

**EXHIBIT NO. \_\_\_(MJS-3)  
DOCKET NO. UE-11\_\_\_/UG-11\_\_\_  
2011 PSE GENERAL RATE CASE  
WITNESS: MICHAEL J. STRANIK**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. UE-11\_\_\_  
Docket No. UG-11\_\_\_**

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF  
MICHAEL J. STRANIK  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**JUNE 13, 2011**

PUGET SOUND ENERGY, INC.  
INCOME STATEMENT

For The Twelve Months Ended December 31, 2008 and December 31, 2010

	WUTC Docket No. UE-090705 Actual Results of Operation 12/31/08	WUTC Docket No. UG- Actual Results of Operation 12/31/10
	Total Gas	Total Gas
1 - OPERATING REVENUES:		
2 - SALES TO CUSTOMERS	\$ 1,149,587,418	\$ 953,445,526
3 - MUNICIPAL ADDITIONS	49,950,978	\$43,761,997
4 - OTHER OPERATING REVENUES	\$17,329,860	\$14,322,994
5 - TOTAL OPERATING REVENUES	1,216,868,256	1,011,530,516
6		
7		
8 - OPERATING REVENUE DEDUCTIONS:		
9		
10 - GAS COSTS:		
11		
12 - PURCHASED GAS	737,851,058	535,932,510
13		
14 - TOTAL PRODUCTION EXPENSES	737,851,058	535,932,510
15		
16 - OTHER ENERGY SUPPLY EXPENSES:	1,873,117	1,937,122
17 - TRANSMISSION EXPENSE	394,280	226,853
18 - DISTRIBUTION EXPENSE	51,612,729	50,238,405
19 - CUSTOMER ACCOUNT EXPENSES	28,177,045	32,629,594
20 - CUSTOMER SERVICE EXPENSES	4,829,560	4,454,346
21 - CONSERVATION AMORTIZATION	7,669,601	14,771,682
22 - ADMIN & GENERAL EXPENSE	44,215,773	42,818,070
23 - DEPRECIATION	82,190,938	102,386,843
24 - AMORTIZATION	15,618,788	12,778,120
25 - AMORTIZATION OF PROPERTY LOSS	-	-
26 - OTHER OPERATING EXPENSES	781,404	(187,824)
28 - ASC 815	-	-
28 - TAXES OTHER THAN F.I.T.	108,410,162	98,746,988
29 - FEDERAL INCOME TAXES	(21,984,884)	15,204,117
30 - DEFERRED INCOME TAXES	43,878,484	(3,067,771)
31 - TOTAL OPERATING REV. DEDUCT.	1,105,518,056	908,869,057
32		
33 - NET OPERATING INCOME	\$ 111,350,201	\$ 102,661,460
34		
35 - RATE BASE	\$ 1,474,337,487	\$ 1,660,735,111
36		
37		
38 - RATE OF RETURN	7.55%	6.18%

**PUGET SOUND ENERGY, INC.**  
**BALANCE SHEET WITH REALLOCATION OF TAX ACCOUNTS (NOTE 2)**  
**December 31, 2008 and December 31, 2010**

FERC Account and Description	Dec-08	Dec-08 AMA	Dec-10 (Note 1)	Dec-10 AMA (Note 2)
<b>*ASSETS</b>				
<b>**UTILITY PLANT</b>				
<b>***Electric Plant</b>				
101 Electric Plant in Service	\$ 6,048,482,343	\$ 5,719,028,068	\$ 6,744,294,015	\$ 6,471,625,305
101.1 Property Under Capital Leases	69,911,858	24,722,124	-	2,308,171
102 Electric Plant Purchased or Sold	-	(1,389,543)	-	-
105 Electric Plant Held for Future Use	16,765,058	14,617,009	29,445,702	28,549,726
106 Comp.Construction Not Classfd.-Electric	58,874,298	78,711,148	31,282,091	150,099,394
107 Construction Work in Prog. - Electric	173,554,075	187,899,782	558,078,398	387,834,183
114 Electric Plant Acquisition Adjustments	228,771,745	84,158,653	251,782,251	251,773,353
***Total Electric Plant	<u>6,596,359,376</u>	<u>6,107,747,241</u>	<u>7,614,882,457</u>	<u>7,292,190,131</u>
<b>***Gas Plant</b>				
101 Gas Plant in Service	2,381,048,218	2,288,973,795	2,671,376,897	2,611,968,389
105 Gas Plant Held for Future Use	64,439	64,439	24,652,060	19,142,306
106 Comp. Construction Not Classfd.- Gas	65,726,596	39,275,309	19,229,012	21,153,657
107 Construction Work in Progress - Gas	46,359,520	61,260,783	29,646,627	35,622,826
117.3 Gas Strd.in Resrvr.& Pipln.-Noncurr.	7,036,931	6,692,694	8,057,045	7,815,443
***Total Gas Plant	<u>2,500,235,704</u>	<u>2,396,267,020</u>	<u>2,752,961,641</u>	<u>2,695,702,621</u>
<b>***Common Plant</b>				
101 Plant in Service - Common	513,616,774	489,348,331	378,255,131	424,880,371
106 Comp Construction Not Classified - Common	1,451,001	2,209,322	8,311,052	346,294
107 Construction Work in Progress - Common	35,300,052	31,851,300	40,660,918	42,669,933
***Total Common Plant	<u>550,367,827</u>	<u>523,408,953</u>	<u>427,227,101</u>	<u>467,896,598</u>
<b>***Accumulated Depreciation and Amortization</b>				
108 Accumulated Provision for Depreciation	(3,193,189,220)	(3,072,588,827)	(3,524,842,318)	(3,439,137,249)
111 Accumulated Provision for Amortization	(281,038,245)	(259,068,828)	(118,077,126)	(187,755,976)
115 Accm.Prv.for Amort.of Plant Acquis.Adj.	(41,258,757)	(39,559,386)	(60,122,543)	(55,326,900)
***Less: Accumulated Depr and Amortizat	<u>(3,515,486,222)</u>	<u>(3,371,217,041)</u>	<u>(3,703,041,987)</u>	<u>(3,682,220,124)</u>
<b>**NET UTILITY PLANT</b>	<b>6,131,476,685</b>	<b>5,656,206,174</b>	<b>7,092,029,212</b>	<b>6,773,569,226</b>
<b>**OTHER PROPERTY AND INVESTMENTS</b>				
<b>***Other Investments</b>				
121 Nonutility Property	1,743,539	2,744,023	4,213,318	3,346,278
122 Accm.Prov.for Depr.& Amort.Non-utility P	(446,721)	(446,394)	(863,647)	(536,028)
123.1 Investment in Subsidiary Companies	54,941,378	56,141,997	49,380,155	50,141,832
124 Other Investments	66,588,134	62,873,953	68,718,285	69,277,436
***Total Other Investments	<u>122,826,330</u>	<u>121,313,578</u>	<u>121,448,110</u>	<u>122,229,517</u>
<b>**TOTAL OTHER PROPERTY AND INVESTMENT</b>	<b>122,826,330</b>	<b>121,313,578</b>	<b>121,448,110</b>	<b>122,229,517</b>
<b>**CURRENT ASSETS</b>				
<b>***Cash</b>				
131 Cash	4,266,107	2,710,857	13,672,281	6,355,205
134 Other Special Deposits	18,079,011	11,809,988	4,736,379	11,957,469
135 Working Funds	2,840,964	2,767,911	2,820,588	2,609,916
136 Temporary Cash Investments	19,912,977	46,593,008	15,000,000	60,328,107
***Total Cash	<u>45,099,060</u>	<u>63,881,763</u>	<u>36,229,248</u>	<u>81,250,697</u>
<b>***Restricted Cash</b>				
***Total Restricted Cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>***Accounts Receivable</b>				
141 Notes Receivable	4,856,611	3,772,361	3,461,113	3,770,156
142 Customer Accounts Receivable	265,885,158	199,881,624	265,108,807	203,753,411
143 Other Accounts Receivable	97,238,297	111,236,511	69,895,436	78,602,651
146 Accounts Receiv.from Assoc. Companies	4,253,162	3,122,110	101,702	266,506

**PUGET SOUND ENERGY, INC.**  
**BALANCE SHEET WITH REALLOCATION OF TAX ACCOUNTS (NOTE 2)**  
**December 31, 2008 and December 31, 2010**

