

**EXHIBIT NO. ___(KRK-9)
DOCKET NO. UE-072300/UG-072301
2007 PSE GENERAL RATE CASE
WITNESS: KARL R. KARZMAR**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-072300
Docket No. UG-072301**

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED SUPPLEMENTAL DIRECT TESTIMONY OF
KARL R. KARZMAR
ON BEHALF OF PUGET SOUND ENERGY, INC.**

APRIL 11, 2008

**PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	REVISED RESULTS OF OPERATIONS	REVISED TOTAL ADJUSTMENTS	REVISED ADJUSTED RESULTS OF OPERATIONS	REVISED REVENUE REQUIREMENT DEFICIENCY	REVISED AFTER RATE INCREASE
1	<u>OPERATING REVENUES:</u>				
2	\$ 1,169,255,872	\$ (115,104,222)	\$ 1,054,151,650	\$ 57,661,164	\$ 1,111,812,814
3	49,479,594	(49,479,594)	-	-	-
4	17,032,367	(2,951,933)	14,080,433	404,891	14,485,324
5	<u>\$ 1,235,767,832</u>	<u>\$ (167,535,749)</u>	<u>\$ 1,068,232,084</u>	<u>\$58,066,055</u>	<u>\$ 1,126,298,139</u>
6					
7					
8	OPERATING REVENUE DEDUCTIONS:				
9					
10	GAS COSTS:				
11					
12	\$ 800,512,866	\$ (103,496,401)	\$ 697,016,465	\$ -	\$ 697,016,465
13					
14	<u>\$ 800,512,866</u>	<u>\$ (103,496,401)</u>	<u>\$ 697,016,465</u>	<u>\$ -</u>	<u>\$ 697,016,465</u>
15					
16	\$ 1,700,509	\$ 68,602	\$ 1,769,111	\$ -	\$ 1,769,111
17	570,155	24,632	594,787	-	594,787
18	40,817,492	1,794,913	42,612,405	-	42,612,405
19	25,226,971	676,649	25,903,620	161,424	26,065,043
20	4,652,566	(3,298,729)	1,353,837	-	1,353,837
21	4,796,112	(4,796,112)	(0)	-	(0)
22	38,296,979	1,795,430	40,092,409	116,132	40,208,541
23	72,897,010	14,033,313	86,930,323	-	86,930,323
24	14,088,267	(640)	14,087,627	-	14,087,627
25	-	0	-	-	-
26	511,054	(1,344,765)	(833,711)	-	(833,711)
27	-	0	-	-	-
28	110,684,987	(54,167,853)	56,517,134	2,230,317	58,747,451
29	10,002,284	8,287,761	18,290,045	19,445,160	37,735,206
30	7,046,149	(3,070,728)	3,975,421	-	3,975,421
31	<u>\$ 331,290,535</u>	<u>\$ (39,997,527)</u>	<u>\$ 291,293,008</u>	<u>\$ 21,953,033</u>	<u>\$ 313,246,041</u>
32					
33	\$ 103,964,432	\$ (24,041,821)	\$ 79,922,611	\$ 36,113,022	\$ 116,035,632
34					
35	<u>\$ 1,351,380,079</u>	<u>\$ (2,128,543)</u>	<u>\$ 1,349,251,536</u>	<u>\$ -</u>	<u>\$ 1,349,251,536</u>
36					
37	7.69%		5.92%		8.60%
38					
39	RATE BASE:				
40	\$ 2,268,630,640	\$ 2,458,688	\$ 2,271,089,328		
41	(754,747,709)	(7,016,336)	(761,764,045)		
42	(181,249,183)	2,429,105	(178,820,078)		
43	(18,315,278)	-	(18,315,278)		
44	<u>\$ 1,314,318,470</u>	<u>\$ (2,128,543)</u>	<u>\$ 1,312,189,927</u>		
45	37,061,609	-	37,061,609		
46	<u>\$ 1,351,380,079</u>	<u>\$ (2,128,543)</u>	<u>\$ 1,349,251,536</u>		

Rate Increase
5.47%
2.88%
5.44%

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	REVISIED DEPRECIATION STUDY 9.06	REVISIED PASS THROUGH REVENUE & EXPENSE 9.07	REVISIED BAD DEBTS 9.08	REVISIED MISCELLANEOUS OPERATING EXPENSE 9.09	REVISIED PROPERTY TAXES 9.10	EXCISE TAX & FILING FEE 9.11	D&O INSURANCE 9.12
1							
2	\$ -	\$ (48,370,163)	\$ -	\$ -	\$ -	\$ -	
3		(49,479,594)					
4							
5	\$ -	\$ (97,849,756)	\$ -	\$ -	\$ -	\$ -	\$ -
6							
7							
8							
9							
10							
11							
12	\$ -	\$ (38,113,445)	\$ -	\$ -	\$ -	\$ -	
13							
14	\$ -	\$ (38,113,445)	\$ -	\$ -	\$ -	\$ -	\$ -
15							
16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17					6,661		
18					442,344		
19		(272,022)	424,823				
20		(3,344,943)		(30,141)			
21		(4,796,112)					
22		(195,700)	-	790,018		(76,330)	24,618
23	14,033,313						
24	(640)						
