



The Energy To Do Great Things

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

April 28, 2010

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 STATE OF WASH.  
 UTIL. AND TRANSP.  
 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: 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, 2010. 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 6.07% and a return on actual common equity of 5.57%, compared with the Company's authorized rate of return of 8.10% overall and 10.10% on common equity.

If you have any questions, please feel free to call me at (425) 462-2105.

Sincerely,

Susan E. Free  
 Manager, Revenue Requirement

Enclosures

**2010**  
**Electric**

|  |                  |                    |
|--|------------------|--------------------|
| Restated Net Operating Income            | \$ 246,342,116   | a                  |
| Restated Rate Base                       | \$ 4,057,846,379 | b                  |
| <b>Normalized Overall Rate of Return</b> |                  | <b>6.07%</b> c=a/b |
| Restated Net Operating Income            | \$ 246,342,116   | d=a                |
| Restated Interest Expense                | \$ 136,749,423   | e                  |
| Restated NOI less Restated Interest Exp  | \$ 109,592,693   | f=d-e              |
| Restated Rate Base                       | \$ 4,057,846,379 | g=b                |
| Actual Equity Percent                    | 48.46%           | h                  |
| Equity Rate Base                         | \$ 1,966,432,355 | i=g*h              |
| <b>Restated Return on Actual Equity</b>  |                  | <b>5.57%</b> j=f/i |

## PUGET SOUND ENERGY, INC.

**Utility Capital Structure  
Cost of Capital and Rate of Return  
For The 12 Months Ending December 31, 2010**

| 1  | (A)  | (B)                           | (C)                   | (D)         | (E)                 |
|----|--|-------------------------------|-----------------------|-------------|---------------------|
| 2  |  |                               |                       |             |                     |
| 3  |  |                               |                       |             | <b>Weighted</b>     |
| 4  |  |                               |                       |             | <b>Cost of</b>      |
| 5  | <u>Description</u>                         | <u>Amount (i)</u>             | <u>Ratio</u>          | <u>Cost</u> | <u>Capital</u>      |
| 6  |  |                               |                       |             |                     |
| 7  | <b>Short Term Debt</b>                     | \$137,068,618                 | 2.05%                 | 5.11%       | 0.11% (A)           |
| 8  |  |                               |                       |             |                     |
| 9  | <b>Long Term Debt</b>                      | \$3,314,651,667               | 49.49%                | 6.59%       | 3.26% (A)           |
| 10 |  |                               |                       |             |                     |
| 11 | <b>Common Stock</b>                        | <u>\$3,245,236,434</u>        | 48.46%                | 10.10%      | <u>4.89%</u>        |
| 12 |  |                               |                       |             |                     |
| 13 | <b>Total</b>                               | <b><u>\$6,696,956,719</u></b> | <b><u>100.00%</u></b> |             | <b><u>8.26%</u></b> |
| 14 |  |                               |                       |             |                     |
| 15 |  |                               |                       |             |                     |
| 16 | <b>(i) - Average of Month-End Balances</b> |                               |                       | Total (A)   | 3.37%               |

**PUGET SOUND ENERGY**  
**PERIODIC ALLOCATED RESULTS OF OPERATIONS**  
**FOR THE 12 MONTHS ENDED DECEMBER 31, 2010**

(Based on allocation factors developed for the 12 ME 12/31/2010)

|  | Electric                | Gas                     | Total Amount          |
|--|-------------------------|-------------------------|-----------------------|
| 1 - OPERATING REVENUES:                                      |                         |                         |                       |
| 2 - SALES TO CUSTOMERS                                       | \$ 2,042,334,319        | \$ 996,817,578          | \$ 3,039,151,897      |
| 3 - SALES FOR RESALE-FIRM                                    | 350,182                 | -                       | 350,182               |
| 4 - SALES TO OTHER UTILITIES                                 | 201,262,557             | -                       | 201,262,557           |
| 5 - OTHER OPERATING REVENUES                                 | 30,706,333              | 14,712,939              | 45,419,272            |
| 6 - TOTAL OPERATING REVENUES                                 | \$ 2,274,653,391        | \$ 1,011,530,517        | \$ 3,286,183,908      |
| 7  |                         |                         |                       |
| 8 - OPERATING REVENUE DEDUCTIONS:                            |                         |                         |                       |
| 9  |                         |                         |                       |
| 10 - POWER COSTS:  |                         |                         |                       |
| 11 - FUEL  | \$ 268,147,071          | \$ -                    | \$ 268,147,071        |
| 12 - PURCHASED AND INTERCHANGED                              | 832,711,097             | 535,932,510             | 1,368,643,607         |
| 13 - WHEELING  | 78,564,669              | -                       | 78,564,669            |
| 14 - RESIDENTIAL EXCHANGE                                    | (75,109,150)            | -                       | (75,109,150)          |
| 15 - TOTAL PRODUCTION EXPENSES                               | \$ 1,104,313,687        | \$ 535,932,510          | \$ 1,640,246,197      |
| 16   |                         |                         |                       |
| 17 - OTHER ENERGY SUPPLY EXPENSES                            | \$ 102,409,192          | \$ 1,937,122            | \$ 104,346,314        |
| 18 - TRANSMISSION EXPENSE                                    | 11,865,443              | 226,853                 | 12,092,296            |
| 19 - DISTRIBUTION EXPENSE                                    | 82,924,735              | 50,238,405              | 133,163,140           |
| 20 - CUSTOMER ACCTS EXPENSES                                 | 50,172,086              | 32,629,594              | 82,801,680            |
| 21 - CUSTOMER SERVICE EXPENSES                               | 13,431,632              | 4,454,346               | 17,885,978            |
| 22 - CONSERVATION AMORTIZATION                               | 75,336,909              | 14,771,682              | 90,108,591            |
| 23 - ADMIN & GENERAL EXPENSE                                 | 94,643,935              | 42,818,070              | 137,462,005           |
| 24 - DEPRECIATION  | 190,245,449             | 102,386,843             | 292,632,292           |
| 25 - AMORTIZATION  | 40,184,321              | 12,778,120              | 52,962,441            |
| 26 - AMORTIZ OF PROPERTY LOSS                                | 17,493,031              | -                       | 17,493,031            |
| 27 - OTHER OPERATING EXPENSES                                | 30,169,560              | (187,824)               | 29,981,736            |
| 28 - FAS 133   | 166,953,097             | -                       | 166,953,097           |
| 29 - TAXES OTHER THAN INCOME TAXES                           | 193,255,907             | 98,746,988              | 292,002,895           |
| 30 - INCOME TAXES  | 16,263,334              | 15,204,117              | 31,467,451            |
| 31 - DEFERRED INCOME TAXES                                   | (32,436,237)            | (3,067,771)             | (35,504,008)          |
| 32 - TOTAL OPERATING REV. DEDUCT.                            | \$ 2,157,226,081        | \$ 908,869,055          | \$ 3,066,095,136      |
| <b>NET OPERATING INCOME</b>                                  | <b>\$ 117,427,310</b>   | <b>\$ 102,661,462</b>   | <b>\$ 220,088,772</b> |
| <b>RATE BASE (AMA For 12 Months Ended December 31, 2010)</b> | <b>\$ 4,061,217,015</b> | <b>\$ 1,641,247,346</b> |                       |

**PUGET SOUND ENERGY  
BALANCE SHEET  
COMMISSION BASIS REPORT  
December 31, 2010**

| FERC Account and Description                        | Dec-10          | Dec-10 AMA      |
|---|-----------------|-----------------|
| <b>*ASSETS</b>                                      |                 |                 |
| <b>**UTILITY PLANT</b>                              |                 |                 |
| <b>***Electric Plant</b>                            |                 |                 |
| 101 Electric Plant in Service                       | 6,744,294,015   | 6,471,625,305   |
| 101.1 Property Under Capital Leases                 | -               | 2,308,171       |
| 102 Electric Plant Purchased or Sold                | -               | -               |
| 105 Electric Plant Held for Future Use              | 29,445,702      | 28,549,726      |
| 106 Comp.Construction Not Classfd.-Electric         | 31,282,091      | 150,099,394     |
| 107 Construction Work in Prog. - Electric           | 558,078,398     | 387,834,183     |
| 114 Electric Plant Acquisition Adjustments          | 251,782,251     | 251,773,353     |
| ***Total Electric Plant                             | 7,614,882,457   | 7,292,190,132   |
| <b>***Gas Plant</b>                                 |                 |                 |
| 101 Gas Plant in Service                            | 2,671,376,897   | 2,611,968,389   |
| 105 Gas Plant Held for Future Use                   | 24,652,060      | 19,142,306      |
| 106 Comp. Construction Not Classfd. - Gas           | 19,229,012      | 21,153,657      |
| 107 Construction Work in Progress - Gas             | 29,646,627      | 35,622,826      |
| 117.3 Gas Strd.in Resvr.& Pipln.-Noncurr.           | 8,057,045       | 7,815,443       |
| ***Total Gas Plant                                  | 2,752,961,641   | 2,695,702,621   |
| <b>***Common Plant</b>                              |                 |                 |
| 101 Plant in Service - Common                       | 378,255,131     | 424,880,371     |
| 106 Comp Construction Not Classified - Common       | 8,311,052       | 346,294         |
| 107 Construction Work in Progress - Common          | 40,660,918      | 42,669,933      |
| ***Total Common Plant                               | 427,227,101     | 467,896,598     |
| <b>***Accumulated Depreciation and Amortization</b> |                 |                 |
| 108 Accumulated Provision for Depreciation          | (3,524,842,318) | (3,439,137,249) |
| 111 Accumulated Provision for Amortization          | (118,077,126)   | (187,755,976)   |
| 115 Accm.Prv.for Amort.of Plant Acquis.Adj.         | (60,122,543)    | (55,326,900)    |
| ***Less: Accumulated Depr and Amortizat             | (3,703,041,987) | (3,682,220,125) |
| <b>**NET UTILITY PLANT</b>                          | 7,092,029,212   | 6,773,569,226   |
| <b>**OTHER PROPERTY AND INVESTMENTS</b>             |                 |                 |
| <b>***Other Investments</b>                         |                 |                 |
| 121 Nonutility Property                             | 4,213,318       | 3,346,278       |
| 122 Accm.Prov.for Depr.& Amort.Non-utility P        | (863,647)       | (536,028)       |
| 123.1 Investment in Subsidiary Companies            | 49,380,155      | 50,141,832      |
| 124 Other Investments                               | 68,718,285      | 69,277,436      |
| ***Total Other Investments                          | 121,448,111     | 122,229,518     |
| <b>**TOTAL OTHER PROPERTY AND INVESTMENT</b>        | 121,448,111     | 122,229,518     |
| <b>**CURRENT ASSETS</b>                             |                 |                 |

