

**EXHIBIT NO. \_\_\_(MJS-9)  
DOCKET NOS. UE-090704/UG-090705  
2009 PSE GENERAL RATE CASE  
WITNESS: MICHAEL J. STRANIK**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. UE-090704  
Docket No. UG-090705**

**FIRST EXHIBIT TO THE PREFILED SUPPLEMENTAL DIRECT TESTIMONY  
(NONCONFIDENTIAL) OF  
MICHAEL J. STRANIK  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**AUGUST 3, 2009**

**PUGET SOUND ENERGY-GAS  
RESULTS OF OPERATIONS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	REVISED TOTAL ADJUSTMENTS	REVISED RESULTS OF OPERATIONS	REVISED REVENUE REQUIREMENT DEFICIENCY	REVISED AFTER RATE INCREASE
1	<u>OPERATING REVENUES:</u>				
2	\$ 1,149,587,391	\$ 59,103,093	\$ 1,208,690,484	\$ 30,202,598	\$ 1,238,893,082
3	49,951,006	(49,951,006)	-	-	-
4	17,329,860	<b><i>(738,826)</i></b>	<b><i>16,591,034</i></b>	<b><i>205,780</i></b>	<b><i>16,796,814</i></b>
5	<b><i>\$ 1,216,868,256</i></b>	<b><i>\$ 8,413,262</i></b>	<b><i>\$ 1,225,281,518</i></b>	<b><i>\$30,408,378</i></b>	<b><i>\$ 1,255,689,896</i></b>
6					
7					
8	<u>OPERATING REVENUE DEDUCTIONS:</u>				
9					
10	<u>GAS COSTS:</u>				
11					
12	\$ 737,851,058	\$ 48,375,663	\$ 786,226,721	\$ -	\$ 786,226,721
13					
14	<b><i>\$ 737,851,058</i></b>	<b><i>\$ 48,375,663</i></b>	<b><i>\$ 786,226,721</i></b>	<b><i>\$ -</i></b>	<b><i>\$ 786,226,721</i></b>
15					
16	\$ 1,873,117	\$ 53,512	\$ 1,926,629	\$ -	\$ 1,926,629
17	394,280	10,765	405,045	-	405,045
18	51,612,729	1,672,824	53,285,553	-	53,285,553
19	28,177,045	<b><i>(248,763)</i></b>	<b><i>27,928,282</i></b>	<b><i>86,147</i></b>	28,014,429
20	4,829,560	(3,366,941)	1,462,619	-	1,462,619
21	7,669,601	(7,669,601)	0	-	0
22	44,215,773	<b><i>1,355,543</i></b>	<b><i>45,571,315</i></b>	<b><i>60,817</i></b>	45,632,132
23	82,190,938	6,658,883	88,849,821	-	88,849,821
24	15,618,788	0	15,618,788	-	15,618,788
25	-	0	-	-	-
26	781,404	634,013	1,415,417	-	1,415,417
27	-	0	-	-	-
28	108,410,162	<b><i>(47,641,568)</i></b>	<b><i>60,768,594</i></b>	<b><i>1,168,016</i></b>	61,936,610
29	(21,984,884)	<b><i>14,585,863</i></b>	<b><i>(7,399,021)</i></b>	<b><i>10,182,701</i></b>	2,783,680
30	43,878,484	(1,953,835)	41,924,649	-	41,924,649
31	<b><i>\$ 1,105,518,056</i></b>	<b><i>\$ (35,909,305)</i></b>	<b><i>\$ 331,757,693</i></b>	<b><i>\$ 11,497,681</i></b>	<b><i>\$ 343,255,374</i></b>
32					
33	\$ 111,350,201	<b><i>(4,053,096)</i></b>	<b><i>\$ 107,297,105</i></b>	<b><i>\$ 18,910,697</i></b>	\$ 126,207,801
34					
35	\$ 1,474,337,487	\$52,716	\$ 1,474,390,203	\$ -	\$ 1,474,390,203
36					
37	7.55%		<b><i>7.28%</i></b>		8.56%
38					
39	<u>RATE BASE:</u>				
40	\$ 2,496,529,564	\$ 4,805,828	\$ 2,501,335,392	-	-
41	(837,320,044)	(3,439,575)	(840,759,619)	-	-
42	(208,946,049)	(1,841,262)	(210,787,311)	-	-
43	(27,028,861)	527,725	(26,501,136)	-	-
44	<b><i>\$ 1,423,234,610</i></b>	<b><i>\$ 52,716</i></b>	<b><i>\$ 1,423,287,326</i></b>		
45	51,102,877	-	51,102,877	-	-
46	<b><i>\$ 1,474,337,487</i></b>	<b><i>\$ 52,716</i></b>	<b><i>\$ 1,474,390,203</i></b>		

Rate Increase
2.50%
1.24%
2.48%

(Note) Amounts presented in bold italic type have changed since the May 8, 2009 original filing.

