

**EXHIBIT NO. \_\_\_(JHS-3)**  
**DOCKET NO. UE-07\_\_\_/UG-07\_\_\_**  
**2007 PSE GENERAL RATE CASE**  
**WITNESS: JOHN H. STORY**

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

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. UE-07\_\_\_**  
**Docket No. UG-07\_\_\_**

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

**DECEMBER 3, 2007**

PUGET SOUND ENERGY, INC.  
INCOME STATEMENT  
For Twelve Months Ended September 30, 2005 and September 30, 2007

	per UG-060266, et. al (consolidated) Actual Results of Operation 9/30/05	Actual Results of Operation 9/30/07
	Total Electric	Total Electric
1 - OPERATING REVENUES:		
2 - SALES TO CUSTOMERS AND TRANSMISSION	\$ 1,397,539,936	\$ 1,785,744,016
3 - SALES FOR RESALE-FIRM	350,901	\$ 374,331
4 - SALES TO OTHER UTILITIES	151,158,328	\$ 268,574,887
5 - OTHER OPERATING REVENUES	55,899,367	\$ 43,280,356
6 - TOTAL OPERATING REVENUES	\$ 1,604,948,532	\$ 2,097,973,590
7		
8 - OPERATING REVENUE DEDUCTIONS:		
9		
10 - POWER / GAS COST:		
11 - FUEL	75,039,758	118,473,661
12 - PURCHASED AND INTERCHANGED	808,898,950	1,017,118,800
13 - WHEELING	43,994,427	65,628,548
14 - RESIDENTIAL EXCHANGE	(177,350,021)	(84,819,852)
15 - TOTAL PRODUCTION EXPENSES	\$ 750,583,115	\$ 1,116,401,157
16		
17 - OTHER ENERGY SUPPLY EXPENSES:	53,185,137	79,069,006
18 - TRANSMISSION EXPENSE	3,786,749	6,532,375
19 - DISTRIBUTION EXPENSE	56,397,075	67,507,444
20 - CUSTOMER ACCTS EXPENSES	32,311,231	37,171,867
21 - CUSTOMER SERVICE EXPENSES	9,266,102	9,736,024
22 - CONSERVATION AMORTIZATION	18,233,848	32,494,479
23 - ADMIN & GENERAL EXPENSE	64,934,552	76,980,894
24 - DEPRECIATION	129,900,123	160,277,383
25 - AMORTIZATION	24,582,050	30,986,683
26 - AMORTIZ OF PROPERTY LOSS	7,937,131	5,380,486
27 - OTHER OPERATING EXPENSES	(2,317,679)	(11,616,918)
28 - FAS 133	911,373	887,595
29 - TAXES OTHER THAN INCOME TAXES	140,165,789	171,491,627
30 - INCOME TAXES	101,303,182	(5,105,994)
31 - DEFERRED INCOME TAXES	(17,512,885)	67,629,351
32 - TOTAL OPERATING REV. DEDUCT.	1,373,666,893	1,845,823,459
33		
34 - NET OPERATING INCOME	\$ 231,281,639	\$ 252,150,131
35		
36 - RATE BASE	\$ 2,513,582,619	\$ 3,189,416,474
37		
38 - RATE OF RETURN	9.20%	7.91%

