

DOCKET NOS. UE-060266 AND UG-060267
STAFF/COMPANY AGREEMENT ON REVENUE REQUIREMENT
ADJUSTMENTS

Section 1 – Revenue Requirement Adjustments – agreement on rebuttal changes

The following items describe adjustments presented in the Company's rebuttal case with which Commission Staff agrees:

Wages and Investment Plan – Commission Staff has confirmed the amounts and reasons for the changes made in the Company's rebuttal filing for the Wage Increase and Investment Plan, Adjustments 20.20 and 20.21, Exhibit No. ___ (JHS-20) and Adjustments 12.12 and 12.13, Exhibit No. ___ (KRK-12). The Company and Commission Staff agree that these adjustments as shown in the Company's prefiled rebuttal are uncontested as presented by the Company.

Wild Horse - The Company and Commission Staff agree that the Company's Wild Horse Wind Plant Adjustment shown on page 20.26, Exhibit No. ___ (JHS-20) reflects the deferred taxes associated with this project correctly and that this adjustment is uncontested. With this agreement, the Miscellaneous Operating Expense Adjustment becomes uncontested except as to differences caused by different rates of return as applied to ratebase.

Incentive Plan – The Company and Commission Staff agree for purposes of settlement of this issue in this proceeding that the calculations presented by the Company on page 20.27, Exhibit No. ___ (JHS-20) and page 12.15, Exhibit No. ___ (KRK-12) are uncontested as presented by the Company.

Revenues and Expenses gas adjustment – Commission Staff has reviewed this adjustment as presented on page 12.01, Exhibit No. ___ (KRK-12) and is in agreement with the Company's correction of the error. This adjustment is uncontested as presented by the Company.

Everett Delta Pipeline Expansion – Commission Staff has reviewed this adjustment as presented on page 12.21, Exhibit No. ___ (KRK-12) and is in agreement with changes proposed by the Company in its prefiled rebuttal testimony. This adjustment is uncontested. With this agreement, the Miscellaneous Operating Expense Adjustment becomes uncontested except as to differences caused by different rates of return as applied to ratebase.

Spiritridge – Upon further review of the Company's rebuttal and review of subsequent data request responses Commission Staff is not proposing an adjustment for Spiritridge and withdraws its adjustment G.22 page 26 Exhibit No. ___ (JMR-4).

**Section 2 – Revenue Requirement Adjustments – Compromises between
Commission Staff and the Company**

The following items describe Company and Commission Staff agreement on formerly contested revenue requirement items, in some cases based on information that has become available since the Commission Staff filed their testimony and exhibits:

Baker Relicensing O&M and Ratebase – The Company received the Final Environmental Impact Statement associated with the Baker Relicensing on Friday, September 8th 2006. With the receipt of this document it is now highly likely that the Company will receive the final license in late 2006 or early 2007. The Company and Commission Staff agree to include the amounts for Baker Relicensing as presented in the Company's Power Cost Adjustment, page 20.03 and as shown on the Miscellaneous Operating Expense Adjustment, page 20.08 of Exhibit No. ____ (JHS-20). With this agreement, the Miscellaneous Operating Expense Adjustment becomes uncontested except as to differences caused by different rates of return as applied to ratebase. This agreement will change pages 8 and 13, Exhibit No. ____ (JMR-2). See Attachment A for updated pages for Exhibit No. ____ (JMR-2) reflecting this agreement as well as additional supporting workpapers necessary to reflect the agreed upon changes.

The costs associated with Baker Relicensing ratebase will be adjusted based on the actual in service date at which time AFUDC will cease and the costs associated with the license will be placed in-service and will be included in the PCA Production Rate Base costs. Production O&M is considered a fixed cost in the PCA Mechanism. Production O&M costs associated with Baker Relicensing will be considered variable until they are set at a fixed amount in the next regulatory filing that changes the PCA power cost baseline rate. The Company will also file an update on the licensing process to the Commission by Thursday, December 1st.

Muckleshoot Settlement Payment – The Company and Commission Staff agree that this payment should be included in revenue requirement with a four year amortization. This agreement will impact the Power Cost Adjustment, page 20.03, Exhibit No. ____ (JHS-20) and page 8, Exhibit No. ____ (JMR-2). See Attachment A for an updated page 8 for Exhibit No. ____ (JMR-2) reflecting this agreement. See Attachment B for an updated page 20.3 for Exhibit No. ____ (JHS-20) reflecting this agreement. Both Attachments A and B include additional supporting workpapers necessary to reflect the agreed upon changes.

Ratecase Expenses – For purposes of settlement of this issue in this filing, the Company and Commission Staff agree to a ratecase expense adjustment as shown in Attachment A, adjustment E.16, Exhibit No. ____ (JMR-2) and adjustment G.09, Exhibit No. ____ (JMR-4) and Attachment B, page 20.16, Exhibit No. ____ (JHS-20) and page 12.09, Exhibit No. ____ (KRK-12). This adjustment is not based on specific disallowance of any type of expense nor is it considered precedent setting for future filings.

Section 3 – Procedures Related to Revenue Requirement

The following two items have no impact on revenue requirement in this proceeding but are an agreement between Commission Staff and the Company as to procedure for future filings associated with these items.

Domestic Manufacturing Deduction (IRS Section 199) – The Company will include the benefit of any deduction forecast to be received under this IRS Section in the yearly Production Tax Credit filing. The forecast benefit will be adjusted to the actual benefit received when the Company completes its Corporate tax return for a given year. For example, if a benefit were forecast to be available in year xxx2, the benefit would be included in the Production Tax Credit filing in October of year xxx1 for the year xxx2. The amount of benefit actually received would be known in September, xxx3 and any adjustment between forecast and actual would be reflected in the October, xxx3 Production Tax Credit filing.

Tree Watch – The Company and Commission Staff agree that there will be no deferrals associated with the two million dollars allocated for Tree Watch. In March of each year the Company will file a report detailing the amount spent on Tree Watch for the previous calendar year and provide an explanation for any deviations greater than 5% from the two million dollars allocated to this program.

ATTACHMENT A

COMPARISON BETWEEN PSE AND STAFF DIRECT CASES (as revised, after 9/15 settlement)
 (Shading indicates contested adjustments)

Docket Number UE-060266 & 060267
 Exhibit No. (JMR-2)
 Page 41

ELECTRIC

REVISED 9/13/06

Adj.	Adj. No.	PSE			STAFF			REVENUE STAFF - PSE Rev. Req. Difference
		NOI	Rate Base	Revenue Requirement	NOI	Rate Base	Revenue Requirement	
1	Per Books	\$231,281,640	\$2,513,582,619	(\$17,868,867)	\$ 231,281,640	\$ 2,513,582,619	(\$54,718,184)	(\$36,849,317)
2	Temperature Normalization	E.01	\$7,424,007					
3	Revenues & Expenses	E.02	218,656,441	(\$11,960,057)	\$ 7,424,007		(\$11,960,057)	\$0
4	Power Costs	E.03	(194,113,815)	(\$352,254,995)	218,656,441		(\$352,254,995)	\$1
5	Federal Income Tax	E.04	4,185,813	\$312,716,885	(182,224,643)		\$293,563,457	(\$19,153,428)
6	Tax Benefit of Pro Forma Interest	E.05	(2,391,139)	(\$6,743,335)	4,185,813		(\$6,743,334)	\$1
7	Conservation	E.06	11,852,001	\$3,852,119	(1,104,187)		\$1,778,843	(\$2,073,276)
8	Bad Debts	E.07	(1,044,352)	(28,822)	11,852,001	(28,822)	(\$19,097,190)	\$423
9	Amort. of Def. Taxes Reg. Asset	E.08.1	(1,337,206)	\$1,682,449	(1,044,352)		\$1,682,449	\$0
10	Misc non-Operating	E.08.2	627	\$2,154,236	(1,337,206)		\$2,154,236	(\$0)
11	Oregon Prop. Taxes for 3rd AC	E.08.3	(484,484)	(\$1,009)	627		(\$1,009)	\$0
12	Baker Hydro Relicensing Costs	E.08.4	(385,657)	\$780,503	(484,484)		\$780,503	\$0
13	Tree Watch Expense	E.08.5	(639,229)	\$4,326,396	(385,657)	26,254,348	\$3,941,505	(\$384,891)
14	New York Stock Exchange Fees	E.08.6	-	\$1,029,796	(639,229)		\$1,029,796	\$0
15	Depreciation on CWIP In-Service	E.08.7	(56,700)	\$0	-		\$0	\$0
16	CWIP In-Service Rate Base	E.08.8		\$91,344	(56,700)		\$91,344	(\$0)
17	Property Taxes	E.09	383,183	\$468,210		3,317,734	\$419,572	(\$48,638)
18	Hopkins Ridge Wind Plant	E.10	(9,389,305)	(\$617,307)	383,183		(\$617,307)	\$0
19	Excise Tax & Filing Fee	E.11	(384,314)	\$35,893,158	(9,389,305)	147,154,987	\$33,735,854	(\$2,157,304)
20	D&O Insurance	E.12	(13,291)	\$619,129	(384,314)		\$619,129	\$0
21	Montana Energy Tax	E.13	8,557	\$21,412	315,563		(\$508,371)	(\$529,782)
22	Interest on Cust Deposits	E.14	(227,184)	(\$13,785)	8,557		(\$13,785)	\$0
23	SFAS 133	E.15	592,392	\$365,993	(227,184)		\$365,993	\$0
24	Rate Case Expenses	E.16	340,717	(\$954,342)	592,392		(\$954,343)	(\$1)
25	Property Sales	E.17	(18,149)	(\$548,894)	340,717		(\$548,894)	\$0
26	Property & Liability Ins	E.18	(288,833)	\$29,238	(18,149)		\$29,237	(\$1)
27	Pension Plan	E.19	(2,565,770)	\$465,309	(288,833)		\$465,310	\$1
28	Wage Increase	E.20	(2,512,047)	\$4,133,449	(2,565,770)		\$4,133,449	(\$0)
29	Investment Plan	E.21	(99,416)	\$4,046,902	(2,512,047)		\$4,046,902	\$0
30	Employee Insurance	E.22	(669,622)	\$160,158	(99,416)		\$160,158	\$0
31	Montana Corp. Lic. Tax	E.23	(167,307)	\$1,078,759	(669,622)		\$1,078,759	\$0
32	Storm Damage	E.24	(197,617)	\$269,531	(167,307)		\$269,531	\$0
33	Regulatory Assets & Liab.	E.25	(2,887,461)	\$318,361	(197,617)		\$318,360	(\$0)
34	Wild Horse Plant	E.26	(19,715,599)	(\$3,102,140)	(54,943,645)	(54,943,645)	(\$2,296,663)	\$805,477
35	Incentive Pay	E.27	690,180	\$82,032,878	(19,715,599)	356,220,868	\$76,810,652	(\$5,222,226)
36	Gen. Office Relocation	E.28	(1,644,955)	(\$1,111,878)	690,180		(\$1,111,878)	\$0
37	Other Amortization	E.29	5,065,947	\$2,206,947	(1,644,955)	(3,139,603)	\$2,252,974	\$46,027
38	Demand Response Program	E.30	0	(\$8,161,228)	5,065,947		(\$8,161,228)	\$0
39	Depreciation	E.31	-	\$0	0		\$0	\$0
40	Production Adjustment	E.32	787,513	(\$2,835,475)	787,513	(11,102,293)	\$0	\$0
41	Working Capital						(\$2,672,714)	\$162,760
42	Total		\$240,035,565	\$2,977,316,193	\$33,472,234	\$253,540,544	\$2,977,316,193	(\$31,931,941)
43	Depreciation Tracker				7,878,988			(\$7,878,988)
44	Total Increase				\$41,351,222			(\$73,283,164)
45	Rate Of Return		Rate of Return	8.76%	Rate of Return	7.85%		
46	Conversion Factor		Conversion Factor	0.6207334	Conversion Factor	0.6207334		

