,387	\$ 48.00	\$ 450,576	\$ 100.00	\$ 938,700	\$ 488,124	108.3%
Total kWh Energy	2,079,689,442	2,088,439,363	\$ 0.057795	\$ 120,701,353	\$ 0.060995	\$ 127,384,359	\$ 6,683,006	5.5%
Winter - All kW	2,361,739	2,361,739	\$ 7.50	\$ 17,713,045	\$ 8.52	\$ 20,122,019	\$ 2,408,974	13.6%
Summer- All kW	2,466,057	2,466,057	\$ 4.99	\$ 12,305,627	\$ 5.67	\$ 13,982,546	\$ 1,676,919	13.6%
Total kW Demand	4,827,797	4,827,797		\$ 30,018,672		\$ 34,104,565	\$ 4,085,893	13.6%
Total kVarh Reactive Power	988,805,243	988,805,243	\$ 0.00115	\$ 1,137,126	\$ 0.00119	\$ 1,176,678	\$ 39,552	3.5%
Schedule 95		2,088,439,363	\$ 0.002918	\$ 6,094,066	\$ -	\$ -	\$ (6,094,066)	-100.0%
Unbilled kWh		9,136,102	\$ 0.072930	\$ 666,299	\$ 0.075326	\$ 688,186	\$ 21,887	3.3%
Total Revenue		2,097,575,465		\$ 159,068,092		\$ 164,292,488	\$ 5,224,396	3.3%

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
Secondary Voltage, Seasonal Irrigation & Drainage Pumping Service
Schedule 29

	Bill Determinants		Proforma		Proposed		Differences	
	Temperature Adjustment	Total	Rates Effective 9-1-07 Charge	Revenue	Rates Effective 2008 Charge	Revenue	\$	%
Basic Charge - 1 Phase	2,769	2,769	\$ 6.80	\$ 18,829	\$ 9.25	\$ 25,613	\$ 6,784	36.0%
Basic Charge - 3 Phase	5,595	5,595	\$ 16.79	\$ 93,940	\$23.50	\$ 131,483	\$ 37,542	40.0%
Total Basic Charge	8,364	8,364		\$ 112,769		\$ 157,096	\$ 44,327	39.3%
Winter - First 20,000 kWh	2,098,763	2,098,763	\$ 0.081732	\$ 171,536	\$ 0.088261	\$ 185,239	\$ 13,703	8.0%
Winter - All Over 20,000 kWh	112,240	109,444	\$ 0.064860	\$ 7,099	\$ 0.067426	\$ 7,379	\$ 281	4.0%
Summer- First 20,000 kWh	11,933,176	11,933,176	\$ 0.057121	\$ 681,635	\$ 0.061648	\$ 735,656	\$ 54,021	7.9%
Summer- All Over 20,000 kWh	661,159	644,615	\$ 0.050493	\$ 32,549	\$ 0.053059	\$ 34,203	\$ 1,654	5.1%
Total kWh Energy	14,805,339	14,785,999		\$ 892,818		\$ 962,477	\$ 69,659	7.8%
Winter - All Over 50 kW	4,652	4,652	\$ 8.55	\$ 39,775	\$ 8.55	\$ 39,775	\$ -	0.0%
Summer- All Over 50 kW	7,778	7,778	\$ 4.21	\$ 32,745	\$ 4.21	\$ 32,745	\$ -	0.0%
Total kW Demand	12,430	12,430		\$ 72,520		\$ 72,520	\$ -	0.0%
Total kVarh Reactive Power	903,360	903,360	\$ 0.00272	\$ 2,457	\$ 0.00272	\$ 2,457	\$ -	0.0%
Schedule 95		14,785,999	\$ 0.002566	\$ 37,941	\$ -	\$ -	\$ (37,941)	-100.0%
Unbilled kWh		158,706	\$ 0.065151	\$ 10,340	\$ 0.065151	\$ 10,340	\$ 0	0.0%
Total Revenue		14,944,705		\$ 1,128,845		\$ 1,204,890	\$ 76,045	6.7%

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
Primary Voltage General Service
Schedule 31

	Bill Determinants		Proforma		Proposed		Differences	
	Temperature Adjustment	Total	Charge	Revenue	Charge	Revenue	\$	%
Total Basic Charge	5,893	5,893	\$ 295.00	\$ 1,738,435	\$ 325.00	\$ 1,915,225	\$ 176,790	10.2%
Total kWh Energy	1,369,024,424	1,364,706,351	\$ 0.051902	\$ 70,830,989	\$ 0.058895	\$ 80,374,381	\$ 9,543,392	13.5%
Winter - All kW	1,685,523	1,685,523	\$ 7.35	\$ 12,388,591	\$ 8.27	\$ 13,939,272	\$ 1,550,681	12.5%
Summer- All kW	1,822,272	1,822,272	\$ 4.89	\$ 8,910,909	\$ 5.50	\$ 10,022,495	\$ 1,111,586	12.5%
Total kW Demand	3,507,794	3,507,794	\$ -	\$ 21,299,500	\$ -	\$ 23,961,767	\$ 2,662,267	12.5%
Total kVarh Reactive Power	820,937,822	820,937,822	\$ 0.00094	\$ 771,682	\$ 0.00102	\$ 837,357	\$ 65,675	8.5%
Schedule 95		1,364,706,351	\$ 0.003063	\$ 4,180,096	\$ -	\$ -	\$ (4,180,096)	-100.0%
Unbilled kWh		5,847,669	\$ 0.069623	\$ 407,135	\$ 0.075449	\$ 441,201	\$ 34,066	8.4%
Total Revenue		1,370,554,020		\$ 99,227,836		\$ 107,529,929	\$ 8,302,093	8.4%

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
Primary Voltage Seasonal Irrigation & Drainage Pumping Service
Schedule 35

	Bill Determinants	Proforma Rates Effective 9-1-07		Proposed Rates Effective 2008		Differences	
		Charge	Revenue	Charge	Revenue	\$	%
Total Basic Charge	12	\$ 295.00	\$ 3,540	\$ 325.00	\$ 3,900	\$ 360	10.2%
Total kWh Energy	4,820,400	\$ 0.041345	\$ 199,299	\$ 0.047930	\$ 231,042	\$ 31,742	15.9%
Winter - All kW	1,057	\$ 3.82	\$ 4,039	\$ 4.30	\$ 4,546	\$ 507	12.6%
Summer- All kW	7,999	\$ 2.54	\$ 20,316	\$ 2.86	\$ 22,876	\$ 2,560	12.6%
Total kW Demand	9,056	\$	\$ 24,355	\$	\$ 27,422	\$ 3,067	12.6%
Total kVarh Reactive Power	3,270,600	\$ 0.00096	\$ 3,140	\$ 0.00104	\$ 3,401	\$ 262	8.3%
Schedule 95	4,820,400	\$ 0.003093	\$ 14,909	\$ -	\$ -	\$ (14,909)	-100.0%
Unbilled kWh	43,818	\$ 0.049762	\$ 2,180	\$ 0.053926	\$ 2,363	\$ 182	8.4%
Total Revenue	4,864,218	\$	\$ 247,424	\$	\$ 268,128	\$ 20,704	8.4%

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
Primary Voltage Interruptible Total Electric School Service
Schedule 43

	Bill Determinants		Proforma		Proposed		Differences
	Temperature Adjustment	Total	Rates Effective 9-1-07 Charge	Revenue	Rates Effective 2008 Charge	Revenue	
Total Basic Charge	2,202	2,202	\$ 295.00	\$ 649,590	\$ 325.00	\$ 715,650	\$ 66,060
Total kWh Energy	167,594,812	(1,684,428)	\$ 0.049375	\$ 8,191,825	\$ 0.055383	\$ 9,188,615	\$ 996,790
Total kW Demand	825,740	825,740	\$ 4.04	\$ 3,335,990	\$ 4.55	\$ 3,757,117	\$ 421,127
Total kVarh Reactive Power	79,336,169	79,336,169	\$ 0.00265	\$ 210,241	\$ 0.00287	\$ 227,695	\$ 17,454
Schedule 95		165,910,384	\$ 0.002586	\$ 429,044	\$ -	\$ -	\$ (429,044)
Unbilled kWh		399,862	\$ 0.082093	\$ 32,826	\$ 0.088962	\$ 35,573	\$ 2,747
Total Revenue		166,310,246		\$ 12,849,516		\$ 13,924,649	\$ 1,075,133

Critical Demand Charge \$ 3.31 \$ 3.72

Puget Sound Energy
 Proforma and Proposed Revenue
 Twelve Months ended September 30, 2007
 Campus Service > 3aMW
 Schedule 40

	Bill Determinants		Proforma		Proposed		Differences	
	Temperature Adjustment	Total	Rates Effective 9-1-07 Charge	Revenue	Rates Effective 2008 Charge	Revenue	\$	%
Basic Charge:								
Secondary Voltage - Medium Demand	372	372	27.20	\$ 10,118	\$ 50.00	\$ 18,600		
Secondary Voltage - Large Demand	456	456	48.00	\$ 21,888	\$ 100.00	\$ 45,600		
Primary Voltage	288	288	295.00	\$ 84,960	\$ 325.00	\$ 93,600		
	1,116	1,116		\$ 116,966		\$ 157,800	\$ 40,834	34.9%
Production / Transmission Charge:								
kWh								
Secondary Voltage	157,874,960	158,585,652	0.053517	\$ 8,487,028	\$ 0.055714	\$ 8,835,441		
Primary Voltage	456,592,500	455,134,475	0.051909	\$ 23,625,575	\$ 0.054144	\$ 24,642,801		
	614,467,460	613,720,127		\$ 32,112,604		\$ 33,478,242		
PCORC								
Secondary Voltage	158,585,652		-	\$ -	-	\$ -		
Primary Voltage	455,134,475		-	\$ -	-	\$ -		
	613,720,127			\$ -		\$ -	\$ 1,365,638	4.3%
kW (Coincident Demand)								
Secondary Voltage	298,481	298,481	3.42	\$ 1,020,805	\$ 4.12	\$ 1,229,742		
Primary Voltage	795,981	795,981	3.32	\$ 2,642,657	\$ 4.00	\$ 3,183,924		
	1,094,462	1,094,462		\$ 3,663,462		\$ 4,413,666	\$ 750,204	20.5%
kVArh								
Secondary Voltage	52,230,182	52,230,182	0.00115	\$ 60,065	\$ 0.00119	\$ 62,154		
Primary Voltage	161,716,500	161,716,500	0.00094	\$ 152,014	\$ 0.00102	\$ 164,951		
	213,946,682	213,946,682		\$ 212,078		\$ 227,105	\$ 15,027	7.1%
Distribution Charge:								
Customer Specific								
							\$ 2,061,050	(633,822)
Unbilled Revenue								
	2,800,972	2,800,972	0.063220	\$ 177,079	\$ 0.063220	\$ 177,079	\$ -	0.0%
Total Schedule 40	616,521,099	616,521,099		\$ 38,977,061		\$ 40,514,941	\$ 1,537,880	3.9%

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
High Voltage, Interruptible Service
Schedule 46

	Proforma		Proposed		Differences		
	Rates Effective 9-1-07 Charge	Revenue	Rates Effective 2008 Charge	Revenue	\$	%	
Total kWh Energy	51,158,005	\$ 2,399,362	\$ 0.053203	\$ 2,721,759	\$ 322,398	13.4%	
Total kVa Demand	167,256	\$ 1.78	\$ 297,716	\$ 2.00	\$ 36,796	12.4%	
Schedule 95	51,158,005	\$ 0.002768	\$ 141,605	\$ -	\$ (141,605)	-100.0%	
Unbilled Revenue	206,407	\$ 0.055703	\$ 11,497	\$ 0.060364	\$ 12,460	\$ 962	8.4%
Total Revenue	51,364,412	\$ 2,850,180		\$ 3,068,731	\$ 218,551	7.7%	

Annual Energy Minimum Charge
Annual Demand Charge

90% \$ 0.047883
12 \$ 24.00

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
High Voltage, General Service
Schedule 49

	Proforma		Proposed		Differences	
	Charge	Revenue	Charge	Revenue	\$	%
Total kWh Energy	506,155,235	\$ 23,739,187	\$ 0.053203	\$ 26,928,977	\$ 3,189,790	13.4%
Total kVa Demand	1,259,430	\$ 3,954,612	\$ 3.53	\$ 4,445,789	\$ 491,178	12.4%
Schedule 95	506,155,235	\$ 1,240,586	\$ -	\$ -	\$ (1,240,586)	-100.0%
Unbilled Revenue	1,937,771	\$ 111,393	\$ 0.062295	\$ 120,713	\$ 9,320	8.4%
Total Revenue	508,093,006	\$ 29,045,778		\$ 31,495,480	\$ 2,449,702	8.4%

Puget Sound Energy
Lighting Revenues
Proforma & Proposed

Twelve Months ended September 30, 2007

Schedule	kWh	Annual		Annual Proposed		Revenue Change	% Change
		Proforma Revenue	Revenue	Revenue	Revenue		
03E	7,057	\$ 569	\$ 619	\$ 50			8.86%
50E-A	405,753	\$ 12,772	\$ 13,843	\$ 1,071			8.39%
50E-B	-	\$ 26,260	\$ 28,459	\$ 2,199			8.37%
52 O&M	-	\$ 669,570	\$ 725,368	\$ 55,798			8.33%
52E	8,884,359	\$ 846,754	\$ 918,087	\$ 71,333			8.42%
53E	47,285,571	\$ 10,851,790	\$ 11,759,478	\$ 907,688			8.36%
54E	11,434,794	\$ 1,077,465	\$ 1,167,579	\$ 90,114			8.36%
55E & 56E (No Res Exch)	4,217,522	\$ 1,059,919	\$ 1,148,483	\$ 88,564			8.36%
57E	5,012,802	\$ 465,474	\$ 504,349	\$ 38,875			8.35%
58E & 59E (No Res Exch)	2,095,409	\$ 378,369	\$ 410,047	\$ 31,678			8.37%
Old Pole Revenue	-	\$ 27,488	\$ 29,815	\$ 2,327			8.47%
New Pole Revenue	-	\$ 33,883	\$ 36,718	\$ 2,835			8.37%
	79,343,268	\$ 15,450,314	\$ 16,742,845	\$ 1,292,532			8.37%

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
Small Firm Resale

	Bill Determinants		Proforma Rates Effective 9-1-07		Proposed		Differences	
	Temperature Adjustment	Total	Charge	Revenue	Charge	Revenue	\$	%
Total kWh Energy	7,737,868	7,652,696	\$ 0.035140	\$ 268,916	\$ 0.035140	\$ 268,916		
Total kW Demand	16,415	16,415	\$ 5.25	\$ 86,177	\$ 5.25	\$ 86,177		
Total kVarh Reactive Power	2,446,340	2,446,340	\$ 0.00025	\$ 612	\$ 0.00025	\$ 612		
Allocation of GRC - Docket UE-070xxx					\$ 0.000614	\$ 4,699		
Total Revenue				\$ 355,705		\$ 360,403	\$ 4,699	1.3%

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
Transportation
Schedule 449

	Proforma		Proposed		Differences	
	Charge	Revenue	Charge	Revenue	\$	%
Primary Voltage:						
kWh		117,759,347				
Customer Charge	24 \$	709.00 \$	17,016 \$	1,000.00 \$	24,000 \$	41.0%
Distribution Charge	209,738 \$	3,999 \$	838,742 \$	3,979 \$	834,548 \$	-0.5%
Total Primary Voltage Revenue		<u>\$ 855,758</u>			<u>\$ 858,548</u>	<u>0.3%</u>
High Voltage:						
kWh		1,640,214,172				
Customer Charge	168 \$	709.00 \$	119,112 \$	1,000.00 \$	168,000 \$	41.0%
Distribution Charge	2,928,917 \$	1,532 \$	4,486,079 \$	1,512 \$	4,428,523 \$	-1.3%
Total High Voltage Revenue		<u>\$ 4,605,191</u>			<u>\$ 4,596,523</u>	<u>-0.2%</u>
OATT Revenue		<u>\$ 2,727,172</u>			<u>\$ 2,727,172</u>	<u>0.0%</u>
Unbilled Revenue		<u>19,025,846 \$</u>	<u>(88,346) \$</u>	<u>(0.004643) \$</u>	<u>(88,337) \$</u>	<u>9 0.0%</u>
Total Schedule 449		<u>1,776,999,365</u>	<u>\$ 8,099,775</u>		<u>\$ 8,093,905</u>	<u>(5,870) -0.1%</u>

Puget Sound Energy
Proforma and Proposed Revenue
Twelve Months ended September 30, 2007
Transportation with Back-up Distribution
Schedule 459

	Proforma		Proposed		Differences	
	Rates Effective 9-1-07	Revenue	Rates Effective 2008	Revenue	\$	%
High Voltage:						
kWh		334,300,824				
Customer Charge	60 \$ 709.00	\$ 42,540	\$ 1,000.00	\$ 60,000	\$ 17,460	41.0%
Back-up Distribution Service	608,438 \$ 1.532	\$ 932,127	\$ 1.512	\$ 919,958	\$ (12,169)	-1.3%
Total High Voltage Revenue		<u>\$ 974,667</u>		<u>\$ 979,958</u>	<u>\$ 5,291</u>	<u>0.5%</u>
OATT Revenue		<u>\$ (390,374)</u>		<u>\$ (390,374)</u>	<u>\$ -</u>	<u>0.0%</u>
Unbilled Revenue		<u>\$ (16,981)</u>	\$ (0.004644)	\$ (16,983)	\$ (2)	0.0%
Total Schedule 459		<u>\$ 567,312</u>	\$ (0.004644)	\$ 572,602	\$ 5,289	0.9%

Puget Sound Energy
 Proforma and Proposed Revenue
 Twelve Months ended September 30, 2007
 Transportation Special Contract

	Proforma		Proposed		Differences
	Rates Effective 9-1-07	Revenue	Charge	Revenue	
Total		\$ 786,677		\$ 786,677	
Total kWh Energy					
Allocation of GRC - Docket UE-070xxx			\$ 0.000614	\$ 90,788	
Total Revenue		\$ 786,677		\$ 877,465	\$ 90,788 11.5%
Check		\$ 786,677			
		\$			
Add Small Firm Resale Proforma Revenue		\$ 355,705		\$ 360,403	
Total Firm Resale Proforma Revenue		\$ 1,142,381		\$ 1,237,869	

Puget Sound Energy
Lighting Revenues
Proforma & Proposed

Twelve Months ended September 30, 2007

Schedule	kWh	Annual		Annual		% Change
		Proforma Revenue	Revenue	Proforma Revenue	Revenue	
03E	7,057	\$ 569	\$ 619	\$ 50		8.9%
50E-A	405,753	\$ 12,772	\$ 13,843	\$ 1,071		8.4%
50E-B		\$ 26,260	\$ 28,459	\$ 2,199		8.4%
52 O&M		\$ 669,570	\$ 725,368	\$ 55,798		8.3%
52E	8,884,359	\$ 846,754	\$ 918,087	\$ 71,333		8.4%
53E	47,285,571	\$ 10,851,790	\$ 11,759,478	\$ 907,688		8.4%
54E	11,434,794	\$ 1,077,465	\$ 1,167,579	\$ 90,114		8.4%
55E & 56E (No Res Exch)	4,217,522	\$ 1,059,919	\$ 1,148,483	\$ 88,564		8.4%
57E	5,012,802	\$ 465,474	\$ 504,349	\$ 38,875		8.4%
58E & 59E (No Res Exch)	2,095,409	\$ 378,369	\$ 410,047	\$ 31,678		8.4%
Old Pole Revenue		\$ 27,488	\$ 29,815	\$ 2,327		8.5%
New Pole Revenue		\$ 33,883	\$ 36,718	\$ 2,835		8.4%
	79,343,268	\$ 15,450,314	\$ 16,742,845	\$ 1,292,532		8.4%

Proposed Increase	\$ 1,292,765
Difference	\$ 233
	8.4%

Puget Sound Energy
 Proforma & Proposed Revenue
 Twelve Months ended September 30, 2007
 Schedule 003
 Customer Owned & Maintained Compact Fluorescent - Energy Only

Schedule	Lamp Size (Watts)	Lamp Type	Inventory @ 9-1-07	Billed kWh 12 Months ended 9-30-07	Schedule 95	Proforma		Proposed Lamp Charge	Annual Proforma Revenue	Annual Proposed Revenue	Revenue Change	%	
						Base Lamp Charge	0.03						
03E	22	Compact Fluorescent	60		\$	0.03	\$	0.76	\$	569	\$	50	8.9%
									\$	569	\$	50	8.9%

Puget Sound Energy
Proforma & Proposed Revenue
Twelve Months ended September 30, 2007
Schedule 50
Limited Street Lighting Service

Schedule	Lamp Size (Watts)	Lamp Type	Inventory @ 9-1-07	Billed kWh 12 Months ended 9-30-07	Schedule 95	Proforma		Proposed Lamp Charge	Annual Proforma Revenue	Annual Proposed Revenue	Revenue Change	% Change
						Base Lamp Charge	Proforma Revenue					
50E-A	327	Incandescent	-		\$ 0.38	\$ 10.47	\$ 11.76	\$ -	\$ -	\$ -	-	#DIV/0!
50E-A	100	Mercury Vapor	13		\$ 0.13	\$ 5.28	\$ 5.86	\$ 844	\$ 914	\$ 70	70	8.3%
50E-A	175	Mercury Vapor	19		\$ 0.23	\$ 7.72	\$ 8.62	\$ 1,813	\$ 1,965	\$ 152	152	8.4%
50E-A	400	Mercury Vapor	54		\$ 0.50	\$ 15.11	\$ 16.92	\$ 10,115	\$ 10,964	\$ 849	849	8.4%
			86	405,753				\$ 12,772	\$ 13,843	\$ 1,071	1,071	8.4%
50E-B	100	Mercury Vapor	9		\$ 0.13	\$ 3.57	\$ 4.01	\$ 400	\$ 433	\$ 33	33	8.3%
50E-B	175	Mercury Vapor	115		\$ 0.23	\$ 6.00	\$ 6.75	\$ 8,597	\$ 9,317	\$ 720	720	8.4%
50E-B	400	Mercury Vapor	98		\$ 0.50	\$ 13.29	\$ 14.94	\$ 16,217	\$ 17,574	\$ 1,357	1,357	8.4%
50E-B	700	Mercury Vapor	2		\$ 0.90	\$ 25.12	\$ 28.20	\$ 624	\$ 677	\$ 53	53	8.5%
50E-B	1,000	Mercury Vapor	1		\$ 1.28	\$ 33.91	\$ 38.13	\$ 422	\$ 458	\$ 36	36	8.5%
			225	-				\$ 26,260	\$ 28,459	\$ 2,199	2,199	8.4%
			311	405,753				\$ 39,032	\$ 42,302	\$ 3,270	3,270	8.4%

Puget Sound Energy
Proforma & Proposed Revenue
Twelve Months ended September 30, 2007
Schedule 52
Custom Lighting Service - Company Owned

Schedule	Lamp Size (Watts)	Lamp Type	Inventory @ 9-1-07	Billed kWh 12 Months ended 9-30-07	Proforma		Proposed Lamp Charge	Annual Proforma Revenue	Annual Proposed Revenue	Revenue Change	% Change	
					Schedule 95	Base Lamp Charge						
52E	50	Sodium Vapor	-	\$	0.07	\$	1.99	\$	-	\$	na	
52E	70	Sodium Vapor	393	\$	0.10	\$	2.90	\$	12,639	\$	1,037	8.2%
52E	100	Sodium Vapor	8,244	\$	0.14	\$	4.09	\$	372,959	\$	31,657	8.5%
52E	150	Sodium Vapor	2,997	\$	0.19	\$	5.94	\$	197,083	\$	16,543	8.4%
52E	200	Sodium Vapor	649	\$	0.25	\$	7.87	\$	56,541	\$	4,751	8.4%
52E	250	Sodium Vapor	786	\$	0.31	\$	9.77	\$	85,077	\$	7,074	8.3%
52E	310	Sodium Vapor	155	\$	0.44	\$	13.33	\$	22,878	\$	1,916	8.4%
52E	400	Sodium Vapor	421	\$	0.50	\$	15.25	\$	71,082	\$	5,961	8.4%
52E	70	Metal Halide	-	\$	0.11	\$	2.80	\$	-	\$	-	na
52E	100	Metal Halide	-	\$	0.15	\$	3.56	\$	-	\$	-	na
52E	150	Metal Halide	-	\$	0.21	\$	5.12	\$	-	\$	-	na
52E	175	Metal Halide	285	\$	0.24	\$	6.06	\$	21,546	\$	1,813	8.4%
52E	250	Metal Halide	-	\$	0.33	\$	8.24	\$	-	\$	-	na
52E	400	Metal Halide	-	\$	0.52	\$	12.92	\$	-	\$	-	na
52E	1,000	Metal Halide	18	\$	1.25	\$	30.92	\$	6,949	\$	581	8.4%
									<u>\$ 846,754</u>	<u>\$ 918,087</u>	<u>\$ 71,333</u>	<u>8.4%</u>

Puget Sound Energy
 Proforma & Proposed Revenue
 Twelve Months ended September 30, 2007
 Schedule 52 O&M
 Custom Lighting Service - Company Owned

Schedule	Estimated System Cost	Proforma Base Rate	Proposed Base Rate	Annual Proforma Revenue		Annual Proposed Revenue		% Change
				0.24%	0.260%	Revenue	Revenue		Change	Change
52 O&M - Option B	\$ 23,248,969			\$ 669,570	\$ 725,368	\$ 55,798	\$ 55,798	8.3%

Puget Sound Energy
Proforma & Proposed Revenue
Twelve Months ended September 30, 2007
Schedule 53
Street Lighting Service - Sodium Vapor

Schedule	Lamp Size (Watts)	Lamp Type	Inventory @ 9-1-07	Billed kWh 12 Months ended 9-30-07	Schedule 95	Proforma		Proposed		Annual Proforma Revenue	Annual Proposed Revenue	Revenue Change	% Change	
						Base Lamp Charge	Lamp Charge	Base Lamp Charge	Lamp Charge					
53E - Company Owned	50	Sodium Vapor	23		\$ 0.07	\$ 8.16	\$ 8.92	\$ 2,271	\$ 2,462	\$ 191	8.4%			
53E - Company Owned	70	Sodium Vapor	6,346		\$ 0.10	\$ 9.32	\$ 10.21	\$ 717,352	\$ 777,512	\$ 60,160	8.4%			
53E - Company Owned	100	Sodium Vapor	46,109		\$ 0.14	\$ 10.47	\$ 11.50	\$ 5,870,598	\$ 6,363,042	\$ 492,444	8.4%			
53E - Company Owned	150	Sodium Vapor	5,057		\$ 0.19	\$ 12.43	\$ 13.65	\$ 765,832	\$ 828,337	\$ 62,505	8.2%			
53E - Company Owned	200	Sodium Vapor	-		\$ 0.25	\$ 14.84	\$ 16.35	\$ -	\$ -	\$ -	na			
53E - Company Owned	250	Sodium Vapor	7,259		\$ 0.31	\$ 16.68	\$ 18.41	\$ 1,479,965	\$ 1,603,658	\$ 123,693	8.4%			
53E - Company Owned	310	Sodium Vapor	2,132		\$ 0.44	\$ 19.19	\$ 21.27	\$ 502,214	\$ 544,172	\$ 41,958	8.4%			
53E - Company Owned	400	Sodium Vapor	27		\$ 0.50	\$ 22.46	\$ 24.88	\$ 7,439	\$ 8,061	\$ 622	8.4%			
53E - Company Owned	1,000	Sodium Vapor	1,294		\$ 1.28	\$ 49.61	\$ 55.15	\$ 790,220	\$ 856,369	\$ 66,149	8.4%			
53E - Customer Owned	50	Sodium Vapor	10		\$ 0.07	\$ 3.67	\$ 4.05	\$ 449	\$ 486	\$ 37	8.2%			
53E - Customer Owned	70	Sodium Vapor	128		\$ 0.10	\$ 4.55	\$ 5.04	\$ 7,142	\$ 7,741	\$ 599	8.4%			
53E - Customer Owned	100	Sodium Vapor	684		\$ 0.14	\$ 5.58	\$ 6.20	\$ 46,950	\$ 50,890	\$ 3,940	8.4%			
53E - Customer Owned	150	Sodium Vapor	386		\$ 0.19	\$ 7.29	\$ 8.11	\$ 34,647	\$ 37,566	\$ 2,919	8.4%			
53E - Customer Owned	200	Sodium Vapor	1,480		\$ 0.25	\$ 8.99	\$ 10.01	\$ 164,102	\$ 177,778	\$ 13,676	8.3%			
53E - Customer Owned	250	Sodium Vapor	810		\$ 0.31	\$ 10.75	\$ 11.99	\$ 107,503	\$ 116,543	\$ 9,040	8.4%			
53E - Customer Owned	310	Sodium Vapor	35		\$ 0.44	\$ 12.88	\$ 14.43	\$ 5,594	\$ 6,061	\$ 467	8.3%			
53E - Customer Owned	400	Sodium Vapor	1,802		\$ 0.50	\$ 15.61	\$ 17.46	\$ 348,363	\$ 377,555	\$ 29,192	8.4%			
53E - Customer Owned	1,000	Sodium Vapor	1		\$ 1.28	\$ 37.68	\$ 42.22	\$ 468	\$ 507	\$ 39	8.3%			
53E - Customer Owned	70	Metal Halide	-		\$ 0.11	\$ 8.18	\$ 8.98	\$ -	\$ -	\$ -	na			
53E - Customer Owned	100	Metal Halide	-		\$ 0.15	\$ 8.94	\$ 9.85	\$ -	\$ -	\$ -	na			
53E - Customer Owned	150	Metal Halide	-		\$ 0.21	\$ 10.81	\$ 11.94	\$ -	\$ -	\$ -	na			
53E - Customer Owned	175	Metal Halide	4		\$ 0.24	\$ 13.94	\$ 15.37	\$ 681	\$ 738	\$ 57	8.4%			
53E - Customer Owned	250	Metal Halide	-		\$ 0.33	\$ 14.31	\$ 15.86	\$ -	\$ -	\$ -	na			
53E - Customer Owned	400	Metal Halide	-		\$ 0.52	\$ 15.95	\$ 17.85	\$ -	\$ -	\$ -	na			
											\$ 10,851,790	\$ 11,759,478	\$ 907,688	8.4%
											73,587	47,285,571		

