

Exhibit ___ (JMR-2)
Docket No. UE-060266, et al.
Witness: James M. Russell

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UE-060266

DOCKET NO. UG-060267
(consolidated)

EXHIBIT OF

JAMES M. RUSSELL

STAFF OF THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

*Electric Results of Operations
and Revenue Requirement*

July 25, 2006

PUGET SOUND ENERGY-ELECTRIC
 RESULTS OF OPERATIONS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 GENERAL RATE INCREASE

| LINE NO. | ACTUAL RESULTS OF OPERATION | TOTAL ADJUSTMENTS | ADJUSTED RESULTS OF OPERATIONS | REVENUE REQUIREMENT SURPLUS | AFTER RATE DECREASE | |
|----------|--------------------------------|-------------------|--------------------------------|-----------------------------|---------------------|------------------|
| 1 | OPERATING REVENUES: | | | | | |
| 2 | SALES TO CUSTOMERS | \$ 1,397,539,936 | \$ 315,372,064 | \$ 1,712,912,000 | \$ (41,026,047) | \$ 1,671,885,953 |
| 3 | SALES FROM RESALE-FIRM | 350,901 | 127,722 | 478,623 | | 478,623 |
| 4 | SALES TO OTHER UTILITIES | 151,158,328 | (142,929,914) | 8,228,414 | | 8,228,414 |
| 5 | OTHER OPERATING REVENUES | 55,899,367 | (19,665,307) | 36,234,060 | | 36,234,060 |
| 6 | TOTAL OPERATING REVENUES | 1,604,948,532 | 152,904,565 | 1,757,853,097 | (41,026,047) | 1,716,827,050 |
| 7 | | | | | | |
| 8 | OPERATING REVENUE DEDUCTIONS: | | | | | |
| 9 | | | | | | |
| 10 | POWER COSTS: | | | | | |
| 11 | FUEL | \$ 75,039,758 | \$ 10,156,621 | \$ 85,196,379 | \$ - | \$ 85,196,379 |
| 12 | PURCHASED AND INTERCHANGED | 808,898,950 | (86,406,458) | 722,492,492 | | 722,492,492 |
| 13 | WHEELING | 43,994,427 | 14,150,625 | 58,145,052 | | 58,145,052 |
| 14 | RESIDENTIAL EXCHANGE | (177,350,021) | 177,350,021 | - | | - |
| 15 | TOTAL PRODUCTION EXPENSES | 750,583,114 | 115,250,808 | 865,833,922 | | 865,833,922 |
| 16 | | | | | | |
| 17 | OTHER POWER SUPPLY EXPENSES | \$ 53,185,137 | \$ 20,604,902 | \$ 73,790,039 | \$ - | \$ 73,790,039 |
| 18 | TRANSMISSION EXPENSE | 3,786,749 | 356,205 | 4,142,954 | | 4,142,954 |
| 19 | DISTRIBUTION EXPENSE | 56,397,075 | 5,022,764 | 61,419,839 | | 61,419,839 |
| 20 | CUSTOMER ACCOUNT EXPENSES | 32,311,231 | 3,643,241 | 35,954,472 | (187,600) | 35,766,871 |
| 21 | CUSTOMER SERVICE EXPENSES | 9,266,102 | (7,748,370) | 1,517,732 | | 1,517,732 |
| 22 | CONSERVATION AMORTIZATION | 18,233,848 | (18,233,848) | - | | - |
| 23 | ADMIN & GENERAL EXPENSE | 64,934,552 | 8,579,548 | 73,514,100 | (77,949) | 73,436,150 |
| 24 | DEPRECIATION | 129,900,123 | 21,488,531 | 151,388,654 | | 151,388,654 |
| 25 | AMORTIZATION | 24,582,050 | (22,692) | 24,559,358 | | 24,559,358 |
| 26 | AMORTIZ OF PROPERTY GAIN/LOSS | 7,937,131 | (3,180,069) | 4,757,062 | | 4,757,062 |
| 27 | OTHER OPERATING EXPENSES | (2,317,679) | 2,085,161 | (232,518) | | (232,518) |
| 28 | FAS 133 | 911,373 | (911,373) | - | | - |
| 29 | TAXES OTHER THAN INCOME TAXES | 140,165,789 | (29,908,309) | 110,257,480 | (1,581,673) | 108,675,807 |
| 30 | INCOME TAXES | 101,303,182 | (7,332,824) | 93,970,358 | (13,712,587) | 80,257,771 |
| 31 | DEFERRED INCOME TAXES | (17,512,885) | 17,349,292 | (163,593) | | (163,593) |
| 32 | TOTAL OPERATING REV. DEDUCT. | \$ 1,373,666,892 | \$ 127,042,967 | \$ 1,500,709,859 | \$ (15,559,810) | \$ 1,485,150,049 |
| 33 | | | | | | |
| 34 | NET OPERATING INCOME | \$ 231,281,640 | \$ 25,861,598 | \$ 257,143,238 | \$ (25,466,237) | \$ 231,677,001 |
| 35 | | | | | | |
| 36 | RATE BASE | \$ 2,513,582,619 | \$ 437,716,756 | \$ 2,951,299,375 | \$ - | \$ 2,951,299,375 |
| 37 | | | | | | |
| 38 | RATE OF RETURN | 9.20% | | 8.71% | | 7.85% |
| 39 | | | | | | |
| 40 | RATE BASE: | | | | | |
| 41 | GROSS UTILITY PLANT IN SERVICE | \$ 4,571,527,301 | \$ 541,464,552 | \$ 5,112,991,853 | | \$ 5,112,991,853 |
| 42 | ACCUM DEPR AND AMORT | (1,971,832,341) | (12,644,163) | (1,984,476,504) | | (1,984,476,504) |
| 43 | DEFERRED DEBITS | 353,317,604 | (48,376,550) | 304,941,054 | | 304,941,054 |
| 44 | DEFERRED TAXES | (387,242,755) | (42,727,083) | (429,969,838) | | (429,969,838) |
| 45 | ALLOWANCE FOR WORKING CAPITAL | | | | | |
| 46 | OTHER | (52,187,190) | | (52,187,190) | | (52,187,190) |
| | TOTAL RATE BASE | \$ 2,513,582,619 | \$ 437,716,756 | \$ 2,951,299,375 | | \$ 2,951,299,375 |

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATING AND PRO FORMA ADJUSTMENTS

| LINE NO. | (Uncontested) ACTUAL RESULTS OF OPERATIONS | (Uncontested) TEMPERATURE NORMALIZATION | (Uncontested) REVENUES & EXPENSES | (Uncontested) POWER COSTS | (Uncontested) FEDERAL INCOME TAX | (Uncontested) TAX BENEFIT OF PRO FORMA INTEREST | (Uncontested) CONSERVATION | (Uncontested) BAD DEBITS |
|----------|---|--|--------------------------------------|------------------------------|-------------------------------------|--|-------------------------------|-----------------------------|
| | E.01 | E.02 | E.03 | E.04 | E.05 | E.06 | E.07 | |
| 1 | OPERATING REVENUES | | | | | | | |
| 2 | SALES TO CUSTOMERS | \$ 1,397,539,936 | \$ 303,417,611 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3 | SALES FROM RESALE-FIRM | 350,901 | 122,117 | | | | | |
| 4 | SALES TO OTHER UTILITIES | 151,158,328 | | (142,929,914) | | | | |
| 5 | OTHER OPERATING REVENUES | 55,899,367 | 908,826 | (20,574,133) | | | | |
| 6 | TOTAL OPERATING REVENUES | \$ 1,604,948,532 | \$ 304,448,554 | \$ (163,504,047) | \$ - | \$ - | \$ - | \$ - |
| 7 | OPERATING REVENUE DEDUCTIONS: | | | | | | | |
| 8 | POWER COSTS: | | | | | | | |
| 9 | FUEL | \$ 75,039,758 | \$ - | \$ 12,933,963 | \$ - | \$ - | \$ - | \$ - |
| 10 | PURCHASED AND INTERCHANGED | 808,898,950 | | (93,428,664) | | | | |
| 11 | WHEELING | 43,994,427 | | 9,807,733 | | | | |
| 12 | RESIDENTIAL EXCHANGE | (177,350,021) | | 177,350,021 | | | | |
| 13 | TOTAL PRODUCTION EXPENSES | \$ 750,583,114 | \$ - | \$ 106,663,053 | \$ - | \$ - | \$ - | \$ - |
| 14 | OTHER POWER SUPPLY EXPENSES | \$ 53,185,137 | \$ - | \$ 5,857,677 | \$ - | \$ - | \$ - | \$ - |
| 15 | TRANSMISSION EXPENSE | 3,786,749 | | 257,787 | | | | |
| 16 | DISTRIBUTION EXPENSE | 56,397,075 | | | | | | |
| 17 | CUSTOMER ACCTS EXPENSES | 32,311,231 | 54,690 | 1,392,156 | | | | |
| 18 | CUSTOMER SERVICE EXPENSES | 9,266,102 | | | | | | |
| 19 | CONSERVATION AMORTIZATION | 18,233,848 | | | | (18,233,848) | | 1,606,696 |
| 20 | ADMIN & GENERAL EXPENSE | 64,934,552 | 22,724 | 578,452 | | | | |
| 21 | DEPRECIATION | 129,900,123 | | | | | | |
| 22 | AMORTIZATION | 24,582,050 | | | | | | |
| 23 | AMORTIZ OF PROPERTY GAIN/LOSS | 7,937,131 | | | | | | |
| 24 | OTHER OPERATING EXPENSES | (2,317,679) | | | | | | |
| 25 | FAS 133 | 911,373 | | | | | | |
| 26 | TAXES OTHER THAN INCOME TAXES | 140,165,789 | 461,095 | (34,203,691) | | | | |
| 27 | INCOME TAXES | 101,303,182 | 3,997,542 | 117,838,573 | (21,216,124) | 1,425,625 | 6,381,847 | (562,344) |
| 28 | DEFERRED INCOME TAXES | (17,512,885) | | | 17,030,311 | | | |
| 29 | TOTAL OPERATING REV. DEDUCT. | \$ 1,373,666,892 | \$ 4,536,051 | \$ 85,605,490 | \$ (4,185,813) | \$ 1,425,625 | \$ (11,852,601) | \$ 1,044,352 |
| 30 | NET OPERATING INCOME | \$ 231,281,640 | \$ 7,424,007 | \$ 218,843,064 | \$ (179,559,471) | \$ 4,185,813 | \$ 11,852,001 | \$ (1,044,352) |
| 31 | RATE BASE | \$ 2,513,582,619 | | | | | | |
| 32 | RATE OF RETURN | 9.20% | | | | | | |
| 33 | RATE BASE: | | | | | | | |
| 34 | GROSS UTILITY PLANT IN SERVICE | \$ 4,571,527,301 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 35 | ACCUM DEPR AND AMORT | (1,971,832,341) | | | | | | |
| 36 | DEFERRED DEBITS | 353,317,604 | | | | | | |
| 37 | DEFERRED TAXES | (387,242,755) | | | | | | |
| 38 | ALLOWANCE FOR WORKING CAPITAL | (52,187,190) | | | | | | |
| 39 | OTHER | | | | | | | |
| 40 | TOTAL RATE BASE | \$ 2,513,582,619 | \$ - | \$ - | \$ - | \$ - | \$ (28,822) | \$ (28,822) |

