

**2009
Gas**

Restated Net Operating Income	\$	95,944,158	a
Restated Rate Base	\$	1,572,071,993	b
Normalized Overall Rate of Return		6.10%	c=a/b
Restated Net Operating Income	\$	95,944,158	d=a
Restated Interest Expense	\$	51,249,547	e
Restated NOI less Restated Interest Exp	\$	44,694,611	f=d-e
Restated Rate Base	\$	1,572,071,993	g=b
Actual Equity Percent		50.66%	h
Equity Rate Base	\$	796,411,672	i=g*h
Restated Return on Actual Equity		5.61%	j=f/i

PUGET SOUND ENERGY, INC.

Utility Capital Structure
 Cost of Capital and Rate of Return
 For The 12 Months Ending December 31, 2009

1	(A)	(B)	(C)	(D)	(E)
2					
3					Weighted
4					Cost of
5	<u>Description</u>	<u>Amount (i)</u>	<u>Ratio</u>	<u>Cost</u>	<u>Capital</u>
6					
7	Short Term Debt	\$241,506,181	3.79%	3.72%	0.14% (A)
8					
9	Long Term Debt	\$2,901,443,333	45.55%	6.85%	3.12% (A)
10					
11	Preferred Stock	\$236,175	0.00%	48.66%	0.00%
12					
13	Common Stock	<u>\$3,227,661,139</u>	<u>50.66%</u>	10.15%	<u>5.14%</u>
14					
15	Total	<u>\$6,370,846,828</u>	<u>100.00%</u>		<u>8.40%</u>
16					
17					
18	(i) - Average of Month-End Balances			Total (A)	3.26%

**PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 1,152,549,860	\$ (26,592,124)	\$ 1,125,957,736
3	53,256,999	(53,257,000)	(1)
4	18,937,648	0	18,937,648
5	<u>\$ 1,224,744,507</u>	<u>\$ (79,849,124)</u>	<u>\$ 1,144,895,383</u>
6			
7			
8	OPERATING REVENUE DEDUCTIONS:		
9			
10	GAS COSTS:		
11			
12	\$ 718,860,374	\$ 163,728	\$ 719,024,102
13			
14	<u>\$ 718,860,374</u>	<u>\$ 163,728</u>	<u>\$ 719,024,102</u>
15			
16	\$ 1,880,413	\$ 11,880	\$ 1,892,293
17	763,241	996	764,237
18	53,701,668	229,935	53,931,603
19	32,608,172	(2,794,044)	29,814,128
20	4,750,390	(3,371,394)	1,378,996
21	10,415,834	(10,415,834)	-
22	46,483,035	1,255,352	47,738,387
23	93,816,649	0	93,816,649
24	16,493,016	-	16,493,016
25	-	-	-
26	(241,210)	(45,490)	(286,700)
27	112,632,381	(52,797,782)	59,834,599
28	(44,871,648)	28,922,865	(15,948,783)
29	66,187,367	(25,688,669)	40,498,698
30	<u>\$ 394,619,308</u>	<u>\$ (64,692,185)</u>	<u>\$ 329,927,123</u>
31			
32	\$ 111,264,825	\$ (15,320,667)	\$ 95,944,158
33			
34	\$ 1,572,071,993	\$ 0	\$ 1,572,071,993
35			
36	7.08%		6.10%
37			
38	RATE BASE:		
39	\$ 2,704,456,221	\$ -	\$ 2,704,456,221
40	(918,462,455)	-	(918,462,455)
41	(257,320,007)	-	(257,320,007)
42	(33,816,278)	-	(33,816,278)
43	<u>\$ 1,494,857,481</u>	<u>\$ -</u>	<u>\$ 1,494,857,481</u>
44	77,214,512	-	77,214,512
45	<u>\$ 1,572,071,993</u>	<u>\$ -</u>	<u>\$ 1,572,071,993</u>

