

Exhibit ___ (JMR-3C)
Docket No. UG-040640, et al.
Witness: James M. Russell

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UG-040640
DOCKET NO. UE-040641
(consolidated)

EXHIBIT TO TESTIMONY OF

JAMES M. RUSSELL

STAFF OF THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

Restating and Pro Forma Adjustment Calculations

September 23, 2004

****REDACTED VERSION****

PUGET SOUND ENERGY-ELECTRIC
2.01 TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE**NO. DESCRIPTION**

1	<u>TEMPERATURE NORMALIZATION ADJUSTMENT:</u>				
2		ACTUAL	TEMP ADJ	MWH	ADJ FOR LOSSES
3		<u>GPI MWH</u>	<u>GPI MWH</u>	<u>CHANGE</u>	<u>6.40%</u>
4	Oct-02	1,691,158	1,670,669	(20,489)	(19,178)
5	Nov-02	1,807,647	1,841,715	34,068	31,887
6	Dec-02	2,061,746	2,120,555	58,809	55,046
7	Jan-03	1,979,614	2,101,564	121,950	114,145
8	Feb-03	1,848,298	1,813,468	(34,830)	(32,601)
9	Mar-03	1,877,283	1,893,108	15,825	14,812
10	Apr-03	1,691,863	1,670,087	(21,776)	(20,383)
11	May-03	1,585,662	1,575,964	(9,698)	(9,077)
12	Jun-03	1,490,550	1,474,297	(16,253)	(15,213)
13	Jul-03	1,568,794	1,553,446	(15,348)	(14,366)
14	Aug-03	1,532,398	1,525,817	(6,581)	(6,160)
15	Sep-03	1,506,449	1,498,678	(7,771)	(7,274)
16		20,641,463	20,739,368	97,905	91,638
17					
18	REVENUE ADJUSTMENT:	Schedule 7		\$	6,876,128
19		Schedule 24			58,139
20		Schedule 25			(145,160)
21		Schedule 26			(168,308)
22		Schedule 29			16,067
23		Schedule 31			(165,176)
24		Schedule 35			-
25		Schedule 43			574,056
26		Firm Resale			1,194
27	INCREASE (DECREASE) SALES TO CUSTOMERS				\$ 7,046,940
28					
29	UNCOLLECTIBLES @			0.0044193 \$	31,143
30	ANNUAL FILING FEE @			0.0019000	13,389
31	INCREASE (DECREASE) EXPENSES				44,532
32					
33	STATE UTILITY TAX @			0.0385588 \$	271,722
34	INCREASE (DECREASE) TAXES OTHER				271,722
35					
36	INCREASE (DECREASE) INCOME				6,730,686
37					
38	INCREASE (DECREASE) FIT @			35%	2,355,740
39	INCREASE (DECREASE) NOI				\$ 4,374,946

PUGET SOUND ENERGY-ELECTRIC
2.02 GENERAL REVENUES ADJUSTMENT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	<u>RESTATING ADJUSTMENTS:</u>	
3	ADD BACK SCHEDULE 94 RESIDENTIAL/FARM CREDIT	\$ 180,281,489
4	REMOVE MUNICIPAL TAXES	(40,996,559)
5	REMOVE SCHEDULE 120 CONSERVATION RIDER REVENUE	(26,692,602)
6	ADD BACK CENTRALIA CREDIT	7,653
7	OUT OF PERIOD CHARGES	(3,570,280)
8	LOW INCOME RATE CHANGE	(3,830,521)
9	MISCELLANEOUS RESTATING ADJUSTMENTS - SALES TO CUSTOMERS	(785,533)
10	MISCELLANEOUS RESTATING ADJUSTMENTS - SALES FROM RESALE-FIR	(14,782)
11	SUBTOTAL RESTATING ADJUSTMENTS	<u>104,398,865</u>
12		
13	<u>PROFORMA ADJUSTMENTS:</u>	
14	PCORC PROFORMA INCREASE DOCKET 03-1725	44,192,861
15	PROFORMA UNBILLED REVENUE	542,641
16	LOW INCOME REVENUE	(2,269,353)
17	MISC. PROFORMA ADJSUTMENTS - SALES TO CUSTOMERS	(1,409,690)
18	MISC. PROFORMA ADJSUTMENTS - SALES FROM RESALE-FIRM	106,314
19	SUBTOTAL PROFORMA ADJUSTMENTS	<u>41,162,773</u>
20		
21	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ 145,561,638
22		
23	OTHER OPERATING REVENUES:	
24	MISCELLANEOUS CUSTOMER CHARGES	706,411
25	MISC. PROFORMA ADJSUTMENTS - OTHER OPERATING REVENUES	<u>429,988</u>
26		
27	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u>1,136,399</u>
28		
29	TOTAL INCREASE (DECREASE) REVENUES	146,698,037
30		
31	UNCOLLECTIBLES @	0.0044193 \$ 648,303
32	ANNUAL FILING FEE @	0.0019000 <u>278,726</u>
33	INCREASE (DECREASE) EXPENSES	927,029
34		
31	STATE UTILITY TAX @	0.0385588 \$ 5,656,500
32	MUNICIPAL TAX EXPENSED	<u>(39,773,688)</u>
33	INCREASE (DECREASE) TAXES OTHER	<u>(34,117,188)</u>
34		
35	INCREASE (DECREASE) INCOME	179,888,196
36		
37	INCREASE (DECREASE) FIT @	35% <u>62,960,869</u>
38	INCREASE (DECREASE) NOI	<u>\$ 116,927,327</u>