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 RESTATEING AND PRO FORMA ADJUSTMENTS

| LINE NO. | (Contested) MISCELLANEOUS OPERATING EXP. E.08 | (Uncontested) PROPERTY TAXES E.09 | (Contested) HOPKINS RIDGE WIND PLANT E.10 | (Uncontested) EXCISE TAX & FILING FEE E.11 | (Contested) D&O INSURANCE E.12 | (Uncontested) MONTANA ELECTRIC ENERGY TAX E.13 | (Uncontested) INTEREST ON CUST DEPOSITS E.14 | (Uncontested) SFAS 133 RATE CASE EXPENSES E.15 | (Contested) RATE CASE EXPENSES E.16 |
|----------|---|-----------------------------------|---|--|--------------------------------|--|--|--|-------------------------------------|
| 1 | OPERATING REVENUES | | | | | | | | |
| 2 | SALES TO CUSTOMERS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3 | SALES FROM RESALE-FIRM | | | | | | | | |
| 4 | SALES TO OTHER UTILITIES | | | | | | | | |
| 5 | OTHER OPERATING REVENUES | | | | | | | | |
| 6 | TOTAL OPERATING REVENUES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 7 | OPERATING REVENUE DEDUCTIONS: | | | | | | | | |
| 8 | POWER COSTS: | | | | | | | | |
| 10 | FUEL | | | | | | | | |
| 11 | PURCHASED AND INTERCHANGED WHEELING | | 1,653,530 | | | | | | |
| 12 | RESIDENTIAL EXCHANGE | | | | | | | | |
| 13 | TOTAL PRODUCTION EXPENSES | \$ - | \$ 1,653,530 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 14 | OTHER POWER SUPPLY EXPENSES | | | | | | | | |
| 15 | TRANSMISSION EXPENSE | | 4,729,000 | | | | | | |
| 16 | DISTRIBUTION EXPENSE | 983,429 | | | | | | | |
| 17 | CUSTOMER ACCTS EXPENSES | | | | | | | | |
| 18 | CUSTOMER SERVICE EXPENSES | | | | | | | | |
| 19 | CONSERVATION AMORTIZATION | | | | | | | | |
| 20 | ADMIN & GENERAL EXPENSE | | 195,041 | 45,737 | (485,481) | | | | (656,356) |
| 21 | DEPRECIATION | 87,231 | 7,099,187 | | | | | | |
| 22 | AMORTIZATION | (964) | | | | | | | |
| 23 | AMORTIZ OF PROPERTY GAIN/LOSS | | | | | | | | |
| 24 | OTHER OPERATING EXPENSES | 2,057,240 | | | | | | | |
| 25 | FAS 133 | | | | | | | | |
| 26 | TAXES OTHER THAN INCOME TAXES | | | | | | | | |
| 27 | INCOME TAXES | 745,360 | 768,326 | 545,515 | (13,165) | | | | |
| 28 | DEFERRED INCOME TAXES | (1,355,304) | (5,053,779) | (206,938) | 169,918 | | | | |
| 29 | TOTAL OPERATING REV. DEDUCT. | \$ 2,516,992 | \$ (383,183) | \$ 9,389,305 | \$ (315,563) | \$ (8,557) | \$ 227,184 | \$ (592,392) | \$ (426,631) |
| 30 | NET OPERATING INCOME | \$ (2,516,992) | \$ 383,183 | \$ (9,389,305) | \$ 315,563 | \$ 8,557 | \$ (227,184) | \$ 592,392 | \$ 426,631 |
| 31 | RATE BASE | \$ 3,317,734 | \$ | \$ 147,154,987 | | | | | |
| 32 | RATE OF RETURN | | | | | | | | |
| 33 | RATE BASE: | | | | | | | | |
| 34 | GROSS UTILITY PLANT IN SERVICE | \$ 3,370,522 | \$ - | \$ 177,479,678 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 35 | ACCUM DEPR AND AMORT | (52,788) | | (13,226,358) | | | | | |
| 36 | DEFERRED DEBITS | | | 8,742,500 | | | | | |
| 37 | DEFERRED TAXES | | | (25,840,833) | | | | | |
| 38 | ALLOWANCE FOR WORKING CAPITAL | | | | | | | | |
| 39 | OTHER | | | | | | | | |
| 40 | TOTAL RATE BASE | \$ 3,317,734 | \$ - | \$ 147,154,987 | \$ - | \$ - | \$ - | \$ - | \$ - |

PUGET SOUND ENERGY-ELECTRIC
E.01 - TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE

NO. DESCRIPTION

| 1 | <u>TEMPERATURE NORMALIZATION ADJUSTMENT:</u> | | | | |
|----|--|-------------------|-------------------|----------------|---------------------|
| 2 | | ACTUAL | TEMP ADJ | MWH | ADJ FOR LOSSES |
| 3 | | <u>GPI MWH</u> | <u>GPI MWH</u> | <u>CHANGE</u> | <u>6.60%</u> |
| 4 | Oct-04 | 1,726,793 | 1,736,852 | 10,059 | 9,395 |
| 5 | Nov-04 | 1,948,493 | 1,950,762 | 2,269 | 2,120 |
| 6 | Dec-04 | 2,173,168 | 2,216,282 | 43,113 | 40,268 |
| 7 | Jan-05 | 2,211,893 | 2,219,089 | 7,196 | 6,721 |
| 8 | Feb-05 | 1,930,914 | 1,917,809 | (13,105) | (12,240) |
| 9 | Mar-05 | 1,885,214 | 1,945,100 | 59,886 | 55,933 |
| 10 | Apr-05 | 1,728,597 | 1,737,295 | 8,698 | 8,124 |
| 11 | May-05 | 1,614,335 | 1,638,731 | 24,397 | 22,787 |
| 12 | Jun-05 | 1,552,848 | 1,559,723 | 6,875 | 6,422 |
| 13 | Jul-05 | 1,614,682 | 1,611,026 | (3,656) | (3,414) |
| 14 | Aug-05 | 1,653,225 | 1,651,247 | (1,978) | (1,847) |
| 15 | Sep-05 | 1,573,426 | 1,575,090 | 1,664 | 1,554 |
| 16 | | <u>21,613,588</u> | <u>21,759,006</u> | <u>145,418</u> | <u>135,823</u> |
| 17 | | | | | |
| 18 | REVENUE ADJUSTMENT: | Schedule 7 | | 111,904 | \$ 10,432,777 |
| 19 | | Schedule 24 | | 4,765 | 383,981 |
| 20 | | Schedule 25 | | 12,950 | 811,703 |
| 21 | | Schedule 26 | | 1,527 | 89,455 |
| 22 | | Schedule 29 | | 278 | 14,185 |
| 23 | | Schedule 31 | | 783 | 42,116 |
| 24 | | Schedule 35 | | - | - |
| 25 | | Schedule 43 | | 3,104 | 161,996 |
| 26 | | Schedule 40 | | 353 | 18,240 |
| 27 | | Firm Resale | | 159 | 5,605 |
| 28 | INCREASE (DECREASE) SALES TO CUSTOMERS | | | | \$ 11,960,058 |
| 29 | | | | | |
| 30 | UNCOLLECTIBLES @ | | | 0.0045727 | \$ 54,690 |
| 31 | ANNUAL FILING FEE @ | | | 0.0019000 | 22,724 |
| 31 | INCREASE (DECREASE) EXPENSES | | | | 77,414 |
| 32 | | | | | |
| 33 | STATE UTILITY TAX @ | | | 0.0385529 | \$ 461,095 |
| 34 | INCREASE (DECREASE) TAXES OTHER | | | | 461,095 |
| 35 | | | | | |
| 36 | INCREASE (DECREASE) INCOME | | | | 11,421,549 |
| 37 | | | | | |
| 38 | INCREASE (DECREASE) FIT @ | | | 35% | 3,997,542 |
| 39 | INCREASE (DECREASE) NOI | | | | <u>\$ 7,424,007</u> |

PUGET SOUND ENERGY-ELECTRIC
E.02 - REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | ADJUSTMENT |
|--|-----------------------|
| 1 SALES TO CUSTOMERS: | |
| 2 <u>RESTATING ADJUSTMENTS:</u> | |
| 3 ADD BACK SCHEDULE 94 RESIDENTIAL/FARM CREDIT | \$ 185,649,299 |
| 4 REMOVE MUNICIPAL TAXES | (48,315,602) |
| 5 REMOVE SCHEDULE 120 CONSERVATION RIDER REVENUE | (19,030,407) |
| 6 OUT OF PERIOD CHARGES | 69,987 |
| 7 REMOVE SCH 135 & 136 GREEN POWER REVENUE | (1,116,397) |
| 8 | |
| 9 | |
| 10 | - |
| 11 SUBTOTAL RESTATING ADJUSTMENTS | <u>117,256,880</u> |
| 12 <u>PROFORMA ADJUSTMENTS:</u> | |
| 13 PROFORMA POLE ATTACHMENT REVENUES | \$432,853 |
| 14 REMOVE PCORC INCREASE DOCKET 031725 | (23,716,925) |
| 15 GRC PROFORMA INCREASE DOCKET 040640 | 52,628,111 |
| 16 PCORC PROFORMA INCREASE DOCKET 050870 | 165,576,433 |
| 17 PROFORMA WATER HEATER RENTALS | 300,649 |
| 18 PROFORMA UNBILLED REVENUE | (2,535,968) |
| 19 LOW INCOME REVENUE | (7,949,401) |
| 20 MISC. PROFORMA ADJUSTMENTS - SALES TO CUSTOMERS | 1,424,979 |
| 21 MISC. PROFORMA ADJUSTMENTS - SALES FROM RESALE-FIRM | <u>122,117</u> |
| 22 SUBTOTAL PROFORMA ADJUSTMENTS | <u>186,282,848</u> |
| 23 | |
| 24 TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS | \$ 303,539,728 |
| 25 | |
| 26 OTHER OPERATING REVENUES: | |
| 27 | |
| 28 REMOVE 1995 CONSERVATION TRUST INTEREST DISTRIBUTION | 427,863 |
| 29 MISC. PROFORMA ADJUSTMENTS - SALES FROM RESALE-SPECIAL CONTRACT | <u>480,963</u> |
| 30 | |
| 31 TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE | <u>908,826</u> |
| 32 | |
| 33 TOTAL INCREASE (DECREASE) REVENUES | 304,448,554 |
| 34 | |
| 35 UNCOLLECTIBLES @ 0.0045727 \$ | 1,392,156 |
| 36 ANNUAL FILING FEE @ 0.0019000 | <u>578,452</u> |
| 37 INCREASE (DECREASE) EXPENSES | 1,970,609 |
| 38 | |
| 39 STATE UTILITY TAX @ 0.0385529 \$ | 11,737,375 |
| 40 REMOVE MUNICIPAL TAX EXPENSED | <u>(45,941,066)</u> |
| 41 INCREASE (DECREASE) TAXES OTHER | <u>(34,203,691)</u> |
| 42 | |
| 43 INCREASE (DECREASE) INCOME | 336,681,637 |
| 44 | |
| 45 INCREASE (DECREASE) FIT @ 35% | 117,838,573 |
| 46 INCREASE (DECREASE) NOI | <u>\$ 218,843,064</u> |