FERC Account and Description	Dec-08	Dec-08 AMA	Dec-10 (Note 1)	Dec-10 AMA (Note 2)
171 Interest and Dividends Receivable	101	459	-	73
173 Accrued Utility Revenues	248,648,600	151,677,365	194,088,080	133,311,524
185 Temporary Facilities	(181,738)	(275,805)	19,699	(12,211)
191 Unrecovered Purchased Gas Costs	(8,891,908)	(40,067,601)	5,991,769	(9,255,951)
***Total Accounts Receivable	611,808,282	429,347,024	538,666,606	410,436,157
***Allowance for Doubtful Accounts				
144 Accm.Prov.for Uncollectible Accts-Credit	(1,473,346)	(1,951,728)	(9,783,913)	(7,987,184)
***Less: Allowance for Doubtful Accounts	(1,473,346)	(1,951,728)	(9,783,913)	(7,987,184)
***Materials and Supplies				
151 Fuel Stock	13,057,562	9,635,340	16,316,797	13,726,802
154 Plant Materials and Operating Supplies	58,571,047	57,734,271	79,805,285	75,568,387
163 Stores Expense Undistributed	3,453,134	3,403,563	4,416,676	4,462,439
164.1 Gas Stored - Current	106,543,193	82,122,693	75,272,703	78,361,367
164.2 Liquefied Natural Gas Stored	603,868	646,169	632,728	634,674
***Total Materials and Supplies	182,228,805	153,542,036	176,444,189	172,753,667
***Unrealized Gain-Derivative Instrumnts (ST)				
175 Invest in Derivative Instrumnts -Opt ST	15,565,520	45,803,773	7,499,503	10,812,648
176 Invest in Derivative Instrumnts-Gain ST	52,883	47,622,024	-	-
***Unrealized Gain on Derivatives (ST)	15,618,403	93,425,797	7,499,503	10,812,648
***Prepayments and Other Current Assets				
165 Prepayments	13,957,869	12,364,456	13,527,792	11,711,558
174 Misc.Current and Accrued Assets	-	3,747,044	5,924	6,253,794
186 Miscellaneous Deferred Debits	8,751	7,810	-	7,699
***Total Prepayments & Othr.Curr.Assets	13,966,620	16,119,310	13,533,716	17,973,052
Current Deferred Taxes				
190 Current Deferred Taxes	9,439,050	(5,412,710)	549,148,984	459,853,190
***TOTAL CURRENT ASSETS	876,686,874	748,951,493	1,311,738,333	1,145,092,227
**LONG-TERM ASSETS				
128 Pension Assets	-	120,225,730	-	-
165 Long-Term Prepaid	7,466,344	5,322,714	8,712,029	40,260,892
175 Invest in Derivative Instrumnts -Opt LT	6,295,402	17,576,278	8,232,813	3,285,625
176 Invest in Derivative Instrumnts-Gain LT	416,171	47,891,463	-	-
181 Unamortized Debt Expense	23,449,157	24,308,068	43,900,305	45,331,739
182.1 Extraordinary Property Losses	120,104,230	122,821,460	103,629,756	98,961,817
182.2 Unrecovered Plant & Reg Study Costs	40,316,907	41,085,521	7,393,833	11,615,247
Subtotal WUTC AFUDC	42,822,914	39,413,840	53,377,792	52,576,506
182.3 Other Regulatory Assets	448,179,447	469,203,173	431,021,384	440,868,287
183 Prelm. Survey and Investigation Charges	1,672,916	1,006,718	2,195,883	2,152,924
184 Clearing Accounts	280,246	746,577	-	964,414
186 Miscellaneous Deferred Debits	336,133,817	39,791,822	364,954,868	327,444,354
187 Def.Losses from Dispos.of Utility Plant	934,518	1,263,375	539,448	525,242
189 Unamortized Loss on Reacquired Debt	20,774,179	21,391,666	18,304,231	18,921,718
***TOTAL LONG-TERM ASSETS	1,048,846,250	952,048,404	1,042,262,342	1,042,908,766
***TOTAL ASSETS	<b>\$ 8,179,836,139</b>	<b>\$ 7,478,519,649</b>	<b>\$ 9,567,477,997</b>	<b>\$ 9,083,799,735</b>
*CAPITALIZATION AND LIABILITIES				
***CURRENT LIABILITIES				
230 Asset Retirement Obligations	\$ (1,456,717)	\$ (1,067,090)	\$ (1,708,874)	\$ (2,258,797)
244 FAS 133 Opt Unrealized Loss ST	(151,546,566)	(38,224,376)	(243,053,430)	(226,751,482)
245 FAS 133 Unrealized Loss ST	(85,319,254)	(16,381,120)	-	-
231 Notes Payable	(964,700,000)	(350,100,917)	(247,000,000)	(114,183,333)
232 Accounts Payable	(369,164,027)	(286,886,366)	(323,008,525)	(268,716,361)

**PUGET SOUND ENERGY, INC.**  
**BALANCE SHEET WITH REALLOCATION OF TAX ACCOUNTS (NOTE 2)**  
**December 31, 2008 and December 31, 2010**

FERC Account and Description	Dec-08	Dec-08 AMA	Dec-10 (Note 1)	Dec-10 AMA (Note 2)
233 Notes Payable to Associated Companies	(26,053,395)	(25,135,076)	(22,597,785)	(22,885,285)
234 Accounts Payable to Asscted Companies	(4,833,330)	(1,834,011)	(616,351)	(315,344)
235 Customer Deposits	(22,884,889)	(22,116,941)	(30,153,837)	(28,955,346)
236 Taxes Accrued	(66,771,552)	(61,825,330)	(19,834,149)	(15,195,968)
237 Interest Accrued	(36,112,295)	(54,997,240)	(54,723,144)	(56,550,356)
238 Dividends Declared	-	-	-	-
241 Tax Collections Payable	(2,162,493)	(1,818,897)	(2,264,845)	(2,267,181)
242 Misc. Current and Accrued Liabilities	(14,626,783)	(15,427,260)	(17,573,375)	(15,533,610)
243 Obligations Under Cap.Leases - Current	(68,586,141)	(21,871,623)	-	(2,258,161)
<b>**TOTAL CURRENT LIABILITIES</b>	<b>(1,814,217,441)</b>	<b>(897,686,245)</b>	<b>(962,534,316)</b>	<b>(755,871,225)</b>
<b>**DEFERRED TAXES</b>				
<b>***Reg. Liability for Def.Income Tax</b>				
253 Other Deferred Credits	-	(44,443)	-	-
283 Accum.Deferred Income Taxes - Other	(89,053,132)	(91,816,620)	(68,200,691)	(77,264,905)
<b>***Total Reg.Liab.for Def.Income Tax</b>	<b>(89,053,132)</b>	<b>(91,861,063)</b>	<b>(68,200,691)</b>	<b>(77,264,905)</b>
<b>***Deferred Income Tax</b>				
190 Accum.Deferred Income Taxes	322,941,911	181,676,251	-	-
255 Accum.Deferred Investment Tax Credits	(667,966)	(1,059,332)	(115,553)	(318,143)
282 Accum. Def. Income Taxes - Other Prop.	(832,014,769)	(757,251,239)	(1,202,674,847)	(1,077,467,919)
283 Accum.Deferred Income Taxes - Other	(151,526,078)	(192,093,141)	(233,243,027)	(233,858,255)
<b>***Total Deferred Income Tax</b>	<b>(661,266,901)</b>	<b>(768,727,461)</b>	<b>(1,436,033,427)</b>	<b>(1,311,644,318)</b>
<b>**TOTAL DEFERRED TAXES</b>	<b>(750,320,033)</b>	<b>(860,588,524)</b>	<b>(1,504,234,118)</b>	<b>(1,388,909,223)</b>
<b>**OTHER DEFERRED CREDITS</b>				
Subtotal 227 Oblig Under Cap Lease - Noncurr	-	(2,842,400)	-	-
Total Unrealized Loss on Derivatives -LT	(158,422,984)	(26,844,931)	(155,178,788)	(153,009,175)
228.2 Accum. Prov.for Injuries and Damages	(2,650,000)	(1,419,191)	(300,000)	(285,417)
228.3 Pension and Post Retirement Liabilities	(116,686,929)	(45,622,010)	(58,748,833)	(57,473,531)
228.4 Accum. Misc.Operating Provisions	(49,278,785)	(43,523,139)	(75,678,611)	(73,624,970)
230 Asset Retirement Obligations (FAS 143)	(28,203,821)	(29,134,669)	(23,707,964)	(21,752,502)
252 Customer Advances for Construction	(100,546,771)	(100,888,586)	(94,479,314)	(99,292,866)
253 Other Deferred Credits	(172,861,169)	(108,161,854)	(150,729,165)	(190,652,150)
254 Other Regulatory Liabilities	(54,245,235)	(42,108,334)	(98,077,992)	(54,514,359)
256 Def. Gains from Dispos.of Utility Plt	(2,215,342)	(2,546,759)	(5,030,945)	(4,907,492)
257 Unamortized Gain on Reacquired Debt	(252,078)	(312,576)	(10,083)	(70,582)
<b>**TOTAL OTHER DEFERRED CREDITS</b>	<b>(685,363,115)</b>	<b>(403,404,450)</b>	<b>(661,941,695)</b>	<b>(655,583,044)</b>
<b>**CAPITALIZATION</b>				
<b>***SHAREHOLDER'S EQUITY</b>				
<b>****Common Equity</b>				
201 Common Stock Issued	(859,037,900)	(859,037,900)	(859,038)	(859,038)
207 Premium on Capital Stock	(478,145,250)	(478,145,250)	(478,145,250)	(478,145,250)
210 Gain on Resale/Cancel.of Reacq.Cap.Stk	(338)	-	-	-
211 Miscellaneous Paid-in Capital	(824,996,420)	(824,213,144)	(2,488,196,691)	(2,488,196,692)
214 Capital Stock Expense	7,133,879	7,133,879	7,133,879	7,133,879
215 Appropriated Retained Earnings	(8,312,487)	(8,054,093)	(8,376,461)	(8,376,461)
216 Unappropriated Retained Earnings	(360,595,580)	(356,247,978)	(325,714,392)	(337,597,725)
216.1 Unappr.Undistrib.Subsidiary Earnings	23,010,728	21,850,269	(4,882,711)	6,008,148
219 Other Comprehensive Income	262,803,989	(29,725,402)	157,646,287	180,318,423
433 Balance Transferred from Income	(162,735,519)	(108,509,177)	(26,095,054)	22,105,521
438 Dividends Declared - Common Stock	145,840,137	83,498,785	186,732,954	122,976,007
439 Adjustments to Retained Earnings	5,848,610	4,630,150	5,848,610	5,848,610
<b>****Total Common Equity</b>	<b>(2,249,186,150)</b>	<b>(2,546,820,197)</b>	<b>(2,974,907,868)</b>	<b>(2,968,784,577)</b>
<b>****TOTAL SHAREHOLDER'S EQUITY</b>	<b>(2,249,186,150)</b>	<b>(2,546,820,197)</b>	<b>(2,974,907,868)</b>	<b>(2,968,784,577)</b>
<b>***REDEEMABLE SECURITIES AND LONG-TERM DEBT</b>				
<b>****Preferred Stock - Manditorily Redeemable</b>	<b>(1,889,400)</b>	<b>(1,889,400)</b>	<b>-</b>	<b>-</b>

