

**EXHIBIT NO. \_\_\_(JHS-4)  
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\_\_\_**

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

**DECEMBER 3, 2007**

**PUGET SOUND ENERGY-ELECTRIC**  
**RESULTS OF OPERATIONS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007**  
**GENERAL RATE INCREASE**

LINE NO.	ACTUAL RESULTS OF OPERATION	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	<u>OPERATING REVENUES:</u>				
2	\$ 1,785,744,016	\$ 51,122,909	\$ 1,836,866,925	\$ 174,482,512	\$ 2,011,349,437
3	374,331	(18,627)	355,704	336,605	692,309
4	268,574,887	(262,488,315)	6,086,573		6,086,573
5	43,280,356	(5,100,752)	38,179,604	-	38,179,604
6	2,097,973,590	(216,484,784)	1,881,488,806	174,819,117	2,056,307,923
7					
8	<u>OPERATING REVENUE DEDUCTIONS:</u>				
9					
10	<u>POWER COSTS:</u>				
11	\$ 118,473,661	\$ 68,709,004	\$ 187,182,664	\$ -	\$ 187,182,664
12	1,017,118,800	(272,340,941)	744,777,859		744,777,859
13	65,628,548	4,137,061	69,765,609		69,765,609
14	(84,819,852)	84,819,852	(0)		(0)
15	1,116,401,157	(114,675,024)	1,001,726,133	-	1,001,726,133
16					
17	\$ 79,069,006	\$ 18,344,169	\$ 97,413,175	\$ -	\$ 97,413,175
18	6,532,375	3,815,356	10,347,731		10,347,731
19	67,507,444	103,297	67,610,741		67,610,741
20	37,171,867	2,163,664	39,335,530	586,070	39,921,600
21	9,736,024	(7,655,879)	2,080,145		2,080,145
22	32,494,479	(32,489,368)	5,111		5,111
23	76,980,894	4,863,912	81,844,807	349,638	82,194,445
24	160,277,383	15,231,526	175,508,910		175,508,910
25	30,986,683	2,084,547	33,071,230		33,071,230
26	5,380,486	19,546,385	24,926,871		24,926,871
27	(11,616,918)	15,280,435	3,663,517		3,663,517
28	887,595	(887,595)	-		-
29	171,491,627	(55,562,491)	115,929,136	6,748,053	122,677,189
30	(5,105,994)	(32,062,089)	(37,168,083)	58,497,379	21,329,295
31	67,629,351	21,964,002	89,593,353		89,593,353
32	\$ 1,845,823,459	\$ (139,935,153)	\$ 1,705,888,306	\$ 66,181,139	\$ 1,772,069,446
33					
34	\$ 252,150,131	(76,549,631)	175,600,500	108,637,978	284,238,477
35					
36	\$ 3,189,416,474	\$ 115,682,173	\$ 3,305,098,647	\$ -	\$ 3,305,098,647
37					
38	7.91%		5.31%		8.60%
39					
40	<u>RATE BASE:</u>				
41	\$ 5,564,169,427	\$ 335,818,634	\$ 5,899,988,061		
42	(2,277,237,104)	(147,484,215)	(2,424,721,319)		
43	313,382,560	(61,810,849)	251,571,711		
44	(432,609,629)	(10,841,397)	(443,451,026)		
45	95,493,209	-	95,493,209		
46	(73,781,988)	-	(73,781,988)		
47	\$ 3,189,416,474	\$ 115,682,173	\$ 3,305,098,647		

**PUGET SOUND ENERGY-ELECTRIC**  
**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007**  
**RESTATING AND PRO FORMA ADJUSTMENTS**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TEMPERATURE NORMALIZATION 4.01	REVENUES & EXPENSES 4.02	POWER COSTS 4.03	FEDERAL INCOME TAX 4.04	TAX BENEFIT OF PRO FORMA INTEREST 4.05	HOPKINS RIDGE INFILL 4.06	WILD HORSE WIND PLANT 4.07	GOLDENDALE 4.08
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	\$ 1,785,744,016	\$ (12,065,494)	\$ 80,784,516	\$ -	\$ -	-		
3	SALES FROM RESALE-FIRM	374,331	(2,994)	(15,633)					
4	SALES TO OTHER UTILITIES	268,574,887			(262,488,315)				
5	OTHER OPERATING REVENUES	43,280,356		(453,676)	(4,683,806)				
6	TOTAL OPERATING REVENUES	\$ 2,097,973,590	\$ (12,068,488)	\$ 80,315,208	\$ (267,172,120)	\$ -	\$ -	\$ -	\$ -
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL	\$ 118,473,661	\$ -	\$ -	\$ 67,873,496	\$ -	-		
12	PURCHASED AND INTERCHANGED	1,017,118,800			(278,444,032)		(1,451,500)		
13	WHEELING	65,628,548			3,971,341				
14	RESIDENTIAL EXCHANGE	(84,819,852)			-				
15	TOTAL PRODUCTION EXPENSES	\$ 1,116,401,157	\$ -	\$ -	\$ (206,599,195)	\$ -	\$ (1,451,500)	\$ -	\$ -
16									
17	OTHER POWER SUPPLY EXPENSES	\$ 79,069,006	\$ -	\$ -	\$ 17,583,811	\$ -	-		
18	TRANSMISSION EXPENSE	6,532,375			42,363				
19	DISTRIBUTION EXPENSE	67,507,444							
20	CUSTOMER ACCTS EXPENSES	37,171,867	(40,459)	269,252					
21	CUSTOMER SERVICE EXPENSES	9,736,024							
22	CONSERVATION AMORTIZATION	32,494,479							
23	ADMIN & GENERAL EXPENSE	76,980,894	(24,137)	160,630			9,545		69,049
24	DEPRECIATION	160,277,383					571,980	3,243,543	1,771,083
25	AMORTIZATION	30,986,683							
26	AMORTIZ OF PROPERTY GAIN/LOSS	5,380,486							
27	OTHER OPERATING EXPENSES	(11,616,918)							
28	FAS 133	887,595							
29	TAXES OTHER THAN INCOME TAXES	171,491,627	(465,846)	3,100,183	(23,013)		38,900		(250,360)
30	INCOME TAXES	(5,105,994)	(4,038,316)	26,874,800	(27,361,630)	(12,251,184)	2,754,228	290,876	(1,135,240)
31	DEFERRED INCOME TAXES	67,629,351			24,416,223				(556,420)
32	TOTAL OPERATING REV. DEDUCT.	\$ 1,845,823,459	\$ (4,568,758)	\$ 30,404,865	\$ (216,357,664)	\$ 12,165,039	\$ 2,754,228	\$ (540,198)	\$ 2,108,303
33									
34	NET OPERATING INCOME	\$ 252,150,131	\$ (7,499,730)	\$ 49,910,343	\$ (50,814,456)	\$ (12,165,039)	\$ (2,754,228)	\$ 540,198	\$ (2,108,303)
35									
36	RATE BASE	\$ 3,189,416,474					\$ 10,325,850	\$ 64,190,026	\$ 48,370,961
37									
38	RATE OF RETURN	7.91%							
39									
40	RATE BASE:								
41	GROSS UTILITY PLANT IN SERVICE	\$ 5,564,169,427	\$ -	\$ -	\$ -	\$ -	\$ 13,240,285	\$ 76,704,231	\$ 132,414,991
42	ACCUM DEPR AND AMORT	(2,277,237,104)					(466,941)	(3,196,151)	(79,710,913)
43	DEFERRED DEBITS	313,382,560					(2,177,250)		
44	DEFERRED TAXES	(432,609,629)					(270,244)	(9,318,054)	(4,333,117)
45	ALLOWANCE FOR WORKING CAPITAL	95,493,209							
46	OTHER	(73,781,988)							
47	TOTAL RATE BASE	\$ 3,189,416,474	\$ -	\$ -	\$ -	\$ -	\$ 10,325,850	\$ 64,190,026	\$ 48,370,961

**PUGET SOUND ENERGY-ELECTRIC  
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
RESTATING AND PRO FORMA ADJUSTMENTS**

