

EXHIBIT NO. ____ (JHS-8)
DOCKET NO. UE-07 ____
2007 PSE PCORC
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 ____

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

MARCH 20, 2007

PUGET SOUND ENERGY - ELECTRIC
COMPUTATION OF PRO FORMA INCOME TAXES
Year Ended June 30, 2001

DESCRIPTION	CURRENT	DEFERRED DEBITS	DEFERRED CREDITS	ITC	TOTAL PRO FORMA INCOME TAXES
OPERATING INCOME BEFORE F.I.T.	414,445,000.00				414,445,000.00
ADDITIONS:					
BOOK DEPRECIATION	112,858,000.00				112,858,000.00
BOOK AMORTIZATION	1,727,000.00				1,727,000.00
BEP BOOK AMORTIZATION	3,527,000.00				3,527,000.00
PENSION	(11,652,000.00)	11,652,000.00			0.00
CIAC RECEIPTS	11,254,000.00		(11,254,000.00)		0.00
DEFERRED COMPENSATION-NET	2,366,000.00		(2,366,000.00)		0.00
CALIFORNIA ISO	36,506,000.00		(36,506,000.00)		0.00
CALIFORNIA PX	2,982,000.00		(2,982,000.00)		0.00
CONSERVATION AMORTIZATION	37,921,000.00		0.00		37,921,000.00
BOND REDEMPTION COSTS	1,257,000.00		(1,257,000.00)		0.00
RESERVE FOR INJURIES & DAMAGES	155,000.00				155,000.00
PROPERTY TAXES CAPITALIZED	1,656,000.00				1,656,000.00
BAD DEBT ADJUSTMENT	150,000.00				150,000.00
MEAL ADJUSTMENT	370,000.00				370,000.00
Environmental Costs - Accruals	(172,000.00)	172,000.00			0.00
TOTAL ADDITIONS	200,905,000.00	11,824,000.00	(54,365,000.00)	0.00	158,364,000.00
DEDUCTIONS:					
DEPRECIATION - LIBERALIZED	5,622,000.00	(5,622,000.00)			0.00
DEPRECIATION - NORMALIZED	(14,120,000.00)	14,120,000.00			0.00
DEPRECIATION - OTHER	(81,198,000.00)				(81,198,000.00)
LOSS ON ACRS PROPERTY	(4,396,000.00)	4,396,000.00			0.00
BEP TAX AMORTIZATION	0.00				0.00
CONSERVATION EXPENDITURES	(6,683,000.00)				(6,683,000.00)
CONS. INTEREST IMPUTED-1995 TRUST	(3,374,000.00)				(3,374,000.00)
CONS. INTEREST IMPUTED-1997 TRUST	(381,000.00)				(381,000.00)
CIAC PRESURCHARGE DEPRECIATION	0.00	0.00			0.00
CIAC POSTSURCHARGE DEPRECIATION	(211,000.00)				(211,000.00)
CIAC 1986 CHANGE - DEPRECIATION	(193,000.00)	193,000.00			0.00
CIAC 1987	(7,665,000.00)	7,665,000.00			0.00
VIRTUAL RIGHT OF WAY PROGRAM	(7,261,000.00)	7,261,000.00			0.00
INTEREST EXPENSE	(136,689,000.00)				(136,689,000.00)
VACATION PAY	1,636,000.00		(1,636,000.00)		0.00
TENASKA AMORT-TAX OVER BOOK	(9,001,000.00)				(9,001,000.00)
TENASKA AFUDC-NET	(7,753,000.00)	7,753,000.00			0.00
ADR DISMANTLING	(161,000.00)				(161,000.00)
FAS 106 RETIREE MEDICAL & LIFE	172,000.00		(172,000.00)		0.00
TAXES CHARGED TO RETIREMENTS	(313,000.00)				(313,000.00)
Environmental Costs - FIT Deduction	(967,000.00)	967,000.00			0.00
TOTAL DEDUCTIONS	(272,936,000.00)	36,733,000.00	(1,808,000.00)	0.00	(238,011,000.00)
TAXABLE AMOUNT	342,414,000.00	48,557,000.00	(56,173,000.00)	0.00	334,798,000.00