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12 ME Dec 31, 2009	TEMPERATURE NORMALIZATION 2.01	REVENUE & EXPENSE 2.02	FEDERAL INCOME TAX 2.03	TAX BENEFIT OF RESTATED INTEREST 2.04	PASS-THROUGH REVENUE & EXPENSES 2.05	BAD DEBTS 2.06
1	OPERATING REVENUES						
2	SALES TO CUSTOMERS	\$ 1,152,549,860	\$ (47,532,180)	\$ -	\$ -	\$ 20,940,056	\$ -
3	MUNICIPAL ADDITIONS	53,256,999				(53,257,000)	
4	OTHER OPERATING REVENUES	18,937,648					
5	TOTAL OPERATING REVENUES	\$ 1,224,744,507	\$ (47,532,180)	\$ -	\$ -	\$ (32,316,944)	\$ -
6							
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	GAS COSTS:	\$ -					
11							
12	PURCHASED GAS	\$ 718,860,374	\$ (33,686,956)	\$ -	\$ -	\$ 33,850,684	\$ -
13							
14	TOTAL PRODUCTION EXPENSES	\$ 718,860,374	\$ (33,686,956)	\$ -	\$ -	\$ 33,850,684	\$ -
15							
16	OTHER ENERGY SUPPLY EXPENSES	\$ 1,880,413	\$ -	\$ -	\$ -	\$ -	\$ -
17	TRANSMISSION EXPENSE	763,241					
18	DISTRIBUTION EXPENSE	53,701,668					
19	CUSTOMER ACCTS EXPENSES	32,608,172	(137,606)			(93,558)	(2,664,664)
20	CUSTOMER SERVICE EXPENSES	4,750,390				(3,396,984)	
21	CONSERVATION AMORTIZATION	10,415,834				(10,415,834)	
22	ADMIN & GENERAL EXPENSE	46,483,035	(95,064)			(64,634)	
23	DEPRECIATION	93,816,649					
24	AMORTIZATION	16,493,016					
25	AMORTIZATION OF PROPERTY LOSS	-					
26	OTHER OPERATING EXPENSES	(241,210)					
27	TAXES OTHER THAN F.I.T.	112,632,381	(1,825,616)			(52,481,563)	
28	FEDERAL INCOME TAXES	(44,871,648)	(4,125,428)	-	24,676,869	99,731	932,632
29	DEFERRED INCOME TAXES	66,187,367			(25,688,669)		
30	TOTAL OPERATING REV. DEDUCT.	\$ 394,619,307	\$ (6,183,714)	\$ -	\$ (1,011,800)	\$ 8,461,813	\$ (66,352,842)
31							
32	NET OPERATING INCOME	\$ 111,264,826	\$ (7,661,510)	\$ -	\$ 1,011,800	\$ (8,461,813)	\$ 185,214
33							
34	RATE BASE	\$ 1,572,071,993				\$ -	
35							
36	RATE OF RETURN	7.08%					
37							
38	RATE BASE:						
39	UTILITY PLANT IN SERVICE AND OTHER	\$ 2,704,456,221	\$ -	\$ -	\$ -	\$ -	\$ -
40	ACCUMULATED DEPRECIATION	(918,462,455)					
41	ACCUMULATED DEFERRED FIT - LIBERAL	(257,320,007)					
42	DEPRECIATION AND OTHER LIABILITIES	(33,816,278)					
43	TOTAL NET INVESTMENT	\$ 1,494,857,481	\$ -	\$ -	\$ -	\$ -	\$ -
44	ALLOWANCE FOR WORKING CAPITAL	77,214,512					
45	TOTAL RATE BASE	\$ 1,572,071,993	\$ -	\$ -	\$ -	\$ -	\$ -