PUGET SOUND ENERGY-ELECTRIC
2.03 POWER COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	PRODUCTION EXPENSES:			
2	FUEL	\$ 64,236,514	\$ 200,357,175	\$ 136,120,661
2a	TENASKA DISALLOWANCE		(9,082,902)	(9,082,902)
3	PURCHASED AND INTERCHANGED:	769,384,600	550,939,082	(218,445,518)
4	WHEELING	39,868,912	41,793,080	1,924,168
5	HYDRO AND OTHER POWER	46,852,153	51,388,582	4,536,429
6	TRANS. EXP. INCL. 500KV O&M	492,266	485,960	(6,306)
7	SALES FOR RESALE	(199,186,464)	(55,157,632)	144,028,832
8	PURCHASES/SALES OF NON-CORE GAS	(9,704,193)	(319,170)	9,385,023
9	WHEELING FOR OTHERS	(12,727,829)	(9,398,452)	3,329,377
10	SUBTOTAL	\$ 699,215,959	\$ 771,005,722	\$ 71,789,763
11				
12	LESS: SALES FOR RESALE	199,186,464	55,157,632	(144,028,832)
13	LESS: WHEELING FOR OTHERS	12,727,829	9,398,452	(3,329,377)
14	SCH. 94 - RES./FARM CREDIT	(172,382,420)	-	172,382,420
15	TOTAL	\$ 738,747,832	\$ 835,561,806	\$ 96,813,974
16	TRANS. EXP. INCL. 500KV O&M	(492,266)		
17	PURCHASES/SALES OF NON-CORE GAS	9,704,193		
18	POWER COSTS PER G/L	\$ 747,959,759		
19	INCREASE(DECREASE) INCOME			\$ (96,813,974)
20				
21	INCREASE(DECREASE) FIT @	35%		(33,884,891)
22	INCREASE(DECREASE) NOI			\$ (62,929,083)

PUGET SOUND ENERGY
GENERAL RATE CASE

Docket Number UG-040640 et. al
Exhibit (JMR-3C)

DETERMINATION OF NET POWER COSTS FOR GRC PAGE 2.03
TEST YEAR ENDED SEPTEMBER 30, 2003
RATE YEAR ENDED FEBRUARY 28, 2006

Page 4 of 36

Line FERC	Description	Rate Year 12ME 3/31/2005	Remove Ben&Tax	Net Before Prod Factor	After Prod Factor of 0.98719
1	Fuel:				
2	501 Steam Fuel	\$ 41,665,584	-	\$ 41,665,584	\$ 41,131,848
3	547 Fuel	161,291,471	-	161,291,471	159,225,327
4		202,957,055	-	202,957,055	200,357,175
5	Purchased and Interchanged:				
6	555 Purchased Power	551,908,568	-	551,908,568	544,838,619
6a	555 Tenaska Disallowance	(9,200,764)		(9,200,764)	(9,082,902)
7	557 Other Power Expense	6,708,226	(528,602)	6,179,624	6,100,463
8		549,416,030	(528,602)	548,887,428	541,856,180
9					
10	565 Wheeling	42,335,396	-	42,335,396	41,793,080
11					
12	various Hydro and Other Power	53,496,302	(1,440,890)	52,055,412	51,388,582
13					
14	various Trans. Exp. Incl. 500Kv O&M	492,266		492,266	485,960
15	447 Sales for Resale	(55,873,370)		(55,873,370)	(55,157,632)
16	456 Purchases/Sales Of Non-Core Gas	(323,312)		(323,312)	(319,170)
17		(55,704,416)	-	(55,704,416)	(54,990,842)
18					
19	Net Power Costs	792,500,367	(1,969,492)	790,530,875	780,404,174
20	various Variable Transmission Income	(9,520,408)		(9,520,408)	(9,398,452)
21					
22	Power Costs Page 2.03 Line 11	\$ 782,979,959	\$ (1,969,492)	\$ 781,010,466	\$ 771,005,722
23					

GRC Power Cost Projections
Rate Year AURORA + Non-AURORA Power Costs
GRC 1.19.04 WNR_v1

General Rate Case Rate Year: March 2005 - February 2006

	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Rate Year
501 Coal Fuel	\$ 3,607	\$ 3,505	\$ 2,923	\$ 3,087	\$ 3,607	\$ 3,607	\$ 3,607	\$ 3,607	\$ 3,508	\$ 3,607	\$ 3,700	\$ 3,398	\$ 41,666
547 Natural Gas Fuel	8,228	7,927	5,908	6,462	10,877	13,435	22,560	17,317	15,391	15,799	17,371	14,616	161,291
555 Purchase & Interchange	54,251	40,835	31,038	37,944	31,691	31,959	32,723	45,297	63,440	68,900	68,546	58,084	554,700
557 Other Power Supply	562	562	562	562	562	562	562	562	562	562	544	544	6,708
565 Wheeling	3,383	3,332	3,392	3,527	3,724	3,549	3,668	3,655	3,522	3,541	3,435	3,427	42,335
447 Secondary Sales	(1,727)	(3,050)	(633)	(1,898)	(8,513)	(11,032)	(9,103)	(6,709)	(4,970)	(2,933)	(2,799)	(2,508)	(55,873)
Subtotal	\$ 68,303	\$ 52,594	\$ 43,189	\$ 49,685	\$ 41,948	\$ 48,074	\$ 54,118	\$ 63,629	\$ 71,453	\$ 89,476	\$ 90,798	\$ 77,561	\$ 750,828
Non-Core Gas	(30)	(29)	-	(29)	(30)	(30)	(29)	(30)	(29)	(30)	(30)	(27)	(323)
Subtotal with Non-Core Gas	\$ 68,273	\$ 52,565	\$ 43,189	\$ 49,656	\$ 41,918	\$ 48,044	\$ 54,089	\$ 63,598	\$ 71,424	\$ 89,446	\$ 90,768	\$ 77,534	\$ 750,504

Load in MWh	1,913,303	1,657,048	1,577,190	1,478,858	1,508,755	1,537,626	1,495,973	1,690,860	1,881,085	2,141,614	2,177,709	1,859,919	20,923,938
Delivered Load	1,790,882	1,560,897	1,476,249	1,384,211	1,412,194	1,439,218	1,403,975	1,582,645	1,760,685	2,004,590	2,038,335	1,740,884	19,584,606