PUGET SOUND ENERGY - ELECTRIC
COMPUTATION OF PRO FORMA INCOME TAXES
Year Ended June 30, 2001

<u>DESCRIPTION</u>	<u>CURRENT</u>	<u>DEFERRED DEBITS</u>	<u>DEFERRED CREDITS</u>	<u>ITC</u>	<u>TOTAL PRO FORMA INCOME TAXES</u>
TAX AT 35%	119,844,900.00	16,994,950.00	(19,660,550.00)	0.00	117,179,300.00
DEPRECIATION TAX RATE CHANGE		(1,271,000.00)			(1,271,000.00)
CIAC POSTSURCHARGE AMORTIZATION		128,000.00			128,000.00
CIAC TAX RATE CHANGE		8,000.00			8,000.00
ITC AMORTIZATION				0.00	0.00
COLSTRIP 3 AMORTIZATION			(54,000.00)		(54,000.00)
FREDONIA AMORTIZATION			(54,000.00)		(54,000.00)
COLSTRIP 4 AMORTIZATION			(69,000.00)		(69,000.00)
BEP AMORTIZATION			(74,000.00)		(74,000.00)
WNP 3 REGULATORY TAX BENEFIT			(1,126,000.00)		(1,126,000.00)
CONSERVATION AMORT TAX RATE CHANGE			0.00		0.00
TOTAL PRO FORMA INCOME TAXES	<u>119,844,900.00</u>	<u>15,859,950.00</u>	<u>(21,037,550.00)</u>	<u>0.00</u>	<u>114,667,300.00</u>

For 6/30/2001

RATE CASE

(ELECTRIC)

PUGET SOUND POWER & LIGHT COMPANY COMPUTATION OF PRO FORMA INCOME TAXES - DETAIL support FOR THE YEAR ENDED JUNE 30, 2001							
				(a) Per 2000 Tax Return			
				(b) Per 6/01 Monthly Tax Accrual			
	12 mo. ended	W/P	50% or	12 mo. ended	W/P	50% or	M-1 Add
DESCRIPTION	12/31/2000	Ref.	Actual (7/1/00 to 12/31/00)	12/31/2001	Ref.	Actual (1/1/01 to 6/30/01)	<Subtract>
Operating Income							
FIT							
Operating Income Before FIT						414,444,894	
round to						414,445,000 ✓	
Book Depreciation (Total 403's)							
40301							
40302							
40303							
40304							
40305							
40306							
Less: Depreciation on 3rd AC 12 mo. ended 6/30/01 per MD						112,858,000 ✓	
Book Amortization							
Whitehorn Lease - Net	- 0 -	(a)		- 0 -	(b)	- 0 -	
WUTC AFUDC	941,064			1,025,000		983,000	
Colstrip Common	706,981			707,000		707,000	
Electric Plant Acq. Adj.	37,000	↓		37,000	↓	37,000	
						1,727,000 ✓	
Tax Depreciation (total)	<90,102,461>	(a)		<89,290,000>	(b)	<89,696,000>	
Liberalized	5,649,132			5,594,000		5,622,000 ✓	
Normalized	<14,382,360>			<13,857,000>		<14,120,000>	
Flow Through	<81,369,233>			<81,027,000>		<81,193,000>	
Loss on ACRS Property	<5,336,550>	(a)		(b) <1,728,000>		<4,396,000>	
Depreciation Tax Rate Change						<1,271,000>	
BEP							
Book Amortization (M-1 add)	3,526,620	(a)		3,527,000	(b)	3,527,000 ✓	
Tax Amortization (M-1 subtract)	- 0 -	(a)		- 0 -	(b)	- 0 -	
Tenaska Amort. - Net	4,535,000	(a)		6,129,000	(b)	5,332,000	
	<14,333,383>	(a)		<14,333,000>	(b)	<14,333,000>	
	<7,921,000>			<7,585,000>		<7,753,000>	
Tenaska AFUDC - Net	<9,292,333>	(a)		<9,292,000>	(b)	<9,001,000>	
Reserve for Injuries and Damages	155,000	(a)		155,000	(b)	155,000 ✓	
WNP 3 Reuglatory Tax Benefit	<1,126,218>			<1,126,218>	(b)	<1,126,000>	
	per 12/31/2000 FIT Accrual						

4.1

5.1

6

FLOW THROUGH

NET
<9,001,000> ✓

PUGET SOUND ENERGY - ELECTRIC
COMPUTATION OF PRO FORMA INCOME TAXES
Year Ended September 30, 2003

