

Exhibit ___ (MPP-2)
Docket No. UG-040640, et al.
Witness: Michael Parvinen

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

MICHAEL PARVINEN

**STAFF OF THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION**

Summary Result of Operations & Revenue Requirement

September 23, 2004

**PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	OPERATING REVENUES:				
2	SALES TO CUSTOMERS	\$ 522,553,139	\$ 180,452,607	\$ 703,005,746	\$ 710,820,019
3	MUNICIPAL ADDITIONS	21,624,997	5,646,846	27,271,843	27,573,322
4	OTHER OPERATING REVENUES	11,020,477	(7,145,647)	3,874,830	3,874,830
5	TOTAL OPERATING REVENUES	\$ 555,198,613	\$ 178,953,806	\$ 734,152,419	\$ 742,268,171
6					
7					
8	OPERATING REVENUE DEDUCTIONS:				
9					
10	GAS COSTS:				
11					
12	PURCHASED GAS	\$ 260,366,708	\$ 169,899,443	\$ 430,266,151	\$ 430,266,151
13					
14	TOTAL PRODUCTION EXPENSES	\$ 260,366,708	\$ 169,899,443	\$ 430,266,151	\$ 430,266,151
15					
16	OTHER POWER SUPPLY EXPENSES	\$ 1,134,458	\$ 22,158	\$ 1,156,616	\$ 1,156,616
17	TRANSMISSION EXPENSE	360,965	11,146	372,112	372,112
18	DISTRIBUTION EXPENSE	25,045,610	672,656	25,718,265	25,718,265
19	CUSTOMER ACCOUNT EXPENSES	20,751,969	(283,562)	20,468,406	20,468,406
20	CUSTOMER SERVICE EXPENSES	4,862,124	(3,129,575)	1,732,549	1,732,549
21	CONSERVATION AMORTIZATION	2,008,929	(1,160,780)	848,149	848,149
22	ADMIN & GENERAL EXPENSE	26,373,760	5,796,059	32,169,820	32,211,044
23	DEPRECIATION	57,635,006	(8,405,429)	49,229,577	49,229,577
24	AMORTIZATION	9,600,784	0	9,600,784	9,600,784
25	AMORTIZATION OF PROPERTY LOSS	36,543	0	36,543	36,543
26	OTHER OPERATING EXPENSES	600,936	0	600,936	600,936
27	TAXES OTHER THAN F.I.T.	56,143,334	16,164,534	72,307,868	72,934,329
28	FEDERAL INCOME TAXES	(11,871,394)	6,194,509	(5,676,885)	(3,070,061)
29	DEFERRED INCOME TAXES	20,693,494	918,606	21,612,100	21,612,100
30	TOTAL OPERATING REV. DEDUCT.	\$ 213,376,518	\$ 16,800,322	\$ 230,176,840	\$ 233,451,349
31					
32	NET OPERATING INCOME	\$ 81,455,387	\$ (7,745,959)	\$ 73,709,428	\$ 78,550,671
33					
34	RATE BASE	\$ 1,035,225,536	\$ (528,165,652)	\$ 1,007,059,883	\$ 1,007,059,883
35					
36	RATE OF RETURN	7.87%			7.80%
37					
38	RATE BASE:				
39	UTILITY PLANT IN SERVICE AND OTHER ASSETS	\$ 1,755,514,587	\$ (47,587,765)	\$ 1,707,926,822	\$ 1,707,926,822
40	ACCUMULATED DEPRECIATION	(540,807,236)	16,391,876	(524,415,360)	(524,415,360)
41	ACCUMULATED DEFERRED FIT - LIBERALIZED	(163,324,312)	3,030,237	(160,294,075)	(160,584,675)
42	DEPRECIATION AND OTHER LIABILITIES	(17,174,520)	-	(17,174,520)	(17,174,520)
43	TOTAL NET INVESTMENT	\$ 1,033,917,919	\$ (28,165,652)	\$ 1,005,752,266	\$ 1,005,752,266
44	ALLOWANCE FOR WORKING CAPITAL	\$ 1,307,617	-	\$ 1,307,617	\$ 1,307,617
45	TOTAL RATE BASE	\$ 1,035,225,536	\$ (28,165,652)	\$ 1,007,059,883	\$ 1,007,059,883

PUGET SOUND ENERGY-GAS
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	DESCRIPTION	Parvinen 2.07	Parvinen PROPERTY TAXES 2.08	Parvinen EXCISE TAX & FILING FEE 2.09	Parvinen/Russell RATE CASE EXPENSES 2.10	Parvinen PROPERTY & LIABILITY INS 2.11	Parvinen PENSION PLAN 2.12	LINE NO.
1	OPERATING REVENUES							1
2	SALES TO CUSTOMERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2
3	MUNICIPAL ADDITIONS							3
4	OTHER OPERATING REVENUES							4
5	TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5
6								6
7								7
8	OPERATING REVENUE DEDUCTIONS:							8
9								9
10	GAS COSTS:							10
11								11
12	PURCHASED GAS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	12
13								13
14	TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	14
15								15
16	OTHER ENERGY SUPPLY EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	16
17	TRANSMISSION EXPENSE							17
18	DISTRIBUTION EXPENSE							18
19	CUSTOMER ACCTS EXPENSES							19
20	CUSTOMER SERVICE EXPENSES							20
21	CONSERVATION AMORTIZATION							21
22	ADMIN & GENERAL EXPENSE							22
23	DEPRECIATION							23
24	AMORTIZATION							24
25	AMORTIZATION OF PROPERTY LOSS							25
26	OTHER OPERATING EXPENSES							26
27	TAXES OTHER THAN F.I.T.							27
28	FEDERAL INCOME TAXES							28
29	DEFERRED INCOME TAXES							29
30	TOTAL OPERATING REV. DEDUCT.							30
31								31
32	NET OPERATING INCOME	\$ (63,996)	\$ 819,519	\$ 116,245	\$ 352,540	\$ (43,636)	\$ (1,675,427)	32
33								33
34	RATE BASE	342,378	(441,279)	72,367				34
35								35
36	RATE OF RETURN							36
37								37
38	RATE BASE:							38
39	UTILITY PLANT IN SERVICE AND OTHER ASSETS							39
40	ACCUMULATED DEPRECIATION							40
41	ACCUMULATED DEFERRED FIT - LIBERALIZED							41
42	DEPRECIATION AND OTHER LIABILITIES							42
43	TOTAL NET INVESTMENT							43
44	ALLOWANCE FOR WORKING CAPITAL							44
45	TOTAL RATE BASE							45