Puget Sound Energy
Proforma & Proposed Revenue
Twelve Months ended September 30, 2007
Schedule 54
Customer Owned Street Lighting Energy Service - Sodium Vapor

Schedule	Lamp Size (Watts)	Lamp Type	Inventory @ 9-1-07	Billed kWh 12 Months ended 9-30-07	Schedule 95	Proforma Base Lamp Charge	Proposed Lamp Charge	Annual Proforma Revenue	Annual Proposed Revenue	Revenue Change	% Change
54E - Customer Owned	50	Sodium Vapor	194		\$ 0.07	\$ 1.77	\$ 1.99	\$ 4,284	\$ 4,633	\$ 349	8.1%
54E - Customer Owned	70	Sodium Vapor	985		\$ 0.10	\$ 2.58	\$ 2.90	\$ 31,678	\$ 34,278	\$ 2,600	8.2%
54E - Customer Owned	100	Sodium Vapor	2,481		\$ 0.14	\$ 3.62	\$ 4.07	\$ 111,943	\$ 121,172	\$ 9,229	8.2%
54E - Customer Owned	150	Sodium Vapor	1,097		\$ 0.19	\$ 5.28	\$ 5.93	\$ 72,007	\$ 78,063	\$ 6,056	8.4%
54E - Customer Owned	200	Sodium Vapor	2,002		\$ 0.25	\$ 7.00	\$ 7.86	\$ 174,174	\$ 188,829	\$ 14,655	8.4%
54E - Customer Owned	250	Sodium Vapor	2,358		\$ 0.31	\$ 8.69	\$ 9.75	\$ 254,664	\$ 275,886	\$ 21,222	8.3%
54E - Customer Owned	310	Sodium Vapor	150		\$ 0.44	\$ 11.84	\$ 13.31	\$ 22,104	\$ 23,958	\$ 1,854	8.4%
54E - Customer Owned	400	Sodium Vapor	2,384		\$ 0.50	\$ 13.55	\$ 15.23	\$ 401,942	\$ 435,700	\$ 33,758	8.4%
54E - Customer Owned	1,000	Sodium Vapor	11		\$ 1.28	\$ 34.09	\$ 38.33	\$ 4,669	\$ 5,060	\$ 391	8.4%
								<u>\$ 1,077,465</u>	<u>\$ 1,167,579</u>	<u>\$ 90,114</u>	<u>8.4%</u>

Puget Sound Energy
Proforma & Proposed Revenue
Twelve Months ended September 30, 2007
Schedules 55 & 56
Area Lighting Service

Schedule	Lamp Size (Watts)	Lamp Type	Inventory @ 9-1-07	Billed kWh 12 Months ended 9-30-07	Schedule 95	Proforma		Proposed		Annual		% Change
						Base Lamp Charge	Lamp Charge	Base Lamp Charge	Lamp Charge	Proforma Revenue	Proposed Revenue	
55E & 56E	70	Sodium Vapor	7		\$ 0.10	\$ 9.38	\$ 10.27	\$ 796	\$ 863	\$ 67	8.4%	
55E & 56E	100	Sodium Vapor	5,452		\$ 0.14	\$ 10.53	\$ 11.56	\$ 698,074	\$ 756,301	\$ 58,227	8.3%	
55E & 56E	150	Sodium Vapor	299		\$ 0.19	\$ 12.53	\$ 13.78	\$ 45,639	\$ 49,443	\$ 3,804	8.3%	
55E & 56E	200	Sodium Vapor	1,539		\$ 0.25	\$ 15.00	\$ 16.53	\$ 281,637	\$ 305,276	\$ 23,639	8.4%	
55E & 56E	250	Sodium Vapor	76		\$ 0.31	\$ 16.88	\$ 18.63	\$ 15,677	\$ 16,991	\$ 1,314	8.4%	
55E & 56E	400	Sodium Vapor	65		\$ 0.50	\$ 22.70	\$ 25.14	\$ 18,096	\$ 19,609	\$ 1,513	8.4%	
55E & 56E	175	Metal Halide	-		\$ 0.24	\$ 17.80	\$ 19.55	\$ -	\$ -	\$ -	#DIV/0!	
55E & 56E	250	Metal Halide	-		\$ 0.33	\$ 19.52	\$ 21.51	\$ -	\$ -	\$ -	#DIV/0!	
Total Schedules 55 & 56			7,438	4,217,522				\$ 1,059,919	\$ 1,148,483	\$ 88,564	8.4%	

Puget Sound Energy
 Proforma & Proposed Revenue
 Twelve Months ended September 30, 2007
 Schedule 57
 Continuous Lighting Service

Schedule	Annual kWh	Annual Watts = kWh / 0.254	Proforma Base Lamp Charge	Proposed Lamp Charge	Schedule 95	Annual Proforma Revenue	Annual Proposed Revenue	Revenue Change	% Change
57E	5,012,802	20,460,415	\$ 0.02194	\$ 0.02465	\$ 0.00081	\$ 465,474	\$ 504,349	\$ 38,875	8.4%
						\$ 465,474	\$ 504,349	\$ 38,875	8.4%

Proposed Increase

8.37%

Puget Sound Energy
Proforma & Proposed Revenue
Twelve Months ended September 30, 2007
Schedules 58 & 59
Flood Lighting Service

Schedule	Lamp Size (Watts)	Lamp Type	Inventory @	Billed kWh		Schedule 95	Proforma Base Lamp Charge	Proposed Lamp Charge	Annual Proforma Revenue	Annual Proposed Revenue	Revenue Change	% Change
				9-1-07	9-30-07							
58E & 59E	70	Directional Sodium Vapor	70		\$	0.10	\$ 11.23	\$ 12.28	\$ 9,517	\$ 10,315	\$ 798	8.4%
58E & 59E	100	Directional Sodium Vapor	6		\$	0.14	\$ 12.29	\$ 13.47	\$ 895	\$ 970	\$ 75	8.4%
58E & 59E	150	Directional Sodium Vapor	202		\$	0.19	\$ 14.00	\$ 15.38	\$ 34,397	\$ 37,281	\$ 2,884	8.4%
58E & 59E	200	Directional Sodium Vapor	361		\$	0.25	\$ 16.32	\$ 17.96	\$ 71,781	\$ 77,803	\$ 6,022	8.4%
58E & 59E	250	Directional Sodium Vapor	28		\$	0.31	\$ 18.13	\$ 19.98	\$ 6,196	\$ 6,713	\$ 517	8.3%
58E & 59E	400	Directional Sodium Vapor	470		\$	0.50	\$ 22.93	\$ 25.39	\$ 132,145	\$ 143,200	\$ 11,055	8.4%
58E & 59E	100	Horizontal Sodium Vapor	1		\$	0.14	\$ 14.04	\$ 15.37	\$ 170	\$ 184	\$ 14	8.2%
58E & 59E	150	Horizontal Sodium Vapor	9		\$	0.19	\$ 15.68	\$ 17.20	\$ 1,714	\$ 1,858	\$ 144	8.4%
58E & 59E	200	Horizontal Sodium Vapor	6		\$	0.25	\$ 18.20	\$ 19.99	\$ 1,328	\$ 1,439	\$ 111	8.4%
58E & 59E	250	Horizontal Sodium Vapor	16		\$	0.31	\$ 18.89	\$ 20.81	\$ 3,686	\$ 3,996	\$ 310	8.4%
58E & 59E	400	Horizontal Sodium Vapor	71		\$	0.50	\$ 24.60	\$ 27.20	\$ 21,385	\$ 23,174	\$ 1,789	8.4%
58E & 59E	175	Directional Metal Halide	3		\$	0.24	\$ 15.94	\$ 17.53	\$ 582	\$ 631	\$ 49	8.4%
58E & 59E	250	Directional Metal Halide	11		\$	0.33	\$ 18.62	\$ 20.54	\$ 2,501	\$ 2,711	\$ 210	8.4%
58E & 59E	400	Directional Metal Halide	70		\$	0.52	\$ 23.05	\$ 25.54	\$ 19,799	\$ 21,454	\$ 1,655	8.4%
58E & 59E	1,000	Directional Metal Halide	99		\$	1.25	\$ 42.38	\$ 47.28	\$ 51,832	\$ 56,169	\$ 4,337	8.4%
58E & 59E	175	Horizontal Metal Halide	-		\$	0.24	\$ 19.65	\$ 21.55	\$ -	\$ -	\$ -	na
58E & 59E	250	Horizontal Metal Halide	1		\$	0.33	\$ 22.21	\$ 24.43	\$ 270	\$ 293	\$ 23	8.5%
58E & 59E	400	Horizontal Metal Halide	59		\$	0.52	\$ 27.97	\$ 30.87	\$ 20,171	\$ 21,856	\$ 1,685	8.4%
Total Schedules 58 & 59				1,483	2,095,409				\$ 378,369	\$ 410,047	\$ 31,678	8.4%

Puget Sound Energy
Lighting Revenue
Twelve Months ended September 30, 2007
Pole Rentals
Schedules 55 & 58

Schedule	Inventory @ 9-1-07	Proforma Charge	Proposed Charge	Annual Proforma Revenue	Annual Proposed Revenue	Revenue Change	% Change
Old Pole - Sch 55	1,212	\$ 1.89	\$ 2.05	\$ 27,488	\$ 29,815	\$ 2,327	8.5%
New Pole - Sch 55	210	\$ 7.45	\$ 8.07	\$ 18,774	\$ 20,345	\$ 1,571	8.4%
New Pole - Sch 58	169	\$ 7.45	\$ 8.07	\$ 15,109	\$ 16,373	\$ 1,264	8.4%
Total New Pole Revenue	379			\$ 33,883	\$ 36,718	\$ 2,835	8.4%
Average Proforma Charge				7.45			
Proposed Increase				8.37%			
Proposed New Pole Charge				\$ 8.07			

Puget Sound Energy
Rate Design
Residential Schedule 7

Line No.	Description	Bill Determinants	Base Rates Effective 9-1-07	PCORC Effective 9-1-07	Proposed Rates Effective 2008	Proforma Revenue Effective 9-1-07	Proposed Revenue Effective 2008	Notes:
1								
2	Basic Charges							
3	One Phase	11,374,965	\$ 6.02		\$ 7.00	\$ 68,477,289	\$ 79,624,755	Settlement
4	Three Phase	3,377	\$ 14.85		\$ 17.25	\$ 50,148	\$ 58,253	
5	Total Basic Charge	<u>11,378,342</u>				<u>\$ 68,527,438</u>	<u>\$ 79,683,008</u>	
6								
7	Energy Charges							
8	First 600 kWh	5,821,836,138	\$ 0.074314	\$ 0.003245	\$ 0.084216	\$ 451,535,789	\$ 490,291,752	Equal ¢ increase
9	All Over 600 kWh							
10	As Billed	4,944,559,234						
11	Temperature Adjustment	(111,534,469)						
12	Total All Over 600 kWh	<u>4,833,024,765</u>	\$ 0.092122	\$ 0.003245	\$ 0.102023	\$ 460,911,073	\$ 493,079,686	Equal ¢ increase, Adjust for Rounding
13	Total Billed kWh	<u>10,654,860,903</u>				<u>\$ 912,446,862</u>	<u>\$ 983,371,438</u>	
14								
15	Unbilled	33,938,723	\$ 0.091815		\$ 0.099497	\$ 3,116,083	\$ 3,376,801	Uniform % Increase
16								
17	Total kWh	<u>10,688,799,626</u>						
18								
19	Total Revenue					<u>\$ 984,090,383</u>	<u>\$ 1,066,431,247</u>	
20								
21	Target Proposed Increase (Decrease) from Rate Spread					\$ 82,341,191		Rate Spread Workpapers, Column K
22	Target Proposed Revenue					\$ 1,066,431,574		
23	Target Proposed Revenue Change (%)					8.37%		
24								
25	Remainder after Basic Charge & Unbilled					\$ 70,924,903		
26	Remaining Increase - %					7.77%		Uniform % Increase
27	Remaining Increase - Equal ¢					\$ 0.0066566		Equal ¢ increase
28								
29	Over (Under) Recover Target Rate Spread					\$ (327)		

		Puget Sound Energy Rate Design				Secondary Voltage, Schedule 24, Demand < 50 kW		
Line No.	Description	Bill Determinants	Base Rates Effective 9-1-07	PCORC Effective 9-1-07	Proposed Rates Effective 2008	Proforma Revenue Effective 9-1-07	Proposed Revenue Effective 2008	Notes:
1								
2	Basic Charges							
3	One Phase	1,040,499	\$ 6.80	\$ 9.25	\$ 7,075,393	\$ 9,624,616	Settlement	
4	Three Phase	401,495	\$ 16.79	\$ 23.50	\$ 6,741,101	\$ 9,435,133		
5	Total Basic Charge	1,441,994			\$ 13,816,494	\$ 19,059,748		
6								
7	Energy Charges							
8	Winter kWh (Oct - Mar)	1,388,857,914						
9	Temperature Adjustment	(11,965,439)						
10	Total Winter	1,376,892,475	\$ 0.079049	\$ 0.087462	\$ 113,144,762	\$ 120,425,770	Uniform % Increase & adjust	
11	Summer kWh (Apr - Sep)	1,237,234,757						
12	Temperature Adjustment	(7,300,019)						6.44%
13	Total Summer	1,229,934,738	\$ 0.076264	\$ 0.084499	\$ 97,643,289	\$ 103,928,255	Uniform % Increase	
14	Total Billed kWh	2,606,827,213			\$ 210,788,051	\$ 224,354,025		
15								
16	Unbilled	10,444,821	\$ 0.085041	\$ 0.090514	\$ 888,234	\$ 945,403	Uniform % Increase	
17	Total kWh	2,617,272,034						
18								
19	Total Revenue				\$ 225,492,780	\$ 244,359,176		
20								
21	Target Proposed Increase (Decrease) from Rate Spread							
22	Target Proposed Revenue				\$ 18,867,519	\$ 244,360,299	Rate Spread Workpapers, Column K	
23	Target Proposed Revenue Change (%)						8.37%	
24								
25	Target Revenue less Basic Charge				\$ 225,300,550	\$ 211,676,285		
26	Proforma Energy Revenue				\$ 13,624,265.05			
27	Left to Spread							
28	% Increase						6.44%	Uniform % Increase
29								
30	Over (Under) Recover Target Rate Spread							\$ (1,123)

Puget Sound Energy
Rate Design
Secondary Voltage, Schedule 25, Demand >50 kW and < 350 kW

Line No.	Description	Determinants	Base Rates Effective 9-1-07	PCORC Effective 9-1-07	Proposed Rates Effective 2008	Proforma Revenue Effective 9-1-07	Proposed Revenue Effective 2008	Notes
1								
2	Basic Changes	93,148 \$	27.20		50.00 \$	2,533,626 \$	4,657,400 \$	Settlement
3	Energy Charges							
4	First 20,000 kWh							
5	Winter kWh (Oct - Mar)	781,028,543 \$	0.082041 \$	0.0031115 \$	0.088261 \$	66,509,267 \$	68,934,360 \$	
6	Summer kWh (Apr - Sep)	766,793,107 \$	0.074445 \$	0.0031115 \$	0.080388 \$	59,472,473 \$	61,640,964 \$	
7	Total First 20,000 kWh	1,547,821,650						
8	Over 20,000 kWh							
9	All Months	1,499,730,303						
10	Temperature Adjustment	(529,632)						
11	Total Over 20,000 kWh	1,499,200,671 \$	0.060417 \$	0.0031115 \$	0.063576 \$	95,247,217 \$	95,313,182 \$	Apply Residual and Adjust if necessary
12	Total Billed kWh Energy	3,047,022,321						
13								
14	Unbilled							
15	Winter Unbilled (Block 1)	10,197,101						
16	Winter Unbilled (Block 2)	2,650,639						
17	Total Unbilled	12,847,740 \$	0.080695 \$		0.083346 \$	1,036,745 \$	1,070,808 \$	Apply Class average increase
18	Total kWh	3,059,870,061						
19								
20	Demand Charges							
21	First 50 kW	6,636,131 \$						
22	Winter Over 50 kW	2,383,723 \$	8.31		8.72 \$	19,808,738 \$	20,786,065 \$	Apply 150% class average increase
23	Summer Over 50 kW	2,266,686 \$	5.54		5.81 \$	12,557,441 \$	13,169,447 \$	
24	Total Demand	11,286,540						
25								
26	Reactive Power Charge (kVArh)	983,442,054 \$	0.00265		0.00274 \$	2,606,121 \$	2,694,631 \$	Apply Class average increase
27								
28	Total Revenue							
29								
30	Proposed Increase Sch 25 & Sch 29							
31	Total Proforma Revenue Sch 25 & 29							
32	Total Proposed Revenue Sch 25 & 29							
33	Target Proposed % Increase							
34	150% Class Average Increase							
35	Check							
36	Sch 25 Proposed Revenue							
37	Sch 29 Proposed Revenue							
38	Total Sch 25 & 29 Revenue							
39	Target Sch 25 & 29							
40	Over (Under) Recover Target Rate Spread							
41								
42								
43								
44								

Puget Sound Energy
Rate Design
Secondary Voltage, Schedule 29, Irrigation

Line No.	Description	Determinants	Base Rates Effective 9-1-07	PCORC Effective 9-1-07	Proposed Rates Effective 2008	Proforma Revenue Effective 9-1-07	Proposed Revenue Effective 2008	Notes:
1								
2	Basic Charges							
3	One Phase	2,769 \$	6.80 \$		9.25 \$	18,829 \$	25,613 \$	
4	Three Phase	5,595 \$	16.79 \$		23.50 \$	93,940 \$	131,483 \$	Set Equal to Sch 24
5	Total Basic Charge	8,364				112,769 \$	157,096 \$	
6								
7	Energy Charges							
8	First 20,000 kWh							
9	Winter kWh (Oct - Mar)	2,098,763 \$	0.081732 \$	0.002566 \$	0.088261 \$	176,922 \$	185,239 \$	1st Block Winter=Sch 25
10	Summer kWh (Apr - Sep)	11,933,176 \$	0.057121 \$	0.002566 \$	0.061648 \$	712,255 \$	735,656 \$	1st Block Summer = Class Avg Inc
11	Total First 20,000 kWh	14,031,939						
12	Over 20,000 kWh							
13	Winter kWh (Oct - Mar)	112,240 \$	0.064860 \$	0.002566 \$	0.067426 \$	7,568 \$	7,568 \$	
14	Summer kWh (Apr - Sep)	661,159 \$	0.050493 \$	0.002566 \$	0.053059 \$	35,080 \$	35,080 \$	
15	Temperature Adjustment - Winter	(2,796)	0.064860 \$	0.002566 \$	0.067426 \$	(189) \$	(189) \$	Proposed = Proforma
16	Temperature Adjustment - Summer	(16,544)	0.050493 \$	0.002566 \$	0.053059 \$	(878) \$	(878) \$	
17	Total Over 20,000 kWh	754,059				930,759 \$	962,477 \$	
18	Total Billed kWh Energy	14,785,999						
19								
20	Unbilled	158,706 \$	0.065151 \$		0.065151 \$	10,340 \$	10,340 \$	Proposed = Proforma
21	Total kWh	14,944,705				941,099 \$	972,817 \$	
22								
23	Demand Charges							
24	First 50 kW	21,989 \$						
25	Winter Over 50 kW	4,652 \$	8.55 \$		8.55 \$	39,775 \$	39,775 \$	Proposed = Proforma
26	Summer Over 50 kW	7,778 \$	4.21 \$		4.21 \$	32,745 \$	32,745 \$	
27	Total Demand	34,419				72,520 \$	72,520 \$	
28								
29	Reactive Power Charge (kVarh)	903,360 \$	0.00272 \$		0.00272 \$	2,457 \$	2,457 \$	Proposed = Proforma
30								
31	Total Revenue					1,128,845 \$	1,204,890 \$	
32								
33	Target Proposed % Increase (Sch 25 & 29)							3.29% Class Average Increase
34	Target Proposed Revenue 29							\$ 1,165,933

Puget Sound Energy
Rate Design

Secondary Voltage, Schedule 26, Demand >350 kW

Line No.	Description	Bill Determinants	Base Rates Effective 9-1-07	PCORC Effective 9-1-07	Proposed Rates Effective 2008	Proforma Revenue Effective 9-1-07	Proposed Revenue Effective 2008	Notes:
1								
2	Basic Charges	9,387	48.00		100.00	450,576	938,700	Settlement
3								
4	Energy Charges							
5	All kWh	2,079,689,442						
6	Temperature Adjustment	8,749,920						
7	Total Billed kWh Energy	2,088,439,363	0.057795	0.002918	0.060995	126,795,419	127,384,359	Apply Residual & Adjust
8								
9	Unbilled	9,136,102	0.072930		0.075326	666,299	688,186	Apply Class average increase
10								
11	Total kWh	2,097,575,465				127,461,718	128,072,545	
12								
13	Demand Charges							
14	Winter (Oct to Mar)	2,361,739	7.50		8.52	17,713,045	20,122,019	Sch 31 Adj for Losses
15	Summer (Apr to Sep)	2,466,057	4.99		5.67	12,305,627	13,982,546	
16	Total Demand	4,827,797				30,018,672	34,104,565	
17								
18	Reactive Power Charge (kVarh)	988,805,243	0.00115		0.00119	1,137,126	1,176,678	Apply Class average increase
19								
20	Total Revenue					159,068,092	164,292,488	
21								
22	Target Proposed Increase Sch 26							
23	Target Proposed Revenue 26							
24	Target Proposed % Increase							
25								
26	Over (Under) Recover Target Rate Spread							
27								
28	Adjustments to Secondary Voltage Rates for Delivery at Primary Voltage							
29	Basic Charge Addition Sec Voltage Rate:	\$ 225,00						
30	Demand Credit per kW to all Demand:	3%						
31	Energy Charge Reduction to Base Rates:	3%						
32								

Rate Spread Workpapers, Column K
 \$ 5,226,068
 \$ 164,294,160
 3.29% Class Average Increase
\$ (1,672)

Puget Sound Energy
Rate Design
Primary Voltage, Schedule 31

Line No.	Description	Determinants	Base Rates Effective 9-1-07	PCORC Effective 9-1-07	Proposed Rates Effective 2008	Proforma Revenue Effective 9-1-07	Proposed Revenue Effective 2008	Notes:
1								
2	Basic Charges	5,893	\$ 295.00		\$ 325.00	\$ 1,738,435	\$ 1,915,225	Settlement
3								
4	Energy Charges							
5	All kWh	1,369,024.424						
6	Temperature Adjustment	(4,318.073)						
7	Total Billed kWh Energy	1,364,706.351	\$ 0.051902	\$ 0.003063	\$ 0.058895	\$ 75,011,085	\$ 80,374,381	Apply Residual & Adjust
8								
9	Unbilled	5,847,669	\$ 0.069623		\$ 0.075449	\$ 407,135	\$ 441,201	Apply Class average increase
10								
11	Total kWh	1,370,554.020				\$ 75,418,220	\$ 80,815,581	
12								
13	Demand Charges							
14	Winter (Oct to Mar)	1,685,523	\$ 7.35		8.27	\$ 12,388,591	\$ 13,939,272	150% of Average Class Increase
15	Summer (Apr to Sep)	1,822,272	\$ 4.89		5.50	\$ 8,910,909	\$ 10,022,495	
16	Total Demand	3,507,794				\$ 21,299,500	\$ 23,961,767	
17								
18	Reactive Power Charge (kVarh)	820,937,822	\$ 0.00094		\$ 0.00102	\$ 771,682	\$ 837,357	Apply Class average increase
19								
20	Total Revenue					\$ 99,227,836	\$ 107,529,929	
21								
22	Proposed Revenue Increase 31, 35						\$8,323,332	Rate Spread Workpapers, Column K
23	Proforma Revenue 31, 35						\$ 99,475,260	
24	Target Sch 31 & 35						\$ 107,798,593	
25								
26	Target Proposed % Increase							8.37% Class Average Increase
27	150% of Target Proposed Revenue Change							12.55% 150% Class Average Increase
28								
29	Check						\$ 107,529,929	
30	Sch 31 Proposed Revenue						\$ 268,128	
31	Sch 35 Proposed Revenue						\$ 107,798,058	
32	Total Sch 31 & 35 Revenue						\$ (535)	
33								
34	Check							

Puget Sound Energy
Rate Design
Primary Voltage, Schedule 35, Irrigation

Line No.	Description	Bill Determinants	Base Rates Effective 9-1-07	PCORC Effective 9-1-07	Proposed Rates Effective 2008	Proforma Revenue Effective 9-1-07	Proposed Revenue Effective 2008	Notes:
1	Basic Charges	12	\$ 295.00		\$ 325.00	\$ 3,540	\$ 3,900	Same as Sch 31
3	Energy Charges							
4	Total Billed kWh Energy	4,820,400	\$ 0.041345	\$ 0.003093	\$ 0.047930	\$ 214,209	\$ 231,042	Apply Residual
6	Unbilled	43,818	\$ 0.049762		\$ 0.053926	\$ 2,180	\$ 2,363	Apply Class average increase
8	Total kWh	4,864,218				\$ 216,389	\$ 233,405	
10	Demand Charges							
11	Winter (Oct to Mar)	1,057	\$ 3.82		4.30	\$ 4,039	\$ 4,546	150% of Average Class Increase (Same as Sch 31)
12	Summer (Apr to Sep)	7,999	\$ 2.54		2.86	\$ 20,316	\$ 22,876	
13	Total Demand	9,056				\$ 24,355	\$ 27,422	
14	Reactive Power Charge (kVarh)	3,270,600	\$ 0.00096		\$ 0.00104	\$ 3,140	\$ 3,401	Apply Class average increase
15	Total Revenue					\$ 247,424	\$ 268,128	
16	Proposed Revenue Increase 31, 35							8.37% Class Average Increase
17	150% of Target Proposed Revenue Change (%)							12.55% Class Average Increase
18	Target Proposed \$ Increase Sch 35							\$ 20,703
19	Target Proposed Revenue 35							\$ 268,127

Puget Sound Energy
Rate Design
Primary Voltage, Schedule 43, Interruptible

Line No.	Description	Bill Determinants	Base Rates Effective 9-1-07	PCORC Effective 9-1-07	Proposed Rates Effective 2008	Proforma Revenue Effective 9-1-07	Proposed Revenue Effective 2008	Notes:
1								
2	Basic Charges	2,202	\$ 295.00		\$ 325.00	\$ 649,590	\$ 715,650	Same as Sch 31
3								
4	Energy Charges	167,594,812						
5	kWh	(1,684,428)						
6	Temperature Adjustment	165,910,384	\$ 0.049375	\$ 0.002586	\$ 0.055383	\$ 8,620,869	\$ 9,188,615	Apply Residual
7	Total Billed kWh Energy							
8								
9	Unbilled	399,862	\$ 0.082093		\$ 0.088962	\$ 32,826	\$ 35,573	Class Average Increase
10	Total kWh	166,310,246				\$ 8,653,695	\$ 9,224,187	
11								
12	Demand Charges - All kW	825,740	\$ 4.04		4.55	\$ 3,335,990	\$ 3,757,117	150% of Average Sch 31 Increase
13								
14	Reactive Power Charge (kVarh)	79,336,169	\$ 0.00265		\$ 0.00287	\$ 210,241	\$ 227,695	Apply Class average increase (Same as Sch 31)
15								
16	Total Revenue					\$ 12,849,516	\$ 13,924,649	
17								
18	Proposed Revenue Increase Sch 43						\$ 1,075,150	Rate Spread Worksheets, Column M
19	Target Proposed \$ Increase Sch 43						\$ 13,924,665	
20	Proposed Revenue % Increase Sch 43						8.37%	Sch 43 Class Average Increase
21	Target Sch 31 Proposed Revenue Change (%)						8.37%	Sch 31 Average Increase
22	150% of Target Sch 31 Proposed Revenue Change (%)						12.55%	150% of Sch 31 Average Increase
23								
24	Over (Under) Recover Target Rate Spread						\$ (16)	

Puget Sound Energy
Rate Design
High Voltage, Schedule 46, Interruptible

Line No.	Description	Determinants	Base Rates Effective 9-1-07	PCORC Effective 9-1-07	Proposed Rates Effective 2008	Proforma Revenue Effective 9-1-07	Proposed Revenue Effective 2008	Notes:
1								
2	Energy Charges							
3	Total Billed kWh Energy	51,158,005	\$ 0.046901	\$ 0.002768	\$ 0.053203	\$ 2,540,967	\$ 2,721,759	Same as Sch 49
4								
5	Unbilled	206,407	\$ 0.055703	\$	\$ 0.060364	\$ 11,497	\$ 12,460	Class Average Increase
6	Total Energy	51,364,412				\$ 2,552,464	\$ 2,734,219	
7								
8	Demand Charges - All kVa	167,256	\$ 1.78		2.00	\$ 297,716	\$ 334,512	150% of Average Class Average Increase
9								
10	Total Revenue					\$ 2,850,180	\$ 3,068,731	
11								
12	Target Proposed % Increase Sch 46 & 49							8.37% Class Average Increase
13	150% of Target Class Average (%)							12.55% 150% Class Average Increase