**PUGET SOUND ENERGY  
BALANCE SHEET  
COMMISSION BASIS REPORT  
December 31, 2010**

| FERC Account and Description                  | Dec-10      | Dec-10 AMA  |
|---|-------------|-------------|
| ***Cash                                       |             |             |
| 131 Cash                                      | 13,672,281  | 6,355,205   |
| 134 Other Special Deposits                    | 4,736,379   | 11,957,469  |
| 135 Working Funds                             | 2,820,588   | 2,609,916   |
| 136 Temporary Cash Investments                | 15,000,000  | 60,328,107  |
| ***Total Cash                                 | 36,229,248  | 81,250,697  |
| ***Restricted Cash                            | -           | -           |
| ***Total Restricted Cash                      | -           | -           |
| ***Accounts Receivable                        |             |             |
| 141 Notes Receivable                          | 3,461,113   | 3,770,156   |
| 142 Customer Accounts Receivable              | 265,108,807 | 203,753,411 |
| 143 Other Accounts Receivable                 | 69,895,436  | 78,602,651  |
| 146 Accounts Receiv.from Assoc. Companies     | 101,702     | 266,506     |
| 171 Interest and Dividends Receivable         | -           | 73          |
| 173 Accrued Utility Revenues                  | 194,088,080 | 133,311,524 |
| 185 Temporary Facilities                      | 19,699      | (12,211)    |
| 191 Unrecovered Purchased Gas Costs           | 5,991,769   | (9,255,951) |
| ***Total Accounts Receivable                  | 538,666,606 | 410,436,159 |
| ***Allowance for Doubtful Accounts            |             |             |
| 144 Accm.Prov.for Uncollectble Accts-Credit   | (9,783,913) | (7,987,184) |
| ***Less: Allowance for Doubtful Accounts      | (9,783,913) | (7,987,184) |
| ***Materials and Supplies                     |             |             |
| 151 Fuel Stock                                | 16,316,797  | 13,726,802  |
| 154 Plant Materials and Operating Supplies    | 79,805,285  | 75,568,387  |
| 163 Stores Expense Undistributed              | 4,416,676   | 4,462,439   |
| 164.1 Gas Stored - Current                    | 75,272,703  | 78,361,367  |
| 164.2 Liquefied Natural Gas Stored            | 632,728     | 634,674     |
| ***Total Materials and Supplies               | 176,444,189 | 172,753,669 |
| ***Unrealized Gain-Derivative Instrumnts (ST) |             |             |
| 175 Invest in Derivative Instrumnts -Opt ST   | 7,499,503   | 10,812,648  |
| 176 Invest in Derivative Instrumnts-Gain ST   | -           | -           |
| ***Unrealized Gain on Derivatives (ST)        | 7,499,503   | 10,812,648  |
| ***Prepayments and Other Current Assets       |             |             |
| 165 Prepayments                               | 13,527,792  | 11,711,558  |
| 174 Misc.Current and Accrued Assets           | 5,924       | 6,253,794   |
| 186 Miscellaneous Deferred Debits             | -           | 7,699       |
| ***Total Prepayments & Othr.Curr.Assets       | 13,533,716  | 17,973,051  |

Current Deferred Taxes

**PUGET SOUND ENERGY  
BALANCE SHEET  
COMMISSION BASIS REPORT  
December 31, 2010**

| <b>FERC Account and Description</b>         | <b>Dec-10</b>           | <b>Dec-10 AMA</b>       |
|---|-------------------------|-------------------------|
| Total Current Deferred Taxes                | 549,148,984             | 439,740,244             |
| <b>**TOTAL CURRENT ASSETS</b>               | <b>1,311,738,333</b>    | <b>1,124,979,284</b>    |
| <b>**LONG-TERM ASSETS</b>                   |                         |                         |
| 128 Pension Assets                          | -                       | -                       |
| 165 Long-Term Prepaid                       | 8,712,029               | 40,260,892              |
| 175 Invest in Derivative Instrumnts -Opt LT | 8,232,813               | 3,285,625               |
| 176 Invest in Derivative Instrumnts-Gain LT | -                       | -                       |
| 181 Unamortized Debt Expense                | 43,900,305              | 45,331,739              |
| 182.1 Extraordinary Property Losses         | 103,629,756             | 98,961,817              |
| 182.2 Unrecovered Plant & Reg Study Costs   | 7,393,833               | 11,615,247              |
| Subtotal WUTC AFUDC                         | 53,377,792              | 52,576,506              |
| 182.3 Other Regulatory Assets               | 431,021,384             | 440,868,287             |
| 183 Prelm. Survey and Investigation Charges | 2,195,883               | 2,152,924               |
| 184 Clearing Accounts                       | -                       | 964,414                 |
| 186 Miscellaneous Deferred Debits           | 364,954,868             | 327,444,354             |
| 187 Def.Losses from Dispos.of Utility Plant | 539,448                 | 525,242                 |
| 189 Unamortized Loss on Reacquired Debt     | 18,304,231              | 18,921,718              |
| <b>**TOTAL LONG-TERM ASSETS</b>             | <b>1,042,262,342</b>    | <b>1,042,908,765</b>    |
| <b>*TOTAL ASSETS</b>                        | <b>\$ 9,567,477,998</b> | <b>\$ 9,063,686,793</b> |
| <b>*CAPITALIZATION AND LIABILITIES</b>      |                         |                         |
| <b>**CURRENT LIABILITIES</b>                |                         |                         |
| 230 Asset Retirement Obligations            | (1,708,874)             | (2,258,797)             |
| 244 FAS 133 Opt Unrealized Loss ST          | (243,053,430)           | (226,751,482)           |
| 245 FAS 133 Unrealized Loss ST              | -                       | -                       |
| 231 Notes Payable                           | (247,000,000)           | (114,183,333)           |
| 232 Accounts Payable                        | (323,008,525)           | (268,716,361)           |
| 233 Notes Payable to Associated Companies   | (22,597,785)            | (22,885,285)            |
| 234 Accounts Payable to Asscted Companies   | (616,351)               | (315,344)               |
| 235 Customer Deposits                       | (30,153,837)            | (28,955,346)            |
| 236 Taxes Accrued                           | (19,834,149)            | 4,916,978               |
| 237 Interest Accrued                        | (54,723,144)            | (56,550,356)            |
| 238 Dividends Declared                      | -                       | -                       |
| 241 Tax Collections Payable                 | (2,264,845)             | (2,267,181)             |
| 242 Misc. Current and Accrued Liabilities   | (17,573,375)            | (15,533,610)            |
| 243 Obligations Under Cap.Leases - Current  | -                       | (2,258,161)             |
| <b>**TOTAL CURRENT LIABILITIES</b>          | <b>(962,534,315)</b>    | <b>(735,758,278)</b>    |
| <b>**DEFERRED TAXES</b>                     |                         |                         |
| <b>***Reg. Liability for Def.Income Tax</b> |                         |                         |
| 253 Other Deferred Credits                  |                         |                         |
| 283 Accum.Deferred Income Taxes - Other     | (68,200,691)            | (77,264,905)            |
| <b>***Total Reg.Liab.for Def.Income Tax</b> | <b>(68,200,691)</b>     | <b>(77,264,905)</b>     |