**PUGET SOUND ENERGY-GAS
TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	TEMPERATURE NORMALIZATION ADJUSTMENT:			
2		ACTUAL	TEMP ADJ	THERMS
3		<u>THERMS</u>	<u>THERMS</u>	<u>CHANGE</u>
4	Jan-09	164,583,294	151,980,417	(12,602,877)
5	Feb-09	135,605,229	130,557,184	(5,048,045)
6	Mar-09	136,727,247	115,433,710	(21,293,537)
7	Apr-09	95,660,146	91,545,780	(4,114,366)
8	May-09	67,204,062	68,383,631	1,179,569
9	Jun-09	44,574,405	49,219,259	4,644,854
10	Jul-09	42,101,504	42,101,504	0
11	Aug-09	41,900,305	41,900,305	0
12	Sep-09	49,376,482	51,382,048	2,005,566
13	Oct-09	83,675,297	82,864,240	(811,057)
14	Nov-09	120,418,571	127,127,805	6,709,234
15	Dec-09	152,351,976	139,917,490	(12,434,486)
16		1,134,178,518	1,092,413,373	(41,765,145)
17	REVENUE ADJUSTMENT:			
18	Residential (23, 53)			\$ (32,113,699)
19	Residential (16)			0
20	Commercial & industrial (31)			(13,142,612)
21	Commercial heating (36)			0
22	Large volume (41)			(1,086,865)
23	Compressed Natural Gas (50)			0
24	Multiple unit housing (51)			0
25	Standby & auxiliary heating (61)			0
26	Interruptible (85)			(253,408)
27	Limited interruptible (86)			(388,236)
28	Non exclusive interruptible (87)			(492,627)
29	Transportation (57)			(41,699)
30	Contracts			(13,034)
31	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ (47,532,180)
32				
33	OPERATING EXPENSES:			(33,686,956)
34	PURCHASED GAS COSTS			\$ (33,686,956)
35				
36	UNCOLLECTIBLES @		0.28950%	\$ (137,606)
37	ANNUAL FILING FEE @		0.20000%	(95,064)
38	INCREASE (DECREASE) EXPENSE			(232,670)
39				
40	STATE UTILITY TAX @		3.84080%	\$ (1,825,616)
41	INCREASE (DECREASE) TAXES OTHER			(1,825,616)
42				
43	INCREASE (DECREASE) OPERATING INCOME			(11,786,938)
44				
45	INCREASE (DECREASE) FIT @		35%	(4,125,428)
46	INCREASE (DECREASE) NOI			\$ (7,661,510)

**PUGET SOUND ENERGY-GAS
REVENUE & EXPENSE RESTATING
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
3	OTHER OPERATING	\$ -
4	OTHER ADJUSTMENTS	-
5	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ -
6		
7	OTHER OPERATING REVENUES:	
8	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
9	OTHER OPERATING	\$ -
10	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	-
11		
12	TOTAL INCREASE (DECREASE) REVENUES	-
13		
14	OPERATING EXPENSES:	
15		
16	UNCOLLECTIBLES @	0.28950% -
17	ANNUAL FILING FEE @	0.20000% -
18	INCREASE (DECREASE) EXPENSE	-
19		
20	STATE UTILITY TAX @	3.84080% \$ -
21		
22	INCREASE (DECREASE) TAXES OTHER	-
23		
24	INCREASE (DECREASE) OPERATING INCOME	-
25	INCREASE (DECREASE) FIT @	35% -
26	INCREASE (DECREASE) NOI	\$ -

PUGET SOUND ENERGY-GAS
FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ (57,699,369)
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @ 35%	(20,194,779)
5	DEFERRED FIT - DEBIT	44,531,325
6	DEFERRED FIT - CREDIT	(3,684,779)
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(347,848)
8	TOTAL RESTATED FIT	<u>\$ 20,303,919</u>
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	(44,871,648)
12	DEFERRED FIT - DEBIT	70,995,762
13	DEFERRED FIT - CREDIT	(4,460,547)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(347,848)
15	TOTAL CHARGED TO EXPENSE	<u>\$ 21,315,719</u>
16		
17	INCREASE(DECREASE) FIT (LINE 4 - LINE 11)	\$ 24,676,869
18	INCREASE(DECREASE) DEFERRED FIT (LINES 5 + 6 + 7 - 12 - 13 - 14)	(25,688,669)
19	INCREASE(DECREASE) ITC	-
20	INCREASE(DECREASE) NOI	<u><u>\$ 1,011,800</u></u>