25							
26				(1,564,444)			
27							
28		(53,330,649)		(1,312)	1,899,642	(391,831)	
29	4,859,648	771,090	(148,688)	124,906	(664,875)	163,856	(8,616)
30	(4,858,210)						
31	\$ 14,034,111	\$ (61,168,336)	\$ 276,135	\$ (231,967)	\$ 1,234,767	\$ (304,305)	\$ 16,002
32							
33	\$ (14,034,111)	\$ 1,432,025	\$ (276,135)	\$ 231,967	\$ (1,234,767)	\$ 304,305	\$ (16,002)
34							
35	\$ (4,587,231)		\$ -	2,458,688			
36							
37							
38							
39							
40		\$ -	\$ -	2,458,688	\$ -	\$ -	
41	(7,016,336)						
42	2,429,105						
43							
44	\$ (4,587,231)	\$ -	\$ -	2,458,688	\$ -	\$ -	\$ -
45							
46	\$ (4,587,231)	\$ -	\$ -	2,458,688	\$ -	\$ -	\$ -
	OK	OK	OK	OK	OK	OK	OK

AMOUNTS PER ORIGINAL FILING DATED 12/3/2007							
NOI - KRK-4	(13,654,359)	1,428,845	(228,386)	428,022	(996,079)	304,305	(16,002)
RATE BASE KRK-4	(4,463,810)	-	-	2,458,688	-	-	-
DEFICIENCY (SURPLUS) KRK-4	21,336,535	(2,297,326)	367,204	(348,213)	1,601,516	(489,267)	25,728
AMOUNTS FROM UPDATE FILING DATED 4/11/2008							
NOI - KRK-9	(14,034,111)	1,432,025	(276,135)	231,967	(1,234,767)	304,305	(16,002)
RATE BASE KRK-9	(4,587,231)	-	-	2,458,688	-	-	-
DEFICIENCY (SURPLUS) KRK-9	21,931,100	(2,302,550)	443,997	(32,994)	1,985,379	(489,291)	25,729
ROLLFORWARD							
DIFFERENCE NOI	(379,752)	3,180	(47,749)	(196,055)	(238,688)	-	-
DIFFERENCE RATEBASE	(123,421)	-	-	-	-	-	-
DIFFERENCE DEFICIENCY	594,565	(5,224)	76,793	315,219	383,864	(24)	1

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PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		REVISED	RATE CASE	DEFERRED GAINS/	REVISED	PENSION	REVISED
		INTEREST ON CUSTOMER DEPOSITS 9.13	EXPENSES 9.14	LOSSES PROP SALES 9.15	PROPERTY & LIABILITY INS 9.16	PLAN 9.17	WAGE INCREASE 9.18
1	OPERATING REVENUES						
2	SALES TO CUSTOMERS	\$ -	\$ -		\$ -		\$ -
3	MUNICIPAL ADDITIONS						
4	OTHER OPERATING REVENUES						
5	TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6							
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	GAS COSTS:						
11							
12	PURCHASED GAS	\$ -	\$ -		\$ -		\$ -
13							
14	TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15							
16	OTHER ENERGY SUPPLY EXPENSES		\$ -		\$ -		\$ 54,124
17	TRANSMISSION EXPENSE						14,409
18	DISTRIBUTION EXPENSE						1,099,143
19	CUSTOMER ACCTS EXPENSES	187,784					424,761
20	CUSTOMER SERVICE EXPENSES						60,646
21	CONSERVATION AMORTIZATION						
22	ADMIN & GENERAL EXPENSE		67,686		130,939	(408,851)	478,692
23	DEPRECIATION						
24	AMORTIZATION						
25	AMORTIZATION OF PROPERTY LOSS						
26	OTHER OPERATING EXPENSES			219,679			
27	FAS 133						
28	TAXES OTHER THAN INCOME TAXES						136,381
29	INCOME TAXES		\$ (23,690)	(76,888)	(45,829)	143,098	(793,855)
30	DEFERRED INCOME TAXES						
31	TOTAL OPERATING REV. DEDUCT.	\$ 187,784	\$ 43,996	\$ 142,791	\$ 85,111	\$ (265,753)	\$ 1,474,301
32							
33	NET OPERATING INCOME	\$ (187,784)	\$ (43,996)	\$ (142,791)	\$ (85,111)	\$ 265,753	\$ (1,474,301)
34							
35	RATE BASE	\$ -					
36							
37	RATE OF RETURN						
38							
39	RATE BASE:						
40	UTILITY PLANT IN SERVICE	\$ -	\$ -		\$ -		\$ -
41	ACCUMULATED DEPRECIATION	-					
42	ACCUMULATED DEFERRED FIT - LIBERALIZED	-					
43	OTHER						
44	TOTAL NET INVESTMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	ALLOWANCE FOR WORKING CAPITAL						
46	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		OK	OK	OK	OK	OK	OK
AMOUNTS PER ORIGINAL FILING DATED 12/3/2007							
