

**EXHIBIT NO. \_\_\_(JT-4)  
DOCKET NO. U-072375  
2007 MERGER PROCEEDING  
WITNESS: JOINT TESTIMONY**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Joint Application of  
PUGET HOLDINGS LLC  
And  
PUGET SOUND ENERGY, INC.  
For an Order Authorizing Proposed Transaction**

**Docket No. U-072375**

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED JOINT REBUTTAL TESTIMONY OF**

**WILLIAM N. HORTON  
ROBINSON K. KUPCHAK  
CHRISTOPHER J. LESLIE  
ERIC M. MARKELL**

**ON BEHALF OF COMMISSION STAFF, PUGET HOLDINGS LLC, AND  
PUGET SOUND ENERGY, INC. SUPPORTING SETTLEMENT STIPULATION**

**AUGUST 12, 2008**

**Puget Sound Energy**  
**Rollforward Balance Sheet**  
**For the Period Ending September 30, 2008**  
(Dollars in Thousands)

Line	Actual September 30, 2007	Balance Sheet Activity From 10/1/07 to 9/30/08	Puget Energy Equity Investment in Dec 2007	Proforma Dividends 10/1/07- 9/30/08	Proforma Sept 30, 2008 Before Merger	PSE New Credit Facility Fees	Puget Energy Equity Investment on Sept 30, 2008	Redemption of Debt on Sept 30, 2008	Proforma at September 30, 2008
	(a)	(b)	(c)	(d)	(e)	(f)			
1 <b>ASSETS:</b>									
2 <b>Utility Plant</b>	\$ 8,594,180	\$ 644,953	\$ -	\$ -	\$ 9,239,133	\$ -	\$ -	\$ 9,239,133	
3 <b>Less: Accumulated Depreciation and Amortization</b>	(3,072,245)	(254,622)	-	-	(3,326,867)	-	-	(3,326,867)	
4 Net Utility Plant	5,521,935	390,331	-	-	5,912,266	-	-	5,912,266	
5 <b>Other Property and Investments</b>	153,874	(20,167)	-	-	133,707	-	-	133,707	
6 <b>Current Assets:</b>									
7 Cash	29,677	(3,662)	-	-	26,015	(26,450)	393,916	(435)	
8 Restricted Cash	841	(841)	-	-	-	-	-	-	
9 Accounts Receivable	122,539	210,113	-	-	332,652	-	-	332,652	
10 Less: Allowance for Doubtful Accounts	(2,764)	208	-	-	(2,556)	-	-	(2,556)	
11 Secure Pledged Accounts Receivable	126,000	(126,000)	-	-	-	-	-	-	
12 Unbilled Revenues	115,238	(115,238)	-	-	-	-	-	-	
13 Materials and Supplies	61,199	868	-	-	62,067	-	-	62,067	
14 Fuel and Gas Inventory	116,797	(7,757)	-	-	109,040	-	-	109,040	
15 Unrealized Gain on Derivative Instruments	12,523	(12,523)	-	-	-	-	-	-	
16 Prepaid Income Taxes	34,821	(34,821)	-	-	-	-	-	-	
17 Prepaid Expenses & Other	24,612	40,232	-	-	64,844	-	-	64,844	
18 Deferred Income Taxes	6,049	(6,049)	-	-	-	-	-	-	
19 <b>Total Current Assets</b>	647,532	(55,470)	-	-	592,062	(26,450)	393,916	565,612	
20 <b>Long-Term Assets:</b>									
21 Regulatory Asset for Deferred Income Tax:	106,068	(21,721)	-	-	84,347	-	-	84,347	
22 Other	807,736	(45,948)	-	-	761,788	26,450	18,916	807,154	
23 <b>Total Long-Term Assets</b>	913,804	(67,669)	-	-	846,135	26,450	18,916	891,501	