**PUGET SOUND ENERGY, INC.**  
**BALANCE SHEET**  
For Twelve Months Ended September 30, 2005 and September 30, 2007

FERC Account and Description	Sep-05	Sept-05 AMA	Sep-07	Sept-07 AMA
<b>*ASSETS</b>				
<b>**UTILITY PLANT</b>				
<b>***Electric Plant</b>				
101 Electric Plant in Service	\$ 4,295,972,429	4,235,903,978	\$ 5,502,952,632	5,230,171,776
101.1 Property Under Capital Leases		-	22,881,586.67	16,248,974
102 Electric Plant Purchased or Sold	(166,150)	266,084	-	(12,153,779)
105 Electric Plant Held for Future Use	8,909,173	7,635,309	8,480,844	8,390,149
107 Construction Work in Prog. - Electric	262,702,803	127,122,439	229,102,241	235,649,245
114 Electric Plant Acquisition Adjustments	77,871,127	77,871,127	77,871,127	77,871,127
***Total Electric Plant	4,645,289,382	4,448,798,938	\$ 5,841,288,432	5,556,177,493
<b>***Gas Plant</b>				
101 Gas Plant in Service	1,926,765,189	1,868,945,825	2,197,462,687	2,123,370,167
105 Gas Plant Held for Future Use	-	158,241	64,439	64,439
107 Construction Work in Progress - Gas	35,484,339	34,793,773	66,853,572	55,369,822
114 Gas Plant Acquisition Adjustments		66,044	-	-
117.3 Gas Strd.in Resvr.& Pipln.-Noncurr.	4,556,642	4,360,662	6,137,783	5,771,153
***Total Gas Plant	1,966,806,170	1,908,182,128	2,270,518,482	2,184,575,581
<b>***Common Plant</b>				
101 Plant in Service - Common	423,225,932	396,488,550	474,791,599	450,069,920
107 Construction Work in Progress - Common	13,596,000	19,701,098	7,582,566	15,138,413
***Total Common Plant	436,821,932	416,189,648	482,374,164	465,208,333
<b>***Accumulated Depreciation and Amortization</b>				
108 Accumulated Provision for Depreciation	(2,504,629,086)	(2,434,402,866)	(2,938,265,383)	(2,787,864,516)
111 Accumulated Provision for Amortization	(169,801,059)	(157,066,794)	(227,326,793)	(208,076,914)
115 Accm.Prv.for Amort.of Plant Acquis.Adj.	(32,146,752)	(30,867,846)	(37,526,552)	(36,181,602)
***Less: Accumulated Depr and Amortizat	(2,706,576,896)	(2,622,337,506)	(3,203,118,728)	(3,032,123,032)
<b>**NET UTILITY PLANT</b>	4,342,340,588	4,150,833,208	5,391,062,349	5,173,838,374
<b>**OTHER PROPERTY AND INVESTMENTS</b>				
<b>***Other Investments</b>				
121 Nonutility Property	2,942,778	2,724,697	3,138,905	3,044,867
122 Accm.Prov.for Depr.& Amort.Non-utility P	(445,522)	(445,522)	(445,522)	(445,522)
123.1 Investment in Subsidiary Companies	66,938,108	79,810,248	65,544,371	62,632,927
124 Other Investments	51,441,439	49,444,226	60,599,235	57,663,645
***Total Other Investments	120,876,804	131,533,649	128,836,989	122,895,917
<b>**TOTAL OTHER PROPERTY AND INVESTMENT</b>	120,876,804	131,533,649	128,836,989	122,895,917
<b>**CURRENT ASSETS</b>				
<b>***Cash</b>				
131 Cash	1,910,333	801,216	186,761	2,929,229
134 Other Special Deposits	2,141,605	2,643,466	2,476,813	2,149,990
135 Working Funds	1,840,306	2,200,170	2,370,320	2,513,265
136 Temporary Cash Investments	-	2,100,000	2,637,717	8,643,238
***Total Cash	5,892,244	7,744,852	7,671,611	16,235,722
<b>***Restricted Cash</b>				
***Total Restricted Cash	-	108,022	-	-
***Accounts Receivable		108,022	-	-
141 Notes Receivable	564,598	417,703	3,173,323	2,453,009
142 Customer Accounts Receivable	88,132,197	201,161,737	131,595,865	199,013,378
143 Other Accounts Receivable	126,788,883	125,814,041	115,855,747	101,344,200
146 Accounts Receiv.from Assoc. Companies	26,651,600	20,992,395	298,072	274,461
171 Interest and Dividends Receivable	2,577	5,752	1,275	651
173 Accrued Utility Revenues	(1)	(235,381)	115,237,544	140,050,394
185 Temporary Facilities	(180,387)	(198,816)	(436,423)	(339,476)
191 Unrecovered Purchased Gas Costs	37,507,567	24,485,958	(61,157,957)	(141,199)
***Total Accounts Receivable	279,467,034	372,443,388	304,567,445	442,655,417
<b>***Allowance for Doubtful Accounts</b>				
144 Accm.Prov.for Uncollectble Accts-Credit	(42,557,426)	(42,166,119)	(1,811,378)	(1,385,116)
***Less: Allowance for Doubtful Accounts	(42,557,426)	(42,166,119)	(1,811,378)	(1,385,116)
<b>***Materials and Supplies</b>				
151 Fuel Stock	8,118,222	9,094,124	7,265,263	7,730,850
154 Plant Materials and Operating Supplies	32,018,969	30,503,264	58,567,811	49,269,603
163 Stores Expense Undistributed	1,912,566	2,140,811	2,631,440	2,273,435
164.1 Gas Stored - Current	86,379,589	55,131,465	108,863,763	87,647,515

