

Exhibit ___ (MPP-4)
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**

Allowance for Working Capital

September 23, 2004

**Puget Sound Energy
Natural Gas Working Capital
As of September 30, 2003**

Line No.		COMPANY	STAFF	DIFFERENCE
		AMA 12 Months Ended 9/30/2003 (a)	AMA 12 Months Ended 9/30/2003 (b)	(b) - (a) (c)
Average Invested Capital				
1	Debt	2,139,218,633	2,139,218,633	-
2	Less:Debt Discount and Expense	(33,432,334)	(33,432,334)	-
3	Compensating Balance Requirements	-	-	-
4	Net Debt	2,105,786,299	2,105,786,299	-
5	Preferred Stock	381,901,588	381,901,588	-
6	Investment Tax Credit	3,865,613	3,865,613	-
7	Common Equity	1,419,616,036	1,419,616,036	-
8	Total Invested Capital	3,911,169,536	3,911,169,536	-
Average Investment				
Gas Operating:				
9	Gas Utility Plant in Service	1,634,697,162	1,634,697,162	-
10	Plus:Software in Service Reclassified	-	-	-
11	Gas Completed Work Not Classified	-	-	-
12	Plus:Paving in Service Reclassified	-	-	-
13	Gas Stored Underground, Non-Current	3,246,534	3,246,534	-
14	Gas Accumulated Depreciation	(504,330,522)	(504,330,522)	-
15	Gas Customer Advances for Construction	(17,174,520)	(17,174,520)	-
16	Gas Contributions in Aid of Construction	-	-	-
17	Gas Deferred Federal Income Tax	(187,428,993)	(210,788,351)	(23,359,358)
18	Less:Deferred tax - Regulatory Tax Liability	-	-	-
19	ADIT SFAS 109	(18,410,392)	(18,410,392)	-
20	DSM & Environmental	4,658,977	4,658,977	-
21	Other Utility ADIT	28,698,080	28,698,080	-
22	Restating and Pro Forma Adjustments	-	-	-
22	Average Gas Operating Investment-Direct	943,956,326	920,596,968	(23,359,358)
23	Common Plant-Allocation to Gas	117,570,891	117,570,891	-
23a	Investment in Assoc Company - Rainier Receivables	4,167,953	4,167,953	-
24	Common Accumulated Depreciation-Allocation to Gas	(36,476,714)	(36,476,714)	-
25	Average Common Operating Invest-Allocation to Gas	85,262,130	85,262,130	-
26	Total Average Gas Operating Investment	1,029,218,456	1,005,859,098	(23,359,358)

