

**EXHIBIT NO. \_\_\_(KRK-3)**  
**DOCKET NO. UE-06 \_\_\_/UG-06 \_\_\_**  
**2006 PSE GENERAL RATE CASE**  
**WITNESS: KARL R. KARZMAR**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. UE-06 \_\_\_**  
**Docket No. UG-06 \_\_\_**

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF  
KARL R. KARZMAR  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**FEBRUARY 15, 2006**

PUGET SOUND ENERGY  
INCOME STATEMENT  
For Twelve Months Ended September 30, 2003 and September 30, 2005

|                               | per UG-040640,<br>et. al<br>(consolidated)<br>Actual Results of<br>Operation<br>9/30/03 | Actual Results of<br>Operation<br>9/30/05 |
|-------------------------------|---|---|
|                               | Total Gas   | Total Gas                                 |
| OPERATING REVENUES:           |   |   |
| SALES TO CUSTOMERS            | \$ 522,553,139  | \$ 829,271,796                            |
| MUNICIPAL ADDITIONS           | 21,624,997  | 34,729,596                                |
| OTHER OPERATING REVENUES      | 11,020,477  | 15,438,897                                |
| TOTAL OPERATING REVENUES      | \$ 555,198,613  | \$ 879,440,289                            |
| OPERATING REVENUE DEDUCTIONS: |   |   |
| GAS COSTS:                    |   |   |
| PURCHASED GAS                 | \$ 260,366,708  | \$ 539,655,901                            |
| TOTAL PRODUCTION EXPENSES     | \$ 260,366,708  | \$ 539,655,901                            |
| OTHER POWER SUPPLY EXPENSES:  |   |   |
| TRANSMISSION EXPENSE          | 1,134,458   | 1,520,542                                 |
| DISTRIBUTION EXPENSE          | 360,965   | 445,738                                   |
| CUSTOMER ACCOUNT EXPENSES     | 25,045,610  | 33,307,919                                |
| CUSTOMER SERVICE EXPENSES     | 20,751,969  | 22,239,694                                |
| CONSERVATION AMORTIZATION     | 4,862,124   | 3,914,552                                 |
| ADMIN & GENERAL EXPENSE       | 2,008,929   | 3,454,161                                 |
| DEPRECIATION                  | 26,373,760  | 36,522,434                                |
| AMORTIZATION                  | 57,635,006  | 64,997,955                                |
| AMORTIZATION OF PROPERTY LOSS | 9,600,784   | 11,302,712                                |
| OTHER OPERATING EXPENSES      | 36,543  | 3,287                                     |
| FAS 133                       | 600,936   | 150,234                                   |
| TAXES OTHER THAN F.I.T.       | 56,143,334  | 83,922,287                                |
| FEDERAL INCOME TAXES          | (11,871,394)  | 9,529,694                                 |
| DEFERRED INCOME TAXES         | 20,693,494  | (4,023,283)                               |
| TOTAL OPERATING REV. DEDUCT.  | \$ 473,743,226  | \$ 806,943,827                            |
| NET OPERATING INCOME          | \$ 81,455,387   | \$ 72,496,462                             |
| RATE BASE                     | \$ 1,061,142,641  | \$ 1,179,240,567                          |
| RATE OF RETURN                | 7.68%   | 6.15%                                     |

Puget Sound Energy  
Balance Sheet  
For Twelve Months Ended September 30, 2003 and September 30, 2005