Revenue Requirement Adjustments:

Before adjustment	\$ 750,504
Tenaska Prudence Disallowance	1.2% \$143,707
Tenaska Buyout Disallowance	50.0% \$ 18,402
March Point 2 Prudence Disallowance	3.0% \$ 35,575
Net Power Costs	\$ 738,512
Production O&M (including ben & pir tax)	53,496
Colstrip 500 KV Expense	492
Net Costs for Revenue Requirement	\$ 792,500

PUGET SOUND ENERGY-ELECTRIC
2.04 SALES FOR RESALE - SECONDARY
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT	ADJUSTMENT
1	PROFORMA SALES FOR RESALE - OTHER UTILITIES	\$ 55,157,632	
2	ACTUAL SALES FOR RESALE - OTHER UTIL.	199,186,464	
3	INCREASE (DECREASE) REVENUES - OTHER UTILITIES		\$ (144,028,832)
4			
5	PROFORMA REVENUES - WHEELING FOR OTHERS	\$ 9,398,452	
6	ACTUAL REVENUES - WHEELING FOR OTHERS	12,727,829	
7	INCREASE (DECREASE) OTHER OPERATING REVENUES		(3,329,377)
8	INCREASE (DECREASE) REVENUE		\$ (147,358,209)
9			
10	STATE UTILITY TAX		
11	(APPLICABLE TO LINE 7)	0.0385588 (128,377)	
12	INCREASE (DECREASE) STATE UTILITY TAX		(128,377)
13	INCREASE (DECREASE) INCOME		\$ (147,229,832)
14			
15	INCREASE (DECREASE) FIT @	35%	(51,530,441)
16	INCREASE (DECREASE) NOI		\$ (95,699,391)

**PUGET SOUND ENERGY-ELECTRIC
2.05 FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ 84,563,914
2		
3	FEDERAL INCOME TAX @ 35%	29,597,370
4	CURRENTLY PAYABLE	<u>\$ 29,597,370</u>
5		
6	DEFERRED FIT - DEBIT	\$ 41,384,000
7	DEFERRED FIT - CREDIT	(14,250,750)
8	DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.	-
9	TOTAL RESTATED FIT	<u>\$ 56,730,620</u>
10		
11	FIT PER BOOKS:	
12	CURRENTLY PAYABLE	\$ (5,764,878)
13	DEFERRED FIT - DEBIT	78,533,358
14	DEFERRED FIT - CREDIT	(20,689,207)
15	DEFERRED FIT - INV TAX CREDIT, NET OF AMOF	-
16	TOTAL CHARGED TO EXPENSE	<u>\$ 52,079,273</u>
17		
18	INCREASE(DECREASE) FIT	35,362,248
19	INCREASE(DECREASE) DEFERRED FIT	<u>(30,710,901)</u>
20	INCREASE(DECREASE) NOI	<u><u>\$ (4,651,347)</u></u>

PUGET SOUND ENERGY-ELECTRIC
2.06 TAX BENEFIT OF PRO FORMA INTEREST
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 2,563,888,338
2	DEDUCTIBLE CWIP	63,264,591
3	NET RATE BASE	\$ 2,627,152,929
4		
5	WEIGHTED COST OF DEBT	4.03%
6	PROFORMA INTEREST	\$ 105,828,250
7		
8	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
9	INTEREST ON LONG TERM DEBT	\$ 119,754,211
10	AMORTIZATION OF DEBT DISCOUNT	
11	AND EXPENSE, NET OF PREMIUMS	2,967,877
12	CONSERVATION TRUST INTEREST	865,394
13	OTHER INTEREST EXPENSE	3,133,604
14	LESS: INTEREST ON CUSTOMER DEPOSITS	(151,631)
15	CHARGED TO EXPENSE IN TEST YEAR	126,569,455
16		
17	INCREASE (DECREASE) INCOME	\$ 20,741,205
18		
19	INCREASE (DECREASE) FIT @	35% 7,259,422
20	INCREASE (DECREASE) NOI	\$ (7,259,422)

**PUGET SOUND ENERGY-ELECTRIC
2.07 DEPRECIATION/AMORTIZATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1 <u>NET OPERATING INCOME:</u>			
2			
3 DEPRECIATION EXPENSE (FERC 403)	\$ 124,127,498	\$ 124,258,306	\$ 130,808
4			
5 <u>AMORTIZATION EXPENSE:</u>			
6 WUTC AFUDC PLANT ACQUISITION ADJUSTMENT	1,160,838	1,179,649	18,811
7			
8 INCREASE (DECREASE) NET OPERATING INCOME	125,288,336	125,437,955	\$ (149,619)
9			
10 INCREASE (DECREASE) FIT @		35%	(52,367)
11 INCREASE (DECREASE) NOI		\$	(97,252)
12			
13			
14			
15 <u>ADJUST RATE BASE FOR LINE 8</u>			
16 UTILITY PLANT IN SERVICE (50% x LINE 3)			\$ (65,404)
17 DEFERRED DEBITS (50% X LINE 6)			(9,406)
18 <u>TOTAL ADJUSTMENT TO RATEBASE</u>		50%	(74,810)

