



The Energy To Do Great Things

Puget Sound Energy  
P.O. Box 97034  
Bellevue, WA 98009-9734  
PSE.com

UE-090674-ST

April 30, 2009

DELIVERED VIA COURIER

Mr. David Danner  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504-7250

2009 APR 30 PM 4:10  
STATE OF WASH.  
UTIL. AND TRANSP.  
COMMISSION

RE: Electric Accounting Report Pursuant to WAC 480-100-257

Dear Mr. Danner:

Enclosed are an original and two copies of Puget Sound Energy, Inc.'s ("PSE" or "the Company") Electric Annual "Commission Basis" Results of Operations for the twelve-month period ended December 31, 2008. Workpapers supporting this filing are available upon request. These reports were prepared in compliance with the above-referenced WAC. The reports do not necessarily reflect all adjustments the Company would submit in a rate filing.

The restated calculations do not include any new theories or approaches which have not been previously addressed and resolved with the Commission by the Company. There are no pro-forma adjustments in accordance with WAC 480-100-257.

The results show a normalized overall rate of return of 6.39% and a return on actual common equity of 5.94%, compared with PSE's authorized rate of return of 8.25% overall and 10.15% on common equity.

If you have any questions, please feel free to call me at (425) 462-3885.

Sincerely,

John H. Story  
Director, Cost & Regulation

Enclosures

**2008**  
**Electric**

Restated Net Operating Income	\$ 221,232,791	a
Restated Rate Base	\$ 3,462,284,719	b
<b>Normalized Overall Rate of Return</b>	<b>6.39%</b>	<b>c=a/b</b>
Restated Net Operating Income	\$ 221,232,791	d=a
Proforma Interest Expense	\$ 129,434,329	e
Restated NOI less Proforma Interest Exp	\$ 91,798,462	f=d-e
Restated Rate Base	\$ 3,462,284,719	g=b
Actual Equity Percent	44.67%	h
Equity Rate Base	\$ 1,546,602,584	i=g*h
<b>Restated Return on Actual Equity</b>	<b>5.94%</b>	<b>j=f/i</b>

## PUGET SOUND ENERGY, INC.

**Utility Capital Structure**  
**Cost of Capital and Rate of Return**  
For The 12 Months Ending December 31, 2008

(A)	(B)	(C)	(D)	(E)
<u>Description</u>	<u>Amount (i)</u>	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost of Capital</u>
Short Term Debt	\$375,235,992	6.60%	3.84%	0.253% (A)
Long Term Debt	\$2,768,130,833	48.70%	6.79%	3.307% (A)
Preferred Stock	\$1,889,400	0.03%	8.61%	0.003%
Common Stock	<u>\$2,538,884,722</u>	44.67%	10.15%	<u>4.534%</u>
<b>Total</b>	<b><u>\$5,684,140,947</u></b>	<b><u>100.00%</u></b>		<b><u>8.10%</u></b>

(i) - Average of Month-End Balances

Total (A)            3.56%

**PUGET SOUND ENERGY-ELECTRIC  
RESULTS OF OPERATIONS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 1,988,945,644	\$ (85,894,251)	\$ 1,903,051,393
3	369,319	(4,359)	364,960
4	173,342,971	-	173,342,971
5	55,432,486	188,209	55,620,695
6	2,218,090,420	(85,710,401)	2,132,380,019
7			
8	OPERATING REVENUE DEDUCTIONS:		
9			
10	<u>POWER COSTS:</u>		
11	\$ 212,332,676	\$ (1,155,190)	\$ 211,177,486
12	920,346,551	(11,600,328)	908,746,223
13	70,713,346	-	70,713,346
14	(40,663,861)	40,663,861	-
15	1,162,728,712	27,908,343	1,190,637,055
16			
17	\$ 102,819,798	\$ -	\$ 102,819,798
18	9,234,124	-	9,234,124
19	76,776,331	-	76,776,331
20	43,145,324	(1,461,649)	41,683,675
21	10,019,493	(7,837,447)	2,182,046
22	53,980,110	(53,979,048)	1,062
23	89,418,696	2,967,284	92,385,980
24	173,307,040	-	173,307,040
25	34,012,299	-	34,012,299
26	6,493,409	-	6,493,409
27	(483,686)	-	(483,686)
28	7,537,999	(7,537,999)	-
29	188,816,369	(70,664,278)	118,152,091
30	4,629,482	9,301,294	13,930,776
31	30,323,152	19,692,076	50,015,228
32	\$ 1,992,758,652	\$ (81,611,424)	\$ 1,911,147,228
33			
34	\$ 225,331,768	\$ (4,098,977)	\$ 221,232,791
35			
36	\$ 3,462,284,719	\$ -	\$ 3,462,284,719
37			
38	6.51%		6.39%
39			
40	RATE BASE:		
41	\$ 3,649,803,793	\$ -	\$ 3,649,803,793
42	286,749,772	-	286,749,772
43	(515,196,416)	-	(515,196,416)
44	-	-	-
45	130,674,248	-	130,674,248
46	(89,746,678)	-	(89,746,678)
47	\$ 3,462,284,719	\$ -	\$ 3,462,284,719