DESCRIPTION	CURRENT	DEFERRED DEBITS	DEFERRED CREDITS	ITC	TOTAL PRO FORMA INCOME TAXES
OPERATING INCOME BEFORE F.I.T.	271,718,000.00				271,718,000.00
ADDITIONS:					
BOOK DEPRECIATION	113,773,000.00				113,773,000.00
BOOK AMORTIZATION	1,905,000.00				1,905,000.00
BEP BOOK AMORTIZATION	3,527,000.00				3,527,000.00
BOOK AMORT.-CABOT GAS CONTRACT	1,324,000.00				1,324,000.00
PENSION	(28,136,000.00)	28,136,000.00			0.00
CIAC RECEIPTS	24,249,000.00		(24,249,000.00)		0.00
BOND REDEMPTION COSTS-NET	(5,705,000.00)	5,705,000.00			0.00
INSURANCE AMORTIZATION - Storm	5,868,000.00		(5,868,000.00)		0.00
DEFERRED INCOME ON BOOKS	(1,195,000.00)	1,195,000.00			0.00
PROPERTY TAXES CAPITALIZED	303,000.00				303,000.00
BAD DEBT ADJUSTMENT	(520,000.00)				(520,000.00)
RESERVE FOR INJURIES & DAMAGES	(50,000.00)				(50,000.00)
MEAL ADJUSTMENT	204,000.00				204,000.00
SAP SOFTWARE AMORTIZATION	2,783,000.00		(2,783,000.00)		0.00
Environmental Costs - Accruals	126,000.00	(126,000.00)			0.00
TOTAL ADDITIONS	118,456,000.00	34,910,000.00	(32,900,000.00)	0.00	120,466,000.00
DEDUCTIONS:					
DEPRECIATION - LIBERALIZED	3,331,000.00	(3,331,000.00)			0.00
DEPRECIATION - NORMALIZED	(44,238,000.00)	44,238,000.00			0.00
DEPRECIATION - OTHER	(88,337,000.00)				(88,337,000.00)
LOSS ON ACRS PROPERTY	(6,468,000.00)	6,468,000.00			0.00
CONS. INTEREST IMPUTED-1995 TRUST	(865,000.00)				(865,000.00)
CIAC POSTSURCHARGE DEPRECIATION	(54,000.00)				(54,000.00)
CIAC 1986 CHANGE - DEPRECIATION	(87,000.00)	87,000.00			0.00
CIAC 1987	(16,541,000.00)	16,541,000.00			0.00
CABOT GAS CONTRACT PURCHASE	(183,000.00)	183,000.00			0.00
INTEREST EXPENSE	(126,721,086.00)				(126,721,086.00)
VACATION PAY	87,000.00		(87,000.00)		0.00
TENASKA AMORT-TAX OVER BOOK	(4,944,000.00)				(4,944,000.00)
TENASKA AFUDC-NET	(3,304,000.00)	3,304,000.00			0.00
VIRTUAL RIGHT OF WAY	(2,465,000.00)	2,465,000.00			0.00
ADR DISMANTLING	(600,000.00)				(600,000.00)
FAS 106 RETIREE MEDICAL & LIFE	186,000.00		(186,000.00)		0.00
TAXES CHARGED TO RETIREMENTS	(184,000.00)				(184,000.00)
CLX SOFTWARE AMORTIZATION	(7,647,000.00)	7,647,000.00			0.00
CABOT GAS CONTRACT PURCHASE	(353,000.00)	353,000.00			0.00
INDIRECT COST ADJUSTMENT	(8,143,000.00)	8,143,000.00			0.00
ENVIRONMENTAL RECOVERIES	(52,000.00)	52,000.00			0.00
Environmental Costs - FIT Deduction	1,972,000.00		(1,972,000.00)		0.00
TOTAL DEDUCTIONS	(305,610,086.00)	86,150,000.00	(2,245,000.00)	0.00	(221,705,086.00)
TAXABLE AMOUNT	84,563,914.00	121,060,000.00	(35,145,000.00)	0.00	170,478,914.00

PUGET SOUND ENERGY - ELECTRIC
COMPUTATION OF PRO FORMA INCOME TAXES
Year Ended September 30, 2003

DESCRIPTION	CURRENT	DEFERRED DEBITS	DEFERRED CREDITS	ITC	TOTAL PRO FORMA INCOME TAXES
TAX AT 35%	29,597,370.00	42,371,000.00	(12,300,750.00)	0.00	59,667,620.00
DEPRECIATION TAX RATE CHANGE		(1,016,000.00)			(1,016,000.00)
CIAC POSTSURCHARGE AMORTIZATION		16,000.00			16,000.00
CIAC TAX RATE CHANGE		13,000.00			13,000.00
ITC AMORTIZATION				0.00	0.00
COLSTRIP 3 AMORTIZATION			(54,000.00)		(54,000.00)
FREDONIA AMORTIZATION			(54,000.00)		(54,000.00)
COLSTRIP 4 AMORTIZATION			(69,000.00)		(69,000.00)
BEP AMORTIZATION			(74,000.00)		(74,000.00)
WNP 3 REGULATORY TAX BENEFIT			(1,126,000.00)		(1,126,000.00)
CABOT GAS CONTRACT			(573,000.00)		(573,000.00)
TOTAL PRO FORMA INCOME TAXES	<u>29,597,370.00</u>	<u>41,384,000.00</u>	<u>(14,250,750.00)</u>	<u>0.00</u>	<u>56,730,620.00</u>