PUGET SOUND ENERGY-ELECTRIC
2.08 CONSERVATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT	ADJUSTMENT
1	<u>CONSERVATION RIDER AMORTIZATION</u>		
2	ACTUAL CONSERVATION RIDER AMORTIZATION	\$ 26,807,031	
3	RESTATED CONSERVATION RIDER AMORTIZATION	-	
4	INCREASE (DECREASE) EXPENSE	(26,807,031)	
5	INCREASE (DECREASE) OPERATING INCOME		\$ 26,807,031
6			
7	<u>PROFORMA</u>		
8	<u>95 CONSERVATION TRUST AMORTIZATION</u>		
9	ACTUAL 95 CONSERVATION TRUST AMORTIZATION	14,776,806	
10	PROFORMA 95 CONSERVATION TRUST AMORTIZATION	-	
11	INCREASE (DECREASE) EXPENSE	(14,776,806)	
12	INCREASE (DECREASE) OPERATING INCOME		14,776,806
13			
14	<u>ONE TIME ADJUSTMENTS IN ACCOUNT 18230621</u>		
15	SCH128 OVER-COLLECTION TRANSFER	(643,539)	
16	CENTRALIA FUEL TAX REFUND FROM PACIFICORP	(420,042)	
17	TRANSALTA (SCRUBBER ESC)	(229,439)	
18	INCREASE (DECREASE) EXPENSE	1,293,020	
19	INCREASE (DECREASE) OPERATING INCOME		(1,293,020)
20			
21	TOTAL AMORTIZATION		\$ 40,290,817
22			
23	INCREASE (DECREASE) FIT	35%	\$ 14,101,786
24			
25	INCREASE (DECREASE) NOI		\$ 26,189,031
26			
27	RATE BASE ADJUSTMENTS:		
28	95 CONSERVATION TRUST		(11,569,864)
29	RATE BASE ADJUSTMENT		\$ (11,569,864)

PUGET SOUND ENERGY-ELECTRIC
 2.09 BAD DEBTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE NO.		NET WRITEOFF'S	GROSS REVENUES	SALES FOR RESALE OTHER	SALES FOR RESALE FIRM	NET REVENUES	PERCENT WRITEOFF'S TO REVENUE
1	12 Mo. End Sept 30, 2000	4,760,458	2,237,588,901	859,503,897	9,805,947	1,368,279,076	0.3479157%
2	12 Mo. End Sept 30, 2001	7,000,498	2,460,850,948	955,657,851	24,744,688	1,480,448,409	0.4728634%
3	12 Mo. End Sept 30, 2002	6,321,472	1,346,477,688	93,764,521	945,576	1,251,767,591	0.5050036%
4	Three Year Average Net Write Off Rate						0.4419276%
5							
6	TEST PERIOD REVENUES		\$ 1,495,407,563	\$ 199,186,464	\$ 364,717	\$ 1,295,856,382	
7	PROFORMA BAD DEBT RATE (3 YR Avg Net Writeoff's end Sept 30, 2000 - 2002)					0.4419276%	
8	PROFORMA BAD DEBTS					\$ 5,726,747	
9							
10	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR					7,320,353	
11	INCREASE (DECREASE) EXPENSE						\$ (1,593,606)
12							
13	INCREASE (DECREASE) FIT					35%	557,762
	INCREASE (DECREASE) NOI						\$ 1,035,844

PUGET SOUND ENERGY-ELECTRIC
2.10 MISCELLANEOUS OPERATING EXPENSE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	Proforma / RESTATE	ADJUSTMENT
1	<u>OPERATING EXPENSES (RESTATE)</u>			
2	INCENTIVE/MERIT PAY	\$ 2,479,895	\$ 844,686	\$ (1,635,209)
3	PAYROLL TAXES ASSOC WITH MERIT PAY	173,593	59,128	(114,465)
4	<u>FIT/MCIT REFUND STUDY COST</u>	812,196	0	(812,196)
5	<u>OPERATING EXPENSES (PROFORMA)</u>			
6	<u>TREE WATCH (Virtual right of way)</u>	0	2,000,000	2,000,000
7	REDUCE STEAM SALES TO GP	(1,558,715)	(845,945)	712,770
8				
9	INCREASE (DECREASE) IN EXPENSE	\$ 1,906,968	\$ 2,057,869	\$ 150,901
10				
11	INCREASE(DECREASE) INCOME			(150,901)
12	INCREASE(DECREASE) FIT @		35%	(52,815)
13				
14	INCREASE(DECREASE) NOI			<u>\$ (98,086)</u>
15				
16	<u>RATEBASE</u>			
17	FUTURE USE ADJUSTMENT			33,275
18	CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT			1,677,780
19				
	TOTAL ADJUSTMENT TO RATEBASE			<u>\$ 1,711,055</u>

PUGET SOUND ENERGY-ELECTRIC
2.11 PROPERTY TAXES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE

NO. DESCRIPTION	WASHINGTON	MONTANA	OREGON	TOTAL
1 RESTATED PROPERTY TAX	\$ 23,275,330	\$ 8,987,002	\$ 981,652	\$ 33,243,984
2 CHARGED TO EXPENSE IN TY	23,055,301	9,387,665	829,823	33,272,789
3 INCREASE(DECREASE) INCOME	\$ (220,029)	\$ 400,663	\$ (151,829)	\$ 28,805
4				
5 1995-2001 BACK TAX PAYMENT			\$ -	
6 RATE YEAR AMOUNT (BASE ON 3 YEAR AVERAGE)			0	
7 INCREASE(DECREASE) INCOME				0
8				
9 TOTAL INCREASE(DECREASE) INCOME				\$ 28,805
10 INCREASE(DECREASE) FIT @			35%	10,082
11				
12 INCREASE(DECREASE) NOI				\$ 18,723

