

**Exhibit No. KHB-2
Dockets UE-090704 and UG-090705
Witness: Kathryn H. Breda**

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET UE-090704

DOCKET UG-090705

EXHIBIT TO TESTIMONY OF

KATHRYN H. BREDA

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Electric Results of Operations and Revenue Requirement

**November 17, 2009
Revised December 11, 2009
Revised January 13, 2010**

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

Adj. No. (a)	Description (b)	Staff			Company			Difference		
		NOI (f)	Rate Base (g)	Rev Req (h)	NOI (c)	Rate Base (d)	Rev Req (e)	NOI (i)	Rate Base (j)	Rev Req (k)
Actual Results of Operations										
10.01	Temperature Normalization	225,331,768	3,464,213,140	78,368,693	225,331,768	3,462,284,719	111,003,784	0	1,928,421	(32,635,091)
10.02	Revenues & Expenses	(12,235,767)	-	19,695,019	(12,235,767)	-	19,695,019	-	-	(10,048,565)
10.03	Power Costs	86,639,195	-	(139,456,776)	80,396,404	-	(129,408,211)	6,242,791	-	(47,346,155)
10.04	Federal Income Tax	72,441,346	-	(116,603,536)	43,026,979	-	(69,257,381)	29,414,367	-	(0)
10.05	Tax Benefits of Pro Forma Interest	(20,234,048)	-	32,569,267	(20,234,048)	-	32,569,267	0	-	(531,744)
10.06	Hopkins Ridge Infill	(547,765)	4,075,268	881,697	(878,117)	4,704,806	1,413,441	330,352	(629,538)	(140,934)
10.07	Wild Horse Expansion	(204,970)	66,346,062	848,794	(214,972)	75,427,036	989,728	10,002	(9,080,974)	(3,715,103)
10.08	Mint Farm	(3,289,703)	217,569,921	13,742,473	(4,434,431)	223,509,079	17,457,577	1,144,728	(5,939,158)	(19,243,074)
10.09	Sumas	(46,408,340)	8,753,305	102,401,435	(56,574,839)	7,282,195	2,184,912	10,166,499	1,471,110	(113,976)
10.10	Whitehorn	(594,207)	17,953,824	2,070,935	(738,416)	18,323,366	5,750,859	(9,741)	(369,542)	(205,384)
10.11	Baker Hydro Relicence	(2,025,045)	31,658,646	5,407,832	(2,015,304)	32,876,741	6,108,875	145,208	(1,218,095)	(701,043)
10.12	Pass-Through Revenue & Expense	(855,481)	(640,213)	1,030,503	(1,000,689)	-	1,030,504	0	-	(1)
10.13	Bad Debt	(640,213)	-	(1,643,997)	1,021,353	-	(1,643,997)	-	-	-
10.14	Miscellaneous Operating Expense	1,021,353	-	(2,540,838)	994,791	-	(1,601,242)	583,735	-	(939,596)
10.15	Property Tax	1,578,526	-	-	(1,603,694)	-	2,581,349	1,603,694	-	(2,581,349)
10.16	Excise Tax & Filing Fee	264,096	-	(425,096)	264,096	-	(425,096)	(0)	-	0
10.17	D&O Insurance	305,815	-	(492,248)	205,413	-	(330,638)	100,402	-	(161,610)
10.18	Montana Electric Energy Tax	51,020	-	(82,123)	51,020	-	(82,123)	0	-	(0)
10.19	Interest on Customer Deposits	(61,479)	-	98,958	(61,479)	-	98,958	(0)	-	0
10.20	SFAS 133	4,899,699	-	(7,886,688)	4,899,699	-	(7,886,687)	0	-	(1)
10.21	Rate Case Expense	380,361	-	(612,240)	380,361	-	(612,239)	0	-	(0)
10.22	Deferred G/L on Property Sales	(497,986)	-	801,572	(497,986)	-	801,572	-	-	157,728
10.23	Property & Liability Insurance	(778,678)	-	1,253,380	(680,687)	-	1,095,652	(97,991)	-	(2,763,911)
10.24	Pension Plan	(2,741,878)	-	4,413,401	(2,741,878)	-	4,413,400	(0)	-	(119,465)
10.25	Wage Increase	(1,794,374)	-	2,888,273	(3,511,487)	-	5,652,184	1,717,113	-	(375,759)
10.26	Investment Plan	(89,203)	-	143,583	(163,422)	-	263,048	74,219	-	-
10.27	Employee Insurance	(774,514)	-	1,246,679	(1,007,959)	-	1,622,438	233,445	-	-
10.28	Incentive Pay	1,137,979	-	(1,831,722)	1,137,979	-	(1,831,722)	-	-	(0)
10.29	Merger Savings	568,233	-	(914,644)	568,233	-	(914,643)	0	-	0
10.30	Storm Damage	(6,176,024)	-	9,941,094	(6,176,024)	-	9,941,094	(0)	-	0
10.31	Regulatory Assets & Liabilities	(4,659,619)	(105,539,454)	(5,937,192)	(5,500,394)	(103,466,707)	840,775	(2,072,747)	(634,637)	(43,255)
10.32	Depreciation Study	9,109,591	4,554,795	(14,083,118)	9,109,591	4,554,795	(14,039,863)	(0)	0	(1,830,842)
10.33	Fredonia Power Plant	(3,441,784)	35,562,260	5,539,988	(1,042,927)	41,603,405	7,370,830	(2,398,857)	(41,603,405)	(17,161,374)
10.34	Mint Farm Deferred Cost	(2,962,521)	7,448,028	9,296,393	(13,649,989)	32,790,782	26,457,767	10,687,468	2,771,478	(70,733)
10.35	Fleet Vehicles	1,272,207	(3,530,928)	(449,563)	1,272,207	7,448,028	(1,028,752)	0	0	(2,637,167)
10.36	Net Interest Paid to IRS	-	-	-	(1,471,578)	(1,323,561)	2,187,604	2,080,041	(19,171,835)	(5,971,147)
10.37	Production Adjustment	-	-	-	(2,080,041)	19,171,835	5,971,147	(1,895,270)	2,842,905	3,412,640
10.38	Wild Horse Deferred Cost	(1,895,270)	2,842,905	3,412,640	-	-	-	62,588,769	(75,207,168)	(113,766,437)
Total Adjustment		66,760,554	287,694,632	(70,829,873)	4,171,785	362,901,800	42,936,584	62,588,769	(75,207,168)	(146,401,548)
Adjusted Results of Operations		292,092,322	3,751,907,773	7,538,820	229,503,553	3,825,186,519	153,940,368	62,588,769	(73,278,746)	(113,766,437)