

**EXHIBIT NO. ___(MJS-6)
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___**

**FIFTH 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.-GAS
TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	TEMPERATURE NORMALIZATION ADJUSTMENT:			
2		ACTUAL	TEMP ADJ	THERMS
3		<u>THERMS</u>	<u>THERMS</u>	<u>CHANGE</u>
4	Jan-10	128,745,037	151,950,258	23,205,221
5	Feb-10	107,438,064	123,124,539	15,686,475
6	Mar-10	111,751,311	115,718,871	3,967,560
7	Apr-10	92,608,601	89,726,214	(2,882,387)
8	May-10	74,871,802	67,935,817	(6,935,985)
9	Jun-10	56,233,149	52,834,021	(3,399,128)
10	Jul-10	45,903,282	44,771,928	(1,131,354)
11	Aug-10	44,931,621	43,877,935	(1,053,686)
12	Sep-10	49,140,650	49,056,667	(83,983)
13	Oct-10	77,063,217	79,839,487	2,776,270
14	Nov-10	121,261,601	111,333,789	(9,927,812)
15	Dec-10	146,682,208	159,387,099	12,704,891
16		<u>1,056,630,543</u>	<u>1,089,556,625</u>	<u>32,926,082</u>
17				
18	REVENUE ADJUSTMENT:			
19	Residential (23)			\$ 23,283,585
20	Commercial & industrial (31)			\$ 8,285,263
21	Large volume (41)			\$ 759,944
22	Transportation -Large volume (41T)			\$ 2,198
23	Interruptible (85)			\$ 253,251
24	Limited interruptible (86)			\$ 302,794
25	Non exclusive interruptible (87)			\$ 353,348
26	Transportation (87T)			\$ 12,177
27	Contracts (99,199,299)			<u>\$ 8,880</u>
28	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ 33,261,442
29	OPERATING EXPENSES			
30	PURCHASED GAS COSTS			<u>\$ 21,569,842</u>
31				\$ 21,569,842
32				
33	UNCOLLECTIBLES @		0.003475	\$ 115,584
34	ANNUAL FILING FEE @		0.002000	<u>\$ 66,523</u>
35	INCREASE (DECREASE) EXPENSES			\$ 182,107
36				
37	STATE UTILITY TAX @		0.038386	<u>\$ 1,276,774</u>
38	INCREASE (DECREASE) TAXES OTHER			<u>\$ 1,276,774</u>
39				
40	INCREASE (DECREASE) INCOME			\$ 10,232,719
41				
42	INCREASE (DECREASE) FIT @		35%	<u>\$ 3,581,452</u>
43	INCREASE (DECREASE) NOI			<u><u>\$ 6,651,267</u></u>
44				
45				

