



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 TRANS.
 COMMISSION

DELIVERED VIA COURIER

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

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

Dear Mr. Danner:

Enclosed are an original and two copies of Puget Sound Energy, Inc.'s ("PSE" or "the Company") Gas Annual "Commission Basis" Results of Operations for the twelve-month period ended December 31, 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 480-90-257.

The results show a normalized overall rate of return of 6.24% and a return on actual common equity of 5.92%, 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
Gas**

Restated Net Operating Income	\$	102,390,076	a
Restated Rate Base	\$	1,641,247,346	b
Normalized Overall Rate of Return		6.24%	c=a/b
Restated Net Operating Income	\$	102,390,076	d=a
Restated Interest Expense	\$	55,310,036	e
Restated NOI less Restated Interest Exp	\$	47,080,040	f=d-e
Restated Rate Base	\$	1,641,247,346	g=b
Actual Equity Percent		48.46%	h
Equity Rate Base	\$	795,348,464	i=g*h
Restated Return on Actual Equity		5.92%	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					
2	(A)	(B)	(C)	(D)	(E)
3					
4					Weighted
5	<u>Description</u>	<u>Amount (i)</u>	<u>Ratio</u>	<u>Cost</u>	<u>Cost of</u>
6					<u>Capital</u>
7	Short Term Debt	\$137,068,618	2.05%	5.11%	0.11% (A)
8					
9	Long Term Debt	\$3,314,651,667	49.50%	6.59%	3.26% (A)
12					
13	Common Stock	<u>\$3,245,236,434</u>	<u>48.46%</u>	10.10%	<u>4.89%</u>
14					
16	Total	<u>\$6,696,956,719</u>	<u>100.00%</u>		<u>8.26%</u>
18					
19					
21	(i) - Average of Month-End Balances			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
NET OPERATING INCOME	\$ 117,427,310	\$ 102,661,462	\$ 220,088,772
RATE BASE (AMA For 12 Months Ended December 31, 2010)	\$ 4,061,217,015	\$ 1,641,247,346	

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

FERC Account and Description	Dec-10	Dec-10 AMA
*ASSETS		
**UTILITY PLANT		
***Electric Plant		
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	<u>7,614,882,457</u>	<u>7,292,190,132</u>
***Gas Plant		
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	<u>2,752,961,641</u>	<u>2,695,702,621</u>
***Common Plant		
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	<u>427,227,101</u>	<u>467,896,598</u>
***Accumulated Depreciation and Amortization		
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	<u>(3,703,041,987)</u>	<u>(3,682,220,125)</u>
**NET UTILITY PLANT	7,092,029,212	6,773,569,226
**OTHER PROPERTY AND INVESTMENTS		
***Other Investments		
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	<u>121,448,111</u>	<u>122,229,518</u>
**TOTAL OTHER PROPERTY AND INVESTMENT	121,448,111	122,229,518
**CURRENT ASSETS		

**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**

FERC Account and Description	Dec-10	Dec-10 AMA
Total Current Deferred Taxes	549,148,984	439,740,244
**TOTAL CURRENT ASSETS	1,311,738,333	1,124,979,284
**LONG-TERM ASSETS		
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
**TOTAL LONG-TERM ASSETS	1,042,262,342	1,042,908,765
*TOTAL ASSETS	\$ 9,567,477,998	\$ 9,063,686,793
*CAPITALIZATION AND LIABILITIES		
**CURRENT LIABILITIES		
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)
**TOTAL CURRENT LIABILITIES	(962,534,315)	(735,758,278)
**DEFERRED TAXES		
***Reg. Liability for Def.Income Tax		
253 Other Deferred Credits		
283 Accum.Deferred Income Taxes - Other	(68,200,691)	(77,264,905)
***Total Reg.Liab.for Def.Income Tax	(68,200,691)	(77,264,905)

**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	<u>(1,436,033,427)</u>	<u>(1,311,644,317)</u>
**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	<u>(661,941,695)</u>	<u>(655,583,044)</u>
***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	<u>(2,974,907,867)</u>	<u>(2,968,784,578)</u>
***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	<u>-</u>	<u>-</u>

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

FERC Account and Description	Dec-10	Dec-10 AMA
****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	\$ (9,567,477,995)	\$ (9,063,686,789)

