

Exhibit No. (HL-2)
Docket No. UE-92-1262
Witness: Hugh Larkin, Jr.

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION
COMMISSION

COMPLAINANT

VS.

PUGET SOUND POWER AND LIGHT COMPANY

RESPONDENT

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION	
No. UE-920433; -920499; -921262	Ex. 793 ✓

PUGET SOUND POWER AND LIGHT COMPANY
CASE NO. UE-921262
EXHIBIT (HL-2)
SCHEDULES OF
HUGH LARKIN, JR.

<u>Description</u>	<u>No.</u>
Revenue Requirement: General Rate Increase	1
Summary of Adjustments	2 p.1
Capital Structure and Cost Rates	2 p.2
Gross Revenue Conversion Factor	2 p.3
Financing Cost to Ratepayers Associated With Property Held for Future Use	3
Adjustment for Future Use Properties Which Puget Has Agreed Should be Removed From Rate Base	4
Adjustment for Plant Held for Future Use Not Projected to Be Used Within 10 Years of the End of the Test Year	5
Adjustment to Remove the Remainder of Plant Held for Future Use From Rate Base	6
Adjustment to Working Capital to Remove Merchandise Inventory	7
Adjustment to Working Capital to Remove Dividends Declared	8
Adjustment to Working Capital for ADIT Debit Balance Items Related to Puget's Below-the-Line Environmental Contingency Accrual	9
Adjustment to Working Capital to Remove ADIT Debit Balance From Transfer of Property at a Loss to Affiliates	10
Adjustment to Remove Revenue Research & Development Cost From Rate Base	11
Adjustment to Accumulated Deferred Income Taxes	12
Adjust Deferred Storm Damage in Rate Base	13
Adjustment for the Revenue Effect of Normalizing Temperature	14
Adjustment to Bad Debt Expense	15
Adjustment for Pro Forma Payroll and Payroll Taxes	16 p.1,2&3
Response to Data Request No. 1168	16 p.4
Calculation of Effective FICA Tax Rate for Use in Pro Forma Payroll Expense Adjustment	16 p.5
Adjustment to Proforma Payroll Expense For Overstatements Inherent in Puget's Merit Increase Procedure	17 p.1
Response to Department of Defense Data Request No. DOD-3115	17 p.2
Remove Lump Sum Distribution to Officers and Directors	18 p.1
Distribution of Incentive Bonus Awards	18 pp.2&3

PUGET SOUND POWER AND LIGHT COMPANY
CASE NO. UE-921262
EXHIBIT (HL-2)
SCHEDULES OF
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<u>Description</u>	<u>No.</u>
Adjustment to Pay-at-Risk Primary Funding Amounts	19
Adjustment to Employee Insurance to Exclude Projected July 1, 1993 Increase	20
Nonpension Postretirement Benefit Costs Phase-in Emerging Issues Tax Force EITF 91-12	21 p.1
Phase-in of FAS 106 Accrual Recognition for Regulatory Purposes Per Emerging Issues tax Force Consensus View EITF 92-12	21 p.2
Emerging Issues Task Force Issue 92-12	22
Directors and Officers Liability Insurance Adjustment	23
Adjustment to Continue Deferred of Environmental Remediation Costs	24
Company's Revenue Requirement Request for Storm Damage	25
Average Storm Damage Cost, 1979-1991	26 p.1
Storm Damage Cost Graph	26 p.2
Summary of Storm Damage Cost by Work Order	27
Adjustment to Storm Damage Expense	28
Adjustment to Edison Electric Institute Dues	29
Adjustment to EEI Media Communications Fund	30
Membership Dues Adjustment	31
Adjustment to Remove Excess Internal Research and Development Expense Beyond the 20% EPRI Dues Hold-Back Level	32
Adjustment for Bank Fees	33
Adjustment to Remove Certain Employee Expenses and Subsidization of Employee Activities	34
Interest Synchronization Adjustment	35

Docket No. UE-921262
 Exhibit (HL-2)
 Schedule 1
 Page 1 of 1

Puget Sound Power & Light Company
 Revenue Requirement: General Rate Increase
 Test Year Ended June 30, 1992

Line No.	Description	Per Company	Adjustments	Per DOD
1	RATE BASE	2,051,809,870	(35,069,855)A	2,016,740,015
2	RATE OF RETURN	10.00%		9.42% B
3		205,180,987		189,976,909
4		602,445		602,445
5	CONSERVATION INVESTMENT (INV. PRIOR TO 1/1/91)	66,938,378		
6	ADDITIONAL RETURN ON CONSERVATION	0.90%		
7		205,783,432		190,579,354
8	OPERATING INCOME REQUIREMENT	131,423,423	4,396,815 A	135,820,238
9	PRO FORMA OPERATING INCOME	74,360,009		54,759,116
10	NET INCOME REQUIREMENT	0.6313845		0.6316622 C
11	CONVERSION FACTOR	117,772,940		86,690,506
12	TOTAL REVENUE REQUIREMENT	999,385		999,385
13	ASSIGNMENT OF REVENUE REQUIREMENT TO FIRM	116,773,555		85,691,121
14	WHOLESALE CUSTOMERS			
15	NET REVENUE REQUIREMENT	349,468		218,941
16	UNCOLLECTIBLES	0.29927%		0.25550% C
17	ANNUAL FILING FEE	0.17500%		0.17500% C
18	STATE UTILITY TAX	3.86141%		3.86310% C
19	TOTAL TAXES OTHER	4.33568%		4.29360%
20	GENERAL RATE INCREASE	111,710,627		82,011,887
21	FEDERAL INCOME TAX	37,981,613		27,884,042
22	NET GENERAL RATE INCREASE	73,729,014		54,127,845
23				
24				
25				
26				
27				
28				
29				

SOURCE

Company amounts: Puget Ex.T-559_(JHS-4), page 4.00

A Schedule 2, page 1

B Schedule 2, page 2

C Schedule 2, page 3

Puget Sound Power & Light Company
 Summary of Adjustments
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit _____(HL-2)
 Schedule 2
 Page 1 of 3

Docket No. UE-921262
 Exhibit _____(HL-2)
 Schedule 2
 Page 1 of 3

Puget Sound Power & Light Company
 Summary of Adjustments
 Test Year Ended June 30, 1992

Line No.	Description	Reference	Adjustment Amount (Decrease) Increase			Net Operating Income Impact (E)	Approximate Revenue Requirement Impact (F)
			Rate Base (A)	Revenue (B)	Operating Expense (C)		
1	Plant Held for Future Use						
2	Properties Puget identified as inappropriate	Schedule 4	(994,882)			99,488	(157,571)
3	Properties not expected to be in service within 10 years	Schedule 5	(731,162)			731,116	(115,803)
4	Remaining properties in Puget's rate base claim	Schedule 6	(13,472,872)			1,347,287	(2,133,861)
5	Working Capital						
6	Remove merchandise inventory	Schedule 7	(15,435)			1,544	(2,445)
7	Remove dividends declared	Schedule 8	(8,118,272)			811,827	(1,285,789)
8	ADIT Dr. bal's for environmental contingency accrual	Schedule 9	(343,258)			34,326	(54,366)
9	Remove ADIT Dr. from loss transfers to affiliates	Schedule 10	(417,714)			41,771	(66,158)
10	Remove R&D, a period expense, from rate base	Schedule 11	(234,201)			23,420	(37,093)
11	Remove FAS 106 deferral from rate base	Co. Ex. p.212	(1,167,427)			116,743	(184,900)
12	Other accumulated deferred income taxes	Schedule 12	(216,000)			21,600	(34,211)
13	Adjust storm damage reserve	Schedule 13	(15,172,596)			1,517,260	(2,403,068)
14	Associated accumulated deferred income taxes	Schedule 13				(581,396)	920,827
15	Weather normalization - line losses	Schedule 14	5,813,964			155,318	(245,996)
16	Bad debt expense	Schedule 15		235,329	(417,968)	275,859	(436,911)
17	Payroll:						
18	Management wage increase, and bonus treatment	Schedule 16			(623,211)	411,319	(651,456)
19	Adjust for merit increase overstatements	Schedule 17			(24,374)	16,087	(25,479)
20	Incentive bonuses:						
21	Lump sum distribution to officers and directors	Schedule 18			(507,540)	334,976	(530,542)
22	Pay-at-risk primary funding amount	Schedule 19			(25,299)	16,697	(26,445)
23	Employee benefits - insurance	Schedule 20			(279,165)	184,249	(291,817)
24	FAS 106 - Use EITF 92-12 phase-in	Schedule 21			(725,000)	478,500	(757,858)
25	Directors & officers liability insurance	Schedule 23			(346,875)	228,937	(362,595)
26	Environmental remediation	Schedule 24			(1,960,648)	1,294,028	(2,049,509)
27	Storm damage	Schedule 28			(1,494,046)	986,070	(1,561,758)
28	EEL dues	Schedule 29			(83,695)	55,239	(87,489)
29	EEL Media Communications Fund dues	Schedule 30			(40,940)	27,020	(42,795)
30	Other membership dues	Schedule 31			(41,953)	27,689	(43,854)
31	Research & development costs	Schedule 32			(687,490)	453,743	(718,648)
32	Bank fees paid to agents	Schedule 33			(24,570)	16,216	(25,683)
33	Miscellaneous expenses	Schedule 34			(19,000)	12,540	(19,861)
34	Property taxes - PHFFU	Schedule 4			(6,558)	4,328	(6,855)
35	Consolidated income tax adjustment	Not Available					
36	Interest synchronization adjustment	Schedule 35				(582,000)	921,784
37	Totals						
38	Difference in recommended rate of return	Note G, below					
	Total impact of DOD adjustments on revenue requirement			\$235,329	(\$7,308,332)	\$7,903,801	(\$12,518,205)
							(18,526,000)
							(\$31,044,205)

Notes
 ColD is amount of income tax adjustment, or ColB and C x the combined state and federal income tax rate
 ColE is the result of subtracting ColD from ColB & C, or ColA x Puget's proposed return on rate base.
 ColF is the result of multiplying ColE by the gross revenue conversion factor (See page 3 of 3).

Note G - Revenue Requirement Impact of Difference in Recommended Rate of Return

	(\$000)	Puget Ex.T.557
G.1	\$2,051,810	ColA, above
G.2	(35,070)	G.1 + G.2
G.3	2,016,740	Page 2 of 3
G.4	-0.58%	G.3 x G.4
G.5	(11,697)	Page 3 of 3
G.6	1,583,821	G.5 x G.6
G.7	(18,526)	

<u>Line No.</u>	<u>Description</u>	<u>Weight (A)</u>	<u>Cost (B)</u>	<u>Weighted Cost (C)</u>
<u>I. Per Company (witness Olson, Ex. (REO-3), page 20)</u>				
1	Debt	47.00%	7.91%	3.72%
2	Preferred	8.00%	8.10%	0.65%
3	Common equity	45.00%	12.50%	5.63%
4	Total	<u>100.00%</u>		<u>10.00%</u>
<u>II. Per DOD (DOD witness Legler)</u>				
5	Short-term debt	0.00%	0.00%	0.00%
6	Long-term debt	47.85%	7.74%	3.70%
7	Preferred	8.15%	8.10%	0.66%
8	Common equity	44.00%	11.50%	5.06%
9	Total	<u>100.00%</u>		<u>9.42%</u>
10	Weighted cost of debt			<u>3.70%</u>
<u>III. Difference in Recommended Rate of Return</u>				
11	DOD-proposed	Col.C, line 8		9.42%
12	Company-proposed	Col.C, line 4		10.00%
13	Difference	Line 10 - line 11		<u>-0.58%</u>

Line No.	Description	Per Company		Per DOD		Reference
		Rate	Amount	Rate	Amount	
1	Operating revenue		1.0000000		1.0000000	
2	Bad debts	0.299270%	-0.0029927	0.255500% A	-0.0025550	Note A
3	Subtotal		0.9970073		0.9974450	
4	State utility tax	3.873%	-0.0386141	3.873%	-0.0386310	Note B
5	Annual filing fee	0.175000%	-0.0017500	0.175000%	-0.0017500	Note B
6	Municipal business tax		0.0000000		0.0000000	
7	Subtotal		0.9566432		0.9570640	
8	Federal income tax	34.0%	-0.3252587	34.0%	-0.3254018	
9	Operating income		0.6313845		0.6316622	
10	Gross revenue conversion factor		<u>1.5838210</u>		<u>1.5831250</u>	Line 1 / line 9
11	Federal income tax rate		<u>34.0000%</u>			Line 8

