

**INDEX TABLE CROSS REFERENCING PSE'S ADJUSTMENTS WITH PUBLIC COUNSEL'S ADJUSTMENT SCHEDULES INCLUDED AS PART OF EXHIBIT NO. \_\_ (JRD-3C)**

Number or Incremental Staff/Public Counsel Number	Adjustment Description	<u>Equivalent Public Counsel Adjustment Made on Schedules Affecting:</u>	
		<u>Net Operating Income</u>	<u>Rate Base</u>
9.01	Temperature Normalization		
9.02	Revenues & Expenses	C-1	
9.03	Net Interest Paid to IRS		
9.04	Federal Income Tax	C-11	
9.05	Tax Benefits of Pro Forma Interest	C-13	
9.06	Depreciation Study		
9.07	Pass-Through Revenue & Expense		
9.08	Bad Debt		
9.09	Miscellaneous Operating Expense	C-5	
9.10	Property Tax	C-10	
9.11	Excise Tax & Filing Fee		
9.12	D&O Insurance	C-9	
9.13	Interest on Customer Deposits		
9.14	Rate Case Expense		
9.15	Deferred G/L on Property Sales		
9.16	Property & Liability Insurance	C-4	
9.17	Pension Plan	C-7	C-8
9.18	Wage Increase	C-2	
9.19	Investment Plan	C-2	
9.2	Employee Insurance	C-3	
9.21	Incentive Pay		
9.22	Merger Savings		
9.23	Fleet Vehicles		
9.24	Excess Aircraft Costs (PC-1 gas)	C-12	B-1
9.25	Normalize Injuries and Damages (PC-2 gas)	C-6	
9.26	Jackson Prairie Plant (PC-3 gas)		B-2

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

Change No.	<u>Adjustment Changed and Reason for Change</u> <u>Public Counsel Revenue Excess Reflected in Response to Bench Request No. 1</u>	Revenue Requirement Impact
1	Difference in Working Capital starting point	233,669
2	Interest synchronization - just the roll out effects of a lower updated rate base value affecting Adj't No. 5	94,546
3	Posted PSE merger-related advertising adjustment on Schedule 9	(1,048)
4	Increased property tax to agree with PSE's update -reflected on Schedule 10	258,853
5	Accepted PSE Rebuttal position on Customer Deposits/working capital	(867,947)
6	Eliminated October 2009 union wage increase inadvertently included in original BR No. 1 response	(553,608)
7	Correction of Jackson Prairie Plant Adjustment	61,452
8	Eliminated adjustment posted when responding to original Bench Request 1 that was made to reconcile for a starting point NOI error that was included within the original Exhibit No. JRD-3C that is no longer necessary since we are utilizing the correct starting point NOI in this corrected update filing.	
9		
10		
11		
12	<b>Subtotal: Modification of Public Counsel's Recommended Revenue Requirement Due to Corrections,</b>	3,209,261
13	<b>Acceptance of a Number of PSE "Update" Adjustments, and Reflection of PSE's acceptance of Staff</b>	\$ 2,105,652
14	<b>Adjustments Not Originally Proposed by Public Counsel</b>	\$ 2,105,652

Puget Sound Energy - Gas  
 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)	Revenue Requirement Deficiency (d)	Achieved Results of Operations (e)
1	Operating Revenues:					
2	Sales to Customers	\$ 1,149,587,391	\$ 61,608,936	\$ 1,211,196,327	\$ 2,105,652	\$ 1,213,301,979
3	Municipal Additions	49,951,006	(49,951,006)	-	-	-
4	Other Operating Revenues	17,329,860	(738,827)	16,591,034	184,000	16,775,034
5	<b>Total Operating Revenues</b>	<b>\$ 1,216,868,256</b>	<b>\$ 10,919,104</b>	<b>\$ 1,227,787,360</b>	<b>\$ 2,289,652</b>	<b>\$ 1,230,077,012</b>
6	Operating Revenue Deductions:					
7	Gas Costs:					
8	Purchased Gas	\$ 737,851,058	\$ 50,189,196	\$ 788,040,254	\$ -	\$ 788,040,254
9	<b>Total Production Expenses</b>	<b>\$ 737,851,058</b>	<b>\$ 50,189,196</b>	<b>\$ 788,040,254</b>	<b>\$ -</b>	<b>\$ 788,040,254</b>
10	Other Energy Supply Expenses	1,873,117	8,475	1,881,592	-	1,881,592
11	Transmission Expense	394,280	804	395,084	-	395,084
12	Distribution Expense	51,612,729	93,431	51,706,160	-	51,706,160
13	Customer Accounts Expense	28,177,045	(520,849)	27,656,196	6,487	27,662,683
14	Customer Service Expense	4,829,560	(3,403,697)	1,425,863	-	1,425,863
15	Conservation Amortization	7,669,601	(7,669,601)	0	-	0
16	Administrative & General Expense	44,215,773	(2,793,908)	41,421,865	4,579	41,426,444
17	Depreciation	82,190,938	6,248,636	88,439,575	-	88,439,575
18	Amortization	15,618,788	0	15,618,788	-	15,618,788
19	Amortization Property Gain/Loss	-	-	-	-	-
20	Other Operating Expense	781,404	2,048,944	2,830,348	-	2,830,348
21	FAS 133	-	-	-	-	-
22	Taxes Other than Income Taxes	108,410,162	(47,269,855)	61,140,307	87,948	61,228,255
23	Income Taxes	(21,984,884)	14,903,955	(7,080,929)	766,724	(6,314,205)
24	Deferred Income Taxes	43,878,484	(1,810,249)	42,068,235	-	42,068,235
25	<b>Total Operating Expense</b>	<b>\$ 1,105,518,056</b>	<b>\$ 10,025,284</b>	<b>\$ 1,115,543,340</b>	<b>\$ 865,738</b>	<b>\$ 1,116,409,078</b>
26	<b>Net Operating Income:</b>	<b>\$ 111,350,201</b>	<b>\$ 893,820</b>	<b>\$ 112,244,021</b>	<b>\$ 1,423,914</b>	<b>\$ 113,667,935</b>
27	<b>Rate Base:</b>					
28	Gross Utility Plant In Service	\$ 2,496,529,564	\$ 3,756,657	\$ 2,500,286,221	\$ -	\$ 2,500,286,221
29	Accum. Depreciation and Amortization	(837,320,044)	(3,859,291)	(841,179,335)	-	(841,179,335)
30	Deferred Taxes	(208,946,049)	(1,871,712)	(210,817,761)	-	(210,817,761)
31	Other	(27,028,861)	(5,662,645)	(32,691,506)	-	(32,691,506)
32	Total Net Investment	\$ 1,423,234,610	\$ (7,636,991)	\$ 1,415,597,619	\$ -	\$ 1,415,597,619
33	Allowance for Working Capital	\$ 52,980,352	-	\$ 52,980,352	-	\$ 52,980,352
34	Total Rate Base	\$ 1,476,214,962	\$ (7,636,991)	\$ 1,468,577,971	\$ -	\$ 1,468,577,971
35	Rate of Return	7.54%		7.64%		7.74%

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Puget Sound Energy - Gas  
 Pro Forma Results of Operations  
 Public Counsel Revenue Requirement Summary  
 Adjustment Detail (Page 1)