Puget Sound Energy
Gas Rate Base
As of December 31, 2010

Electric	66.51%
Gas	33.49%

Line No.	Description	AMA 12/31/10
1	Gas Utility Plant in Service	2,648,893,764
2	Common Plant-Allocation to Gas	139,017,695
3	Gas Stored Underground - Non current	7,815,443
4	Total Plant in Service and Other Assets	2,795,726,902
5	Accumulated Provision for Depreciation	(857,738,071)
7	Common Accumulated Depreciation-Allocation to Gas	(66,300,024)
8	Customer Advances for Construction	(31,761,381)
9	Contributions in Aid of Construction - Accum. Def. FIT.	5,164,894
10	Liberalized Depreciation Total Accum. Def. FIT - Liberalized	(259,429,844)
11	Customer Deposits	(8,348,081)
12	Accumulated Depreciation and Other Liabilities	(1,218,412,507)
13	Net Operating Investment	1,577,314,395
14	Allowance for Working Capital	63,932,951
15	Total Gas Rate Base	1,641,247,346

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
1	Average Invested Capital	
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	<u>6,555,957,710</u>
14.1		
15.1	Average Operating Investments - Electric	
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	<u>4,114,329,813</u>
30.1		
31.1	Average Operating Investments - Gas	
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	<u>1,585,870,088</u>
46.1		
47.1	Total Electric & Gas Operating Investment	<u><u>5,700,199,901</u></u>
48.1		
49.1	Construction Work in Progress	
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	<u>469,008,940</u>

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	Nonoperating	
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	235,880,639

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
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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
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Non Operating Working Capital	6,082,780
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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>
1	* <u>12 Month Average Number of Customers</u>	12/31/2010	1,078,501	750,811	1,829,312
	Percent		58.96%	41.04%	100.00%
2	* <u>Joint Meter Reading Customers</u>	12/31/2010	706,127	408,431	1,114,558
	Percent		63.35%	36.65%	100.00%
3	* <u>Non-Production Plant</u>				
	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		\$ 4,018,489,648	\$ 2,581,044,243	\$ 6,599,533,891
	Percent		60.89%	39.11%	100.00%
4	* <u>4-Factor Allocator</u>				
	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		66.51%	33.49%	100.00%
5	* <u>Employee Benefits</u>				
	Direct Labor Accts 500-935	12/31/2010	49,678,352	24,123,486	73,801,838
	Total		\$ 49,678,352	\$ 24,123,486	\$ 73,801,838
	Percent		67.31%	32.69%	100.00%

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

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 953,445,526	\$ 78,835,170	\$ 1,032,280,696
3	43,761,997	(43,761,997)	-
4	14,322,994	0	14,322,994
5	<u>\$ 1,011,530,517</u>	<u>\$ 35,073,173</u>	<u>\$ 1,046,603,690</u>
6			
7			
8	<u>OPERATING REVENUE DEDUCTIONS:</u>		
9			
10	<u>GAS COSTS:</u>		
11			
12	\$ 535,932,510	\$ 81,174,972	\$ 617,107,482
13			
14	<u>\$ 535,932,510</u>	<u>\$ 81,174,972</u>	<u>\$ 617,107,482</u>
15			
16	\$ 1,937,122	-	\$ 1,937,122
17	226,853	-	226,853
18	50,238,405	-	50,238,405
19	32,629,594	(2,290,932)	30,338,662
20	4,454,346	(3,337,444)	1,116,902
21	14,771,682	(14,771,682)	-
22	42,818,070	853,329	43,671,399
23	102,386,843	0	102,386,843
24	12,778,120	-	12,778,120
25	-	-	-
26	(187,824)	(23,704)	(211,528)
27	98,746,988	(40,660,638)	58,086,350
28	15,204,117	(26,152,265)	(10,948,148)
29	(3,067,771)	40,552,923	37,485,152
30	<u>\$ 372,936,545</u>	<u>\$ (45,830,413)</u>	<u>\$ 327,106,132</u>
31			
32	\$ 102,661,462	\$ (271,386)	\$ 102,390,076
33			
34	\$ 1,641,247,346	\$ 0	\$ 1,641,247,346
35			
36	6.26%		6.24%
37			
38	<u>RATE BASE:</u>		
39	\$ 2,795,726,902	-	\$ 2,795,726,902
40	(924,038,095)	-	(924,038,095)
41	(259,429,844)	-	(259,429,844)
42	(34,944,568)	-	(34,944,568)
43	<u>\$ 1,577,314,395</u>	<u>\$ -</u>	<u>\$ 1,577,314,395</u>
44	63,932,951	-	63,932,951
45	<u>\$ 1,641,247,346</u>	<u>\$ -</u>	<u>\$ 1,641,247,346</u>