PUGET SOUND ENERGY-ELECTRIC
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.	ACTUAL RESULTS OF OPERATION	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT SURPLUS	AFTER RATE DECREASE
1	<u>OPERATING REVENUES:</u>				
2	SALES TO CUSTOMERS	\$ 1,397,539,936	\$ 315,071,415	\$ 1,712,611,351	\$ (31,931,941) \$ 1,680,679,410
3	SALES FROM RESALE-FIRM	350,901	127,722	478,623	478,623
4	SALES TO OTHER UTILITIES	151,158,328	(142,929,914)	8,228,414	8,228,414
5	OTHER OPERATING REVENUES	55,899,367	(19,665,307)	36,234,060	36,234,060
6	TOTAL OPERATING REVENUES	1,604,948,532	152,603,916	1,757,552,448	(31,931,941) 1,725,620,507
7					
8	OPERATING REVENUE DEDUCTIONS:				
9					
10	<u>POWER COSTS:</u>				
11	FUEL	\$ 75,039,758	\$ 10,156,621	\$ 85,196,379	\$ - \$ 85,196,379
12	PURCHASED AND INTERCHANGED	808,898,950	(86,389,683)	722,509,267	722,509,267
13	WHEELING	43,994,427	14,150,625	58,145,052	58,145,052
14	RESIDENTIAL EXCHANGE	(177,350,021)	177,350,021	-	-
15	TOTAL PRODUCTION EXPENSES	750,583,114	115,267,584	865,850,698	865,850,698
16					
17	OTHER POWER SUPPLY EXPENSES	\$ 53,185,137	\$ 24,728,796	\$ 77,913,933	\$ - \$ 77,913,933
18	TRANSMISSION EXPENSE	3,786,749	369,363	4,156,112	4,156,112
19	DISTRIBUTION EXPENSE	56,397,075	5,396,061	61,793,136	61,793,136
20	CUSTOMER ACCOUNT EXPENSES	32,311,231	3,856,520	36,167,751	(146,016) 36,021,735
21	CUSTOMER SERVICE EXPENSES	9,266,102	(7,727,470)	1,538,632	1,538,632
22	CONSERVATION AMORTIZATION	18,233,848	(18,233,848)	-	-
23	ADMIN & GENERAL EXPENSE	64,934,552	8,940,330	73,874,882	(60,671) 73,814,212
24	DEPRECIATION	129,900,123	21,488,531	151,388,654	151,388,654
25	AMORTIZATION	24,582,050	565,341	25,147,391	25,147,391
26	AMORTIZ OF PROPERTY GAIN/LOSS	7,937,131	(3,180,069)	4,757,062	4,757,062
27	OTHER OPERATING EXPENSES	(2,317,679)	2,085,161	(232,518)	(232,518)
28	FAS 133	911,373	(911,373)	-	-
29	TAXES OTHER THAN INCOME TAXES	140,165,789	(29,864,137)	110,301,652	(1,231,069) 109,070,583
30	INCOME TAXES	101,303,182	(9,785,068)	91,518,114	(10,672,964) 80,845,150
31	DEFERRED INCOME TAXES	(17,512,885)	17,349,292	(163,593)	(163,593)
32	TOTAL OPERATING REV. DEDUCT.	\$ 1,373,666,892	\$ 130,345,012	\$ 1,504,011,904	\$ (12,110,719) \$ 1,491,901,185
33					
34	NET OPERATING INCOME	\$ 231,281,640	\$ 22,258,904	\$ 253,540,544	\$ (19,821,222) \$ 233,719,322
35					
36	RATE BASE	\$ 2,513,582,619	\$ 463,733,574	\$ 2,977,316,193	\$ - \$ 2,977,316,193
37					
38	RATE OF RETURN	9.20%		8.52%	7.85%
39					
40	RATE BASE:				
41	GROSS UTILITY PLANT IN SERVICE	\$ 4,571,527,301	\$ 567,925,997	\$ 5,139,453,298	
42	ACCUM DEPR AND AMORT	(1,971,832,341)	(13,085,187)	(1,984,917,528)	
42	DEFERRED DEBITS	353,317,604	(48,376,550)	304,941,054	
43	DEFERRED TAXES	(387,242,755)	(42,730,686)	(429,973,441)	
44	ALLOWANCE FOR WORKING CAPITAL				
45	OTHER	(52,187,190)		(52,187,190)	
46	TOTAL RATE BASE	\$ 2,513,582,619	\$ 463,733,574	\$ 2,977,316,193	

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	(Uncontested) ACTUAL RESULTS OF OPERATIONS	(Uncontested) TEMPERATURE NORMALIZATION E.01	(Uncontested) REVENUES & EXPENSES E.02	(Contested) POWER COSTS E.03	(Uncontested) FEDERAL INCOME TAX E.04	(Uncontested) TAX BENEFIT OF PRO FORMA INTEREST E.05	(Uncontested) CONSERVATION E.06	(Uncontested) BAD DEBTS E.07
1	OPERATING REVENUES							
2	SALES TO CUSTOMERS	\$ 1,397,539,936	\$ 11,954,453	\$ 303,116,962	\$ -	\$ -	\$ -	\$ -
3	SALES FROM RESALE-FIRM	350,901	5,605	122,117				
4	SALES TO OTHER UTILITIES	151,158,328			(142,929,914)			
5	OTHER OPERATING REVENUES	55,899,367		908,826	(20,574,133)			
6	TOTAL OPERATING REVENUES	\$ 1,604,948,532	\$ 11,960,058	\$ 304,147,905	\$ (163,504,047)	\$ -	\$ -	\$ -
8	OPERATING REVENUE DEDUCTIONS:							
10	POWER COSTS:							
11	FUEL	\$ 75,039,758	\$ -	\$ -	\$ 12,933,963	\$ -	\$ -	\$ -
12	PURCHASED AND INTERCHANGED WHEELING	808,898,950			(93,428,664)			
13	RESIDENTIAL EXCHANGE	43,994,427			9,913,466			
14	TOTAL PRODUCTION EXPENSES	(177,350,021)			177,350,021			
15	TOTAL PRODUCTION EXPENSES	\$ 750,583,114	\$ -	\$ -	\$ 106,768,787	\$ -	\$ -	\$ -
17	OTHER POWER SUPPLY EXPENSES	\$ 53,185,137	\$ -	\$ -	\$ 9,852,208	\$ -	\$ -	\$ -
18	TRANSMISSION EXPENSE	3,786,749			257,787			
19	DISTRIBUTION EXPENSE	56,397,075						
20	CUSTOMER ACCTS EXPENSES	32,311,231	54,690	1,390,782				
21	CUSTOMER SERVICE EXPENSES	9,266,102						1,606,696
22	CONSERVATION AMORTIZATION	18,233,848						
23	ADMIN & GENERAL EXPENSE	64,934,552	22,724	577,881			(18,233,848)	
24	DEPRECIATION	129,900,123						
25	AMORTIZATION	24,582,050						
26	AMORTIZ OF PROPERTY GAIN/LOSS	7,937,131						
27	OTHER OPERATING EXPENSES	(2,317,679)						
28	FAS 133	911,373						
29	TAXES OTHER THAN INCOME TAXES	140,165,789	461,095	(34,215,282)	(37,225)			
30	INCOME TAXES	101,303,182	3,997,542	117,738,084	(98,120,961)	(21,216,124)		
31	DEFERRED INCOME TAXES	(17,512,885)				1,104,187	6,381,847	(562,344)
32	TOTAL OPERATING REV. DEDUCT.	\$ 1,373,666,892	\$ 4,536,051	\$ 85,491,464	\$ 18,720,596	\$ (4,185,813)	\$ 1,104,187	\$ (11,852,001)
33	NET OPERATING INCOME	\$ 231,281,640	\$ 7,424,007	\$ 218,656,441	\$ (182,224,643)	\$ 4,185,813	\$ (1,104,187)	\$ 11,852,001
34	RATE BASE	\$ 2,513,582,619					\$ (28,822)	
35	RATE OF RETURN	9.20%						
40	RATE BASE:							
41	GROSS UTILITY PLANT IN SERVICE	\$ 4,571,527,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42	ACCUM DEPR AND AMORT	(1,971,832,341)						
43	DEFERRED DEBITS	353,317,604						
44	DEFERRED TAXES	(387,242,755)					(28,822)	
45	ALLOWANCE FOR WORKING CAPITAL							
46	OTHER	(52,187,190)						
47	TOTAL RATE BASE	\$ 2,513,582,619	\$ -	\$ -	\$ -	\$ -	\$ (28,822)	\$ -

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	(Uncontested) MISCELLANEOUS OPERATING EXP. E.08	(Uncontested) PROPERTY TAXES E.09	(Uncontested) HOPKINS RIDGE WIND PLANT E.10	(Uncontested) EXCISE TAX & FILING FEE E.11	(Contested) D&O INSURANCE E.12	(Uncontested) MONTANA ELECTRIC ENERGY TAX E.13	(Uncontested) INTEREST ON CUST DEPOSITS E.14	(Uncontested) SFAS 133 E.15	(Uncontested) RATE CASE EXPENSES E.16
1	OPERATING REVENUES								
2	\$	- \$	-	\$	- \$	- \$	- \$	- \$	- \$
3	SALES TO CUSTOMERS								
4	SALES FROM RESALE-FIRM								
5	SALES TO OTHER UTILITIES								
6	OTHER OPERATING REVENUES								
7	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
8	OPERATING REVENUE DEDUCTIONS:								
9	POWER COSTS:								
10	FUEL								
11	\$	- \$	-	\$	- \$	- \$	- \$	- \$	- \$
12	PURCHASED AND INTERCHANGED								
13	WHEELING								
14	RESIDENTIAL EXCHANGE								
15	\$	- \$	- \$	1,653,530	\$	- \$	- \$	- \$	- \$
16	TOTAL PRODUCTION EXPENSES								
17	\$	- \$	- \$	4,729,000	\$	- \$	- \$	- \$	- \$
18	OTHER POWER SUPPLY EXPENSES								
19	TRANSMISSION EXPENSE								
20	DISTRIBUTION EXPENSE								
21	CUSTOMER ACCTS EXPENSES								
22	CUSTOMER SERVICE EXPENSES								
23	CONSERVATION AMORTIZATION								
24	ADMIN & GENERAL EXPENSE								
25	DEPRECIATION								
26	AMORTIZATION								
27	AMORTIZ OF PROPERTY GAIN/LOSS								
28	OTHER OPERATING EXPENSES								
29	FAS 133								
30	TAXES OTHER THAN INCOME TAXES								
31	INCOME TAXES								
32	DEFERRED INCOME TAXES								
33	\$	2,902,650	\$ (383,183)	\$ 9,389,305	\$ 384,314	\$ (315,563)	\$ (8,557)	\$ 227,184	\$ (911,373)
34	TOTAL OPERATING REV. DEDUCT.								
35	\$	(2,902,650)	\$ 383,183	\$ (9,389,305)	\$ (384,314)	\$ 315,563	\$ 8,557	\$ (227,184)	\$ 592,392
36	NET OPERATING INCOME								
37	\$	29,572,082	\$	147,154,987	\$	- \$	- \$	- \$	- \$
38	RATE BASE								
39	RATE OF RETURN								
40	RATE BASE:								
41	GROSS UTILITY PLANT IN SERVICE								
42	\$	30,069,859	\$	- \$	177,479,678	\$	- \$	- \$	- \$
43	ACCUM DEPR AND AMORT								
44	\$	(497,777)	\$	(13,226,358)	\$	- \$	- \$	- \$	- \$
45	DEFERRED DEBITS								
46	DEFERRED TAXES								
47	ALLOWANCE FOR WORKING CAPITAL								
48	OTHER								
49	\$	29,572,082	\$	- \$	147,154,987	\$	- \$	- \$	- \$
50	TOTAL RATE BASE								

