

Exhibit No. ____ (RCM-2)
Dockets UE-111048/UG-111049
Witness: Roland C. Martin

**BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION
COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**DOCKET UE-111048
DOCKET UG-111049
(Consolidated)**

**EXHIBIT TO
TESTIMONY OF**

ROLAND C. MARTIN

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Electric Results of Operations

**December 7, 2011
Revised May 1, 2012**

PUGET SOUND ENERGY-ELECTRIC
 RESULTS OF OPERATIONS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE CASE

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	ADJUSTMENT TO REFLECT "0" CURRENT FIT	ADJUSTED RESULTS BEFORE INCREASE	REVENUE REQUIREMENT DEFICIENCY	ADJUSTED RESULTS WITH INCREASE	Rate Increase Percent
1	OPERATING REVENUES							
2	SALES TO CUSTOMERS	\$ 2,042,334,319	\$ (65,220,782)	\$ 1,977,113,537	\$ 1,977,113,537	\$ 38,992,258	\$ 2,016,105,795	1.97%
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT	350,182	867,565	1,217,748	1,217,748	151,391	1,369,139	
4	SALES TO OTHER UTILITIES	201,062,557	(191,035,261)	10,227,296	10,227,296		10,227,296	
5	OTHER OPERATING REVENUES	30,706,333	5,968,010	36,674,343	36,674,343		36,674,343	
6	TOTAL OPERATING REVENUES	2,274,653,391	(249,420,468)	2,025,232,923	2,025,232,923	39,143,649	2,064,376,572	1.93%
7	OPERATING REVENUE DEDUCTIONS:							
8								
9								
10	POWER COSTS:							
11	FUEL	\$ 268,147,071	(46,019,916)	\$ 222,127,156	\$ 222,127,156	\$ -	\$ 222,127,156	
12	PURCHASED AND INTERCHANGED	832,711,097	(332,680,851)	500,030,246	500,030,246		500,030,246	
13	WHEELING	78,564,669	14,237,310	92,801,979	92,801,979		92,801,979	
14	RESIDENTIAL EXCHANGE	(75,109,150)	75,109,150	-	-		-	
15	TOTAL PRODUCTION EXPENSES	1,104,313,687	(289,354,306)	814,959,381	814,959,381		814,959,381	
16								
17	OTHER POWER SUPPLY EXPENSES	\$ 102,409,192	18,699,443	\$ 121,108,635	\$ 121,108,635	\$ -	\$ 121,108,635	
18	TRANSMISSION EXPENSE	11,865,443	(10,513)	11,854,930	11,854,930		11,854,930	
19	DISTRIBUTION EXPENSE	82,924,735	298,629	83,223,364	83,223,364		83,223,364	
20	CUSTOMER ACCTS EXPENSES	50,172,086	(3,091,030)	47,081,056	47,081,056	173,954	47,255,010	
21	CUSTOMER SERVICE EXPENSES	13,431,632	(11,775,081)	1,658,551	1,658,551		1,658,551	
22	CONSERVATION AMORTIZATION	75,336,909	(75,334,320)	2,589	2,589		2,589	
23	ADMIN & GENERAL EXPENSE	94,643,935	4,392,657	99,036,592	99,036,592	78,287	99,114,879	
24	DEPRECIATION	190,245,449	28,459,964	218,705,414	218,705,414		218,705,414	
25	AMORTIZATION	40,184,321	5,379,639	45,563,960	45,563,960		45,563,960	
26	AMORTIZ OF PROPERTY GAIN/LOSS	17,493,031	(4,051,287)	13,441,744	13,441,744		13,441,744	
27	OTHER OPERATING EXPENSES	30,169,560	(26,600,562)	3,568,998	3,568,998		3,568,998	
28	ASC 815	166,953,097	(166,953,097)	-	-		-	
29	TAXES OTHER THAN INCOME TAXES	193,255,907	(75,155,391)	118,100,515	118,100,515	1,509,301	119,609,816	
30	INCOME TAXES	16,263,334	(77,563,509)	(61,300,175)	61,300,175		-	
31	DEFERRED INCOME TAXES	(32,436,237)	200,902,071	168,465,833	(61,300,175)	13,083,726	120,249,384	
32	TOTAL OPERATING REV. DEDUCT.	2,157,226,080	(471,754,692)	1,685,471,388	1,685,471,388	14,845,268	1,700,316,656	
33								
34	NET OPERATING INCOME	\$ 117,427,311	\$ 222,334,224	\$ 339,761,535	\$ -	\$ 24,298,381	\$ 364,059,916	
35								
36	RATE BASE	\$ 4,100,870,913	\$ 695,702,412	\$ 4,796,573,325	\$ -	\$ -	\$ 4,796,573,325	
37								
38	RATE OF RETURN	2.86%		7.08%				7.59%
39								
40	RATE BASE:							
41	GROSS UTILITY PLANT IN SERVICE	\$ 7,157,671,291	\$ 663,206,542	\$ 7,820,877,833	\$ -	\$ -	\$ 7,820,877,833	
42	ACCUM DEPR AND AMORT	(2,758,182,029)	2,671,014	(2,755,511,015)	(2,755,511,015)		(2,755,511,015)	
43	DEFERRED DEBITS AND CREDITS	241,208,023	195,017,912	436,225,935	436,225,935		436,225,935	
44	DEFERRED TAXES	(656,638,557)	(130,205,239)	(786,843,796)	(786,843,796)		(786,843,796)	
45	ALLOWANCE FOR WORKING CAPITAL	204,952,589	(34,987,818)	169,964,772	169,964,772		169,964,772	
46	OTHER	(88,120,404)	(88,120,404)	-	(88,120,404)		(88,120,404)	
47	TOTAL RATE BASE	4,100,870,913	695,702,412	4,796,573,325	-	-	4,796,573,325	

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 Adjustment Summary (Page 1 of 4)

LINE NO.	ACTUAL RESULTS OF OPERATIONS	POWER COSTS	LOWER SNAKE RIVER	LSR PPD TRANSN DEP	MTELECTRIC ENERGY TAX	WILD HORSE SOLAR	ASC 815 (PREV. SEAS 13)	STORM DAMAGE	REMOVE TENASKA
		13.01	13.02	13.03	13.04	13.05	13.06	13.07	13.08
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	\$ 2,042,334,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT	350,182							
4	SALES TO OTHER UTILITIES	201,262,557	(191,035,261)						
5	OTHER OPERATING REVENUES	30,706,333	37,423,537						
6	TOTAL OPERATING REVENUES	\$ 2,274,653,391	\$ (153,611,725)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	OPERATING REVENUE DEDUCTIONS:								
8									
9									
10	POWER COSTS:								
11	FUEL	\$ 268,147,071	\$ (46,459,892)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	PURCHASED AND INTERCHANGED	832,711,097	(303,949,582)						
13	WHEELING	78,564,669	9,002,490	420,203					
14	RESIDENTIAL EXCHANGE	(75,109,150)	-						
15	TOTAL PRODUCTION EXPENSES	\$ 1,104,313,687	\$ (341,406,984)	\$ 420,203	\$ -	\$ -	\$ -	\$ -	\$ (37,532,000)
16									
17	OTHER POWER SUPPLY EXPENSES	\$ 102,409,192	\$ 9,543,435	\$ 10,891,023	\$ -	\$ -	\$ -	\$ -	\$ -
18	TRANSMISSION EXPENSE	11,865,443	(29,798)					50,883	
19	DISTRIBUTION EXPENSE	82,924,735						726,525	
20	CUSTOMER ACCTS EXPENSES	50,172,086							
21	CUSTOMER SERVICE EXPENSES	13,431,632							
22	CONSERVATION AMORTIZATION	75,336,909							
23	ADMIN & GENERAL EXPENSE	94,643,935	495,108						
24	DEPRECIATION	190,245,449	31,782,192			(275,497)			
25	AMORTIZATION	40,184,321						(4,019,913)	
26	AMORTIZ OF PROPERTY GAIN/LOSS	17,493,031							
27	OTHER OPERATING EXPENSES	30,169,560		697,745					
28	ASC 815	166,953,097							
29	TAXES OTHER THAN INCOME TAXES	193,255,907	26,146		154,131				
30	INCOME TAXES	16,263,334	62,389,417	(391,282)	(53,946)	96,424		1,134,877	7,247,900
31	DEFERRED INCOME TAXES	(32,436,237)							
32	TOTAL OPERATING REV. DEDUCT.	\$ 2,157,226,080	\$ (269,477,784)	\$ 34,835,395	\$ 100,185	\$ (179,073)	\$ (108,519,513)	\$ (2,107,628)	\$ (30,284,100)
33									
34	NET OPERATING INCOME	\$ 117,427,311	\$ 115,866,060	\$ (726,666)	\$ (100,185)	\$ 179,073	\$ 108,519,513	\$ 2,107,628	\$ 30,284,100
35									
36	RATE BASE	\$ 4,100,870,913	\$ -	\$ 644,066,095	\$ 110,846,093	\$ -	\$ -	\$ -	\$ (56,496,129)
37									
38	RATE OF RETURN	2.86%							
39									
40	RATE BASE:								
41	GROSS UTILITY PLANT IN SERVICE	\$ 7,157,671,291	\$ -	\$ 742,505,032	\$ -	\$ (4,357,020)	\$ -	\$ -	\$ -
42	ACCUM DEPR AND AMORT	(2,758,182,029)		(23,093,267)		462,883			
43	DEFERRED DEBITS AND CREDITS	241,208,023		116,822,817					(59,395,254)
44	DEFERRED TAXES	(656,658,557)		(5,976,724)		523,501			2,899,125
45	ALLOWANCE FOR WORKING CAPITAL	204,952,589							
46	OTHER	(88,120,404)							
47	TOTAL RATE BASE	\$ 4,100,870,913	\$ -	\$ 644,066,095	\$ 110,846,093	\$ (3,370,636)	\$ -	\$ -	\$ (56,496,129)