LINE NO.	SUMAS 4.09	WHITEHORN 4.10	BAKER HYDRO RELICENSING 4.11	PASS-THROUGH REVS. & EXPS. 4.12	BAD DEBTS 4.13	MISCELLANEOUS OPERATING EXPENSE 4.14	PROPERTY TAXES 4.15	EXCISE TAX & FILING FEE 4.16	D&O INSURANCE 4.17
1 OPERATING REVENUES									
2 SALES TO CUSTOMERS				\$ (17,596,113)	\$ -	\$ -	\$ -	\$ -	\$ -
3 SALES FROM RESALE-FIRM									
4 SALES TO OTHER UTILITIES									
5 OTHER OPERATING REVENUES				36,729					
6 TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ (17,559,384)	\$ -	\$ -	\$ -	\$ -	\$ -
7									
8 OPERATING REVENUE DEDUCTIONS:									
9									
10 POWER COSTS:									
11 FUEL					\$ -	\$ -	\$ -	\$ -	\$ -
12 PURCHASED AND INTERCHANGED									
13 WHEELING									
14 RESIDENTIAL EXCHANGE				84,819,852					
15 TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	\$ 84,819,852	\$ -	\$ -	\$ -	\$ -	\$ -
16									
17 OTHER POWER SUPPLY EXPENSES					\$ -		\$ -	\$ -	\$ -
18 TRANSMISSION EXPENSE						4,016,577			
19 DISTRIBUTION EXPENSE						1,032,693			
20 CUSTOMER ACCTS EXPENSES				(58,867)	537,816				
21 CUSTOMER SERVICE EXPENSES				(7,764,387)					
22 CONSERVATION AMORTIZATION				(32,489,368)					
23 ADMIN & GENERAL EXPENSE	649,560			(113,960)		1,909,815		(110,841)	35,809
24 DEPRECIATION	1,720,732	600,667							
25 AMORTIZATION		1,679,273	738,009						
26 AMORTIZ OF PROPERTY GAIN/LOSS									
27 OTHER OPERATING EXPENSES						1,243,452			
28 FAS 133									
29 TAXES OTHER THAN INCOME TAXES				(60,450,428)			3,312,570	(588,458)	
30 INCOME TAXES	(829,602)	(797,979)	(258,303)	(525,779)	(188,236)	(2,870,888)	(1,159,400)	244,755	(12,533)
31 DEFERRED INCOME TAXES									
32 TOTAL OPERATING REV. DEDUCT.	\$ 1,540,690	\$ 1,481,961	\$ 479,706	\$ (16,582,937)	\$ 349,580	\$ 5,331,649	\$ 2,153,170	\$ (454,544)	\$ 23,276
33									
34 NET OPERATING INCOME	\$ (1,540,690)	\$ (1,481,961)	\$ (479,706)	\$ (976,447)	\$ (349,580)	\$ (5,331,649)	\$ (2,153,170)	\$ 454,544	\$ (23,276)
35									
36 RATE BASE	\$ 24,744,721	\$ 15,270,982	\$ 32,595,386			\$ 3,122,978			
37									
38 RATE OF RETURN									
39									
40 RATE BASE:									
41 GROSS UTILITY PLANT IN SERVICE	\$ 99,273,738	\$ 31,821,167	\$ 33,210,393		\$ -	\$ 3,122,978	\$ -	\$ -	\$ -
42 ACCUM DEPR AND AMORT	(74,483,303)	(16,632,395)	(615,007)						
43 DEFERRED DEBITS									
44 DEFERRED TAXES	(45,714)	82,210							
45 ALLOWANCE FOR WORKING CAPITAL									
46 OTHER									
47 TOTAL RATE BASE	\$ 24,744,721	\$ 15,270,982	\$ 32,595,386		\$ -	\$ 3,122,978	\$ -	\$ -	\$ -

PUGET SOUND ENERGY-ELECTRIC  
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	MONTANA ELECTRIC ENERGY TAX 4.18	INTEREST ON CUST DEPOSITS 4.19	SFAS 133 4.20	RATE CASE EXPENSES 4.21	DEFERRED G/L ON PROPERTY SALES 4.22	PROPERTY & LIABILITY INS 4.23	PENSION PLAN 4.24	WAGE INCREASE 4.25	INVESTMENT PLAN 4.26	EMPLOYEE INSURANCE 4.27
1 OPERATING REVENUES										
2 SALES TO CUSTOMERS	\$	-	-	-	-	-	-	-	-	-
3 SALES FROM RESALE-FIRM										
4 SALES TO OTHER UTILITIES										
5 OTHER OPERATING REVENUES										
6 TOTAL OPERATING REVENUES	\$	-	-	-	-	-	-	-	-	-
7										
8 OPERATING REVENUE DEDUCTIONS:										
9										
10 POWER COSTS:										
11 FUEL	\$	-	-	-	-	-	-	-	-	-
12 PURCHASED AND INTERCHANGED								136,518		
13 WHEELING										
14 RESIDENTIAL EXCHANGE										
15 TOTAL PRODUCTION EXPENSES	\$	-	-	-	-	-	-	136,518	\$	-
16										
17 OTHER POWER SUPPLY EXPENSES	\$	-	-	-	-	-	-	673,610	\$	-
18 TRANSMISSION EXPENSE								50,253		
19 DISTRIBUTION EXPENSE								1,544,368		
20 CUSTOMER ACCTS EXPENSES								737,651		
21 CUSTOMER SERVICE EXPENSES								91,147		
22 CONSERVATION AMORTIZATION										
23 ADMIN & GENERAL EXPENSE				(202,239)		623,677	(697,946)	914,859	175,751	1,516,481
24 DEPRECIATION										
25 AMORTIZATION										
26 AMORTIZ OF PROPERTY GAIN/LOSS										
27 OTHER OPERATING EXPENSES					(968,668)					
28 FAS 133			\$ (887,595)							
29 TAXES OTHER THAN INCOME TAXES	48,424							245,004		
30 INCOME TAXES	(16,948)			\$ 70,784	339,034	(218,287)	244,281	(1,537,694)	(61,513)	(530,768)
31 DEFERRED INCOME TAXES			310,658							
32 TOTAL OPERATING REV. DEDUCT.	\$ 31,476	\$ 599,090	\$ (576,937)	\$ (131,455)	\$ (629,634)	\$ 405,390	\$ (453,665)	\$ 2,855,717	\$ 114,238	\$ 985,713
33										
34 NET OPERATING INCOME	\$ (31,476)	\$ (599,090)	\$ 576,937	\$ 131,455	\$ 629,634	\$ (405,390)	\$ 453,665	\$ (2,855,717)	\$ (114,238)	\$ (985,713)
35										
36 RATE BASE										
37										
38 RATE OF RETURN										
39										
40 RATE BASE:										
41 GROSS UTILITY PLANT IN SERVICE	\$	-	-	-	-	-	-	-	-	-
42 ACCUM DEPR AND AMORT										
43 DEFERRED DEBITS										
44 DEFERRED TAXES										
45 ALLOWANCE FOR WORKING CAPITAL										
46 OTHER										
47 TOTAL RATE BASE	\$	-	-	-	-	-	-	-	-	-

**PUGET SOUND ENERGY-ELECTRIC**  
**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007**  
**RESTATING AND PRO FORMA ADJUSTMENTS**

LINE NO.	INCENTIVE PAY 4.28	MONTANA CORP LICENSE TAX 4.29	AMORT GLDL FIXED COST DEFRL 4.30	STORM DAMAGE 4.31	REG ASSETS & LIABILITIES 4.32	DEPRECIATION STUDY 4.33	SKAGIT FACILITY 4.34	PRODUCTION ADJUSTMENT 4.35	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1	OPERATING REVENUES									
2		\$ -		\$ -	\$ -			\$ -	\$ 51,122,909	\$ 1,836,866,925
3									(18,627)	355,704
4									(262,488,315)	6,086,573
5									(5,100,752)	38,179,604
6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(216,484,784)	1,881,488,806
7										
8	OPERATING REVENUE DEDUCTIONS:									
9										
10	POWER COSTS:									
11		\$ -		\$ -	\$ 835,508			\$ -	\$ 68,709,004	\$ 187,182,664
12	28,409				8,531,002			(1,141,339)	(272,340,941)	744,777,859
13					233,651			(67,930)	4,137,061	69,765,609
14									84,819,852	(0)
15	\$ 28,409	\$ -	\$ -	\$ -	\$ 9,600,161	\$ -	\$ -	\$ (1,209,269)	\$ (114,675,024)	\$ 1,001,726,133
16										
17	\$ 113,013	\$ -	\$ -	\$ -	\$ -			\$ (26,265)	\$ 18,344,169	\$ 97,413,175
18	7,188			(301,025)					3,815,356	10,347,731
19	234,214			(2,707,978)					103,297	67,610,741
20	119,181								2,163,664	39,335,530
21	17,361								(7,655,879)	2,080,145
22									(32,489,368)	5,111
23	186,440						(70,403)	(168,178)	4,863,912	81,844,807
24						8,222,052	1,316,021	(2,214,553)	15,231,526	175,508,910
25						(138,850)		(193,885)	2,084,547	33,071,230
26				19,596,293				(49,908)	19,546,385	24,926,871
27			15,005,651						15,280,435	3,663,517
28									(887,595)	-
29	51,101							(580,568)	(55,562,491)	115,929,136
30	(264,917)	138,690	(5,251,978)	(5,805,551)	(881,559)	2,762,879	(435,967)	1,208,276	(32,062,089)	(37,168,083)
31						(2,762,879)			21,964,002	89,593,353
32	\$ 491,990	\$ 138,690	\$ 9,753,673	\$ 10,781,738	\$ 8,718,601	\$ 8,083,203	\$ 809,652	\$ (3,234,351)	\$ (139,935,153)	\$ 1,705,888,306
33										
34	\$ (491,990)	\$ (138,690)	\$ (9,753,673)	\$ (10,781,738)	\$ (8,718,601)	\$ (8,083,203)	\$ (809,652)	\$ 3,234,351	\$ (76,549,631)	\$ 175,600,500
35										
36			\$ 6,763,253		\$ (63,830,658)	\$ (2,660,162)	\$ 19,640,179	\$ (42,851,342)	\$ 115,682,173	\$ 3,305,098,647
37										
38	RATE OF RETURN									
39										
40	RATE BASE:									
41		\$ -		\$ -			20,948,406	(74,917,554)	\$ 335,818,634	\$ 5,899,988,061
42						\$ (4,041,601)	(1,728,642)	33,390,739	(147,484,215)	(2,424,721,319)
43			10,405,385		(63,830,658)			(6,208,326)	(61,810,849)	251,571,711
44			(3,642,131)			1,381,439	420,415	4,883,799	(10,841,397)	(443,451,026)
45									-	95,493,209
46									-	(73,781,988)
47	\$ -	\$ -	\$ 6,763,253	\$ -	\$ (63,830,658)	\$ (2,660,162)	\$ 19,640,179	\$ (42,851,342)	\$ 115,682,173	\$ 3,305,098,647

