



The Energy To Do Great Things

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

UG-090675-ST

April 30, 2009

2009 APR 30 PM 4:09  
STATE OF WASHINGTON  
UTILITY AND TRANSPORTATION  
COMMISSION

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

RE: Gas Accounting Report Pursuant to WAC 480-90-257

Dear Mr. Danner:

Enclosed are an original and two copies of Puget Sound Energy, Inc.'s ("PSE" or "the Company") Gas 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 480-90-257.

The results show a normalized overall rate of return of 6.52% and a return on actual common equity of 6.32%, compared with the Company'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**  
**Gas**

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Restated Net Operating Income	\$	96,137,045	a
Restated Rate Base	\$	1,474,337,487	b
<b>Normalized Overall Rate of Return</b>		<b>6.52%</b>	<b>c=a/b</b>
Restated Net Operating Income	\$	96,137,045	d=a
Proforma Interest Expense	\$	54,505,381	e
Restated NOI less Proforma Interest Exp	\$	41,631,664	f=d-e
Restated Rate Base	\$	1,474,337,487	g=b
Actual Equity Percent		44.67%	h
Equity Rate Base	\$	658,586,555	i=g*h
<b>Restated Return on Actual Equity</b>		<b>6.32%</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)
					<b>Weighted Cost of Capital</b>
	<u>Description</u>	<u>Amount (i)</u>	<u>Ratio</u>	<u>Cost</u>	<u>Capital</u>
7	<b>Short Term Debt</b>	\$375,235,992	6.60%	3.84%	0.253% (A)
9	<b>Long Term Debt</b>	\$2,768,130,833	48.70%	6.79%	3.307% (A)
11	<b>Preferred Stock</b>	\$1,889,400	0.03%	8.61%	0.003%
13	<b>Common Stock</b>	<u>\$2,538,884,722</u>	44.67%	10.15%	<u>4.534%</u>
15	<b>Total</b>	<u>\$5,684,140,947</u>	<u>100.00%</u>		<u>8.10%</u>

18 (i) - Average of Month-End Balances

Total (A) 3.56%

**PUGET SOUND ENERGY-GAS  
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	\$ 1,149,587,418	\$ (15,428,858)	\$ 1,134,158,560
3	49,950,978	(49,951,005)	(27)
4	17,329,860	1,004,369	18,334,229
5	<u>\$ 1,216,868,256</u>	<u>\$ (64,375,494)</u>	<u>\$ 1,152,492,762</u>
6			
7			
8	<u>OPERATING REVENUE DEDUCTIONS:</u>		
9			
10	<u>GAS COSTS:</u>		
11			
12	\$ 737,851,058	\$ 10,782,556	\$ 748,633,614
13			
14	<u>\$ 737,851,058</u>	<u>\$ 10,782,556</u>	<u>\$ 748,633,614</u>
15			
16	\$ 1,873,117	\$ -	\$ 1,873,117
17	394,280	-	394,280
18	51,612,729	-	51,612,729
19	28,177,045	(674,852)	27,502,193
20	4,829,560	(3,417,545)	1,412,015
21	7,669,601	(7,669,601)	-
22	44,215,773	1,589,153	45,804,926
23	82,190,938	0	82,190,938
24	15,618,788	-	15,618,788
25	-	-	-
26	781,404	-	781,404
27	108,410,162	(50,531,322)	57,878,840
28	(21,984,884)	2,713,108	(19,271,776)
29	43,878,484	(1,953,835)	41,924,649
30	<u>\$ 367,666,997</u>	<u>\$ (59,944,894)</u>	<u>\$ 307,722,103</u>
31			
32	\$ 111,350,201	\$ (15,213,156)	\$ 96,137,045
33			
34	\$ 1,474,337,487	\$0	\$ 1,474,337,487
35			
36	7.55%		6.52%
37			
38	<u>RATE BASE:</u>		
39	\$ 2,496,529,564	\$ -	\$ 2,496,529,564
40	(837,320,044)	-	(837,320,044)
41	(212,422,716)	-	(212,422,716)
42	(23,552,194)	-	(23,552,194)
43	<u>\$ 1,423,234,610</u>	<u>\$ -</u>	<u>\$ 1,423,234,610</u>
44	51,102,877	-	51,102,877
45	<u>\$ 1,474,337,487</u>	<u>\$ -</u>	<u>\$ 1,474,337,487</u>