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 Adjustment Summary (Page 3 of 4)

LINE NO.	OPERATING GENERAL PLANT NORMALIZE EXPENSES	DEPRECIATION INJ & DMGS	BAD DEBITS	INCENTIVE PAY	PROPERTY TAXES	EXCISE TAX & FILING FEE	D&O INSURANCE	INTEREST ON CUST DEPOSITS	RATE CASE EXPENSES
	14.06	14.08	14.09	14.10	14.11	14.12	14.13	14.14	14.15
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS								
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT								
4	SALES TO OTHER UTILITIES								
5	OTHER OPERATING REVENUES								
6	TOTAL OPERATING REVENUES								
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL								
12	PURCHASED AND INTERCHANGED								
13	WHEELING				(146,889)				
14	RESIDENTIAL EXCHANGE								
15	TOTAL PRODUCTION EXPENSES								
16									
17	OTHER POWER SUPPLY EXPENSES								
18	TRANSMISSION EXPENSE	(77,825)			(725,558)				
19	DISTRIBUTION EXPENSE	(112,534)			(117,944)				
20	CUSTOMER ACCTS EXPENSES				(839,294)				
21	CUSTOMER SERVICE EXPENSES			(2,520,278)	(497,996)			47,149	
22	CONSERVATION AMORTIZATION				(48,716)				
23	ADMIN & GENERAL EXPENSE								
24	DEPRECIATION	1,349,442			(861,169)		(119,372)		0
25	AMORTIZATION		(1,059,158)						
26	AMORTIZ OF PROPERTY GAIN/LOSS								
27	OTHER OPERATING EXPENSES	5,360,250							
28	ASC 815								
29	TAXES OTHER THAN INCOME TAXES					729,560			
30	INCOME TAXES	(2,272,045)				(108,219)	41,780		
31	DEFERRED INCOME TAXES				(265,927)				
32	TOTAL OPERATING REV. DEDUCT.				1,226,222				
33									
34	NET OPERATING INCOME	\$ 4,219,511	\$ 688,453	\$ 1,638,181	\$ 2,277,270	\$ 474,214	\$ 200,979	\$ 47,149	\$ -
35									
36	RATE BASE								
37									
38	RATE OF RETURN								
39									
40	RATE BASE:								
41	GROSS UTILITY PLANT IN SERVICE								
42	ACCUM DEPR AND AMORT								
43	DEFERRED DEBITS AND CREDITS								
44	DEFERRED TAXES								
45	ALLOWANCE FOR WORKING CAPITAL								
46	OTHER								
47	TOTAL RATE BASE	\$ -	\$ (233,769)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 Adjustment Summary (Page 4 of 4)

LINE NO.	DEFERRED G/L ON PROPERTY SALES	PROPERTY & LIABILITY INS	PENSION PLAN	WAGE INCREASE	INVESTMENT PLAN	EMPLOYEE INSURANCE	WORKING CAPITAL	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
	14.16	14.17	14.18	14.19	14.20	14.21	14.22		
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (65,220,782)	\$ 1,977,113,537
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT							867,565	1,217,748
4	SALES TO OTHER UTILITIES							(191,035,261)	10,227,296
5	OTHER OPERATING REVENUES							5,968,010	36,674,343
6	TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (249,420,468)	\$ 2,023,232,923
7	OPERATING REVENUE DEDUCTIONS:								
8	POWER COSTS:								
10	FUEL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (46,019,916)	\$ 222,127,156
12	PURCHASED AND INTERCHANGED WHEELING			112,238				(332,680,851)	500,030,246
13	RESIDENTIAL EXCHANGE							14,237,310	92,801,979
14	TOTAL PRODUCTION EXPENSES							75,109,150	-
15	OTHER POWER SUPPLY EXPENSES							(289,334,306)	\$ 814,959,381
16	TRANSMISSION EXPENSE							18,699,443	\$ 121,108,635
17	DISTRIBUTION EXPENSE							(10,513)	11,854,930
18	CUSTOMER ACCTS EXPENSES							298,629	83,223,364
19	CUSTOMER SERVICE EXPENSES							(3,091,030)	47,081,056
20	CONSERVATION AMORTIZATION							(11,773,081)	1,658,551
21	ADMIN & GENERAL EXPENSE							(75,334,320)	2,589
22	DEPRECIATION	191,504	1,846,129	648,607	128,652	17,348		4,392,657	99,036,592
23	AMORTIZATION							28,459,964	218,705,414
24	ASC 815							5,379,639	45,563,960
25	PROPERTY GAIN/LOSS							(4,051,287)	13,441,744
26	OTHER OPERATING EXPENSES							(26,600,562)	3,568,998
27	TAXES OTHER THAN INCOME TAXES							(166,953,097)	-
28	INCOME TAXES							(75,155,391)	118,100,515
29	DEFERRED INCOME TAXES	(553,709)	(67,026)	(646,145)	(814,601)	(6,072)		(77,563,509)	(61,300,175)
30	TOTAL OPERATING REV. DEDUCT.	\$ 1,028,316	\$ 124,477	\$ 1,199,984	\$ 1,512,830	\$ 83,624	\$ -	\$ (471,754,692)	\$ 1,685,471,388
31	NET OPERATING INCOME	\$ (1,028,316)	\$ (124,477)	\$ (1,199,984)	\$ (1,512,830)	\$ (83,624)	\$ -	\$ 222,334,224	\$ 339,761,535
32	RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (34,987,818)	\$ 695,702,412	\$ 4,796,573,325
33	RATE OF RETURN								7.08%
34	RATE BASE:								
35	GROSS UTILITY PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 663,206,542	\$ 7,820,877,833
36	ACCUM DEPR AND AMORT							2,671,014	(2,755,511,015)
37	DEFERRED DEBITS AND CREDITS							195,017,912	456,225,935
38	DEFERRED TAXES							(130,205,239)	(786,863,796)
39	ALLOWANCE FOR WORKING CAPITAL							(34,987,818)	169,964,771
40	OTHER								(88,120,403)
41	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (34,987,818)	\$ 695,702,412	\$ 4,796,573,325

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.01-POWER COSTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1 SALES FOR RESALE	\$ 201,262,557	\$ 10,227,296	\$ (191,035,261)
2			
3 PURCHASES/SALES OF NON-CORE GAS	(36,748,461)	-	36,748,461
4 WHEELING FOR OTHERS	10,703,023	11,378,098	675,075
5	(26,045,439)	11,378,098	37,423,537
6			
7 TOTAL OPERATING REVENUES	175,217,118	21,605,394	(153,611,725)
8			
9 FUEL	\$ 269,007,822	\$ 222,547,930	\$ (46,459,892)
10			
11 PURCHASED AND INTERCHANGED	792,862,060	487,491,570	(305,370,490)
12 HEDGING	-	1,420,907	1,420,907
13			
14 SUBTOTAL PURCHASED AND INTERCHANGED	\$ 792,862,060	\$ 488,912,478	\$ (303,949,582)
15 WHEELING	76,487,811	85,490,301	9,002,490
16			
17 TOTAL PRODUCTION EXPENSES	\$ 1,138,357,693	\$ 796,950,709	\$ (341,406,984)
18 HYDRO AND OTHER POWER	101,194,084	110,737,520	9,543,435
19 TRANS. EXP. INCL. 500KV O&M	1,419,635	1,389,837	(29,798)
20			
21 TOTAL OPERATING EXPENSES	\$ 1,240,971,412	\$ 909,078,065	\$ (331,893,347)
22			
23 INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 21)	\$ (1,065,754,294)	\$ (887,472,672)	\$ 178,281,622
24			
25 STATE UTILITY TAX SAVINGS FOR LINE 4	3.873%		(26,146)
26 INCREASE (DECREASE) INCOME			\$ 178,255,477
27 INCREASE (DECREASE) FIT @	35%		62,389,417
28 INCREASE (DECREASE) NOI			\$ 115,866,060

PUGET SOUND ENERGY
 GENERAL RATE CASE
 DETERMINATION OF NET POWER COSTS FOR GRC ADJUSTMENT 13.01
 TEST YEAR ENDED DECEMBER 31, 2010
 RATE YEAR ENDED APRIL 30, 2013

Line FERC	Description	a	b	c	c.1	Remove amounts shown on other adjustments and include Staff Buckley Adjustments					Subtotal	Per Adj. -5.01 After Prod Factor of 0.97901 k	
						Per PSE 13.01A Rate Year 12ME 4/30/2013	JP Storage Staff Proforma Rent	PSE 13.02E Less LSR Plant	13.01E A Buckley Adjustments	13.09E Less Chelan Initiation Pmt			13.10E Less Amort of Reg Assets
						d	e	f	g	h	i	j	
1	Fuel:												
2	501 Steam Fuel	\$ 91,268,161							(555,556)			\$ 90,712,605	\$ 88,808,547
3	547 Fuel	149,217,980					(13,541,017)		929,796			136,606,759	133,739,383
4		240,486,141					(13,541,017)		374,240			227,319,364	222,547,930
5	Purchased and Interchanged:												
6	555 Purchased Power	508,060,098				(776,099)	(5,386,010)	(7,088,066)	(3,526,620)			491,283,303	480,971,267
8	557 Other Power Expense	8,029,303								(1,369,204)		6,660,099	6,520,304
9	Hedging										1,451,372	1,451,372	1,420,907
10		516,089,401				(776,099)	(5,386,010)	(7,088,066)	(3,526,620)	(1,369,204)	1,451,372	489,394,774	488,972,478
11													
12	565 Wheeling	97,660,154				(9,922,939)	(414,000)					87,323,215	85,490,301
13													
14	various Hydro and Other Power	137,606,376				(303,825)	(5,235,172)		(1,215,107)	(6,849,513)		113,111,735	110,737,520
15													
16	various Trans. Exp. Incl. 500Kv O&M	1,419,635										1,419,635	1,389,837
17	447 Sales for Resale	(10,446,569)										(10,446,569)	(10,227,296)
18	456 Purchases/Sales Of Non-Core Gas												
19		(9,026,934)										(9,026,934)	(8,837,459)
20													
21	Net Power Costs (column c per DEM Exhibit)	982,815,137				(303,825)	(24,576,199)	(7,088,066)	(4,367,487)	(8,218,717)	1,451,372	918,122,154	898,850,770
22	various Variable Transmission Income	(11,622,045)										(11,622,045)	(11,378,098)
23													
24	Col k = amount of adjustment on RCM-2 13.01 Line	\$ 971,193,092	\$	(24,576,199)	\$	(303,825)	(24,576,199)	(7,088,066)	(4,367,487)	(8,218,717)	\$ 1,451,372	\$ 906,500,109	\$ 887,472,672
25							\$ (24,880,024)						

