

**INDEX TABLE CROSS REFERENCING PSE'S ADJUSTMENTS WITH PUBLIC COUNSEL'S
ADJUSTMENT SCHEDULES INCLUDED AS PART OF EXHIBIT NO.__(JRD-2C)**

Docket UE-090704/UG-090705
Re-filed Exhibit No. JRD-2 per BR#1
REVISED 1/8/10
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| Company Adjustment Number or Incremental Staff/Public Counsel | Adjustment Description | Equivalent Public Counsel Adjustment Made on Schedules Affecting: | Net Operating Income | Rate Base |
|--|------------------------------------|--|---|-------------|
| 10.01 | Temperature Normalization | | | |
| 10.02 | Revenues & Expenses | C-1 (line 8) | | |
| 10.03 | Power Costs | C-15 C-16 C-18 C-23 C-24 C-25 C-1 (Line 16) | C-28 (factoring of adjustments C-15, C-16 and C-18) | B-6 |
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| 10.05 | Tax Benefits of Pro Forma Interest | C-13 C-1 (line 26) | | |
| 10.06 | Hopkins Ridge Infill | | | |
| 10.07 | Wild Horse Expansion | | | |
| 10.08 | Mint Farm | C-17 | | |
| 10.09 | Sumas | | | |
| 10.10 | Whitehorn | | | |
| 10.11 | Baker Hydro Relicense | | | |
| 10.12 | Pass-Through Revenue & Expense | | | |
| 10.13 | Bad Debt | | | |
| 10.14 | Miscellaneous Operating Expense | C-5 C-21 | | |
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| 10.16 | Excise Tax & Filing Fee | | | |
| 10.17 | D&O Insurance | C-9 | | |
| 10.18 | Montana Electric Energy Tax | | | |
| 10.19 | Interest on Customer Deposits | | | |
| 10.20 | SFAS 133 | | | |
| 10.21 | Rate Case Expense | | | |
| 10.22 | Deferred G/L on Property Sales | | | |
| 10.23 | Property & Liability Insurance | C-4 | | |
| 10.24 | Pension Plan | C-7 C-8 | | |
| 10.25 | Wage Increase | C-2 | | |
| 10.26 | Investment Plan | C-2 (Line 11) | | |
| 10.27 | Employee Insurance | C-3 | | |
| 10.28 | Incentive Pay | | | |
| 10.29 | Merger Savings | | | |
| 10.30 | Storm Damage | | | |
| 10.31 | Regulatory Assets & Liabilities | C-19 C-20 | | B-2 B-3 B-4 |
| 10.32 | Depreciation Study | | | |
| 10.33 | Fredonia Power Plant | | | |
| 10.34 | Mint Farm Deferred Cost | C-22 | | B-5 |
| 10.35 | Fleet Vehicles | | | |
| 10.36 | Net Interest Paid to IRS | | | |
| 10.37 | Production Adjustment | | | |
| 10.38 | Staff-only Inc'l Wild Horse Adj't | C-26 (excluding elements that were factored with Company Adjustment 10.03) | | B-7 |
| 10.39 | Excess Aircraft Costs | C-12 | | B-1 |
| 10.40 | Normalize Injuries and Damages | C-6 | | |

CHANGES REFLECTED IN PUBLIC COUNSEL'S ELECTRIC REVENUE REQUIREMENT SCHEDULES FILED POST PSE REBUTTAL

| Change No. | Adjustment Changed and Reason for Change | Revenue Requirement Impact |
|------------|--|----------------------------|
| | Public Counsel Revenue Excess Reflected in Response to Bench Request No. 1 | (42,506,684) |
| 1 | Changed Starting Point Rate Base to Reflect Change that PSE Accepted in Staff's filing | 240,253 |
| 2 | Roll effect on rate base of eliminating conservation adjustment shown with Adj't 2 in Bench Request No. 1 is now calculated with Adj't 38. | (1,103,007) |
| 3 | Revised Adj't 3 to adopt PSE's rebuttal update of power supply costs, but retaining differences for conservation and Norwood adjustments | (10,426,509) |
| 4 | Revised Adj't 4 - Federal Income Tax to reflect full normalization of I&D as agreed to by PSE. | (399,053) |
| 5 | Revised Adj't 4 - Interest synchronization - just the roll out effects of a lower updated rate base value | 785,017 |
| 6 | Revised Adj't 6 - Hopkins Ridge Infill project to agree with PSE's rebuttal update. | (122,908) |
| 7 | Revised Adj't 7 - Wild Horse Wind Expansion Project to agree with PSE's rebuttal update | 238,749 |
| 8 | Revised Adj't 8 - Mint Farm rate base & expenses. Accepted Company's update except for non-fuel production O&M | (1,111,036) |
| 9 | Revised Adj't 9 - Sumas. Accepted Company's update of rate base and operating expense. (Non-fuel Production O&M was not adjusted on this schedule) | (146,178) |
| 10 | Revised Adj't 10. Whitehorn. Accepted Company's update of rate base and operating expense. (Non-fuel Production O&M was not adjusted on this schedule) | (15,963) |
| 11 | Revised Adj't 11. Baker Hydro Relicensing. Accepted Company's update of rate base and amortization expense. | (136,260) |
| 12 | Revised Adj't 14. Removed Public Counsel' original Green Power advertising cost adjustment; picked up PSE's merger-related advertising adjustment | 292,989 |
| 13 | Revised Adj't 15 to reflect acceptance of PSE's rebuttal position on property taxes | 1,268,691 |
| 14 | Revised Adj't 18. Montana Electric Energy Tax - accepted Company's update | 64 |
| 15 | Revised Adj't 22. Deferred Gains/Losses on Property Sales. Accepted Company's update of gain on sale of property | (403,727) |
| 16 | Revised Adj't 33. Fredonia Power Plant - accepted Company's rebuttal update | 12,341 |
| 17 | Adj't 34 to eliminate Mint Farm deferral was revised to correct an error discovered subsequent to Public Counsel's direct filing | 812,876 |
| 18 | Adj't 38 (Production/factoring) has been re-synchronized. This adjustment now picks up roll out effects of conservation on factoring rate base. | (1,130,211) |
| 19 | Revised Revenue Deficiency Schedule to Reflect PSE's Updated Revenue Credits | 77,204 |
| 20 | Correct valuation of eliminating an equity return on Mint Farm rate base investment included in responding to Bench Request No. 1 | 4,295,485 |
| | Subtotal - Decrease in Public Counsel's Recommended Rate Reduction Due to Corrections, Acceptance of a Number of PSE "Update" Adjustments and Reflection of PSE's acceptance of Staff Adjustments Not Originally Proposed by Public Counsel | (49,477,869) |

Puget Sound Energy - Electric
 Pro Forma Results of Operations
 Public Counsel Revenue Requirement Summary

| Line No. | Description | Actual Results of Operations (a) | Total Adjustments (b) | Adjusted Results of Operations (c)=(a)+(b) | Rev Excess Before Mint Farm Return Disallow. (d) | Achieved ROO Before Considering MF Ret. Disallow. (e) |
|----------|--------------------------------------|----------------------------------|-------------------------|--|--|---|
| 1 | Operating Revenues: | | | | | |
| 2 | Sales to Customers | \$ 1,988,945,644 | \$ 23,523,321 | \$ 2,012,468,965 | \$ (34,298,353) | \$ 1,978,170,612 |
| 3 | Sales from Resale-Firm | 369,320 | (20,041) | 349,279 | 58,791 | 408,070 |
| 4 | Sales to Other Utilities | 173,342,971 | (87,321,620) | 86,021,350 | | 86,021,350 |
| 5 | Other Operating Revenues | 55,432,486 | (15,151,846) | 40,280,640 | 164,044 | 40,444,684 |
| 6 | Total Operating Revenues | \$ 2,218,090,420 | \$ (78,970,186) | \$ 2,139,120,234 | \$ (34,075,518) | \$ 2,105,044,716 |
| 7 | | | | | | |
| 8 | Operating Expenses: | | | | | |
| 9 | Power Costs: | | | | | |
| 10 | Fuel Stock | \$ 212,332,676 | \$ 91,513,071 | \$ 303,845,747 | \$ - | \$ 303,845,747 |
| 11 | Purchased and Interchanged | 920,346,551 | (262,446,112) | 657,900,439 | | 657,900,439 |
| 12 | Wheeling | 70,713,346 | 11,354,912 | 82,068,258 | | 82,068,258 |
| 13 | Residential Exchange | (40,663,861) | 40,663,861 | - | | - |
| 14 | Total Production Expenses | \$ 1,162,728,712 | \$ (118,914,268) | \$ 1,043,814,443 | \$ - | \$ 1,043,814,443 |
| 15 | | | | | | |
| 16 | Other Power Supply Expenses | \$ 102,819,798 | \$ (750,707) | \$ 102,069,091 | \$ - | \$ 102,069,091 |
| 17 | Transmission Expense | 9,234,124 | (334,245) | 8,899,879 | | 8,899,879 |
| 18 | Distribution Expense | 76,776,331 | (1,818,077) | 74,958,254 | | 74,958,254 |
| 19 | Customer Accounts Expense | 43,145,324 | (1,246,422) | 41,898,903 | (123,422) | 41,775,481 |
| 20 | Customer Service Expense | 10,019,493 | (7,817,892) | 2,201,601 | | 2,201,601 |
| 21 | Conservation Amortization | 53,980,110 | (53,979,048) | 1,062 | | 1,062 |
| 22 | Administrative & General Expense | 89,418,696 | 1,306,898 | 90,725,593 | (68,151) | 90,657,442 |
| 23 | Depreciation | 173,307,040 | 430,258 | 173,737,298 | | 173,737,298 |
| 24 | Amortization | 34,012,299 | 12,655,887 | 46,668,186 | | 46,668,186 |
| 25 | Amortization Property Gain/Loss | 6,493,409 | 11,378,140 | 17,871,549 | | 17,871,549 |
| 26 | Other Operating Expense | (483,686) | (654,426) | (1,138,112) | | (1,138,112) |
| 27 | FAS 133 | 7,537,999 | - | 7,537,999 | | 7,537,999 |
| 28 | Taxes Other than Income Taxes | 188,816,368 | (77,479,764) | 111,336,603 | (1,314,974) | 110,021,629 |
| 29 | Income Taxes | 4,629,482 | 53,329,257 | 57,958,739 | (11,399,147) | 46,559,592 |
| 30 | Deferred Income Taxes | 30,323,152 | 18,972,688 | 49,295,840 | | 49,295,840 |
| 31 | Total Operating Expense | \$ 1,992,758,652 | \$ (164,921,721) | \$ 1,827,836,930 | \$ (12,905,694) | \$ 1,814,931,236 |
| 32 | | | | | | |
| 33 | Net Operating Income: | \$ 225,331,768 | \$ 85,951,535 | \$ 311,283,303 | \$ (21,169,824) | \$ 290,113,479 |
| 34 | | | | | | |
| 35 | Rate Base: | | | | | |
| 36 | Gross Utility Plant In Service | \$ 6,183,573,988 | \$ 551,318,895 | \$ 6,734,892,883 | \$ - | \$ 6,734,892,883 |
| 37 | Accum. Depreciation and Amortization | (2,533,770,195) | (232,535,878) | (2,766,306,073) | | (2,766,306,073) |
| 38 | Deferred Debits | 286,749,772 | (5,748,855) | 281,000,917 | | 281,000,917 |
| 39 | Deferred Taxes | (515,196,416) | (29,011,145) | (544,207,561) | | (544,207,561) |
| 40 | Allowance for Working Capital | 132,602,669 | - | 132,602,669 | | 132,602,669 |
| 41 | Other | (89,746,678) | - | (89,746,678) | | (89,746,678) |
| 42 | Total Rate Base | \$ 3,464,213,140 | \$ 284,023,017 | \$ 3,748,236,158 | \$ - | \$ 3,748,236,158 |
| 43 | | | | | | |
| 44 | Rate of Return | 6.50% | | 8.30% | | 7.74% |

Puget Sound Energy - Electric
 Pro Forma Results of Operations
 Public Counsel Revenue Requirement Summary
 Adjustment Detail (Page 2)

| Line No. | Description | Wild Horse Expansion Adj. 10.07 (h) | Mint Farm Adj. 10.08 (i) | Sumas Adj. 10.09 (j) | Whitehorn Adj. 10.10 (k) | Baker Hydro License Adj. 10.11 (l) | Pass-Through Rev & Exp Adj. 10.12 (m) | Bad Debts Adj. 10.13 (n) |
|----------|--------------------------------------|-------------------------------------|--------------------------|----------------------|--------------------------|------------------------------------|---------------------------------------|--------------------------|
| 1 | Operating Revenues: | | | | | | | |
| 2 | Sales to Customers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (95,820,124) | \$ - |
| 3 | Sales from Resale-Firm | | | | | | | |
| 4 | Sales to Other Utilities | | | | | | | |
| 5 | Other Operating Revenues | | | | | | 188,209 | |
| 6 | Total Operating Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (95,631,915) | \$ - |
| 7 | | | | | | | | |
| 8 | Operating Expenses: | | | | | | | |
| 9 | Power Costs: | | | | | | | |
| 10 | Fuel Stock | \$ - | \$ 62,918,356 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 11 | Purchased and Interchanged | | | | | | | |
| 12 | Wheeling | 1,318,262 | 5,278,114 | | | | | |
| 13 | Residential Exchange | | | | | | | |
| 14 | Total Production Expenses | \$ 1,318,262 | \$ 68,196,470 | \$ - | \$ - | \$ - | \$ 40,663,861 | \$ - |
| 15 | | | | | | | | |
| 16 | Other Power Supply Expenses | \$ 1,951,841 | \$ 5,215,033 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 17 | Transmission Expense | | | | | | | |
| 18 | Distribution Expense | | | | | | | |
| 19 | Customer Accounts Expense | | | | | | | |
| 20 | Customer Service Expense | | | | | | | |
| 21 | Conservation Amortization | | | | | | | |
| 22 | Administrative & General Expense | | | 57,036 | 27,837 | 878,359 | (346,379) | (1,571,313) |
| 23 | Depreciation | 4,140,102 | 2,673,926 | 856,507 | 804,698 | | (7,837,447) | |
| 24 | Amortization | | 4,627,024 | | 2,284,905 | 658,356 | (53,979,048) | |
| 25 | Amortization Property Gain/Loss | | | | | | (191,431) | |
| 26 | Other Operating Expense | | | | | | | |
| 27 | FAS 133 | | | | | | | |
| 28 | Taxes Other than Income Taxes | 172,936 | 820,244 | 8,835 | 6,429 | | (72,956,529) | |
| 29 | Income Taxes | (2,654,099) | (28,666,007) | (322,832) | (1,093,354) | (537,850) | (344,730) | 549,960 |
| 30 | Deferred Income Taxes | | | | | | | |
| 31 | Total Operating Expense | \$ 4,929,041 | \$ 53,236,870 | \$ 599,546 | \$ 2,030,514 | \$ 998,865 | \$ (94,991,703) | \$ (1,021,353) |
| 32 | | | | | | | | |
| 33 | Net Operating Income: | \$ (4,929,041) | \$ (53,236,870) | \$ (599,546) | \$ (2,030,514) | \$ (998,865) | \$ (640,213) | \$ 1,021,353 |
| 34 | | | | | | | | |
| 35 | Rate Base: | | | | | | | |
| 36 | Gross Utility Plant In Service | \$ 97,085,741 | \$ 243,626,498 | \$ 46,260,488 | \$ 45,185,333 | \$ 34,453,197 | \$ - | \$ - |
| 37 | Accum. Depreciation and Amortization | (3,706,242) | (17,592,765) | (39,401,256) | (27,389,011) | (1,606,578) | | |
| 38 | Deferred Debits | | | | | | | |
| 39 | Deferred Taxes | (22,426,421) | (5,507,932) | 1,043,823 | 202,407 | (1,040,012) | | |
| 40 | Allowance for Working Capital | | | | | | | |
| 41 | Other | | | | | | | |
| 42 | Total Rate Base | \$ 70,953,078 | \$ 220,525,801 | \$ 7,903,054 | \$ 17,998,728 | \$ 31,806,607 | \$ - | \$ - |