PUGET SOUND ENERGY-GAS  
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12 ME Dec 31, 2008	TEMPERATURE NORMALIZATION 2.01	REVENUE & EXPENSE 2.02	FEDERAL INCOME TAX 2.03	TAX BENEFIT OF RESTATE 2.04	PASS-THROUGH REVENUE & EXPENSE 2.05	BAD DEBITS 2.06
1	OPERATING REVENUES						
2	SALES TO CUSTOMERS	\$ 1,149,587,418	\$ (55,696,079)	\$ (1,008,832)	\$ -	\$ 41,276,053	\$ -
3	MUNICIPAL ADDITIONS	49,950,978				(49,951,005)	
4	OTHER OPERATING REVENUES	17,329,860		1,004,369			
5	TOTAL OPERATING REVENUES	\$ 1,216,868,256	\$ (55,696,079)	\$ (4,463)	\$ -	\$ (8,674,952)	\$ -
6							
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	GAS COSTS:						
11							
12	PURCHASED GAS	\$ 737,851,058	\$ (39,777,834)	\$ -	\$ -	\$ 50,560,390	\$ -
13							
14	TOTAL PRODUCTION EXPENSES	\$ 737,851,058	\$ (39,777,834)	\$ -	\$ -	\$ 50,560,390	\$ -
15							
16	OTHER ENERGY SUPPLY EXPENSES	\$ 1,873,117	\$ -	\$ -	\$ -	\$ -	\$ -
17	TRANSMISSION EXPENSE	394,280					
18	DISTRIBUTION EXPENSE	51,612,729					
19	CUSTOMER ACCTS EXPENSES	28,177,045	(157,787)	(13)		(24,576)	(699,342)
20	CUSTOMER SERVICE EXPENSES	4,829,560				(3,417,545)	
21	CONSERVATION AMORTIZATION	7,669,601				(7,669,601)	
22	ADMIN & GENERAL EXPENSE	44,215,773	(111,392)	(9)		(17,350)	
23	DEPRECIATION	82,190,938					
24	AMORTIZATION	15,618,788					
25	AMORTIZATION OF PROPERTY LOSS	-					
26	OTHER OPERATING EXPENSES	781,404					
27	TAXES OTHER THAN F.I.T.	108,410,162	(2,139,342)	(171)		(48,633,839)	
28	FEDERAL INCOME TAXES	(21,984,884)	(4,728,403)	(1,495)	1,038,077	184,649	244,770
29	DEFERRED INCOME TAXES	43,878,484		(1,953,835)			
30	TOTAL OPERATING REV. DEDUCT.	\$ 367,666,997	\$ (7,136,924)	\$ (1,688)	\$ (915,758)	\$ (59,578,262)	\$ (454,572)
31							
32	NET OPERATING INCOME	\$ 111,350,201	\$ (8,781,321)	\$ 915,758	\$ (6,661,486)	\$ 342,920	\$ 454,572
33							
34	RATE BASE	\$ 1,474,337,487					
35							
36	RATE OF RETURN	7.55%					
37							
38	RATE BASE:						
39	UTILITY PLANT IN SERVICE AND OTHER AS	\$ 2,496,529,564	\$ -	\$ -	\$ -	\$ -	\$ -
40	ACCUMULATED DEPRECIATION	(837,320,044)					
41	ACCUMULATED DEFERRED FIT - LIBERALIZ	(212,422,716)					
42	DEPRECIATION AND OTHER LIABILITIES	(23,552,194)					
43	TOTAL NET INVESTMENT	\$ 1,423,234,610	\$ -	\$ -	\$ -	\$ -	\$ -
44	ALLOWANCE FOR WORKING CAPITAL	51,102,877					
45	TOTAL RATE BASE	\$ 1,474,337,487	\$ -	\$ -	\$ -	\$ -	\$ -