Puget Sound Energy
Rate Design
High Voltage, Schedule 49

Line No.	Description	Bill Determinants	Base Rates Effective 9-1-07	PCORC Effective 9-1-07	Proposed Rates Effective 2008	Proforma Revenue Effective 9-1-07	Proposed Revenue Effective 2008	Notes:
1								
2	Energy Charges							
3	Total Billed kWh Energy	506,155,235	\$ 0.046901	\$ 0.002451	\$ 0.053203	\$ 24,979,773	\$ 26,928,977	Apply residual to Sch 46 & Sch 49 energy & Adjust
4								
5	Unbilled	1,937,771	\$ 0.057485		\$ 0.062295	\$ 111,393	\$ 120,713	Class Average Increase
6	Total Energy	<u>508,093,006</u>				<u>\$ 25,091,166</u>	<u>\$ 27,049,690</u>	
7								
8	Demand Charges - All kVa	<u>1,259,430</u>	\$ 3.14		3.53	<u>\$ 3,954,612</u>	<u>\$ 4,445,789</u>	150% of Average Class Average Increase
9								
10	Total Revenue					<u>\$ 29,045,778</u>	<u>\$ 31,495,480</u>	
11								
12	Target Proposed \$ Increase Sch 46 & 49						\$ 2,668,811	Rate Spread Workpapers, Column K
13	Target Proposed Revenue 46 & 49						\$ 34,564,769	
14								
15	Target Proposed % Increase Sch 46 & 49							8.37% Class Average Increase
16	150% of Target Class Average (%)							12.55% 150% of Average Class Average Increase
17								
18	Sch 46 Proposed						\$ 3,068,731	
19	Sch 49 Proposed						\$ 31,495,480	
20	Total HV Proposed						\$ 34,564,211	
21	Over (Under) Recover Target Rate Spread						<u>\$ (558)</u>	

Puget Sound Energy
Rate Design
Transporation, Schedules 449 and 459

Line No.	Description	Determinants	Base Rates Effective 9-1-07	Proposed Rates Effective 2008	Proforma Revenue Effective 9-1-07	Proposed Revenue Effective 2008	Notes:
1							
2	Basic Charges						
3	449 Primary Voltage	24	\$ 709.00	\$ 1,000.00	\$ 17,016	\$ 24,000	
4	449 High Voltage	168	\$ 709.00	\$ 1,000.00	\$ 119,112	\$ 168,000	Settlement
5	459 High Voltage	60	\$ 709.00	\$ 1,000.00	\$ 42,540	\$ 60,000	
6	Total Basic Charge	252			\$ 178,668	\$ 252,000	
7							
8	Demand Charges - All kVa						
9	449 Primary Voltage	209,738	\$ 3.999	\$ 3.979	\$ 838,742	\$ 834,548	Apply residual to Demand on Equal \$ / kVa
10	449 High Voltage	2,928,917	\$ 1.532	\$ 1.512	\$ 4,486,079	\$ 4,428,523	
11	459 High Voltage	608,438	\$ 1.532	\$ 1.512	\$ 932,127	\$ 919,958	
12	Total Demand Charge	3,747,093			\$ 6,256,948	\$ 6,183,028	
13							
14	OATT Revenue				\$ 2,336,798	\$ 2,336,798	
15							
16	Unbilled						
17	449 Primary Voltage - kWh	1,218,729	\$ (0.004643)	\$ (0.004643)	\$ (5,659)	\$ (5,659)	Class Average Increase
18	449 High Voltage - kWh	17,807,117	\$ (0.004643)	\$ (0.004643)	\$ (82,687)	\$ (82,678)	
19	459 High Voltage - kWh	3,656,938	\$ (0.004644)	\$ (0.004644)	\$ (16,981)	\$ (16,983)	
20							
21					\$ (105,327)	\$ (105,320)	
22							
23	Total Revenue				\$ 8,667,087	\$ 8,666,507	
24							
25	Target Proposed \$ Increase Sch 449 & 459				\$ -	\$ -	Rate Spread Workpapers, Column K
26	Target Proposed Revenue Sch 449 & 459				\$ 8,667,087	\$ 8,667,087	
27	Target Proposed % Increase Sch 449 & 459				0.00%	0.00%	Class Average Increase
28							
29							
30	Proposed less Basic Charge & OATT & Unbilled				\$ 6,183,609	\$ 6,183,609	
31	Left to Spread				\$ (73,339)	\$ (73,339)	
32	Remaining Rate Change %				-1.17%	-1.17%	
33	Remaining Rate Change \$ / kVa				\$ (0.020)	\$ (0.020)	Equal \$ / kVa Residual
34							
34	Check				\$ (581)	\$ (581)	

Puget Sound Energy
Calculation of Schedule 40 Tariff Charges
Test Year Twelve Months ended September 30, 2007

Basic Charge	Rate	Notes
Primary Voltage Metering Points	\$ 325.00	Set Equal to Schedule 31
Secondary Voltage >- 350 kW	\$ 100.00	Set Equal to Schedule 26
Secondary Voltage < 350 kW	\$ 50.00	Set Equal to Schedule 25

Production & Transmission Charges	Rate	Notes
Demand (\$/kW of Coincident Billing Demand)		Set Equal to Schedule 49, Adjust for Line Losses & Power Factor
High Voltage Metering Point	\$ 3.92	
Primary Voltage Metering Point	\$ 4.00	
Secondary Voltage Metering Point	\$ 4.12	

Energy Charge (Cents / kWh)	Rate	Notes
High Voltage Metering Point	\$ 0.053203	Set Equal to Schedule 49, Adjust for Line Losses
Primary Voltage Metering Point	\$ 0.054144	
Secondary Voltage Metering Point	\$ 0.055714	

Reactive Power Charge - (Cents / kVARh)	Rate	Notes
Primary Voltage Metering Point	0.102	Set Equal to Schedule 31
Secondary Voltage Metering Point	0.119	Set Equal to Schedule 26

Customer Specific Distribution Charge	Total Distribution	Transformer Charge	Feeder Charge	Substation Charge
Customer 1	\$ 1.81	\$ 0.20	\$ 1.17	\$ 0.44
Customer 2	\$ 3.30	\$ 0.50	\$ 1.64	\$ 1.16
Customer 3	\$ 1.86	\$ -	\$ 1.25	\$ 0.61
Customer 4	\$ 0.50	\$ 0.11	\$ 0.18	\$ 0.21
Customer 5	\$ 0.81	\$ 0.09	\$ 0.29	\$ 0.43
Customer 6	\$ 1.20	\$ 0.15	\$ 0.36	\$ 0.69
Customer 7	\$ 0.93	\$ -	\$ 0.75	\$ 0.18
Customer 8	\$ 1.70	\$ -	\$ 0.49	\$ 1.21

Note: Distribution Charge FCR at 8.60% ROR

Schedule 40 Production & Transmission Charges					
	Proposed Demand Charge	Rate Change %	Proforma Demand Charge	Bill Determinants	Proforma Revenue Effective 9-1-07
Demand (\$/kW of Coincident Billing Demand)					
High Voltage Metering Point	\$ 3.92		\$ 3.25		\$ -
Primary Voltage Metering Point	\$ 4.00		\$ 3.32	795,981	\$ 2,642,657
Secondary Voltage Metering Point	\$ 4.12		\$ 3.42	298,481	\$ 1,020,805

Proforma		Proposed		Proposed	
Power Factor	Schedule 40 Demand Rate (\$ / kVa)	Implicit Loss Adjustment	Schedule 49 Demand Rate (\$ / kVa)	Schedule 40 Demand Rate (\$ / kW)	Schedule 49 Demand Rate (\$ / kW)
90%	\$ 2.93		\$ 3.53	\$ 3.92	\$ 3.92
90%	\$ 2.99	2.11%	\$ 3.60	\$ 4.00	\$ 4.00
90%	\$ 3.08	4.97%	\$ 3.71	\$ 4.12	\$ 4.12

2008 GRC Load Study Loss Factors		Loss Adjustment from HV	
	2.25%		1.96%
	4.21%		5.27%

	Proposed Energy Charge	Rate Change %	Sch 40 Rates Eff 1-13-07
Energy Charge (Cmts / kWh)			
High Voltage Metering Point	\$ 0.053203		\$ 0.050991
Primary Voltage Metering Point	\$ 0.054144		\$ 0.051909
Secondary Voltage Metering Point	\$ 0.055714		\$ 0.053517

Proposed		Schedule 49	
Implicit Loss Adjustment	Energy Rate (\$ / kVa)	Implicit Loss Adjustment	Energy Rate (\$ / kVa)
	\$ 0.053203		\$ 0.054144
	1.77%		4.72%

Proposed Basic Charge Revenue Change	\$ 40,834
Proposed Reactive Charge Revenue Change	\$ 15,027
Proposed Distribution Charge Revenue Change	\$ (633,822)
Proposed Prod & Trans Demand Charge	\$ 750,204
Proposed Prod & Trans Energy Charge	\$ 1,365,638
Subtotal	\$ 1,537,880
Proposed Revenue Change	\$ 1,537,880
Check	\$ -
Proforma Charges	\$ 38,977,061
% Change	3.95%
Total Proposed Revenue	\$ 40,923,904
Total Proposed Revenue from Summary	\$ 40,514,941
Difference	\$ (408,963)

Schedule 40 Fixed Cost Recovery Rates

Based upon WACC of: 8.60 %
 GRC - Docket No. UE-072300

Asset Age (35 yr asset)	FCR on Plant Value	Gross Plant Value	FCR on net Plant Value
0	11.44%	11.44%	11.44%
1	11.69%	11.69%	12.04%
2	11.33%	11.33%	12.02%
3	10.98%	10.98%	12.01%
4	10.64%	10.64%	12.02%
5	10.32%	10.32%	12.04%
6	10.00%	10.00%	12.07%
7	9.69%	9.69%	12.11%
8	9.39%	9.39%	12.17%
9	9.09%	9.09%	12.24%
10	8.80%	8.80%	12.32%
11	8.52%	8.52%	12.42%
12	8.25%	8.25%	12.55%
13	7.98%	7.98%	12.70%
14	7.73%	7.73%	12.88%
15	7.49%	7.49%	13.10%
16	7.26%	7.26%	13.37%
17	7.04%	7.04%	13.69%
18	6.84%	6.84%	14.08%
19	6.66%	6.66%	14.57%
20	6.50%	6.50%	15.16%
21	6.36%	6.36%	15.90%
22	6.23%	6.23%	16.78%
23	6.11%	6.11%	17.83%
24	6.00%	6.00%	19.09%
25	5.89%	5.89%	20.63%
26	5.79%	5.79%	22.53%
27	5.71%	5.71%	24.97%
28	5.63%	5.63%	28.17%
29	5.58%	5.58%	32.55%
30	5.56%	5.56%	38.90%
31	5.58%	5.58%	48.86%
32	5.71%	5.71%	66.63%
33	6.08%	6.08%	106.42%
34	7.42%	7.42%	259.62%

FCR on Land: 12.82%

Load Research Data			
Schedule 49 Power Factor	Annual KWh	Power Factor	89.74%
From Load Research 2-1-06			
Sch 49 Annual KWh 2006	454,924,608		
Sch 49 Annual kvarh 2006	220,089,672		90.02%
Loss Factors from 2008 GRC			
High Voltage Sch 49		2.25% ENERGY_1 Allocator	
Primary Voltage Sch 31		4.21% ENERGY_1 Allocator	
Secondary Voltage Sch 26		7.52% ENERGY_1 Allocator	
Energy Loss Factor (Sec Voltage - High Voltage)		5.27%	
Energy Loss Factor (Primary Voltage - High Voltage)		1.96%	

Appendix B

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND) DOCKET UE-072300
TRANSPORTATION COMMISSION,) DOCKET UG-072301
) (*consolidated*)
Complainant,)
v.)
) PARTIAL SETTLEMENT RE:
PUGET SOUND ENERGY, INC.,) NATURAL GAS RATE SPREAD AND
) RATE DESIGN
Respondent.)
_____)

I. INTRODUCTION

1 This Partial Settlement is entered into pursuant to WAC 480-07-730(2) in order to compromise and settle all issues concerning natural gas rate spread and rate design that have been raised in this consolidated proceeding between the settling parties. This Partial Settlement sets forth the rate spread and rate design that the parties agree should be applied to any natural gas revenue requirement the Washington Utilities and Transportation Commission ("Commission") determines at the conclusion of litigation on contested revenue requirement issues in order to produce the total revenue requirement.

2 This agreement is filed as a Partial Settlement because it is entered by all parties that have been actively engaged in natural gas rate spread and rate design issues. This Partial Settlement replaces and supersedes the Multiparty Settlement Re: Natural Gas Rate Spread and Industrial Rate Design filed with the Commission on May 30, 2008.

II. PARTIES

3 This Partial Settlement is entered into by: Puget Sound Energy, Inc. ("PSE"), the Staff of the Washington Utilities and Transportation Commission ("Staff"), the

Public Counsel Section of the Attorney General's Office ("Public Counsel"), Northwest Industrial Gas Users ("NWIGU"), Seattle Steam Company ("Seattle Steam"), Nucor Steel Seattle, Inc. ("Nucor"), and The Energy Project (collectively referred to hereinafter as the "Parties" and individually as a "Party").

III. BACKGROUND

4 On December 3, 2007, PSE filed with the Commission revisions to its currently effective Tariff WA U-60, Tariff G, Electric Service, Advice No. 2007-34 and Tariff WN U-2, Gas Service, Advice No. 2007-35. The proposed revisions would implement a general rate increase of \$174.5 million, or 9.50 percent, for electric service and \$56.8 million, or 5.31 percent, for natural gas service. On December 12, 2007, the Commission suspended and consolidated the filings (collectively referred to hereinafter as the "General Rate Case"). PSE subsequently amended its General Rate Case filing on April 14, 2008, revising its electric revenue requirement to \$179.7 million and its natural gas revenue requirement to \$58.1 million. In rebuttal testimony filed July 3, 2008, PSE further revised its electric revenue requirement to \$165.1 million and its natural gas revenue requirement to \$55.5 million.

5 A prehearing conference in the General Rate Case was held on January 14, 2008. The Commission granted petitions to intervene in the gas rate docket of NWIGU, Seattle Steam, Nucor, and The Energy Project.¹

6 The Parties have reached a Partial Settlement pursuant to WAC 480-07-730(2) and now wish to present their agreement for Commission approval. In the interest of

¹ Intervenors in the electric rate docket who are not parties to this Partial Settlement are the Industrial Customers of Northwest Utilities, The Kroger Co., and the Federal Executive Agencies.

expediting the orderly disposition of the General Rate Case, the Parties therefore adopt the following Partial Settlement which is entered into by the Parties voluntarily to resolve matters in dispute among them regarding natural gas rate spread and rate design.

7 The Parties understand that only subsections 1-7 of Section IV of this Partial Settlement are subject to Commission approval and hereby respectfully request that the Commission issue an order approving those subsections of this Partial Settlement. The Parties request that the Commission hear evidence concerning their settlement of natural gas rate spread and rate design as part of the hearings scheduled to commence before the Commission on September 2, 2008. The Parties are also filing joint testimony in support of the Partial Settlement, pursuant to WAC 480-07-740(2).

IV. AGREEMENT

1. Natural Gas Rate Spread

8 This section describes how the total natural gas revenue requirement increase determined by the Commission will be applied to each class of natural gas customers at the conclusion of the General Rate Case:

9 a. Residential Schedule (Schedule 23): 98.46% of system average margin increase.²

10 b. Commercial and Industrial Sales (Schedules 31, 36, 51, 61): 142.35% of system average margin increase.

11 c. Large Volume Sales (Schedule 41): 12.50% of system average margin increase.

² As used herein, "system average margin increase" means the percentage increase in revenue from all classes, not including the cost of gas, that is ultimately awarded by the Commission.

- 12 d. Interruptible (Schedule 85): 12.50% of system average margin increase.
- 13 e. Limited Interruptible (Schedule 86): 0.00% of system average margin increase.
- 14 f. Non-Exclusive Interruptible (Schedule 87): 50.00% of system average margin increase.
- 15 g. Special Contracts: 50.00% of system average margin increase. The increase to special contracts is an imputation and represents the assignment of an actual revenue responsibility to this class. The actual changes in any special contracts are determined by their terms.
- 16 h. Compressed Natural Gas: 0% of system average margin increase.
- 17 i. Rentals: 100.00% of system average margin increase.
- 18 j. Residual: Any residual increase needed to meet the full revenue requirement increase ordered by the Commission will be allocated to all schedules except Rentals based on the initial increase.

19 For illustrative purposes, pages 1-2 of the Attachment to this Partial Settlement shows the Parties' agreed rate spread associated with a hypothetical final revenue requirement increase of \$50 million.

2. Natural Gas Rate Design for Schedules 85 and 87

- 20 a. Demand charge: The percentage of margin increase resulting to Schedule 87 shall be applied to increase the demand charge by the same percentage for Schedules 87 and 85 (e.g., if the resulting increase is 5%, then the current demand charge of \$1.02 is increased by the same 5% for Schedules 87 and 85).

- 21 b. Basic charge: The same percentage of margin increase resulting to Schedule 87 shall be applied to increase the basic charge for Schedules 87 and 85 (currently \$800 for transportation and \$500 for sales).
- 22 c. Procurement charge: The procurement charge for Schedules 85 and 87 sales service shall remain the same as current (*i.e.*, \$0.00650 for Schedule 85 and \$0.00500 for Schedule 87).
- 23 d. Gas balancing service: The gas balancing service charge for transportation service shall be set at \$0.00070 as proposed by PSE in Exhibit No. ___ (JKP-13) at pages 35 and 43.
- 24 e. Volumetric charge: The remaining revenue requirements for Schedules 85 and 87 will be recovered by increasing the volumetric charges for the respective rate schedules. Within each rate schedule, the same percentage increase will be applied to each volumetric rate block.

3. Operating Terms of Schedules 85T, 86T and 87T

- 25 The operating terms of Schedule 57 are incorporated into Schedules 87T, 86T and 85T. Expressly, Schedules 87T, 86T, and 85T shall have no exclusive fuel requirement, no back up fuel requirement, and no monthly minimum charge, but will have an annual minimum charge. Minimum annual charges for Schedules 85T and 87T shall be calculated consistent with tariff volume requirements and annual contract volumes as applicable.
- 26 Sales Schedules 87, 86, and 85 will have no exclusive fuel requirement and no back up fuel requirement. Sales Schedules 87, 86, and 85 will have no monthly

minimum charges, but they will have annual minimum charges consistent with tariff volume requirements and annual contract volumes as applicable.

4. Schedule 57

27 Schedule 57 will be eliminated once the General Rate Case is completed. With the elimination of the schedule, all Schedule 57 customers will be placed on the particular transportation schedule that is most economically advantageous to their historic usage with the same service characteristics unless the customer makes a different election.

5. Other Rate Design Issues

28 Basic charges for Schedules 23, 31, 41, and 86 and related transportation schedules will be as presented below in Table 1:

Table 1: Monthly Basic Charges for Schedules 23, 31, 41 and 86

Schedule	Basic Charge
23 Residential	\$10.00
31 Commercial & Industrial	\$30.00
31T Commercial & Industrial Transportation	\$330.00
41 Large Volume	\$105.00
41T Large Volume Transportation	\$405.00
86 Limited Interruptible	\$137.50
86T Limited Interruptible Transportation	\$437.50

29 Demand charges for Schedules 41 and 86 and their related transportation schedules will be equal to the demand charges for Schedules 85 and 87.

30 The procurement charge for Schedule 86 sales will remain at its current level of \$0.00650 per therm. The balancing charge for Schedule 86T will be \$0.00070 per

therm, as proposed by PSE in Exhibit No. ___ (JKP-10) at page 10, line 10, consistent with Schedules 85T and 87T.

31 The rate design agreement is summarized on page 3 of the Attachment and is detailed in the Attachment.

6. Elimination of Schedules 36 and 51

32 Schedules 36 and 51 shall be eliminated at the conclusion of the General Rate Case, as proposed by PSE in Exhibit No. ___ (JKP-1T) at page 5, lines 4-8.

7. Natural Gas Collaborative

33 PSE will conduct a collaborative on natural gas cost of service, rate spread and rate design in advance of PSE's next general rate case. PSE will hire an independent outside expert on natural gas cost of service for that collaborative and will provide that expert with all filings made in this case on the topic of natural gas cost of service, rate design and rate spread. PSE will seek input from the collaborative participants with respect to selection of the outside expert.

34 It is the Parties' intent that the natural gas collaborative will be completed prior to the filing of PSE's next general rate case. Any agreements reached by the participants in the collaborative will be presented to the Commission for approval in PSE's next general rate case, and any issues on which agreement has not been reached may be presented to the Commission for its consideration by any of the participants in PSE's next general rate case. PSE's timing for filing a general rate case is not contingent on reaching an agreement in the collaborative.

35 Use of the independent consultant will not limit any party's right to select an expert witness in the next general rate case.

8. Miscellaneous Provisions.

36 a. The Parties agree to support the terms and conditions of this Partial Settlement as a settlement of all contested issues between them in the above-captioned consolidated proceedings regarding natural gas rate spread and rate design.

37 b. This Partial Settlement represents an integrated resolution of natural gas rate spread and rate design issues. Accordingly, the Parties recommend that the Commission adopt and approve subsections 1-7 of Section IV of this Partial Settlement in their entirety.

38 c. The Parties shall cooperate in submitting this Partial Settlement promptly to the Commission for approval of subsections 1-7 of Section IV above, and shall cooperate in developing supporting testimony as required in WAC 480-07-740(2)(b). The Parties agree to support the Partial Settlement throughout this proceeding, provide witnesses to sponsor such Partial Settlement at a Commission hearing, and recommend that the Commission issue an order adopting subsections 1-7 of Section IV of the Partial Settlement.

39 d. In the event the Commission rejects subsections 1-7 of Section IV of the Partial Settlement, the provisions of WAC 480-07-750(2)(b) shall apply. In the event the Commission accepts those subsections of the Partial Settlement upon conditions not proposed herein, each Party reserves the right, upon written notice to the Commission and all other parties to this proceeding within five (5) days of the Commission order, to state its rejection of the conditions. In such event, the Parties immediately will request that hearings be held on the appropriateness of the conditions or upon other natural gas rate spread or rate design proposals of the Parties. In any further proceedings triggered

by this paragraph, the Parties agree to cooperate in development of a hearing schedule that concludes such proceeding at the earliest possible date. Any further proceedings triggered by this paragraph shall not delay any compliance filing of PSE ordered by the Commission and such compliance filing shall remain in effect pending any further proceeding.

40 e. The Parties enter into this Partial Settlement to avoid further expense, uncertainty, and delay. By executing this Partial Settlement, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Partial Settlement and except to the extent expressly set forth in this Partial Settlement, no Party shall be deemed to have agreed that this Partial Settlement is appropriate for resolving any issues in any other proceeding. No Party shall represent that any of the facts, principles, methods, or theories employed by any Party in arriving at the terms of this Partial Settlement are precedents in any other proceeding.

41 f. This Partial Settlement may be executed in counterparts, through original and/or facsimile signature, and each signed counterpart shall constitute an original document.

42 g. Each Party agrees:

43 1. to provide all other Parties the right to review in advance of publication any and all announcements or news releases the Party intends to make about the Partial Settlement. This right of advance review includes a reasonable opportunity for a Party to request changes to the text of such

announcements. However, no Party is required to make any change requested by another Party; and

44

2. to include in any news release or announcement a statement that Staff's recommendation to approve the settlement is not binding on the Commission itself. This subsection does not apply to any news release or announcement that makes no reference to Staff.

DATED this 5th day of August, 2008.

Respectfully submitted,

ROBERT M. MCKENNA
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Counsel for The Energy Project

PARTIAL SETTLEMENT RE:
NATURAL GAS RATE SPREAD AND
RATE DESIGN

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DATED this 18th day of August, 2008.

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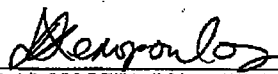
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PARTIAL SETTLEMENT RE:
NATURAL GAS RATE SPREAD AND
RATE DESIGN

Puget Sound Energy
 2007 Gas General Rate Case
 Test Year Ended September 2007
 Allocation of Revenue Deficiency to Rate Classes - Proposed Settlement

Rate Class	Pro forma Revenue at Existing Rates	Pro forma Gas Revenue at Existing Rates	Pro forma Margin at Existing Rates	Volume (Therms)	Percent of Average Increase	Proposed Margin Increase on Percentage	Spread Residual Increase	Total Proposed Margin Increase	Calculated Margin Revenue
	B	C	D	E	F	G	H	I	J
Residential (16,23,53)	\$ 674,882,702	\$ 448,168,679	\$ 226,714,023	532,765,816	98.46%	\$ 33,461,072	\$ 214,399	\$ 33,675,471	\$ 260,393,150
Commercial & industrial (31,61)	235,933,075	170,546,291	65,386,783	203,951,509	142.35%	13,952,405	\$ 89,399	14,041,804	79,428,268
Large volume (41)	68,999,638	55,270,173	13,729,465	68,401,668	12.5%	257,256	\$ 1,648	258,904	13,987,746
Compressed natural gas (50)	125,338	96,406	28,932	120,864	0.0%	-	-	-	28,932
Interruptible (85)	18,969,276	12,412,192	6,557,084	62,955,045	12.5%	122,863	\$ 787	123,651	6,680,734
Limited interruptible (86)	17,171,388	13,628,513	3,542,875	16,961,705	0.0%	-	-	-	3,542,871
Non exclusive interruptible (87)	36,443,582	28,320,250	8,123,332	164,063,695	50.0%	608,844	\$ 3,901	612,745	8,736,079
Transportation (57), inc. in (87)									
Contracts	1,589,366	-	1,589,366	34,987,866	50.0%	119,123	\$ 763	119,886	1,645,131
Subtotal	\$ 1,054,114,365	\$ 728,442,504	\$ 325,671,860	1,084,208,169		\$ 48,521,563	\$ 310,898	\$ 48,832,461	\$ 374,442,911
Rentals	7,788,789		7,788,789		100.0%	1,167,539		1,167,539	8,955,177
Other revenue	6,291,644		6,291,644			-		-	6,291,644
Total	\$ 1,068,194,798	\$ 728,442,504	\$ 339,752,293	1,084,208,169		\$ 49,689,102	\$ 310,898	\$ 50,000,000	\$ 389,689,732

Proposed total increase example **\$ 50,000,000**
 Average increase (includes rentals) 14.99%
 4.7%

(1) Calculated margin increase (column M) divided by pro forma revenue at existing rates (column B).

Puget Sound Energy
 2007 Gas General Rate Case
 Test Year Ended September 2007
 Allocation of Revenue Deficiency to Rate Classes - Proposed Settlement

Rate Class	Pro forma Gas Revenue at Existing Rates	Calculated Total Revenue	Calculated Change in Margin	Percent Margin Increase	Percent Total Increase	Over (Under) Target Spread	Percent Increase on Spread	Over (Under) Target Spread	Percent Increase on Spread	Total Percent Increase on Spread	Margin Percent of Average Increase
A	K	L	M	N	O	P	Q	R	S	T	U
Residential (16,23,53)	\$ 448,168,679	\$ 708,561,828	\$ 33,679,126	14.9%	5.0%	\$ 3,655	14.9%	4.8%	99.1%		
Commercial & industrial (31,61)	170,546,291	249,974,559	14,041,484	21.5%	6.0%	\$ (319)	21.5%	5.6%	143.3%		
Large volume (41)	55,270,173	69,257,918	258,281	1.9%	0.4%	\$ (623)	1.9%	0.4%	12.6%		
Compressed natural gas (50)	96,406	125,338	(0)	0.0%	0.0%	\$ (0)	0.0%	0.0%	0.0%		
Interruptible (85)	12,412,192	19,092,925	123,649	1.9%	0.7%	\$ (1)	1.9%	0.6%	12.6%		
Limited interruptible (86)	13,628,513	17,171,384	(3)	0.0%	0.0%	\$ (3)	0.0%	0.0%	0.0%		
Non exclusive interruptible (87)	28,320,250	37,056,330	612,748	7.5%	1.7%	\$ 3	7.5%	1.7%	50.3%		
Transportation (57), inc. in (87)	-	1,645,131	55,765	3.5%	3.5%	\$ (64,121)	7.5%	7.3%	50.3%		
Contracts	\$ 728,442,504	\$ 1,102,885,415	\$ 48,771,050	15.0%	4.6%	\$ (61,410)	15.0%	4.4%	100.0%		
Subtotal		8,955,177	1,166,388	15.0%	15.0%	\$ (1,151)	15.0%	13.0%	100.0%		
Rentals		6,291,644		0.0%	0.0%						
Other revenue											
Total	\$ 728,442,504	\$ 1,118,132,236	\$ 49,937,438	14.7%	4.7%	\$ (62,562)	14.7%	4.5%	98.2%		

Proposed total increase
 Average increase (includes rentals)

(1) Calculated margin increase (column M) divided by pro forma revenue at existing rates (column B).