	NOI - KRK-4	(321,319)	(43,996)	(142,791)	(115,718)	265,753	(1,443,449)
	RATE BASE KRK-4	-	-	-	-	-	-
	DEFICIENCY (SURPLUS) KRK-4	516,623	70,738	229,583	186,053	(427,283)	2,320,806
AMOUNTS FROM UPDATE FILING DATED 4/11/2008							
	NOI - KRK-9	(187,784)	(43,996)	(142,791)	(85,111)	265,753	(1,474,301)
	RATE BASE KRK-9	-	-	-	-	-	-
	DEFICIENCY (SURPLUS) KRK-9	301,938	70,741	229,594	136,849	(427,304)	2,370,526
ROLLFORWARD							
	DIFFERENCE NOI	133,535	-	-	30,607	-	(30,853)
	DIFFERENCE RATEBASE	-	-	-	-	-	-
	DIFFERENCE DEFICIENCY	(214,686)	3	11	(49,204)	(21)	49,720

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
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	Oct-06	82,398,883	79,616,166	(2,782,717)
5	Nov-06	122,310,200	119,321,723	(2,988,477)
6	Dec-06	152,312,019	151,250,129	(1,061,890)
7	Jan-07	162,522,738	146,997,535	(15,525,203)
8	Feb-07	123,546,494	124,495,095	948,601
9	Mar-07	115,870,737	117,976,585	2,105,848
10	Apr-07	88,944,071	87,374,580	(1,569,491)
11	May-07	66,872,283	67,631,429	759,146
12	Jun-07	49,867,206	49,274,516	(592,690)
13	Jul-07	43,516,377	43,516,377	0
14	Aug-07	44,021,922	44,021,922	0
15	Sep-07	54,790,972	52,732,112	(2,058,860)
16		<u>1,106,973,902</u>	<u>1,084,208,169</u>	<u>(22,765,733)</u>
17				
18	REVENUE ADJUSTMENT:			
19	Residential (23, 53)			\$ (17,702,847)
20	Residential (16)			0
21	Commercial & industrial (31,36,51)			(6,002,462)
22	Large volume (41)			0
23	Compressed natural gas (50)			0
24	Interruptible (85)			(135,931)
25	Limited interruptible (86)			(304,428)
26	Non exclusive interruptible (87)			(296,095)
27	Transportation (57)			(31,415)
28	Contracts (99,199,299)			<u>(11,711)</u>
29	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ (24,484,888)
30	UNCOLLECTIBLES @		<i>0.00278</i>	\$ (68,068)
31	ANNUAL FILING FEE @		0.00200	(48,970)
32	INCREASE (DECREASE) EXPENSES			<u>(117,038)</u>
33				
34	STATE UTILITY TAX @		<i>0.03841</i>	\$ (940,465)
35	INCREASE (DECREASE) TAXES OTHER			<u>(940,465)</u>
36				
37	INCREASE (DECREASE) INCOME			<u>(23,427,385)</u>
38				
39	INCREASE (DECREASE) FIT @		35%	<u>(8,199,585)</u>
40	INCREASE (DECREASE) NOI			<u><u>\$ (15,227,800)</u></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
REVENUE AND EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	ADD GRC INCREASE DOCKET UG-060267	\$ 12,621,527
3	RECLASS PENALTIES AND NEW CUSTOMER REVENUE TO	
4	OTHER OPERATING	(903,739)
5	OCTOBER 2007 PURCHASED GAS	
6	ADJUSTMENT, DOCKET UG-071775.	(47,385,174)
7	SCHEDULE MIGRATION	(2,218,411)
8	TRUE UP CHANGE IN UNBILLED	(5,687,892)
9	OTHER ADJUSTMENTS	<u>1,324,517</u>
10	RESTATING ADJUSTMENTS SALES TO CUSTOMERS	<u>(42,249,172)</u>
11		
12	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ (42,249,172)
13		
14	OTHER OPERATING REVENUES	
15	RENTALS:	
16	ADD GRC INCREASE DOCKET 060266	220,411
17	TRUE UP CHANGE IN UNBILLED	74,269
18	OTHER OPERATING REVENUES	
19	RECLASS PENALTIES AND NEW CUSTOMER REVENUE	
20	FROM SALES TO CUSTOMERS	<u>903,739</u>
21	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u>1,198,419</u>
22		
23	TOTAL INCREASE (DECREASE) REVENUES	<i>(41,050,753)</i>
24		
25	OPERATING EXPENSES:	
26	PURCHASED GAS COSTS	\$ (65,382,956)
27	UNCOLLECTIBLES @	<i>0.00278</i> \$ (114,121)
28	ANNUAL FILING FEE @	<i>0.00200</i> (82,102)
29	INCREASE (DECREASE) EXPENSES	<u>(65,579,178)</u>
30		
31	STATE UTILITY TAX @	<i>0.03841</i> \$ (1,576,759)
32		