**PUGET SOUND ENERGY, INC.-GAS
REVENUE AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	ADD GRC INCREASE DOCKET UG-090705	\$ 3,273,299
3	ADD GTIF INCREASE DOCKET UG-101644	\$ 18,001,389
4	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
5	OTHER OPERATING	\$ (1,206,883)
6	OCTOBER 2010 PURCHASED GAS	
7	ADJUSTMENT, DOCKET UG-101642 - REDUCE REVENUES FROM PGA	\$ (21,345,994)
8	TRUE UP CHANGE IN UNBILLED	\$ 10,634,442
9	MIGRATION ADJUSTMENT FOR SCHEDULES 41T AND 86T	\$ (1,035,101)
10	MIGRATION ADJUSTMENT FOR SCHEDULE 41	\$ (415,904)
11	MERGER RATE CREDIT SCHEDULE 132	\$ 3,430,013
12	OTHER ADJUSTMENTS	\$ 16,858
13	RESTATING ADJUSTMENTS SALES TO CUSTOMERS	<u>\$ 11,352,119</u>
14		
15	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ 11,352,119
16		
17	OTHER OPERATING REVENUES	
18	RENTALS:	
19	2009 GRC INCREASE DOCKET UG-090705	\$ 51,275
20	ADD GTIF INCREASE DOCKET UG-101644	\$ 381,350
21	TRUE UP CHANGE IN UNBILLED	\$ 66,948
22	OTHER OPERATING REVENUES	
23	RECLASS PENALTIES AND NEW CUSTOMER REVENUE	
24	FROM SALES TO CUSTOMERS	\$ 1,206,883
25	REMOVE STORAGE RENTAL REVENUE	\$ (1,130,625)
26		
27	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u>\$ 575,831</u>
28		
29	TOTAL INCREASE (DECREASE) REVENUES	\$ 11,927,950
30		
31	OPERATING EXPENSES:	
32	PURCHASED GAS COSTS	
33	2009 GRC INCREASE DOCKET UG-090705	\$ -
34	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
35	OTHER OPERATING	\$ -
36	NOVEMBER 2010 PURCHASED GAS	
37	ADJUSTMENT, DOCKET UG-101642 REDUCE GAS COSTS FROM PGA	\$ (20,443,597)
38	TRUE UP CHANGE IN UNBILLED - GAS COSTS	\$ 6,264,490
39	MIGRATION ADJUSTMENT FOR SCHEDULES 41T AND 86T	\$ (991,036)
40	MIGRATION ADJUSTMENT FOR SCHEDULE 41	\$ (39,559)
41	OTHER ADJUSTMENTS	\$ -
42	TOTAL PURCHASE GAS COSTS	<u>\$ (15,209,702)</u>
43		
44	UNCOLLECTIBLES @	0.003475 \$ 41,450
45	ANNUAL FILING FEE @	0.002000 <u>\$ 23,856</u>
46	INCREASE (DECREASE) EXPENSES	\$ (15,144,396)
47		
48	STATE UTILITY TAX @	0.038386 <u>\$ 457,866</u>
49		
50	INCREASE (DECREASE) TAXES OTHER	<u>\$ 457,866</u>
51		
52	INCREASE (DECREASE) INCOME	\$ 26,614,480
53	INCREASE (DECREASE) FIT @	35% \$ 9,315,068
54	INCREASE (DECREASE) NOI	<u><u>\$ 17,299,412</u></u>

**PUGET SOUND ENERGY-GAS
PASS THROUGH REVENUE AND EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME - SCHEDULE 129	\$ 3,488,171
3	REMOVE CONSERVATION - SCHEDULE 120	\$ 15,438,475
4	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	\$ (61,289,793)
5	REMOVE MUNICIPAL TAXES	\$ 43,761,997
6		
7	TOTAL (INCREASE) DECREASE REVENUES	<u>\$ 1,398,850</u>
8		
9	<u>ADJUST REVENUE SENSITIVE ITEMS FOR REMOVAL OF REVENUE:</u>	
10	BAD DEBTS	0.3475% \$ (4,861)
11	ANNUAL FILING FEE	0.2000% \$ (2,798)
12	STATE UTILITY TAX	3.8386% \$ (53,696)
13	TOTAL INCREASE (DECREASE) EXPENSE	<u>4.3861% \$ (61,355)</u>
14		
15	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
16	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	\$ (3,337,444)
17	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	\$ (14,771,682)
18	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	\$ 58,642,444
19	REMOVE MUNICIPAL TAXES	\$ (42,108,850)
20		
21	TOTAL INCREASE (DECREASE) EXPENSE	<u>\$ (1,575,532)</u>
22		
23	INCREASE (DECREASE) IN OPERATING INCOME BEFORE TAXES	\$ 238,037
24	INCREASE (DECREASE) FIT	<u>\$ 83,313</u>
25	INCREASE (DECREASE) NOI	<u>\$ 154,724</u>

**PUGET SOUND ENERGY, INC.-GAS
FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME (LOSS) (NOTE 1)	\$ (4,693,113)
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @ 35%	\$ (1,642,590)
5	DEFERRED FIT - DEBIT	\$ 45,915,086
6	DEFERRED FIT - CREDIT	\$ (3,097,484)
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	\$ (204,565)
8	TOTAL RESTATED FIT	<u>\$ 40,970,448</u>
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	\$ 15,204,117
12	DEFERRED FIT - DEBIT	\$ 59,583,058
13	DEFERRED FIT - CREDIT	\$ (62,446,264)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	<u>\$ (204,565)</u>
15		
16	TOTAL CHARGED TO EXPENSE	\$ 12,136,346
17		
18	INCREASE(DECREASE) FIT	\$ (16,846,707)
19	INCREASE(DECREASE) DEFERRED FIT	\$ 45,680,808
20	INCREASE(DECREASE) ITC	\$ -
21	INCREASE(DECREASE) NOI	<u>\$ (28,834,101)</u>
22		
23	(NOTE 1)	
24	DOES NOT INCLUDE A DEDUCTION FOR INTEREST AS THE TAX EFFECT FOR	
25	TOTAL PROFORMA INTEREST IS CALCULATED IN ADJUSTMENT 6.05	