PUGET SOUND ENERGY-ELECTRIC
2.12 WHITE RIVER RELICENSING AND PLANT COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO. DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>EFFECT ON OVERALL OPERATING EXPENSES:</u>		
2	ADJUSTMENT TO DEPRECIATION EXPENSE (FERC 403):		
3	RELICENSING COSTS	\$ -	\$ -
4	PLANT COSTS	1,381,963	(1,381,963)
6	TOTAL OPERATING EXPENSE (FERC 403)	\$ 1,381,963	\$ (1,381,963)
7			
8	ADJUSTMENT TO AMORTIZATION EXPENSE (FERC 407):		
9	RELICENSING COSTS	\$ -	\$ -
10	PLANT COSTS	-	1,494,702
12	TOTAL OPERATING EXPENSE (FERC 407)	\$ -	\$ 1,494,702
13			
14	INCREASE (DECREASE) INCOME		(112,739)
15			
16	INCREASE (DECREASE) FIT @	35%	(39,459)
17	INCREASE (DECREASE) NOI		\$ (73,280)
18			
19	<u>EFFECT ON OVERALL RATEBASE:</u>		
20	<u>ADJUSTMENT TO PRODUCTION RATE BASE:</u>		
21	<u>PLANT COSTS</u>		
22	GROSS PLANT	\$ 61,716,085	\$ (61,716,085)
23	ACCUMULATED DEPREC / AMORT	(18,204,391)	18,204,391
24	DEFERRED FIT	(4,105,474)	4,105,474
25	NET PLANT COSTS IN BEG PROD RB (Note 1)	\$ 39,406,220	\$ (39,406,220)
26			
27	<u>ADJUSTMENT TO REGULATORY ASSET RATE BASE:</u>		
28	<u>RELICENSING COSTS</u>		
29	DEFERRED RELICENSING COSTS:		
30	WHITE RIVER LICENSING CHARGES	\$ -	\$ 15,201,438
31	WATER RIGHTS	-	-
32	OTHER WHITE RIVER CWIP	-	2,819,072
33	GROSS RELICENSING COSTS - AMA	-	18,020,510
34	ACCUMULATED AMORTIZATION - AMA	-	-
35			
36	TOTAL ADJUST TO REG ASSET RATEBASE	-	18,020,510
37	<u>PLANT COSTS</u>		
38	GROSS PLANT	-	66,660,934
39	ACCUMULATED DEPREC / AMORT	-	(21,269,880)
40	DEFERRED FIT	-	(4,047,572)
41	NET PLANT COSTS	-	41,343,483
42			
43	<u>EFFECT ON OVERALL RATEBASE</u>	\$ 39,406,220	\$ 59,363,993
44			\$ 19,957,773
45			
46			
47			
48			

PUGET SOUND ENERGY-ELECTRIC
2.13 FILING FEE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO. DESCRIPTION	AMOUNT
1 RESTATED WUTC FILING FEE	\$ 2,489,964
2 CHARGED TO EXPENSE FOR TEST YEAR	<u>2,269,137</u>
3 INCREASE(DECREASE) WUTC FILING FEE	\$ 220,827
4	
5 INCREASE(DECREASE) INCOME	(220,827)
6	
7 INCREASE(DECREASE) FIT @ 35%	<u>(77,289)</u>
8 INCREASE(DECREASE) NOI	<u>\$ (143,538)</u>

PUGET SOUND ENERGY-ELECTRIC
2.14 D&O INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE					
NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT	
1	D & O INS. CHG EXPENSE	\$ 543,323	\$ 535,361	\$	(7,961)
2					
3	INC(DEC) IN EXPENSE	\$ 543,323	\$ 535,361	\$	(7,961)
4					
5	INCREASE(DECREASE) OPERATING INCOME				7,961
6	INCREASE (DECREASE) FIT @		35%		2,786
7	INCREASE (DECREASE) NOI			\$	<u>5,175</u>

**PUGET SOUND ENERGY-ELECTRIC
2.15 MONTANA ELECTRIC ENERGY TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED KWH	4,976,755,000
2	TAX RATE	<u>0.00035</u>
3		
4	RESTATED ENERGY TAX	1,741,864
5	CHARGED TO EXPENSE	<u>1,575,805</u>
6	INCREASE (DECREASE) INCOME	\$. (166,059)
7		
8	INCREASE (DECREASE) FIT @ 35%	<u>(58,121)</u>
9	INCREASE (DECREASE) NOI	<u><u>\$ (107,939)</u></u>

PUGET SOUND ENERGY-ELECTRIC
2.16 INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE			
NO.	DESCRIPTION		AMOUNT
1	INTEREST EXPENSE FOR TEST YEAR	\$	151,631
2			
3			
4	INCREASE (DECREASE) NOI	\$	<u>(151,631)</u>

PUGET SOUND ENERGY-ELECTRIC
2.17 SFAS 133
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.		ACTUAL	RESTATED	ADJUSTMENT
1	FAS 133 OPERATING EXPENSE	\$ 855,328	\$ -	\$ (855,328)
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 855,328	\$ -	\$ (855,328)
4				
5	INCREASE(DECREASE) OPERATING INCOME			855,328
6				
7	INCREASE (DECREASE) DEFERRED FIT @	35%		299,365
8				
9	INCREASE (DECREASE) NOI			\$ 555,963

PUGET SOUND ENERGY-ELECTRIC
2.18 RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	Rate case costs expensed (2001-2004):	
2	Allow 1/2 of PCORC costs	650,000
3	Estimated 2004 Rate Case Costs to be expensed	1,316,689
4	Total amount expensed over 3 years (2001-2004)	1,966,689
5		
6	Proforma Normalized Annual Amount (expense)	\$655,563
7		
8	Amortization of 2001 remaining balance (\$756,277 / 3yrs)	252,000
9	Amortization of 2004 deferred rate case costs (\$1,078,074 / 3yrs)	359,358
10	Proforma Amortization of deferred rate case costs	\$611,358
11		
12	Total Pro Forma rate case costs	\$1,266,921
13		
14	Amount in test period:	
15	Amortization	767,268
16	PCORC Legal costs	400,902
17	Total Amount in Test Period	\$1,168,170
18		
19	Increase (Decrease) Expense	98,751
20		
21	Increase (Decrease) FIT	35% (34,563)
22	Increase (Decrease) NOI	(64,188)