**PUGET SOUND ENERGY, INC.**  
**BALANCE SHEET**  
**For Twelve Months Ended September 30, 2005 and September 30, 2007**

<b>FERC Account and Description</b>	<b>Sep-05</b>	<b>Sept-05 AMA</b>	<b>Sep-07</b>	<b>Sept-07 AMA</b>
164.2 Liquefied Natural Gas Stored	597,928	604,487	667,967	653,880
***Total Materials and Supplies	129,027,274	97,474,151	177,996,244	147,575,283
***Unrealized Gain-Derivative Instrumnts (ST)				
175 Invest in Derivative Instrumnts -Opt ST	18,082,080	2,630,622	231,815	405,473
176 Invest in Derivative Instrumnts-Gain ST	185,337,284	39,991,473	12,291,619	20,560,916
***Unrealized Gain on Derivatives (ST)	203,419,364	42,622,095	12,523,434	20,966,389
***Prepayments and Other Current Assets				
165 Prepayments	16,967,987	10,407,711	8,227,582	9,045,343
174 Misc.Current and Accrued Assets	15,526,453	3,180,359	16,292,762	3,894,022
186 Miscellaneous Deferred Debits	510,145	313,820	10,132	6,475
***Total Prepayments & Othr.Curr.Assets	33,004,585	13,901,890	24,530,476	12,945,840
Current Deferred Taxes				
Total Current Deferred Taxes	(22,592,354)	(2,643,756)	6,049,009	1,508,162
<b>**TOTAL CURRENT ASSETS</b>	<b>585,660,721</b>	<b>489,484,522</b>	<b>531,526,842</b>	<b>640,501,697</b>
<b>**LONG-TERM ASSETS</b>				
165 Long-Term Prepaid	-	-	5,000,000	2,708,333
176 Invest in Derivative Instrumnts-Gain LT	38,955,721	21,446,418	31,891	5,116,921
181 Unamortized Debt Expense	24,473,020	24,472,676	25,796,188	23,804,487
182.1 Extraordinary Property Losses	16,497,050	19,565,757	115,279,883	94,478,118
182.2 Unrecovered Plant & Reg Study Costs	45,400,600	46,169,680	42,238,442	43,007,057
Subtotal WUTC AFUDC	-	-	35,305,284	7,296,300
182.3 Other Regulatory Assets	477,876,891	491,014,550	512,210,531	526,016,855
183 Prelm. Survey and Investigation Charges	657,177	641,453	814,255	713,292
184 Clearing Accounts	1,886,631	934,877	(3,097,511)	(142,202)
186 Miscellaneous Deferred Debits	(2,816,542)	126,361,380	179,141,202	196,904,896
187 Def.Losses from Dispos.of Utility Plant	2,796,629	2,162,682	1,848,080	2,222,956
189 Unamortized Loss on Reacquired Debt	17,600,128	14,737,503	22,317,897	21,547,656
<b>**TOTAL LONG-TERM ASSETS</b>	<b>623,327,305</b>	<b>747,506,976</b>	<b>936,886,141</b>	<b>923,674,670</b>
<b>*TOTAL ASSETS</b>	<b>\$ 5,672,205,418</b>	<b>\$ 5,519,358,355</b>	<b>\$ 6,988,312,322</b>	<b>\$ 6,860,910,658</b>
<b>*CAPITALIZATION AND LIABILITIES</b>				
<b>**CURRENT LIABILITIES</b>				