**PUGET SOUND ENERGY, INC.-GAS
TAX BENEFIT OF PRO FORMA INTEREST
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	<u>\$ 1,658,305,524</u>
2		
3	NET RATE BASE	\$ 1,658,305,524
4		
5	WEIGHTED COST OF DEBT	<u>3.24%</u>
6	PROFORMA INTEREST	<u>\$ 53,729,099</u>
7		
8	INCREASE (DECREASE) INCOME	\$ (53,729,099)
9		
10	INCREASE (DECREASE) FIT @	35% \$ (18,805,185)
11	INCREASE (DECREASE) NOI	<u><u>\$ 18,805,185</u></u>

**PUGET SOUND ENERGY, INC.-GAS
MISCELLANEOUS OPERATING EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED / PROFORMA	ADJUSTMENT
1	<u>OPERATING REVENUES</u>			
2	LAI D OFF EMPLOYEES:			
3	DISTRIBUTION	\$ 72,885	\$ -	\$ (72,885)
4	ADMIN & GENERAL	\$ 17,150	\$ -	\$ (17,150)
5	EXECUTIVE SALARY	\$ 253,236	\$ 61,753	\$ (191,482)
6	BENEFITS ON THE ABOVE WAGE ADJUSTMENTS	\$ 96,556	\$ -	\$ (96,556)
7	PAYROLL TAXES ON ON THE ABOVE WAGE ADJUSTMENTS	\$ 14,949	\$ 962	\$ (13,987)
8	REMOVE NON-BUSINESS OR NON-UTILITY RELATED EXPENSES	\$ 32,221	\$ 23,721	\$ (8,499)
9	INCREASE(DECREASE) IN EXPENSE	<u>\$ 486,995</u>	<u>\$ 86,436</u>	<u>\$ (400,559)</u>
10				
11	INCREASE (DECREASE) FIT @ 35%		35.00%	<u>\$ 140,196</u>
12				
13	INCREASE (DECREASE) NOI			<u><u>\$ 260,363</u></u>

**PUGET SOUND ENERGY, INC.-GAS
GENERAL PLANT DEPRECIATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	<u>GENERAL PLANT DEPRECIATION EXPENSES</u>			
1	DEPRECIATION EXPENSE	\$ 6,052,438	\$ 5,460,132	\$ (592,306)
1	INCREASE (DECREASE) EXPENSE	\$ 6,052,438	\$ 5,460,132	\$ (592,306)
1				
1	INCREASE (DECREASE) EXPENSE			\$ (592,306)
1				
1	INCREASE (DECREASE) FIT @		35%	\$ 207,307
1				
1	INCREASE (DECREASE) NOI			<u>\$ 384,999</u>
1				
1	<u>GENERAL PLANT RATEBASE</u>			
1	PLANT BALANCE			
1	ACCUMULATED DEPRECIATION	\$ -	\$ (173,949)	\$ (173,949)
1	ACCUMULATED DEFERRED FIT	\$ -	\$ 60,882	\$ 60,882
1	NET RATEBASE	<u>\$ -</u>	<u>\$ (113,067)</u>	<u>\$ (113,067)</u>

**PUGET SOUND ENERGY, INC.-GAS
NORMALIZE INJURIES AND DAMAGES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	ACCRUALS	\$ 111,907	\$ 70,636	\$ (41,271)
2	PAYMENTS IN EXCESS OF ACCRUALS	\$ 524,688	\$ 649,512	\$ 124,824
3				
4	INCREASE/(DECREASE) IN EXPENSE	<u>\$ 636,595</u>	<u>\$ 720,148</u>	<u>\$ 83,553</u>
5				
6				
7				
8				
9	INCREASE/(DECREASE) IN OPERATING EXPENSE (LINE 4)			\$ 83,553
10	INCREASE (DECREASE) FIT @		35%	\$ (29,243)
11				
12				
13				
14				
15	INCREASE (DECREASE) NOI			<u><u>\$ (54,310)</u></u>