**PUGET SOUND ENERGY-GAS**  
**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**RESTATING AND PRO FORMA ADJUSTMENTS**

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12ME Dec. 31, 2008	TEMPERATURE NORMALIZATION 9.01	REVISED REVENUE & EXPENSES 9.02	NET INTEREST TO IRS FOR SSCM 9.03	FEDERAL INCOME TAX 9.04	TAX BENEFIT OF PRO FORMA INTEREST 9.05
1	OPERATING REVENUES					
2	SALES TO CUSTOMERS	\$ 1,149,587,391	\$ (55,696,079)	\$ 73,523,119	\$ -	\$ -
3	MUNICIPAL ADDITIONS	49,951,006				
4	OTHER OPERATING REVENUES	17,329,860		<i>(1,203,189)</i>		
5	TOTAL OPERATING REVENUES	\$ 1,216,868,256	\$ (55,696,079)	\$ 72,319,930	\$ -	\$ -
6						
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	GAS COSTS:					
11						
12	PURCHASED GAS	\$ 737,851,058	\$ (39,777,834)	\$ 37,593,107	\$ -	\$ -
13						
14	TOTAL PRODUCTION EXPENSES	\$ 737,851,058	\$ (39,777,834)	\$ 37,593,107	\$ -	\$ -
15						
16	OTHER ENERGY SUPPLY EXPENSES	1,873,117.13				
17	TRANSMISSION EXPENSE	394,280.38				
18	DISTRIBUTION EXPENSE	51,612,728.75				
19	CUSTOMER ACCTS EXPENSES	28,177,045	(157,787)	<i>204,882</i>		
20	CUSTOMER SERVICE EXPENSES	4,829,560				
21	CONSERVATION AMORTIZATION	7,669,601				
22	ADMIN & GENERAL EXPENSE	44,215,773	(111,392)	<i>144,640</i>		
23	DEPRECIATION	82,190,938				
24	AMORTIZATION	15,618,788				
25	AMORTIZATION OF PROPERTY LOSS	-				
26	OTHER OPERATING EXPENSES	781,404	-	-	1,566,772	
27	FAS 133	-				
28	TAXES OTHER THAN INCOME TAXES	108,410,162	(2,139,342)	<i>2,777,881</i>		
29	INCOME TAXES	(21,984,884)	(4,728,403)	<i>11,059,797</i>	(548,370)	1,038,077
30	DEFERRED INCOME TAXES	43,878,484				(1,953,835)
31	TOTAL OPERATING REV. DEDUCT.	\$ 1,105,518,056	\$ (7,136,924)	\$ 14,187,200	\$ 1,018,402	\$ (915,758)
32						
33	NET OPERATING INCOME	\$ 111,350,201	\$ (8,781,321)	\$ 20,539,623	\$ (1,018,402)	\$ 915,758
34						
35	RATE BASE	\$ 1,474,337,487			\$ (915,968)	
36						
37	RATE OF RETURN	7.55%				
38						
39	RATE BASE:					
40	UTILITY PLANT IN SERVICE	\$ 2,496,529,564	\$ -	\$ -	\$ -	\$ -
41	ACCUMULATED DEPRECIATION	(837,320,044)				
42	ACCUMULATED DEFERRED FIT	(208,946,049)			(1,443,693)	
43	OTHER	(27,028,861)			527,725	
44	TOTAL NET INVESTMENT	\$ 1,423,234,610	\$ -	\$ -	(915,968)	\$ -
45	ALLOWANCE FOR WORKING CAPITAL	51,102,877				
46	TOTAL RATE BASE	\$ 1,474,337,487	\$ -	\$ -	(915,968)	\$ -

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**PUGET SOUND ENERGY-GAS**  
**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**RESTATING AND PRO FORMA ADJUSTMENTS**

LINE NO.	DEPRECIATION STUDY 9.06	PASS THROUGH REVENUE & EXPENSE 9.07	BAD DEBTS 9.08	MISCELLANEOUS OPERATING EXPENSE 9.09	PROPERTY TAXES 9.10	EXCISE TAX & FILING FEE 9.11	D&O INSURANCE 9.12
1	OPERATING REVENUES						
2	\$ -	\$ 41,276,054	\$ -		\$ -	\$ -	
3		(49,951,006)					
4	OTHER OPERATING REVENUES						
5	\$ -	\$ (8,674,952)	\$ -	464,363	\$ -	\$ -	\$ -
6							
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	GAS COSTS:						
11							
12	\$ -	\$ 50,560,390	\$ -		\$ -	\$ -	
13							
14	\$ -	\$ 50,560,390	\$ -		\$ -	\$ -	\$ -
15							
16	\$ -	\$ -	\$ -		\$ -	\$ -	
17	TRANSMISSION EXPENSE						
18	DISTRIBUTION EXPENSE						
19	CUSTOMER ACCTS EXPENSES						
20	CUSTOMER SERVICE EXPENSES						
21	CONSERVATION AMORTIZATION						
22	ADMIN & GENERAL EXPENSE						
23	6,218,349		(699,342)				
24	0						
25	AMORTIZATION OF PROPERTY LOSS						
26	OTHER OPERATING EXPENSES						
27	FAS 133						
28		(48,633,839)			1,308,384	(1,066,354)	
29		184,649	244,770		(457,934)	373,224	76,706
30							
31	\$ 6,218,349	\$ (59,578,262)	\$ (454,572)	23,464	\$ 850,450	\$ (693,130)	\$ (142,454)
32							
33	\$ (6,218,349)	\$ 342,920	\$ 454,572	\$ 440,899	\$ (850,450)	\$ 693,130	\$ 142,454
34							
35	\$ (3,109,174)						
36							
37	RATE OF RETURN						
38							
39	RATE BASE:						
40		\$ -	\$ -		\$ -	\$ -	
41	(3,109,174)						
42							
43	OTHER						
44	\$ (3,109,174)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	ALLOWANCE FOR WORKING CAPITAL						
46	\$ (3,109,174)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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**PUGET SOUND ENERGY-GAS**  
**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**RESTATING AND PRO FORMA ADJUSTMENTS**