**PUGET SOUND ENERGY-ELECTRIC  
TEMPERATURE NORMALIZATION  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

**LINE**

**NO. DESCRIPTION**

<u>TEMPERATURE NORMALIZATION ADJUSTMENT:</u>					
		ACTUAL	TEMP ADJ	MWH	ADJ FOR LOSSES
		GPI MWH	GPI MWH	CHANGE	6.70%
4	Oct-06	1,845,737	1,828,265	(17,471)	(16,301)
5	Nov-06	2,117,926	2,095,938	(21,988)	(20,515)
6	Dec-06	2,265,270	2,261,757	(3,513)	(3,278)
7	Jan-07	2,453,629	2,355,941	(97,687)	(91,142)
8	Feb-07	1,987,908	1,994,880	6,972	6,505
9	Mar-07	2,039,569	2,047,347	7,778	7,257
10	Apr-07	1,823,887	1,818,523	(5,364)	(5,005)
11	May-07	1,728,115	1,730,060	1,945	1,815
12	Jun-07	1,630,303	1,634,286	3,983	3,716
13	Jul-07	1,721,998	1,703,413	(18,585)	(17,340)
14	Aug-07	1,694,124	1,701,516	7,392	6,897
15	Sep-07	1,652,397	1,650,207	(2,190)	(2,043)
16		22,960,863	22,822,133	(138,730)	(129,434)
18	REVENUE ADJUSTMENT:	Schedule 7		(111,535)	\$ (10,636,707)
19		Schedule 24		(19,266)	(1,562,789)
20		Schedule 25		(530)	(33,648)
21		Schedule 26		8,750	531,235
22		Schedule 29		(19)	(1,068)
23		Schedule 31		(4,318)	(237,343)
24		Schedule 35		-	1
25		Schedule 43		(1,684)	(87,526)
26		Schedule 40		(747)	(37,649)
27		Firm Resale		(85)	(2,994)
28	INCREASE (DECREASE) SALES TO CUSTOMERS				\$ (12,068,488)
30	UNCOLLECTIBLES @			0.0033524	\$ (40,459)
31	ANNUAL FILING FEE @			0.0020000	(24,137)
31	INCREASE (DECREASE) EXPENSES				(64,596)
33	STATE UTILITY TAX @			0.0386002	\$ (465,846)
34	INCREASE (DECREASE) TAXES OTHER				(465,846)
36	INCREASE (DECREASE) INCOME				(11,538,046)
38	INCREASE (DECREASE) FIT @			35%	(4,038,316)
39	INCREASE (DECREASE) NOI				\$ (7,499,730)

**PUGET SOUND ENERGY-ELECTRIC  
REVENUES AND EXPENSES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ADJUSTMENT
1 <b>SALES TO CUSTOMERS:</b>	
2 RESTATING ADJUSTMENTS:	
3 ADD GRC INCREASE DOCKET 060266	\$ 53,812,830
4 ADD PCORC INCREASE DOCKET 070565	65,246,061
5 REMOVE PCORC INCREASE DOCKET 050870	(65,899,438)
6 REMOVE SCHEDULE 95A PRODUCTION TAX CREDITS	25,989,318
7 MISCELLANEOUS RESTATING ADJUSTMENT	2,058,699
8 RESTATING ADJUSTMENTS SALES TO CUSTOMERS	<u>81,207,470</u>
9	
10 PROFORMA ADJUSTMENTS:	
11 MISCELLANEOUS PROFORMA ADJUSTMENTS	(422,954)
12 PROFORMA ADJUSTMENTS SALES TO CUSTOMERS	<u>(422,954)</u>
13	
14 TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ 80,784,516
15	
16 <b>SALES FOR RESALE - SMALL FIRM</b>	
17 MISCELLANEOUS RESTATING ADJUSTMENT	<u>(15,633)</u>
18	
19 TOTAL INCREASE (DECREASE) SALES FOR RESALE - SMALL FIRM	(15,633)
20	
21 <b>OTHER OPERATING REVENUES</b>	
22 POLE ATTACHMENT REVENUES	(426,324)
23 MISCELLANEOUS RESTATING ADJUSTMENT	<u>(27,352)</u>
24	
25 TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u>(453,676)</u>
26	
27 TOTAL INCREASE (DECREASE) REVENUES	80,315,208
28	
29 UNCOLLECTIBLES @	0.0033524 \$ 269,252
30 ANNUAL FILING FEE @	0.0020000 <u>160,630</u>
31 INCREASE (DECREASE) EXPENSES	429,882
32	
33 STATE UTILITY TAX @	0.0386002 \$ 3,100,183
34 REMOVE MUNICIPAL TAX EXPENSED	<u>3,100,183</u>
35 INCREASE (DECREASE) TAXES OTHER	<u>3,100,183</u>
36	
37 INCREASE (DECREASE) INCOME	76,785,143
38	
39 INCREASE (DECREASE) FIT @	35% <u>26,874,800</u>
40 INCREASE (DECREASE) NOI	<u>\$ 49,910,343</u>

**PUGET SOUND ENERGY-ELECTRIC  
POWER COSTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1 SALES FOR RESALE	\$ 268,574,887	\$ 6,086,573	\$ (262,488,315)
2			
3 PURCHASES/SALES OF NON-CORE GAS	4,267,784	181,715	(4,086,069)
4 WHEELING FOR OTHERS	10,583,713	9,985,976	(597,737)
5	14,851,497	10,167,692	(4,683,806)
6			
7 TOTAL OPERATING REVENUES	283,426,385	16,254,264	(267,172,120)
8			
9 FUEL	\$ 119,309,169	\$ 187,182,664	\$ 67,873,496
10			
11 PURCHASED AND INTERCHANGED	990,181,182	719,868,293	(270,312,889)
12 HEDGING		285,289	285,289
13 RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASKA	-	(8,416,432)	(8,416,432)
14 SUBTOTAL PURCHASED AND INTERCHANGED	\$ 990,181,182	\$ 711,737,151	\$ (278,444,032)
15 WHEELING	63,827,743	67,799,084	3,971,341
16			-
17 TOTAL PRODUCTION EXPENSES	\$ 1,173,318,094	\$ 966,718,899	\$ (206,599,195)
18 HYDRO AND OTHER POWER	79,069,006	96,652,818	17,583,811
19 TRANS. EXP. INCL. 500KV O&M	1,094,069	1,136,432	42,363
20			
21 TOTAL OPERATING EXPENSES	\$ 1,253,481,170	\$ 1,064,508,149	\$ (188,973,021)
22			
23 INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 21)	\$ (970,054,785)	\$ (1,048,253,884)	\$ (78,199,099)
24			
25 REDUCTION TO STATE UTILITY TAX SAVINGS FOR LINE 4	3.85%		(23,013)
26 INCREASE (DECREASE) INCOME			\$ (78,176,086)
27 INCREASE (DECREASE) FIT @	35%		(27,361,630)
28 INCREASE (DECREASE) NOI			<u>\$ (50,814,456)</u>

**PUGET SOUND ENERGY-ELECTRIC  
FEDERAL INCOME TAX  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME (LOSS)	\$ (49,591,937)
2		
3	FEDERAL INCOME TAX EXPENSE (BENEFIT) @ 35%	(17,357,178)
4	CURRENTLY PAYABLE	<u>\$ (17,357,178)</u>
5		
6	DEFERRED FIT - DEBIT	\$ 107,781,393
7	DEFERRED FIT - CREDIT	(15,735,819)
8	DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.	<u>-</u>
9	TOTAL RESTATED FIT	\$ 74,688,396
10		
11	FIT PER BOOKS:	
12	CURRENTLY PAYABLE	\$ (5,105,994)
13	DEFERRED FIT - DEBIT	130,274,336
14	DEFERRED FIT - CREDIT	(62,644,985)
15	DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.	<u>-</u>
16	TOTAL CHARGED TO EXPENSE	<u>\$ 62,523,357</u>
17		-
18	INCREASE(DECREASE) FIT	(12,251,184)
19	INCREASE(DECREASE) DEFERRED FIT	<u>24,416,223</u>
20	INCREASE(DECREASE) NOI	<u><u>\$ (12,165,039)</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
TAX BENEFIT OF PRO FORMA INTEREST  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 3,305,098,647
2	DEDUCTIBLE CWIP	110,892,663
3	NET RATE BASE	\$ 3,415,991,310
4		
5	WEIGHTED COST OF DEBT	3.74%
6	PROFORMA INTEREST	\$ 127,758,075
7		
8		
9	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
10	INTEREST ON LONG TERM DEBT	\$ 118,172,916
11	AMORTIZATION OF DEBT DISCOUNT	
12	AND EXPENSE, NET OF PREMIUMS	2,105,623
13	INTEREST ON DEBT TO ASSOCIATED	
14	ASSOCIATED COMPANIES	892,584
15	OTHER INTEREST EXPENSE	15,055,265
16	LESS: INTEREST ON CUSTOMER DEPOSITS	(599,090)
17	CHARGED TO EXPENSE IN TEST YEAR	135,627,297
18		
19	INCREASE (DECREASE) INCOME	\$ 7,869,222
20		
21	INCREASE (DECREASE) FIT @	35% 2,754,228
22	INCREASE (DECREASE) NOI	\$ (2,754,228)