**PUGET SOUND ENERGY, INC.-GAS
BAD DEBTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	NET WRITEOFFS	GROSS REVENUES	OTHER OPERATING REVENUE	NET REVENUES	AMOUNT
1	12 MOS ENDED	DECEMBER	AUGUST	AUGUST	AUGUST	
2	2007	\$ 3,389,028	\$ 1,224,844,682	\$ 17,471,949	\$ 1,207,372,733	0.2807%
3	2008	\$ 3,664,592	\$ 1,193,302,341	\$ 17,237,406	\$ 1,176,064,935	0.3116%
4	2009	\$ 5,677,036	\$ 1,279,928,251	\$ 19,180,943	\$ 1,260,747,308	<u>0.4503%</u>
5	3-YR AVERAGE OF NET WRITE OFF RATE					0.3475%
6						
7	TEST PERIOD REVENUES		\$ 1,011,530,516	\$ 14,712,939	\$ 996,817,577	
8						
9	PROFORMA BAD DEBT RATE				0.3475%	
10	PROFORMA BAD DEBTS				<u>\$ 3,463,941</u>	
11						
12	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR				<u>\$ 5,886,142</u>	
13	INCREASE (DECREASE) EXPENSE					\$ (2,422,201)
14						
15	INCREASE (DECREASE) FIT				35%	<u>\$ 847,770</u>
16	INCREASE (DECREASE) NOI					<u><u>\$ 1,574,431</u></u>

**PUGET SOUND ENERGY, INC.-GAS
INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	INCENTIVE/MERIT PAY			
2	PRODUCTION MANUF. GAS	\$ 8,773	\$ 7,783	\$ (989)
3	OTHER GAS SUPPLY	\$ 29,147	\$ 25,383	\$ (3,765)
4	STORAGE, LNG T&G	\$ 40,467	\$ 35,422	\$ (5,045)
5	TRANSMISSION	\$ 6,226	\$ 5,503	\$ (723)
6	DISTRIBUTION	\$ 1,457,656	\$ 1,282,582	\$ (175,074)
7	CUSTOMER ACCTS	\$ 588,043	\$ 515,442	\$ (72,601)
8	CUSTOMER SERVICE	\$ 54,899	\$ 47,767	\$ (7,133)
9	SALES	\$ 9,339	\$ 8,031	\$ (1,307)
10	ADMIN. & GENERAL	\$ 635,301	\$ 550,889	\$ (84,412)
11	TOTAL INCENTIVE PAY	\$ 2,829,850	\$ 2,478,802	\$ (351,048)
12				
13	PAYROLL TAXES ASSOC WITH MERIT PAY	\$ 228,677	\$ 200,309	\$ (28,368)
14	INCREASE(DECREASE) EXPENSE	\$ 3,058,527	\$ 2,679,111	\$ (379,416)
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			\$ (379,416)
17				
18	INCREASE(DECREASE) FIT @		35%	\$ 132,795
19	INCREASE(DECREASE) NOI			<u>\$ 246,621</u>

**PUGET SOUND ENERGY, INC.-GAS
PROPERTY TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED PROPERTY TAX	\$ 16,941,715
2	CHARGED TO EXPENSE IN TY	\$ 14,375,106
3	INCREASE(DECREASE) EXPENSE	\$ 2,566,609
4		
5	INCREASE(DECREASE) FIT @ 35%	\$ (898,313)
6	INCREASE(DECREASE) NOI	\$ (1,668,296)