PUGET SOUND ENERGY-ELECTRIC
E.03 - POWER COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | ACTUAL | PROFORMA | INCREASE (DECREASE) |
|--|------------------|------------------|------------------------|
| 1 SALES FOR RESALE | \$ 151,158,328 | \$ 8,228,414 | \$ (142,929,914) |
| 2 | | | |
| 3 PURCHASES/SALES OF NON-CORE GAS | 20,154,644 | 547,386 | (19,607,258) |
| 4 WHEELING FOR OTHERS | 11,340,015 | 10,373,140 | (966,875) |
| 5 | 31,494,659 | 10,920,526 | (20,574,133) |
| 6 | | | |
| 7 TOTAL OPERATING REVENUES | 182,652,987 | 19,148,940 | (163,504,047) |
| 8 | | | |
| 9 FUEL | \$ 72,975,508 | \$ 85,909,471 | \$ 12,933,963 |
| 10 | | | |
| 11 PURCHASED AND INTERCHANGED | 788,255,330 | 706,633,940 | (81,621,390) |
| 12 RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASKA | - | (11,807,274) | (11,807,274) |
| 13 SUBTOTAL PURCHASED AND INTERCHANGED | \$ 788,255,330 | \$ 694,826,666 | \$ (93,428,664) |
| 14 WHEELING | 43,994,427 | 53,802,160 | 9,807,733 |
| 15 SCH. 94 - RES./FARM CREDIT | (177,350,021) | - | 177,350,021 |
| 16 TOTAL PRODUCTION EXPENSES | \$ 727,875,244 | \$ 834,538,297 | \$ 106,663,053 |
| 17 HYDRO AND OTHER POWER | 53,185,137 | 59,042,814 | 5,857,677 |
| 18 TRANS. EXP. INCL. 500KV O&M | 604,461 | 862,248 | 257,787 |
| 19 | | | |
| 20 TOTAL OPERATING EXPENSES | \$ 781,664,842 | \$ 894,443,359 | \$ 112,778,517 |
| 21 | | | |
| 22 INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 20) | \$ (599,011,855) | \$ (875,294,419) | \$ (276,282,564) |
| 23 | | | |
| 24 REDUCTION TO STATE UTILITY TAX SAVINGS FOR LINE 4 | 3.85% | | (37,225) |
| 25 INCREASE (DECREASE) INCOME | | | \$ (276,245,340) |
| 26 INCREASE (DECREASE) FIT @ | 35% | | (96,685,869) |
| 27 INCREASE (DECREASE) NOI | | | \$ (179,559,471) |

PUGET SOUND ENERGY-ELECTRIC
E.04 - FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|--|----------------------------|
| 1 | TAXABLE INCOME | \$ 228,820,167 |
| 2 | | |
| 3 | FEDERAL INCOME TAX @ 35% | 80,087,058 |
| 4 | CURRENTLY PAYABLE | <u>\$ 80,087,058</u> |
| 5 | | |
| 6 | DEFERRED FIT - DEBIT | \$ 25,315,261 |
| 7 | DEFERRED FIT - CREDIT | (25,797,835) |
| 8 | DEFERRED FIT - INV TAX CREDIT, NET OF AMORT. | - |
| 9 | TOTAL RESTATED FIT | <u>\$ 79,604,484</u> |
| 10 | | |
| 11 | FIT PER BOOKS: | |
| 12 | CURRENTLY PAYABLE | \$ 101,303,182 |
| 13 | DEFERRED FIT - DEBIT | 2,973,818 |
| 14 | DEFERRED FIT - CREDIT | (20,486,703) |
| 15 | DEFERRED FIT - INV TAX CREDIT, NET OF AMORT. | - |
| 16 | TOTAL CHARGED TO EXPENSE | <u>\$ 83,790,297</u> |
| 17 | | |
| 18 | INCREASE(DECREASE) FIT | (21,216,124) |
| 19 | INCREASE(DECREASE) DEFERRED FIT | 17,030,311 |
| 20 | INCREASE(DECREASE) NOI | <u><u>\$ 4,185,813</u></u> |

PUGET SOUND ENERGY-ELECTRIC
E.05 - TAX BENEFIT OF PRO FORMA INTEREST
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|--|-----------------------|
| 1 | RATE BASE | \$ 2,951,299,375 |
| 2 | DEDUCTIBLE CWIP | 86,855,581 |
| 3 | NET RATE BASE | \$ 3,038,154,956 |
| 4 | | |
| 5 | WEIGHTED COST OF DEBT | 3.53% |
| 6 | PROFORMA INTEREST | \$ 107,246,870 |
| 7 | | |
| 8 | <u>INTEREST EXPENSE ITEMS PER BOOKS:</u> | |
| 9 | INTEREST ON LONG TERM DEBT | \$ 103,115,872 |
| 10 | INTEREST OF PREFERRED STOCK | 58,376 |
| 11 | AMORTIZATION OF DEBT DISCOUNT | |
| 12 | AND EXPENSE, NET OF PREMIUMS | 3,057,999 |
| 13 | OTHER INTEREST EXPENSE | 5,315,021 |
| 14 | LESS: INTEREST ON CUSTOMER DEPOSITS | (227,184) |
| 15 | CHARGED TO EXPENSE IN TEST YEAR | <u>111,320,084</u> |
| 16 | | |
| 17 | INCREASE (DECREASE) INCOME | \$ 4,073,214 |
| 18 | | |
| 19 | INCREASE (DECREASE) FIT @ | 35% <u>1,425,625</u> |
| 20 | INCREASE (DECREASE) NOI | <u>\$ (1,425,625)</u> |

PUGET SOUND ENERGY-ELECTRIC
E.06 - CONSERVATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | AMOUNT | ADJUSTMENT |
|---|---------------|----------------------|
| 1 <u>CONSERVATION RIDER AMORTIZATION</u> | | |
| 2 ACTUAL CONSERVATION RIDER AMORTIZATION | \$ 18,273,661 | |
| 3 RESTATED CONSERVATION RIDER AMORTIZATION | - | |
| 4 INCREASE (DECREASE) EXPENSE | (18,273,661) | |
| 5 INCREASE (DECREASE) OPERATING EXPENSE | | \$ (18,273,661) |
| 6 | | |
| 7 <u>PROFORMA</u> | | |
| 8 ACTUAL WHOLESALE CONSERVATION AMORTIZATION | 30,187 | |
| 9 RATE YEAR WHOLESALE CONSERVATION AMORTIZATION | - | |
| 10 INCREASE (DECREASE) EXPENSE | (30,187) | |
| 11 INCREASE (DECREASE) OPERATING EXPENSE | | (30,187) |
| 12 | | |
| 13 <u>ONE TIME ADJUSTMENTS</u> | | |
| 14 CENTRALIA SALE ACCRUAL REVERSAL | (70,000) | |
| 15 RESTATED CENTRALIA SALE ACCRUAL REVERSAL | - | |
| 16 INCREASE (DECREASE) EXPENSE | 70,000 | |
| 17 INCREASE (DECREASE) OPERATING EXPENSE | | 70,000 |
| 18 | | |
| 19 TOTAL OPERATING EXPENSE | | \$ (18,233,848) |
| 20 | | |
| 21 INCREASE (DECREASE) FIT | 35% | \$ 6,381,847 |
| 22 | | |
| 23 INCREASE (DECREASE) NOI | | <u>\$ 11,852,001</u> |
| 24 | | |
| 25 <u>RATEBASE ADJUSTMENT</u> | | |
| 26 CONSERVATION WHOLESALE ACCOUNT 18230221 | | \$ 28,822 |
| 27 RATE YEAR CONSERVATION WHOLESALE ACCOUNT | | - |
| 28 RATEBASE ADJUSTMENT | | <u>\$ (28,822)</u> |

PUGET SOUND ENERGY-ELECTRIC
E.07 - BAD DEBTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. | YEAR | NET WRITEOFF'S | GROSS REVENUES | SALES FOR RESALE OTHER | SALES FOR RESALE FIRM | NET REVENUES | PERCENT WRITEOFF'S TO REVENUE |
|----------|--|----------------|------------------|------------------------|-----------------------|------------------|-------------------------------|
| 1 | 12 MOS ENDED 09/30/2001 | \$ 7,000,498 | \$ 2,967,912,476 | \$ 1,462,978,699 | \$ 24,744,688 | \$ 1,480,189,089 | 0.4729462% |
| 2 | 12 MOS ENDED 09/30/2002 | \$ 6,795,240 | \$ 1,404,554,208 | \$ 152,227,671 | \$ 945,576 | \$ 1,251,380,961 | 0.5430193% |
| 3 | 12 MOS ENDED 09/30/2004 | \$ 4,803,571 | \$ 1,418,771,663 | \$ 68,519,491 | \$ 361,720 | \$ 1,349,890,452 | 0.3558490% |
| 4 | 3-Yr Average of Net Write Off Rate (5yr remove high & low) | | | | | | <u>0.4572715%</u> |
| 5 | | | | | | | |
| 6 | Test Period Revenues | | \$ 1,604,948,532 | \$ 151,158,328 | \$ 350,901 | \$ 1,453,439,303 | |
| 7 | | | | | | | |
| 8 | PROFORMA BAD DEBT RATE | | | | | 0.4572715% | |
| 9 | PROFORMA BAD DEBTS | | | | | \$ 6,646,164 | |
| 10 | | | | | | | |
| 11 | UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR | | | | | 5,039,468 | |
| 12 | INCREASE (DECREASE) EXPENSE | | | | | | \$ 1,606,696 |
| 13 | | | | | | | |
| 14 | INCREASE (DECREASE) FIT | | | | | 35% | (562,344) |
| 15 | INCREASE (DECREASE) NOI | | | | | | <u>\$ (1,044,352)</u> |

