EXHIBIT NO. \_\_(KRK-2) DOCKET NO. UE-051828/UE-051966 WITNESS: KARL R. KARZMAR

## BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WESTERN VILLAGE, LLC, D/B/A
WESTERN VILLAGE ESTATES,

Complainant,
v. Docket No. UE-051828

PUGET SOUND ENERGY, INC.

Respondent.

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,
v. Docket No. UE-051966

PUGET SOUND ENERGY, INC.,

Respondent.

FIRST EXHIBIT TO THE PREFILED TESTIMONY OF KARL R. KARZMAR
ON BEHALF OF PUGET SOUND ENERGY, INC.
IN RESPONSE TO THE
PREFILED TESTIMONY OF WESTERN VILLAGE, LLC
DATED MARCH 8, 2006

EXHIBIT NO. (JHS-1T)
DOCKET NO. UE-04 /UG-04
2004 PSE GENERAL RATE CASE
WITNESS: JOHN H. STORY

# BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	
Complainant,	
v.	Docket No. UE-04 Docket No. UG-04
PUGET SOUND ENERGY, INC.,	
Respondent.	

PREFILED DIRECT TESTIMONY OF JOHN H. STORY (NONCONFIDENTIAL) ON BEHALF OF PUGET SOUND ENERGY, INC.

**APRIL 5, 2004** 

### PUGET SOUND ENERGY, INC.

2		PREFILED DIRECT TESTIMONY OF JOHN H. STORY
3		I. INTRODUCTION
4	Q.	Please state your name, business address, and present position with Puget
5		Sound Energy.
6	A.	My name is John H. Story. I am the Director of Cost and Regulation at Puget
7		Sound Energy. My business address is 10885 N.E. Fourth Street, Bellevue,
8		Washington, 98009.
9	Q.	Would you please provide a brief description of your educational and
10		business experience?
11	A.	Please see Exhibit No (JHS-2).
12	Q.	What topics are you covering in your testimony?
13	A.	I will present the calculation of the adjusted test period, ratebase, working capital,
14		conversion factor and the overall revenue requirement for the electric results of
15		operations. I will explain the various adjustments to the results of operations for
16		the current test year and, after taking into account these adjustments, present the
17		adjusted test period and the resultant revenue requirement. Based upon the

Prefiled Direct Testimony of John H. Story

18

19

1

Exhibit No. (JHS-1T)
Page 3 of 31
REVISED 7/19/04

customers, the total requested electric revenue increase is \$81,446,431 82,819,884

adjusted test period revenues of \$1,425,200,434 1,414,825,578 for sales to

1

Exhibit No \_\_(KRK -2) Page 3 of 14

Prefiled Direct Testimony of John H. Story

Exhibit No.\_\_\_ (JHS-1T)
Page 3 of 31
REVISED 7/19/04

1		increase.
2		I also present the impact of the general rate case adjustments on the Power Cost
3		Baseline Rate used in the Power Cost Adjustment (PCA) Mechanism.
4 ·	Q.	Please explain your Exhibit No (JHS-E3).
5	A.	The first page of this exhibit, Summary page, presents the unadjusted operating
6		income statement and Average-of-the-Monthly-Averages ratebase for the
7		Company as of September 30, 2003. Each of these items is then adjusted for the
8		summarized proforma and restating adjustments. The revenue deficiency is added
9		to the adjusted income statement and the impact on the operating income
10		statement is presented. The rest of the exhibit is composed of two sections,
11		described below.
12		Pages E3-A through E3-D of this Exhibit No (JHS-E3) present a summary
13		schedule of all the proforma and restating adjustments. The first column of
14		numbers, on page E3-A, is the unadjusted net operating income for the year ended
15		September 30, 2003 and the unadjusted ratebase for the same period. Each
16		column to the right of the first column represents a proforma or restating
17		adjustment to net operating income or ratebase. Each of these adjustments has a
18		supporting schedule, which is referenced by the page number shown in each
19		column title.
20		The last column, shown on page E3-D of the summary schedule, summarizes all
21		of the adjustments and is the adjusted test period results used to calculate the