Line No.	Description	Actual Results of Operations (a)	Temperature Normalization Adj. 9.01 (b)	Revenues and Expenses Adj. 9.02 (c)	Net Interest to IRS Adj. 9.03 (d)	Federal Income Tax Adj. 9.04 (e)	Tax Benefit of Pro Forma Interest Adj. 9.05 (f)	Depreciation Study Adj. 9.06 (g)
1	Operating Revenues:							
2	Sales to Customers	\$ 1,149,587,391	\$ (55,696,079)	\$ 76,028,962	\$ -	\$ -	\$ -	\$ -
3	Municipal Additions	49,951,006						
4	Other Operating Revenues	17,329,860		(1,203,189)				
5	<b>Total Operating Revenues</b>	<b>\$ 1,216,868,256</b>	<b>\$ (55,696,079)</b>	<b>\$ 74,825,773</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
6								
7	Operating Revenue Deductions:							
8	Gas Costs:							
9	Purchased Gas	\$ 737,851,058	\$ (39,777,834)	\$ 39,406,641	\$ -	\$ -	\$ -	\$ -
10	<b>Total Production Expenses</b>	<b>\$ 737,851,058</b>	<b>\$ (39,777,834)</b>	<b>\$ 39,406,641</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
11								
12	Other Energy Supply Expenses	1,873,117	-	-	-	-	-	-
13	Transmission Expense	394,280						
14	Distribution Expense	51,612,729						
15	Customer Accounts Expense	28,177,045	(157,787)	211,981				
16	Customer Service Expense	4,829,560						
17	Conservation Amortization	7,669,601						
18	Administrative & General Expense	44,215,773	(111,392)	149,652				
19	Depreciation	82,190,938						
20	Amortization	15,618,788						6,218,349
21	Amortization Property Gain/Loss	-						0
22	Other Operating Expense	781,404		-	1,566,772			
23	FAS 133	-						
24	Taxes Other than Income Taxes	108,410,162	(2,139,342)	2,874,133				
25	Income Taxes	(21,984,884)	(4,728,403)	11,264,178	(548,370)	925,796	7,039,094	
26	Deferred Income Taxes	43,878,484				(1,953,835)		
27	<b>Total Operating Expense</b>	<b>\$ 1,105,518,056</b>	<b>\$ (46,914,758)</b>	<b>\$ 53,906,584</b>	<b>\$ 1,018,402</b>	<b>\$ (1,028,039)</b>	<b>\$ 7,039,094</b>	<b>\$ 6,218,349</b>
28								
29	<b>Net Operating Income:</b>	<b>\$ 111,350,201</b>	<b>\$ (8,781,321)</b>	<b>\$ 20,919,189</b>	<b>\$ (1,018,402)</b>	<b>\$ 1,028,039</b>	<b>\$ (7,039,094)</b>	<b>\$ (6,218,349)</b>
30								
31	<b>Rate Base:</b>							
32	Gross Utility Plant in Service	\$ 2,496,529,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Accum. Depreciation and Amortization	(837,320,044)			(783,386)			
34	Deferred Taxes	(208,946,049)			(1,443,693)			(3,109,174)
35	Other	(27,028,861)			1,311,111			
36	<b>Total Net Investment</b>	<b>\$ 1,423,234,610</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (915,968)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,109,174)</b>
37	Allowance for Working Capital	\$ 52,980,352						
38	<b>Total Rate Base</b>	<b>\$ 1,476,214,962</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (915,968)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,109,174)</b>

Line No.	Description	Pass-Through Rev & Exp Adj. 9.07 (h)	Bad Debts Adj. 9.08 (i)	Miscellaneous Operating Expense Adj. 9.09 (j)	Property Taxes Adj. 9.10 (k)	Excise Tax & Filing Fee Adj. 9.11 (l)	D&O Insurance Adj. 9.12 (m)	Interest on Customer Deposits Adj. 9.13 (n)
1	Operating Revenues:							
2	Sales to Customers	\$ 41,276,054						
3	Municipal Additions	(49,951,006)						
4	Other Operating Revenues			464,362				
5	<b>Total Operating Revenues</b>	<b>\$ (8,674,952)</b>	<b>\$ -</b>	<b>\$ 464,362</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
6								
7	Operating Revenue Deductions:							
8	Gas Costs:							
9	Purchased Gas	\$ 50,560,390						
10	<b>Total Production Expenses</b>	<b>\$ 50,560,390</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
11								
12	Other Power Supply Expenses							
13	Transmission Expense							
14	Distribution Expense							
15	Customer Accounts Expense	(24,576)	(699,342)					
16	Customer Service Expense	(3,417,545)						
17	Conservation Amortization	(7,669,601)						
18	Administrative & General Expense	(17,350)		(913,182)			(326,282)	
19	Depreciation							
20	Amortization							
21	Amortization Property Gain/Loss							
22	Other Operating Expense							
23	FAS 133							
24	Taxes Other than Income Taxes	(48,633,839)			1,620,627	(1,066,354)		
25	Income Taxes	184,649	244,770	482,140	(567,219)	373,224	114,199	
26	Deferred Income Taxes							
27	<b>Total Operating Expense</b>	<b>\$ (9,017,872)</b>	<b>\$ (454,572)</b>	<b>\$ (431,042)</b>	<b>\$ 1,053,407</b>	<b>\$ (693,130)</b>	<b>\$ (212,083)</b>	<b>\$ 30,273</b>
28								
29	<b>Net Operating Income:</b>	<b>\$ 342,920</b>	<b>\$ 454,572</b>	<b>\$ 895,404</b>	<b>\$ (1,053,407)</b>	<b>\$ 693,130</b>	<b>\$ 212,083</b>	<b>\$ (30,273)</b>
30								
31	<b>Rate Base:</b>							
32	Gross Utility Plant In Service							
33	Accum. Depreciation and Amortization							
34	Deferred Taxes							
35	Other							
36	Total Net Investment							(6,973,756)
37	Allowance for Working Capital							(6,973,756)
38	Total Rate Base							(6,973,756)

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Puget Sound Energy - Gas  
 Pro Forma Results of Operations  
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 Adjustment Detail (Page 3)

Line No.	Description	Rate Case Expenses Adj. 9.14 (o)	Deferred Gain/Loss on Property Sales Adj. 9.15 (p)	Property & Liability Insurance Adj. 9.16 (q)	Pension Plan Adj. 9.17 (r)	Wage Increase Adj. 9.18 (s)	Investment Plan Adj. 9.19 (t)	Employee Insurance Adj. 9.20 (u)
1	Operating Revenues:							
2	Sales to Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Municipal Additions							
4	Other Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	<b>Total Operating Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6								
7	Operating Revenue Deductions:							
8	Gas Costs:							
9	Purchased Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	<b>Total Production Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11								
12	Other Energy Supply Expenses	\$ -	\$ -	\$ -	\$ -	\$ 33,821	\$ -	\$ -
13	Transmission Expense					4,400		
14	Distribution Expense					531,267		
15	Customer Accounts Expense					272,663		
16	Customer Service Expense					37,704		
17	Conservation Amortization							
18	Administrative & General Expense	(236,859)		(410,247)	404,034	307,952	67,117	426,217
19	Depreciation							
20	Amortization							
21	Amortization Property Gain/Loss		482,172					
22	Other Operating Expense							
23	FAS 133							
24	Taxes Other than Income Taxes							
25	Income Taxes	82,901	(168,760)	143,586	(141,412)	145,231	(23,491)	(149,176)
26	Deferred Income Taxes					(466,563)		
27	<b>Total Operating Expense</b>	\$ (153,958)	\$ 313,412	\$ (266,660)	\$ 262,622	\$ 866,475	\$ 43,626	\$ 277,041
28								
29	<b>Net Operating Income:</b>	\$ 153,958	\$ (313,412)	\$ 266,660	\$ (262,622)	\$ (866,475)	\$ (43,626)	\$ (277,041)
30								
31	<b>Rate Base:</b>							
32	Gross Utility Plant In Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Accum. Depreciation and Amortization							
34	Deferred Taxes							
35	Other							
36	Total Net Investment							
37	Allowance for Working Capital							
38	Total Rate Base	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39	Deferred Taxes							
40	Allowance for Working Capital							
41	Other							
42	Total Rate Base	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43								
44	Rate of Return							

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Puget Sound Energy - Gas  
 Pro Forma Results of Operations  
 Public Counsel Revenue Requirement Summary  
 Adjustment Detail (Page 4)

