

**EXHIBIT NO. ___(BAL-G5)
DOCKET NO. UG-040640, *et al.* (consolidated)
2004 PSE GENERAL RATE CASE
WITNESS: BARBARA A. LUSCIER**

**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)**

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

**For an Order Regarding the Accounting
Treatment for Certain Costs of the Company's
Power Cost Only Rate Filing.**

Docket No. UE-031471 (consolidated)

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

**For an Accounting Order Authorizing
Deferral and Recovery of the Investment
and Costs Related to the White River
Hydroelectric Project.**

Docket No. UE-032043 (consolidated)

**FIRST EXHIBIT TO
PREFILED REBUTTAL TESTIMONY OF
BARBARA A. LUSCIER (NONCONFIDENTIAL)
ON BEHALF OF PUGET SOUND ENERGY, INC.**

NOVEMBER 3, 2004

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

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12ME Sept. 30, 2003	REVENUE & PURCHASED GAS 2.01	FEDERAL INCOME TAX 2.02	TAX BENEFIT OF PRO FORMA INTEREST 2.03	DEPRECIATION/AMORTIZATION 2.04	CONSERVATION 2.05	BAD DEBITS 2.06
1	OPERATING REVENUES						
2	SALES TO CUSTOMERS	\$ 522,553,139	\$ 169,574,795	\$ -	\$ -	\$ -	\$ -
3	MUNICIPAL ADDITIONS	21,624,997	4,802,002				
4	OTHER OPERATING REVENUES	11,020,477	991,673				
5	TOTAL OPERATING REVENUES	\$ 555,198,613	\$ 175,368,470	\$ -	\$ -	\$ -	\$ -
6							
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	GAS COSTS:						
11							
12	PURCHASED GAS	\$ 260,366,708	\$ 162,756,809	\$ -	\$ -	\$ -	\$ -
13							
14	TOTAL PRODUCTION EXPENSES	\$ 260,366,708	\$ 162,756,809	\$ -	\$ -	\$ -	\$ -
15							
16	OTHER ENERGY SUPPLY EXPENSES	\$ 1,134,458	\$ -	\$ -	\$ -	\$ -	\$ -
17	TRANSMISSION EXPENSE	360,965					
18	DISTRIBUTION EXPENSE	25,045,610					
19	CUSTOMER ACCTS EXPENSES	20,751,969	646,822				
20	CUSTOMER SERVICE EXPENSES	4,862,124					
21	CONSERVATION AMORTIZATION	2,008,929					
22	ADMIN & GENERAL EXPENSE	26,373,760					
23	DEPRECIATION	57,635,006			241,312		
24	AMORTIZATION	9,600,784					
25	AMORTIZATION OF PROPERTY LOSS	36,543					
26	OTHER OPERATING EXPENSES	600,936					
27	TAXES OTHER THAN F.I.T.	56,143,334					
28	FEDERAL INCOME TAXES	(11,871,394)	302,494	6,007,908	(84,459)	406,273	303,603
29	DEFERRED INCOME TAXES	20,693,494	918,606				
30	TOTAL OPERATING REV. DEDUCT.	\$ 213,376,518	\$ 13,847,794	\$ 1,221,100	\$ 156,853	\$ (754,507)	\$ (563,835)
31							
32	NET OPERATING INCOME	\$ 81,455,387	\$ (1,236,133)	\$ (6,007,908)	\$ (156,853)	\$ 754,507	\$ 563,835
33							
34	RATE BASE	\$ 1,065,156,799			\$ (120,656)		
35							
36	RATE OF RETURN	7.65%					
37							
38	RATE BASE:						
39	UTILITY PLANT IN SERVICE AND OTHER ASSETS	\$ 1,755,514,587	\$ -	\$ -	\$ (120,656)	\$ -	\$ -
40	ACCUMULATED DEPRECIATION	(540,807,236)					
41	ACCUMULATED DEFERRED FIT - LIBERALIZEI	(134,342,956)					
42	DEPRECIATION AND OTHER LIABILITIES	(17,174,520)					
43	TOTAL NET INVESTMENT	\$ 1,065,189,875	\$ -	\$ -	\$ (120,656)	\$ -	\$ -
44	ALLOWANCE FOR WORKING CAPITAL	1,966,924					
45	TOTAL RATE BASE	\$ 1,065,156,799	\$ -	\$ -	\$ (120,656)	\$ -	\$ -