Notes - Source for Rates

- A Schedule 15, line 3
- B Puget Ex. T-559 (JHS-4), page 4.01

Line No.	Property	Code	(1) Date Recorded in Acct. 105	(2) Current Expected Use Date	(3) Approx. No. of Years in PHFFU	(4) Current PHFFU Amount	(5) Estimated Financing Costs to Ratepayers (A)	(6) Annual Financing Costs to Ratepayers (A)
1	Ala Cable Station	TS4551	1987	1998	11	80,843	123,043	11,186
2	Alderton Switching Station	TS5515	1982	1994	12	223,668	371,371	30,948
3	Algona Substation	DS3103	1968	N/D (1)	24 (1)	8,761	29,094	1,212
4	Augusta Substation	DS2102	1987	1999	12	121,483	201,706	16,809
5	Ayers (East Only)	DS5139	1982	2003	21	9,364	27,207	1,296
6	Bellis Substation	DS4106	1990	1994	4	127,695	70,673	17,668
7	Berrydale-Lake Tradition #2-SC	TL3114	1989	2002	13	84,981	152,858	11,758
8	Berrydale Switching Station	TS3167	1970	1995	25	168,128	581,571	23,263
9	Bethel Substation	DS6107	1982	2021	39	36,892	199,076	5,105
10	Black Lake Substation	DS5109	1979	1999	20	32,697	90,482	4,524
11	BPA Kitsap-Bangor Line	TL6119	1990	1999	9	460,720	573,724	63,747
12	Bridle Trails Substation	DS2110	1980	1994	14	196,210	380,077	27,148
13	Brooklake Substation (So. Campus)	DS3112	1979	2005	26	50,645	182,195	7,007
14	Carnation Substation	DS2112	1981	2010	29	23,927	96,007	3,311
15	Cedar River Substation	DS3109	1985	2002	17	61,389	144,399	8,494
16	Chalet Substation	DS5555	1982	1999	17	50,887	119,695	7,041
17	Chimacum Substation	DS6318	1979	1996	17	38,603	90,802	5,341
18	Christopher West-Right-of-Way	TL3117	1981	Various (2)	11 (2)	1,534,038	2,334,811	212,256
19	Clyde Hill Substation	DS2117	1985	Various (3)	8 (3)	397,742	440,265	55,033
20	Coalfield Substation	DS3113	1970	2002	32	39,436	174,609	5,457
21	Colby Substation	DS6122	1986	Various (4)	11 (4)	266,926	406,263	36,933
22	Cooper's Point Substation	DS5113	1979	2000	21	24,625	71,552	3,407
23	Creek Park Substation	DS3115	1980	2006	26	72,221	259,813	9,993
24	Denny Park Substation	DS2121	1969	1997	28	13,236	51,281	1,831
25	Des Moines Substation	DS3122	1981	1999	18	29,385	73,185	4,066
26	Dolloff Substation	DS3169	1968	2004	36	8,670	43,187	1,200
27	Dupont Substation	DS5523	1991	1995	4	148,283	82,068	20,517
28	Eglon Substation	DS6125	1984	1998	14	30,786	59,635	4,260
29	Ensley Substation	DS4473	1985	1994	9	21,288	26,509	2,945
30	Five Mile Lake Substation	DS3137	1970	2000	30	21,271	88,295	2,943
31	Fort Eaton Substation	DS5118	1979	1998	19	22,392	58,866	3,098
32	Gilbralter Cable Station	TS4410	1988	1998	10	97,178	134,459	13,446
33	Glacier Substation	DS4130	1985	N/D (5)	7 (5)	25,687	24,880	3,554
34	Glencarin Substation	DS3117	1982	1994	12	61,095	101,440	8,453
35	Heller Road Substation	DS4556	1978	1995	17	20,712	48,718	2,866
36	Highridge Substation	DS3105	1982	2002	20	70,944	196,323	9,816
37	Horse Ranch Station	TS2437	1986	1999	13	40,027	71,998	5,538
38	Houser Way Substation	DS3102	1982	Various (6)	10 (6)	413,694	572,404	57,240
39	Jason Substation	DS3187	1987	2003	16	222,984	493,647	30,853
40	Jenkins Creek (Black Diamond)	DS3108	1984	1995	11	77,386	117,781	10,707
41	Kelly Lake Substation	DS5549	1968	2002	34	5,112	24,049	707
42	Kiket Cable Station	TS4459	1985	1998	13	240,690	432,937	33,303
43	Kingsgate Substation	DS2150	1969	1998	29	15,697	62,985	2,172
44	Lake Boren Substation	DS3146	1968	1999	31	13,266	56,901	1,836
45	Lake Fenwick Substation	DS3139	1971	2006	35	40,238	194,861	5,567
46	Lake Morton Substation	DS3148	1980	1998	18	41,043	102,221	5,679
47	Lakeland Hills Substation	DS5507	1979	1998	19	9,475	24,910	1,311
48	Lakemount Substation	DS2159	1978	1998	20	88,933	246,102	12,305
49	Lakeside Switching Station	TS2151	1982	Various (7)	11 (7)	1,519,629	2,312,880	210,262
50	Laurel Substation	DS4179	1985	2000	15	36,121	74,968	4,998
51	Little Rock	DS5151	1979	2000	21	21,029	61,103	2,910
52	Lochleven Substation	DS2152	1987	1999	12	153,145	254,277	21,190
53	Maple Lake Substation	DS2154	1970	2000	30	8,009	33,247	1,108
54	March Point-Whidbey (Island)	TL4564	1991	1998	7	29,933	28,991	4,142
55	March Point-Whidbey (Skagit)	TL4430	1990	1998	8	45,576	50,448	6,306
56	Maury Substation	DS3116	1983	N/D (8)	9 (8)	59,499	74,093	8,233
57	May Creek Substation	DS3149	1968	2001	33	16,329	74,559	2,259
58	McLeod Substation	DS4159	1979	2002	23	43,525	138,511	6,022
59	Meeker Substation	DS3114	1981	Various (9)	14 (9)	354,750	687,185	49,085
60	Milton Substation	DS3157	1979	Various (10)	13 (10)	11,134	20,027	1,541
61	Moorlands Switching Station	TS2175	1978	Various (11)	15 (11)	251,029	521,000	34,733
62	Monte Vista Switching Station	TS5538	1989	Various (12)	7 (12)	416,190	403,100	57,586

Line No.	Property	Code	(1) Date Recorded in Acct. 105	(2) Current Expected Use Date	(3) Approx. No. of Years in PHFFU	(4) Current PHFFU Amount	(5) Estimated Financing Costs to Ratepayers (A)	(6) Annual Financing Costs to Ratepayers (A)
63	Myers Substation	DS2151	1986	1996	10	39,790	55,055	5,505
64	Newaukum Switching Station	TS5658	1986	Various (13)	12 (13)	415,149	689,300	57,442
65	Newport Substation	DS2140	1981	Various (14)	14 (14)	351,984	681,826	48,702
66	Novelty Hill Switching Station	TS2127	1981	Various (15)	11 (15)	380,771	579,535	52,685
67	Offutt Substation	DS5168	1984	2002	18	27,416	68,282	3,793
68	Peasley Canyon Substation	DS3196	1985	1993	8	110,783	122,627	15,328
69	Pickering Substation (Dist L--SC)	DS2174	1984	2001	17	198,908	467,870	27,522
70	Pioneer Substation	DS5596	1982	1999	17	81,689	192,149	11,303
71	Powell Avenue Substation	DS3197	1986	2002	16	47,835	105,897	6,619
72	Preston Substation	DS2170	1987	1996	9	7,763	9,667	1,074
73	Ridgetop Substation	DS6175	1985	1997	12	65,795	109,243	9,104
74	Russell Substation	DS3176	1984	1999	15	54,264	112,623	7,508
75	Section Street Substation	DS4481	1984	N/D (16)	8 (16)	50,590	55,998	7,000
76	Serwold Substation	DS6184	1981	1994	13	37,212	66,935	5,149
77	Shadow Lake Substation	DS3123	1978	2001	23	60,902	193,812	8,427
78	Shintaffer Substation	DS4109	1982	1995	13	19,821	35,653	2,743
79	South Fork Substation	DS2180	1984	2000	16	25,855	57,239	3,577
80	South Hill Substation	DS5515	1980	1998	18	37,422	93,202	5,178
81	South Whidbey--Greenbank #1	TL4515	1991	1993	2	105,624	29,229	14,615
82	South Whidbey--Greenbank #2	TL4518	1991	1993	2	16,346	4,523	2,262
83	Springbrook Substation	DS3186	1968	2001	33	50,273	229,546	6,956
84	Spurgeon Switching Station	TS5174	1984	Various (17)	10 (17)	386,028	534,123	53,412
85	Thunder Creek Hydro	GS4437	1984	Various (18)	8 (18)	705,726	781,177	97,647
86	Union Hill Substation	DS2191	1979	1996	17	100,107	235,470	13,851
87	Westminster Switching Station	TS2168	1991	1995	4	1,611,944	892,140	223,035
88	White River--Alderton #3	TL5559	1989	Various (19)	3 (19)	275,284	114,268	38,089
89	White River--Alderton #4	TL5560	1989	Various (20)	3 (20)	275,284	114,268	38,089
90	White River--Christopher Line	TL3196	1975	1999	24	24,440	81,157	3,382
91	Willows Substation	DS2197	1971	2004	33	11,200	51,141	1,550
92	Wiser Lake Substation	DS4139	1978	2005	27	12,878	48,110	1,782
93	Total					<u>14,446,334</u>	<u>22,057,386</u>	<u>1,998,854</u>
94	Average				<u>17</u>			

Source: Puget's Response to Staff Data Request No. 1279

Notes 1--20: Date Puget expects property to be used in utility service	Ratepayers Financing Cost Estimated Through [*]
(1) Not Determinable	1992
(2) 1984, 1985, 1988, 1990, 1996, 1992, 1995, and 1994	1992
(3) 1991, 1993, 1996, 2005, 2010	1993
(4) 2010, 2005, 1997, 2003	1997
(5) Not Determinable	1992
(6) 1984, 1994, 1990, 1992, 1990, 1999, 2013, and 2001	1992
(7) 1993, 1995, 1991, 1996	1993
(8) Not Determinable	1992
(9) 1984, 1991, 1988, 1990, 1998, 1995, 2013, 2011, 1996	1995
(10) Not Determinable	1992
(11) 1993 and 1994	1993
(12) 1997, 2004, and 1996	1996
(13) 1998 and 2005	1998
(14) 1987, 1989, 1990, 1995, and 1997	1995
(15) 2000, 1995, 1990, 1992, and 1994	1992
(16) Not Determinable	1992
(17) 2004, 1994, 1999, 2010	1994
(18) 1990, 1992, 1991, 1994, and 1995	1992
(19) 1992 and 1994	1992
(20) 1991, 1992 and 1994	1992
[*] 1992 used if in service date is "not determinable". For others with various expected in-service dates, 1992 or most recent date after 1992 was used.	

Note A: Factor Used to Estimate Financing Cost to Ratepayers
Weighted Cost of Capital:

	<u>After Tax [B]</u>	<u>Conversion Factor [C]</u>	<u>Gross of Tax</u>
A.1 Debt	3.72%	0.9566432 [D]	3.89%
A.2 Preferred	0.65%	0.6313845 [C]	1.03%
A.3 Common Equity	5.63%	0.6313845 [C]	8.92%
A.4 Total	<u>10.00%</u>		<u>13.84%</u>

[B] Puget Ex__(RBO-3), Page 2.0
[C] Exhibit T-559, Page 4.01
[D] $0.6313845 / (1 - .34)$ or $1 - .0433568[C] = .9566432$

Puget Sound Power and Light Company
 Adjustment for Future Use Properties
 Which Puget Has Agreed Should Be Removed From Rate Base
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit__ (HL-2)
 Schedule 4
 Page 1 of 1

<u>Line No.</u>	<u>Property</u>	<u>Code</u>	<u>Plant Held For Future Use</u>	<u>Property Taxes</u>
1	Allen Sub. Site	DS4433	\$11,085	\$66
2	Anacortes Line HQ	GP4430	6,648	251
3	Clifton Sub. Site	DS6121	26,864	226
4	Cornell Creek Sub. Site	DS4123	5,183	162
5	Dugualla Sub. Site	DS4577	18,740	96
6	Gallagher Sub. Site	DS5137	26,872	278
7	Hawks Prairie Sub. Site	DS5145	21,707	370
8	Hogum Bay Sub. Site	DS5146	13,476	208
9	Lincoln Sub. Site	DS4169	217,751	924
10	Meridian Service Center	GP3114	538,641	1,321
11	Monkey Hill Sub. Site	DS4563	1,849	111
12	Muckleshoot Sub. Site	DS3158	7,648	399
13	Rainier Sub. Site	DS5163	8,406	256
14	Stillwater Sw. Sta. Site	TS2114	31,637	922
15	Thrift Sub. Site	DS5588	52,827	779
16	Woodard Sub. Site	DS5197	5,549	190
17	Total		<u>\$994,882</u>	<u>\$6,558</u>

Source: Puget's response to Staff Formal Data Request Nos. 1279 and 2499

Puget Sound Power and Light Company
 Adjustment for Plant Held for Future Use Not Projected to Be
 Used Within 10 Years of the End of the Test Year
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit__ (HL-2)
 Schedule 5
 Page 1 of 1

<u>Line No.</u>	<u>Property</u>	<u>Code</u>	<u>Anticipated Use Date (1)</u>	<u>Amount</u>
1	Algona Substation	DS3103	N/D	\$8,761
2	Ayers East	DS5139	2003	9,364
3	Bethel Substation	DS6107	2020	36,892
4	Brooklane Substation	DS3112	2005	50,645
5	Carnation Substation	DS2112	2010	23,927
6	Clyde Hill Substation	DS2117	Various	198,871 (2)
7	Colby Substation	DS6122	Various	266,926 (3)
8	Glacier Substation	DS4130	N/D	25,687
9	Maury Substation	DS3116	N/D	59,499
10	Section Street Substation	DS4481	N/D	50,590
11	Total			<u>\$731,162</u>

Source: Puget's Response to Staff Formal Data Request No. 1279

Notes:

- (1) Properties with anticipated use dates subsequent to December 31, 2002.
- (2) Puget lists revised expected use dates of 1991, 1993, 1996, 2005 and 2010. Apparently no amount was transferred to Plant in Service as being used in 1991. A portion is not expected to be used until after 2002; consequently, one-half of the \$397,742 is being removed.
- (3) Puget's response lists revised expected use dates of 2010, 2005, 1997 and 2003. The response states: "With the construction of the Long Lake Substation to the south-southwest of the Manchester Substation, a new substation may not be needed until 2010." Consequently, the entire balance is being removed.