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 13.02-LOWER SNAKE RIVER PROJECT
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>LOWER SNAKE RIVER RATEBASE (AMA)</u>			
2	<u>UTILITY PLANT RATEBASE</u>			
3	PLANT BALANCE	\$ 42,219	\$ 742,547,251	\$ 742,505,032
4	ACCUM DEPRECIATION	-	(23,093,267)	(23,093,267)
5	DEFERRED INCOME TAX LIABILITY	-	(75,345,670)	(75,345,670)
6				
7	NET LSR EXPANSION PLANT RATEBASE	\$ 42,219	\$ 644,108,314	\$ 644,066,095
8				
9	<u>LOWER SNAKE RIVER OPERATING EXPENSE</u>			
10	TAXABLE DEPRECIATION EXPENSE	\$ -	\$ 26,936,416	\$ 26,936,416
11	NON-TAXABLE DEPRECIATION EXPENSE		4,845,776	4,845,776
12	TOTAL DEPRECIATION EXPENSE	\$ -	\$ 31,782,192	\$ 31,782,192
13				
14				
15	<u>POWER COST AND O&M RELATED TO LOWER SNAKE RIVER</u>			
16	PURCHASED POWER		\$ 776,099	\$ 776,099
17	WHEELING (Note 1)		7,039,229	7,039,229
18	PRODUCTION O&M	-	10,891,023	10,891,023
19	PROPERTY INSURANCE	-	495,108	495,108
20	PROPERTY TAXES		-	-
21	TOTAL POWER COST AND PROD O&M	-	19,201,459	19,201,459
22				
23	INCREASE (DECREASE) EXPENSE	-	50,983,651	50,983,651
24				
25	INCREASE (DECREASE) FIT ON ALL EXPENSES EXCEPT LINE 11 @		35%	(16,148,256)
26	INCREASE (DECREASE) NOI			\$ (34,835,395)

Note 1: Wheeling revised to remove \$420,203 already included in Adj. 13.03.

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 13.03 - LOWER SNAKE RIVER PREPAID TRANSMISSION DEPOSITS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>PRINCIPAL PORTION OF LSR PREPAID TRANSMISSION (AMA)</u>			
2	TOTAL PREPAID DEPOSIT		\$ 99,800,000	\$ 99,800,000
3	ACCUM AMORT. CREDIT PYMT FR. BPA		(53,537)	(53,537)
4	NET LSR PREPAID TRANS. RATEBASE	\$ -	\$ 99,746,463	\$ 99,746,463
5				
6	<u>DEFERRED CARRYING CHARGES (AMA)</u>			
7	CARRYING CHARGES BALANCE		17,425,226	\$ 17,425,226
8	ACCUM AMORT. CARRYING CHARGES		(348,872)	\$ (348,872)
9	DEFERRED INCOME TAX		(5,976,724)	\$ (5,976,724)
10	NET LSR CARRYING CHARGES RATEBASE	\$ -	\$ 11,099,630	\$ 11,099,630
11				
12	<u>TOTAL RATEBASE</u>	\$ -	\$ 110,846,093	\$ 110,846,093
13				
14	<u>OPERATING EXPENSE</u>			
15	AMORTIZATION OF PRINCIPAL (565)	\$ -	420,203	\$ 420,203
16	AMORTIZATION OF CARRYING CHARGES (407.3)	-	697,745	\$ 697,745
17				
18	INCREASE (DECREASE) EXPENSE	-	1,117,947	1,117,947
19				
20	INCREASE (DECREASE) FIT @		35%	(391,282)
21	INCREASE (DECREASE) NOI			\$ (726,666)

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.04 - MONTANA ELECTRIC ENERGY TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	PROFORMA KWH (COLSTRIP)	4,846,358,760
2	TAX RATE	<u>0.00035</u>
3		
4	PROFORMA ENERGY TAX	1,696,226
5	CHARGED TO EXPENSE	<u>1,542,094</u>
6	INCREASE (DECREASE) EXPENSE	\$ 154,131
7		
8	INCREASE (DECREASE) FIT @ 35%	<u>(53,946)</u>
9	INCREASE (DECREASE) NOI	<u>\$ (100,185)</u>

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 13.05 - WILD HORSE SOLAR
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1				
2	<u>RATEBASE (AMA) UTILITY PLANT RATEBASE</u>			
3	PLANT BALANCE	\$ 4,357,020		\$ (4,357,020)
4	ACCUM DEPRECIATION	(462,883)		462,883
5	DEFERRED INCOME TAX LIABILITY	(523,501)		523,501
6	NET WILD HORSE SOLAR PLANT RATEBASE	<u>\$ 3,370,636</u>	<u>\$ -</u>	<u>\$ (3,370,636)</u>
7				
8	<u>OPERATING EXPENSE</u>			
9	DEPRECIATION EXPENSE	\$ 275,497		\$ (275,497)
10				
11	INCREASE (DECREASE) EXPENSE			(275,497)
12				
13	INCREASE (DECREASE) FIT @		35%	96,424
14	INCREASE (DECREASE) NOI			<u>\$ 179,073</u>

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.06 - ACCOUNTING STANDARDS CODIFICATION 815 (FORMERLY SFAS 133)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.		ACTUAL	RESTATED	ADJUSTMENT
1	ASC 815 OPERATING EXPENSE	\$ 166,953,097	\$ -	\$ (166,953,097)
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 166,953,097	\$ -	\$ (166,953,097)
4				
5	INCREASE(DECREASE) OPERATING INCOME			166,953,097
6				
7	INCREASE (DECREASE) DEFERRED FIT @	35%		58,433,584
8				
9	INCREASE (DECREASE) NOI			<u>\$ 108,519,513</u>

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.07 - STORM DAMAGE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE
CONTESTED**

LINE NO.	DESCRIPTION	AMOUNT		
1	NORMAL STORMS			
2	ACTUAL O&M:	Transmission	Distribution	Total
3	TWELVE MONTHS ENDED 12/31/05	\$ 122,468	\$ 3,449,456	\$ 3,571,923
4	TWELVE MONTHS ENDED 12/31/06	450,748	10,435,721	10,886,469
5	TWELVE MONTHS ENDED 12/31/07	376,353	8,672,798	9,049,151
6	TWELVE MONTHS ENDED 12/31/08	77,335	9,967,803	10,045,138
7	TWELVE MONTHS ENDED 12/31/09	41,126	4,617,466	4,658,592
8	TWELVE MONTHS ENDED 12/31/10	152,546	23,248,542	23,401,088
9	TOTAL NORMAL STORMS	1,220,576	60,391,786	61,612,362
10				
11	SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR	203,429	10,065,298	10,268,727
12				
13	CHARGED TO EXPENSE 12 MONTHS ENDED 12/31/10			
14	STORM DAMAGE EXPENSE (LINE 8)	152,546	9,338,773	9,491,319
15				
16	INCREASE (DECREASE) OPERATING EXPENSE	\$ 50,883	\$ 726,525	\$ 777,408
17				
18				
19	CATASTROPHIC STORMS			
20	DEFERRED BALANCES FOR UE-090704 4 YEAR AMORTIZATION			
21	AT START OF RATE YEAR (05/1/12):			
22	2006 STORM DAMAGE (EXCL 12/13/06 WIND STORM)	\$ 283,161		
23	2007 STORM DAMAGE	13,794,354		
24	2008 STORM DAMAGE	1,998,779		
25	2008 STORM DAMAGE-PENDING APPROVAL	-		
26	2010 STORM DAMAGE-PENDING APPROVAL	-		
27	DEFERRAL BALANCES BEG OF RY (LINE 22 THROUGH LINE 26)	16,076,294		
28				
29	ANNUAL AMORTIZATION (LINE 27 ÷ 48 MONTHS) x 12	4,019,074		
30				
31				
32	DEFERRED BALANCES FOR 10 YEAR AMORTIZATION AT			
33	START OF RATE YEAR (05/1/12):			
34	12/13/06 WIND STORM	51,735,725		
35	TOTAL (LINE 34)	51,735,725		
36	ORIGINAL AMORT PERIOD FROM UE-072300 WAS 10 YEARS			
37	FROM NOVEMBER 2008 THROUGH OCTOBER 2018			
38	ANNUAL AMORTIZATION (LINE 35 ÷ 78 (5/2012 - 10/2018) x 12)	7,959,342		
39	TOTAL RATE YEAR AMORTIZATION (LINE 29 + LINE 38)		11,978,416	
40	LESS TEST YEAR CATASTROPHIC STORM AMORTIZATION		15,998,329	
41				
42	INCREASE (DECREASE) OPERATING EXPENSE (LINE 38- LINE 39)			(4,019,913)
43				
44	TOTAL INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 42)			(3,242,505)
45				
46	INCREASE (DECREASE) FIT @ 35% (LINE 44 X 35%)		35%	1,134,877
47				
48	INCREASE (DECREASE) NOI			\$ 2,107,628