**PUGET SOUND ENERGY  
BALANCE SHEET  
COMMISSION BASIS REPORT  
December 31, 2010**

| FERC Account and Description                  | Dec-10          | Dec-10 AMA      |
|---|-----------------|-----------------|
| ***Deferred Income Tax                        |                 |                 |
| 255 Accum. Deferred Investment Tax Credits    | (115,553)       | (318,143)       |
| 282 Accum. Def. Income Taxes - Other Prop.    | (1,202,674,847) | (1,077,467,919) |
| 283 Accum. Deferred Income Taxes - Other      | (233,243,027)   | (233,858,255)   |
| ***Total Deferred Income Tax                  | (1,436,033,427) | (1,311,644,317) |
| **TOTAL DEFERRED TAXES                        | (1,504,234,118) | (1,388,909,222) |
| ***OTHER DEFERRED CREDITS                     |                 |                 |
| Subtotal 227 Oblig Under Cap Lease - Noncurr  | -               | -               |
| Total Unrealized Loss on Derivatives -LT      | (155,178,788)   | (153,009,175)   |
| 228.2 Accum. Prov. for Injuries and Damages   | (300,000)       | (285,417)       |
| 228.3 Pension and Post Retirement Liabilities | (58,748,833)    | (57,473,531)    |
| 228.4 Accum. Misc. Operating Provisions       | (75,678,611)    | (73,624,970)    |
| 230 Asset Retirement Obligations (FAS 143)    | (23,707,964)    | (21,752,502)    |
| 252 Customer Advances for Construction        | (94,479,314)    | (99,292,866)    |
| 253 Other Deferred Credits                    | (150,729,165)   | (190,652,150)   |
| 254 Other Regulatory Liabilities              | (98,077,992)    | (54,514,359)    |
| 256 Def. Gains from Dispos. of Utility Plt    | (5,030,945)     | (4,907,492)     |
| 257 Unamortized Gain on Reacquired Debt       | (10,083)        | (70,582)        |
| **TOTAL OTHER DEFERRED CREDITS                | (661,941,695)   | (655,583,044)   |
| ***CAPITALIZATION                             |                 |                 |
| ***SHAREHOLDER'S EQUITY                       |                 |                 |
| ****Common Equity                             |                 |                 |
| 201 Common Stock Issued                       | (859,038)       | (859,038)       |
| 207 Premium on Capital Stock                  | (478,145,250)   | (478,145,250)   |
| 210 Gain on Resale/Cancel. of Reacq. Cap. Stk | -               | -               |
| 211 Miscellaneous Paid-in Capital             | (2,488,196,691) | (2,488,196,692) |
| 214 Capital Stock Expense                     | 7,133,879       | 7,133,879       |
| 215 Appropriated Retained Earnings            | (8,376,461)     | (8,376,461)     |
| 216 Unappropriated Retained Earnings          | (325,714,392)   | (337,597,725)   |
| 216.1 Unappr. Undistrib. Subsidiary Earnings  | (4,882,711)     | 6,008,148       |
| 219 Other Comprehensive Income                | 157,646,287     | 180,318,423     |
| 433 Balance Transferred from Income           | (26,095,054)    | 22,105,521      |
| 438 Dividends Declared - Common Stock         | 186,732,954     | 122,976,007     |
| 439 Adjustments to Retained Earnings          | 5,848,610       | 5,848,610       |
| ****Total Common Equity                       | (2,974,907,867) | (2,968,784,578) |
| ***TOTAL SHAREHOLDER'S EQUITY                 | (2,974,907,867) | (2,968,784,578) |
| ***REDEEMABLE SECURITIES AND LONG-TERM DEBT   |                 |                 |
| ****Preferred Stock - Manditorily Redeemable  | -               | -               |
| ****Total Preferred Stock - Mand Redeem       | -               | -               |



**PUGET SOUND ENERGY  
BALANCE SHEET  
COMMISSION BASIS REPORT  
December 31, 2010**

| <b>FERC Account and Description</b>                                   | <b>Dec-10</b>             | <b>Dec-10 AMA</b>         |
|---|---------------------------|---------------------------|
| ****Corporation Obligated, Mand Redeemable Preferred Stock Subscribed | -                         | -                         |
| ****Corporation Obligated, Mand Redeem                                | -                         | -                         |
| ****Long-term Debt  |                           |                           |
| 221 Bonds   | (3,213,860,000)           | (3,064,651,667)           |
| 221 Junior Subordinated Debt  | (250,000,000)             | (250,000,000)             |
| 226 Unamort.Disct. on Long-term Debt-Debit                            | -                         | -                         |
| Long-term Debt  | (3,463,860,000)           | (3,314,651,667)           |
| ****Long-term Debt  | (3,463,860,000)           | (3,314,651,667)           |
| ***REDEEMABLE SECURITIES AND LTD                                      | (3,463,860,000)           | (3,314,651,667)           |
| **TOTAL CAPITALIZATION  | (6,438,767,867)           | (6,283,436,245)           |
| *TOTAL CAPITALIZATION AND LIABILITIES                                 | <b>\$ (9,567,477,995)</b> | <b>\$ (9,063,686,789)</b> |

Electric 66.51%  
Gas 33.49%

|     |                    | AMA   |
|-----|--------------------|---|
|     |                    | 13 Months Ended   |
|     |                    | 12/31/10  |
| 1   | Account            | Description   |
| 3   |                    | <b>Rate Base</b>  |
| 4   | 101 / 102 / 230XXX | Electric Plant in Service 6,451,164,408                   |
| 5   | 101 / 253XXX3      | Common Plant-Allocation to Electric 275,854,090           |
| 6   | 114XXX1            | Electric Plant Aquisition Adjustment 251,773,352          |
| 6a  | 18230001           | Tenaska 59,395,254  |
| 6b  | 18230171           | Cabot -   |
| 6c  | 1822XXX1           | White River Deferred Plant Costs 37,566,968               |
| 6d  | 1823XXX1           | White River Deferred Relicensing & CWIP (1,372,560)       |
| 6e  | 14300061 & 2540002 | Net Regulatory Liability - Canwest -                      |
| 6f  | 18230231/ 18230371 | Hopkins Ridge BPA Transmission 1,394,050                  |
| 6g  | 25300831           | Hopkins II Wake Effect Settlement (503,995)               |
| 6h  | 18230381/18230391  | Goldendale Deferral -UE-070533 5,549,541                  |
| 6i  | 18230351-71        | Mint Farm Deferral 41,432,583                             |
| 6j  | 1340xxxx           | BPA Deposits 8,813,309                                    |
| 6k  | 18606XX            | WHE Deferred Costs-UE-090704 3,607,896                    |
| 6l  | 1860xxx            | Prepaid Major Maint Sumas/Gold./Freddy 1,627,205          |
| 7   | 18230041           | Colstrip Common FERC Adj - Reg Asset 21,589,277           |
| 8   | 18230051           | Accum Amortization Colstrip-Common FERC (13,547,398)      |
| 9   | 18230061           | Colstrip Def Depr FERC Adj - Reg 1,941,067                |
| 10  | 18230071           | BPA Power Exch Invstmt - Reg Asset 113,632,921            |
| 11  | 18230081           | BPA Power Exch Inv Amortization - Reg Asset (88,946,673)  |
| 12  | 18230031           | Electric - Def AFUDC - Regulatory Asset 50,853,329        |
| 13  | 1861051            | Capitalized OH -  |
| 14  | 10500001           | Electric - Plant Held for Future Use 28,549,726           |
| 15  | 10500003           | Common Plant Held for Fut Use-Alloc to Electric -         |
| 16  | 10605001           | Electric - Const Completed Non Classified 150,099,394     |
| 16a | 10600003           | Common - Const Completed Non Classified 230,320           |
| 17  | 108XXX1            | Elec-Accum Depreciation (2,557,947,742)                   |
| 18  | 108XXX3            | Common Accum Depr-Allocation to Electric (20,972,009)     |
| 19  | 111XXX1            | Elec-Accum Amortization (13,237,797)                      |
| 20  | 11100003           | Common Accum Amort-Allocation to Electric (110,697,581)   |
| 21  | 115XXX1            | Accum Amort Acq Adj - Electric (55,326,900)               |
| 22  | 18230221           | Accum Unamort Conserv Costs -                             |
| 23  | 19000041           | CIAC after 10/8/76 - Accum Def Income Tax -               |
| 24  | 19000051           | CIAC - 1986 Changes - Accum Def Income Tax -              |
| 25  | 19000061           | CIAC - 7/1/87 - Accum Def Income Tax 91,760,556           |
| 26  | 19000093           | Vacation Pay - Accum Def Inc Taxes -                      |
| 26a | 19000121           | Cabot Gas Contract - Accum Def Inc Tax -                  |
| 26b | 19000151           | DFIT - Westcoast Capacity Assignment - Electric 1,168,263 |
| 26c | 19000711           | DFIT- BNP Electric 1,234,859                              |

**Puget Sound Energy**  
**Electric Rate Base**

Electric 66.51%  
 Gas 33.49%

|      |                                |  | <b>AMA</b>                  |
|------|--------------------------------|--|-----------------------------|
|      |                                |  | 13 Months Ended             |
|      |                                |  | 12/31/10                    |
| 1    | Account                        | Description  |                             |
| 27   | 19000191                       | RB-Consv Pre91 Tax Settltmt - Accum Def Inc Tax    | -                           |
| 27.1 | 19000701                       | DFFIT SSCM INT - ELEC                              | -                           |
| 28   | 235XXX1                        | Customer Deposits - Electric                       | (20,606,765)                |
| 29   | 25400081                       | Residential Exchange                               | -                           |
| 29.1 | 25400191& 25400201             | Westcoast Pipeline Capacity Regulatory Liabilities | (6,824,750)                 |
| 30   | 252XXX1                        | Cust Advances for Construction                     | (67,513,639)                |
| 31   | 28200101                       | Major Projects - Property Tax Expense              | -                           |
| 32   | 28200111                       | Def Inc Tax - Pre 1981 Additions                   | -                           |
| 33   | 28200121, 161/28300            | Def Inc Tax - Post 1980 Additions                  | (727,032,274)               |
| 34   | 28200131                       | Colstrip 3 & 4 Deferred Inc Tax                    | -                           |
| 35   | 28200141                       | Excess Def Taxes - Centralia Sale                  | -                           |
| 35-1 | 28200151                       | Def FIT Indirect Cost Adj - Electric               | -                           |
| 35a  | 283XXXXX                       | Electric Portion of Common Deferred Taxes          | 19,502,539                  |
| 36   | 28300161                       | Def Inc Tax - Energy Conservation & FAS 133        | -                           |
| 37   | 28300261                       | Def FIT Bond Redemption Costs                      | -                           |
| 37a  | 28300451                       | Accum Def Inc Tax - Tenaska Purchase               | (2,899,125)                 |
| 37b  | 28300461                       | Accum Def Inc Tax - Cabot Gas Contract             | -                           |
| 37c  | 28300011                       | Def FIT - White River Water Right                  | (11,889,662)                |
| 37d  | 19000451                       | Deferred FIT - Canwest Gas Supply - Ele            | -                           |
| 37e  | 28300431                       | Deferred Taxes WNP#3                               | (8,435,868)                 |
| 37f  | 19000592                       | ARO  | 1,766,755                   |
| 37g  | 19000553                       | Common DFIT Summit Purchase Opt Buyout - Elec      | 458,181                     |
| 37h  | 19000561                       | Def FIT - Wind Loss Settlement Agreemen            | 177,124                     |
| 37i  | 28300541 \ 28300551            | DFIT Goldedale Deferral -UE-070533                 | (1,943,812)                 |
| 37j  | 28300571\28300641              | DFIT Mint Fam Costs-UE-090704                      | (14,816,078)                |
| 37k  | 28300661\28300671              | DFIT Wild Horse Costs-UE-090704                    | (1,276,416)                 |
| 38   | 124001X1                       | Conservation Rate Base                             | -                           |
| 39   | 18230181                       | 1995 Conservation Trust Rate Base                  | -                           |
| 40   |                                |  |                             |
| 41   | Working Capital- Rate Base     |  | 165,865,092                 |
| 42   | Rate Base                      |  | 4,061,217,015               |
| 43   |                                |  |                             |
| 44   | Electric Rate Base Change      |  | <b><u>4,061,217,015</u></b> |
| 45   |                                |  |                             |
| 46   | Gross Utility Plant in Service | Lines 4-6 & 14-16                                  | 7,157,671,290               |
| 47   | Less Accum Dep and Amort       | Lines 17-21  | (2,758,182,029)             |
| 48   | Deferred Debits and Credits    | Lines 6a-12 & 22                                   | 236,208,024                 |
| 49   | Deferred Taxes                 | Lines 23-27 & 31-37                                | (652,224,958)               |
| 50   | Allowance for Working Capital  | Line 41  | 165,865,092                 |
| 51   | Customer Deposits/Advances     | Lines 28-30  | (88,120,404)                |
| 52   | Total Rate Base                |  | 4,061,217,015               |