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

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-08	168,295,469	154,988,222	(13,307,247)
5	Feb-08	138,172,032	140,517,165	2,345,133
6	Mar-08	131,490,969	115,895,730	(15,595,239)
7	Apr-08	109,964,622	95,180,930	(14,783,692)
8	May-08	76,590,248	76,738,761	148,513
9	Jun-08	57,746,204	52,990,507	(4,755,697)
10	Jul-08	44,469,072	44,469,072	0
11	Aug-08	44,755,273	44,755,273	0
12	Sep-08	52,251,636	52,894,735	643,099
13	Oct-08	82,272,893	79,217,192	(3,055,701)
14	Nov-08	104,695,969	121,277,545	16,581,576
15	Dec-08	157,188,316	141,383,989	(15,804,327)
16		<u>1,167,892,703</u>	<u>1,120,309,121</u>	<u>(47,583,582)</u>
17	<b>REVENUE ADJUSTMENT:</b>			
18	Residential (23, 53)			\$ (39,901,123)
19	Residential (16)			0
20	Commercial & industrial (31)			(12,695,194)
21	Commercial heating (36)			0
22	Large volume (41)			(1,070,800)
23	Compressed Natural Gas (50)			0
24	Multiple unit housing (51)			0
25	Standby & auxiliary heating (61)			0
26	Interruptible (85)			(287,165)
27	Limited interruptible (86)			(892,487)
28	Non exclusive interruptible (87)			(834,904)
29	Transportation (57)			0
30	Contracts			<u>(14,406)</u>
31	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ (55,696,079)
32				
33	<b>OPERATING EXPENSES:</b>			<u>(39,777,834)</u>
34	PURCHASED GAS COSTS			\$ (39,777,834)
35				
36	UNCOLLECTIBLES @		0.28330%	\$ (157,787)
37	ANNUAL FILING FEE @		0.20000%	<u>(111,392)</u>
38	INCREASE (DECREASE) EXPENSE			(269,179)
39				
40	STATE UTILITY TAX @		3.84110%	<u>\$ (2,139,342)</u>
41	INCREASE (DECREASE) TAXES OTHER			<u>(2,139,342)</u>
42				
43	INCREASE (DECREASE) OPERATING INCOME			(13,509,724)
44				
45	INCREASE (DECREASE) FIT @		35%	<u>(4,728,403)</u>
46	INCREASE (DECREASE) NOI			<u>\$ (8,781,321)</u>

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

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
3	OTHER OPERATING	\$ (1,004,369)
4	OTHER ADJUSTMENTS	(4,463)
5	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ (1,008,832)
6		
7	OTHER OPERATING REVENUES:	
8	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
9	OTHER OPERATING	\$ 1,004,369
10	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	1,004,369
11		
12	TOTAL INCREASE (DECREASE) REVENUES	(4,463)
13		
14	OPERATING EXPENSES:	
15		
16	UNCOLLECTIBLES @	0.28330% (13)
17	ANNUAL FILING FEE @	0.20000% (9)
18	INCREASE (DECREASE) EXPENSE	(22)
19		
20	STATE UTILITY TAX @	3.84110% \$ (171)
21		
22	INCREASE (DECREASE) TAXES OTHER	(171)
23		
24	INCREASE (DECREASE) OPERATING INCOME	(4,270)
25	INCREASE (DECREASE) FIT @	35% (1,495)
26	INCREASE (DECREASE) NOI	\$ (2,775)