LINE NO.	INTEREST ON CUSTOMER DEPOSITS 9.13	RATE CASE EXPENSES 9.14	DEFERRED GAINS/ LOSSES PROP SALES 9.15	PROPERTY & LIABILITY INS 9.16	PENSION PLAN 9.17	WAGE INCREASE 9.18
1						
2	\$	- \$	-	\$	- \$	- \$
3						
4						
5	\$	- \$	- \$	- \$	- \$	- \$
6						
7						
8						
9						
10						
11						
12	\$	- \$	-	\$	- \$	- \$
13						
14	\$	- \$	- \$	- \$	- \$	- \$
15						
16		\$	-	\$	- \$	78,858
17						11,356
18						1,415,429
19		30,273				551,848
20						74,460
21						
22			(236,859)	(358,768)	2,277,375	606,382
23						
24						
25						
26				482,172		
27						
28						182,013
29		\$	82,901	(168,760)	125,569	(797,081)
30						(1,022,121)
31	\$	30,273	(153,958)	313,412	(233,199)	1,480,293
32						1,898,225
33	\$	(30,273)	153,958	(313,412)	233,199	(1,480,293)
34						
35	\$	-				
36						
37						
38						
39						
40	\$	- \$	-	\$	- \$	- \$
41						
42						
43						
44	\$	- \$	- \$	- \$	- \$	- \$
45						
46	\$	- \$	- \$	- \$	- \$	- \$

*(Note) Amounts presented in bold italic type have changed since the May 8, 2009 original filing.*

**PUGET SOUND ENERGY-GAS**  
**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**  
**RESTATING AND PRO FORMA ADJUSTMENTS**

LINE NO.	INVESTMENT PLAN 9.19	EMPLOYEE INSURANCE 9.20	INCENTIVE PAY 9.21	MERGER SAVINGS 9.22	FLEET VEHICLES 9.23	REVISED TOTAL ADJUSTMENTS	REVISED ADJUSTED RESULTS OF OPERATIONS	
1	OPERATING REVENUES							
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,103,093	\$ 1,208,690,484	
3	MUNICIPAL ADDITIONS							
4							(49,951,006)	-
5	OTHER OPERATING REVENUES						(738,826)	16,591,034
6	<hr/>							
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,413,262	\$ 1,225,281,518	
8	OPERATING REVENUE DEDUCTIONS:							
9	GAS COSTS:							
10	PURCHASED GAS							
11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,375,663	\$ 786,226,721	
12	<hr/>							
13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,375,663	\$ 786,226,721	
14	TOTAL PRODUCTION EXPENSES							
15	OTHER ENERGY SUPPLY EXPENSES							
16	\$ -	\$ -	\$ -	(25,346)		\$ 53,512	\$ 1,926,629	
17	TRANSMISSION EXPENSE						10,765	405,045
18	DISTRIBUTION EXPENSE						1,672,824	53,285,553
19	CUSTOMER ACCTS EXPENSES						(248,763)	27,928,282
20	CUSTOMER SERVICE EXPENSES						(3,366,941)	1,462,619
21	CONSERVATION AMORTIZATION						(7,669,601)	0
22	153,854	837,200	(232,356)	(478,634)	(1,512,141)	1,355,543	45,571,315	
23	DEPRECIATION						440,534	88,849,821
24	AMORTIZATION						0	15,618,788
25	AMORTIZATION OF PROPERTY LOSS						-	-
26	OTHER OPERATING EXPENSES						634,013	1,415,417
27	FAS 133						-	-
28	TAXES OTHER THAN INCOME TAXES						(47,641,568)	60,768,594
29	(53,849)	(293,020)	331,577	167,522	375,062	14,585,863	(7,399,021)	
30	DEFERRED INCOME TAXES						(1,953,835)	41,924,649
31	\$ 100,005	\$ 544,180	\$ (615,785)	\$ (311,112)	\$ (696,545)	\$ (35,909,305)	\$ 331,757,693	
32	<hr/>							
33	\$ (100,005)	\$ (544,180)	\$ 615,785	\$ 311,112	\$ 696,545	\$ (4,053,096)	\$ 107,297,105	
34	<hr/>							
35	RATE BASE						\$ 52,716	\$ 1,474,390,203
36	<hr/>							
37	RATE OF RETURN							7.28%
38	<hr/>							
39	RATE BASE:							
40	\$ -	\$ -	\$ -	\$ -	4,805,828	4,805,828	2,501,335,392	
41	ACCUMULATED DEPRECIATION						(3,439,575)	(840,759,619)
42	ACCUMULATED DEFERRED FIT - LIBERALIZED						(1,841,262)	(210,787,311)
43	OTHER						527,725	(26,501,136)
44	TOTAL NET INVESTMENT						\$ 52,716	\$ 1,423,287,326
45	ALLOWANCE FOR WORKING CAPITAL						-	51,102,877
46	TOTAL RATE BASE						\$ 52,716	\$ 1,474,390,203

(Note) Amounts presented in bold italic type have changed since the May 8, 2009 original filing.