|  | 09/30/03                       | 09/30/03<br>AMA                | 09/30/05                       | 09/30/05<br>AMA                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>  |                                |                                |                                |                                |
| 1 Utility Plant:   |                                |                                |                                |                                |
| 2 Electric Plant   | \$4,254,836,603                | \$4,231,143,223                | \$4,645,289,382                | \$4,448,798,938                |
| 3 Gas Plant  | 1,714,071,197                  | 1,665,953,536                  | 1,966,806,170                  | 1,908,182,128                  |
| 4 Common Plant   | 389,073,286                    | 382,620,002                    | 436,821,932                    | 416,189,648                    |
| 5 Less: Accumulated Depreciation and Amortizat   | (2,406,507,424)                | (2,358,443,322)                | (2,706,576,896)                | (2,622,337,506)                |
| 6 Total Utility Plant  | <u>3,951,473,662</u>           | <u>3,921,273,439</u>           | <u>4,342,340,588</u>           | <u>4,150,833,208</u>           |
| 7  |                                |                                |                                |                                |
| 8 Other Property and Investments:  |                                |                                |                                |                                |
| 9 Investment in BEP contract   | 48,490,933                     | 50,254,243                     | 41,437,693                     | 43,201,003                     |
| 10 Other Investments   | 135,079,910                    | 175,181,230                    | 120,876,804                    | 131,533,649                    |
| 11 Total Other Property and Investments  | <u>183,570,843</u>             | <u>225,435,473</u>             | <u>162,314,497</u>             | <u>174,734,652</u>             |
| 12   |                                |                                |                                |                                |
| 13 Current Assets:   |                                |                                |                                |                                |
| 14 Cash  | 11,658,290                     | 92,973,725                     | 5,892,244                      | 7,744,852                      |
| 15 Restricted Cash   | 2,543,965                      | 219,381                        | -                              | 108,022                        |
| 16 Accounts Receivable   | 250,705,128                    | 249,271,567                    | 279,467,034                    | 372,443,388                    |
| 17 Less: Allowance for Doubtful Accounts   | (42,114,035)                   | (42,042,095)                   | (42,557,426)                   | (42,166,119)                   |
| 18 Fuel and Gas Inventory  | 57,379,626                     | 40,287,115                     | 95,095,738                     | 64,830,076                     |
| 19 Materials and Supplies  | 26,250,947                     | 26,619,359                     | 33,931,535                     | 32,644,075                     |
| 20 Unrealized Gain on Derivative Instruments(ST)   | 3,957,234                      | 6,107,957                      | 203,419,364                    | 42,622,095                     |
| 21 Prepayments and Other   | 16,889,412                     | 8,161,123                      | 32,501,487                     | 13,605,293                     |
| 22 Current Portion of Deferred Income Taxes  | 2,987,028                      | 2,346,632                      | (22,592,354)                   | (3,097,178)                    |
| 23 Total Current Assets  | <u>330,257,595</u>             | <u>383,944,763</u>             | <u>585,157,623</u>             | <u>488,734,504</u>             |
| 24   |                                |                                |                                |                                |
| 25   |                                |                                |                                |                                |
| 26 Long-Term Assets:   |                                |                                |                                |                                |
| 27 Regulatory Asset for Deferred Income Tax  | 158,655,010                    | 171,104,385                    | 135,194,313                    | 134,326,424                    |
| 28 Unamortized Energy Conservation Costs   | 5,066,992                      | 6,266,452                      | (211,830)                      | 417,393                        |
| 29 Low Income Program Costs  | -                              | 11,422                         | -                              | 615,202                        |
| 30 Power Cost Adjustment Mechanism   | 4,129,091                      | 1,197,064                      | 5,583,173                      | 5,112,993                      |
| 31 PURPA Regulatory Assets   | 233,557,788                    | 239,885,066                    | 196,187,540                    | 206,111,819                    |