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	(Uncontested) DEFERRED G/L ON PROPERTY SALES E.17	(Uncontested) PROPERTY & LIABILITY INS E.18	(Uncontested) PENSION PLAN E.19	(Uncontested) WAGE INCREASE E.2	(Uncontested) INVESTMENT PLAN E.21	(Uncontested) EMPLOYEE INSURANCE E.22	(Uncontested) MONTANA CORP. TAX E.23	(Uncontested) STORM DAMAGE E.24	(Uncontested) REGULATORY ASSETS & LIABILITIES E.25
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	SALES FROM RESALE-FIRM								
4	SALES TO OTHER UTILITIES								
5	OTHER OPERATING REVENUES								
6	TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	PURCHASED AND INTERCHANGED								(2,783,753)
13	WHEELING				101,827				7,226,000
14	RESIDENTIAL EXCHANGE								
15	TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	101,827	\$ -	\$ -	\$ -	4,442,247
16									
17	OTHER POWER SUPPLY EXPENSES	\$ -	\$ -	\$ -	475,978	\$ -	\$ -	\$ -	
18	TRANSMISSION EXPENSE				61,416				
19	DISTRIBUTION EXPENSE				1,315,409			70,367	
20	CUSTOMER ACCTS EXPENSES				743,838			3,400,410	
21	CUSTOMER SERVICE EXPENSES				96,650				
22	CONSERVATION AMORTIZATION								
23	ADMIN & GENERAL EXPENSE		444,359	3,947,338	846,988	152,948	1,030,188		
24	DEPRECIATION								
25	AMORTIZATION								
26	AMORTIZ OF PROPERTY GAIN/LOSS								
27	OTHER OPERATING EXPENSES	27,921						(3,166,751)	
28	FAS 133								
29	TAXES OTHER THAN INCOME TAXES				222,582				
30	INCOME TAXES	(9,772)	(155,526)	(1,381,568)	(1,352,641)	(53,532)	(360,566)	167,307	(106,409)
31	DEFERRED INCOME TAXES								(1,554,786)
32	TOTAL OPERATING REV. DEDUCT.	\$ 18,149	\$ 288,833	\$ 2,565,770	\$ 2,512,047	\$ 99,416	\$ 669,622	\$ 167,307	\$ 197,617
33									
34	NET OPERATING INCOME	\$ (18,149)	\$ (288,833)	\$ (2,565,770)	\$ (2,512,047)	\$ (99,416)	\$ (669,622)	\$ (167,307)	\$ (197,617)
35									(2,887,461)
36	RATE BASE								
37									\$ (54,943,645)
38	RATE OF RETURN								
39									
40	RATE BASE:								
41	GROSS UTILITY PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42	ACCUM DEPR AND AMORT								
42	DEFERRED DEBITS								
43	DEFERRED TAXES								(54,943,645)
44	ALLOWANCE FOR WORKING CAPITAL								
45	OTHER								
46	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (54,943,645)

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	(Uncontested) WILD HORSE WIND PLANT E.26	(Uncontested) INCENTIVE PAY E.27	(Uncontested) GENERAL OFFICE RELOCATION E.28	(Uncontested) OTHER AMORTIZATION E.29	(Uncontested) DEMAND RESPONSE PROGRAM E4.30	(Uncontested) DEPRECIATION E.31	(Uncontested) PRODUCTION ADJUSTMENT E.32	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS								
3	SALES FROM RESALE-FIRM								
4	SALES TO OTHER UTILITIES								
5	OTHER OPERATING REVENUES								
6	TOTAL OPERATING REVENUES								
7			\$	- \$	- \$	- \$	- \$	\$ 315,071,415	\$ 1,712,611,351
8	OPERATING REVENUE DEDUCTIONS:								
9	POWER COSTS:								
10	FUEL								
11	PURCHASED AND INTERCHANGED								
12	WHEELING								
13	2,621,721	(39,976)					\$ 6,411	\$ 10,156,621	\$ 85,196,379
14	RESIDENTIAL EXCHANGE								
15	TOTAL PRODUCTION EXPENSES								
16	\$ 2,621,721	\$ (39,976)	\$ -	\$ -	\$ -	\$ -	\$ (38,092)	\$ 14,150,625	\$ 58,145,052
17	OTHER POWER SUPPLY EXPENSES								
18	\$ 9,921,354	\$ (116,002)					\$ (280,551)	\$ 115,267,584	\$ 865,850,698
19	TRANSMISSION EXPENSE								
20	DISTRIBUTION EXPENSE								
21	CUSTOMER ACCTS EXPENSES								
22	CUSTOMER SERVICE EXPENSES								
23	CONSERVATION AMORTIZATION								
24	264,209	(316,322)	2,768,978					\$ 24,728,796	\$ 77,913,933
25	15,066,967		(228,856)				\$ (133,742)	\$ 369,363	\$ 4,156,112
26	AMORTIZ OF PROPERTY GAIN/LOSS								
27	OTHER OPERATING EXPENSES								
28	FAS 133								
29	TAXES OTHER THAN INCOME TAXES								
30	2,457,440	(69,094)	(9,422)				\$ (535,998)	\$ 21,488,531	\$ 151,388,654
31	(10,616,092)	371,635	(885,745)	2,727,818			\$ (27,014)	\$ 565,341	\$ 25,147,391
32	TOTAL OPERATING REV. DEDUCT.								
33	\$ 19,715,599	\$ (690,180)	\$ 1,644,955	\$ (5,065,947)	\$ -	\$ -	\$ (787,513)	\$ 17,349,292	\$ 163,593
34	NET OPERATING INCOME								
35	\$ (19,715,599)	\$ 690,180	\$ (1,644,955)	\$ 5,065,947	\$ -	\$ -	\$ 787,513	\$ 22,258,904	\$ 253,540,544
36	RATE BASE								
37	\$ 356,220,868		\$ (3,139,603)				\$ (11,102,293)	\$ 463,733,574	\$ 2,977,316,193
38	RATE OF RETURN								
39									
40	RATE BASE:								
41	GROSS UTILITY PLANT IN SERVICE								
42	\$ 383,253,789		\$ (6,857,933)				\$ (16,019,396)	\$ 567,925,997	\$ 5,139,453,298
43	(8,090,394)		2,804,020				\$ 5,925,322	\$ (13,085,187)	\$ (1,984,917,528)
44	DEFERRED DEBITS								
45	DEFERRED TAXES								
46	(18,942,527)		914,310				\$ (2,146,583)	\$ (48,376,550)	\$ 304,941,054
47	ALLOWANCE FOR WORKING CAPITAL								
48	OTHER								
49	TOTAL RATE BASE								
50	\$ 356,220,868	\$ -	\$ (3,139,603)	\$ -	\$ -	\$ -	\$ (11,102,293)	\$ 463,733,574	\$ 2,977,316,193

PUGET SOUND ENERGY-ELECTRIC
E.03 - POWER COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO. DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1 SALES FOR RESALE	\$ 151,158,328	\$ 8,228,414	\$ (142,929,914)
2			
3 PURCHASES/SALES OF NON-CORE GAS	20,154,644	547,386	(19,607,258)
4 WHEELING FOR OTHERS	11,340,015	10,373,140	(966,875)
5	31,494,659	10,920,526	(20,574,133)
6			
7 TOTAL OPERATING REVENUES	182,652,987	19,148,940	(163,504,047)
8			
9 FUEL	\$ 72,975,508	\$ 85,909,471	\$ 12,933,963
10			
11 PURCHASED AND INTERCHANGED	788,255,330	706,633,940	(81,621,390)
12 RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASKA	-	(11,807,274)	(11,807,274)
13 SUBTOTAL PURCHASED AND INTERCHANGED	\$ 788,255,330	\$ 694,826,666	\$ (93,428,664)
14 WHEELING	43,994,427	53,907,893	9,913,466
15 SCH. 94 - RES./FARM CREDIT	(177,350,021)	-	177,350,021
16 TOTAL PRODUCTION EXPENSES	\$ 727,875,244	\$ 834,644,031	\$ 106,768,787
17 HYDRO AND OTHER POWER	53,185,137	63,037,345	9,852,208
18 TRANS. EXP. INCL. 500KV O&M	604,461	862,248	257,787
19			
20 TOTAL OPERATING EXPENSES	\$ 781,664,842	\$ 898,543,624	\$ 116,878,782
21			
22 INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 20)	\$ (599,011,855)	\$ (879,394,684)	\$ (280,382,829)
23			
24 REDUCTION TO STATE UTILITY TAX SAVINGS FOR LINE 4	3.85%		(37,225)
25 INCREASE (DECREASE) INCOME			\$ (280,345,604)
26 INCREASE (DECREASE) FIT @	35%		(98,120,961)
27 INCREASE (DECREASE) NOI			\$ (182,224,643)

**PUGET SOUND ENERGY
GENERAL RATE CASE
DETERMINATION OF NET POWER COSTS FOR GRC PAGE 4.0:
TEST YEAR ENDED SEPTEMBER 30, 2007
RATE YEAR ENDED DECEMBER 31, 2007**

Line FERC	Description	Rate Year 12ME 12/31/2007	Less Hopkins Ridge	Less Wild Horse	Less Amort of Reg Assets	Remove Ben&Tax	Net Before Prod Factor	After Prod Factor of 0.99109
1	Fuel:							
2	501 Steam Fuel	\$ 52,239,184				\$ -	\$ 52,239,184	\$ 51,773,733
3	547 Fuel	33,723,119			719,503	-	34,442,622	34,135,738
4		85,962,303	-	-	719,503	-	86,681,806	85,909,471
5	Purchased and Interchanged							
6	555 Purchased Power	733,833,000			(27,869,620)	-	705,963,380	699,673,246
6a	555 Tenaska Buyout Disallowance	(8,322,633)					(8,322,633)	(8,248,478)
6a	555 Tenaska Prudence Disallowance	(2,519,097)					(2,519,097)	(2,496,652)
6a	555 March Point 2 Prudence Disallowance	(1,071,693)					(1,071,693)	(1,062,144)
7	557 Other Power Expense	7,699,594				(676,323)	7,023,271	6,960,694
8		729,619,171	-	-	(27,869,620)	(676,323)	701,073,228	694,826,666
9								
10	565 Wheeling	58,667,782		(2,621,721)	(1,653,530)	-	54,392,531	53,907,893
11								
12	various Hydro and Other Power	80,386,904	(4,729,000)	(9,921,354)		(2,132,493)	63,604,057	63,037,345
13								
14	various Trans. Exp. Incl. 500Kv O&M	870,000					870,000	862,248
15	447 Sales for Resale	(8,302,389)					(8,302,389)	(8,228,414)
16	456 Purchases/Sales Of Non-Core Gas	(552,307)					(552,307)	(547,386)
17		(7,984,695)	-	-	-	-	(7,984,695)	(7,913,552)
18								
19	Net Power Costs	\$946,651,465	-\$4,729,000	-\$12,543,075	-\$28,803,647	-\$2,808,816	\$897,766,927	\$889,767,824
20	various Variable Transmission Income	(10,466,396)					(10,466,396)	(10,373,140)
21								
22	Power Costs Page 4.03 Line 22	\$ 936,185,070	\$ (4,729,000)	\$ (12,543,075)	\$ (28,803,647)	\$ (2,808,816)	\$ 887,300,532	\$ 879,394,684

includes agreed upon changes as of 9/15/06

PUGET SOUND ENERGY-ELECTRIC
E.08 - MISCELLANEOUS OPERATING EXPENSE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO. DESCRIPTION	ACTUAL	PROFORMA RESTATE	ADJUSTMENT
1 <u>OPERATING EXPENSES</u>			
2 AMORTIZATION OF DEFERRAL PURSUANT TO WUTC DOCKET NO. UE-051527	-	1,834,669	1,834,669
3 RECOVER NORMALIZED CARRYING COSTS RELATED TO LINE 2 ABOVE	-	222,571	222,571
4 MISCELLANEOUS NON- OPERATING	964	-	(964)
5 OREGON BACK TAXES	-	745,360	745,360
6 AMORTIZATION OF BAKER LAKE RELICENSING	-	593,319	593,319
7 TREE WATCH	1,016,571	2,000,000	983,429
8 NYSE PSE COMMON STOCK FEES	55,825	55,825	-
9 CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT - DEP EXP		87,231	87,231
10			
11 INCREASE (DECREASE) IN EXPENSE	\$ 1,073,360	\$ 5,538,975	\$ 4,465,615
12			
13 INCREASE(DECREASE) OPERATING EXPENSE			4,465,615
14 INCREASE(DECREASE) FIT @		35%	(1,562,965)
15			
16 INCREASE(DECREASE) NOI			\$ (2,902,650)
17			
18 <u>RATEBASE</u>			
19 CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT	-	3,370,522	3,370,522
20 CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT - ACC DEP	-	(52,788)	(52,788)
21 BAKER LAKE RELICENSING GROSS UTILITY PLANT	-	26,699,337	26,699,337
22 BAKER LAKE RELICENSING ACCUMULATED AMORTIZATION (AMA)	-	(444,989)	(444,989)
23			
24 TOTAL ADJUSTMENT TO RATEBASE			\$ 29,572,082