FOR 9/30/2003 RATE FILING - ELECTRIC

Docket No. _____
Exhibit No. _____ (JHS-8)
Tenaska Flow Through Tax
Page 6 of 11

PUGET SOUND POWER & LIGHT COMPANY
COMPUTATION OF PRO FORMA INCOME TAXES - DETAIL support
FOR THE YEAR ENDED SEPTEMBER 30, 2003

DESCRIPTION	12 mo. ended 12/31/2002	W/P Ref.	25% or Actual (10/1/02 to 12/31/02)	12 mo. ended 12/31/2003	W/P Ref.	75% or Actual (1/1/03 to 9/30/03)	M-1 Add <Subtract>
						(a) Per 2002 Tax Return	
						(b) Per 9/03 Monthly Tax Accr	
Operating Income							
FIT							
Operating Income Before FIT							271,717,707
round to							267,908,000 4.1
Book Depreciation (Total 403's)							
40301							
40302							
40303							
40304							
40305							
40306							
Less: Depreciation on 3rd AC 12 mo. ended 9/30/03 per BJ							113,772,848 5.1
Book Amortization							
Whitehorn Lease - Net	-0-	(a)		-0-	(b)		-0-
WUTCAFUDC	1,104,404		276,000	1,180,000		885,000	1,161,000
Colstrip Common	706,981			707,000			707,000
Electric Plant Acq. Adj.	37,000			37,000			37,000
							1,905,000
Tax Depreciation (total)	<93,363,885>	(a)	<23,340,941>	<97,588,000>	(b)	<73,191,000>	<96,531,971>
Liberalized	5,375,281		1,343,821	2,649,000		1,986,750	3,330,571
Normalized	<12,790,970>		<3,197,743>	<11,104,100>		<8,328,000>	<11,525,743>
Flow Through	<85,948,196>		<21,487,049>	<89,133,000>		<66,849,750>	<88,336,799>
NORMALIZED Bonus DEPR.	<21,700,323>	(a)	<5,425,081>		(b)	<32,287,000>	<32,712,081>
Loss on ACRS Property	<6,467,605>	(A)	<1,616,901>	<6,467,605>	(b)	<4,850,704>	<6,467,605>
Depreciation Tax Rate Change							<1,010,279> 6
BEP							
Book Amortization (M-1 add)	3,526,620	(a)		3,527,000	(b)		3,527,000
Tax Amortization (M-1 subtract)	-0-	(a)		-0-	(b)		-0-
Tenaska Amortization - Net	7,861,970	(A)	1,965,493	9,899,000	(b)	7,424,250	9,389,743
	<14,333,333>	(A)		<14,333,333>	(b)		<14,333,333>
Tenasaka AFUDC - Net	<7,137,011>	(a)	<1,784,250>		(b)	<1,520,010>	<4,943,590> NET
Reserve for Injuries and Damages	<50,000>	(a)		<50,000>	(b)		<50,000>
WNP 3 Regulatory Tax Benefit	<1,126,218>			<1,126,218>	(b)		<1,126,218>
CIAC Receipts	-0-	(a)		-0-	(b)		-0-
Old (253-07)							

20 =
44,237,824
NORM
(TOTAL)