Puget Sound Energy - Electric
 Pro Forma Results of Operations
 Public Counsel Revenue Requirement Summary
 Adjustment Detail (Page 5)

| Line No. | Description | Incentive Pay Adj. 10.28 (ac) | Merger Savings Adj. 10.29 (ad) | Storm Damage Adj. 10.30 (ac) | Regulatory Assets and Liabilities Adj. 10.31 (af) | Depreciation Study Adj. 10.32 (ag) | Fredonia Power Plant Adj. 10.33 (ah) | Mint Farm Deferred Cost Adj. 10.34 (ai) |
|----------|--------------------------------------|-------------------------------|--------------------------------|------------------------------|---|------------------------------------|--------------------------------------|---|
| 1 | Operating Revenues: | | | | | | | |
| 2 | Sales to Customers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3 | Sales from Resale-Firm | | | | | | | |
| 4 | Sales to Other Utilities | | | | | | | |
| 5 | Other Operating Revenues | | | | | | | |
| 6 | Total Operating Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 7 | | | | | | | | |
| 8 | Operating Expenses: | | | | | | | |
| 9 | Power Costs: | | | | | | | |
| 10 | Fuel Stock | \$ - | \$ - | \$ - | \$ 96,558 | \$ - | \$ - | \$ - |
| 11 | Purchased and Interchanged | (70,727) | | | 10,033,393 | | | |
| 12 | Wheeling | | | | (672,588) | | | |
| 13 | Residential Exchange | | | | | | | |
| 14 | Total Production Expenses | \$ (70,727) | \$ - | \$ - | \$ 9,457,362 | \$ - | \$ - | \$ - |
| 15 | | | | | | | | |
| 16 | Other Power Supply Expenses | \$ (298,670) | \$ - | \$ - | \$ (10,487,160) | \$ - | \$ - | \$ - |
| 17 | Transmission Expense | (247,924) | | 133,119 | | | | |
| 18 | Distribution Expense | (264,098) | | (2,009,684) | | | | |
| 19 | Customer Accounts Expense | (222,450) | | | | | | |
| 20 | Customer Service Expense | (35,902) | | | | | | |
| 21 | Conservation Amortization | | | | | | | |
| 22 | Administrative & General Expense | (484,751) | (874,205) | | | (9,109,591) | 29,233 | |
| 23 | Depreciation | | | | 3,468,462 | | 1,617,141 | |
| 24 | Amortization | | | | | | | 776,937 |
| 25 | Amortization Property Gain/Loss | | | | | | | |
| 26 | Other Operating Expense | | | | | | | |
| 27 | FAS 133 | | | | | | | |
| 28 | Taxes Other than Income Taxes | | | | | | | |
| 29 | Income Taxes | (126,215) | | | | | (19,306) | |
| 30 | Deferred Income Taxes | 612,758 | 305,972 | (3,325,551) | 2,220,955 | | (569,474) | (271,928) |
| 31 | Total Operating Expense | \$ (1,137,979) | \$ (568,233) | \$ 6,176,024 | \$ 4,659,619 | \$ (9,109,591) | \$ 1,057,594 | \$ 505,009 |
| 32 | | | | | | | | |
| 33 | Net Operating Income: | \$ 1,137,979 | \$ 568,233 | \$ (6,176,024) | \$ (4,659,619) | \$ 9,109,591 | \$ (1,057,594) | \$ (505,009) |
| 34 | | | | | | | | |
| 35 | Rate Base: | | | | | | | |
| 36 | Gross Utility Plant In Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 70,121,452 | |
| 37 | Accum. Depreciation and Amortization | | | | | 4,554,795 | (27,953,023) | |
| 38 | Deferred Debits | | | | (118,447,101) | | (655,475) | (110,252) |
| 39 | Deferred Taxes | | | | | | | 38,583 |
| 40 | Allowance for Working Capital | | | | | | | |
| 41 | Other | | | | | | | |
| 42 | Total Rate Base | \$ - | \$ - | \$ - | \$ (118,447,101) | \$ 4,554,795 | \$ 41,512,955 | \$ (71,669) |

Puget Sound Energy - Electric
 Pro Forma Results of Operations
 Public Counsel Revenue Requirement Summary
 Adjustment Detail (Page 6)

| Line No. | Description | Fleet Vehicles Adj. 10.35 (al) | Net Interest Paid to IRS Adj. 10.36 (am) | Production Adjustment Adj. 10.38 (an) | Excess Aircraft Costs Adj. 10.39 (ao) | Normalize Inj. & Damages Exp. Adj. 10.40 (ap) | Total Adjustments (aq=b.ap) | Adjusted Results of Operations (ar=at-aq) |
|----------|--------------------------------------|--------------------------------|--|---------------------------------------|---------------------------------------|---|-----------------------------|---|
| 1 | Operating Revenues: | | | | | | | |
| 2 | Sales to Customers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 23,523,321 | \$ 2,012,468,965 |
| 3 | Sales from Resale-Firm | | | | | | (20,041) | 349,279 |
| 4 | Sales to Other Utilities | | | | | | (87,321,620) | 86,021,350 |
| 5 | Other Operating Revenues | | | | | | (15,151,846) | 40,280,640 |
| 6 | Total Operating Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | (78,970,186) | 2,139,120,234 |
| 7 | | | | | | | | |
| 8 | Operating Expenses: | | | | | | | |
| 9 | Power Costs: | | | | | | | |
| 10 | Fuel Stock | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 91,513,071 | \$ 303,845,747 |
| 11 | Purchased and Interchanged | | | | | | (262,446,112) | 657,900,439 |
| 12 | Wheeling | | | | | | 11,354,912 | 82,068,258 |
| 13 | Residential Exchange | | | | | | 40,663,861 | - |
| 14 | Total Production Expenses | \$ - | \$ - | \$ - | \$ - | \$ - | (118,914,268) | 1,043,814,443 |
| 15 | | | | | | | | |
| 16 | Other Power Supply Expenses | | | | | | (750,707) | 102,069,091 |
| 17 | Transmission Expense | | | | | | (334,245) | 8,899,879 |
| 18 | Distribution Expense | | | | | | (1,818,077) | 74,958,254 |
| 19 | Customer Accounts Expense | | | | | | (1,246,422) | 41,898,903 |
| 20 | Customer Service Expense | | | | | | (7,817,892) | 2,201,601 |
| 21 | Conservation Amortization | | | | | | (53,979,048) | 1,062 |
| 22 | Administrative & General Expense | (2,761,859) | 2,263,966 | | (211,383) | (1,004,456) | 1,306,898 | 90,725,593 |
| 23 | Depreciation | 804,616 | | | (50,980) | | 430,258 | 173,737,298 |
| 24 | Amortization | | | | | | 12,655,887 | 46,668,186 |
| 25 | Amortization Property Gain/Loss | | | | | | 11,378,140 | 17,871,549 |
| 26 | Other Operating Expense | | | | | | (654,426) | (1,138,112) |
| 27 | FAS 133 | | | | | | - | 7,537,999 |
| 28 | Taxes Other than Income Taxes | | | | | | (77,479,764) | 111,336,603 |
| 29 | Income Taxes | 685,035 | (792,388) | (1,051,470) | 91,827 | 351,559 | 53,329,257 | 57,958,739 |
| 30 | Deferred Income Taxes | | | | | | 18,972,688 | 49,295,840 |
| 31 | Total Operating Expense | (1,272,207) | 1,471,578 | 2,607,873 | (170,536) | (652,896) | (164,921,721) | 1,827,836,930 |
| 32 | | | | | | | | |
| 33 | Net Operating Income: | 1,272,207 | (1,471,578) | (2,607,873) | 170,536 | 652,896 | 85,951,535 | 311,283,303 |
| 34 | | | | | | | | |
| 35 | Rate Base: | | | | | | | |
| 36 | Gross Utility Plant In Service | \$ 8,777,632 | \$ - | \$ - | (1,489,980) | \$ - | \$ 551,318,895 | \$ 6,734,892,883 |
| 37 | Accum. Depreciation and Amortization | (603,462) | - | - | 675,388 | (2,766,306,073) | (232,535,878) | (2,766,306,073) |
| 38 | Deferred Debits | | (1,323,561) | (3,603,017) | (56,550) | | (5,748,855) | 281,000,917 |
| 39 | Deferred Taxes | (726,142) | | 1,561,192 | | | (29,011,145) | (544,207,561) |
| 40 | Allowance for Working Capital | | | | | | - | 130,674,248 |
| 41 | Other | | | | | | - | (89,746,678) |
| 42 | Total Rate Base | 7,448,028 | (1,323,561) | (2,041,825) | (871,142) | 284,023,017 | 284,023,017 | 3,746,307,737 |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.01 TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED

LINE

NO. DESCRIPTION

| <u>TEMPERATURE NORMALIZATION ADJUSTMENT:</u> | | | | | |
|--|--|---------------------------------|-------------------|------------------|------------------------|
| | ACTUAL | TEMP ADJ | MWH | ADJ FOR LOSSES | |
| | <u>GPI MWH</u> | <u>GPI MWH</u> | <u>CHANGE</u> | <u>6.70%</u> | |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | Jan-08 | 2,469,690 | 2,391,018 | (78,672) | (78,672) |
| 5 | Feb-08 | 2,107,909 | 2,120,848 | 12,939 | 12,939 |
| 6 | Mar-08 | 2,170,180 | 2,091,248 | (78,932) | (78,932) |
| 7 | Apr-08 | 1,958,626 | 1,886,833 | (71,793) | (71,793) |
| 8 | May-08 | 1,766,162 | 1,766,439 | 277 | 277 |
| 9 | Jun-08 | 1,675,454 | 1,675,928 | 474 | 474 |
| 10 | Jul-08 | 1,672,937 | 1,682,789 | 9,851 | 9,851 |
| 11 | Aug-08 | 1,721,324 | 1,713,215 | (8,110) | (8,110) |
| 12 | Sep-08 | 1,662,996 | 1,666,514 | 3,518 | 3,518 |
| 13 | Oct-08 | 1,892,478 | 1,882,587 | (9,891) | (9,891) |
| 14 | Nov-08 | 1,952,479 | 2,053,028 | 100,549 | 100,549 |
| 15 | Dec-08 | 2,521,637 | 2,426,079 | (95,558) | (95,558) |
| 16 | | <u>23,571,872</u> | <u>23,356,525</u> | <u>(215,347)</u> | <u>(215,348)</u> |
| 17 | | | | | |
| 18 | REVENUE ADJUSTMENT: | Schedule 7 | | (176,605) | (18,021,127) |
| 19 | | Schedule 24 | | (7,529) | (657,045) |
| 20 | | Schedule 25 | | (7,940) | (504,896) |
| 21 | | Schedule 26 | | (3,774) | (230,199) |
| 22 | | Schedule 29 | | 68 | 3,652 |
| 23 | | Schedule 31 | | (928) | (54,654) |
| 24 | | Schedule 43 | | (3,472) | (192,341) |
| 25 | | Schedule 40 - Med Sec Voltage | | 9 | 501 |
| 26 | | Schedule 40 - Large Sec Voltage | | (419) | (23,339) |
| 27 | | Schedule 40 - Primary Voltage | | (207) | (11,206) |
| 28 | | Firm Resale | | (124) | (4,359) |
| 29 | INCREASE (DECREASE) SALES TO CUSTOMERS | | | | \$ (19,695,013) |
| 30 | | | | | |
| 31 | UNCOLLECTIBLES @ | | 0.0036220 | \$ | (71,335) |
| 32 | ANNUAL FILING FEE @ | | 0.0020000 | | (39,390) |
| 31 | INCREASE (DECREASE) EXPENSES | | | | (110,725) |
| 32 | | | | | |
| 33 | STATE UTILITY TAX @ | | 0.0385900 | \$ | (760,031) |
| 34 | INCREASE (DECREASE) TAXES OTHER | | | | (760,031) |
| 35 | | | | | |
| 36 | INCREASE (DECREASE) INCOME | | | | (18,824,257) |
| 37 | | | | | |
| 38 | INCREASE (DECREASE) FIT @ | | 35% | | (6,588,490) |
| 39 | INCREASE (DECREASE) NOI | | | | <u>\$ (12,235,767)</u> |

Public Counsel Revenue Requirement Summary
PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 10.02 REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
CONTESTED

| LINE NO. | DESCRIPTION | ADJUSTMENT |
|----------|---|----------------------|
| 1 | SALES TO CUSTOMERS: | |
| 2 | RESTATING ADJUSTMENTS: | |
| 3 | ADD GRC INCREASE DOCKET 072300 | \$ 162,849,052 |
| 4 | REMOVE PCA INCREASE | (54,276,915) |
| 5 | REMOVE SCHEDULE 95A PRODUCTION TAX CREDITS | 29,870,589 |
| 6 | OATT REVENUE | (95,488) |
| 7 | MISCELLANEOUS RESTATING ADJUSTMENT | 1,099,396 |
| 8 | RESTATING ADJUSTMENTS SALES TO CUSTOMERS | <u>139,446,633</u> |
| 9 | | |
| 10 | PROFORMA ADJUSTMENTS: | |
| 11 | MISCELLANEOUS ADJUSTMENTS | (412,534) |
| 12 | CONSERVATION | - |
| 13 | PROFORMA ADJUSTMENTS SALES TO CUSTOMERS | <u>(412,534)</u> |
| 14 | | |
| 15 | TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS | \$ 139,034,099 |
| 16 | | |
| 17 | SALES FOR RESALE - SMALL FIRM AND SPECIAL CONTRACT | |
| 18 | MISCELLANEOUS RESTATING ADJUSTMENT | <u>(15,682)</u> |
| 19 | | |
| 20 | TOTAL INCREASE (DECREASE) SALES FOR RESALE - SMALL FIRM | (15,682) |
| 21 | | |
| 22 | OTHER OPERATING REVENUES | |
| 23 | | |
| 24 | POLE ATTACHMENT REVENUES | <u>438,314</u> |
| 25 | TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE | 438,314 |
| 26 | | |
| 27 | TOTAL INCREASE (DECREASE) REVENUES | 139,456,731 |
| 28 | UNCOLLECTIBLES @ 0.0036220 | \$ 505,112 |
| 29 | ANNUAL FILING FEE @ 0.0020000 | <u>278,913</u> |
| 30 | INCREASE (DECREASE) EXPENSES | 784,026 |
| 31 | STATE UTILITY TAX @ 0.0385900 | \$ 5,381,635 |
| 32 | REMOVE MUNICIPAL TAX EXPENSED | |
| 33 | INCREASE (DECREASE) TAXES OTHER | <u>5,381,635</u> |
| 34 | | |
| 35 | INCREASE (DECREASE) INCOME | 133,291,070 |
| 36 | | |
| 37 | INCREASE (DECREASE) FIT @ 35% | <u>46,651,875</u> |
| 38 | INCREASE (DECREASE) NOI | \$ <u>86,639,195</u> |
| 39 | | |
| 40 | (1) The impact of the changes in this Company-proposed Conservation adjustment were reflected on Schedule C-1 | |
| 41 | of Exhibit No. (JRD-2C). | |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.03 POWER COSTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
CONTESTED**

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | INCREASE (DECREASE) |
|----------|---|--------------------|------------------|---------------------|
| 1 | SALES FOR RESALE | \$ 173,342,971 | \$ 86,021,350 | \$ (87,321,620) |
| 2 | | | | |
| 3 | PURCHASES/SALES OF NON-CORE GAS | 15,804,883 | \$ 286,828 | (15,518,055) |
| 4 | WHEELING FOR OTHERS | 11,562,467 | \$ 10,454,016 | (1,108,451) |
| 5 | | 27,367,351 | 10,740,844 | (16,626,506) |
| 6 | | | | |
| 7 | TOTAL OPERATING REVENUES | 200,710,322 | 96,762,195 | (103,948,127) |
| 8 | | | | |
| 9 | FUEL | \$ 212,821,383 | \$ 241,319,541 | \$ 28,498,157 |
| 10 | | | | |
| 11 | PURCHASED AND INTERCHANGED | 888,547,931 | \$ 621,081,591 | (267,466,340) |
| 12 | HEDGING | | \$ 311,301 | 311,301 |
| 13 | RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASKA | - | \$ (5,356,078) | (5,356,078) |
| 14 | SUBTOTAL PURCHASED AND INTERCHANGED | \$ 888,547,931 | \$ 616,036,814 | \$ (272,511,117) |
| 15 | WHEELING | 68,962,375 | \$ 74,393,499 | 5,431,125 |
| 16 | | | | |
| 17 | TOTAL PRODUCTION EXPENSES | \$ 1,170,331,689 | \$ 931,749,854 | \$ (238,581,835) |
| 18 | HYDRO AND OTHER POWER | 92,332,638 | \$ 91,030,293 | (1,302,345) |
| 19 | TRANS. EXP. INCL. 500KV O&M | 1,497,266 | \$ 1,523,617 | 26,351 |
| 20 | | | | |
| 21 | TOTAL OPERATING EXPENSES | \$ 1,264,161,593 | \$ 1,024,303,764 | \$ (239,857,829) |
| 22 | | | | |
| 23 | INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 21) | \$ (1,063,451,271) | \$ (927,541,569) | \$ 135,909,702 |
| 24 | | | | |
| 25 | REDUCTION TO STATE UTILITY TAX SAVINGS FOR LINE 4 | 3.873% | | (42,930) |
| 26 | INCREASE (DECREASE) INCOME | | | \$ 135,952,632 |
| 27 | INCREASE (DECREASE) FIT @ | 35% | | 47,583,421 |
| 28 | INCREASE (DECREASE) NOI | | | \$ 88,369,211 |
| 29 | | | | |
| 30 | | | | |