230 Asset Retirement Obligations	-	-	(2,305,000)	(2,120,268)
244 FAS 133 Opt Unrealized Loss ST	(5,278,067)	(723,077)	(904,104)	(487,493)
245 FAS 133 Unrealized Loss ST	(9,365,369)	(11,817,915)	(55,764,225)	(49,489,912)
231 Notes Payable	(223,871,000)	(91,463,792)	(378,039,000)	(348,099,458)
232 Accounts Payable	(226,751,266)	(197,275,334)	(256,108,243)	(272,714,603)
233 Notes Payable to Associated Companies	-	-1250	(24,282,078)	(24,305,264)
234 Accounts Payable to Asscted Companies	(3,367,021)	(3,282,266)	(1,113,828)	(1,511,318)
235 Customer Deposits	(15,377,914)	(14,246,647)	(21,683,576)	(19,963,145)
236 Taxes Accrued	(80,851,228)	(95,400,139)	(24,562,129)	(55,640,970)
237 Interest Accrued	(42,900,750)	(37,674,520)	(57,279,930)	(51,848,432)
241 Tax Collections Payable	(773,627)	(577,538)	(47,786)	(2,573,954)
242 Misc. Current and Accrued Liabilities	(8,997,352)	(9,413,066)	(11,869,671)	(10,610,561)
243 Obligations Under Cap.Leases - Current	-	-	(83,855)	(956,772)
<b>**TOTAL CURRENT LIABILITIES</b>	<b>(617,533,595)</b>	<b>(461,875,542)</b>	<b>(834,043,427)</b>	<b>(840,322,150)</b>
<b>**DEFERRED TAXES</b>				
***Reg. Liability for Def.Income Tax				
253 Other Deferred Credits	(100,000)	(100,000)	(100,000)	(100,000)
283 Accum.Deferred Income Taxes - Other	(109,735,689)	(115,290,231)	(81,260,689)	(87,284,814)
***Total Reg.Liab.for Def.Income Tax	(109,835,689)	(115,390,231)	(81,360,689)	(87,384,814)
***Deferred Income Tax				
190 Accum.Deferred Income Taxes	116,774,931	89,003,020	159,193,686	141,196,858
255 Accum.Deferred Investment Tax Credits	(2,378,606)	(2,656,573)	(1,438,711)	(1,600,609)
282 Accum. Def. Income Taxes - Other Prop.	(594,828,666)	(616,574,132)	(665,689,824)	(630,981,943)
283 Accum.Deferred Income Taxes - Other	(167,534,265)	(147,893,441)	(188,205,090)	(175,963,766)
***Total Deferred Income Tax	(647,966,606)	(678,121,126)	(696,139,938)	(667,349,460)
<b>**TOTAL DEFERRED TAXES</b>	<b>(757,802,295)</b>	<b>(793,511,357)</b>	<b>(777,500,627)</b>	<b>(754,734,274)</b>
<b>**OTHER DEFERRED CREDITS</b>				
254 Subtotal Tenaska Disallowance Reserve	-	(266,013)	-	-
Subtotal 227 Oblig Under Cap Lease - Noncurr	-	-	(22,825,683)	(19,163,192)
245 Subtotal SFAS 133 Unrealized Long Term Loss	-	(83,028)	(9,064,762)	(974,992)
228.2 Accum. Prov.for Injuries and Damages	(2,041,400)	(1,434,576)	(500,000)	(1,028,553)
228.4 Accum. Misc.Operating Provisions	(32,457,155)	(33,941,182)	(34,083,640)	(34,626,289)