NET

Per 2002 Recomputed Accrual

PUGET SOUND ENERGY - ELECTRIC
COMPUTATION OF PRO FORMA INCOME TAXES

6/30/2006 12:00 PM
Computation of Pro Forma Income Taxes.xls

Year Ended September 30, 2005

DESCRIPTION	CURRENT	DEFERRED DEBITS	DEFERRED CREDITS	ITC	TOTAL PRO FORMA INCOME TAXES
OPERATING INCOME BEFORE F.I.T.	315,071,936				315,071,936
ADDITIONS:					
BOOK DEPRECIATION	119,975,000				119,975,000
BOOK AMORTIZATION	2,000,000				2,000,000
BEP BOOK AMORTIZATION	3,527,000				3,527,000
BOOK AMORT.-CABOT GAS CONTRACT	2,064,000				2,064,000
PENSION	(2,842,000)	2,842,000			0
CIAC RECEIPTS	32,813,000		(32,813,000)		0
COLSTRIP 1&2 LIABILITY	700,000		(700,000)		0
COLSTRIP RECLAMATION	167,973		(167,973)		0
BOND REDEMPTION COSTS-NET	(2,551,000)	2,551,000			0
INSURANCE AMORTIZATION - Storm	6,097,000		(6,097,000)		0
DEFERRED INCOME ON BOOKS	(1,125,000)	1,125,000			0
PROPERTY TAXES CAPITALIZED	903,000				903,000
BAD DEBT ADJUSTMENT	253,000				253,000
RESERVE FOR INJURIES & DAMAGES	(595,000)				(595,000)
MEAL ADJUSTMENT	236,000				236,000
OFFICERS SERP	1,670,128		(1,670,128)		0
SAP SOFTWARE AMORTIZATION	2,657,000		(2,657,000)		0
CANWEST GAS SUPPLY CONTRACT	8,513,000		(8,513,000)		0
WHITE RIVER WATER RIGHT	1,005,000		(1,005,000)		0
CLX SOFTWARE AMORTIZATION	8,386,000		(8,386,000)		0
TOTAL ADDITIONS	183,854,101	6,518,000	(62,009,101)	0	128,363,000
DEDUCTIONS:					
DEPRECIATION - LIBERALIZED	580,000	(580,000)			0
DEPRECIATION - NORMALIZED	(26,727,000)	26,727,000			0
DEPRECIATION - OTHER	(94,192,000)				(94,192,000)
LOSS ON ACRS PROPERTY	(7,000,000)	7,000,000			0
CIAC POSTSURCHARGE DEPRECIATION	(25,000)				(25,000)
CIAC 1986 CHANGE - DEPRECIATION	(87,000)	87,000			0
CIAC 1987	(15,616,000)	15,616,000			0
INTEREST EXPENSE	(111,547,268)				(111,547,268)
VACATION PAY	(207,000)	207,000			0
TENASKA AMORT-TAX OVER BOOK	(112,000)				(112,000)
TENASKA AFUDC-NET	2,797,000		(2,797,000)		0
VIRTUAL RIGHT OF WAY	3,202,000		(3,202,000)		0
FREDONIA LEASE	(1,661,549)	1,661,549			0
ADR DISMANTLING	(2,068,000)				(2,068,000)
FAS 106 RETIREE MEDICAL & LIFE	(80,000)	80,000			0
TAXES CHARGED TO RETIREMENTS	(255,000)				(255,000)
REPAIR ALLOWANCE	(4,889,772)	4,889,772			0
CABOT GAS CONTRACT PURCHASE	(1,412,000)	1,412,000			0
STORM DAMAGE-CURRENT COSTS	0	0			0
ENVIRONMENTAL RECOVERIES	(795,000)	795,000			0
ENCOGEN - NET	(2,195,000)	2,195,000			0
REMOVAL COSTS	(7,745,281)	7,745,281			0
PRODUCTION DEDUCTION (SECTION 199)	(1,050,000)				(1,050,000)
Remove PRODUCTION DEDUCTION (SECTION 199)	1,050,000				1,050,000
Environmental Costs - FIT Deduction	(70,000)	70,000			0
TOTAL DEDUCTIONS	(270,105,870)	67,905,602	(5,999,000)	0	(208,199,268)
TAXABLE AMOUNT	228,820,167	74,423,602	(68,008,101)	0	235,235,668
X AT 35%	80,087,058	26,048,261	(23,802,835)	0	82,332,484
DEPRECIATION TAX RATE CHANGE		(727,000)			(727,000)
CIAC POSTSURCHARGE AMORTIZATION		7,000			7,000
CIAC TAX RATE CHANGE		(13,000)			(13,000)
ITC AMORTIZATION				0	0

**PUGET SOUND ENERGY - ELECTRIC
 COMPUTATION OF PRO FORMA INCOME TAXES**

6/30/2006 12:00 PM
 Computation of Pro Forma Income Taxes.xls

Year Ended September 30, 2005

DESCRIPTION	CURRENT	DEFERRED DEBITS	DEFERRED CREDITS	ITC	TOTAL PRO FORMA INCOME TAXES
COLSTRIP 3 AMORTIZATION			(54,000)		(54,000)
FREDONIA AMORTIZATION			(54,000)		(54,000)
COLSTRIP 4 AMORTIZATION			(69,000)		(69,000)
BEP AMORTIZATION			(74,000)		(74,000)
WNP 3 REGULATORY TAX BENEFIT			(1,126,000)		(1,126,000)
CABOT GAS CONTRACT			(618,000)		(618,000)
TOTAL PRO FORMA INCOME TAXES	<u>80,087,058</u>	<u>25,315,261</u>	<u>(25,797,835)</u>	<u>0</u>	<u>79,604,484</u>

(1)

For 9/30/05 GRC (ELECTRIC)