31 Following PSE's rebuttal update filing Public Counsel has accepted PSE's revised level of non-fuel production O&M
32 expense and has also accepted PSE's update/corrections affecting variable components of power supply costs
33 (i.e., fuel, purchased power, off-system sales, wheeling, etc), but still submit that the various fuel/off-system
34 sales adjustments sponsored by Mr. Scott Norwood are appropriate. Finally, this adjustment has been calculated
35 with a production factor that considers the elimination of PSE-proposed conservation adjustment. The remaining
36 differences between PSE and Public Counsel that are embodied in this adjustment were originally included within
37 Exhibit No. JRD-2C as follows:

| Description | Schedule |
|---|----------|
| 41 Eliminate PSE's proposed "Conservation Adjustment." Other elements of 42 adjustments on Schedule C-1 affect other PSE-proposed adjustments. | C-1 |
| 43 | |
| 44 | |
| 45 Adjusted purchased power cost for normalized hydro availability | C-23 |
| 46 | |
| 47 Incremental off-system sales margin adjustment | C-24 |
| 48 | |
| 49 Reflect REC sales as a credit to base rate development | C-25 |
| 50 | |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.05 BENEFIT OF PRO FORMA INTEREST
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
CONTESTED**

| LINE NO. | DESCRIPTION | AMOUNT |
|----------|--|------------------|
| 1 | RATE BASE | \$ 3,746,307,737 |
| 2 | | |
| 3 | NET RATE BASE | \$ 3,746,307,737 |
| 4 | | |
| 5 | WEIGHTED COST OF DEBT | 3.65% |
| 6 | PROFORMA INTEREST | \$ 136,740,232 |
| 7 | | |
| 8 | | |
| 9 | <u>INTEREST EXPENSE ITEMS PER BOOKS:</u> | |
| 10 | INTEREST ON LONG TERM DEBT | \$ 118,050,837 |
| 11 | AMORTIZATION OF DEBT DISCOUNT | |
| 12 | AND EXPENSE, NET OF PREMIUMS | 2,191,065 |
| 13 | INTEREST ON DEBT TO ASSOCIATED | |
| 14 | ASSOCIATED COMPANIES | 526,222 |
| 15 | OTHER INTEREST EXPENSE | 8,798,452 |
| 16 | LESS: INTEREST ON CUSTOMER DEPOSITS | (61,479) |
| 17 | CHARGED TO EXPENSE IN TEST YEAR | 129,505,097 |
| 18 | | |
| 19 | INCREASE (DECREASE) INCOME | \$ (7,235,135) |
| 20 | | |
| 21 | INCREASE (DECREASE) FIT @ | 35% (2,532,297) |
| 22 | INCREASE (DECREASE) NOI | \$ 2,532,297 |
| 23 | | |

24 The impact of the change in this Company-proposed adjustment was reflected on Schedule C-13
25 and on Line 26 of Schedule C-1 of Exhibit No.__(JRD-2C)

26
27 Note: While this has been designated as a "Contested" issue, it is only contested in the
28 sense that Public Counsel is recommending a different cost of capital and rate base than that
29 being proposed by PSE. There is no difference in methodology for developing this adjustment.

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.06 HOPKINS RIDGE INFILL PROJECT
FOR THE TWELVE MONTH ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED**

| LINE NO. | DESCRIPTION | TEST YEAR | PROFORMA | ADJUSTMENT |
|----------|---|---------------------|---------------------|---------------------|
| 1 | <u>HOPKINS RIDGE INFILL RATEBASE (AMA)</u> | | | |
| 2 | <u>UTILITY PLANT RATEBASE</u> | | | |
| 3 | PLANT BALANCE | \$ 4,756,205 | \$ 12,054,738 | \$ 7,298,533 |
| 4 | ACCUM DEPRECIATION | (43,454) | (1,110,077) | (1,066,623) |
| 5 | DEFERRED INCOME TAX LIABILITY | (123,025) | (2,279,667) | (2,156,642) |
| 6 | NET HOPKINS RIDGE INFILL PLANT RATEBASE | <u>\$ 4,589,725</u> | <u>\$ 8,664,993</u> | <u>\$ 4,075,268</u> |
| 7 | | | | |
| 8 | <u>HOPKINS RIDGE INFILL OPERATING EXPENSE</u> | | | |
| 9 | DEPRECIATION EXPENSE | \$ 200,142 | \$ 511,121 | \$ 310,979 |
| 10 | PROPERTY INSURANCE | 4,735 | 9,094 | 4,359 |
| 11 | PROPERTY TAXES | 88,507 | 61,385 | (27,122) |
| 12 | TOTAL OPERATING EXPENSES | <u>\$ 293,383</u> | <u>\$ 581,599</u> | <u>\$ 288,216</u> |
| 13 | | | | |
| 14 | INCREASE (DECREASE) OPERATING EXPENSE | | | 288,216 |
| 15 | | | | |
| 16 | INCOME TAX | (700,317) | (799,305) | (98,988) |
| 17 | DEFERRED INCOME TAX | 597,633 | 595,745 | (1,887) |
| 18 | INCREASE (DECREASE) NOI | <u>\$ (190,699)</u> | <u>\$ (378,040)</u> | <u>\$ (187,341)</u> |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | TAX CALCULATION | | | |
| 23 | Operating Revenue | \$ (293,383) | \$ (581,599) | \$ (288,216) |
| 24 | Other Deductions | | | |
| 25 | Interest (AFUDC) | | | |
| 26 | Interest | | | |
| 27 | Schedule "M" additions | | | |
| 28 | Schedule "M" deductions | <u>\$ 1,707,522</u> | <u>\$ 1,702,129</u> | <u>\$ (5,393)</u> |
| 29 | | | | |
| 30 | Income Before Tax | (2,000,905) | (2,283,729) | (282,824) |
| 31 | Adjustments to FIT | | | |
| 32 | Federal Income Tax | <u>\$ (700,317)</u> | <u>\$ (799,305)</u> | <u>\$ (98,988)</u> |
| 33 | Tax Rate | 0.35 | 0.35 | 0.35 |
| 34 | | | | |
| 35 | The Company updated this adjustment in rebuttal. Public Counsel did not oppose the Company's | | | |
| 36 | original Adjustment No.6 and accordingly is revising this adjustment to agree with the Company's | | | |
| 37 | update made in rebuttal testimony | | | |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.07 WILD HORSE WIND EXPANSION PROJECT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED**

| LINE NO. | DESCRIPTION | TEST YEAR | PROFORMA | ADJUSTMENT |
|----------|--|---------------------|----------------------|-----------------------|
| 1 | <u>WILD HORSE EXPANSION RATEBASE (AMA)</u> | | | |
| 2 | <u>UTILITY PLANT RATEBASE</u> | | | |
| 3 | PLANT BALANCE | \$ 1,345,461 | \$ 98,431,202 | \$ 97,085,741 |
| 4 | ACCUM DEPRECIATION | - | (3,706,242) | (3,706,242) |
| 5 | DEFERRED INCOME TAX LIABILITY | - | (22,426,421) | (22,426,421) |
| 6 | NET WH EXPANSION PLANT RATEBASE | <u>\$ 1,345,461</u> | <u>\$ 72,298,539</u> | <u>\$ 70,953,078</u> |
| 7 | | | | |
| 8 | <u>WILD HORSE EXPANSION OPERATING EXPENSE</u> | | | |
| 9 | DEPRECIATION EXPENSE | \$ - | \$ 4,140,102 | \$ 4,140,102 |
| 10 | | | | |
| 11 | <u>POWER COST & PRODUCTION O&M RELATED TO WILD HORSE EXPANSION</u> | | | |
| 12 | WHEELING | | \$ 1,318,262 | \$ 1,318,262 |
| 13 | PRODUCTION O&M | - | 1,951,841 | 1,951,841 |
| 14 | PROPERTY INSURANCE | - | 0 | 0 |
| 15 | PROPERTY TAXES | 129,313 | 302,249 | 172,936 |
| 16 | TOTAL POWER COST AND PROD O&M | <u>129,313</u> | <u>3,572,351</u> | <u>3,443,038</u> |
| 17 | | | | |
| 18 | INCREASE (DECREASE) EXPENSE | 129,313 | | 7,583,140 |
| 19 | | | | |
| 20 | INCREASE (DECREASE) IN INCOME TAX @ 35% | | | (2,654,099) |
| 21 | INCREASE (DECREASE) NOI | | | <u>\$ (4,929,041)</u> |
| 22 | | | | |

23 **The Company updated this adjustment in rebuttal. Public Counsel did not oppose the Company's**
24 **original Adjustment No.7 and accordingly is revising this adjustment to agree with the Company's**
25 **update made in rebuttal testimony**

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.08 MINT FARM PROJECT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
CONTESTED**

| LINE NO. | DESCRIPTION | TEST YEAR | PROFORMA | ADJUSTMENT |
|----------|--|----------------------|------------------------|------------------------|
| 1 | <u>MINT FARM RATEBASE (AMA)</u> | | | |
| 2 | <u>UTILITY PLANT RATEBASE</u> | | | |
| 3 | PLANT BALANCE | \$ 10,301,873 | \$ 96,609,757 | \$ 86,307,884 |
| 4 | ACCUM DEPRECIATION | (216,686) | (9,469,797) | (9,253,111) |
| 5 | ACQUISITION ADJUSTMENT | \$ - | \$ 157,318,614 | \$ 157,318,614 |
| 6 | ACCUMULATED AMORTIZATION ON ACQ ADJ | \$ - | (8,339,654) | (8,339,654) |
| 7 | DEFERRED FIT | \$ (24,401) | \$ (5,532,333) | \$ (5,507,932) |
| 8 | TOTAL ACQUISITION ADJUSTMENT RATEBASE | <u>\$ 10,060,786</u> | <u>\$ 230,586,587</u> | <u>\$ 220,525,801</u> |
| 9 | | | | |
| 10 | <u>TOTAL RATEBASE</u> | <u>\$ 10,060,786</u> | <u>\$ 230,586,587</u> | <u>\$ 220,525,801</u> |
| 11 | | | | |
| 12 | <u>MINT FARM OPERATING EXPENSE</u> | | | |
| 13 | DEPRECIATION EXPENSE | \$ - | \$ 2,673,926 | \$ 2,673,926 |
| 14 | AMORTIZATION EXPENSE | - | 4,627,024 | 4,627,024 |
| 15 | PROPERTY INSURANCE | - | 370,180 | 370,180 |
| 16 | PROPERTY TAXES | - | 820,244 | 820,244 |
| 17 | INCREASE (DECREASE) EXPENSE | - | 8,491,374 | 8,491,374 |
| 18 | | | | |
| 19 | <u>POWER COST ASSOCIATED WITH MINT FARM</u> | | | |
| 20 | NATURAL GAS FUEL | - | \$ 62,918,356 | \$ 62,918,356 |
| 21 | WHEELING | - | 5,278,114 | 5,278,114 |
| 22 | INCREASE (DECREASE) POWER COST | - | 68,196,470 | 68,196,470 |
| 23 | | | | |
| 24 | MINT FARM NON-FUEL PRODUCTION O&M (Line 24 times 12) | | 5,215,033 | \$ 5,215,033 |
| 25 | | | | |
| 26 | INCREASE (DECREASE) EXPENSE | | 81,902,877 | \$ 81,902,877 |
| 27 | | | | |
| 28 | INCOME TAX @ 35% | | (28,666,007) | (28,666,007) |
| 29 | | | | |
| 30 | INCREASE (DECREASE) NOI | <u>\$ -</u> | <u>\$ (53,236,870)</u> | <u>\$ (53,236,870)</u> |
| 31 | | | | |
| 32 | This adjustment is now identical to PSE's rebuttal position. Public Counsel | | | |
| 33 | has accepted PSE's rebuttal update of all non-fuel production O&M | | | |
| 34 | expenses | | | |
| 35 | | | | |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.09 SUMAS
FOR THE TWELVE MONTH ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED

| LINE NO. | DESCRIPTION | TEST YEAR | ADJUSTED RATE YEAR | ADJUSTMENT |
|----------|---|----------------------|-----------------------|---------------------|
| 1 | <u>SUMAS RATEBASE</u> | | | |
| 2 | PLANT BALANCE | \$ 40,785,275 | \$ 87,045,763 | \$ 46,260,488 |
| 3 | ACCUM DEPRECIATION | (27,871,612) | (67,272,868) | (39,401,256) |
| 4 | DEFERRED INCOME TAX | (788,841) | 254,981 | 1,043,823 |
| 5 | NET SUMAS PLANT RATEBASE | <u>\$ 12,124,822</u> | <u>\$ 20,027,876</u> | <u>\$ 7,903,054</u> |
| 6 | | | | |
| 7 | <u>SUMAS OPERATING EXPENSE</u> | | | |
| 8 | DEPRECIATION EXPENSE | 643,627 | 1,500,134 | 856,507 |
| 9 | PROPERTY INSURANCE | 65,335 | 122,371 | 57,036 |
| 10 | PROPERTY TAXES | 140,740 | 149,575 | 8,835 |
| 11 | | | | |
| 12 | TOTAL OPERATING EXPENSES | <u>\$ 849,702</u> | <u>\$ 1,772,080</u> | <u>\$ 922,378</u> |
| 13 | | | | |
| 14 | INCREASE (DECREASE) OPERATING EXPENSE | 849,702 | 1,772,080 | 922,378 |
| 15 | | | | |
| 16 | INCOME TAX | (297,396) | (620,228) | (322,832) |
| 17 | | | | |
| 18 | INCREASE (DECREASE) NOI | <u>\$ (552,306)</u> | <u>\$ (1,151,852)</u> | <u>\$ (599,546)</u> |
| 19 | | | | |
| 20 | Public Counsel did not originally take issue with any element of this Company adjustment and | | | |
| 21 | accordingly has updated this adjustment consistent with PSE's rebuttal update | | | |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.10 WHITEHORN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED**

| LINE NO. | DESCRIPTION | TEST YEAR | PROFORMA | ADJUSTMENT |
|----------|---|-----------------------|-----------------------|-----------------------|
| 1 | <u>RATEBASE</u> | | | |
| 2 | UTILITY PLANT BALANCE | \$ - | \$ 28,235,000 | \$ 28,235,000 |
| 3 | ACCUMULATED DEPRECIATION | - | (23,591,727) | (23,591,727) |
| 4 | ACQUISITION ADJUSTMENT | | \$ 16,950,333 | \$ 16,950,333 |
| 5 | ACCUMULATED AMORTIZATION ON ACQ ADJ | | (3,797,285) | (3,797,285) |
| 6 | DEFERRED FIT | \$ (1,154,165) | \$ (951,758) | 202,407 |
| 7 | <u>TOTAL RATEBASE</u> | <u>\$ (1,154,165)</u> | <u>\$ 16,844,563</u> | <u>\$ 17,998,728</u> |
| 8 | | | | |
| 9 | <u>OPERATING EXPENSES</u> | | | |
| 10 | LEASE PAYMENTS | | | |
| 11 | DEPRECIATION EXPENSE | \$ - | \$ 804,698 | \$ 804,698 |
| 12 | AMORTIZATION EXPENSE | - | 2,284,905 | 2,284,905 |
| 13 | PROPERTY INSURANCE | 41,405 | 69,242 | 27,837 |
| 14 | PROPERTY TAXES | 71,597 | 78,026 | 6,429 |
| 15 | TOTAL O&M | \$ 113,002 | \$ 3,236,870 | \$ 3,123,868 |
| 16 | | | | |
| 17 | INCREASE (DECREASE) EXPENSE | 113,002 | 3,236,870 | 3,123,868 |
| 18 | | | | |
| 19 | INCOME TAX | 35% | (39,551) | (1,132,905) |
| 20 | | | | |
| 21 | <u>INCREASE (DECREASE) NOI</u> | <u>\$ (73,452)</u> | <u>\$ (2,103,966)</u> | <u>\$ (2,030,514)</u> |
| 22 | | | | |
| 23 | Public Counsel did not originally take issue with any element of this Company adjustment and | | | |
| 24 | accordingly has updated this adjustment consistent with PSE's rebuttal update | | | |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.11 BAKER HYDRO RELICENSING COSTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED**

