

EXHIBIT NO. ___(BAL-G6)
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*)

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

NOVEMBER 3, 2004

Docket Numbers UG-040640 et. al

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

LINE

NO.	DESCRIPTION	
1	RATE BASE	\$ 1,068,303,689
2	RATE OF RETURN	<u>9.12%</u>
3		
4	OPERATING INCOME REQUIREMENT	97,429,296
5		
6	PRO FORMA OPERATING INCOME	<u>69,893,933</u>
7	OPERATING INCOME DEFICIENCY	27,535,363
8		
9	CONVERSION FACTOR	<u>59.62063%</u>
10	REVENUE REQUIREMENT DEFICIENCY	46,184,288
11	MISCELLANEOUS SETTLEMENT ADJUSTMENT	
	TOTAL REVENUE REQUIREMENT	\$46,184,288
12		

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

<u>DESCRIPTION</u>	<u>PRO FORMA CAPITAL %</u>	<u>COST %</u>	<u>COST OF CAPITAL</u>
DEBT	54.96%	6.96%	3.83%
PREFERRED	0.04%	8.51%	0.00%
EQUITY	45.00%	11.75%	5.29%
TOTAL	100.00%		9.12%
AFTER TAX DEBT (LINE 1 * 65%)	54.96%	4.52%	2.49%
PREFERRED	0.04%	8.51%	0.00%
EQUITY	45.00%	11.75%	5.29%
TOTAL AFTER TAX COST OF CAPITAL	100.00%		7.78%

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

LINE NO.	DESCRIPTION	BASE	RATE	AMOUNT
1	TOTAL OPERATING REVENUE			100%
2				
3	OPERATING REVENUE DEDUCTION			
4	OTHER OPERATIONS			0.369%
5	OTHER TAXES			
6	STATE UTILITY	100.00%		
7		-0.369%		
8				
9	STATE UTILITY TAX	99.63%	3.852%	3.838%
10	MUNICIPAL REVENUE			3.879%
11	ALL OTHER (FILING FEE)			0.190%
12	FEDERAL INCOME TAX:			
13	CURRENT	91.72%	35.00%	32.10%
14				
15				
16	TOTAL OPERATING REVENUE DEDUCTIONS			40.379%
17				
18	CONVERSION FACTOR			59.6206%

Puget Sound Energy
Gas Rate Base
As of September 30, 2003

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Electric 68.24%
Gas 31.76%

Line No.	Description (a)	AMA 12 Months Ended 9/30/2003 (j)
1		
2	Gas Utility Plant in Service	1,634,697,162
3	Common Plant-Allocation to Gas	117,570,891
4	Gas Stored Underground - Non current	3,246,534
	Total Plant in Service and Other Assets	1,755,514,587
5		
7	Accumulated Provision for Depreciation	(504,330,522)
8	Common Accumulated Depreciation-Allocation to Gas	(36,476,714)
9	Customer Advances for Construction	(17,174,520)
10	Contributions in Aid of Construction - Accum. Def. FIT.	-
11	Working Capital Adjustments (Working Capital, Line 78)	5,855,343
12	Liberalized Depreciation Total Accum. Def. FIT - Liberalized **	(140,198,298)
	Accumulated Depreciation and Other Liabilities	(692,324,712)
13		
14	Net Operating Investment	1,063,189,875
15	Allowance for Working Capital	1,966,924
	Total Gas Rate Base	\$ 1,065,156,799

**Year-end balance, all others are average-of-monthly-average balances.

Puget Sound Energy
Gas Allowance For Working Capital
Average-of-the-Monthly-Averages for the Thirteen-Month Period Ended September 30, 2003