PUGET SOUND ENERGY-ELECTRIC
E.08 - MISCELLANEOUS OPERATING EXPENSE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | ACTUAL | PROFORMA RESTATE | ADJUSTMENT |
|--|--------------|---------------------|----------------|
| 1 <u>OPERATING EXPENSES</u> | | | |
| 2 AMORTIZATION OF DEFERRAL PURSUANT TO WUTC DOCKET NO. UE-051527 | - | 1,834,669 | 1,834,669 |
| 3 RECOVER NORMALIZED CARRYING COSTS RELATED TO LINE 2 ABOVE | - | 222,571 | 222,571 |
| 4 MISCELLANEOUS NON- OPERATING | 964 | - | (964) |
| 5 OREGON BACK TAXES | - | 745,360 | 745,360 |
| 6 AMORTIZATION OF BAKER LAKE RELICENSING | - | 0 | - |
| 7 TREE WATCH | 1,016,571 | 2,000,000 | 983,429 |
| 8 NYSE PSE COMMON STOCK FEES | 55,825 | 55,825 | - |
| 9 CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT - DEP EXP | | 87,231 | 87,231 |
| 10 | | | |
| 11 INCREASE (DECREASE) IN EXPENSE | \$ 1,073,360 | \$ 4,945,656 | \$ 3,872,296 |
| 12 | | | |
| 13 INCREASE(DECREASE) OPERATING EXPENSE | | | 3,872,296 |
| 14 INCREASE(DECREASE) FIT @ | | 35% | (1,355,304) |
| 15 | | | |
| 16 INCREASE(DECREASE) NOI | | | \$ (2,516,992) |
| 17 | | | |
| 18 <u>RATEBASE</u> | | | |
| 19 CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT | - | 3,370,522 | 3,370,522 |
| 20 CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT - ACC DEP | - | (52,788) | (52,788) |
| 21 BAKER LAKE RELICENSING GROSS UTILITY PLANT | - | 0 | - |
| 22 BAKER LAKE RELICENSING ACCUMULATED AMORTIZATION (AMA) | - | 0 | - |
| 23 | | | |
| 24 TOTAL ADJUSTMENT TO RATEBASE | | | \$ 3,317,734 |
| 25 | | | |

PUGET SOUND ENERGY-ELECTRIC
E.09 - PROPERTY TAXES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | WASHINGTON | MONTANA | OREGON | TOTAL |
|------------------------------|---------------|--------------|------------|-------------------|
| 1 RESTATED PROPERTY TAX | \$ 20,960,092 | \$ 9,007,342 | \$ 747,904 | \$ 30,715,338 |
| 2 CHARGED TO EXPENSE IN TY | 21,929,283 | 8,659,931 | 715,637 | 31,304,851 |
| 3 INCREASE(DECREASE) EXPENSE | \$ (969,191) | \$ 347,411 | \$ 32,267 | \$ (589,513) |
| 4 | | | | |
| 5 INCREASE(DECREASE) FIT @ | | | 35% | 206,330 |
| 6 | | | | |
| 7 INCREASE(DECREASE) NOI | | | | <u>\$ 383,183</u> |

**PUGET SOUND ENERGY-ELECTRIC
E.10 - HOPKINS RIDGE WIND PLANT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. DESCRIPTION | TEST YEAR | PROFORMA | ADJUSTMENT |
|--|--------------|----------------|----------------|
| 1 <u>HOPKINS RIDGE RATE BASE (AMA)</u> | | | |
| 2 <u>UTILITY PLANT RATEBASE</u> | | | |
| 3 PLANT BALANCE | \$ - | \$ 177,479,678 | \$ 177,479,678 |
| 4 ACCUMULATED DEPRECIATION | - | (13,226,358) | (13,226,358) |
| 5 DEFERRED FIT | - | (25,840,833) | (25,840,833) |
| 6 TOTAL UTILITY PLANT RATEBASE | - | 138,412,487 | 138,412,487 |
| 7 | | | |
| 8 <u>REGULATORY ASSET RATEBASE</u> | | | |
| 9 HOPKINS RIDGE PREPAID TRANSMISSION | - | 8,742,500 | 8,742,500 |
| 10 REGULATORY ASSET RATEBASE | - | 8,742,500 | 8,742,500 |
| 11 | | | |
| 12 OVERALL INCREASE TO RATEBASE | \$ - | \$ 147,154,987 | \$ 147,154,987 |
| 13 | | | |
| 14 <u>HOPKINS RIDGE O&M</u> | | | |
| 15 DEPRECIATION EXPENSE ON UTILITY PLANT | - | 7,099,187 | 7,099,187 |
| 16 AMORTIZATION OF PREPAID TRANSM REG ASSET | - | 1,653,530 | 1,653,530 |
| 17 PROPERTY INSURANCE | - | 195,041 | 195,041 |
| 18 PROPERTY TAXES | - | 768,326 | 768,326 |
| 19 TOTAL O&M | - | 9,716,084 | 9,716,084 |
| 20 | | | |
| 21 <u>POWER COST ASSOCIATED WITH HOPKINS RIDGE</u> | | | |
| 22 565 WHEELING (INCLUDED IN ADJUSTMENT 2.03) | -- | -- | - |
| 23 PRODUCTION O&M | - | 4,729,000 | 4,729,000 |
| 24 TOTAL POWER COSTS | - | 4,729,000 | 4,729,000 |
| 25 | | | |
| 26 INCREASE (DECREASE) OPERATING EXPENSES | | | \$ 14,445,084 |
| 27 | | | |
| 28 INCREASE (DECREASE) FIT | | 35% | (5,055,779) |
| 29 | | | |
| 30 INCREASE (DECREASE) NOI | | | \$ (9,389,305) |

PUGET SOUND ENERGY-ELECTRIC
E.11 - EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | AMOUNT |
|--------------------------------------|---------------|
| 1 RESTATED EXCISE TAXES | \$ 56,660,232 |
| 2 CHARGED TO EXPENSE FOR TEST YEAR | 56,114,717 |
| 3 INCREASE (DECREASE) EXCISE TAX | \$ 545,515 |
| 4 | |
| 5 RESTATED WUTC FILING FEE | \$ 2,872,262 |
| 6 CHARGED TO EXPENSE FOR TEST YEAR | 2,826,525 |
| 7 INCREASE(DECREASE) WUTC FILING FEE | \$ 45,737 |
| 8 | |
| 9 INCREASE(DECREASE) EXPENSE | 591,252 |
| 10 | |
| 11 INCREASE(DECREASE) FIT @ | 35% (206,938) |
| 12 INCREASE(DECREASE) NOI | \$ (384,314) |

PUGET SOUND ENERGY-ELECTRIC
E.12 - D&O INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | TEST YEAR | RESTATED | ADJUSTMENT |
|-----------------------------------|--------------|------------|-------------------|
| 1 D & O INS. CHG EXPENSE | \$ 1,123,513 | \$ 638,032 | \$ (485,481) |
| 2 | | | |
| 3 INCREASE (DECREASE) D&O EXPENSE | \$ 1,123,513 | \$ 638,032 | \$ (485,481) |
| 4 | | | |
| 5 INCREASE (DECREASE) EXPENSE | | | (485,481) |
| 6 | | | |
| 7 INCREASE (DECREASE) FIT @ | | 35% | 169,918 |
| 8 INCREASE (DECREASE) NOI | | | <u>\$ 315,563</u> |

**PUGET SOUND ENERGY-ELECTRIC
E.13 - MONTANA ELECTRIC ENERGY TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|-------------------------------|------------------------|
| 1 | RESTATED KWH (COLSTRIP) | 4,913,815,395 |
| 2 | TAX RATE | <u>0.00035</u> |
| 3 | | |
| 4 | RESTATED ENERGY TAX | 1,719,835 |
| 5 | CHARGED TO EXPENSE | <u>1,733,000</u> |
| 6 | INCREASE (DECREASE) EXPENSE | \$ (13,165) |
| 7 | | |
| 8 | INCREASE (DECREASE) FIT @ 35% | <u>4,608</u> |
| 9 | INCREASE (DECREASE) NOI | <u><u>\$ 8,557</u></u> |

**PUGET SOUND ENERGY-ELECTRIC
E.14 - INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | AMOUNT |
|---------------------|--------------------------------|---------------------|
| 1 | INTEREST EXPENSE FOR TEST YEAR | \$ 227,184 |
| 2 | | |
| 3 | INCREASE (DECREASE) NOI | <u>\$ (227,184)</u> |

PUGET SOUND ENERGY-ELECTRIC
E.15 - SFAS 133
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. | | ACTUAL | RESTATED | ADJUSTMENT |
|-------------|-------------------------------------|------------|----------|-------------------|
| 1 | FAS 133 OPERATING EXPENSE | \$ 911,373 | \$ - | \$ (911,373) |
| 2 | | | | |
| 3 | INCREASE (DECREASE) IN EXPENSE | \$ 911,373 | \$ - | \$ (911,373) |
| 4 | | | | |
| 5 | INCREASE(DECREASE) OPERATING INCOME | | | 911,373 |
| 6 | | | | |
| 7 | INCREASE (DECREASE) DEFERRED FIT @ | 35% | | 318,981 |
| 8 | | | | |
| 9 | INCREASE (DECREASE) NOI | | | <u>\$ 592,392</u> |