PUGET SOUND POWER & LIGHT COMPANY COMPUTATION OF PRO FORMA INCOME TAXES - DETAIL support FOR THE YEAR ENDED SEPTEMBER 30, 2005							
(a) 2004 Year End Tax Accrual (Recomputed) (b) Per 9/30/2005 Monthly Tax Accrual (c) Common Cost Allocated to Electric							
DESCRIPTION	12 mo. ended 12/31/2004	W/P Ref.	25% or Actual (10/1/04 to 12/31/04)	12 mo. ended 12/31/2005	W/P Ref.	75% or Actual (1/1/05 to 9/30/05)	M-1 Add <Subtract>
Operating Income Before FIT							
				315,071,936		311,481,235	4.1
round to						311,481,000	
Book Depreciation						119,975,227	5.1
Book Amortization							
Whitehorn Lease - Net	-0-	(a)		-0-	(b)	-0-	
WUTC AFUDC	1,225,827		306,000	1,266,000		950,000	1,256,000
Colstrip Common	706,981			707,000			707,000
Electric Plant Acq. Adj.	37,000			37,000			37,000
							2,000,000
Tax Depreciation (total)	<99,651,121>	(a)	<24,913,000>	<115,190,000>	(b)	<80,302,000>	<105,215,000>
Liberalized	717,537		179,000	534,000		401,000	580,000
Normalized	<9,005,315>		<8,251,000>	<19,668,000>		<8,952,000>	<11,203,000>
Flow Through	<91,363,343>		<22,841,000>	<96,056,000>		<71,351,000>	<94,192,000>
Normalized Bonus Depreciation	<62,097,902>		<15,524,000>	-0-		-0-	<15,524,000>
Loss on ACRS Property	<6,999,810>	(a)	<1,750,000>	<7,000,000>	(b)	<5,250,000>	<7,000,000>
Depreciation Tax Rate Change							<727,000>
BEP							6
Book Amortization (M-1 add)	3,526,620	(a)		3,527,000	(b)		3,527,000
Tax Amortization (M-1 subtract)	-0-	(a)		-0-	(b)		
Tenaska Book Amortization - Net	12,240,004	(a)	3,060,000	14,881,000	(b)	11,161,000	14,221,000
Tenaska Tax Amortization	<14,333,333>	(a)		<14,333,333>	(b)		<14,333,333>
							<112,333> NET
Tenaska AFUDC - Net	2,504,000	(a)	626,000	2,894,000	(b)	2,171,000	2,797,000
Reserve For Injuries & Damages	SEE 2004 TIR	(a)	375,000		(b)	<970,000>	<595,000>
WNP 3 Regulatory Benefit	W/P F-30	(a)			(b)	<845,000>	<1,126,000>

ITEMS ADDED AFTER DISCUSSION WITH JOHN STORY on 11/30/05:

Encogen - NET <5,106,001> (a) <1,277,000> (b) <918,000> <2,195,000>

Production Deduction -0- (a) -0- <1,400,000> (b) <1,050,000> <1,050,000>
 Colstrip 132 liability 700,000 700,000 0 0 700,000
 Colstrip Reclamation 630,519 157,630 103,413 167,973
 Office SERPS (173,673) 184,380 167,028
 Fredonia Lease <215,592> <53,898> <112,568> <166,549>
 Removal Cost <137,028> <637,500> <774,528>
 Repeal Allow <485,908> <121,477> <136,750> <148,897>

Tenaska REVISED Accounting Procedures
Calculation of Rebundled Power Costs
With Amortization Based on Net Gas Cost Savings

Tax Rate	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Income Statement Associated with Tenaska Accounting Order															
Operating Expense															
1 Gas Cost Savings	\$ (22,168)	\$ (26,812)	\$ (30,737)	\$ (35,296)	\$ (40,159)	\$ (45,379)	\$ (51,109)	\$ (57,430)	\$ (62,442)	\$ (69,648)	\$ (77,048)	\$ (85,266)	\$ (94,216)	\$ (103,801)	\$ (801,512)
2															
3 Amortization	1,952	3,863	5,463	7,382	9,494	11,924	14,744	17,908	20,615	24,343	28,272	32,676	37,533	42,816	258,985
4 Federal Income Tax															
5 FIT on Amortization of Purchase Price	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(75,250)
6 FIT on Interest Expense	(6,128)	(6,157)	(6,195)	(6,187)	(6,125)	(5,922)	(5,571)	(5,141)	(4,634)	(4,042)	(3,349)	(2,546)	(1,622)	(564)	(64,182)
7 Deferred FIT Expense	2,948	2,848	2,772	2,654	2,498	(709)	(876)	(1,065)	(1,225)	(1,447)	(1,681)	(1,943)	(2,231)	(2,546)	(3)
8 FIT on Gas Cost Savings	7,759	9,384	10,758	12,354	14,056	15,883	17,888	20,101	21,855	24,377	26,967	29,843	32,976	36,331	280,529
9 Total Operating Expense	(20,654)	(21,891)	(22,956)	(24,110)	(25,253)	(26,221)	(27,041)	(27,645)	(28,048)	(28,343)	(28,536)	(28,676)	(28,794)	(28,940)	(401,432)
10 Operating Income (Loss)	20,654	21,891	22,956	24,110	25,253	26,221	27,041	27,645	28,048	28,343	28,536	28,676	28,794	28,940	401,432
11 Other Income	8,754	8,795	8,849	8,838	8,749	-	-	-	-	-	-	-	-	-	43,985
12 Income Before Interest	29,408	30,686	31,805	32,948	34,002	29,221	29,941	30,645	30,848	31,434	31,856	32,253	32,577	32,794	445,417
13 Interest	17,508	17,592	17,700	17,676	17,499	16,920	15,917	14,689	13,239	11,548	9,568	7,275	4,634	1,611	183,376
14 Net Savings	11,900	13,094	14,105	15,272	16,503	12,300	14,024	15,956	17,609	19,886	22,288	24,978	27,943	36,183	262,041
15 Gross Savings	\$ 18,308	\$ 20,144	\$ 21,700	\$ 23,495	\$ 25,390	\$ 18,924	\$ 21,575	\$ 24,548	\$ 27,090	\$ 30,594	\$ 34,289	\$ 38,428	\$ 42,990	\$ 55,666	\$ 403,141

