

Exhibit A-4 Production Adjustment (1 of 2)

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

LINE NO.	DESCRIPTION	REVISED PROFORMA AND RESTATED (A)	REVISED PRODUCTION 2.099% (B)	REVISED FIT 35%	Net of Prod. Factor (C) = (A)+(B)
1	<u>Q&amp;M ON PRODUCTION PROPERTY</u>				
2	PRODUCTION WAGE ADJUSTMENTS AND INCENTIVE:				
3	PURCHASED POWER	\$ 79,703	\$ (1,673)	\$ 586	\$ 78,030
4	OTHER POWER SUPPLY	243,956	(5,121)	1,792	238,836
5	TOTAL WAGE RELATED ADJUSTMENTS	323,659	(6,794)	2,378	316,866
6					
7	ADMIN & GENERAL EXPENSES				
8	PAYROLL OVERHEADS	5,009,924	(105,158)	36,805	4,904,765
9	PROPERTY INSURANCE	2,835,322	(59,513)	20,830	2,775,809
10	TOTAL ADMIN & GENERAL EXPENSES	7,845,246	(164,672)	57,635	7,680,574
11					
12	DEPRECIATION / AMORTIZATION:				
13	DEPRECIATION	95,731,478	(2,009,404)	820,704	93,722,074
14	AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB)	11,264,042	(236,432)	80,107	11,027,610
15	TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)	106,995,520	(2,245,836)	900,811	104,749,684
16					
17	TAXES OTHER-PRODUCTION PROPERTY:				
18	PROPERTY TAXES - WASHINGTON	7,169,159	(150,481)	52,668	7,018,678
19	PROPERTY TAXES - MONTANA	7,050,410	(147,988)	51,796	6,902,422
20	ELECTRIC ENERGY TAX	1,682,986	(35,326)	12,364	1,647,660
21	PAYROLL TAXES	2,022,346	(42,449)	14,857	1,979,897
22	TOTAL TAXES OTHER	17,924,901	(376,244)	131,685	17,548,657
23					
24	<u>LOWER SNAKE RIVER</u>				
25					
26	PURCHASED POWER	776,099	(16,290)	5,702	759,809
27	WHEELING	6,884,867	(144,513)	50,580	6,740,354
28	SALES FOR RESALE	-	-	-	-
29	PRODUCTION O&M	10,891,023	(228,603)	80,011	10,662,420
30	PROPERTY INSURANCE	521,841	(10,953)	3,834	510,887
31	PROPERTY TAX	1,932,987	(40,573)	14,201	1,892,414
32	TOTAL OPERATING EXPENSES LOWER SNAKE RIVER	21,006,817	(440,933)	154,328	20,565,884
33					
34	<u>AMORTIZATION ON REGULATORY ASSETS:</u>				
35	BEP (555)	3,526,620	(74,024)	25,908	3,452,596
36	WHITE RIVER PLANT COSTS (407)	1,494,702	(31,374)	10,981	1,463,328
37	WHITE RIVER RELICENSING & CWIP	-	-	-	-
38	HOPKINS RIDGE PREPAID TRANSMISSION (565)	-	-	-	-
39	GOLDENDALE FIXED COSTS DEFERRAL (407.3)	-	-	-	-
40	HOPKINS RIDGE MITIGATION CREDIT (555)	-	-	-	-
41	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) (547)	(392,170)	8,232	(2,881)	(383,938)
42	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) (547)	(537,626)	11,285	(3,950)	(526,341)
43	MINT FARM DEFERRAL (407.3)	2,872,182	(60,287)	21,100	2,811,895
44	WILD HORSE EXPANSION DEFERRAL (407.3)	-	-	-	-
45	COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT (501)	500,000	(10,495)	3,673	489,505
46	FERC PART 12 NON-CONSTRUCTION STUDY COSTS UE-070074 (407.3)	265,155	(5,566)	1,948	259,589
47	MAJOR MAINTENANCE (SUMMARIZED) (PROD O&M)	152,586	(3,203)	1,121	149,383
48	LOWER SNAKE RIVER PREPAID TRANS DEPOSITS (407.3)	697,745	(14,646)	5,126	683,099
49	LOWER SNAKE RIVER PREPAID TRANS PRINCIPAL BAL. (565)	420,203	(8,820)	3,087	411,383
50	LOWER SNAKE RIVER AMORTIZATION (407.3)	4,580,591	(96,147)	33,651	4,484,444
51	CHELAN RESERVATION PREPAYMENT (555)	7,088,066	(148,778)	52,072	6,939,287
52					
53	TOTAL AMORTIZATION OF REGULATORY ASSETS AND LIABILITIES	20,668,052	(433,822)	151,836	20,234,230
54					
55					
56	INCREASE(DECREASE) EXPENSE			174,764,196	\$ (3,668,300)
57	INCREASE(DECREASE) FIT				1,398,673
58	INCREASE(DECREASE) NOI				<u>\$ 2,269,627</u>