| 32 Unrealized Gain on Derivative Instruments(LT)   | 8,910,029                      | 7,243,288                      | 38,955,721                     | 21,446,418                     |
| 33 Other Long-Term Assets  | 303,705,769                    | 277,502,358                    | 206,683,793                    | 336,572,320                    |
| 34 Total Long-Term Assets  | <u>714,024,680</u>             | <u>703,210,036</u>             | <u>582,392,711</u>             | <u>704,602,569</u>             |
| 35   |                                |                                |                                |                                |
| 36 <b>TOTAL ASSETS</b>   | <b><u>\$ 5,179,326,780</u></b> | <b><u>\$ 5,233,863,710</u></b> | <b><u>\$ 5,672,205,418</u></b> | <b><u>\$ 5,518,904,933</u></b> |
| 37   |                                |                                |                                |                                |
| 38 <b>CAPITALIZATION AND LIABILITIES</b>   |                                |                                |                                |                                |
| 39 Current Liabilities:  |                                |                                |                                |                                |
| 40 Accounts Payable  | \$ 148,756,166                 | \$ 156,754,518                 | \$ 218,735,636                 | \$ 188,158,207                 |
| 41 Short-Term Debt   | 9,330,000                      | 45,552,833                     | 223,871,000                    | 91,463,792                     |
| 42 Accrued Taxes   | 48,783,606                     | 75,157,369                     | 80,851,228                     | 95,400,139                     |
| 43 Accrued Salaries and Wages  | 11,751,096                     | 11,977,352                     | 11,956,279                     | 12,776,931                     |
| 44 Accrued Interest  | 43,110,361                     | 41,286,614                     | 42,900,750                     | 37,674,520                     |
| 45 Unrealized Loss on Derivative Instruments(ST)   | -                              | 1,122,855                      | 14,643,436                     | 12,540,991                     |
| 46 Other Current Liabilities   | 21,449,580                     | 23,705,859                     | 24,575,266                     | 23,860,963                     |
| 47 Total Current Liabilities   | <u>283,180,808</u>             | <u>355,557,401</u>             | <u>617,533,595</u>             | <u>461,875,542</u>             |
| 48   |                                |                                |                                |                                |
| 49 Deferred Taxes:   |                                |                                |                                |                                |
| 50 Regulatory Liability for Deferred Income Tax  | 148,493,689                    | 160,943,064                    | 135,194,313                    | 132,955,528                    |
| 51 Deferred Income Tax   | 597,526,783                    | 565,704,500                    | 622,507,982                    | 660,002,406                    |
| 52 Total Deferred Taxes  | <u>746,020,472</u>             | <u>726,647,564</u>             | <u>757,702,295</u>             | <u>792,957,934</u>             |
| 53   |                                |                                |                                |                                |
| 54 Other Deferred Credits  | 253,510,497                    | 254,761,998                    | 306,195,280                    | 254,873,901                    |
| 55   |                                |                                |                                |                                |
| 56 Capitalization:   |                                |                                |                                |                                |
| 57 Shareholder's Equity  | 1,503,664,718                  | 1,484,544,404                  | 1,636,774,849                  | 1,616,200,800                  |
| 58 Redeemable Securities and Long-Term Debt  | 2,392,950,285                  | 2,412,352,344                  | 2,353,999,400                  | 2,392,996,755                  |
| 59 Total Capitalization  | <u>3,896,615,003</u>           | <u>3,896,896,748</u>           | <u>3,990,774,249</u>           | <u>4,009,197,555</u>           |
| 60   |                                |                                |                                |                                |
| 61 <b>TOTAL CAPITALIZATION AND LIABILITIES</b>   | <b><u>\$ 5,179,326,780</u></b> | <b><u>\$ 5,233,863,710</u></b> | <b><u>\$ 5,672,205,418</u></b> | <b><u>\$ 5,518,904,933</u></b> |
| 62   |                                |                                |                                |                                |
| 63 Certain amounts previously reported have been reclassified to conform with current-year presentations with no effect on total equity. |                                |                                |                                |                                |