**PUGET SOUND ENERGY-GAS  
TEMPERATURE NORMALIZATION  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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-08	168,295,469	154,988,222	(13,307,247)
5	Feb-08	138,172,032	140,517,165	2,345,133
6	Mar-08	131,490,969	115,895,730	(15,595,239)
7	Apr-08	109,964,622	95,180,930	(14,783,692)
8	May-08	76,590,248	76,738,761	148,513
9	Jun-08	57,746,204	52,990,507	(4,755,697)
10	Jul-08	44,469,072	44,469,072	0
11	Aug-08	44,755,273	44,755,273	0
12	Sep-08	52,251,636	52,894,735	643,099
13	Oct-08	82,272,893	79,217,192	(3,055,701)
14	Nov-08	104,695,969	121,277,545	16,581,576
15	Dec-08	157,188,316	141,383,989	(15,804,327)
16		<u>1,167,892,703</u>	<u>1,120,309,121</u>	<u>(47,583,582)</u>
17				
18	REVENUE ADJUSTMENT:			
19	Residential (23, 53)			\$ (39,901,123)
20	Residential (16)			0
21	Commercial & industrial (31)			(12,695,194)
22	Large volume (41)			(1,068,987)
23	Compressed natural gas (50)			0
24	Interruptible (85)			(259,451)
25	Limited interruptible (86)			(892,487)
26	Non exclusive interruptible (87)			(834,177)
27	Transportation (57)			(30,254)
28	Contracts (99)			<u>(14,406)</u>
29	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ (55,696,079)
30	OPERATING EXPENSES			
31	PURCHASED GAS COSTS			\$ (39,777,834)
32				\$ (39,777,834)
33				
34	UNCOLLECTIBLES @		0.00283	\$ (157,787)
35	ANNUAL FILING FEE @		0.00200	<u>(111,392)</u>
36	INCREASE (DECREASE) EXPENSES			(269,179)
37				
38	STATE UTILITY TAX @		0.03841	<u>\$ (2,139,342)</u>
39	INCREASE (DECREASE) TAXES OTHER			<u>(2,139,342)</u>
40				
41	INCREASE (DECREASE) INCOME			(13,509,724)
42				
43	INCREASE (DECREASE) FIT @		35%	<u>(4,728,403)</u>
44	INCREASE (DECREASE) NOI			<u><u>\$ (8,781,321)</u></u>

**PUGET SOUND ENERGY-GAS  
REVENUE AND EXPENSES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	ADD GRC INCREASE DOCKET UG-072301	\$ 38,581,189
3	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
4	OTHER OPERATING	(1,004,369)
5	OCTOBER 2007 PURCHASED GAS	
6	ADJUSTMENT, DOCKET UG-071775.	49,392,484
7	CONSERVATION ADJUSTMENT	(2,505,739)
8	TRUE UP CHANGE IN UNBILLED	(10,981,123)
9	OTHER ADJUSTMENTS	40,677
10	RESTATING ADJUSTMENTS SALES TO CUSTOMERS	<u>73,523,119</u>
11		
12	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ 73,523,119
13		
14	OTHER OPERATING REVENUES	
15	RENTALS:	
16	ADD GRC INCREASE DOCKET 060266	888,730
17	TRUE UP CHANGE IN UNBILLED	112,972
18	OTHER OPERATING REVENUES	
19	RECLASS PENALTIES AND NEW CUSTOMER REVENUE	
20	FROM SALES TO CUSTOMERS	1,004,369
21	<b><i>REMOVE EVERETT DELTA LEASE REVENUES</i></b>	<b><i>(3,209,260)</i></b>
22	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u><b><i>(1,203,189)</i></b></u>
23		
24	TOTAL INCREASE (DECREASE) REVENUES	<b>72,319,930</b>
25		
26	OPERATING EXPENSES:	
27	PURCHASED GAS COSTS	
28	2007 GRC INCREASE DOCKET UG-072301	\$ 14,999
29	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
30	OTHER OPERATING	\$ -
31	OCTOBER 2007 PURCHASED GAS ADJUSTMENT	
32	DOCKET UG-071775	\$ 47,259,204
33	CONSERVATION	\$ (1,813,533)
34	TRUE UP CHANGE IN UNBILLED	\$ (7,866,368)
35	OTHER ADJUSTMENTS	\$ (1,194)
36	TOTAL PURCHASE GAS COSTS	<u>\$ 37,593,107</u>
37		
38	UNCOLLECTIBLES @	0.00283 \$ 204,882
39	ANNUAL FILING FEE @	0.00200 <b><i>144,640</i></b>
40	INCREASE (DECREASE) EXPENSES	<u><b><i>37,942,630</i></b></u>
41		
42	STATE UTILITY TAX @	0.03841 \$ <u><b>2,777,881</b></u>
43		
44	INCREASE (DECREASE) TAXES OTHER	<u><b>2,777,881</b></u>
45		
46	INCREASE (DECREASE) INCOME	<b>31,599,420</b>
47	INCREASE (DECREASE) FIT @	35% <u><b>11,059,797</b></u>
48	INCREASE (DECREASE) NOI	<u><u><b>\$ 20,539,623</b></u></u>

(Note) Amounts presented in bold italic type have changed since the May 8, 2009 original filing.