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LINE NO.	DESCRIPTION	REVISED	REVISED	FIT 35%
		PROFORMA AND RESTATED	PRODUCTION 2.099%	
59	PRODUCTION PROPERTY RATE BASE:			
60	DEPRECIABLE PRODUCTION PROPERTY (INCL LSR AND WH SOLAR)	\$ 3,307,889,572	\$ (69,432,602)	
61	PRODUCTION PROPERTY ACCUM DEPR. (INCL LSR AND WH SOLAR)	(1,194,219,566)	25,066,669	
62	NON-DEPRECIABLE PRODUCTION PROPERTY	77,287,156	(1,622,257)	
63	PRODUCTION PROPERTY ACCUM AMORT.	(4,080,190)	85,643	
64	COLSTRIP COMMON FERC ADJUSTMENT	4,947,628	(103,851)	
65	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	1,458,712	(30,618)	
66	ACQUISITION ADJUSTMENTS	250,524,822	(5,258,516)	
67	ACCUMULATED AMORTIZATION ON ACQUISITION ADJ	(54,306,612)	1,139,896	
68	NET PRODUCTION PROPERTY	<u>2,389,501,522</u>	<u>(50,155,636)</u>	
69				
70	LIBR. DEPREC. POST 1980 (AMA)	(326,649,309)	6,856,369	
71	NOL DEFERRED TAX ASSET ATTRIBUTABLE TO PRODUCTION	6,328,940	(132,844)	
72	SUBTOTAL	<u>(320,320,369)</u>	<u>6,723,525</u>	
73				
74	TOTAL PRODUCTION PROPERTY RATE BASE	<u>\$ 2,069,181,152</u>	<u>\$ (43,432,111)</u>	<u>\$ 2,025,749,041</u>
75				
76	REGULATORY ASSETS RATE BASE:			
77	BEP	11,214,773	(235,398)	
78	WHITE RIVER PLANT COSTS	34,565,277	(725,525)	
79	WHITE RIVER RELICENSING & CWIP	24,941,807	(523,529)	
80	PROCEEDS FROM THE SALE OF WHITE RIVER ASSETS TO CWA	(29,911,730)	627,847	
81	DFIT WHITE RIVER REG ASSETS	(10,331,528)	216,859	
82	WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY)	(1,529,462)	32,103	
83	WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)	(2,096,742)	44,011	
84	MINT FARM DEFERRAL UE-090704	23,180,901	(486,567)	
85	COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT	3,583,333	(75,214)	
86	FERC PART 12 NON-CONSTRUCTION STUDY COSTS UE-070074	1,193,198	(25,045)	
85	LOWER SNAKE RIVER PREPAID TRANSMISSION DEPOSITS	99,746,463	(2,093,678)	
86	LOWER SNAKE RIVER AMORTIZATION	10,324,092	(216,703)	
87	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)	31,788	(667)	
87	TOTAL REGULATORY ASSETS AND LIABILITIES RATE BASE	<u>\$ 311,642,103</u>	<u>\$ (6,541,367)</u>	<u>\$ 305,100,736</u>
88				
89	TOTAL ADJUSTMENT TO RATEBASE (LINE 73 + LINE 89)	<u>\$ (3)</u>	<u>\$ (49,973,478)</u>	

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**TABLE 7**  
**Commission Determinations of Restating and Pro Forma Adjustments**  
**Electric**

Adjustment	Adj. #	NOI	Rate Base	Revenue Requirement
Power Costs	20.01	123,082,268		(198,280,252)
Lower Snake River	20.02	(36,681,492)	669,984,171	143,278,938
LSR Prepaid Transmission Deposit	20.03	(726,665)	110,846,093	15,098,953
Montana Electric Tax	20.04	(91,580)		147,531
Wild Horse Solar	20.05	179,073	(3,370,636)	(712,015)
ASC 815	20.06	108,519,513		(174,820,278)
Storm Damage	20.07	1,349,514		(2,174,009)
Remove Tenaska	20.08	30,284,100	(56,496,129)	(55,885,387)
Chelan Payments	20.09	(4,607,243)	135,630,302	24,464,649
Regulatory Assets & Liabilities	20.10	4,410,066	(21,539,982)	(9,811,026)
Production Adjustment	20.11	2,269,627	(49,973,478)	(9,935,672)
LSR Deferral	20.12	(2,977,384)	10,324,092	6,093,708
Temperature Normalization	21.01	12,971,429		(20,896,415)
Revenues & Expenses	21.02	1,352,073		(2,178,132)
Pass-Through Revenues & Expenses	21.03	(306,445)		493,670
Federal Income Taxes	21.04	(60,471,551)	(41,414,322)	92,213,171
Tax Benefit of Pro Forma Interest	21.05	52,657,745		(84,829,368)
Miscellaneous Operating Expense	21.06	(4,308,881)		6,941,422
General Plant Depreciation	21.07	688,453	(233,769)	(1,138,442)
Normalized Injuries & Damages	21.08	(725,618)		1,168,939
Bad Debts	21.09	1,638,181		(2,639,039)
Incentive Pay	21.10	482,220		(776,836)
Property Taxes	21.11	(3,036,132)		4,891,078
Excise Tax & Filing Fee	21.12	(200,979)		323,769
D & O Insurance	21.13	33,584		(54,102)
Interest on Customer Deposits	21.14	(47,149)		75,955
Rate Case Expense	21.15	44,411		(71,544)
Deferred Gains/Losses on Property Sales	21.16	(1,028,316)		1,656,573
Property & Liability Insurance	21.17	(124,477)		200,527
Pension Plan	21.18	(1,199,984)		1,933,123
Wage Increase	21.19	(1,512,830)		2,437,104
Investment Plan	21.20	(83,624)		134,715
Employee Insurance	21.21	(11,276)		18,165
Working Capital	21.22		(1,378,828)	(173,256)