Puget Sound Power & Light Company
Adjustment to Remove the Remainder of Plant Held for Future Use
From Rate Base
Test Year Ended June 30, 1992

Docket No. UE-921262
Exhibit ____ (HL-2)
Schedule 6
Page 1 of 1

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
1	Puget's claim for Plant Held for Future Use	\$15,198,916	Puget Ex. T-558, p.1
2	PHFFU Puget agrees should not be in rate base	(994,882)	Schedule 5
3	PHFFU Not Expected to Be Used within 10 Years	<u>(731,162)</u>	Schedule 6
4	Adjustment to remove remaining PHFFU from rate base	<u>\$13,472,872</u>	

Puget Sound Power & Light Company
Adjustment to Working Capital To Remove Merchandise Inventory
Test Year Ended June 30, 1992

Docket No. UE-921262
Exhibit ____ (HL-2)
Schedule 7
Page 1 of 1

<u>Line No.</u>	<u>Description</u>	<u>Account</u>	<u>Amount</u>	<u>Reference</u>
1	Merchandise Inventory per Puget	155-01	\$15,435	Puget w/p 203
2	Amount includable in rate base		<u>0</u>	
3	Adjustment to decrease rate base		<u>\$15,435</u>	

Puget Sound Power & Light Company
 Adjustment to Working Capital To Remove Dividends Declared
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit ____ (HL-2)
 Schedule 8
 Page 1 of 1

<u>Line No.</u>	<u>Description</u>	<u>Account</u>	<u>Amount</u>	<u>Reference</u>
1	Dividends Declared - Common	238-01	\$8,195,343	Puget w/p 214
2	Dividends Declared - Preferred	238-02	<u>415,468</u>	Puget w/p 214
3	Total Dividends Declared		8,610,811	
4	Less: Allocation to non-operating		<u>(492,539)</u>	Below
5	Adjustment to decrease rate base		<u>\$8,118,272</u>	

Allocation to Nonoperating Working Capital

<u>Description</u>	<u>Per Puget</u>	<u>Adjustment</u>	<u>Revised</u>
	(1)	(2)	(3)
A.1 Investor-supplied working capital	\$48,457,020 [A]	(8,610,811)	\$39,846,209
A.2 Operating and nonoperating investments	2,166,895,539 [B]	(8,610,811)	2,158,284,728
A.3 Nonoperating investments	<u>126,277,751 [C]</u>		<u>126,277,751</u>
A.4 Nonoperating working capital (A/B x C)	\$2,823,876		<u>\$2,331,337</u>
A.5 Revised nonoperating working capital	<u>2,331,337</u>		
A.6 Increase to nonoperating working capital	<u>\$492,539</u>		

Puget Sound Power & Light Company
 Adjustment to Working Capital for ADIT Debit Balance Items
 Related to Puget's Below-the-line Environmental Contingency Accrual
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit _____(HL-2)
 Schedule 9
 Page 1 of 1

Line No.	Description	Account	Amount	Reference
1	ADIT Dr. - Environmental Clean-Up	190-20	\$41,708	DOD-1873 & DOD-3089
2	ADIT Dr. - Superfund Site Clean-Up	190-23	<u>322,292</u>	DOD-1873 & DOD-3089
3	Total in Puget's working capital calculation		364,000	
4	Less: Allocation to non-operating		<u>(20,742)</u>	Below
5	Adjustment to decrease rate base		<u>\$343,258</u>	

Allocation to Nonoperating Working Capital

Description	Per Puget (1)	Adjustment (2)	Revised (3)
A.1 Investor-supplied working capital	\$48,457,020 [A]	(364,000)	\$48,093,020
A.2 Operating and nonoperating investments	2,166,895,539 [B]	(364,000)	2,166,531,539
A.3 Nonoperating investments	<u>126,277,751 [C]</u>		<u>126,277,751</u>
A.4 Nonoperating working capital (A/B x C)	\$2,823,876		<u>\$2,803,134</u>
A.5 Revised nonoperating working capital	<u>2,803,134</u>		
A.6 Increase to nonoperating working capital	<u>\$20,742</u>		

Puget Sound Power & Light Company
 Adjustment to Working Capital for ADIT Debit Balance Items
 From Transferring Property at a Loss to Affiliates
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit _____(HL-2)
 Schedule 10
 Page 1 of 1

Line No.	Description	Account	Amount	Reference
1	ADIT Dr. - Materials Management Loss	190-13	\$185,262	DOD-1873 & DOD-3089
2	ADIT Dr. - Land Sales	190-14	257,694	DOD-1873 & DOD-3089
3	Total in Puget's working capital calculation		442,956	
4	Less: Allocation to non-operating		(25,242)	Below
5	Adjustment to decrease rate base		<u>\$417,714</u>	

Allocation to Nonoperating Working Capital

Description	Per Puget (1)	Adjustment (2)	Revised (3)
A.1 Investor-supplied working capital	\$48,457,020 [A]	(442,956)	\$48,014,064
A.2 Operating and nonoperating investments	2,166,895,539 [B]	(442,956)	2,166,452,583
A.3 Nonoperating investments	126,277,751 [C]		126,277,751
A.4 Nonoperating working capital (A/B x C)	\$2,823,876		<u>\$2,798,634</u>
A.5 Revised nonoperating working capital	2,798,634		
A.6 Increase to nonoperating working capital	<u>\$25,242</u>		

<u>Line No.</u>	<u>Description</u>	<u>Account</u>	<u>Amount</u>	<u>Reference</u>
1	Prepaid EPRI Research Support	165-10	\$147,158	Puget w/p 204
	R&C EPRI Contribution	188-01	1,636,312	Puget w/p 208
	Other R&D Projects	188-02	324,245	Puget w/p 208
2	R&D Expenditures - Clearing	188-03	<u>(1,859,363)</u>	Puget w/p 208
3	Total Dividends Declared		248,352	
4	Less: Allocation to non-operating		<u>(14,151)</u>	Below
5	Adjustment to decrease rate base		<u>\$234,201</u>	

Allocation to Nonoperating Working Capital

<u>Description</u>	<u>Per Puget</u>	<u>Adjustment</u>	<u>Revised</u>
	(1)	(2)	(3)
A.1 Investor-supplied working capital	\$48,457,020 [A]	(248,352)	\$48,208,668
A.2 Operating and nonoperating investments	2,166,895,539 [B]	(248,352)	2,166,647,187
A.3 Nonoperating investments	<u>126,277,751 [C]</u>		<u>126,277,751</u>
A.4 Nonoperating working capital (A/B x C)	\$2,823,876		<u>\$2,809,725</u>
A.5 Revised nonoperating working capital	<u>2,809,725</u>		
A.6 Increase to nonoperating working capital	<u>\$14,151</u>		

Puget Sound Power & Light Company
Adjustment to Accumulated Deferred Income Taxes
Test Year Ended June 30, 1992

Docket No. UE-921262
Exhibit _____(HL-2)
Schedule 12
Page 1 of 1

<u>Line No.</u>	<u>Description</u>	<u>Account</u>	<u>Amount</u>	<u>Reference</u>
1	Interest income - Colstrip	190-11	\$61,000	DOD-1872 & 3089
2	Nonqualifying SRT - officers	190-17	122,000	DOD-1872 & 3089
3	Nonqualifying SRT - directors	190-18	<u>33,000</u>	DOD-1872 & 3089
4	Adjustment to decrease rate base		<u>\$216,000</u>	

Puget Sound Power & Light Company
 Adjust Deferred Storm Damage in Rate Base
 Test Year Ended June 30, 1992
 (Thousands of Dollars)

Docket No. UE-921262
 Exhibit _____(HL-2)
 Schedule 13
 Page 1 of 1

<u>Line No.</u>	<u>Description</u>	<u>Account</u>	<u>Amount</u>	<u>Reference</u>
<u>I. Amounts in Rate Base per Company:</u>				
1	Extraordinary property loss - storm damage	1821000	\$14,632,922	Puget w/p 205
2	Def. tax - storm damage charge-offs	2831200	5,607,167	Puget w/p 218
3	Net balance in rate base		<u>\$9,025,755</u>	
<u>II. Proposed Adjustments to Rate Base Amount</u>				
4	Exclude non-work order overheads		(10,349,679)	Schedule 28, line 5
5	Exclude work order fixed, non-incremental costs		<u>(4,822,917)</u>	Schedule 28, line 6
6	Adjusted balance in deferral account		<u>(539,674)</u>	Lines 1 + 4 + 5
<u>III. Recommended Rate Base Allowance</u>				
7	Extraordinary property loss - storm damage	Note A	(539,674)	Line 6
8	Def. tax - storm damage charge-offs	Note B	<u>(206,797)</u>	Line 4 x (Line 2/Line 1)
9	Net balance in rate base		<u>(\$332,877)</u>	Line 4 - Line 5
<u>III. Adjustment to Rate Base Amounts</u>				
10	Extraordinary property loss - storm damage		(15,172,596)	Line 7 - Line 1
11	Def. tax - storm damage charge-offs		<u>(5,813,964)</u>	Line 8 - Line 2
12	Net adjustment to increase (decrease) rate base		<u>(\$9,358,632)</u>	Line 7 - Line 8

Puget Sound Power & Light Company
 Adjustment for the Revenue Effect of Normalizing Temperature
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit ____ (HL-2)
 Schedule 14
 Page 1 of 2

Line No.	Month	ACTUAL GPI MWH (1)	TEMP ADJ GPI MWH (2)	MWH CHANGE (3)	COLUMN (3) ADJUSTED FOR LOSSES OF 6.27% [A] (4)	AMOUNT PER COMPANY (5)	ADJUSTMENT FOR DIFFERENCE (6)
1	Jul-91	1,385,895	1,380,512	(5,383)	(5,045)		
2	Aug-91	1,399,014	1,390,480	(8,534)	(7,999)		
3	Sep-91	1,345,041	1,342,936	(2,105)	(1,973)		
4	Oct-91	1,586,556	1,563,407	(23,149)	(21,698)		
5	Nov-91	1,740,651	1,797,858	57,207	53,620		
6	Dec-91	1,959,085	2,041,674	82,589	77,411		
7	Jan-92	1,943,063	2,058,893	115,830	108,567		
7	Feb-92	1,731,511	1,819,209	87,698	82,199		
8	Mar-92	1,701,387	1,803,254	101,867	95,480		
9	Apr-92	1,535,667	1,584,760	49,093	46,015		
10	May-92	1,439,203	1,471,172	31,969	29,965		
11	Jun-92	1,378,540	1,367,873	(10,667)	(9,998)		
12	TOTALS	<u>19,145,613</u>	<u>19,622,028</u>	<u>476,415</u>	<u>446,544</u>		
13							
14	OCT-MAR MWH				395,580		
15	APR-SEP MWH				50,964		
16							
17	OCT-MAR REVENUE (KWH * RATE)		0.064442	\$25,491,964			
18	APR-SEP REVENUE (KWH * RATE)		0.061373	<u>3,127,802</u>			
19	INCREASE (DECREASE) REVENUES				\$28,619,766	\$28,396,866	\$222,900
20							
21	BAD DEBTS @		0.0025550 [B]	\$72,554			
22	STATE FILING FEE @		0.0017500	49,695			
23	STATE UTILITY TAX @		0.0386141	<u>1,096,519</u>			
24	INCREASE(DECREASE) EXPENSES				<u>1,218,768</u>	<u>1,231,197</u>	<u>(12,429)</u>
25	INCREASE(DECREASE) INCOME				<u>\$27,400,998</u>	<u>\$27,165,669</u>	<u>\$235,329</u>
26							
27	INCREASE(DECREASE) FIT @		34%		<u>9,316,339</u>	<u>9,236,328</u>	<u>80,011</u>
28	INCREASE(DECREASE) NOI				<u>\$18,084,659</u>	<u>\$17,929,341</u>	<u>\$155,318</u>