**PUGET SOUND ENERGY-GAS  
NET INTEREST DUE TO IRS FOR SSCM  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1				
2	<u>AMORTIZATION OF DEFERRED SSCM NET INTEREST PAID TO IRS</u>			
3	AMORTIZATION EXPENSE		1,566,772	1,566,772
4	TOTAL OPERATING EXPENSES	\$ -	\$ 1,566,772	\$ 1,566,772
5				
6	INCREASE (DECREASE) EXPENSE			\$ 1,566,772
7				
8	INCREASE (DECREASE) FIT @		35%	(548,370)
9	INCREASE (DECREASE) NOI			<u>\$ (1,018,402)</u>
10				
11	<u>RATEBASE</u>			
12	<u>DEFERRED SSCM NET INTEREST PAID TO IRS</u>			
13	GROSS DEFERRED BALANCE	\$ 1,822,433	\$ 3,133,544	\$ 1,311,111
14	ACCUM AMORTIZATION		(783,386)	(783,386)
15	DEFERRED FEDERAL INCOME TAX	621,138	(822,555)	(1,443,693)
16	NET DEFERRED INTEREST ADDITION TO RATEBASE	<u>\$ 2,443,571</u>	<u>\$ 1,527,603</u>	<u>\$ (915,968)</u>

**PUGET SOUND ENERGY-GAS  
FEDERAL INCOME TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ (59,848,019)
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @ 35%	(20,946,807)
5	DEFERRED FIT - DEBIT	47,432,293
6	DEFERRED FIT - CREDIT	(4,870,567)
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(637,077)
8	TOTAL RESTATED FIT	<u>\$ 20,977,842</u>
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	\$ (21,984,884)
12	DEFERRED FIT - DEBIT	54,835,444
13	DEFERRED FIT - CREDIT	(10,319,883)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	<u>(637,077)</u>
15		
16	TOTAL CHARGED TO EXPENSE	\$ 21,893,600
17		
18	INCREASE(DECREASE) FIT	\$ 1,038,077
19	INCREASE(DECREASE) DEFERRED FIT	(1,953,835)
20	INCREASE(DECREASE) ITC	-
21	INCREASE(DECREASE) NOI	<u>\$ 915,758</u>

**PUGET SOUND ENERGY-GAS  
TAX BENEFIT OF PRO FORMA INTEREST  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 1,474,390,203
2		
3	NET RATE BASE	<u>\$ 1,474,390,203</u>
4		
5	WEIGHTED COST OF DEBT	3.38%
6	PROFORMA INTEREST	<u>\$ 49,834,389</u>
7		
8	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
9	INTEREST ON LONG TERM DEBT	\$ 64,633,838
10	INTEREST ON PREFERRED STOCK	
11	AMORTIZATION OF DEBT DISCOUNT	
12	AND EXPENSE, NET OF PREMIUMS	1,199,627
13	INTEREST ON DEBT TO ASSOCIATED COMPANIES	288,111
14	OTHER INTEREST EXPENSE	7,623,489
15	LESS INTEREST ON CUSTOMER DEPOSITS	<u>(30,273)</u>
16	CHARGED TO EXPENSE IN TEST YEAR	73,714,792
17	INCREASE (DECREASE) INCOME	<u>\$ 23,880,403</u>
18		
19	INCREASE (DECREASE) FIT @	35% 8,358,141
20	INCREASE (DECREASE) NOI	<u><u>\$ (8,358,141)</u></u>

**PUGET SOUND ENERGY-GAS  
DEPRECIATION STUDY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	<u>ADJUSTMENT TO OPERATING EXPENSES</u>			
2	403 DEPRECIATION EXPENSE	\$ 76,528,830	\$ 81,276,393	\$ 4,747,564
3	403 GAS PORTION OF COMMON	2,951,555	4,422,340	1,470,785
4	403 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	1,147,453	1,147,453	-
5	SUBTOTAL DEPRECIATION EXPENSE 403	<u>\$ 80,627,838</u>	<u>\$ 86,846,187</u>	<u>\$ 6,218,349</u>
6				
7	403.1 DEPR. EXP- FAS 143 (RECOVERED IN RATES)	1,562,355	1,563,100	745
8	403.1 DEPR. EXP - FAS 143 (NOT RECOVERED IN RATES)	745	-	(745)
9	SUBTOTAL DEPRECIATION EXPENSE 403.1	<u>\$ 1,563,100</u>	<u>\$ 1,563,100</u>	<u>\$ (0)</u>
10				
11	TOTAL DEPRECIATION EXPENSE	<u>82,190,938</u>	<u>88,409,287</u>	<u>6,218,349</u>
12				
13	4111 ACCRETION EXP. - FAS 143 (RECOVERED IN RATES)	403,917	404,887	970
14	4111 ACCRETION EXP. - FAS 143 (NOT RECOVERED IN RATES)	970	-	(970)
15	SUBTOTAL ACCRETION EXPENSE 411.1	<u>\$ 404,887</u>	<u>\$ 404,887</u>	<u>\$ 0</u>
16				
17	FLEET DEPR. EXP. ON INC STMNT NOT RECORDED IN 403			\$ -
18		-	-	
19	INCREASE(DECREASE) EXPENSE			\$ 6,218,349
20	INCREASE(DECREASE) FIT			-
21	INCREASE(DECREASE) DFIT			-
22	INCREASE(DECREASE) FIT @		35%	
23	INCREASE(DECREASE) NOI			<u>\$ (6,218,349)</u>
24				
25				
26	<u>ADJUSTMENT TO RATE BASE</u>			
27	ADJUST ACCUM DEPR FOR ADDITIONAL DEPR EXP (50% OF LINE 19)			\$ (3,109,174)
28	ADJUST ACCUMULATED DFIT FOR ADDITIONAL EXPENSE (50% OF LINE 21)			-
29	TOTAL ADJUSTMENT TO RATEBASE			<u>\$ (3,109,174)</u>