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

LINE NO.	EXCISE TAX & FILING FEE 3.08	INTEREST ON CUST DEPOSITS 3.09	PENSION PLAN 3.10	D&O INSURANCE 3.11	INJURIES AND DAMAGES 3.12	PROPERTY SALES 3.13	INCENTIVE PAY 3.14	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1 OPERATING REVENUES									
2 SALES TO CUSTOMERS	\$	-	\$	-	-			\$ 78,835,170	\$ 1,032,280,696
3 MUNICIPAL ADDITIONS								(43,761,997)	-
4 OTHER OPERATING REVENUES								-	14,322,994
5 TOTAL OPERATING REVENUES	\$	-	\$	-	-		\$	-	\$ 1,046,603,690
6									
7									
8 OPERATING REVENUE DEDUCTIONS:									
9									
10 GAS COSTS:									
11									
12 PURCHASED GAS	\$	-	\$	-	-			81,174,972	\$ 617,107,482
13									
14 TOTAL PRODUCTION EXPENSES	\$	-	\$	-	-		\$	-	\$ 617,107,482
15									
16 OTHER ENERGY SUPPLY EXPENSES	\$	-	\$	-	-			-	\$ 1,937,122
17 TRANSMISSION EXPENSE								-	226,853
18 DISTRIBUTION EXPENSE								-	50,238,405
19 CUSTOMER ACCTS EXPENSES			9,390					(2,290,932)	30,338,662
20 CUSTOMER SERVICE EXPENSES								(3,337,444)	1,116,902
21 CONSERVATION AMORTIZATION								(14,771,682)	-
22 ADMIN & GENERAL EXPENSE	-		896,598	(58,635)	83,553		(351,048)	853,329	43,671,399
23 DEPRECIATION								-	102,386,843
24 AMORTIZATION								-	12,778,120
25 AMORTIZATION OF PROPERTY LOSS								-	-
26 OTHER OPERATING EXPENSES						(23,704)		(23,704)	(211,528)
27 TAXES OTHER THAN F.I.T.	130,262						(28,368)	(40,660,638)	58,086,350
28 FEDERAL INCOME TAXES	(45,592)		(313,809)	20,522	(29,244)	(12,764)	132,796	(26,152,265)	(10,948,148)
29 DEFERRED INCOME TAXES								40,552,923	37,485,152
30 TOTAL OPERATING REV. DEDUCT.	\$ 84,670	\$ 9,390	\$ 582,789	\$ (38,113)	\$ 54,309	\$ (36,468)	\$ (246,620)	\$ (45,830,413)	\$ 327,106,132
31									
32 NET OPERATING INCOME	\$ (84,670)	\$ (9,390)	\$ (582,789)	\$ 38,113	\$ (54,309)	\$ 36,468	\$ 246,620	\$ (271,386)	\$ 102,390,076
33									
34 RATE BASE								\$	-
35									
36 RATE OF RETURN									6.24%
37									
38 RATE BASE:									
39 UTILITY PLANT IN SERVICE AND OTHER ASSETS	\$	-	\$	-	-		\$	-	\$ 2,795,726,902
40 ACCUMULATED DEPRECIATION								-	(924,038,095)
41 ACCUMULATED DEFERRED FIT - LIBERALIZED								-	(259,429,844)
42 DEPRECIATION AND OTHER LIABILITIES								-	(34,944,568)
43 TOTAL NET INVESTMENT	\$	-	\$	-	-		\$	-	\$ 1,577,314,395
44 ALLOWANCE FOR WORKING CAPITAL								-	63,932,951
45 TOTAL RATE BASE	\$	-	\$	-	-		\$	-	\$ 1,641,247,346