Joint Parties
Summary of Proposed Natural Gas Rate Design - Proposed Settlement

Docket Nos. UE-072300 & UG-072301

Line No.	Rate Schedule	Tariff	Rate Spread Before Residual	Customer Charge	Demand Charge	Per Therm Charge Based on \$50,000,000 Revenue Increase
1	Residential	23	Approx. 98.46% of system average	\$10.00	na	Residual = \$0.33706/therm
2	Gas Lights	16	Approx. 98.46% of system average	\$14.48/mantle less \$1.00/mantle in same steps	na	na
3	Small General Service - Sales	31	Approx 142.35% of system average	\$30.00	na	Residual = \$0.29375/therm
4	Small General Service - Transport	31T	na	\$330.00	na	Same as Schedule 31
5	Large General Service - Sales	41	Approx 12.5% of system average	\$105.00	Same as Schedule 87	Residual equal % to each block
6	Large General Service - Transport	41T	Approx 12.5% of system average	\$405.00	Same as Schedule 87	Same as Schedule 41
7	Interruptible - Sales	85	Approx 12.5% of system average	100% of Schedule 87 class average Increase	Same as Schedule 87	Residual equal % to each block
8	Interruptible - Transport	85T	Approx 12.5% of system average	100% of Schedule 87 class average Increase	Same as Schedule 87	Same as Schedule 85
9	Limited Interruptible - Sales	86	0% of system average	\$137.50	Same as Schedule 87	Residual equal % to each block
10	Limited Interruptible - Transport	86T	na	\$437.50	Same as Schedule 87	Same as Schedule 86
11	Non-Exclusive Interruptible - Sales	87	Approx 50.0% of system average	100% of class average increase	100% of class average increase	Residual equal % to each block
12	Non-Exclusive Interruptible - Transport	87T	Approx 50.0% of system average	100% of class average increase	100% of class average increase	Same as Schedule 87
13	Transportation	57	Schedule 57 to be terminated	na	na	na
14	Contracts		Approx 50.0% of system average	Based on contracts	Based on contracts	Based on contracts
15	Water Heater Rentals	71-74	100% of system average	System average increase	na	na

Puget Sound Energy
 2007 Gas General Rate Case
 Test Year Ended September 2007
 Current and Proposed Rates by Rate Schedule - Proposed Settlement

Description	Units	Billing Determinants		Present		Proposed		Difference	
				Rates	Revenues	Rates	Revenues	\$	%
Schedule 23									
Basic Charge	Bills	8,081,187		\$8.25	\$66,669,793	\$10.00	\$80,811,870	\$14,142,077	21.2%
Delivery Charge	Therms	532,746,609		\$0.30039	\$160,031,754	\$0.33706	\$179,567,572	\$19,535,818	12.2%
Calculated Total					\$226,701,547		\$260,379,442	\$33,677,895	14.9%
Gas Revenue (Schedule 101) (1)	Therms	532,746,609		\$0.84120	\$448,146,447	\$0.84120	\$448,146,447	\$0	0.0%
Total Revenues					\$674,847,994		\$708,525,890	\$33,677,895	5.0%
Schedule 53									
Basic Charge	Bills	60		\$8.25	\$495	\$10.00	\$600	\$105	
Delivery Charge	Therms	3,285		\$0.30039	\$987	\$0.33706	\$1,107	\$120	
Calculated Total					\$1,482		\$1,707	\$225	15.2%
Gas Revenue (Schedule 101) (1)	Therms	3,285		\$2.69124	\$8,841	\$2.69124	\$8,841	\$0	0.0%
Total Revenues					\$10,323		\$10,548	\$225	2.2%

Puget Sound Energy
 2007 Gas General Rate Case
 Test Year Ended September 2007
 Current and Proposed Rates by Rate Schedule - Proposed Settlement

Description	Units	Billing Determinants		Present		Proposed		Difference	
			Mantles	Rates	Revenues	Rates	Revenues	\$	%
Schedule 16									
First 4 Mantles (each)	Mantle		728	\$13.28	\$9,668	\$14.48	\$10,541	\$874	
5 through 9 Mantles (each)	Mantle		86	\$12.28	\$1,056	\$13.48	\$1,159	\$103	
All over (each)	Mantle		24	\$11.28	\$271	\$12.48	\$300	\$29	
Total			838		\$10,995		\$12,000	\$1,006	9.1%
Calculated Total Therms			15,922						
Gas Revenue (Schedule 101) (1)			15,922	\$0.84105	\$13,391	\$0.84105	\$13,391	\$0	0.0%
Total Revenues					\$24,386		\$25,391	\$1,006	4.1%

Residential Summary

Total Residential Gas (Schedule 101) Revenues	Current	Proposed	Change
Total Residential Margin Revenues	\$448,168,679	\$448,168,679	\$0
Total Residential Revenues	\$226,714,023	\$260,393,150	\$33,679,126
	\$674,882,703	\$708,561,829	\$33,679,126

(1) Schedule 01 rates at proposed revenue adjustment factor (RAF).

Puget Sound Energy
 2007 Gas General Rate Case
 Test Year Ended September 2007
 Current and Proposed Rates by Rate Schedule - Proposed Settlement

Description	Units	Billing		Present		Proposed		Difference		
		Determinants	Rates	Revenues	Rates	Revenues	Rates	Revenues	\$	%
Schedule 31 - Sales										
Basic Charge	Bills	647,867	\$17.50	\$11,337,673	\$30.00	\$19,436,010		\$8,098,338		
Delivery Charge	Therms	203,951,509	\$0.26461	\$53,967,609	\$0.29375	\$59,910,756		\$5,943,147		
Calculated Total				\$65,305,281		\$79,346,766		\$14,041,484		21.5%
Gas Revenue (Schedule 101) (1)	Therms	203,951,509	\$0.83621	\$170,546,291	\$0.83621	\$170,546,291		\$0		0.0%
Total Revenues				\$235,851,573		\$249,893,057		\$14,041,484		6.0%

Schedule 31 - Transportation										
Basic Charge	Bills		\$0	\$0	\$330.00	\$0		\$0		
Delivery Charge	Therms		\$0	\$0	\$0.29375	\$0		\$0		
Balancing Service Charge			\$0	\$0	\$0.00000	\$0		\$0		
Procurement Charge			\$0	\$0	(\$0.00500)	\$0		\$0		
Calculated Total			\$0	\$0		\$0		\$0		
Gas Balancing Service Charge	Therms		\$0	\$0	\$0.00070	\$0		\$0		
Total Revenues			\$0	\$0		\$0		\$0		

Schedule 31 - Total										
Basic Charge	Bills	647,867		\$11,337,673		\$19,436,010		\$8,098,338		
Delivery Charge	Therms	203,951,509		\$53,967,609		\$59,910,756		\$5,943,147		
Calculated Total				\$65,305,281		\$79,346,766		\$14,041,484		21.5%
Gas Revenue (Schedule 101) (1)	Therms	203,951,509		\$170,546,291		\$170,546,291		\$0		0.0%
Total Revenues				\$235,851,573		\$249,893,057		\$14,041,484		6.0%

Schedule 61										
Demand		815,020	\$0.10	\$81,502	\$0.10000	\$81,502		\$0		0.0%
Calculated Total				\$81,502		\$81,502		\$0		0.0%

Puget Sound Energy
 2007 Gas General Rate Case
 Test Year Ended September 2007
 Current and Proposed Rates by Rate Schedule - Proposed Settlement

Description	Units	Billing Determinants		Present		Proposed		Difference
		Rates	Revenues	Rates	Revenues	Rates	Revenues	
								\$
Schedule 41 - Sales								
Basic Charge	Bills	16,266	\$80.00	\$1,301,280	\$105.00	\$1,707,930	\$406,650	
Minimum Bill	Bills	16,266	\$79.84	\$1,298,677	\$111.67	\$1,816,424	\$517,747	
Demand Charge	Demand	3,229,927	\$0.70	\$2,260,949	\$1.10	\$3,552,920	\$1,291,971	
Delivery Charge:								
First 500 therms	Therms	7,849,854	\$0.15968		\$0.12408	in minimum bills		
Next 4,500 therms	Therms	31,579,523	\$0.15968	\$5,042,618	\$0.12408	\$3,918,387	(\$1,124,231)	
All over 5,000 therms	Therms	28,571,396	\$0.13030	\$3,722,853	\$0.10125	\$2,892,854	(\$829,999)	
Calculated Total		68,000,773		\$13,626,377		\$13,888,515	\$262,138	1.9%
Gas Revenue (Schedule 101) (1)								
Volumetric Charge	Therms	68,000,773	\$0.76291	\$51,878,470	\$0.76291	\$51,878,470	\$0	
Demand Charge	Demand	3,229,927	\$1.05	\$3,391,423	\$1.05	\$3,391,423	\$0	
Calculated Total				\$55,269,893		\$55,269,893	\$0	0.0%
Total Revenues				\$68,896,271		\$69,158,408	\$262,138	0.4%

Schedule 41 - Transportation (2)								
Basic Charge	Bills	24	\$800.00	\$19,200	\$405.00	\$9,720	(\$9,480)	
Minimum Bill	Bills	24	\$79.94	\$1,919	\$111.67	\$2,680	\$762	
Demand Charge	Demand	42,800	\$0.70	\$29,960	\$1.10	\$47,080	\$17,120	
Delivery Charge:								
First 500 therms	Therms	12,000	\$0.15968		\$0.12408	in minimum bills		
Next 4,500 therms	Therms	104,215	\$0.15968	\$16,641	\$0.12408	\$12,931	(\$3,710)	
All over 5,000 therms	Therms	284,681	\$0.13030	\$37,094	\$0.10125	\$28,824	(\$8,270)	
Total Volume		400,896		\$281	\$	\$0	(\$281)	
Balancing Service Charge	Therms	400,896	\$0.00070	\$281	\$ (0.00500)	(\$2,004)	\$0	
Procurement Charge	Therms	400,896	\$ (0.00500)	(\$2,004)	\$ (0.00500)	\$99,231	(\$3,859)	-3.7%
Calculated Total				\$103,090		\$99,231	(\$3,859)	-3.7%
Gas Balancing Service Charge	Therms	400,896	\$0.00070	\$281	\$0.00070	\$281	\$0	
Total Revenues				\$103,370		\$99,511	(\$3,859)	-3.7%

Puget Sound Energy
2007 Gas General Rate Case
Test Year Ended September 2007
Current and Proposed Rates by Rate Schedule - Proposed Settlement

Description	Units	Billing		Present		Proposed		Difference	
		Determinants	Rates	Revenues	Rates	Revenues	\$	%	
Schedule 41 - Total									
Basic Charge	Bills			\$1,320,480		\$1,717,650			
Minimum Bill	Bills			\$1,300,596		\$1,819,104			
Demand Charge	Demand			\$2,290,909		\$3,600,000			
Delivery Charge:									
First 500 therms	Therms					in minimum bills			
Next 4,500 therms	Therms			\$5,059,259		\$3,931,318			
All over 5,000 therms	Therms			\$3,759,947		\$2,921,678			
Total Volume									
Balancing Service Charge				\$281		\$0			
Procurement Charge				(\$2,004)		(\$2,004)			
Calculated Total	Therms			\$13,729,467		\$13,987,746		\$258,278	1.9%
Gas Revenue (Schedule 101) (1)									
Volumetric Charge				\$51,878,470		\$51,878,470			
Demand Charge				\$3,391,423		\$3,391,423			
Gas Balancing Service Charge				\$281		\$281			
Calculated Total				\$55,270,174		\$55,270,174		\$0	0.0%
Total Revenues				\$68,999,641		\$69,257,919		\$258,278	0.4%

Schedule 50									
Basic Charge	Bills	36	\$150.00	\$5,400		\$5,400			
Delivery Charge	Therms	120,864	\$0.19470	\$23,532		\$23,532			
Calculated Total				\$28,932		\$28,932		\$0	0.0%
Gas Revenue (Schedule 101) (1)	Therms	120,864	\$0.79764	\$96,406		\$96,406		\$0	0.0%
Total Revenues				\$125,338		\$125,338		\$0	0.0%

Puget Sound Energy
 2007 Gas General Rate Case
 Test Year Ended September 2007
Current and Proposed Rates by Rate Schedule - Proposed Settlement

Description	Billing			Present			Proposed			Difference	
	Units	Determinants	Rates	Revenues	Rates	Revenues	Rates	Revenues	\$	%	
Commercial & Industrial Summary											
Total Gas (Schedule 101) Revenues											
Schedules 31,61				\$170,546,291			\$170,546,291		\$0		
Schedule 41				\$55,270,174			\$55,270,174		\$0		
Schedule 50				\$96,406			\$96,406		\$0		
Total				\$225,912,871			\$225,912,871		\$0		
Total Margin Revenues											
Schedules 31,61				\$65,386,783			\$79,428,268		\$14,041,484		
Schedule 41				\$13,729,467			\$13,987,746		\$258,278		
Schedule 50				\$28,932			\$28,932		\$0		
Total				\$79,145,183			\$93,444,946		\$14,299,763		
Total Revenue											
Schedules 31,61				\$235,933,075			\$249,974,559		\$14,041,484		
Schedule 41				\$68,999,641			\$69,257,919		\$258,278		
Schedule 50				\$125,338			\$125,338		\$0		
Total				\$305,058,054			\$319,357,817		\$14,299,763		

(1) Schedule 01 rates at proposed revenue adjustment factor (RAF).

(2) Pro forma revenue at existing rates is based on assumed transportation rates before a rate change in the present case.

Puget Sound Energy
2007 Gas General Rate Case
Test Year Ended September 2007
Current and Proposed Rates by Rate Schedule - Proposed Settlement

Description	Units	Billing Determinants		Present		Proposed		Difference	
		Units	Determinants	Rates	Revenues	Rates	Revenues	\$	%
Schedule 85 - Sales									
Basic Charge	Bills	383		\$500.00	\$191,500	\$537.72	\$205,947	\$14,447	
Demand Charge	Demand	107,250		\$1.02	\$109,395	\$1.10	\$117,975	\$8,580	
Procurement Charge	Therms	15,510,556		\$0.00650	\$100,819	\$0.00650	\$100,819	\$0	
Minimum Bills					\$223,739		\$223,739	\$0	
Delivery Charge:									
First 25,000 Therms	Therms	7,790,369		\$0.10000	\$779,037	\$0.10087	\$785,848	\$6,811	
Next 25,000 Therms	Therms	3,582,794		\$0.05127	\$183,690	\$0.05172	\$185,296	\$1,606	
All over 50,000 Therms	Therms	4,137,393		\$0.04921	\$203,601	\$0.04964	\$205,381	\$1,780	
Calculated Total		15,510,556			\$1,791,780		\$1,825,004	\$33,224	1.9%
Gas Revenue (Schedule 101) (1)									
Volumetric Charge	Therms	15,510,556		\$0.79084	\$12,266,368	\$0.79084	\$12,266,368	\$0	
Demand Charge	Demand	107,250		\$1.05	\$112,613	\$1.05	\$112,613	\$0	
Calculated Total					\$12,378,981		\$12,378,981	\$0	0.0%
Total Revenues					\$14,170,761		\$14,203,985	\$33,224	0.2%
Schedule 85 - Transportation									
Basic Charge	Bills	888		\$800.00	\$710,400	\$860.34	\$763,982	\$53,582	
Demand Charge	Demand	502,824		\$1.02	\$512,880	\$1.10	\$553,106	\$40,226	
Minimum Bills					\$97,135		\$97,135	\$0	
Delivery Charge:									
First 25,000 Therms	Therms	20,658,537		\$0.10000	\$2,065,854	\$0.10087	\$2,083,915	\$18,062	
Next 25,000 Therms	Therms	13,440,419		\$0.05127	\$689,090	\$0.05172	\$695,115	\$6,025	
Next 50,000 Therms	Therms	13,345,533		\$0.04921	\$656,734	\$0.04964	\$662,476	\$5,742	
Subtotal		47,444,489			\$4,732,093		\$4,732,093	\$0	
Balancing Service Charge		47,444,489		\$0.00070	\$33,211	\$0.00000	\$0	(\$33,211)	1.9%
Calculated Total					\$4,765,304		\$4,855,729	\$90,425	
Gas Balancing Service Charge	Therms	47,444,489		\$0.00070	\$33,211	\$0.00070	\$33,211	\$0	
Total Revenues					\$4,798,515		\$4,888,940	\$90,425	1.9%

Puget Sound Energy
2007 Gas General Rate Case
Test Year Ended September 2007
Current and Proposed Rates by Rate Schedule - Proposed Settlement

Description	Units	Billing Determinants	Present		Proposed		Difference
			Revenues	Rates	Revenues	Rates	
			\$		\$		%
Schedule 85 - Total							
Basic Charge	Bills		\$901,900		\$969,929	\$68,029	
Demand Charge	Demand		\$622,275		\$671,081	\$48,806	
Procurement Charge	Therms		\$100,819		(\$0)	(\$0)	
Minimum Bills			\$320,874		\$320,874	\$0	
Delivery Charge:							
First 25,000 Therms	Therms		\$2,844,891		\$2,869,763	\$24,873	
Next 25,000 Therms	Therms		\$872,780		\$880,411	\$7,631	
All over 50,000 Therms	Therms		\$860,335		\$867,857	\$7,522	
Subtotal			\$6,523,874		\$6,680,734	\$156,860	
Balancing Service Charge			\$33,211		\$0	(\$33,211)	
Calculated Total			\$6,557,085		\$6,680,734	\$123,649	1.9%
Gas Revenue (Schedule 101) (1)							
Volumetric Charge			\$12,266,368		\$12,266,368	\$0	
Demand Charge			\$112,613		\$112,613	\$0	
Gas Balancing Service Charge			\$33,211		\$33,211	\$0	
Calculated Total			\$12,412,192		\$12,412,192	\$0	0.0%
Total Revenues			\$18,969,277		\$19,092,925	\$123,649	0.7%
Schedule 86 - Sales							
Basic Charge	Bills	4,786	\$478,600	\$100.00	\$137.50	\$68,075	\$179,475
Demand Charge	Demand	143,887	\$146,765	\$1.02	\$1.10	\$158,276	\$11,511
Procurement Charge	Therms	16,961,705	\$110,251	\$0.00650	\$0.00650	\$110,251	\$0
Minimum Bills			\$32,316		\$32,316	\$0	\$0
Delivery Charge:							
First 1,000 therms	Therms	3,723,437	\$781,922	\$0.21000	\$0.19554	\$728,081	(\$53,841)
All over 1,000 therms	Therms	13,238,268	\$1,993,021	\$0.15055	\$0.14019	\$1,855,873	(\$137,148)
Calculated Total	Therms	16,961,705	\$3,542,875		\$3,542,871	(\$4)	0.0%
Gas Revenue (Schedule 101) (1)							
Volumetric Charge	Therms	16,961,705	\$13,477,432	\$0.79458	\$0.79458	\$13,477,432	\$0
Demand Charge	Demand	143,887	\$151,081	\$1.05	\$1.05	\$151,081	\$0
Calculated Total			\$13,628,513		\$13,628,513	\$0	0.0%
Total Revenues			\$17,171,388		\$17,171,388	(\$0)	0.0%

Puget Sound Energy
 2007 Gas General Rate Case
 Test Year Ended September 2007
 Current and Proposed Rates by Rate Schedule - Proposed Settlement

Description	Units	Billing Determinants	Present		Proposed		Difference
			Rates	Revenues	Rates	Revenues	
				\$	\$	\$	%
Schedule 86 - Transportation							
Basic Charge	Bills	0	\$0	\$0	\$437.50	\$0	\$0
Demand Charge	Demand	0	\$0	\$0	\$1.10	\$0	\$0
Minimum Bills							\$0
Delivery Charge:							
First 1,000 therms	Therms	0	\$0	\$0	\$0.19554	\$0	\$0
All over 1,000 therms	Therms	0	\$0	\$0	\$0.14019	\$0	\$0
Calculated Total	Therms	0	\$0	\$0		\$0	\$0
Gas Balancing Service Charge	Therms	0	\$0	\$0	\$0.00070	\$0	\$0
Total Revenues			\$0	\$0		\$0	\$0
Schedule 86 - Total							
Basic Charge	Bills	143,887	\$478,600	\$658,075	\$179,475	\$119,475	0.0%
Demand Charge	Demand	16,961,705	\$146,765	\$158,276	\$11,511	\$11,511	0.0%
Procurement Charge	Therms	16,961,705	\$110,251	\$110,251	\$0	\$0	0.0%
Minimum Bills			\$32,316	\$32,316	\$0	\$0	0.0%
Delivery Charge:							
First 1,000 therms	Therms	3,723,437	\$781,922	\$728,081	(\$53,841)	(\$53,841)	0.0%
All over 1,000 therms	Therms	13,238,268	\$1,993,021	\$1,855,873	(\$137,148)	(\$137,148)	0.0%
Calculated Total	Therms	16,961,705	\$3,542,875	\$3,542,871	(\$4)	(\$4)	0.0%
Gas Revenue (Schedule 101) (1)							
Volumetric Charge	Therms	16,961,705	\$13,477,432	\$13,477,432	\$0	\$0	0.0%
Demand Charge	Demand	16,961,705	\$151,081	\$151,081	\$0	\$0	0.0%
Gas Balancing Service Charge	Therms	16,961,705	\$0	\$0	\$0	\$0	0.0%
Calculated Total			\$13,628,513	\$13,628,513	\$0	\$0	0.0%
Total Revenues			\$17,171,388	\$17,171,388	\$0	\$0	0.0%

Puget Sound Energy
 2007 Gas General Rate Case
 Test Year Ended September 2007
 Current and Proposed Rates by Rate Schedule - Proposed Settlement

Description	Units	Billing		Present		Proposed		Difference
		Determinants	Rates	Revenues	Rates	Revenues	\$	
Schedule 87 - Sales								
Basic Charge	Bills	189	\$500.00	\$94,500	\$537.72	\$101,629	\$7,129	
Demand Charge	Demand	55,328	\$1.02	\$56,435	\$1.10	\$60,861	\$4,426	
Procurement Charge		35,690,498	\$0.00500	\$178,452	\$0.00500	\$178,452	\$0	
Minimum Bills				\$0		\$0	\$0	
Delivery Charge:								
First 25,000 Therms	Therms	4,486,528	\$0.12483	\$560,063	\$0.13636	\$611,763	\$51,730	
Next 25,000 Therms	Therms	4,263,462	\$0.07621	\$324,918	\$0.08325	\$354,933	\$30,015	
Next 50,000 Therms	Therms	6,391,228	\$0.04921	\$314,512	\$0.05376	\$343,592	\$29,080	
Next 100,000 therms	Therms	6,195,595	\$0.03226	\$199,870	\$0.03524	\$218,333	\$18,463	
Next 300,000 therms	Therms	5,226,373	\$0.02376	\$124,179	\$0.02595	\$135,624	\$11,446	
All over 500,000 therms	Therms	9,127,312	\$0.01876	\$171,228	\$0.02049	\$187,019	\$15,790	
Total Volume	Therms	35,690,498		\$2,024,148		\$2,192,227	\$168,079	8.3%
Gas Revenue (Schedule 101) (1)								
Volumetric Charge	Therms	35,690,498	\$0.78935	\$28,172,295	\$0.78935	\$28,172,295	\$0	
Demand Charge	Demand	55,328	\$1.05	\$58,094	\$1.05	\$58,094	\$0	
Calculated Total				\$28,230,389		\$28,230,389	\$0	0.0%
Total Revenues				\$30,254,537		\$30,422,616	\$168,079	0.6%

Description	Units	Billing		Present		Proposed		Difference
		Determinants	Rates	Revenues	Rates	Revenues	\$	
Schedule 87 - Transportation								
Basic Charge	Bills	132	\$800.00	\$105,600	\$860.34	\$113,565	\$7,965	
Demand Charge	Demand	660,168	\$1.02	\$673,371	\$1.10	\$726,165	\$52,813	
Minimum Bills								
Delivery Charge:								
First 25,000 Therms	Therms	3,300,000	\$0.12483	\$411,939	\$0.13636	\$449,988	\$38,049	
Next 25,000 Therms	Therms	3,300,000	\$0.07621	\$251,493	\$0.08325	\$274,725	\$23,232	
Next 50,000 Therms	Therms	6,600,000	\$0.04921	\$324,786	\$0.05376	\$354,816	\$30,030	
Next 100,000 therms	Therms	12,684,877	\$0.03226	\$409,214	\$0.03524	\$447,015	\$37,801	
Next 300,000 therms	Therms	26,982,932	\$0.02376	\$641,114	\$0.02595	\$700,207	\$59,093	
All over 500,000 therms	Therms	47,538,681	\$0.01876	\$891,826	\$0.02049	\$974,068	\$82,242	
Total Volume	Therms	100,406,490		\$70,285		\$0	(\$70,285)	6.9%
Balancing Service Charge	Therms	100,406,490	\$0.00070	\$3,779,628	\$0.00000	\$4,040,568	\$260,940	
Calculated Total				\$70,285		\$70,285	\$0	
Gas Balancing Service Charge	Therms	100,406,490	\$0.00070	\$70,285	\$0.00070	\$70,285	\$0	
Total Revenues				\$3,849,913		\$4,110,853	\$260,940	6.8%

Puget Sound Energy
2007 Gas General Rate Case
Test Year Ended September 2007
Current and Proposed Rates by Rate Schedule - Proposed Settlement

Description	Units	Billing Determinants		Present		Proposed		Difference	
		266	389,595	Rates	Revenues	Rates	Revenues	\$	%
Schedule 87 - Total									
Basic Charge	Bills			\$200,100	\$215,194	\$15,094			
Demand Charge	Demand			\$729,806	\$787,046	\$57,240			
Procurement Charge				\$178,452	\$178,452	\$0			
Minimum Bills				\$0	\$0	\$0			
Delivery Charge:									
First 25,000 Therms	Therms			\$971,992	\$1,061,771	\$89,779			
Next 25,000 Therms	Therms			\$576,411	\$629,658	\$53,247			
Next 50,000 Therms	Therms			\$639,298	\$698,408	\$59,110			
Next 100,000 Therms	Therms			\$609,084	\$665,348	\$56,264			
Next 300,000 Therms	Therms			\$785,293	\$835,831	\$70,538			
All over 500,000 Therms	Therms			\$1,063,054	\$1,161,086	\$98,032			
Total Volume				\$70,285	\$0	(\$70,285)			
Balancing Service Charge	Therms			\$5,803,776	\$6,232,795	\$429,019			7.4%
Calculated Total									
Gas Revenue (Schedule 101) (1)				\$28,172,295	\$28,172,295	\$0			
Volumetric Charge				\$58,094	\$58,094	\$0			
Demand Charge				\$70,285	\$70,285	\$0			
Gas Balancing Service Charge	Therms			\$28,300,674	\$28,300,674	\$0			0.0%
Calculated Total									
Total Revenues				\$34,104,450	\$34,533,469	\$429,019			1.3%
Schedule 57									
Basic Charge	Bills	266		\$800.00	\$212,800	\$16,050			
Demand Charge	Demand	389,595		\$1.02000	\$397,387	\$31,168			
Delivery Charge:									
First 25,000 Therms	Therms	6,024,602		\$0.12483	\$752,051	\$69,464			
Next 25,000 Therms	Therms	4,405,679		\$0.07621	\$335,757	\$31,016			
Next 50,000 Therms	Therms	5,838,273		\$0.04921	\$287,301	\$313,866			
Next 100,000 Therms	Therms	5,632,839		\$0.03226	\$181,715	\$16,786			
Next 300,000 Therms	Therms	3,836,362		\$0.02376	\$91,152	\$99,554			
All over 500,000 Therms	Therms	2,228,932		\$0.01876	\$41,815	\$8,402			
Total Volume	Therms	27,966,707			\$19,577	(\$19,577)			
Balancing Service Charge	Therms	27,966,707		\$0.00070	\$19,577	\$183,729			7.9%
Calculated Total					\$2,319,555	\$183,729			
Gas Balancing Service Charge	Therms	27,966,707		\$0.00070	\$19,577	\$0			
Total Revenues					\$2,339,132	\$183,729			7.9%

(1) Schedule 01 rates at proposed revenue adjustment factor (RAF).

(2) Pro forma revenue at existing rates is based on assumed transportation rates before a rate change in the present case.

Puget Sound Energy
2007 Gas General Rate Case
Test Year Ended September 2007
Current and Proposed Rates by Rate Schedule - Proposed Settlement
Rental Schedules 71, 72 and 74

Line	Schedule	Rate Schedule	Description	Annual Charges		Revenue Existing Rates		Revenue Under Proposed Rates		Proposed Increase
				D	E	F	G	H	I	
1	71	71G-A	Standard Models	25,560	\$ 6.37	\$ 162,817	\$ 7.32	\$ 187,099	\$ 24,282	
2	71	71G-B	Conservation Models	336,020	\$ 10.23	3,437,485	\$ 11.76	3,951,595	514,111	
3	71	71G-C	Direct Vent Models	61,305	\$ 14.35	879,727	\$ 16.50	1,011,533	131,806	
4	71	71G-D	High Recovery Models	17,584	\$ 14.05	247,055	\$ 16.16	284,157	37,102	
5	71	71G-E	High Efficiency Standard (Energy Factor =.60)	59,691	\$ 5.12	305,618	\$ 5.89	351,580	45,962	
6	71	71G-F	High Efficiency Direct Vent (Energy Factor =.60)	3,592	\$ 8.98	32,256	\$ 10.33	37,105	4,849	
7	72	72G-F	25 - 40 gallon storage 30,000 to 50,000	3,057	\$ 12.50	38,213	\$ 14.37	43,929	5,717	
8	72	72G-G	45 - 55 gallon storage 70,000 to 79,000	2,633	\$ 16.35	43,050	\$ 18.80	49,500	6,451	
9	72	72G-H	45 - 55 gallon storage 51,000 to 75,000	4,005	\$ 16.35	65,482	\$ 18.80	75,294	9,812	
10	72	72G-I	50 - 65 gallon storage 60,000 to 69,000	341	\$ 25.60	8,730	\$ 29.44	10,039	1,309	
11	72	72G-J	60 - 84 gallon storage 70,000 to 129,000	11,243	\$ 33.40	375,516	\$ 38.41	431,844	56,327	
12	72	72G-K	75 - 90 gallon storage 130,000 to 169,000	7,078	\$ 44.60	315,679	\$ 51.29	363,031	47,352	
13	72	72G-L	75 - 100 gallon storage 170,000 to 200,000	18,184	\$ 51.80	941,931	\$ 59.56	1,083,039	141,108	
14	74	74G-A	45,000 to 400,000 Standard Models	27,045	\$ 8.65	233,939	\$ 9.95	269,098	35,159	
15	74	74G-B	401,000 to 700,000 Standard Models	1,409	\$ 22.95	32,337	\$ 26.39	37,184	4,847	
16	74	74G-C	701,000 to 1,300,000 Standard Models	980	\$ 31.01	30,390	\$ 35.66	34,947	4,557	
17	74	74G-D	45,000 to 400,000 Conservation Models	49,045	\$ 13.02	638,566	\$ 14.97	734,204	95,638	
18			Total	628,772		\$ 7,788,789		\$ 8,955,177	\$ 1,166,388	

Appendix C

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND	)	DOCKET UE-072300
TRANSPORTATION COMMISSION,	)	DOCKET UG-072301
	)	<i>(consolidated)</i>
Complainant,)	
v.)	
PUGET SOUND ENERGY, INC.,	)	MULTIPARTY SETTLEMENT RE:
	)	EMERGENCY RESPONSE AND
Respondent.	)	STORM PREPAREDNESS
)	
)	
)	
)	

I. INTRODUCTION

1 This Multiparty Settlement is entered into pursuant to WAC 480-07-730(2) in order to compromise and settle all issues concerning emergency response and storm preparedness that have been raised in this consolidated proceeding between the settling parties. This Multiparty Settlement sets forth revisions to the existing emergency response and storm preparedness procedures of Puget Sound Energy, Inc. ("PSE" or "the Company") that the parties agree should be approved by the Washington Utilities and Transportation Commission ("Commission") in its final order in these dockets.