COMPARISON BETWEEN PSE AND STAFF DIRECT CASES (as revised, after 9/15 settlement)

(Shading indicates contested adjustments)

Docket Number UE-060266 & 060267

Exhibit No. (JMR-4)
Page 30

REVISED 9/15/06

Adj. No.	Adjustment	PSE			STAFF			Staff - PSE
		NOI	Rate Base	Revenue Requirement	NOI	Rate Base	Revenue Requirement	Rev. Req. Difference
1	Per Books	\$72,496,462	\$1,179,240,567	\$49,557,588	\$72,496,462	\$1,179,240,567	\$32,293,940	(\$17,263,649)
2	Rev. & Exp., Temp. Normalizati	G.01 \$ 13,696,529		(\$22,034,303)	\$ 13,696,529		(\$22,034,303)	\$0
3	Federal Income Tax	G.02 490,787	-	(789,554)	490,787	-	(\$789,554)	(\$0)
4	Tax Benefit of Pro Forma Interest	G.03 (7,280,941)	-	11,713,220	(6,778,498)	-	\$10,904,914	(\$808,306)
5	Conservation	G.04 2,426,926	-	(3,904,319)	2,426,926	-	(\$3,904,320)	(\$1)
6	Bad Debts	G.05 (236,343)	-	380,217	(236,343)	-	\$380,217	\$0
7	Remove Penalties	G.06.1 348	-	(560)	348	-	(\$560)	\$0
8	Amort. Of Def. Taxes Reg. Asset	G.06.2 (923,574)	-	1,485,800	(923,574)	-	\$1,485,800	\$0
9	Depreciation on CWIP In-Service	G.06.3 (55,461)	-	89,222	(55,461)	-	\$89,222	(\$0)
10	Rate Base Adj. CWIP In-Service	G.06.4	2,857,353	402,677		2,857,353	\$360,846	(\$41,831)
11	Property Taxes	G.07 469,425	-	(755,188)	469,425	-	(\$755,189)	(\$1)
12	Excise Tax & Filing Fee	G.08 389,325	-	(626,327)	389,325	-	(\$626,327)	(\$0)
13	Rate Case Expenses	G.09 (78,781)	-	126,739	(78,781)	-	\$126,739	\$0
14	Property & Liability Ins	G.10 123,942	-	(199,392)	123,942	-	(\$199,392)	\$0
15	Pension Plan	G.11 (1,603,511)	-	2,579,650	(1,603,511)	-	\$2,579,650	\$0
16	Wage Increase	G.12 (1,460,754)	-	2,349,989	(1,460,754)	-	\$2,349,989	\$0
17	Investment Plan	G.13 (62,124)	-	99,943	(62,124)	-	\$99,943	\$0
18	Employee Insurance	G.14 (418,486)	-	673,240	(418,486)	-	\$673,240	\$0
19	Incentive Pay	G.15 431,333	-	(693,907)	431,333	-	(\$693,907)	\$0
20	Interest On Cust. Deposits	G.16 (131,750)	-	211,953	(131,750)	-	\$211,953	\$0
21	Prop.Sales Def. Gains/Losses	G.17 456,881	-	(735,008)	456,881	-	(\$735,007)	\$1
22	General Office Relocation	G.18 (914,888)	(1,746,177)	1,225,744	(914,887)	(1,746,177)	\$1,251,306	\$25,562
23	Low Income Amortizati	G.19 1,361,790	-	(2,190,781)	1,361,790	-	(\$2,190,781)	(\$0)
24	D&O Insurance	G.20 (8,946)	-	14,392	212,399	-	(\$341,697)	(\$356,088)
25	Everett Delta Pipeline Expansion	G.21 48,303	-	(77,707)	(154,839)	-	\$249,097	\$326,805
26	Spirit Ridge Adjustment	G.22 -	-	0	-	-	\$0	\$0
27	Working Capital	In per books	-	0	-	-	\$0	\$0
28	Total						\$0	\$0
		\$79,216,493	\$1,180,351,743	\$38,903,327	\$79,737,140	\$1,180,351,743	\$20,783,819	(\$18,117,508)
29	Depreciation Tracker Impact			10,884,680			-	(\$10,884,680)
30	Total Increase			\$49,788,007			\$20,783,819	(\$29,002,188)
31	Rate of Return			8.76%			7.85%	
32	Conversion Factor			0.6216003			0.6216003	

PUGET SOUND ENERGY-GAS
 RESULTS OF OPERATIONS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 GENERAL RATE INCREASE

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	<u>OPERATING REVENUES:</u>				
2	SALES TO CUSTOMERS				
3	\$ 829,271,796	\$ 114,085,076	\$ 943,356,872	\$ 20,785,819	\$ 964,142,691
4	34,729,596	(34,729,596)	-	-	-
5	15,438,897	1,916,844	17,355,741	-	17,355,741
6	\$ 879,440,289	\$ 81,272,324	\$ 960,712,613	\$ 20,785,819	\$ 981,498,432
7					
8	OPERATING REVENUE DEDUCTIONS				
9					
10	GAS COSTS:				
11	PURCHASED GAS				
12	\$ 539,655,901	\$ 91,599,470	\$ 631,255,371	\$ -	\$ 631,255,371
13					
14	\$ 539,655,901	\$ 91,599,470	\$ 631,255,371	\$ -	\$ 631,255,371
15					
16	OTHER POWER SUPPLY EXPENSES				
17	\$ 1,520,542	\$ 35,258	\$ 1,555,800	\$ -	\$ 1,555,800
18	445,738	8,410	454,148	-	454,148
19	33,307,919	770,419	34,078,338	-	34,078,338
20	22,239,694	1,114,334	23,354,028	70,731	23,424,759
21	3,914,552	(2,051,043)	1,863,509	-	1,863,509
22	3,454,161	(3,733,733)	(279,572)	-	(279,572)
23	36,522,434	4,795,866	41,318,300	39,493	41,357,793
24	64,997,955	(41,961)	64,955,994	-	64,955,994
25	11,302,712	0	11,302,712	-	11,302,712
26	3,287	0	3,287	-	3,287
27	150,234	717,990	868,224	-	868,224
28	-	0	-	-	-
29	83,922,287	(32,826,534)	51,095,753	797,945	51,893,698
30	9,529,694	1,439,838	10,969,532	6,957,177	17,926,709
31	(4,023,283)	12,203,333	8,180,050	-	8,180,050
32	\$ 267,287,926	\$ (17,567,825)	\$ 249,720,101	\$ 7,865,347	\$ 257,585,448
33	NET OPERATING INCOME				
34	\$ 72,496,462	\$ 7,240,679	\$ 79,737,141	\$ 12,920,472	\$ 92,657,613
35	RATE BASE				
36	\$ 1,179,240,567	\$ 1,111,176	\$ 1,180,351,743	\$ -	\$ 1,180,351,743
37	RATE OF RETURN				
38	6.15%		6.76%		7.85%
39	RATE BASE:				
40	\$ 2,007,347,617	\$ (901,242)	\$ 2,006,446,375		
41	(650,335,811)	1,503,898	(648,831,913)		
42	(174,512,354)	508,520	(174,003,834)		
43	(14,234,907)	-	(14,234,907)		
44	\$ 1,168,264,545	\$ 1,111,176	\$ 1,169,375,721		
45	10,976,022	-	10,976,022		
46	\$ 1,179,240,567	\$ 1,111,176	\$ 1,180,351,743		

PUGET SOUND ENERGY-GAS
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	(Uncontested) ACTUAL RESULTS OF OPERATIONS 12ME Sept. 30, 2005	(Uncontested) REVENUE & EXPENSES G.01	(Uncontested) FEDERAL INCOME TAX G.02	(Uncontested) TAX BENEFIT OF PRO FORMA INTEREST G.03	(Uncontested) CONSERVATION G.04	(Uncontested) BAD DEBTS G.05	(Uncontested) MISCELLANEOUS OPERATING EXPENSE G.06	(Uncontested) PROPERTY TAXES G.07
1	OPERATING REVENUES							
2	SALES TO CUSTOMERS	\$ 829,271,796	\$ 114,323,290	\$ -	\$ -	\$ -	\$ -	\$ -
3	MUNICIPAL ADDITIONS	34,729,596	(34,729,596)					
4	OTHER OPERATING REVENUE:	15,438,897	1,916,844					
5	TOTAL OPERATING REVENUE:	\$ 879,440,289	\$ 81,510,538	\$ -	\$ -	\$ -	\$ -	\$ -
6								
7								
8	OPERATING REVENUE DEDUCTIONS:							
9								
10	GAS COSTS:							
11								
12	PURCHASED GAS	\$ 539,655,901	\$ 91,599,470	\$ -	\$ -	\$ -	\$ -	\$ -
13								
14	TOTAL PRODUCTION EXPENSES	\$ 539,655,901	\$ 91,599,470	\$ -	\$ -	\$ -	\$ -	\$ -
15								
16	OTHER ENERGY SUPPLY EXPENSES	\$ 1,520,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	TRANSMISSION EXPENSE	445,738						
18	DISTRIBUTION EXPENSE	33,307,919						
19	CUSTOMER ACCTS EXPENSES	22,239,694	277,369					
20	CUSTOMER SERVICE EXPENSES	3,914,552				363,605		
21	CONSERVATION AMORTIZATION	3,454,161						
22	ADMIN & GENERAL EXPENSE	36,522,434	154,870		(3,733,733)			
23	DEPRECIATION	64,997,955					(536)	
24	AMORTIZATION	11,302,712					85,324	
25	AMORTIZATION OF PROPERTY LOSS	3,287						
26	OTHER OPERATING EXPENSES	150,234						
27	FAS 133							
28	TAXES OTHER THAN INCOME TAXES	83,922,287	(31,592,754)				1,420,883	
29	INCOME TAXES	9,529,694	7,375,054	(12,694,120)	6,778,498	1,306,807	(127,262)	(722,193)
30	DEFERRED INCOME TAXES	(4,023,283)		12,203,333				252,768
31	TOTAL OPERATING REV. DEDUCT.	\$ 267,287,926	\$ (23,785,461)	\$ (490,787)	\$ 6,778,498	\$ (2,426,926)	\$ 236,343	\$ 978,686
32								
33	NET OPERATING INCOME	\$ 72,496,462	\$ 13,696,529	\$ 490,787	\$ (6,778,498)	\$ 2,426,926	\$ (236,343)	\$ 978,686
34								
35	RATE BASE	\$ 1,179,240,567						469,425
36								
37	RATE OF RETURN	6.15%						2,857,353
38								
39	RATE BASE:							
40	UTILITY PLANT IN SERVICE	\$ 2,007,347,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41	ACCUMULATED DEPRECIATION	(650,335,811)						
42	ACCUMULATED DEFERRED FIT - LIBERALIZE	(174,512,354)						2,912,989
43	OTHER	(14,234,907)						(55,636)
44	TOTAL NET INVESTMENT	\$ 1,168,264,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	ALLOWANCE FOR WORKING CAPITAL	10,976,022						2,857,353
46	TOTAL RATE BASE	\$ 1,179,240,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,857,353