Balance Sheet Associated with Tenaska Accounting Order

Regulatory Assets															
16 Gas Supply Contract Buyout Cost	\$ 215,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,000
17 Allowance for Funds on Power Contracts (AFPC)	8,754	8,795	8,849	8,838	8,749	(2,187)	(7,382)	(9,494)	(11,924)	(14,744)	(17,908)	(20,615)	(24,343)	(28,272)	(218,7)
17b Disallowance of AFPC per UE-031725															
18 Amortization (No change from original instructions)	(1,952)	(3,863)	(5,463)	(7,382)	(9,494)	(11,924)	(14,744)	(17,908)	(20,615)	(24,343)	(28,272)	(32,676)	(37,533)	(42,816)	(258,985)
18b Impact on Amort associated with Disallowance															
19 Total Cumulative Regulatory Assets	\$ 221,802	\$ 226,734	\$ 230,120	\$ 231,576	\$ 228,644	\$ 216,720	\$ 201,976	\$ 184,068	\$ 163,453	\$ 139,110	\$ 110,838	\$ 78,162	\$ 40,629	\$ -	\$ -

Liabilities

20 Deferred FIT on Allowance for Funds on Pwr Cnt	\$ (3,064)	\$ (3,078)	\$ (3,097)	\$ (3,093)	\$ (3,062)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,394)
20b Deferred FIT on Disallowance of AFPC															
21 Deferred FIT Turnaround	116	230	325	439	564	709	876	1,065	1,225	1,447	1,681	1,943	2,231	2,546	15,397
21b Impact of Disallowance on DFIT Turnaround															
22 Total Cumulative Liabilities	(2,948)	(5,796)	(8,568)	(11,222)	(12,955)	(12,246)	(11,370)	(10,305)	(9,080)	(7,633)	(5,952)	(4,009)	(2,178)	(767)	(767)
23 Total Regulatory Assets and Liabilities	\$ 218,854	\$ 220,938	\$ 221,552	\$ 220,354	\$ 215,689	\$ 204,474	\$ 190,606	\$ 173,763	\$ 154,373	\$ 131,477	\$ 104,886	\$ 74,153	\$ 38,851	\$ 1	\$ 1
24 Principal Amortization	(1,621)	(3,207)	(4,535)	(6,129)	(7,882)	(9,899)	(12,240)	(14,866)	(17,114)	(20,208)	(23,471)	(27,127)	(31,158)	(35,543)	(215,000)
25 Amortization of AFPC	(331)	(656)	(928)	(1,253)	(1,612)	(2,025)	(2,504)	(3,042)	(3,501)	(4,134)	(4,802)	(5,550)	(6,374)	(7,273)	(43,985)
25b Impact of Disallowance on Amort of AFPC															
	\$ (1,952)	\$ (3,863)	\$ (5,463)	\$ (7,382)	\$ (9,494)	\$ (11,924)	\$ (14,744)	\$ (17,908)	\$ (20,615)	\$ (24,342)	\$ (28,273)	\$ (32,677)	\$ (37,532)	\$ (40,626)	\$ (256,795)