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

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ (59,848,019)
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @ 35%	(20,946,807)
5	DEFERRED FIT - DEBIT	47,432,293
6	DEFERRED FIT - CREDIT	(4,870,567)
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(637,077)
8	TOTAL RESTATED FIT	\$ 20,977,842
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	(21,984,884)
12	DEFERRED FIT - DEBIT	54,835,444
13	DEFERRED FIT - CREDIT	(10,319,883)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(637,077)
15	TOTAL CHARGED TO EXPENSE	\$ 21,893,600
16		
17	INCREASE(DECREASE) FIT (LINE 4 - LINE 11)	\$ 1,038,077
18	INCREASE(DECREASE) DEFERRED FIT (LINES 5 + 6 + 7 - 12 - 13 - 14)	(1,953,835)
19	INCREASE(DECREASE) ITC	-
20	INCREASE(DECREASE) NOI	<u>\$ 915,758</u>

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

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 1,474,337,487
2	DEDUCTIBLE CWIP	<u>56,712,548</u>
3	NET RATE BASE	\$ 1,531,050,035
4		
5	WEIGHTED COST OF DEBT	<u>3.56%</u>
6	RESTATED INTEREST	\$ 54,505,381
7		
8	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
9	INTEREST ON LONG TERM DEBT	\$ 64,633,838
10	INTEREST ON DEBT TO ASSOCIATED COMPANIES	288,111
11	AMORTIZATION OF DEBT DISCOUNT	
12	AND EXPENSE, NET OF PREMIUMS	1,199,627
13	OTHER INTEREST EXPENSE	7,623,489
14	LESS INTEREST ON CUSTOMER DEPOSITS	<u>(206,866)</u>
15	CHARGED TO EXPENSE IN TEST YEAR	<u>73,538,199</u>
16	INCREASE (DECREASE) INTEREST EXPENSE	\$ (19,032,818)
17		
18	INCREASE (DECREASE) FIT @	35% 6,661,486
19	INCREASE (DECREASE) NOI	<u>\$ (6,661,486)</u>

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

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME RIDER - SCHEDULE 129	\$ 3,573,781
3	REMOVE CONSERVATION TRACKER - SCHEDULE 120	8,020,557
4	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	(52,870,391)
5	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	49,586,556
6	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	364,449
7	<u>TOTAL (INCREASE) DECREASE REVENUES</u>	<u>\$ 8,674,952</u>
8		
9	<u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u>	
10	UNCOLLECTIBLES @ 0.0028330	\$ (24,576)
11	ANNUAL FILING FEE 0.0020000	(17,350)
12	STATE UTILITY TAX 0.0384110	(333,214)
13	<u>TOTAL</u>	<u>\$ (375,140)</u>
14		
15	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
16	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	\$ (3,417,545)
17	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	(7,669,601)
18	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	50,560,390
19	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	(48,300,625)
20	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	INCL. ABOVE
21	<u>TOTAL INCREASE (DECREASE) EXPENSE</u>	<u>\$ (8,827,381)</u>
22		
23	INCREASE (DECREASE) OPERATING INCOME BEFORE FIT	\$ 527,569
24	INCREASE (DECREASE) FIT (LINE 23 * 35%)	184,649
25	INCREASE (DECREASE) NOI	<u>\$ 342,920</u>

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

LINE NO.	YEAR	NET WRITEOFFS	GROSS REVENUES	NET REVENUES	PERCENT WRITEOFFS TO REVENUE
1	12 MOS ENDED 12/31/2004	\$ 2,215,292	\$ 727,351,085	\$ 727,351,085	0.3045698%
2	12 MOS ENDED 12/31/2007	\$ 2,918,686	\$ 1,224,844,682	\$ 1,224,844,682	0.2382903%
3	12 MOS ENDED 12/31/2008	\$ 3,664,592	\$ 1,193,302,341	\$ 1,193,302,341	<u>0.3070967%</u>
4					
5	3-Yr Average of Net Write Off Rate				<b>0.2833000%</b>
6					
7	Reporting Period Revenues		\$ 1,216,868,256	\$ 1,216,868,256	
8					
9	PROFORMA BAD DEBT RATE			<u>0.2833000%</u>	
10	PROFORMA BAD DEBTS			\$ 3,447,388	
11					
12	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR			<u>4,146,730</u>	
13	INCREASE (DECREASE) EXPENSE				\$ (699,342)
14					
15	INCREASE(DECREASE ) IN INCOME				\$ 699,342
16	INCREASE (DECREASE) FIT			35%	<u>244,770</u>
17	INCREASE (DECREASE) NOI				<u><u>\$ 454,572</u></u>