| LINE NO. | DESCRIPTION | TEST YEAR | ADJUSTED RATE YEAR | ADJUSTMENT |
|-------------|--|---------------------|-----------------------|----------------------|
| 1 | BAKER HYDRO RELICENSING OPERATING EXPENSE | | | |
| 2 | AMORTIZATION EXPENSE | \$ 125,847 | 784,203 | 658,356 |
| 3 | AMORTIZATION OF PREPAYMENT FOR | | | |
| 4 | FEDERAL LAND USE | 230,670 | 1,109,030 | 878,359 |
| 5 | TOTAL OPERATING EXPENSES | <u>356,517</u> | <u>1,893,232</u> | <u>1,536,715</u> |
| 6 | | | | |
| 7 | INCREASE (DECREASE) EXPENSE | <u>356,517</u> | <u>1,893,232</u> | <u>1,536,715</u> |
| 8 | | | | |
| 9 | INCOME TAX | | | \$ (537,850) |
| 10 | | | | |
| 11 | INCREASE (DECREASE) NOI | | | <u>\$ (998,865)</u> |
| 12 | | | | |
| 13 | BAKER HYDRO RELICENSING RATEBASE | | | |
| 14 | PLANT BALANCE | \$ 4,867,210 | \$ 39,320,407 | \$ 34,453,197 |
| 15 | ACCUM AMORTIZATION | (6,745) | (1,613,323) | (1,606,578) |
| 16 | DEFERRED FIT | (10,195) | (1,050,207) | (1,040,012) |
| 17 | | | | |
| 18 | NET BAKER HYDRO RELIC RATEBASE | <u>\$ 4,850,270</u> | <u>\$ 36,656,877</u> | <u>\$ 31,806,607</u> |
| 19 | | | | |
| 20 | Public Counsel did not originally take issue with any element of this Company adjustment and | | | |
| 21 | accordingly has updated this adjustment consistent with PSE's rebuttal update | | | |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.12 PASS-THROUGH REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED

| LINE NO. | DESCRIPTION | ADJUSTMENT |
|----------|---|------------------------|
| 1 | <u>REMOVE REVENUE ASSOCIATED WITH RIDERS:</u> | |
| 2 | REMOVE CONSERVATION RIDER - SCHEDULE 120 | \$ 56,528,843 |
| 3 | REMOVE MUNICIPAL TAXES - SCHEDULE 81 | 71,715,879 |
| 4 | REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129 | 7,416,313 |
| 5 | REMOVE RESIDENTIAL EXCHANGE - SCH 194 | (42,536,503) |
| 6 | GREEN POWER - SCH 135/136 (TAGS ELIM IN PAGE 4.03) | 2,695,592 |
| 7 | GREEN POWER - SCH 135/136 ELIMINATE UNDER EXPENSED | (188,209) |
| 8 | TOTAL (INCREASE) DECREASE IN REVENUES | <u>\$ 95,631,915</u> |
| 9 | | |
| 10 | <u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u> | |
| 11 | BAD DEBTS | 0.36220% (346,379) |
| 12 | ANNUAL FILING FEE | 0.20000% (191,264) |
| 13 | STATE UTILITY TAX | 3.85900% (3,690,436) |
| 14 | TOTAL | <u>\$ (4,228,078)</u> |
| 15 | | |
| 16 | <u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u> | |
| 17 | REMOVE CONSERVATION RIDER - SCHEDULE 120 | (53,979,048) |
| 18 | REMOVE MUNICIPAL TAXES - SCHEDULE 81 | (69,266,041) |
| 19 | REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129 | (7,082,152) |
| 20 | REMOVE RESIDENTIAL EXCHANGE - SCH 194 | 40,663,861 |
| 21 | GREEN POWER - SCH 135/136 (TAGS ELIM IN PAGE 4.03) | (755,295) |
| 22 | GREEN POWER - SCH 135/136 BENEFITS PORTION OF ADMIN | (167) |
| 23 | GREEN POWER - SCH 135/136 TAXES PORTION OF ADMIN | (52) |
| 24 | TOTAL INCREASE (DECREASE) EXPENSE | <u>\$ (90,418,895)</u> |
| 25 | | |
| 26 | INCREASE (DECREASE) OPERATING INCOME BEFORE FIT | (984,942) |
| 27 | INCREASE (DECREASE) FIT | (344,730) |
| 28 | INCREASE (DECREASE) NOI | <u>\$ (640,213)</u> |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.13 BAD DEBTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED**

| LINE NO. | YEAR | NET WRITEOFF'S | GROSS REVENUES | SALES FOR RESALE OTHER | SALES FOR RESALE FIRM | NET REVENUES | PERCENT WRITEOFF'S TO REVENUE | |
|----------|--|----------------|------------------|------------------------|-----------------------|------------------|-------------------------------|---------|
| 1 | 12 MOS ENDED | DECEMBER | | | | AUGUST | | |
| 2 | 2004 | \$ 5,022,599 | \$ 1,406,581,058 | \$ 58,008,246 | \$ 361,860 | \$ 1,348,210,952 | 0.3725% | |
| 3 | 2005 | \$ 5,360,802 | \$ 1,529,132,527 | \$ 87,141,570 | \$ 350,697 | \$ 1,441,640,260 | 0.3719% | |
| 4 | 2007 | \$ 6,199,334 | \$ 1,922,618,327 | \$ 111,070,231 | \$ 373,024 | \$ 1,811,175,072 | 0.3423% | |
| 5 | 3-Yr Average of Net Write Off Rate | | | | | | | 0.3622% |
| 6 | | | | | | | | |
| 7 | Test Period Revenues | | \$ 2,218,090,420 | \$ 173,342,971 | \$ 369,320 | \$ 2,044,378,130 | | |
| 8 | | | | | | | | |
| 9 | PROFORMA BAD DEBT RATE | | | | | 0.3622% | | |
| 10 | PROFORMA BAD DEBTS | | | | | \$ 7,404,738 | | |
| 11 | | | | | | | | |
| 12 | UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR | | | | | 8,976,051 | | |
| 13 | INCREASE (DECREASE) EXPENSE | | | | | | \$ (1,571,313) | |
| 14 | | | | | | | | |
| 15 | INCREASE (DECREASE) FIT | | | | | 35% | 549,960 | |
| 16 | INCREASE (DECREASE) NOI | | | | | | \$ 1,021,353 | |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.14 MISCELLANEOUS EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE CASE
CONTESTED

| LINE | | | Restated Proforma | |
|------|---|------------|----------------------|---------------------|
| NO. | DESCRIPTION | Test Year | Level | Adjustment |
| 1 | <u>OPERATING REVENUES</u> | | | |
| 2 | Other Operating Revenues | | | |
| 3 | Amortization of Summit Buyout Purchase Option | 169,628 | 1,017,765 | 848,138 |
| 4 | Increase (Decrease) in Revenue | 169,628 | 1,017,765 | 848,138 |
| 5 | | | | |
| 6 | | | | |
| 7 | <u>OPERATING EXPENSES</u> | | | |
| 8 | Amort of Deferred Taxes of Indirect Overheads | | | |
| 9 | Regulatory Asset (WUTC DOC # UE-051527) | 2,048,627 | 0 | (2,048,627) |
| 10 | Amort of Interest Associated with Deferral of Unrecovered | | | |
| 11 | Residential Exchange Benefits Credited to Customers (WUTC | | | |
| 12 | DOC # UE-071024) | 247,904 | 484,913 | 237,009 |
| 13 | Cost of Planned Transmission Vegetation Management Wire Zone. | 2,987,000 | 2,300,000 | (687,000) |
| 14 | <i>Increase in Service Contract O&M Baseline Charges, Transmission</i> | 783,838 | 783,838 | 0 |
| 15 | <i>Increase in Service Contract O&M Baseline Charges, Distribution</i> | 27,737,607 | 27,737,607 | 0 |
| 16 | Company Store- Net Purchase/Sales of Merchandise in A&G | (2,376) | | 2,376 |
| 17 | Summit Building Contractual Rent 4th Floor-New | 193,718 | 506,302 | 312,584 |
| 18 | Summit Building Contractual Rent Increases | 1,622,420 | 2,252,355 | 629,936 |
| 19 | Airport Parking | 13,138 | | (13,138) |
| 20 | Athletic Events - Charged Above the Line | 13,505 | | (13,505) |
| 21 | ADVERTISING EXPENSES RELATED TO MERGER | 1,831 | 0 | (1,831) |
| 22 | Increase(Decrease) in Expense | 35,647,212 | 34,065,015 | (1,582,196) |
| 23 | | | | |
| 24 | Increase(Decrease) in Operating Expense | | | (2,430,334) |
| 25 | Increase(Decrease) FIT @ 35% | | | 850,617 |
| 26 | | | | |
| 27 | Increase(Decrease) NOI | | | <u>\$ 1,579,717</u> |
| 28 | | | | |
| 29 | The Public Counsel originally removed the cost of Green Power advertising. That element of this adjustment | | | |
| 30 | has been removed pursuant to Story rebuttal testimony page 31. The concession made by PSE in rebuttal | | | |
| 31 | for merger-related advertising has been added. The remaining difference between PSE and Public Counsel | | | |
| 32 | on this schedule relates to T&D contractor cost escalation proposed by PSE but rejected by Public Counsel. | | | |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.15 PROPERTY TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE CASE
UNCONTESTED**

| DESCRIPTION | WASHINGTON | MONTANA | OREGON | TOTAL |
|--|------------------|----------------|---------------|------------------|
| 1 RESTATED PROPERTY TAX AT 1/1/2009 | \$ 2,191,761,000 | \$ 527,151,585 | \$ 57,850,000 | \$ 2,776,762,585 |
| 2 | | | | |
| 3 AVERAGE SYSTEM RATIO 12/2009 | 94.85% | 6.61% | 100.00% | |
| 4 | | | | |
| 5 CALCULATED ASSESSED VALUE | \$ 2,078,885,309 | \$ 34,844,720 | \$ 57,850,000 | \$ 2,171,580,028 |
| 6 | | | | |
| 7 ESTIMATED LEVY RATE - PER PSE | 10.2 | 291.81 | 11.63 | |
| 8 | | | | |
| 9 CALCULATED PROPERTY TAX - | | | | |
| 10 OPERATIONS CENTRALLY ASSESSED | \$ 21,204,630 | \$ 10,168,038 | \$ 672,895 | \$ 32,045,563 |
| 11 | | | | |
| 12 ADD: OPERATIONS CENTRALLY ASSESSED | | | | |
| 13 TAXES - 2008 | 325,000 | 11,304 | | \$ 336,304 |
| 14 | | | | |
| 15 TOTAL PUBLIC COUNSEL PROPOSED | | | | |
| 16 ELECTRIC PROPERTY TAXES | \$ 21,529,630 | \$ 10,179,342 | \$ 672,895 | 32,381,867 |
| 17 | | | | |
| 18 LESS: | | | | |
| 19 CHARGED TO EXPENSE IN TY | (22,130,476) | (10,434,323) | (687,927) | (33,252,726) |
| 20 | | | | |
| 21 PROFORMA PROPERTY TAX ADJUSTMENTS | | | | |
| 22 INCLUDED AS PART OF SEPARATE PRODUCTION | | | | |
| 23 PLANT ADJUSTMENTS BY PSE FOR WHICH | | | | |
| 24 PROFORMA PROPERTY TAXES CALCULATED | | | | |
| 25 ABOVE WOULD HAVE BEEN PROVIDED: | | | | |
| 26 - HOPKINS EXPANSION (10.06) | (61,385) | | | (61,385) |
| 27 - MINT FARM (10.08) | (820,244) | | | (820,244) |
| 28 - SUMAS (10.09) | (149,575) | | | (149,575) |
| 29 - WHITEHORN (10.10) | (78,026) | | | (78,026) |
| 30 - FREDONIA | (159,747) | | | (159,747) |
| 31 | | | | |
| 32 PUBLIC COUNSEL ADJUSTMENT DECREASING | | | | |
| 33 PROPERTY TAX EXPENSE | (1,869,822) | (254,981) | (15,032) | (2,139,836) |
| 34 | | | | |
| 35 INCREASE(DECREASE) FIT @ | | | | 748,942 |
| 36 INCREASE(DECREASE) NOI | | | | 1,390,893 |
| 37 | | | | |

38 **The impact of the change in this Company-proposed adjustment was reflected on Schedule C-10**
39 **of Exhibit No.__(JRD-2C)**

40
41 **Public Counsel does not necessarily agree with Mr. Marcellia's rebuttal conclusions regarding the**
42 **need to upwardly revise the estimated tax levy rate. Public Counsel nonetheless has accepted PSE's**
43 **rebuttal update position on property taxes given the remaining value of the potential difference.**

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.16 EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED

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

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.17 DIRECTOR AND OFFICER INSURANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE CASE
CONTESTED

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|--|--------------------------|
| 1 | | |
| 2 | | |
| 3 | PROFORMA DIRECTORS AND OFFICER'S | |
| 4 | INSURANCE FOR ELECTRIC OPERATIONS | |
| 5 | AS PROPOSED BY PSE | \$ 308,932 (1) |
| 6 | | |
| 7 | <i>LESS ONE-HALF ASSIGNED TO SHAREHOLDERS</i> | <u>(154,466)</u> |
| 8 | | |
| 9 | <i>PUBLIC COUNSEL PROPOSED PROFORMA LEVEL</i> | |
| 10 | <i>OF D&O INSURANCE</i> | 154,466 |
| 11 | | |
| 12 | TEST YEAR D&O INSURANCE CHARGED | |
| 13 | TO ELECTRIC EXPENSE | <u>624,952 (1)</u> |
| 14 | | |
| 15 | DECREASE TO EXPENSE | (470,486) |
| 16 | | |
| 17 | INCREASE(DECREASE) FIT @ 35% | <u>\$ 164,670</u> |
| 18 | INCREASE(DECREASE) NOI | <u><u>\$ 305,816</u></u> |
| 19 | | |
| 20 | (1) Per PSE Exhibit No.__(JHS-10), Adjustment 10.17 | |
| 21 | | |
| 22 | | |
| 23 | The impact of the change in this Company-proposed adjustment was reflected on | |
| 24 | Schedule C-9 of Exhibit No.__(JRD-2C) | |

Public Counsel Revenue Requirement Summary

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

| LINE NO. | DESCRIPTION | | AMOUNT |
|---------------------|---|----------------|------------------|
| 1 | RESTATED KWH (COLSTRIP) | 5,144,169,391 | |
| 2 | TAX RATE | <u>0.00035</u> | |
| 3 | | | |
| 4 | RESTATED ENERGY TAX | | 1,800,459 |
| 5 | CHARGED TO EXPENSE | | <u>1,878,891</u> |
| 6 | INCREASE (DECREASE) EXPENSE | | \$ (78,432) |
| 7 | | | |
| 8 | INCREASE (DECREASE) FIT @ 35% | | <u>27,451</u> |
| 9 | INCREASE (DECREASE) NOI | | <u>\$ 50,981</u> |
| 10 | | | |
| 11 | Public Counsel did not originally take issue with any element of this Company adjustment and | | |
| 12 | accordingly has updated this adjustment consistent with PSE's rebuttal update | | |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.19 INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
2009 GENERAL RATE INCREASE
UNCONTESTED

| LINE | DESCRIPTION | AMOUNT |
|-------------|---|--------------------|
| 1 | INTEREST EXPENSE FOR THE RESTATED TEST YEAR | \$ 61,479 |
| 2 | | |
| 3 | INCREASE (DECREASE) NOI | <u>\$ (61,479)</u> |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.20 SFAS 133
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED**

| LINE NO. | | ACTUAL | RESTATED | ADJUSTMENT |
|-------------|-------------------------------------|--------------|----------|---------------------|
| 1 | FAS 133 OPERATING EXPENSE | \$ 7,537,999 | \$ - | \$ (7,537,999) |
| 2 | | | | |
| 3 | INCREASE (DECREASE) IN EXPENSE | \$ 7,537,999 | \$ - | \$ (7,537,999) |
| 4 | | | | |
| 5 | INCREASE(DECREASE) OPERATING INCOME | | | 7,537,999 |
| 6 | | | | |
| 7 | INCREASE (DECREASE) DEFERRED FIT @ | 35% | | 2,638,300 |
| 8 | | | | |
| 9 | INCREASE (DECREASE) NOI | | | <u>\$ 4,899,699</u> |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.21 RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED**