**PUGET SOUND ENERGY-GAS  
PASS THROUGH REVENUE AND EXPENSE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME - SCHEDULE 129	\$ 3,573,781
3	REMOVE CONSERVATION - SCHEDULE 120	8,020,557
4	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	(52,870,391)
5	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	49,586,556
6	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	364,449
7	TOTAL (INCREASE) DECREASE REVENUES	<u>\$ 8,674,952</u>
8		
9	<u>ADJUST REVENUE SENSITIVE ITEMS FOR REMOVAL OF REVENUE:</u>	
10	BAD DEBTS	0.283300% (24,576)
11	ANNUAL FILING FEE	0.200000% (17,350)
12	STATE UTILITY TAX	3.841100% (333,214)
13	TOTAL INCREASE (DECREASE) EXPENSE	<u>4.369178% \$ (375,140)</u>
14		
15	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
16	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	(3,417,545)
17	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	(7,669,601)
18	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	50,560,390
19	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	(48,300,625)
20	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	INCL. ABOVE
21	TOTAL INCREASE (DECREASE) EXPENSE	<u>\$ (8,827,381)</u>
22		
23	INCREASE (DECREASE) IN OPERATING INCOME BEFORE TAXES	527,569
24	INCREASE (DECREASE) FIT	184,649
25	INCREASE (DECREASE) NOI	<u>\$ 342,920</u>

**PUGET SOUND ENERGY-GAS  
BAD DEBTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	NET WRITEOFFS	GROSS REVENUES	AMOUNT
1	12 MOS ENDED	DECEMBER	AUGUST	
2	2004	\$ 2,215,292	\$ 727,351,085	0.3046%
3	2005	\$ 2,918,686	\$ 1,224,844,682	0.2383%
4	2007	\$ 3,664,592	\$ 1,193,302,341	0.3071%
5	3-Yr Average of Net Write Off Rate			<u>0.2833%</u>
6				
7	Test Period Revenues		\$ 1,216,868,256	
8				
9	PROFORMA BAD DEBT RATE		0.2833%	
10	PROFORMA BAD DEBTS		<u>\$ 3,447,388</u>	
11				
12	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR		<u>4,146,730</u>	
13	INCREASE (DECREASE) EXPENSE			\$ (699,342)
14				
15	INCREASE (DECREASE) FIT		35%	244,770
16	INCREASE (DECREASE) NOI			<u><u>\$ 454,572</u></u>

**PUGET SOUND ENERGY-GAS  
MISCELLANEOUS OPERATING EXPENSE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED / PROFORMA	ADJUSTMENT
1	<u>OPERATING REVENUES</u>			
2	OTHER OPERATING REVENUES			
3	AMORTIZATION OF SUMMIT BUYOUT PURCHASE OPTION			
4	PER ACCOUNTING PETITION #UE-071876	92,873	557,235	464,363
5	INCREASE (DECREASE) IN REVENUES	92,873	557,235	464,363
6				
7	<u>OPERATING EXPENSES</u>			
8	AMORT OF DEFERRED TAXES OF INDIRECT OVERHEADS			
9	REGULATORY ASSET (WUTC DOC # UG-051528)	\$ 1,414,931	\$ -	\$ (1,414,931)
10	INCREASE IN SERVICE CONTRACT BASELINE CHARGES TSM	60,713	63,718	3,005
11	INCREASE IN SERVICE CONTRACT BASELINE CHARGES DIST	13,419,246	14,114,477	695,231
12	COMPANY STORE- NET PUCH/SALES OF MERCHANDISE IN A&G	(1,301)	-	1,301
13	SUMMIT BUILDING RENT INCREASES 4TH FLOOR	106,062	277,205	171,143
14	SUMMIT BUILDING CONTRACTUAL RENT INCREASES			
15	PER ACCOUNTING PETITION #UE-071876	888,289	1,233,184	344,895
16	ATHLETIC EVENTS - CHARGED ABOVE THE LINE	7,394	0	(7,394)
17	AIRPORT PARKING	7,193		(7,193)
18	INCREASE (DECREASE) IN EXPENSE	\$ 15,902,527	\$ 15,688,584	\$ (213,943)
19				
20	INCREASE (DECREASE) IN OPERATING EXPENSE			(678,306)
21	INCREASE(DECREASE) FIT @		35%	237,407
22				
23	INCREASE(DECREASE) NOI			<u>\$ 440,899</u>

**PUGET SOUND ENERGY-GAS  
PROPERTY TAXES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED PROPERTY TAX	\$ 11,570,807
2	CHARGED TO EXPENSE IN TY	10,262,423
3	INCREASE(DECREASE) EXPENSE	\$ 1,308,384
4		
5	INCREASE(DECREASE) FIT @ 35%	(457,934)
6	INCREASE(DECREASE) NOI	\$ (850,450)

**PUGET SOUND ENERGY-GAS  
EXCISE TAX & FILING FEE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED EXCISE TAXES	\$ 45,358,667
2	CHARGED TO EXPENSE FOR TEST YEAR	<u>46,425,021</u>
3	INCREASE(DECREASE) EXCISE TAX	\$ (1,066,354)
4		
5	RESTATED WUTC FILING FEE	\$ 2,377,938
6	CHARGED TO EXPENSE FOR TEST YEAR	<u>2,377,938</u>
7	INCREASE(DECREASE) WUTC FILING FEE	\$ 0
8		
9	INCREASE(DECREASE) OPERATING EXPENSE	\$ (1,066,354)
10		
11	INCREASE(DECREASE) FIT 35%	<u>\$ 373,224</u>
12	INCREASE(DECREASE) NOI	<u><u>\$ 693,130</u></u>