**PUGET SOUND ENERGY, INC.**  
**BALANCE SHEET WITH REALLOCATION OF TAX ACCOUNTS (NOTE 2)**  
**December 31, 2008 and December 31, 2010**

<b>FERC Account and Description</b>	<b>Dec-08</b>	<b>Dec-08 AMA</b>	<b>Dec-10 (Note 1)</b>	<b>Dec-10 AMA (Note 2)</b>
****Total Preferred Stock - Mand Redeem	(1,889,400)	(1,889,400)	-	-
****Corporation Obligated, Mand Redeemable Preferred Stock Subscribed	-	-	-	-
****Corporation Obligated, Mand Redeem	-	-	-	-
****Long-term Debt				
221 Bonds	(2,428,860,000)	(2,528,547,500)	(3,213,860,000)	(3,064,651,667)
221 Junior Subordinated Debt	(250,000,000)	(239,583,333)	(250,000,000)	(250,000,000)
226 Unamort. Disc. on Long-term Debt-Debit	-	-	-	-
Long-term Debt	(2,678,860,000)	(2,768,130,833)	(3,463,860,000)	(3,314,651,667)
****Long-term Debt	(2,678,860,000)	(2,768,130,833)	(3,463,860,000)	(3,314,651,667)
***REDEEMABLE SECURITIES AND LTD	(2,680,749,400)	(2,770,020,233)	(3,463,860,000)	(3,314,651,667)
**TOTAL CAPITALIZATION	(4,929,935,550)	(5,316,840,431)	(6,438,767,868)	(6,283,436,244)
*TOTAL CAPITALIZATION AND LIABILITIES	<b><u>\$ (8,179,836,139)</u></b>	<b><u>\$ (7,478,519,649)</u></b>	<b><u>\$ (9,567,477,997)</u></b>	<b><u>\$ (9,083,799,735)</u></b>

**(Note 1) Repairs/Retirements and NOL reallocations did not impact December 2010 period end Balance Sheet line items.**

**(Note 2) An overview of Repairs/Retirements and NOL reallocations by Balance Sheet line item is shown on JHS/MJS-3 page 3.06. The balance sheet without the reallocation of tax accounts is presented in the first column of JHS/MJS-3 page 3.07.**

**Puget Sound Energy, Inc.**  
**Gas Rate Base With Reallocation of Tax Accounts (Note 1)**  
**As of December 31, 2010**

	<b>4-Factor</b>	<b>NOL</b>
Electric	66.51%	55.67%
Gas	33.49%	44.33%

Line No.	Description	UG-090705 AMA 12/31/08	UG-11____ AMA 12/31/10	Variance To AMA Dec. 08-Dec. 10
<b>(Note 1)</b>				
1	Gas Utility Plant in Service	\$ 2,320,065,833	\$ 2,648,893,764	\$ 328,827,931
2	Common Plant-Allocation to Gas	169,771,037	139,017,695	(30,753,342)
3	Gas Stored Underground - Non current	6,692,694	7,815,443	1,122,749
4	Total Plant in Service and Other Assets	<u>2,496,529,564</u>	<u>2,795,726,902</u>	<u>299,197,338</u>
5	Accumulated Provision for Depreciation	(740,571,678)	(857,738,071)	(117,166,393)
7	Common Accumulated Depreciation-Allocation to Gas	(96,748,366)	(66,300,024)	30,448,342
8	Customer Advances for Construction	(27,028,861)	(31,761,381)	(4,732,520)
9	Contributions in Aid of Construction - Accum. Def. FIT.	3,476,667	5,164,894	1,688,227
10	Accumulated Deferred FIT	(212,422,716)	(273,362,372)	(60,939,656)
11	<b>NOL Carryforward</b>	-	<b>18,506,288</b>	<b>18,506,288</b>
12	Customer Deposits	(6,973,756)	(8,348,081)	(1,374,325)
13	Accumulated Depreciation and Other Liabilities	<u>(1,080,268,710)</u>	<u>(1,213,838,746)</u>	<u>(133,570,036)</u>
14	Net Operating Investment	<u>1,416,260,854</u>	<u>1,581,888,156</u>	<u>165,627,302</u>
15	Allowance for Working Capital	<u>52,980,352</u>	<u>78,846,955</u>	<u>25,866,604</u>
16	Total Gas Rate Base	<u><u>\$ 1,469,241,206</u></u>	<u><u>\$ 1,660,735,111</u></u>	<u><u>\$ 191,493,906</u></u>

17 **(Note 1) An overview of Repairs/Retirements and NOL reallocations by Ratebase line item is shown on**  
18 **JHS-3/MJS-3 page 3.06. The ratebase calculation without the reallocation of tax accounts is**  
19 **presented in the first column of MJS-3 page 3.08.**

**Puget Sound Energy, Inc.**  
**Combined Working Capital With Reallocation of Tax Accounts (Note 1)**  
**For the Twelve Month Period Ended December 31, 2010**