**PUGET SOUND ENERGY-ELECTRIC  
TEMPERATURE NORMALIZATION  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION				
1	TEMPERATURE NORMALIZATION ADJUSTMENT:				
2		ACTUAL	TEMP ADJ	MWH	ADJ FOR LOSSES
3		GPI MWH	GPI MWH	CHANGE	<b>6.7%</b>
4	Jan-08	2,469,690	2,391,018	(78,672)	(73,401)
5	Feb-08	2,107,909	2,120,848	12,939	12,072
6	Mar-08	2,170,180	2,091,248	(78,932)	(73,644)
7	Apr-08	1,958,626	1,886,833	(71,793)	(66,983)
8	May-08	1,766,162	1,766,439	277	258
9	Jun-08	1,675,454	1,675,928	474	442
10	Jul-08	1,672,937	1,682,789	9,852	9,192
11	Aug-08	1,721,324	1,713,215	(8,109)	(7,566)
12	Sep-08	1,662,996	1,666,514	3,518	3,282
13	Oct-08	1,892,478	1,882,587	(9,891)	(9,228)
14	Nov-08	1,952,479	2,053,028	100,549	93,812
15	Dec-08	2,521,637	2,426,079	(95,558)	(89,156)
16		23,571,872	23,356,526	(215,346)	(200,920)
17					
18	REVENUE ADJUSTMENT:	Schedule 7		(176,605) \$	(18,021,127)
19		Schedule 24		(7,529)	(657,045)
20		Schedule 25		(7,940)	(504,896)
21		Schedule 26		(3,774)	(230,199)
22		Schedule 29		68	3,652
23		Schedule 31		(928)	(54,654)
24		Schedule 43		(3,472)	(192,341)
25		Schedule 40		(617)	(34,044)
26		Firm Resale		(124)	(4,359)
27	INCREASE (DECREASE) SALES TO CUSTOMERS			(200,921) \$	(19,695,013) \$ (19,695,013)
28					
29	UNCOLLECTIBLES @			0.0036220 \$	(71,335)
30	ANNUAL FILING FEE @			0.0020000	(39,390)
31	INCREASE (DECREASE) EXPENSE				(110,725)
32					
33	STATE UTILITY TAX @			0.0385900 \$	(760,031)
34	INCREASE (DECREASE) TAXES OTHER				(760,031)
35					
36	INCREASE (DECREASE) OPERATING INCOME				(18,824,257)
37					
38	INCREASE (DECREASE) FIT @			35%	(6,588,490)
39	INCREASE (DECREASE) NOI				<u>\$ (12,235,767)</u>

**PUGET SOUND ENERGY-ELECTRIC  
REVENUE & EXPENSE RESTATING  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO. DESCRIPTION	AMOUNT	ADJUSTMENT
1 SALES TO CUSTOMERS:		
2 <u>RESTATING ADJUSTMENTS:</u>		
3 TRUE UP UNBILLED REVENUE	\$ (254,061)	
4 ADD BACK PRODUCTION TAX CREDIT	<u>29,870,588</u>	
5		
6		
7 INCREASE (DECREASE) SALES TO CUSTOMERS	<u>29,616,527</u>	
8		
9 INCREASE (DECREASE) REVENUES		\$ 29,616,527
10		
11 UNCOLLECTIBLES @	0.0036220 \$ 107,271	
12 ANNUAL FILING FEE @	0.0020000 <u>59,233</u>	
13 INCREASE (DECREASE) EXPENSE		166,504
14		
15 STATE UTILITY TAX @	0.0385900 \$ <u>1,142,902</u>	
16 INCREASE (DECREASE) TAXES OTHER		<u>1,142,902</u>
17		
18 INCREASE (DECREASE) OPERATING INCOME		28,307,121
19		
20 INCREASE (DECREASE) FIT @	35%	<u>9,907,492</u>
21 INCREASE (DECREASE) NOI		<u><u>\$ 18,399,629</u></u>