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

LINE NO.	MISCELLANEOUS OPERATING EXPENSE 2.07	PROPERTY TAXES 2.08	EXCISE TAX & FILING FEE 2.09	RATE CASE EXPENSES 2.10	PROPERTY & LIABILITY INS 2.11	PENSION PLAN 2.12
1						
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3						
4						
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6						
7						
8						
9						
10						
11						
12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13						
14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15						
16						
17						
18						
19						
20						
21						
22	(152,837)		106,472	\$253,257	188,407	4,786,934
23						
24						
25						
26						
27	(10,699)	1,260,798	72,367			
28	57,238	(441,279)	(62,594)	(88,640)	(65,942)	(1,675,427)
29						
30	(106,298)	819,519	116,245	164,617	122,465	3,111,507
31						
32	106,298	(819,519)	(116,245)	(164,617)	(122,465)	(3,111,507)
33						
34	3,267,546					
35						
36						
37						
38						
39	\$ 3,267,546	\$ -	\$ -	\$ -	\$ -	\$ -
40						
41						
42						
43	\$ 3,267,546	\$ -	\$ -	\$ -	\$ -	\$ -
44	\$ 3,267,546	\$ -	\$ -	\$ -	\$ -	\$ -
45						

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

LINE NO.	WAGE INCREASE 2.13	INVESTMENT PLAN 2.14	EMPLOYEE INSURANCE 2.15	LOW INCOME AMORTIZATION 2.16	GAS WATER HEATER PROGRAM 2.17	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1							
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 692,127,934
3						169,574,795	\$ 26,426,999
4						4,802,002	12,012,150
5						991,673	730,567,083
6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
7							
8							
9							
10							
11							
12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423,123,517
13							
14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423,123,517
15							
16	\$ 28,986	\$ -	\$ -	\$ -	\$ -	\$ 28,986	\$ 1,163,444
17	14,581					14,581	375,547
18	879,943					879,943	25,925,553
19	355,118					134,501	20,886,470
20	67,148					(2,690,087)	2,172,037
21						(1,160,780)	848,149
22	491,762	89,631	709,894			6,473,520	32,847,280
23						241,312	57,876,318
24						-	9,600,784
25						-	36,543
26						-	600,936
27	165,938					15,354,986	71,498,320
28	(701,217)	(31,371)	(248,463)	965,032		3,977,546	(7,893,848)
29						918,606	21,612,100
30	\$ 1,302,260	\$ 58,260	\$ 461,431	\$ (1,792,203)	\$ -	\$ 24,173,115	\$ 237,549,633
31							
32	\$ (1,302,260)	\$ (58,260)	\$ (461,431)	\$ 1,792,203	\$ -	\$ (11,561,454)	\$ 69,893,933
33							
34							
35							
36							
37							6.54%
38							
39							
40							
41							
42							
43							
44							
45							