Electric 64.26%  
Gas 35.74%

| Line No. | Description   | AMA<br>09/30/05             |
|----------|---|-----------------------------|
| (a)      |   |                             |
| 1        | Gas Utility Plant in Service                                    | 1,867,020,509               |
| 2        | Common Plant-Allocation to Gas                                  | 140,327,108                 |
| 3        | Gas Stored Underground - Non current (MOVED AFTER LINE 8)       |                             |
| 4        | Total Plant in Service and Other Assets                         | <u>2,007,347,617</u>        |
| 5        | Accumulated Provision for Depreciation                          | (590,385,831)               |
| 7        | Common Accumulated Depreciation-Allocation to Gas               | (59,949,980)                |
|          | Total Accumulated Depreciation                                  | <u>(650,335,811)</u>        |
|          | Other:  |                             |
| 8        | Customer Advances for Construction                              | (18,595,569)                |
| 3        | Gas Stored Underground - Non current                            | 4,360,662                   |
|          | Total Other   | <u>(14,234,907)</u>         |
| 9        | Contributions in Aid of Construction - Accum. Def. FIT.         | 455,417                     |
| 10       | Liberalized Depreciation Total Accum. Def. FIT - Liberalized ** | (174,967,771)               |
|          | Total DFIT  | <u>(174,512,354)</u>        |
| 12       | Net Operating Investment  | <u>1,168,264,545</u>        |
| 13       | Allowance for Working Capital                                   | <u>10,976,022</u>           |
| 14       | Total Gas Rate Base   | <u><u>1,179,240,567</u></u> |

\*\*Year-end balance, all others are average-of-monthly-average balances.

| <b>Puget Sound Energy</b>   |   |  |                                 |                      |  |
|---|---|--|---------------------------------|----------------------|--|
| <b>Gas Allowance For Working Capital</b>  |   |  |                                 |                      |  |
| <b>Average-of-the-Monthly-Averages for the Twelve-Month Period Ended Sep 30, 2005</b> |   |  |                                 |                      |  |
|   |   | Electric   | Four Factor                     | Tax factor           |  |
|   |   | Gas  | 64.26%                          | 91.34%               |  |
|   |   | Gas  | 35.74%                          | 8.66%                |  |
| Line No.  | Description                                       | Average-of-the-Monthly-Averages<br>Thirteen Months Ended<br>September 30, 2005 |                                 |                      |  |
|   |   | (a)  | (b)                             |                      |  |
| <b>Average Invested Capital</b>   |   |  |                                 |                      |  |
| 1   | Debt  | 2,514,250,490  | 2,392,978,365                   | Bonds                |  |
| 2   | Less:Debt Discount and Expense                    | (38,609,749)   | 121,272,125                     | Bank Loans           |  |
| 3   | Compensating Balance Requirements                 | -  | -                               | Notes Payable        |  |
| 4   | Net Debt  | <u>2,475,640,741</u>   | -                               | Notes Receivable     |  |
| 5   | Preferred Stock                                   | -  | <u>2,514,250,490</u>            |                      |  |
| 6   | Investment Tax Credit                             | 2,656,573  | 859,037,900                     | Common Stock         |  |
| 7   | Common Equity                                     | <u>1,629,335,405</u>   | 610,428,919                     | Capital Surplus      |  |
| 8   | Total Invested Capital                            | <u><u>4,107,632,719</u></u>  | <u>159,868,586</u>              | Retained Earnings    |  |
| <b>Average Investment</b>   |   |  | <u>1,629,335,405</u>            | Common Equity        |  |
| <b>Gas Operating:</b>   |   |  | <b>Net Operating Investment</b> |                      |  |
| 9   | Gas Utility Plant in Service                      | 1,867,020,509  | 1,867,020,509                   |                      |  |
| 10  | Plus:Software in Service Reclassified             | -  | -                               |                      |  |