**PUGET SOUND ENERGY-GAS
TAX BENEFIT OF RESTATED INTEREST
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 1,572,071,993
2		
3	NET RATE BASE	<u>\$ 1,572,071,993</u>
4		
5	WEIGHTED COST OF DEBT	<u>3.26%</u>
6	RESTATED INTEREST	\$ 51,249,547
7		
8	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
9	INTEREST ON LONG TERM DEBT	\$ 68,056,839
10	INTEREST ON DEBT TO ASSOCIATED COMPANIES	93,088
11	AMORTIZATION OF DEBT DISCOUNT	
12	AND EXPENSE, NET OF PREMIUMS	2,653,064
13	OTHER INTEREST EXPENSE	4,664,439
14	LESS INTEREST ON CUSTOMER DEPOSITS	<u>(41,275)</u>
15	CHARGED TO EXPENSE IN TEST YEAR	<u>75,426,155</u>
16	INCREASE (DECREASE) INTEREST EXPENSE	\$ (24,176,608)
17		
18	INCREASE (DECREASE) FIT @	35% 8,461,813
19	INCREASE (DECREASE) NOI	<u>\$ (8,461,813)</u>

**PUGET SOUND ENERGY-GAS
PASS-THROUGH REVENUE & EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME RIDER - SCHEDULE 129	\$ 3,552,557
3	REMOVE CONSERVATION TRACKER - SCHEDULE 120	10,888,073
4	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	(35,380,686)
5	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	52,860,370
6	<u>REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV</u>	<u>396,630</u>
7	TOTAL (INCREASE) DECREASE REVENUES	<u>\$ 32,316,944</u>
8		
9	<u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u>	
10	UNCOLLECTIBLES @ 0.0028950	\$ (93,558)
11	ANNUAL FILING FEE 0.0020000	(64,634)
12	STATE UTILITY TAX 0.0384080	(1,241,229)
13	<u>TOTAL</u>	<u>\$ (1,399,421)</u>
14		
15	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
16	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	\$ (3,396,984)
17	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	(10,415,834)
18	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	33,850,684
19	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	(51,240,334)
20	<u>REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV</u>	<u>INCL. ABOVE</u>
21	TOTAL INCREASE (DECREASE) EXPENSE	<u>\$ (31,202,468)</u>
22		
23	INCREASE (DECREASE) OPERATING INCOME BEFORE FIT	\$ 284,945
24	INCREASE (DECREASE) FIT (LINE 23 * 35%)	<u>99,731</u>
25	INCREASE (DECREASE) NOI	<u>\$ 185,214</u>

PUGET SOUND ENERGY-GAS
BAD DEBTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT

LINE NO.	YEAR	NET WRITEOFFS	GROSS REVENUES	OTHER OPERATING REVENUE	NET REVENUES	PERCENT WRITEOFFS TO REVENUE
1	12 MOS ENDED 12/31/2005	\$ 2,699,630	\$ 872,557,921	\$ 15,976,075	\$ 856,581,846	0.3151631%
2	12 MOS ENDED 12/31/2007	\$ 2,918,686	\$ 1,224,844,682	\$ 17,471,949	\$ 1,207,372,733	0.2417386%
3	12 MOS ENDED 12/31/2008	\$ 3,664,592	\$ 1,193,302,341	\$ 17,237,406	\$ 1,176,064,935	0.3115978%
4						
5	3-Yr Average of Net Write Off Rate					0.2895000%
6						
7	Reporting Period Revenues		\$ 1,224,744,507	\$ 18,937,648	\$ 1,205,806,859	
8						
9	RESTATED BAD DEBT RATE				0.2895000%	
10	RESTATED BAD DEBTS				\$ 3,490,811	
11						
12	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR				6,155,475	
13	INCREASE (DECREASE) EXPENSE					\$ (2,664,664)
14						
15	INCREASE(DECREASE) IN INCOME					\$ 2,664,664
16	INCREASE (DECREASE) FIT				35%	932,632
17	INCREASE (DECREASE) NOI					<u>\$ 1,732,032</u>