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	\$ 169,574,795	\$ 692,127,934	\$ 40,361,181	\$ 732,489,115
3	MUNICIPAL ADDITIONS	21,624,997	4,802,002	26,426,999	1,670,637	28,097,636
4	OTHER OPERATING REVENUES	11,020,477	991,673	12,012,150	2,076,235	14,088,385
5	TOTAL OPERATING REVENUES	\$ 555,198,613	\$ 175,368,470	\$ 730,567,083	\$ 46,184,288	\$ 774,675,136
6						
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	GAS COSTS:					
11						
12	PURCHASED GAS	\$ 260,366,708	\$ 162,756,809	\$ 423,123,517	-	\$ 423,123,517
13						
14	TOTAL PRODUCTION EXPENSES	\$ 260,366,708	\$ 162,756,809	\$ 423,123,517	-	\$ 423,123,517
15						
16	OTHER POWER SUPPLY EXPENSES	\$ 1,134,458	\$ 28,986	\$ 1,163,444	\$ -	\$ 1,163,444
17	TRANSMISSION EXPENSE	360,965	14,581	375,547	-	375,547
18	DISTRIBUTION EXPENSE	25,045,610	879,943	25,925,553	-	25,925,553
19	CUSTOMER ACCOUNT EXPENSES	20,751,969	134,501	20,886,470	-	20,886,470
20	CUSTOMER SERVICE EXPENSES	4,862,124	(2,690,087)	2,172,037	-	2,172,037
21	CONSERVATION AMORTIZATION	2,008,929	(1,160,780)	848,149	-	848,149
22	ADMIN & GENERAL EXPENSE	26,373,760	6,473,520	32,847,280	258,094	33,105,375
23	DEPRECIATION	57,635,006	241,312	57,876,318	-	57,876,318
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	15,354,986	71,498,320	3,564,093	75,062,413
28	FEDERAL INCOME TAXES	(11,871,394)	3,977,546	(7,893,848)	14,826,735	6,932,887
29	DEFERRED INCOME TAXES	20,693,494	918,606	21,612,100	-	21,612,100
30	TOTAL OPERATING REV. DEDUCT	\$ 213,376,518	\$ 24,173,115	\$ 237,549,633	\$ 18,648,923	\$ 256,198,556
31						
32	NET OPERATING INCOME	\$ 81,455,387	\$ (11,561,454)	\$ 69,893,933	\$ 27,535,365	\$ 95,353,063
33						
34	RATE BASE	\$ 1,065,156,799	\$ 3,146,890	\$ 1,068,303,689	-	\$ 1,068,303,689
35						
36	RATE OF RETURN	7.65%	6.54%			8.93%
37						
38	RATE BASE:					
39	UTILITY PLANT IN SERVICE AND OTHER ASSETS	\$ 1,755,514,587	\$ 3,146,890	\$ 1,758,661,477		\$ 160,389,927
40	ACCUMULATED DEPRECIATION	(540,807,236)	-	(540,807,236)		(49,321,620)
41	ACCUMULATED DEFERRED FIT - LIBERALIZEI	(134,342,956)	-	(134,342,956)		(12,252,078)
42	DEPRECIATION AND OTHER LIABILITIES	(17,174,520)	-	(17,174,520)		(1,566,316)
43	TOTAL NET INVESTMENT	\$ 1,063,189,875	\$ 3,146,890	\$ 1,066,336,765		\$ 97,249,913
44	ALLOWANCE FOR WORKING CAPITAL	1,966,924	-	1,966,924		179,383
45	TOTAL RATE BASE	\$ 1,065,156,799	\$ 3,146,890	\$ 1,068,303,689		\$ 97,429,296