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.08 - REMOVE COSTS ASSOCIATED WITH TENASKA REGULATORY ASSET
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ADJUSTED		
		TEST YEAR	TEST YEAR	ADJUSTMENT
1	RATEBASE			
2	REGULATORY ASSET	\$ 59,395,254	\$ -	\$ (59,395,254)
3	DEFERRED FIT	(2,899,125)	0	2,899,125
4				
5	NET RATEBASE	\$ 56,496,129	\$ -	\$ (56,496,129)
6				
7	AMORTIZATION (NOTE 1) AND DISALLOWANCES			
8	AMORTIZATION OF PURCHASE PRICE:			
9	TAXABLE - SEE LINE 18 FOR TAX (LINE 18 + 35%)	14,334,286	-	(14,334,286)
10	NON-TAXABLE	16,823,714	-	(16,823,714)
11	TOTAL AMORTIZATION OF PURCHASE PRICE	31,158,000	-	(31,158,000)
12				
13	AMORTIZATION OF AFPC PORTION (NOTE 3)	6,374,000	-	(6,374,000)
14	DISALLOWANCES			-
15	SUBTOTAL NORMALIZED	6,374,000	-	(6,374,000)
16				
17	INCREASE (DECREASE) EXPENSE			(37,532,000)
18	INCREASE (DECREASE) FIT (ON LINE 9)			5,017,000
19	INCREASE (DECREASE) FIT (ON LINE 15)		35%	2,230,900
20	INCREASE (DECREASE) NOI			
21	TOTAL NET OPERATING INCOME			\$ 30,284,100
22				
23				
24				
25	(NOTE 1) TOTAL AMORTIZATION = \$37,532,000 = \$14,334,286 TAXABLE PURCHASE PRICE +			
26	\$16,823,714 NON-TAXABLE PURCHASE PRICE + TAXABLE AFPC \$6,374,000.			
27				
28	(NOTE 2) THE IMPACT ON THE TAX BENEFIT OF PROFORMA INTEREST IS HANDLED IN			
29	ADJUSTMENT NO. 13.05			
30				
31	(NOTE 3) AFPC STANDS FOR ALLOWANCE FOR FUNDS ON POWER CONTRACTS			

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 13.09 - CONTRACT PAYMENTS TO CHELAN PUD
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

LINE NO. DESCRIPTION	TEST YEAR	ADJUSTED RATE YEAR	ADJUSTMENT
1 <u>INITIATION PAYMENT AMA (UE-060539)</u>			
2 INITIATION PAYMENT BALANCE	\$ -	\$ 141,761,312	\$ 141,761,312
3 ACCUMULATED AMORTIZATION	0	(7,088,066)	\$ (7,088,066)
4 DEFERRED INCOME TAX	-	(17,542,944)	\$ (17,542,944)
5			
6 NET INITIATION PAYMENT RATEBASE AMA	\$ -	\$ 117,130,302	\$ 117,130,302
7			
8 <u>SECURITY DEPOSIT AMA</u>			
9 SECURITY DEPOSIT BALANCE	\$ -	\$ 18,500,000	\$ 18,500,000
10 ACCUMULATED AMORTIZATION	-	-	-
11 NET SECURITY DEPOSIT AMA	\$ -	\$ 18,500,000	\$ 18,500,000
12			
13 <u>INCREASE RATEBASE</u>	\$ -	\$ 135,630,302	\$ 135,630,302
14			
15 <u>OPERATING EXPENSE</u>			
16 AMORTIZATION OF INITIATION PAYMENT (555)	-	7,088,066	7,088,066
17 INCREASE (DECREASE) EXPENSE	\$ -	\$ 7,088,066	\$ 7,088,066
18			
19 INCREASE (DECREASE) FIT @		35%	(2,480,823)
20 INCREASE (DECREASE) NOI			\$ (4,607,243)

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.10 - REGULATORY ASSETS AND LIABILITIES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO. DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT	
1	<u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u>			
2	BEP	16,250,380	11,214,773	(5,035,607)
3	WHITE RIVER PLANT COSTS	37,566,968	34,565,277	(3,001,690)
4	WHITE RIVER RELICENSING & CWIP	24,579,164	24,941,807	362,643
5	PROCEEDS FROM THE SALE OF WHITE RIVER ASSETS TO CWA	(25,951,720)	(29,911,730)	(3,960,010)
6	DFIT - WHITE RIVER REG ASSET	(11,889,662)	(10,331,528)	1,558,135
7	HOPKINS RIDGE PREPAID TRANSMISSION	1,394,050	-	(1,394,050)
8	GOLDENDALE FIXED COSTS DEFERRAL	3,605,729	-	(3,605,729)
9	HOPKINS RIDGE MITIGATION CREDIT	(326,871)	-	326,871
10	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY)	(2,135,222)	(1,529,462)	605,761
11	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)	(2,286,406)	(2,096,742)	189,664
12	MINT FARM DEFERRAL - UE-090704	26,616,505	23,180,901	(3,435,604)
13	WILD HORSE EXPANSION DEFERRAL - UE-090704	2,331,479	-	(2,331,479)
14	COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT	5,000,000	3,583,333	(1,416,667)
15	FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074	-	1,193,198	1,193,198
16	CONTRACT MAJOR MAINTENANCE:			-
17	SUMAS NOVEMBER 2010 HOT GAS PATH INSPECTION	82,651	31,789	(50,862)
18	FREDDY 1 JULY 2009 HOT GAS PATH INSPECTION	212,106	-	(212,106)
19	GOLENDALE MAY 2009 COMBUSTION INSPECTION	590,967	-	(590,967)
20	SUMAS NOVEMBER 2008 COMBUSTION INSPECTION	62,508	-	(62,508)
21	MINT FARM JUNE 2010 COMBUSTION INSPECTION	678,973	-	(678,973)
22	REC SALES	-	0	0
23	LSR DEFERRED COSTS	-	12,682,422	12,682,422
24	TOTAL REGULATORY ASSETS AND LIABILITIES RATEBASE	\$ 76,381,598	\$ 67,524,037	\$ (8,857,560)
25	<u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>			
26	BEP (555)	3,526,620	3,526,620	-
27	WHITE RIVER PLANT COSTS (407)	1,494,702	1,494,702	(0)
28	HOPKINS RIDGE PREPAID TRANSMISSION (565)	2,076,858	-	(2,076,858)
29	GOLDENDALE FIXED COSTS DEFERRAL (407.3)	4,162,154	-	(4,162,154)
30	HOPKINS RIDGE MITIGATION CREDIT (555)	(1,209,583)	-	1,209,583
31	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) (547)	(457,531)	(392,170)	65,362
32	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) (547)	(403,220)	(537,626)	(134,407)
33	MINT FARM DEFERRAL - UE-090704 (407.3)	2,159,053	2,872,182	713,129
34	WILD HORSE EXPANSION DEFERRAL - UE-090704 (407.3)	2,102,006	-	(2,102,006)
35	COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT (501)	-	500,000	500,000
36	FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074 (407.3)	-	265,155	265,155
37	CONTRACT MAJOR MAINTENANCE (PROD O&M):			
38	SUMAS NOVEMBER 2010 HOT GAS PATH INSPECTION	61,034	152,586	91,552
39	FREDDY 1 JULY 2009 HOT GAS PATH INSPECTION	223,889	-	(223,889)
40	GOLENDALE MAY 2009 COMBUSTION INSPECTION	354,580	-	(354,580)
41	SUMAS NOVEMBER 2008 COMBUSTION INSPECTION	119,333	-	(119,333)
42	MINT FARM JUNE 2010 COMBUSTION INSPECTION	456,270	-	(456,270)
43	REC SALES	-	0	0
44	LSR DEFERRED COSTS	-	5,616,072	5,616,072
45	TOTAL AMORTIZATION OF REGULATORY ASSETS AND LIABILITIES	\$ 14,666,166	\$ 13,497,521	\$ (1,168,645)
46				
47	INCREASE (DECREASE) EXPENSE			(1,168,645)
48				
49	INCREASE (DECREASE) FIT		35%	409,026
50				
51	INCREASE (DECREASE) NOI			<u>\$ 759,620</u>