Source and Notes
 Puget Ex. T-558, page 204
 A Page 2 of 2
 B Schedule 15

<u>Line No.</u>	<u>Description</u>	<u>Delivered (MWH)</u>	<u>GPI (MWH)</u>	<u>Line Losses %</u>
1	1991	18,312,140 (1)	19,566,393 (1)	6.41%
2	1992	<u>18,350,160 (1)</u>	<u>19,546,898 (1)</u>	6.12%
3	Total	<u>36,662,300</u>	<u>39,113,291</u>	
4	Two Year Average	18,331,150	19,556,646	<u>6.27%</u>

Source:

(1) Provided by Company in Response to Staff Informal Data Request #1265.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
1	Test year net write-offs	\$2,440,007	Exhibit T-558, p. 2.17-A, L.15
2	Test year net revenues	<u>954,982,226</u>	Exhibit T-558, p. 2.17, L.12
3	Proforma bad debt rate	0.25550%	L.1 / L.2
4	Test year net revenues	<u>954,982,226</u>	L.2
5	Proforma bad debts	2,440,007	L.3 X L.4
6	Test year uncollectibles charged to expense	<u>2,408,576</u>	Exhibit T-558, p. 2.17, L.17
7	Increase in bad debt expense	31,431	L.5 - L.6
8	Increase, per Company	<u>449,399</u>	Exhibit T-558, p. 2.17, L.18
9	Increase (Decrease) in expense	(417,968)	L.7 - L.8
10	Increase (Decrease) income tax expense @ 34%	<u>142,109</u>	
11	Increase (Decrease) net operating income	<u><u>\$275,859</u></u>	

Puget Sound Power & Light Company
 Adjustment for Pro Forma Payroll and Payroll Taxes
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit ____ (HL-2)
 Schedule 16
 Page 1 of 5

Line No.	Description	Company Proposed Adjustment (A)	D.O.D.'s Proposed Adjustment (B)	Difference - Net Proposed Adjustment (C)
<u>Distribution by Type of Expense:</u>				
1	Steam Power Generation	\$40,977	\$37,663	\$3,314
2	Hydro Power Generation	235,485	223,076	12,409
3	Other Power Generation	49,411	45,543	3,868
4	Other Power Supply Expense	49,250	39,931	9,319
5	Total Production Expense	<u>375,123</u>	<u>346,213</u>	<u>28,910</u>
6	Transmission	244,845	214,917	29,928
7	Distribution	1,453,613	1,395,315	58,298
8	Customer Accounts	953,459	924,324	29,135
9	Customer Service	122,763	104,202	18,561
10	Administration and General	1,710,658	1,293,867	416,791
11	Total Non-Production	<u>4,485,338</u>	<u>3,932,625</u>	<u>552,713</u>
12	Total Wage Increase	<u>4,860,461</u>	<u>4,278,839</u>	<u>581,622</u>
<u>Taxes:</u>				
13	FICA	450,760	409,172 (1)	41,588 (1)
14	SUTA	2,455	2,455	
15	FUTA	(327)	(327)	
16	TOTAL TAXES	<u>452,888</u>	<u>411,300</u>	<u>41,588</u>
17	Increase (Decrease) Operating Income	(\$5,313,349)	(\$4,690,138)	\$623,211
18	Increase (Decrease) FIT @ 34%	(1,806,539)	(1,594,647)	211,892
19	Increase (Decrease) Net Operating Income	<u>(\$3,506,810)</u>	<u>(\$3,095,491)</u>	<u>\$411,319</u>

Source:

Column A, Lines 1-16, Company workpaper, page 118.

Column B, Lines 1-12, Page 2, Column I.

(1) Reflects payroll tax adjustment, per page 2 of 5, Col. K, lines 22-24.

Line No.	Description	O & M Payroll Accrued (A)	Employee Bonus Excluded (B)	Payroll Before Bonus (C)	Corrected Wage Increase (D)	Payroll With Wage Increase (E)	Employee Bonus (F)	Total Proforma Payroll (G)	Test Year Payroll (H)	Adjusted Payroll Increase (I)	Company's Payroll Increase (J)	Adjustment (K)
OFFICE & OPERATING												
1	Steam Power Generation	336,665		336,665	7.50%	361,915		361,915	336,665	25,250	25,250	
2	Hydraulic Power Generation	2,354,392		2,354,392	7.50%	2,530,971		2,530,971	2,354,392	176,579	176,579	
3	Other Power Generation	414,004		414,004	7.50%	445,054		445,054	414,004	31,050	31,050	
4	Other Power Supply Expense	66,877		66,877	7.50%	71,893		71,893	66,877	5,016	5,016	
5	Transmission Expense	1,370,505		1,370,505	7.50%	1,473,293		1,473,293	1,370,505	102,788	102,788	
6	Distribution Expense	15,691,892		15,691,892	7.50%	16,868,784		16,868,784	15,691,892	1,176,892	1,176,892	
7	Customer Accounts Expense	10,868,894		10,868,894	7.50%	11,684,061		11,684,061	10,868,894	815,167	815,167	
8	Customer Serv. & Info. Expense	462,114		462,114	7.50%	496,773		496,773	462,114	34,659	34,659	
9	Admin & General Expense	7,716,354	1,288,930	6,427,424	7.50%	6,909,481	1,288,930	8,198,411	7,716,354	482,057	578,727	96,670
10	Total Office and Operating	39,281,697	1,288,930	37,992,767		40,842,225	1,288,930	42,131,155	39,281,697	2,849,458	2,946,128	96,670
MANAGEMENT												
11	Steam Power Generation	220,883		220,883	5.62%	233,297		233,297	220,883	12,414	15,727	3,313
12	Hydraulic Power Generation	827,338		827,338	5.62%	873,834		873,834	827,338	46,496	58,906	12,410
13	Other Power Generation	257,884		257,884	5.62%	272,377		272,377	257,884	14,493	18,361	3,868
14	Other Power Supply Expense	621,260		621,260	5.62%	656,175		656,175	621,260	34,915	44,234	9,319
15	Transmission Expense	1,995,186		1,995,186	5.62%	2,107,315		2,107,315	1,995,186	112,129	142,057	29,928
16	Distribution Expense	3,886,532		3,886,532	5.62%	4,104,955		4,104,955	3,886,532	218,423	276,721	58,298
17	Customer Accounts Expense	1,942,301		1,942,301	5.62%	2,051,458		2,051,458	1,942,301	109,157	138,292	29,135
18	Customer Serv. & Info. Expense	1,237,421		1,237,421	5.62%	1,306,964		1,306,964	1,237,421	69,543	88,104	18,561
19	Admin. & General Expense	15,897,901	1,452,879	14,445,022	5.62%	15,256,832	1,452,879	16,709,711	15,897,901	811,810	1,131,931	320,121
20	Total Office and Operating	26,886,706	1,452,879	25,433,827		26,863,208	1,452,879	28,316,087	26,886,706	1,429,381	1,914,333	484,952
21	TOTAL O & M PAYROLL	66,168,403	2,741,809	63,426,594		67,705,433	2,741,809	70,447,242	66,168,403	4,278,839	4,860,461	581,622
PAYROLL TAXES												
22	Office and Operating											Rate (L)
23	Management											7.3168%
24	Total											7.1504%
												\$41,588
												41,588

Source:
Cols. A, H & J: Company workpaper, page 119.
Cols. B, C & F: Company Response to Staff Data Request No. 1046 (Revised Company workpaper 119).
Col. D: Page 3 of 5.
Col. E: Col. C X Col. D.
Col. G: Col. E + Col. F.
Col. I: Col. G - Col. H.
Col. K: Col. J - Col. I.
(1) Effective FICA rate per page 5 of 5. The impact on SUTA and FUTA are believed to be immaterial; consequently, no adjustment to such taxes is being proposed.

Puget used a 4.5% increase for management employees as the basis for its pro forma wage increase. However, Puget's response to Staff Data Request No. 1168 indicates that a 3.00% increase has been set as the maximum Company-wide base percentage salary increase for management. Therefore, the following adjusts the percentages to reflect the proper increases for the pro forma payroll adjustment.

Line
No.

Management Wage Increase

1	5.25% Effective 1/1/92	5.25% * 12/12	5.25%
2	3.00% Effective 1/1/93	3.00% * 12/12	3.00%
3	Less: Increase in Test Year	5.25% * 6/12	-2.63%
4	Total Management Wage Increase Percentage		<u>5.62%</u>

Union Wage Increase

5	4.00% Effective 4/1/92	4.00% * 12/12	4.00%
6	4.50% Effective 4/1/93	4.50% * 12/12	4.50%
7	Less: Increase in Test Year	4.00% * 3/12	-1.00%
8	Total Union Wage Increase Percentage		<u>7.50%</u>

Source: Company workpaper, page 128.

PUGET SOUND POWER & LIGHT COMPANY
DOCKET NO. UE-921262
RESPONSE TO DATA REQUEST NO. 1168

Docket No. UE-921262
Exhibit ____ (HL-2)
Schedule 16
Page 4 of 5

Request:

Provide all salary increases granted to the Management class (excluding Officers & Directors) from the period of 1/1/1988 to date, indicating the effective date and the percent of increase for each event.

Response by Mr. Story:

The maximum Company-wide base percentage salary increases for management for 1988 to date are indicated below; however, salary increases are granted to individual employees in various amounts and times throughout the year.

<u>DATE</u>	<u>PERCENTAGE INCREASE</u>
1988	2.00%
1989	4.00%
1990	4.00%
1991	5.25%
1992	5.25%
1993	3.00%

Puget Sound Power & Light Company
 Calculation of Effective FICA Tax Rate for Use in Pro Forma Payroll Expense Adjustment
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit (HL-2)
 Schedule 16
 Page 5 of 5

Puget Sound Power & Light Company
 Calculation of Effective FICA Tax Rate for Use in Pro Forma Payroll Expense Adjustment
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit (HL-2)
 Schedule 16
 Page 5 of 5

Line No.	Description	1993 Base (A)	Non-Mgmt (B)	Mgmt (C)	Total Wages (D)	Tax Rate (E)	Total Non-Mgmt (F)	Total Mgmt (G)
	FICA and Medicare							
1	Proforma Wages - FICA	\$57,600	\$68,902,489	\$50,869,800	\$119,772,289	6.20%	\$4,271,954	\$3,153,928
2	Proforma Wages - Medicare	\$135,300	72,815,602	55,328,111	128,143,713	1.45%	\$1,055,826	\$802,258
3	Totals						5,327,780	3,956,186
4	Effective FICA Tax Rates						<u>7.3168% (1)</u>	<u>7.1504% (2)</u>

Source:
 Cols. A - E: Company Workpaper, page 129.
 Col. F = Col. B X Col. E
 Col. G = Col. C X Col. E
 (1) 5,327,780/72,815,602
 (2) 3,956,185/55,328,111

Puget Sound Power & Light Company
 Adjustment to Pro Forma Payroll Expense
 For Overstatements Inherent in Puget's Merit Increase Procedure
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit ____ (HL-2)
 Schedule 17
 Page 1 of 2

Line No.	Description	Amount	Reference
	Annual Overstatements Resulting from Puget's Merit Increase Procedure:		
1	1990	\$37,612	Page 2 (DOD-3115)
2	1991	49,260	Page 2 (DOD-3115)
3	1992	40,583	Page 2 (DOD-3115)
4	Average annual overstatement	<u>\$42,485</u>	
5	Months of non-union wage increases included in pro forma payroll adjustments	18	
6	Months in test year	<u>12</u>	
7	Adjustment to pro forma payroll cost	\$63,728	Lines 4 x 5 / Line 6
8	O&M expense factor	<u>54%</u>	
9	Adjustment to pro forma payroll expense	\$34,413	
10	Payroll tax expense decrease 7.3168%	<u>2,518</u>	Schedule 16, page 5
11	Total operating expense decrease	\$36,931	
12	Income tax (decrease) increase	<u>12,557</u>	
13	Net operating income (decrease) increase	<u><u>\$24,374</u></u>	

Puget Sound Power and Light Company
Docket No. UE-921262
Response to Department of Defense Data Request No. DOD-3115

Request:

Payroll, non-union increases. Please refer to the Company's response to data request DOD-3003, which indicates that the total of all non-union merit increases provided to non-union employees may not exceed the overall merit budget pool.