| 11  | Gas Completed Work Not Classified                 | -  | -                               |                      |  |
| 12  | Plus:Paving in Service Reclassified               | -  | -                               |                      |  |
| 13  | Gas Stored Underground, Non-Current               | 4,360,662  | 4,360,662                       |                      |  |
| 14  | Gas Accumulated Depreciation                      | (590,385,831)  | (590,385,831)                   |                      |  |
| 15  | Gas Customer Advances for Construction            | (18,595,569)   | (18,595,569)                    |                      |  |
| 16  | Gas Contributions in Aid of Construction          | -  | -                               |                      |  |
| 17  | DFIT 17   | (197,762,772)  |                                 |                      |  |
| 17/20   | DFIT DSM & Environ 17/20                          |  |                                 |                      |  |
| 17/21   | DFIT Other Utility 17/21                          |  |                                 |                      |  |
| Total 17  | Gas Deferred Federal Income Tax                   | (197,762,772)  | (197,762,772)                   |                      |  |
| 18  | Less:Deferred tax - Regulatory Tax Liability      | -  | -                               |                      |  |
| 19  | ADIT SFAS 109                                     |  |                                 |                      |  |
| 20  | DSM & Environmental (included in Line 17)         |  |                                 |                      |  |
| 21  | Other Utility ADIT (included in Line 17)          |  |                                 |                      |  |
| 22  | PGA   | <u>24,485,958</u>  | 24,485,958                      |                      |  |
| 22  | Average Gas Operating Investment-Direct           | <u>1,089,122,957</u>   | 1,089,122,957                   |                      |  |
| 23  | Common Plant-Allocation to Gas                    | 140,327,108  | 140,327,108                     |                      |  |
| 23a   |   | -  | -                               |                      |  |
| 23b   | Common Deferred Tax                               | (14,129,345)   | (14,129,345)                    |                      |  |
| 24  | Common Accumulated Depreciation-Allocation to Gas | (59,949,980)   | (59,949,980)                    |                      |  |
| 25  | Average Common Operating Invest-Allocation to Gas | <u>66,247,783</u>  | <u>66,247,783</u>               |                      |  |
| 26  | Total Average Gas Operating Investment            | <u>1,155,370,740</u>   | <u>1,155,370,740</u>            |                      |  |
| <b>Non Operating:</b>   |   |  |                                 |                      |  |
| 28  | Construction Work in Progress                     | 34,793,773   | 197,762,772                     | Average deferred tax |  |
| 29  | Common Construct Work in Progress-Alloc to Gas    | 7,041,172  | -                               | Year end             |  |
| 30  | Less:Software in Service Reclassified             | -  | <u>1,353,133,512</u>            |                      |  |
| 31  | Intercompany Accounts -net                        | 20,992,395   |                                 |                      |  |
| 32  | Merchandising Receivable -net                     | -  |                                 |                      |  |
| 33  | Investment related deferred debits                | 92,508,351   | -                               | Accounts Receivable  |  |
| 34  | Less:Paving in Service Reclassified               | -  | -                               | Bad debt Reserve     |  |
| 35  | DSM & Environmental                               | -  | -                               | Merch A/R            |  |
| 36  | Environmental Remediation - Deferred Credits      | -  | 20,992,395                      | Accounts Receivable  |  |
| 37  | Environmental remediation - Accounts Receivable   | -  | -                               | Accounts Payable     |  |
| 38  | Environmental Remediation - Accounts Payable      | -  | -                               | Interest Payable     |  |
| 39  | Gas Regulatory Asset SFAS 109                     | 19,036,194   | <u>20,992,395</u>               | Intercompany - net   |  |