**Puget Sound Energy**  
**Combined Working Capital**  
**For the Twelve Month Period Ended December 31, 2010**

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Allocation factor  
Electric 66.51%  
Gas 33.49%

| Line No. | Description                                       | AMA             |
|----------|---|-----------------|
| 1        | <b>Average Invested Capital</b>                   |                 |
| 2        | Common Stock                                      | 859,038         |
| 3        | Preferred Stock                                   | -               |
| 4        | Additional Paid in Capital                        | 2,958,716,487   |
| 5        | Unamortized Debt Expense                          | (56,743,291)    |
| 6        | Unappropriated Retained Earnings                  | 194,884,510     |
| 7        | Notes Payable - Misc                              | -               |
| 8        | Long Term Debt                                    | 3,314,651,667   |
| 9        | Short Term Debt                                   | 137,068,619     |
| 10       | Accumulated Deferred ITC                          | 318,143         |
| 10.1     | Treasury Grants                                   | 25,090,331      |
| 11.1     | Deferred Debits-Other                             | (36,658)        |
| 12.1     | Unamortized Gain/Loss on Debt                     | (18,851,136)    |
| 13.1     | Total Average Invested Capital                    | 6,555,957,710   |
| 14.1     |   |                 |
| 15.1     | <b>Average Operating Investments - Electric</b>   |                 |
| 16.1     |   |                 |
| 17.1     | Plant in Service (includes acquisition adj)       | 6,853,037,154   |
| 18.1     | Electric Future Use Property                      | 28,549,726      |
| 19.1     | Customer Advances for Construction                | (67,513,639)    |
| 20.1     | Customer Deposits                                 | (20,606,765)    |
| 21.1     | Deferred Taxes                                    | (621,770,984)   |
| 22.1     | Deferred Debits/Credits - Other                   | 407,578,353     |
| 23.1     | Less: Accumulated Depreciation                    | (2,624,571,373) |
| 24.1     | Conservation Investment                           | -               |
| 25.1     | Common Plant-Allocation to Electric               | 276,084,410     |
| 26.1     | Common Accum Depr-Allocation to Electric          | (131,669,590)   |
| 27.1     | Common Deferred Taxes-Allocation to Electric      | 15,212,521      |
| 28.1     |   |                 |
| 29.1     | Total Average Operating Investment - Electric     | 4,114,329,813   |
| 30.1     |   |                 |
| 31.1     | <b>Average Operating Investments - Gas</b>        |                 |
| 32.1     |   |                 |
| 33.1     | Gas Utility Plant in Service                      | 2,648,893,764   |
| 34.1     | Deferred Items - Other                            | 19,962,603      |
| 35.1     | Gas Stored Underground, Non-Current               | 7,815,443       |
| 36.1     | Gas Accumulated Depreciation                      | (857,738,071)   |
| 37.1     | Gas Customer Advances for Construction            | (31,779,227)    |
| 38.1     | Gas Customer Deposits                             | (8,348,081)     |
| 39.1     | DFIT 17   | (264,058,074)   |
| 40.1     | PGA   | (9,255,951)     |
| 41.1     | Common Plant-Allocation to Gas                    | 139,017,695     |
| 42.1     | Common Deferred Tax                               | 7,660,011       |
| 43.1     | Common Accumulated Depreciation-Allocation to Gas | (66,300,024)    |
| 44.1     |   |                 |
| 45.1     | Total Average Operating Investment - Gas          | 1,585,870,088   |
| 46.1     |   |                 |
| 47.1     | Total Electric & Gas Operating Investment         | 5,700,199,901   |
| 48.1     |   |                 |
| 49.1     | <b>Construction Work in Progress</b>              |                 |
| 50.1     |   |                 |
| 51.1     | Elec Construction Work in Process                 | 416,213,955     |
| 52.1     | Gas Construction Work in Process                  | 49,912,986      |
| 53.1     | Other Work in Process                             | 729,075         |
| 54.1     | Electric Preliminary Surveys                      | 2,152,924       |
| 55.1     | Total Construction Work in Progress               | 469,008,940     |

**Puget Sound Energy**  
**Combined Working Capital**  
**For the Twelve Month Period Ended December 31, 2010**

|           |
|-----------|
| Page 2.04 |
|-----------|

Allocation factor  
Electric 66.51%  
Gas 33.49%

| Line No. | Description                            | AMA                |
|----------|--|--------------------|
| 56.1     |  |                    |
| 57.1     | <b>Nonoperating</b>                    |                    |
| 58.1     |  |                    |
| 59.1     | Non-Utility Property                   | (81,520,475)       |
| 60.1     | Investment in Associated Companies     | 50,127,428         |
| 61.1     | Other Investments & FAS 133            | 80,318,879         |
| 62.1     | Deferred Items-Other                   | 200,268,839        |
| 63.1     | Deferred Federal Income Tax            | (33,934,336)       |
| 64.1     | Temporary Cash Investments             | -                  |
| 65.1     | Environmental Receivables              | (64,474,449)       |
| 66.1     | Current Accounts - Gas Allocation only | 1,553              |
| 67.1     | Merchandising Inventory - Gas Only     | 80,791             |
| 68       | FIT Taxes Accrued - Repair Allowance   | -                  |
| 69       | Total Non Operating Investment         | 150,868,230        |
| 70       |  |                    |
| 71       | Total CWIP & Nonoperating Investment   | 619,877,170        |
| 72       |  |                    |
| 73       | Total Average Investments              | 6,320,077,071      |
| 74       | Rounding                               |                    |
| 75       | Total Investor Supplied Capital        | <b>235,880,639</b> |

**Allocation of Working Capital**

**Electric Working Capital**

|                                    |               |
|------------------------------------|---------------|
| Total Investment                   | 6,320,077,071 |
| Less: Electric CWIP                | (416,213,955) |
| Less: Gas CWIP                     | (49,912,986)  |
| Interest Bearing Regulatory Assets |               |
| Other Work in Progress             | (729,075)     |
| Preliminary Surveys                | (2,152,924)   |
| Total                              | 5,851,068,131 |

Electric Working Capital Ratio 4.0314%

|                          |             |
|--------------------------|-------------|
| Electric Working Capital | 165,865,092 |
|--------------------------|-------------|

**Gas Working Capital**

|                                    |               |
|------------------------------------|---------------|
| Total Investment                   | 6,320,077,071 |
| Less: Electric CWIP                | (416,213,955) |
| Less: Gas CWIP                     | (49,912,986)  |
| Interest Bearing Regulatory Assets |               |
| Other Work in Progress             | (729,075)     |
| Preliminary Surveys                | (2,152,924)   |
| Total                              | 5,851,068,131 |

Gas Working Capital Ratio 4.0314%

|                     |            |
|---------------------|------------|
| Gas Working Capital | 63,932,767 |
|---------------------|------------|

|                                      |                  |
|--------------------------------------|------------------|
| <b>Non Operating Working Capital</b> | <b>6,082,780</b> |
|--------------------------------------|------------------|