**PUGET SOUND ENERGY-GAS  
D&O INSURANCE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. CHG EXPENSE	\$ 433,404	\$ 214,244	\$ (219,160)
2				
3	INCREASE (DECREASE) D&O EXPENSE	\$ 433,404	\$ 214,244	\$ (219,160)
4				
5	INCREASE (DECREASE) EXPENSE			(219,160)
6				
7	INCREASE (DECREASE) FIT @		35%	76,706
8	INCREASE (DECREASE) NOI			<u>\$ 142,454</u>

**PUGET SOUND ENERGY-GAS  
INTEREST ON CUSTOMER DEPOSITS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>ADJUSTMENT</b>
1	INTEREST EXPENSE FOR TEST YEAR	\$ 30,273
2		
3	INCREASE (DECREASE) NOI	\$ (30,273)

**PUGET SOUND ENERGY-GAS  
RATE CASE EXPENSES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	AMOUNT
1 EXPENSES TO BE NORMALIZED:	
2	
3 ESTIMATED 2006 and 2007 GRC EXPENSES TO BE NORMALIZED	\$ 1,139,000
4	
5 ANNUAL NORMALIZATION (LINE 22 / 2 YEARS)	569,500
6 LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO O&M	806,359
7	
8 INCREASE (DECREASE) EXPENSE	\$ (236,859) (236,859)
9	
10	
11 TOTAL INCREASE (DECREASE) EXPENSE	\$ (236,859)
12	
13 INCREASE(DECREASE) FIT @	35% 82,901
14 INCREASE(DECREASE) NOI	\$ 153,958

**PUGET SOUND ENERGY-GAS  
DEFERRED GAINS/LOSSES ON PROPERTY SALES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

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1	DEFERRED GAIN RECORDED SINCE UE-072300, <i>et al.</i> at 03/31/2010	\$	(618,994)
2	DEFERRED LOSS RECORDED SINCE UE-072300, <i>et al.</i> at 03/31/2010		164,927
3	TOTAL DEFERRED NET (GAIN) LOSS TO AMORTIZE	\$	<u>(454,067)</u>
4			
5	AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR RATE YEAR (Line 3/3years)		(151,356)
6			
7	AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR TEST YEAR		(633,528)
8			
9	INCREASE (DECREASE) EXPENSE (Line 5 - Line 7)	\$	<u>482,172</u>
10			
11	INCREASE (DECREASE) FIT @ 35%		<u>(168,760)</u>
12			
13	INCREASE (DECREASE) NOI	\$	<u><u>(313,412)</u></u>

**PUGET SOUND ENERGY-GAS  
PROPERTY & LIABILITY INSURANCE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1 PROPERTY INSURANCE EXPENSE	\$ 954,479	\$ 526,344	\$ (428,136)
2 LIABILITY INSURANCE EXPENSE	749,653	819,021	69,368
3 INCREASE(DECREASE) EXPENSE	<u>\$ 1,704,133</u>	<u>\$ 1,345,365</u>	<u>\$ (358,768)</u>
4			
5			
6 INCREASE (DECREASE) FIT @	35%		<u>125,569</u>
7 INCREASE (DECREASE) NOI			<u><u>\$ 233,199</u></u>

**PUGET SOUND ENERGY-GAS  
PENSION PLAN  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ (84,802)	\$ 1,994,055	\$ 2,078,857
2	SERP PLAN	956,338	1,154,856	198,518
3				
4	INCREASE(DECREASE) EXPENSE	\$ 871,537	\$ 3,148,911	\$ 2,277,375
5				
6				
7	INCREASE (DECREASE) FIT @	35%		(797,081)
8	INCREASE (DECREASE) NOI			<u>\$ (1,480,293)</u>

**PUGET SOUND ENERGY-GAS  
WAGE INCREASE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PRODUCTION MANUF. GAS	\$ 157,210	\$ 167,763	\$ 10,553
3	OTHER GAS SUPPLY	513,380	546,938	33,558
4	STORAGE, LNG T&G	517,951	552,698	34,747
5	TRANSMISSION	168,404	179,760	11,356
6	DISTRIBUTION	20,616,696	22,032,125	1,415,429
7	CUSTOMER ACCTS	7,375,878	7,927,726	551,848
8	CUSTOMER SERVICE	1,087,202	1,159,867	72,665
9	SALES	27,852	29,647	1,795
10	ADMIN. & GENERAL	10,569,517	11,175,899	606,382
11	TOTAL WAGE INCREASE	<u>41,034,090</u>	<u>43,772,423</u>	<u>2,738,333</u>
12				
13	PAYROLL TAXES	3,528,068	3,710,081	182,013
14	TOTAL WAGES & TAXES	<u>\$ 44,562,158</u>	<u>\$ 47,482,504</u>	<u>\$ 2,920,346</u>
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			\$ 2,920,346
17	INCREASE (DECREASE) FIT @ 35%			(1,022,121)
18	INCREASE (DECREASE) NOI			<u><u>\$ (1,898,225)</u></u>