33	INCREASE (DECREASE) TAXES OTHER	<u>(1,576,759)</u>
34		
35	INCREASE (DECREASE) INCOME	26,105,185
36	INCREASE (DECREASE) FIT @	35% <u>9,136,815</u>
37	INCREASE (DECREASE) NOI	<u>\$ 16,968,370</u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
EVERETT DELTA
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	ADJUSTMENTS	RESTATED
1	<u>OPERATING REVENUES:</u>			
2	SALES TO CUSTOMERS		\$ -	\$ -
3	MUNICIPAL ADDITIONS		-	-
4	OTHER OPERATING REVENUES	4,150,352	(4,150,352)	-
5	TOTAL OPERATING REVENUES	\$ 4,150,352	\$ (4,150,352)	\$ -
6				
7				
8	<u>OPERATING REVENUE DEDUCTIONS:</u>			
9				
10	<u>GAS COSTS:</u>			
11				
12	PURCHASED GAS	\$ -	\$ -	-
13				
14	TOTAL PRODUCTION EXPENSES	-	-	-
15				
16	OTHER POWER SUPPLY EXPENSES	-	-	-
17	TRANSMISSION EXPENSE	-	-	-
18	DISTRIBUTION EXPENSE	-	-	-
19	CUSTOMER ACCOUNT EXPENSES	-	-	-
20	CUSTOMER SERVICE EXPENSES	-	-	-
21	CONSERVATION AMORTIZATION	-	-	-
22	ADMIN & GENERAL EXPENSE	-	-	-
23	DEPRECIATION	578,772	-	578,772
24	AMORTIZATION	-	-	-
25	AMORTIZATION OF PROPERTY LOSS	-	-	-
26	OTHER OPERATING EXPENSES	-	-	-
27	FAS 133	-	-	-
28	PROPERTY TAX	491,910	-	491,910
29	INCOME TAXES	1,077,885	(1,452,623)	(374,738)
30	DEFERRED INCOME TAXES	-	-	-
31	TOTAL OPERATING REV. DEDUCT.	2,148,566	(1,452,623)	695,943
32				
33	NET OPERATING INCOME	\$ 2,001,786	\$ (2,697,729)	\$ (695,943)
34				
35	RATE BASE	\$ 23,765,912	\$ 0	23,765,912
36				
37	RATE OF RETURN	8.42%		-2.95%
38				
39	<u>RATE BASE:</u>			
40	UTILITY PLANT IN SERVICE	\$ 30,624,284	\$ -	30,624,284
41	ACCUMULATED DEPRECIATION	(1,374,636)	-	(1,374,636)
42	ACCUMULATED DEFERRED FIT - LIBER/	(5,483,736)	-	(5,483,736)
43	OTHER	-	-	-
44	TOTAL NET INVESTMENT	23,765,912	-	23,765,912
45	ALLOWANCE FOR WORKING CAPITAL	-	-	-
46	TOTAL RATE BASE	\$ 23,765,912	\$ -	23,765,912
47				
48	AFTER TAX PROPOSED FOR RATE OF	<i>1.29%</i>		<i>1.29%</i>
49	OPERATING INCOME REQUIREMENT	\$ 1,732,535	\$ -	1,732,535
50	NET OPERATING INCOME (Line 33)	2,001,786		(695,943)
51	OPERATING INCOME DEFICIENCY (Line	(269,251)		2,428,478
52	CONVERSION FACTOR	65%		65%
53	LEASE REVENUE ADJUSTMENT (Line 50 /	\$ (414,232)	\$ -	3,736,120

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ 22,389,797
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @ 35%	7,836,429
5	DEFERRED FIT - DEBIT	43,360,625
6	DEFERRED FIT - CREDIT	(33,624,571)
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(902,423)
8	TOTAL RESTATED FIT	<u>\$ 16,670,060</u>
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	\$ 10,002,284
12	DEFERRED FIT - DEBIT	48,445,101
13	DEFERRED FIT - CREDIT	(40,948,243)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	<u>(450,709)</u>
15		
16	TOTAL CHARGED TO EXPENSE	\$ 17,048,433
17		-
18	INCREASE(DECREASE) FIT	\$ (2,165,855)
19	INCREASE(DECREASE) DEFERRED FIT	2,239,196
20	INCREASE(DECREASE) ITC	(451,714)
21	INCREASE(DECREASE) NOI	<u><u>\$ 378,373</u></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
TAX BENEFIT OF PRO FORMA INTEREST
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 1,349,251,536
2	DEDUCTIBLE CWIP	47,186,981
3	NET RATE BASE	<u>\$ 1,396,438,517</u>
4		
5	WEIGHTED COST OF DEBT	3.74%
6	PROFORMA INTEREST	<u>\$ 52,226,801</u>
7		
8	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
9	INTEREST ON LONG TERM DEBT	\$ 63,212,987
10	INTEREST ON PREFERRED STOCK	
11	AMORTIZATION OF DEBT DISCOUNT	
12	AND EXPENSE, NET OF PREMIUMS	1,126,339
13	INTEREST ON DEBT TO ASSOCIATED COMPANIES	477,460