Non Operating:				
28	Construction Work in Progress	28,009,840	28,009,840	-
29	Common Construct Work in Progress-Alloc to Gas	3,949,221	3,949,221	-
30	Less:Software in Service Reclassified	-	-	-
31	Intercompany Accounts -net	3,600,500	3,600,500	-
32	Merchandising Receivable -net	(7,129,436)	(7,129,436)	-
33	Investment related deferred debits	113,182,867	113,182,867	-
34	Less:Paving in Service Reclassified	-	-	-
35	DSM & Environmental	(4,658,977)	(4,658,977)	-
36	Environmental Remediation - Deferred Credits	-	-	-
37	Environmental remediation - Accounts Receivable	-	-	-
38	Environmental Remediation - Accounts Payable	-	-	-
39	Gas Regulatory Asset SFAS 109	10,287,688	10,287,688	-
40	Gas Regulatory Liability SFAS 109	-	-	-
41	ADIT SFAS 109	18,410,392	18,410,392	-
42	Less Other Utility ADIT	(28,698,080)	(28,698,080)	-
43	Merchandising Inventory	79,012	79,012	-
44	Deferred Purchased Gas Costs - Accounts Rec'ble	(48,814,356)	(48,814,356)	-
45	Deferred Purchased Gas Costs - Accounts Payable	-	-	-
46	Misc. Reserves for Deferred Dr's - Accounts Receivable	-	-	-
47	Deferred SERP - Current Liabilities	(17,458,742)	(17,458,742)	-
48	Deferred Severence - Current Liabilities	(4,422)	(4,422)	-
49	Gas Preliminary Work	-	-	-
50	Electric Plant in Service	4,136,698,847	4,136,698,847	-
50a	Common Current Accounts-Electric Share	(71,499,794)	(64,368,134)	7,131,660
50b	Electric Current Accounts	(15,064,008)	(15,064,008)	-
51	Common Plant-Allocation to Electric	252,614,535	252,614,535	-
52	Electric Future Use Property	6,772,284	6,772,284	-
53	Common Future Use Property-Allocation to Electric	-	-	-
54	Customer Advances for Construction	(23,664,861)	(23,664,861)	-
55	Customer Deposits	(8,752,784)	(8,752,784)	-
56	Deferred Taxes	(410,867,797)	(987,508,439)	23,359,358
57	Deferred Debits - Other	95,909,633	97,954,287	2,044,654
58	Less: Electric Accumulated Depreciation	(1,736,314,290)	(1,736,314,290)	-
59	Less: Common Accum Depr-Allocation to Electric	(78,374,401)	(78,374,401)	-
60	Electric Completed Const. Not Classified	-	-	-
61	Conservation Investment	154,506	154,506	-
62	Other & FAS 133	649,197,861	649,197,861	-
63	Total Non Operating & Electric Plant Investment	<u>2,867,565,238</u>	<u>2,900,100,911</u>	<u>32,535,673</u>
	Total Average Net Investment	3,896,783,694	3,905,960,008	9,176,314
64	Total Investor Supplied Working Capital	<u>14,385,842</u>	<u>5,209,528</u>	<u>(9,176,314)</u>
	Total Average Investments	3,896,783,694	3,905,960,008	
	Less: Gas CWIP	(31,959,061)	(31,959,061)	
	Other work in progress			
	Preliminary surveys	-	-	
	Total	<u>3,864,824,633</u>	<u>3,874,000,947</u>	
65	Working Capital %	<u>0.37%</u>	<u>0.13%</u>	
66	Utility Allowance (Natural Gas)	<u>3,808,108</u>	<u>1,307,617</u>	<u>(2,500,491)</u>

**Puget Sound Energy
Electric Working Capital
As of September 30, 2003**

Exhibit No. _____ (MPP-4)
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Line No.	Description	COMPANY	STAFF	DIFFERENCE
		AMA 12 Months Ended 9/30/2003 (a)	AMA 12 Months Ended 9/30/2003 (b)	(b) - (a) (c)
1	Average Invested Capital			
2	Common Stock	859,037,900	859,037,900	-
3	Preferred Stock	381,901,588	381,901,588	-
4	Additional Paid in Capital	484,624,357	484,624,357	-
5	Unamortized Debt Expense	(23,839,290)	(23,839,290)	-
6	Unappropriated Retained Earnings	75,953,779	75,953,779	-
7	Notes Payable - Misc	-	-	-
8	Long Term Debt	2,088,790,800	2,088,790,800	-
9	Short Term Debt	50,427,833	50,427,833	-
10	Accumulated Deferred ITC	3,865,613	3,865,613	-
11	Deferred Debits-Other	(909,148)	(909,148)	-
12	Unamortized Gain/Loss on Debt	(8,683,895)	(8,683,895)	-
13	1995 Conservation Trust Bonds Payable	15,096,321	15,096,321	-
14	Total Average Invested Capital	3,926,265,858	3,926,265,858	-
15				
16	Average Electric Operating Investments			
17				
18	Electric Plant in Service (includes acquisition adj)	4,136,698,847	4,136,698,847	-
19	Electric Future Use Property	6,772,284	6,772,284	-
20	Customer Advances for Construction	(23,664,861)	(23,664,861)	-
21	Customer Deposits	(8,752,784)	(8,752,784)	-
22	Deferred Taxes	(316,659,395)	(365,687,262)	(49,027,867)
23	Deferred Debits - Other	335,236,065	335,236,065	-
24	Less: Accumulated Depreciation	(1,741,793,221)	(1,741,793,221)	-
25	Completed Const. Not Classified	-	-	-
26	Conservation Investment	154,506	154,506	-
26a	1995 Conservation Trust Asset	11,569,864	11,569,864	-
27	Average Electric Operating Investment-Direct	2,399,561,305	2,350,533,438	(49,027,867)
28	Common Plant-Allocation to Electric	252,614,535	252,614,535	-
29	Common Plant Held for Fut Use-Allocation to Electric	-	-	-
30	Common Accum Depr-Allocation to Electric	(75,842,866)	(75,842,866)	-
31	Common Deferred Taxes-Allocation to Electric	1,681,746	1,681,746	-
32	Common Deferred Debits-Allocation to Electric	-	-	-
33	Common Conservation Investment-Allocation to Electric	-	-	-
33a	Investment in Associated Companies-Rainier Receivables	8,955,324	8,955,324	-
34	Average Common Operating Invest-Allocation to Electric	187,408,739	187,408,739	-
35	Total Average Electric Operating Investment	2,586,970,044	2,537,942,177	(49,027,867)
36				