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.11 - PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 2.099%	FIT 35%
1 <u>O&M ON PRODUCTION PROPERTY</u>			
2 PRODUCTION WAGE ADJUSTMENTS AND INCENTIVE:			
3 PURCHASED POWER	\$ (34,651)	\$ 727	\$ (255)
4 OTHER POWER SUPPLY	(329,728)	6,921	(2,422)
5 TOTAL WAGE RELATED ADJUSTMENTS	(364,379)	7,648	(2,677)
6			
7 ADMIN & GENERAL EXPENSES			
8 PAYROLL OVERHEADS	5,009,924	(105,158)	36,805
9 PROPERTY INSURANCE	2,835,322	(59,513)	20,830
10 TOTAL ADMIN & GENERAL EXPENSES	7,845,246	(164,672)	57,635
11			
12 DEPRECIATION / AMORTIZATION:			
13 DEPRECIATION	94,691,431	(1,987,573)	812,992
14 AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB)	11,264,042	(236,432)	80,107
15 TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)	105,955,474	(2,224,005)	893,099
16			
17 TAXES OTHER-PRODUCTION PROPERTY:			
18 PROPERTY TAXES - WASHINGTON	6,327,238	(132,809)	46,483
19 PROPERTY TAXES - MONTANA	7,617,103	(159,883)	55,959
20 ELECTRIC ENERGY TAX	1,696,226	(35,604)	12,461
21 PAYROLL TAXES	1,968,747	(41,324)	14,463
22 TOTAL TAXES OTHER	17,609,314	(369,619)	129,366
23			
24 <u>LOWER SNAKE RIVER</u>			
25			
26 PURCHASED POWER	776,099	(16,290)	5,702
27 WHEELING	7,039,229	(147,753)	51,714
28 SALES FOR RESALE	-	-	-
29 PRODUCTION O&M	10,891,023	(228,603)	80,011
30 PROPERTY INSURANCE	495,108	(10,392)	3,637
31 PROPERTY TAX	-	-	-
32 TOTAL OPERATING EXPENSES LOWER SNAKE RIVER	19,201,459	(403,039)	141,064
33			
34 <u>AMORTIZATION ON REGULATORY ASSETS:</u>			
35 BEP (555)	3,526,620	(74,024)	25,908
36 WHITE RIVER PLANT COSTS (407)	1,494,702	(31,374)	10,981
37 WHITE RIVER RELICENSING & CWIP	-	-	-
38 HOPKINS RIDGE PREPAID TRANSMISSION (565)	0	-	-
39 GOLDENDALE FIXED COSTS DEFERRAL (407.3)	0	-	-
40 HOPKINS RIDGE MITIGATION CREDIT (555)	0	-	-
41 WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) (547)	(392,170)	8,232	(2,881)
42 WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) (547)	(537,626)	11,285	(3,950)
43 MINT FARM DEFERRAL (407.3)	2,872,182	(60,287)	21,100
44 WILD HORSE EXPANSION DEFERRAL (407.3)	0	-	-
45 COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT (501)	500,000	(10,495)	3,673
46 FERC PART 12 NON-CONSTRUCTION STUDY COSTS UE-070074 (407.3)	265,155	(5,566)	1,948
47 MAJOR MAINTENANCE (SUMMARIZED) (PROD O&M)	152,586	(3,203)	1,121
48 LOWER SNAKE RIVER PREPAID TRANS DEPOSITS (407.3)	1,117,947	(23,466)	8,213
49 CHELAN RESERVATION PREPAYMENT (555)	7,088,066	(148,778)	52,072
50 REC SALES	0	-	-
51 LSR DEFERRED COSTS	5,616,072	(117,881)	41,258
52			
53 TOTAL AMORTIZATION OF REGULATORY ASSETS AND LIABILITIES	\$ 21,703,533	\$ (455,557)	\$ 159,443
54			
55			
56 INCREASE(DECREASE) EXPENSE		171,950,647	(3,609,244)
57 INCREASE(DECREASE) FIT			1,377,930
INCREASE(DECREASE) NOI			\$ 2,231,314

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 13.11 - PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 2.099%	FIT 35%
58	<u>PRODUCTION PROPERTY RATE BASE:</u>			
59	DEPRECIABLE PRODUCTION PROPERTY (INCL LSR AND WH SOLAR)	\$ 3,279,702,197	\$ (68,840,949)	
60	PRODUCTION PROPERTY ACCUM DEPR. (INCL LSR AND WH SOLAR)	(1,195,325,383)	25,089,880	
61	NON-DEPRECIABLE PRODUCTION PROPERTY	77,287,156	(1,622,257)	
62	PRODUCTION PROPERTY ACCUM AMORT.	(4,080,190)	85,643	
63	COLSTRIP COMMON FERC ADJUSTMENT	4,947,628	(103,851)	
64	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	1,458,712	(30,618)	
65	ACQUISITION ADJUSTMENTS	250,524,822	(5,258,516)	
66	ACCUMULATED AMORTIZATION ON ACQUISITION ADJ	(54,306,612)	1,139,896	
67	NET PRODUCTION PROPERTY	2,360,208,331	(49,540,772)	
68				
69	LIBR. DEPREC. POST 1980 (AMA)	(323,231,975)	6,784,639	
70	NOL DEFERRED TAX ASSET ATTRIBUTABLE TO PRODUCTION	6,328,940	(132,844)	
71	SUBTOTAL	(316,903,035)	6,651,795	
72				
73	TOTAL PRODUCTION PROPERTY RATE BASE	\$ 2,043,305,296	\$ (42,888,977)	\$ 2,000,416,319
74				
75	<u>REGULATORY ASSETS RATE BASE:</u>			
76	BEP	11,214,773	(235,398)	
77	WHITE RIVER PLANT COSTS	34,565,277	(725,525)	
78	WHITE RIVER RELICENSING & CWIP	24,941,807	(523,529)	
79	PROCEEDS FROM THE SALE OF WHITE RIVER ASSETS TO CWA	(29,911,730)	627,847	
80	DFIT WHITE RIVER REG ASSETS	(10,331,528)	216,859	
81	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY)	(1,529,462)	32,103	
82	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)	(2,096,742)	44,011	
83	MINT FARM DEFERRAL UE-090704	23,180,901	(486,567)	
84	COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT	3,583,333	(75,214)	
85	FERC PART 12 NON-CONSTRUCTION STUDY COSTS UE-070074	1,193,198	(25,045)	
84	LOWER SNAKE RIVER PREPAID TRANSMISSION DEPOSITS	99,746,463	(2,093,678)	
85	CARRYING CHARGES ON LSR PREPAID TRANSM DEPOSITS	11,099,630	(232,981)	
86	CHELAN RESERVATION PAYMENT	117,130,302	(2,458,565)	
87	CHELAN SECURITY DEPOSIT	18,500,000	(388,315)	
88	MAJOR MAINTENANCE (SUMMARIZED)	31,789	(667)	
89	REC SALES	0	-	
90	LSR DEFERRED COSTS	12,682,422	(266,204)	
91				
92	TOTAL REGULATORY ASSETS AND LIABILITIES RATE BASE	\$ 314,000,433	\$ (6,590,868)	\$ 307,409,565
93				
94	TOTAL ADJUSTMENT TO RATEBASE (LINE 73 + LINE 89)		<u>\$ (49,479,845)</u>	

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.01 - TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL GPI MWH	TEMP ADJ GPI MWH	MWH CHANGE	ADJ FOR LOSSES 6.80%
1	TEMPERATURE NORMALIZATION ADJUSTMENT:				
2					
3					
4	Jan-10	2,154,814	2,282,983	128,169	119,453
5	Feb-10	1,895,526	1,986,793	91,267	85,061
6	Mar-10	2,022,382	2,041,217	18,835	17,554
7	Apr-10	1,844,814	1,833,221	(11,593)	(10,805)
8	May-10	1,764,805	1,748,090	(16,715)	(15,578)
9	Jun-10	1,618,462	1,630,730	12,267	11,433
10	Jul-10	1,688,022	1,697,904	9,882	9,210
11	Aug-10	1,703,415	1,695,906	(7,509)	(6,999)
12	Sep-10	1,637,493	1,642,184	4,691	4,372
13	Oct-10	1,814,110	1,830,543	16,433	15,316
14	Nov-10	2,122,228	2,059,041	(63,187)	(58,890)
15	Dec-10	2,328,203	2,397,719	69,516	64,789
16		22,594,274	22,846,330	252,056	234,916
17				KWH	
18	REVENUE ADJUSTMENT: SCHEDULE 7			133,624,643	\$ 13,759,867
19	SCHEDULE 24			34,368,345	2,990,016
20	SCHEDULE 25			34,964,494	2,241,783
21	SCHEDULE 26			15,451,095	951,927
22	SCHEDULE 29			(107,335)	(5,741)
23	SCHEDULE 31			9,574,376	570,154
24	SCHEDULE 43			3,801,197	212,913
25	SCHEDULE 40 - MED SEC VOLTAGE				
26	SCHEDULE 40 - LARGE SEC VOLTAGE			3,151,344	172,414
27	SCHEDULE 40 - PRIMARY VOLTAGE				
28	LIGHTING				
29	FIRM RESALE			88,248	3,093
30	INCREASE (DECREASE) SALES TO CUSTOMERS			234,916,406	\$ 20,896,426
31					
32	UNCOLLECTIBLES @			0.0044440	\$ 92,864
33	ANNUAL FILING FEE @			0.0020000	41,793
31	INCREASE (DECREASE) EXPENSES				134,657
32					
33	STATE UTILITY TAX @			0.0385580	\$ 805,724
34	INCREASE (DECREASE) TAXES OTHER				805,724
35					
36	INCREASE (DECREASE) INCOME				\$ 19,956,045
37					
38	INCREASE (DECREASE) FIT @			35%	6,984,616
39	INCREASE (DECREASE) NOI				\$ 12,971,429