PUGET SOUND ENERGY-GAS
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	(Uncontested) EXCISE TAX & FILING FEE G.08	(Uncontested) RATE CASE EXPENSES G.09	(Uncontested) PROPERTY & LIABILITY INS G.10	(Uncontested) PENSION PLAN G.11	(Uncontested) WAGE INCREASE G.12	(Uncontested) INVESTMENT PLAN G.13	(Uncontested) EMPLOYEE INSURANCE G.14	(Uncontested) INCENTIVE PAY G.15
1	OPERATING REVENUES							
2	SALES TO CUSTOMERS							
3	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
4	MUNICIPAL ADDITIONS							
5	OTHER OPERATING REVENUES							
6	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
7	TOTAL OPERATING REVENUES							
8	OPERATING REVENUE DEDUCTIONS:							
9	GAS COSTS:							
10	PURCHASED GAS							
11	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
12	TOTAL PRODUCTION EXPENSES							
13	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
14	OTHER ENERGY SUPPLY EXPENSES							
15	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
16	TRANSMISSION EXPENSE							
17					52,231 \$			(16,973)
18	DISTRIBUTION EXPENSE							
19					11,946			(3,536)
20	CUSTOMER ACCTS EXPENSES							
21					1,067,461			(297,042)
22	CUSTOMER SERVICE EXPENSES							
23					448,267			(106,657)
24	CONSERVATION AMORTIZATION							
25					65,719			(21,700)
26	ADMIN & GENERAL EXPENSE							
27	(1,544)	121,202	(190,680)	2,466,940	467,438	95,575	643,825	(174,502)
28	DEPRECIATION							
29	AMORTIZATION							
30	AMORTIZATION OF PROPERTY LOSS							
31	OTHER OPERATING EXPENSES							
32	FAS 133							
33	TAXES OTHER THAN INCOME TAXES							
34	(597,418)				134,252			(43,180)
35	INCOME TAXES							
36	209,637 \$	(42,421)	66,738	(863,429)	(786,560)	(33,451)	(225,339)	232,257
37	DEFERRED INCOME TAXES							
38	TOTAL OPERATING REV. DEDUCT.							
39	\$	(389,325) \$	78,781 \$	(123,942) \$	1,603,511 \$	1,460,754 \$	62,124 \$	418,486 \$
40	NET OPERATING INCOME							
41	\$	389,325 \$	(78,781) \$	123,942 \$	(1,603,511) \$	(1,460,754) \$	(62,124) \$	(418,486) \$
42	RATE BASE							
43	RATE OF RETURN							
44	RATE BASE:							
45	UTILITY PLANT IN SERVICE							
46	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
47	ACCUMULATED DEPRECIATION							
48	ACCUMULATED DEFERRED FIT - LIBERALIZED							
49	OTHER							
50	TOTAL NET INVESTMENT							
51	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
52	ALLOWANCE FOR WORKING CAPITAL							
53	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
54	TOTAL RATE BASE							
55	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$

PUGET SOUND ENERGY-GAS
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	(Uncontested)	(Uncontested)	(Uncontested)	(Uncontested)	(Uncontested)	(Contested)	(Uncontested)	(Uncontested)	(Uncontested)	(Uncontested)	(Uncontested)
	INTEREST ON CUSTOMER DEPOSITS G.16	DEFERRED GAINS/ LOSSES PROP SALES G.17	GENERAL OFFICE RELOCATION G.18	LOW INCOME AMORTIZATION G.19	D&O INSURANCE G.20	EVERETT DELTA G.21	SPIRIT RIDGE ADJUSTMENT G.22	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS		
1	OPERATING REVENUES										
2	SALES TO CUSTOMERS	\$									
3	MUNICIPAL ADDITIONS										
4	OTHER OPERATING REVENUES					\$ (238,214)	\$	\$	114,085,076	\$	943,356,872
5	TOTAL OPERATING REVENUES	\$	\$	\$	\$	\$	\$	\$	(34,729,596)	\$	
6									1,916,844		17,355,741
7									81,272,324	\$	960,712,613
8	OPERATING REVENUE DEDUCTIONS:										
9											
10	GAS COSTS:										
11											
12	PURCHASED GAS	\$							\$	\$	
13											
14	TOTAL PRODUCTION EXPENSES	\$	\$	\$	\$	\$	\$	\$	91,599,470	\$	631,255,371
15											
16	OTHER ENERGY SUPPLY EXPENSES								91,599,470	\$	631,255,371
17	TRANSMISSION EXPENSE								\$	\$	
18	DISTRIBUTION EXPENSE									\$	1,555,800
19	CUSTOMER ACCTS EXPENSES										8,410
20	CUSTOMER SERVICE EXPENSES	131,750									34,078,338
21	CONSERVATION AMORTIZATION				(2,095,062)						1,114,334
22	ADMIN & GENERAL EXPENSE										23,354,028
23	DEPRECIATION			1,540,045		(326,767)					(279,572)
24	AMORTIZATION			(127,285)							4,795,866
25	AMORTIZATION OF PROPERTY LOSS										(41,961)
26	OTHER OPERATING EXPENSES										64,955,994
27	FAS 133		(702,893)								11,302,712
28	TAXES OTHER THAN INCOME TAXES										3,287
29	INCOME TAXES			(5,241)							717,990
30	DEFERRED INCOME TAXES		246,013	(492,632)	733,272	114,369	(83,375)				868,224
31	TOTAL OPERATING REV. DEDUCT.	\$	\$	\$	\$	\$	\$	\$	(32,826,534)	\$	51,095,753
32		131,750	(456,881)	914,887	(1,361,790)	(212,399)	(83,375)		1,439,838		10,969,532
33	NET OPERATING INCOME	\$	\$	\$	\$	\$	\$	\$	12,203,333	\$	8,180,050
34		(131,750)	456,881	(914,887)	1,361,790	212,399	(154,839)		(17,567,825)	\$	249,720,101
35	RATE BASE	\$		\$							79,737,141
36				(1,746,177)							
37	RATE OF RETURN										1,111,176
38											
39	RATE BASE:										6.76%
40	UTILITY PLANT IN SERVICE	\$									
41	ACCUMULATED DEPRECIATION			(3,814,231)							
42	ACCUMULATED DEFERRED FIT - LIBERALIZED			1,559,534							
43	OTHER			508,520							
44	TOTAL NET INVESTMENT	\$	\$	\$	\$	\$	\$	\$	(901,242)	\$	2,006,446,375
45	ALLOWANCE FOR WORKING CAPITAL			(1,746,177)					1,503,898		(648,831,913)
46	TOTAL RATE BASE	\$	\$	\$	\$	\$	\$	\$	508,520		(174,003,834)
				(1,746,177)							(14,234,907)
											1,169,375,721
											10,976,022
											1,180,351,743

ATTACHMENT B

PUGET SOUND ENERGY-ELECTRIC
 RESULTS OF OPERATIONS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 GENERAL RATE INCREASE

LINE NO.	ACTUAL RESULTS OF OPERATION	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	OPERATING REVENUES:				
2	SALES TO CUSTOMERS				
3	\$ 1,397,539,936	\$ 315,071,416	\$ 1,712,611,352	\$ 33,472,231	\$ 1,746,083,583
4	350,901	127,722	478,623	-	478,623
5	151,158,328	(142,081,018)	9,077,310	-	9,077,310
6	55,899,367	(19,712,724)	36,186,643	-	36,186,643
7	1,604,948,532	153,405,396	1,758,353,928	33,472,231	1,791,826,159
8	OPERATING REVENUE DEDUCTIONS:				
9					
10	POWER COSTS:				
11	FUEL				
12	\$ 75,039,758	\$ 11,799,730	\$ 86,839,488	\$ -	\$ 86,839,488
13	808,898,950	(68,778,949)	740,120,001	-	740,120,001
14	43,994,427	14,150,625	58,145,052	-	58,145,052
15	(177,350,021)	177,350,021	-	-	-
16	750,583,114	134,521,427	885,104,541	-	885,104,541
17	OTHER POWER SUPPLY EXPENSES				
18	\$ 53,185,137	\$ 24,567,467	\$ 77,752,604	\$ -	\$ 77,752,604
19	3,786,749	369,362	4,156,111	-	4,156,111
20	56,397,075	5,396,061	61,793,136	-	61,793,136
21	32,311,231	3,856,520	36,167,751	153,059	36,320,810
22	9,266,102	(7,727,470)	1,538,632	-	1,538,632
23	18,233,848	(18,233,848)	-	-	-
24	64,934,552	9,445,296	74,379,848	63,597	74,443,445
25	129,900,123	21,488,530	151,388,653	-	151,388,653
26	24,582,050	566,304	25,148,354	-	25,148,354
27	7,937,131	(3,180,069)	4,757,062	-	4,757,062
28	(2,317,679)	2,085,161	(232,518)	-	(232,518)
29	911,373	(911,373)	-	-	-
30	140,165,789	(29,864,137)	110,301,652	1,290,452	111,592,104
31	101,303,182	(15,077,054)	86,226,128	11,187,792	97,413,920
32	(17,512,885)	17,349,292	(163,593)	-	(163,593)
33	\$ 1,373,666,892	\$ 144,651,470	\$ 1,518,318,362	\$ 12,694,900	\$ 1,531,013,261
34	NET OPERATING INCOME				
35	\$ 231,281,640	8,753,927	240,035,567	20,777,331	260,812,898
36	RATE BASE				
37	\$ 2,513,582,619	\$ 463,733,574	\$ 2,977,316,193	\$ -	\$ 2,977,316,193
38	RATE OF RETURN				
39	9.20%		8.06%		8.76%
40	RATE BASE:				
41	GROSS UTILITY PLANT IN SERVICE				
42	\$ 4,571,527,301	\$ 567,925,996	\$ 5,139,453,298	-	-
43	(1,971,832,341)	(13,085,187)	(1,984,917,528)	-	-
44	353,317,604	(48,376,550)	304,941,054	-	-
45	(387,242,755)	(42,730,686)	(429,973,441)	-	-
46	OTHER				
47	(52,187,190)	-	(52,187,190)	-	-
48	\$ 2,513,582,619	\$ 463,733,574	\$ 2,977,316,193	-	-