Final

PUGET SOUND ENERGY-ELECTRIC
2.19 PROPERTY SALES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE	NO. DESCRIPTION	AMOUNT
1	DEFERRED GAIN RECORDED SINCE UE-921262 @ 2/28/2005	\$ (1,863,550)
2	DEFERRED LOSS RECORDED SINCE UE-921262 @ 2/28/2005	<u>1,129,764</u>
3	TOTAL DEFERRED NET GAIN TO AMORTIZE	\$ (733,786)
4		
5	AMORTIZATION OF DEFERRED NET GAIN FOR RATE YEAR (Line 3/3years)	(244,595)
6		
7	AMORTIZATION OF DEFERRED NET GAIN FOR TEST YEAR	(4,734,298)
8		
9	INCREASE (DECREASE) EXPENSE (Line 5 + Line 7)	<u>\$ 4,489,703</u>
10		
11	INCREASE (DECREASE) FIT @ 35%	<u>(1,571,396)</u>
12		
13	INCREASE (DECREASE) NOI	<u><u>\$ (2,918,307)</u></u>

PUGET SOUND ENERGY-ELECTRIC

5

2.20 PROPERTY & LIABILITY INSURANCE

FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003

GENERAL RATE INCREASE

LINE

NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 2,081,708	\$ 1,835,821	(245,887)
2	LIABILITY INSURANCE EXPENSE	1,296,002	1,899,745	603,743
3	INCREASE(DECREASE) EXPENSE	\$ 3,377,710	\$ 3,735,566	\$ 357,856
4				
5	INCREASE(DECREASE) OPERATING INCOME			(357,856)
6	INCREASE (DECREASE) FIT @	35%		(125,250)
7	INCREASE (DECREASE) NOI			\$ (232,606)

PUGET SOUND ENERGY-ELECTRIC
2.21 PENSION PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE

NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ (6,131,331)	\$ 2,891,507	\$ 9,022,838
2	SERP PLAN	2,542,877	2,082,057	\$ (460,820)
3	INCREASE(DECREASE) EXPENSE	\$ (3,588,454)	\$ 4,973,564	\$ 8,562,018
4				
5	INCREASE(DECREASE) OPERATING INCOME			(8,562,018)
6	INCREASE (DECREASE) FIT @	35%		(2,996,706)
7	INCREASE (DECREASE) NOI			<u>\$ (5,565,312)</u>

PUGET SOUND ENERGY-ELECTRIC
2.22 WAGE INCREASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO. DESCRIPTION	TEST YEAR	Proforma Wage Increase	RATE YEAR	ADJUSTMENT
1 WAGES:				
2 PRODUCTION	\$ 8,370,435	4.90%	\$ 8,780,586	\$ 410,151
3 TRANSMISSION	1,159,494	4.90%	\$ 1,216,309	56,815
4 DISTRIBUTION	18,812,777	4.90%	\$ 19,734,603	921,826
5 CUSTOMER ACCTS	10,556,324	4.90%	\$ 11,073,584	517,260
6 CUSTOMER SERVICE	1,073,955	4.90%	\$ 1,126,578	52,624
7 SALES	404,574	4.90%	\$ 424,398	19,824
8 ADMIN. & GENERAL	14,879,040	4.90%	\$ 15,608,113	729,073
9 TOTAL WAGE INCREASE	55,256,599		57,964,172	2,707,573
10				
11 PAYROLL TAXES	4,631,774	4.09%	\$ 4,821,252	189,478
12 TOTAL WAGES & TAXES	59,888,373		62,785,424	2,897,051
13				
14 INCREASE (DECREASE) OPERATING INC.				\$ (2,897,051)
15 INCREASE (DECREASE) FIT @ 35%				(1,013,968)
16 INCREASE (DECREASE) NOI				<u>\$ (1,883,083)</u>

**PUGET SOUND ENERGY-ELECTRIC
2.23 INVESTMENT PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>MANAGEMENT (INC. EXECUTIVES)</u>	
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT	2,593,999
3	RATE YEAR MANAGEMENT WAGE INCREASE	2.74% <u>71,076</u>
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT	2,665,075
5		
6	<u>UNION</u>	
7	INVESTMENT PLAN APPLICABLE TO UNION	1,237,966
8	RATE YEAR UNION WAGE INCREASE	7.88% <u>97,570</u>
9	TOTAL COMPANY CONTRIBUTION FOR UNION	1,335,536
10		
11	<u>TOTAL</u>	
12	TOTAL PROFORMA COSTS (LN 4 + LN 9)	4,000,611
13	PRO FORMA COSTS APPLICABLE TO OPERATIONS	67.91% 2,716,815
14	CHARGED TO EXPENSE FOR YEAR ENDED 9/30/2003	<u>2,602,287</u>
15	INCREASE (DECREASE) INCOME	(114,527)
16		
17	INCREASE (DECREASE) FIT @	35% <u>(40,085)</u>
18	INCREASE (DECREASE) NOI	<u><u>(74,442)</u></u>

PUGET SOUND ENERGY-ELECTRIC
2.24 EMPLOYEE INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	SALARIED EMPLOYEES	\$ 5,186,863
3	UNION EMPLOYEES	5,502,453
4	PRO FORMA INSURANCE COSTS	10,689,316
5		
6	APPLICABLE TO OPERATIONS @ 67.73%	7,239,874
7	CHARGED TO EXPENSE 09/30/03	5,970,141
8	INCREASE(DECREASE) INCOME	<u>(1,269,733)</u>
9		
10	INCREASE(DECREASE) FIT @ 35%	(444,407)
11		
12	INCREASE(DECREASE) NOI	<u>\$ (825,326)</u>