**PUGET SOUND ENERGY-GAS
 REVENUE & PURCHASED GAS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	OPERATING REVENUE	\$ 522,553,139	\$ 593,754,354	\$ 71,201,215
2				
3	PROFORMA OPERATING REVENUE		\$ 692,127,934	\$ 98,373,580
4				
5	INCREASE TO OPERATING REVENUE			\$ 169,574,795
6				
7	MUNICIPAL ADDITIONS	\$ 21,624,997	\$ 26,426,999	\$ 4,802,002
8				
9	OTHER OPERATING REVENUE	\$ 11,020,477	\$ 11,664,675	\$ 644,198
10				
11	REVENUE BEFORE OTHER ADJUSTMENTS	\$ 555,198,613	\$ 730,219,608	\$ 175,020,995
12				
13	MISC CUSTOMER CHARGE REVENUE			\$ 347,475
14				
15				
16	TOTAL REVENUE ADJUSTMENTS			\$ 175,368,470
17				
18	OPERATING EXPENSE			
19	PURCHASED GAS	\$ 260,366,708	\$ 423,123,517	\$ 162,756,809
20				
21	OTHER OPERATIONS EXPENSE (APUA)	0.37%		646,822
22				
23	TAXES			
24	GROSS RECEIPTS	7.91%		13,866,582
25				
26	FEDERAL INCOME TAXES			
27	CURRENT	35%		(665,610)
28				
29				
30				
31	TOTAL INCREASE/(DECREASE) REVENUE			\$ 175,368,470
32				
33	TOTAL INCREASE/(DECREASE) OPERATING EXPENSE BEFORE FIT			\$ 177,270,213
34				
35	TOTAL INCREASE/(DECREASE) FIT			\$ (665,610)
36				
37	TOAL INCREASE/(DECREASE) NOI			\$ (1,236,133)

**PUGET SOUND ENERGY-GAS
 FEDERAL INCOME TAX
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ (33,054,000)
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @ 35%	(11,568,900)
5	DEFERRED FIT - DEBIT	46,238,850
6	DEFERRED FIT - CREDIT	(23,990,750)
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(636,000)
8	TOTAL RESTATED FIT	\$ 10,043,200
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	\$ (11,871,394)
12	DEFERRED FIT - DEBIT	44,894,221
13	DEFERRED FIT - CREDIT	(23,568,000)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(632,727)
15	TOTAL CHARGED TO EXPENSE	\$ 8,822,100
16		
17	INCREASE(DECREASE) FIT	\$ 302,494
18	INCREASE(DECREASE) DEFERRED FIT	921,879
19	INCREASE(DECREASE) ITC	(3,273)
20	INCREASE(DECREASE) NOI	\$ (1,221,100)

**PUGET SOUND ENERGY-GAS
 TAX BENEFIT OF PRO FORMA INTEREST
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 1,068,303,689
2	DEDUCTIBLE CWIP	14,897,280
3		<u>\$ 1,083,200,969</u>
4		
5	WEIGHTED COST OF DEBT	<u>3.83%</u>
6	RESTATED INTEREST	\$ 41,486,597
7		
8	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
9	INTEREST ON LONG TERM DEBT	\$ 53,270,991
10	AMORTIZATION OF DEBT DISCOUNT	
11	AND EXPENSE, NET OF PREMIUMS	1,223,952
12	OTHER INTEREST EXPENSE	<u>4,157,105</u>
13	CHARGED TO EXPENSE IN TEST YEAR	58,652,048
14	INCREASE (DECREASE) INTEREST EXPENSE	<u>\$ (17,165,451)</u>
15		
16	INCREASE (DECREASE) FIT @	35% <u>6,007,908</u>
17	INCREASE (DECREASE) NOI	<u><u>\$ (6,007,908)</u></u>

**PUGET SOUND ENERGY-GAS
DEPRECIATION/AMORTIZATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>RESTATED</u>	
2	ACTUAL ACCT 403-DEPRECIATION EXPENSE	\$ 57,593,286
3	RESTATED ACCT 403-DEPRECIATION EXPENSE	57,834,598
4	INCREASE (DECREASE) DEPRECIATION EXPENSE	<u>(241,312)</u>
5		
6	INCREASE (DECREASE) FIT 35%	<u>(84,459)</u>
7	INCREASE (DECREASE) NOI	<u><u>(156,853)</u></u>
8		
9	ADJUST RATE BASE FOR LINE 4 @ 50%	(120,656)
10	ADJUSTMENT TO RATE BASE	<u><u>\$ (120,656)</u></u>