1 revenue deficiency. **ELECTRIC AND COMMON ADJUSTMENTS** 2 II. Please describe each adjustment, explain why it is necessary, and identify the 3 Q. 4 effect on operating income or ratebase. I will explain the adjustments generally in the order as they are shown on the 5 A. summary schedule. 6 7 **Temperature Normalization** 9 E3), page E3-A, column 2.01, which would have occurred, had the temperatures during the test year been normal. The difference between the actual Generated, 10 11 Purchased and Interchange (GPI) and temperature normalized GPI is adjusted for system losses, allocated to the rate classes, and the revenue impact (based on the 12 applicable end step energy rate for each rate class) is calculated. See 13 Mr. James Heidell's testimony, Exhibit No. (JAH-1T), for a discussion 14 regarding the allocation to the rate classes based on the proposed rate class level 15 16 weather normalization methodology. Net operating income is increased by \$4,369,788 as a result of this adjustment. 17 Please describe how the test year delivered load was normalized. 18 Q. Test year GPI load of 20,641 MWH were temperature normalized using a 19 A.

adjustments.
Please continue with your discussion of the proforma and restating
changes are identified.
has used for this calculation, the Company will update its calculation once the
loads. If these discussions result in a change to the methodology the Company
parties, to attempt to reach consensus on a methodology for normalizing electric
filing, the Company will be meeting with Commission Staff, plus other interested
Only Rate Case (PCORC) filing, Docket No. UE-031725. As agreed to in that
methodology as what the Company used in its rebuttal case in the Power Cost
MWH, or 91,638 MWH when adjusted for losses. This adjustment is the same
adjustment. In this case, the test year temperature load adjustment is 97,905
compared to actual test year load to determine the test year temperature load
2002). The result is temperature normalized load for the test year which can be
by normal temperatures (in this case the thirty year average temperature 1973-
temperature normalized load can be approximated by multiplying the coefficients
temperature-load relationships during the year. With these estimated coefficients,
(or HDD and CDD) estimated coefficients for each month because of changing
temperature sensitive portion of load. It is necessary to have separate temperature
degree days (HDD) and cooling degree days (CDD) are used to reflect this
between daily customer load and observed temperatures be calculated. Heating
normalization process requires that an estimated relationship (coefficients)
technique that is comparable to that used by many utilities. The temperature
technique that is comparable to that used by many utilities. The temperature

Q.

EXHIBIT NO. \_\_(JHS-E3C)
DOCKET NO. UE-04\_\_\_/UG-04\_\_\_
2004 PSE GENERAL RATE CASE
WITNESS: JOHN H. STORY

### BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket No. UE-04 Docket No. UG-04

SECOND EXHIBIT TO PREFILED DIRECT TESTIMONY OF JOHN H. STORY (CONFIDENTIAL)
ON BEHALF OF PUGET SOUND ENERGY, INC.

REDACTED VERSION

**APRIL 5, 2004** 

Exhibit No. (JHS-E3)