| Puget Sound Energy   |  |  |                                 |                         |
|--|--|--|---------------------------------|-------------------------|
| Gas Allowance For Working Capital  |  |  |                                 |                         |
| Average-of-the-Monthly-Averages for the Twelve-Month Period Ended Sep 30, 2005 |  |  |                                 |                         |
|  |  | Electric   | Four Factor                     | Tax factor              |
|  |  | Gas  | 64.26%                          | 91.34%                  |
|  |  |  | 35.74%                          | 8.66%                   |
| Line No.   | Description  | Average-of-the-Monthly-Averages<br>Thirteen Months Ended<br>September 30, 2005 |                                 |                         |
|  |  | (a)  | (b)                             |                         |
| 40   | Gas Regulatory Liability SFAS 109                      | (19,036,194)   |                                 |                         |
| 41   | ADIT SFAS 109  | -  | 1,513,477                       | Clearing                |
| 42   | Less Other Utility ADIT                                | -  | 149,588,115                     | Other Deferred Debits   |
| 43   | Merchandising Inventory                                | 77,815   | 151,101,592                     | Investment Related      |
| 44   | Deferred Purchased Gas Costs - Accounts Rec'ble        | -  | (58,593,241)                    | Environ Rec'bles        |
| 45   | Deferred Purchased Gas Costs - Accounts Payable        | -  | 19,036,194                      | SFAS 109                |
| 46   | Misc. Reserves for Deferred Dr's - Accounts Receivable | -  | 111,544,545                     | Total Deferred Debits   |
| 47   | Deferred SERP - Current Liabilities                    | -  |                                 | (not including D,D & E) |
| 48   | Deferred Severance - Current Liabilities               | (7,778)  | -                               | Other Liabs             |
| 49   | Gas Preliminary Work                                   | -  | -                               | Remed Liabs             |
| 50   | Electric Plant in Service                              | 4,311,434,783  | -                               | Environmental A/P       |
| 50a  | Common Current Accounts-Electric Share                 | (126,372,289)  |                                 |                         |
| 50b  | Electric Current Accounts                              | 94,294,033   | 94,294,033                      |                         |
| 51   | Common Plant-Allocation to Electric                    | 252,306,099  |                                 |                         |
| 52   | Electric Future Use Property                           | 7,635,309  |                                 |                         |
| 53   | Common Future Use Property-Allocation to Electric      | -  |                                 |                         |
| 54   | Customer Advances for Construction                     | (42,003,518)   |                                 |                         |
| 55   | Customer Deposits                                      | (10,291,319)   |                                 |                         |
| 56   | Deferred Taxes (includes Electric portion of Common)   | (414,410,000)  |                                 |                         |
| 57   | Deferred Debits - Other                                | 84,743,316   |                                 |                         |
| 58   | Less: Electric Accumulated Depreciation                | (1,861,542,714)  |                                 |                         |
| 59   | Less: Common Accum Depr-Allocation to Electric         | (107,789,192)  |                                 |                         |
| 60   | Electric Completed Const. Not Classified               | -  |                                 |                         |
| 61   | Conservation Investment                                | 28,822   |                                 |                         |
| 62   | Other & FAS 133  | 570,167,565  |                                 |                         |
| 63   | Total Non Operating & Electric Plant Investment        | 2,913,606,623  |                                 |                         |
| 64   |  |  |                                 |                         |
| 65   | <b>Total Average Net Investment</b>                    | 4,068,977,363  | (2,913,606,623 + 1,155,370,740) |                         |
| 66   | Total Investor Supplied Working Capital                | 38,655,356   | (4,107,632,719 - 4,068,977,363) |                         |
| 67   |  |  |                                 |                         |
| 68   | Total Average Investments                              | 4,068,977,363  |                                 |                         |
| 69   | Less: Gas CWIP   | (41,834,945)   | (-34,793,773 - 4,068,977,363)   |                         |
| 70   | Interest Bearing Regulatory Assets                     |  |                                 |                         |
| 71   | Other Work in Progress                                 |  |                                 |                         |
| 72   | Preliminary Surveys                                    | -  |                                 |                         |
| 73   |  |  |                                 |                         |
| 74   | Total  | 4,027,142,418  |                                 |                         |
| 75   |  |  |                                 |                         |
| 76   | <b>Working Capital %</b>                               | <b>0.96%</b>   | (38,655,356 / 4,027,142,418)    |                         |
| 77   |  |  |                                 |                         |
| 78   | Non Gas Working Capital                                | 27,565,292   |                                 |                         |
| 79   |  |  |                                 |                         |
| 80   | Operating Working Capital                              | 11,090,064   | (38,655,356 - 27,565,292)       |                         |
| 81   |  |  |                                 |                         |
| 82   |  |  |                                 |                         |
| 83   | Net Working Capital: Amount                            | 38,655,356   | (4,107,632,719 - 4,068,977,363) |                         |
| 84   | Percent  | 0.95%  | (38,655,356 / 4,068,977,363)    |                         |
| 85   | Utility Allowance                                      | 10,976,022   | (0.95% x 1,155,370,740)         |                         |