**PUGET SOUND ENERGY, INC.**  
**BALANCE SHEET**  
**For Twelve Months Ended September 30, 2005 and September 30, 2007**

<b>FERC Account and Description</b>	<b>Sep-05</b>	<b>Sept-05 AMA</b>	<b>Sep-07</b>	<b>Sept-07 AMA</b>
230 Asset Retirement Obligations (FAS 143)	(5,873,877)	(4,613,590)	(26,055,931)	(26,339,915)
252 Customer Advances for Construction	(67,366,000)	(60,499,087)	(96,217,305)	(84,467,595)
253 Other Deferred Credits	(173,619,294)	(132,230,012)	(135,657,554)	(132,890,830)
254 Other Regulatory Liabilities	(20,721,266)	(16,865,202)	(52,009,730)	(57,128,085)
256 Def. Gains from Dispos.of Utility Plt	(3,370,970)	(4,006,630)	(2,587,533)	(2,786,328)
257 Unamortized Gain on Reacquired Debt	(645,319)	(834,582)	(403,324)	(463,823)
**TOTAL OTHER DEFERRED CREDITS	(306,095,280)	(254,773,902)	(379,405,462)	(359,869,600)
<b>**CAPITALIZATION</b>				
<b>***SHAREHOLDER'S EQUITY</b>				
<b>****Common Equity</b>				
201 Common Stock Issued	(859,037,900)	(859,037,900)	(859,037,900)	(859,037,900)
207 Premium on Capital Stock	(478,145,250)	(478,145,250)	(478,145,250)	(478,145,250)
210 Gain on Resale/Cancel.of Reacq.Cap.Stk	(338)	(338)	(338)	(338)
211 Miscellaneous Paid-in Capital	(144,203,113)	(141,862,652)	(530,525,795)	(526,972,260)
214 Capital Stock Expense	9,579,321	9,579,321	7,133,879	7,133,879
215 Appropriated Retained Earnings	(7,019,063)	(6,921,296)	(7,823,240)	(7,738,630)
216 Unappropriated Retained Earnings	(155,369,073)	(129,260,868)	(275,841,204)	(258,643,671)
216.1 Unappr.Undistrib.Subsidiary Earnings	23,710,341	8,731,320	20,459,999	22,706,936
219 Other Comprehensive Income	(2,857,511)	13,134,604	36,711,276	23,403,480
433 Balance Transferred from Income	(90,517,277)	(80,677,567)	(129,180,705)	(110,478,472)
438 Dividends Declared - Common Stock	67,085,014	48,259,826	79,135,870	58,359,909
****Total Common Equity	(1,636,774,849)	(1,616,200,800)	(2,137,113,406)	(2,129,412,317)
***TOTAL SHAREHOLDER'S EQUITY	(1,636,774,849)	(1,616,200,800)	(2,137,113,406)	(2,129,412,317)
<b>***REDEEMABLE SECURITIES AND LONG-TERM DEBT</b>				
****Preferred Stock - Manditorily Redeemable	(1,889,400)	(1,889,400)	(1,889,400)	(1,889,400)
****Total Preferred Stock - Mand Redeem	(1,889,400)	(1,889,400)	(1,889,400)	(1,889,400)
<b>****Corporation Obligated, Mand Redeemable Preferred Stock Subscribed</b>				
****Corporation Obligated, Mand Redeem	(237,750,000)	(267,854,167)	-	(26,739,583)
****Corporation Obligated, Mand Redeem	(237,750,000)	(267,854,167)	-	(26,739,583)
<b>****Long-term Debt</b>				
221 Bonds	(2,114,360,000)	(2,123,253,389)	(2,858,360,000)	(2,747,943,333)
226 Unamort.Discnt. on Long-term Debt-Debit		201.3	-	-
Long-term Debt	(2,114,360,000)	(2,123,253,188)	(2,858,360,000)	(2,747,943,333)
****Long-term Debt	(2,114,360,000)	(2,123,253,188)	(2,858,360,000)	(2,747,943,333)
***REDEEMABLE SECURITIES AND LTD	(2,353,999,400)	(2,392,996,755)	(2,860,249,400)	(2,776,572,317)
**TOTAL CAPITALIZATION	(3,990,774,249)	(4,009,197,555)	(4,997,362,806)	(4,905,984,634)
*TOTAL CAPITALIZATION AND LIABILITIES	<b>\$ (5,672,205,418)</b>	<b>\$ (5,519,358,355)</b>	<b>\$ (6,988,312,322)</b>	<b>\$ (6,860,910,658)</b>

Certain amounts previously reported have been reclassified to conform with current year presentations with no effect on total equity.