PUGET SOUND ENERGY-ELECTRIC RESULTS OF OPERATIONS FOR THE TWELVE MONTHS FROED SEPTEMBER 30, 2003 GENERAL RATE INCREASE

					STAILED TOTAL		ADJUSTED	REVENUE	AFTER	¥ :
		ACTUAL	G	CONSERVATION	OF OPERATION W/	TOTAL	RESULTS OF	DEFICIENCY	INCREASE	LASE
E CENT		OPERATIONS		TRUST	CONSERVATION TRUST	ALMOST MENTS				
5				•		٠		, 177 771	3	1,506,646,865
	Case A trace a severatifis:		•	\$ 190 year	1,262,309.726 \$	162,890,708 \$	*C*'NO7'CZ*'1	10 125		496,728
1 6	SALES TO CLISTOMBRS	\$ 1,250,593,643 5	9		364,717	92,726	1 to 1 to 1		•	16.755,694
• •	OAT BE THOSE BERNEN	364,717	11		199,186,404	(172,430,770)	26,735,034	116.041		11.067.019
	ATTITUDE STATES	199,116,464	<u>2</u>		45.262.737	(12,190,771)	32,971,966	200011	1	. \$4K 98K 30S
	SALES COLUMN SEVENIES	45,202,77	13		1,507,123,644	(21,738,107)	1,485,385,536	81,000,109		
o i	THER OFFICE AND ADVENTIRE	1,495,407,563	8	11.716,081				5	٠	
-	TOTAL OPERALING REVENUE						•			
	Short and anything national						•			
•	PERALING ABY ENGINEER CONT.								-	143,737,330
• :	,			•	64,236,514	\$ 918,005,61				441.165.735
다 i	POWER CLOSIA:	\$ 64,236,314	514 5	•	769 184,600	(211,218,865)	558,165,735		•	13 666 001
=	FUEL	769,314,600	9		16 898 91	4,029,090	100'868'07	•		
<b>∡</b> ≃	PURCHASED AND IN I BRUHAMOLD	39,868,912	912		(0.04 0.00)	172,382,420				100.00
<u>~</u>	WHEELING	(17,32,420)	430)		201 100	44.693,461	745,801,067	•	_	100°100°Cb/
=	RESIDENTIAL EXCHANGE	201 107 606	8	•	200,101,107		•	-		1
2	TOTAL PRODUCTION EXPENSES					\$ 011 110 \$	51,983,333		•	((5,58,18
9		131 130 37		•	46,852,153					3,615,629
2 :	OTHER POWER SUPPLY EXPRISES	3			3,409,865	\$97°C07	48.024.315			38,824,315
: :	TE ANSWISSION EXPENSE	COB,909.L	2 5		58,327,849	470,400	919 171 91			36,343,639
	CHETE PRINTING BYPENSE	6+9'/7F'BC			34,589,847	741,467,1	1 048 064			2,958,064
2 6	CHARTAGE ACCOUNT EXPENSES	34,589,847	3		8,700,615	(5,742,551)	App. 170			98,370
2 :	SESTED AS SECTION AND ASSESSED IN THE PERSON OF THE PERSON	8,700,613	519		40,389,187	(40,290,817)	200,000	611,255		13,836,043
. :	CUSTOMER SERVICE TO THE TOTAL OF THE TOTAL O	29,411,865	<b>59</b>	in your	59,296,783	13,928,005	13,444,184			126,446,549
<b>a</b>	CONSERVATION AMONG THE	59,296,783	.783		124,134,290	2,292,259	126,446,549			26,048,732
2	ADMIN & DENESOL EXTENSE	124,154,290	8		24.086.070	2,002,662	26,000,732			10,655,471
<u>.</u>	DEFRECIATION	24,086,070	070		000'000'9	4,655,471	10,655,471			(4.294.053)
2	AMORTIZATION	6,000,000	8	•	(3 418 725)	(855,328)	(4,294,053)			104 405 736
92	AMORTIZ OF PROPERTY DAIN/LOSS	(3,431,725)	(22,		001.010.010	(26,477,394)	105,453,005			Me 67 77
11	OTHER OPERATING EXPENSES	(31,930,399	39		181878781	34,698,406	28,933,528	4/ E.04E.77		23 412 615
=	TAXES OTHER THAN FLIT.	(5,764,878)	(978)		(\$1,548.63)	(30,411,536)	27,432,615			424 665 613
2	PEDERAL INCOME TAXES	121.844.151	1517		Old Sat Sac .	0,000.040	\$ 1,293,565,250	190'000'16	_	
ă	DEFERRED INCOME TAXES	1,276.517,888	200	\$ 525,596,01	017(04'/97')					209 017 676
=	TOTAL OPERATING REV. DEDUCT.	•			219 618 414	\$ (27,818,147) \$	\$ 191,820,286	\$ 20,000,400	•	
2		\$ 218,889,675	\$ 519,6	748,739 3					•	2.658.121.651
2	NET OPERALING INCOME				2.629.512.568 \$	\$ 28,609,083 \$	\$ 2,658,121,651 3			
ĭ	•	\$ 2,629,512,568	1,568 5	•						9.12%
2	RATEBASE				8 15%		****	•		
ž			8.32%							
۳.	RATE OF RETURN									
×					2.578,449,579	•	<b>*</b>			-
2	RATEBASE:				334,433,204	٥	٠			
\$	UTILITY PLANT IN BENVICE				(15.2) 115.23 ()		(\$17,074,779)	•		
7	DEFERRED DEBITS				11.369.86-	(11,569,864)				
7	DEFERRED TAXES				40 592.735	•				
\$	CONSERVATION TRUST				(32,417,642)	•	(32,417,643)	-d		
4	ALLOWANCE FOR WORKING CAPITAL			•	2.629.512.568	38,609,083	\$ 2,658,121,651	l		
\$	OTHER			•	2					
\$	TOTAL RATEBASE									