**PUGET SOUND ENERGY-ELECTRIC  
HOPKINS RIDGE INFILL PROJECT  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1 <u>HOPKINS RIDGE INFILL RATEBASE (AMA)</u>			
2 <u>UTILITY PLANT RATEBASE</u>			
3 PLANT BALANCE	\$ -	\$ 13,240,285	\$ 13,240,285
4 ACCUM DEPRECIATION	-	(466,941)	(466,941)
5 DEFERRED INCOME TAX LIABILITY	-	(1,007,021)	(1,007,021)
6 NET HOPKINS RIDGE INFILL PLANT RATEBASE	\$ -	\$ 11,766,323	\$ 11,766,323
7			
8 <u>REGULATORY LIABILITY RATEBASE</u>			
9 HOPKINS RIDGE INFILL MITIGATION CREDIT	\$ -	\$ (2,903,000)	\$ (2,903,000)
10 ACCUM AMORTIZATION	-	725,750	725,750
11 DEFERRED INCOME TAX ASSET	-	736,776	736,776
12 NET REGULATORY LIABILITY	\$ -	\$ (1,440,474)	\$ (1,440,474)
13			
14 OVERALL INCREASE TO RATEBASE	\$ -	\$ 10,325,850	\$ 10,325,850
15			
16 <u>HOPKINS RIDGE INFILL OPERATING EXPENSE</u>			
17 DEPRECIATION EXPENSE	\$ -	\$ 571,980	\$ 571,980
18 PROPERTY INSURANCE	-	9,545	9,545
19 PROPERTY TAXES	-	38,900	38,900
20 TOTAL OPERATING EXPENSES	\$ -	\$ 620,426	\$ 620,426
21			
22 <u>POWER COST ASSOCIATED WITH HOPKINS RIDGE INFILL</u>			
23 AMORTIZATION OF MITIGATION CREDIT - REG LIAB	\$ -	\$ (1,451,500)	\$ (1,451,500)
24 TOTAL POWER COSTS	\$ -	\$ (1,451,500)	\$ (1,451,500)
25			
26 INCREASE (DECREASE) OPERATING EXPENSE			(831,074)
27			
28 INCREASE (DECREASE) FIT @		35%	290,876
29 INCREASE (DECREASE) NOI			\$ 540,198

**PUGET SOUND ENERGY-ELECTRIC  
WILD HORSE WIND PLANT  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1 <u>WILD HORSE RATE BASE</u>			
2 PLANT BALANCE	\$ 294,039,590	\$ 370,743,821	\$ 76,704,231
3 ACCUMULATED DEPRECIATION	(4,334,788)	(7,530,939)	(3,196,151)
4 DEFERRED TAX LIABILITY	(19,850,576)	(29,318,700)	(9,468,124)
5 DEFERRED TAX ASSET	188,678	338,748	150,070
6 WILD HORSE RATE BASE	<u>\$ 270,042,904</u>	<u>\$ 334,232,930</u>	<u>\$ 64,190,026</u>
7			
8 <u>WILD HORSE OPERATING EXPENSES:</u>			
9			
10 DEPRECIATION EXPENSE	\$ 11,009,573	\$ 14,253,116	\$ 3,243,543
11			
12 INCREASE (DECREASE) EXPENSE			3,243,543
13			
14 INCREASE (DECREASE) FIT @		35%	(1,135,240)
15 INCREASE (DECREASE) NOI			<u>\$ (2,108,303)</u>

**PUGET SOUND ENERGY-ELECTRIC  
GOLDENDALE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>GOLDENDALE RATEBASE</u>			
2	PLANT BALANCE	\$ 190,398,571	\$ 322,813,562	\$ 132,414,991
3	ACCUM DEPRECIATION	(114,167,676)	(193,878,589)	(79,710,913)
4	DFIT DEPRECIATION	(85,103)	(2,339,847)	(2,254,744)
5	DFIT RETIREMENTS		(2,078,373)	(2,078,373)
6	NET GOLDENDALE PLANT RATEBASE	<u>\$ 76,145,792</u>	<u>\$ 124,516,753</u>	<u>\$ 48,370,961</u>
7				
8	<u>GOLDENDALE OPERATING EXPENSE</u>			
9	DEPRECIATION EXPENSE	2,880,942	4,983,644	2,102,703
10	DEPR. EXP INCLUDED 4.33 DEPR. STUDY	(2,880,942)	(3,212,561)	(331,619)
11	PROPERTY INSURANCE	78,101	147,150	69,049
12	PROPERTY TAXES	1,142,289	891,929	(250,360)
13	TOTAL OPERATING EXPENSES	<u>\$ 1,220,390</u>	<u>\$ 2,810,162</u>	<u>\$ 1,589,772</u>
14				
15	INCREASE (DECREASE) OPERATING EXPENSE			1,589,772
16				
17	INCREASE (DECREASE) FIT @		35%	(556,420)
18	INCREASE (DECREASE) NOI			<u>\$ (1,033,352)</u>

**PUGET SOUND ENERGY-ELECTRIC  
SUMAS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>SUMAS RATEBASE</u>			
2	PLANT BALANCE		\$ 99,273,738	\$ 99,273,738
3	ACCUM DEPRECIATION		(74,483,303)	(74,483,303)
4	DEFERRED INCOME TAX		(45,714)	(45,714)
5	NET SUMAS PLANT RATEBASE	\$ -	\$ 24,744,721	\$ 24,744,721
6				
7	<u>SUMAS OPERATING EXPENSE</u>			
8	DEPRECIATION EXPENSE		1,720,732	1,720,732
9	PROPERTY INSURANCE		106,303	106,303
10	PROPERTY TAXES		543,257	543,257
11	TOTAL OPERATING EXPENSES	\$ -	\$ 2,370,292	\$ 2,370,292
12				
13	INCREASE (DECREASE) OPERATING EXPENSE			2,370,292
14				
15	INCREASE (DECREASE) FIT @		35%	(829,602)
16	INCREASE (DECREASE) NOI			\$ (1,540,690)

**PUGET SOUND ENERGY-ELECTRIC  
WHITEHORN  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1 <u>RATEBASE</u>			
2 UTILITY PLANT BALANCE		\$ 19,999,792	\$ 19,999,792
3 ACCUMULATED DEPRECIATION		(16,002,667)	(16,002,667)
4 DEFERRED FIT		82,210	82,210
5 TOTAL UTILITY PLANT RATEBASE	\$ -	\$ 4,079,335	\$ 4,079,335
6			
7 ACQUISITION ADJUSTMENT		\$ 11,821,375	\$ 11,821,375
8 ACCUMULATED AMORTIZATION ON ACQ ADJ		(629,728)	(629,728)
9 DEFERRED FIT		Incl. in Line 4	-
10 TOTAL ACQUISITION ADJUSTMENT RATEBASE	\$ -	\$ 11,191,647	\$ 11,191,647
11			
12 <u>TOTAL RATEBASE</u>	\$ -	\$ 15,270,982	\$ 15,270,982
13			
14 <u>WHITEHORN OPERATING EXPENSE</u>			
15 DEPRECIATION EXPENSE		600,667	600,667
16 AMORTIZATION EXPENSE		1,679,273	1,679,273
17 TOTAL OPERATING EXPENSES	\$ -	\$ 2,279,940	\$ 2,279,940
18			
19 INCREASE (DECREASE) EXPENSE			2,279,940
20			
21 INCREASE (DECREASE) FIT @		35%	(797,979)
22 INCREASE (DECREASE) NOI			\$ (1,481,961)

**PUGET SOUND ENERGY-ELECTRIC  
BAKER HYDRO RELICENSING COSTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1	<u>BAKER HYDRO RELICENSING RATEBASE</u>			
2	PLANT BALANCE		\$ 33,210,393	\$ 33,210,393
3	ACCUM AMORTIZATION		(615,007)	(615,007)
4	NET BAKER HYDRO RELIC RATEBASE	\$ -	\$ 32,595,386	\$ 32,595,386
5				
6	<u>BAKER HYDRO RELICENSING OPERATING EXPENSE</u>			
7	AMORTIZATION EXPENSE		738,009	738,009
8	TOTAL OPERATING EXPENSES	\$ -	\$ 738,009	\$ 738,009
9				
10	INCREASE (DECREASE) EXPENSE			738,009
11				
12	INCREASE (DECREASE) FIT @		35%	(258,303)
13	INCREASE (DECREASE) NOI			<u>\$ (479,706)</u>