Line No.	Description	Incentive Pay Adj. 9.21 (v)	Merger Savings Adj. 9.22 (w)	Fleet Vehicles Adj. 9.23 (x)	Excess Aircraft Costs Adj. 9.24 (y)	Normalize Injuries & Damages Adj. 9.25 (z)	Jackson Prairie Plant Adj. 9.26 (aa)	Total Adjustment (ac)	Adjusted Results of Operations (ad)
1	Operating Revenues:								
2	Sales to Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,608,936	\$ 1,211,196,327
3	Municipal Additions							(49,951,006)	
4	Other Operating Revenues							(738,827)	16,591,034
5	<b>Total Operating Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,919,104	\$ 1,227,787,360
6									
7	Operating Revenue Deductions:								
8	Gas Costs:								
9	Purchased Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,189,196	\$ 788,040,254
10	<b>Total Production Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,189,196	\$ 788,040,254
11									
12	Other Energy Supply Expenses	\$ (25,346)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,475	\$ 1,881,592
13	Transmission Expense	(3,596)						804	395,084
14	Distribution Expense	(437,836)						93,431	51,706,160
15	Customer Accounts Expense	(154,061)						(520,849)	27,656,196
16	Customer Service Expense	(23,856)						(3,403,697)	1,425,863
17	Conservation Amortization							(7,669,601)	0
18	Administrative & General Expense	(232,356)	(478,634)	(1,512,141)	(120,550)	(200,133)		(2,793,908)	41,421,865
19	Depreciation			440,534				6,248,636	88,439,575
20	Amortization							0	15,618,788
21	Amortization Property Gain/Loss							2,048,944	2,830,348
22	Other Operating Expense							(47,269,855)	61,140,307
23	FAS 133							14,903,955	(7,080,929)
24	Taxes Other than Income Taxes	(70,311)	167,522	375,062	42,193	70,047		(1,810,249)	42,068,235
25	Income Taxes	331,577						10,025,284	1,115,543,340
26	Deferred Income Taxes							-	-
27	<b>Total Operating Expense</b>	\$ (615,785)	\$ (311,112)	\$ (696,545)	\$ (78,358)	\$ (130,086)	\$ -	\$ 10,025,284	\$ 1,115,543,340
28									
29	<b>Net Operating Income:</b>	\$ 615,785	\$ 311,112	\$ 696,545	\$ 78,358	\$ 130,086	\$ -	\$ 893,820	\$ 112,244,021
30									
31	<b>Rate Base:</b>								
32	Gross Utility Plant In Service	\$ -	\$ -	\$ 4,805,828	\$ (802,297)	\$ -	\$ (246,875)	\$ 3,756,657	\$ 2,500,286,221
33	Accum. Depreciation and Amortization			(330,401)	363,671			(3,859,291)	(841,179,335)
34	Deferred Taxes			(397,569)	(30,450)			(1,871,712)	(210,817,761)
35	Other							(5,662,645)	(32,691,506)
36	Total Net Investment	\$ -	\$ -	\$ 4,077,858	\$ (469,076)	\$ -	\$ (246,875)	\$ (7,636,991)	\$ 1,415,597,619
37	Allowance for Working Capital							-	52,980,352
38	Total Rate Base	\$ -	\$ -	\$ 4,077,858	\$ (469,076)	\$ -	\$ (246,875)	\$ (7,636,991)	\$ 1,468,577,971

Public Counsel Revenue Requirement Summary

PUGET SOUND ENERGY-GAS  
ADJUSTMENT 9.01 TEMPERATURE NORMALIZATION  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
UNCONTESTED

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	TEMPERATURE NORMALIZATION ADJUSTMENT:			
2		ACTUAL	TEMP ADJ	THERMS
3		<u>THERMS</u>	<u>THERMS</u>	<u>CHANGE</u>
4	Jan-08	168,295,469	154,988,222	(13,307,247)
5	Feb-08	138,172,032	140,517,165	2,345,133
6	Mar-08	131,490,969	115,895,730	(15,595,239)
7	Apr-08	109,964,622	95,180,930	(14,783,692)
8	May-08	76,590,248	76,738,761	148,513
9	Jun-08	57,746,204	52,990,507	(4,755,697)
10	Jul-08	44,469,072	44,469,072	0
11	Aug-08	44,755,273	44,755,273	0
12	Sep-08	52,251,636	52,894,735	643,099
13	Oct-08	82,272,893	79,217,192	(3,055,701)
14	Nov-08	104,695,969	121,277,545	16,581,576
15	Dec-08	157,188,316	141,383,989	(15,804,327)
16		1,167,892,703	1,120,309,121	(47,583,582)
17				
18	REVENUE ADJUSTMENT:	Residential (23, 53)		\$ (39,901,123)
19		Residential (16)		0
20		Commercial & industrial (31)		(12,695,194)
21		Large volume (41)		(1,068,987)
22		Compressed natural gas (50)		0
23		Interruptible (85)		(259,451)
24		Limited interruptible (86)		(892,487)
25		Non exclusive interruptible (87)		(834,177)
26		Transportation (57)		(30,254)
27		Contracts (99)		(14,406)
28	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ (55,696,079)
29				
30	OPERATING EXPENSES			
31	PURCHASED GAS COSTS			\$ (39,777,834)
32				\$ (39,777,834)
33				
34	UNCOLLECTIBLES @		0.00283	\$ (157,787)
35	ANNUAL FILING FEE @		0.00200	(111,392)
36	INCREASE (DECREASE) EXPENSES			(269,179)
37				
38	STATE UTILITY TAX @		0.03841	\$ (2,139,342)
39	INCREASE (DECREASE) TAXES OTHER			(2,139,342)
40				
41	INCREASE (DECREASE) INCOME			(13,509,724)
42				
43	INCREASE (DECREASE) FIT @		35%	(4,728,403)
44	INCREASE (DECREASE) NOI			\$ (8,781,321)



**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 9.02 REVENUE AND EXPENSES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
CONTESTED**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	ADD GRC INCREASE DOCKET UG-072301	\$ 38,581,189
3	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
4	OTHER OPERATING	(1,004,369)
5	OCTOBER 2007 PURCHASED GAS	
6	ADJUSTMENT, DOCKET UG-071775.	49,392,484
7	CONSERVATION ADJUSTMENT	-
8	TRUE UP CHANGE IN UNBILLED	(10,981,123)
9	OTHER ADJUSTMENTS	40,781
10	RESTATING ADJUSTMENTS SALES TO CUSTOMERS	<u>76,028,962</u>
11		
12	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ 76,028,962
13		
14	OTHER OPERATING REVENUES	
15	RENTALS:	
16	ADD GRC INCREASE DOCKET 060266	888,730
17	TRUE UP CHANGE IN UNBILLED	112,972
18	OTHER OPERATING REVENUES	
19	RECLASS PENALTIES AND NEW CUSTOMER REVENUE	
20	FROM SALES TO CUSTOMERS	1,004,369
21	REMOVE EVERETT DELTA LEASE REVENUES	<u>(3,209,260)</u>
22	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u>(1,203,189)</u>
23		
24	TOTAL INCREASE (DECREASE) REVENUES	74,825,773
25		
26	OPERATING EXPENSES:	
27	PURCHASED GAS COSTS	
28	2007 GRC INCREASE DOCKET UG-072301	\$ 14,999
29	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
30	OTHER OPERATING	\$ -
31	OCTOBER 2007 PURCHASED GAS ADJUSTMENT	
32	DOCKET UG-071775	\$ 47,259,204
33	CONSERVATION	\$ -
34	TRUE UP CHANGE IN UNBILLED	\$ (7,866,368)
35	OTHER ADJUSTMENTS	\$ <u>(1,194)</u>
36	TOTAL PURCHASE GAS COSTS	<u>\$ 39,406,641</u>
37		
38	UNCOLLECTIBLES @	0.00283 \$ 211,981
39	ANNUAL FILING FEE @	0.00200 <u>149,652</u>
40	INCREASE (DECREASE) EXPENSES	39,768,274
41		
42	STATE UTILITY TAX @	0.03841 \$ <u>2,874,133</u>
43		
44	INCREASE (DECREASE) TAXES OTHER	<u>2,874,133</u>
45		
46	INCREASE (DECREASE) INCOME	32,183,367
47	INCREASE (DECREASE) FIT @	35% <u>11,264,178</u>
48	INCREASE (DECREASE) NOI	<u>\$ 20,919,189</u>
49		
50	<b>The impact of the changes to this PSE adjustment were reflected within Schedule C-1</b>	
51	<b>of Exhibit No.__(JRD-3C)</b>	

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 9.03 NET INTEREST PAID TO IRS ON SSCM**  
**FOR TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>DEFERRED SSCM NET INTEREST PAID TO IRS</u>			
2	GROSS DEFERRED BALANCE	\$ 1,822,433	\$ 3,133,544	\$ 1,311,111
3	ACCUM AMORTIZATION		(783,386)	(783,386)
4	DEFERRED FEDERAL INCOME TAX	621,138	(822,555)	(1,443,693)
5	NET DEFERRED INTEREST ADDITION TO RATEBASE	<u>\$ 2,443,571</u>	<u>\$ 1,527,603</u>	<u>\$ (915,968)</u>
6				
7	<u>AMORTIZATION OF DEFERRED SSCM NET INTEREST PAID TO IRS</u>			
8	AMORTIZATION EXPENSE		1,566,772	1,566,772
9	TOTAL OPERATING EXPENSES	<u>\$ -</u>	<u>\$ 1,566,772</u>	<u>\$ 1,566,772</u>
10				
11	INCREASE (DECREASE) EXPENSE			\$ 1,566,772
12				
13	INCREASE (DECREASE) FIT @		35%	(548,370)
14	INCREASE (DECREASE) NOI			<u>\$ 1,018,402</u>