**Puget Sound Energy, Inc.**  
**Electric Rate Base**

		65.15%		
		34.85%		
		<b>AMA</b>		
		13 Months Ended		
1	Account	Description	9/30/2007	
3		<b>Rate Base</b>		
4	101 / 102 / 230XXXX1	Electric Plant in Service	\$	5,193,117,277
5	101 / 253XXXX3	Common Plant-Allocation to Electric	\$	284,790,874
6	114XXXX1	Electric Plant Aquisition Adjustment	\$	77,871,127
6a	18230001	Tenaska	\$	157,250,505
6b	18230171	Cabot	\$	3,704,033
6c	1822XXX1	White River Deferred Plant Costs	\$	43,007,057
6d	1823XXX1	White River Deferred Relicensing & CWIP	\$	24,792,732
6e	14300061 & 25400021	Net Regulatory Liability - Canwest	\$	(4,746,872)
6f	18230231/18230371	Hopkins Ridge BPA Transmission	\$	8,516,859
7	18230041	Colstrip Common FERC Adj - Reg Asset	\$	21,589,277
8	18230051	Accum Amortization Colstrip-Common FERC	\$	(11,673,843)
9	18230061	Colstrip Def Depr FERC Adj - Reg	\$	2,392,180
10	18230071	BPA Power Exch Invstmt - Reg Asset	\$	113,632,921
11	18230081	BPA Power Exch Inv Amortization - Reg Asset	\$	(77,485,158)
12	18230031	Electric - Def AFUDC - Regulatory Asset	\$	32,402,291
13				
14	10500001	Electric - Plant Held for Future Use	\$	8,390,149
15	10500003	Common Plant Held for Fut Use-Alloc to Electric	\$	-
16	106	Electric - Const Completed Non Classified	\$	-
17	108XXXX1	Elec-Accum Depreciation	\$	(2,090,454,403)
18	108XXXX3	Common Accum Depr-Allocation to Electric	\$	(17,930,065)
19	111XXXX1	Elec-Accum Amortization	\$	(7,965,492)
20	11100003	Common Accum Amort-Allocation to Electric	\$	(124,705,542)
21	115XXXX1	Accum Amort Acq Adj - Electric	\$	(36,181,602)
22	18230221	Accum Unamort Consvr Costs	\$	577
23	19000041	CIAC after 10/8/76 - Accum Def Income Tax	\$	10,700
24	19000051	CIAC - 1986 Changes - Accum Def Income Tax	\$	(19,757)
25	19000061	CIAC - 7/1/87 - Accum Def Income Tax	\$	57,685,211
26	19000093	Vacation Pay - Accum Def Inc Taxes	\$	-
26a	19000121	Cabot Gas Contract - Accum Def Inc Taxe	\$	617,208
27	19000191	RB-Consrv Pre91 Tax Settlmt - Accum Def Inc Tax	\$	-
28	235XXXX1	Customer Deposits - Electric	\$	(13,420,983)
29	25400081	Residential Exchange	\$	-
30	252XXXX1	Cust Advances for Construction	\$	(60,361,006)
31	28200101	Major Projects - Property Tax Expense	\$	(2,601,417)
32	28200111	Def Inc Tax - Pre 1981 Additions	\$	(372,848)
33	28200121, 161/28300341	Def Inc Tax - Post 1980 Additions	\$	(451,629,528)
34	28200131	Colstrip 3 & 4 Deferred Inc Tax	\$	(694,042)
35	28200141	Excess Def Taxes - Centralia Sale	\$	(31,504)
35-1	28200151	Def FIT Indirect Cost Adj - Electric	\$	-
35a	283XXXXX	Electric Portion of Common Deferred Taxes	\$	(14,110,826)
36	28300161	Def Inc Tax - Energy Conservation & FAS 133	\$	-
37	28300261	Def FIT Bond Redemption Costs	\$	-
37a	28300451	Accum Def Inc Tax - Tenaska Purchase	\$	(8,722,625)
37b	28300461	Accum Def Inc Tax - Cabot Gas Contract	\$	(733,833)
37c	19000021/28300011	Def FIT - White River Water Right	\$	(2,204,187)
37d	19000451	Deferred FIT - Canwest Gas Supply - Ele	\$	1,658,000
37e	28300431	Deferred Taxes WNP#3	\$	(11,460,181)
38	124001X1	Conservation Rate Base	\$	-
39	18230181	1995 Conservation Trust Rate Base	\$	-
40				
41	Working Capital- Rate Base		\$	95,493,209
42	Rate Base		\$	3,189,416,474
43				
44	Electric Rate Base Change		<b>\$</b>	<b>3,189,416,474</b>
45				
46	Gross Utility Plant in Service	Lines 4-6 & 14-16	\$	5,564,169,427
47	Less Accum Dep and Amort	Lines 17-21	\$	(2,277,237,104)
48	Deferred Debits	Lines 6a-12 & 22	\$	313,382,560
49	Deferred Taxes	Lines 23-27 & 31-37	\$	(432,609,629)
50	Conservation Trust	Lines 39-40	\$	-
51	Allowance for Working Capital	Line 41	\$	95,493,209
52	Customer Deposits/Advances	Lines 28-30	\$	(73,781,988)
53	Total Rate Base		<b>\$</b>	<b>3,189,416,474</b>