		Four Factor			NOL
	Electric	66.51%			55.67%
	Gas	33.49%			44.33%
Line No.	Description	31-Dec-08 UE/G-090704/5 AMA	31-Dec-10 UE/G-11____ AMA (Note 1)	Variance December 2008- December 2010	
1	<b>Average Invested Capital</b>				
2	Common Stock	\$ 859,037,900	\$ 859,038	\$ (858,178,862)	
3	Preferred Stock	-	-	-	
4	Additional Paid in Capital	1,291,464,743	2,958,716,487	1,667,251,744	
5	Unamortized Debt Expense	(24,308,068)	(56,743,291)	(32,435,223)	
6	Unappropriated Retained Earnings	358,789,938	194,884,510	(163,905,428)	
7	Notes Payable - Misc	-	-	-	
8	Long Term Debt	2,770,020,233	3,314,651,667	544,631,434	
9	Short Term Debt	375,235,993	137,068,619	(238,167,374)	
10	Accumulated Deferred ITC	1,059,331	318,143	(741,188)	
11	Treasury Grant	(53,736)	25,090,331	25,144,067	
12	Deferred Debits-Other	(21,079,090)	(36,658)	21,042,432	
13	Unamortized Gain/Loss on Debt	-	(18,851,136)	(18,851,136)	
14	Total Average Invested Capital	<u>5,610,167,244</u>	<u>6,555,957,710</u>	<u>945,790,466</u>	
15					
16	<b>Average Operating Investments - Electric</b>				
17					
18	Plant in Service (includes acquisition adj)	5,858,612,136	6,853,037,154	994,425,018	
19	Electric Future Use Property	14,617,009	28,549,726	13,932,717	
20	Customer Advances for Construction	(73,838,784)	(67,513,639)	6,325,145	
21	Customer Deposits	(15,143,164)	(20,606,765)	(5,463,601)	
22	Deferred Taxes	(493,976,058)	(663,185,306)	(169,209,248)	
23	Deferred Debits/Credits - Other	428,348,457	412,578,353	(15,770,104)	
24	Less: Accumulated Depreciation	(2,354,960,711)	(2,624,571,373)	(269,610,662)	
25	Conservation Investment	-	-	-	
26	Common Plant-Allocation to Electric	310,057,632	276,084,410	(33,973,222)	
27	Common Accum Depr-Allocation to Electric	(176,713,714)	(131,669,590)	45,044,124	
28	Common Deferred Taxes-Allocation to Electric	(16,707,772)	(9,487,641)	7,220,131	
29	<b>NOL Carryforward</b>	-	<b>23,235,929</b>	<b>23,235,929</b>	
30	Total Average Operating Investment - Electric	<u>3,480,295,031</u>	<u>4,076,451,258</u>	<u>596,156,227</u>	
31					
32	<b>Average Operating Investments - Gas</b>				
33					
34	Gas Utility Plant in Service	2,320,065,833	2,648,893,764	328,827,931	
35	Deferred Items - Other	19,031,550	19,962,603	931,053	
36	Gas Stored Underground, Non-Current	6,692,694	7,815,443	1,122,749	
37	Gas Accumulated Depreciation	(740,571,678)	(857,738,071)	(117,166,393)	
38	Gas Customer Advances for Construction	(34,068,001)	(31,779,227)	2,288,774	
39	Gas Customer Deposits	-	(8,348,081)	(8,348,081)	
40	DFIT 17	(204,417,619)	(288,622,372)	(84,204,753)	
41	PGA	(40,067,601)	(9,255,951)	30,811,650	
42	Common Plant-Allocation to Gas	169,759,193	139,017,695	(30,741,498)	
43	Common Deferred Tax - Allocation to Gas	(9,147,647)	(3,907,562)	5,240,085	
44	Common Accumulated Depreciation-Allocation to Gas	(96,752,263)	(66,300,024)	30,452,239	
45	<b>NOL Carryforward</b>	<b>0</b>	<b>18,506,289</b>	<b>18,506,289</b>	
46	Total Average Operating Investment - Gas	<u>1,390,524,461</u>	<u>1,568,244,506</u>	<u>177,720,045</u>	
47					
48	Total Electric & Gas Operating Investment	<u>4,870,819,492</u>	<u>5,644,695,763</u>	<u>773,876,271</u>	
49					

**Puget Sound Energy, Inc.**  
**Combined Working Capital With Reallocation of Tax Accounts (Note 1)**  
**For the Twelve Month Period Ended December 31, 2010**

		Four Factor	NOL	
	Electric	66.51%	55.67%	
	Gas	33.49%	44.33%	
Line No.	Description	31-Dec-08 UE/G-090704/5 AMA	31-Dec-10 UE/G-11____ AMA (Note 1)	Variance December 2008- December 2010
50	<b>Construction Work in Progress</b>			
51				
52	Elec Construction Work in Process	208,482,092	416,213,955	207,731,863
53	Gas Construction Work in Process	72,529,772	49,912,986	(22,616,786)
54	Other Work in Process	2,405,366	729,075	(1,676,291)
55	Electric Preliminary Surveys	1,006,718	2,152,924	1,146,206
56	Total Construction Work in Progress	284,423,948	469,008,940	184,584,992
57				
58	<b>Nonoperating</b>			
59				
60	Non-Utility Property	12,351,262	(81,520,475)	(93,871,737)
61	Investment in Associated Companies	424,590,279	50,127,428	(374,462,851)
62	Other Investments & FAS 133	(283,436,064)	80,318,879	363,754,943
63	Deferred Items-Other	271,549,088	200,268,839	(71,280,249)
64	Deferred Federal Income Tax	(98,288,077)	(33,934,336)	64,353,741
65	Temporary Cash Investments	(67,392,847)	-	67,392,847
66	Environmental Receivables	1,290	(64,474,449)	(64,475,739)
67	Current Accounts - Gas Allocation only	80,351	1,553	(78,798)
68	Merchandising Inventory - Gas Only		80,791	80,791
69	FIT Taxes Accrued - Repair Allowance		-	-
70	Total Non Operating Investment	259,455,282	150,868,230	(108,587,052)
71				
72	Total CWIP & Nonoperating Investment	543,879,230	619,877,170	75,997,940
73				
74	Total Average Investments	5,414,698,722	6,264,572,933	849,874,211
75	Rounding			
76	Total Investor Supplied Capital	<b>\$ 195,468,522</b>	<b>\$ 291,384,777</b>	<b>\$ 95,916,255</b>
77				
78				
	<b>Allocation of Working Capital</b>			
79	<b>Electric Working Capital</b>			
80	Total Investment	\$ 5,414,698,722	\$ 6,264,572,933	\$ 849,874,211
81	Less: Electric CWIP	(208,482,092)	(416,213,955)	(207,731,863)
82	Less: Gas CWIP	(72,529,772)	(49,912,986)	22,616,786
83	Interest Bearing Regulatory Assets			-
84	Other Work in Progress	(2,405,366)	(729,075)	1,676,291
85	Preliminary Surveys	(1,006,718)	(2,152,924)	(1,146,206)
86	Total	5,130,274,774	5,795,563,993	665,289,219
87				
88	Electric Working Capital Ratio	3.8101%	5.0277%	1.2176%
89				
90	Electric Working Capital	<b>\$ 132,602,669</b>	<b>\$ 204,952,588</b>	<b>\$ 72,349,920</b>
91				
92	<b>Gas Working Capital</b>			
93	Total Investment	\$ 5,414,698,722	\$ 6,264,572,933	\$ 849,874,211
94	Less: Electric CWIP	(208,482,092)	(416,213,955)	(207,731,863)
95	Less: Gas CWIP	(72,529,772)	(49,912,986)	22,616,786
96	Interest Bearing Regulatory Assets			-

**Puget Sound Energy, Inc.**  
**Combined Working Capital With Reallocation of Tax Accounts (Note 1)**  
**For the Twelve Month Period Ended December 31, 2010**

		Four Factor	NOL	
	Electric	66.51%	55.67%	
	Gas	33.49%	44.33%	
Line No.	Description	31-Dec-08 UE/G-090704/5 AMA	31-Dec-10 UE/G-11____ AMA	Variance December 2008- December 2010
			<b>(Note 1)</b>	
97	Other Work in Progress	(2,405,366)	(729,075)	1,676,291
98	Preliminary Surveys	(1,006,718)	(2,152,924)	(1,146,206)
99	Total	5,130,274,774	5,795,563,993	665,289,219
100				
101	Gas Working Capital Ratio	3.8101%	5.0277%	1.2176%
102				
103	Gas Working Capital	\$ 52,980,352	\$ 78,846,955	\$ 25,866,604
104				
105	<b>Non Operating Working Capital</b>	<b>\$ 9,885,502</b>	<b>\$ 7,585,233</b>	<b>\$ (2,300,268)</b>
106				
107	<b>(Note 1) An overview of Repairs/Retirements and NOL reallocations by Working Capital line item</b>			
108	<b>is shown on JHS/MJS-3 page 3.06. The working capital calculation without the reallocation of</b>			
109	<b>tax accounts is presented in the first column of JHS/MJS-3 page 3.09.</b>			