PUGET SOUND ENERGY-ELECTRIC
E.16 - RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | AMOUNT |
|---|------------------------|
| 1 DEFERRED EXPENDITURES TO BE AMORTIZED: | |
| 2 | |
| 3 2001 GRC EXPENSES BALANCE @ 9/30/2005 | \$ 609,277 |
| 4 LESS 2001 GRC AMORTIZATION FROM 10/01/05 - 12/31/06 | 315,000 |
| 5 REMAINING 2001 GRC DEFERRALS TO BE AMORTIZED | <u>294,277</u> |
| 6 | |
| 7 ANNUAL AMORTIZATION (LINE 5 + 2 Years) | <u>147,139</u> |
| 8 TEST YEAR EXPENSE: 2001 GRC AMORTIZATION | 466,695 |
| 9 INCREASE (DECREASE) EXPENSE | (319,557) \$ (319,557) |
| 10 | |
| 11 2004 GRC EXPENSES BALANCE @ 9/30/05 | \$ 868,449 |
| 12 LESS 2004 GRC AMORTIZATION FROM 10/01/05-12/31/06 | 449,198 |
| 13 REMAINING 2004 GRC DEFERRALS TO BE AMORTIZED | <u>419,251</u> |
| 14 | |
| 15 ANNUAL AMORTIZATION (LINE 13 divided by 4 years) | <u>104,813</u> |
| 16 TEST YEAR EXPENSE: 2004 GRC AMORTIZATION | 209,626 |
| 17 INCREASE (DECREASE) EXPENSE | (104,813) \$ (104,813) |
| 18 | |
| 19 | |
| 20 EXPENSES TO BE NORMALIZED: | |
| 21 | |
| 22 ESTIMATED GRC EXPENSES TO BE NORMALIZED | <u>\$ 1,941,243</u> |
| 23 | |
| 24 ANNUAL NORMALIZATION (LINE 22 / 2 YEARS) | 970,621 |
| 25 LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO FERC 928 | <u>1,143,911</u> |
| 26 INCREASE (DECREASE) EXPENSE | \$ (173,290) |
| 27 | |
| 28 | |
| 29 ESTIMATED PCORC EXPENSES TO BE NORMALIZED | <u>\$ 464,032</u> |
| 30 | |
| 31 ANNUAL NORMALIZATION (LINE 29 / 2) | 232,016 |
| 32 LESS TEST YEAR EXPENSE: PCORC DIRECT CHARGES | <u>290,712</u> |
| 33 INCREASE (DECREASE) EXPENSE | \$ (58,696) |
| 34 | |
| 35 | |
| 36 | |
| 37 TOTAL INCREASE (DECREASE) EXPENSE | \$ (656,356) |
| 38 | |
| 39 INCREASE(DECREASE) FIT @ 35% | <u>229,724</u> |
| 40 INCREASE(DECREASE) NOI | <u>\$ 426,631</u> |

PUGET SOUND ENERGY-ELECTRIC
E.17 - DEFERRED GAINS/LOSSES ON PROPERTY SALES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | AMOUNT |
|--|---------------------------|
| 1 DEFERRED (GAIN) RECORDED SINCE UE-040641 @ 12/31/2006 | \$ (7,860,926) |
| 2 DEFERRED LOSS RECORDED SINCE UE-040641 @ 12/31/2006 | 1,598,780 |
| 3 TOTAL DEFERRED NET (GAIN) LOSS TO AMORTIZE | <u>\$ (6,262,146)</u> |
| 4 | |
| 5 AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR RATE YEAR (Line 3/3years) | (2,087,382) |
| 6 | |
| 7 AMORTIZATION OF DEFERRED NET (GAIN) LOSS FOR TEST YEAR | <u>(2,115,303)</u> |
| 8 | |
| 9 INCREASE (DECREASE) EXPENSE (Line 5 + Line 7) | \$ 27,921 |
| 10 | |
| 11 INCREASE (DECREASE) FIT @ 35% | <u>(9,772)</u> |
| 12 | |
| 13 INCREASE (DECREASE) NOI | <u><u>\$ (18,149)</u></u> |

**PUGET SOUND ENERGY-ELECTRIC
E.18 - PROPERTY & LIABILITY INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | ADJUSTMENT |
|-------------|---------------------------------------|--------------|--------------|---------------------|
| 1 | PROPERTY INSURANCE EXPENSE | \$ 2,030,563 | \$ 2,335,324 | 304,761 |
| 2 | LIABILITY INSURANCE EXPENSE | 1,606,549 | 1,746,147 | 139,598 |
| 3 | INCREASE(DECREASE) EXPENSE | \$ 3,637,112 | \$ 4,081,471 | \$ 444,359 |
| 4 | | | | |
| 5 | INCREASE (DECREASE) OPERATING EXPENSE | | | 444,359 |
| 6 | | | | |
| 7 | INCREASE (DECREASE) FIT @ | 35% | | (155,526) |
| 8 | INCREASE (DECREASE) NOI | | | <u>\$ (288,833)</u> |

PUGET SOUND ENERGY-ELECTRIC
E.19 - PENSION PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE

| NO. DESCRIPTION | ACTUAL | RESTATE ADJUSTMENT | |
|--|----------------|---------------------------|-----------------------|
| 1 QUALIFIED RETIREMENT FUND | \$ (1,507,257) | \$ 2,542,831 | \$ 4,050,088 |
| 2 SERP PLAN | 2,388,025 | 2,285,275 | \$ (102,750) |
| 3 INCREASE(DECREASE) EXPENSE | \$ 880,768 | \$ 4,828,106 | \$ 3,947,338 |
| 4 | | | |
| 5 INCREASE(DECREASE) OPERATING EXPENSE | | | 3,947,338 |
| 6 | | | |
| 7 INCREASE (DECREASE) FIT @ | 35% | | (1,381,568) |
| 8 INCREASE (DECREASE) NOI | | | <u>\$ (2,565,770)</u> |

PUGET SOUND ENERGY-ELECTRIC
E.20 - WAGE INCREASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | TEST YEAR | RATE YEAR | ADJUSTMENT |
|-------------|---------------------------------------|--------------|--------------|-----------------------|
| 1 | WAGES: | | | |
| 2 | PURCHASED POWER | \$ 2,073,868 | \$ 2,175,695 | \$ 101,827 |
| 3 | OTHER POWER SUPPLY | 6,524,478 | 6,927,990 | 403,512 |
| 4 | TRANSMISSION | 1,067,904 | 1,125,138 | 57,234 |
| 5 | DISTRIBUTION | 17,251,184 | 18,348,759 | 1,097,575 |
| 6 | CUSTOMER ACCTS | 9,537,912 | 10,153,458 | 615,546 |
| 7 | CUSTOMER SERVICE | 1,218,362 | 1,286,446 | 68,084 |
| 8 | SALES | 438,652 | 460,190 | 21,538 |
| 9 | ADMIN. & GENERAL | 16,487,043 | 17,317,869 | 830,826 |
| 10 | TOTAL WAGE INCREASE | 54,599,403 | 57,795,545 | 3,196,142 |
| 11 | | | | |
| 12 | PAYROLL TAXES | 4,965,352 | 5,166,144 | 200,792 |
| 13 | TOTAL WAGES & TAXES | 59,564,755 | 62,961,689 | 3,396,934 |
| 14 | | | | |
| 15 | INCREASE (DECREASE) OPERATING EXPENSE | | | \$ 3,396,934 |
| 16 | INCREASE (DECREASE) FIT @ 35% | | | (1,188,927) |
| 17 | INCREASE (DECREASE) NOI | | | <u>\$ (2,208,007)</u> |

PUGET SOUND ENERGY-ELECTRIC
E.21 - INVESTMENT PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | | AMOUNT |
|-------------|---|---------------|-----------------|
| 1 | <u>MANAGEMENT (INC. EXECUTIVES)</u> | | |
| 2 | INVESTMENT PLAN APPLICABLE TO MANAGEMENT | \$ 2,872,044 | |
| 3 | RATE YEAR MANAGEMENT WAGE INCREASE | 4.91% 141,017 | |
| 4 | TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT | | 3,013,061 |
| 5 | | | |
| 6 | <u>IBEW</u> | | |
| 7 | INVESTMENT PLAN APPLICABLE TO IBEW | 708,111 | |
| 8 | RATE YEAR IBEW WAGE INCREASE | 6.90% 48,860 | |
| 9 | TOTAL COMPANY CONTRIBUTION FOR IBEW | | 756,971 |
| 10 | | | |
| 11 | <u>UA</u> | | |
| 12 | INVESTMENT PLAN APPLICABLE TO UA | 628,385 | |
| 13 | RATE YEAR UA WAGE INCREASE | 6.89% 43,296 | |
| 14 | TOTAL COMPANY CONTRIBUTION FOR UA | | 671,681 |
| 15 | | | |
| 16 | <u>TOTAL</u> | | |
| 17 | TOTAL PROFORMA COSTS (LN 4 + LN 9 + 14) | | 4,441,713 |
| 18 | PRO FORMA COSTS APPLICABLE TO OPERATIONS | 62.32% | 2,768,075 |
| 19 | CHARGED TO EXPENSE FOR YEAR ENDED 9/30/2005 | | 2,622,762 |
| 20 | INCREASE (DECREASE) EXPENSE | | 145,313 |
| 21 | | | |
| 22 | INCREASE (DECREASE) FIT @ | 35% | (50,860) |
| 23 | INCREASE (DECREASE) NOI | | <u>(94,453)</u> |

PUGET SOUND ENERGY-ELECTRIC
E.22 - EMPLOYEE INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE | | | |
|------|------------------------------|--------|-------------------|
| NO. | DESCRIPTION | | AMOUNT |
| 1 | <u>BENEFIT CONTRIBUTION:</u> | | |
| 2 | SALARIED EMPLOYEES | \$ | 6,164,462 |
| 3 | UNION EMPLOYEES | | 5,915,225 |
| 4 | PRO FORMA INSURANCE COSTS | | <u>12,079,687</u> |
| 5 | | | |
| 6 | APPLICABLE TO OPERATIONS @ | 62.32% | 7,528,061 |
| 7 | CHARGED TO EXPENSE 09/30/05 | | <u>6,497,873</u> |
| 8 | INCREASE(DECREASE) EXPENSE | | 1,030,188 |
| 9 | | | |
| 10 | INCREASE(DECREASE) FIT @ | 35% | <u>(360,566)</u> |
| 11 | | | |
| 12 | INCREASE(DECREASE) NOI | \$ | <u>(669,622)</u> |