**PUGET SOUND ENERGY-ELECTRIC
2.25 MONTANA CORPORATE LICENSE TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

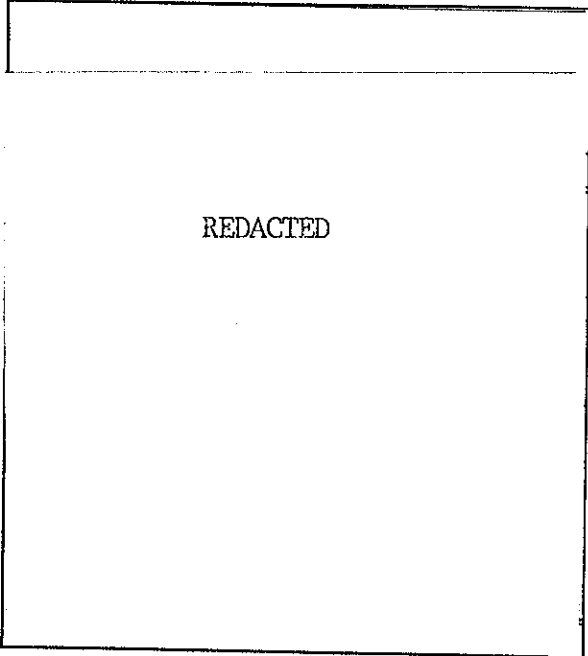
LINE NO.	DESCRIPTION	AMOUNT
1	FEDERAL CURRENT TAXABLE INCOME	\$ 51,509,914
2	ADD: MONTANA CORP. LICENSE TAX DED. ON BOOKS	(1,741,728)
3	PRO FORMA INTEREST ADJUSTMENT	20,741,205
4	INCOME SUBJECT TO APPORTIONMENT	<u>70,509,391</u>
5		
6	MONTANA APPORTIONMENT FACTOR	4.50%
7	MONTANA TAXABLE INCOME	3,172,923
8		
9	PROFORMA MONTANA CORP. LIC. TAX	6.75% 214,172
10	CHARGED TO EXPENSE IN TEST YEAR	<u>(1,741,728)</u>
11	INCREASE (DECREASE) INCOME	(1,955,900)
12		
13	INCREASE (DECREASE) FIT @	35% (684,565)
14	INCREASE (DECREASE) NOI	<u>\$ (1,271,335)</u>

**PUGET SOUND ENERGY-ELECTRIC
 2.26 STORM DAMAGE
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT		
1	NORMAL STORMS	Transmission	Distribution	Total
2	ACTUAL O&M:			
3	TWELVE MONTHS ENDED 9/30/98	\$ 13,945	\$ 255,255	\$ 269,200
4	TWELVE MONTHS ENDED 9/30/99	319,211	8,481,806	8,801,017
5	TWELVE MONTHS ENDED 9/30/00	166,215	2,374,579	2,540,794
6	TWELVE MONTHS ENDED 9/30/01	310,116	3,785,706	4,095,822
7	TWELVE MONTHS ENDED 9/30/02	(4,894)	6,583,315	6,578,420
8	TWELVE MONTHS ENDED 9/30/03	6,615	5,325,797	5,332,412
9	TOTAL STORMS	811,206	26,806,458	27,617,664
10				
11	SIX-YEAR AVERAGE STORMS	135,201	4,467,743	4,602,944
12				
13	CATASTROPHIC STORMS			
14	DEFERRED BALANCES AT 3/05:			
15	12/26/96 SNOW/ICE STORM			1,369,229
16	11/23/98 STORM			4,776,553
17	1/16/00 WINDSTORM			2,705,896
18	12/4/03 WIND STORM			9,645,626
19	TOTAL CATASTROPHIC STORMS			18,497,304
20				
21	THREE-YEAR AMORTIZATION FOR RATE YEAR			6,165,768
22				
23				
24	TOTAL EXPENSE FOR RATE YEAR (LINE 11+LINE 21)			10,768,712
25				
26	CHARGED TO EXPENSE FOR TEST YEAR ENDED 9/30/03:			
27	STORM DAMAGE EXPENSE (actual test period)	6,615	5,325,797	5,332,412
28	CATASTROPHIC STORM AMORT (PER UE-011570)			6,000,000
29	TOTAL EXPENSE FOR TEST YEAR			11,332,412
30				
31	INCREASE (DECREASE) OPERATING EXPENSE (LINE 24-LINE 29)			\$ (563,700)
32	TRANSMISSION PORTION			128,586
33	DISTRIBUTION PORTION			(858,054)
34	AMORTIZATION			165,768
35	INCREASE (DECREASE) FIT @ 35%			197,295
36				
37	INCREASE (DECREASE) NOI			\$ 366,405

PUGET SOUND ENERGY-ELECTRIC
2.27 FREDRICKSON PLANT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA RYE FEB '06	ADJUSTMENT
1	<u>FREDRICKSON PLANT RATE BASE</u>			
2	PLANT BALANCE			
3	ACCUMULATED DEPRECIATION			
4	DEFERRED FIT			
5	FREDRICKSON PLANT RATE BASE			
6				
7	<u>FREDRICKSON OPERATING EXPENSES:</u>			
8				
9	DEPRECIATION EXPENSE			
10	PROPERTY INSURANCE			
11	PLANT PROPERTY TAXES			
12	TOTAL O&M EXPENSE			
13				
14	INCREASE (DECREASE) EXPENSE			
15				
16	INCREASE (DECREASE) FIT @			
17	INCREASE (DECREASE) NOI			



**PUGET SOUND ENERGY-ELECTRIC
2.28 LOW INCOME AMORTIZATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	AMORTIZATION FOR TEST YEAR	\$ 5,849,005
2		
3		
4	INCREASE (DECREASE) NOI	<u>5,849,005</u>
5		
6	INCREASE(DECREASE) FIT @ 35%	2,047,152
7		
8	INCREASE(DECREASE) NOI	<u><u>\$ 3,801,853</u></u>