**PUGET SOUND ENERGY, INC.-ELECTRIC & GAS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010**  
**ALLOCATION METHODS**

Method	Description		Electric	Gas	Total
1	* <b><u>12 Month Average Number of Customers</u></b>	12/31/2010	1,078,501	750,811	1,829,312
	Percent		<b>58.96%</b>	<b>41.04%</b>	100.00%
2	* <b><u>Joint Meter Reading Customers</u></b>	12/31/2010	706,127	408,431	1,114,558
	Percent		<b>63.35%</b>	<b>36.65%</b>	100.00%
3	* <b><u>Non-Production Plant</u></b>				
	Distribution	12/31/2010	\$ 3,457,231,764	\$ 2,533,527,615	\$ 5,990,759,379
	Transmission	12/31/2010	425,086,614	-	425,086,614
	Direct General Plant	12/31/2010	136,171,270	47,516,628	183,687,898
	Total		<b>\$ 4,018,489,648</b>	<b>\$ 2,581,044,243</b>	<b>\$ 6,599,533,891</b>
Percent		<b>60.89%</b>	<b>39.11%</b>	100.00%	
4	* <b><u>4-Factor Allocator</u></b>				
	Number of Customers	12/31/2010	1,078,501	750,811	1,829,312
	Percent		58.96%	41.04%	100.00%
	Labor - Direct Charge to O&M	12/31/2010	47,628,712	23,754,417	\$ 71,383,129
	Percent		66.72%	33.28%	100.00%
	T&D O&M Expense (Less Labor)	12/31/2010	69,836,081	27,914,823	\$ 97,750,905
	Percent		71.44%	28.56%	100.00%
	Net Classified Plant (Excluding General (Common) Plant)	12/31/2010	3,879,978,869	1,750,859,729	5,630,838,598
	Percent		68.91%	31.09%	100.00%
	Total Percentages		266.03%	133.97%	400.00%
Percent		<b>66.51%</b>	<b>33.49%</b>	100.00%	
5	* <b><u>Employee Benefits</u></b>				
	Direct Labor Accts 500-935	12/31/2010	49,678,352	24,123,486	73,801,838
	Total		<b>\$ 49,678,352</b>	<b>\$ 24,123,486</b>	<b>\$ 73,801,838</b>
	Percent		<b>67.31%</b>	<b>32.69%</b>	100.00%

Puget Sound Energy, Inc.  
2011 GRC  
Overview of Reallocation of SAP Tax Balance Sheet Accounts  
As of December 31, 2010

Line No.	Account Number	Account Title	Rate-Making Treatment	End of Period		Average of the Monthly Averages		Reallocation Explanation (See page 2)
				SAP Balance	Track Rprs/Rtrmts & Dep NOL Separately in Fin Stmt Exhs	SAP Balance	Track Rprs/Rtrmts & Dep NOL Separately in Fin Stmt Exhs	
13	19000433	NOL Carryforward - Bonus Depreciation	E&GRB <sup>(Note 1)</sup>	\$ 98,908,318	\$ 253,459	\$ 21,825,453	\$ 19,916,764	(a)
14	19000433.1	NOL Carryforward Repairs/Retirement	Op not RB	-	(253,460)	-	196,182	(b)
15	23600033	Federal Income Taxes	W/C	60,744,623	(3,514,566)	72,563,734	(25,251,084)	(a), (b), (c)
16	23600033.1	Federal Income Taxes Repairs/Retirement	Op not RB	-	3,514,567	-	5,138,137	(c)
17	28200002	DFIT - Gas Plant <sup>(Note 2)</sup>	GRB	(330,789,144)	24,641,242	(296,944,519)	(272,380,221)	(d)
18	28200002.1	DFIT - Gas Plant Repairs/Retirement	Op not RB	-	(24,641,242)	-	(24,564,298)	(d)
19	28200121	DFIT - Electric Plant <sup>(Note 2)</sup>	ERB	(848,068,474)	41,273,827	(768,446,596)	41,414,322	(e)
20	28200121.1	DFIT - Electric Plant Repairs/Retirement	Op not RB	-	(41,273,827)	-	(41,414,322)	(e)
21								
22		Combined Balances		\$ (1,019,204,678)	\$ -	\$ (971,001,929)	\$ -	(971,001,929)
23		Impact on Financial Statement Exhibits						
24		Impact on JHS-3 and MJS-3 Page 3.07 Combined Balance Sheet (as demonstrated in JHS/MJS-3 page 3.07):						
25		Page 2 of 4 Line "190 Current Deferred Taxes"			Line 13 + Line 14	\$	20,112,946	
26		Page 3 of 4 Line "236 Taxes Accrued"			Line 15 + Line 16		(20,112,946)	
27		Page 3 of 4 Line "282 Accum. Def. Income Taxes - Other Prop."			Sum Line 17 through Line 20	\$	0	
28		Overall Impact on Balance Sheet				\$	0	
29		Impact on JHS-3 Page 3.08 Electric Ratebase (as demonstrated in JHS-3 page 3.08):						
30		Page 1 of 2 Line 33 "28200121 DFIT Electric Plant"			Line 19		41,414,322	
31		Page 1 of 2 Line 35a2 "19000433 NOL Carryforward"			Line 13 x 55.6653% (Note 1)		11,086,726	
32		Subtotal Electric Ratebase before Working Capital					52,501,048	
33		Allocation of Overall Impact on Working Capital to Electric			Line 48		(17,964,264)	
34		Overall Impact on Electric Ratebase				\$	34,536,784	
35		Impact on MJS-3 Page 3.08 Gas Ratebase (as demonstrated in MJS-3 page 3.08):						
36		Page 1 of 1 Line 10 "Accumulated Deferred FIT"			Line 17		24,564,298	
37		Page 1 of 1 Line 11 "NOL Carryforward"			Line 13 x 44.3347% (Note 1)		8,830,039	
38		Subtotal Gas Ratebase before Working Capital					33,394,337	
39		Allocation of Overall Impact on Working Capital to Gas			Line 49		(6,593,422)	
40		Overall Impact on Gas Ratebase				\$	26,800,915	
41		Impact on JHS-3 and MJS-3 Page 3.09 Combined Working Capital (as demonstrated in JHS/MJS-3 page 3.09):						
42		Page 1 of 2 Line 28 "Common Deferred Tax - Allocation to Electric"			(Line 14 + Line 16) x 55.6653% (Note 1)		2,969,365	
43		Page 1 of 2 Line 29 "NOL Carryforward"			Line 13 x 55.6653% (Note 1)		11,086,726	
44		Page 1 of 2 Line 43 "Common Deferred Tax - Allocation to Gas"			(Line 14 + Line 16) x 44.3347% (Note 1)		2,364,955	
45		Page 1 of 2 Line 45 "NOL Carryforward"			Line 13 x 44.3347% (Note 1)		8,830,039	
46		Page 2 of 2 Line 48 "Total Electric & Gas Operating Investment"				\$	25,251,084	
47		Allocation of Working Capital:						
48		Page 2 of 2 Line 90 "Electric Working Capital"				71%	(17,964,264)	
49		Page 2 of 2 Line 92 "Gas Working Capital"				26%	(6,593,422)	
50		Page 2 of 2 Line 105 "Non Operating Working Capital"				3%	(693,398)	
51		Page 2 of 2 Line 76 "Total Investor Supplied Working Capital"				100%	(25,251,084)	

Puget Sound Energy, Inc.  
2011 GRC  
Overview of Reallocation of SAP Tax Balance Sheet Accounts  
As of December 31, 2010

Footnotes and Reallocation Explanations

Footnotes:

- (Note 1) Allocated 55.67% to Electric and 44.33% to Gas based on an analysis of the causes for the Net Operating Losses.
- (Note 2) Tracks accelerated depreciation on normalized assets.

Reallocation Explanations

- (a) Tracks 2009/2010 NOL related to Bonus Depreciation from working capital to ratebase.
- (b) Tracks 2009/2010 NOL related to Repairs and Retirements from working capital to operating not in ratebase.
- (c) Tracks current FIT payable for Repairs and Retirements from working capital to operating not in ratebase.
- (d) Tracks gas DFIT related to Repairs and Retirements from gas ratebase to operating not in ratebase.
- (e) Tracks electric DFIT related to Repairs and Retirements from electric ratebase to operating not in ratebase.