26 Net Savings	\$ 4,660	\$ 9,220	\$ 13,037	\$ 17,620	\$ 22,660	\$ 28,459	\$ 35,192	\$ 42,742	\$ 49,203	\$ 58,101	\$ 67,479	\$ 77,991	\$ 89,582	\$ 102,190	\$ 618,136
27 Amortization percentage (No change from original instructions)	0.7539%	1.4916%	2.1091%	2.8505%	3.6659%	4.6040%	5.6932%	6.9146%	7.9599%	9.3993%	10.9166%	12.6171%	14.4923%	16.5319%	99.9999%
28 Net Capitalized Interest (ln17 + ln20)	\$ 5,690	\$ 5,717	\$ 5,752	\$ 5,745	\$ 5,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,591
28b Net Disallowance on AFPC (ln17b + ln20b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,422)
29 Net Amortization (ln18 + ln21)	(1,836)	(3,633)	(5,138)	(6,943)	(8,930)	(11,215)	(13,868)	(16,843)	(19,390)	(22,896)	(26,591)	(30,733)	(35,302)	(40,270)	(243,588)
29b Net Impact associated with Disallowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,420
Net Capitalized Interest	\$ 5,690	\$ 5,717	\$ 5,752	\$ 5,745	\$ 5,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,591

From Exhibit B

Regulatory Assets															
B 1 Gas Supply Contract Buyout Cost	\$ 215,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,000
B 2 Allowance for Funds on Power Contracts (AFPC)	5,690	5,717	5,752	5,745	5,687	(1,422)	(7,382)	(9,494)	(11,924)	(14,744)	(17,908)	(20,615)	(24,342)	(28,273)	(218,7)
B 2b Disallowance of AFPC															
B 3 Amortization	(1,836)	(3,633)	(5,138)	(6,943)	(8,930)	(11,215)	(13,868)	(16,843)	(19,390)	(22,896)	(26,591)	(30,733)	(35,302)	(40,270)	(243,588)
B 4 Total Cumulative Regulatory Assets	\$ 218,854	\$ 220,938	\$ 221,552	\$ 220,354	\$ 217,111	\$ 205,896	\$ 192,028	\$ 175,185	\$ 155,795	\$ 132,899	\$ 106,308	\$ 75,575	\$ 40,273	\$ 3	\$ (1,419)
B 5 Interest	17,508	17,592	17,700	17,676	17,499	16,920	15,917	14,689	13,239	11,548	9,568	7,275	4,634	1,611	183,376
B 6 Gas Cost Savings	22,168	26,812	30,737	35,296	40,159	45,379	51,109	57,430	62,442	69,648	77,048	85,266	94,216	103,801	801,512
B 7 Net Savings	\$ 4,660	\$ 9,220	\$ 13,037	\$ 17,620	\$ 22,660	\$ 28,459	\$ 35,192	\$ 42,742	\$ 49,203	\$ 58,101	\$ 67,479	\$ 77,991	\$ 89,582	\$ 102,190	\$ 618,136

**PUGET SOUND ENERGY-ELECTRIC
REGULATORY ASSETS AND LIABILITIES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	REGULATORY ASSETS/LIABS AMORTIZATION EXPENSE			
2	CABOT BUYOUT	\$ 2,064,250	\$ 3,078,000	\$ 1,013,750
3	TENASKA	17,117,000	24,343,000	7,226,000
4	BEP	3,526,620	3,526,620	-
5	WHITE RIVER PLANT COSTS	1,494,702	1,494,702	-
6	WHITE RIVER RELICENSING & CWIP	-	-	-
7	CANWEST	-	(3,797,503)	(3,797,503)
8	HOPKINS RIDGE PREPAID TRANSMISSION	----- INCLUDED IN ADJ. 20.10 -----		
9	TOTAL AMORTIZATION OF REGULATORY ASSETS/LIABS	\$ 24,202,572	\$ 28,644,819	\$ 4,442,247
10				
11	INCREASE (DECREASE) FIT		35%	(1,554,786)
12				
13	INCREASE (DECREASE) NOI			\$ (2,887,461)
14				
15				
16	RATE BASE ADJUSTMENT			
17	AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT			
18	CABOT	\$ 8,277,911	\$ 2,824,963	\$ (5,452,949)
19	TENASKA	186,285,686	142,925,042	(43,360,644)
20	BEP	29,405,053	24,007,413	(5,397,640)
21	WHITE RIVER PLANT COSTS	41,771,733	39,052,307	(2,719,426)
22	WHITE RIVER RELICENSING & CWIP	15,295,321	17,018,469	1,723,148
23	CANWEST	(2,732,242)	(2,468,377)	263,865
24	HOPKINS RIDGE PREPAID TRANSMISSION	----- INCLUDED IN ADJ. 20.10 -----		
25	TOTAL REGULATORY ASSETS/LIABS RATEBASE	\$ 278,303,462	\$ 223,359,817	\$ (54,943,645)

(Note) Amounts presented in bold italic type have changed since the July 10, 2006 revised filing.