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

LINE NO. DESCRIPTION	ADJUSTMENT
1 <u>RESTATING</u>	
2 ACTUAL CONSERVATION TRACKER AMORTIZATION	\$ 1,366,028
3 RESTATED CONSERVATION TRACKER AMORTIZATION	-
4 INCREASE (DECREASE) EXPENSE	<u>(1,366,028)</u>
5 INCREASE (DECREASE) OPERATING INCOME	\$ 1,366,028
6	
7 ACTUAL LOST MARGIN ON GAS WATER HEATER	(88,357)
8 RESTATED LOST MARGIN ON GAS WATER HEATER	-
9 INCREASE (DECREASE) EXPENSE	<u>88,357</u>
10 INCREASE (DECREASE) OPERATING INCOME	(88,357)
11	
12 <u>PROFORMA</u> - (RYE 02/28/2006)	
13 CONSERVATION REGULATORY ASSET-ACCT #18230422 WATER HEATER PRGM	350,674
14 CONSERVATION AMORTIZATION FOR RATE YEAR (BASE ON 3 YEAR AVERAGE)	<u>116,891</u>
15 INCREASE (DECREASE) OPERATING INCOME	(116,891)
16	
17	
18 INCREASE (DECREASE) INCOME	\$ 1,160,780
19 INCREASE (DECREASE) FIT	35% 406,273
20	
21 INCREASE (DECREASE) NOI	<u><u>\$ 754,507</u></u>

**PUGET SOUND ENERGY-GAS
BAD DEBTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION					AMOUNT
1	12 MOS ENDED 09/30/1999	\$ 1,649,551	\$ 464,743,911	\$ 464,743,911		0.3549375%
2	12 MOS ENDED 09/30/2000	\$ 1,466,047	\$ 539,050,873	\$ 539,050,873		0.2719682%
3	12 MOS ENDED 09/30/2002	\$ 3,466,159	\$ 780,673,537	\$ 780,673,537		0.4439959%
4	3-Yr Average of Net Write Off Rate					<u>0.3688357%</u>
5						
6	Test Period Revenues		\$ 555,198,613	\$ 555,198,613		
7						
8	PROFORMA BAD DEBT RATE				<u>0.3688357%</u>	
9	PROFORMA BAD DEBTS			\$ 2,047,771		
10						
11	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR			<u>2,915,209</u>		
12	INCREASE (DECREASE) EXPENSE					\$ (867,438)
13						
14	INCREASE (DECREASE) FIT			35%		303,603
15	INCREASE (DECREASE) NOI					<u><u>\$ 563,835</u></u>

**PUGET SOUND ENERGY-GAS
MISCELLANEOUS OPERATING EXPENSE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED / PROFORMA	ADJUSTMENT
1	<u>OPERATING EXPENSES (RESTATED)</u>			
2				
3	INCENTIVE/MERIT PAY	\$ 1,386,483	\$ 1,233,646	\$ (152,837)
4	PAYROLL TAXES ASSOC WITH MERIT PAY	97,054	86,355	(10,699)
5				
6				
7				
8				
9	INCREASE (DECREASE) IN EXPENSE	\$ 1,483,537	\$ 1,320,001	\$ (163,536)
10				
11	INCREASE(DECREASE) INCOME			163,536
12	INCREASE(DECREASE) FIT @		35%	57,238
13				
14	INCREASE(DECREASE) NOI			<u>\$ 106,298</u>
15				
16				
17	<u>RATEBASE</u>			
18	CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT			3,267,546
19				
20				
21	TOTAL ADJUSTMENT TO RATEBASE			<u>\$ 3,267,546</u>

**PUGET SOUND ENERGY-GAS
PROPERTY TAXES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED PROPERTY TAX	\$ 11,663,800
2	CHARGED TO EXPENSE IN TY	<u>10,403,002</u>
3	INCREASE(DECREASE) EXPENSE	\$ 1,260,798
4		
5	INCREASE(DECREASE) FIT @ 35%	<u>(441,279)</u>
6	INCREASE(DECREASE) NOI	<u><u>\$ (819,519)</u></u>