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

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.22 DEFERRED GAINS/LOSSES ON PROPERTY SALES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|---|----------------|
| 1 | DEFERRED GAIN RECORDED SINCE UE-072300, <i>et al.</i> at 03/31/2010 | \$ (6,018,504) |
| 2 | DEFERRED LOSS RECORDED SINCE UE-072300, <i>et al.</i> at 03/31/2010 | 359,182 |
| 3 | TOTAL DEFERRED NET (GAIN) LOSS TO AMORTIZE | \$ (5,659,321) |
| 4 | | |
| 5 | AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR RATE YEAR (Line 3/3years) | (1,886,440) |
| 6 | | |
| 7 | AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR TEST YEAR | (2,266,696) |
| 8 | | |
| 9 | INCREASE (DECREASE) EXPENSE (Line 5 - Line 7) | \$ 380,255 |
| 10 | | |
| 11 | INCREASE (DECREASE) FIT @ 35% | (133,089) |
| 12 | | |
| 13 | INCREASE (DECREASE) NOI | \$ (247,166) |
| 14 | | |
| 15 | Public Counsel did not originally take issue with any element of this Company adjustment and | |
| 16 | accordingly has updated this adjustment consistent with PSE's rebuttal update | |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.23 PROPERTY & LIABILITY INSURANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
CONTESTED**

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | ADJUSTMENT |
|----------|---------------------------------------|--------------|--------------|--------------|
| 1 | PROPERTY INSURANCE EXPENSE | \$ 1,421,247 | \$ 2,021,620 | \$ 600,373 |
| 2 | LIABILITY INSURANCE EXPENSE | 1,100,143 | 1,311,610 | 211,467 |
| 3 | INCREASE(DECREASE) EXPENSE | \$ 2,521,391 | \$ 3,333,230 | \$ 811,840 |
| 4 | | | | |
| 5 | INCREASE (DECREASE) OPERATING EXPENSE | | | 811,840 |
| 6 | | | | |
| 7 | INCREASE (DECREASE) FIT @ | 35% | | (284,144) |
| 8 | INCREASE (DECREASE) NOI | | | \$ (527,696) |
| 9 | | | | |

11 The source for the Proforma Property Insurance Expense amount
12 being proposed by Public Counsel is a supporting Excel spreadsheet
13 entitled "Public Counsel Property Insurance Adjustment.xls"
14
15 **The impact of the change in this Company-proposed adjustment was reflected on**
16 **Schedule C-4 of Exhibit No. __ (JRD-2C)**

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.24 PENSION PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
CONTESTED**

| LINE NO. | DESCRIPTION | ACTUAL | RESTATED | ADJUSTMENT |
|----------|---|--------------|--------------|--------------|
| 1 | QUALIFIED RETIREMENT FUND | \$ (157,074) | \$ 2,362,680 | \$ 2,519,754 |
| 2 | SERP PLAN | 1,771,381 | - | (1,771,381) |
| 3 | INCREASE(DECREASE) EXPENSE | \$ 1,614,306 | \$ 2,362,680 | \$ 748,373 |
| 4 | | | | |
| 5 | INCREASE(DECREASE) OPERATING EXPENSE | | | 748,373 |
| 6 | | | | |
| 7 | INCREASE (DECREASE) FIT @ | 35% | | (261,931) |
| 8 | INCREASE (DECREASE) NOI | | | \$ (486,442) |
| 9 | | | | |
| 10 | Calculation of Restated Qualified Retirement Expense | | | |
| 11 | Pension Contributions to Qualified Retirement | | | |
| 12 | Plan for years ending December: | | | |
| 13 | 2005 | | \$ | - |
| 14 | 2006 | | \$ | - |
| 15 | 2007 | | \$ | - |
| 16 | 2008 | | \$ | 24,500,000 |
| 17 | | | | |
| 18 | Four year average of contributions to qualified | | | |
| 19 | retirement plans | | \$ | 6,125,000 |
| 20 | | | | |
| 21 | Allocate to Operations and Maintenance Expense | | | 59.40% |
| 22 | | | | |
| 23 | Subtotal - Pension contributions allocated to O&M | | \$ | 3,638,250 |
| 24 | | | | |
| 25 | Allocation to electric operations | | | 64.94% |
| 26 | | | | |
| 27 | Proforma electric operations pension expense | | | |
| 28 | recommended by Public Counsel | | | 2,362,680 |
| 29 | | | | |
| 30 | The impact of the change in this Company-proposed adjustment was reflected on | | | |
| 31 | Schedules C-7 and C-8 of Exhibit No.__(JRD-2C) | | | |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.25 WAGE INCREASE
FOR THE TWELVE MONTHS ENDED DECEMBER 30, 2008
2009 GENERAL RATE INCREASE
CONTESTED**

| LINE NO. | DESCRIPTION | TEST YEAR | RATE YEAR | ADJUSTMENT |
|----------|--|---------------|---------------|-----------------------|
| 1 | WAGES: | | | |
| 2 | PURCHASED POWER | \$ 3,120,093 | \$ 3,222,432 | \$ 102,339 |
| 3 | OTHER POWER SUPPLY | 13,571,238 | 14,082,490 | 511,252 |
| 4 | TRANSMISSION | 11,343,900 | 11,785,109 | 441,209 |
| 5 | DISTRIBUTION | 11,993,826 | 12,449,531 | 455,705 |
| 6 | CUSTOMER ACCTS | 10,174,505 | 10,572,969 | 398,464 |
| 7 | CUSTOMER SERVICE | 1,279,692 | 1,324,348 | 44,656 |
| 8 | SALES | 329,849 | 340,650 | 10,801 |
| 9 | ADMIN. & GENERAL | 20,978,180 | 21,598,171 | 619,991 |
| 10 | TOTAL WAGE INCREASE | 72,791,283 | 75,375,700 | 2,584,417 |
| 11 | | | | |
| 12 | PAYROLL TAXES | 6,333,220 | 6,558,078 | 224,858 |
| 13 | TOTAL WAGES & TAXES | \$ 79,124,503 | \$ 81,933,778 | \$ 2,809,275 |
| 14 | | | | |
| 15 | INCREASE (DECREASE) OPERATING EXPENSE | | | \$ 2,809,275 |
| 16 | INCREASE (DECREASE) FIT @ 35% | | | (983,246) |
| 17 | INCREASE (DECREASE) NOI | | | <u>\$ (1,826,029)</u> |
| 18 | | | | |
| 19 | The source for the Proforma Rate Year Wage/Payroll Tax Expense amount | | | |
| 20 | being proposed by Public Counsel is a supporting Excel spreadsheet | | | |
| 21 | entitled "Public Counsel PSE Wage Adjustment.xls" | | | |
| 22 | | | | |
| 23 | The impact of the change in this Company-proposed adjustment was reflected on | | | |
| 24 | Schedule C-2 of Exhibit No.__(JRD-2C) | | | |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.26 INVESTMENT PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
2009 GENERAL RATE INCREASE
CONTESTED

| LINE NO. | DESCRIPTION | AMOUNT |
|---------------------|--|---------------------|
| 1 | <i>ELECTRIC O&M PAYROLL AS PROPOSED BY PUBLIC</i> | |
| 2 | <i>COUNSEL ON ADJ'T. NO. 10.25</i> | \$ 75,375,700 |
| 3 | | |
| 4 | <i>TEST YEAR ACTUAL ELECTRIC O&M WAGE</i> | <u>72,791,283</u> |
| 5 | | |
| 6 | <i>FACTOR TO CONSIDER THE WAGE INCREASE BEING</i> | |
| 7 | <i>RECOMMENED BY THE PUBLIC COUNSEL (LINE 2/LINE 4)</i> | 1.0355045 |
| 8 | | |
| 9 | <i>TEST YEAR ACTUAL INVESTMENT PLAN EXPENSE</i> | <u>\$ 3,775,755</u> |
| 10 | | |
| 11 | <i>PROFORMA INVESTMENT PLAN EXPENSE</i> | 3,909,811 |
| 12 | | |
| 13 | INCREASE (DECREASE) IN EXPENSE | 134,056 |
| 14 | INCREASE (DECREASE) IN FIT @ 35% | <u>(46,920)</u> |
| 15 | INCREASE (DECREASE) IN NOI | \$ (87,137) |
| 16 | | |
| 17 | | |
| 18 | The impact of the change in this Company-proposed adjustment was reflected on | |
| 19 | Schedule C-2 of Exhibit No. __ (JRD-2C) | |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.27 EMPLOYEE INSURANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
CONTESTED**

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|--|----------------------------|
| 1 | TEST YEAR AVERAG TOTAL NO. OF EMPLOYEES | 2,613 |
| 2 | | |
| 3 | AVERAGE FLEX CREDIT PER EMPLOYEE PER | |
| 4 | MONTH EFFECTIVE IN 2009 | <u>\$ 910</u> |
| 5 | | |
| 6 | TOTAL FLEX CREDIT COSTS PER MONTH | \$ 2,377,830 |
| 7 | | |
| 8 | PROFORMA TOTAL PSE FLEX CREDITS - TIMES 12 MONTHS | 28,533,960 |
| 9 | | |
| 10 | PERCENT TO ELECTRIC OPERATIONS | <u>64.94%</u> |
| 11 | | |
| 12 | TOTAL PROFORMA ELECTRIC OPERATIONS FLEX CREDIT COSTS | 18,529,954 |
| 13 | | |
| 14 | PERCENT TO ELECTRIC EXPENSE | <u>59.40%</u> |
| 15 | | |
| 16 | PUBLIC COUNSEL PROPOSED PROFORMA FLEX | |
| 17 | CREDIT FOR ELECTRIC OPERATING EXPENSE | 11,006,792 |
| 18 | | |
| 19 | CHARGED TO EXPENSE 12 MONTH ENDING DECEMBER 2008 | 10,217,330 |
| 20 | | |
| 21 | INCREASE(DECREASE) OPERATING EXPENSE | <u>789,463</u> |
| 22 | | |
| 23 | INCREASE(DECREASE) FIT @ 35% | (276,312) |
| 24 | | |
| 25 | INCREASE(DECREASE) NOI | <u><u>\$ (513,151)</u></u> |
| 26 | | |
| 27 | The impact of the change in this Company-proposed adjustment was reflected on | |
| 28 | Schedule C-3 of Exhibit No.__(JRD-2C) | |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.28 INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA RESTATED | ADJUSTMENT |
|----------|---------------------------------------|--------------|-------------------|----------------|
| 1 | <u>OPERATING EXPENSES (RESTATED)</u> | | | |
| 2 | PURCHASED POWER | \$ 291,735 | \$ 221,008 | \$ (70,727) |
| 3 | OTHER POWER SUPPLY | 1,267,586 | 968,916 | (298,670) |
| 4 | TRANSMISSION | 1,059,495 | 811,571 | (247,924) |
| 5 | DISTRIBUTION | 1,120,699 | 856,601 | (264,098) |
| 6 | CUSTOMER ACCTS | 950,690 | 728,240 | (222,450) |
| 7 | CUSTOMER SERVICE | 119,686 | 91,095 | (28,591) |
| 8 | SALES | 30,602 | 23,291 | (7,311) |
| 9 | ADMIN. & GENERAL | 1,959,863 | 1,475,112 | (484,751) |
| 10 | TOTAL INCENTIVE/MERIT PAY | \$ 6,800,356 | \$ 5,175,834 | \$ (1,624,522) |
| 11 | | | | |
| 12 | PAYROLL TAXES ASSOC WITH MERIT PAY | 528,346 | 402,131 | (126,215) |
| 13 | INCREASE(DECREASE) EXPENSE | 7,328,702 | 5,577,965 | (1,750,737) |
| 14 | | | | |
| 15 | INCREASE (DECREASE) OPERATING EXPENSE | | | (1,750,737) |
| 16 | | | | |
| 17 | INCREASE (DECREASE) FIT @ | | 35% | 612,758 |
| 18 | INCREASE (DECREASE) NOI | | | \$ 1,137,979 |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.29 MERGER SAVINGS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED

| LINE | NO. DESCRIPTION | ACTUAL | PROFORMA | ADJUSTMENT |
|-------------|----------------------------|---------------|-----------------|-------------------|
| 1 | | | | |
| 2 | OPEERATING EXPENSES | | | |
| 3 | MERGER SAVINGS | \$ 874,205 | - | (874,205) |
| 4 | INCREASE(DECREASE) EXPENSE | 874,205 | - | (874,205) |
| 5 | | | | |
| 6 | INCREASE(DECREASE) INCOME | | | (874,205) |
| 7 | | | | |
| 8 | INCREASE (DECREASE) FIT @ | | 35% | 305,972 |
| 9 | INCREASE (DECREASE) NOI | | | |
| 10 | | | | \$ 568,233 |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.30 STORM DAMAGE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED**

| LINE NO. | DESCRIPTION | AMOUNT | | |
|----------|---|--------------|--------------|-----------------------|
| | | Transmission | Distribution | Total |
| 1 | <u>NORMAL STORMS</u> | | | |
| 2 | ACTUAL O&M: | | | |
| 3 | TWELVE MONTHS ENDED 12/31/03 | \$ 247,140 | \$ 5,658,040 | \$ 5,905,180 |
| 4 | TWELVE MONTHS ENDED 12/31/04 | (11,319) | 9,133,971 | 9,122,653 |
| 5 | TWELVE MONTHS ENDED 12/31/05 | 122,468 | 3,449,456 | 3,571,923 |
| 6 | TWELVE MONTHS ENDED 12/31/06 | 450,748 | 10,435,721 | 10,886,469 |
| 7 | TWELVE MONTHS ENDED 12/31/07 | 376,353 | 8,672,798 | 9,049,151 |
| 8 | TWELVE MONTHS ENDED 12/31/08 | 77,335 | 9,881,618 | 9,958,953 |
| 9 | TOTAL NORMAL STORMS | 1,262,725 | 47,231,604 | 48,494,329 |
| 10 | | | | |
| 11 | SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR | 210,454 | 7,871,934 | 8,082,388 |
| 12 | | | | |
| 13 | CHARGED TO EXPENSE FOR TEST YEAR ENDED 12/31/08: | | | |
| 14 | STORM DAMAGE EXPENSE (LINE 8) | 77,335 | 9,881,618 | 9,958,953 |
| 15 | | | | |
| 16 | INCREASE (DECREASE) OPERATING EXPENSE | 133,119 | (2,009,684) | (1,876,565) |
| 17 | | | | |
| 18 | | | | |
| 19 | <u>CATASTROPHIC STORMS</u> | | | |
| 20 | DEFERRED BALANCES FOR 4 YEAR AMORTIZATION AT | | | |
| 21 | START OF RATE YEAR (4/1/10): | | | |
| 22 | 2006 STORM DAMAGE (EXCL 12/13/06 WIND STOR | 17,706,790 | | |
| 23 | 2007 STORM DAMAGE | 13,794,354 | | |
| 24 | 2008 STORM DAMAGE | 1,998,779 | | |
| 25 | TOTAL | 33,499,923 | | |
| 26 | ANNUAL AMORTIZATION (LINE 25 , 4 YEARS) | 8,374,981 | | |
| 27 | | | | |
| 28 | DEFERRED BALANCES FOR 10 YEAR AMORTIZATION AT | | | |
| 29 | START OF RATE YEAR (4/1/10): | | | |
| 30 | 12/13/06 WIND STORM | 68,317,669 | | |
| 31 | TOTAL | 68,317,669 | | |
| 32 | ANNUAL AMORTIZATION (LINE 31 , 103 (# OF MONTHS REMAINING) X | 7,959,340 | | |
| 33 | TOTAL RATE YEAR AMORTIZATION | | 16,334,321 | |
| 34 | LESS CATASTROPHIC STORM AMORT AS (12/31/08) | | 4,956,181 | |
| 35 | | | | |
| 36 | INCREASE (DECREASE) OPERATING EXPENSE (LINE 26+LINE 32 - LINE | 7,959,340 | | 11,378,140 |
| 37 | | | | |
| 38 | TOTAL INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 36) | | | 9,501,575 |
| 39 | | | | |
| 40 | INCREASE (DECREASE) FIT @ 35% (LINE 38 X 35%) | | | (3,325,551) |
| 41 | | | | |
| 42 | INCREASE (DECREASE) NOI | | | <u>\$ (6,176,024)</u> |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.31 REGULATORY ASSETS AND LIABILITIES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
2009 GENERAL RATE INCREASE
CONTESTED**