**PUGET SOUND ENERGY-ELECTRIC  
POWER COSTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO. DESCRIPTION	ACTUAL	RESTATED	INCREASE (DECREASE)
1 PRODUCTION EXPENSES:			
2 FUEL	\$ 212,332,676	\$ 211,177,486	\$ (1,155,190)
3 PURCHASED AND INTERCHANGED:	920,346,551	918,391,317	(1,955,234)
4 PRUDENCE FROM UE-921262	-	(3,236,045)	(3,236,045)
5 TENASKA DISALLOWANCE FROM UE-031725	-	(6,409,049)	(6,409,049)
6 WHEELING	70,713,346	70,713,346	-
7 HYDRO AND OTHER POWER	102,819,798	102,819,798	-
8 TRANS. EXP. INCL. 500KV O&M	1,497,266	1,497,266	-
9 SALES FOR RESALE	(173,342,971)	(173,342,971)	-
10 PURCHASES/SALES OF NON-CORE GAS	(15,804,884)	(15,804,884)	-
11 WHEELING FOR OTHERS	(11,562,467)	(11,562,467)	-
12 SUBTOTAL	\$ 1,106,999,315	\$ 1,094,243,797	\$ (12,755,518)
13			
14 LESS: SALES FOR RESALE	173,342,971	173,342,971	-
15 LESS: WHEELING FOR OTHERS	11,562,467	11,562,467	-
16 SCH. 94 - RES./FARM CREDIT	(40,663,861)	(40,663,861)	-
17 TOTAL	\$ 1,251,240,892	\$ 1,238,485,374	\$ (12,755,518)
18 TRANS. EXP. INCL. 500KV O&M	(1,497,266)		
19 PURCHASES/SALES OF NON-CORE GAS	15,804,884		
20 POWER COSTS PER G/L	\$ 1,265,548,510		
21 INCREASE(DECREASE) INCOME			\$ 12,755,518
22			
23 INCREASE(DECREASE) FIT @	35%		4,464,431
24 INCREASE(DECREASE) NOI			<u>\$ 8,291,087</u>

**PUGET SOUND ENERGY-ELECTRIC  
SALES FOR RESALE - SECONDARY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT	ADJUSTMENT
1	RESTATED SALES FOR RESALE - OTHER UTILITIES	\$ 173,342,971	
2	ACTUAL SALES FOR RESALE - OTHER UTIL.	<u>173,342,971</u>	
3	INCREASE (DECREASE) REVENUES - OTHER UTILITIES		\$ -
4			
5			
6	INCREASE (DECREASE) FIT @	35%	<u>-</u>
7	INCREASE (DECREASE) NOI		<u>\$ -</u>

**PUGET SOUND ENERGY-ELECTRIC  
FEDERAL INCOME TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ 22,313,583
2		
3	FEDERAL INCOME TAX @ 35%	\$ 7,809,754
4	DEFERRED FIT - DEBIT	81,055,294
5	DEFERRED FIT - CREDIT	(33,678,366)
6	DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.	-
7	TOTAL RESTATED FIT	<u>\$ 55,186,682</u>
8		
9	FIT PER BOOKS:	
10	CURRENTLY PAYABLE	\$ 4,629,482
11	DEFERRED FIT - DEBIT	95,224,301
12	DEFERRED FIT - CREDIT	(64,901,149)
13	DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.	-
14	TOTAL CHARGED TO EXPENSE	<u>\$ 34,952,634</u>
15		
16	INCREASE(DECREASE) FIT (LINE 3 - LINE 10)	3,180,272
17	INCREASE(DECREASE) DEFERRED FIT (LINES 4 + 5 + 6 - 11 - 12 - 13)	17,053,776
18	INCREASE(DECREASE) NOI	<u><u>\$ (20,234,048)</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
TAX BENEFIT OF RESTATED INTEREST  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 3,462,284,719
2	DEDUCTIBLE CWIP	173,511,052
3	NET RATE BASE	\$ 3,635,795,771
4		
5	WEIGHTED COST OF DEBT	3.56%
6	PROFORMA INTEREST	\$ 129,434,329
7		
8	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
9	INTEREST ON LONG TERM DEBT	\$ 118,050,837
10	AMORTIZATION OF DEBT DISCOUNT	
11	AND EXPENSE, NET OF PREMIUMS	2,191,065
12	INTEREST ON DEBT TO ASSOCIATED COMPANIE	526,222
13	OTHER INTEREST EXPENSE	8,798,452
14	LESS: INTEREST ON CUSTOMER DEPOSITS	(420,107)
15	CHARGED TO EXPENSE IN TEST YEAR	129,146,469
16		
17	INCREASE (DECREASE) INCOME	\$ (287,860)
18		
19	INCREASE (DECREASE) FIT @	35% \$ (100,751)
20		
21	INCREASE (DECREASE) NOI	\$ 100,751