24 <b>TOTAL ASSETS</b>	\$ 7,237,145	\$ 247,025	\$ -	\$ -	\$ 7,484,170	\$ -	\$ 393,916	\$ 7,503,086	
25									
26 <b>CAPITALIZATION AND LIABILITIES:</b>									
27 <b>Capitalization:</b>									
28 Common Equity	\$ 2,137,113	\$ 218,389	\$ 293,286	\$ (151,408)	\$ 2,497,380	\$ -	\$ 393,916	\$ 2,891,296	
29 Total Shareholder's Equity	2,137,113	218,389	293,286	(151,408)	2,497,380	-	393,916	2,891,296	
30 Preferred Stock Subject to Mandatory Redemption	1,889	-	-	-	1,889	-	-	1,889	
31 Junior Subordinated Notes	250,000	-	-	-	250,000	-	-	250,000	
32 Long-Term Debt	2,428,860	250,000	-	-	2,678,860	-	(375,000)	2,303,860	
33 Total Redeemable Securities and Long-Term Deb	2,680,749	250,000	-	-	2,930,749	-	(375,000)	2,555,749	
34 <b>Total Capitalization</b>	4,817,862	468,389	293,286	(151,408)	5,428,129	-	393,916	5,447,045	
35 <b>Current Liabilities:</b>									
36 Accounts Payable	238,337	(9,137)	-	-	229,200	-	-	229,200	
37 Short-Term Debt	378,039	53,136	(293,286)	151,408	289,297	-	-	289,297	
38 Short-Term Debt Owed to Puget Energy	24,282	(24,282)	-	-	-	-	-	-	
39 Current Maturities of Long-Term Debt	179,500	(179,500)	-	-	-	-	-	-	
40 Purchased Gas Liability	61,158	(13,832)	-	-	47,326	-	-	47,326	
41 Taxes	60,743	(37,857)	-	-	22,886	(9,258)	(6,621)	7,007	
42 Salaries and Wages	19,597	1,203	-	-	20,800	-	-	20,800	
43 Interest	57,280	4,215	-	-	61,495	-	-	61,495	
44 Unrealized Loss on Derivative Instruments	56,668	(56,668)	-	-	-	-	-	-	
45 Other	52,480	26,230	-	-	78,710	-	-	78,710	
46 <b>Total Current Liabilities</b>	1,128,084	(236,492)	(293,286)	151,408	749,714	(9,258)	(6,621)	733,835	
47 <b>Long-Term Liabilities:</b>									
48 Deferred Income Taxes	777,459	23,682	-	-	801,141	9,258	-	817,020	
49 Unrealized Loss on Derivative Instrument:	9,065	(9,065)	-	-	-	-	-	-	
50 Other Deferred Credits	504,675	511	-	-	505,186	-	-	505,186	
51 <b>Total Long-Term Liabilities</b>	1,291,199	15,128	-	-	1,306,327	9,258	6,621	1,322,206	
52 <b>TOTAL CAPITALIZATION AND LIABILITIES</b>	\$ 7,237,145	\$ 247,025	\$ -	\$ -	\$ 7,484,170	\$ -	\$ 393,916	\$ 7,503,086	
53									
54									
55 Debt including Short-term & Current Maturities:	\$ 3,260,681				3,218,157			2,843,157	
56 Preferred Stock	1,889				1,889			1,889	
57 Common Equity	2,137,113				2,497,380			2,891,296	
58 <b>Total Capitalization</b>	\$ 5,399,683				\$ 5,717,426			\$ 5,736,342	
59									
60 Debt including Short-term & Current Maturities:	60.4%				56.3%			49.6%	
61 Preferred Stock	0.0%				0.0%			0.0%	
62 Common Equity	39.6%				43.7%			50.4%	
63 <b>Total</b>	100.0%				100.0%			100.0%	