**PUGET SOUND ENERGY-ELECTRIC  
PASS-THROUGH REVENUES AND EXPENSES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ADJUSTMENT
1 <u>REMOVE REVENUE ASSOCIATED WITH RIDERS:</u>	
2 REMOVE CONSERVATION RIDER - SCHEDULE 120	34,020,040
3 REMOVE MUNICIPAL TAXES - SCHEDULE 81	62,694,985
4 REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	7,367,010
5 REMOVE RESIDENTIAL EXCHANGE - SCH 194	(88,813,196)
6 GREEN POWER - SCH 135/136 (TAGS ELIM IN PAGE 4.03)	2,327,274
7 GREEN POWER - SCH 135/136 ELIMINATE UNDER EXPENSED	(36,729)
8 TOTAL (INCREASE) DECREASE IN REVENUES	<u>17,559,384</u>
9	
10 <u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u>	
11 BAD DEBTS	0.33524% (58,867)
12 ANNUAL FILING FEE	0.20000% (35,119)
13 STATE UTILITY TAX	3.86002% (677,796)
14 TOTAL	<u>(771,781)</u>
15	
16 <u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
17 REMOVE CONSERVATION RIDER - SCHEDULE 120	(32,489,368)
18 REMOVE MUNICIPAL TAXES - SCHEDULE 81	(59,746,435)
19 REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	(7,035,748)
20 REMOVE RESIDENTIAL EXCHANGE - SCH 194	84,819,852
21 GREEN POWER - SCH 135/136 (TAGS ELIM IN PAGE 4.03)	(728,639)
22 GREEN POWER - SCH 135/136 BENEFITS PORTION OF ADMIN	(78,841)
23 GREEN POWER - SCH 135/136 TAXES PORTION OF ADMIN	(26,197)
24 TOTAL INCREASE (DECREASE) EXPENSE	<u>(15,285,377)</u>
25	
26 INCREASE (DECREASE) OPERATING INCOME BEFORE FIT	(1,502,225)
27 INCREASE (DECREASE) FIT	<u>(525,779)</u>
28 INCREASE (DECREASE) NOI	<u><u>(976,447)</u></u>

**PUGET SOUND ENERGY-ELECTRIC**  
**BAD DEBTS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007**  
**GENERAL RATE INCREASE**

LINE NO.	YEAR	NET WRITEOFF'S	GROSS REVENUES	SALES FOR RESALE OTHER	SALES FOR RESALE FIRM	NET REVENUES	PERCENT WRITEOFF'S TO REVENUE
1	12 MOS ENDED 09/30/2004	\$ 4,803,571	\$ 1,418,771,663	\$ 68,519,491	\$ 361,720	\$ 1,349,890,453	0.3558489%
2	12 MOS ENDED 09/30/2005	\$ 5,048,116	\$ 1,604,948,532	\$ 151,158,328	\$ 350,901	\$ 1,453,439,303	0.3473221%
3	12 MOS ENDED 09/30/2006	\$ 4,936,383	\$ 1,808,438,634	\$ 176,534,948	\$ 362,636	\$ 1,631,541,050	0.3025595%
4	3-Yr Average of Net Write Off Rate						<u>0.3352435%</u>
5							
6	Test Period Revenues		\$ 2,097,973,590	\$ 268,574,887	\$ 374,331	\$ 1,829,024,372	
7							
8	PROFORMA BAD DEBT RATE					<u>0.3352435%</u>	
9	PROFORMA BAD DEBTS					\$ 6,131,685	
10							
11	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR					<u>5,593,869</u>	
12	INCREASE (DECREASE) EXPENSE						\$ 537,816
13							
14	INCREASE (DECREASE) FIT					35%	<u>(188,236)</u>
15	INCREASE (DECREASE) NOI						<u><u>\$ (349,580)</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
MISCELLANEOUS OPERATING EXPENSE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ACTUAL	PROFORMA RESTATE	ADJUSTMENT
1 <u>OPERATING EXPENSES</u>			
2 AMORT OF DEFERRED TAXES OF INDIRECT OVERHEADS			
3 REGULATORY ASSET (WUTC DOC # UE-051527)	1,470,386		(1,470,386)
4 AMORT OF INTEREST ASSOCIATED WITH DEFERRAL OF UNRECOVERED			
5 RESIDENTIAL EXCHANGE BENEFITS CREDITED TO CUSTOMERS ( WUTC			
6 DOC # UE-071024)		4,440,313	4,440,313
7 ADJUSTMENT TO MOVE LEGAL COSTS ASSOCIATED WITH THE SALES OF			
8 POWER FROM 557 TO A&G (FERC 923).		382,511	382,511
9 COST OF WIRE ZONE VEGETATION MANAGEMENT PROGRAM		4,000,000	4,000,000
10 INCREASE IN SERVICE CONTRACT BASELINE CHARGES TSM	476,350	492,927	16,577
11 INCREASE IN SERVICE CONTRACT BASELINE CHARGES DST	29,854,650	30,887,343	1,032,693
12 ADJUSTMENT FOR ONE-TIME FAS 106 CURTAILMENT GAIN	(286,923)		286,923
13 SUMMIT BUILDING CONTRACTUAL RENT INCREASES			
14 REQUESTED IN ACCOUNTING PETITION #UE-071876	828,227	2,068,609	1,240,381
15 AMORTIZATION OF SUMMIT BUYOUT PURCHASE OPTION			
16 REQUESTED IN ACCOUNTING PETITION #UE-071876		(1,726,475)	(1,726,475)
17 INCREASE (DECREASE) IN EXPENSE	\$ 32,342,690	\$ 40,545,228	\$ 8,202,537
18			
19 INCREASE(DECREASE) OPERATING EXPENSE			8,202,537
20 INCREASE(DECREASE) FIT @		35%	(2,870,888)
21			
22 INCREASE(DECREASE) NOI			<u>\$ (5,331,649)</u>
23			
24 <u>RATEBASE</u>			
25			
26 ADJUSTMENT FOR TRANSFERS OF RATEBASE TO NON-UTILITY PLANT	122,341		(122,341)
27 CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT		3,245,319	3,245,319
28			
29 TOTAL ADJUSTMENT TO RATEBASE			<u>\$ 3,122,978</u>

**PUGET SOUND ENERGY-ELECTRIC  
PROPERTY TAXES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	WASHINGTON	MONTANA	OREGON	TOTAL
1 RESTATED PROPERTY TAX	\$ 25,339,733	\$ 10,579,422	\$ 680,130	\$ 36,599,285
2 CHARGED TO EXPENSE IN TY	22,347,868	10,228,277	710,570	33,286,715
3 INCREASE(DECREASE) EXPENSE	\$ 2,991,865	\$ 351,145	\$ (30,440)	\$ 3,312,570
4				
5 INCREASE(DECREASE) FIT @			35%	(1,159,400)
6				
7 INCREASE(DECREASE) NOI			\$	(2,153,170)

**PUGET SOUND ENERGY-ELECTRIC  
EXCISE TAX & FILING FEE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

<b>LINE NO. DESCRIPTION</b>	<b>AMOUNT</b>
1 RESTATED EXCISE TAXES	\$ 69,650,077
2 CHARGED TO EXPENSE FOR TEST YEAR	<u>70,238,535</u>
3 INCREASE (DECREASE) EXCISE TAX	\$ (588,458)
4	
5 RESTATED WUTC FILING FEE	\$ 3,628,231
6 CHARGED TO EXPENSE FOR TEST YEAR	<u>3,739,072</u>
7 INCREASE(DECREASE) WUTC FILING FEE	\$ (110,841)
8	
9 INCREASE(DECREASE) EXPENSE	(699,299)
10	
11 INCREASE(DECREASE) FIT @	35% <u>244,755</u>
12 INCREASE(DECREASE) NOI	<u>\$ 454,544</u>

**PUGET SOUND ENERGY-ELECTRIC  
D&O INSURANCE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

**LINE**

<b>NO.</b>	<b>DESCRIPTION</b>	<b>TEST YEAR</b>	<b>RESTATED</b>	<b>ADJUSTMENT</b>
1	D & O INS. CHG EXPENSE	\$ 1,081,710	\$ 1,117,519	\$ 35,809
2				
3	INCREASE (DECREASE) D&O EXPENSE	\$ 1,081,710	\$ 1,117,519	\$ 35,809
4				
5	INCREASE (DECREASE) EXPENSE			35,809
6				
7	INCREASE (DECREASE) FIT @		35%	(12,533)
8	INCREASE (DECREASE) NOI			<u>\$ (23,276)</u>