PUGET SOUND ENERGY, INC.  
BALANCE SHEET WITH AND WITHOUT REALLOCATION OF TAX ACCOUNTS (NOTE 1)  
2011 GRC

FERC Account and Description	Balance Sheet Without Reallocation of Tax Accounts Dec-10 AMA	Track Taxes for Repairs / NOL Dec-10 AMA (Note 1)	With Reallocation of Tax Accounts used in JHS/MJS-3 Page 3.02 Dec-10 AMA
<b>*ASSETS</b>			
<b>**UTILITY PLANT</b>			
<b>***Electric Plant</b>			
101 Electric Plant in Service	\$ 6,471,625,305		\$ 6,471,625,305
101.1 Property Under Capital Leases	2,308,171		2,308,171
102 Electric Plant Purchased or Sold	-		-
105 Electric Plant Held for Future Use	28,549,726		28,549,726
106 Comp.Construction Not Classfd.-Electric	150,099,394		150,099,394
107 Construction Work in Prog. - Electric	387,834,183		387,834,183
114 Electric Plant Acquisition Adjustments	251,773,353		251,773,353
***Total Electric Plant	7,292,190,131		7,292,190,131
<b>***Gas Plant</b>			
101 Gas Plant in Service	2,611,968,389		2,611,968,389
105 Gas Plant Held for Future Use	19,142,306		19,142,306
106 Comp. Construction Not Classfd.- Gas	21,153,657		21,153,657
107 Construction Work in Progress - Gas	35,622,826		35,622,826
117.3 Gas Strd.in Resvr.& Pipln.-Noncurr.	7,815,443		7,815,443
***Total Gas Plant	2,695,702,621		2,695,702,621
<b>***Common Plant</b>			
101 Plant in Service - Common	424,880,371		424,880,371
106 Comp Construction Not Classified - Common	346,294		346,294
107 Construction Work in Progress - Common	42,669,933		42,669,933
***Total Common Plant	467,896,598		467,896,598
<b>***Accumulated Depreciation and Amortization</b>			
108 Accumulated Provision for Depreciation	(3,439,137,249)		(3,439,137,249)
111 Accumulated Provision for Amortization	(187,755,976)		(187,755,976)
115 Accm.Prv.for Amort.of Plant Acquis.Adj.	(55,326,900)		(55,326,900)
***Less: Accumulated Depr and Amortizat	(3,682,220,124)		(3,682,220,124)
<b>**NET UTILITY PLANT</b>	6,773,569,226		6,773,569,226
<b>**OTHER PROPERTY AND INVESTMENTS</b>			
<b>***Other Investments</b>			
121 Nonutility Property	3,346,278		3,346,278
122 Accm.Prov.for Depr.& Amort.Non-utility P	(536,028)		(536,028)
123.1 Investment in Subsidiary Companies	50,141,832		50,141,832
124 Other Investments	69,277,436		69,277,436
***Total Other Investments	122,229,517		122,229,517
<b>**TOTAL OTHER PROPERTY AND INVESTMENT</b>	122,229,517		122,229,517
<b>**CURRENT ASSETS</b>			
<b>***Cash</b>			
131 Cash	6,355,205		6,355,205
134 Other Special Deposits	11,957,469		11,957,469
135 Working Funds	2,609,916		2,609,916
136 Temporary Cash Investments	60,328,107		60,328,107
***Total Cash	81,250,697		81,250,697
<b>***Restricted Cash</b>	-		-
<b>***Total Restricted Cash</b>	-		-
<b>***Accounts Receivable</b>			
141 Notes Receivable	3,770,156		3,770,156

PUGET SOUND ENERGY, INC.  
BALANCE SHEET WITH AND WITHOUT REALLOCATION OF TAX ACCOUNTS (NOTE 1  
2011 GRC

FERC Account and Description	Balance Sheet Without Reallocation of Tax Accounts Dec-10 AMA	Track Taxes for Repairs / NOL Dec-10 AMA (Note 1)	With Reallocation of Tax Accounts used in JHS/MJS-3 Page 3.02 Dec-10 AMA
142 Customer Accounts Receivable	203,753,411		203,753,411
143 Other Accounts Receivable	78,602,651		78,602,651
146 Accounts Receiv.from Assoc. Companies	266,506		266,506
171 Interest and Dividends Receivable	73		73
173 Accrued Utility Revenues	133,311,524		133,311,524
185 Temporary Facilities	(12,211)		(12,211)
191 Unrecovered Purchased Gas Costs	(9,255,951)		(9,255,951)
***Total Accounts Receivable	<u>410,436,157</u>		<u>410,436,157</u>
***Allowance for Doubtful Accounts			
144 Accm.Prov.for Uncollectble Accts-Credit	(7,987,184)		(7,987,184)
***Less: Allowance for Doubtful Accounts	<u>(7,987,184)</u>		<u>(7,987,184)</u>
***Materials and Supplies			
151 Fuel Stock	13,726,802		13,726,802
154 Plant Materials and Operating Supplies	75,568,387		75,568,387
163 Stores Expense Undistributed	4,462,439		4,462,439
164.1 Gas Stored - Current	78,361,367		78,361,367
164.2 Liquefied Natural Gas Stored	634,674		634,674
***Total Materials and Supplies	<u>172,753,667</u>		<u>172,753,667</u>
***Unrealized Gain-Derivative Instrumnts (ST)			
175 Invest in Derivative Instrumnts -Opt ST	10,812,648		10,812,648
176 Invest in Derivative Instrumnts-Gain ST	-		-
***Unrealized Gain on Derivatives (ST)	<u>10,812,648</u>		<u>10,812,648</u>
***Prepayments and Other Current Assets			
165 Prepayments	11,711,558		11,711,558
174 Misc.Current and Accrued Assets	6,253,794		6,253,794
186 Miscellaneous Deferred Debits	7,699		7,699
***Total Prepayments & Othr.Curr.Assets	<u>17,973,052</u>		<u>17,973,052</u>
Current Deferred Taxes			
190 Total Current Deferred Taxes	439,740,244	<b>20,112,946</b>	459,853,190
***TOTAL CURRENT ASSETS	<u>1,124,979,281</u>	<b>20,112,946</b>	<u>1,145,092,227</u>
***LONG-TERM ASSETS			
128 Pension Assets	-		-
165 Long-Term Prepaid	40,260,892		40,260,892
175 Invest in Derivative Instrumnts -Opt LT	3,285,625		3,285,625
176 Invest in Derivative Instrumnts-Gain LT	-		-
181 Unamortized Debt Expense	45,331,739		45,331,739
182.1 Extraordinary Property Losses	98,961,817		98,961,817
182.2 Unrecovered Plant & Reg Study Costs	11,615,247		11,615,247
Subtotal WUTC AFUDC	52,576,506		52,576,506
182.3 Other Regulatory Assets	440,868,287		440,868,287
183 Prelm. Survey and Investigation Charges	2,152,924		2,152,924
184 Clearing Accounts	964,414		964,414
186 Miscellaneous Deferred Debits	327,444,354		327,444,354
187 Def.Losses from Dispos.of Utility Plant	525,242		525,242
189 Unamortized Loss on Reacquired Debt	18,921,718		18,921,718
***TOTAL LONG-TERM ASSETS	<u>1,042,908,766</u>		<u>1,042,908,766</u>
*TOTAL ASSETS	<u>\$ 9,063,686,789</u>	<u>\$ 20,112,946</u>	<u>\$ 9,083,799,735</u>