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.02 - REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	RESTATING ADJUSTMENTS:	
3	ADD GRC INCREASE DOCKET UE-090704	\$ 6,061,237
4	REMOVE PCA INCREASE	(4,974)
5	REMOVE SCHEDULE 95A PRODUCTION TAX CREDITS	16,481,251
6	RECLASS TRANSPORTATION IMBALANCE REVENUE TO OTHER OPERATING REVENUE	(1,936,015)
7	REMOVE MERGER RATE CREDIT SCH 132	6,253,914
8	REMOVE TENASKA REGULATORY ASSET TRACKER (SCH 133)	(35,143,487)
9	MISCELLANEOUS RESTATING ADJUSTMENT	1,385,860
10	RESTATING ADJUSTMENTS SALES TO CUSTOMERS	<u>(6,902,214)</u>
11		
12		
13	PROFORMA ADJUSTMENTS:	
14	RECLASS OF CUSTOMERS BETWEEN TARIFFS	(436,486)
15	PROFORMA ADJUSTMENTS SALES TO CUSTOMERS	<u>(436,486)</u>
16		
17	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ (7,338,700)
18		
19	SALES FOR RESALE - SMALL FIRM AND SPECIAL CONTRACT	
20	MISCELLANEOUS RESTATING ADJUSTMENT	(15,398)
21	RECLASS SPECIAL CONTRACT REVENUE FROM OTHER OPERATING	<u>879,870</u>
22		
23	TOTAL INCREASE (DECREASE) SALES FOR RESALE - SMALL FIRM	864,472
24		
25	OTHER OPERATING REVENUES:	
26	POLE ATTACHMENT REVENUES	(20,001)
27	RECLASS TRANSPORTATION IMBALANCE REVENUE FROM SALES TO CUSTOMERS	1,936,015
28	RECLASS SPECIAL CONTRACT REVENUE TO SALES TO CUSTOMERS	<u>(879,870)</u>
29		
30	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u>1,036,143</u>
31		
32	TOTAL INCREASE (DECREASE) REVENUES	(5,438,084)
33		
34	OPERATING EXPENSES:	
35	REMOVE EXPENSE ASSOCIATED WITH FUTURE PTC LIABILITY	(7,273,471)
36		
37	UNCOLLECTIBLES @	0.0044440 \$ (24,167)
38	ANNUAL FILING FEE @	0.0020000 <u>(10,876)</u>
39	INCREASE (DECREASE) EXPENSES	(35,043)
40		
41	STATE UTILITY TAX @	0.0385580 \$ <u>(209,682)</u>
42	INCREASE (DECREASE) TAXES OTHER	<u>(209,682)</u>
43		
44	INCREASE (DECREASE) INCOME	\$ 2,080,112
45		
46	INCREASE (DECREASE) FIT @	35% <u>728,039</u>
47	INCREASE (DECREASE) NOI	<u>\$ 1,352,073</u>

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.03 - PASS-THROUGH REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUE ASSOCIATED WITH RIDERS:</u>	
2	REMOVE CONSERVATION RIDER - SCHEDULE 120	\$ 78,809,572
3	REMOVE MUNICIPAL TAXES - SCHEDULE 81	75,028,227
4	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	11,261,428
5	REMOVE RESIDENTIAL EXCHANGE - SCH 194	(78,576,305)
6	GREEN POWER - SCH 135/136 (TAGS ELIM IN PAGE 4.03)	3,243,190
7	GREEN POWER - SCH 135/136 ELIMINATE UNDER EXPENSED	394,979
8	REMOVE REC REVENUES - SCH 137	(10,990,696)
9	REMOVE OFFSET TO REDUCTION OF REC LIABILITY - SCH 137	10,504,775
10	REMOVE OFFSET TO REDUCTION OF REC LIABILITY - PTC OFFSETS	21,591,916
11	TOTAL (INCREASE) DECREASE IN REVENUES	<u>111,267,086</u>
12		
13	<u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u>	
14	BAD DEBTS	0.44440% (494,471)
15	ANNUAL FILING FEE	0.20000% (222,534)
16	STATE UTILITY TAX	3.85580% (4,290,236)
17	TOTAL	<u>(5,007,241)</u>
18		
19	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
20	REMOVE CONSERVATION RIDER - SCHEDULE 120	(75,334,320)
21	REMOVE MUNICIPAL TAXES - SCHEDULE 81	(72,142,816)
22	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	(10,768,146)
23	REMOVE RESIDENTIAL EXCHANGE - SCH 194	75,109,150
24	GREEN POWER - SCH 135/136 (TAGS ELIM IN PAGE 4.03)	(990,957)
25	GREEN POWER - SCH 135/136 BENEFITS PORTION OF ADMIN	(53,247)
26	GREEN POWER - SCH 135/136 TAXES PORTION OF ADMIN	(16,139)
27	REMOVE EXPENSE RECOGNIZED FOR FUTURE PTC LIABILITY	(21,591,916)
28	TOTAL INCREASE (DECREASE) EXPENSE	<u>(105,788,390)</u>
29		
30	INCREASE (DECREASE) OPERATING INCOME BEFORE FIT	\$ (471,454)
31	INCREASE (DECREASE) FIT	(165,009)
32	INCREASE (DECREASE) NOI	<u>\$ (306,445)</u>

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.04 - FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME (LOSS) (NOTE 1)	\$ (187,810,292)
2		
3	FEDERAL INCOME TAX EXPENSE (BENEFIT) @ 35%	(65,733,602)
4	CURRENTLY PAYABLE	(65,733,602)
5		
6	DEFERRED FIT - DEBIT	125,546,463
7	DEFERRED FIT - CREDIT	(15,514,214)
8	ADDITIONAL DEFERRED CREDITS	-
9	TOTAL RESTATED FIT	44,298,647
10		
11	FIT PER BOOKS:	
12	CURRENTLY PAYABLE	\$ 16,263,334
13	DEFERRED FIT - DEBIT	205,470,964
14	DEFERRED FIT - CREDIT	(237,907,201)
15	DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.	
16	TOTAL CHARGED TO EXPENSE	(16,172,903)
17		
18	INCREASE(DECREASE) FIT	(81,996,936)
19	INCREASE(DECREASE) DEFERRED FIT	142,468,487
20	INCREASE(DECREASE) NOI	\$ (60,471,551)
21		
22	DECREASE RATE BASE FOR REPAIRS/RET.	\$ (41,414,322)
23		
24		
25		

(NOTE 1)

DOES NOT INCLUDE A DEDUCTION FOR INTEREST AS THE TAX EFFECT FOR TOTAL PROFORMA INTEREST IS CALCULATED IN ADJUSTMENT 14.05

PUGET SOUND ENERGY-ELECTRIC
ADJSUTMENT 14.05 - TAX BENEFIT OF PRO FORMA INTEREST
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 4,796,573,325
2		
3	NET RATE BASE	<u>\$ 4,796,573,325</u>
4		
5	WEIGHTED COST OF DEBT	<u>3.22%</u>
6	PROFORMA INTEREST	<u>\$ 154,449,661</u>
7		
8	INCREASE (DECREASE) INCOME	\$ (154,449,661)
9		
10	INCREASE (DECREASE) FIT @	35% <u>(54,057,381)</u>
11	INCREASE (DECREASE) NOI	<u><u>\$ 54,057,381</u></u>

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.06 - MISCELLANEOUS OPERATING EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO. DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1 <u>OPERATING EXPENSES</u>			
2 REMOVE DEFERRAL OF MINT FARM COSTS	\$ (3,790,493)	\$ -	\$ 3,790,493
3 REMOVE DEFERRAL OF WILD HORSE EXPANSION COSTS	(1,569,757)	0	1,569,757
4 LAID OFF EMPLOYEES:			
5 OTHER PRODUCTION EXPENSES	77,825	0	(77,825)
6 DISTRIBUTION	112,534	0	(112,534)
7 ADMIN & GENERAL	34,160	0	(34,160)
8 EXECUTIVE SALARY	502,917	4,896	(498,021)
9 BENEFITS ON THE ABOVE WAGE ADJUSTMENTS	198,812	0	(198,812)
10 PAYROLL TAXES ON THE ABOVE WAGE ADJUSTMENTS	29,687	1,910	(27,777)
11 ADJUST FERC LAND USE FEES	(315,680)	340,291	655,971
12 RECLASS FERC 557	0	1,464,898	1,464,898
13 REMOVE NON-BUSINESS OR NON-UTILITY RELATED EXPENSES	63,989	23,555	(40,434)
14 INCREASE (DECREASE) IN EXPENSE	\$ (4,656,006)	\$ 1,835,550	\$ 6,491,556
15			
16 INCREASE(DECREASE) OPERATING EXPENSE			<u>6,491,556</u>
17 INCREASE(DECREASE) FIT @		35%	<u>(2,272,045)</u>
18			
19 INCREASE(DECREASE) NOI			<u><u>\$ (4,219,511)</u></u>

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.07 - GENERAL PLANT DEPRECIATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	<u>ADJUSTMENT TO RATE BASE</u>			
2	ACCUMULATED DEPRECIATION - ELECTRIC	\$ -	\$ (359,644)	\$ (359,644)
3	ACCUMULATED DEFERRED FIT	-	125,875	125,875
4	TOTAL ADJUSTMENT TO RATE BASE	-	(233,769)	(233,769)
5				
6	<u>ADJUSTMENT TO OPERATING EXPENSES</u>			
7	DEPRECIATION EXPENSE	10,971,543	9,912,385	(1,059,158)
8				
9	INCREASE (DECREASE) EXPENSE			\$ (1,059,158)
10				
11	INCREASE(DECREASE) FIT @		35%	370,705
12				
13	INCREASE (DECREASE) NOI			\$ 688,453

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.08 - NORMALIZE INJURIES AND DAMAGES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	INJURIES & DAMAGES ACCRUALS	\$ 195,771	\$ 1,109,328	\$ 913,557
2	INJURIES & DAMAGES PAYMENTS IN EXCESS OF ACCRUALS	615,331	818,110	202,779
3	INCREASE/(DECREASE) IN EXPENSE	811,102	1,927,438	1,116,336
4				
5	INCREASE/(DECREASE) IN OPERATING EXPENSE (LINE 3)			\$ 1,116,336
6	INCREASE (DECREASE) FIT @		35%	(390,718)
7				
8	INCREASE (DECREASE) NOI			\$ (725,618)

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.10 - INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	<u>OPERATING EXPENSES</u>			
2	PURCHASED POWER	\$ 261,243	\$ 114,354	\$ (146,889)
3	OTHER POWER SUPPLY	1,299,242	573,684	(725,558)
4	TRANSMISSION	210,121	92,177	(117,944)
5	DISTRIBUTION	1,505,513	666,219	(839,294)
6	CUSTOMER ACCTS	893,833	395,837	(497,996)
7	CUSTOMER SERVICE	79,167	34,809	(44,358)
8	SALES	7,752	3,394	(4,358)
9	ADMIN. & GENERAL	1,532,695	671,526	(861,169)
10	TOTAL INCENTIVE/MERIT PAY	\$ 5,789,566	\$ 2,552,001	\$ (3,237,565)
11				
12	PAYROLL TAXES ASSOC WITH MERIT PAY	475,543	209,616	(265,927)
13	INCREASE(DECREASE) EXPENSE	6,265,109	2,761,617	(3,503,492)
14				
15	INCREASE (DECREASE) OPERATING EXPENSE			\$ (3,503,492)
16				
17	INCREASE (DECREASE) FIT @		35%	1,226,222
18	INCREASE (DECREASE) NOI			<u>\$ 2,277,270</u>

