

**Electric / Gas - Results of Operations**

Docket UE-070804 UG-070805

**Incentive and Other Adjustments**Line  
No.

	Utility Total	Non-Exec.		Executive Utility	
<b>2006 Incentive Expense / Percent</b>	\$ 5,760,658	\$ 3,876,843	67.30%	\$ 1,883,815	32.70%
Removed bonus related to Earnings Per Share	(1,354,979)			(1,354,979)	(71.93%)
<b>2006 Incentive Expense without EPS bonus</b>	<u>\$ 4,405,679</u>	<u>\$ 3,876,843</u>		<u>\$ 528,836</u>	

	Utility Total	Non-Exec.		Executive Utility	
<b>Eight-year Average Incentive Expense / Percent *</b>	\$ 2,908,017	\$ 1,957,055	67.30%	\$ 950,962	32.70%
Removed bonus related to Earnings Per Share **	(684,002)			(684,002)	(71.93%)
<b>Eight-year Average Incentive Expense without EPS bonus</b>	<u>\$ 2,224,015</u>	<u>\$ 1,957,055</u>		<u>\$ 266,960</u>	

Staff proposed utility portion of bonus \$ 266,960

\* Based on Data Request 232-supplemental

\*\* Based on same percentage relationship as test year at 71.93%

**Adjustment Computation**

2006 Incentive Expense	\$ 5,760,658	Line 5
Eight-year Average Incentive Expense without EPS bonus	(2,224,015)	Line 14
Net Incentive Adjustment Total Utility	<u>\$ (3,536,643)</u>	reduction

	Electric/Gas Adjustment	Electric only Adjustment
Net Incentive Adjustment Total Utility	(3,536,643)	

**Other Adjustments: Per Company**

Accrual for Additional Paid Holiday in 2007	(350,000)
Prior Period Adj - Prov. to Medical Claims Payable	1,620,000

Adj. for Settlement Received on NE Tank Spill	933,170
Total Incentive and Other Adjustment	<u>(2,266,643)</u>

**Total Incentive and Other Adjustment****Allocated to WA - Electric**

Note 1 allocation - Production/Transmission Ratio		0.65830
Note 7 allocation - Elec/Gas North/Oregon 4-factor	0.73541	
Note 4 allocation - Jurisdictional 4-factor Ratio	0.66210	
Allocated to WA - Electric	<u>(1,103,662)</u>	<u>614,306</u>

**Allocated to WA-Gas**

Note 7 allocation - Elec/Gas North/Oregon 4-factor	0.18383
Note 4 allocation - Jurisdictional 4-factor Ratio	0.69055
Allocated to WA-Gas	<u>(287,736)</u>