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

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	TEMPERATURE NORMALIZATION ADJUSTMENT:			
2		ACTUAL	TEMP ADJ	THERMS
3		<u>THERMS</u>	<u>THERMS</u>	<u>CHANGE</u>
4	Jan-10	128,745,037	151,950,257	23,205,220
5	Feb-10	107,438,064	123,124,540	15,686,476
6	Mar-10	111,751,312	115,718,874	3,967,562
7	Apr-10	92,608,599	89,726,211	(2,882,388)
8	May-10	74,871,801	67,935,815	(6,935,986)
9	Jun-10	56,233,148	52,834,020	(3,399,128)
10	Jul-10	45,903,282	44,771,928	(1,131,354)
11	Aug-10	44,931,622	43,877,936	(1,053,686)
12	Sep-10	49,140,650	49,056,666	(83,984)
13	Oct-10	77,063,218	79,839,488	2,776,270
14	Nov-10	121,261,601	111,333,790	(9,927,811)
15	Dec-10	146,682,209	159,387,100	12,704,891
16		1,056,630,543	1,089,556,625	32,926,082
17	REVENUE ADJUSTMENT:			
18	Residential (23)			\$ 22,825,425
19	Residential (16)			0
20	Commercial & industrial (31)			8,206,437
21	Large volume (41)			1,042,353
22	Compressed natural gas (50)			0
23	Interruptible (85)			264,458
24	Limited interruptible (86)			312,902
25	Non exclusive interruptible (87)			370,480
26	Transportation (87T)			11,687
27	Contracts (99,199,299)			8,265
28	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ 33,042,007
29				
30	OPERATING EXPENSES:			22,532,528
31	PURCHASED GAS COSTS			\$ 22,532,528
32				
33	UNCOLLECTIBLES @		0.34750%	\$ 114,821
34	ANNUAL FILING FEE @		0.20000%	66,084
35	INCREASE (DECREASE) EXPENSE			180,905
36				
37	STATE UTILITY TAX @		3.83860%	\$ 1,268,350
38	INCREASE (DECREASE) TAXES OTHER			1,268,350
39				
40	INCREASE (DECREASE) OPERATING INCOME			9,060,224
41				
42	INCREASE (DECREASE) FIT @		35%	3,171,078
43	INCREASE (DECREASE) NOI			\$ 5,889,146

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

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2		
3	REMOVE MERGER RATE CREDIT SCH 132	<u>\$ 3,430,013</u>
4		
5	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	<u>\$ 3,430,013</u>
6		
7	TOTAL INCREASE (DECREASE) REVENUES	3,430,013
8		
9	OPERATING EXPENSES:	
10		
11	UNCOLLECTIBLES @ 0.34750%	11,919
12	ANNUAL FILING FEE @ 0.20000%	<u>6,860</u>
13	INCREASE (DECREASE) EXPENSE	18,779
14		
15	STATE UTILITY TAX @ 3.83860%	<u>\$ 131,664</u>
16		
17	INCREASE (DECREASE) TAXES OTHER	<u>131,664</u>
18		
19	INCREASE (DECREASE) OPERATING INCOME	3,279,570
20	INCREASE (DECREASE) FIT @ 35%	<u>1,147,850</u>
21	INCREASE (DECREASE) NOI	<u><u>\$ 2,131,720</u></u>

**PUGET SOUND ENERGY-GAS
FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ 9,957,987
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @ 35%	3,485,295
5	DEFERRED FIT - DEBIT	40,787,201
6	DEFERRED FIT - CREDIT	(3,097,484)
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(204,565)
8	TOTAL RESTATED FIT	<u>\$ 40,970,447</u>
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	15,204,117
12	DEFERRED FIT - DEBIT	59,583,058
13	DEFERRED FIT - CREDIT	(62,446,264)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(204,565)
15	TOTAL CHARGED TO EXPENSE	<u>\$ 12,136,346</u>
16		
17	INCREASE(DECREASE) FIT (LINE 4 - LINE 11)	\$ (11,718,822)
18	INCREASE(DECREASE) DEFERRED FIT (LINES 5 + 6 + 7 - 12 - 13 - 14)	40,552,923
19	INCREASE(DECREASE) ITC	-
20	INCREASE(DECREASE) NOI	<u><u>\$ (28,834,101)</u></u>