**PUGET SOUND ENERGY-ELECTRIC
E.23 - MONTANA CORPORATE LICENSE TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|--|----------------------------|
| 1 | ESTIMATED FEDERAL CURRENT COMBINED TAXABLE | |
| 2 | INCOME AT SEPTEMBER 30, 2005 | \$ 227,377,698 |
| 3 | ADD: MONTANA CORPORATE LICENSE TAX | |
| 4 | PROFORMA INTEREST ADJUSTMENT 4.05 | 4,073,214 |
| 5 | INCOME SUBJECT TO APPORTIONMENT | <u>231,450,912</u> |
| 6 | | |
| 7 | MONTANA APPORTIONMENT FACTOR | 6.48% |
| 8 | MONTANA TAXABLE INCOME | 14,998,019 |
| 9 | | |
| 10 | PROFORMA MONTANA CORP. LIC. TAX | 6.75% 1,012,366 |
| 11 | CHARGED TO EXPENSE IN TEST YEAR | 737,155 |
| 12 | | |
| 13 | INCREASE (DECREASE) EXPENSE | <u>275,211</u> |
| 14 | | |
| 15 | INCREASE (DECREASE) FIT @ | 35% (96,324) |
| 16 | | |
| 17 | INCREASE (DECREASE) NOI | <u><u>\$ (178,887)</u></u> |

PUGET SOUND ENERGY-ELECTRIC
E.24 - STORM DAMAGE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | AMOUNT | | |
|-------------|---|---------------------|---------------------|--------------|
| 1 | NORMAL STORMS | Transmission | Distribution | Total |
| 2 | ACTUAL O&M: | | | |
| 3 | TWELVE MONTHS ENDED 9/30/00 | \$ 166,215 | \$ 2,374,579 | \$ 2,540,794 |
| 4 | TWELVE MONTHS ENDED 9/30/01 | 310,116 | 3,785,706 | 4,095,822 |
| 5 | TWELVE MONTHS ENDED 9/30/02 | (4,894) | 6,583,315 | 6,578,421 |
| 6 | TWELVE MONTHS ENDED 9/30/03 | 6,615 | 5,325,797 | 5,332,412 |
| 7 | TWELVE MONTHS ENDED 9/30/04 | 202,197 | 12,072,103 | 12,274,300 |
| 8 | TWELVE MONTHS ENDED 9/30/05 | 51,609 | 1,947,808 | 1,999,417 |
| 9 | TOTAL NORMAL STORMS | 731,858 | 32,089,308 | 32,821,166 |
| 10 | | | | |
| 11 | SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR | 121,976 | 5,348,218 | 5,470,194 |
| 12 | | | | |
| 13 | CHARGED TO EXPENSE FOR TEST YEAR ENDED 9/30/05: | | | |
| 14 | STORM DAMAGE EXPENSE (LINE 8) | 51,609 | 1,947,808 | 1,999,417 |
| 15 | | | | |
| 16 | INCREASE (DECREASE) OPERATING EXPENSE | 70,367 | 3,400,410 | 3,470,777 |
| 17 | | | | |
| 18 | CATASTROPHIC STORMS | | | |
| 19 | ACTUAL DEFERRED BALANCES: | | | |
| 20 | 12/4/03 WIND STORM AT BEGINNING OF RATE YEAR (1/1/07) | | 8,789,840 | |
| 21 | | | | |
| 22 | THREE-YEAR AMORTIZATION FOR RATE YEAR (LINE 20/3 YEARS) | | 2,929,947 | |
| 23 | | | | |
| 24 | LESS CATASTROPHIC STORM AMORT (PER UE-040641) FOR TEST YEAR | | 6,096,698 | |
| 25 | | | | |
| 26 | INCREASE (DECREASE) OPERATING EXPENSE (LINE 22 - LINE 24) | | | (3,166,751) |
| 27 | | | | |
| 28 | TOTAL INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 26) | | | 304,026 |
| 29 | | | | |
| 30 | INCREASE (DECREASE) FIT @ 35% (LINE 28 X 35%) | | | (106,409) |
| 31 | | | | |
| 32 | INCREASE (DECREASE) NOI | | | \$ (197,617) |

PUGET SOUND ENERGY-ELECTRIC
E.25 - REGULATORY ASSETS AND LIABILITIES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | TEST YEAR | TEST YEAR | ADJUSTMENT |
|-------------|--|-----------------------------------|-----------------------|------------------------|
| 1 | REGULATORY ASSETS/LIABS AMORTIZATION EXPENSE | | | |
| 2 | CABOT BUYOUT | \$ 2,064,250 | \$ 3,078,000 | \$ 1,013,750 |
| 3 | TENASKA | 17,117,000 | 24,343,000 | 7,226,000 |
| 4 | BEP | 3,526,620 | 3,526,620 | - |
| 5 | WHITE RIVER PLANT COSTS | 1,494,702 | 1,494,702 | - |
| 6 | WHITE RIVER RELICENSING & CWIP | - | - | - |
| 7 | CANWEST | - | (3,797,503) | (3,797,503) |
| 8 | HOPKINS RIDGE PREPAID TRANSMISSION | ----- INCLUDED IN ADJ. 4.10 ----- | | |
| 9 | TOTAL AMORTIZATION OF REGULATORY ASSETS/LIABS | <u>\$ 24,202,572</u> | <u>\$ 28,644,819</u> | <u>\$ 4,442,247</u> |
| 10 | | | | |
| 11 | INCREASE (DECREASE) FIT | | 35% | <u>(1,554,786)</u> |
| 12 | | | | |
| 13 | INCREASE (DECREASE) NOI | | | <u>\$ (2,887,461)</u> |
| 14 | | | | |
| 15 | | | | |
| 16 | RATE BASE ADJUSTMENT | | | |
| 17 | <u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u> | | | |
| 18 | CABOT | \$ 8,277,911 | \$ 2,824,963 | \$ (5,452,949) |
| 19 | TENASKA | 186,285,686 | 142,925,042 | (43,360,644) |
| 20 | BEP | 29,405,053 | 24,007,413 | (5,397,640) |
| 21 | WHITE RIVER PLANT COSTS | 41,771,733 | 39,052,307 | (2,719,426) |
| 22 | WHITE RIVER RELICENSING & CWIP | 15,295,321 | 17,018,469 | 1,723,148 |
| 23 | CANWEST | (2,732,242) | (2,468,377) | 263,865 |
| 24 | HOPKINS RIDGE PREPAID TRANSMISSION | ----- INCLUDED IN ADJ. 4.10 ----- | | |
| 25 | TOTAL REGULATORY ASSETS/LIABS RATEBASE | <u>\$ 278,303,462</u> | <u>\$ 223,359,817</u> | <u>\$ (54,943,645)</u> |

**PUGET SOUND ENERGY-ELECTRIC
E.26 - WILD HORSE WIND PLANT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. DESCRIPTION | TEST YEAR | PROFORMA | ADJUSTMENT |
|--|--------------|------------------|-----------------|
| 1 <u>WILD HORSE RATE BASE</u> | | | |
| 2 PLANT BALANCE | \$ | - \$ 383,253,789 | \$ 383,253,789 |
| 3 ACCUMULATED DEPRECIATION | | - (8,090,394) | (8,090,394) |
| 4 DEFERRED TAX LIABILITY | | - (19,140,469) | (19,140,469) |
| 5 DEFERRED TAX ASSET | | - 199,782 | 199,782 |
| 6 WILD HORSE RATE BASE | \$ | - \$ 356,222,708 | \$ 356,222,708 |
| 7 | | | |
| 8 <u>WILD HORSE OPERATING EXPENSES:</u> | | | |
| 9 DEPRECIATION EXPENSE | \$ | - \$ 15,066,967 | \$ 15,066,967 |
| 10 | | | |
| 11 <u>POWER COSTS & PRODUCTION O&M RELATED TO WILD HORSE</u> | | | |
| 12 565 - WHEELING | | 2,728,405 | 2,728,405 |
| 13 PRODUCTION O&M | | 9,921,354 | 9,921,354 |
| 14 PROPERTY INSURANCE | | - 264,209 | 264,209 |
| 15 PLANT PROPERTY TAXES | | - 2,457,440 | 2,457,440 |
| 16 TOTAL O&M & POWER COST | | - 15,371,408 | 15,371,408 |
| 17 | | | |
| 18 TOTAL PRODUCTION O&M & OPERATING EXPENSE | | \$ 30,438,375 | \$ 30,438,375 |
| 19 | | | |
| 20 INCREASE (DECREASE) EXPENSE | | 30,438,375 | 30,438,375 |
| 21 | | | |
| 22 INCREASE (DECREASE) FIT @ | | 35% | (10,653,431) |
| 23 INCREASE (DECREASE) NOI | | | \$ (19,784,944) |

PUGET SOUND ENERGY-ELECTRIC
E.27 - INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA RESTATE | ADJUSTMENT |
|-------------|---------------------------------------|--------------|---------------------|----------------|
| 1 | <u>OPERATING EXPENSES (RESTATED)</u> | | | |
| 2 | PURCHASED POWER | \$ 180,395 | \$ 123,492 | \$ (56,903) |
| 3 | OTHER POWER SUPPLY | 567,295 | 393,233 | (174,062) |
| 4 | TRANSMISSION | 93,046 | 63,863 | (29,183) |
| 5 | DISTRIBUTION | 1,500,126 | 1,041,476 | (458,650) |
| 6 | CUSTOMER ACCTS | 829,342 | 576,310 | (253,032) |
| 7 | CUSTOMER SERVICE | 105,389 | 73,019 | (32,370) |
| 8 | SALES | 37,978 | 26,120 | (11,858) |
| 9 | ADMIN. & GENERAL | 1,433,665 | 911,954 | (521,711) |
| 10 | TOTAL INCENTIVE/MERIT PAY | \$ 4,747,236 | \$ 3,209,468 | \$ (1,537,768) |
| 11 | | | | |
| 12 | PAYROLL TAXES ASSOC WITH MERIT PAY | 330,408 | 228,321 | (102,087) |
| 13 | INCREASE(DECREASE) EXPENSE | 5,077,644 | 3,437,789 | (1,639,855) |
| 14 | | | | |
| 15 | INCREASE (DECREASE) OPERATING EXPENSE | | | (1,639,855) |
| 16 | | | | |
| 17 | INCREASE (DECREASE) FIT @ | | 35% | 573,949 |
| 18 | INCREASE (DECREASE) NOI | | | \$ 1,065,906 |