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 9.04 INCOME TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE CASE  
UNCONTESTED**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME AS PROPOSED BY PSE	\$ (59,848,019)
2		
3	ELIMINATE SECTION 162 M LIMITATION	<u>(320,804)</u>
4		
5	PUBLIC COUNSEL PROPOSED TAXABLE INCOME	(60,168,823)
6		
7	FEDERAL INCOME TAX	
8	CURRENT FIT @ 35%	(21,059,088)
9	DEFERRED FIT - DEBIT	47,432,293
10	DEFERRED FIT - CREDIT	(4,870,567)
11	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	<u>(637,077)</u>
12	TOTAL RESTATED FIT	\$ 20,865,561
13		
14	FIT PER BOOKS:	
15	CURRENT FIT	\$ (21,984,884)
16	DEFERRED FIT - DEBIT	54,835,444
17	DEFERRED FIT - CREDIT	(10,319,883)
18	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	<u>(637,077)</u>
19		
20	TOTAL CHARGED TO EXPENSE	\$ 21,893,600
21		
22	INCREASE(DECREASE) FIT	\$ 925,796
23	INCREASE(DECREASE) DEFERRED FIT	(1,953,835)
24	INCREASE(DECREASE) ITC	-
25	INCREASE(DECREASE) NOI	<u>\$ 1,028,039</u>
26		
27	<b>The impact of the changes to this PSE adjustment were reflected within Schedule C-11</b>	
28	<b>of Exhibit No. __ (JRD-3C).</b>	
29		
30	<b>PSE adopted Public Counsel's adjustment for removing the Section 162 M deduction for</b>	
31	<b>executive compensation. As a result, there is no longer any difference between Public</b>	
32	<b>Counsel and PSE on income tax expense</b>	

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 9.05 BENEFIT OF PRO FORMA INTEREST  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
CONTESTED**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 1,468,577,971
2		
3	NET RATE BASE	\$ 1,468,577,971
4		
5	WEIGHTED COST OF DEBT	3.65%
6	PROFORMA INTEREST	\$ 53,603,096
7		
8		
9	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
10	INTEREST ON LONG TERM DEBT	\$ 64,633,838
11	AMORTIZATION OF DEBT DISCOUNT	
12	AND EXPENSE, NET OF PREMIUMS	1,199,627
13	INTEREST ON DEBT TO ASSOCIATED	
14	ASSOCIATED COMPANIES	288,111
15	OTHER INTEREST EXPENSE	7,623,489
16	LESS: INTEREST ON CUSTOMER DEPOSITS	(30,273)
17	CHARGED TO EXPENSE IN TEST YEAR	<u>73,714,792</u>
18		
19	INCREASE (DECREASE) INCOME	\$ 20,111,696
20		
21	INCREASE (DECREASE) FIT @	35% 7,039,094
22	INCREASE (DECREASE) NOI	<u>\$ (7,039,094)</u>

23  
24 **The impact of changes to this PSE-proposed adjustment was reflected**  
25 **on Schedule C-13 of Public Counsel Exhibit No.\_\_(JRD-3C)**  
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 9.06 DEPRECIATION STUDY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
UNCONTESTED**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	<u>ADJUSTMENT TO OPERATING EXPENSES</u>			
2	403 DEPRECIATION EXPENSE	\$ 76,528,830	\$ 81,276,393	\$ 4,747,564
3	403 GAS PORTION OF COMMON	2,951,555	4,422,340	1,470,785
4	403 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	1,147,453	1,147,453	-
5	SUBTOTAL DEPRECIATION EXPENSE 403	<u>\$ 80,627,838</u>	<u>\$ 86,846,187</u>	<u>\$ 6,218,349</u>
6				
7	403.1 DEPR. EXP - FAS 143 (RECOVERED IN RATES)	1,562,355	1,563,100	745
8	403.1 DEPR. EXP - FAS 143 (NOT RECOVERED IN RATES)	745	-	(745)
9	SUBTOTAL DEPRECIATION EXPENSE 403.1	<u>\$ 1,563,100</u>	<u>\$ 1,563,100</u>	<u>\$ (0)</u>
10				
11	TOTAL DEPRECIATION EXPENSE	<u>82,190,938</u>	<u>88,409,287</u>	<u>6,218,349</u>
12				
13	4111 ACCRETION EXP. - FAS 143 (RECOVERED IN RATES)	403,917	404,887	970
14	4111 ACCRETION EXP. - FAS 143 (NOT RECOVERED IN RATES)	970	-	(970)
15	SUBTOTAL ACCRETION EXPENSE 411.1	<u>\$ 404,887</u>	<u>\$ 404,887</u>	<u>\$ 0</u>
16				
17	FLEET DEPR. EXP. ON INC STMT NOT RECORDED IN 403			\$ -
18				
19	INCREASE(DECREASE) EXPENSE			\$ 6,218,349
20	INCREASE(DECREASE) FIT			-
21	INCREASE(DECREASE) DFIT			-
22	INCREASE(DECREASE) FIT @		35%	
23	INCREASE(DECREASE) NOI			<u>\$ (6,218,349)</u>
24				
25				
26	<u>ADJUSTMENT TO RATE BASE</u>			
27	ADJUST ACCUM DEPR FOR ADDITIONAL DEPR EXP (50% OF LINE 19)			\$ (3,109,174)
28	ADJUST ACCUMULATED DFIT FOR ADDITIONAL EXPENSE (50% OF LINE 21)			-
29	TOTAL ADJUSTMENT TO RATEBASE			<u>\$ (3,109,174)</u>

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 9.07 PASS THROUGH REVENUE AND EXPENSE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME - SCHEDULE 129	\$ 3,573,781
3	REMOVE CONSERVATION - SCHEDULE 120	8,020,557
4	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	(52,870,391)
5	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	49,586,556
6	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	364,449
7	TOTAL (INCREASE) DECREASE REVENUES	<u>\$ 8,674,952</u>
8		
9	<u>ADJUST REVENUE SENSITIVE ITEMS FOR REMOVAL OF REVENUE:</u>	
10	BAD DEBTS	0.283300% (24,576)
11	ANNUAL FILING FEE	0.200000% (17,350)
12	STATE UTILITY TAX	3.841100% (333,214)
13	TOTAL INCREASE (DECREASE) EXPENSE	<u>4.369178% \$ (375,140)</u>
14		
15	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
16	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	(3,417,545)
17	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	(7,669,601)
18	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	50,560,390
19	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	(48,300,625)
20	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	<u>INCL. ABOVE</u>
21	TOTAL INCREASE (DECREASE) EXPENSE	<u>\$ (8,827,381)</u>
22		
23	INCREASE (DECREASE) IN OPERATING INCOME BEFORE TAXES	527,569
24	INCREASE (DECREASE) FIT	184,649
25	INCREASE (DECREASE) NOI	<u>\$ 342,920</u>

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 9.08 BAD DEBTS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	NET WRITEOFFS	GROSS REVENUES	AMOUNT
1	12 MOS ENDED	DECEMBER	AUGUST	
2	2004	\$ 2,215,292	\$ 727,351,085	0.3046%
3	2005	\$ 2,918,686	\$ 1,224,844,682	0.2383%
4	2007	\$ 3,664,592	\$ 1,193,302,341	0.3071%
5	3-Yr Average of Net Write Off Rate			<u>0.2833%</u>
6				
7	Test Period Revenues		\$ 1,216,868,256	
8				
9	PROFORMA BAD DEBT RATE		<u>0.2833%</u>	
10	PROFORMA BAD DEBTS		\$ 3,447,388	
11				
12	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR		<u>4,146,730</u>	
13	INCREASE (DECREASE) EXPENSE			\$ (699,342)
14				
15	INCREASE (DECREASE) FIT		35%	<u>244,770</u>
16	INCREASE (DECREASE) NOI			<u>\$ 454,572</u>

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 9.09 MISCELLANEOUS OPERATING EXPENSE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE  
CONTESTED**