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

LINE NO.	DESCRIPTION		AMOUNT
1	RATE BASE	\$	1,641,247,346
2			
3	NET RATE BASE	\$	1,641,247,346
4			
5	WEIGHTED COST OF DEBT	3.37%	
6	RESTATED INTEREST	\$	55,310,036
7			
8	INCREASE (DECREASE) INTEREST EXPENSE	\$	55,310,036
9			
10	INCREASE (DECREASE) FIT @	35%	(19,358,513)
11	INCREASE (DECREASE) NOI	\$	<u>19,358,513</u>

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

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME RIDER - SCHEDULE 129	\$ 3,488,168
3	REMOVE CONSERVATION TRACKER - SCHEDULE 120	15,438,475
4	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	(61,289,793)
5	REMOVE MUNICIPAL TAXES	43,761,997
6	TOTAL (INCREASE) DECREASE REVENUES	<u>\$ 1,398,847</u>
7		
8	<u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u>	
9	UNCOLLECTIBLES @ 0.0034750	\$ (4,861)
10	ANNUAL FILING FEE 0.0020000	(2,798)
11	STATE UTILITY TAX 0.0383860	(53,696)
12	TOTAL	<u>\$ (61,355)</u>
13		.
14	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
15	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	\$ (3,337,444)
16	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	(14,771,682)
17	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	58,642,444
18	REMOVE MUNICIPAL TAXES	(42,108,850)
19	TOTAL INCREASE (DECREASE) EXPENSE	<u>\$ (1,575,532)</u>
20		
21	INCREASE (DECREASE) OPERATING INCOME BEFORE FIT	\$ 238,040
22	INCREASE (DECREASE) FIT (LINE 23 * 35%)	83,314
23	INCREASE (DECREASE) NOI	<u>\$ 154,726</u>

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

LINE NO.	DESCRIPTION	AMOUNT	
1	EXPENSES TO BE NORMALIZED:		
2			
3	2009 AND 2007 GRC EXPENSES TO BE NORMALIZED	\$ 982,000	
4			
5	ANNUAL NORMALIZATION (LINE 3 / 2)	491,000	
6	LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO O&M	271,425	
7	INCREASE (DECREASE) EXPENSE	\$ 219,575	\$ 219,575
8			
9			
10	TOTAL INCREASE (DECREASE) EXPENSE		\$ 219,575
11			
12	INCREASE(DECREASE) FIT @	35%	(76,851)
13	INCREASE(DECREASE) NOI		\$ (142,724)

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

LINE NO.	YEAR	NET WRITEOFFS	GROSS REVENUES	OTHER OPERATING REVENUE	NET REVENUES	PERCENT WRITEOFFS TO REVENUE
1	12 ME 12/31/2007	\$ 3,389,028	\$1,224,844,682	\$ 17,471,949	\$1,207,372,733	0.2806944%
2	12 ME 12/31/2008	\$ 3,664,592	\$1,193,302,341	\$ 17,237,406	\$1,176,064,935	0.3115978%
3	12 ME 12/31/2009	\$ 5,677,036	\$1,279,928,251	\$ 19,180,943	\$1,260,747,308	0.4502913%
4						
5	3-Yr Average of Net Write Off Rate					0.3475000%
6						
7	Reporting Period Revenues		\$1,011,530,516	\$ 14,712,939	\$ 996,817,577	
8						
9	RESTATED BAD DEBT RATE				0.3475000%	
10	RESTATED BAD DEBTS				\$ 3,463,941	
11						
12	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR				5,886,142	
13	INCREASE (DECREASE) EXPENSE					\$ (2,422,201)
14						
15	INCREASE(DECREASE) IN INCOME					\$ 2,422,201
16	INCREASE (DECREASE) FIT				35%	847,770
17	INCREASE (DECREASE) NOI					<u>\$ 1,574,431</u>