\*CAPITALIZATION AND LIABILITIES

**PUGET SOUND ENERGY, INC.**  
**BALANCE SHEET WITH AND WITHOUT REALLOCATION OF TAX ACCOUNTS (NOTE 1**  
**2011 GRC**

<b>FERC Account and Description</b>	<b>Balance Sheet Without Reallocation of Tax Accounts Dec-10 AMA</b>	<b>Track Taxes for Repairs / NOL Dec-10 AMA (Note 1)</b>	<b>With Reallocation of Tax Accounts used in JHS/MJS-3 Page 3.02 Dec-10 AMA</b>
<b>**CURRENT LIABILITIES</b>			
230 Asset Retirement Obligations	\$ (2,258,797)		\$ (2,258,797)
244 FAS 133 Opt Unrealized Loss ST	(226,751,482)		(226,751,482)
245 FAS 133 Unrealized Loss ST	-		-
231 Notes Payable	(114,183,333)		(114,183,333)
232 Accounts Payable	(268,716,361)		(268,716,361)
233 Notes Payable to Associated Companies	(22,885,285)		(22,885,285)
234 Accounts Payable to Asscted Companies	(315,344)		(315,344)
235 Customer Deposits	(28,955,346)		(28,955,346)
236 Taxes Accrued	4,916,978	<b>(20,112,946)</b>	(15,195,968)
237 Interest Accrued	(56,550,356)		(56,550,356)
238 Dividends Declared	-		-
241 Tax Collections Payable	(2,267,181)		(2,267,181)
242 Misc. Current and Accrued Liabilities	(15,533,610)		(15,533,610)
243 Obligations Under Cap.Leases - Current	(2,258,161)		(2,258,161)
<b>**TOTAL CURRENT LIABILITIES</b>	<b>(735,758,279)</b>	<b>(20,112,946)</b>	<b>(755,871,225)</b>
<b>**DEFERRED TAXES</b>			
<b>***Reg. Liability for Def.Income Tax</b>			
253 Other Deferred Credits	-		-
283 Accum.Deferred Income Taxes - Other	(77,264,905)		(77,264,905)
<b>***Total Reg.Liab.for Def.Income Tax</b>	<b>(77,264,905)</b>		<b>(77,264,905)</b>
<b>***Deferred Income Tax</b>			
255 Accum.Deferred Investment Tax Credits	(318,143)		(318,143)
282 Accum. Def. Income Taxes - Other Prop.	(1,077,467,919)	0.00	(1,077,467,919)
283 Accum.Deferred Income Taxes - Other	(233,858,255)		(233,858,255)
<b>***Total Deferred Income Tax</b>	<b>(1,311,644,318)</b>		<b>(1,311,644,318)</b>
<b>**TOTAL DEFERRED TAXES</b>	<b>(1,388,909,223)</b>		<b>(1,388,909,223)</b>
<b>**OTHER DEFERRED CREDITS</b>			
Subtotal 227 Oblig Under Cap Lease - Noncurr			
Total Unrealized Loss on Derivatives -LT	(153,009,175)		(153,009,175)
228.2 Accum. Prov.for Injuries and Damages	(285,417)		(285,417)
228.3 Pension and Post Retirement Liabilities	(57,473,531)		(57,473,531)
228.4 Accum. Misc.Operating Provisions	(73,624,970)		(73,624,970)
230 Asset Retirement Obligations (FAS 143)	(21,752,502)		(21,752,502)
252 Customer Advances for Construction	(99,292,866)		(99,292,866)
253 Other Deferred Credits	(190,652,150)		(190,652,150)
254 Other Regulatory Liabilities	(54,514,359)		(54,514,359)
256 Def. Gains from Dispos.of Utility Plt	(4,907,492)		(4,907,492)
257 Unamortized Gain on Reacquired Debt	(70,582)		(70,582)
<b>**TOTAL OTHER DEFERRED CREDITS</b>	<b>(655,583,044)</b>		<b>(655,583,044)</b>
<b>**CAPITALIZATION</b>			
<b>***SHAREHOLDER'S EQUITY</b>			
<b>****Common Equity</b>			
201 Common Stock Issued	(859,038)		(859,038)
207 Premium on Capital Stock	(478,145,250)		(478,145,250)
210 Gain on Resale/Cancel.of Reacq.Cap.Stk	-		-
211 Miscellaneous Paid-in Capital	(2,488,196,692)		(2,488,196,692)
214 Capital Stock Expense	7,133,879		7,133,879
215 Appropriated Retained Earnings	(8,376,461)		(8,376,461)
216 Unappropriated Retained Earnings	(337,597,725)		(337,597,725)
216.1 Unappr.Undistrib.Subsidiary Earnings	6,008,148		6,008,148
219 Other Comprehensive Income	180,318,423		180,318,423

PUGET SOUND ENERGY, INC.  
BALANCE SHEET WITH AND WITHOUT REALLOCATION OF TAX ACCOUNTS (NOTE 1  
2011 GRC

FERC Account and Description	Balance Sheet Without Reallocation of Tax Accounts Dec-10 AMA	Track Taxes for Repairs / NOL Dec-10 AMA (Note 1)	With Reallocation of Tax Accounts used in JHS/MJS-3 Page 3.02 Dec-10 AMA
433 Balance Transferred from Income	22,105,521		22,105,521
438 Dividends Declared - Common Stock	122,976,007		122,976,007
439 Adjustments to Retained Earnings	5,848,610		5,848,610
****Total Common Equity	(2,968,784,577)		(2,968,784,577)
***TOTAL SHAREHOLDER'S EQUITY	(2,968,784,577)		(2,968,784,577)
***REDEEMABLE SECURITIES AND LONG-TERM DEBT			
****Preferred Stock - Manditorily Redeemable	-		-
****Total Preferred Stock - Mand Redeem	-		-
****Corporation Obligated, Mand Redeemable Preferred Stock Subscribed	-		-
****Corporation Obligated, Mand Redeem	-		-
****Long-term Debt			
221 Bonds	(3,064,651,667)		(3,064,651,667)
221 Junior Subordinated Debt	(250,000,000)		(250,000,000)
226 Unamort.Disct. on Long-term Debt-Debit	-		-
Long-term Debt	(3,314,651,667)		(3,314,651,667)
****Long-term Debt	(3,314,651,667)		(3,314,651,667)
***REDEEMABLE SECURITIES AND LTD	(3,314,651,667)		(3,314,651,667)
**TOTAL CAPITALIZATION	(6,283,436,244)		(6,283,436,244)
*TOTAL CAPITALIZATION AND LIABILITIES	<b>\$ (9,063,686,789)</b>	<b>\$ (20,112,946)</b>	<b>\$ (9,083,799,735)</b>

(Note 1) - An overview of Repairs/Retirements and NOL reallocations by Balance Sheet line item is shown on JHS/MJS-3 page 3.06.

**Puget Sound Energy, Inc.**  
**Gas Rate Base With and Without Reallocation of Tax Accounts (Note 1)**  
**As of December 31, 2010**

	<b>4-Factor</b>	<b>NOL</b>
Electric	66.51%	55.67%
Gas	33.49%	44.33%

Line No.	Description	Without Reallocation of Tax Accounts 12/31/10	Track Taxes for Repairs / NOL Repairs	With Reallocation of Tax Accounts used in MJS-3 Page 3.03 12/31/10	Reallocation Explanations
<b>(Note 1)</b>					
1	Gas Utility Plant in Service	\$ 2,648,893,764	\$ -	\$ 2,648,893,764	
2	Common Plant-Allocation to Gas	139,017,695	-	139,017,695	
3	Gas Stored Underground - Non current	7,815,443	-	7,815,443	
4	Total Plant in Service and Other Assets	<u>2,795,726,902</u>	-	<u>2,795,726,902</u>	
5	Accumulated Provision for Depreciation	(857,738,071)	-	(857,738,071)	
7	Common Accumulated Depreciation-Allocation to Gas	(66,300,024)	-	(66,300,024)	
8	Customer Advances for Construction	(31,761,381)	-	(31,761,381)	
9	Contributions in Aid of Construction - Accum. Def. FIT.	5,164,894	-	5,164,894	
10	Accumulated Deferred FIT	(297,926,670)	<b>24,564,298</b>	<b>(273,362,372)</b>	(1)
11	<b>NOL Carryforward</b>	<b>9,676,250</b>	<b>8,830,039</b>	<b>18,506,288</b>	(2)
12	Customer Deposits	(8,348,081)	-	(8,348,081)	
13	Accumulated Depreciation and Other Liabilities	<u>(1,247,233,083)</u>	33,394,337	<u>(1,213,838,746)</u>	
14	Net Operating Investment	<u>1,548,493,819</u>	33,394,337	<u>1,581,888,156</u>	
15	Allowance for Working Capital	85,440,378	(6,593,422)	78,846,956	(3)
16	Total Gas Rate Base	<u><u>\$ 1,633,934,197</u></u>	<u><u>\$ 26,800,915</u></u>	<u><u>\$ 1,660,735,111</u></u>	

17 (Note 1) An overview of Repairs/Retirements and NOL reallocations by Ratebase line item is shown on JHS/MJS-3 page 3.06.

18 Reallocation Explanations:

- 19 (1) Reclass Gas DFIT - Repairs and Retirements from ratebase to operating investment not in ratebase.  
20 (2) Reclass 2009/2010 NOL related to bonus depreciation from working capital to ratebase.  
21 (3) Explained in page 3.09.