14	OTHER INTEREST EXPENSE	8,184,896
15	LESS INTEREST ON CUSTOMER DEPOSITS	<u>(187,784)</u>
16	CHARGED TO EXPENSE IN TEST YEAR	<u>72,813,898</u>
17	INCREASE (DECREASE) INCOME	<u>\$ 20,587,098</u>
18		
19	INCREASE (DECREASE) FIT @	35% <u>7,205,484</u>
20	INCREASE (DECREASE) NOI	<u>\$ (7,205,484)</u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
DEPRECIATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	<u>ADJUSTMENT TO OPERATING EXPENSES</u>			
2	403 DEPRECIATION EXPENSE	\$ 68,026,974	\$ <i>79,599,749</i>	\$ <i>11,572,775</i>
3	403 GAS PORTION OF COMMON	2,369,038	4,857,234	2,488,196
4	403 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	1,886,500	1,886,500	-
5	SUBTOTAL DEPRECIATION EXPENSE 403	<u>72,282,513</u>	<u><i>86,343,484</i></u>	<u><i>14,060,971</i></u>
6				
7	403.1 DEPR. EXP- FAS 143 (RECOVERED IN RATES)	614,403	614,403	-
8	403.1 DEPR. EXP - FAS 143 (NOT RECOVERED IN RATES)	94		(94)
9	SUBTOTAL DEPRECIATION EXPENSE 403.1	<u>614,497</u>	<u>614,403</u>	<u>(94)</u>
10				
11	TOTAL DEPRECIATION EXPENSE	<u>72,897,010</u>	<u><i>86,957,887</i></u>	<u><i>14,060,877</i></u>
12				
13	4111 ACCRETION EXP. - FAS 143 (RECOVERED IN RATES)	303,738	303,738	-
14	4111 ACCRETION EXP. - FAS 143 (NOT RECOVERED IN RATES)	640		(640)
15	SUBTOTAL ACCRETION EXPENSE 411.1	<u>304,378</u>	<u>303,738</u>	<u>(640)</u>
16				
17	FLEET DEPR. EXP. ON INC STMNT NOT RECORDED IN 403	<u>48,221</u>	<u>20,656</u>	<u>(27,565)</u>
18				
19	INCREASE(DECREASE) EXPENSE			\$ <i>14,032,673</i>
20	INCREASE(DECREASE) FIT			<i>4,859,648</i>
21	INCREASE(DECREASE) DEFERRED FIT			<i>(4,858,210)</i>
22	INCREASE(DECREASE) NOI			<u>\$ <i>(14,034,111)</i></u>
23				
24				
25	<u>ADJUSTMENT TO RATE BASE</u>			
26	ADJUST ACCUM DEPR FOR ADDITIONAL DEPR EXP (50% OF LINE 19)			\$ <i>(7,016,336)</i>
27	ADJUST ACCUMULATED DFIT FOR ADDITIONAL EXPENSE (50% OF LINE 21)			<i>2,429,105</i>
28	TOTAL ADJUSTMENT TO RATEBASE			<u>\$ <i>(4,587,231)</i></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
PASS THROUGH REVENUE AND EXPENSE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME - SCHEDULE 129	\$ 3,498,771
3	REMOVE CONSERVATION - SCHEDULE 120	5,016,543
4	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	39,854,849
5	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	49,121,411
6	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	358,182
7	TOTAL (INCREASE) DECREASE REVENUES	<u>97,849,756</u>
8		
9	<u>ADJUST REVENUE SENSITIVE ITEMS FOR REMOVAL OF REVENUE:</u>	
10	BAD DEBTS	<i>0.278000%</i> (272,022)
11	ANNUAL FILING FEE	0.200000% (195,700)
12	STATE UTILITY TAX	<i>3.841000%</i> (3,758,409)
13	TOTAL INCREASE (DECREASE) EXPENSE	<u><i>4.369178%</i> (4,226,131)</u>
14		
15	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
16	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	(3,344,943)
17	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	(4,796,112)
18	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	(38,113,445)
19	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	(49,572,240)
20	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	INCL. ABOVE
21	TOTAL INCREASE (DECREASE) EXPENSE	<u>(95,826,741)</u>
22		
23	INCREASE (DECREASE) IN OPERATING INCOME BEFORE TAXES	<i>2,203,115</i>
24	INCREASE (DECREASE) FIT	<i>771,090</i>
25	INCREASE (DECREASE) NOI	<u><u><i>1,432,025</i></u></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