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

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED EXCISE TAXES	\$ 38,786,475
2	CHARGED TO EXPENSE FOR TEST YEAR	<u>38,656,213</u>
3	INCREASE(DECREASE) EXCISE TAX	\$ 130,262
4		
5	RESTATED WUTC FILING FEE	\$ 2,040,814
6	CHARGED TO EXPENSE FOR TEST YEAR	<u>2,040,814</u>
7	INCREASE(DECREASE) WUTC FILING FEE	\$ -
8		
9	INCREASE(DECREASE) EXPENSE	\$ 130,262
10		
11	INCREASE(DECREASE) OPERATING INCOME	\$ (130,262)
12		
13	INCREASE(DECREASE) FIT 35%	\$ (45,592)
14		
15	INCREASE(DECREASE) NOI	<u><u>\$ (84,670)</u></u>

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

LINE			
NO.	DESCRIPTION		AMOUNT
1	INTEREST EXPENSE FOR TEST YEAR	\$	9,390
2			
3			
4	INCREASE (DECREASE) NOI	<u>\$</u>	<u>(9,390)</u>

**PUGET SOUND ENERGY-GAS
PENSION PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 1,592,583	\$ 2,717,147	\$ 1,124,564
2	SERP PLAN	227,966	-	(227,966)
3				
4	INCREASE (DECREASE) IN EXPENSE	\$ 1,820,549	\$ 2,717,147	\$ 896,598
5				
6	INCREASE (DECREASE) INCOME			(896,598)
7	INCREASE (DECREASE) FIT @		35%	(313,809)
8				
9	INCREASE (DECREASE) NOI			<u>\$ (582,789)</u>

PUGET SOUND ENERGY-GAS
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	\$ 247,141	\$ 188,506	\$ (58,635)
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 247,141	\$ 188,506	\$ (58,635)
4				
5	INCREASE (DECREASE) OPERATING INCOME			58,635
6				
7	INCREASE (DECREASE) FIT @		35%	20,522
8				
9	INCREASE (DECREASE) NOI			<u>\$ 38,113</u>

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

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	INJURIES & DAMAGES ACCRUALS	\$ 111,907	\$ 70,636	\$ (41,271)
2	INJURIES & DAMAGES PAYMENTS IN EXCESS OF ACCRUALS	524,688	649,512	124,824
3	INCREASE/(DECREASE) IN EXPENSE	636,595	720,148	83,553
4				
5	INCREASE/(DECREASE) IN OPERATING EXPENSE (LINE 3)			\$ 83,553
6	INCREASE (DECREASE) FIT @		35%	(29,244)
7				
8	INCREASE (DECREASE) NOI			\$ (54,309)

**PUGET SOUND ENERGY-GAS
GAINS AND LOSSES ON PROPERTY SALES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	AMORTIZATION OF DEFERRED GAIN	\$ (256,074)	\$ (206,331)	\$ 49,743
2	AMORTIZATION OF DEFERRED LOSS	68,251	54,976	(13,275)
3	TOTAL GAIN/LOSS AMORTIZATION	(187,823)	(151,355)	36,468
4				
5	INCREASE (DECREASE) EXPENSE			\$ 36,468
6				
7	INCREASE (DECREASE) FIT @ 35%			(12,764)
8				
9	INCREASE (DECREASE) NOI			\$ (23,704)

**PUGET SOUND ENERGY-GAS
INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
COMMISSION BASIS REPORT**

LINE NO. DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1 INCENTIVE/MERIT PAY			
2 TOTAL INCENTIVE PAY	\$ 2,829,850	\$ 2,478,802	\$ (351,048)
3			
4 PAYROLL TAXES ASSOC WITH MERIT PAY	228,677	200,309	(28,368)
5 INCREASE(DECREASE) EXPENSE	3,058,527	2,679,111	(379,416)
6			
7 INCREASE (DECREASE) OPERATING EXPENSE			(379,416)
8			
9 INCREASE(DECREASE) FIT @		35%	132,796
10 INCREASE(DECREASE) NOI			\$ 246,620

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

LINE NO.	DESCRIPTION	BASE	RATE	AMOUNT
1	BAD DEBTS			0.003475
2	ANNUAL FILING FEE			0.002000
3	STATE UTILITY TAX (3.852% - (LINE 1 * 3.852%))		3.852%	0.038386
4				
5	SUM OF TAXES OTHER			0.043861
6				
7	FEDERAL INCOME TAX ((1 - LINE 5) * 35%)		35%	0.334649
8	CONVERSION FACTOR (1 - (LINE 5 + LINE 7))			<u><u>0.621490</u></u>