**PUGET SOUND ENERGY-GAS  
INVESTMENT PLAN  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION		AMOUNT
1	NON-UNION (EXCLUDING EXECUTIVES)	
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT	2,765,561
3	RATE YEAR MANAGEMENT WAGE INCREASE	6.44% 178,102
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT	2,943,663
5		
6	NON-UNION ( EXECUTIVES)	
7	INVESTMENT PLAN APPLICABLE TO IBEW	63,068
8	RATE YEAR IBEW WAGE INCREASE	0.00% 0
9	TOTAL COMPANY CONTRIBUTION FOR IBEW	63,068
10		
11	IBEW	
12	INVESTMENT PLAN APPLICABLE TO IBEW	608,253
13	RATE YEAR IBEW WAGE INCREASE	8.01% 48,721
14	TOTAL COMPANY CONTRIBUTION FOR IBEW	656,974
15		
16	UA	
17	INVESTMENT PLAN APPLICABLE TO UA	466,526
18	RATE YEAR UA WAGE INCREASE	6.90% 32,190
19	TOTAL COMPANY CONTRIBUTION FOR UA	498,717
20		
21	TOTAL	
22	TOTAL PROFORMA COSTS (LN 4 + LN 9 + LN 14 + LN 19)	4,162,422
23	PRO FORMA COSTS APPLICABLE TO OPERATIONS	59.40% 2,472,479
24	CHARGED TO EXPENSE FOR YEAR ENDED 12/31/08	2,318,625
25	INCREASE (DECREASE) EXPENSE	153,854
26		
27	INCREASE (DECREASE) FIT @	35% (53,849)
28	INCREASE (DECREASE) NOI	(\$100,005)

**PUGET SOUND ENERGY-GAS  
EMPLOYEE INSURANCE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	SALARIED EMPLOYEES	\$ 5,655,884
3	UNION EMPLOYEES	5,040,012
4	PRO FORMA INSURANCE COSTS	<u>10,695,896</u>
5		
6	APPLICABLE TO OPERATIONS @	59.40%
7	CHARGED TO EXPENSE 09/30/07	6,353,362
8	INCREASE(DECREASE) EXPENSE	<u>5,516,162</u>
9		837,200
10	INCREASE(DECREASE) FIT @	35%
11		(293,020)
12	INCREASE(DECREASE) NOI	<u><u>\$ (544,180)</u></u>

**PUGET SOUND ENERGY-GAS  
INCENTIVE PAY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	INCENTIVE/MERIT PAY			
2	PRODUCTION MANUF. GAS	\$ 13,951	\$ 10,619	\$ (3,332)
3	OTHER GAS SUPPLY	45,892	34,929	\$ (10,963)
4	STORAGE, LNG T&G	46,260	35,209	\$ (11,051)
5	TRANSMISSION	15,053	11,457	\$ (3,596)
6	DISTRIBUTION	1,844,509	1,406,673	\$ (437,836)
7	CUSTOMER ACCTS	660,117	506,056	\$ (154,061)
8	CUSTOMER SERVICE	97,292	74,050	\$ (23,242)
9	SALES	2,570	1,956	\$ (614)
10	ADMIN. & GENERAL	945,752	713,396	\$ (232,356)
11	TOTAL INCENTIVE PAY	<u>\$ 3,671,396</u>	<u>\$ 2,794,345</u>	<u>\$ (877,051)</u>
12				
13	PAYROLL TAXES ASSOC WITH MERIT PAY	294,328	224,017	(70,311)
14	INCREASE(DECREASE) EXPENSE	<u>3,965,724</u>	<u>3,018,362</u>	<u>(947,362)</u>
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			(947,362)
17				
18	INCREASE(DECREASE) FIT @		35%	331,577
19	INCREASE(DECREASE) NOI			<u><u>\$ 615,785</u></u>

**PUGET SOUND ENERGY-GAS  
MERGER SAVINGS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1				
2	OPERATING EXPENSES			
3	MERGER COSTS	478,634	-	(478,634)
4	TOTAL INCREASE (DECREASE) EXPENSES			(478,634)
5				
6	INCREASE (DECREASE) INCOME			478,634
7				
8	INCREASE (DECREASE) FIT @	35%		\$ 167,522
9	INCREASE (DECREASE) NOI			\$ 311,112

**PUGET SOUND ENERGY-GAS  
FLEET VEHICLES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008  
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	<u>RATEBASE</u>			
2	FLEET BALANCE	\$ -	\$ 4,805,828	\$ 4,805,828
3	ACCUMULATED DEPRECIATION	-	(330,401)	(330,401)
4	DEFERRED FIT	-	(397,569)	(397,569)
5	<u>NET FLEET RATEBASE</u>	<u>\$ -</u>	<u>\$ 4,077,858</u>	<u>\$ 4,077,858</u>
6				
7				
8	<u>FLEET OPERATING EXPENSES</u>			
9	LEASE PAYMENT	\$ 1,512,141	\$ -	\$ (1,512,141)
10	DEPRECIATION EXPENSE		\$ 440,534	440,534
11	INCREASE (DECREASE) EXPENSE	\$ 1,512,141	\$ 440,534	\$ (1,071,607)
12				
13	INCREASE (DECREASE) EXPENSE	1,512,141	440,534	(1,071,607)
14				
15			35.00%	
16	INCREASE (DECREASE) FIT @	(529,249)	(154,187)	375,062
17	INCREASE (DECREASE) NOI	<u>\$ (982,892)</u>	<u>\$ (286,347)</u>	<u>\$ 696,545</u>