**PUGET SOUND ENERGY-ELECTRIC  
MONTANA ELECTRIC ENERGY TAX  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

<b>LINE NO. DESCRIPTION</b>	<b>AMOUNT</b>
1 RESTATED KWH (COLSTRIP)	4,671,514,266
2 TAX RATE	<u>0.00035</u>
3	
4 RESTATED ENERGY TAX	1,635,030
5 CHARGED TO EXPENSE	1,586,606
6 INCREASE (DECREASE) EXPENSE	<u>\$ 48,424</u>
7	
8 INCREASE (DECREASE) FIT @ 35%	<u>(16,948)</u>
9 INCREASE (DECREASE) NOI	<u><u>\$ (31,476)</u></u>

**PUGET SOUND ENERGY-ELECTRIC**  
**INTEREST ON CUSTOMER DEPOSITS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007**  
**GENERAL RATE INCREASE**                      **GENERAL**

<b>LINE</b>			
<b>NO.</b>	<b>DESCRIPTION</b>		<b>AMOUNT</b>
1	INTEREST EXPENSE FOR TEST YEAR	\$	599,090
2			
3	INCREASE (DECREASE) NOI	\$	<u>(599,090)</u>

**PUGET SOUND ENERGY-ELECTRIC**  
**SFAS 133**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007**

**RATE INCREASE**

LINE NO.		ACTUAL	RESTATED	ADJUSTMENT
1	FAS 133 OPERATING EXPENSE	\$ 887,595	\$ -	\$ (887,595)
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 887,595	\$ -	\$ (887,595)
4				
5	INCREASE(DECREASE) OPERATING INCOME			887,595
6				
7	INCREASE (DECREASE) DEFERRED FIT @	35%		310,658
8				
9	INCREASE (DECREASE) NOI			<u>\$ 576,937</u>

**PUGET SOUND ENERGY-ELECTRIC  
RATE CASE EXPENSES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<b>DEFERRED EXPENDITURES TO BE AMORTIZED:</b>	
2		
3	REMAINING 2001 GRC DEFERRALS TO BE AMORTIZED @11/01/08	IMMATERIAL
4	LESS TEST YEAR EXPENSE: 2001 GRC AMORTIZATION	<u>176,736</u>
5	INCREASE (DECREASE) EXPENSE	<u><u>(176,736)</u></u> \$ (176,736)
6		
7		
8	REMAINING 2004 GRC DEFERRALS TO BE AMORTIZED @11/01/08	IMMATERIAL
9	LESS TEST YEAR EXPENSE: 2004 GRC AMORTIZATION	<u>251,888</u>
10	INCREASE (DECREASE) EXPENSE	<u><u>(251,888)</u></u> (251,888)
11		
12		
13	<b>EXPENSES TO BE NORMALIZED:</b>	
14		
15	ESTIMATED GRC EXPENSES TO BE NORMALIZED	<u>\$ 1,474,000</u>
16		
17	ANNUAL NORMALIZATION (LINE 22 / 2 YEARS)	737,000
18	LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO FERC 928	<u>321,200</u>
19		
20	INCREASE (DECREASE) EXPENSE	<u><u>\$ 415,800</u></u> 415,800
21		
22		
23	ESTIMATED PCORC EXPENSES TO BE NORMALIZED	<u>\$ 325,000</u>
24		
25	ANNUAL NORMALIZATION (LINE 29 / 2)	162,500
26	LESS TEST YEAR EXPENSE: PCORC DIRECT CHARGES	<u>351,915</u>
27		
28	INCREASE (DECREASE) EXPENSE	<u><u>\$ (189,415)</u></u> (189,415)
29		
30		
31	TOTAL INCREASE (DECREASE) EXPENSE	\$ (202,239)
32		
33	INCREASE(DECREASE) FIT @	35% 70,784
34	INCREASE(DECREASE) NOI	<u><u>\$ 131,455</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
DEFERRED GAINS/LOSSES ON PROPERTY SALES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	DEFERRED GAIN RECORDED SINCE UE-060266, <i>et al.</i> at 10/31/2008	\$ (7,996,289)
2	DEFERRED LOSS RECORDED SINCE UE-060266, <i>et al.</i> at 10/31/2008	663,702
3	TOTAL DEFERRED NET (GAIN) LOSS TO AMORTIZE	<u>\$ (7,332,587)</u>
4		
5	AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR RATE YEAR (Line 3/3years)	(2,444,196)
6		
7	AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR TEST YEAR	<u>(1,475,528)</u>
8		
9	INCREASE (DECREASE) EXPENSE (Line 5 - Line 7)	\$ (968,668)
10		
11	INCREASE (DECREASE) FIT @ 35%	<u>339,034</u>
12		
13	INCREASE (DECREASE) NOI	<u><u>\$ 629,634</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
PROPERTY & LIABILITY INSURANCE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

**LINE**

<b>NO. DESCRIPTION</b>	<b>ACTUAL</b>	<b>PROFORMA</b>	<b>ADJUSTMENT</b>
1 PROPERTY INSURANCE EXPENSE	\$ 2,396,344	\$ 2,699,694	303,349
2 LIABILITY INSURANCE EXPENSE	1,560,153	1,880,480	320,327
3 INCREASE(DECREASE) EXPENSE	\$ 3,956,497	\$ 4,580,174	\$ 623,677
4			
5 INCREASE (DECREASE) OPERATING EXPENSE			623,677
6			
7 INCREASE (DECREASE) FIT @	35%		(218,287)
8 INCREASE (DECREASE) NOI		\$	(405,390)

**PUGET SOUND ENERGY-ELECTRIC  
PENSION PLAN  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

<b>LINE</b>					
<b>NO.</b>	<b>DESCRIPTION</b>	<b>ACTUAL</b>	<b>RESTATED</b>	<b>ADJUSTMENT</b>	
1	QUALIFIED RETIREMENT FUND	\$ 837,289	\$ -	\$ (837,289)	
2	SERP PLAN	2,096,718	2,236,061	\$ 139,343	
3	INCREASE(DECREASE) EXPENSE	\$ 2,934,007	\$ 2,236,061	\$ (697,946)	
4					
5	INCREASE(DECREASE) OPERATING EXPENSE			(697,946)	
6					
7	INCREASE (DECREASE) FIT @	35%		244,281	
8	INCREASE (DECREASE) NOI			\$ 453,665	

**PUGET SOUND ENERGY-ELECTRIC**  
**WAGE INCREASE**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007**  
**GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PURCHASED POWER	\$ 2,850,065	\$ 2,986,583	\$ 136,518
3	OTHER POWER SUPPLY	9,875,831	10,549,441	673,610
4	TRANSMISSION	541,430	591,683	50,253
5	DISTRIBUTION	18,820,484	20,364,852	1,544,368
6	CUSTOMER ACCTS	10,109,408	10,847,059	737,651
7	CUSTOMER SERVICE	1,382,177	1,460,361	78,184
8	SALES	270,628	283,591	12,963
9	ADMIN. & GENERAL	18,491,934	19,406,793	914,859
10	TOTAL WAGE INCREASE	<u>62,341,957</u>	<u>66,490,363</u>	4,148,406
11				
12	PAYROLL TAXES	5,234,729	5,479,733	245,004
13	TOTAL WAGES & TAXES	<u>67,576,686</u>	<u>71,970,096</u>	4,393,410
14				
15	INCREASE (DECREASE) OPERATING EXPENSE			\$ 4,393,410
16	INCREASE (DECREASE) FIT @ 35%			(1,537,694)
17	INCREASE (DECREASE) NOI			<u><u>\$ (2,855,717)</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
INVESTMENT PLAN  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION		AMOUNT
1	<u>MANAGEMENT (INC. EXECUTIVES)</u>		
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT	\$ 3,841,177	
3	RATE YEAR MANAGEMENT WAGE INCREASE	4.79% 183,992	
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT		4,025,169
5			
6	<u>IBEW</u>		
7	INVESTMENT PLAN APPLICABLE TO IBEW	1,012,427	
8	RATE YEAR IBEW WAGE INCREASE	7.97% 80,690	
9	TOTAL COMPANY CONTRIBUTION FOR IBEW		1,093,117
10			
11	<u>UA</u>		
12	INVESTMENT PLAN APPLICABLE TO UA	805,316	
13	RATE YEAR UA WAGE INCREASE	6.30% 50,735	
14	TOTAL COMPANY CONTRIBUTION FOR UA		856,051
15			
16	<u>TOTAL</u>		
17	TOTAL PROFORMA COSTS (LN 4 + LN 9 + 14)		5,974,338
18	PRO FORMA COSTS APPLICABLE TO OPERATIONS	55.72%	3,328,901
19	CHARGED TO EXPENSE FOR TEST YEAR		3,153,150
20	INCREASE (DECREASE) EXPENSE		175,751
21			
22	INCREASE (DECREASE) FIT @	35%	(61,513)
23	INCREASE (DECREASE) NOI		(\$114,238)