PUGET SOUND ENERGY-ELECTRIC
E.28 - GENERAL OFFICE RELOCATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

| LINE NO. DESCRIPTION | ACTUAL | PROFORMA RESTATE | ADJUSTMENT |
|--|--------------|---------------------|----------------|
| 1 OPERATING EXPENSES (PROFORMA) | | | |
| 2 GENERAL OFFICE BUILDING - PROPERTY TAXES | \$ 143,284 | \$ - | \$ (143,284) |
| 3 GENERAL OFFICE BUILDING - PROPERTY INSURANCE | 5,107 | - | (5,107) |
| 4 GENERAL OFFICE BUILDING - DEPRECIATION (EOP) | 114,075 | - | (114,075) |
| 5 CROSSROADS BUILDING - PROPERTY TAXES | 30,850 | - | (30,850) |
| 6 CROSSROADS BUILDING - PROPERTY INSURANCE | 1,082 | - | (1,082) |
| 7 CROSSROADS BUILDING - DEPRECIATION (EOP) | 114,781 | - | (114,781) |
| 8 | \$ 409,179 | \$0 | \$ (409,179) |
| 9 | | | |
| 10 OPERATING EXPENSES (RESTATE) | | | |
| 11 PSE(E) - LEASE COSTS | \$ 81,923 | \$ 3,340,136 | \$ 3,258,213 |
| 12 PSE(E) - LEASEHOLD IMPROVEMENTS AMORTIZATION (NOTE 1) | (74,598) | (559,487) | (484,889) |
| 13 PSE(E) - PROPERTY TAXES | - | 164,712 | 164,712 |
| 14 PSE(E) - PROPERTY INSURANCE | - | 1,843 | 1,843 |
| 15 | \$ 7,325 | \$ 2,947,204 | \$ 2,939,879 |
| 16 | | | |
| 17 INCREASE(DECREASE) IN EXPENSE | \$ 416,504 | \$ 2,947,204 | 2,530,700 |
| 18 | | | |
| 19 INCREASE (DECREASE) FIT @ | | 35% | (885,745) |
| 20 INCREASE (DECREASE) NOI | | | \$ (1,644,955) |
| 21 | | | |
| 22 ADJUSTMENT TO RATEBASE | | | |
| 23 GENERAL OFFICE BUILDING | \$ 3,440,738 | \$ - | \$ (3,440,738) |
| 24 ACCUM DEPRECIATION | (1,210,052) | - | 1,210,052 |
| 25 DEFERRED INCOME TAX | (574,277) | - | 574,277 |
| 26 NET GENERAL OFFICE BUILDING | \$ 1,656,409 | \$ - | \$ (1,656,409) |
| 27 | | | |
| 28 CROSSROADS BUILDING | \$ 3,417,195 | \$ - | \$ (3,417,195) |
| 29 ACCUM DEPRECIATION | (1,593,968) | - | 1,593,968 |
| 30 DEFERRED INCOME TAX | (340,033) | - | 340,033 |
| 31 NET CROSSROADS BUILDING | \$ 1,483,194 | \$ - | \$ (1,483,194) |
| 32 | | | |
| 33 TOTAL ADJUSTMENT TO RATE BASE | \$ 3,139,603 | \$ - | \$ (3,139,603) |

**PUGET SOUND ENERGY-ELECTRIC
E.29 - OTHER AMORTIZATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|--|---------------|
| 1 | LOW INCOME AMORTIZATION FOR TEST YEAR | \$ 7,598,385 |
| 2 | GREEN POWER TAGS PROGRAM - REMOVED IN POWER COST ADJUSTMENT PAGE 4.03 | - |
| 3 | GREEN POWER PROGRAM EXPENSE AND NET REVENUE | 195,379 |
| 4 | AMORTIZATION / EXPENSES WITH OFFSETTING REVENUES ADJUSTED ON PAGE 4.02 | \$ 7,793,764 |
| 5 | | |
| 6 | RESTATED AMOUNT | - |
| 7 | | |
| 8 | INCREASE (DECREASE) OPERATING EXPENSES | (7,793,764) |
| 9 | | |
| 10 | INCREASE(DECREASE) FIT @ | 35% 2,727,818 |
| 11 | | |
| 12 | INCREASE(DECREASE) NET OPERATING INCOME | \$ 5,065,947 |

PUGET SOUND ENERGY
 E.30 - DEMAND RESPONSE PROGRAM
 FOR TWELVE MONTHS ENDED SEPTEMBER 30, 2005
 GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | ADJUSTMENT |
|-------------|---------------------------------------|--------|----------|------------|
| 1 | <u>OPERATING EXPENSES</u> | | | |
| 2 | DEMAND RESPONSE PROGRAM | \$ - | \$ - | \$ - |
| 3 | TOTAL DEMAND RESPONSE | - | - | - |
| 4 | | | | |
| 5 | | | | |
| 6 | INCREASE(DECREASE) IN EXPENSE | \$ - | \$ - | \$ - |
| 7 | | | | |
| 8 | INCREASE (DECREASE) OPERATING EXPENSE | | | 0 |
| 9 | INCREASE (DECREASE) FIT @ | | 35% | 0 |
| 10 | | | | |
| 11 | INCREASE (DECREASE) NOI | | | \$ - |

**PUGET SOUND ENERGY-ELECTRIC
E.31 - DEPRECIATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | TEST YEAR | RESTATED | ADJUSTMENT |
|-------------|--|----------------|----------------|------------|
| 1 | <u>NET OPERATING INCOME:</u> | | | |
| 2 | | | | |
| 3 | DEPRECIATION EXPENSE (FERC 403) | \$ 129,657,905 | \$ 129,657,905 | \$ - |
| 4 | | | | |
| 5 | <u>AMORTIZATION EXPENSE:</u> | | | |
| 6 | WUTC AFUDC PLANT ACQUISITION ADJUSTMENT | 1,255,849 | 1,255,849 | - |
| 7 | | | | |
| 8 | INCREASE (DECREASE) NET OPERATING INCOME | 130,913,754 | 130,913,754 | \$ - |
| 9 | | | | |
| 10 | INCREASE (DECREASE) FIT @ | | 35% | - |
| 11 | INCREASE (DECREASE) NOI | | <u>\$</u> | <u>-</u> |
| 12 | | | | |

**PUGET SOUND ENERGY-ELECTRIC
E.32 - PRODUCTION ADJUSTMENT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. DESCRIPTION | PROFORMA AND RESTATED | PRODUCTION 0.891% | FIT 35% |
|---|--------------------------|----------------------|----------------|
| 1 O&M ON PRODUCTION PROPERTY | | | |
| 2 PRODUCTION WAGE INCREASE AND INCENTIVE: | | | |
| 3 PURCHASED POWER | 44,924 | \$ (400) | \$ 140 |
| 4 OTHER POWER SUPPLY | 229,450 | (2,044) | 716 |
| 5 TOTAL PRODUCTION WAGE INCREASE | 274,374 | (2,445) | 856 |
| 6 | | | |
| 7 WIND PLANT POWER COSTS AND PRODUCTION O&M: | | | |
| 8 565 - WHEELING | 2,728,405 | (24,310) | 8,509 |
| 9 PRODUCTION O&M | 13,659,354 | (130,535) | 45,687 |
| 10 TOTAL WILD HORSE POWER COSTS AND PRODUCTION O&M | 17,378,759 | (154,845) | 54,196 |
| 11 | | | |
| 12 ADMIN & GENERAL EXPENSES | | | |
| 13 PAYROLL OVERHEADS | 1,086,842 | (9,684) | 3,389 |
| 14 PROPERTY INSURANCE | 2,288,086 | (20,387) | 7,135 |
| 15 TOTAL ADMIN & GENERAL EXPENSES | 3,374,928 | (30,071) | 10,524 |
| 16 | | | |
| 17 DEPRECIATION / AMORTIZATION: | | | |
| 18 DEPRECIATION | 60,156,922 | (535,998) | 149,654 |
| 19 AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB) | 2,438,576 | (21,728) | 6,482 |
| 20 TOTAL DEPRECIATION AND AMORTIZATION (FERC 403) | 62,595,498 | (557,726) | 156,136 |
| 21 TAXES OTHER-PRODUCTION PROPERTY: | | | |
| 22 PROPERTY TAXES - WASHINGTON | 6,720,601 | (59,881) | 20,958 |
| 23 PROPERTY TAXES - MONTANA | 5,818,628 | (51,844) | 18,145 |
| 24 ELECTRIC ENERGY TAX | 1,719,835 | (15,324) | 5,363 |
| 25 PAYROLL TAXES | 525,960 | (4,686) | 1,640 |
| 26 TOTAL TAXES OTHER | 14,785,020 | (131,735) | 46,106 |
| 27 | | | |
| 28 O&M ON REGULATORY ASSETS: | | | |
| 29 CABOT | \$ 3,078,000 | (27,425) | 9,599 |
| 30 TENASKA | 24,343,000 | (216,896) | 75,914 |
| 31 BEP | 3,526,620 | (31,422) | 10,998 |
| 32 WHITE RIVER PLANT COSTS | 1,494,702 | (13,318) | 4,661 |
| 33 WHITE RIVER RELICENSING & CWIP | - | - | - |
| 34 CANWEST | (3,797,503) | 33,836 | (11,843) |
| 35 HOPKINS RIDGE PREPAID TRANSMISSION | 1,653,530 | (14,733) | 5,157 |
| 36 TOTAL ADJUSTMENT TO O&M ON REGULATORY ASSETS | \$ 30,298,349 | \$ (269,958) | \$ 94,486 |
| 37 INCREASE(DECREASE) EXPENSE | | (1,146,779) | |
| 38 INCREASE(DECREASE) FIT | | | 362,304 |
| 39 INCREASE(DECREASE) NOI | | | \$ 784,475 |
| 40 | | | |
| 41 PRODUCTION PROPERTY RATE BASE: | | | |
| 42 DEPRECIABLE PRODUCTION PROPERTY | \$ 1,697,599,545 | \$ (15,125,612) | |
| 43 LESS PRODUCTION PROPERTY ACCUM DEPR. | (667,190,258) | 5,900,169 | |
| 44 NON-DEPRECIABLE PRODUCTION PROPERTY | 26,966,267 | (240,269) | |
| 45 LESS PRODUCTION PROPERTY ACCUM AMORT. | (2,377,987) | 21,188 | |
| 46 COLSTRIP COMMON FERC ADJUSTMENT | 6,809,639 | (60,674) | |
| 47 COLSTRIP DEFERRED DEPRECIATION FERC ADJ. | 2,006,346 | (17,877) | |
| 48 ENCOGEN ACQUISITION ADJUSTMENT | 46,646,833 | (415,623) | |
| 49 NET PRODUCTION PROPERTY | 1,115,454,385 | (9,938,698) | |
| 50 DEDUCT: | | | |
| 51 LIBR. DEPREC. PRE 1981 (AMA) | (669,177) | 5,962 | |
| 52 LIBR. DEPREC. POST 1980 (AMA) | (123,240,333) | 1,098,071 | |
| 53 OTHER DEF. TAXES (AMA) | (4,050,958) | 36,094 | |
| 54 SUBTOTAL | (127,960,470) | 1,140,127 | |
| 55 | | | |
| 56 ADJUSTMENT TO PRODUCTION RATE BASE | \$ 987,493,915 | \$ (8,798,571) | \$ 978,695,344 |
| 57 | | | |
| 58 REGULATORY ASSETS RATE BASE: | | | |
| 59 CABOT | 2,824,963 | (25,170) | |
| 60 TENASKA | 142,925,042 | (1,273,462) | |
| 61 BEP | 24,007,413 | (213,906) | |
| 62 WHITE RIVER PLANT COSTS | 39,052,307 | (347,956) | |
| 63 WHITE RIVER RELICENSING & CWIP | 17,018,469 | (151,635) | |
| 64 CANWEST | (2,468,377) | 21,993 | |
| 65 HOPKINS RIDGE PREPAID TRANSMISSION | 8,742,500 | (77,896) | |
| 66 | | | |
| 67 ADJUSTMENT TO REGULATORY ASSETS RATE BASE | \$ 232,102,317 | \$ (2,068,032) | \$ 230,034,285 |
| 68 | | | |
| 69 TOTAL ADJUSTMENT TO RATEBASE (LINE 56 + LINE 67) | | \$ (10,866,603) | |