**Puget Sound Energy**  
**Combined Working Capital With and Without Reallocation of Tax Accounts (Note 1)**  
**For the Twelve Month Period Ended December 31, 2010**

Line No.	Description			NOL 55.67%	Reallocation Explanations
		Electric Gas	Four Factor 66.51% 33.49%		
		Without Reallocation of Tax Accounts 12/31/2010 AMA	Track Taxes for Repairs / NOL 12/31/2010 AMA	With Reallocation of Tax Accounts used in JHS/MJS-3 Page 3.04 12/31/2010 AMA	
<b>(Note 1)</b>					
1	<b>Average Invested Capital</b>				
2	Common Stock	\$ 859,038	\$ -	\$ 859,038	
3	Preferred Stock	-	-	-	
4	Additional Paid in Capital	2,958,716,487	-	2,958,716,487	
5	Unamortized Debt Expense	(56,743,291)	-	(56,743,291)	
6	Unappropriated Retained Earnings	194,884,510	-	194,884,510	
7	Notes Payable - Misc	-	-	-	
8	Long Term Debt	3,314,651,667	-	3,314,651,667	
9	Short Term Debt	137,068,619	-	137,068,619	
10	Accumulated Deferred ITC	318,143	-	318,143	
11	Treasury Grant	25,090,331	-	25,090,331	
12	Deferred Debits-Other	(36,658)	-	(36,658)	
13	Unamortized Gain/Loss on Debt	(18,851,136)	-	(18,851,136)	
14	Total Average Invested Capital	6,555,957,710	-	6,555,957,710	
15					
16	<b>Average Operating Investments - Electric</b>				
17					
18	Plant in Service (includes acquisition adj)	6,853,037,154	-	6,853,037,154	
19	Electric Future Use Property	28,549,726	-	28,549,726	
20	Customer Advances for Construction	(67,513,639)	-	(67,513,639)	
21	Customer Deposits	(20,606,765)	-	(20,606,765)	
22	Deferred Taxes	(663,185,306)	-	(663,185,306)	
23	Deferred Debits/Credits - Other	412,578,353	-	412,578,353	
24	Less: Accumulated Depreciation	(2,624,571,373)	-	(2,624,571,373)	
25	Conservation Investment	-	-	-	
26	Common Plant-Allocation to Electric	276,084,410	-	276,084,410	
27	Common Accum Depr-Allocation to Electric	(131,669,590)	-	(131,669,590)	
28	Common Deferred Taxes-Allocation to Electric	(12,457,006)	2,969,365	(9,487,641)	(2)
29	<b>NOL Carryforward</b>	12,149,203	11,086,726	23,235,929	(3)
30	Total Average Operating Investment - Electric	4,062,395,167	14,056,091	4,076,451,258	
31					
32	<b>Average Operating Investments - Gas</b>				
33					
34	Gas Utility Plant in Service	2,648,893,764	-	2,648,893,764	
35	Deferred Items - Other	19,962,603	-	19,962,603	
36	Gas Stored Underground, Non-Current	7,815,443	-	7,815,443	
37	Gas Accumulated Depreciation	(857,738,071)	-	(857,738,071)	
38	Gas Customer Advances for Construction	(31,779,227)	-	(31,779,227)	
39	Gas Customer Deposits	(8,348,081)	-	(8,348,081)	
40	DFIT 17	(288,622,372)	-	(288,622,372)	
41	PGA	(9,255,951)	-	(9,255,951)	
42	Common Plant-Allocation to Gas	139,017,695	-	139,017,695	
43	Common Deferred Tax - Allocation to Gas	(6,272,517)	2,364,955	(3,907,562)	(2)
44	Common Accumulated Depreciation-Allocation to Gas	(66,300,024)	-	(66,300,024)	
45	<b>NOL Carryforward</b>	9,676,250	8,830,039	18,506,289	(4)
46	Total Average Operating Investment - Gas	1,557,049,512	11,194,994	1,568,244,506	
47					
48	Total Electric & Gas Operating Investment	5,619,444,679	25,251,084	5,644,695,763	
49					
50	<b>Construction Work in Progress</b>				
51					
52	Elec Construction Work in Process	416,213,955	-	416,213,955	
53	Gas Construction Work in Process	49,912,986	-	49,912,986	
54	Other Work in Process	729,075	-	729,075	
55	Electric Preliminary Surveys	2,152,924	-	2,152,924	
56	Total Construction Work in Progress	469,008,940	-	469,008,940	
57					
58	<b>Nonoperating</b>				
59					

**Puget Sound Energy**  
**Combined Working Capital With and Without Reallocation of Tax Accounts (Note 1)**  
**For the Twelve Month Period Ended December 31, 2010**

	Four Factor	NOL
Electric	66.51%	55.67%
Gas	33.49%	44.33%

Line No.	Description	Without Reallocation of Tax Accounts 12/31/2010 AMA	Track Taxes for Repairs / NOL 12/31/2010 AMA	With Reallocation of Tax Accounts used in JHS/MJS-3 Page 3.04 12/31/2010 AMA	Reallocation Explanations
			<b>(Note 1)</b>		
60	Non-Utility Property	(81,520,475)	-	(81,520,475)	
61	Investment in Associated Companies	50,127,428	-	50,127,428	
62	Other Investments & FAS 133	80,318,879	-	80,318,879	
63	Deferred Items-Other	200,268,839	-	200,268,839	
64	Deferred Federal Income Tax	(33,934,336)	-	(33,934,336)	
65	Temporary Cash Investments	-	-	-	
66	Environmental Receivables	(64,474,449)	-	(64,474,449)	
67	Current Accounts - Gas Allocation only	1,553	-	1,553	
68	Merchandising Inventory - Gas Only	80,791	-	80,791	
69				-	
70	Total Non Operating Investment	150,868,230	-	150,868,230	
71					
72	Total CWIP & Nonoperating Investment	619,877,170	-	619,877,170	
73					
74	Total Average Investments	6,239,321,849	25,251,084	6,264,572,933	
75	Rounding				
76	Total Investor Supplied Capital	<b>\$ 316,635,861</b>	<b>\$ (25,251,084)</b>	<b>\$ 291,384,777</b>	
77					
78					

**Allocation of Working Capital**

79	<b>Electric Working Capital</b>				
80	Total Investment	\$ 6,239,321,849	\$ 25,251,084	\$ 6,264,572,933	
81	Less: Electric CWIP	(416,213,955)	-	(416,213,955)	
82	Less: Gas CWIP	(49,912,986)	-	(49,912,986)	
83	Interest Bearing Regulatory Assets			-	
84	Other Work in Progress	(729,075)	-	(729,075)	
85	Preliminary Surveys	(2,152,924)	-	(2,152,924)	
86	Total	5,770,312,909	25,251,084	5,795,563,993	
87					
88	Electric Working Capital Ratio	5.4873%		5.0277%	
89					
90	Electric Working Capital	<b>\$ 222,916,853</b>	<b>\$ (17,964,264)</b>	<b>\$ 204,952,588</b>	
91					
92	<b>Gas Working Capital</b>				
93	Total Investment	\$ 6,239,321,849	\$ 25,251,084	\$ 6,264,572,933	
94	Less: Electric CWIP	(416,213,955)	-	(416,213,955)	
95	Less: Gas CWIP	(49,912,986)	-	(49,912,986)	
96	Interest Bearing Regulatory Assets			-	
97	Other Work in Progress	(729,075)	-	(729,075)	
98	Preliminary Surveys	(2,152,924)	-	(2,152,924)	
99	Total	5,770,312,909	25,251,084	5,795,563,993	
100					
101	Gas Working Capital Ratio	5.4873%		5.0277%	
102					
103	Gas Working Capital	<b>\$ 85,440,378</b>	<b>\$ (6,593,422)</b>	<b>\$ 78,846,955</b>	
104					
105	<b>Non Operating Working Capital</b>	<b>\$ 8,278,631</b>	<b>\$ (693,398)</b>	<b>\$ 7,585,233</b>	
106					

(Note 1) An overview of Repairs/Retirements and NOL reallocations by Working Capital line item is shown on JHS/MJS-3 page 3.06.

Reallocation Explanations:

- 110 (2) Reclass Current FIT payable and NOL related to Repairs and Retirements from working capital to operating not in ratebase.
- 111 (3) Reclass 2009/2010 NOL related to bonus depreciation from working capital to electric ratebase.
- 112 (4) Reclass 2009/2010 NOL related to bonus depreciation from working capital to gas ratebase.