BAD DEBTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	NET WRITEOFFS	GROSS REVENUES	NET REVENUES	AMOUNT
1	12 MOS ENDED 09/30/2004	\$ 2,058,469	\$ 736,127,073	\$ 736,127,073	<i>0.2796350%</i>
2	12 MOS ENDED 09/30/2005	\$ 2,735,000	\$ 879,440,289	\$ 879,440,289	<i>0.3109933%</i>
3	12 MOS ENDED 09/30/2007	\$ 3,007,806	\$ 1,235,767,832	\$ 1,235,767,832	<i>0.2433957%</i>
4	3-Yr Average of Net Write Off Rate				<u><i>0.2780080%</i></u>
5					
6	Test Period Revenues		\$ 1,235,767,832	\$ 1,235,767,832	
7					
8	PROFORMA BAD DEBT RATE			<u><i>0.2780080%</i></u>	
9	PROFORMA BAD DEBTS			\$ 3,435,533	
10					
11	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR			<u>3,010,710</u>	
12	INCREASE (DECREASE) EXPENSE				\$ 424,823
13					
14	INCREASE (DECREASE) FIT			35%	<u><i>(148,688)</i></u>
15	INCREASE (DECREASE) NOI				<u><u>\$ (276,135)</u></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
MISCELLANEOUS OPERATING EXPENSE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED / PROFORMA	ADJUSTMENT
1	<u>OPERATING EXPENSES</u>			
2	AMORT OF DEFERRED TAXES OF INDIRECT OVERHEADS			
3	REGULATORY ASSET (WUTC DOC # UG-051528)	\$ 1,015,556	\$ -	\$ (1,015,556)
4	INCREASE IN SERVICE CONTRACT BASELINE CHARGES TSM	134,575	141,236	6,661
5	INCREASE IN SERVICE CONTRACT BASELINE CHARGES DIST	10,061,331	10,503,675	442,344
6	ADJUSTMENT FOR ONE-TIME FAS 106 CURTAILMENT GAIN	(168,077)		168,077
7	<i>COMPANY STORE - PURCHASE OF MERCHANDISE</i>	<i>30,141</i>	<i>0</i>	<i>(30,141)</i>
8	<i>COMPANY STORE - PURCHASE OF MERCHANDISE</i>	<i>27,648</i>	<i>0</i>	<i>(27,648)</i>
9	<i>COMPANY STORE - SALE OF MERCHANDISE</i>	<i>(44,441)</i>	<i>0</i>	<i>44,441</i>
10	SUMMIT BUILDING CONTRACTUAL RENT INCREASES			
11	PER ACCOUNTING PETITION #UE-071876	443,035	1,106,539	663,504
12	<i>AMORTIZATION OF SUMMIT BUYOUT PURCHASE OPTION</i>			
13	<i>PER ACCOUNTING PETITION #UE-071876</i>	<i>0</i>	<i>(548,888)</i>	<i>(548,888)</i>
14	<i>MERGER SAVINGS</i>	<i>39,525</i>		<i>(39,525)</i>
15	<i>ADJUSTMENT TO MOVE WAGES FOR OFFICER TIME ON MERGER</i>			
16	<i>CHARGED TO PSE:</i>			
17	<i>EMPLOYEE BENEFITS, FERC 926</i>	<i>3,923</i>		<i>(3,923)</i>
18	<i>PAYROLL TAXES, FERC 408.1</i>	<i>1,312</i>		<i>(1,312)</i>
19	<i>LABOR & LABOR OH, PTO, INCENTIVES, FERC 920</i>	<i>14,908</i>		<i>(14,908)</i>
20				
21	INCREASE (DECREASE) IN EXPENSE	\$ 11,559,436	\$ 11,202,562	\$ (356,873)
22				
23	INCREASE (DECREASE) IN OPERATING EXPENSE			(356,873)
24	INCREASE(DECREASE) FIT @		35%	124,906
25				
26	INCREASE(DECREASE) NOI			<u>\$ 231,967</u>
27				
28				
29	<u>RATEBASE</u>			
30	CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT			2,458,688
31				
32				
33				
34	TOTAL ADJUSTMENT TO RATEBASE			<u>\$ 2,458,688</u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
PROPERTY TAXES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	AMOUNT
1 RESTATED PROPERTY TAX	\$ <i>12,375,927</i>
2 CHARGED TO EXPENSE IN TY	10,476,286
3 INCREASE(DECREASE) EXPENSE	<u>\$ <i>1,899,642</i></u>
4	
5 INCREASE(DECREASE) FIT @ 35%	<u>(664,875)</u>
6 INCREASE(DECREASE) NOI	<u><u>\$ <i>(1,234,767)</i></u></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE	NO. DESCRIPTION	AMOUNT
1	RESTATED EXCISE TAXES	\$ 47,160,661
2	CHARGED TO EXPENSE FOR TEST YEAR	47,552,492
3	INCREASE(DECREASE) EXCISE TAX	<u>\$ (391,831)</u>
4		
5	RESTATED WUTC FILING FEE	\$ 2,451,363
6	CHARGED TO EXPENSE FOR TEST YEAR	2,527,692
7	INCREASE(DECREASE) WUTC FILING FEE	<u>\$ (76,330)</u>