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	UNCONTESTED	UNCONTESTED	UNCONTESTED	CONTESTED	UNCONTESTED	UNCONTESTED	UNCONTESTED	UNCONTESTED
	ACTUAL RESULTS OF OPERATIONS	TEMPERATURE NORMALIZATION 20.01	REVENUES & EXPENSES 20.02	POWER COSTS 20.03	FEDERAL INCOME TAX 20.04	TAX BENEFIT OF PRO FORMA INTEREST 20.05	CONSERVATION 20.06	BAD DEBTS 20.07
1	OPERATING REVENUES							
2	SALES TO CUSTOMERS	\$ 1,397,539,936	\$ 11,954,453	\$ 303,116,963	\$ -	\$ -	\$ -	\$ -
3	SALES FROM RESALE-FIRM	350,901	5,605	122,117				
4	SALES TO OTHER UTILITIES	151,158,328						
5	OTHER OPERATING REVENUES	55,899,367		908,826	(142,081,018)			
6	TOTAL OPERATING REVENUES	\$ 1,604,948,532	\$ 11,960,058	\$ 304,147,906	\$ (162,702,568)	\$ -	\$ -	\$ -
7								
8	OPERATING REVENUE DEDUCTIONS:							
9								
10	POWER COSTS:							
11	FUEL	\$ 75,039,758	\$ -	\$ -	\$ 14,577,072	\$ -	\$ -	\$ -
12	PURCHASED AND INTERCHANGED	808,898,950			(75,817,930)			
13	WHEELING	43,994,427			9,913,467			
14	RESIDENTIAL EXCHANGE	(177,350,021)			177,350,021			
15	TOTAL PRODUCTION EXPENSES	\$ 750,583,114	\$ -	\$ -	\$ 126,022,629	\$ -	\$ -	\$ -
16								
17	OTHER POWER SUPPLY EXPENSES	\$ 53,185,137	\$ -	\$ -	\$ 9,690,879	\$ -	\$ -	\$ -
18	TRANSMISSION EXPENSE	3,786,749			257,787			
19	DISTRIBUTION EXPENSE	56,397,075						
20	CUSTOMER ACCTS EXPENSES	32,311,231	54,690	1,390,782				
21	CUSTOMER SERVICE EXPENSES	9,266,102						1,606,696
22	CONSERVATION AMORTIZATION	18,233,848						
23	ADMIN & GENERAL EXPENSE	64,934,552	22,724	577,881			(18,233,848)	
24	DEPRECIATION	129,900,123						
25	AMORTIZATION	24,582,050						
26	AMORTIZ OF PROPERTY GAIN/LOSS	7,937,131						
27	OTHER OPERATING EXPENSES	(2,317,679)						
28	FAS 133	911,373						
29	TAXES OTHER THAN INCOME TAXES	140,165,789	461,095	(34,215,282)	(37,225)			
30	INCOME TAXES	101,303,182	3,997,542	117,738,084	(104,522,824)	(21,216,124)	2,391,139	6,381,847
31	DEFERRED INCOME TAXES	(17,512,885)				17,030,311		(562,344)
32	TOTAL OPERATING REV. DEDUCT.	\$ 1,373,666,892	\$ 4,536,051	\$ 85,491,465	\$ 31,411,247	\$ (4,185,813)	\$ 2,391,139	\$ (11,852,001)
33								\$ 1,044,352
34	NET OPERATING INCOME	\$ 231,281,640	\$ 7,424,007	\$ 218,656,441	\$ (194,113,815)	\$ 4,185,813	\$ (2,391,139)	\$ 11,852,001
35								\$ (1,044,352)
36	RATE BASE	\$ 2,513,582,619					\$ (28,822)	
37								
38	RATE OF RETURN	9.20%						
39								
40	RATE BASE:							
41	GROSS UTILITY PLANT IN SERVICE	\$ 4,571,527,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42	ACCUM DEPR AND AMORT	(1,971,832,341)						
43	DEFERRED DEBITS	353,317,604						
44	DEFERRED TAXES	(387,242,755)					(28,822)	
45	ALLOWANCE FOR WORKING CAPITAL	-						
46	OTHER	(52,187,190)						
47	TOTAL RATE BASE	\$ 2,513,582,619	\$ -	\$ -	\$ -	\$ -	\$ (28,822)	\$ -
48								

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	UNCONTESTED	UNCONTESTED	UNCONTESTED	UNCONTESTED	CONTESTED	UNCONTESTED	UNCONTESTED	UNCONTESTED	UNCONTESTED
	MISCELLANEOUS OPERATING EXPENSE 20.08	PROPERTY TAXES 20.09	HOPKINS RIDGE WIND PLANT 20.10	EXCISE TAX & FILING FEE 20.11	D&O INSURANCE 20.12	MONTANA ELECTRIC ENERGY TAX 20.13	INTEREST ON CUST DEPOSITS 20.14	SFAS 133 20.15	RATE CASE EXPENSES 20.16
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	\$ -							
3	SALES FROM RESALE-FIRM			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	SALES TO OTHER UTILITIES								
5	OTHER OPERATING REVENUES								
6	TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL	\$ -			\$ -	\$ -			
12	PURCHASED AND INTERCHANGED						\$ -	\$ -	\$ -
13	WHEELING								
14	RESIDENTIAL EXCHANGE			1,653,530					
15	TOTAL PRODUCTION EXPENSES	\$ -	\$ -	1,653,530	\$ -	\$ -	\$ -	\$ -	\$ -
16									
17	OTHER POWER SUPPLY EXPENSES	\$ -	\$ -	4,729,000	\$ -	\$ -	\$ -	\$ -	\$ -
18	TRANSMISSION EXPENSE								
19	DISTRIBUTION EXPENSE	983,429							
20	CUSTOMER ACCTS EXPENSES								
21	CUSTOMER SERVICE EXPENSES						227,184		
22	CONSERVATION AMORTIZATION								
23	ADMIN & GENERAL EXPENSE	(964)		195,041	45,737	20,447			
24	DEPRECIATION	87,231		7,099,187					(524,179)
25	AMORTIZATION	593,319							
26	AMORTIZ OF PROPERTY GAIN/LOSS								
27	OTHER OPERATING EXPENSES	2,057,240							
28	FAS 133								
29	TAXES OTHER THAN INCOME TAXES	745,360	(589,513)	768,326	545,515			\$ (911,373)	
30	INCOME TAXES	(1,562,965)	206,330	(5,055,779)	(206,938)	(7,156)	(13,165)		
31	DEFERRED INCOME TAXES						4,608		\$ 183,463
32	TOTAL OPERATING REV. DEDUCT.	\$ 2,902,650	\$ (383,183)	\$ 9,389,305	\$ 384,314	\$ 13,291	\$ (8,557)	\$ 227,184	\$ 318,981
33									
34	NET OPERATING INCOME	\$ (2,902,650)	\$ 383,183	\$ (9,389,305)	\$ (384,314)	\$ (13,291)	\$ 8,557	\$ (227,184)	\$ 592,392
35									
36	RATE BASE	\$ 29,572,082	\$ -	\$ 147,154,987	\$ -	\$ -	\$ -	\$ -	\$ 340,716
37									
38	RATE OF RETURN								
39									
40	RATE BASE:								
41	GROSS UTILITY PLANT IN SERVICE	\$ 30,069,858	\$ -	\$ 177,479,678	\$ -	\$ -	\$ -	\$ -	\$ -
42	ACCUM DEPR AND AMORT	(497,777)		(13,226,358)					
43	DEFERRED DEBITS			8,742,500					
44	DEFERRED TAXES			(25,840,833)					
45	ALLOWANCE FOR WORKING CAPITAL								
46	OTHER								
47	TOTAL RATE BASE	\$ 29,572,082	\$ -	\$ 147,154,987	\$ -	\$ -	\$ -	\$ -	\$ -
48									
49									

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	UNCONTESTED DEFERRED G/L ON PROPERTY SALES 20.17	UNCONTESTED PROPERTY & LIABILITY INS 20.18	UNCONTESTED PENSION PLAN 20.19	UNCONTESTED WAGE INCREASE 20.20	UNCONTESTED INVESTMENT PLAN 20.21	UNCONTESTED EMPLOYEE INSURANCE 20.22	UNCONTESTED MONTANA CORP LICENSE TAX 20.23	UNCONTESTED STORM DAMAGE 20.24	UNCONTESTED REGULATORY ASSETS & LIABILITIES 20.25
1	OPERATING REVENUES								
2	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
3									
4									
5									
6	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
7	OPERATING REVENUE DEDUCTIONS:								
8	POWER COSTS:								
9									
10									
11	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
12									(2,783,753)
13				101,827					7,226,000
14									
15	\$	- \$	- \$	- \$	101,827	- \$	- \$	- \$	- \$
16									4,442,247
17	\$	- \$	- \$	- \$	475,978	- \$	- \$	- \$	- \$
18					61,416				
19					1,315,409			70,367	
20					743,838			3,400,410	
21					96,650				
22									
23		444,359	3,947,338	846,988	152,948	1,030,188			
24									
25									
26									
27								(3,166,751)	
28	27,921								
29									
30					222,582				
31	(9,772)	(155,526)	(1,381,568)	(1,352,641)	(53,532)	(360,566)	167,307	(106,409)	(1,554,786)
32	\$	18,149	\$ 288,833	\$ 2,565,770	\$ 2,512,047	\$ 99,416	\$ 669,622	\$ 167,307	\$ 197,617
33									2,887,461
34	\$	(18,149)	\$ (288,833)	\$ (2,565,770)	\$ (2,512,047)	\$ (99,416)	\$ (669,622)	\$ (167,307)	\$ (197,617)
35									(2,887,461)
36									
37									\$ (54,943,645)
38									
39									
40									
41	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
42									
43									
44									(54,943,645)
45									
46									
47	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
48									(54,943,645)
49									

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	UNCONTESTED	UNCONTESTED	UNCONTESTED	UNCONTESTED	UNCONTESTED	UNCONTESTED	UNCONTESTED	TOTAL	ADJUSTED
	WILD HORSE WIND PLANT 20.26	INCENTIVE PAY 20.27	GENERAL OFFICE RELOCATION 20.28	OTHER AMORTIZATION 20.29	DEMAND RESPONSE PROGRAM 20.30	DEPRECIATION 20.31	PRODUCTION ADJUSTMENT 20.32	ADJUSTMENTS	RESULTS OF OPERATIONS
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS								
3	SALES FROM RESALE-FIRM								
4	SALES TO OTHER UTILITIES								
5	OTHER OPERATING REVENUES								
6	TOTAL OPERATING REVENUES								
7			\$	\$	\$	\$	\$	\$	\$
8	OPERATING REVENUE DEDUCTIONS:								
9	POWER COSTS:								
10	FUEL								
11	PURCHASED AND INTERCHANGED								
12		(39,976)				6,411	\$	11,799,730	\$
13	2,621,721					(248,869)		(68,778,949)	
14	RESIDENTIAL EXCHANGE								
15						(38,092)		14,150,625	
16	\$	\$	\$	\$	\$	\$	\$	177,350,021	\$
17	2,621,721	(39,976)	-	-	-	-	(280,551)	134,521,427	885,104,541
18	OTHER POWER SUPPLY EXPENSES								
19	\$	(116,002)					\$	24,567,467	\$
20	9,921,354	(20,208)					(133,742)	24,567,467	77,752,604
21	TRANSMISSION EXPENSE								
22		(303,188)						369,362	4,156,111
23	DISTRIBUTION EXPENSE								
24		(166,670)						5,396,061	61,793,136
25	CUSTOMER ACCTS EXPENSES								
26		(30,356)		(7,793,764)	0			3,856,520	36,167,751
27	CUSTOMER SERVICE EXPENSES								
28								(7,727,470)	1,538,632
29	CONSERVATION AMORTIZATION								
30	264,209	(316,322)	2,768,979					(18,233,848)	-
31	ADMIN & GENERAL EXPENSE								
32	15,066,967		(228,856)					9,445,296	74,379,848
33	DEPRECIATION								
34								(535,998)	21,488,530
35	AMORTIZATION								
36								(27,014)	151,388,653
37	AMORTIZ OF PROPERTY GAIN/LOSS								
38								(13,318)	25,148,354
39	OTHER OPERATING EXPENSES								
40								(3,180,069)	4,757,062
41	FAS 133								
42								2,085,161	(232,518)
43	TAXES OTHER THAN INCOME TAXES								
44	2,457,440	(69,094)	(9,422)					(911,373)	-
45	INCOME TAXES								
46	(10,616,092)	371,635	(885,745)	2,727,818	0			(130,755)	110,301,652
47	DEFERRED INCOME TAXES								
48								363,942	(15,077,054)
49	TOTAL OPERATING REV. DEDUCT.								
50	\$	\$	\$	\$	\$	\$	\$	17,349,292	(163,593)
51	19,715,599	(690,180)	1,644,955	(5,065,947)	0	-	(787,513)	144,651,470	1,518,318,362
52	NET OPERATING INCOME								
53	\$	\$	\$	\$	\$	\$	\$	787,513	\$
54	(19,715,599)	690,180	(1,644,955)	5,065,947	0	-	787,513	8,753,927	240,035,567
55	RATE BASE								
56	\$		\$			\$		(11,102,293)	\$
57	356,220,868		(3,139,603)					463,733,574	2,977,316,193
58	RATE OF RETURN								
59									
60	RATE BASE:								
61	GROSS UTILITY PLANT IN SERVICE								
62	\$		\$					(16,019,396)	\$
63	383,253,789		(6,857,933)					567,925,996	5,139,453,298
64	ACCUM DEPR AND AMORT								
65	(8,090,394)		2,804,020					5,925,322	(1,984,917,528)
66	DEFERRED DEBITS								
67								(2,146,583)	304,941,054
68	DEFERRED TAXES								
69	(18,942,527)		914,310					1,138,364	(429,973,441)
70	ALLOWANCE FOR WORKING CAPITAL								
71	OTHER								
72	TOTAL RATE BASE								
73	\$	\$	\$	\$	\$	\$	\$	(11,102,293)	\$
74	356,220,868	-	(3,139,603)	-	-	-	(11,102,293)	463,733,574	2,977,316,193