Line No.	Company Direct 12 Months Ended 9/30/2003-AMA	Allocation factor		Tax factor		Company Rebuttal 12 Months Ended 9/30/2003-AMA
		Electric 68.24%	Gas 31.76%	Electric 85.51%	Gas 14.49%	
	Staff Adjustments	Staff Working Capital	Company Adjustments			
Average Invested Capital						
1	Debt	2,139,218,633		2,139,218,633		2,139,218,634
2	Less:Debt Discount and Expense	(33,432,334)		(33,432,334)		(33,432,332)
3	Compensating Balance Requirements	-		-		3
4	Net Debt	2,105,786,299		2,105,786,299		2,105,786,303
5	Preferred Stock	381,901,588		381,901,588		381,901,593
6	Investment Tax Credit	3,865,613		3,865,613		3,865,619
7	Common Equity	1,419,616,036		1,419,616,036		1,419,616,043
8	Total Invested Capital	3,911,169,536		3,911,169,536		3,911,169,558
Average Investment						
Gas Operating:						
9	Gas Utility Plant in Service	1,634,697,162		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		3,246,534
14	Gas Accumulated Depreciation	(504,330,522)		(504,330,522)		(504,330,522)
15	Gas Customer Advances for Construction	(17,174,520)		(17,174,520)		(17,174,520)
16	Gas Contributions in Aid of Construction	-		-		-
17	Gas Deferred Federal Income Tax	(187,428,993)	(23,359,358)	(210,788,351)	6,004,633	(181,424,360)
18	Less:Deferred tax - Regulatory Tax Liability	-		-		-
19	ADIT SFAS 109	(18,410,392)		(18,410,392)		(18,410,392)
20	DSM & Environmental	4,658,977		4,658,977		4,658,977
21	Other Utility ADIT	28,698,080		28,698,080		28,698,080
22	Restating and Pro Forma Adjustments	-		-		-
22	Average Gas Operating Investment-Direct	943,956,326		920,596,968		949,960,959
23	Common Plant-Allocation to Gas	117,570,891		117,570,891		117,570,891
23a	Investment in Assoc Company - Rainier Receivables	4,167,953		4,167,953		4,167,953
24	Common Accumulated Depreciation-Allocation to Gas	(36,476,714)		(36,476,714)		(36,476,714)
25	Average Common Operating Invest-Allocation to Gas	85,262,130		85,262,130		85,262,130
26	Total Average Gas Operating Investment	1,029,218,456		1,005,859,098		1,035,223,089
Non Operating:						
28	Construction Work in Progress	28,009,840		28,009,840		28,009,840
29	Common Construct Work in Progress-Alloc to Gas	3,949,221		3,949,221		3,949,221
30	Less:Software in Service Reclassified	-		-		-
31	Intercompany Accounts -net	3,600,500		3,600,500		3,600,500
32	Merchandising Receivable -net	(7,129,436)		(7,129,436)		(7,129,436)
33	Investment related deferred debits	113,182,867		113,182,867		113,182,867
34	Less:Paving in Service Reclassified	-		-		-
35	DSM & Environmental	(4,658,977)		(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		10,287,688
40	Gas Regulatory Liability SFAS 109	-		-		-
41	ADIT SFAS 109	18,410,392		18,410,392		18,410,392
42	Less Other Utility ADIT	(28,698,080)		(28,698,080)		(28,698,080)
43	Merchandising Inventory	79,012		79,012		79,012
44	Deferred Purchased Gas Costs - Accounts Rec'ble	(48,814,356)		(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)		(17,458,742)
48	Deferred Severence - Current Liabilities	(4,422)		(4,422)		(4,422)
49	Gas Preliminary Work	-		-		-
50	Electric Plant in Service	4,136,698,847		4,136,698,847		4,136,698,847
50a	Common Current Accounts-Electric Share	(71,499,794)	7,131,660	(64,368,134)	7,131,660	(64,368,134)
50b	Electric Current Accounts	(15,064,008)		(15,064,008)		(15,064,008)
51	Common Plant-Allocation to Electric	252,614,535		252,614,535		252,614,535
52	Electric Future Use Property	6,772,284		6,772,284		6,772,284
53	Common Future Use Property-Allocation to Electric	-		-		-

**Puget Sound Energy
Gas Allowance For Working Capital
Average-of-the-Monthly-Averages for the Thirteen-Month Period Ended September 30, 2003**

Line No.	Company Direct 12 Months Ended 9/30/2003-AMA	Staff Adjustments	Staff Working Capital	Company Adjustments	Company Rebuttal 12 Months Ended 9/30/2003-AMA	Allocation factor		Tax factor	
						Electric 68.24%	Gas 31.76%	Electric 85.51%	Gas 14.49%
54	Customer Advances for Construction	(23,664,861)		(23,664,861)		(23,664,861)			
55	Customer Deposits	(8,752,784)		(8,752,784)		(8,752,784)			
56	Deferred Taxes	(410,867,797)	23,359,358	(387,508,439)	(6,004,633)	(416,872,430)			
57	Deferred Debits - Other	95,909,633	2,044,654	97,954,287		95,909,633			
58	Less: Electric Accumulated Depreciation	(1,736,314,290)		(1,736,314,290)		(1,736,314,290)			
59	Less: Common Accum Depr-Allocation to Electric	(78,374,401)		(78,374,401)		(78,374,401)			
60	Electric Completed Const. Not Classified	-		-		-			
61	Conservation Investment	154,506		154,506		154,506			
62	Other & FAS 133	649,197,861		649,197,861		649,197,861			
63	Total Non Operating & Electric Plant Investment	2,867,565,238		2,900,100,910		2,868,692,265			
	Total Average Net Investment	3,896,783,694		3,905,960,008		3,903,915,354			
64	Total Investor Supplied Working Capital	14,385,842		5,209,528		7,254,204			
	Total Average Investments	3,896,783,694		3,905,960,008		3,903,915,354			
	Less: Gas CWIP	(31,959,061)		(31,959,061)		(31,959,061)			
	Other work in progress								
	Preliminary surveys								
	Total	3,864,824,633		3,874,000,947		3,871,956,293			
65	Working Capital %	0.37%		0.13%		0.19%			
66	Utility Allowance	3,808,108		1,307,617		1,966,924			

67	Acct	Descr	Alloc	Working Capital Amt	Rate Base Amt
68					
69	Non Operating to Working Capital				
70		14209993 Cust A/R Cirmg CLX	31.76%	(7,131,660)	
71	Non Operating to Operating				
72		19000012 Accum Def Inc Tax-Ga	100%	46,778,090	48,572,715
73		28300023 Def Tax CLX Amort	31.76%	(84,614)	(252,810)
74		28300193 Def Inc Tax-SAP	31.76%	(1,911,132)	(2,240,350)
75		28300501 IRS Carryover Adj-CLX	31.76%	(9,205,874)	(10,579,891)
76				35,576,470	
77		28300513 Indirect Cost Adjustme	40.85%	(29,571,837)	(29,644,321)
78				6,004,633	5,855,343