- a. Could the total of all non-union merit increases provided to non-union employees be less than the overall merit budget pool?
- b. Has the total of all non-union merit increases provided to non-union employees been less than the overall merit budget pool in any of the last five years through 1992?
- c. Please identify the periods in which the total of all non-union merit increases provided to non-union employees has been less than the overall merit budget pool, and by how much less.
- d. Please provide the non-union wage increases actually granted for 1990, 1991 and 1992. Include calculations.

Response by John Story:

- a. Yes. *
- b. Yes, for the year's 1990, 1991, 1992. Data for years prior to 1990 are not available.
- c. 1988: Information not Available
1989: Information not Available
1990: \$37,612
1991: \$49,260
1992: \$40,583

d. Year	Annual Merit Pool	Monthly Increases Granted (annualized)	Lump-Sum Granted	Balance Remaining
1988	N/A	N/A	N/A	N/A
1989	N/A	N/A	N/A	N/A
1990	\$1,438,404	\$1,298,164	\$102,628	\$37,612
1991	\$1,982,937	\$1,775,954	\$157,723	\$49,260
1992	\$2,083,824	\$1,879,001	\$164,240	\$40,583

Remove lump sum distribution to officers and directors from operating expense, that should not be included in operating expense. (See pages 2 and 3).

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Decrease in O & M Payroll Accrued	<u>\$507,540</u>
2	Decrease in operating expense	\$507,540
3	Increase (decrease) in Federal Income Taxes 34%	<u>172,564</u>
4	Increase (decrease) in Net Operating Income	<u>\$334,976</u>

Source: Staff Data Request No. 2408

Puget Sound Power & Light Company
Distribution of Incentive Bonus Awards
Test Year Ended June 30, 1992

Docket No. UE-921262
Exhibit ____ (HL-2)
Schedule 18
Page 2 of 3

Line No.	Bonus Type	Non Mgmt	Mgmt other than officers & directors	Officers & Directors	Total
1	Energy Plu\$	\$1,218,191	\$683,084		\$1,901,275
2	Performance Plus	30,607	145,352		\$175,959
3	Ideas Plu\$	6,383	12,311		\$18,694
4	Lump Sums	33,749	104,592	507,540	\$645,881
5					
6	Total Bonus in O&M	<u>\$1,288,930</u>	<u>\$945,339</u>	<u>\$507,540</u>	<u>\$2,741,809</u>

Source: Puget's response to Staff Data Request No. 2408

Puget Sound Power & Light Company
Distribution of Incentive Bonus Awards
Twelve Months Ended 6/30/92

Docket No. UE-921262
Exhibit ____ (HL-2)
Schedule 18
Page 3 of 3

Line No.	Bonus Type	Non Mgmt	MGMT	Total
1	Energy Plu\$	\$1,218,191	\$683,084	\$1,901,275
2	Performance Plus	30,607	145,352	\$175,959
3	Ideas Plu\$	6,383	12,311	\$18,694
4	Lump Sums	<u>33,749</u>	<u>612,132</u>	<u>\$645,881</u>
5				
6	Total Bonus in O&M	<u>\$1,288,930</u>	<u>\$1,452,879</u>	<u>\$2,741,809</u>

Source: Puget's Response to Staff Data Request No. 1164 - REVISED

Puget only achieved 5 of 6 goals. Consequently, its Energy Plus amount should be adjusted to reflect this.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Decrease Primary Funding Amount to reflect achievement of 5 instead of 6 goals	<u>\$25,299</u>
2	Decrease in operating expense	\$25,299
3	Increase (decrease) in Federal Income Tax 34%	<u>8,602</u>
4	Increase (decrease) in Net Operating Income	<u>\$16,697</u>

Source: Record Requisition No. 528

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Average Monthly Contribution as of 7-1-92	\$430,808 (1)
2	Average Monthly Contribution as of 7-1-93	473,889 (2)
3	Decrease to Average Monthly Contribution	<u>(\$43,081)</u>
 <u>Benefit Contribution:</u>		
4	Salaried Employees (\$430,808 X 12)	\$5,169,696
5	Union Employees	6,189,780 (3)
6	Pro Forma Insurance Costs	<u>11,359,476</u>
7	Applicable to Operations @ 54%	\$6,134,117 *
8	Company's Proposed Amount	6,413,282 (4)
9	Increase (Decrease) Income	<u>279,165</u>
10	Increase (Decrease) Federal Income Tax @ 34%	<u>94,916 *</u>
11	Increase (Decrease) Net Operating Income	<u>\$184,249</u>

(1) Response to WUTC Data Request No. 2402

(2) Puget Accounting Workpaper No. 103

(3) Puget Accounting Workpaper No. 104

(4) Puget Accounting Workpaper No. 102 & Exhibit T-558, page 211

* Percentages taken from Puget Accounting Workpaper No. 102

Puget Sound Power & Light Company
 Nonpension Postretirement Benefit Costs
 Phase-in per Emerging Issues Task Force EITF 92-12
 Pro Forma Adjustment for Test Year
 (Thousands of Dollars)

Docket No. 92-11-11
 Exhibit (HL-2)
 Schedule 21
 Page 1 of 2

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Current OPEB cost recognition (based on 1993 information and first year of EITF 92-12 phase-in)	\$2,226	Page 2, Line 1, Col.H
2	Percent charged to expense	5400%	Puget w/p 110
3	Current expense recognition	\$1,202	
4	Pro forma expense proposed by Puget	1,927	Puget Ex. T-558, page 2.12
5	Increase (decrease) operating expense	(\$725)	
6	Increase (decrease) federal income tax expense	247	34.00%
7	Increase (decrease) net operating income	\$478	

Puget Sound Power and Light Company
 Nonpension Postretirement Benefit Costs
 Phase-in of FAS 106 Accrual Recognition for Regulatory Purposes
 Per Emerging Issues Task Force Consensus View EITF 92-12
 (Thousands of Dollars)

Docket No. 92-11-11
 Exhibit (HL-2)
 Schedule 21
 Page 2 of 2

Docket No. 92-11-11
 Exhibit (HL-2)
 Schedule 21
 Page 2 of 2

Puget Sound Power and Light Company
 Nonpension Postretirement Benefit Costs
 Phase-in of FAS 106 Accrual Recognition for Regulatory Purposes
 Per Emerging Issues Task Force Consensus View EITF 92-12
 (Thousands of Dollars)

Line No.	Year (A)	FAS 106 Accrual (B)	Pay-as you-go Cost (C)	Excess over PAYGO (D)	EITF 92-12 Phase-in Percentage (E)	Accrual Phase-in Amount (F)	Annual (Deferral) & Amortiz'n (G)	Current OPEB Cost Recognition (H)	Current Expense Recognition (I)	Year-End Deferral Balance (J)
I. EITF 92-12 Phase-in Period (Years 1 through 5)										
1	1993	\$3,568	\$1,890	\$1,678	20.00%	\$336	(\$1,342)	\$2,226	\$1,202	\$1,342
2	1994	3,536	1,944	1,592	40.00%	637	(955)	2,581	1,394	2,297
3	1995	3,460	1,982	1,478	60.00%	887	(591)	2,869	1,549	2,888
4	1996	3,367	2,002	1,365	80.00%	1,092	(273)	3,094	1,671	3,161
5	1997	3,287	2,047	1,240	100.00%	1,240	0	3,287	1,775	3,161
II. Deferral Amortization Period (Years 6 through 20)										
6	1998	3,190					211	3,401	1,837	2,950
7	1999	3,111					211	3,322	1,794	2,739
8	2000	3,015					211	3,226	1,742	2,528
9	2001	2,899					211	3,110	1,679	2,317
10	2002	2,797					211	3,008	1,624	2,106
11	2003	2,692					211	2,903	1,568	1,895
12	2004	2,589					211	2,800	1,512	1,684
13	2005	2,486					211	2,697	1,456	1,473
14	2006	2,389					211	2,600	1,404	1,262
15	2007	2,299					211	2,510	1,355	1,051
16	2008	2,203					211	2,414	1,304	840
17	2009	2,103					211	2,314	1,250	629
18	2010	2,001					211	2,212	1,194	418
19	2011	1,905					211	2,116	1,143	207
20	2012	1,799					207	2,006	1,083	0

Notes & Sources

Cols. B & C: Puget's response to Record Requisition No. 550.

Col.D: Col.B - Col.C

Col.E: Based upon a 5-year phase-in to full FAS 106 accrual recognition, per EITF 92-12.

Col.F: Col.B x Col.E

Col.G: Deferral is based on Col.B less Col.F. Amortization is the 12/31/97 balance amortized over the 15-year recovery period, per EITF 92-12. Col.G, line 20: Reflects disposition of 12/31/2011 deferral balance.

Col.H: For phase-in period (years 1 through 5) is Col.C + Col.F. For deferral amortization (years 6 through 20), is Col.B + Col.G.

Col.I: Col.H x 54% expense factor from Puget's filing.

Col.J: Prior year Col.J balance + current year Col.G deferral or amortization.

Note 1: This example of how the EITF 92-12 phase-in of the FAS 106 accrual would work is based on Puget's projected amounts. Actual costs for each year would be used for the actual implementation of this phase-in. The burden would remain on Puget to show the prudence of its OPEB costs. To extent possible, prefunding contributions into external trusts (collectively bargained VEBA and 401(h) accounts) would correspond with amounts of current OPEB cost recognition.

Note 2: Puget's accounting workpaper 110 lists the accrual amounts in Col.B as pertaining to years 1992 through 2011; Puget's response to Record Requisition no. 550 lists these amounts for years 1993 through 2012.

DISCUSSION OF AGENDA TECHNICAL ISSUES**Issue 92-12:****Accounting for OPEB Costs by Rate-Regulated Enterprises**

Most rate-regulated enterprises must account for postretirement benefit (OPEB) costs in accordance with the provisions of FASB Statement No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, for fiscal years beginning after December 15, 1992. Under Statement 106, postretirement benefits are viewed as deferred compensation arrangements whereby an employer promises to exchange future benefits for employees' current services. Because the obligation to provide benefits arises as employees render the service necessary to earn the benefits, the FASB concluded that the cost of providing the benefits should be recognized over those employees' service periods. The Board provided a transition option in Statement 106 under which an employer may recognize its transition obligation (related to prior service cost) either immediately upon adoption of Statement 106 or by amortizing the obligation over the employees' average remaining service period, or 20 years, whichever is longer.

Before the adoption of Statement 106, most employers, including rate-regulated enterprises, accounted for OPEB costs on a pay-as-you-go (cash) basis. Likewise, many regulators have traditionally allowed OPEB costs to be included in rates on a pay-as-you-go basis.

When rate-regulated enterprises adopt Statement 106 for financial reporting purposes, costs recognized for OPEB may increase significantly for many of these enterprises. Accordingly, whether and how this increased amount of OPEB costs will be included in rates has been and is likely to continue to be the subject of many regulatory proceedings.

FASB Statement No. 71, Accounting for the Effects of Certain Types of Regulation, contains judgmental criteria for the recognition of assets and liabilities resulting from the effects of regulation. If a regulator allows less than the full accrual (Statement 106) amount of OPEB costs in rates, a question is raised whether it is probable that future rates will include an amount at least equal to the difference between the amount of OPEB costs currently included in rates and Statement 106 costs.

The cumulative difference between Statement 106 costs and OPEB costs included in rates may continue to increase for many years. The issue is what additional criteria or evidence, if any, is needed for a rate-regulated enterprise to satisfy the requirements of Statement 71 to recognize a

regulatory asset for Statement 106 costs for which rate recovery has been deferred.

At the November 19, 1992 meeting, the Task Force reached several tentative conclusions that apply to a rate-regulated enterprise's recognition of a regulatory asset for Statement 106 costs.

At the January 21, 1993 meeting, the Task Force reached (1) several consensuses based on the tentative conclusions reached at the November 19, 1992 meeting and (2) a tentative conclusion on a related issue. All of the consensuses on this issue apply only to the accounting for regulatory assets related to Statement 106 costs for rate-regulated enterprises that meet the criteria for applying Statement 71.

For continuing OPEB plans, the Task Force reached a consensus that a regulatory asset related to Statement 106 costs should not be recorded if the regulator continues to include OPEB costs in rates on a pay-as-you-go basis. Several Task Force members noted that the application of Statement 71 requires that a rate-regulated enterprise's rates be designed to recover the specific enterprise's costs of providing the regulated service or product. These Task Force members noted that an enterprise's cost of providing a regulated service or product includes Statement 106 costs.