**Puget Energy, Inc.**  
**Rollforward Balance Sheet**  
**For the Period Ending September 30, 2008**  
(Dollars in Thousands)

Line	Actual September 30, 2007	Balance Sheet Activity From 10/1/07 to 9/30/08	Sale of Equity in Dec 2007	Investment in PSE in Dec 2007	PSE Consolidation Adjustment	Proforma Dividends 10/1/07- 9/30/08	Proforma Sept 30, 2008 Before Merger	Acquisition by Consortium Equity Amount	Acquisition by Consortium Debt Amount	Payments to Shareholders	Repayment of ST Debt	Puget Energy Acquisition Transaction Costs	Puget Energy Dividend to Shareholders for Excise Tax	Consortium Acquisition Transaction Costs	Investment in PSE	PSE Consolidation Adjustment	Proforma at September 30, 2008
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)			
<b>ASSETS:</b>																	
1 Utility Plant	\$ 8,594,180	\$ 644,953	\$ -	\$ -	\$ -	\$ -	\$ 9,239,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,239,133
2 Less: Accumulated Depreciation and Amortization	(3,072,245)	(254,622)	-	-	-	-	(3,326,867)	-	-	-	-	-	-	-	-	-	(3,326,867)
4 Net Utility Plant	5,521,935	390,331	-	-	-	-	5,912,266	-	-	-	-	-	-	-	-	-	5,912,266
<b>Other Property and Investments</b>																	
6 Goodwill	-	-	-	-	-	-	-	812,046	181,573	-	-	-	-	-	-	-	1,070,807
7 Other Property and Investments	153,874	(20,167)	-	293,286	(293,286)	-	133,707	-	-	-	-	-	-	-	393,916	(420,366)	107,257
8 Other Property and Investments	153,874	(20,167)	-	293,286	(293,286)	-	133,707	812,046	181,573	-	-	-	-	-	77,188	(420,366)	1,178,064
<b>Current Assets:</b>																	
10 Cash	29,769	(3,662)	293,286	(293,286)	-	-	26,107	3,333,767	1,490,015	(3,515,340)	(265,015)	(42,447)	(45,000)	(197,013)	(393,916)	-	391,158
11 Restricted Cash	4,792	(841)	-	-	-	-	3,951	-	-	-	-	-	-	-	-	-	3,951
12 Accounts Receivable	122,318	210,113	-	-	-	-	332,431	-	-	-	-	-	-	-	-	-	332,431
13 Less: Allowance for Doubtful Accounts	(2,764)	208	-	-	-	-	(2,556)	-	-	-	-	-	-	-	-	-	(2,556)
14 Secure Pledged Accounts Receivable	126,000	(126,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Unbilled Revenues	115,238	(115,238)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Purchased Gas Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Materials and Supplies	61,199	868	-	-	-	-	62,067	-	-	-	-	-	-	-	-	-	62,067
18 Fuel and Gas Inventory	116,797	(7,757)	-	-	-	-	109,040	-	-	-	-	-	-	-	-	-	109,040
19 Unrealized Gain on Derivative Instruments	12,523	(12,523)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Prepaid Income Taxes	35,859	(34,821)	-	-	-	-	1,038	-	-	-	-	-	-	-	-	-	1,038
21 Prepaid Expenses and Other	25,186	40,232	-	-	-	-	65,418	-	-	-	-	-	-	-	-	-	65,418
22 Deferred Income Taxes	6,049	(6,049)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23 Total Current Assets	652,966	(55,470)	293,286	(293,286)	-	-	597,496	3,333,767	1,490,015	(3,515,340)	(265,015)	(42,447)	(45,000)	(197,013)	(393,916)	-	962,547
<b>Long-Term Assets:</b>																	
25 Regulatory Asset for Deferred Income Taxes	106,068	(21,721)	-	-	-	-	84,347	-	-	-	-	-	-	-	-	-	84,347
26 Other	807,817	(45,948)	-	-	-	-	761,869	-	-	-	-	-	-	63,875	-	45,366	871,110
27 Total Long-Term Assets	913,885	(67,669)	-	-	-	-	846,216	-	-	-	-	-	-	63,875	-	45,366	955,457
<b>TOTAL ASSETS</b>	<u>\$ 7,242,660</u>	<u>\$ 247,025</u>	<u>\$ 293,286</u>	<u>\$ -</u>	<u>\$ (293,286)</u>	<u>\$ -</u>	<u>\$ 7,489,685</u>	<u>\$ 4,145,813</u>	<u>\$ 1,671,588</u>	<u>\$ (3,515,340)</u>	<u>\$ (265,015)</u>	<u>\$ (42,447)</u>	<u>\$ (45,000)</u>	<u>\$ (55,950)</u>	<u>\$ -</u>	<u>\$ (375,000)</u>	<u>\$ 9,008,334</u>