**PUGET SOUND ENERGY-ELECTRIC  
EMPLOYEE INSURANCE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	SALARIED EMPLOYEES	\$ 8,503,888
3	UNION EMPLOYEES	7,983,040
4	PRO FORMA INSURANCE COSTS	<u>16,486,928</u>
5		
6	APPLICABLE TO OPERATIONS @ 55.72%	9,186,516
7	CHARGED TO EXPENSE 09/30/07	<u>7,670,035</u>
8	INCREASE(DECREASE) EXPENSE	1,516,481
9		
10	INCREASE(DECREASE) FIT @ 35%	<u>(530,768)</u>
11		
12	INCREASE(DECREASE) NOI	<u><u>\$ (985,713)</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
INCENTIVE PAY  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	<u>OPERATING EXPENSES ( RESTATED)</u>			
2	PURCHASED POWER	\$ 188,307	\$ 216,716	\$ 28,409
3	OTHER POWER SUPPLY	652,442	765,455	113,013
4	TRANSMISSION	35,750	42,938	7,188
5	DISTRIBUTION	1,243,433	1,477,647	234,214
6	CUSTOMER ACCTS	667,887	787,068	119,181
7	CUSTOMER SERVICE	91,311	105,946	14,635
8	SALES	17,875	20,601	2,726
9	ADMIN. & GENERAL	1,221,686	1,408,126	186,440
10	TOTAL INCENTIVE/MERIT PAY	\$ 4,118,691	\$ 4,824,497	\$ 705,806
11				
12	PAYROLL TAXES ASSOC WITH MERIT PAY	298,193	349,294	51,101
13	INCREASE(DECREASE) EXPENSE	4,416,884	5,173,791	756,907
14				
15	INCREASE (DECREASE) OPERATING EXPENSE			756,907
16				
17	INCREASE (DECREASE) FIT @		35%	(264,917)
18	INCREASE (DECREASE) NOI			<u>\$ (491,990)</u>

**PUGET SOUND ENERGY-ELECTRIC  
MONTANA CORPORATE LICENSE TAX  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	ESTIMATED FEDERAL CURRENT COMBINED TAXABLE	
2	INCOME AT SEPTEMBER 30, 2007	\$ 122,751,606
3	ADD: INCREASE TO PRE-TAX INCOME FROM TAX BENEFIT OF	
4	PROFORMA INTEREST ADJUSTMENT 4.05	7,869,222
5	INCOME SUBJECT TO APPORTIONMENT	<u>130,620,828</u>
6		
7	MONTANA APPORTIONMENT FACTOR	5.97%
8	MONTANA TAXABLE INCOME	7,798,063
9		
10	PROFORMA MONTANA CORP. LIC. TAX	6.75% 526,369
11	CHARGED TO EXPENSE IN TEST YEAR	313,000
12		-
13	INCREASE (DECREASE) EXPENSE	<u>213,369</u>
14		
15	INCREASE (DECREASE) FIT @	35% (74,679)
16		-
17	INCREASE (DECREASE) NOI	<u><u>\$ (138,690)</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
AMORTIZATION OF GOLDENDALE FIXED COST DEFERRAL  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1				
2				
3				
4	AMORTIZATION OF FIXED COST DEFERRAL		\$ 4,162,154	\$ 4,162,154
5	DEFERRAL OF GOLDENDALE FIXED COSTS	(10,843,497)	-	10,843,497
6	AMORTIZATION OF FIXED COST DEFERRAL	(10,843,497)	4,162,154	15,005,651
7				
8	INCREASE (DECREASE) OPERATING EXPENSES			15,005,651
9				
10	INCREASE(DECREASE) FIT @		35%	(5,251,978)
11				
12	INCREASE(DECREASE) NET OPERATING INCOME			<u>\$ (9,753,673)</u>
13				
14	RATE BASE			
15	GOLDENDALE AMA GROSS - DEF & INT.	\$ -	\$ 12,486,461	\$ 12,486,461
16	GOLDENDALE AMA ACCUMULATED AMORTIZATIO	-	(2,081,077)	(2,081,077)
17	GOLDENDALE AMA ACCUMULATED DEFERRED FIT	-	(3,642,131)	(3,642,131)
18	TOTAL GOLDENDALE RATE BASE	-	<u>6,763,253</u>	<u>6,763,253</u>

**PUGET SOUND ENERGY-ELECTRIC  
STORM DAMAGE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT		
1	NORMAL STORMS	Transmission	Distribution	Total
2	ACTUAL O&M:			
3	TWELVE MONTHS ENDED 9/30/02	\$ (4,894)	\$ 6,583,315	\$ 6,578,420
4	TWELVE MONTHS ENDED 9/30/03	6,615	5,325,797	5,332,412
5	TWELVE MONTHS ENDED 9/30/04	202,197	12,062,138	12,264,335
6	TWELVE MONTHS ENDED 9/30/05	50,866	1,947,137	1,998,004
7	TWELVE MONTHS ENDED 9/30/06	417,714	10,336,885	10,754,599
8	TWELVE MONTHS ENDED 9/30/07	495,730	10,500,628	10,996,358
9	TOTAL NORMAL STORMS	<u>1,168,227</u>	<u>46,755,899</u>	<u>47,924,127</u>
10				
11	SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR	194,705	7,792,650	7,987,354
12				
13	CHARGED TO EXPENSE FOR TEST YEAR ENDED 9/30/07:			
14	STORM DAMAGE EXPENSE (LINE 8)	<u>495,730</u>	<u>10,500,628</u>	<u>10,996,358</u>
15				
16	INCREASE (DECREASE) OPERATING EXPENSE	(301,025)	(2,707,978)	(3,009,003)
17				
18				
19	CATASTROPHIC STORMS			
20	DEFERRED BALANCES FOR 3 YEAR AMORTIZATION AT			
21	START OF RATE YEAR (11/1/08):			
22	12/4/03 WINDSTORM	3,313,916		
23	2006 STORM DAMAGE (EXCL 12/13/07 WIND STORM)	24,436,289		
24	2007 STORM DAMAGE	781,320		
25	TOTAL	<u>28,531,525</u>		
26	ANNUAL AMORTIZATION (LINE 25 , 3 YEARS)	9,510,508		
27				
28	DEFERRED BALANCES FOR 6 YEAR AMORTIZATION AT			
29	START OF RATE YEAR (11/1/08):			
30	12/13/06 WIND STORM	83,574,249		
31	TOTAL	<u>83,574,249</u>		
32	ANNUAL AMORTIZATION (LINE 31 , 6 YEARS)	<u>13,929,042</u>		
33	TOTAL RATE YEAR AMORTIZATION		23,439,550	
34	LESS CATASTROPHIC STORM AMORT AS (9/30/07)		<u>3,843,257</u>	
35				
36	INCREASE (DECREASE) OPERATING EXPENSE (LINE 26 + LINE 32 - LINE 34)			<u>19,596,293</u>
37				
38	TOTAL INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 36)			16,587,290
39				
40	INCREASE (DECREASE) FIT @ 35% (LINE 38 X 35%)			<u>(5,805,551)</u>
41				
42	INCREASE (DECREASE) NOI			<u>\$ (10,781,738)</u>

**PUGET SOUND ENERGY-ELECTRIC  
REGULATORY ASSETS AND LIABILITIES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1 REGULATORY ASSETS/LIABS AMORTIZATION EXPENSE			
2 CABOT BUYOUT	\$ 2,962,000	\$ -	\$ (2,962,000)
3 TENASKA	3,975,750	5,425,333	1,449,583
4 BEP	3,526,620	3,526,620	-
5 WHITE RIVER PLANT COSTS	1,494,702	1,494,702	(0)
6 WHITE RIVER RELICENSING & CWIP	-	-	-
7 CANWEST	(3,797,508)	-	3,797,508
8 HOPKINS RIDGE PREPAID TRANSMISSION	1,800,805	2,034,455	233,651
9 TOTAL AMORTIZATION OF REG ASSETS/LIABS	<u>\$ 9,962,369</u>	<u>\$ 12,481,110</u>	<u>\$ 2,518,741</u>
10			
11 INCREASE (DECREASE) FIT		35%	<u>(881,559)</u>
12			
13 SUBTOTAL INCREASE (DECREASE) NOI			<u>\$ (1,637,182)</u>
14			
15 TENASKA FLOW THRU	19,435,248	26,516,667	7,081,419
16			
17 TOTAL REGULATORY AMORT	\$ 29,397,617	\$ 38,997,777	\$ 9,600,160
18			
19 INCREASE (DECREASE) NOI			<u>\$ (8,718,601)</u>
20			
21 RATE BASE ADJUSTMENT			
22 <u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
23 CABOT	\$ 3,587,408	\$ 21,125	\$ (3,566,283)
24 TENASKA	148,527,880	94,583,875	(53,944,005)
25 BEP	24,687,582	19,609,943	(5,077,639)
26 WHITE RIVER PLANT COSTS	38,487,400	36,953,816	(1,533,583)
27 WHITE RIVER RELICENSING & CWIP	22,588,545	23,692,639	1,104,094
28 CANWEST	(3,088,872)	(0)	3,088,872
29 HOPKINS RIDGE PREPAID TRANSMISSION	8,516,859	4,614,747	(3,902,112)
30 TOTAL REGULATORY ASSETS/LIABS RATEBASE	<u>\$ 243,306,803</u>	<u>\$ 179,476,145</u>	<u>\$ (63,830,658)</u>