**PUGET SOUND ENERGY-ELECTRIC
POWER COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	SALES FOR RESALE	\$ 151,158,328	\$ 9,077,310	\$ (142,081,018)
2				
3	PURCHASES/SALES OF NON-CORE GAS	20,154,644	499,969	(19,654,675)
4	WHEELING FOR OTHERS	11,340,015	10,373,140	(966,875)
5		31,494,659	10,873,109	(20,621,550)
6				
7	TOTAL OPERATING REVENUES	182,652,987	19,950,419	(162,702,568)
8				
9	FUEL	\$ 72,975,508	\$ 87,552,580	\$ 14,577,072
10				
11	PURCHASED AND INTERCHANGED	788,255,330	724,228,155	(64,027,175)
12	RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASKA	-	(11,790,755)	(11,790,755)
13	SUBTOTAL PURCHASED AND INTERCHANGED	\$ 788,255,330	\$ 712,437,400	\$ (75,817,930)
14	WHEELING	43,994,427	53,907,894	9,913,467
15	SCH. 94 - RES./FARM CREDIT	(177,350,021)	-	177,350,021
16	TOTAL PRODUCTION EXPENSES	\$ 727,875,244	\$ 853,897,873	\$ 126,022,629
17	HYDRO AND OTHER POWER	53,185,137	62,876,016	9,690,879
18	TRANS. EXP. INCL. 500KV O&M	604,461	862,248	257,787
19				
20	TOTAL OPERATING EXPENSES	\$ 781,664,842	\$ 917,636,138	\$ 135,971,296
21				
22	INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 20)	\$ (599,011,855)	\$ (897,685,718)	\$ (298,673,863)
23				
24	REDUCTION TO STATE UTILITY TAX SAVINGS FOR LINE 4	3.85%		(37,225)
25	INCREASE (DECREASE) INCOME			\$ (298,636,639)
26	INCREASE (DECREASE) FIT @	35%		(104,522,824)
27	INCREASE (DECREASE) NOI			<u>\$ (194,113,815)</u>

PUGET SOUND ENERGY
GENERAL RATE CASE
DETERMINATION OF NET POWER COSTS FOR GRC PAGE 16.0:
TEST YEAR ENDED SEPTEMBER 30, 2006
RATE YEAR ENDED DECEMBER 31, 2006

Line	FERC	Description	Rate Year 12ME 12/31/2007	Less Hopkins Ridge	Less Wild Horse	Less Amort of Reg Assets	Remove Ben&Tax	Net Before Prod Factor	After Prod Factor of 0.99109
1		Fuel:							
2	501	Steam Fuel	\$ 52,243,830				\$ -	\$ 52,243,830	\$ 51,778,337
3	547	Fuel	35,376,354			719,503	-	36,095,857	35,774,243
4			87,620,184	-	-	719,503	-	88,339,687	87,552,580
5		Purchased and Interchanged:							
6	555	Purchased Power	751,585,389			(27,869,620)	-	723,715,769	717,267,461
6a	555	Tenaska Buyout Disallowance	(8,322,633)					(8,322,633)	(8,248,478)
6a	555	Tenaska Prudence Disallowance	(2,507,801)					(2,507,801)	(2,485,456)
6a	555	March Point 2 Prudence Disallowance	(1,066,322)					(1,066,322)	(1,056,821)
7	557	Other Power Expense	7,699,594				(676,323)	7,023,271	6,960,694
8			747,388,227	-	-	(27,869,620)	(676,323)	718,842,284	712,437,400
9									
10	565	Wheeling	58,667,782		(2,621,721)	(1,653,530)	-	54,392,531	53,907,894
11									
12	various	Hydro and Other Power	80,224,125	(4,729,000)	(9,921,354)		(2,132,493)	63,441,278	62,876,016
13									
14	various	Trans. Exp. Incl. 500Kv O&M	870,000					870,000	862,248
15	447	Sales for Resale	(9,158,916)					(9,158,916)	(9,077,310)
16	456	Purchases/Sales Of Non-Core Gas	(504,464)					(504,464)	(499,969)
17			(8,793,380)	-	-	-	-	(8,793,380)	(8,715,031)
18									
19		Net Power Costs	965,106,938	(4,729,000)	(12,543,075)	(28,803,647)	(2,808,816)	916,222,400	908,058,858
20	various	Variable Transmission Income	(10,466,396)					(10,466,396)	(10,373,140)
21									
22		Power Costs Page 16.03 Line 22	\$ 954,640,542	\$ (4,729,000)	\$ (12,543,075)	\$ (28,803,647)	\$ (2,808,816)	\$ 905,756,004	\$ 897,685,718
23									
24									
25									
26									
27		Power Costs Provided by Power Cost Analysis Dept.						\$ 965,106,938	\$ 956,507,835
28		Benefits and Taxes						(2,808,816)	(2,783,789)
29		Variable Transmission Income						(10,466,396)	(10,373,140)
30		New Plants						(17,272,075)	(17,118,180)
31		Amortization of Regulatory Assets						(28,803,647)	(28,547,007)
32		Power Costs Page 16.03 Line 22						\$ 905,756,005	\$ 897,685,719
33									
34		Power Costs Page 16.03 Line 22						\$ 905,756,005	\$ 897,685,719
35		Add Amortization of Regulatory Assets						30,298,349	30,028,391
36		Add Other Costs to 557						5,626,810	5,576,675
37		New Plants						17,272,075	17,118,180
38		Purchased Power						61,851	61,300
39		Other Power Supply						359,976	356,769
40		Less Transmission Income not related to 3 allowed transmission lines						6,561,861	6,503,394
41		Lines 34 - 41 and Power Cost Portion of Line 23a of Exhibit A-1						\$ 965,936,926	\$ 957,330,428
42									

Reconciliation of Total power Costs

includes agreed upon
changes as of 9/15/06

PUGET SOUND ENERGY-ELECTRIC
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	DEFERRED EXPENDITURES TO BE AMORTIZED:	
2		
3	2001 GRC EXPENSES BALANCE @ 9/30/2005	\$ 609,277
4	LESS 2001 GRC AMORTIZATION FROM 10/01/05 - 12/31/06	315,000
5	REMAINING 2001 GRC DEFERRALS TO BE AMORTIZED	<u>294,277</u>
6		
7	ANNUAL AMORTIZATION (LINE 5 ÷ 2)	147,139
8	LESS TEST YEAR EXPENSE: 2001 GRC AMORTIZATION	466,695
9	INCREASE (DECREASE) EXPENSE	<u>(319,556) \$ (319,556)</u>
10		
11	2004 GRC EXPENSES BALANCE @ 9/30/05	\$ 868,449
12	LESS 2004 GRC AMORTIZATION FROM 10/01/05-12/31/06	449,198
13	REMAINING 2004 GRC DEFERRALS TO BE AMORTIZED	<u>419,251</u>
14		
15	ANNUAL AMORTIZATION (LINE 13 ÷ 2)	209,626
16	LESS TEST YEAR EXPENSE: 2004 GRC AMORTIZATION	209,626
17	INCREASE (DECREASE) EXPENSE	<u>0 \$</u>
18		
19		
20	EXPENSES TO BE NORMALIZED:	
21		
22	ESTIMATED GRC EXPENSES TO BE NORMALIZED	<u>\$ 1,960,000</u>
23		
24	ANNUAL NORMALIZATION (LINE 22 / 2 YEARS)	980,000
25	LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO FERC 928	1,143,911
26	INCREASE (DECREASE) EXPENSE	<u>\$ (163,911)</u>
27		
28		
29	ESTIMATED PCORC EXPENSES TO BE NORMALIZED	<u>\$ 500,000</u>
30		
31	ANNUAL NORMALIZATION (LINE 29 / 2)	250,000
32	LESS TEST YEAR EXPENSE: PCORC DIRECT CHARGES	290,712
33	INCREASE (DECREASE) EXPENSE	<u>\$ (40,712)</u>
34		
35		
36		
37	TOTAL INCREASE (DECREASE) EXPENSE	\$ (524,179)
38		
39	INCREASE(DECREASE) FIT @	35% 183,463
40	INCREASE(DECREASE) NOI	<u>\$ 340,716</u>

Summary

PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.	ACTUAL RESULTS OF OPERATIONS	REVISED TOTAL ADJUSTMENTS	REVISED ADJUSTED RESULTS OF OPERATIONS	REVISED REVENUE REQUIREMENT DEFICIENCY	REVISED AFTER RATE INCREASE	
1	<u>OPERATING REVENUES:</u>					
2	SALES TO CUSTOMERS	\$ 829,271,796	\$ 114,323,290	\$ 943,595,086	\$ 38,063,094	\$ 981,658,180
3	MUNICIPAL ADDITIONS	34,729,596	(34,729,596)	-	-	-
4	OTHER OPERATING REVENUES	15,438,897	1,991,156	17,430,053	840,230	18,270,283
5	TOTAL OPERATING REVENUES	\$ 879,440,289	\$ 81,584,850	\$ 961,025,139	\$38,903,324	\$ 999,928,463
6						
7						
8	<u>OPERATING REVENUE DEDUCTIONS:</u>					
9						
10	<u>GAS COSTS:</u>					
11						
12	PURCHASED GAS	\$ 539,655,901	\$ 91,599,470	\$ 631,255,371	\$ -	\$ 631,255,371
13						
14	TOTAL PRODUCTION EXPENSES	\$ 539,655,901	\$ 91,599,470	\$ 631,255,371	\$ -	\$ 631,255,371
15						
16	<u>OTHER POWER SUPPLY EXPENSES</u>					
17	TRANSMISSION EXPENSE	\$ 1,520,542	\$ 35,258	\$ 1,555,800	\$ -	\$ 1,555,800
18	DISTRIBUTION EXPENSE	445,738	8,410	454,148	-	454,148
19	CUSTOMER ACCOUNT EXPENSES	33,307,919	770,419	34,078,338	-	34,078,338
20	CUSTOMER SERVICE EXPENSES	22,239,694	1,114,334	23,354,028	132,382	23,486,410
21	CONSERVATION AMORTIZATION	3,914,552	(2,330,615)	1,583,937	-	1,583,937
22	ADMIN & GENERAL EXPENSE	3,454,161	(3,454,161)	-	-	-
23	DEPRECIATION	36,522,434	5,136,395	41,658,829	73,916	41,732,746
24	AMORTIZATION	64,997,955	(41,961)	64,955,994	-	64,955,994
25	AMORTIZATION OF PROPERTY LOSS	11,302,712	0	11,302,712	-	11,302,712
26	OTHER OPERATING EXPENSES	3,287	0	3,287	-	3,287
27	FAS 133	150,234	717,990	868,224	-	868,224
28	TAXES OTHER THAN INCOME TAXES	-	0	-	-	-
29	INCOME TAXES	83,922,287	(32,826,534)	51,095,753	1,493,457	52,589,210
30	DEFERRED INCOME TAXES	9,529,694	1,932,479	11,462,173	13,021,249	24,483,422
31	TOTAL OPERATING REV. DEDUCT.	(4,023,283)	12,203,333	8,180,050	-	8,180,050
32		\$ 267,287,926	\$ (16,734,653)	\$ 250,553,273	\$ 14,721,004	\$ 265,274,278
33	NET OPERATING INCOME	\$ 72,496,462	\$ 6,720,033	\$ 79,216,495	\$ 24,182,320	\$ 103,398,815
34						
35	RATE BASE	\$ 1,179,240,567	\$1,111,176	\$ 1,180,351,743	\$ -	\$ 1,180,351,743
36						
37	RATE OF RETURN	6.15%		6.71%		8.76%
38						
39	<u>RATE BASE:</u>					
40	UTILITY PLANT IN SERVICE	\$ 2,007,347,617	\$ (901,242)	\$ 2,006,446,375		
41	ACCUMULATED DEPRECIATION	(650,335,811)	1,503,898	(648,831,913)		
42	ACCUMULATED DEFERRED FIT - LIBERALIZED	(174,512,354)	508,520	(174,003,834)		
43	OTHER	(14,234,907)	-	(14,234,907)		
44	TOTAL NET INVESTMENT	\$ 1,168,264,545	\$ 1,111,176	\$ 1,169,375,721		
45	ALLOWANCE FOR WORKING CAPITAL	10,976,022	-	10,976,022		
46	TOTAL RATE BASE	\$ 1,179,240,567	\$ 1,111,176	\$ 1,180,351,743		