**PUGET SOUND ENERGY-ELECTRIC & GAS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010**  
**ALLOCATION METHODS**

| <u>Method</u> | <u>Description</u>                                      |            | <u>Electric</u>         | <u>Gas</u>              | <u>Total</u>            |
|---------------|---|------------|-------------------------|-------------------------|-------------------------|
| <b>1</b>      | <b>* <u>12 Month Average Number of Customers</u></b>    | 12/31/2010 | 1,078,501               | 750,811                 | 1,829,312               |
|               | Percent   |            | <b>58.96%</b>           | <b>41.04%</b>           | 100.00%                 |
| <b>2</b>      | <b>* <u>Joint Meter Reading Customers</u></b>           | 12/31/2010 | 706,127                 | 408,431                 | 1,114,558               |
|               | Percent   |            | <b>63.35%</b>           | <b>36.65%</b>           | 100.00%                 |
| <b>3</b>      | <b>* <u>Non-Production Plant</u></b>                    |            |                         |                         |                         |
|               | Distribution  | 12/31/2010 | \$ 3,457,231,764        | \$ 2,533,527,615        | \$ 5,990,759,379        |
|               | Transmission  | 12/31/2010 | 425,086,614             | -                       | 425,086,614             |
|               | Direct General Plant                                    | 12/31/2010 | 136,171,270             | 47,516,628              | 183,687,898             |
|               | Total   |            | <b>\$ 4,018,489,648</b> | <b>\$ 2,581,044,243</b> | <b>\$ 6,599,533,891</b> |
|               | Percent   |            | <b>60.89%</b>           | <b>39.11%</b>           | 100.00%                 |
| <b>4</b>      | <b>* <u>4-Factor Allocator</u></b>                      |            |                         |                         |                         |
|               | Number of Customers                                     | 12/31/2010 | 1,078,501               | 750,811                 | 1,829,312               |
|               | Percent   |            | 58.96%                  | 41.04%                  | 100.00%                 |
|               | Labor - Direct Charge to O&M                            | 12/31/2010 | 47,628,712              | 23,754,417              | \$ 71,383,129           |
|               | Percent   |            | 66.72%                  | 33.28%                  | 100.00%                 |
|               | T&D O&M Expense (Less Labor)                            | 12/31/2010 | 69,836,081              | 27,914,823              | \$ 97,750,904           |
|               | Percent   |            | 71.44%                  | 28.56%                  | 100.00%                 |
|               | Net Classified Plant (Excluding General (Common) Plant) | 12/31/2010 | 3,879,978,869           | 1,750,859,729           | 5,630,838,598           |
|               | Percent   |            | 68.91%                  | 31.09%                  | 100.00%                 |
|               | Total Percentages                                       |            | 266.03%                 | 133.97%                 | 400.00%                 |
|               | Percent   |            | <b>66.51%</b>           | <b>33.49%</b>           | 100.00%                 |
| <b>5</b>      | <b>* <u>Employee Benefits</u></b>                       |            |                         |                         |                         |
|               | Direct Labor Accts 500-935                              | 12/31/2010 | 49,678,352              | 24,123,486              | 73,801,838              |
|               | Total   |            | <b>\$ 49,678,352</b>    | <b>\$ 24,123,486</b>    | <b>\$ 73,801,838</b>    |
|               | Percent   |            | <b>67.31%</b>           | <b>32.69%</b>           | 100.00%                 |

**PUGET SOUND ENERGY-ELECTRIC  
RESULTS OF OPERATIONS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | ACTUAL<br>RESULTS OF<br>OPERATIONS | TOTAL<br>ADJUSTMENTS | RESTATED<br>RESULTS OF<br>OPERATIONS |
|-------------|------------------------------------|----------------------|--------------------------------------|
| 1           | <u>OPERATING REVENUES:</u>         |                      |                                      |
| 2           | \$ 2,042,334,319                   | \$ (35,146,926)      | \$ 2,007,187,393                     |
| 3           | 350,182                            | 3,101                | 353,283                              |
| 4           | 201,262,557                        | 17,762,735           | 219,025,292                          |
| 5           | 30,706,333                         | (32,491,670)         | (1,785,337)                          |
| 6           | 2,274,653,391                      | (49,872,760)         | 2,224,780,631                        |
| 7           |                                    |                      |                                      |
| 8           | OPERATING REVENUE DEDUCTIONS:      |                      |                                      |
| 9           |                                    |                      |                                      |
| 10          | <u>POWER COSTS:</u>                |                      |                                      |
| 11          | \$ 268,147,071                     | \$ (1,582,484)       | \$ 266,564,587                       |
| 12          | 832,711,097                        | 13,133,493           | 845,844,590                          |
| 13          | 78,564,669                         | -                    | 78,564,669                           |
| 14          | (75,109,150)                       | 75,109,150           | -                                    |
| 15          | 1,104,313,687                      | 86,660,159           | 1,190,973,846                        |
| 16          |                                    |                      |                                      |
| 17          | \$ 102,409,192                     | \$ -                 | \$ 102,409,192                       |
| 18          | 11,865,443                         | -                    | 11,865,443                           |
| 19          | 82,924,735                         | -                    | 82,924,735                           |
| 20          | 50,172,086                         | (2,716,679)          | 47,455,407                           |
| 21          | 13,431,632                         | (11,759,103)         | 1,672,529                            |
| 22          | 75,336,909                         | (75,334,320)         | 2,589                                |
| 23          | 94,643,935                         | 1,936,858            | 96,580,793                           |
| 24          | 190,245,449                        | (275,497)            | 189,969,952                          |
| 25          | 40,184,321                         | -                    | 40,184,321                           |
| 26          | 17,493,031                         | -                    | 17,493,031                           |
| 27          | 30,169,560                         | (28,669,444)         | 1,500,116                            |
| 28          | 166,953,097                        | (166,953,097)        | -                                    |
| 29          | 193,255,907                        | (74,042,196)         | 119,213,711                          |
| 30          | 16,263,334                         | (103,694,043)        | (87,430,709)                         |
| 31          | (32,436,237)                       | 196,059,796          | 163,623,559                          |
| 32          | \$ 2,157,226,081                   | \$ (178,787,566)     | \$ 1,978,438,515                     |
| 33          |                                    |                      |                                      |
| 34          | \$ 117,427,310                     | \$ 128,914,806       | \$ 246,342,116                       |
| 35          |                                    |                      |                                      |
| 36          | \$ 4,061,217,015                   | \$ (3,370,636)       | \$ 4,057,846,379                     |
| 37          |                                    |                      |                                      |
| 38          | 2.89%                              |                      | 6.07%                                |
| 39          |                                    |                      |                                      |
| 40          | RATE BASE:                         |                      |                                      |
| 41          | \$ 4,399,489,261                   | \$ (3,894,137)       | \$ 4,395,595,124                     |
| 42          | 236,208,024                        | -                    | 236,208,024                          |
| 43          | (652,224,958)                      | 523,501              | (651,701,457)                        |
| 44          | 165,865,092                        | -                    | 165,865,092                          |
| 45          | (88,120,404)                       | -                    | (88,120,404)                         |
| 46          | \$ 4,061,217,015                   | \$ (3,370,636)       | \$ 4,057,846,379                     |

PUGET SOUND ENERGY-ELECTRIC  
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT

| LINE NO. | ACTUAL RESULTS OF OPERATIONS<br>12 ME Dec 31, 2010 | TEMPERATURE NORMALIZATION<br>3.01 | REVENUE & EXPENSE<br>3.02 | POWER COSTS<br>3.03 | SALES FOR RESALE - SEC<br>3.04 | WILD HORSE SOLAR<br>3.05 | FEDERAL INCOME TAX<br>3.06 | TAX BENEFIT OF RESTATED INTEREST<br>3.07 | PASS-THROUGH REVENUE & EXPENSE<br>3.08 | RATE CASE EXPENSES<br>3.09 | BAD DEBITS<br>3.10 |                |
|----------|--|-----------------------------------|---------------------------|---------------------|--------------------------------|--------------------------|----------------------------|--|--|----------------------------|--------------------|----------------|
| 1        | OPERATING REVENUES                                 |                                   |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 2        | SALES TO CUSTOMERS                                 | \$ 2,042,334,319                  | \$ 20,893,325             | \$ 22,735,165       | \$ -                           |                          | \$ -                       | \$ -                                     | (78,775,416)                           |                            | \$ -               |                |
| 3        | SALES FROM RESALE-FIRM                             | 350,182                           | 3,101                     |                     |                                |                          |                            |  |  |                            |                    |                |
| 4        | SALES TO OTHER UTILITIES                           | 201,262,557                       |                           |                     | 17,762,735                     |                          |                            |  |  |                            |                    |                |
| 5        | OTHER OPERATING REVENUES                           | 30,706,333                        |                           |                     |                                |                          |                            |  | (32,491,670)                           |                            |                    |                |
| 6        | TOTAL OPERATING REVENUES                           | \$ 2,274,653,391                  | \$ 20,896,426             | \$ 22,735,165       | \$ -                           | \$ 17,762,735            | \$ -                       | \$ -                                     | \$ -                                   | (111,267,086)              | \$ -               |                |
| 7        |  |                                   |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 8        | OPERATING REVENUE DEDUCTIONS:                      |                                   |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 9        |  |                                   |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 10       | POWER COSTS:                                       |                                   |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 11       | FUEL   | \$ 268,147,071                    | \$ -                      | \$ -                | (1,582,484)                    |                          | \$ -                       | \$ -                                     | \$ -                                   |                            | \$ -               |                |
| 12       | PURCHASED AND INTERCHANGED                         | 832,711,097                       |                           |                     | 13,133,493                     |                          |                            |  |  |                            |                    |                |
| 13       | WHEELING   | 78,564,669                        |                           |                     | -                              |                          |                            |  |  |                            |                    |                |
| 14       | RESIDENTIAL EXCHANGE                               | (75,109,150)                      |                           |                     | -                              |                          |                            |  | 75,109,150                             |                            |                    |                |
| 15       | TOTAL PRODUCTION EXPENSES                          | \$ 1,104,313,687                  | \$ -                      | \$ -                | \$ 11,551,009                  | \$ -                     | \$ -                       | \$ -                                     | \$ -                                   | 75,109,150                 | \$ -               |                |
| 16       |  |                                   |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 17       | OTHER POWER SUPPLY EXPENSES                        | \$ 102,409,192                    | \$ -                      | \$ -                |                                |                          | \$ -                       | \$ -                                     |  |                            | \$ -               |                |
| 18       | TRANSMISSION EXPENSE                               | 11,865,443                        |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 19       | DISTRIBUTION EXPENSE                               | 82,924,735                        |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 20       | CUSTOMER ACCTS EXPENSES                            | 50,172,086                        | 92,864                    | 101,035             |                                |                          |                            |  | (494,471)                              |                            | (2,520,278)        |                |
| 21       | CUSTOMER SERVICE EXPENSES                          | 13,431,632                        |                           |                     |                                |                          |                            |  | (11,759,103)                           |                            |                    |                |
| 22       | CONSERVATION AMORTIZATION                          | 75,336,909                        |                           |                     |                                |                          |                            |  | (75,334,320)                           |                            |                    |                |
| 23       | ADMIN & GENERAL EXPENSE                            | 94,643,935                        | 41,793                    | 45,470              |                                |                          |                            |  | (275,781)                              | (68,325)                   |                    |                |
| 24       | DEPRECIATION                                       | 190,245,449                       |                           |                     |                                | (275,497)                |                            |  |  |                            |                    |                |
| 25       | AMORTIZATION                                       | 40,184,321                        |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 26       | AMORTIZ OF PROPERTY GAIN/LOSS                      | 17,493,031                        |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 27       | OTHER OPERATING EXPENSES                           | 30,169,560                        |                           |                     | (7,273,471)                    |                          |                            |  | (21,591,916)                           |                            |                    |                |
| 28       | FAS 133  | 166,953,097                       |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 29       | TAXES OTHER THAN F.I.T.                            | 193,255,907                       | 805,724                   | 876,622             |                                |                          |                            |  | (76,449,191)                           |                            |                    |                |
| 30       | FEDERAL INCOME TAXES                               | 16,263,334                        | 6,984,616                 | 10,144,928          | (4,042,853)                    | 6,216,957                | 96,424                     | (74,882,817)                             | (47,862,298)                           | 23,914                     | 882,097            |                |
| 31       | DEFERRED INCOME TAXES                              | (32,436,237)                      |                           |                     |                                |                          |                            | 137,626,212                              |  |                            |                    |                |
| 32       | TOTAL OPERATING REV. DEDUCT.                       | \$ 2,157,226,081                  | \$ 7,924,997              | \$ 3,894,584        | \$ 7,508,156                   | \$ 6,216,957             | \$ (179,073)               | \$ 62,743,395                            | \$ (47,862,298)                        | \$ (110,960,641)           | \$ (44,411)        | \$ (1,638,181) |
| 33       |  |                                   |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 34       | NET OPERATING INCOME                               | \$ 117,427,310                    | \$ 12,971,429             | \$ 18,840,581       | \$ (7,508,156)                 | \$ 11,545,778            | \$ 179,073                 | \$ (62,743,395)                          | \$ 47,862,298                          | \$ (306,445)               | \$ 44,411          | \$ 1,638,181   |
| 35       |  |                                   |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 36       | RATE BASE  | \$ 4,061,217,015                  | \$ -                      | \$ -                | \$ -                           | \$ -                     | \$ (3,370,636)             | \$ -                                     | \$ -                                   |                            | \$ -               |                |
| 37       |  |                                   |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 38       | RATE OF RETURN                                     | 2.89%                             |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 39       |  |                                   |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 40       | RATE BASE:   |                                   |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 41       | UTILITY PLANT IN SERVICE                           | \$ 4,399,489,261                  | \$ -                      | \$ -                | \$ -                           | \$ -                     | \$ (3,894,137)             | \$ -                                     | \$ -                                   | \$ -                       | \$ -               |                |
| 42       | DEFERRED DEBITS                                    | 236,208,024                       |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 43       | DEFERRED TAXES                                     | (652,224,958)                     |                           |                     |                                |                          | 523,501                    |  |  |                            |                    |                |
| 44       | ALLOWANCE FOR WORKING CAPITAL                      | 165,865,092                       |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 45       | OTHER  | (88,120,404)                      |                           |                     |                                |                          |                            |  |  |                            |                    |                |
| 46       | TOTAL RATE BASE                                    | \$ 4,061,217,015                  | \$ -                      | \$ -                | \$ -                           | \$ -                     | \$ (3,370,636)             | \$ -                                     | \$ -                                   | \$ -                       | \$ -               |                |





**PUGET SOUND ENERGY-ELECTRIC  
TEMPERATURE NORMALIZATION  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | DESCRIPTION                                  |                                 |                   |                |                             |
|-------------|--|---------------------------------|-------------------|----------------|-----------------------------|
| 1           | <u>TEMPERATURE NORMALIZATION ADJUSTMENT:</u> |                                 |                   |                |                             |
| 2           |  | ACTUAL                          | TEMP ADJ          | MWH            | ADJ FOR LOSSES              |
| 3           |  | <u>GPI MWH</u>                  | <u>GPI MWH</u>    | <u>CHANGE</u>  | <u>6.80%</u>                |
| 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         | 11,432                      |
| 10          | Jul-10                                       | 1,688,022                       | 1,697,904         | 9,882          | 9,210                       |
| 11          | Aug-10                                       | 1,703,415                       | 1,695,906         | (7,509)        | (6,998)                     |
| 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          |  | <u>22,594,274</u>               | <u>22,846,331</u> | <u>252,056</u> | <u>234,916</u>              |
| 17          |  |                                 |                   |                |                             |
| 18          | REVENUE ADJUSTMENT:                          | Schedule 7                      |                   | 133,625        | \$ 13,759,864               |
| 19          |  | Schedule 24                     |                   | 34,368         | 2,990,015                   |
| 20          |  | Schedule 25                     |                   | 34,964         | 2,241,783                   |
| 21          |  | Schedule 26                     |                   | 15,451         | 951,927                     |
| 22          |  | Schedule 29                     |                   | (107)          | (5,742)                     |
| 23          |  | Schedule 31                     |                   | 9,574          | 570,154                     |
| 24          |  | Schedule 43                     |                   | 3,801          | 212,913                     |
| 25          |  | Schedule 40 - Med Sec Voltage   |                   | 120            | 6,717                       |
| 26          |  | Schedule 40 - Large Sec Voltage |                   | (125)          | (7,032)                     |
| 27          |  | Schedule 40 - Primary Voltage   |                   | 3,157          | 172,726                     |
| 28          |  | Firm Resale                     |                   | 88             | 3,101                       |
| 29          | INCREASE (DECREASE) SALES TO CUSTOMERS       |                                 |                   | <u>234,916</u> | \$ 20,896,426 \$ 20,896,426 |
| 30          |  |                                 |                   |                |                             |
| 31          | UNCOLLECTIBLES @                             |                                 |                   | 0.0044440      | \$ 92,864                   |
| 32          | ANNUAL FILING FEE @                          |                                 |                   | 0.0020000      | 41,793                      |
| 33          | INCREASE (DECREASE) EXPENSE                  |                                 |                   |                | 134,657                     |
| 34          |  |                                 |                   |                |                             |
| 35          | STATE UTILITY TAX @                          |                                 |                   | 0.0385580      | \$ 805,724                  |
| 36          | INCREASE (DECREASE) TAXES OTHER              |                                 |                   |                | <u>805,724</u>              |
| 37          |  |                                 |                   |                |                             |
| 38          | INCREASE (DECREASE) OPERATING INCOME         |                                 |                   |                | 19,956,045                  |
| 39          |  |                                 |                   |                |                             |
| 40          | INCREASE (DECREASE) FIT @                    |                                 |                   | 35%            | 6,984,616                   |
| 41          | INCREASE (DECREASE) NOI                      |                                 |                   |                | <u>\$ 12,971,429</u>        |

**PUGET SOUND ENERGY-ELECTRIC  
REVENUE & EXPENSE RESTATING  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | DESCRIPTION   | AMOUNT                      | ADJUSTMENT                  |
|-------------|---|-----------------------------|-----------------------------|
| 1           | SALES TO CUSTOMERS:                                 |                             |                             |
| 2           | <u>RESTATING ADJUSTMENTS:</u>                       |                             |                             |
| 3           | REMOVE MERGER RATE CREDIT SCH 132                   | \$ 6,253,914                |                             |
| 4           | ADD BACK PRODUCTION TAX CREDIT (EXPENSE REMOVED IN  |                             |                             |
| 5           | FIT ADJUSTMENT)                                     | <u>16,481,251</u>           |                             |
| 6           |   |                             |                             |
| 7           | INCREASE (DECREASE) SALES TO CUSTOMERS              | <u>22,735,165</u>           |                             |
| 8           |   |                             |                             |
| 9           | INCREASE (DECREASE) REVENUES                        |                             | \$ 22,735,165               |
| 10          |   |                             |                             |
| 11          | UNCOLLECTIBLES @                                    | 0.0044440 \$ 101,035        |                             |
| 12          | ANNUAL FILING FEE @                                 | 0.0020000 <u>45,470</u>     |                             |
| 13          | INCREASE (DECREASE) EXPENSE                         |                             | 146,505                     |
| 14          |   |                             |                             |
| 15          | STATE UTILITY TAX @                                 | 0.0385580 \$ <u>876,622</u> |                             |
| 16          | INCREASE (DECREASE) TAXES OTHER                     |                             | <u>876,622</u>              |
| 17          |   |                             |                             |
| 18          | INCREASE (DECREASE) REVENUES                        |                             | 21,712,038                  |
| 19          |   |                             |                             |
| 20          | REMOVE EXPENSE ASSOCIATED WITH FUTURE PTC LIABILITY |                             | <u>7,273,471</u>            |
| 21          |   |                             |                             |
| 22          | INCREASE (DECREASE) OPERATING INCOME BEFORE FIT     |                             | 28,985,509                  |
| 23          |   |                             |                             |
| 24          | INCREASE (DECREASE) FIT @                           | 35%                         | <u>10,144,928</u>           |
| 25          |   |                             |                             |
| 26          | INCREASE (DECREASE) NOI                             |                             | <u><u>\$ 18,840,581</u></u> |