LINE NO.	DESCRIPTION	Restated Proforma		
		Test Year	Level	Adjustment
1	<u>OPERATING REVENUES</u>			
2	Other Operating Revenues			
3	Amortization of Summit Buyout Purchase Option	\$ 92,873	\$ 557,235	\$ 464,362
4	Increase (Decrease) in Revenue	\$ 92,873	\$ 557,235	\$ 464,362
5				
6				
7	<u>OPERATING EXPENSES</u>			
8	Amort of Deferred Taxes of Indirect Overheads			
9	Regulatory Asset (WUTC DOC # UG-051528)	\$ 1,414,931	\$ -	\$ (1,414,931) b
10	Increase in Service Contract O&M Baseline Charges, Transmission	60,713	60,713	0
11	Increase in Service Contract O&M Baseline Charges, Distribution	13,419,246	13,419,246	0
12	Company Store- Net Purchase/Sales of Merchandise in A&G	(1,301)	-	1,301 a
13	Summit Building Contractual Rent 4th Floor-New	106,062	277,205	171,143 a
14	Summit Building Contractual Rent Increases	888,289		(888,289) a
15	Airport Parking	7,193	1,233,184	1,225,991 a
16	Athletic Events - Charged Above the Line	7,394	0	(7,394) a
17	Advertising Expense - Charged below the line	1,003	0	(1,003)
18	Increase(Decrease ) in Expense	15,903,530	14,990,348	(913,182)
19				
20	Total Increase(Decrease ) in Income			1,377,544
21	Increase(Decrease ) FIT @ 35%			482,140
22				
23	Increase(Decrease ) NOI			<u>\$ 895,404</u>
24				
25	<b>The impact of the changes to this PSE adjustment were reflected within Schedule C-5</b>			
26	<b>of Exhibit No. __ (JRD-3C)</b>			
27				
28	<b>This adjustment has been modified to reflect the advertising adjustment that PSE proposed within</b>			
29	<b>rebuttal testimony</b>			



**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 9.10 PROPERTY TAX**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
***UNCONTESTED***

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>TOTAL</b>
1	RESTATED PROPERTY TAX	\$ 11,883,050
2	CHARGED TO EXPENSE IN TY	10,262,423
3	INCREASE(DECREASE) OPERATING EXPENSE	\$ 1,620,627
4		
5	TOTAL INCREASE(DECREASE) OPERATING EXPENSE (LINE 3)	\$ 1,620,627
6	INCREASE(DECREASE) FIT @ 35%	(567,219)
7	INCREASE(DECREASE) NOI	\$ (1,053,407)
8		
9		
10	<b>The original impact of the changes to this PSE adjustment were reflected within</b>	
11	<b>Schedule C-10 of Exhibit No. __ (JRD-3C)</b>	
12		
13	<b>This adjustment has been modified to accept PSE's rebuttal position on property</b>	
14	<b>tax expense development</b>	

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 9.11 EXCISE TAX & FILING FEE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
*UNCONTESTED*

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED EXCISE TAXES	\$ 45,358,667
2	CHARGED TO EXPENSE FOR TEST YEAR	46,425,021
3	INCREASE(DECREASE) EXCISE TAX	\$ (1,066,354)
4		
5	RESTATED WUTC FILING FEE	\$ 2,377,938
6	CHARGED TO EXPENSE FOR TEST YEAR	2,377,938
7	INCREASE(DECREASE) WUTC FILING FEE	\$ 0
8		
9	INCREASE(DECREASE) OPERATING EXPENSE	\$ (1,066,354)
10		
11	INCREASE(DECREASE) FIT 35%	\$ 373,224
12	INCREASE(DECREASE) NOI	\$ 693,130

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 9.12 D&O INSURANCE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**CONTESTED**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	<i>Proforma Directors and Officers' Liability</i>	
2	<i>Insurance for electric operations as proposed</i>	
3	<i>by PSE (Exh No. (MJS-9) Adj't 9.12)</i>	<u>\$ 214,244</u>
4		
5	<i>Restated D&amp;O Insurance Expense - Divide by 2</i>	<u>107,122</u>
6		
7	Test Period D&O Insurance Expense	433,404
8		
9	Adjustment	(326,282)
10		
11	Income Taxes	35% <u>114,199</u>
12		
13	Impact on Net Operating Income	<u><u>212,083</u></u>
14		
15		
16	<b>The impact of the changes to this PSE adjustment were reflected within</b>	
17	<b>Schedule C-9 of Exhibit No. __ (JRD-3C)</b>	

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 9.13 INTEREST ON CUSTOMER DEPOSITS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**2009 GENERAL RATE INCREASE**  
***UNCONTESTED***

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	INTEREST EXPENSE FOR THE RESTATED TEST YEAR	\$ 30,273
2		
3	INCREASE (DECREASE) NOI	\$ (30,273)
4		
5	<i>IMPACT ON WORKING CAPITAL OF INCLUDING GAS INTEREST</i>	
6	<i>ON CUSTOMER DEPOSITS IN RATEBASE:</i>	
7	<i>ADD GAS CUSTOMER DEPOSITS TO RATEBASE - OTHER</i>	(6,973,756)
8	<i>INCLUDE GAS DEPOSITS IN OPERATING FOR WORKING CAPITAL</i>	
9	<i>TOTAL IMPACT ON GAS RATEBASE</i>	<u>\$ (6,973,756)</u>
10		
11	<b>Public Counsel did not take a position on working capital/customer deposits</b>	
12	<b>within its direct testimony filing. Accordingly we have accepted this</b>	
13	<b>change in PSE's rebuttal filing.</b>	

**Public Counsel Revenue Requirement Summary  
PUGET SOUND ENERGY-GAS  
ADJUSTMENT 9.14 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 O&M	806,359	
7			
8	INCREASE (DECREASE) EXPENSE	\$ (236,859)	(236,859)
9			
10			
11	TOTAL INCREASE (DECREASE) EXPENSE		\$ (236,859)
12			
13	INCREASE(DECREASE) FIT @	35%	82,901
14	INCREASE(DECREASE) NOI		\$ 153,958

**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 9.15 DEFERRED GAINS/LOSSES ON PROPERTY SALES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

---

1	DEFERRED GAIN RECORDED SINCE UE-072300, <i>et al.</i> at 03/31/2010	\$ (618,994)
2	DEFERRED LOSS RECORDED SINCE UE-072300, <i>et al.</i> at 03/31/2010	164,927
3	TOTAL DEFERRED NET (GAIN) LOSS TO AMORTIZE	<u>\$ (454,067)</u>
4		
5	AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR RATE YEAR (Line 3/3years)	(151,356)
6		
7	AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR TEST YEAR	(633,528)
8		
9	INCREASE (DECREASE) EXPENSE (Line 5 - Line 7)	<u>\$ 482,172</u>
10		
11	INCREASE (DECREASE) FIT @ 35%	35% <u>(168,760)</u>
12		
13	INCREASE (DECREASE) NOI	<u><u>\$ (313,412)</u></u>

**Public Counsel Revenue Requirement Summary  
ADJUSTMENT 9.16 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	\$ 954,479	\$ 474,865	\$ (479,614)
2	LIABILITY INSURANCE EXPENSE	749,653	819,021	69,368
3	INCREASE(DECREASE) EXPENSE	\$ 1,704,133	\$ 1,293,886	\$ (410,247)
4				
5				
6	INCREASE (DECREASE) FIT @	35%		143,586
7	INCREASE (DECREASE) NOI			\$ 266,660
8				
9	The source for the Proforma Property Insurance Expense amount			
10	being proposed by Public Counsel is a supporting Excel spreadsheet			
11	entitled "Public Counsel Property Insurance Adjustment.xls"			
12				
13	<b>The impact of the change in this Company-proposed adjustment was reflected on</b>			
14	<b>Schedule C-4 of Exhibit No. __ (JRD-3C)</b>			

**Public Counsel Revenue Requirement Summary**  
**PUGET SOUND ENERGY-GAS**  
**ADJUSTMENT 9.17 PENSION PLAN**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**CONTESTED**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ (84,802)	\$ 1,275,570	\$ 1,360,372
2	SERP PLAN	956,338		(956,338)
3	INCREASE(DECREASE) EXPENSE	\$ 871,537	\$ 1,275,570	\$ 404,034
4				
5	INCREASE(DECREASE) OPERATING EXPENSE			404,034
6				
7	INCREASE (DECREASE) FIT @	35%		(141,412)
8	INCREASE (DECREASE) NOI			<u>\$ (262,622)</u>
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			<u>\$ 24,500,000</u>
17				
18	Four year average of contributions to qualified			
19	retirement plans			\$ 6,125,000
20				
21	Allocate to Operations and Maintenance Expense			<u>59.40%</u>
22				
23	Subtotal - Pension contributions allocated to O&M			\$ 3,638,250
24				
25	Allocation to electric operations			<u>35.06%</u>
26				
27	Proforma electric operations pension expense			
28	recommended by Public Counsel			<u>1,275,570</u>
29				
30	<b>The impact of the change in this Company-proposed adjustment was reflected on</b>			
31	<b>Schedules C-7 and C-8 of Exhibit No. __ (JRD-3C)</b>			



