

**PUGET SOUND ENERGY - GAS**  
 Propane Cost Bandwidth  
 12 Months Ended June 30, 2001

<b>Line No.</b>	<b>Description</b>	<b>\$/Gallon</b>	<b>Notes</b>
	(a)	(b)	(c)
	<b>Forecast</b>		
(1)	High Propane Forecast	\$2.00000	Vendor quote
(2)	Low Propane Forecast	\$1.00000	Vendor quote
(3)	Average of High and Low Forecasts	\$1.50000	
	<b>Historical Cost</b>		
(4)	High Actual Propane Cost	\$2.03900	January 2001
(5)	Low Actual Propane Cost	\$1.09902	June 2001
(6)	Average of High and Low Historical Costs	\$1.56901	Test Year Average (7/00 - 6/01)
	<b>Recommended Propane Cost Bandwidth</b>		
(7)	Maximum Cost	\$2.00000	High Propane Forecast
(8)	Minimum Cost	\$1.00000	Low Propane Forecast

**PUGET SOUND ENERGY - GAS**

Propane Statistics  
 12 Months Ended June 30, 2001

<u>Line No.</u>	<u>Month</u>	<u>Number of Bills</u>	<u>Total Therms</u>
	(a)	(b)	(c)
(1)	July	8	287.4
(2)	August	8	315.0
(3)	September	8	247.1
(4)	October	8	511.8
(5)	November	8	955.6
(6)	December	8	1,401.7
(7)	January	10	1,835.2
(8)	February	10	1,961.3
(9)	March	10	1,222.6
(10)	April	10	1,247.9
(11)	May	10	877.3
(12)	June	10	489.1
(13)	Number of Residential Bills	108	
(14)	Total Residential Therms		11,352.0
(15)	Average Number of Residential Customers	9.0	
(16)	Average Therms Per Residential Customer Per Year		1,261.3

**PUGET SOUND ENERGY - GAS**  
 Propane Equivalent Cost of Service Study & Minimum Margin Requirements  
 12 Months Ended June 30, 2001

<u>Line No.</u>	<u>Description</u>	<u>Residential Heating</u>	<u>Adjustments</u>	<u>Propane Equivalent</u>
	(a)	(b)	(c)	(d)
<b>Rate Base</b>				
(1)	Plant In Service	\$ 948,589,150	\$ (194,867,816)	\$ 753,721,334
(2)	Reserve For Depreciation	\$ 264,893,736	\$ (54,416,882)	\$ 210,476,854
(3)	Sub-total	\$ 683,695,414	\$ (140,450,934)	\$ 543,244,480
(4)	Other Rate Base Adjustments	\$ (71,417,922)		\$ (71,417,922)
(5)	<b>Total Distribution Rate Base</b>	<b>\$ 612,277,492</b>	<b>\$ (140,450,934)</b>	<b>\$ 471,826,558</b>
<b>Expense</b>				
(6)	Operating Expense	\$ 10,519,758	\$ (10,519,758)	\$ -
(7)	Customer Accounts	\$ 29,696,609		\$ 29,696,609
(8)	Administrative and General	\$ 19,416,334		\$ 19,416,334
(9)	Other Expenses	\$ 5,507,427		\$ 5,507,427
(10)	Depreciation	\$ 27,681,434	\$ (5,686,572)	\$ 21,994,862
(11)	General Tax	\$ 15,590,944		\$ 15,590,944
(12)	<b>Total Distribution Expense*</b>	<b>\$ 108,412,506</b>	<b>\$ (16,206,330)</b>	<b>\$ 92,206,176</b>
<b>Total Revenue Requirement</b>				
(13)	Return on Rate Base	\$ 101,166,980	\$ (23,206,793)	\$ 77,960,187
(14)	Adjusted Expense	\$ 113,241,199	\$ (16,928,160)	\$ 96,313,039
(15)	<b>Total Revenue Requirement</b>	<b>\$ 214,408,179</b>	<b>\$ (40,134,953)</b>	<b>\$ 174,273,226</b>
<b>Per Therm Revenue Requirement</b>				
(16)	Annual Sales Volumes	471,059,344		471,059,344
(17)	Revenue Requirement Per Therm	\$ 0.45516	Minimum Margin Requirement Per Therm	\$0.36996
(18)	Rate of Return	10.74%		
(19)	Tax Gross-up Factor	1.53846		
(20)	Expense Gross-up Factor	1.04454		
* Note: Excludes Franchise and Federal Income Tax				

**PUGET SOUND ENERGY - GAS**  
 Proposed Commodity Charge and Proposed Revenue Stream for FIA  
 12 Months Ended June 30, 2001

Line No.	Derivation	Description	Minimum	Maximum
	(a)	(b)	(c)	(d)
(1)		Propane Fuel Cost Bandwidth (\$/Gallon)	\$1.00000	\$2.00000
(2)		Energy Content (BTU/Gallon)	93,600	93,600
(3)	= (2) / 100,000	Equivalent Therms per Gallon	0.936	0.936
(4)	= (1) / (3)	Propane Fuel Cost per Equivalent Therm	\$1.06838	\$2.13675
(5)	= (1261 Therms * \$0.36996 per Therm)	Annual Margin (Non-gas) Revenue Required per Customer	\$466.64	\$466.64
(6)	= (\$7.50 per Month * 12 Months)	Margin Recovered Through Customer Charge	\$90.00	\$90.00
(7)	= (5) - (6)	Margin Recovered Through Commodity Charge	\$376.64	\$376.64
(8)		Average Annual Use per Customer (Therms)	1,261.3	1,261.3
(9)	= (7) / (8)	Margin per Therm Recovered Through Commodity Charge	\$0.29861	\$0.29861
(10)	= (4) + (9)	Propane Fuel Cost Per Therm plus Required Margin Per Therm for Commodity Charge	\$1.36699	\$2.43536
(11)		Proposed Residential Block Margin per Therm	\$0.35901	\$0.35901
(12)	= (4) + (11)	Proposed Commodity Charge per Therm	\$1.42739	\$2.49576
(13)	= (11) - (9)	Margin per Therm Available for Justifying Future Supply Main Extension Costs In FIA	\$0.06040	\$0.06040