8		
9	INCREASE(DECREASE) OPERATING EXPENSE	\$ (468,161)
10		
11	INCREASE(DECREASE) FIT 35%	<u>\$ 163,856</u>
12	INCREASE(DECREASE) NOI	<u><u>\$ 304,305</u></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
D&O INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. CHG EXPENSE	\$ 743,653	\$ 768,270	\$ 24,618
2				
3	INCREASE (DECREASE) D&O EXPENSE	\$ 743,653	\$ 768,270	\$ 24,618
4				
5	INCREASE (DECREASE) EXPENSE			24,618
6				
7	INCREASE (DECREASE) FIT @		35%	(8,616)
8	INCREASE (DECREASE) NOI			<u>\$ (16,002)</u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ADJUSTMENT
1 INTEREST EXPENSE FOR TEST YEAR	<u>\$ 187,784</u>
2	
3 INCREASE (DECREASE) NOI	<u>\$ (187,784)</u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	AMOUNT
1 DEFERRED EXPENDITURES TO BE AMORTIZED:	
2	
3 REMAINING 2001 GRC DEFERRALS TO BE AMORTIZED	IMMATERIAL
4 LESS TEST YEAR EXPENSE: 2001 GRC AMORTIZATION	241,861
5 INCREASE (DECREASE) EXPENSE	<u>(241,861) \$ (241,861)</u>
6	
7	
8 REMAINING 2004 GRC DEFERRALS TO BE AMORTIZED	IMMATERIAL
9 LESS TEST YEAR EXPENSE: 2004 GRC AMORTIZATION	110,484
10 INCREASE (DECREASE) EXPENSE	<u>(110,484) (110,484)</u>
11	
12	
13 EXPENSES TO BE NORMALIZED:	
14	
15 ESTIMATED GRC EXPENSES TO BE NORMALIZED	<u>\$ 1,474,000</u>
16	
17 ANNUAL NORMALIZATION (LINE 22 / 2 YEARS)	737,000
18 LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO O&M	<u>316,969</u>
19	
20 INCREASE (DECREASE) EXPENSE	<u>\$ 420,031 420,031</u>
21	
22	
23 TOTAL INCREASE (DECREASE) EXPENSE	\$ 67,686
24	
25 INCREASE(DECREASE) FIT @	35% <u>(23,690)</u>
26 INCREASE(DECREASE) NOI	<u>\$ (43,996)</u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
DEFERRED GAINS/LOSSES ON PROPERTY SALES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	AMOUNT
1 DEFERRED (GAIN) RECORDED SINCE UG-040640 @ 12/31/2006	\$ (1,167,199)
2 DEFERRED LOSS RECORDED SINCE UG-040640 @ 12/31/2006	312,730
3 TOTAL DEFERRED NET (GAIN) LOSS TO AMORTIZE	<u>\$ (854,469)</u>
4	
5 AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR RATE YEAR (Line 3/3years)	(284,823)
6	
7 AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR TEST YEAR	(504,502)
8	
9 INCREASE (DECREASE) EXPENSE (Line 5 - Line 7)	<u>\$ 219,679</u>
10	
11 INCREASE (DECREASE) FIT @ 35%	<u>(76,888)</u>
12	
13 INCREASE (DECREASE) NOI	<u><u>\$ (142,791)</u></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
PROPERTY & LIABILITY INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE	NO. DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 346,848	382,814	\$ 35,965
2	LIABILITY INSURANCE EXPENSE	<i>862,117</i>	<i>957,091</i>	<i>94,974</i>
3	INCREASE(DECREASE) EXPENSE	<u>\$ 1,208,965</u>	<u>\$ 1,339,904</u>	<u>\$ 130,939</u>
4				
5				
6	INCREASE (DECREASE) FIT @	35%		<u>(45,829)</u>
7	INCREASE (DECREASE) NOI			<u><u>\$ (85,111)</u></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
PENSION PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE	NO. DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 490,476	\$ -	\$ (490,476)
2	SERP PLAN	\$ 1,228,239	\$ 1,309,865	\$ 81,626
3				
4	INCREASE(DECREASE) EXPENSE	<u>\$ 1,718,716</u>	<u>\$ 1,309,865</u>	<u>\$ (408,851)</u>
5				
6				
7	INCREASE (DECREASE) FIT @	35%		<u>143,098</u>
8	INCREASE (DECREASE) NOI			<u><u>\$ 265,753</u></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
WAGE INCREASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PRODUCTION MANUF. GAS	\$ 87,830	\$ <i>93,466</i>	\$ 5,636