**PUGET SOUND ENERGY-GAS
EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED EXCISE TAXES	\$ 21,586,382
2	CHARGED TO EXPENSE FOR TEST YEAR	<u>21,514,016</u>
3	INCREASE(DECREASE) EXCISE TAX	\$ 72,367
4		
5	RESTATED WUTC FILING FEE	\$ 1,052,559
6	CHARGED TO EXPENSE FOR TEST YEAR	<u>946,087</u>
7	INCREASE(DECREASE) WUTC FILING FEE	\$ 106,472
8		
9	INCREASE(DECREASE) OPERATING EXPENSE	\$ 178,839
10		
11	INCREASE(DECREASE) FIT 35%	\$ (62,594)
12	INCREASE(DECREASE) NOI	<u><u>\$ (116,245)</u></u>

**PUGET SOUND ENERGY-GAS
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	2001 GRC EXPENSE BALANCE @ 9/30/03	\$ 1,886,481
2	LESS PROJECTED AMORTIZATION FROM 10/01/03-2/28/05	(851,326)
3	REMAINING BALANCE @ 02/28/2005	<u>1,035,155</u>
4		
5		
6		
7	PROFORMA 2004 RATE CASE EXPENSE:	
8		
9	OUTSIDE SERVICE-PROFESSIONAL	766,959
10	OUTSIDE SERVICE-LEGAL	707,347
11	OTHERS	53,117
12	TOTAL PROFORMA 2004 RATE CASE EXPENSE	<u>1,527,422</u>
13		
14	AMOUNT TO BE AMORTIZED OVER 3 YEARS	<u>\$ 2,562,578</u>
15		
16	ANNUAL AMORTIZATION OVER 3 YEARS	\$ 854,193
17	LESS TEST YEAR AMORTIZATION @ \$50,078/MONTH	<u>(600,936)</u>
18		
19	INCREASE (DECREASE) EXPENSE	\$ 253,257
20		
21	INCREASE(DECREASE) FIT @	35% \$ (88,640)
22	INCREASE(DECREASE) NOI	<u>\$ (164,617)</u>

**PUGET SOUND ENERGY-GAS
PROPERTY & LIABILITY INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE	NO. DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 545,743	\$ 417,176	\$ (128,567)
2	LIABILITY INSURANCE EXPENSE	588,824	905,798	316,974
3	INCREASE(DECREASE) EXPENSE	\$ 1,134,567	\$ 1,322,974	\$ 188,407
4				
5				
6	INCREASE (DECREASE) FIT @	35%		(65,942)
7	INCREASE (DECREASE) NOI			<u>\$ (122,465)</u>

**PUGET SOUND ENERGY-GAS
PENSION PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ (3,427,963)	\$ 1,616,611	\$ 5,044,574
2	SERP PLAN	\$ 1,421,696	\$ 1,164,056	\$ (257,640)
3				
4	INCREASE(DECREASE) EXPENSE	\$ (2,006,267)	\$ 2,780,667	\$ 4,786,934
5				
6				
7	INCREASE (DECREASE) FIT @	35%		(1,675,427)
8	INCREASE (DECREASE) NOI			<u>\$ (3,111,507)</u>