**PUGET SOUND ENERGY-ELECTRIC  
PASS-THROUGH REVENUE & EXPENSE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>		
2	REMOVE CONSERVATION RIDER - SCHEDULE 120		\$ 56,528,843
3	REMOVE MUNICIPAL TAXES - SCHEDULE 81		71,715,879
4	REMOVE LOW INCOME RIDER - SCHEDULE 129		7,416,313
5	REMOVE RESIDENTIAL EXCHANGE - SCH 194		(42,536,503)
6	GREEN POWER - SCH 135/136 (TAGS ELIM IN PAGE 4.03)		2,695,592
7	GREEN POWER - SCH 135/136 ELIMINATE UNDER EXPENSED		(188,209)
8	TOTAL (INCREASE) DECREASE REVENUES		<u>\$ 95,631,915</u>
9			
10	<u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u>		
11	BAD DEBTS	0.0036220	(346,379)
12	ANNUAL FILING FEE	0.0020000	(191,264)
13	STATE UTILITY TAX	0.0385900	(3,690,436)
14	TOTAL		<u>(4,228,079)</u>
15			
16	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>		
17	REMOVE CONSERVATION AMORTIZATON - SCHEDULE 120		\$ (53,979,048)
18	REMOVE MUNICIPAL TAXES - SCHEDULE 81		(69,266,041)
19	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129		(7,082,152)
20	REMOVE RESIDENTIAL EXCHANGE - SCH 194		40,663,861
21	GREEN POWER - SCH 135/136		(755,295)
22	GREEN POWER - SCH 135/136 BENEFITS PORTION OF ADMIN		(167)
23	GREEN POWER - SCH 135/136 TAXES PORTION OF ADMIN		(52)
24	TOTAL INCREASE (DECREASE) EXPENSE		<u>\$ (90,418,894)</u>
25			
26	INCREASE (DECREASE) OPERATING INCOME BEFORE FIT		\$ (984,942)
27	INCREASE (DECREASE) FIT		(344,730)
28	INCREASE (DECREASE) NOI		<u>\$ (640,212)</u>

**PUGET SOUND ENERGY-ELECTRIC  
BAD DEBTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	YEAR	NET WRITEOFF'S	GROSS REVENUES	SALES FOR RESALE OTHER	SALES FOR RESALE FIRM	NET REVENUES	PERCENT WRITEOFFS TO REVENUE
1	12 MOS ENDED 12/31/2004	\$ 5,022,599	\$1,406,581,058	\$ 58,008,246	\$ 361,860	\$ 1,348,210,952	0.3725381%
2	12 MOS ENDED 12/31/2005	5,360,802	1,529,132,527	87,141,570	350,697	\$ 1,441,640,260	0.3718543%
3	12 MOS ENDED 12/31/2007	6,199,334	1,922,618,327	111,070,231	373,024	\$ 1,811,175,072	0.3422824%
4							
5	3-Yr Average of Net Write Off Rate						0.3622000%
6							
7	Reporting Period Revenues		2,218,090,420	173,342,971	369,320	\$ 2,044,378,129	
8							
9	PROFORMA BAD DEBT RATE					<u>0.3622000%</u>	
10	PROFORMA BAD DEBTS					\$ 7,404,738	
11							
12	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR					<u>8,976,051</u>	
13	INCREASE (DECREASE) EXPENSE						\$ (1,571,313)
14							
15	INCREASE (DECREASE) NOI						\$ 1,571,313
16	INCREASE (DECREASE) FIT					35%	549,960
17	INCREASE (DECREASE) NOI						<u>\$ 1,021,353</u>

**PUGET SOUND ENERGY-ELECTRIC  
PROPERTY TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE

NO. DESCRIPTION	WASHINGTON	MONTANA	OREGON	TOTAL
1 RESTATED PROPERTY TAX	\$ 25,089,976	\$ 10,427,003	\$ 682,879	\$ 36,199,858
2 CHARGED TO EXPENSE IN TY	22,610,386	10,434,323	687,927	33,732,636
3 INCREASE (DECREASE) INCOME	\$ (2,479,590)	\$ 7,320	\$ 5,048	\$ (2,467,222)
4				
5 INCREASE (DECREASE) FIT @			35%	(863,528)
6 INCREASE (DECREASE) NOI				<u>\$ (1,603,694)</u>