II. PARTIES

2 This Multiparty Settlement is entered into by PSE and Commission Staff (collectively referred to hereinafter as the "Parties" and each individually as a "Party"). Public Counsel, which filed testimony on PSE's storm response performance, has not agreed to join in this Multiparty Settlement, but has authorized the Parties to state that it

will not object to the terms. All remaining parties were also provided this Multiparty Settlement in advance of filing. None of the remaining parties have expressed opposition to this agreement.

III. BACKGROUND

3 On December 3, 2007, PSE filed with the Commission revisions to its currently effective Tariff WA U-60, Tariff G, Electric Service, Advice No. 2007-34 and Tariff WN U-2, Gas Service, Advice No. 2007-35. The proposed revisions would implement a general rate increase of \$174.5 million, or 9.50 percent, for electric service and \$56.8 million, or 5.31 percent, for natural gas service. On December 12, 2007, the Commission suspended and consolidated the filings (collectively referred to hereinafter as the “General Rate Case”). PSE subsequently amended its General Rate Case filing on April 14, 2008, revising its electric revenue requirement to \$179.7 million and its natural gas revenue requirement to \$58.1 million. In rebuttal testimony filed July 3, 2008, PSE further revised its electric revenue requirement to \$165.1 million and its natural gas revenue requirement to \$55.5 million.

4 A prehearing conference in the General Rate Case was held on January 14, 2008. The Commission granted petitions to intervene of the Industrial Customers of Northwest Utilities, the Northwest Industrial Gas Users, the Kroger Co., The Energy Project, Nucor Steel Seattle, Inc., the Seattle Steam Company and the Federal Executive Agencies.

5 In testimony filed May 30, 2008, Commission Staff made recommendations regarding PSE's emergency response and storm preparedness, particularly in light of recommendations made by KEMA in its report entitled Storm Restoration and Readiness

Review (the "KEMA Report")¹, and in light of cost/benefit analyses performed by KEMA for implementation of an outage management system ("OMS").² PSE addressed storm response issues in rebuttal testimony filed July 3, 2008.³

6 The settling Parties have reached a Multiparty Settlement pursuant to WAC 480-07-730(2) and now wish to present their agreement for Commission approval. In the interests of expediting the orderly disposition of the General Rate Case, the Parties therefore adopt the following Multiparty Settlement which is entered into by the Parties voluntarily to resolve matters in dispute among them regarding emergency response and storm preparedness procedures of PSE.

7 The Parties understand that only Section IV of this Multiparty Settlement is subject to Commission approval and hereby respectfully request that the Commission issue an order approving Section IV of this Multiparty Settlement. The Parties request that the Commission hear evidence concerning their agreement as part of the hearings scheduled to commence before the Commission on September 2, 2008. The Parties to this Multiparty Settlement are also filing joint testimony in support of their agreement, pursuant to WAC 480-07-740(2).

IV. AGREEMENT

8 This section describes the Parties' agreement for modifying PSE's existing emergency response and storm preparedness policies and procedures.

9 1. The Company agrees to file with the Commission an annual report addressing PSE's progress in considering and/or implementing the recommendations in the KEMA Report. The report will be filed on or about September 1 of each year and

¹ Exhibit GJZ-8.

² See Exhibit DEK-1TC at 15-21 (Testimony of Douglas Kilpatrick) and Exhibit DEK-3.

³ See Exhibit SML-16T (Testimony of Susan McLain) and Exhibit GJZ-10 (Testimony of Greg Zeller).

will continue until PSE either implements or communicates its intention not to implement each KEMA recommendation. For any KEMA recommendation that PSE decides not to implement, the annual report will explain PSE's rationale for not implementing such recommendation.

10 2. The report will also address those items identified by Commission Staff in this proceeding on pages 19-21 of Exhibit DEK-1TC, and Exhibit DEK-3, as summarized below.

- Evaluation work done by PSE or on its behalf to determine the overall cost effectiveness and benefits of implementing an outage management system with an associated enterprise-wide geographic information system. The report must include a detailed description of the cost/benefit analyses PSE is doing or is having done, what quantitative and/or qualitative results would convince PSE to move forward with the OMS/GIS, and what timeline it proposes for implementation assuming the internal hurdle is met.
- PSE's assignment of damage assessors and other resources to the emergency event, including training and processes,
- PSE's expectations and metrics for all parties in storm roles,
- PSE communication of restoration information to customers no later than 72 hours after initial storm impact,
- PSE's communication with the Commission during a storm event through an initial report within 24 hours after initial storm impact and through regular status reports thereafter from PSE's Emergency Operations Center,
- PSE's actions with respect to local area coordination planning,
- PSE's emergency response process for its Bothell Emergency Center,
- PSE's actions to address recommendations from the Company's 2006 internal storm debrief sessions, and
- PSE involvement on legislative and regulatory solutions to vegetation management and infrastructure rights-of-way.

11 3. Commission Staff agrees in this case not to recommend any
disallowances, penalties or other enforcement action related to the Company's response
to the 2006 Hanukkah Eve storm. This does not preclude Commission Staff in future
proceedings from recommending disallowances, penalties or other enforcement action
related either to the Company's storm response or its progress in considering or
implementing the recommendations in the KEMA Report.

V. MISCELLANEOUS PROVISIONS

12 1. The Parties agree to support the terms and conditions of this Multiparty
Settlement as a settlement of all contested issues between them in the above-captioned
consolidated proceedings regarding emergency response and storm preparedness.

13 2. This Multiparty Settlement represents an integrated resolution of issues
regarding emergency response and storm preparedness. Accordingly, the Parties
recommend that the Commission adopt and approve Section IV of this Multiparty
Settlement in its entirety.

14 3. The Parties shall cooperate in submitting this Multiparty Settlement
promptly to the Commission for approval of Section IV above, and shall cooperate in
developing supporting testimony as required in WAC 480-07-740(2)(b). The Parties
agree to support the Multiparty Settlement throughout this proceeding, provide witnesses
to sponsor such Multiparty Settlement at a Commission hearing, and recommend that the
Commission issue an order adopting the Multiparty Settlement in its entirety.

15 4. In the event the Commission rejects Section IV of the Multiparty
Settlement, the provisions of WAC 480-07-750(2)(b) shall apply. In the event the
Commission accepts Section IV of the Multiparty Settlement upon conditions not

proposed herein, each Party reserves the right, upon written notice to the Commission and all other parties to this proceeding within five (5) days of the Commission order, to state its rejection of the conditions. In such event, the Parties immediately will request that hearings be held on the appropriateness of the conditions or upon other emergency response and storm restoration proposals of the Parties. In any further proceedings triggered by this paragraph, the Parties agree to cooperate in development of a hearing schedule that concludes such proceeding at the earliest possible date. Any further proceedings triggered by this paragraph shall not delay any compliance filing of PSE ordered by the Commission and such compliance filing shall remain in effect pending any further proceeding.

16 5. The Parties enter into this Multiparty Settlement to avoid further expense, uncertainty, and delay. By executing this Multiparty Settlement, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Multiparty Settlement and except to the extent expressly set forth in this Multiparty Settlement, no Party shall be deemed to have agreed that this Multiparty Settlement is appropriate for resolving any issues in any other proceeding. No Party shall represent that any of the facts, principles, methods, or theories employed by any Party in arriving at the terms of this Multiparty Settlement are precedents in any other proceeding.

17 6. This Multiparty Settlement may be executed in counterparts, through original and/or facsimile signature, and each signed counterpart shall constitute an original document.

18 7. The Parties agree:

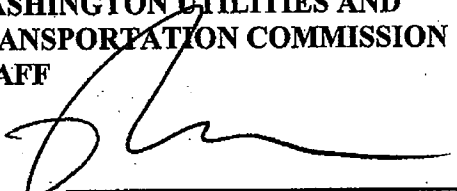
- i. to provide each other the right to review in advance of publication any and all announcements or news releases that either Party intends to make about the Multiparty Settlement. This right of advance review includes a reasonable opportunity for a Party to request changes to the text of such announcements. However, no Party is required to make any change requested by the other Party; and
- ii. to include in any news release or announcement a statement that Commission Staff's recommendation to approve the settlement is not binding on the Commission itself. This subsection does not apply to any news release or announcement that otherwise makes no reference to Commission Staff.

DATED: This 19th day of August, 2008.

PUGET SOUND ENERGY, INC.

By _____
Eric M. Markell
Executive Vice President and
Chief Financial Officer

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
STAFF**

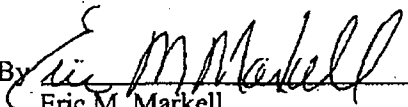
By  _____
Robert D. Cedarbaum
Senior Counsel

- i. to provide each other the right to review in advance of publication any and all announcements or news releases that either Party intends to make about the Multiparty Settlement. This right of advance review includes a reasonable opportunity for a Party to request changes to the text of such announcements. However, no Party is required to make any change requested by the other Party; and
- ii. to include in any news release or announcement a statement that Commission Staff's recommendation to approve the settlement is not binding on the Commission itself. This subsection does not apply to any news release or announcement that otherwise makes no reference to Commission Staff.

DATED: This 19th day of August, 2008.

PUGET SOUND ENERGY, INC.

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
STAFF**

By 
Eric M. Markell
Executive Vice President and
Chief Financial Officer

By _____
Robert D. Cedarbaum
Senior Counsel

Appendix D

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	DOCKET UE-072300
	)	DOCKET UG-072301
Complainant,	)	(consolidated)
v.)	
PUGET SOUND ENERGY, INC.,	)	PARTIAL SETTLEMENT RE:
	)	SERVICE QUALITY, METER AND
Respondent.	)	BILLING PERFORMANCE, AND LOW
	)	INCOME BILL ASSISTANCE
)	
)	

I. INTRODUCTION

1 This Partial Settlement is entered into pursuant to WAC 480-07-730(2) in order to compromise and settle all issues concerning service quality, electric and natural gas meter and billing performance, and low-income bill assistance that have been raised in this consolidated proceeding between the settling parties. This Partial Settlement sets forth revisions to the existing Service Quality Index ("SQI") and low-income bill assistance programs of Puget Sound Energy, Inc. ("PSE" or "the Company"), and a meter and billing performance plan, the parties agree should all be adopted by the Washington Utilities and Transportation Commission ("Commission") in its final order in these dockets.

2 This agreement is filed with the Commission as a Partial Settlement because it is entered by all parties in these proceedings that have been actively engaged in issues regarding service quality, meter and billing performance and low-income bill assistance.

All other parties have been advised of this Partial Settlement and none have expressed opposition to the agreements contained therein.

II. PARTIES

3 This Partial Settlement is entered into by PSE, Commission Staff, The Energy Project, and the Public Counsel Section of the Attorney General's Office (collectively referred to hereinafter as the "Parties" and each individually as a "Party").

III. BACKGROUND

A. Service Quality Benchmarks

4 As a condition of the 1997 merger between Puget Sound Power & Light Company and Washington Natural Gas Company, the Commission ordered the merged company (PSE) to meet ten customer service quality indices ("SQI"), or benchmarks, regarding:

1. Overall Customer Satisfaction
2. Commission Complaint Ratio
3. System Average Interruption Duration Index (SAIDI)
4. System Average Frequency Duration Index (SAIFI)
5. Customer Access Center Answering Performance
6. Customer Access Center Transaction Satisfaction
7. Gas Safety Response Time
8. Field Service Operations Transaction Customer Satisfaction
9. Disconnection Ratio
10. Missed Appointments

In re Application of Puget Sound Power & Light Company and Washington Natural Gas Company, Docket UE-951270 and UE-960195, Fourteenth Supp. Order Accepting Stipulation; Approving Merger (February 5, 1997). Associated penalties for failure to achieve a benchmark were established and PSE was required to file a service quality report on or about October 15 of each year regarding its performance under the service quality indices for the previous 12 months.

5 An eleventh service quality benchmark regarding electric safety response time was added in 2002 and a number of minimum performance levels enhanced. *WUTC v. Puget Sound Energy, Inc.*, Docket UE-11570, Twelfth Supp. Order Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation Subject to Modifications, Clarifications and Conditions (June 20, 2002). Additionally, the annual performance cycle was moved to a calendar year and the Company is now required to file a service quality report on or about February 15 following the end of its performance year.

B. 2007 General Rate Case

6 On December 3, 2007, PSE filed with the Commission revisions to its currently effective Tariff WA U-60, Tariff G, Electric Service, Advice No. 2007-34 and Tariff WN U-2, Gas Service, Advice No. 2007-35. The proposed revisions would implement a general rate increase of \$174.5 million, or 9.50 percent, for electric service and \$56.8 million, or 5.31 percent, for natural gas service. On December 12, 2007, the Commission suspended and consolidated the filings (collectively referred to hereinafter as the "General Rate Case"). PSE subsequently amended its General Rate Case filing on April 14, 2008, revising its electric revenue requirement to \$179.7 million and its natural gas revenue requirement to \$58.1 million. In rebuttal testimony filed July 3, 2008, PSE

further revised its electric revenue requirement to \$165.1 million and its natural gas revenue requirement to \$55.5 million.

7 A prehearing conference in the General Rate Case was held on January 14, 2008. The Commission granted petitions to intervene of the Industrial Customers of Northwest Utilities, the Northwest Industrial Gas Users, The Kroger Co., The Energy Project, Nucor Steel Seattle, Inc., Seattle Steam Company and the Federal Executive Agencies.

8 In testimony filed May 30, 2008, Commission Staff and Public Counsel each proposed revisions to several of PSE's existing SQI benchmarks, and made specific recommendations to address electricity and natural gas customer billing errors resulting from meter malfunctions and other inaccuracies.¹ Additionally, Public Counsel and The Energy Project made specific recommendations to address low income bill assistance.² PSE responded to the recommendations of Commission Staff, Public Counsel and The Energy Project in testimony filed July 3, 2008.³

9 The Parties have reached a Partial Settlement pursuant to WAC 480-07-730(2) and now wish to present their agreement for Commission approval. In the interests of expediting the orderly disposition of the General Rate Case, the Parties therefore adopt the following Partial Settlement which is entered into by the Parties voluntarily to resolve matters in dispute among them regarding service quality, meter and billing performance, and low-income assistance.

10 The Parties understand that only Sections IV through VI of this Partial Settlement are subject to Commission approval and hereby respectfully request that the Commission

¹Exhibit TES-1T at 4-11 (Testimony of Thomas E. Schooley) and Exhibit BRA-1TC at 59-61 (Testimony of Barbara R. Alexander).

²Exhibit BRA-1TC at 48-59 (Testimony of Barbara R. Alexander).

³Exhibit BKG-1T (Testimony of Booga K. Gilbertson) and Exhibit SML-16T (Rebuttal Testimony of Susan McLain).

issue an order approving those sections of this Partial Settlement. The Parties request that the Commission hear evidence concerning their agreement as part of the hearings scheduled to commence before the Commission on September 2, 2008. The Parties to this Partial Settlement are also filing joint testimony in support of their agreement, pursuant to WAC 480-07-740(2).

IV. AGREEMENT- SERVICE QUALITY BENCHMARKS

11 This section describes the Parties' agreement for revising the Company's existing SQI program. Any particular index that is not revised by this Partial Settlement remains effective as set forth currently in the SQI program.

A. Reorganization of SQI Report Card

12 The Parties agree that PSE will reorganize the presentation of its SQI results in the annual SQI report card to customers by category of service, *i.e.*, customer satisfaction, customer services, and operations services.

B. Maximum Annual Penalty

13 The Parties agree to increase the maximum annual penalty payout from \$10 million to \$15 million or \$1.5 million per metric and to calculate the penalty dollars associated with each of the ten SQI metrics subject to possible penalties using the same methodology as currently applicable.

C. Return of Penalty Amounts to Customers

14 The Parties agree that when annual penalty dollars are less than the equivalent of \$12 per customer, the annual penalty will be allocated to PSE's low income bill assistance program, the Home Energy Lifeline Program ("HELP"). If the annual penalty amount

exceeds \$12 per customer, the Company will place an SQI credit on each customer's bill, rather than allocating the penalty dollars to HELP.

D. Doubling of Penalty Amounts

15 The Parties agree that doubling the otherwise applicable SQI penalty amount will take place when the Company fails to meet an SQI performance metric in two or more consecutive years, for SQI performance years 2009 and later. As is laid out in the existing provisions of the SQI program (*WUTC v. Puget Sound Energy, Inc.*, Dockets UE-011570 and UG-011571, 12th Suppl. Order at Appendix A, Exhibit J at Appendix 2, Item I.), the Company can seek relief from any penalty, which it believes in good faith meets the mitigation standard. If an SQI penalty is determined by the Commission to have been successfully mitigated, then that SQI violation for that year would not be considered as a basis for any doubling of penalties.

E. Service Guarantees

16 The Parties agree that starting with the 2009 SQI performance year the Company will add a new customer service guarantee in which PSE will refund a customer \$50 when that customer experiences a 120 consecutive-hour power outage. The refund will be issued via a credit on the customer's bill and will be available to the customer, whether or not the outage event is excluded from the calculation of SAIDI or SAIFI, subject to the following limitations:

17 1. When PSE does not have access to its facilities in order to perform the needed repair work (*e.g.*, flood waters wash out a public roadway which prevents the Company from accessing its system) the period of time in which the Company does not

have access to its facilities is excluded from the outage period for service guarantee purposes.

18 2. Because the Company does not always know which specific customers are without power, the affected customer must report the outage in order to receive the service guarantee payment. A customer's reporting of an outage shall be interpreted as a request for payment of an applicable service guarantee payment. Affected customers who did not report an outage may also apply for the \$50 service guarantee within 7 days of the outage event. The Company will have 30 calendar days in which to research and validate the customer's request. However, the 120 consecutive-hour period for determining the service guarantee commences from the time the outage commences and not from the time the customer reports the outage or otherwise requests payment.

19 3. The Company will, at minimum, place information regarding the availability of the service guarantee in the customer newsletter each fall (as part of storm/emergency preparation information) and include this information on its website with other information concerning PSE's customer service guarantee program.

20 4. The Company will, at a minimum, place a recording regarding the availability of the service guarantee on PSE's IVRU system (which provides customer messaging when a customer is on hold) with either the Company's declaration of a storm for SQI purposes (5% or more of the Company's customers are without power) or when the Company opens its Emergency Operations Center.

21 5. The total cumulative annual payment (on the 120 consecutive-hour service guarantees) is limited to \$1.5 million, or 30,000 customers, and PSE will provide

customer payments to eligible customers who request such payment on a first-come, first-served basis.

F. Reporting of Customer Complaint Information

22 The Parties agree that PSE will report on how it uses customer complaint information in its circuit reliability evaluations, beginning with the 2009 filing of PSE's annual electric service reliability report. Additionally, the Parties agree that PSE will invite Public Counsel to participate in meetings to discuss the format and content of the Company's annual electric service reliability report.

G. SQI No. 7, Gas Safety Response Time

23 In addition to SQI No. 7 concerning Gas Safety Response Time, the Parties agree that starting with the 2009 SQI performance year, the Company will report annually to the Commission on the percentage of responses to gas emergencies that are met within 60 minutes. The Parties further agree that this additional reporting metric will not be subject to SQI penalties. Additionally, with the SQI filing for the 2010 SQI performance year the Company will submit a report stating its position regarding whether the current SQI metric for Gas Response Time should be changed to a performance standard requiring PSE to respond to a minimum of 95 percent of gas emergencies within 60 minutes. The Company's report will include an analysis of the costs, customer impacts and safety implications of making any change to the existing Gas Response Time performance standard (average response time within 55 minutes) and recommend whether the current standard should be changed, and if so, how. The Company will informally consult with the Parties on the analysis prior to the completion of the report.

H. SQI No. 10, Missed Appointments

24 The Parties agree with regard to SQI No. 10 to change the name from "Missed Appointments" to "Appointments Kept" and to reverse the current metric accordingly.

I. Reporting of Outside Contractor Penalties

25 The Parties agree that, starting with the 2009 SQI performance year, the Company will report in its annual SQI filing with the Commission new customer construction-related penalties paid by its two predominant service provider contractors. The Company will include in its service provider performance report actions the Company or its service providers have taken to improve customer satisfaction with the new customer construction process.

J. SQI No. 5, Customer Access Center Answering Performance

26 The Parties agree that, starting with the 2009 SQI performance year, the Company will report in its annual SQI filing with the Commission for SQI No. 5, Customer Access Center Answering Performance, the monthly percentage of calls answered by PSE's call centers within 30 seconds. The Parties further agree that this additional reporting metric will not be subject to SQI penalties. The Company agrees to make a good faith effort to provide a consistent level of performance at its customer call centers throughout the year, taking into account the impact of catastrophic storms or other extreme events that impact customer call volume. Additionally, with the SQI filing for the 2009 SQI performance year, the Company will submit a report stating its position regarding changing the current SQI No. 5 measurement and penalty to a two-part (annual and monthly thresholds) SQI. The Company's report will include an analysis of the costs and customer impacts associated with adopting a quarterly or monthly minimum performance standard, as well as information to the Parties concerning the key variables that impact customer call

volume and the Company's call answering performance. The Company will informally consult with the Parties on the analysis prior to the completion of the report.

K. Reporting of Call Abandonment and Busy Calls

27 The Parties agree that as part of SQI No. 5, Customer Access Center Answering Performance, PSE will report call abandonment and busy calls annually, as part of the Company's annual report filing. The Parties agree further that this additional reporting metric will not be subject to penalty.

L. SQI No. 2, Commission Complaint Ratio

28 The Parties agree that starting with the 2009 SQI performance year, the performance standard for SQI No. 2, Commission Complaint Ratio will be improved from 0.50 complaints per 1,000 customers to 0.40 complaints per 1,000 customers.

M. SQI No. 1, Overall Customer Satisfaction

The Parties agree to eliminate SQI No. 1, overall customer satisfaction.

V. AGREEMENT - METER AND BILLING PERFORMANCE

29 This section sets forth the Parties' agreement to establish an electric and natural gas customer billing and meter performance plan, which sets forth standards to measure potential problems in PSE's metering system and improves PSE's ability to issue accurate and timely bills to its customers.

A. Ongoing Standards

30 The Parties agree that PSE will establish the following ongoing meter and billing standards for natural gas and electric meters:

31 1. Natural Gas: PSE will resolve identified potential gas meter and billing problems for each monthly vintage within four months of identification; 75 percent will

be resolved within two months of identification. Potential metering and billing problems identified within the same month will be of the same vintage. (e.g., potential problems identified on the 5th of the month or the 20th of the month will have the same monthly vintage.)

32 2. Electric: PSE will resolve identified potential electric meter and billing problems for each monthly vintage within two months of identification; 50 percent within one month of identification. Potential metering and billing problems identified within the same month will be of the same vintage. (e.g., potential problems identified on the 5th of the month or the 20th of the month will have the same monthly vintage.)

B. Phase-in Plan

1. Standards

33 As of June 30, 2008, the Company had identified potential problems with 17,276 meters. PSE commits to resolving 100 percent of this legacy population by June 30, 2009. The Company will also resolve 75 percent of this population by December 31, 2008.

2. Conditions

34 The Parties agree that PSE will phase-in the ongoing standards set forth above with the following conditions:

- i. The Company will establish the ability to track and report monthly vintages of potential meter and billing problems. PSE will establish and submit to Commission Staff a plan to implement tracking and reporting improvements, if needed, by October 31, 2008;

- ii. PSE will identify and commence a hiring process for appropriate qualified personnel resources by December 31, 2008;
- iii. PSE will apply the above ongoing meter and billing standards starting January 1, 2009. The Company will validate the reporting and identification of potential new problems and initiate remediation plans (if necessary) within three months of applying the ongoing standard (i.e., by March 31, 2009).
- iv. PSE will resolve potential gas and electric meter and billing problems identified between July 1, 2008 and December 31, 2008 by June 30, 2009.

C. Revenue Adjustment

35

The Parties agree that the Company's test year natural gas revenues will be increased by \$1,228,338 and electric revenues will be increased \$107,016. These amounts are currently reflected in the Commission Staff's revenue deficiency and should be deducted from the Company's revenue deficiencies. Commission Staff's working capital adjustment for Account 173, Accrued Utility Revenues, as filed on May 30, 2008, is withdrawn.

D. Reporting

36

The Parties agree that the Company will report to the Commission quarterly on its performance under the meter and billing standards, with aging data for natural gas and electric accounts. Reporting periods will be March 31, June 30, September 30, and December 31. The first report will be for the quarter ending September 30, 2008 and will be submitted by October 31, 2008 in a format agreeable to the Parties.

E. Definitions

37

For purposes of this Meter and Billing Performance Plan, the following

definitions apply:

1. "Identified" meter and billing issues:

38

The following defines when specific categories of potential meter and billing problems are considered to be "identified". Identified meter/billing problems will be tracked with a unique identifier on a master meter and billing performance report.

- Stopped Meter: Date the meter is validated to be a probable stopped meter from manual analysis of the zero consumption or other similar report.
- Unassigned Energy Usage: Date that the energy usage reaches the following established thresholds:

	Gas	Electric
Residential	100 therms	1,000 kWh
Commercial/Industrial	100 therms	7,150 kWh

- Lost Meter: Date that the meter has been correctly transmitting energy usage for more than sixty days; yet no associated account exists in the ConsumerLinX (CLX) system.
- Meter Mix/Other Field Identified: Date of notification of a potential meter mix (meter correctly recording and transmitting energy, but is assigned to an incorrect account in CLX) or other field identified problem as reported either from a customer or PSE field representative.

- Other: For meter and billing problems that do not fall into one of the above categories, that problem will be considered “identified” when it is first brought to the attention of a PSE representative by any party, or when through the course of normal work, a PSE representative identifies a meter and billing error or problem.

2. “Resolved” meter/billing issues:

39 An identified meter and billing problem will be considered resolved when a correct bill is issued to the customer and any associated equipment problems are corrected.

F. Plan modifications

40 The intent of this Partial Settlement is to promptly, effectively, and sustainably address meter and billing performance. The Parties recognize, however, that the performance standards contained in this Partial Settlement are based upon limited historical and industry data, especially in light of the Company’s full deployment of AMR technology. Therefore, should unanticipated or exceptional circumstances arise that cannot be mitigated absent unreasonable impacts on customers (for example, unreasonable costs that may affect all customers), the Company will promptly disclose those circumstances in writing to all other Parties. Within 30 days of such disclosure, the Parties will present for Commission approval their agreed revisions to the existing meter and billing performance plan that reasonably accomplish the intent of the existing plan. Absent such agreement, each Party will present their own meter and billing performance plan revisions for Commission decision according to a procedure to be determined by the Commission.

G. Safety and other statutes

41 In all cases, the Parties intend that the actions required to accomplish this plan are
consistent with all appropriate safety and other relevant statutes.

VI. AGREEMENT – LOW INCOME ASSISTANCE

42 This section sets forth the Parties agreement with regard to increases in the
Company's low income bill assistance programs, the Home Energy Lifeline Program
("HELP").

43 The Parties agree that PSE will increase HELP benefits for qualifying low income
customers by increasing the total aggregate funding cap for HELP, including benefits and
administrative costs, to \$15 million per year from approximately \$10.25 million per year.
This \$15 million will be distributed 75 percent to electric low income and 25 percent to
natural gas low income customers. In addition, aggregate HELP funds not distributed to
qualifying customers in any single program year will be carried over to provide
supplemental benefit funding in the next program year.

44 The Parties further agree that the Company will clarify the program accounting
rules to define the program caps to include benefits and administrative costs. Amounts to
be set in rates in this proceeding will include a gross-up over and above the program caps
sufficient to cover the Company's revenue sensitive items.

VII. MISCELLANEOUS PROVISIONS

45 1. The Parties agree to support the terms and conditions of this Partial
Settlement as a settlement of all contested issues between them in the above-captioned
consolidated proceedings regarding service quality, meter and billing performance and
low income assistance.

46

2. This Partial Settlement represents an integrated resolution of issues regarding Service Quality Index provisions, meter and billing performance, and low income assistance. Accordingly, the Parties recommend that the Commission adopt and approve Section IV of this Partial Settlement in its entirety.

47

3. The Parties shall cooperate in submitting this Partial Settlement promptly to the Commission for approval of Sections IV- VI above, and shall cooperate in developing supporting testimony as required in WAC 480-07-740(2)(b). The Parties agree to support the Partial Settlement throughout this proceeding, provide witnesses to sponsor such Partial Settlement at a Commission hearing, and recommend that the Commission issue an order adopting the Partial Settlement in its entirety.