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.11 - PROPERTY TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	WASHINGTON	MONTANA	OREGON	TOTAL
1 RESTATED PROPERTY TAX	\$ 24,589,320	\$ 8,571,790	\$ 645,611	\$ 33,806,721
2 CHARGED TO EXPENSE IN TY	23,853,529	8,578,000	645,632	33,077,161
3 INCREASE(DECREASE) EXPENSE	\$ 735,791	\$ (6,211)	\$ (21)	\$ 729,560
4				
5 INCREASE(DECREASE) FIT @			35%	(255,346)
6				
7 INCREASE(DECREASE) NOI				\$ (474,214)

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.12 - EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED EXCISE TAXES	\$ 79,150,521
2	CHARGED TO EXPENSE FOR TEST YEAR	78,841,323
3	INCREASE (DECREASE) EXCISE TAX	\$ 309,198
4		
5	RESTATED WUTC FILING FEE	\$ 4,157,945
6	CHARGED TO EXPENSE FOR TEST YEAR	4,157,945
7	INCREASE(DECREASE) WUTC FILING FEE	\$ -
8		
9	INCREASE(DECREASE) EXPENSE	\$ 309,198
10		
11	INCREASE(DECREASE) FIT @	35% (108,219)
12	INCREASE(DECREASE) NOI	\$ (200,979)

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 14.13 - DIRECTORS & OFFICERS INSURANCE
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE CASE

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. CHG EXPENSE	\$ 322,484	\$ 203,112	\$ (119,372)
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 322,484	\$ 203,112	\$ (119,372)
4				
5	INCREASE (DECREASE) FIT @		35%	41,780
6				
7	INCREASE (DECREASE) NOI			\$ 77,592
8				
9				

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.14 INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION		AMOUNT
1	INTEREST EXPENSE AT MOST CURRENT INTEREST RATE	\$	47,149
2			
3	INCREASE (DECREASE) NOI	\$	(47,149)

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.15 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		
4		
5	RESTATED EXPENSE	641,575
6	LESS TEST YEAR EXPENSE	641,575
7	INCREASE (DECREASE) EXPENSE	\$ -
8		
9		
10		
11	RESTATED EXPENSE	-
12	LESS TEST YEAR EXPENSE	-
13	INCREASE (DECREASE) EXPENSE	\$ -
14		
15		
16	TOTAL INCREASE (DECREASE) EXPENSE	\$ -
17		
18	INCREASE(DECREASE) FIT @	35%
19	INCREASE(DECREASE) NOI	\$ -

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 14.16 - DEFERRED GAINS/LOSSES ON PROPERTY SALES
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	DEFERRED GAINS RECORDED FOR UE-090704, et al. at 4/30/2012	\$ (1,822,806)
2	DEFERRED LOSSES RECORDED FOR UE-090704, et al. at 4/30/2012	107,709
3	TOTAL DEFERRED NET GAINS FOR UE-090704, et al. at 4/30/2012	\$ (1,715,097)
4		
5	DEFERRED GAINS PENDING APPROVAL SINCE UE-090704	(76,217)
6	DEFERRED LOSSES PENDING APPROVAL SINCE UE-090704	290,236
7	NET DEFERRED LOSSES PENDING APPROVAL	214,019
8		
9	NET GAIN (LINE 3 + LINE 7)	(1,501,078)
10		
11	ANNUAL AMORTIZATION (LINE 9 ÷ 36 MONHS) x 12 MONTHS	(500,359)
12		
13	AMORTIZATION OF DEFERRED NET GAIN FOR TEST YEAR	(2,082,384)
14		
15	INCREASE (DECREASE) EXPENSE	\$ 1,582,025
16		
17	INCREASE (DECREASE) FIT @ 35%	(553,709)
18		
19	INCREASE (DECREASE) NOI	\$ (1,028,316)

PUGET SOUND ENERGY-ELECTRIC
 ADJSUTMENT 14.17- PROPERTY & LIABILITY INSURANCE
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 2,661,295	\$ 2,817,401	\$ 156,106
2	LIABILITY INSURANCE EXPENSE	1,594,752	1,630,150	35,398
3	INCREASE(DECREASE) EXPENSE	\$ 4,256,047	\$ 4,447,551	\$ 191,504
4				
5	INCREASE (DECREASE) OPERATING EXPENSE			191,504
6				
7	INCREASE (DECREASE) FIT @	35%		(67,026)
8	INCREASE (DECREASE) NOI			\$ (124,477)

PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.18 - PENSION PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 3,279,192	\$ 5,594,713	\$ 2,315,521
2	SERP PLAN	469,392	-	(469,392)
3	INCREASE(DECREASE) EXPENSE	\$ 3,748,584	\$ 5,594,713	\$ 1,846,129
4				
5	INCREASE (DECREASE) FIT @	35%		(646,145)
6	INCREASE (DECREASE) NOI			\$ (1,199,984)

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 14.19 - WAGE INCREASE
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PURCHASED POWER	\$ 3,782,810	\$ 3,895,048	\$ 112,238
3	OTHER POWER SUPPLY	18,813,086	19,286,741	473,655
4	TRANSMISSION	3,042,579	3,128,925	86,346
5	DISTRIBUTION	21,799,940	22,323,872	523,932
6	CUSTOMER ACCTS	12,942,747	13,248,616	305,869
7	CUSTOMER SERVICE	1,146,347	1,177,753	31,406
8	SALES	112,249	115,580	3,331
9	ADMIN. & GENERAL	22,193,516	22,842,123	648,607
10	TOTAL WAGE INCREASE	83,833,274	86,018,658	2,185,384
11				
12	PAYROLL TAXES	7,347,779	7,489,825	142,046
13	TOTAL WAGES & TAXES	91,181,053	93,508,483	2,327,430
14				
15	INCREASE (DECREASE) OPERATING EXPENSE			\$ 2,327,430
16	INCREASE (DECREASE) FIT @ 35%			(814,601)
17	INCREASE (DECREASE) NOI			\$ (1,512,830)

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.20- 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	\$5,398,753
3	RATE YEAR MANAGEMENT WAGE INCREASE 2.97%	<u>160,343</u>
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT	\$ 5,559,096
5		
6	<u>NON-UNION (EXECUTIVES)</u>	
7	INVESTMENT PLAN APPLICABLE TO MANAGEMENT	132,722
8	RATE YEAR MANAGEMENT WAGE INCREASE 0.00%	<u>0</u>
9	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT	132,722
10		
11	<u>IBEW</u>	
12	INVESTMENT PLAN APPLICABLE TO IBEW	1,409,136
13	RATE YEAR IBEW WAGE INCREASE 2.19%	<u>30,914</u>
14	TOTAL COMPANY CONTRIBUTION FOR IBEW	1,440,049
15		
16	<u>UA</u>	
17	INVESTMENT PLAN APPLICABLE TO UA	936,139
18	RATE YEAR UA WAGE INCREASE 2.26%	<u>21,180</u>
19	TOTAL COMPANY CONTRIBUTION FOR UA	957,319
20		
21	<u>TOTAL</u>	
22	TOTAL PROFORMA COSTS (LN 4 + LN 9 + LN 14 + LN 19)	\$ 8,089,186
23	PRO FORMA COSTS APPLICABLE TO OPERATIONS 60.56%	4,898,811
24	CHARGED TO EXPENSE FOR YEAR ENDED 12/31/10	<u>4,770,159</u>
25	INCREASE (DECREASE) EXPENSE	\$ 128,652
26		
27	INCREASE (DECREASE) FIT @ 35%	<u>(45,028)</u>
28	INCREASE (DECREASE) NOI	<u>\$ (83,624)</u>

PUGET SOUND ENERGY-ELECTRIC
 ADJUSTMENT 14.21 - EMPLOYEE INSURANCE
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT	LINE NO.
1	BENEFIT CONTRIBUTION:		1
2	SALARIED EMPLOYEES	\$ 12,639,720	2
3	UNION EMPLOYEES	9,705,790	3
4	PRO FORMA INSURANCE COSTS	<u>22,345,510</u>	4
5			
6	APPLICABLE TO OPERATIONS @ 60.56%	13,532,441	
7	CHARGED TO EXPENSE DURING TEST YEAR	<u>13,515,093</u>	
8	INCREASE(DECREASE) EXPENSE	17,348	
9			
10	INCREASE(DECREASE) FIT @ 35%	<u>(6,072)</u>	
11			
12	INCREASE(DECREASE) NOI	<u>\$ (11,276)</u>	

**PUGET SOUND ENERGY-ELECTRIC
ADJUSTMENT 14.22 - WORKING CAPITAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

<u>DESCRIPTION</u>	<u>TEST YEAR</u>	<u>RESTATED</u>	<u>ADJUSTMENT</u>
<u>ADJUSTMENT TO RATE BASE</u>			
ALLOWANCE FOR WORKING CAPITAL	\$ 204,952,589	\$ 169,964,771	\$ (34,987,818)
TOTAL ADJUSTMENT TO RATE BASE	<u>204,952,589</u>	<u>169,964,771</u>	<u>(34,987,818)</u>