37				
38	Nonoperating, Gas Plant & Electric Plant Not In Service			
39	Nonutility Property at Cost	1,789,905	1,789,905	-
40	Investment in Associated Companies	124,657,347	124,657,347	-
41	Other Investments & FAS 133	39,007,587	39,007,587	-
42	Interest Bearing Regulatory Assets	-	-	-
43	Electric CWIP	87,672,093	87,672,093	-
44	Common CWIP-Allocation to Electric	8,485,355	8,485,355	-
45	Other Electric Work in Progress	21,767	21,767	-
46	Other Common Work in Progress	1,391,143	1,391,143	-
47	Deferred Items - Other Electric	152,222,970	154,308,182	2,085,212
48	Less: Related Deferred FIT	(153,815,441)	(153,815,441)	-
49	Common Deferred Items	(42,749,955)	(5,398,534)	48,148,496
50	Less: Common Related Deferred FIT-Allocation to Electric	9,369,425	9,369,425	-
51	Temporary Cash Investments	50,966,149	50,966,149	-
52	Electric Preliminary Surveys	78,965	78,965	-
53	Gas Plant in Service	1,634,697,162	1,634,697,162	-
54	Common Plant in Service-Allocation to Gas	117,570,891	117,570,891	-
55	Gas Completed Construction Not Classified	-	-	-
56	Gas Future Use	-	-	-
57	Common Plant Held for Fut Use-Allocation to Gas	-	-	-
58	Gas Construction Work in Progress	28,009,840	28,009,840	-
59	Common CWIP-Allocation to Gas	3,949,221	3,949,221	-
60	Gas Stored Underground	3,246,534	3,246,534	-
61	Less: Gas Accumulated Depreciation	(505,508,739)	(505,508,739)	-
62	Common Plant Accum Depr-Allocation to Gas	(35,298,497)	(35,298,497)	-
63	Gas Customer Contribution/Advances	(17,174,520)	(17,174,520)	-
64	Deferred Taxes - Other Gas	(187,428,993)	(187,428,993)	-
65	Gas Nonoperating Items	(28,044,350)	(28,044,350)	-
65a	Common Current Accts-Gas Share	(3,198,054)	(3,198,054)	-
65b	Gas Current Accts	48,962,510	48,962,510	-
66	Common Non-Operating Items	(90,154,255)	(40,934,280)	49,219,975
67	Common Other Operating Items-Allocation to Gas	4,360,682	19,683,872	15,323,190
68				
69	Total Nonoperating & Gas Investments	1,253,086,742	1,367,863,614	114,776,872
70	Total Average Investments	3,840,056,786	3,905,805,791	65,749,005
71	Total Investor Supplied Working Capital	86,209,072	20,460,067	(65,749,005)
72				
73	Total Average Investments	3,840,056,786	3,905,805,791	
74	Less: Electric CWIP	(96,157,448)	(96,157,448)	
	Interest Bearing Regulatory Assets	-	-	
75	Other Work in Progress	(1,412,910)	(1,412,910)	
76	Preliminary Surveys	(78,965)	(78,965)	
77	Total	3,742,407,463	3,808,156,468	
78				
79	Working Capital %	2.30%	0.54%	
80				
81	Non Electric Working Capital	26,616,340	6,824,475	(19,791,864)
82				
83	Operating Working Capital (Electric)	59,592,733	13,635,592	(45,957,141)