PUGET SOUND ENERGY-GAS
MISCELLANEOUS OPERATING EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	AMOUNT		
1	OPERATING EXPENSES			
2	AMORT OF DEFERRED TAXES OF INDIRECT OVERHEADS			
3	REGULATORY ASSET (WUTC DOC # UE-051527)	\$ 45,490	-	\$ (45,490)
4	COMPANY STORE- NET PURCHASE/SALES OF MERCHANDISE IN A&G	-	-	-
5	AIRPORT PARKING	6,819	-	(6,819)
6	ADVERTISING EXPENSES-CHARGED BELOW THE LINE	100		(100)
7	ATHLETIC EVENTS - CHARGED ABOVE THE LINE	5,356		(5,356)
8	INCREASE(DECREASE) IN EXPENSE	\$ 57,765	\$ -	\$ (57,765)
9				
10	TOTAL INCREASE(DECREASE) IN INCOME			57,765
11	INCREASE (DECREASE) FIT @ 35%		35.00%	20,218
12				
13	INCREASE (DECREASE) NOI			\$ 37,547

PUGET SOUND ENERGY-GAS
EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED EXCISE TAXES	\$ 48,235,521
2	CHARGED TO EXPENSE FOR TEST YEAR	<u>46,765,214</u>
3	INCREASE(DECREASE) EXCISE TAX	\$ 1,470,307
4		
5	RESTATED WUTC FILING FEE	\$ 2,525,096
6	CHARGED TO EXPENSE FOR TEST YEAR	<u>2,525,096</u>
7	INCREASE(DECREASE) WUTC FILING FEE	\$ -
8		
9	INCREASE(DECREASE) EXPENSE	\$ 1,470,307
10		
11	INCREASE(DECREASE) OPERATING INCOME	\$ (1,470,307)
12		
13	INCREASE(DECREASE) FIT 35%	\$ (514,607)
14		
15	INCREASE(DECREASE) NOI	<u>\$ (955,700)</u>

**PUGET SOUND ENERGY-GAS
INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	INTEREST EXPENSE FOR TEST YEAR	\$ 41,275
2		
3		
4	INCREASE (DECREASE) NOI	<u>\$ (41,275)</u>

**PUGET SOUND ENERGY-GAS
PENSION PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 646,159	\$ 2,127,237	\$ 1,481,078
2	SERP PLAN	982,613	837,119	(145,494)
3				
4	INCREASE (DECREASE) IN EXPENSE	\$ 1,628,772	\$ 2,964,356	\$ 1,335,584
5				
6	INCREASE (DECREASE) INCOME			(1,335,584)
7	INCREASE (DECREASE) FIT @		35%	(467,454)
8				
9	INCREASE (DECREASE) NOI			<u>\$ (868,130)</u>

**PUGET SOUND ENERGY-GAS
D&O INSURANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT**

LINE NO. DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1 D & O INS. CHG EXPENSE	\$ 277,985	\$ 279,252	\$ 1,267
2			
3 INCREASE (DECREASE) IN EXPENSE	\$ 277,985	\$ 279,252	\$ 1,267
4			
5 INCREASE (DECREASE) OPERATING INCOME			(1,267)
6			
7 INCREASE (DECREASE) FIT @		35%	(443)
8			
9 INCREASE (DECREASE) NOI			<u>\$ (824)</u>