**Public Counsel Revenue Requirement Summary**  
**ADJUSTMENT 9.18 WAGE INCREASE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**2008 GENERAL RATE INCREASE**  
**CONTESTED**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PRODUCTION MANUF. GAS	\$ 157,210	\$ 161,435	\$ 4,225
3	OTHER GAS SUPPLY	513,380	529,101	15,721
4	STORAGE, LNG T&G	517,951	531,826	13,875
5	TRANSMISSION	168,404	172,804	4,400
6	DISTRIBUTION	20,616,696	21,147,963	531,267
7	CUSTOMER ACCTS	7,375,878	7,648,541	272,663
8	CUSTOMER SERVICE	1,087,202	1,123,995	36,793
9	SALES	27,852	28,763	911
10	ADMIN. & GENERAL	10,569,517	10,877,469	307,952
11	TOTAL WAGE INCREASE	41,034,090	42,221,897	1,187,807
12				
13	PAYROLL TAXES	3,528,068	3,673,299	145,231
14	TOTAL WAGES & TAXES	\$ 44,562,158	\$ 45,895,196	\$ 1,333,038
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			\$ 1,333,038
17	INCREASE (DECREASE) FIT @ 35%			(466,563)
18	INCREASE (DECREASE) NOI			<u>\$ (866,475)</u>
19				
20	The source for the Proforma Rate Year Wage/Payroll Tax Expense amount			
21	being proposed by Public Counsel is a supporting Excel spreadsheet			
22	entitled "Public Counsel PSE Wage Adjustment.xls"			
23				
24	<b>The impact of the change in this Company-proposed adjustment was reflected on</b>			
25	<b>Schedule C-2 of Exhibit No.__(JRD-3C). That original schedule contained an error</b>			
26	<b>pointed out in PSE rebuttal testimony that has been corrected on this schedule thereby</b>			
27	<b>increasing the difference between Public Counsel and PSE Proforma wage levels</b>			

**Public Counsel Revenue Requirement Summary  
PUGET SOUND ENERGY-GAS  
ADJUSTMENT 9.19 INVESTMENT PLAN  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
2009 GENERAL RATE INCREASE  
CONTESTED**

LINE NO.	DESCRIPTION	AMOUNT
1	<i>GAS O&amp;M PAYROLL AS PROPOSED BY PUBLIC</i>	
2	<i>COUNSEL ON ADJ'T. NO. 9.18</i>	\$ 42,221,897
3		
4	<i>TEST YEAR ACTUAL ELECTRIC O&amp;M WAGE</i>	<u>41,034,090</u>
5		
6	<i>FACTOR TO CONSIDER THE WAGE INCREASE BEING</i>	
7	<i>RECOMMENED BY THE PUBLIC COUNSEL (LINE 2/LINE 4)</i>	1.0289
8		
9	<i>TEST YEAR ACTUAL INVESTMENT PLAN EXPENSE</i>	<u>\$ 2,318,625</u>
10		
11	<i>PROFORMA INVESTMENT PLAN EXPENSE</i>	2,385,741
12		
13	<i>INCREASE (DECREASE) IN EXPENSE</i>	67,117
14	<i>INCREASE (DECREASE) IN FIT @ 35%</i>	<u>(23,491)</u>
15	<i>INCREASE (DECREASE) IN NOI</i>	<u>\$ 43,626</u>
16		
17		
18	<b>The impact of the change in this Company-proposed adjustment was reflected on</b>	
19	<b>Schedule C-2 of Exhibit No.__(JRD-3C). That original schedule contained an error</b>	
19	<b>pointed out in PSE rebuttal testimony that has been corrected on this schedule thereby</b>	
19	<b>increasing the difference between Public Counsel and PSE Proforma Investment Plan expense</b>	

**Public Counsel Revenue Requirement Summary  
PUGET SOUND ENERGY-GAS  
ADJUSTMENT 9.20 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 GAS OPERATIONS	<u>35.06%</u>
11		
12	TOTAL PROFORMA ELECTRIC OPERATIONS FLEX CREDIT COSTS	10,004,006
13		
14	PERCENT TO GAS EXPENSE	<u>59.40%</u>
15		
16	PUBLIC COUNSEL PROPOSED PROFORMA FLEX	
17	CREDIT FOR GAS OPERATING EXPENSE	5,942,380
18		
19	CHARGED TO EXPENSE 12 MONTH ENDING DECEMBER 2008	<u>5,516,162</u>
20		
21	INCREASE(DECREASE) OPERATING EXPENSE	<u>426,217</u>
22		
23	INCREASE(DECREASE) FIT @ 35%	(149,176)
24		
25	INCREASE(DECREASE) NOI	<u>\$ (277,041)</u>
26		
27	<b>The impact of the change in this Company-proposed adjustment was reflected on</b>	
28	<b>Schedule C-3 of Exhibit No.__(JRD-3C)</b>	

**Public Counsel Revenue Requirement Summary**  
**PUGET SOUND ENERGY-GAS**  
**ADJUSTMENT 9.21 INCENTIVE PAY**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>ACTUAL</b>	<b>PROFORMA RESTATED</b>	<b>ADJUSTMENT</b>
1	INCENTIVE/MERIT PAY			
2	PRODUCTION MANUF. GAS	\$ 13,951	\$ 10,619	\$ (3,332)
3	OTHER GAS SUPPLY	45,892	34,929	\$ (10,963)
4	STORAGE, LNG T&G	46,260	35,209	\$ (11,051)
5	TRANSMISSION	15,053	11,457	\$ (3,596)
6	DISTRIBUTION	1,844,509	1,406,673	\$ (437,836)
7	CUSTOMER ACCTS	660,117	506,056	\$ (154,061)
8	CUSTOMER SERVICE	97,292	74,050	\$ (23,242)
9	SALES	2,570	1,956	\$ (614)
10	ADMIN. & GENERAL	945,752	713,396	\$ (232,356)
11	TOTAL INCENTIVE PAY	\$ 3,671,396	\$ 2,794,345	\$ (877,051)
12				
13	PAYROLL TAXES ASSOC WITH MERIT PAY	294,328	224,017	(70,311)
14	INCREASE(DECREASE) EXPENSE	3,965,724	3,018,362	(947,362)
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			(947,362)
17				
18	INCREASE(DECREASE) FIT @		35%	331,577
19	INCREASE(DECREASE) NOI			\$ 615,785

**Public Counsel Revenue Requirement Summary**  
**PUGET SOUND ENERGY-GAS**  
**ADJUSTMENT 9.22 MERGER SAVINGS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>ACTUAL</b>	<b>PROFORMA RESTATED</b>	<b>ADJUSTMENT</b>
1				
2	OPERATING EXPENSES			
3	MEGER COSTS	478,634	-	(478,634)
4	TOTAL INCREASE (DECREASE) EXPENSES			(478,634)
5				
6	INCREASE (DECREASE) INCOME			478,634
7				
8	INCREASE (DECREASE) FIT @	35%		\$ 167,522
9	INCREASE (DECREASE) NOI			\$ 311,112

**Public Counsel Revenue Requirement Summary**  
**PUGET SOUND ENERGY-GAS**  
**ADJUSTMENT 9.23 FLEET VEHICLES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**UNCONTESTED**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	<u>RATEBASE</u>			
2	FLEET BALANCE	\$ -	\$ 4,805,828	\$ 4,805,828
3	ACCUMULATED DEPRECIATION	-	(330,401)	(330,401)
4	DEFERRED FIT	-	(397,569)	(397,569)
5	<u>NET FLEET RATEBASE</u>	<u>\$ -</u>	<u>\$ 4,077,858</u>	<u>\$ 4,077,858</u>
6				
7				
8	<u>FLEET OPERATING EXPENSES</u>			
9	LEASE PAYMENT	\$ 1,512,141	\$ -	\$ (1,512,141)
10	DEPRECIATION EXPENSE		\$ 440,534	440,534
11	<u>INCREASE (DECREASE) EXPENSE</u>	<u>\$ 1,512,141</u>	<u>\$ 440,534</u>	<u>\$ (1,071,607)</u>
12				
13	INCREASE (DECREASE) EXPENSE	1,512,141	440,534	(1,071,607)
14				
15			35.00%	
16	INCREASE (DECREASE) FIT @	(529,249)	(154,187)	375,062
17	<u>INCREASE (DECREASE) NOI</u>	<u>\$ (982,892)</u>	<u>\$ (286,347)</u>	<u>\$ 696,545</u>