48

4. In the event the Commission rejects Sections IV-VI of the Partial Settlement, the provisions of WAC 480-07-750(2)(b) shall apply. In the event the Commission accepts Sections IV-VI of the Partial Settlement upon conditions not proposed herein, each Party reserves the right, upon written notice to the Commission and all other parties to this proceeding within five (5) days of the Commission order, to state its rejection of the conditions. In such event, the Parties immediately will request that hearings be held on the appropriateness of the conditions or upon other service quality, meter and billing performance, or low income proposals of the Parties. In any further proceedings triggered by this paragraph, the Parties agree to cooperate in development of a hearing schedule that concludes such proceeding at the earliest possible date. Any further proceedings triggered by this paragraph shall not delay any compliance filing of PSE ordered by the Commission and such compliance filing shall remain in effect pending any further proceeding.

49

5. The Parties enter into this Partial Settlement to avoid further expense, uncertainty, and delay. By executing this Partial Settlement, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Partial Settlement and except to the extent expressly set forth in this Partial Settlement, no Party shall be deemed to have agreed that this Partial Settlement is appropriate for resolving any issues in any other proceeding. No Party shall represent that any of the facts, principles, methods, or theories employed by any Party in arriving at the terms of this Partial Settlement are precedents in any other proceeding.

50

6. This Partial Settlement may be executed in counterparts, through original and/or facsimile signature, and each signed counterpart shall constitute an original document.

51

7. All Parties agree:


- i. to provide all other Parties the right to review in advance of publication any and all announcements or news releases that any other Party intends to make about the Partial Settlement. This right of advance review includes a reasonable opportunity for a Party to request changes to the text of such announcements. However, no Party is required to make any change requested by another Party; and
- ii. to include in any news release or announcement a statement that Staff's recommendation to approve the settlement is not binding on the Commission itself. This subsection does not apply to any news

release or announcement that otherwise makes no reference to

Staff.

DATED: This 19th day of August, 2008.

PUGET SOUND ENERGY, INC.

By 
Eric M. Markell
Executive Vice President and
Chief Financial Officer

**PUBLIC COUNSEL SECTION OF
ATTORNEY GENERAL'S OFFICE**

By _____
Simon J. Fitch
Sarah Shifley
Attorneys for Public Counsel

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
STAFF**

By _____
Robert D. Cedarbaum
Senior Counsel

THE ENERGY PROJECT

By _____
Ronald L. Roseman
Attorney for The Energy Project

release or announcement that otherwise makes no reference to

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DATED: This 19th day of August, 2008.

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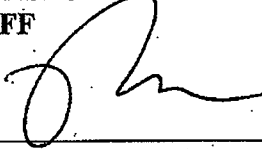
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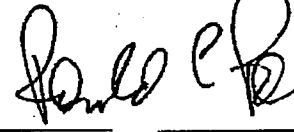
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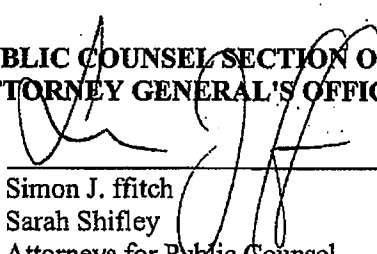
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Appendix E

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND	)	DOCKET UE-072300
TRANSPORTATION COMMISSION,	)	DOCKET UG-072301
	)	<i>(consolidated)</i>
Complainant,)	
v.)	
	)	PARTIAL SETTLEMENT RE:
PUGET SOUND ENERGY, INC.,	)	ELECTRIC AND NATURAL GAS
	)	REVENUE REQUIREMENTS
Respondent.)	
)	
)	

I. INTRODUCTION

1 This Partial Settlement is entered into pursuant to WAC 480-07-730(2) in order to compromise and settle all issues related to electric and natural gas revenue requirements that have been raised in this consolidated proceeding between the settling parties. This Partial Settlement recommends an increase in electric and natural gas revenue requirements of \$130.2 million and \$49.2 million, respectively, that the parties agree will result in rates that are just, fair, reasonable and sufficient and otherwise in the public interest, and that should be accepted by the Commission as a resolution of all revenue requirement issues in this docket. The parties understand this Partial Settlement is subject to Commission approval.

II. PARTIES

2 This Partial Settlement is entered into by: Puget Sound Energy, Inc. ("PSE"); The Staff of the Washington Utilities and Transportation Commission ("Staff"); the Public Counsel Section of the Attorney General's Office ("Public Counsel"); the Industrial Customers of Northwest Utilities ("ICNU"); Northwest Industrial Gas Users ("NWIGU");

Seattle Steam Company; The Energy Project; The Kroger Co. ("Kroger"); Federal Executive Agencies ("FEA"); and Nucor Steel Seattle, Inc. ("Nucor") (collectively referred to hereinafter as the "Parties" and each individually as a "Party").

III. BACKGROUND

3 On December 3, 2007, PSE filed with the Washington Utilities and Transportation Commission ("Commission") revisions to its currently effective Tariff WA U-60, Tariff G, Electric Service, Advice No. 2007-34 and Tariff WN U-2, Gas Service, Advice No. 2007-35. The proposed revisions would implement a general rate increase of \$174.5 million, or 9.50 percent, for electric service and \$56.8 million, or 5.31 percent, for natural gas service. On December 12, 2007, the Commission suspended and consolidated the filings (collectively referred to hereinafter as the "General Rate Case"). PSE subsequently amended its General Rate Case filing on April 14, 2008, revising its electric revenue requirement to \$179.7 million and its natural gas revenue requirement to \$58.1 million. In rebuttal testimony filed July 3, 2008, PSE further revised its electric revenue requirement to \$165.1 million and its natural gas revenue requirement to \$55.5 million.

4 A prehearing conference in the General Rate Case was held on January 14, 2008. The Commission granted petitions to intervene in these dockets of ICNU, Kroger, The Energy Project, NWIGU, Seattle Steam Company, FEA and Nucor.

5 The Parties have reached a Partial Settlement pursuant to WAC 480-07-730(3) and now wish to present their agreement for Commission approval. In the interests of expediting the orderly disposition of the General Rate Case, the Parties therefore adopt the following Partial Settlement which is entered into by the Parties voluntarily to resolve matters in dispute among them regarding electric and natural gas revenue requirements.

6 The Parties understand that only Section IV of this Partial Settlement is subject to Commission approval and hereby respectfully request that the Commission issue an order approving Section IV of this Partial Settlement. The Parties request that the Commission hear evidence concerning their settlement of electric and natural gas revenue requirements as part of the hearings scheduled to commence before the Commission on September 3, 2008. The Parties to this Partial Settlement are also filing Joint Testimony in support of their agreement, pursuant to WAC 480-07-740(2).

IV. AGREEMENT

7 This section describes how the agreed electric and natural gas revenue requirements have been determined. The revenue models used to determine the electric and natural gas rate requirements are the revenue models supporting the Company's rebuttal testimony and exhibits filed July 3, 2008 and are adjusted for the following issues. Except as specifically set forth below, the Parties are in agreement that the accounting amortizations and methodologies included in the Company's July 3rd filing should be accepted by the Commission for the purpose of setting rates in these dockets. No Party shall be deemed to have agreed that such accounting amortizations and methodologies are appropriate or establish any precedent in any future proceeding.

8 **Cost of Capital:** The Parties agree to an 8.25% overall cost of capital, and a net of tax cost of capital of 7.00%, calculated as follows:

	Capital %	Cost %	Rate of Return
DEBT	53.97%	6.64%	3.58%
PREFERRED STOCK	0.03%	8.61%	0.00%
EQUITY	46.00%	10.15%	4.67%
TOTAL	100.00%		8.25%
AFTER TAX DEBT (LINE 1 * 65%)	53.97%	4.32%	2.33%
PREFERRED	0.03%	8.61%	0.00%
EQUITY	46.00%	10.15%	4.67%

TOTAL AFTER TAX COST OF
CAPITAL

100.00%

7.00%

9 **Depreciation:** The Parties agree to the depreciation rates for electric, natural gas and common plant shown in Attachment 1 to this Partial Settlement. The electric depreciation rates have been adjusted from the Company's rebuttal filing to reflect Commission Staff's and Public Counsel's proposed Colstrip depreciable life of 60 years.¹ The Parties request that the Commission approve these depreciation rates effective November 1, 2008.

10 **Storm Damage:** The Parties agree with FEA's recommendation to amortize the December 13, 2006 "Hanukkah Eve" wind storm over 10 years.² The Parties further agree to continuation of the Catastrophic Storm Loss Deferral Mechanism, as set forth in the direct testimony of John H. Story, Exhibit JHS-1CT at 45-47. The new \$8 million threshold level established therein for Institute of Electrical and Electronics Engineers related storm deferrals shall commence with the calendar year 2009.

11 **Future Rate Period:** The Company agrees to withdraw its request for a technical conference on this subject.³

12 **Next General Rate Case Filing:** The Company agrees that it will not file a general rate case prior to April 1, 2009.

13 **New Resources:** The Parties agree that the following new resources and purchased power agreements ("PPAs"), as set forth in the Company's direct and rebuttal testimony,⁴

¹ Exhibit WHW-1T at 7-10 (Testimony of William H. Weinman) and Exhibit CWK-1T at 8-12 (Testimony of Charles W. King).

² Exhibit RCS-1T at 3-11 (Testimony of Ralph C. Smith).

³ That request was made at Exhibit EMM-1CT at 30 (Testimony of Eric M. Markell).

⁴ Exhibit KJH-1HCT at 23-24 and Exhibit KJH-9CT at 23-24 (Testimony of Kimberly J. Harris); *See also* Exhibit RG-1HCT at 31-97 and Exhibit RG-55CT at 2-6 (Testimony of Roger Garratt) for full descriptions of the new resources and PPAs.

were prudently acquired, and that the costs associated with these resources and PPAs are reasonable and should be approved by the Commission for rate recovery:

- Whitehorn Units 2 and 3, a pair of simple cycle combustion turbines with a total capacity of 150 MW.
- Sumas natural gas fired combined cycle combustion turbine and an interest in the natural gas pipeline that serves the facility. This unit has a total capacity of approximately 125 MW.
- Addition of 7.2 MW of wind capacity at the PSE-owned Hopkins Ridge Wind Facility (“the Hopkins Ridge Infill”).
- A two-year extension to the full requirements PPA with Powerex to PSE’s Point Roberts load.
- A 20-year power purchase with PPM Energy for 50 MW of the 221-MW Klondike III wind project.
- An approximate four-year PPA with Lehman Commodity Services Group for 50 MW of replacement energy due to the Sumas PPA default.
- An approximate four-year PPA with Sempra Energy Trading Company for the balance of the energy replacement necessitated by the Sumas PPA default.
- A four-year winter on-peak power purchase for 150 MW.
- A three and one-half year Locational Exchange Agreement with TransAlta Energy Marketing (US), Inc.

14. **Electric Revenue Deficiency:** Attachment 2 shows PSE’s adjusted results of electric operations and rate of return on electric rate base, for ratemaking purposes, as agreed upon by the Parties for these dockets. Net operating income shown on line 34,

including agreed upon adjustments that reduce net operating income by \$60,554,404, is \$191,595,727. This results in an overall adjusted return of 5.80% on adjusted rate base of \$3,303,573,534. The resulting revenue requirement necessary to achieve an overall return of 8.25% is \$130,179,688 shown on line 2. The final column shows the adjusted results of operations with a total revenue requirement of \$2,019,745,029 and net operating income of \$272,544,813, including the \$130,179,688 (7.09%) retail revenue increase, which achieves the overall return of 8.25%. This revenue requirement includes the adjustment to electric revenues recommended in the Partial Settlement Re: Service Quality, Meter and Billing Performance, and Low Income Bill Assistance, filed August 20, 2008.

15 **Natural Gas Revenue Deficiency:** Attachment 3 shows PSE's adjusted results of natural gas operations and rate of return on natural gas rate base, for ratemaking purposes, as agreed upon by the Parties for these dockets. Net operating income, shown on line 33, including agreed upon adjustments that reduce net operating income by \$23,421,700, is \$80,542,732. This results in an overall adjusted return of 5.98% on adjusted rate base of \$1,347,267,694. The resulting revenue requirement necessary to achieve an overall return of 8.25% is \$49,212,697 shown on line 5. The final column shows the adjusted results of operations with a total revenue requirement of \$1,118,673,169 and net operating income of \$111,149,585, including the \$49,212,697 (4.60%) retail revenue increase, which achieves the overall return of 8.25%. This revenue deficiency includes the adjustment to natural gas revenues recommended in the Partial Settlement Re: Service Quality, Meter and Billing Performance, and Low Income Bill Assistance, filed August 20, 2008.

16 **Power Cost Adjustment ("PCA") Mechanism:** The Parties agree to the Power Cost Rate shown in confidential Attachment 4. Such agreement does not preclude any Party

from contesting any element on which that Power Cost Rate is calculated in any future proceeding.

17 PSE agrees to study the efficacy of the PCA sharing bands and, if warranted, propose modifications to the bands in its next general rate case. This review is to be completed by December 31, 2008 and will be shared with all interested parties including Staff, Public Counsel and ICNU.

18 **Power Cost Only Rate Case (“PCORC”):** The Parties agree that the only issues remaining among them to be litigated before the Commission are whether the PCORC should continue and, if it does continue, in what form.

19 **Effective Date of New Rates:** The Parties agree to recommend an effective date of November 1, 2008 for new rates in these dockets.

20 **Gas Cost Update:** For purposes of this Partial Settlement, the Parties agree that no further update in natural gas costs or related power cost items should be ordered by the Commission as part of a compliance filing, or otherwise, in these dockets.

21 **Prefiled Testimony Added to the Record:** It is stipulated by the Parties that all testimony submitted in this docket should be admitted into the evidentiary record.

22 **Electric Rate Spread and Rate Design:** As stated in the separate Partial Settlement Re: Electric Rate Spread and Electric Rate Design between PSE, Staff, Public Counsel, The Energy Project, ICNU and Kroger, submitted in this docket on August 12, 2008 and which no other party opposes.

23 **Gas Rate Spread and Rate Design, and Gas Cost of Service Collaborative:** As stated in the separate Partial Settlement Re: Natural Gas Rate Spread and Rate Design

between PSE, Staff, Public Counsel, The Energy Project, NWIGU, Nucor and Seattle Steam, submitted in these dockets on August 18, 2008 and which no other party opposes.

24 **Service Quality Index, Back Billing and Low Income:** As stated in the separate Partial Settlement Re: Service Quality, Meter and Billing Performance, and Low Income Bill Assistance between PSE, Staff, Public Counsel and The Energy Project, submitted in these dockets August 20, 2008 and which no other party opposes.

25 **Emergency Response and Storm Preparedness:** As stated in the separate Multiparty Settlement between PSE and Staff, submitted in these dockets on August 19, 2008 which no other party opposes.

V. MISCELLANEOUS PROVISIONS

26 The Parties agree to support the terms and conditions of this Partial Settlement as a settlement of all contested issues between them in the above-captioned consolidated proceedings regarding electric revenue requirement and natural gas revenue requirement, and further agree that this Partial Settlement, along with the other settlements in this docket, resolve all contested issues between the Parties with the exception of the issue of the continuation and form of the PCORC, as set forth in Section IV, paragraph 17 above.

27 This Partial Settlement represents an integrated resolution of electric and natural gas revenue requirements and related matters. Accordingly, the Parties recommend that the Commission adopt and approve Section IV of this Partial Settlement in its entirety, including the Attachments.

28 The Parties shall cooperate in submitting this Partial Settlement promptly to the Commission for approval of Section IV above, and shall cooperate in developing supporting testimony as required in WAC 480-07-740(2)(b). The Parties agree to support the Partial

Settlement throughout this proceeding, provide witnesses to sponsor such Partial Settlement at a Commission hearing, and recommend that the Commission issue an order adopting the Partial Settlement in its entirety.

29 In the event the Commission rejects Section IV of the Partial Settlement, the provisions of WAC 480-07-750(2)(b) shall apply. In the event the Commission accepts Section IV of the Partial Settlement upon conditions not proposed herein, each Party reserves the right, upon written notice to the Commission and all other parties to this proceeding within five (5) days of the Commission order, to state its rejection of the conditions. In such event, the Parties immediately will request that hearings be held on the appropriateness of the conditions or upon other electric and natural gas revenue requirements and related proposals of the Parties. In any further proceedings triggered by this paragraph, the Parties agree to cooperate in development of a hearing schedule that concludes such proceeding at the earliest possible date. Any further proceedings triggered by this paragraph shall not delay any compliance filing of PSE ordered by the Commission and such compliance filing shall remain in effect pending any further proceeding.

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31 This Partial Settlement may be executed in counterparts, through original and/or facsimile signature, and each signed counterpart shall constitute an original document.

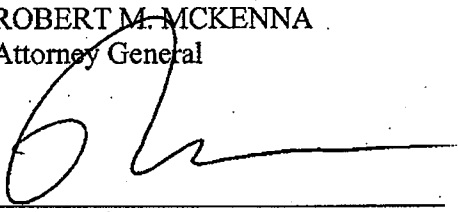
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DATED this 22nd day of August, 2008.

Respectfully submitted,

ROBERT M. MCKENNA
Attorney General


ROBERT D. CEDARBAUM
Senior Counsel
Counsel for Washington Utilities and
Transportation Commission

PUGET SOUND ENERGY, INC

ERIC MARKELL
Executive Vice President and Chief
Financial Officer

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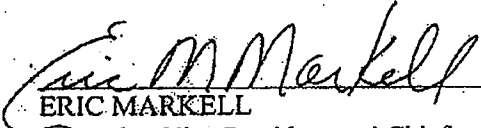
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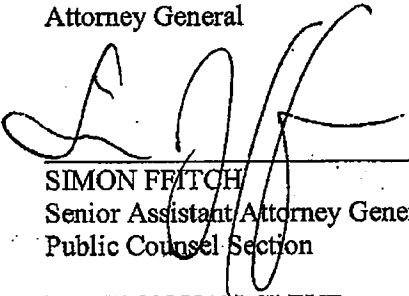
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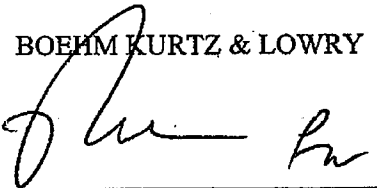
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KURT BOEHM
Counsel for The Kroger Co. *per e-mail
a.r. 8/22*

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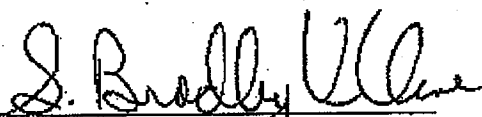
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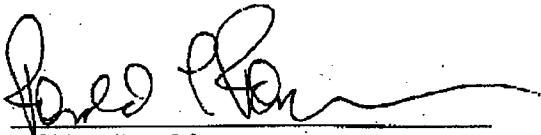
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PUGET SOUND ENERGY
ELECTRIC PLANT

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2006

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	ACCRALED ANNUAL RATE	COMPOSITE REMAINING LIFE
ELECTRIC PLANT									
STEAM PRODUCTION PLANT									
311.00	STRUCTURES AND IMPROVEMENTS								
	COLSTRIP 1	125-R2	(10)	7,439,094.46	4,586,543	3,597,459	129,522	1.74	27.8
	COLSTRIP 2	125-R2	(10)	5,826,035.63	4,266,971	2,141,668	76,900	1.32	27.9
	COLSTRIP 3	125-R2	(10)	29,048,534.58	17,922,196	14,031,192	387,477	1.33	36.2
	COLSTRIP 4	125-R2	(10)	26,590,545.89	15,224,462	14,025,139	377,144	1.42	37.2
	COLSTRIP 1-2	125-R2	(10)	31,349,014.09	23,744,437	10,739,479	386,544	1.23	27.8
	COLSTRIP 3-4	125-R2	(10)	70,602,621.38	43,304,366	34,358,517	924,847	1.31	37.2
	FREDERICKSON 1	125-R2	(10)	6,178,022.75	531,268	6,264,557	195,195	3.18	31.9
	TOTAL STRUCTURES AND IMPROVEMENTS			177,033,868.78	109,579,243	85,158,011	2,478,630	1.40	34.4
312.00	BOILER PLANT EQUIPMENT								
	COLSTRIP 1	65-R1.5	(10)	57,923,526.18	38,212,872	25,503,005	979,626	1.69	26.0
	COLSTRIP 2	65-R1.5	(10)	50,275,608.68	32,050,678	23,252,489	893,706	1.78	26.0
	COLSTRIP 3	65-R1.5	(10)	120,026,660.81	76,142,837	55,886,493	1,725,379	1.44	32.4
	COLSTRIP 4	65-R1.5	(10)	108,107,974.69	59,659,731	59,259,040	1,776,865	1.64	33.4
	COLSTRIP 1-2	65-R1.5	(10)	7,804,511.14	6,116,626	2,468,336	88,884	1.27	25.0
	COLSTRIP 3-4	65-R1.5	(10)	18,959,641.49	11,549,962	9,305,663	282,692	1.49	32.9
	ENCOGEN	65-R1.5	(10)	42,748,413.60	25,989,705	21,033,550	1,023,033	2.39	20.6
	FREDERICKSON 1	65-R1.5	(10)	17,970,988.13	1,543,539	18,224,548	599,870	3.34	30.4
	TOTAL BOILER PLANT EQUIPMENT			423,817,324.72	251,265,940	214,933,114	7,380,065	1.74	29.1
314.00	TURBOGENERATOR UNITS								
	COLSTRIP 1	70-R2	(10)	21,474,560.50	9,917,384	13,704,633	507,199	2.36	27.0
	COLSTRIP 2	70-R2	(10)	18,439,808.63	8,923,118	11,360,671	422,870	2.29	26.9
	COLSTRIP 3	70-R2	(10)	39,374,273.69	18,146,387	25,165,313	736,086	1.87	34.2
	COLSTRIP 4	70-R2	(10)	37,400,011.30	15,834,655	25,305,360	719,339	1.92	35.2
	COLSTRIP 1-2	70-R2	(10)	3,845,455.75	2,999,274	1,230,727	47,790	1.24	25.8
	COLSTRIP 3-4	70-R2	(10)	13,373.04	(109,199)	123,908	3,550	26.55	34.9
	ENCOGEN	70-R2	(10)	20,328,750.93	12,259,410	10,102,216	483,128	2.38	20.9
	FREDERICKSON 1	70-R2	(10)	15,800,924.04	1,361,602	16,019,304	514,263	3.25	31.2
	TOTAL TURBOGENERATOR UNITS			156,677,057.88	69,332,631	103,012,132	3,434,225	2.19	30.0
315.00	ACCESSORY ELECTRIC EQUIPMENT								
	COLSTRIP 1	70-S2	0	7,180,381.66	5,475,648	1,704,735	67,065	0.93	25.4
	COLSTRIP 2	70-S2	0	5,070,990.12	3,260,175	1,810,816	68,727	1.36	26.3
	COLSTRIP 3	70-S2	0	6,467,681.73	3,720,215	2,747,466	82,557	1.28	33.3
	COLSTRIP 4	70-S2	0	5,668,758.41	2,940,241	2,728,516	79,193	1.40	34.5
	COLSTRIP 1-2	70-S2	0	2,375,376.28	1,682,455	692,921	27,128	1.14	25.5
	COLSTRIP 3-4	70-S2	0	7,652,068.98	4,301,803	3,350,266	97,976	1.28	34.2
	ENCOGEN	70-S2	0	1,678,558.68	993,459	885,100	32,044	1.91	21.4
	FREDERICKSON 1	70-S2	0	962,486.71	82,940	879,547	27,392	2.85	32.1
	TOTAL ACCESSORY ELECTRIC EQUIPMENT			37,056,303.57	22,456,936	14,599,367	482,072	1.30	30.3

PUGET SOUND ENERGY
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TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2006

ACCOUNT (1)	SURVIVOR CURVE (2)	NET SALVAGE PERCENT (3)	ORIGINAL COST (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCURRUAL RATE (8)=(7)/(4)	COMPOSITE REMAINING LIFE (9)=(6)/(7)
316.00	MISCELLANEOUS POWER PLANT EQUIPMENT							
	COLSTRIP 1	*	748,119.90	329,322	418,797	17,294	2.31	24.2
	COLSTRIP 2	*	772,900.31	327,800	445,098	18,421	2.38	24.2
	COLSTRIP 3	*	675,351.85	281,501	393,852	13,561	2.01	29.0
	COLSTRIP 4	*	872,841.48	380,414	492,427	16,874	1.93	29.2
	COLSTRIP 1-2	*	6,363,662.86	4,304,107	2,059,557	89,046	1.40	23.1
	COLSTRIP 1-4	*	251,533.56	157,404	94,130	3,480	1.38	27.2
	COLSTRIP 3-4	*	4,639,636.96	2,498,528	2,141,109	75,510	1.63	28.4
	ENCOGEN	*	1,100,276.92	14,249	1,086,028	56,010	5.09	19.4
	FREDERICKSON 1	*	336,377.91	28,515	307,863	11,274	3.35	27.3
	TOTAL MISCELLANEOUS POWER PLANT EQUIPMENT		15,760,701.75	8,321,840	7,438,861	301,450	1.91	24.7
	TOTAL STEAM PRODUCTION PLANT		810,345,256.70	460,956,590	425,141,485	14,076,442		
331.00	HYDROELECTRIC PRODUCTION PLANT							
	STRUCTURES AND IMPROVEMENTS							
	LOWER BAKER	(25)	3,283,622.79	3,325,908	778,620	26,577	0.81	29.3
	UPPER BAKER	(25)	4,846,009.82	5,294,542	762,969	26,082	0.54	29.3
	ELECTRON	(25)	2,460,057.87	1,077,073	1,998,002	175,070	7.12	11.4
	SNOQUALMIE #1	(25)	3,550,855.62	1,564,402	2,874,766	79,693	2.24	36.1
	SNOQUALMIE #2	(25)	652,002.48	389,318	425,686	12,934	1.98	32.9
	TOTAL STRUCTURES AND IMPROVEMENTS		14,792,548.58	11,651,243	6,839,443	320,356	2.17	21.3
332.00	RESERVOIRS, DAMS & WATERWAY							
	LOWER BAKER	(25)	12,411,912.33	13,349,724	2,165,169	73,984	0.60	29.3
	UPPER BAKER	(25)	48,049,631.71	55,004,100	5,057,940	172,608	0.36	29.3
	ELECTRON	(25)	45,532,653.08	19,713,554	37,202,265	3,257,483	7.15	11.4
	SNOQUALMIE #1	(25)	584,993.96	168,195	563,049	15,887	2.72	35.4
	SNOQUALMIE #2	(25)	1,179,902.74	639,843	835,035	25,545	2.17	32.7
	TOTAL RESERVOIRS, DAMS & WATERWAYS		107,759,093.82	88,875,416	45,823,458	3,545,507	3.29	12.9
333.00	WATER WHEELS, TURBINES & GENERATORS							
	LOWER BAKER	*	10,005,540.19	4,431,890	5,573,660	200,262	2.00	27.8
	UPPER BAKER	*	8,669,934.54	8,787,000	(117,066)	-	-	-
	ELECTRON	*	1,351,642.25	343,010	1,008,632	90,500	6.70	11.1
	SNOQUALMIE #1	*	708,781.31	326,489	382,282	11,428	1.61	33.5
	SNOQUALMIE #2	*	5,210,196.53	(289,900)	5,510,098	168,981	3.24	32.6
	TOTAL WATER WHEELS, TURBINES & GENERATORS		25,946,094.82	13,588,489	12,357,606	471,171	1.82	26.2
334.00	ACCESSORY ELECTRIC EQUIPMENT							
	LOWER BAKER	*	1,883,879.27	1,197,033	686,846	25,161	1.34	27.3
	UPPER BAKER	*	1,762,732.16	1,757,755	4,977	183	0.01	27.2
	ELECTRON	*	1,793,243.86	546,856	1,246,389	113,012	6.30	11.0
	SNOQUALMIE #1	*	298,571.16	150,267	148,305	5,038	1.69	29.4
	SNOQUALMIE #2	*	490,371.62	248,943	241,428	8,147	1.66	29.6
	TOTAL ACCESSORY ELECTRIC EQUIPMENT		6,228,798.07	3,900,854	2,327,945	151,541	2.43	15.4

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TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE
AND CALCULATED ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2006

ACCOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
335.00	MISCELLANEOUS POWER PLANT EQUIPMENT								
	LOWER BAKER	35-S1.5 *	0	663,976.60	634,140	29,835	1,171	0.18	25.5
	UPPER BAKER	35-S1.5 *	0	493,379.13	236,215	257,165	10,527	2.13	24.4
	ELECTRON	35-S1.5 *	0	634,866.77	127,226	507,660	46,367	7.30	10.9
	SNOQUALMIE #1	35-S1.5 *	0	1,793.49	1,868	(75)	-	-	-
	SNOQUALMIE #2	35-S1.5 *	0	4,773.64	3,562	1,212	166	3.48	7.3
	TOTAL MISCELLANEOUS POWER PLANT EQUIPMENT			1,798,808.63	1,003,011	795,797	58,231	3.24	13.7
335.10	MISCELLANEOUS TOOLS								
	LOWER BAKER	SQUARE *	0	483,574.59	253,762	229,812	20,356	4.21	11.3
	UPPER BAKER	SQUARE *	0	264,505.15	188,528	75,977	4,387	1.66	17.3
	ELECTRON	SQUARE *	0	592,078.84	285,428	328,655	102,706	17.35	3.2
	SNOQUALMIE #1	SQUARE *	0	344,339.73	185,364	178,979	53,922	15.66	3.3
	SNOQUALMIE #2	SQUARE *	0	66,781.00	27,293	39,489	7,513	11.25	5.3
	TOTAL MISCELLANEOUS TOOLS			1,751,279.31	900,375	850,912	188,884	10.79	4.5
336.00	ROADS, RAILROADS & BRIDGES								
	LOWER BAKER	70-R5 *	0	74,502.59	64,574	9,929	338	0.45	29.4
	UPPER BAKER	70-R5 *	0	645,094.99	667,873	(22,778)	-	-	-
	ELECTRON	70-R5 *	0	492,607.43	297,501	195,105	30,189	6.13	6.5
	SNOQUALMIE #1	70-R5 *	0	39,894.69	31,212	8,684	238	0.60	36.5
	SNOQUALMIE #2	70-R5 *	0	287,456.42	8,421	279,035	7,443	2.59	37.5
	TOTAL ROADS, RAILROADS & BRIDGES			1,539,556.12	1,069,581	469,975	38,208	2.48	12.3
338.00	EASEMENTS								
	SNOQUALMIE #1	SQUARE *	0	32,898.73	2,920	29,979	799	2.43	37.5
	TOTAL EASEMENTS			32,898.73	2,920	29,979	799	2.43	37.5
	TOTAL HYDROELECTRIC PRODUCTION PLANT			159,649,079.08	120,991,889	69,495,115	4,774,697		
341.00	OTHER PRODUCTION PLANT								
	STRUCTURES AND IMPROVEMENTS								
	ENCOGEN	40-R5 *	(5)	6,566,203.49	3,884,244	3,031,269	141,359	2.15	21.4
	CRYSTAL MOUNTAIN	40-R5 *	(5)	28,241.57	31,401	(1,748)	-	-	-
	FREDONIA	40-R5 *	(5)	3,480,038.29	1,922,801	1,731,239	144,939	4.16	11.9
	FREDERICKSON	40-R5 *	(5)	2,344,478.06	1,759,372	702,329	75,454	3.22	9.3
	HOPKINS RIDGE	SQUARE *	(5)	3,818,831.40	207,703	3,802,070	161,790	4.24	23.5
	WHITEHORN 2-3	40-R5 *	(5)	185,229.75	61,876	132,615	14,244	7.69	9.3
	WILD HORSE	SQUARE *	(5)	4,153,532.12	4,552	4,356,657	177,823	4.28	24.5
	TOTAL STRUCTURES AND IMPROVEMENTS			20,596,564.68	7,871,949	13,754,431	715,609	3.47	19.2
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORIES								
	ENCOGEN	40-R5 *	(5)	7,998,178.46	4,831,556	3,566,531	166,349	2.08	21.4
	FREDERICKSON 1	40-R5 *	(5)	1,804,662.80	155,513	1,739,383	54,560	3.02	31.9
	CRYSTAL MOUNTAIN	40-R5 *	(5)	197,234.51	126,179	80,917	8,518	4.32	9.5
	FREDONIA	40-R5 *	(5)	3,355,684.73	1,898,259	1,898,210	199,351	4.75	11.9
	FREDERICKSON	40-R5 *	(5)	3,702,107.48	3,228,759	668,453	71,534	1.93	9.2
	WHITEHORN 2-3	40-R5 *	(5)	134,194.70	73,037	67,867	7,817	5.83	8.7
	TOTAL FUEL HOLDERS, PRODUCERS & ACCESSORIES			17,192,062.68	10,040,303	8,011,361	468,129	2.72	17.1

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ACCOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)-(7)/(4)	(9)-(6)/(7)
	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	ACCUMULATED ACCRUAL AMOUNT	ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
344.00	GENERATORS								
	ENCOGEN	40-R5	*	70,644,953.32	42,726,036	27,918,918	1,302,173	1.84	21.4
	FREDERICKSON 1	40-R5	*	29,246,324.17	2,516,210	26,730,115	838,446	2.87	31.9
	CRYSTAL MOUNTAIN	40-R5	*	451,571.96	282,969	188,603	20,188	4.47	9.3
	FREDONIA	40-R5	*	41,422,739.26	31,233,942	10,188,798	851,619	2.06	12.0
	FREDERICKSON	40-R5	*	24,876,993.49	19,279,911	5,597,083	616,923	2.48	9.1
	HOPKINS RIDGE	SQUARE	(5)	145,369,923.69	7,906,564	144,730,806	6,168,768	4.24	23.5
	WHITEHORN 2-3	40-R5	*	41,703.33	13,571	28,132	2,963	7.10	9.5
	WILD HORSE	SQUARE	(5)	288,129,346.92	315,758	302,220,056	12,335,512	4.28	24.5
	TOTAL GENERATORS			600,182,556.14	104,254,961	517,602,511	22,126,582	3.69	23.4
345.00	ACCESSORY ELECTRIC EQUIPMENT								
	ENCOGEN	40-R5	*	2,021,517.63	1,221,922	799,596	37,295	1.84	21.4
	FREDERICKSON 1	40-R5	*	296,766.72	25,573	271,194	8,507	2.87	31.9
	CRYSTAL MOUNTAIN	40-R5	*	84,237.34	44,101	40,136	4,272	5.07	9.4
	FREDONIA	40-R5	*	884,929.97	558,698	326,232	27,086	3.06	12.0
	FREDERICKSON	40-R5	*	1,872,008.64	674,941	1,197,068	126,403	6.75	9.5
	HOPKINS RIDGE	SQUARE	(5)	16,346,021.27	889,045	16,274,278	692,523	4.24	23.5
	WHITEHORN 2-3	40-R5	*	183,141.18	96,570	86,572	9,189	5.02	9.4
	WILD HORSE	SQUARE	(5)	32,390,556.36	35,497	33,974,587	1,386,718	4.28	24.5
	TOTAL ACCESSORY ELECTRIC EQUIPMENT			54,079,179.11	3,546,347	52,969,663	2,291,993	4.24	23.1
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT								
	ENCOGEN	40-R5	*	1,263,513.11	693,750	569,763	26,558	2.10	21.5
	FREDONIA	40-R5	*	241,975.23	123,971	118,004	9,445	3.90	12.5
	FREDERICKSON	40-R5	*	172,525.69	90,631	81,895	8,663	5.02	9.5
	HOPKINS RIDGE	SQUARE	(5)	285,518.09	15,529	284,265	12,096	4.24	23.5
	WHITEHORN 2-3	40-R5	*	50,002.44	25,283	24,720	2,612	5.22	9.5
	TOTAL MISCELLANEOUS POWER PLANT EQUIPMENT			2,013,534.56	949,164	1,078,647	59,374	2.95	18.2
346.10	MISCELLANEOUS TOOLS								
	ENCOGEN	SQUARE	*	26,178.71	642	25,537	1,188	4.54	21.5
	CRYSTAL MOUNTAIN	SQUARE	*	10,385.31	8,563	1,822	192	1.85	9.5
	FREDONIA	SQUARE	*	358,962.00	133,873	225,079	18,005	5.02	12.5
	FREDERICKSON	SQUARE	*	209,893.69	137,150	72,746	7,657	3.65	9.5
	WHITEHORN 2-3	SQUARE	*	195,176.94	77,126	118,049	12,425	6.37	9.5
	TOTAL MISCELLANEOUS TOOLS			800,586.65	357,354	443,233	39,467	4.93	11.2
348.00	EASEMENTS								
	FREDONIA	SQUARE	*	221,928.75	115,866	105,062	8,485	3.82	12.5
	TOTAL ACCOUNT - EASEMENTS			221,928.75	115,866	106,062	8,485	3.82	12.5
	TOTAL OTHER PRODUCTION PLANT			695,086,402.57	127,135,944	593,965,908	25,709,639		

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AND CALCULATED ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2006

ACCOUNT (1)	SURVIVOR CURVE (2)	NET SALVAGE PERCENT (3)	ORIGINAL COST (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ACCRAU- AL RATE (8)=(7)/(4)	COMPOSITE REMAINING LIFE (9)=(6)/(7)
TRANSMISSION PLANT								
351.00	EASEMENTS	0	5,312,769.09	2,396,619	2,916,153	101,063	1.90	28.9
352.00	STRUCTURES AND IMPROVEMENTS	(5)	2,325,621.62	888,459	1,553,441	39,534	1.70	39.3
353.00	STATION EQUIPMENT	(10)	107,581,869.84	33,435,355	84,904,703	2,266,976	2.11	37.5
354.00	TOWERS AND FIXTURES	(20)	73,368,519.98	28,794,976	59,247,247	1,222,163	1.67	48.5
355.00	POLES AND FIXTURES	(30)	30,015,416.93	11,141,249	27,878,791	905,211	3.02	30.8
356.00	OVERHEAD CONDUCTORS AND DEVICES	(20)	103,996,799.15	46,103,967	78,692,193	2,192,740	2.11	35.9
358.00	UNDERGROUND CONDUCTORS AND DEVICES	0	3,475,408.60	294,389	3,181,020	66,810	1.92	47.6
359.00	ROADS AND TRAILS	0	606,187.10	265,501	340,697	8,673	1.43	39.3
TOTAL TRANSMISSION PLANT						6,803,170		
DISTRIBUTION PLANT								
361.00	STRUCTURES AND IMPROVEMENTS	(5)	6,177,372.54	2,378,068	4,108,175	111,899	1.81	36.7
362.00	STATION EQUIPMENT	(10)	397,736,015.17	161,033,371	276,476,246	7,848,744	1.97	35.2
364.00	POLES, TOWERS AND FIXTURES	(30)	322,403,709.38	109,098,892	310,025,934	10,025,339	3.11	30.9
365.00	OVERHEAD CONDUCTORS AND DEVICES	(20)	352,071,706.51	168,356,669	254,129,377	9,975,037	2.83	25.5
366.00	UNDERGROUND CONDUIT	(15)	497,097,315.81	148,066,305	423,595,607	11,236,633	2.26	37.7
367.00	UNDERGROUND CONDUCTORS AND DEVICES	(20)	553,731,777.60	191,071,430	473,406,705	19,563,877	3.53	24.2
368.00	LINE TRANSFORMERS	(20)	390,844,501.37	125,575,362	295,198,036	11,416,401	3.26	25.9
369.00	SERVICES	(20)	173,173,054.23	92,265,844	115,541,920	4,036,225	2.33	28.6
370.00	METERS	0	130,126,165.59	49,730,896	80,335,266	3,016,390	2.32	26.6
373.00	STREET LIGHTING AND SIGNAL SYSTEMS	(15)	53,978,651.56	22,430,432	39,645,016	1,800,659	3.34	22.0
375.00	EASEMENTS	0	24,927,696.32	8,115,310	16,812,387	557,940	2.24	30.1
TOTAL DISTRIBUTION PLANT						79,589,144		
GENERAL PLANT								
380.00	STRUCTURES & IMPROVEMENTS	(5)	30,728,309.61	5,895,945	26,368,781	2,027,917	6.60	13.0
381.10	OFFICE FURNITURE & EQUIPMENT	0	13,498,600.61	9,375,589	4,118,001	938,381	5.00	4.4
381.20	OFFICE FURNITURE & EQUIPMENT - COMPUTERS	0	21,260,586.72	18,774,380	2,486,207	1,460,181	20.00	1.7
382.00	TRANSPORTATION EQUIPMENT	10	1,135,988.92	1,127,242	(104,852)	-	-	-
383.00	STORES EQUIPMENT	0	1,056,099.12	(160,146)	1,216,246	519,670	5.00	2.3
384.00	TOOLS, SHOP & GARAGE EQUIPMENT	0	5,768,784.56	3,436,993	2,331,790	308,339	5.00	7.6
385.00	LABORATORY EQUIPMENT	0	13,345,330.63	5,286,330	8,059,002	1,605,414	5.00	5.0
386.00	POWER OPERATED EQUIPMENT	10	1,196,079.65	1,196,080	(119,609)	-	-	-
387.00	COMMUNICATION EQUIPMENT	0	41,413,423.85	19,312,260	22,101,164	6,130,635	6.67	3.6
388.00	MISCELLANEOUS EQUIPMENT	0	445,545.04	300,485	145,060	50,120	6.67	2.9
TOTAL GENERAL PLANT						13,040,667		
TOTAL ELECTRIC PLANT						143,993,749		

* LIFE SPAN PROCEDURE USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE.

** ANNUAL ACCRUAL RATES CALCULATED BASED ON AMORTIZATION PERIOD AND NET SALVAGE IN COLUMN 2 & 3

PUGET SOUND ENERGY
GAS PLANT

TABLE 2. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2006

	ACCOUNT (1)	SURVIVOR CURVE (2)	NET SALVAGE PERCENT (3)	ORIGINAL COST (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCURUALS (6)	ACCURUAL AMOUNT (7)	CALCULATED ANNUAL ACCURUAL RATE (8)=(7)/(4)	COMPOSITE REMAINING LIFE (9)=(6)/(7)
GAS PLANT									
MANUFACTURED GAS PRODUCTION PLANT									
305.00		50-R4 *	(5)	466,241	411,006	78,548	2,350	0.50	33.4
311.00		50-R4 *	(10)	6,241,323	4,931,829	1,933,627	59,555	0.95	32.5
320.00		25-R4 *	0	78,000	77,236	764	41	0.05	18.6
				6,785,564	5,420,071	2,012,939	61,946		
TOTAL MANUFACTURED GAS PRODUCTION PLANT									
UNDERGROUND STORAGE PLANT									
351.10		50-R3 *	(10)	365,403	237,397	164,546	5,951	1.63	27.7
351.20		50-R3 *	(10)	331,242	341,421	22,945	830	0.25	27.6
351.30		45-R3 *	(10)	2,245	2,941	(472)	-	-	-
351.40		50-R3 *	(10)	111,965	77,705	45,457	1,683	1.50	27.0
352.10		60-R4 *	(15)	7,487,278	5,990,924	2,619,446	89,932	1.20	29.1
352.20		60-R4 *	(15)	1,411,453	788,270	834,900	28,569	2.02	29.2
352.30		SQUARE *	0	3,157,248	1,197,911	1,959,337	66,418	2.10	29.5
353.00		50-R3 *	(20)	1,564,176	1,083,756	1,093,255	39,121	2.50	27.9
354.00		40-R2 *	(10)	7,591,289	3,176,896	5,173,522	194,107	2.56	26.7
355.00		40-R2 *	(10)	293,676	76,470	246,574	9,597	3.27	25.7
356.00		40-R2 *	(5)	1,012,001	580,882	481,709	18,987	1.88	25.4
357.00		25-R3 *	0	591,009	485,017	105,993	5,600	0.95	18.9
				23,918,985	13,739,600	12,747,212	460,795		
TOTAL UNDERGROUND STORAGE PLANT									
LIQUEFIED NATURAL GAS PLANT									
361.00		45-R3 *	0	3,973,839	303,575	3,670,264	113,794	2.86	32.3
362.00		40-S3 *	(20)	3,601,494	120,438	4,201,355	130,577	3.63	32.2
363.00		40-R2 *	(5)	3,965,061	426,352	3,738,012	124,642	3.14	30.0
364.00		25-L2 *	10	970,581	213,610	659,912	31,194	3.21	21.2
				12,511,975	1,063,975	12,289,543	400,147		
TOTAL LIQUEFIED NATURAL GAS PLANT									
DISTRIBUTION PLANT									
373.00		50-SQ	0	7,789,178	211,553	7,577,625	156,353	2.01	48.5
375.00		45-R3 *	(5)	8,128,305	2,894,940	5,639,760	178,102	2.19	31.7
376.10		SQUARE *	(60)	2,041,491	1,847,622	1,418,764	1,418,764	69.50	1.0
376.20		50-R4 *	(35)	642,671,850	152,856,555	714,750,442	17,771,066	2.77	40.2
376.30		MAINS - PLASTIC	(7)	49,391,334	46,389,145	6,459,582	807,449	1.63	8.0
376.40		MAINS - STEEL WRAP	(50)	306,518,527	79,569,869	380,207,920	10,029,238	3.27	37.9
378.00		30-R1.5	(20)	55,681,323	12,976,350	53,841,236	2,321,010	4.17	23.2
380.00		40-R2.5	(75)	538,213,823	230,079,279	711,794,907	24,676,021	4.58	28.8
380.10		SQUARE *	(13)	10,275,513	7,353,907	4,257,423	532,179	5.18	8.0
381.00		35-R3	0	53,370,787	18,393,271	34,977,516	1,455,709	2.73	24.0

PUGET SOUND ENERGY
GAS PLANT

TABLE 2. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2006

	(1) ACCOUNT	(2) SURVIVOR CURVE	(3) NET SALVAGE PERCENT	(4) ORIGINAL COST	(5) BOOK DEPRECIATION RESERVE	(6) FUTURE ACCRUALS	(7) CALCULATED ANNUAL ACCRUAL AMOUNT	(8) ANNUAL ACCRUAL RATE	(9) COMPOSITE REMAINING LIFE
382.00	METER INSTALLATIONS	40-R2.5	0	117,058,185	18,224,886	98,833,298	2,808,421	2.40	35.2
383.00	HOUSE REGULATORS	40-R4	(10)	12,193,537	4,631,584	8,781,310	294,160	2.41	29.9
384.00	HOUSE REGULATOR INSTALLATIONS	40-R4	0	65,769,508	8,444,183	57,325,327	1,618,573	2.46	35.4
385.00	INDUSTRIAL MEASURING & REGULATING STATION EQUIP.	30-R2.5	(10)	33,593,839	9,331,783	27,628,039	1,312,410	3.91	21.1
386.10	COMMERCIAL WATER HEATERS	10-R1	0	12,474,329	4,206,108	8,268,223	2,715,433	21.77	3.0
386.20	RESIDENTIAL WATER HEATERS	10-R1	0	21,823,391	5,752,918	16,070,473	4,213,625	19.31	3.8
386.30	RESIDENTIAL CONVERSION BURNERS	13-L1.5	0	2,598,149	931,583	1,667,567	377,223	14.51	4.4
386.50	COMMERCIAL CONVERSION BURNERS	12-L2.5	0	252,031	106,415	145,618	58,795	23.33	2.5
387.00	OTHER EQUIPMENT	25-R3	0	3,785,010	1,443,642	2,341,369	100,692	2.66	23.3
	TOTAL DISTRIBUTION PLANT			1,943,637,110	605,645,593	2,141,986,419	72,845,223		
	GENERAL PLANT								
390.00	STRUCTURES AND IMPROVEMENTS	35-R4	(5)	231,564	(4,609,426)	4,852,967	207,467	89.59	23.4
391.10	OFFICE FURNITURE & EQUIPMENT	20-SQ	0	9,077,153	5,880,482	3,196,670	1,050,186	5.00	3.0
391.20	OFFICE FURNITURE & EQUIPMENT - COMPUTERS	5-SQ	0	17,885,145	9,966,278	7,918,866	7,104,313	20.00	1.1
392.00	TRANSPORTATION EQUIPMENT	10-SQ	10	11,368	1,084	9,147	6,098	9.00	1.5
393.00	STORES EQUIPMENT	20-SQ	0	245,736	194,991	50,744	20,599	5.00	2.5
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	0	10,678,458	5,305,671	5,372,788	725,277	5.00	7.4
395.00	LABORATORY EQUIPMENT	20-SQ	0	1,442,529	85,265	1,357,263	77,600	5.00	17.5
396.00	POWER OPERATED EQUIPMENT	15-SQ	10	586,312	368,861	158,820	13,851	6.00	11.5
397.00	COMMUNICATION EQUIPMENT	15-SQ	0	7,313,950	3,436,992	3,876,959	990,703	6.67	3.9
398.00	MISCELLANEOUS EQUIPMENT	15-SQ	0	336,776	254,306	82,469	43,070	6.67	1.9
	TOTAL GENERAL PLANT			47,808,992	20,884,504	26,876,293	10,239,164		
	TOTAL GAS PLANT			2,034,662,626	646,753,743	2,195,892,406	84,007,275		

* LIFE SPAN PROCEDURE IS USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE

** ANNUAL ACCRUAL RATES CALCULATED BASED ON AMORTIZATION PERIOD AND NET SALVAGE PERCENT IN COLUMN 2 & 3

PUGET SOUND ENERGY
COMMON PLANT

TABLE 3. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2006

ACCOUNT (1)	SURVIVOR CURVE (2)	NET SALVAGE PERCENT (3)	ORIGINAL COST (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	CALCULATED ANNUAL ACCRUAL RATE (8)=(7)/(4)	COMPOSITE REMAINING LIFE (9)=(6)/(7)
COMMON PLANT								
390.00	STRUCTURES & IMPROVEMENTS							
391.10	OFFICE FURNITURE & EQUIPMENT	(5)	35,912,935	9,260,663	28,447,919	1,893,788	5.27	15.0
391.20	OFFICE FURNITURE & EQUIPMENT - COMPUTERS	0	11,350,643	1,531,562	9,819,081	606,060	5.00	16.2
392.00	TRANSPORTATION EQUIPMENT	10	39,382,110	7,618,841	31,763,268	14,360,853	20.00	2.2
393.00	STORES EQUIPMENT	0	34,354	8,545	22,373	2,943	9.00	7.6
394.00	TOOLS, SHOP, & GARRAGE EQUIPMENT	0	38,902	608	38,294	1,964	5.00	19.5
396.00	POWER OPERATED EQUIPMENT	10	775,543	330,445	445,099	26,740	5.00	16.6
397.00	COMMUNICATION EQUIPMENT	0	71,434	70,447	(6,157)		6.00	-
398.00	MISCELLANEOUS EQUIPMENT	0	38,798,169	10,240,717	28,557,452	6,006,679	6.67	4.8
			428,610	883	427,726	33,024	6.67	13.0
	TOTAL COMMON PLANT		126,792,700	29,062,711	99,515,055	22,932,051		

*ANNUAL ACCRUAL RATES CALCULATED BASED ON AMORTIZATION PERIOD AND NET SALVAGE PERCENT IN COLUMN 2 & 3

**PUGET SOUND ENERGY-ELECTRIC
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.		ACTUAL RESULTS OF OPERATION	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	<u>OPERATING REVENUES:</u>					
2	SALES TO CUSTOMERS	\$ 1,785,744,016	\$ 50,510,969	\$ 1,836,254,985	\$ 130,179,688	\$ 1,966,434,673
3	SALES FROM RESALE-FIRM	374,331	(18,584)	355,747	102,391	458,138
4	SALES TO OTHER UTILITIES	268,574,887	(253,870,421)	14,704,466		14,704,466
5	OTHER OPERATING REVENUES	43,280,356	(5,132,604)	38,147,752	-	38,147,752
6	TOTAL OPERATING REVENUES	<u>2,097,973,590</u>	<u>(208,510,640)</u>	1,889,462,950	130,282,079	2,019,745,029
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	<u>POWER COSTS:</u>					
11	FUEL	\$ 118,473,661	\$ 58,046,925	\$ 176,520,586	-	\$ 176,520,586
12	PURCHASED AND INTERCHANGED	1,017,118,800	(242,366,730)	774,752,070		774,752,070
13	WHEELING	65,628,548	3,995,502	69,624,050		69,624,050
14	RESIDENTIAL EXCHANGE	(84,819,852)	84,819,852	(0)		(0)
15	TOTAL PRODUCTION EXPENSES	<u>1,116,401,157</u>	<u>(95,504,451)</u>	1,020,896,706	-	1,020,896,706
16						
17	OTHER POWER SUPPLY EXPENSES	\$ 79,069,006	\$ 17,114,217	\$ 96,183,223	-	\$ 96,183,223
18	TRANSMISSION EXPENSE	6,532,375	2,035,273	8,567,648		8,567,648
19	DISTRIBUTION EXPENSE	67,507,444	156,852	67,664,296		67,664,296
20	CUSTOMER ACCOUNT EXPENSES	37,171,867	2,222,346	39,394,213	456,304	39,850,516
21	CUSTOMER SERVICE EXPENSES	9,736,024	(7,707,718)	2,028,306		2,028,306
22	CONSERVATION AMORTIZATION	32,494,479	(32,489,368)	5,111		5,111
23	ADMIN & GENERAL EXPENSE	76,980,894	4,745,335	81,726,229	260,564	81,986,794
24	DEPRECIATION	160,277,383	1,642,359	161,919,743		161,919,743
25	AMORTIZATION	30,986,683	1,945,772	32,932,455		32,932,455
26	AMORTIZ OF PROPERTY GAIN/LOSS	5,380,486	11,194,221	16,574,707		16,574,707
27	OTHER OPERATING EXPENSES	(11,616,918)	12,858,449	1,241,531		1,241,531
28	FAS 133	887,595	(887,595)	-		-
29	TAXES OTHER THAN INCOME TAXES	171,491,627	(55,855,523)	115,636,104	5,028,159	120,664,263
30	INCOME TAXES	(5,105,994)	(31,814,492)	(36,920,486)	43,587,967	6,667,481
31	DEFERRED INCOME TAXES	67,629,351	22,388,084	90,017,435		90,017,435
32	TOTAL OPERATING REV. DEDUCT.	<u>\$ 1,845,823,459</u>	<u>\$ (147,956,237)</u>	\$ 1,697,867,223	\$ 49,332,994	\$ 1,747,200,216
33						
34	NET OPERATING INCOME	\$ 252,150,131	(60,554,404)	191,595,727	80,949,085	272,544,813
35						
36	RATE BASE	\$ 3,189,766,299	\$ 113,807,234	\$ 3,303,573,534	-	\$ 3,303,573,534
37						
38	RATE OF RETURN	7.90%		5.80%		8.25%
39						
40	<u>RATE BASE:</u>					
41	GROSS UTILITY PLANT IN SERVICE	\$ 5,564,169,427	\$ 335,863,509	\$ 5,900,032,935		
42	ACCUM DEPR AND AMORT	(2,277,237,104)	(140,667,710)	(2,417,904,815)		
43	DEFERRED DEBITS	313,780,159	(67,581,957)	246,198,202		
44	DEFERRED TAXES	(432,609,629)	(13,806,607)	(446,416,236)		
45	ALLOWANCE FOR WORKING CAPITAL	95,445,435	-	95,445,435		
46	OTHER	(73,781,988)	-	(73,781,988)		
47	TOTAL RATE BASE	<u>\$ 3,189,766,299</u>	<u>\$ 113,807,234</u>	\$ 3,303,573,534		

**PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	<u>OPERATING REVENUES:</u>				
2	\$ 1,169,255,872	\$ (113,875,834)	\$ 1,055,380,038	\$ 48,062,673	\$ 1,103,442,711
3	49,479,594	(49,479,594)	-	-	-
4	17,032,367	(2,951,933)	14,080,433	1,150,024	15,230,457
5	<u>\$ 1,235,767,832</u>	<u>\$ (166,307,361)</u>	<u>\$ 1,069,460,472</u>	<u>\$ 49,212,697</u>	<u>\$ 1,118,673,169</u>
6					
7					
8	OPERATING REVENUE DEDUCTIONS:				
9					
10	GAS COSTS:				
11					
12	\$ 800,512,866	\$ (103,496,401)	\$ 697,016,465	\$ -	\$ 697,016,465
13					
14	<u>\$ 800,512,866</u>	<u>\$ (103,496,401)</u>	<u>\$ 697,016,465</u>	<u>\$ -</u>	<u>\$ 697,016,465</u>
15					
16	\$ 1,700,509	\$ 68,602	\$ 1,769,111	\$ -	\$ 1,769,111
17	570,155	24,632	594,787		594,787
18	40,817,492	1,794,913	42,612,405		42,612,405
19	25,226,971	680,064	25,907,035	136,811	26,043,846
20	4,652,566	(3,298,729)	1,353,837		1,353,837
21	4,796,112	(4,796,112)	(0)		(0)
22	38,296,979	1,627,130	39,924,109	98,425	40,022,534
23	72,897,010	14,033,313	86,930,323		86,930,323
24	14,088,267	(640)	14,087,627		14,087,627
25	-	0	-		-
26	511,054	(1,346,642)	(835,588)		(835,588)
27	-	0	-		-
28	110,684,987	(54,965,850)	55,719,137	1,890,260	57,609,396
29	10,002,284	5,002,577	15,004,861	16,480,348	31,485,209
30	7,046,149	1,787,482	8,833,631		8,833,631
31	<u>\$ 331,290,535</u>	<u>\$ (39,389,260)</u>	<u>\$ 291,901,274</u>	<u>\$ 18,605,844</u>	<u>\$ 310,507,119</u>
32					
33	\$ 103,964,432	\$ (23,421,700)	\$ 80,542,732	\$ 30,606,853	\$ 111,149,585
34					
35	\$ 1,351,825,342	\$ (4,557,648)	\$ 1,347,267,694	\$ -	\$ 1,347,267,694
36					
37	7.69%		5.98%		8.25%
38					
39	RATE BASE:				
40	\$ 2,268,630,640	\$ 2,458,688	\$ 2,271,089,328		
41	(754,747,709)	(7,016,336)	(761,764,045)		
42	(181,249,183)	-	(181,249,183)		
43	(18,315,278)	-	(18,315,278)		
44	<u>\$ 1,314,318,470</u>	<u>\$ (4,557,648)</u>	<u>\$ 1,309,760,822</u>		
45	37,506,872	-	37,506,872		
46	<u>\$ 1,351,825,342</u>	<u>\$ (4,557,648)</u>	<u>\$ 1,347,267,694</u>		