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

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PRODUCTION MANUF. GAS	\$ 111,843	\$ 119,013	\$ 7,169
3	OTHER GAS SUPPLY	325,936	346,828	20,892
4	STORAGE, LNG T&G	14,424	15,348	925
5	TRANSMISSION	227,477	242,059	14,581
6	DISTRIBUTION	13,727,665	14,607,608	879,943
7	CUSTOMER ACCTS	5,540,056	5,895,174	355,118
8	CUSTOMER SERVICE	554,179	589,701	35,523
9	SALES	493,368	524,993	31,625
10	ADMIN. & GENERAL	7,671,801	8,163,564	491,762
11	TOTAL WAGE INCREASE	<u>28,666,749</u>	<u>30,504,288</u>	1,837,539
12				
13	PAYROLL TAXES	2,400,320	2,566,257	165,938
14	TOTAL WAGES & TAXES	<u>\$ 31,067,069</u>	<u>\$ 33,070,546</u>	<u>\$ 2,003,476</u>
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			\$ 2,003,476
17	INCREASE (DECREASE) FIT @ 35%			(701,217)
18	INCREASE (DECREASE) NOI			<u><u>\$ (1,302,260)</u></u>

**PUGET SOUND ENERGY-GAS
INVESTMENT PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>MANAGEMENT (INC. EXECUTIVES)</u>	
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT	\$1,450,278
3	RATE YEAR MANAGEMENT WAGE INCREASE 5.34%	<u>77,445</u>
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT	1,527,723
5		
6	<u>UNION</u>	
7	INVESTMENT PLAN APPLICABLE TO UNION	692,133
8	RATE YEAR UNION WAGE INCREASE 7.88%	<u>54,540</u>
9	TOTAL COMPANY CONTRIBUTION FOR UNION	746,673
10		
11	<u>TOTAL</u>	
12	TOTAL PROFORMA COSTS (LN 4 + LN 9)	2,274,396
13	PRO FORMA COSTS APPLICABLE TO OPERATIONS 67.91%	1,544,542
14	CHARGED TO EXPENSE FOR YEAR ENDED 9/30/2003	<u>1,454,911</u>
15	INCREASE (DECREASE) EXPENSE	89,631
16		
17	INCREASE (DECREASE) FIT @ 35%	<u>(31,371)</u>
18	INCREASE (DECREASE) NOI	<u><u>(\$58,260)</u></u>

**PUGET SOUND ENERGY-GAS
EMPLOYEE INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	SALARIED EMPLOYEES	\$ 2,899,921
3	UNION EMPLOYEES	3,076,363
4	PRO FORMA INSURANCE COSTS	<u>5,976,284</u>
5		
6	APPLICABLE TO OPERATIONS @	67.73% 4,047,737
7	CHARGED TO EXPENSE 09/30/03	3,337,843
8	INCREASE(DECREASE) EXPENSE	<u>709,894</u>
9		
10	INCREASE(DECREASE) FIT @	35% (248,463)
11		
12	INCREASE(DECREASE) NOI	<u><u>\$ (461,431)</u></u>

**PUGET SOUND ENERGY-GAS
 LOW INCOME AMORTIZATION
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	AMORTIZATION FOR TEST YEAR	\$ 2,757,235
2		
3		
4	INCREASE (DECREASE) NOI	<u>\$ 2,757,235</u>
5		
6	INCREASE(DECREASE) FIT @ 35%	965,032
7		
8	INCREASE(DECREASE) NOI	<u>\$ 1,792,203</u>

**PUGET SOUND ENERGY-GAS
GAS WATER HEATER & CONVERSION BURNER RENTAL PROGRAM
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.		ADJUSTMENT
1	GAS WATER HEATER & CONVERSION BURNER RENTAL PROGRAM	
2		
3	OPERATING EXPENSES:	
4	O&M	\$ -
5	DEPRECIATION EXPENSE	-
6	TOTAL DECREASE TO OPERATING EXPENSE	-
7		
8	FEDERAL INCOME TAX:	35.00% -
9		
10	NET CHANGE TO OPERTING INCOME	\$ -
11		
12		
13	RATE BASE:	
14	DEPRECIABLE PROPERTY	\$ -
15	LESS: ACCUMULATED DEPRECIATON	-
16	LESS: DEFERRED FIT	-
17	REDUCTION TO RATE BASE	\$ -
18		