| LINE NO. | DESCRIPTION | TEST YEAR | RATE YEAR | ADJUSTMENT |
|----------|--|----------------|---------------|------------------|
| 1 | <u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u> | | | |
| 2 | CABOT BUYOUT | \$ 360,425 | \$ - | \$ (360,425) |
| 3 | TENASKA | 118,166,087 | 47,565,333 | (70,600,754) |
| 4 | BEP | 21,714,195 | 16,211,898 | (5,502,297) |
| 5 | WHITE RIVER PLANT COSTS | 35,059,015 | 30,893,115 | (4,165,899) |
| 6 | WHITE RIVER RELICENSING & CWIP | 19,828,326 | 19,459,947 | (368,379) |
| 7 | PROCEED FROM THE SALE OF WHITE RIVER | - | (27,074,057) | (27,074,057) (3) |
| 8 | CANWEST | (319,932) | - | 319,932 |
| 9 | HOPKINS RIDGE PREPAID TRANSMISSION | 6,017,545 | 938,032 | (5,079,513) |
| 10 | GOLDENDALE FIXED COSTS DEFERRAL | 7,814,472 | 2,930,761 | (4,883,711) |
| 11 | HOPKINS RIDGE MITIGATION CREDIT | (775,674) | (160,522) | 615,152 |
| 12 | COLSTRIP SETTLEMENT - UE-080900 Account 186 | - | - | - |
| 13 | WESTCOAST PIPELINE CAPACITY - UE-082013 | (713,271) | (2,060,421) | (1,347,150) |
| 14 | OVER RECOVERY OF MAJOR MAINTENANCE | | | - |
| 15 | TOTAL REGULATORY ASSETS | \$ 207,151,187 | \$ 88,704,086 | \$ (118,447,101) |
| 16 | | | | |
| 17 | | | | |
| 18 | <u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u> | | | |
| 19 | CABOT BUYOUT | \$ 1,410,033 | \$ - | \$ (1,410,033) |
| 20 | TENASKA (AMORT OF AFPC PORTION) | 4,802,000 | 6,051,143 | 1,249,143 |
| 21 | BEP | 3,526,620 | 3,526,620 | - |
| 22 | WHITE RIVER PLANT COSTS | 1,494,702 | 1,494,702 | - |
| 23 | WHITE RIVER RELICENSING & CWIP | | | - |
| 24 | CANWEST | (1,898,741) | - | 1,898,741 |
| 25 | HOPKINS RIDGE PREPAID TRANSMISSION | 1,992,888 | 1,925,091 | (67,797) |
| 26 | GOLDENDALE FIXED COSTS DEFERRAL | 693,692 | 4,162,154 | 3,468,462 |
| 27 | HOPKINS RIDGE MITIGATION CREDIT | (241,917) | (846,708) | (604,792) |
| 28 | COLSTRIP SETTLEMENT - UE-080900 | 10,487,160 | | (10,487,160) (2) |
| 29 | WESTCOAST PIPELINE CAPACITY - UE-082013 | - | (392,150) | (392,150) |
| 30 | AMORTIZATION OF OVER-RECOVERY OF MAJOR MAINTENANCE | | | - |
| 31 | TOTAL AMORTIZATION OF REG ASSETS/LIABS | 22,266,437 | 15,920,852 | (6,345,586) (1) |
| 32 | | | | |
| 33 | TENASKA FLOW THRU | 23,470,000 | 32,254,250 | 8,784,250 |
| 34 | | | | |
| 35 | TOTAL REGULATORY AMORT (LINE 29 + LINE 31) | | | 2,438,664 |
| 36 | | | | |
| 37 | INCREASE (DECREASE) FIT ON LINE 29 | | 35% | 2,220,955 |
| 38 | | | | |
| 39 | INCREASE (DECREASE) NOI (LINE 33 + LINE 35) | | | \$ (4,659,619) |
| 40 | | | | |
| 41 | (1) PSE proposed the amortization of over-recovered production major maintenance costs | | | |
| 42 | which was eliminated with an adjustment shown on Schedule C-20 of Public | | | |
| 43 | Counsel Exhibit No. __ (JRD-2C). PSE's rate base proposal for this item was | | | |
| 44 | eliminated on Schedule B-3. | | | |
| 45 | | | | |
| 46 | (2) PSE proposed the amortization of deferred Colstrip litigation costs which was | | | |
| 47 | eliminated with an adjustment shown on Schedule C-19 of Public Counsel | | | |
| 48 | Exhibit No. __ (JRD-2C). PSE's rate base proposal for this item was | | | |
| 49 | eliminated on Schedule B-2. | | | |
| 50 | | | | |
| 51 | (3) The PSE-calculated level of expected White River sale net proceeds was | | | |
| 52 | was adjusted on Schedule B-4 of Public Counsel Exhibit No. __ (JRD-2C) | | | |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.32 DEPRECIATION STUDY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED**

| LINE NO. | DESCRIPTION | TEST YEAR | RESTATED | ADJUSTMENT |
|----------|--|-----------------------|-----------------------|-----------------------|
| 1 | <u>ADJUSTMENT TO OPERATING EXPENSES</u> | | | |
| 2 | <u>DEPRECIATION EXPENSE</u> | | | |
| 3 | 403 DEPRECIATION EXPENSE | \$ 163,345,135 | \$ 151,549,221 | \$ (11,795,914) |
| 4 | 403 ELEC PORTION OF COMMON | 5,390,885 | 8,077,208 | 2,686,323 |
| 5 | 403 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY | 4,462,322 | 4,462,322 | - |
| 6 | SUBTOTAL DEPRECIATION EXPENSE 403 | <u>\$ 173,198,341</u> | <u>\$ 164,088,750</u> | <u>\$ (9,109,591)</u> |
| 7 | | | | |
| 8 | 403.1 DEPR. EXP- FAS 143 (RECOVERED IN RATES) | 102,031 | 108,699 | 6,668 |
| 9 | 403.1 DEPR. EXP - FAS 143 (NOT RECOVERED IN RATES) | 6,668 | - | (6,668) |
| 10 | SUBTOTAL DEPRECIATION EXPENSE 403.1 | <u>\$ 108,699</u> | <u>\$ 108,699</u> | <u>\$ (0)</u> |
| 11 | | | | |
| 12 | TOTAL DEPRECIATION EXPENSE | <u>173,307,040</u> | <u>164,197,450</u> | <u>(9,109,591)</u> |
| 13 | | | | |
| 14 | <u>AMORTIZATION EXPENSE</u> | | | |
| 15 | 4111 ACCRETION EXP. - FAS 143 (RECOVERED IN RATES) | 832,086 | 968,936 | 136,850 |
| 16 | 4111 ACCRETION EXP. - FAS 143 (NOT RECOVERED IN RATES) | 136,850 | - | (136,850) |
| 17 | SUBTOTAL ACCRETION EXPENSE 411.1 | <u>968,936</u> | <u>968,936</u> | <u>(0)</u> |
| 18 | | | | |
| 19 | FLEET DEPR. EXP. ON INC STMT NOT RECORDED IN 403 | - | - | - |
| 20 | | | | |
| 21 | INCREASE(DECREASE) EXPENSE | | | \$ (9,109,591) |
| 22 | | | | |
| 23 | INCREASE (DECREASE) FIT @ | | 35% | |
| 24 | INCREASE(DECREASE) NOI | | | <u>\$ 9,109,591</u> |
| 25 | | | | |
| 26 | | | | |
| 27 | <u>ADJUSTMENT TO RATE BASE</u> | | | |
| 28 | ADJUST ACCUM. DEPR. FOR ADDITIONAL DEPRECIATION EXPENSE (50% OF LINE 21) | | | 4,554,795 |
| 29 | | | | - |
| 30 | ADJUSTMENT TO RATE BASE | | | <u>\$ 4,554,795</u> |

**Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.33 FREDONIA POWER PLANT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED**

| LINE NO. | DESCRIPTION | TEST YEAR | PROFORMA | ADJUSTMENT |
|----------|---|-----------------------|----------------------|----------------------|
| 1 | <u>RATEBASE</u> | | | |
| 2 | UTILITY PLANT BALANCE | \$ - | \$ 70,121,452 | \$ 70,121,452 |
| 3 | ACCUMULATED DEPRECIATION | - | (27,953,023) | (27,953,023) |
| 4 | DEFERRED FIT | (5,482,293) | (6,137,767) | (655,475) |
| 5 | <u>TOTAL RATEBASE</u> | <u>\$ (5,482,293)</u> | <u>\$ 36,030,662</u> | <u>\$ 41,512,955</u> |
| 6 | | | | |
| 7 | | | | |
| 8 | <u>OPERATING EXPENSES</u> | | | |
| 9 | LEASE PAYMENT | | | |
| 10 | DEPRECIATION EXPENSE | \$ - | \$ 1,617,141 | \$ 1,617,141 |
| 11 | PROPERTY INSURANCE | 38,324 | 67,557 | 29,233 |
| 12 | PROPERTY TAXES | 179,053 | 159,747 | (19,306) |
| 13 | INCREASE (DECREASE) EXPENSE | \$ 217,376 | \$ 1,844,444 | \$ 1,627,068 |
| 14 | | | | |
| 15 | INCREASE (DECREASE) EXPENSE | 217,376 | 1,844,444 | 1,627,068 |
| 16 | | | | |
| 17 | INCREASE (DECREASE) FIT @ | 35% (76,082) | (645,556) | (569,474) |
| 18 | INCREASE (DECREASE) NOI | \$ (141,294) | \$ (1,198,888) | \$ (1,057,594) |
| 19 | | | | |
| 20 | This adjustment was updated to agree with PSE's rebuttal testimony | | | |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.34 AMORTIZATION OF MINT FARM DEFERRED COSTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
CONTESTED

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | ADJUSTMENT |
|----------|--|------------|----------|--------------|
| 1 | | | | |
| 2 | AMORTIZATION OF FIXED COST DEFERRAL | \$ - | \$ - | - |
| 3 | DEFERRAL OF MINT FARM FIXED COSTS | (776,937) | - | 776,937 |
| 4 | AMORTIZATION OF FIXED COST DEFERRAL | (776,937) | - | 776,937 |
| 5 | | | | |
| 6 | INCREASE (DECREASE) OPERATING EXPENSES | | | 776,937 |
| 7 | | | | |
| 8 | INCREASE(DECREASE) FIT @ | | 35% | (271,928) |
| 9 | | | | |
| 10 | INCREASE(DECREASE) NOI | | | \$ (505,009) |
| 11 | | | | |
| 12 | RATE BASE | | | |
| 13 | MINT FARM AMA GROSS - DEF & INT. | \$ 110,252 | \$ - | \$ (110,252) |
| 14 | MINT FARM AMA ACCUMULATED AMORTIZATION | - | - | \$ - |
| 15 | MINT FARM AMA ACCUMULATED DEFERRED FIT | (38,583) | - | \$ 38,583 |
| 16 | TOTAL MINT FARM RATE BASE | 71,669 | - | (71,669) |

17
18 This PSE-proposed proforma adjustment was eliminated with Schedule B-5 and Schedule C-22 of
19 Public Counsel Exhibit No.__(JRD-2C)

20
21 An error in presenting Public Counsel's Exhibit No.__(JRD-2C) was previously identified.
22 The "negative" expense related to the Mint Farm deferral occurring during the test
23 year should have been reversed. While we did not correct this error when
24 responding to Bench Request 1 in order that it would tie to Exhibit No. (JRD-2C)
25 it has been corrected within this update. The impact of this correction was
26 raise Public Counsel's revenue requirement by approximately \$800,000.

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.35 FLEET VEHICLES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | ADJUSTMENT |
|----------|---------------------------------|----------------|--------------|----------------|
| 1 | <u>FLEET OPERATING EXPENSES</u> | | | |
| 2 | LEASE PAYMENT | \$ 2,761,859 | \$ - | \$ (2,761,859) |
| 3 | DEPRECIATION EXPENSE | - | \$ 804,616 | 804,616 |
| 4 | INCREASE (DECREASE) EXPENSE | \$ 2,761,859 | \$ 804,616 | \$ (1,957,242) |
| 5 | | | | |
| 6 | INCREASE (DECREASE) EXPENSE | 2,761,859 | 804,616 | (1,957,242) |
| 7 | | | | |
| 8 | | 35% | | |
| 9 | INCREASE (DECREASE) FIT @ | (966,651) | (281,616) | 685,035 |
| 10 | INCREASE (DECREASE) NOI | \$ (1,795,208) | \$ (523,000) | \$ 1,272,207 |
| 11 | | | | |
| 12 | <u>RATEBASE</u> | | | |
| 13 | FLEET BALANCE | \$ - | \$ 8,777,632 | \$ 8,777,632 |
| 14 | ACCUMULATED DEPRECIATION | - | (603,462) | (603,462) |
| 15 | DEFERRED FIT | - | (726,142) | (726,142) |
| 16 | <u>NET FLEET RATEBASE</u> | \$ - | \$ 7,448,028 | \$ 7,448,028 |
| 17 | | | | |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.36 NET INTEREST PAID TO IRS ON SSCM
FOR TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
UNCONTESTED

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | ADJUSTMENT |
|----------|---|--------------|--------------|----------------|
| 1 | <u>AMORTIZATION OF DEFERRED SSCM NET</u> | | | |
| 2 | <u>INTEREST PAID TO IRS</u> | | | |
| 3 | AMORTIZATION EXPENSE | | 2,263,966 | 2,263,966 |
| 4 | TOTAL OPERATING EXPENSES | \$ - | \$ 2,263,966 | \$ 2,263,966 |
| 5 | | | | |
| 6 | INCREASE (DECREASE) EXPENSE | | | \$ 2,263,966 |
| 7 | | | | |
| 8 | INCREASE (DECREASE) FIT @ | | 35% | (792,388) |
| 9 | INCREASE (DECREASE) NOI | | | \$ (1,471,578) |
| 10 | | | | |
| 11 | RATEBASE | | | |
| 12 | <u>DEFERRED SSCM NET INTEREST PAID TO IRS</u> | | | |
| 13 | GROSS DEFERRED BALANCE | \$ 2,633,392 | \$ 4,527,932 | \$ 1,894,540 |
| 14 | ACCUM AMORTIZATION | | (1,131,983) | (1,131,983) |
| 15 | DEFERRED FEDERAL INCOME TAX | 897,536 | (1,188,582) | (2,086,118) |
| 16 | NET DEFERRED INTEREST ADDITION TO RATEBASE | \$ 3,530,928 | \$ 2,207,367 | \$ (1,323,561) |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.38 PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE

CONTESTED

| LINE NO. | DESCRIPTION | PUBLIC COUNSEL | | |
|----------|--|-----------------------|---------------------|-----------------------|
| | | PROFORMA AND RESTATED | PRODUCTION -1.760% | FIT 35% |
| 1 | <u>O&M ON PRODUCTION PROPERTY</u> | | | |
| 2 | PRODUCTION WAGE INCREASE AND INCENTIVE: | | | |
| 3 | PURCHASED POWER | \$ 31,612 | \$ 556 | (195) |
| 4 | OTHER POWER SUPPLY | 212,582 | 3,741 | (1,310) |
| 5 | TOTAL PRODUCTION WAGE INCREASE | <u>\$ 244,194</u> | <u>\$ 4,298</u> | <u>\$ (1,504)</u> |
| 6 | | | | |
| 7 | ADMIN & GENERAL EXPENSES | | | |
| 8 | PAYROLL OVERHEADS | \$ 3,736,588 | \$ 65,764 | (23,017) |
| 9 | PROPERTY INSURANCE | 3,091,496 | 54,410 | (19,044) |
| 10 | TOTAL ADMIN & GENERAL EXPENSES | <u>6,828,084</u> | <u>\$ 120,174</u> | <u>\$ (42,061)</u> |
| 11 | | | | |
| 12 | DEPRECIATION / AMORTIZATION: | | | |
| 13 | DEPRECIATION | \$ 49,724,655 | \$ 875,154 | (298,934) |
| 14 | AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB) | 11,165,209 | 196,508 | (45,533) |
| 15 | TOTAL DEPRECIATION AND AMORTIZATION (FERC 403) | <u>\$ 60,889,864</u> | <u>\$ 1,071,662</u> | <u>\$ (344,467)</u> |
| 16 | | | | |
| 17 | TAXES OTHER-PRODUCTION PROPERTY: | | | |
| 18 | PROPERTY TAXES - WASHINGTON | \$ 6,841,740 | \$ 120,415 | (42,145) |
| 19 | PROPERTY TAXES - MONTANA | 7,735,645 | 136,147 | (47,652) |
| 20 | ELECTRIC ENERGY TAX | 1,800,459 | 31,688 | (11,091) |
| 21 | PAYROLL TAXES | 1,585,202 | 27,900 | (9,765) |
| 22 | TOTAL TAXES OTHER | <u>\$ 17,963,046</u> | <u>\$ 316,150</u> | <u>\$ (110,652)</u> |
| 23 | | | | |
| 24 | <u>WILD HORSE EXPANSION AND MINT FARM</u> | | | |
| 25 | FUEL | \$ 60,053,640 | \$ 1,056,944 | (369,930) |
| 26 | PURCHASED POWER | - | - | - |
| 27 | WHEELING | 6,596,376 | 116,096 | (40,634) |
| 28 | SALES FOR RESALE | - | - | - |
| 29 | PRODUCTION O&M | 7,166,874 | 126,137 | (44,148) |
| 30 | TOTAL NEW PLANT | <u>73,816,889</u> | <u>1,299,177</u> | <u>(454,712)</u> |
| 31 | | | | |
| 32 | <u>O&M ON REGULATORY ASSETS:</u> | | | |
| 33 | CABOT BUYOUT | \$ - | \$ - | - |
| 34 | TENASKA (AMORT OF AFPC PORTION) | 6,051,143 | 106,500 | (37,275) |
| 35 | BEP | 3,526,620 | 62,069 | (21,724) |
| 36 | WHITE RIVER PLANT COSTS | 1,494,702 | 26,307 | (9,207) |
| 37 | WHITE RIVER RELICENSING & CWIP | - | - | - |
| 38 | CANWEST | - | - | - |
| 39 | HOPKINS RIDGE PREPAID TRANSMISSION | 1,925,091 | 33,882 | (11,859) |
| 40 | GOLDENDALE FIXED COSTS DEFERRAL | 4,162,154 | 73,254 | (25,639) |
| 41 | HOPKINS RIDGE MITIGATION CREDIT | (846,708) | (14,902) | 5,216 |
| 42 | COLSTRIP SETTLEMENT - UE-080900 | (0) | (0) | 0 |
| 43 | WESTCOAST PIPELINE CAPACITY - UE-082013 | (392,150) | (6,902) | 2,416 |
| 44 | MINT FARM DEFERRAL | - | - | - |
| 45 | OVER-RECOVERY MAJOR MAINTENANCE | - | - | - |
| 46 | <u>WILD HORSE EXPANSION DEFERRAL</u> | - | - | - |
| 47 | TOTAL AMORTIZATION OF REG ASSETS/LIABS | <u>\$ 15,920,851</u> | <u>\$ 280,207</u> | <u>\$ (98,072)</u> |
| 48 | | | | |
| 49 | TENASKA FLOW THRU | <u>\$ 32,254,250</u> | <u>\$ 567,675</u> | |
| 50 | TOTAL REGULATORY AMORT (LINE 46 + LINE 48) | <u>48,175,101</u> | <u>847,882</u> | <u>(98,072)</u> |
| 51 | | | | |
| 52 | | | | |
| 53 | INCREASE(DECREASE) EXPENSE | | 207,917,178 | 3,659,342 |
| 54 | INCREASE(DECREASE) FIT | | | <u>(1,051,470)</u> |
| 55 | INCREASE(DECREASE) NOI | | | <u>\$ (2,607,873)</u> |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.38 PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

Docket UE-090704/UG-090705
 Re-filed Exhibit No. JRD-2 per BR#1
REVISED 1/8/10
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CONTESTED
 Continued - Page 2

| | | | |
|----|---|-------------------------|-----------------------|
| 56 | <u>PRODUCTION PROPERTY RATE BASE:</u> | | |
| 57 | DEPRECIABLE PRODUCTION PROPERTY | \$ - | \$ - |
| 58 | LESS PRODUCTION PROPERTY ACCUM DEPR. | - | - |
| 59 | NON-DEPRECIABLE PRODUCTION PROPERTY (Baker, Whitehorn) | 94,327,207 | 1,660,159 |
| 60 | LESS PRODUCTION PROPERTY ACCUM AMORT. (Baker, Whitehorn) | (8,460,108) | (148,898) |
| 61 | COLSTRIP COMMON FERC ADJUSTMENT | 5,656,965 | 99,563 |
| 62 | COLSTRIP DEFERRED DEPRECIATION FERC ADJ. | 1,667,334 | 29,345 |
| 63 | ENCOGEN AND OTHER ACQUISITION ADJUSTMENTS | 189,055,996 | 3,327,386 |
| 64 | ACCUMULATED AMORTIZATION ON ACQUISITION ADJ | (8,324,244) | (146,507) |
| 65 | NET PRODUCTION PROPERTY | <u>273,923,150</u> | <u>4,821,047</u> |
| 66 | DEDUCT: | | |
| 67 | LIBR. DEPREC. POST 1980 (AMA) | \$ (201,437,452) | \$ (3,545,299) |
| 68 | OTHER DEF. TAXES (AMA) | (3,279,416) | (57,718) |
| 69 | SUBTOTAL | <u>\$ (204,716,868)</u> | <u>\$ (3,603,017)</u> |
| 70 | | | |
| 71 | ADJUSTMENT TO PRODUCTION RATE BASE | <u>\$ 69,206,282</u> | <u>\$ 1,218,031</u> |
| 72 | | | |
| 73 | <u>REGULATORY ASSETS RATE BASE:</u> | | |
| 74 | CABOT | \$ - | \$ - |
| 75 | TENASKA | 47,565,333 | 837,150 |
| 76 | BEP | 16,211,898 | 285,329 |
| 77 | WHITE RIVER PLANT COSTS | 30,893,115 | 543,719 |
| 78 | WHITE RIVER RELICENSING & CWIP | 19,459,947 | 342,495 |
| 79 | PROCEEDS FROM THE SALE OF WHITE RIVER | (27,074,057) | (476,503) |
| 80 | CANWEST | - | - |
| 81 | HOPKINS RIDGE PREPAID TRANSMISSION | 938,032 | 16,509 |
| 82 | GOLDENDALE FIXED COSTS DEFERRAL | 2,930,761 | 51,581 |
| 83 | HOPKINS RIDGE MITIGATION CREDIT | (160,522) | (2,825) |
| 84 | COLSTRIP SETTLEMENT - UE-080900 | - | - |
| 85 | WESTCOAST PIPELINE CAPACITY - UE-082013 | (2,060,421) | (36,263) |
| 86 | MINT FARM DEFERRAL | - | - |
| 87 | OVER RECOVERY MAINTENANCE | - | - |
| 88 | WILD HORSE EXPANSION DEFERRAL | - | - |
| 89 | | | |
| 90 | ADJUSTMENT TO REGULATORY ASSETS RATE BASE | <u>\$ 88,704,086</u> | <u>\$ 1,561,192</u> |
| 91 | | | |
| 92 | TOTAL ADJUSTMENT TO RATEBASE (LINE 73 + LINE 91) | | <u>\$ 2,779,222</u> |
| 93 | | | |
| 94 | This adjustment has been updated to be synchronized with Public Counsel's various other production | | |
| 95 | cost positions | | |

Public Counsel Revenue Requirement Summary
ADJUSTMENT 10.39 CORPORATE AIRCRAFT EXPENSE IN EXCESS OF ALTERNATIVE TRAVEL COSTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
CONTESTED - INCREMENTAL PUBLIC COUNSEL ADJUSTMENT

| LINE NO. | DESCRIPTION | TEST YEAR | RATE YEAR | ADJUSTMENT |
|----------|---|--------------|------------|----------------|
| 1 | <u>CORPORATE AIRCRAFT OPERATING EXPENSE</u> | | | |
| 2 | ADMINISTRATIVE AND GENERAL EXPENSE | \$ 379,800 | \$ 168,417 | \$ (211,383) |
| 3 | DEPRECIATION EXPENSE | 50,980 | - | (50,980) |
| 4 | TOTAL AMORTIZATION WILD HORSE EXPANSION | \$ 430,780 | \$ 168,417 | \$ (262,363) |
| 5 | | | | |
| 6 | INCREASE (DECREASE) OPERATING EXPENSES | | | (262,363) |
| 7 | | | | |
| 8 | INCREASE (DECREASE) FIT | 35% | | 91,827 |
| 9 | | | | |
| 10 | INCREASE (DECREASE) NOI | | | 170,536 |
| 11 | | | | |
| 12 | <u>RATE BASE- CORPORATE AIRCRAFT COSTS</u> | | | |
| 13 | PLANT IN SERVICE | \$ 1,489,980 | \$ - | \$ (1,489,980) |
| 14 | ACCUMULATED DEPRECIATION | (675,388) | - | 675,388 |
| 15 | ACCUMULATED DEFERRED INCOME TAXES | 56,550 | - | (56,550) |
| 16 | TOTAL AMOUNT OF AIRCRAFT COSTS IN RATE BASE | \$ 871,142 | \$ - | \$ (871,142) |
| 17 | | | | |
| 18 | This adjustment was reflected on Schedules B-1 and C-12 of Public Counsel Exhibit No. __ (JRD-2C) | | | |

PUGET SOUND ENERGY
ADJUSTMENT 10.40 TO NORMALIZE INJURIES AND DAMAGES EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE
CONTESTED - INCREMENTAL PUBLIC COUNSEL ADJUSTMENT

| Line No. | Description (a) | Year (b) | Amount (c) |
|-------------|---|-------------|--------------------|
| 1 | Accruals for Injuries and Damages Expense | 2006 | \$ 1,209,817 |
| 2 | (Source: Public Counsel Data Request | 2007 | 1,435,000 |
| 3 | No. 336) | 2008 | 2,832,212 |
| 4 | Payments Expensed - Not Previously Accrued | 2006 | 1,266,151 |
| 5 | (Source: Public Counsel Data Request | 2007 | 770,721 |
| 6 | No. 336) | 2008 | <u>1,015,316</u> |
| 7 | Total Accruals & Payment Charged to | 2006 | 2,475,968 |
| 8 | Injuries and Damages Expense | 2007 | 2,205,721 |
| 9 | | 2008 | 3,847,528 |
| 10 | Three Year Average of Injuries and Damages Expense (Average Lines 7 - 9) | | \$ 2,843,072 |
| 11 | Less: Test Year Actual Accruals and Payments (Line 9) | | <u>(3,847,528)</u> |
| 12 | Adjustment to normalize injuries and damages | | |
| 13 | expense based upon a three year average (Line 10 - Line 9) | | (1,004,456) |
| 14 | Increase/(Decrease) in federal income tax expense @ 35% | | <u>351,559</u> |
| 15 | Increase/(Decrease) in Net Operating Income (Line 13 - Line 14) | | <u>\$ 652,896</u> |
| 16 | This Public Counsel adjustment was originally reflected on Schedule C-6 of Exhibit | | |
| 17 | No. __JRD-2C. | | |

**Public Counsel Revenue Requirement Summary
GENERAL RATE INCREASE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | AMOUNTS CALCULATED IN THIS RESPONSE | ORIGINAL AMOUNTS PER SCH. A OF EXHIBIT NO. (JRD-2C) |
|-------------|---|---|---|
| 1 | RATE BASE | \$ 3,748,236,158 | \$ 3,784,483,000 |
| 2 | RATE OF RETURN | 7.74% | 7.74% |
| 3 | | | |
| 4 | OPERATING INCOME REQUIREMENT | 290,113,479 | 292,919,000 |
| 5 | | | |
| 6 | PRO FORMA OPERATING INCOME | 311,283,303 | 307,062,000 |
| 7 | OPERATING INCOME DEFICIENCY | (21,169,825) | (14,143,000) |
| 8 | | | |
| 9 | CONVERSION FACTOR | 0.6212620 | 0.6212620 |
| 10 | REVENUE REQUIREMENT DEFICIENCY | (34,075,518) | (22,766,000) |
| 11 | LARGE FIRM WHOLESALE | 164,044 | 221,000 |
| 12 | SALES FROM RESALE-FIRM | 58,791 | 79,000 |
| 13 | REVENUE REQUIREMENT DEFICIENCY | \$ (34,298,353) | \$ (23,066,000) |
| 14 | | | |
| 15 | Adjustment to Eliminate Equity | | |
| 16 | Return on Mint Farm Investment: | | |
| 17 | Mint Farm Rate Base as | | |
| 18 | Proposed by PSE - from | | |
| 19 | Exhibit No. __ (JHS-10), | | |
| 20 | Adjustment No. 10.08 | \$ 230,586,587 | \$ 233,569,865 |
| 21 | | | |
| 22 | PSE's Proposed Before-tax Weighted Cost of | | |
| 23 | Common Equity (this will be corrected/revised | | |
| 24 | at a later date to Reflect Public Counsel's | | |
| 25 | Recommended Before-tax WCCE | 6.583% | 8.338% |
| 26 | | | |
| 27 | Reduction in Revenue Requirement | | |
| 28 | Resulting from Elimination of an | | |
| 29 | Equity Return on Mint Farm | | |
| 30 | Rate Base Investment - as | | |
| 31 | Proposed by Scott Norwood | \$ (15,179,515) | \$ (19,475,055) |
| 32 | | | |
| 33 | Public Counsel's Recommended | | |
| 34 | Revenue Deficiency/(Excess) | \$ (49,477,868) | \$ (42,541,055) |

**PUGET SOUND ENERGY-ELECTRIC
PUBLIC COUNSEL PROPOSED PRO FORMA COST OF CAPITAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | PRO FORMA CAPITAL % | COST % | COST OF CAPITAL |
|-------------|---|------------------------|--------|--------------------|
| 1 | SHORT TERM DEBT | 4.00% | 2.47% | 0.10% |
| 2 | LONG TERM DEBT | 53.00% | 6.70% | 3.55% |
| 3 | PREFERRED | 0.00% | 0.00% | 0.00% |
| 4 | EQUITY | 43.00% | 9.50% | 4.09% |
| 5 | TOTAL | 100.00% | | 7.7400% |
| 6 | | | | |
| 7 | AFTER TAX SHORT TERM DEBT ((LINE 1)* 65%) | 4.00% | 1.61% | 0.07% |
| 8 | AFTER TAX LONG TERM DEBT ((LINE 2)* 65%) | 53.00% | 4.36% | 2.31% |
| 9 | PREFERRED | 0.00% | 0.00% | 0.00% |
| 10 | EQUITY | 43.00% | 9.50% | 4.09% |
| 11 | TOTAL AFTER TAX COST OF CAPITAL | 100.00% | | 6.47% |

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

| LINE NO. | DESCRIPTION | | RATE | |
|-------------|---|--------|---|----------|
| 1 | BAD DEBTS | | 0.003622 | |
| 2 | ANNUAL FILING FEE | | 0.002000 | |
| 3 | STATE UTILITY TAX (3.873% - (LINE 1 * 3.873%)) | 3.873% | <u>0.038590</u> | |
| 4 | | | | |
| 5 | SUM OF TAXES OTHER | | 0.044212 | |
| 6 | | | | |
| 7 | CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE) | | 0.955788 | |
| 8 | FEDERAL INCOME TAX (LINE 7 * 35%) | 35% | 0.334526 | |
| 9 | CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 7 - LINE 8) | | <table border="1"><tr><td style="text-align: right;">0.621262</td></tr></table> | 0.621262 |
| 0.621262 | | | | |