Exhibit A-1 Power Cost Rate

Row		Test Year		
3	Regulatory Assets (Variable)	\$	173,406,226	
4	Transmission Rate Base (Fixed)		107,422,863	
5	Production Rate Base (Fixed)		1,073,506,014	
6		\$	1,354,335,102	
7	Net of tax rate of return		7.00%	Production Factor
8				0.96663
9			Test Yr	Rate Year
			\$/MWh	
10	Regulatory Asset Recovery (on Row 3)	\$	18,674,517	\$ 0.877 (c)
11	Fixed Asset Recovery Other (on Row 4)		11,568,616	\$ 0.544 (a)
12	Fixed Asset Recovery-Prod Factored (on Row 5)		115,608,340	\$ 5.432 (a)
13	501-Steam Fuel		54,253,262	\$ 2.549 (c)
14	555-Purchased power		744,150,957	\$ 34.963 (c)
14a	Rate Disallowances for March Point 2 & Tenaska		(8,416,594)	\$ (0.395) (c)
15	557-Other Power Exp		5,850,444	\$ 0.275 (a)
15a	Payroll Overheads - Worker's Comp		2,635,277	\$ 0.124 (a)
15b	Property Insurance		2,254,735	\$ 0.106 (a)
15c	Montana Electric Energy Tax		1,613,206	\$ 0.076 (a)
15d	Payroll Taxes on Production Wages		1,152,861	\$ 0.054 (a)
16	547-Fuel		122,267,324	\$ 5.745 (c)
17	565-Wheeling		67,657,484	\$ 3.179 (c)
18	Variable Transmission Income		(4,458,228)	\$ (0.209) (c)
19	Hydro and Other Pwr.		96,183,223	\$ 4.519 (a)
20	447-Sales to Others		(14,704,466)	\$ (0.691) (c)
21	456-Subaccounts 00012 & 00018 and 00035 & 00036		(149,656)	\$ (0.007) (c)
22	Transmission Exp - 500KV		1,136,455	\$ 0.053 (a)
23	Depreciation & Amort -Production (FERC 403)		57,354,748	\$ 2.695 (a)
24	Depreciation-Transmission		4,053,897	\$ 0.190 (a)
25	Amortization-Production Reg Assets		40,316,621	\$ 1.894 (c)
26	Property Taxes-Production		14,671,707	\$ 0.689 (a)
27	Property Taxes-Transmission		3,535,153	\$ 0.166 (a)
28	Hedging Line of Credit		285,295	\$ 0.013 (c)
29	Subtotal & Baseline Rate	\$	1,337,495,176	\$ 62.841 (b)
30	Revenue Sensitive Items		0.9559032	
31		\$	1,399,195,207	
32	Test Year DELIVERED Load (MWH's)		21,283,656	← includes Firm Wholesale
33				
34				
35				
36				
37				
38	Power Cost in Rates with Revenue Sensitive			
39	Items (the adjusted baseline)	\$	62.841	\$ 65.740
40	sum of (a) = Fixed Rate Component	\$	14.923	\$ 15.611
41	(b) = Power Cost Rate	\$	62.841	\$ 65.740
42	sum of (c) = Variable Power Rate Component	\$	47.918	\$ 50.129

Exhibit A-2 Transmission Rate Base

Page 2 of 10

Row		Plant AMA 9/30/2007	AMA Accum Deprec/Amort	Net	Annualized Depreciation		
7							
8							
6							
7	E350	100428	Land and Land Rights	\$ 10,247	\$ -	\$ 10,247	
8	E351	100127	Easements	685,927	(360,207)	325,719	13,033
9	E353	100136	Station Equipment	1,231,131	(874,485)	356,646	25,977
10	E354	100145	Towers & Fixtures	14,474,343	(8,014,007)	6,460,336	241,722
11	E355	100149	Poles & Fixtures	49,007	(45,717)	3,290	1,622
12	E356	100157	OH Conductors & Devices	13,158,153	(7,836,950)	5,321,203	277,637
13	E359	100170	Roads & Trails	113,968	(59,703)	54,265	1,630
14			TOTAL COLSTRIP 1&2 TRANSMISSION	29,722,775	(17,191,069)	12,531,705	561,620
15							
16			TRANS - COLSTRIP 3 & 4				
17	E351	100128	Easements	1,071,124	(549,247)	521,877	20,351
18	E352	100132	Structures & Improvements	496,711	(257,560)	239,152	8,444
19	E353	100137	Station Equipment	18,174,239	(9,862,443)	8,311,796	383,636
20	E354	100146	Towers & Fixtures	20,520,449	(11,029,237)	9,491,212	342,640
21	E355	100150	Poles & Fixtures	88,692	(49,721)	38,970	2,936
22	E356	100158	OH Conductors & Devices	19,991,226	(11,651,182)	8,340,044	421,815
23	E359	100171	Roads & Trails	341,015	(175,733)	165,282	4,877
24			TOTAL COLSTRIP 3&4 TRANSMISSION	60,683,456	(33,575,123)	27,108,333	1,184,699
25							
26			TRANS - 3RD NW-SW INTERTIE				
27	E350	100430	Land and Land Rights	1,769,178	-	1,769,178	-
28	E352	100134	Structures & Improvements	1,276,264	(319,373)	956,891	21,696
29	E353	100143	Station Equipment	31,896,982	(9,756,046)	22,140,936	679,173
30	E354	100147	Towers & Fixtures	22,781,417	(5,794,238)	16,987,178	380,450
31	E355	100649	Poles & Fixtures	204,200	(52,163)	152,037	6,759
32	E356	100164	OH Conductors & Devices	23,498,183	(8,059,225)	15,438,959	495,812
33	E356	100437	OH Conductors & Devices	206	(42)	163	4
34	E359	100174	Roads & Trails	59,215	(7,860)	51,356	847
35			TOTAL 3RD NW-SW INTERTIE	81,485,645	(23,988,947)	57,496,698	1,584,741
36							
37			TRANS - NORTHERN INTERTIE				
38	E350	100881	Land and Land Rights	30,604	-	30,604	
39	E354	100879	Towers & Fixtures-Whatcom	5,744,097	(1,164,837)	4,579,260	95,926
40	E355	100878	Poles & Fixtures-Whatcom	11,219	(3,925)	7,295	371
41	E356	100877	OH Conductors & Devices-Whatcor	7,460,099	(2,042,568)	5,417,530	157,408
42	E355	100647	Poles & Fixtures-Skagit	3,398,685	(955,541)	2,443,144	112,496
43	E356	100648	OH Conductors & Devices-Skagit	5,142,699	(1,274,958)	3,867,741	108,511
44			TOTAL NORTHERN INTERTIE	21,787,403	(5,441,829)	16,345,574	474,713
45							
46							
47			Total Transmission	\$ 193,679,280	\$ (80,196,969)	\$ 113,482,310	\$ 3,805,774
48			Accumulated Depreciation (AMA)	(80,196,969)			
49			Deferred Taxes (AMA)	(10,328,344)			
50			Transmission portion of:				
51			Colstrip Common FERC Adj, net of accum amort	3,674,439			213,630
52			Colstrip Def Depr FERC Adj, net of accum amort	594,457			34,493
53							
54			Total Transmission Rate Base	\$ 107,422,863			\$ 4,053,897

Exhibit A-3 Colstrip Fixed Costs

Docket Numbers UE-072300, et al

Row	Revenue Requirement for Colstrip			
3	Plant	713,910,714		
4	Accumulated Depreciation	(424,341,614)		
5	Deferred Taxes - AMA 9/30/2007	(60,480,992)		
6	Net Plant	229,078,109		
7	Rate of Return (net of Tax)	7.00%		A-3 Page 1
8	Revenue Requirement after tax	16,035,468	(Line 6 X Line 7)	
9	Plant Revenue Requirement	24,669,950	(Adjusted for Federal Tax) (Line 8 X (1 - 35%))	35.00%
10	Expenses	72,012,429		
11	Total Revenue Requirement	96,682,379	(before revenue sensitive items)	

Page 3 of 10

Support for Revenue Requirement - Ratebase

14	FERC	DESCRIPTION	2006 Sep	2007 Sep	13 MONTH AMA	ANNUITY RATE	ANNUALIZED DEPRECIATION	AMA ACUMM. DEPR.
15		COLSTRIP #1						
16	E311	Structures & Improvements	7,435,989	7,473,868	7,442,839	3.91%	290,983	(4,667,186)
17	E312	Boiler Plant Equipment	55,297,743	58,163,161	58,399,565	3.64%	2,135,756	(38,786,593)
18	E314	Turbo Generating Units	19,333,175	23,438,987	21,941,924	5.20%	1,177,923	(10,315,710)
19	E315	Accessory Electric Equipment	7,180,779	7,180,435	7,180,436	1.97%	141,393	(5,497,749)
20	E316	Misc. Power Plant Equipment	563,919	799,296	738,763	4.79%	38,607	(339,996)
21		TOTAL	89,811,604	97,055,746	95,703,527	3.95%	3,784,663	(59,607,233)
22		COLSTRIP #2						
23	E311	Structures & Improvements	5,822,932	5,860,809	5,829,780	2.97%	173,127	(4,308,946)
24	E312	Boiler Plant Equipment	49,622,109	49,788,214	50,336,161	3.83%	1,930,120	(32,467,864)
25	E314	Turbo Generating Units	16,983,271	20,283,196	18,935,759	5.03%	972,784	(9,192,560)
26	E315	Accessory Electric Equipment	5,070,990	5,087,939	5,071,696	2.93%	148,531	(3,300,376)
27	E316	Misc. Power Plant Equipment	588,700	824,074	761,972	4.93%	40,945	(339,989)
28		TOTAL	78,088,002	81,844,232	80,935,388	4.03%	3,265,506	(49,609,735)
29		COLSTRIP 1 & 2 COMMON						
30	E311	Structures & Improvements	31,349,014	31,349,014	31,349,014	2.77%	805,478	(23,933,769)
31	E312	Boiler Plant Equipment	7,804,511	6,485,834	7,639,677	2.66%	200,567	(5,955,725)
32	E314	Turbo Generating Units	3,845,456	3,844,103	3,845,287	2.85%	101,890	(3,018,238)
33	E315	Accessory Electric Equipment	2,375,376	2,375,376	2,375,376	2.41%	57,242	(1,692,849)
34	E316	Misc. Power Plant Equipment	6,363,663	6,289,463	6,354,388	2.82%	179,035	(4,334,267)
35	E317	Asset Retirement Obligation	540,097	540,097	540,097	0.00%	15,431	(419,218)
36		TOTAL	52,278,117	50,883,887	52,103,839	2.61%	1,359,643	(39,354,065)
37		COLSTRIP 3						
38	E311	Structures & Improvements	29,046,399	29,058,976	29,048,700	2.80%	813,340	(18,146,443)
39	E312	Boiler Plant Equipment	120,515,322	123,772,538	121,626,748	2.81%	3,392,494	(77,028,363)
40	E314	Turbo Generating Units	39,218,823	41,474,566	39,609,872	3.77%	1,503,373	(18,601,328)
41	E315	Accessory Electric Equipment	6,468,230	6,460,699	6,467,516	2.50%	161,643	(3,760,031)
42	E316	Misc. Power Plant Equipment	550,709	704,857	667,549	3.69%	26,323	(284,941)
43		TOTAL	195,799,483	201,471,636	197,420,385	2.99%	5,897,173	(117,821,106)
44		COLSTRIP 4						
45	E311	Structures & Improvements	26,588,411	26,600,987	26,590,711	2.75%	731,183	(15,408,741)
46	E312	Boiler Plant Equipment	107,860,241	108,751,249	108,211,291	2.98%	3,229,140	(60,526,081)
47	E314	Turbo Generating Units	36,166,530	37,714,991	37,405,037	3.59%	1,359,090	(16,231,636)
48	E315	Accessory Electric Equipment	5,669,307	5,670,535	5,669,687	2.54%	144,026	(2,976,522)
49	E316	Misc. Power Plant Equipment	748,198	902,346	865,038	3.26%	29,694	(382,886)
50		TOTAL	177,032,686	179,640,108	178,741,764	3.07%	5,493,132	(95,525,866)
51		COLSTRIP 3 & 4 COMMON						
52	E311	Structures & Improvements	70,602,621	70,574,232	70,599,073	2.53%	1,740,035	(43,774,562)
53	E312	Boiler Plant Equipment	18,959,641	18,727,316	18,930,601	2.68%	506,508	(11,564,327)
54	E314	Turbo Generating Units	13,373	10,515	13,016	49.28%	5,746	106,746
55	E315	Accessory Electric Equipment	7,652,070	7,652,070	7,652,070	2.32%	177,507	(4,346,380)
56	E316	Misc. Power Plant Equipment	4,639,637	4,613,132	4,636,324	2.70%	125,011	(2,480,469)
57	E317	Asset Retirement Obligation	333,978	333,978	333,978	0.00%	7,590	(206,204)
58		TOTAL	102,201,321	101,911,244	102,165,062	2.51%	2,562,397	(62,265,196)
59		COLSTRIP 1-4 COMMON						
60	E316	Misc. Power Plant Equip.	251,534	251,534	251,534	2.23%	5,609	(158,412)
61		TOTAL	251,534	251,534	251,534	2.23%	5,609	(158,412)
62								
63		Subtotal before Colstrip FERC Adjustments (Line 63 + 65)	695,462,748	713,058,387	707,321,499	3.16%	22,368,124	(424,341,614)
64		ARO - Electric Colstrip 1-4 (Acct: 23001021 - 1031) Adj (AMA is Net of Accum. Amort.)			(1,903,266)		81,109	
65		Colstrip Common FERC Adj. (AMA is Net of Accum. Amort.)			6,100,301		354,669	
66		Colstrip Def Depr FERC Adj. (AMA is Net of Accum. Amort.)			2,392,180		104,311	
67		Totals			713,910,714	3.21%	22,918,212	(424,341,614)

ROW Exhibit A-3 Colstrip Fixed Costs

75
76
77
78
79 Support for Revenue Requirement - Expenses

Order	Description	Amount before Prod. Adj.
50004011	Colstrip 1&2 - Supv & Eng'g - Steam Ope	\$
50005011	Colstrip 3&4 - Supv & Eng'g - Steam Ope	
50204001	Colstrip 1&2 - Steam Exp - Steam Gen Op	
50205001	Colstrip 3&4 - Steam Exp - Steam Gen Op	
50504001	Colstrip 1&2 - Electric Exp - Steam Gen	
50505001	Colstrip 3&4 - Electric Exp - Steam Gen	
50604001	Colstrip 1&2 - Misc Strm Pwr - Steam Gen	
50605001	Colstrip 3&4 - Misc Strm Pwr - Steam Gen	
50704001	Colstrip 1&2 - Rents - Steam Gen Oper	
50705001	Colstrip 3&4 - Rents - Steam Gen Oper	
51004001	Colstrip 1&2 - Supv & Eng'g - Steam Gen	
51005001	Colstrip 3&4 - Supv & Eng'g - Steam Gen	
51104001	Colstrip 1&2 - Structures - Steam Gen M	
51105001	Colstrip 3&4 - Structures - Steam Gen M	
51204001	Colstrip 1&2 - Boiler Plant - Steam Gen	
51205001	Colstrip 3&4 - Boiler Plant - Steam Gen	
51304001	Colstrip 1&2 - Electric Plant - Steam G	
51305001	Colstrip 3&4 - Electric Plant - Steam G	
51404001	Colstrip 1&2 - Misc Steam Pit - Steam Gen	
51405001	Colstrip 3&4 - Misc Steam Pit - Steam Gen	
	Subtotal for the test year	31,266,220
	Adjustment to the rate year	4,701,285
	Subtotal on Orders	35,967,505
	Property Taxes-Montana	11,457,814
	Electric Energy Tax	1,668,897
403xxxxx	Depreciation	22,918,212
		<u>\$ 72,012,429</u>

REDACTED

CONFIDENTIAL per WUTC Docket Nos. UE-072300 and UG-072301

Confidential Per Protective
Order in WUTC Docket Nos.
UE-072300 and UG-072301

**PUGET SOUND ENERGY
PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 3.337%	FIT 35%
1 <u>O&M ON PRODUCTION PROPERTY</u>			
2 PRODUCTION WAGE INCREASE			
3 PURCHASED POWER	\$ 172,558	\$ (5,758)	\$ 2,015
4 OTHER POWER SUPPLY	813,586	(27,149)	9,502
5 TOTAL PRODUCTION WAGE INCREASE	<u>986,144</u>	<u>(32,908)</u>	<u>11,517</u>
6			
7 ADMIN & GENERAL EXPENSES			
8 PAYROLL OVERHEADS	2,726,252	(90,975)	31,841
9 PROPERTY INSURANCE	2,332,573	(77,838)	27,243
10 TOTAL ADMIN & GENERAL EXPENSES	<u>5,058,825</u>	<u>(168,813)</u>	<u>59,084</u>
11			
12 DEPRECIATION / AMORTIZATION			
13 DEPRECIATION	53,528,073	(1,786,232)	462,126
14 AMORTIZATION	5,806,675	(193,769)	65,192
15 TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)	<u>59,334,748</u>	<u>(1,980,001)</u>	<u>527,318</u>
16 TAXES OTHER-PRODUCTION PROPERTY			
17 PROPERTY TAXES - WASHINGTON	6,476,490	(216,120)	75,642
18 PROPERTY TAXES - MONTANA	8,701,714	(290,376)	101,632
19 ELECTRIC ENERGY TAX	1,668,897	(55,691)	19,492
20 PAYROLL TAXES	1,192,660	(39,799)	13,930
21 TOTAL TAXES OTHER	<u>18,039,761</u>	<u>(601,987)</u>	<u>210,696</u>
22			
23 <u>O&M ON REGULATORY ASSETS:</u>			
24 CABOT	\$ -	-	-
25 TENASKA	31,942,000	(1,065,905)	373,067
26 BEP	3,526,620	(117,683)	41,189
27 WHITE RIVER PLANT COSTS	1,494,702	(49,878)	17,457
28 WHITE RIVER RELICENSING & CWI	-	-	-
29 CANWEST	-	-	-
30 HOPKINS RIDGE PREPAID TRANSMISSION	2,034,455	(67,890)	23,761
31 HOPKINS RIDGE INFILL MITIGATION CREDIT	(1,451,500)	48,437	(16,953)
32 GOLDENDALE FIXED COST DEFERRAL (NEW)	4,162,154	(138,891)	48,612
33 TOTAL ADJUSTMENT TO O&M ON REGULATORY ASSET	<u>\$ 41,708,431</u>	<u>\$ (1,391,810)</u>	<u>\$ 487,133</u>
34 INCREASE(DECREASE) EXPENSE		(4,175,518)	
35 INCREASE(DECREASE) FIT			1,295,748
36 INCREASE(DECREASE) NOI			<u>\$ 2,879,770</u>
37			
38 <u>PRODUCTION PROPERTY RATE BASE:</u>			
39 DEPRECIABLE PRODUCTION PROPERTY	\$ 2,121,905,426	\$ (70,807,984)	
40 LESS PRODUCTION PROPERTY ACCUM DEPR	(989,158,909)	33,008,233	
41 NON-DEPRECIABLE PRODUCTION PROPERTY	80,465,857	(2,685,146)	
42 LESS PRODUCTION PROPERTY ACCUM AMORT	(4,422,650)	147,584	
43 COLSTRIP COMMON FERC ADJUSTMENT	6,100,301	(203,567)	
44 COLSTRIP DEFERRED DEPRECIATION FERC ADJ	1,797,723	(59,990)	
45 ENCOGEN ACQUISITION ADJUSTMENT	41,341,033	(1,379,550)	
46 NET PRODUCTION PROPERTY	<u>1,258,028,782</u>	<u>(41,980,420)</u>	
47 DEDUCT:			
48 LIBR. DEPREC. PRE 1981 (EOP)	(372,848)	12,442	
49 LIBR. DEPREC. POST 1980 (EOP)	(143,794,887)	4,798,435	
50 OTHER DEF. TAXES (EOP)	(3,295,458)	109,969	
51 SUBTOTAL	<u>(147,463,194)</u>	<u>4,920,847</u>	
52			
53 ADJUSTMENT TO PRODUCTION RATE BASE	<u>\$ 1,110,565,588</u>	<u>\$ (37,059,574)</u>	<u>\$ 1,073,506,014</u>
54			
55 <u>REGULATORY ASSETS RATE BASE:</u>			
56 CABOT	21,125	(705)	
57 TENASKA	94,583,875	(3,156,264)	
58 BEP	19,609,943	(654,384)	
59 WHITE RIVER PLANT COSTS	33,499,702	(1,117,885)	
60 WHITE RIVER RELICENSING & CWI	21,740,384	(725,477)	
61 CANWEST	(0)	-	
62 HOPKINS RIDGE PREPAID TRANSMISSION	4,614,747	(153,994)	
63 HOPKINS RIDGE INFILL MITIGATION CREDIT	(1,440,474)	48,069	
64 GOLDENDALE FIXED COST DEFERRAL (NEW)	6,763,253	(225,690)	
65			
66 ADJUSTMENT TO REGULATORY ASSETS RATE BASE	<u>\$ 179,392,556</u>	<u>\$ (5,986,330)</u>	<u>\$ 173,406,226</u>
67			
68 TOTAL ADJUSTMENT TO RATEBASE (LINE 56 + LINE 67)		<u>\$ (43,045,904)</u>	

**PUGET SOUND ENERGY
POWER COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	SALES FOR RESALE	\$ 268,574,887	\$ 14,704,466	\$ (253,870,421)
2				
3	PURCHASES/SALES OF NON-CORE GAS	4,267,784	149,656	(4,118,128)
4	WHEELING FOR OTHERS	10,583,713	9,986,183	(597,530)
5		14,851,497	10,135,839	(4,715,658)
6				
7	TOTAL OPERATING REVENUES	283,426,385	24,840,306	(258,586,079)
8				
9	FUEL	\$ 119,309,169	\$ 176,520,586	\$ 57,211,417
10				
11	PURCHASED AND INTERCHANGED	990,181,182	749,834,601	(240,346,581)
12	HEDGING	-	285,295	285,295
13	RATE DISALLOWANCES FOR MARCH POIN	-	(8,416,594)	(8,416,594)
14	SUBTOTAL PURCHASED AND INTERCHAN \$	990,181,182	\$ 741,703,302	\$ (248,477,880)
15	WHEELING	63,827,743	67,657,484	3,829,741
16	SCH. 94 - RES./FARM CREDIT	-	-	-
17	TOTAL PRODUCTION EXPENSES	\$ 1,173,318,094	\$ 985,881,372	\$ (187,436,722)
18	HYDRO AND OTHER POWER	79,069,006	95,396,787	16,327,780
19	TRANS. EXP. INCL. 500KV O&M	1,175,688	1,136,455	(39,233)
20				
21	TOTAL OPERATING EXPENSES	\$ 1,253,562,789	\$ 1,082,414,614	\$ (171,148,175)
22				
23	INCREASE (DECREASE) OPERATING INCOI \$	(970,136,404)	\$ (1,057,574,309)	\$ (87,437,904)
24				
25	REDUCTION TO STATE UTILITY TAX SAVI	3.85%		(23,005)
26	INCREASE (DECREASE) INCOME			\$ (87,414,899)
27	INCREASE (DECREASE) FIT @	35%		(30,595,215)
28	INCREASE (DECREASE) NOI			<u>\$ (56,819,685)</u>

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
2007 GRC

		12 Months Ended December 31		PCA Period		Return			
		Balance		AMA Ratebase		Return			
Ref	Description	Asset Amort	AA & ADFIT	Asset Amort	AA & ADFIT	A.T. %	Amount	Pre Tax	Monthly
		net of		net of					
		(Note 1)		(Note 1)					
9	Cabot Buyout								
11	Beginning	\$	12,588,000						
12	Dec 2000	\$	8,864,000						
13	Dec 2001	\$	(312,000)						
14	Dec 2002	\$	(741,000)						
15	Dec 2003	\$	(1,070,000)						
16	Dec 2004	\$	(1,409,000)						
17	Dec 2005	\$	(1,768,000)						
18	Dec 2006	\$	(2,163,000)						
19	Dec 2007	\$	(2,614,000)						
20	Dec 2008	\$	3,491,000						
21	Dec 2009	\$	1,374,000						
22	Dec 2009	\$	(3,078,000)						
23	Dec 2009	\$	(1,410,000)						
24									
25	Tenaska								
26	Beginning	\$	215,000,000						
27	Dec 1998	\$	218,848,000						
28	Dec 1999	\$	(1,952,000)						
29	Dec 2000	\$	(3,863,000)						
30	Dec 2001	\$	(5,463,000)						
31	Dec 2002	\$	(7,382,000)						
32	Dec 2003	\$	(9,494,000)						
33	Dec 2004	\$	(11,924,000)						
34	Dec 2005	\$	(14,744,000)						
35	Dec 2006	\$	(17,908,000)						
36	Dec 2006	\$	(20,615,000)						
37	Dec 2007	\$	154,100,000						
38	Dec 2008	\$	131,477,000						
39	Dec 2009	\$	104,886,000						
40	Dec 2010	\$	74,153,000						
41	Dec 2011	\$	(37,533,000)						
42	Dec 2012	\$	(40,629,000)						
43	Dec 2012	\$	-						

GIL Accts #18230171 and #28300461 and Order #54756012

GIL Accts #18230001 and #28300451 and Order #55500423

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)
2007 GRC

Ref	Description	12 Months Ended December 31				PCA Period				
		Balance		AMA Ratebase		Return		Monthly		
		net of	net of	net of	net of	Amount	Pre Tax	Monthly		
AA & ADFIT	AA & ADFIT	Asset Amort.	AA & ADFIT	Asset Amort.	AA & ADFIT	A.T. %	Amount	Pre Tax	Monthly	
44										
45	BEP									
46	Beginning		54,662,561							
47	Dec 2002	\$ (3,526,620)	51,135,941							
48	Dec 2003	\$ (3,526,620)	47,609,321							
49	Dec 2004	\$ (3,526,620)	44,082,701							
50	Dec 2005	\$ (3,526,620)	40,556,081							
51	Dec 2006	\$ (3,526,620)	37,029,461							
52										
53	Dec 2007	\$ (3,526,620)	22,808,103							
54	Dec 2008	\$ (3,526,620)	20,409,483							
55	Dec 2009	\$ (3,526,620)	18,010,863							
56	Dec 2010	\$ (3,526,620)	15,612,243							
57	Dec 2011	\$ (3,526,620)	13,213,623							
58	Dec 2012	\$ (3,526,620)	10,815,003							
59	Dec 2013	\$ (3,526,620)	8,416,383							
60	Dec 2014	\$ (3,526,620)	6,017,763							
61	Dec 2015	\$ (3,526,620)	3,619,143							
62	Dec 2016	\$ (3,526,620)	1,220,523							
63	Dec 2017	\$ (1,763,261)	0							
64	Dec 2018	\$ -	0							
65										
66										
67	White River Relicensing (Note 2)									
68	Beginning	\$	20,545,452							
69	Dec 2004	\$	15,194,768							
70	Dec 2005	\$	17,134,558							
71	Dec 2006	\$	21,307,241							
72										
73	Dec 2007	\$	23,801,059							
74	Dec 2008	\$	21,740,384							
75	Dec 2009	\$	21,740,384							
76	Dec 2010	\$	21,740,384							
77	Dec 2011	\$	21,740,384							
78										

G/L Accts #18230071 and #18230081 and Order #55500007

G/L Accts #18230641, #18236021, 6031, 6041, 6051, 6061, 6071, #18230691, #19000021 and #28300011

Exhibit D: Regulatory Assets and Liabilities net of Accumulated Amortization and Deferred Taxes (PCA Periods)

2007 GRC

Ref	Description	12 Months Ended December 31		AMA Ratebase		PCA Period		Return	
		Balance	net of	net of	net of	A.T. %	Amount	Pre Tax	Monthly
		Asset Amort	AA & ADFIT	Asset Amort	AA & ADFIT				
		(Note 1)		(Note 1)					
116	Hopkins Ridge Mitigation Credit								
117	Dec 2008 \$	(241,917)	(1,729,704)	(241,917)	(464,682)	12/08	7.06%&7.00%	(32,850)	(50,538)
118	Dec 2009 \$	(1,451,500)	(786,229)	(1,451,500)	(1,257,967)	12/09	7.00%	(88,058)	(135,473)
119	Dec 2010 \$	(1,209,583)	-	(1,209,583)	(327,595)	12/10	7.00%	(22,932)	(35,280)
120	Dec 2011 \$	(3,468,462)	0	(3,468,462)	939,180	12/11	7.00%	65,743	101,142
121									
122	Goldendale Fixed Cost Deferral								
123	Dec 2008 \$	(693,692)	7,665,053	(693,692)	7,812,600	12/08	7.06%&7.00%	552,297	849,688
124	Dec 2009 \$	(4,162,154)	4,959,653	(4,162,154)	6,312,353	12/09	7.00%	441,865	679,792
125	Dec 2010 \$	(4,162,154)	2,254,253	(4,162,154)	3,606,953	12/10	7.00%	252,487	388,441
126	Dec 2011 \$	(3,468,462)	0	(3,468,462)	939,180	12/11	7.00%	65,743	101,142
127									
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129									
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131									
132									
133	PCA #3	Jul 2004	Jun 2005	(23,312,822)	307,685,359	6/05	7.3%&7.01%	21,421,859	32,956,707
134	PCA #4	Jul 2005	Jun 2006	(24,507,562)	277,936,545	6/06	7.01%	19,483,352	29,974,387
135	PCA #5	Jul 2006	Dec 2006	(13,730,530)	265,779,411	12/06	7.01%	18,631,137	28,663,287
136	PCA #6	Jan 2007	Dec 2007	(29,764,119)	236,875,710	12/07	7.01%&7.06%	16,719,531	25,722,356
137	PCA #7	Jan 2008	Dec 2008	(35,668,893)	210,653,903	12/08	7.06%&7.00%	14,891,788	22,910,443
138	PCA #8	Jan 2009	Dec 2009	(45,367,218)	172,990,915	12/09	7.00%	12,109,364	18,629,791
139	PCA #9	Jan 2010	Dec 2010	(50,117,678)	131,836,987	12/10	7.00%	9,228,589	14,197,829
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Note (1) Amounts in these columns are net of accumulated amortization AND the associated Deferred FIT liability / asset.

Note (2) During the 2004 General Rate Case filed under WUTC Docket No. UE-040640, et al., it was agreed that the return of the White River Relicensing costs would be delayed until the sale of White River is complete. At that time, the Commission can make a final determination in a separate proceeding regarding the application of the proceeds against the deferred costs and the disposition of any remaining balance.

Note (3) Because Hopkins Ridge Prepaid Transmission regulatory asset was projected to the entire 12 months of the rate year in UE-050870, a full year's return is allowed for PCA 4 when the Power Cost Baseline Rate is in effect from UE-050870.

Note (4) Asset amortization for the 12 months ending December 2006 is per the interim Hopkins Ridge amortization schedule. Asset amortization for the 6 months ending June 2006 is per the old Hopkins Ridge amortization schedule. Asset amortization for the 6 months ending December 2006 is the difference between the previous two.