The Task Force reached a consensus that for a continuing plan a rate-regulated enterprise should recognize a regulatory asset for the difference between Statement 106 costs and OPEB costs included in the enterprise's rates if the enterprise (1) determines that it is probable that future revenue in an amount at least equal to the deferred cost (regulatory asset) will be recovered in rates and (2) meets all of the following criteria:

1. The rate-regulated enterprise's regulator has issued a rate order or issued a policy statement or a generic order applicable to enterprises within the regulator's jurisdiction that allows both for the deferral of Statement 106 costs and for the subsequent inclusion of those deferred costs in the enterprise's rates.

2. The annual Statement 106 costs (including amortization of the transition obligation) will be included in rates within approximately five years from the date of adoption of Statement 106. The change to full accrual accounting may take place in steps, but the period for deferring additional amounts should not exceed approximately five years.

3. The combined deferral-recovery period authorized by the regulator for the regulatory asset should not exceed approximately 20 years from the date of adoption of

Statement 106. To the extent that the regulator imposes a deferral-recovery period for Statement 106 costs greater than approximately 20 years, any proportionate amount of such costs not recoverable within approximately 20 years should not be recognized as a regulatory asset.

4. The percentage increase in rates scheduled under the regulatory recovery plan for each future year should be no greater than the percentage increase in rates scheduled under the plan for each immediately preceding year. This criterion is similar to that required for phase-in-plans in paragraph 5(d) of FASB Statement No. 92, Regulated Enterprises--Accounting for Phase-in Plans. The Task Force observed that recovery of the regulatory asset in rates on a straight-line basis would meet this criterion.

As to transition, the Task Force reached a consensus that if a rate-regulated enterprise is not currently recovering full Statement 106 costs in rates and does not have a rate order from the regulator that meets the criteria set forth above, then that rate-regulated enterprise should establish a regulatory asset for Statement 106 costs only if (1) the enterprise has filed a rate application to have Statement 106 costs included in rates as described above or intends to do so as soon as is practicable and (2) it is probable that the regulator will change the amount of OPEB costs included in future rates in a manner that meets the criteria described above.

The Task Force also agreed that the above consensus apply to rate-regulated enterprises that elect to immediately recognize their OPEB transition obligation under Statement 106 as well as those enterprises that elect to delay the recognition of and amortize their OPEB transition obligation in accordance with Statement 106.

For discontinued plans, the Task Force reached a consensus that a regulatory asset related to Statement 106 costs should be recorded if it is probable that future revenue in an amount at least equal to any deferred Statement 106 costs will be recovered in rates within approximately 20 years following the adoption of Statement 106. Rate recovery during that period may continue on a pay-as-you-go basis. For purposes of this consensus, the Task Force agreed that a discontinued plan is one that results in employees not earning additional benefits for future service (that is, one that has no current service costs).

The Task Force also reached a consensus that a rate-regulated enterprise should disclose in its financial statements a description of the regulatory treatment of OPEB costs, the status of any pending regulatory action, the amount of any Statement 106 costs deferred as a regulatory

asset at the balance sheet date, and the period over which the deferred amounts are expected to be recovered in rates.

Additionally, the Task Force reached a tentative conclusion that if a rate-regulated enterprise initially fails to meet the regulatory asset recognition requirements of this consensus, but meets those requirements in a subsequent period, then a regulatory asset for the cumulative difference between Statement 106 costs and OPEB costs included in rates since the date of adoption of Statement 106 should be recognized in the period the requirements are met. The Task Force agreed to discuss this tentative conclusion at a future meeting as part of a separate issue.

A related issue was raised regarding whether it is necessary to meet the probability test of Statement 71 on a continuous basis following the initial recording of a regulatory asset for purposes of evaluating realizability or whether, subsequent to the initial recording of the asset, impairment is evaluated similar to that for other long-lived assets. The Task Force agreed to consider this question at a future meeting as a separate issue.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Directors and Officers liability insurance expense (1)	\$693,750
2	Percentage to allocate below-the-line	<u>50.00%</u>
3	Increase (Decrease) in expense	(346,875)
4	Increase (Decrease) federal income tax (34%)	<u>117,938</u>
5	Increase (Decrease) net operating income	<u><u>\$228,938</u></u>

Source:

(1) Company Workpaper 114, Line 4

Puget Sound Power & Light Company
Adjustment to Continue Deferral of
Environmental Remediation Costs
Test Year Ended June 30, 1992

Docket No. UE-921262
Exhibit___(HL-2)
Schedule 24
Page 1 of 1

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
1	Deferred Environmental Costs at 6/30/92	<u>\$5,881,944</u>	Exhibit T-558, p. 2.10, L.7
2	Annual Amortization (over 3 years), per Company	<u>1,960,648</u>	Exhibit T-558, p. 2.10, L.8
3	Increase (Decrease) in Proforma Expenses	(1,960,648)	L.2
4	Increase (decrease) federal income tax @ 34%	<u>666,620</u>	
5	Increase (decrease) net operating income	<u>\$1,294,028</u>	

Puget Sound Power & Light Company
 Company's Revenue Requirement Request for Storm Damage
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit _____(HL-2)
 Schedule 25
 Page 1 of 1

Line No.	Description	Account	Amount	Reference
<u>I. Annual Expense Allowance Requested</u>				
1	Company's request for an annual expense allowance		\$8,068,000	Ex. T-558, page 208
2	Less: federal income tax effect (34%)		(2,743,120)	
3	Subtotal		<u>\$5,324,880</u>	
<u>II. Return Requested on Rate Base</u>				
4	Extraordinary property loss - storm damage	1821000	\$14,632,922	Puget w/p 205
5	Def. tax - storm damage charge-offs	2831200	5,607,167	Puget w/p 218
6	Net balance in rate base		\$9,025,755	Line 4 - Line 5
7	Company's requested rate of return		10.00%	Schedule 2 Page 2 of 3
8	Requested return		<u>\$902,576</u>	Line 6 x Line 7
<u>III. Interest Synchronization Impact</u>				
9	Net balance in rate base		\$9,025,755	Line 6
10	Weighted cost of debt per Company		3.72%	Schedule 2 Page 2 of 3
11	Federal income tax rate		34.00%	
12	Income tax decrease		<u>\$114,158</u>	Lines 9 x 10 x 11
<u>IV. Revenue Requirement Impact</u>				
13	Net operating income requirement		\$6,113,298	Line 3 + Line 8 - Line 12
14	Conversion factor per Company		0.6313845	Ex. T-559, p.4.01
15	Revenue requirement impact		<u>\$9,682,369</u>	Line 13 / Line 14

Puget Sound Power & Light Company
Average Storm Damage Cost, 1979 - 1991
Test Year Ended June 30, 1992
(Thousands of Dollars)

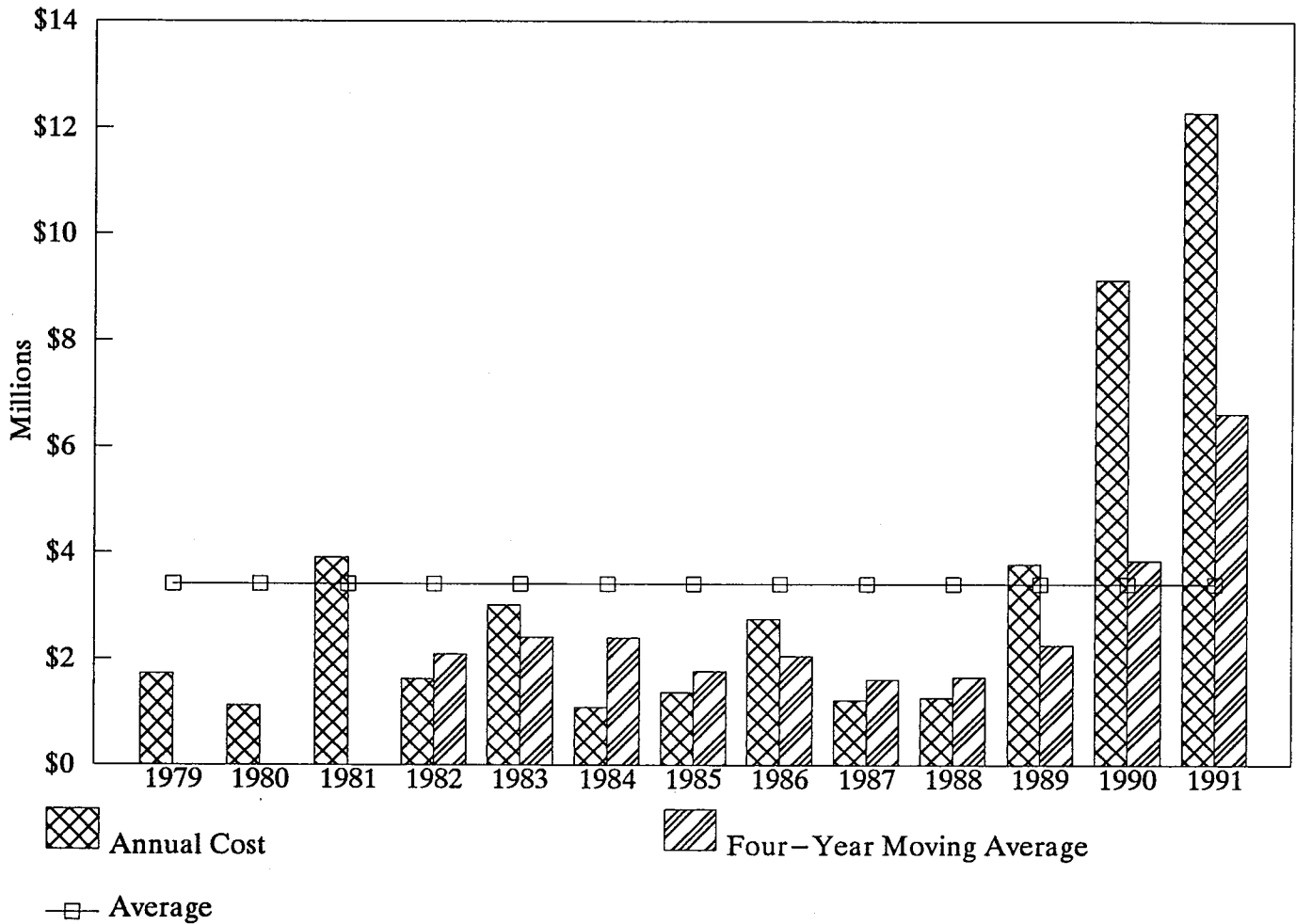
Docket No. UE-921262
Exhibit ____ (HL-2)
Schedule 26
Page 1 of 2

Line No.	Year	Cost	Reference
1	1979	\$1,733,446	Staff #1282, Attachment for U-82-38
2	1980	1,125,865	Staff #1282, Attachment for U-82-38
3	1981	3,902,360	Staff #1282, Attachment for U-83-54
4	1982	1,621,166	Staff #1282, Attachment for U-83-54
5	1983	3,005,919	Staff #1282, Attachment for U-83-54
6	1984	1,086,807	Staff #1282, Attachment for U-85-53
7	1985	1,380,192	Staff #1282, Attachment for U-89-2688-T
8	1986	2,746,586	Staff #1282, Attachment for U-89-2688-T
9	1987	1,229,408	Staff #1282, Attachment for U-89-2688-T
10	1988	1,273,595	Note A, Below
11	1989	3,782,394	Puget w/p 86
12	1990	9,145,937	Puget w/p 86
13	1991	12,297,171	Puget w/p 86
14	Average	\$3,410,065	

Note A: Determination of 1988 Storm Damage Cost

A.1	Jan-Sept 1988	710,308	Staff #1282, Attachment for U-89-2688-T
A.2	October	69,697	Puget w/p 86
A.3	November	285,778	Puget w/p 86
A.4	December	207,812	Puget w/p 86
A.5	Total 1988	<u>1,273,595</u>	

Storm Damage Cost



Puget Sound Power and Light Company
 Summary of Storm Damage Cost by Work Order
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit (HL-2)
 Schedule 27
 Page 1 of 2