**PUGET SOUND ENERGY-GAS
INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT**

LINE NO. DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1 INCENTIVE/MERIT PAY			
2 PRODUCTION MANUF. GAS	\$ 9,168	\$ 10,762	\$ 1,594
3 OTHER GAS SUPPLY	28,951	35,400	6,449
4 STORAGE, LNG T&G	31,846	35,683	3,837
5 TRANSMISSION	10,615	11,611	996
6 DISTRIBUTION	1,195,686	1,425,621	229,935
7 CUSTOMER ACCTS	452,363	512,872	60,509
8 CUSTOMER SERVICE	49,458	75,048	25,590
9 SALES	5,790	1,982	(3,808)
10 ADMIN. & GENERAL	628,724	723,006	94,282
11 TOTAL INCENTIVE PAY	\$ 2,412,601	\$ 2,831,985	\$ 419,384
12			
13 PAYROLL TAXES ASSOC WITH MERIT PAY	224,877	263,967	39,090
14 INCREASE(DECREASE) EXPENSE	2,637,478	3,095,952	458,474
15			
16 INCREASE (DECREASE) OPERATING EXPENSE			458,474
17			
18 INCREASE(DECREASE) FIT @		35%	(160,466)
19 INCREASE(DECREASE) NOI			\$ (298,008)

PUGET SOUND ENERGY-GAS
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	BASE	RATE	AMOUNT
1	BAD DEBTS			0.002895
2	ANNUAL FILING FEE			0.002000
3	STATE UTILITY TAX (3.852% - (LINE 1 * 3.852%))		3.852%	0.038408
4				
5	SUM OF TAXES OTHER			0.043303
6				
7	FEDERAL INCOME TAX ((1 - LINE 5) * 35%)		35%	0.334844
8	CONVERSION FACTOR (1 - (LINE 5 + LINE 7))			<u>0.621853</u>

PUGET SOUND ENERGY-ELECTRIC & GAS

**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
ALLOCATION METHODS**

<u>Method</u>	<u>Description</u>		<u>Electric</u>	<u>Gas</u>	<u>Total</u>
1	* <u>12 Month Average Number of Customers</u>	12/31/2009	1,072,837	746,532	1,819,369
	Percent		58.97%	41.03%	100.00%
2	* <u>Joint Meter Reading Customers</u>	12/31/2009	699,243	401,997	1,101,240
	Percent		63.50%	36.50%	100.00%
3	* <u>Non-Production Plant</u>				
	Distribution	12/31/2009	\$ 3,289,448,354	\$ 2,394,728,325	\$ 5,684,176,679
	Transmission	12/31/2009	379,628,593	-	379,628,593
	Direct General Plant	12/31/2009	140,582,889	55,251,006	195,833,895
	Total		\$ 3,809,659,836	\$ 2,449,979,331	\$ 6,259,639,167
	Percent		60.86%	39.14%	100.00%
4	* <u>4-Factor Allocator</u>				
	Number of Customers	12/31/2009	1,072,837	746,532	1,819,369
	Percent		58.97%	41.03%	100.00%
	Labor - Direct Charge to O&M	12/31/2009	46,338,531	22,750,831	\$ 69,089,362
	Percent		67.07%	32.93%	100.00%
	T&D O&M Expense (Less Labor)	12/31/2009	60,734,314	32,963,450	\$ 93,697,764
	Percent		64.82%	35.18%	100.00%
	Net Classified Plant (Excluding General (Common) Plant)	12/31/2009	3,687,001,111	1,709,512,381	5,396,513,492
	Percent		68.32%	31.68%	100.00%
	Total Percentages		259.18%	140.82%	400.00%
	Percent		64.79%	35.21%	100.00%
5	* <u>Employee Benefits</u>				
	Direct Labor Accts 500-935	12/31/2009	48,940,260	23,815,913	72,756,172
	Total		\$ 48,940,260	\$ 23,815,913	\$ 72,756,172
	Percent		67.27%	32.73%	100.00%