<b>CAPITALIZATION AND LIABILITIES:</b>																	
<b>Capitalization:</b>																	
32 Common Equity	\$ 2,161,454	\$ 218,389	\$ 293,286	-	-	\$(151,408)	\$ 2,521,721	\$ 812,046	\$ -	\$ -	\$ -	\$(34,048)	\$(45,000)	\$(36,368)	\$ -	\$ -	\$ 3,218,351
33 Total Shareholder's Equity	2,161,454	218,389	293,286	-	-	(151,408)	2,521,721	812,046	-	-	-	(34,048)	(45,000)	(36,368)	-	-	3,218,351
34 Preferred Stock Subject to Mandatory Redemption	1,889	-	-	-	-	-	1,889	-	-	-	-	-	-	-	-	-	1,889
35 Junior Subordinated Notes	250,000	-	-	-	-	-	250,000	-	-	-	-	-	-	-	-	-	250,000
36 Long-Term Debt	2,428,860	250,000	-	-	-	-	2,678,860	-	1,225,000	-	-	-	-	-	-	(375,000)	3,528,860
37 Total Redeemable Securities and Long-Term Debt	2,680,749	250,000	-	-	-	-	2,930,749	-	1,225,000	-	-	-	-	-	-	(375,000)	3,780,749
38 Total Capitalization	4,842,203	468,389	293,286	-	-	(151,408)	5,452,470	812,046	1,225,000	-	-	(34,048)	(45,000)	(36,368)	-	(375,000)	6,999,100
<b>Current Liabilities:</b>																	
40 Accounts Payable	238,922	(9,137)	-	-	-	-	229,785	-	-	-	-	-	-	-	-	-	229,785
41 Short-Term Debt	378,039	28,854	-	-	(293,286)	151,408	265,015	265,015	265,015	-	(265,015)	-	-	-	-	-	265,015
42 Current Maturities of Long-Term Debt	179,500	(179,500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43 Purchased Gas Liability	61,158	(13,832)	-	-	-	-	47,326	-	-	-	-	-	-	-	-	-	47,326
44 Taxes	60,743	(37,857)	-	-	-	-	22,886	-	-	-	-	-	-	-	-	-	22,886
45 Salaries and Wages	19,597	1,203	-	-	-	-	20,800	-	-	-	-	(8,399)	-	(41,938)	-	(15,878)	(43,329)
46 Interest	57,161	4,215	-	-	-	-	61,376	-	-	-	-	-	-	-	-	-	61,376
47 Unrealized Loss on Derivative Instruments	56,668	(56,668)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48 Other	52,480	26,230	-	-	-	-	78,710	3,333,767	181,573	(3,515,340)	-	-	-	-	-	-	78,710
49 Total Current Liabilities	1,104,268	(236,492)	-	-	(293,286)	151,408	725,898	3,333,767	446,588	(3,515,340)	(265,015)	(8,399)	-	(41,938)	-	(15,878)	659,683
<b>Long-Term Liabilities:</b>																	
51 Deferred Income Taxes	773,872	23,682	-	-	-	-	797,554	-	-	-	-	-	-	22,356	-	15,878	835,788
52 Unrealized Loss on Derivative Instruments	9,065	(9,065)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53 Other Deferred Credits	513,252	511	-	-	-	-	513,763	-	-	-	-	-	-	-	-	-	513,763
54 Total Long-Term Liabilities	1,296,189	15,128	-	-	-	-	1,311,317	-	-	-	-	-	-	22,356	-	15,878	1,349,551
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 7,242,660</u>	<u>\$ 247,025</u>	<u>\$ 293,286</u>	<u>\$ -</u>	<u>\$ (293,286)</u>	<u>\$ -</u>	<u>\$ 7,489,685</u>	<u>\$ 4,145,813</u>	<u>\$ 1,671,588</u>	<u>\$ (3,515,340)</u>	<u>\$ (265,015)</u>	<u>\$ (42,447)</u>	<u>\$ (45,000)</u>	<u>\$ (55,950)</u>	<u>\$ -</u>	<u>\$ (375,000)</u>	<u>\$ 9,008,334</u>
<b>Shares Outstanding</b>																	
58 Shares Outstanding	117,178	-	12,500	-	-	-	129,678	-	-	-	-	-	-	-	-	-	129,678
60 Debt including Short-term & Current Maturities	\$ 3,236,399	-	-	-	-	-	\$ 3,193,875	-	-	-	-	-	-	-	-	-	\$ 4,043,875
61 Preferred Stock	1,889	-	-	-	-	-	1,889	-	-	-	-	-	-	-	-	-	1,889
62 Common Equity	2,161,454	-	-	-	-	-	2,521,721	-	-	-	-	-	-	-	-	-	3,218,351
63 Total	\$ 5,399,742	-	-	-	-	-	\$ 5,717,485	-	-	-	-	-	-	-	-	-	\$ 7,264,115
64 Debt including Short-term & Current Maturities	60.0%	-	-	-	-	-	55.9%	-	-	-	-	-	-	-	-	-	55.7%
66 Preferred Stock	0.0%	-	-	-	-	-	0.0%	-	-	-	-	-	-	-	-	-	0.0%
67 Common Equity	40.0%	-	-	-	-	-	44.1%	-	-	-	-	-	-	-	-	-	44.3%
68 Total	100.0%	-	-	-	-	-	100.0%	-	-	-	-	-	-	-	-	-	100.0%