**PUGET SOUND ENERGY-ELECTRIC  
DEPRECIATION STUDY  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	<b><u>ADJUSTMENT TO OPERATING EXPENSES</u></b>			
2	<b><u>DEPRECIATION EXPENSE</u></b>			
3	403 DEPRECIATION EXPENSE	\$ 150,517,255	\$ 154,575,189	\$ 4,057,934
4	403 ELECTRIC PORTION OF COMMON	4,428,776	9,080,310	4,651,534
5	403 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	4,846,023	4,417,336	(428,687)
6	SUBTOTAL DEPRECIATION EXPENSE 403	<u>159,792,055</u>	<u>168,072,835</u>	<u>8,280,781</u>
7				
8	403.1 DEPR. EXP- FAS 143 (RECOVERED IN RATES)	426,601	426,601	-
9	403.1 DEPR. EXP - FAS 143 (NOT RECOVERED IN RATES)	58,728		(58,728)
10	SUBTOTAL DEPRECIATION EXPENSE 403.1	<u>485,329</u>	<u>426,601</u>	<u>(58,728)</u>
11				
12	TOTAL DEPRECIATION EXPENSE	<u>160,277,383</u>	<u>168,499,436</u>	<u>8,222,052</u>
13				
14	<b><u>AMORTIZATION EXPENSE</u></b>			
15	4111 ACCRETION EXP. - FAS 143 (RECOVERED IN RATES)	659,907	659,907	-
16	4111 ACCRETION EXP. - FAS 143 (NOT RECOVERED IN RATES)	139,039		(139,039)
17	SUBTOTAL ACCRETION EXPENSE 411.1	<u>798,946</u>	<u>659,907</u>	<u>(139,039)</u>
18				
19	FLEET DEPR. EXP. ON INC STMNT NOT RECORDED IN 403	994	1,183	189
20				
21	INCREASE(DECREASE) EXPENSE			\$ 8,083,203
22	INCREASE(DECREASE) FIT			2,762,879
23	INCREASE(DECREASE) DEFERRED FIT			(2,762,879)
24	INCREASE(DECREASE) NOI			<u>\$ (8,083,203)</u>
25				
26				
27	<b><u>ADJUSTMENT TO RATE BASE</u></b>			
28	ADJUST ACCUM. DEPR. FOR ADDITIONAL DEPRECIATION EXPENSE (50% OF LINE 21)			(4,041,601)
29	ADJUST DFIT FOR LESS DFIT EXPENSE (50% OF LINE 23)			1,381,439
30	ADJUSTMENT TO RATE BASE			<u>\$ (2,660,162)</u>

**PUGET SOUND ENERGY-ELECTRIC  
SKAGIT COUNTY SERVICE CENTER  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1				
2	<u>PLANT RATEBASE</u>			
3	PLANT BALANCE	\$ 1,092,646	\$ 22,041,052	\$ 20,948,406
4	ACCUM DEPRECIATION	(297,794)	(2,026,436)	(1,728,642)
5	DEFERRED INCOME TAX	(63,500)	356,915	420,415
6	SKAGIT COUNTY SERVICE FACILITY RATEBASE	<u>731,352</u>	<u>20,371,531</u>	<u>19,640,179</u>
7				
8	<u>SKAGIT OPERATING EXPENSE</u>			
9	LEASE PAYMENTS	82,580	-	(82,580)
10	DEPRECIATION EXPENSE	34,936	1,350,957	1,316,021
11	PROPERTY INSURANCE	1,936	14,113	12,177
12	SKAGIT COUNTY FACILITY OPERATING EXPENSES	<u>119,451</u>	<u>1,365,070</u>	<u>1,245,619</u>
13				
14	INCREASE (DECREASE) INCOME			1,245,619
15				
16	INCREASE (DECREASE) FIT @		35%	<u>(435,967)</u>
17				
18	INCREASE (DECREASE) NOI			<u>\$ (809,652)</u>
19				
20				

**PUGET SOUND ENERGY-ELECTRIC  
PRODUCTION ADJUSTMENT  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 3.339%	FIT 35%
1 <u>O&amp;M ON PRODUCTION PROPERTY</u>			
2 PRODUCTION WAGE INCREASE AND INCENTIVE:			
3 PURCHASED POWER	\$ 164,927	\$ (5,507)	\$ 1,927
4 OTHER POWER SUPPLY	786,623	(26,265)	9,193
5 TOTAL PRODUCTION WAGE INCREASE	<u>951,550</u>	<u>(31,772)</u>	<u>11,120</u>
6			
7 ADMIN & GENERAL EXPENSES			
8 PAYROLL OVERHEADS	2,725,968	(91,020)	31,857
9 PROPERTY INSURANCE	2,310,806	(77,158)	27,005
10 TOTAL ADMIN & GENERAL EXPENSES	<u>5,036,774</u>	<u>(168,178)</u>	<u>58,862</u>
11			
12 DEPRECIATION / AMORTIZATION:			
13 DEPRECIATION	66,323,852	(2,214,553)	432,656
14 AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB)	5,806,675	(193,885)	63,654
15 TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)	<u>72,130,527</u>	<u>(2,408,438)</u>	<u>496,310</u>
16 TAXES OTHER-PRODUCTION PROPERTY:			
17 PROPERTY TAXES - WASHINGTON	6,705,345	(223,891)	78,362
18 PROPERTY TAXES - MONTANA	7,857,404	(262,359)	91,826
19 ELECTRIC ENERGY TAX	1,635,030	(54,594)	19,108
20 PAYROLL TAXES	1,189,704	(39,724)	13,903
21 TOTAL TAXES OTHER	<u>17,387,483</u>	<u>(580,568)</u>	<u>203,199</u>
22			
23 <u>O&amp;M ON REGULATORY ASSETS:</u>			
24 CABOT	\$ -	-	-
25 TENASKA	31,942,000	(1,066,543)	373,290
26 BEP	3,526,620	(117,754)	41,214
27 WHITE RIVER PLANT COSTS	1,494,702	(49,908)	17,468
28 WHITE RIVER RELICENSING & CWIP	-	-	-
29 CANWEST	-	-	-
30 HOPKINS RIDGE PREPAID TRANSMISSION	2,034,455	(67,930)	23,776
31 HOPKINS RIDGE INFILL MITIGATION CREDIT	(1,451,500)	48,466	(16,963)
32 TOTAL ADJUSTMENT TO O&M ON REGULATORY ASSETS	<u>\$ 37,546,277</u>	<u>\$ (1,253,670)</u>	<u>\$ 438,785</u>
33 INCREASE(DECREASE) EXPENSE		(4,442,627)	
34 INCREASE(DECREASE) FIT			1,208,276
35 INCREASE(DECREASE) NOI			<u>\$ 3,234,351</u>
36			
37 <u>PRODUCTION PROPERTY RATE BASE:</u>			
38 DEPRECIABLE PRODUCTION PROPERTY	\$ 2,121,905,426	\$ (70,850,422)	
39 LESS PRODUCTION PROPERTY ACCUM DEPR.	(995,599,480)	33,243,067	
40 NON-DEPRECIABLE PRODUCTION PROPERTY	80,465,857	(2,686,755)	
41 LESS PRODUCTION PROPERTY ACCUM AMORT.	(4,422,650)	147,672	
42 COLSTRIP COMMON FERC ADJUSTMENT	6,100,301	(203,689)	
43 COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	1,797,723	(60,026)	
44 ENCOGEN ACQUISITION ADJUSTMENT	41,341,033	(1,380,377)	
45 NET PRODUCTION PROPERTY	<u>1,251,588,210</u>	<u>(41,790,530)</u>	
46 DEDUCT:			
47 LIBR. DEPREC. PRE 1981 (AMA)	(372,848)	12,449	
48 LIBR. DEPREC. POST 1980 (AMA)	(142,597,040)	4,761,315	
49 OTHER DEF. TAXES (AMA)	(3,295,458)	110,035	
50 SUBTOTAL	<u>(146,265,346)</u>	<u>4,883,799</u>	
51			
52 ADJUSTMENT TO PRODUCTION RATE BASE	<u>\$ 1,105,322,864</u>	<u>\$ (36,906,731)</u>	<u>\$ 1,068,416,133</u>
53			
54 <u>REGULATORY ASSETS RATE BASE:</u>			
55 CABOT	21,125	(705)	
56 TENASKA	94,583,875	(3,158,156)	
57 BEP	19,609,943	(654,776)	
58 WHITE RIVER PLANT COSTS	36,953,816	(1,233,888)	
59 WHITE RIVER RELICENSING & CWIP	23,692,639	(791,097)	
60 CANWEST	(0)	-	
61 HOPKINS RIDGE PREPAID TRANSMISSION	4,614,747	(154,086)	
62 HOPKINS RIDGE INFILL MITIGATION CREDIT	(1,440,474)	48,097	
63			
64 ADJUSTMENT TO REGULATORY ASSETS RATE BASE	<u>\$ 178,035,671</u>	<u>\$ (5,944,611)</u>	<u>\$ 172,091,060</u>
65			
66 TOTAL ADJUSTMENT TO RATEBASE (LINE 56 + LINE 67)		<u>\$ (42,851,342)</u>	