Line No.	Cost Type	Description	Work Order:										
			8901254	8901270	9010227	9010226	9010225	9011625	9011626	9100368	9100369	9100370	9101029
			Storm #1	Storm #2	115KV Line	11/23/90	12/3/90	12/17/90	12/12/90	1/9/91	8/29/91	Wind Event	11/9-11/11/91
			Zwicker	Zwicker	Repair	Storm	Storm	Storm	Storm	Storm	Storm	10/16/91	Storm
1	01	LABOR B-GROUP	1,164	15,862	25	149	922	23,766	19,955	8,658	576	4,473	
2	02	LABOR A-GROUP	25,727	149,876	3,648	56,889	19,142	152,174	156,019	76,196	9,789	44,800	2,737
3	03	LABOR SAL EXMPT	1,462	60,275	799	5,891	4,618	138,976	67,912	49,735	3,089	7,476	
4	04	LABOR CASUAL	34	669			109	665	929	562	103	135	
5	05	LAB. SAL. NON EX							55	1,377		684	
6	08	LABOR-OVERTIME					118,927	1,901,935	1,301,972	754,463	159,301	108,823	28,606
7	09	LAB OT B-GROUP	8,922	44,029									
8	10	LAB OT A-GROUP	119,335	562,198									
9	11	LAB OT SAL EXMT	15,804	90,989									
10	12	LAB OT CASUAL		506									
11	21	INV & DIR PURCH	296	3,108	33	81,200	30	11,092	32,421	17,331		1,141	
12	22	ISSUE/RET/ADJ.	31,499	124,682	11,637	36,278	19,368	285,571	316,749	188,500	15,608	33,362	1,059
13	26	CNTRACTOR-LEGAL				16		6,891					
14	27	CONTRACT LABOR	16,885	420,051	33,693	167,481	82,409	2,252,403	4,626,246	1,719,259	54,546	100,840	16,412
15	28	CNTR-CONSULT SV		3,162									
16	30	ON-AIR/LODG/OTH				63	6,501	9,571	21,275	4,403			
17	31	EMP EXP-TRAVEL			385	17,891		115,537	85,253	48,716	7,035	6,823	1,097
18	32	EMP EXP-MISC											
19	33	O.N.T-MEALS		654									
20	34	O.N.T. - MILEAGE		14									
21	36	DAILY - AIR/OTHR	6,162	32,841									
22	37	DAILY-MEALS	235	4,109									
23	38	DAILY-MILEAGE	6	112				2,442	49				415
24	40	RENT/LEASE COST				1,005							
25	48	R/L C. OTH. EQUIP				6,104							
26	49	MISC. RENT/LEASE											
27	50	MISC EXPENSES											
28	51	MISC EXP. FACIL	2	124						20,999			
29	54	MISC EXP OTHER	50	194									
30	60	JOURNAL ENTRIES											
31	62	MISC JE'S		(667)						(616)			602
32		DIRECT SUBTOTAL	227,624	1,512,788	54,134	787,402	252,153	4,922,337	6,782,226	2,889,582	250,391	309,574	49,911
33	16	PR. YR. O/H COR.	5,233	41,820	818	11,350	4,517	57,454	44,501	24,779	2,473	11,136	534
34	17	PR. YR. BEN CORR.	23,875	143,697	2,252	31,320	10,404	147,525	142,775	245,869	43,093	34,041	6,430
35	23	OH-STORES EX	7,565	30,081	2,835	8,891	4,932	66,939	75,616	44,468	2,809	6,127	191
36	70	TRANSPORT EXP	28,807	122,670	6,250	92,897	26,618	292,227	213,876	117,384	31,598	40,443	5,895
37	75	SMALL TOOLS OH				586		94,726	66,831	41,253	8,737	10,395	1,717
38	90	CONST OH-DIST											
39		INDIRECT SUBTOTAL	65,479	338,197	12,742	170,137	53,844	658,873	543,600	473,753	88,710	102,144	14,766
40	80	CONTRIBUTIONS											
41	85	AFUDC											
42		CREDIT TO FIXED											
43		CLOSINGS											
44		ROUNDING											
45		GRAND TOTAL	293,103	1,850,986	68,875	957,539	305,997	5,581,209	7,325,825	3,363,334	339,101	411,718	64,677
		NON INCREMENTAL			(1)								
46		LABOR	28,353	226,013	4,472	62,929	24,683	314,916	243,940	135,965	13,454	57,453	2,737
47		OVERHEAD	65,479	338,197	12,742	170,137	53,844	658,873	543,600	473,753	88,710	102,144	14,766
48		TOTAL NON-INCREMENTAL	93,832	564,210	17,214	233,066	78,527	973,789	787,540	609,718	102,165	159,577	17,504
		PRORATE NON-W/O COST											
49		PRORATED AMOUNT	120,845	763,152	27,572	394,788	126,161	2,301,104	3,020,400	1,386,685	139,810	169,749	26,666
50		TOTAL	413,948	2,614,138	94,447	1,352,328	432,158	7,882,313	10,346,225	4,750,019	478,911	581,466	91,344

Puget Sound Power and Light Company
 Summary of Storm Damage Cost by Work Order
 Test Year Ended June 30, 1992

Docket No. UE-921262
 Exhibit (HL-2)
 Schedule 27
 Page 2 of 2

Line No.	Cost Type	Description	(12)		(13)		(14)		(15)		(16)		(17)		(18)		(19)		(20)		(21)		(22)	
			9101030 11/16/91 Storm	9101031 11/29/91 Storm	99109686 12/8/91 Winds	9110572 12/5/91 Storm	9110573 12/12/91 Storm	9200429 1/31/92 Storm Loss	9200431 4/16/92 Storm Loss	9201651 1/24/92 Storm Loss	Total	Fixed or Incremental Amounts	Non- Incremental Amounts	Test Year Non- Incremental Amounts										
1	01	LABOR B-GROUP	9,444	81	774	6,142	1,711	787	570	806											95,864	95,864	25,364	
2	02	LABOR A-GROUP	83,328	8,805			30,514	15,104	15,415	13,427											863,590	863,590	223,920	
3	03	LABOR SAL EXMPT	37,860	512		102	2,849	810	992	2,116											385,473	385,473	55,805	
4	04	LABOR CASUAL	131				56	42													3,485	3,485		
5	05	LAB. SAL. NON-EX	1,185	80		37	194	32		121											3,764	3,764	2,332	
6	08	LABOR-OVERTIME	1,300,047	211,632	4,219	6,938	79,640	63,258	42,191	20,464											6,520,734	6,520,734		
7	09	LAB OT B-GROUP																			52,951	52,951		
8	10	LAB OT A-GROUP																			106,793	106,793		
9	11	LAB OT SAL EXMT																			506	506		
10	12	LAB OT CASUAL																			150,919	150,919		
11	21	INV & DIR PURCH	2,678	1,062			261	257		8											1,416,327	1,416,327		
12	22	ISSUE/RET/ADJ.	297,500	17,354	21	500	15,096	12,887	4,602	4,053											6,907	6,907		
13	26	CNTRACTOR-LEGAL																			10,656,134	10,656,134		
14	27	CONTRACT LABOR	1,035,774	51,924	472	663	47,906	23,383	2,894	2,892											1,305	1,305		
15	28	CNTR-CONSULT SV	1,170	135																	3,162	3,162		
16	30	ON-AIR/LOG/OVR																			43,822	43,822		
17	31	EMP EXP-TRAVEL	1,930	12			68														368,549	368,549		
18	32	EMP EXP-MISC	65,388	9,407	171	301	4,144	2,826	2,512	1,064										654	654			
19	33	O.N.T.-MEALS																			14	14		
20	34	O.N.T. - MILEAGE																			39,003	39,003		
21	36	DAILY - AIR/OTHR																			4,344	4,344		
22	37	DAILY-MEALS																			117	117		
23	38	DAILY-MILEAGE																			13,076	13,076		
24	40	RENT/LEASE COST	6,960	98			2,108														6,143	6,143		
25	48	R/L C. OTH. EQUIP																			132,539	132,539		
26	49	MISC. RENT/LEASE	6,866	726			(186)														126	126		
27	50	MISC EXPENSES																			244	244		
28	51	MISC EXP. FACIL																			70,997	70,997		
29	54	MISC EXP OTHER																						
30	60	JOURNAL ENTRIES																						
31	62	MISC JE'S																						
32		DIRECT SUBTOTAL	2,850,211	301,827	5,675	14,683	184,360	119,385	69,176	44,951											21,628,390	21,628,390	307,421	
33	16	PR. YR. OH COR.	25,452	1,829	151	1,225	6,853	3,079	3,124	3,016											249,346	249,346		
34	17	PR. YR. BEN CORR.	293,655	45,480	1,024	2,710	23,570	22,001	16,255	10,143											1,246,007	1,246,007		
35	23	OH-STORES EX	54,552	3,152	4	90	2,717	2,325	828	732											314,855	314,855		
36	70	TRANSPORT EXP	208,803	40,438	667	4,841	31,979	21,030	15,760	11,323											1,313,507	1,313,507		
37	75	SMALL TOOLS OH	63,471	10,072	297	1,060	7,263	4,806	3,711	2,495											350,512	350,512		
38	90	CONST OH-DIST																						
39		INDIRECT SUBTOTAL	645,933	100,972	2,142	9,925	72,381	53,240	39,677	27,710											3,474,226	3,474,226	1,157,601	
40	80	CONTRIBUTIONS																						
41	85	AFUDC																						
42		CREDIT TO FIXED																						
43		CLOSINGS																						
44		ROUNDING																						
45		GRAND TOTAL	3,496,144	402,800	7,817	24,608	256,741	172,625	108,854	72,660											25,102,613	25,102,613	5,357,745	
		NON INCREMENTAL																						
46		LABOR	131,817	9,478	774	6,280	35,268	16,793	16,976	16,470											1,348,691	1,348,691	307,421	
47		OVERHEAD	645,933	100,972	2,142	9,925	72,381	53,240	39,677	27,710											3,474,226	3,474,226	1,157,601	
48		TOTAL NON-INCREMENTAL	777,750	110,450	2,916	16,206	107,649	69,972	56,654	44,180											4,822,917	4,822,917	1,465,023	
		PRORATE NON-W/O COST																						
49		PRORATED AMOUNT	1,441,442	166,072	3,223	10,146	105,853	71,172	44,880	29,958											10,349,679	10,349,679	2,208,971	
50		TOTAL	4,937,586	568,872	11,039	34,754	362,594	243,797	153,733	102,618											35,452,292	35,452,292	70,490,636	

Source
 Lines 1-45: Puget's response to Staff's informal data request No. 1087

Line No.	Description	Amount	Reference
<u>I. Company's Four-Year Total Storm Damage Cost</u> <u>For the Period Ending June 30, 1992</u>			
1	Work Order Costs	\$25,102,613	Staff IDR no. 1087F
2	Less: insurance reimbursements	(8,679,852)	Staff IDR no. 1087F
3	Add: Other non-work order overheads	10,349,679	Staff IDR no. 1087F
4	Company's four-year total storm damage cost	<u>26,772,440</u>	
<u>II. Proposed Adjustments to Determine Annual Amount</u>			
5	Exclude non-work order overheads	(10,349,679)	
6	Exclude work order fixed, non-incremental costs	(4,822,917)	Schedule 27
7	Adjusted storm cost deferral	\$11,599,844	
8	Amortization period, in years	<u>4</u>	
9	Annual amortization amount	2,899,961	Line 7 / Line 8
10	Add: Test year work order non-incremental	1,465,022	Schedule 27
11	Add: Test year non-work order overheads	2,208,971	Schedule 27
12	Proposed cost allowance	<u>\$6,573,954</u>	
<u>III. Adjustment to Allowable Storm Damage Cost</u>			
13	Proposed annual storm damage cost, per Company	\$8,068,000	Puget Ex. T-558, page 208
14	Adjusted storm damage cost	<u>6,573,954</u>	Line 12
15	Reduction to test year expense	1,494,046	
16	Income taxes at 34%	<u>(507,976)</u>	
17	Increase to net operating income	<u>\$986,070</u>	

Line No.	Description	Amount
1	Total Edison Electric Institute regular dues payment (1)	\$315,714
2	Percentage Allowable (See A.9, below)	72.29%
3	Total Amount to Allow	228,230
4	Actual expense recorded in test year (1)	312,699
5	Adjustment to EEI regular dues expense	(84,469)
6	Restating Adjustment per Company (1)	(774)
7	Increase (Decrease) in Expense	(83,695)
8	Increase (Decrease) federal income tax expense (34%)	28,456
9	Increase (Decrease) net operating income	<u>\$55,239</u>
	<u>Description (3)</u>	<u>Percentage (2)</u>
A.1	Total EEI Expenses	100.00%
A.2	Legislative Advocacy	14.05%
A.3	Regulatory Advocacy	2.84%
A.4	Advertising to promote consumption	0.07%
A.5	Institutional Advertising	0.08%
A.6	Contributions and Club Dues	1.24%
A.7	Public Relations	9.43%
A.8	Total Percentage to Disallow	<u>27.71%</u>
A.9	Percentage Allowable	<u>72.29%</u>

Source:

- (1) Per Company workpaper page 228, line 19.
- (2) Percentages from the NARUC Audit Report on the Expenditures of the Edison Electric Institute (For the 12 month period ending December 31, 1990); dated March, 1992, page 17.
- (3) For descriptions of expenses included within each of the categories listed, see pages 2 through 7 of Schedule 29. These pages were taken directly from NARUC Audit Report, Section VI, titled "Audit Definitions of Accounts used for NARUC Reporting Requirements".