**Puget Sound Energy  
Combined Working Capital  
For the Twelve Month Period Ended September 31, 2007**

Allocation factor		
Electric	65.15%	
Gas	34.85%	
Tax factor		
Electric	82.82%	
Gas	17.18%	
		<b>30-Sep-07</b>
Line No.	Description	AMA
<hr/>		
1	<b>Average Invested Capital</b>	
2	Common Stock	859,037,900
3	Preferred Stock	-
4	Additional Paid in Capital	995,544,310
5	Unamortized Debt Expense	(23,804,661)
6	Unappropriated Retained Earnings	293,009,869
7	Notes Payable - Misc	-
8	Long Term Debt	2,776,572,317
9	Short Term Debt	372,404,722
10	Accumulated Deferred ITC	1,600,609
11	Deferred Debits-Other	(112,522)
12	Unamortized Gain/Loss on Debt	(21,083,833)
13		
14	Total Average Invested Capital	<u>5,253,168,711</u>
15		
16	<b>Average Operating Investments - Electric</b>	
17		
18	Plant in Service (includes acquisition adj)	5,270,787,795
19	Electric Future Use Property	8,390,149
20	Customer Advances for Construction	(60,361,006)
21	Customer Deposits	(13,420,983)
22	Deferred Taxes	(415,755,482)
23	Deferred Debits - Other	424,517,473
24	Less: Accumulated Depreciation	(2,132,335,965)
25	Conservation Investment	577
26	Common Plant-Allocation to Electric	284,766,302
27	Common Accum Depr-Allocation to Electric	(142,643,146)
28	Common Deferred Taxes-Allocation to Electric	(19,173,920)
29		
30	Total Average Operating Investment - Electric	<u>3,204,771,794</u>
31		
32	<b>Average Operating Investments - Gas</b>	
33		
34	Gas Utility Plant in Service	2,116,290,472
35	Deferred Items - Other	2,141,680
36	Gas Stored Underground, Non-Current	5,771,153
37	Gas Accumulated Depreciation	(678,449,153)
38	Gas Customer Advances for Construction	(24,206,589)
39	DFIT 17	(178,466,691)
40	PGA	(141,199)
41	Common Plant-Allocation to Gas	152,327,024
42	Common Deferred Tax	(10,256,502)
43	Common Accumulated Depreciation-Allocation to Gas	(76,302,588)
44		
45	Total Average Operating Investment - Gas	<u>1,308,707,607</u>
46		
47	Total Electric & Gas Operating Investment	<u><u>4,513,479,401</u></u>

**Puget Sound Energy  
Combined Working Capital  
For the Twelve Month Period Ended September 31, 2007**

	Allocation factor	
Electric	65.15%	
Gas	34.85%	
	Tax factor	
Electric	82.82%	
Gas	17.18%	