**PUGET SOUND ENERGY, INC.-GAS
EXCISE TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

		<u>AMOUNT</u>
1	RESTATED EXCISE TAXES	\$ 38,731,992
2	CHARGED TO EXPENSE FOR TEST YEAR	\$ 38,656,213
3	INCREASE (DECREASE) EXCISE TAX	\$ 75,779
4		
5	RESTATED WUTC FILING FEE	\$ 2,040,814
6	CHARGED TO EXPENSE FOR TEST YEAR	\$ 2,040,814
7	INCREASE(DECREASE) WUTC FILING FEE	\$ (0)
8		
9	INCREASE(DECREASE) EXPENSE	\$ 75,779
10		
11	INCREASE(DECREASE) FIT @ 35%	\$ (26,523)
12	INCREASE(DECREASE) NOI	\$ (49,256)

**PUGET SOUND ENERGY, INC.-GAS
D&O INSURANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. EXPENSE	\$ 224,470	\$ 188,506	\$ (35,964)
2				
3	INCREASE (DECREASE) D&O EXPENSE			\$ (35,964)
4				
5	INCREASE (DECREASE) OPERATING EXPENSE			(35,964)
6				
7	INCREASE (DECREASE) FIT @		35%	12,587
8	INCREASE (DECREASE) NOI			\$ 23,376

PUGET SOUND ENERGY, INC.-GAS
INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ADJUSTMENT
1	INTEREST EXPENSE AT MOST CURRENT INTEREST RATE	\$ 21,705
2		
3	INCREASE (DECREASE) NOI	\$ (21,705)

**PUGET SOUND ENERGY, INC.-GAS
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT	
1	EXPENSES TO BE NORMALIZED:		
2			
3	ESTIMATED 2007 AND 2009 GRC EXPENSES TO BE NORMALIZED	\$ 982,000	
4			
5	ANNUAL NORMALIZATION (LINE 3 ÷ 2 YEARS)	\$ 491,000	
6	LESS TEST YEAR EXPENSE	\$ 271,425	
7			
8	INCREASE (DECREASE) EXPENSE	\$ 219,575	\$ 219,575
9			
10			
11	TOTAL INCREASE (DECREASE) EXPENSE		\$ 219,575
12			
13	INCREASE(DECREASE) FIT @	35%	\$ (76,851)
14	INCREASE(DECREASE) NOI		\$ (142,724)

PUGET SOUND ENERGY, INC.-GAS
DEFERRED GAINS/LOSSES ON PROPERTY SALES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

	<u>AMOUNT</u>
1 DEFERRED GAIN RECORDED SINCE UG-090705, et al. at 04/30/2012	\$ (185,547)
2 DEFERRED LOSS RECORDED SINCE UG-090705, et al. at 04/30/2012	\$ 49,436
3 TOTAL DEFERRED NET GAIN TO AMORTIZE	<u>\$ (136,111)</u>
4	
5 ANNUAL AMORTIZATION (LINE 3 ÷ 36 MONTHS) x 12	\$ (45,370)
6	
7 AMORTIZATION OF DEFERRED NET GAIN FOR TEST YEAR	<u>\$ (187,824)</u>
8	
9 INCREASE (DECREASE) EXPENSE	\$ 142,453
10	
11 INCREASE (DECREASE) FIT @ 35%	<u>\$ (49,859)</u>
12	
13 INCREASE (DECREASE) NOI	<u><u>\$ (92,595)</u></u>

**PUGET SOUND ENERGY, INC.-GAS
PROPERTY & LIABILITY INSURANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE			
NO.	DESCRIPTION	ACTUAL	RESTATED ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 617,989	\$ 684,759 \$ 66,770
2	LIABILITY INSURANCE EXPENSE	\$ 1,094,951	\$ 973,178 \$ (121,773)
3	INCREASE(DECREASE) EXPENSE	\$ 1,712,940	\$ 1,657,937 \$ (55,003)
4			
5			
6	INCREASE (DECREASE) FIT @	35%	\$ 19,251
7	INCREASE (DECREASE) NOI		\$ 35,752

**PUGET SOUND ENERGY, INC.-GAS
PENSION PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 1,592,583	\$ 2,717,147	\$ 1,124,564
2	SERP PLAN	\$ 227,966	\$ -	\$ (227,966)
3				
4	INCREASE(DECREASE) EXPENSE	\$ 1,820,550	\$ 2,717,147	\$ 896,597
5				
6				
7	INCREASE (DECREASE) FIT @	35%		\$ (313,809)
8	INCREASE (DECREASE) NOI			\$ (582,788)