**PUGET SOUND ENERGY - GAS**  
**ADJUSTMENT 9.24 (PC-1 gas) 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	<b><u>CORPORATE AIRCRAFT OPERATING EXPENSE</u></b>			
2	ADMINISTRATIVE AND GENERAL EXPENSE	\$ 160,256	\$ 90,686	\$ (69,570)
3	DEPRECIATION EXPENSE	50,980	-	(50,980)
4	TOTAL AMORTIZATION WILD HORSE EXPANSION	<u>\$ 211,236</u>	<u>\$ 90,686</u>	<u>\$ (120,550)</u>
5				
6	INCREASE (DECREASE) OPERATING EXPENSES			(120,550)
7				
8	INCREASE (DECREASE) FIT			<u>42,193</u>
9				
10	INCREASE (DECREASE) NOI			<u><u>78,358</u></u>
11				
12	<b><u>RATE BASE- CORPORATE AIRCRAFT COSTS</u></b>			
13	PLANT IN SERVICE	\$ 802,297	\$ -	\$ (802,297)
14	ACCUMULATED DEPRECIATION	<u>(363,671)</u>	-	<u>363,671</u>
15	ACCUMULATED DEFERRED INCOME TAXES	30,450	-	(30,450)
16	TOTAL AMOUNT OF AIRCRAFT COSTS IN RATE BASE	<u><u>\$ 469,076</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (469,076)</u></u>
17				
18	<b>This adjustment was reflected on Schedules B-1 and C-12 of Public Counsel Exhibit No. __ (JRD-3C)</b>			

**PUGET SOUND ENERGY- GAS**  
**ADJUSTMENT 9.25 (PC-2 gas) NORMALIZE INJURIES AND DAMAGES EXPENSE**  
**FOR TWELVE MONTHS ENDING DECEMBER 31, 2008**  
**GENERAL RATE INCREASE**  
**CONTESTED - INCREMENTAL PUBLIC COUNSEL ADJUSTMENT**

Line No.	Description (a)	Year (b)	Source (c)
1	Accruals for Injuries and Damages Expense	2006	\$ 150,543
2	(Source: Public Counsel Data Request	2007	-
3	No. 336)	2008	100,000
4	Payments Expensed - Not Previously Accrued	2006	315,261
5	(Source: Public Counsel Data Request	2007	473,145
6	No. 336)	2008	<u>669,674</u>
7	Total Accruals & Payment Charged to	2006	465,804
8	Injuries and Damages Expense	2007	473,145
9	(Sum Lines 1-3 and Lines 4-6)	2008	769,674
10	Three Year Average of Injuries and Damages (Average Lines 7 - 9)		\$ 569,541
11	Less: Test Year Actual Accruals and Payments		<u>(769,674)</u>
12	Adjustment to normalize injuries and damages		
13	expense based upon a three year average (Line 10 - Line 11)		(200,133)
14	Increase/(Decrease) in federal income tax expense @ 35%		<u>70,047</u>
15	Increase/(Decrease) in Net Operating Income (Line 13 - Line 14)		<u>\$ 130,086</u>
17	<b>The impact of the change in this Company-proposed adjustment was</b>		
18	<b>reflected on Schedule C-2 of Exhibit No. __ (JRD-3C)</b>		



**PUGET SOUND ENERGY - GAS**  
**ADJUSTMENT 9.26 (PC-3 gas) JACKSON PRAIRIE PLANT ADJUSTMENT**  
**FOR TWELVE MONTHS ENDING DECEMBER 31, 2008**  
**CONTESTED - INCREMENTAL PUBLIC COUNSEL ADJUSTMENT**

Line No.	Description (a)	Amount (b)	Source (c)
1	Reduce gas plant in service for refund of sales		Response
2	taxes related to an expansion project at		to Public
3	Jackson Prairie. Taxes originally paid were		Counsel
4	capitalized into the project costs.	\$ (740,624)	DR No. 409
5			
6	PSE's portion - per PSE rebuttal	<u>33.33%</u>	
7			
8	PSE Adjustment	<u>\$ (246,875)</u>	
9			
10	<b>This adjustment was reflected on Schedules B-2 of</b>		
11	<b>Public Counsel Exhibit No.__(JRD-3C). It has been modified</b>		
12	<b>from the original adjustment to reflect a needed correction</b>		
13	<b>pointed out by PSE in rebuttal testimony of Mr. Marcellia.</b>		

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

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	RATE BASE	\$ 1,468,577,971
2	RATE OF RETURN	<u>7.74%</u>
3		
4	OPERATING INCOME REQUIREMENT	113,667,935
5		
6	PRO FORMA OPERATING INCOME	<u>112,244,021</u>
7	OPERATING INCOME DEFICIENCY	1,423,914
8		
9	CONVERSION FACTOR	<u>0.6218910</u>
10	REVENUE REQUIREMENT DEFICIENCY	2,289,652
11	OTHER OPERATING REVENUES	184,000
12		
13	REVENUE REQUIREMENT DEFICIENCY	<u><u>\$ 2,105,652</u></u>

**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%		7.74%
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**

<b>LINE NO.</b>	<b>DESCRIPTION</b>		<b>RATE</b>
1	BAD DEBTS		0.002833
2	ANNUAL FILING FEE		0.002000
3	STATE UTILITY TAX ( 3.852% - ( LINE 1 * 3.852% ) )	3.852%	<u>0.038411</u>
4			
5	SUM OF TAXES OTHER		0.043244
6			
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX ( 1 - LINE )		0.956756
8	FEDERAL INCOME TAX ( LINE 7 * 35% )	35%	<u>0.334865</u>
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX ( LINE 7 - LINE 8 )		<u>0.621891</u>