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

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	RESTATED PROPERTY TAX	\$ 11,570,807
2	CHARGED TO EXPENSE IN TY	<u>10,262,423</u>
3	INCREASE (DECREASE) EXPENSE	\$ 1,308,384
4		
5	INCREASE (DECREASE) FIT @ 35%	<u>(457,934)</u>
6	INCREASE (DECREASE) NOI	<u><u>\$ (850,450)</u></u>

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

<b>LINE</b>	<b>NO. DESCRIPTION</b>	<b>AMOUNT</b>
1	<b>RESTATED EXCISE TAXES</b>	\$ 45,358,667
2	CHARGED TO EXPENSE FOR TEST YEAR	<u>46,425,021</u>
3	INCREASE(DECREASE) EXCISE TAX	\$ (1,066,354)
4		
5	<b>RESTATED WUTC FILING FEE</b>	\$ 2,377,938
6	CHARGED TO EXPENSE FOR TEST YEAR	<u>2,377,938</u>
7	INCREASE(DECREASE) WUTC FILING FEE	\$ -
8		
9	INCREASE(DECREASE) EXPENSE	\$ (1,066,354)
10		
11	INCREASE(DECREASE) OPERATING INCOME	\$ 1,066,354
12		
13	INCREASE(DECREASE) FIT 35%	\$ 373,224
14		
15	INCREASE(DECREASE) NOI	<u><u>\$ 693,130</u></u>

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

<b>LINE</b>			
<b>NO.</b>	<b>DESCRIPTION</b>		<b>AMOUNT</b>
1	INTEREST EXPENSE FOR TEST YEAR	\$	206,866
2			
3			
4	INCREASE (DECREASE) NOI	<u>\$</u>	<u>(206,866)</u>

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

LINE NO.	DESCRIPTION	ACTUAL	RESTATED / PROFORMA	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ (84,802)	\$ 1,275,570	\$ 1,360,372
2	SERP PLAN	956,338	1,208,769	252,431
3				
4	INCREASE (DECREASE ) IN EXPENSE	\$ 871,536	\$ 2,484,339	\$ 1,612,803
5				
6	INCREASE (DECREASE) INCOME			(1,612,803)
7	INCREASE (DECREASE) FIT @		35%	(564,481)
8				
9	INCREASE (DECREASE) NOI			<u>\$ (1,048,322)</u>



**PUGET SOUND ENERGY-GAS  
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	\$ 433,404	\$ 538,505	\$ 105,101
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 433,404	\$ 538,505	\$ 105,101
4				
5	INCREASE (DECREASE) OPERATING INCOME			(105,101)
6				
7	INCREASE (DECREASE) FIT @		35%	(36,785)
8				
9	INCREASE (DECREASE) NOI			<u>\$ (68,316)</u>

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

LINE	NO.	DESCRIPTION	BASE	RATE	AMOUNT
	1	BAD DEBTS			0.002833
	2	ANNUAL FILING FEE			0.002000
	3	STATE UTILITY TAX ( 3.852% - ( LINE 1 * 3.852% ) )		<u>3.852%</u>	<u>0.038411</u>
	4				
	5	SUM OF TAXES OTHER			0.043244
	6				
	7	FEDERAL INCOME TAX ( ( 1 - LINE 5 ) * 35% )		35%	<u>0.334865</u>
	8	CONVERSION FACTOR ( 1 - ( LINE 5 + LINE 7 ) )			<u><u>0.621891</u></u>