**EDISON ELECTRIC INSTITUTE
AUDIT DEFINITIONS**

Sec. 1. LEGISLATIVE ADVOCACY- The cost of all efforts to influence the course of Federal or State legislative actions including costs reported under the Federal Regulation of Lobbying Act, [except for the time spent on Legislative Policy Research as defined in Sec. 2].

A. Legislative advocacy includes:

1. Staff time spent in preparation of positions, materials and publications, out-of-pocket expenses for materials, travel, etc. allocated overheads;
2. Time and resources expended in preparation for and presentation of a position in formal proceedings, e.g., hearings;
3. Time and resources expended in explaining the position and encouraging others to support the position (e.g., members or potential allies) including costs of ongoing expenditures (e.g., newsletter);
4. General political expenditures such as public opinion research, grass roots organizing and coalition building even if such activities are not related to a specific piece of legislation;
5. Costs of administration of the EEI PAC;
6. Costs of monitoring all legislative activity and
7. General support of legislative advocacy defined as expenses associated with the act of contributing in a general way to promoting the support of such activities though not specifically covered in the other components of the above definition.

B. Legislative advocacy begins:

For an issue initiated by EEI, when EEI decides to pursue the issue; for an issue initiated by others after a formal action is taken by others (e.g., introduction of a bill,

scheduling of a hearing, or the filing of a petition and EEI expends resources as a result of that action).

Sec. 2. LEGISLATIVE POLICY RESEARCH - The cost of all efforts spent on research or the preparation of general or specific background information, studies, or analysis of proposed or potential legislation to determine its scope and potential impact, for use by EEI or its member companies. This account shall also include the cost of researching and responding to ALL inquiries regarding the potential impact, proper implementation, or effect of proposed or potential legislation but shall not include costs for legislative advocacy as defined in Section 1.

Legislative Policy Research begins when resources are expended for the purposes described in the above areas.

Sec. 3. REGULATORY ADVOCACY - The cost of all written and oral communications with Federal or State regulatory agencies intended to influence the actions of such agencies and the cost of other expenditures which contribute in a general manner to furthering an EEI or member company position on a regulatory or administrative matter.

Sec. 4. REGULATORY POLICY RESEARCH - Includes all costs divided into the following two categories:

(a) **Federal** - The cost of studying and responding to notices of inquiry or proposed Federal rulemaking or administrative or regulatory proceedings, including the filing of comments on proposed regulatory or administrative actions; discussions with federal regulatory agencies to determine the status or timing of activities, or procedures of the

agencies; the preparation of general or specific background information, studies or analysis, for use by EEI or its member companies to determine the scope and potential impact of proposed, or potential federal regulatory or administrative action; the cost of researching and responding to ALL inquiries regarding the potential impact, proper implementation, or effect of, proposed or potential federal regulatory or administrative actions; and the cost of monitoring existing federal government programs.

(b) State - All direct and indirect costs described in Sec. 4.(a) which are incurred for the purpose of an EEI or member company response to a State notice of inquiry or proposed State rulemaking or administrative, or regulatory proceeding, including the filing of comments on proposed regulatory, or administrative actions.

Sec. 5. SURVEYS AND ANALYSIS OF STATE LAWS AND REGULATIONS - The costs of monitoring, analyzing, and disseminating information regarding State regulations and statutes including but not limited to those administered by public utility regulatory agencies and related rulings by courts of law. This account includes the cost of planning, conducting and publishing of surveys of state laws and regulations but does not include the costs of regulatory advocacy (Sec. 3) with respect to State laws and regulations.

Sec. 6. ADVERTISING - All costs, including costs of development (both direct and indirect), of paid and public service advertising in newspapers, magazines, radio, television and billboards and similar displays.

Advertising costs shall be characterized and costs allocated to the following categories:

(a) **Conservation** - Identifies conservation techniques, benefits, demonstrates conservation methods including peak clipping, valley filling or load shifting;

(b) **Safety** - Promotes safety, e.g., informing customers of hazards;

(c) **Customer education** - Informs about ways to reduce costs; promotes use of efficient appliances; promotes efficient use of utility service; optional payment plans; financial assistance, etc.

(d) **Legally required** - is required by law or other governmental requirement;

(e) Promotes consumption - Promotes continued or increased sales; i.e., maintaining or increasing sales to present or prospective customers;

(f) Institutional - Enhances the image of EEI or of the utility industry as a business entity;

NOTE: Expenses that apply to more than one category/subcategory shall be proportionally allocated to the categories/subcategories to which they apply in a reasonable manner, consistent with the intent of the expenditures.

Sec. 7. CONTRIBUTIONS AND CLUB DUES - All contributions and club dues to individuals or organizations excluding contributions made by the PAC. (Schedule to list contributions in excess of \$5,000). Contributions shall be identified and listed in the following categories:

(a) Charitable and/or Educational and Other - This category includes all contributions that are not more appropriately classified in the other subcategories.

(b) Contributions to Organizations Which Engage In Political Activities - This category includes contributions to any person, group, company or other organization that engages in activities to influence the conduct or course of actions of the federal or state

government(s) or governing bodies.

(c) Club dues; Business and Entertainment Club Memberships and Dues

This category includes business and entertainment club memberships and dues.

Sec. 8. LITIGATION - The cost of preparation of briefs or pleadings and appearances in judicial proceedings in which EEI or a member company participates.

Sec. 9. MARKETING AND DEMAND SIDE MANAGEMENT - The cost of all efforts (with the exception of advertising) to influence the demand for or sales of electricity. This account shall include the cost of research, publications, conferences, training sessions, meetings with trade allies, committee meetings or other efforts undertaken for the purpose of influencing the demand for or sales of electricity. Demand Side Management and marketing costs shall be characterized and costs allocated to the following categories:

(a) **Strategic Conservation** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by a reduction in sales as well as a change in the pattern of use;

(b) **Peak Clipping** - expenses related to explorations, development, analysis and implementation of means by which load shape might be modified by the reduction of peak load;

(c) **Valley filling** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by increasing off-peak loads;

(d) **Load Shifting** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by shifting loads from on-

peak to off-peak periods;

(e) **Strategic Load Growth** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by a general increase in sales;

(f) **Flexible Load Shape** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified temporarily.

Sec. 10. UTILITY OPERATIONS AND ENGINEERING - The cost of collecting and providing information on utility operations and engineering issues to member companies, other utilities, and other utility organizations. For purposes of this definition, operations and engineering shall include engineering and standards, fossil and synfuels, nuclear power, and environment. This category shall not include costs for activities related to legislative advocacy or research, regulatory advocacy or research, surveys and analysis of State laws and regulation, public relations, or litigation.

Sec. 11. FINANCE, LEGAL, PLANNING, AND CUSTOMER SERVICE - The cost of collecting and providing information on finance, legal and planning issues to member companies, other utilities and other utility organizations.

For purposes of this definition, finance, legal and planning shall include accounting, finance and regulation, legal, strategic planning, human resource management, information and administration, and information systems and library services. Customer Service and Support Information include expenses relating to the acquisition, compilation, categorization and dissemination of information useful in the improvement of the quality and value of service rendered to customers.

This category shall not include costs for activities related to legislative advocacy, legislative policy research, regulatory advocacy, regulatory policy research, surveys and analysis of State laws and regulation, sales promotion, public relations or litigation.

Sec. 12. PUBLIC RELATIONS - the cost of developing and promoting reciprocal understanding and goodwill between EEI or its member companies and the various publics with which they interact including but not limited to the cost of developing and advancing an EEI or member company relationship or position with the media and the costs associated with responding to media inquiries. Public Relations shall include the costs associated with public opinion research which seeks to enhance the image of EEI, its member companies, or of the utility industry as a business entity or otherwise seeks to influence public opinion on matters not relating to legislative or regulatory issues.

The cost of public relations shall also include the costs associated with EEI employee time charges for time donated to outside organizations other than EEI member companies and any other expenses whose ultimate purpose is to develop goodwill or enhance the image of EEI, its member companies, or of the utility industry as a business entity, which do not more properly relate to other categories.

Sec. 13. PUBLIC INFORMATION - The cost of providing factual and technical information in response to specific requests in only those instances where the request originated from an entity other than a utility or utility association.

Sec. 14. GENERAL AND ADMINISTRATIVE - As used in these definitions "cost(s)" means all indirect and direct costs, including professional and support staff salaries, benefits,

Line No.	Description	Amount
1	Total EEI Media Communications Fund Payment (1)	\$139,049
2	Percentage Related to Promoting Consumption and Institutional advertising (See A.5, below)	84.44%
3	Total Amount to Disallow	117,417
4	Amount Removed by Company, 55% (2)	76,477
5	Additional Adjustment to EEI Media Communications Fund	40,940
6	Increase (Decrease) to Expense	(40,940)
7	Increase (decrease) federal income tax expense	13,920
8	Increase (decrease) net operating income	\$27,020
<u>Total Media Communication Fund used for (3):</u>		
A.1	Promoting Consumption	\$2,792,789
A.2	Institutional	1,014,714
A.3	Total amount to disallow	3,807,503
A.4	Total Media Communication Fund	/ 4,508,968
A.5	Total Percentage for Disallowance	84.44%

Source:

- (1) Total EEI Media Communications fund dues for the rate year, per Company workpaper page 228.
- (2) Per Company workpaper page 228.
- (3) Amounts from the NARUC Audit Report on the Expenditures of the Edison Electric Institute (For the 12 month period ending December 31, 1990); dated March, 1992, page 20.

Line No.	Association	Amount Remaining in Rate Year	Description
1	Association of Washington Businesses	\$8,500 (2)	"The mission of AWB is to serve as the leading advocate for Washington state business before state government."(1)
2	Electric League of the Pacific Northwest	17,953 (3)	Promotes conditions for electric industry, promotes good relations with public, assists executive and legislative branches of federal and state governments (1)
3	Electric Transportation Coalition	7,500 (3)	"To promote the use of electricity as a transportation fuel in furtherance of U.S. environmental and energy security goals."(1)
4	Foundation for American Communications	3,000 (2)	Mission: "The Foundation for American Communications is an independent educational institution providing knowledge, resources and perspectives needed by journalists and their sources to effectively communicate, through the news, information about important public issues." (1)
5	The Canadian-American Committee	5,000 (3)	Purpose: Inform members on economic and political conditions in both countries; informal atmosphere for discussion with themselves and policymakers; encourage the formation of public policies. (1)
6	Total Membership Dues Adjustment	<u>41,953</u>	
7	Increase (Decrease) to Expense	(41,953)	
8	Increase (Decrease) FIT (34%)	<u>14,264</u>	
9	Increase (Decrease) NOI	<u><u>\$27,689</u></u>	

Source:

- (1) Mission statements and purpose of organizations was provided in response to Staff data request no. 2453.
- (2) Amounts from Company workpaper page 228.
- (3) Amounts from Company's response to DOD-1840.

Puget Sound Power & Light Company
Adjustment to Remove Excess Internal
Research and Development Expense Beyond
the 20% EPRI Dues Hold-Back Level
Test Year Ended June 30, 1992

Docket No. UE-921262
Exhibit__ (HL-2)
Schedule 32
Page 1 of 1

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Total in-house research and development expenditures (1)	\$1,588,000
2	EPRI 20% local research hold-back (1)	<u>900,510</u>
3	Expenditures exceeding EPRI 20% hold-back (1)	<u>687,490</u>
4	Increase (Decrease) in expense	(687,490)
5	Increase (Decrease) federal income tax (34%)	<u>233,747</u>
6	Increase (Decrease) net operating income	<u>\$453,743</u>

Source:

(1) Per Company's response to Department of DOD-3119(c).

Puget Sound Power & Light Company
Adjustment for Bank Fees
Test Year Ended June 30, 1992

Docket No. UE-921262
Exhibit ____ (HL-2)
Schedule 33
Page 1 of 1

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
1	Annual agent fees for current agreements	\$30,000	DOD-1889
2	Agent fees in test year	<u>54,570</u>	DOD-3075
3	Adjustment to agent fees	<u>(\$24,570)</u>	

Puget Sound Power & Light Company
Adjustment to Remove Certain Employee Expenses
and Subsidization of Employee Activities
Test Year Ended June 30, 1992

Docket No. UE-921262
Exhibit__(HL-2)
Schedule 34
Page 1 of 1

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
1	Inappropriate expenses contained on Executive Expense Reports	\$5,000	Response to DOD-3087
2	Company's subsidization of Employee activities	<u>14,000</u>	Response to DOD-1846
3	Increase (Decrease) in Proforma Expenses	(19,000)	
4	Increase (decrease) federal income tax @ 34%	<u>6,460</u>	
5	Increase (decrease) net operating income	<u><u>\$12,540</u></u>	