**PUGET SOUND ENERGY-ELECTRIC  
POWER COSTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. DESCRIPTION            | ACTUAL                  | RESTATED                | INCREASE<br>(DECREASE)       |
|------------------------------------|-------------------------|-------------------------|------------------------------|
| 1 PRODUCTION EXPENSES:             |                         |                         |                              |
| 2 FUEL                             | \$ 268,147,071          | \$ 266,564,587          | \$ (1,582,484)               |
| 3 PURCHASED AND INTERCHANGED       | 832,711,097             | 848,531,265             | 15,820,168                   |
| 4 PRUDENCE FROM UE-921262          | -                       | (2,646,160)             | (2,646,160)                  |
| 5 SCHEDULE G DISALLOWANCE          |                         | (40,515)                | (40,515)                     |
| 6 WHEELING                         | 78,564,669              | 78,564,669              | -                            |
| 7 SALES TO OTHER UTILITIES         | (201,262,557)           | (219,025,292)           | (17,762,735)                 |
| 8 PURCHASES/SALES OF NON-CORE GAS  | 36,748,461              | 36,748,461              | -                            |
| 9 SUBTOTAL                         | <u>\$ 1,014,908,741</u> | <u>\$ 1,008,697,015</u> | <u>\$ (6,211,726)</u>        |
| 10                                 |                         |                         |                              |
| 11 LESS: SALES FOR RESALE          | 201,262,557             | 219,025,292             | 17,762,735                   |
| 12 SCH. 94 - RES./FARM CREDIT      | (75,109,150)            | (75,109,150)            | -                            |
| 13 TOTAL                           | <u>\$ 1,141,062,148</u> | <u>\$ 1,152,613,157</u> | <u>\$ 11,551,009</u>         |
| 14 PURCHASES/SALES OF NON-CORE GAS | <u>(36,748,461)</u>     |                         |                              |
| 15 POWER COSTS PER G/L             | <u>\$ 1,104,313,687</u> |                         |                              |
| 16 INCREASE(DECREASE) INCOME       |                         |                         | \$ (11,551,009)              |
| 17                                 |                         |                         |                              |
| 18 INCREASE(DECREASE) FIT @        | 35%                     |                         | <u>(4,042,853)</u>           |
| 19 INCREASE(DECREASE) NOI          |                         |                         | <u><u>\$ (7,508,156)</u></u> |

**PUGET SOUND ENERGY-ELECTRIC  
SALES FOR RESALE - SECONDARY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | DESCRIPTION                                    | AMOUNT                | ADJUSTMENT                  |
|-------------|--|-----------------------|-----------------------------|
| 1           | RESTATED SALES FOR RESALE - OTHER UTILITIES    | 219,025,292           |                             |
| 2           | ACTUAL SALES FOR RESALE - OTHER UTIL.          | <u>\$ 201,262,557</u> |                             |
| 3           | INCREASE (DECREASE) REVENUES - OTHER UTILITIES |                       | 17,762,735                  |
| 4           |  |                       |                             |
| 5           |  |                       |                             |
| 6           | INCREASE (DECREASE) FIT @                      | 35%                   | 6,216,957                   |
| 7           | INCREASE (DECREASE) NOI                        |                       | <u><u>\$ 11,545,778</u></u> |

**PUGET SOUND ENERGY-ELECTRIC  
WILD HORSE SOLAR  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | DESCRIPTION                            | ACTUAL     | RESTATED | ADJUSTMENT        |
|-------------|--|------------|----------|-------------------|
| 1           | <u>WILD HORSE SOLAR RATEBASE (AMA)</u> |            |          |                   |
| 2           | <u>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 WH SOLAR PLANT RATEBASE            | 3,370,636  | 0        | (3,370,636)       |
| 7           |  |            |          |                   |
| 8           | <u>SOLAR 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  
FEDERAL INCOME TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | DESCRIPTION  | AMOUNT                        |
|-------------|--|-------------------------------|
| 1           | TAXABLE INCOME   | \$ (167,484,237)              |
| 2           |  |                               |
| 3           | FEDERAL INCOME TAX @ 35%   | \$ (58,619,483)               |
| 4           | DEFERRED FIT - DEBIT   | 117,285,701                   |
| 5           | DEFERRED FIT - CREDIT  | (12,095,726)                  |
| 6           | DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.                     | -                             |
| 7           | TOTAL RESTATED FIT   | <u>\$ 46,570,492</u>          |
| 8           |  |                               |
| 9           | FIT PER BOOKS:   |                               |
| 10          | CURRENTLY PAYABLE  | 16,263,334                    |
| 11          | DEFERRED FIT - DEBIT   | 205,470,964                   |
| 12          | DEFERRED FIT - CREDIT  | (237,907,201)                 |
| 13          | DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.                     |                               |
| 14          | TOTAL CHARGED TO EXPENSE   | <u>\$ (16,172,903)</u>        |
| 15          |  |                               |
| 16          | INCREASE(DECREASE) FIT (LINE 3 - LINE 10)                        | (74,882,817)                  |
| 17          | INCREASE(DECREASE) DEFERRED FIT (LINES 4 + 5 + 6 - 11 - 12 - 13) | <u>137,626,212</u>            |
| 18          | INCREASE(DECREASE) NOI   | <u><u>\$ (62,743,395)</u></u> |

**PUGET SOUND ENERGY-ELECTRIC  
TAX BENEFIT OF RESTATED INTEREST  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | DESCRIPTION                | AMOUNT                  |
|-------------|----------------------------|-------------------------|
| 1           | RATE BASE                  | \$ 4,057,846,379        |
| 2           |                            |                         |
| 3           | WEIGHTED COST OF DEBT      | 3.37%                   |
| 4           | RESTATED INTEREST          | <u>\$ 136,749,423</u>   |
| 5           |                            |                         |
| 6           | INCREASE (DECREASE) INCOME | <u>\$ (136,749,423)</u> |
| 7           |                            |                         |
| 8           | INCREASE (DECREASE) FIT @  | 35% \$ (47,862,298)     |
| 9           |                            |                         |
| 10          | INCREASE (DECREASE) NOI    | <u>\$ 47,862,298</u>    |



**PUGET SOUND ENERGY-ELECTRIC  
PASS-THROUGH REVENUE & EXPENSE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | DESCRIPTION   | AMOUNT    | ADJUSTMENT                 |
|-------------|---|-----------|----------------------------|
| 1           | <u>REMOVE REVENUES 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 RIDER - 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 PROCEEDS - SCH 137                                     |           | (10,990,696)               |
| 9           | REMOVE OFFSET REDUCTION TO REC LIAB - SCH 137                     |           | 10,504,775                 |
| 10          | REMOVE RECOGNIZED REVENUE - SCH137                                |           | 21,591,916                 |
| 11          | TOTAL (INCREASE) DECREASE REVENUES                                |           | <u>\$ 111,267,086</u>      |
| 12          |   |           |                            |
| 13          | <u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u> |           |                            |
| 14          | BAD DEBTS   | 0.0044440 | (494,471)                  |
| 15          | ANNUAL FILING FEE   | 0.0020000 | (222,534)                  |
| 16          | STATE UTILITY TAX   | 0.0385580 | (4,290,236)                |
| 17          | TOTAL   |           | <u>(5,007,241)</u>         |
| 18          |   |           |                            |
| 19          | <u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>                     |           |                            |
| 20          | REMOVE CONSERVATION AMORTIZATON - 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 REC LIABILITY EXPENSE - SCH137                             |           | (21,591,916)               |
| 28          | TOTAL INCREASE (DECREASE) EXPENSE                                 |           | <u>\$ (105,788,391)</u>    |
| 29          |   |           |                            |
| 30          | INCREASE (DECREASE) OPERATING INCOME BEFORE FIT                   |           | \$ (471,454)               |
| 31          | INCREASE (DECREASE) FIT   |           | <u>(165,009)</u>           |
| 32          | INCREASE (DECREASE) NOI   |           | <u><u>\$ (306,445)</u></u> |

**PUGET SOUND ENERGY-ELECTRIC  
RATE CASE EXPENSES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | DESCRIPTION                                   | AMOUNT                 |
|-------------|---|------------------------|
| 1           | EXPENSES TO BE NORMALIZED:                    |                        |
| 2           |   |                        |
| 3           | 2007 AND 2009 GRC EXPENSES TO BE NORMALIZED   | \$ 982,000             |
| 4           |   |                        |
| 5           | ANNUAL NORMALIZATION (LINE 3 ÷ 2 YEARS)       | 491,000                |
| 6           | LESS TEST YEAR EXPENSE                        | 641,575                |
| 7           | INCREASE (DECREASE) EXPENSE                   | \$ (150,575) (150,575) |
| 8           |   |                        |
| 9           | 2005 AND 2007 PCORC EXPENSES TO BE NORMALIZED | \$ 329,000             |
| 10          |   |                        |
| 11          | ANNUAL NORMALIZATION (LINE 9 ÷ 4 YEARS)       | 82,250                 |
| 12          | LESS TEST YEAR EXPENSE                        | -                      |
| 13          | INCREASE (DECREASE) EXPENSE                   | \$ 82,250 82,250       |
| 14          |   |                        |
| 15          |   |                        |
| 16          | TOTAL INCREASE (DECREASE) EXPENSE             | \$ (68,325)            |
| 17          |   |                        |
| 18          | INCREASE(DECREASE) FIT @                      | 35% 23,914             |
| 19          | INCREASE(DECREASE) NOI                        | \$ 44,411              |