**Exhibit No. ___ (RCM-3)
Dockets UE-111048/UG-111049
Witness: Roland C. Martin**

**BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION
COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**DOCKET UE-111048
DOCKET UG-111049
(Consolidated)**

TESTIMONY OF

ROLAND C. MARTIN

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Calculation of Electric Revenue Requirement Deficiency

**December 7, 2011
Revised May 1, 2012**

**PUGET SOUND ENERGY-ELECTRIC
GENERAL RATE INCREASE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

STAFF CASE AS BRIEFED WITH RECs REMOVED

LINE NO. DESCRIPTION	REVISED
1 RATE BASE	\$ 4,796,573,325
2 RATE OF RETURN	7.59%
3	
4 OPERATING INCOME REQUIREMENT	364,059,915
5	
6 PRO FORMA OPERATING INCOME	339,761,535
7 OPERATING INCOME DEFICIENCY	24,298,381
8	
9 CONVERSION FACTOR	0.6207490
10 REVENUE REQUIREMENT DEFICIENCY	39,143,649
11 LARGE FIRM WHOLESale	109,385
12 SALES FROM RESALE-FIRM	42,006
13 REVENUE REQUIREMENT DEFICIENCY	\$ 38,992,258
STAFF ORIGINAL DIRECT CASE	
1 RATE BASE	\$ 4,793,863,515
2 RATE OF RETURN	7.59%
3	
4 OPERATING INCOME REQUIREMENT	363,854,241
5	
6 PRO FORMA OPERATING INCOME	339,695,092
7 OPERATING INCOME DEFICIENCY	24,159,149
8	
9 CONVERSION FACTOR	0.6207490
10 REVENUE REQUIREMENT DEFICIENCY	38,919,352
11 LARGE FIRM WHOLESale	108,758
12 SALES FROM RESALE-FIRM	41,765
13 REVENUE REQUIREMENT DEFICIENCY	\$ 38,768,829
REVENUE REQUIREMENT DIFFERENCE WITH REC REMOVED (Before allocation of firm resale and large firm wholesale)	\$224,297

**PUGET SOUND ENERGY-ELECTRIC
PRO FORMA COST OF CAPITAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1 SHORT TERM DEBT	4.00%	2.68%	0.11%
2 LONG TERM DEBT	50.00%	6.22%	3.11%
3 PREFERRED	0.00%	0.00%	0.00%
4 EQUITY	46.00%	9.50%	4.37%
5 TOTAL	100.00%		7.59%
6			
7 AFTER TAX SHORT TERM DEBT ((LINE 1)* 65%)	4.00%	1.74%	0.07%
8 AFTER TAX LONG TERM DEBT ((LINE 2)* 65%)	50.00%	4.04%	2.02%
9 PREFERRED	0.00%	0.00%	0.00%
10 EQUITY	46.00%	9.50%	4.37%
11 TOTAL AFTER TAX COST OF CAPITAL	100.00%		6.46%

**PUGET SOUND ENERGY-ELECTRIC
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	RATE
1	BAD DEBTS	0.004444
2	ANNUAL FILING FEE	0.002000
3	STATE UTILITY TAX (3.873% - (LINE 1 * 3.873%))	3.873% <u>0.038558</u>
4		
5	SUM OF TAXES OTHER	0.045002
6		
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5)	0.954998
8	FEDERAL INCOME TAX (LINE 7 * 35%)	35% 0.334249
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 7 - LINE 8)	<u>0.620749</u>

Exhibit No. ___ (RCM-4)
Dockets UE-111048/UG-111049
Witness: Roland C. Martin

BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION
COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET UE-111048
DOCKET UG-111049
(Consolidated)

TESTIMONY OF

ROLAND C. MARTIN

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Comparison of Staff versus Company Adjustments

December 7, 2011
Revised May 1, 2012

PUGET SOUND ENERGY - ELECTRIC
COMPARISON OF PSE-STAFF REVENUE REQUIREMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010

Adj. No. (a)	Description (b)	PSE Direct (Supplemental)			Staff			Return on Rate Base (f)	Rev Req @7.59% (f)	Return on Rate Base (f)	Staff-PSE Difference (g)
		NOI (c)	Rate Base (d)	Rev.Req @8.42 (e)	Return on Rate Base (f)	NOI (c)	Rate Base (d)				
	Actual Results of Operations	117,427,311	4,100,870,913	367,082,379	2.86%	117,427,311	4,100,870,913	312,249,864	2.86%	(54,832,514)	
13.01	Power Costs	100,033,495	-	(161,149,667)	2.44%	115,866,060	-	(186,655,250)	2.83%	(25,505,583)	
13.02	Lower Snake River	(39,435,507)	687,710,765	156,811,777	-1.23%	(34,835,395)	644,066,095	134,869,346	-1.12%	(21,942,831)	
13.03	LSR PPD Transm Dep	(442,084)	110,538,909	15,705,962	-0.09%	(726,666)	110,846,093	14,723,961	-0.09%	(982,001)	
13.04	MT Electric Energy Tax	(100,186)	-	161,395	0.00%	(100,185)	-	161,394	0.00%	(0)	
13.05	Wild Horse Solar	179,073	(3,370,636)	(745,681)	0.01%	179,073	(3,370,636)	(700,612)	0.01%	45,069	
13.06	ASC 815 (Prev. SFAS 133)	108,519,513	-	(174,820,278)	2.65%	108,519,513	-	(174,820,278)	2.65%	0	
13.07	Storm Damage	1,349,514	-	(2,174,009)	0.03%	2,107,628	-	(3,395,299)	0.05%	(1,221,290)	
13.08	Remove Tenaska	30,284,100	(56,496,129)	(56,449,667)	0.79%	30,284,100	(56,496,129)	(55,694,260)	0.79%	755,407	
13.09	Chelan Payments	(4,607,243)	135,630,302	25,819,316	-0.20%	(4,607,243)	135,630,302	24,005,810	-0.20%	(1,813,506)	
13.10	Regulatory Assets & Liabilities	3,683,316	(19,546,418)	(8,584,991)	0.10%	(759,620)	(8,857,560)	(2,306,743)	0.02%	6,278,248	
13.11	Production Adjustment	2,294,360	(50,346,992)	(10,525,312)	0.09%	2,231,314	(49,479,845)	(9,644,533)	0.09%	880,779	
14.01	Temperature Normalization	12,971,429	-	(20,896,415)	0.32%	12,971,429	-	(20,896,416)	0.32%	(0)	
14.02	Revenue and Expenses	1,490,395	-	(2,400,962)	0.04%	1,352,073	-	(2,178,131)	0.03%	222,831	
14.03	Pass Through Rev and Exp	(306,445)	-	493,670	-0.01%	(306,445)	-	493,670	-0.01%	0	
14.04	Federal Income Tax	(60,471,550)	-	97,417,073	-1.47%	(60,471,551)	(41,414,322)	92,353,276	-1.46%	(5,063,797)	
14.05	Tax Benefit of Proforma Interest	55,619,944	-	(89,601,343)	1.36%	54,057,381	-	(87,084,122)	1.32%	2,517,221	
14.06	Operating Expenses	(4,311,356)	-	6,945,409	-0.11%	(4,219,511)	-	6,797,451	-0.10%	(147,959)	
14.07	General Plant Depreciation	688,453	(233,769)	(1,140,777)	0.02%	688,453	(233,769)	(1,137,651)	0.02%	3,126	
14.08	Injuries & Damages	(725,618)	-	1,168,939	-0.02%	(725,618)	-	1,168,939	-0.02%	(0)	
14.09	Bad Debt	1,638,181	-	(2,639,039)	0.04%	1,638,181	-	(2,639,039)	0.04%	-	
14.10	Incentive Pay	482,220	-	(776,836)	0.01%	2,277,270	-	(3,668,584)	0.06%	(2,891,748)	
14.11	Property Tax	(3,359,921)	-	5,412,689	-0.08%	(474,214)	-	763,938	-0.01%	(4,648,751)	
14.12	Excise Tax & Filing Fee	(200,979)	-	323,769	0.00%	(200,979)	-	323,769	0.00%	0	
14.13	D&O Insurance	33,584	-	(54,102)	0.00%	77,592	-	(124,997)	0.00%	(70,894)	
14.14	Interest on Customer Deposits	(47,149)	-	75,955	0.00%	(47,149)	-	75,955	0.00%	0	
14.15	Rate Case Expense	44,411	-	(71,544)	0.00%	44,411	-	(71,544)	0.00%	0	
14.16	Deferred G/L on Property Sales	(1,028,316)	-	1,656,573	-0.03%	(1,028,316)	-	1,656,573	-0.03%	0	
14.17	Property and Liability Insurance	(124,477)	-	200,528	0.00%	(124,477)	-	200,528	0.00%	0	
14.18	Pension Plan	(1,199,984)	-	1,933,123	-0.03%	(1,199,984)	-	1,933,123	-0.03%	(0)	
14.19	Wage Increase	(2138,614)	-	3,445,215	-0.05%	(1,512,830)	-	2,437,104	-0.04%	(1,008,112)	
14.20	Investment Plan	(107,798)	-	173,658	0.00%	(83,624)	-	134,714	0.00%	(38,944)	
14.21	Employee Insurance	(81,749)	-	131,694	0.00%	(11,276)	-	18,165	0.00%	-113,529	
14.22	Working Capital	-	-	-	-	-	(34,987,818)	(4,278,018)	-	(4,278,018)	
	Total Adjustment	200,623,010	803,886,032	(214,153,879)	4.56%	222,334,224	695,702,411	(273,106,216)	5.09%	(58,952,337)	
	Adjusted Results of Operations	318,050,320	4,904,756,945	152,928,499	6.48%	339,761,555	4,796,573,324	39,143,648	7.08%	(113,784,851)	
	check	318,050,320	8.45%	84,930,213		339,761,555	7.59%	242,988,380			