3	OTHER GAS SUPPLY	478,721	<i>503,463</i>	<i>24,742</i>
4	STORAGE, LNG T&G	475,599	<i>499,345</i>	<i>23,746</i>
5	TRANSMISSION	246,149	<i>260,558</i>	<i>14,409</i>
6	DISTRIBUTION	17,003,356	<i>18,102,499</i>	<i>1,099,143</i>
7	CUSTOMER ACCTS	6,116,658	<i>6,541,419</i>	<i>424,761</i>
8	CUSTOMER SERVICE	921,552	<i>973,034</i>	<i>51,482</i>
9	SALES	191,307	200,471	9,164
10	ADMIN. & GENERAL	9,637,520	<i>10,116,212</i>	<i>478,692</i>
11	TOTAL WAGE INCREASE	<u>35,158,692</u>	<u><i>37,290,467</i></u>	<u><i>2,131,775</i></u>
12				
13	PAYROLL TAXES	2,956,629	<i>3,093,010</i>	<i>136,381</i>
14	TOTAL WAGES & TAXES	<u>\$ 38,115,321</u>	<u>\$ <i>40,383,477</i></u>	<u>\$ <i>2,268,156</i></u>
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			\$ 2,268,156
17	INCREASE (DECREASE) FIT @ 35%			<u>(793,855)</u>
18	INCREASE (DECREASE) NOI			<u><u>\$ <i>(1,474,301)</i></u></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
INVESTMENT PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION		AMOUNT
1	MANAGEMENT (INC. EXECUTIVES)		
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT		2,054,720
3	RATE YEAR MANAGEMENT WAGE INCREASE	4.79%	98,421
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT		2,153,141
5			
6	IBEW		
7	INVESTMENT PLAN APPLICABLE TO IBEW		541,567
8	RATE YEAR IBEW WAGE INCREASE	7.97%	43,163
9	TOTAL COMPANY CONTRIBUTION FOR IBEW		584,730
10			
11	UA		
12	INVESTMENT PLAN APPLICABLE TO UA		430,779
13	RATE YEAR UA WAGE INCREASE	6.61%	28,474
14	TOTAL COMPANY CONTRIBUTION FOR UA		459,253
15			
16	TOTAL		
17	TOTAL PROFORMA COSTS (LN 4 + LN 9 + 14)		3,197,124
18	PRO FORMA COSTS APPLICABLE TO OPERATIONS	55.72%	1,781,438
19	CHARGED TO EXPENSE FOR YEAR ENDED 9/30/2007		1,686,681
20	INCREASE (DECREASE) EXPENSE		94,757
21			
22	INCREASE (DECREASE) FIT @	35%	(33,165)
23	INCREASE (DECREASE) NOI		(\$61,592)

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
EMPLOYEE INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION		AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>		
2	SALARIED EMPLOYEES	\$	4,981,504
3	UNION EMPLOYEES		4,676,395
4	PRO FORMA INSURANCE COSTS		<u>9,657,899</u>
5			
6	APPLICABLE TO OPERATIONS @	55.72%	5,381,381
7	CHARGED TO EXPENSE 09/30/07		4,493,040
8	INCREASE(DECREASE) EXPENSE		<u>888,342</u>
9			
10	INCREASE(DECREASE) FIT @	35%	(310,920)
11			
12	INCREASE(DECREASE) NOI		<u><u>\$ (577,422)</u></u>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**PUGET SOUND ENERGY-GAS
INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATE	ADJUSTMENT
1	INCENTIVE/MERIT PAY			
2	PRODUCTION MANUF. GAS	\$ 6,038	\$ 7,350	\$ 1,312
3	OTHER GAS SUPPLY	32,897	39,533	6,636
4	STORAGE, LNG T&G	32,680	39,210	6,530
5	TRANSMISSION	16,907	20,469	3,562
6	DISTRIBUTION	1,168,107	1,421,533	253,426
7	CUSTOMER ACCTS	420,197	513,689	93,492
8	CUSTOMER SERVICE	63,306	76,400	13,094
9	SALES	13,139	15,754	2,615
10	ADMIN. & GENERAL	662,069	794,400	132,331
11	TOTAL INCENTIVE PAY	<u>\$ 2,415,340</u>	<u>\$ 2,928,338</u>	<u>\$ 512,998</u>
12				
13	PAYROLL TAXES ASSOC WITH MERIT PAY	174,871	212,012	37,141
14	INCREASE(DECREASE) EXPENSE	<u>2,590,211</u>	<u>3,140,350</u>	<u>550,139</u>
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			550,139
17				
18	INCREASE(DECREASE) FIT @		35%	<u>(192,549)</u>
19	INCREASE(DECREASE) NOI			<u><u>\$ (357,590)</u></u>

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