Reconciliation of PSE and Public Counsel Adjustments

Adj. No. (a)	Description (b)	Public Counsel			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)
	<b>Actual Results of Operations</b>	\$ 111,350,201	\$ 1,476,214,962	\$ 4,677,407	111,350,201	1,476,214,962	22,717,922	\$ -	\$ -	\$ (18,040,515)
9.01	Temperature Normalization	(8,781,321)	-	14,120,354	(8,781,321)	-	14,120,354	-	-	-
9.02	Revenues & Expenses	20,919,189	-	(33,638,031)	20,539,623	-	(33,027,690)	379,566	-	(610,341)
9.03	Net Interest Paid to IRS	(1,018,402)	(915,968)	1,523,588	(1,018,402)	(915,968)	1,512,395	0	-	11,194
9.04	Federal Income Tax	1,028,039	-	(1,653,086)	1,028,039	-	(1,653,085)	1	-	(1)
9.05	Tax Benefits of Pro Forma Interest	(7,039,094)	-	11,318,854	(8,726,982)	-	14,032,977	1,687,888	-	(2,714,122)
9.06	Depreciation Study	(6,218,349)	(3,109,174)	9,612,132	(6,218,349)	(3,109,174)	9,574,136	-	-	37,997
9.07	Pass-Through Revenue & Expense	342,920	-	(551,414)	342,920	-	(551,414)	(0)	-	-
9.08	Bad Debt	454,572	-	(730,951)	454,572	-	(730,951)	-	-	-
9.09	Miscellaneous Operating Expense	895,404	-	(1,439,808)	441,551	-	(710,013)	453,853	-	(729,795)
9.10	Property Tax	(1,053,407)	-	1,693,878	(1,053,408)	-	1,693,878	0	-	(0)
9.11	Excise Tax & Filing Fee	693,130	-	(1,114,552)	693,130	-	(1,114,552)	-	-	-
9.12	D&O Insurance	212,083	-	(341,030)	142,454	-	(229,066)	69,629	-	(111,964)
9.13	Interest on Customer Deposits	(30,273)	(6,973,756)	(819,268)	(30,273)	(6,973,756)	(904,493)	-	-	(85,225)
9.14	Rate Case Expense	153,958	-	(247,565)	153,958	-	(247,565)	-	-	-
9.15	Deferred G/L on Property Sales	(313,412)	-	503,966	(313,412)	-	503,966	-	-	-
9.16	Property & Liability Insurance	266,660	-	(428,790)	234,055	-	(376,360)	32,606	-	(52,430)
9.17	Pension Plan	(262,622)	-	422,296	(1,480,293)	-	2,380,310	1,217,671	-	(1,958,014)
9.18	Wage Increase	(866,475)	-	1,393,290	(1,599,663)	-	2,572,256	733,188	-	(1,178,966)
9.19	Investment Plan	(43,626)	-	70,150	(88,119)	-	141,695	44,493	-	(71,545)
9.20	Employee Insurance	(277,041)	-	445,482	(505,317)	-	812,549	228,275	-	(367,067)
9.21	Incentive Pay	615,785	-	(990,182)	615,785	-	(990,182)	-	-	-
9.22	Merger Savings	311,112	-	(500,268)	311,112	-	(500,268)	-	-	-
9.23	Fleet Vehicles	696,545	4,077,858	(612,517)	696,545	4,077,858	(562,682)	-	-	(49,835)
9.24	Excess Aircraft Costs (PC-1 gas)	78,358	(469,076)	(184,380)	-	-	-	78,358	(469,076)	(184,380)
9.25	Normalize Injuries and Damages (PC-2 gas)	-	-	(209,179)	-	-	-	130,086	-	(209,179)
9.26	Jackson Prairie Plant (PC-3 gas)	130,086	(246,875)	(30,726)	-	-	-	-	(246,875)	(30,726)
9.27	Starting Point Error - Reconciling Adj't	-	-	-	-	-	-	-	-	-
	<b>Total Adjustment</b>	\$ 893,820	\$ (7,636,991)	\$ (2,387,755)	\$ (4,161,795)	\$ (6,921,040)	\$ 5,746,195	\$ 5,055,615	\$ (715,951)	\$ (8,133,949)
	<b>Adjusted Results of Operations</b>	\$ 112,244,021	\$ 1,468,577,971	\$ 2,289,652	107,188,406	1,469,293,922	28,464,116	\$ 5,055,615	\$ (715,951)	\$ (26,174,464)

Puget Sound Energy  
 UE 090704/090705  
 Test Year December 31, 2008  
 PSE Rebuttal Update Revenue Requirement Summary  
 Gas Operations

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

Adj. No. (a)	Description (b)	Net Operating Income (c)	Rate Base (d)	Rev Req @8.50 (e)	Rev Req @7.74% (f)
	<b>Actual Results of Operations</b>	111,350,201	1,476,214,962	22,717,922	4,677,407
14.01	Temperature Normalization	(8,781,321)	-	14,120,354	14,120,354
14.02	Revenues & Expenses	20,539,623	-	(33,027,690)	(33,027,690)
14.03	Net Interest Paid to IRS	(1,018,402)	(915,968)	1,512,395	1,523,588
14.04	Federal Income Tax	1,028,039	-	(1,653,085)	(1,653,085)
14.05	Tax Benefit of Pro Forma Interest	(8,726,982)	-	14,032,977	14,032,977
14.06	Depreciation Study	(6,218,349)	(3,109,174)	9,574,136	9,612,132
14.07	Pass-Through Revenue & Expense	342,920	-	(551,414)	(551,414)
14.08	Bad Debt	454,572	-	(730,951)	(730,951)
14.09	Miscellaneous Operating Expense	441,551	-	(710,013)	(710,013)
14.10	Property Tax	(1,053,408)	-	1,693,878	1,693,878
14.11	Excise Tax & Filing Fee	693,130	-	(1,114,552)	(1,114,552)
14.12	D&O Insurance	142,454	-	(229,066)	(229,066)
14.13	Interest on Customer Deposits	(30,273)	(6,973,756)	(904,493)	(819,268)
14.14	Rate Case Expense	153,958	-	(247,565)	(247,565)
14.15	Deferred G/L on Property Sales	(313,412)	-	503,966	503,966
14.16	Property & Liability Insurance	234,055	-	(376,360)	(376,360)
14.17	Pension Plan	(1,480,293)	-	2,380,310	2,380,310
14.18	Wage Increase	(1,599,663)	-	2,572,256	2,572,256
14.19	Investment Plan	(88,119)	-	141,695	141,695
14.20	Employee Insurance	(505,317)	-	812,549	812,549
14.21	Incentive Pay	615,785	-	(990,182)	(990,182)
14.22	Merger Savings	311,112	-	(500,268)	(500,268)
14.23	Fleet Vehicles	696,545	4,077,858	(562,682)	(612,517)
	<b>Total Adjustment</b>	(4,161,795)	(6,921,040)	5,746,195	5,830,775
	<b>Adjusted Results of Operations</b>	107,188,406	1,469,293,922	<b>28,464,116</b>	10,508,182

Adj. No. (a)	Description (b)	Net Operating Income (c)	Rate Base (d)	Rev Req @7.74% (f)	Cost of Capital Difference (g)
<b>Actual Results of Operations</b>		111,350,201	1,476,214,962	4,677,407	(18,040,515)
9.01	Temperature Normalization	(8,781,321)	-	14,120,354	-
9.02	Revenues & Expenses	20,919,189	-	(33,638,031)	-
9.03	Net Interest Paid to IRS	(1,018,402)	(915,968)	1,523,588	11,194
9.04	Federal Income Tax	1,028,039	-	(1,653,086)	-
9.05	Tax Benefits of Pro Forma Interest	(7,039,094)	-	11,318,854	-
9.06	Depreciation Study	(6,218,349)	(3,109,174)	9,612,132	37,997
9.07	Pass-Through Revenue & Expense	342,920	-	(551,414)	-
9.08	Bad Debt	454,572	-	(730,951)	-
9.09	Miscellaneous Operating Expense	895,404	-	(1,439,808)	-
9.10	Property Tax	(1,053,407)	-	1,693,878	-
9.11	Excise Tax & Filing Fee	693,130	-	(1,114,552)	-
9.12	D&O Insurance	212,083	-	(341,030)	-
9.13	Interest on Customer Deposits	(30,273)	(6,973,756)	(819,268)	85,225
9.14	Rate Case Expense	153,958	-	(247,565)	-
9.15	Deferred G/L on Property Sales	(313,412)	-	503,966	-
9.16	Property & Liability Insurance	266,660	-	(428,790)	-
9.17	Pension Plan	(262,622)	-	422,296	-
9.18	Wage Increase	(866,475)	-	1,393,290	-
9.19	Investment Plan	(43,626)	-	70,150	-
9.20	Employee Insurance	(277,041)	-	445,482	-
9.21	Incéntive Pay	615,785	-	(990,182)	-
9.22	Merger Savings	311,112	-	(500,268)	-
9.23	Fleet Vehicles	696,545	4,077,858	(612,517)	(49,835)
9.24	Excess Aircraft Costs	78,358	(469,076)	(184,380)	5,732
9.25	Normalize Injuries and Damages	130,086	-	(209,179)	-
9.26	Jackson Prairie Plant	-	(246,875)	(30,726)	3,017
9.27	Starting Point Error - Reconciling Adj't	-	-	-	-
<b>Total Adjustment</b>		893,820	(7,636,991)	(2,387,755)	93,330
<b>Adjusted Results of Operations</b>		112,244,021	1,468,577,971	2,289,652	(17,947,185)

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

<b>Component Description</b>	<b>Per Company</b>	<b>Per Public Counsel</b>	<b>PSE Before-Tax Weighted Cost of Common Equity</b>	<b>Public Counsel Before-Tax Weighted Cost of Common Equity</b>
Long-term Debt	3.220%	3.55%	3.220%	3.550%
Short term Debt	0.100%	0.10%	0.100%	0.100%
Preferred Stock	0.000%	0.00%	0.000%	0.000%
Common Stock	5.180%	4.09%	0.08329	0.06577
<b>Cost of Capital</b>	<b>8.500%</b>	<b>7.740%</b>	<b>11.649%</b>	<b>10.227%</b>
Conversion Factor - Electric	0.621262	0.621262		
Conversion Factor - Gas	0.621891	0.621891		
Tax Rate	0.35	0.35		
Difference in PC/PSE Before Tax COC				-1.422%