30-Sep-07

Line No.	Description	AMA
48		
49	<b>Nonoperating</b>	
50		
51	Elec Construction Work in Process	247,974,228
52	Gas Construction Work in Process	60,645,559
53	Other Work in Process	2,060,652
54	Non-Utility Property	1,796,553
55	Investment in Associated Companies	415,030,525
56	Other Investments & FAS 133	(264,056,091)
57	Deferred Items-Other	278,700,061
58	Deferred Federal Income Tax	(90,520,232)
59	Temporary Cash Investments	8,643,238
60	Electric Preliminary Surveys	713,292
61	Environmental Receivables	(66,259,121)
62	Current Accounts - Gas Allocation only	135,655
63	Merchandising Inventory - Gas Only	79,890
64	Rounding	1
64		594,944,210
65	Total Average Investments	5,108,423,611
66	Rounding	
67	Total Investor Supplied Capital	<b>144,745,100</b>
68		

**Allocation of Working Capital****Electric Working Capital**

Electric Investment	5,108,423,611
Less: Electric CWIP	(247,974,228)
Interest Bearing Regulatory Assets	
Other Work in Progress	(2,060,652)
Preliminary Surveys	(713,292)
Total	4,857,675,439

Electric Working Capital Ratio 2.9797% (144,745,100 / 4,857,675,439)

Electric Working Capital 95,493,209 (0.029797\* 3,204,771,794)**Gas Working Capital**

Gas Working Capital Ratio 2.8335% (144,745,100 / 5,108,423,611)

Gas Working Capital 37,081,696 (0.0283\* 1,308,707,607)**Non Operating Working Capital** 12,170,195 (144,745,100- 95,493,209-37,081,696)



**PUGET SOUND ENERGY, INC.-ELECTRIC & GAS**  
**GENERAL RATE INCREASE**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007**  
**ALLOCATION METHODS**

Method	Description		Electric	Gas	Total
<b>1</b>	* <b><u>12 Month Average Number of Customers</u></b>	9/30/2007	1,044,122	717,748	1,761,870
	Percent		<b>59.26%</b>	<b>40.74%</b>	100.00%
<b>2</b>	* <b><u>Joint Meter Reading Customers</u></b>	9/30/2007	677,599	388,878	1,066,477
	Percent		<b>63.54%</b>	<b>36.46%</b>	100.00%
<b>3</b>	* <b><u>Non-Production Plant</u></b>				
	Distribution	9/30/2007	\$ 2,985,615,898	\$ 2,082,649,090	\$ 5,068,264,988
	Transmission	9/30/2007	334,914,994	-	334,914,994
	Direct General Plant	9/30/2007	136,001,859	47,962,816	183,964,675
	Total		\$ 3,456,532,750	\$ 2,130,611,906	\$ 5,587,144,657
	Percent		<b>61.87%</b>	<b>38.13%</b>	100.00%
<b>4</b>	* <b><u>4-Factor Allocator</u></b>				
	Number of Customers	9/30/2007	1,044,122	717,748	1,761,870
	Percent		59.26%	40.74%	100.00%
	Labor - Direct Charge to O&M	9/30/2007	\$ 32,087,809	\$ 18,291,655	\$ 50,379,464
	Percent		63.69%	36.31%	100.00%
	T&D O&M Expense (Less Labor)	9/30/2007	\$ 54,677,905	\$ 24,138,142	\$ 78,816,047
	Percent		69.37%	30.63%	100.00%
	Net Classified Plant (Excluding General Plant)	9/30/2007	\$ 3,081,380,454	\$ 1,430,806,099	\$ 4,512,186,552
	Percent		68.29%	31.71%	100.00%
	Total Percentages		260.62%	139.38%	400.00%
Percent		<b>65.15%</b>	<b>34.85%</b>	100.00%	
<b>5</b>	* <b><u>Labor</u></b>				
	Benefit Assessment Distribution	9/30/2007	\$ 11,657,409	\$ 6,827,908	\$ 18,485,317
	Total		\$ 11,657,409	\$ 6,827,908	\$ 18,485,317
	Percent		<b>63.06%</b>	<b>36.94%</b>	100.00%