Reconciliation of PSE and Public Counsel Adjustments

| Adj. No. (a) | Description (b) | Public Counsel | | Company | | Difference | | |
|---------------------------------------|---------------------------------------|----------------|------------------|--------------|------------------|---------------|------------------|----------------|
| | | NOI (f) | Rate Base (g) | NOI (c) | Rate Base (d) | NOI (i) | Rate Base (j) | Rev Req (k) |
| Actual Results of Operations | | | | | | | | |
| 10.01 | Temperature Normalization | 225,331,768 | 3,464,213,140 | 225,331,768 | 3,464,213,140 | 111,267,627 | 0 | (42,378,288) |
| 10.02 | Revenues & Expenses | (12,235,767) | - | (12,235,767) | - | 19,695,019 | - | - |
| 10.03 | Power Costs | 86,639,195 | - | 80,396,404 | - | (129,408,212) | - | (10,048,564) |
| 10.04 | Federal Income Tax | 88,369,211 | - | 50,909,893 | - | (81,945,931) | - | (60,295,524) |
| 10.05 | Tax Benefits of Pro Forma Interest | (19,308,575) | - | (19,308,574) | - | 31,079,599 | - | 1 |
| 10.06 | Hopkins Ridge Infill | 2,532,297 | - | (971,811) | - | 1,564,253 | - | (5,640,307) |
| 10.07 | Wild Horse Expansion | (187,341) | 4,075,268 | (187,340) | 4,075,268 | 859,119 | - | (49,852) |
| 10.08 | Mint Farm | (4,929,041) | 70,953,078 | (4,929,041) | 70,953,078 | 17,641,596 | 0 | (867,981) |
| 10.09 | Sumas | (53,236,870) | 220,525,801 | (51,374,804) | 220,525,801 | 112,866,226 | (0) | 299,502 |
| 10.10 | Whitehorn | (599,546) | 7,903,054 | (599,546) | 7,903,054 | 2,046,328 | 0 | (96,680) |
| 10.11 | Baker Hydro Relicense | (2,030,514) | 17,998,728 | (2,030,514) | 17,998,728 | 5,730,925 | (0) | (220,181) |
| 10.12 | Pass-Through Revenue & Expense | (998,865) | 31,806,607 | (998,866) | 31,806,607 | 5,959,526 | 1 | (389,097) |
| 10.13 | Bad Debt | (640,213) | - | (640,213) | - | 1,030,503 | - | - |
| 10.14 | Miscellaneous Operating Expense | 1,021,353 | - | 1,021,353 | - | (1,643,997) | - | - |
| 10.15 | Property Tax | 1,579,717 | - | 995,982 | - | (1,603,159) | - | (939,596) |
| 10.16 | Excise Tax & Filing Fee | 1,390,893 | - | 1,390,893 | - | (2,238,818) | 0 | (1) |
| 10.17 | D&O Insurance | 264,096 | - | 264,096 | - | (425,096) | - | - |
| 10.18 | Montana Electric Energy Tax | 305,816 | - | 205,413 | - | (330,638) | - | (161,611) |
| 10.19 | Interest on Customer Deposits | 50,981 | - | 50,981 | - | (82,060) | - | - |
| 10.20 | SFAS 133 | (61,479) | - | (61,479) | - | 98,958 | - | - |
| 10.21 | Rate Case Expense | 4,899,699 | - | 4,899,699 | - | (7,886,688) | - | - |
| 10.22 | Deferred G/L on Property Sales | 380,361 | - | 380,361 | - | (612,240) | - | - |
| 10.23 | Property & Liability Insurance | (247,166) | - | (247,166) | - | 397,845 | - | - |
| 10.24 | Pension Plan | (527,696) | - | (778,678) | - | 1,253,381 | - | (403,988) |
| 10.25 | Wage Increase | (486,442) | - | (2,741,878) | - | 4,413,401 | - | (3,630,410) |
| 10.26 | Investment Plan | (1,826,029) | - | (3,143,028) | - | 5,059,102 | - | (2,119,877) |
| 10.27 | Employee Insurance | (87,137) | - | (143,722) | - | 231,338 | - | (91,081) |
| 10.28 | Incentive Pay | (513,151) | - | (935,975) | - | 1,506,571 | - | (680,590) |
| 10.29 | Merger Savings | 1,137,979 | - | 1,137,979 | - | (1,831,722) | - | - |
| 10.30 | Storm Damage | 568,233 | - | 568,233 | - | (914,644) | - | - |
| 10.31 | Regulatory Assets & Liabilities | (6,176,024) | - | (6,176,024) | - | 9,941,094 | - | - |
| 10.32 | Depreciation Study | (4,659,619) | (118,447,101) | (5,938,530) | (110,617,943) | (5,575,739) | (7,829,158) | (1,680,759) |
| 10.33 | Fredonia Power Plant | 9,109,591 | 4,554,795 | 9,109,591 | 4,554,795 | (14,039,863) | - | (55,720) |
| 10.34 | Mint Farm Deferred Cost | (1,057,594) | 41,512,955 | (1,057,594) | 41,512,955 | 7,382,063 | 0 | (507,835) |
| 10.35 | Fleet Vehicles | (505,009) | (71,669) | (4,304,330) | 36,061,385 | 11,862,222 | 3,799,321 | (11,058,275) |
| 10.36 | Net Interest Paid to IRS | 1,272,207 | 7,448,028 | 1,272,207 | 7,448,028 | (1,028,753) | - | (91,113) |
| 10.37 | Incremental Wild Horse Deferral Adj't | (1,471,578) | (1,323,561) | (1,471,578) | (1,323,561) | 2,187,604 | - | 16,191 |
| 10.38 | Production Adjustment | (2,607,873) | (2,041,825) | (1,962,382) | 2,955,137 | 3,563,020 | (2,955,137) | (3,563,020) |
| 10.39 | Excess Aircraft Costs | 170,536 | (871,142) | (1,767,930) | 19,056,862 | 5,453,034 | - | (383,030) |
| 10.40 | Normalize Injuries and Damages | 652,896 | - | (1,050,919) | - | 2,255,171 | - | (1,050,919) |
| Total Adjustment | | 85,951,535 | 284,023,017 | 28,596,315 | 352,910,196 | 2,255,171 | 58,195,163 | (103,710,315) |
| Adjusted Results of Operations | | 311,283,303 | 3,748,236,158 | 253,928,083 | 3,817,123,336 | 113,522,798 | 58,195,163 | (146,088,603) |

Puget Sound Energy
 UE 090704
 Test Year December 31, 2008
 Public Counsel Revenue Requirement Summary
 Electric Operations

Summary of Public Counsel Adjustments Following PSE Rebuttal

| Adj. No. (a) | Description (b) | Net Operating Income (c) | Rate Base (d) | Rev Req @ 8.50 (e) | Rev Req @ 7.74% (f) | Cost of Capital Difference (g) |
|-------------------------------------|---------------------------------------|--------------------------------|------------------|--------------------------|---------------------------|--------------------------------------|
| Actual Results of Operations | | | | | | |
| 10.01 | Temperature Normalization | 225,331,768 | 3,464,213,140 | 111,267,627 | 68,889,339 | (42,378,288) |
| 10.02 | Revenues & Expenses | (12,235,767) | - | 19,695,019 | 19,695,019 | - |
| 10.03 | Power Costs | 86,639,195 | - | (139,456,776) | (139,456,776) | - |
| 10.04 | Federal Income Tax | 88,369,211 | - | (142,241,455) | (142,241,455) | - |
| 10.05 | Tax Benefits of Pro Forma Interest | (19,308,575) | - | 31,079,600 | 31,079,600 | - |
| 10.06 | Hopkins Ridge Infill | 2,532,297 | - | (4,076,054) | (4,076,054) | - |
| 10.07 | Wild Horse Expansion | (187,341) | 4,075,268 | 859,120 | 809,266 | (49,853) |
| 10.08 | Mint Farm | (4,929,041) | 70,953,078 | 17,641,595 | 16,773,615 | (867,981) |
| 10.09 | Sumas | (53,236,870) | 220,525,801 | 115,863,457 | 113,165,728 | (2,697,728) |
| 10.10 | Whitehorn | (599,546) | 7,903,054 | 2,046,327 | 1,949,648 | (96,679) |
| 10.11 | Baker Hydro Relicense | (2,030,514) | 17,998,728 | 5,730,925 | 5,510,744 | (220,181) |
| 10.12 | Pass-Through Revenue & Expense | (998,865) | 31,806,607 | 5,959,525 | 5,570,430 | (389,095) |
| 10.13 | Bad Debt | (640,213) | - | 1,030,503 | 1,030,503 | - |
| 10.14 | Miscellaneous Operating Expense | 1,021,353 | - | (1,643,997) | (1,643,997) | - |
| 10.15 | Property Tax | 1,579,717 | - | (2,542,755) | (2,542,755) | - |
| 10.16 | Excise Tax & Filing Fee | 1,390,893 | - | (2,238,819) | (2,238,819) | - |
| 10.17 | D&O Insurance | 264,096 | - | (425,096) | (425,096) | - |
| 10.18 | Montana Electric Energy Tax | 305,816 | - | (492,249) | (492,249) | - |
| 10.19 | Interest on Customer Deposits | 50,981 | - | (82,060) | (82,060) | - |
| 10.20 | SFAS 133 | (61,479) | - | 98,958 | 98,958 | - |
| 10.21 | Rate Case Expense | 4,899,699 | - | (7,886,688) | (7,886,688) | - |
| 10.22 | Deferred G/L on Property Sales | 380,361 | - | (612,240) | (612,240) | - |
| 10.23 | Property & Liability Insurance | (247,166) | - | 397,845 | 397,845 | - |
| 10.24 | Pension Plan | (527,696) | - | 849,393 | 849,393 | - |
| 10.25 | Wage Increase | (486,442) | - | 782,991 | 782,991 | - |
| 10.26 | Investment Plan | (1,826,029) | - | 2,939,225 | 2,939,225 | - |
| 10.27 | Employee Insurance | (87,137) | - | 140,257 | 140,257 | - |
| 10.28 | Incentive Pay | (513,151) | - | 825,981 | 825,981 | - |
| 10.29 | Merger Savings | 1,137,979 | - | (1,831,722) | (1,831,722) | - |
| 10.30 | Storm Damage | 568,233 | - | (914,644) | (914,644) | - |
| 10.31 | Regulatory Assets & Liabilities | (6,176,024) | - | 9,941,094 | 9,941,094 | - |
| 10.32 | Depreciation Study | (4,659,619) | (118,447,101) | (8,705,481) | (7,256,498) | 1,448,983 |
| 10.33 | Fredonia Power Plant | 9,109,591 | 4,554,795 | (14,039,863) | (14,095,582) | (55,720) |
| 10.34 | Mint Farm Deferred Cost | (1,057,594) | 41,512,955 | 7,382,063 | 6,874,228 | (507,835) |
| 10.35 | Fleet Vehicles | (505,009) | (71,669) | 803,070 | 803,947 | 877 |
| 10.36 | Net Interest Paid to IRS | 1,272,207 | 7,448,028 | (1,028,753) | (1,119,866) | (91,113) |
| 10.37 | Wild Horse Deferred Cost | (1,471,578) | (1,323,561) | 2,187,604 | 2,203,796 | 16,191 |
| 10.38 | Production Adjustment | (2,607,873) | (2,041,825) | 3,918,343 | 3,943,321 | 24,978 |
| 10.39 | Excess Aircraft Cost Adjustment | 170,536 | (871,142) | (393,687) | (383,030) | 10,657 |
| 10.40 | Normalize Injuries and Damages | 652,896 | - | (1,050,919) | (1,050,919) | - |
| | Total Adjustment | 85,951,535 | 284,023,017 | (99,490,358) | (102,964,858) | (3,474,500) |
| | Adjusted Results of Operations | 311,283,303 | 3,748,236,158 | 11,777,270 | (34,075,517) | (45,852,788) |

Puget Sound Energy
 UE 090704

Test Year December 31, 2008

Public Counsel Revenue Requirement Summary
 Electric Operations

Summary of PSE NOI and Rate Base Adjustment (Rebuttal Update)

Listing of Company Adjustments as Delineated Within PSE Rebuttal Filing

| Adj. No. (a) | Description (b) | Net Operating Income (c) | Rate Base (d) | Rev Req @8.50 (e) | Rev Req @7.74% (f) |
|-------------------------------------|---------------------------------------|--------------------------------|------------------|-------------------------|--------------------------|
| Actual Results of Operations | | | | | |
| 16.01 | Temperature Normalization | 225,331,768 | 3,464,213,140 | 111,267,627 | 68,889,339 |
| 16.02 | Revenues & Expenses | (12,235,767) | - | 19,695,019 | 19,695,019 |
| 16.03 | Power Costs | 80,396,404 | - | (129,408,212) | (129,408,212) |
| 16.04 | Federal Income Tax | 50,909,893 | - | (81,945,931) | (81,945,931) |
| 16.05 | Tax Benefits of Pro Forma Interest | (19,308,574) | - | 31,079,599 | 31,079,599 |
| 16.06 | Hopkins Ridge Infill | (971,811) | - | 1,564,253 | 1,564,253 |
| 16.07 | Wild Horse Expansion | (187,340) | 4,075,268 | 859,119 | 809,265 |
| 16.08 | Mint Farm | (4,929,041) | 70,953,078 | 17,641,596 | 16,773,615 |
| 16.09 | Sumas | (51,374,804) | 220,525,801 | 112,866,226 | 110,168,498 |
| 16.10 | Whitehorn | (599,546) | 7,903,054 | 2,046,328 | 1,949,649 |
| 16.11 | Baker Hydro Relicence | (2,030,514) | 17,998,728 | 5,730,925 | 5,510,744 |
| 16.12 | Pass-Through Revenue & Expense | (998,866) | 31,806,607 | 5,959,526 | 5,570,431 |
| 16.13 | Bad Debt | (640,213) | - | 1,030,503 | 1,030,503 |
| 16.14 | Miscellaneous Operating Expense | 1,021,353 | - | (1,643,997) | (1,643,997) |
| 16.15 | Property Tax | 995,982 | - | (1,603,159) | (1,603,159) |
| 16.16 | Excise Tax & Filing Fee | 1,390,893 | - | (2,238,818) | (2,238,818) |
| 16.17 | D&O Insurance | 264,096 | - | (425,096) | (425,096) |
| 16.18 | Montana Electric Energy Tax | 205,413 | - | (330,638) | (330,638) |
| 16.19 | Interest on Customer Deposits | 50,981 | - | (82,060) | (82,060) |
| 16.20 | SFAS 133 | (61,479) | - | 98,958 | 98,958 |
| 16.21 | Rate Case Expense | 4,899,699 | - | (7,886,688) | (7,886,688) |
| 16.22 | Deferred G/L on Property Sales | 380,361 | - | (612,240) | (612,240) |
| 16.23 | Property & Liability Insurance | (247,166) | - | 397,845 | 397,845 |
| 16.24 | Pension Plan | (778,678) | - | 1,253,381 | 1,253,381 |
| 16.25 | Wage Increase | (2,741,878) | - | 4,413,401 | 4,413,401 |
| 16.26 | Investment Plan | (3,143,028) | - | 5,059,102 | 5,059,102 |
| 16.27 | Employee Insurance | (143,722) | - | 231,338 | 231,338 |
| 16.28 | Incentive Pay | (935,975) | - | 1,506,571 | 1,506,571 |
| 16.29 | Merger Savings | 1,137,979 | - | (1,831,722) | (1,831,722) |
| 16.30 | Storm Damage | 568,233 | - | (914,644) | (914,644) |
| 16.31 | Regulatory Assets & Liabilities | (6,176,024) | - | 9,941,094 | 9,941,094 |
| 16.32 | Depreciation Study | (5,938,530) | (110,617,943) | (5,575,739) | (4,222,532) |
| 16.33 | Fredonia Power Plant | 9,109,591 | 4,554,795 | (14,039,863) | (14,039,863) |
| 16.34 | Mint Farm Deferred Cost | (1,037,594) | 41,512,955 | 7,382,063 | 6,874,228 |
| 16.35 | Fleet Vehicles | (4,304,330) | 36,061,385 | 11,862,222 | 11,421,077 |
| 16.36 | Net Interest Paid to IRS | 1,272,207 | 7,448,028 | (1,028,753) | (1,119,866) |
| 16.37 | Wild Horse Deferred Cost | (1,471,578) | (1,323,561) | 2,187,604 | 2,203,796 |
| 16.38 | Production Adjustment | (1,962,382) | 2,955,137 | 3,563,020 | 3,526,869 |
| | | (1,767,930) | 19,056,862 | 5,453,034 | 5,219,908 |
| | Total Adjustment | 28,596,315 | 352,910,196 | 2,255,171 | (2,062,038) |
| | Adjusted Results of Operations | 253,928,083 | 3,817,123,336 | 113,522,798 | 66,827,302 |

Development of Before-tax Cost of Capital Being Recommended by PSE and Public Counsel

| Component Description | Per Company | | Per Public Counsel | | PSE | | Public Counsel | |
|------------------------------|---------------|-----------------|--------------------|------------------|---|---|---|---|
| | | | | | Before-Tax Weighted Cost of Common Equity | Before-Tax Weighted Cost of Common Equity | Before-Tax Weighted Cost of Common Equity | Before-Tax Weighted Cost of Common Equity |
| Long-term Debt | 3.220% | 3.55% | 3.22% | 3.55% | | | | |
| Short term Debt | 0.100% | 0.10% | 0.10% | 0.10% | | | | |
| Preferred Stock | 0.000% | 0.00% | 0.00% | 0.00% | | | | |
| Common Stock | 5.180% | 4.09% | 8.338% | 6.583% | | | | |
| Cost of Capital | 8.500% | 7.74000% | 11.658% | 10.23300% | | | | |
| Conversion Factor - Electric | 0.621262 | 0.621262 | | | | | | |
| Conversion Factor - Electric | 0.621891 | 0.621891 | | | | | | |
| Tax Rate | 0.35 | 0.35 | | | | | | |

Difference in Before Tax COC

-1.42500%