PUGET SOUND ENERGY-GAS
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	UNCONTESTED		UNCONTESTED		UNCONTESTED		UNCONTESTED		UNCONTESTED		UNCONTESTED	
	ACTUAL RESULTS OF OPERATIONS 12ME Sept. 30, 2005		REVENUE & EXPENSES 12.01	FEDERAL INCOME TAX 12.02	TAX BENEFIT OF PRO FORMA INTEREST 12.03	CONSERVATION 12.04	BAD DEBTS 12.05	MISCELLANEOUS OPERATING EXPENSE 12.06	PROPERTY TAXES 12.07			
1	OPERATING REVENUES											
2	\$	829,271,796	\$	114,323,290	\$	-	\$	-	\$	-	\$	-
3		34,729,596		(34,729,596)								
4		15,438,897		1,916,844								
5	\$	879,440,289	\$	81,510,538	\$	-	\$	-	\$	-	\$	-
6	OPERATING REVENUE DEDUCTIONS:											
7	GAS COSTS:											
8	PURCHASED GAS											
9	\$	539,655,901	\$	91,599,470	\$	-	\$	-	\$	-	\$	-
10	\$	539,655,901	\$	91,599,470	\$	-	\$	-	\$	-	\$	-
11	OTHER ENERGY SUPPLY EXPENSES											
12	\$	1,520,542	\$	-	\$	-	\$	-	\$	-	\$	-
13		445,738										
14		33,307,919										
15		22,239,694		277,369								
16		3,914,552								363,605		
17		3,454,161					(279,572)					
18		36,522,434		154,870			(3,454,161)					
19		64,997,955									(536)	
20		11,302,712									85,324	
21		3,287										
22		150,234										
23		-									1,420,883	
24		83,922,287		(31,592,754)								
25		9,529,694		7,375,054								
26		(4,023,283)		(12,694,120)		7,280,941		1,306,807		(127,262)		(526,985)
27				12,203,333								(722,193)
28	\$	267,287,926	\$	(23,785,461)	\$	(490,787)	\$	7,280,941	\$	(2,426,926)	\$	236,343
29	\$	72,496,462	\$	13,696,529	\$	490,787	\$	(7,280,941)	\$	2,426,926	\$	(236,343)
30	\$	1,179,240,567	\$	-	\$	-	\$	-	\$	-	\$	-
31		6.15%										2,857,353
32	RATE BASE:											
33	UTILITY PLANT IN SERVICE											
34	\$	2,007,347,617	\$	-	\$	-	\$	-	\$	-	\$	-
35		(650,335,811)										2,912,989
36		(174,512,354)										(55,636)
37		(14,234,907)										
38	\$	1,168,264,545	\$	-	\$	-	\$	-	\$	-	\$	-
39		10,976,022										2,857,353
40	\$	1,179,240,567	\$	-	\$	-	\$	-	\$	-	\$	-
41	\$	1,179,240,567	\$	-	\$	-	\$	-	\$	-	\$	-

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	UNCONTESTED								
	EXCISE TAX & FILING FEE 12.08	RATE CASE EXPENSES 12.09	PROPERTY & LIABILITY INS 12.10	PENSION PLAN 12.11	WAGE INCREASE 12.12	INVESTMENT PLAN 12.13	EMPLOYEE INSURANCE 12.14	INCENTIVE PAY 12.15	
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS								
3	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
4	MUNICIPAL ADDITIONS								
5	OTHER OPERATING REVENUES								
6	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
7	TOTAL OPERATING REVENUES								
8	OPERATING REVENUE DEDUCTIONS:								
9	GAS COSTS:								
10	PURCHASED GAS								
11	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
12	TOTAL PRODUCTION EXPENSES								
13	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
14	OTHER ENERGY SUPPLY EXPENSES								
15	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
16	TRANSMISSION EXPENSE								
17					52,231 \$		- \$	- \$	(16,973)
18	DISTRIBUTION EXPENSE								
19					11,946				(3,536)
20	CUSTOMER ACCTS EXPENSES								
21					1,067,461				(297,042)
22	CUSTOMER SERVICE EXPENSES								
23					448,267				(106,657)
24	CONSERVATION AMORTIZATION								
25					65,719				(21,700)
26	ADMIN & GENERAL EXPENSE								
27	(1,544)	121,202	(190,680)	2,466,940	467,438	95,575	643,825		(174,502)
28	DEPRECIATION								
29	AMORTIZATION								
30	AMORTIZATION OF PROPERTY LOSS								
31	OTHER OPERATING EXPENSES								
32	FAS 133								
33	TAXES OTHER THAN INCOME TAXES								
34	(597,418)				134,252				(43,180)
35	INCOME TAXES								
36	209,637 \$	(42,421)	66,738	(863,429)	(786,560)	(33,451)	(225,339)		232,257
37	DEFERRED INCOME TAXES								
38	TOTAL OPERATING REV. DEDUCT.								
39	\$	(389,325)	\$ 78,781	\$ (123,942)	\$ 1,603,511	\$ 1,460,754	\$ 62,124	\$ 418,486	\$ (431,333)
40	NET OPERATING INCOME								
41	\$	389,325	\$ (78,781)	\$ 123,942	\$ (1,603,511)	\$ (1,460,754)	\$ (62,124)	\$ (418,486)	\$ 431,333
42	RATE BASE								
43	RATE OF RETURN								
44	RATE BASE:								
45	UTILITY PLANT IN SERVICE								
46	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
47	ACCUMULATED DEPRECIATION								
48	ACCUMULATED DEFERRED FIT - LIBERALIZED								
49	OTHER								
50	TOTAL NET INVESTMENT								
51	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
52	ALLOWANCE FOR WORKING CAPITAL								
53	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
54	TOTAL RATE BASE								
55	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	UNCONTESTED		UNCONTESTED		UNCONTESTED		UNCONTESTED		UNCONTESTED		UNCONTESTED			
	INTEREST ON CUSTOMER DEPOSITS 12.16	DEFERRED GAINS/ LOSSES PROP SALES 12.17	GENERAL OFFICE RELOCATION 12.18	LOW INCOME AMORTIZATION 12.19	D&O INSURANCE 12.20	EVERETT DELTA 12.21	DEPRECIATION 12.22	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS					
1	OPERATING REVENUES													
2	\$	-												
3							\$	- \$	114,323,290	\$	943,595,086			
4									(34,729,596)		-			
5							74,312		1,991,156		17,430,053			
6	\$	- \$	- \$				\$	- \$	74,312	\$	- \$	81,584,850	\$	961,025,139
7	OPERATING REVENUE DEDUCTIONS:													
8	GAS COSTS:													
9	PURCHASED GAS													
10	\$	-												
11									\$	- \$	91,599,470	\$	631,255,371	
12	\$	- \$	- \$											
13														
14														
15	\$	- \$	- \$											
16														
17														
18									\$	- \$	35,258	\$	1,555,800	
19											8,410		454,148	
20		131,750									770,419		34,078,338	
21											1,114,334		23,354,028	
22											(2,330,615)		1,583,937	
23											(3,454,161)		-	
24											5,136,395		41,658,829	
25											(127,285)		64,955,994	
26											-		11,302,712	
27											-		3,287	
28											717,990		868,224	
29											-		-	
30											(32,826,534)		51,095,753	
31											1,932,479		11,462,173	
32	\$	131,750	\$	(456,881)	\$	914,888	\$	(1,361,790)	\$	8,946	\$	26,009	\$	12,203,333
33														
34	\$	(131,750)	\$	456,881	\$	(914,888)	\$	1,361,790	\$	(8,946)	\$	48,303	\$	6,720,033
35	\$	-	\$		\$	(1,746,177)								
36														
37														
38														
39														
40														
41	\$	-	\$		\$	(3,814,231)			\$	- \$				
42														
43														
44														
45	\$	- \$	- \$		\$	(1,746,177)	\$	- \$	- \$	- \$	- \$			
46	\$	- \$	- \$		\$	(1,746,177)	\$	- \$	- \$	- \$	- \$			

REFLECTS AGREED UPON CHANGES
AS OF 9/15/2006

Docket Numbers UE-060266

Exhibit No. (KRK-12)

PAGE 12.09

PUGET SOUND ENERGY-GAS
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	DEFERRED EXPENDITURES TO BE AMORTIZED:	
2		
3	2001 GRC EXPENSES BALANCE @ 9/30/05	\$ 833,877
4	LESS 2001 GRC AMORTIZATION FROM 10/01/05-12/31/06	431,310
5	REMAINING 2001 GRC DEFERRALS TO BE AMORTIZED	<u>402,567</u>
6		
7	ANNUAL AMORTIZATION (LINE 5 ÷ 2)	201,284
8	LESS TEST YEAR EXPENSE: 2001 GRC AMORTIZATION	451,668
9	INCREASE (DECREASE) EXPENSE	<u>(250,385) \$ (250,385)</u>
10		
11	2004 GRC EXPENSES BALANCE @ 9/30/05	\$ 379,326
12	LESS 2004 GRC AMORTIZATION FROM 10/01/05-12/31/06	192,720
13	REMAINING 2004 GRC DEFERRALS TO BE AMORTIZED	<u>186,606</u>
14		
15	ANNUAL AMORTIZATION (LINE 13 ÷ 2)	93,303
16	LESS TEST YEAR EXPENSE: 2004 GRC AMORTIZATION	89,936
17	INCREASE (DECREASE) EXPENSE	<u>3,367 3,367</u>
18		
19		
20	EXPENSES TO BE NORMALIZED:	
21		
22	ESTIMATED GRC EXPENSES TO BE NORMALIZED	\$ <u>1,960,000</u>
23		
24	ANNUAL NORMALIZATION (LINE 22 / 2 YEARS)	980,000
25	LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO O&M	<u>611,781</u>
26		
27	INCREASE (DECREASE) EXPENSE	<u>\$ 368,219 \$ 368,219</u>
28		
29		
30	TOTAL INCREASE (DECREASE) EXPENSE	\$ 121,202
31		
32	INCREASE(DECREASE) FIT @	35% (42,421)
33	INCREASE(DECREASE) NOI	<u>\$ (78,781)</u>