**PUGET SOUND ENERGY-ELECTRIC  
BAD DEBTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | YEAR   | NET          | GROSS           | SALES FOR      | OTHER                | SALES FOR   | NET               | PERCENT                 |
|-------------|--|--------------|-----------------|----------------|----------------------|-------------|-------------------|-------------------------|
|             |  | WRITEOFF'S   | REVENUES        | RESALE OTHER   | OPERATING<br>REVENUE | RESALE FIRM | REVENUES          | WRITEOFFS<br>TO REVENUE |
|             |  | December     | August          | August         | August               | August      | August            |                         |
| 1           | 12 MOS ENDED 12/31/2007                        | \$ 6,924,812 | \$1,922,618,327 | \$ 111,070,231 | \$ 43,200,762        | \$ 373,024  | \$ 1,767,974,310  | 0.3916806%              |
| 2           | 12 MOS ENDED 12/31/2008                        | 8,122,860    | 2,132,433,310   | 95,513,282     | 59,332,118           | 374,652     | \$ 1,977,213,258  | 0.4108237%              |
| 3           | 12 MOS ENDED 12/31/2009                        | 10,727,813   | 2,093,755,523   | 64,642,019     | 7,215,398            | 360,829     | \$ 2,021,537,277  | 0.5306760%              |
| 4           |  |              |                 |                |                      |             |                   |                         |
| 5           | 3-Yr Average of Net Write Off Rate             |              |                 |                |                      |             |                   | 0.4444000%              |
| 6           |  |              |                 |                |                      |             |                   |                         |
| 7           | Reporting Period Revenues                      |              | 2,274,653,391   | 201,262,557    | 30,706,333           | 350,182     | \$ 2,042,334,319  |                         |
| 8           |  |              |                 |                |                      |             |                   |                         |
| 9           | RESTATE BAD DEBT RATE                          |              |                 |                |                      |             | <u>0.4444000%</u> |                         |
| 10          | RESTATE BAD DEBTS                              |              |                 |                |                      |             | \$ 9,076,134      |                         |
| 11          |  |              |                 |                |                      |             |                   |                         |
| 12          | UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR |              |                 |                |                      |             | <u>11,596,412</u> |                         |
| 13          | INCREASE (DECREASE) EXPENSE                    |              |                 |                |                      |             |                   | \$ (2,520,278)          |
| 14          |  |              |                 |                |                      |             |                   |                         |
| 15          | INCREASE (DECREASE) NOI                        |              |                 |                |                      |             |                   | \$ 2,520,278            |
| 16          | INCREASE (DECREASE) FIT                        |              |                 |                |                      |             | 35%               | 882,097                 |
| 17          | INCREASE (DECREASE) NOI                        |              |                 |                |                      |             |                   | <u>\$ 1,638,181</u>     |

PUGET SOUND ENERGY-ELECTRIC  
 INCENTIVE PLAN  
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
 COMMISSION BASIS REPORT

| LINE<br>NO. | DESCRIPTION                         | ACTUAL       | RESTATED     | ADJUSTMENT        |
|-------------|-------------------------------------|--------------|--------------|-------------------|
| 1           | INCREASE(DECREASE ) IN EXPENSE      | \$ 5,788,985 | \$ 5,104,460 | \$ (684,525)      |
| 2           |                                     |              |              |                   |
| 3           | PAYROLL TAXES ASSOCI WITH MERIT PAY | 475,543      | 419,312      | (56,231)          |
| 4           | INCREASE(DECREASE ) IN EXPENSE      | \$ 6,264,528 | \$ 5,523,772 | \$ (740,756)      |
| 5           |                                     |              |              |                   |
| 6           | INCREASE (DECREASE) INCOME          |              |              | 740,756           |
| 7           | INCREASE (DECREASE) FIT @           |              | 35%          | 259,265           |
| 8           |                                     |              |              |                   |
| 9           | INCREASE (DECREASE) NOI             |              |              | <u>\$ 481,491</u> |

**PUGET SOUND ENERGY-ELECTRIC  
EXCISE TAX & FILING FEE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | DESCRIPTION                         | AMOUNT                     |
|-------------|-------------------------------------|----------------------------|
| 1           | <b>RESTATED EXCISE TAXES</b>        | \$ 79,321,322              |
| 2           | CHARGED TO EXPENSE FOR TEST YEAR    | <u>78,841,323</u>          |
| 3           | INCREASE(DECREASE) EXCISE TAX       | \$ 479,999                 |
| 4           |                                     |                            |
| 5           | <b>RESTATED WUTC FILING FEE</b>     | \$ 4,157,945               |
| 6           | CHARGED TO EXPENSE FOR TEST YEAR    | <u>4,157,945</u>           |
| 7           | INCREASE(DECREASE) WUTC FILING FEE  | \$ -                       |
| 8           |                                     |                            |
| 9           | INCREASE(DECREASE) EXPENSE          | \$ 479,999                 |
| 10          |                                     |                            |
| 11          | INCREASE(DECREASE) OPERATING INCOME | \$ (479,999)               |
| 12          |                                     |                            |
| 13          | INCREASE(DECREASE) FIT              | 35% \$ (168,000)           |
| 14          |                                     |                            |
| 15          | INCREASE(DECREASE) NOI              | <u><u>\$ (311,999)</u></u> |

**PUGET SOUND ENERGY-ELECTRIC**  
**D&O INSURANCE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010**  
**COMMISSION BASIS REPORT**

**LINE**

| NO. | DESCRIPTION                          | TEST YEAR  | RESTATED   | ADJUSTMENT       |
|-----|--------------------------------------|------------|------------|------------------|
| 1   | D & O INS. CHG EXPENSE               | \$ 355,055 | \$ 270,816 | \$ (84,239)      |
| 2   |                                      |            |            |                  |
| 3   | INCREASE (DECREASE) IN EXPENSE       | \$ 355,055 | \$ 270,816 | \$ (84,239)      |
| 4   |                                      |            |            |                  |
| 5   | INCREASE (DECREASE) OPERATING INCOME |            |            | 84,239           |
| 6   |                                      |            |            |                  |
| 7   | INCREASE (DECREASE) FIT @            |            | 35%        | 29,484           |
| 8   |                                      |            |            |                  |
| 9   | INCREASE (DECREASE) NOI              |            |            | <u>\$ 54,755</u> |

**PUGET SOUND ENERGY-ELECTRIC  
MONTANA ENERGY TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| <b>LINE</b> | <b>NO. DESCRIPTION</b>        | <b>AMOUNT</b>              |
|-------------|-------------------------------|----------------------------|
| 1           | RESTATED KWH                  | 5,265,642,161              |
| 2           | TAX RATE                      | <u>\$ 0.00035</u>          |
| 3           |                               |                            |
| 4           | RESTATED ENERGY TAX           | 1,842,975                  |
| 5           | CHARGED TO EXPENSE            | 1,542,094                  |
| 6           | INCREASE (DECREASE) INCOME    | <u>\$ (300,881)</u>        |
| 7           |                               |                            |
| 8           | INCREASE (DECREASE) FIT @ 35% | <u>(105,308)</u>           |
| 9           | INCREASE (DECREASE) NOI       | <u><u>\$ (195,573)</u></u> |

PUGET SOUND ENERGY-ELECTRIC  
INTEREST ON CUSTOMER DEPOSITS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT

| LINE<br>NO. | DESCRIPTION                    | AMOUNT              |
|-------------|--------------------------------|---------------------|
| 1           | INTEREST EXPENSE FOR TEST YEAR | \$ 104,171          |
| 2           |                                |                     |
| 3           |                                |                     |
| 4           | INCREASE (DECREASE) NOI        | <u>\$ (104,171)</u> |



**PUGET SOUND ENERGY-ELECTRIC**  
**SFAS 133**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010**  
**COMMISSION BASIS REPORT**

| LINE<br>NO. |                                      | ACTUAL         | RESTATED | ADJUSTMENT            |
|-------------|--------------------------------------|----------------|----------|-----------------------|
| 1           | FAS 133 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  
PENSION PLAN  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT

| LINE<br>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           |                                 |              |              |                       |
| 4           | INCREASE (DECREASE ) IN EXPENSE | \$ 3,748,584 | \$ 5,594,713 | \$ 1,846,129          |
| 5           |                                 |              |              |                       |
| 6           | INCREASE (DECREASE) INCOME      |              |              | (1,846,129)           |
| 7           | INCREASE (DECREASE) FIT @       |              | 35%          | (646,145)             |
| 8           |                                 |              |              |                       |
| 9           | INCREASE (DECREASE) NOI         |              |              | <u>\$ (1,199,984)</u> |

**PUGET SOUND ENERGY-ELECTRIC  
INJURIES AND DAMAGES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. DESCRIPTION                             | ACTUAL     | 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  
DEFERRED GAINS AND LOSSES ON PROPERTY SALES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

| LINE<br>NO. | DESCRIPTION                                     | ACTUAL         | RESTATED       | ADJUSTMENT   |
|-------------|---|----------------|----------------|--------------|
| 1           | AMORTIZATION OF DEFERRED GAIN                   | \$ (2,230,390) | \$ (2,006,168) | \$ 224,222   |
| 2           | AMORTIZATION OF DEFERRED LOSS                   | 148,006        | 119,727        | (28,279)     |
| 3           | TOTAL GAIN/LOSS AMORTIZATION                    | (2,082,384)    | (1,886,441)    | 195,943      |
| 4           |   |                |                |              |
| 5           | INCREASE (DECREASE) EXPENSE (Line 15 - Line 17) |                |                | \$ 195,943   |
| 6           |   |                |                |              |
| 7           | INCREASE (DECREASE) FIT @ 35%                   |                |                | (68,580)     |
| 8           |   |                |                |              |
| 9           | INCREASE (DECREASE) NOI                         |                |                | \$ (127,363) |

**PUGET SOUND ENERGY-ELECTRIC  
CONVERSION FACTOR  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
COMMISSION BASIS REPORT**

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