**PUGET SOUND ENERGY-ELECTRIC
GENERAL RATE INCREASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

LINE**NO. DESCRIPTION**

| | | |
|----|--------------------------------|------------------|
| 1 | RATE BASE | \$ 2,951,299,375 |
| 2 | RATE OF RETURN | 7.85% |
| 3 | | |
| 4 | OPERATING INCOME REQUIREMENT | 231,677,001 |
| 5 | | |
| 6 | PRO FORMA OPERATING INCOME | 257,143,238 |
| 7 | OPERATING INCOME DEFICIENCY | (25,466,238) |
| 8 | | |
| 9 | CONVERSION FACTOR | 0.6207334 |
| 10 | REVENUE REQUIREMENT DEFICIENCY | (41,026,047) |
| 11 | | - |
| 12 | | - |
| 13 | REVENUE REQUIREMENT DEFICIENCY | \$ (41,026,047) |

**PUGET SOUND ENERGY-ELECTRIC
PRO FORMA COST OF CAPITAL
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. DESCRIPTION | PRO FORMA CAPITAL % | COST % | COST OF CAPITAL |
|-----------------------------------|------------------------|--------|--------------------|
| | (Input Below) | | |
| 1 DEBT | 53.25% | 6.63% | 3.53% |
| 2 PREFERRED | 3.75% | 7.61% | 0.29% |
| 3 EQUITY | 43.00% | 9.38% | 4.03% |
| 4 TOTAL | 100.00% | | 7.85% |
| 5 | | | |
| 6 AFTER TAX DEBT (LINE 1 * 65%) | 53.25% | 4.31% | 2.29% |
| 7 PREFERRED | 3.75% | 7.61% | 0.29% |
| 8 EQUITY | 43.00% | 9.38% | 4.03% |
| 9 TOTAL AFTER TAX COST OF CAPITAL | 100.00% | | 6.61% |

**PUGET SOUND ENERGY-ELECTRIC
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | RATE |
|-------------|---|---|
| 1 | BAD DEBTS | 0.0045727 |
| 2 | ANNUAL FILING FEE | 0.0019000 |
| 3 | STATE UTILITY TAX (3.873% - (LINE 1 * 3.873%)) | 3.873% <u>0.0385529</u> |
| 4 | | |
| 5 | SUM OF TAXES OTHER | 0.0450256 |
| 6 | | |
| 7 | CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5) | 0.9549744 |
| 8 | FEDERAL INCOME TAX (LINE 7 * 35%) | 35% 0.3342410 |
| 9 | CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 7 + LINE 8) | 0.6207334 |

ELECTRIC

| Adj. No. | Adjustment | NOI | Rate Base | Revenue Requirement | NOI | Rate Base | Revenue Requirement | Staff - PSE Rev. Req. Difference |
|----------|---------------------------------|---------------|-----------------|---------------------|---------------|-----------------|---------------------|----------------------------------|
| E.01 | Temperature Normalization | \$7,424,007 | \$ | (\$11,960,057) | \$ 7,424,007 | | (\$11,960,057) | \$0 |
| E.02 | Revenues & Expenses | 218,317,755 | | (355,182,249) | 218,317,755 | | (355,182,249) | (\$733,601) |
| E.03 | Power Costs | (196,237,595) | | 316,139,239 | (179,659,471) | | (29,269,871) | (\$26,868,418) |
| E.04 | Federal Income Tax | 4,185,813 | | (\$6,743,335) | 4,185,813 | | (\$6,743,334) | \$1 |
| E.05 | Bad Debt | (2,425,414) | | \$3,307,336 | (1,258,225) | | (\$2,296,678) | (\$316,068) |
| E.06 | Conservation | 11,852,001 | (28,822) | (\$19,097,812) | 11,852,001 | (28,822) | (\$19,097,810) | \$423 |
| E.07 | Bad Debts | (1,044,352) | | \$1,682,449 | (1,044,352) | | \$1,682,449 | \$0 |
| E.08.1 | Amort. of Def. Taxes Reg. Asset | (1,337,206) | | \$2,154,236 | (1,337,206) | | \$2,154,236 | (\$0) |
| E.08.2 | Misc non-Operating | 627 | | (\$1,009) | 627 | | (\$1,009) | \$0 |
| E.08.3 | Oregon Prop. Taxes for 3rd AC | (484,484) | | \$780,503 | (484,484) | | \$780,503 | \$0 |
| E.08.4 | Baker Hydro Relicensing Costs | (76,504) | 2,552,473 | (\$2,211,969) | (76,504) | 2,552,473 | (\$2,211,969) | (\$1,219,909) |
| E.08.5 | Tree Watch Expense | (639,229) | | \$1,029,796 | (639,229) | | \$1,029,796 | \$0 |
| E.08.6 | New York Stock Exchange Fees | | | \$0 | | | \$0 | \$0 |
| E.08.7 | Depreciation on CWIP In-Service | (56,700) | | \$91,344 | (56,700) | | \$91,344 | (\$0) |
| E.08.8 | CWIP In-Service Rate Base | 383,183 | 3,317,734 | (\$617,307) | 383,183 | 3,317,734 | (\$617,307) | (\$48,638) |
| E.09 | Property Taxes | 10,342,929 | 46,464,169 | (\$7,954,146) | 10,342,929 | 46,464,169 | (\$7,954,146) | (\$3,918,292) |
| E.10 | Hope for the Future Wind Plant | (384,314) | | \$619,129 | (384,314) | | \$619,129 | \$0 |
| E.11 | Excise Tax & Filing Fee | 4,742 | | (\$7,639) | 4,742 | | (\$7,639) | (\$500,731) |
| E.12 | Montana Energy Tax | 8,557 | | (\$13,785) | 8,557 | | (\$13,785) | \$0 |
| E.14 | Interest on Cust Deposits | (227,184) | | \$365,993 | (227,184) | | \$365,993 | \$0 |
| E.15 | SFAS 133 | 592,392 | | (\$954,342) | 592,392 | | (\$954,343) | (\$1) |
| E.16 | Rate Case Expenses | (7,279) | | \$15,707 | (7,279) | | \$15,707 | (\$344,008) |
| E.17 | Property Sales | (18,149) | | \$29,238 | (18,149) | | \$29,237 | (\$1) |
| E.18 | Property & Liability Ins | (288,833) | | \$465,309 | (288,833) | | \$465,310 | \$1 |
| E.19 | Pension Plan | (2,565,770) | | \$4,133,449 | (2,565,770) | | \$4,133,449 | (\$0) |
| E.20 | Wage Increase | (2,208,007) | | \$3,557,094 | (2,208,007) | | \$3,557,094 | \$0 |
| E.21 | Investment Plan | (94,453) | | \$152,164 | (94,453) | | \$152,164 | \$0 |
| E.22 | Employee Insurance | (669,622) | | \$1,078,759 | (669,622) | | \$1,078,759 | \$0 |
| E.23 | Montana Corp. Lic. Tax | (187,009) | | \$301,271 | (187,009) | | \$301,271 | (\$13,084) |
| E.24 | Storm Damage | (197,617) | | \$318,361 | (197,617) | | \$318,360 | (\$0) |
| E.25 | Regulatory Assets & Liab. | (2,887,461) | (54,943,645) | (\$3,102,140) | (2,887,461) | (54,943,645) | (\$2,296,663) | \$805,477 |
| E.26 | Wild Horse Plans | (22,183,961) | 152,743,656 | \$85,769,752 | (19,784,944) | 155,222,708 | \$76,927,599 | (\$8,846,152) |
| E.27 | Investment Plan | 639,180 | | (\$1,111,976) | 1,065,906 | | (\$1,111,976) | (\$695,294) |
| E.28 | Gen. Office Relocation | (1,644,955) | | \$2,206,947 | (1,644,955) | | \$2,252,974 | \$46,027 |
| E.29 | Other Amortization | 5,065,947 | (3,139,603) | (\$8,161,228) | 5,065,947 | (3,139,603) | (\$8,161,228) | \$0 |
| E.30 | Demand Response Program | 0 | | \$0 | 0 | | \$0 | \$0 |
| E.31 | Depreciation | 0 | | \$0 | 0 | | \$0 | \$0 |
| E.32 | Production Adjustment | 819,106 | (11,076,476) | (\$2,882,728) | 784,475 | (10,866,693) | (\$2,838,014) | \$247,714 |
| E.33 | Working Capital | | | | | | | |
| E.34 | Total | \$233,914,914 | \$2,974,444,445 | \$42,927,317 | \$257,143,238 | \$2,957,293,375 | (\$41,026,046) | (\$83,953,363) |
| E.35 | Depreciation Tracker | | | 7,878,988 | | | | (\$7,878,988) |
| E.36 | Total Increase | | | \$50,805,305 | | | (\$41,026,046) | (\$91,832,351) |
| E.37 | Rate Of Return | | | 8.76% | | | | 7.85% |
| E.38 | Conversion Factor | | | 0.6207334 | | | | 0.6207334 |

45 Rate Of Return 8.76% 7.85%

46 Conversion Factor 0.6207334 0.6207334