PUGET SOUND ENERGY, INC.-GAS
WAGE INCREASE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PRODUCTION MANUF. GAS	\$ 136,391	\$ 142,100	\$ 5,709
3	OTHER GAS SUPPLY	\$ 446,961	\$ 463,501	\$ 16,540
4	STORAGE, LNG T&G	\$ 620,564	\$ 646,828	\$ 26,264
5	TRANSMISSION	\$ 95,791	\$ 100,424	\$ 4,633
6	DISTRIBUTION	\$ 22,381,164	\$ 23,420,898	\$ 1,039,734
7	CUSTOMER ACCTS	\$ 9,031,036	\$ 9,413,051	\$ 382,015
8	CUSTOMER SERVICE	\$ 843,006	\$ 871,682	\$ 28,676
9	SALES	\$ 142,425	\$ 146,659	\$ 4,234
10	ADMIN. & GENERAL	\$ 9,752,577	\$ 10,052,992	\$ 300,415
11	TOTAL WAGE INCREASE	\$ 43,449,915	\$ 45,258,135	\$ 1,808,220
12				
13	PAYROLL TAXES	\$ 3,533,372	\$ 3,648,482	\$ 115,110
14	TOTAL WAGES & TAXES	\$ 46,983,287	\$ 48,906,617	\$ 1,923,330
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			\$ 1,923,330
17	INCREASE (DECREASE) FIT @ 35%			\$ (673,165)
18	INCREASE (DECREASE) NOI			\$ (1,250,164)

**PUGET SOUND ENERGY, INC.-GAS
INVESTMENT PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION		AMOUNT
1	<u>NON-UNION (EXCLUDING EXECUTIVES)</u>		
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT		\$2,621,976
3	RATE YEAR MANAGEMENT WAGE INCREASE	2.97%	<u>\$77,873</u>
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT		\$2,699,849
5			
6	<u>NON-UNION (EXECUTIVES)</u>		
7	INVESTMENT PLAN APPLICABLE TO IBEW		\$64,458
8	RATE YEAR IBEW WAGE INCREASE	0.00%	<u>\$0</u>
9	TOTAL COMPANY CONTRIBUTION FOR IBEW		\$64,458
10			
11	<u>IBEW</u>		
12	INVESTMENT PLAN APPLICABLE TO IBEW		\$684,365
13	RATE YEAR IBEW WAGE INCREASE	4.51%	<u>\$30,892</u>
14	TOTAL COMPANY CONTRIBUTION FOR IBEW		\$715,258
15			
16	<u>UA</u>		
17	INVESTMENT PLAN APPLICABLE TO UA		\$454,648
18	RATE YEAR UA WAGE INCREASE	5.33%	<u>\$24,234</u>
19	TOTAL COMPANY CONTRIBUTION FOR UA		<u>\$478,883</u>
20			
21	<u>TOTAL</u>		
22	TOTAL PROFORMA COSTS (LN 4 + LN 9 + LN 14 + LN 19)		\$3,958,448
23	PRO FORMA COSTS APPLICABLE TO OPERATIONS	60.56%	\$2,397,236
24	CHARGED TO EXPENSE FOR YEAR ENDED 12/31/2010		<u>\$2,316,691</u>
25	INCREASE (DECREASE) EXPENSE		\$80,545
26			
27	INCREASE (DECREASE) FIT @	35%	<u>(\$28,191)</u>
28	INCREASE (DECREASE) NOI		<u><u>(\$52,354)</u></u>

**PUGET SOUND ENERGY, INC.-GAS
EMPLOYEE INSURANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	SALARIED EMPLOYEES	\$6,203,571
3	UNION EMPLOYEES	\$4,735,772
4	RESTATED INSURANCE COSTS	<u>\$10,939,343</u>
5		
6	APPLICABLE TO OPERATIONS @ 60.56%	\$6,624,866
7	CHARGED TO EXPENSE DURING TEST YEAR	<u>\$6,563,785</u>
8	INCREASE(DECREASE) EXPENSE	\$61,081
9		
10	INCREASE(DECREASE) FIT @ 35%	\$ (21,378)
11		
12	INCREASE(DECREASE) NOI	<u>\$ (39,703)</u>