PUGET SOUND ENERGY-ELECTRIC
2.29 REGULATORY ASSETS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>ADJUSTMENT TO RATE BASE:</u>			
2	REG ASSET NET OF ACCUM AMORT AND DFIT:			
3	CABOT	\$ 8,512,095	\$ 5,972,250	\$ (2,539,845)
4	TENASKA	214,321,604	179,146,208	(35,175,396)
5	BEP	50,254,243	41,731,621	<u>(8,522,622)</u>
6				
7	ADJUSTMENT TO RATE BASE - NET ASSET VALUE			<u>\$ (46,237,863)</u>

PUGET SOUND ENERGY-ELECTRIC
2.30 PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO. DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 1.281%	FIT 35%
1 PRODUCTION WAGE INCREASE:			
2 PURCHASED POWER	\$ -	\$ -	\$ -
3 OTHER POWER SUPPLY	410,151	(5,254)	1,839
4 TOTAL PRODUCTION WAGE INCREASE	410,151	(5,254)	1,839
5 PAYROLL OVERHEADS	1,518,627	(19,454)	6,809
6 PROPERTY INSURANCE	2,291,570	(29,355)	10,274
7 TOTAL A&G	3,810,197	(48,809)	17,083
8			
9 DEPRECIATION / AMORTIZATION:			
10 DEPRECIATION	37,820,331	(484,478)	130,038
11 AMORTIZATION	3,280,326	(42,021)	445
12 TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)	41,100,657	(526,499)	130,483
13 AMORTIZATION (FERC 407)	1,494,702	(19,147)	6,701
14 TAXES OTHER-PRODUCTION PROPERTY:			
15 PROPERTY TAXES - WASHINGTON	3,807,336	(48,772)	17,070
16 PROPERTY TAXES - MONTANA	5,321,477	(68,168)	23,859
17 ELECTRIC ENERGY TAX	1,741,864	(22,313)	7,810
18 PAYROLL TAXES	730,420	(9,357)	3,275
19 TOTAL TAXES OTHER	11,601,097	(148,610)	52,014
20 INCREASE(DECREASE) INCOME		748,319	
21 INCREASE(DECREASE) FIT			208,120
22 INCREASE(DECREASE) NOI			\$ 540,199
23			
24 PRODUCTION RATE BASE:			
25 DEPRECIABLE PRODUCTION PROPERTY	\$ 1,123,818,126	\$ (14,396,110)	
26 LESS PRODUCTION PROPERTY ACCUM DEPR.	(580,591,154)	7,437,373	
27 NON-DEPRECIABLE PRODUCTION PROPERTY	13,260,193	(169,863)	
28 LESS PRODUCTION PROPERTY ACCUM AMORT.	(1,861,180)	23,842	
29 COLSTRIP COMMON FERC ADJUSTMENT	7,518,976	(96,318)	
30 COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	2,214,968	(28,374)	
31 ENCOGEN ACQUISITION ADJUSTMENT	51,952,633	(665,513)	
32 NET PRODUCTION PROPERTY	616,312,563	(7,894,963)	
33 DEDUCT:			
34 LIBR. DEPREC. PRE 1981 (EOP)	(647,743)	8,298	
35 LIBR. DEPREC. POST 1980 (EOP)	(119,403,787)	1,529,563	
36 OTHER DEF. TAXES (EOP)	(21,361,000)	273,634	
37 SUBTOTAL	(141,412,530)	1,811,495	
38			
39 ADJUSTMENT TO PRODUCTION RATE BASE	474,900,033	(6,083,468)	
40			
41 REGULATORY ASSETS RATE BASE:			
42 BPA POWER EXCHANGE INVESTMENT	41,731,621	(534,582)	
43 TENASKA REGULATORY ASSET	179,146,208	(2,294,863)	
44 CABOT OIL REGULATORY ASSET	5,972,250	(76,505)	
45 WHITE RIVER RELICENSING COSTS	18,020,510	(230,843)	
46 WHITE RIVER PLANT COSTS	41,343,483	(529,610)	
47 ADJUSTMENT TO REGULATORY ASSETS RATE BASE	286,214,072	(3,666,403)	
48			
49 TOTAL ADJUSTMENT TO RATE BASE	\$ 761,114,105	\$ (9,749,871)	

**PUGET SOUND ENERGY-ELECTRIC
 PRO FORMA COST OF CAPITAL
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1 DEBT	58.12%	6.94%	4.03%
2 PREFERRED	0.04%	8.51%	0.00%
3 EQUITY	41.84%	9.00%	3.77%
4 TOTAL	100.00%		7.80%

**PUGET SOUND ENERGY-ELECTRIC
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	RATE
1 BAD DEBTS	0.0044193
2 ANNUAL FILING FEE	0.0019000
3 STATE UTILITY TAX ((1 - LINE 1) * 3.873%)	3.873% 0.0385588
4	
5 SUM OF TAXES OTHER	0.0448781
6	
7 FEDERAL INCOME TAX ((1 - LINE 5) * 35%)	35% 0.3342927
8 CONVERSION FACTOR (1 - (LINE 5 + LINE 7))	0.6208292

**PUGET SOUND ENERGY-ELECTRIC
GENERAL RATE INCREASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE**NO. DESCRIPTION**

1	RATE BASE	\$ 2,563,888,338
2	RATE OF RETURN	7.80%
3		
4	OPERATING INCOME REQUIREMENT	199,983,290
5		
6	PRO FORMA OPERATING INCOME	186,724,088
7	OPERATING INCOME DEFICIENCY	13,259,203
8		
9	CONVERSION FACTOR	0.6208292
10	REVENUE REQUIREMENT DEFICIENCY	21,357,247
11	LESS : ASSIGNMENT TO LARGE FIRM WHOLESAL	21,903
12	LESS: ASSIGNMENT TO SMALL FIRM WHOLESAL	7,479
13	RETAIL ELECTRIC REVENUE DEFICIENCY	\$ 21,327,865