**PUGET SOUND ENERGY-ELECTRIC & GAS  
GENERAL RATE INCREASE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005  
ALLOCATION METHODS**

| Method  | Description                                    |               | Electric                | Gas                     | Total                   |
|---------|--|---------------|-------------------------|-------------------------|-------------------------|
| 1       | * <u>12 Month Average Number of Customers</u>  | 9/30/2005     | 1,007,216               | 678,029                 | 1,685,245               |
|         | Percent  |               | <u>59.77%</u>           | <u>40.23%</u>           | <u>100.00%</u>          |
| 2       | * <u>Joint Meter Reading Customers</u>         | 9/30/2005     | 656,677                 | 366,685                 | 1,023,362               |
|         | Percent  |               | <u>64.17%</u>           | <u>35.83%</u>           | <u>100.00%</u>          |
| 3       | * <u>Non-Production Plant</u>                  |               |                         |                         |                         |
|         | Distribution                                   | 9/30/2005     | \$ 2,683,528,572        | \$ 1,665,897,185        | \$ 4,349,425,757        |
|         | Transmission                                   | 9/30/2005     | 290,087,312             | 144,075,603             | 434,162,915             |
|         | Direct General Plant                           | 9/30/2005     | 132,755,995             | 50,935,829              | 183,691,823             |
|         | Total  |               | <u>\$ 3,106,371,878</u> | <u>\$ 1,860,908,617</u> | <u>\$ 4,967,280,495</u> |
| Percent |  | <u>62.54%</u> | <u>37.46%</u>           | <u>100.00%</u>          |                         |
| 4       | * <u>4-Factor Allocator</u>                    |               |                         |                         |                         |
|         | Number of Customers                            | 9/30/2005     | 1,007,216               | 678,029                 | 1,685,245               |
|         | Percent  |               | <u>59.77%</u>           | <u>40.23%</u>           | <u>100.00%</u>          |
|         | Labor - Direct Charge to O&M                   | 9/30/2005     | \$ 26,917,435           | \$ 17,051,068           | \$ 43,968,503           |
|         | Percent  |               | <u>61.22%</u>           | <u>38.78%</u>           | <u>100.00%</u>          |
|         | T&D O&M Expense (Less Labor)                   | 9/30/2005     | \$ 41,864,736           | \$ 17,299,856           | \$ 59,164,591           |
|         | Percent  |               | <u>70.76%</u>           | <u>29.24%</u>           | <u>100.00%</u>          |
|         | Net Classified Plant (Excluding General Plant) | 9/30/2005     | \$ 2,383,303,263        | \$ 1,267,887,579        | \$ 3,651,190,842        |
|         | Percent  |               | <u>65.27%</u>           | <u>34.73%</u>           | <u>100.00%</u>          |
|         | Total Percentages                              |               | <u>257.02%</u>          | <u>142.98%</u>          | <u>400.00%</u>          |
| Percent |  | <u>64.26%</u> | <u>35.74%</u>           | <u>100.00%</u>          |                         |
| 5       | * <u>Labor</u>                                 |               |                         |                         |                         |
|         | Benefit Assessment Distribution                | 9/30/2005     | \$ 7,915,818            | \$ 4,946,248            | \$ 12,862,065           |
|         | Total  |               | <u>\$ 7,915,818</u>     | <u>\$ 4,946,248</u>     | <u>\$ 12,862,065</u>    |
| Percent |  | <u>61.54%</u> | <u>38.46%</u>           | <u>100.00%</u>          |                         |
| 6       | * <u>Current FIT</u>                           | 9/30/2005     | \$ 100,566,027          | \$ 9,529,694            | \$ 110,095,721          |
|         | Percent  |               | <u>91.34%</u>           | <u>8.66%</u>            | <u>100.00%</u>          |
| 7       | * <u>Deferred FIT</u>                          | 9/30/2005     | \$ (2,076,848)          | \$ (1,155,098)          | \$ (3,231,946)          |
|         | Percent  |               | <u>64.26%</u>           | <u>35.74%</u>           | <u>100.00%</u>          |