**PUGET SOUND ENERGY-ELECTRIC  
EXCISE TAX & FILING FEE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	<b>RESTATED EXCISE TAXES</b>	\$ 77,127,850
2	CHARGED TO EXPENSE FOR TEST YEAR	77,534,151
3	INCREASE(DECREASE) EXCISE TAX	\$ (406,301)
4		
5	<b>RESTATED WUTC FILING FEE</b>	\$ 4,067,207
6	CHARGED TO EXPENSE FOR TEST YEAR	4,067,207
7	INCREASE(DECREASE) WUTC FILING FEE	\$ -
8		
9	INCREASE(DECREASE) EXPENSE	\$ (406,301)
10		
11	INCREASE(DECREASE) OPERATING INCOME	\$ 406,301
12		
13	INCREASE(DECREASE) FIT	35% \$ 142,205
14		
15	INCREASE(DECREASE) NOI	<u>\$ 264,096</u>



**PUGET SOUND ENERGY-ELECTRIC  
D&O INSURANCE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. CHG EXPENSE	\$ 624,952	\$ 776,505	\$ 151,553
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 624,952	\$ 776,505	\$ 151,553
4				
5	INCREASE (DECREASE) OPERATING INCOME			(151,553)
6				
7	INCREASE (DECREASE) FIT @		35%	(53,044)
8				
9	INCREASE (DECREASE) NOI			<u>\$ (98,509)</u>

**PUGET SOUND ENERGY-ELECTRIC  
MONTANA ENERGY TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED KWH	4,935,285,783
2	TAX RATE	<u>\$ 0.00035</u>
3		
4	RESTATED ENERGY TAX	\$ 1,727,350
5	CHARGED TO EXPENSE	<u>1,878,891</u>
6	INCREASE (DECREASE) INCOME	\$ 151,541
7		
8	INCREASE (DECREASE) FIT @ 35%	<u>53,039</u>
9	INCREASE (DECREASE) NOI	<u><u>\$ 98,502</u></u>

**PUGET SOUND ENERGY-ELECTRIC  
INTEREST ON CUSTOMER DEPOSITS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	INTEREST EXPENSE FOR TEST YEAR	\$ 420,107
2		
3		
4	INCREASE (DECREASE) NOI	<u>\$ (420,107)</u>

**PUGET SOUND ENERGY-ELECTRIC**  
**SFAS 133**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**COMMISSION BASIS REPORT**

<b>LINE NO.</b>		<b>ACTUAL</b>	<b>RESTATED</b>	<b>ADJUSTMENT</b>
1	FAS 133 OPERATING EXPENSE	\$ 7,537,999	\$ -	\$ (7,537,999)
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 7,537,999	\$ -	\$ (7,537,999)
4				
5	INCREASE (DECREASE) OPERATING INCOME			7,537,999
6				
7	INCREASE (DECREASE) DEFERRED FIT @	35%		2,638,300
8				
9	INCREASE (DECREASE) NOI			<u>\$ 4,899,699</u>

**PUGET SOUND ENERGY-ELECTRIC  
PENSION PLAN  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ (157,074)	\$ 2,362,680	\$ 2,519,754
2	SERP PLAN	1,771,381	2,238,946	467,565
3				
4	INCREASE (DECREASE ) IN EXPENSE	\$ 1,614,307	\$ 4,601,626	\$ 2,987,319
5				
6	INCREASE (DECREASE) INCOME			(2,987,319)
7	INCREASE (DECREASE) FIT @		35%	(1,045,562)
8				
9	INCREASE (DECREASE) NOI			<u>\$ (1,941,757)</u>

**PUGET SOUND ENERGY-ELECTRIC  
CONVERSION FACTOR  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
COMMISSION BASIS REPORT**

LINE NO. DESCRIPTION	RATE
1 BAD DEBTS	0.003622
2 ANNUAL FILING FEE	0.002000
3 STATE UTILITY TAX (( 1 - LINE 1 ) * 3.873%)	3.873% <u>0.038590</u>
4	
5 SUM OF TAXES OTHER	0.044212
6	
7 FEDERAL INCOME TAX (( 1 - LINE 5 ) * 35%)	35% <u>0.334526</u>
8 CONVERSION FACTOR ( 1 - ( LINE 5 + LINE 7 ) )	<u><u>0.621262</u></u>