233C

EXHIBIT NO. \_\_(JHS-E3C)
DOCKET NO. UE-04\_\_\_/UG-04\_\_
2004 PSE GENERAL RATE CASE
WITNESS: JOHN H. STORY

### BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	
Complainant,	
<b>v.</b>	Docket No. UE-04 Docket No. UG-04
PUGET SOUND ENERGY, INC.,	
Respondent.	

SECOND EXHIBIT TO PREFILED DIRECT TESTIMONY OF JOHN H. STORY (CONFIDENTIAL)
ON BEHALF OF PUGET SOUND ENERGY, INC.

REDACTED VERSION

**APRIL 5, 2004** 

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changed		
s that	5	
Amounts		

Docket Number UE-040641 Exhibit No. (JRS-E3)

December 2015   Continue	LINE NO.	≈ ō	ACTUAL RESULTS OF OPERATIONS	CONSEI	CONSERVATION TRUST	OF OPERATION W/ CONSERVATION TRUST	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
SALES FOOD FOR EXALLERED   19,114   1	OPERATING REVENUES:	4	1.250.593.645	•	11.716.081	\$ 1,262,309,726	۳	5 1414.825.578	\$ 82 299 254	1 407 124 8
OFFICE ACCOUNT EXCRANGE         1,571,124-40         1,970,124-40         1,	3 SALES FROM RESALE-FIRM	•	364,717	,		364,717		457.443	19.573	497.0
CONTENCIDENCING SETTING PARTICLE STATES   1,554,277   1,554,671	4 SALES TO OTHER UTILITIES		199,186,464			199,186,464	(172,430,770)	26,755,694		26.755.69
TOTAL OPENATING REVENUES   1,455,401,455   1,176,081   1,50,112,444   (02,112,592)   1,475,004,689   12,445,211   1,50,112,444   (02,112,592)   1,475,004,689   12,445,211   1,50,112,444   (02,112,592)   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,689   1,475,004,699   1	S OTHER OPERATING REVENUES		45,262,737			45,262,737	(12,290,771)	32,971,966	115,894	33,087,86
DOUGH COSTS.   S	6 TOTAL OPERATING REVENUES		1,495,407,563		11,716,081	1,507,123,644	(32,112,963)	1,475,010,680	82,454,721	1,557,465,40
PURCHASCOSTS.   14,271,210   S   14,27	8 OPERATING REVENUE DEDUCTIONS:									
Purple COSTS.   Purple COSTS	•									
PURCHASED NAD PURECRANGED   S 4424514   S 19 50001   S 144277120   S 1										
VICTORAL POWER PARTY   VICTORAL PARTY	11 FUEL	•	64,236,514	s.	•	\$ 64,236,514	3 79,500,816	1	~[ ~	143,737,330
PARTIENTON EXCRANGE   172,214,400   172,414,400   172,41		•	769,384,600			\$ 769,384,600	(220,301,767)	1		\$49,082,833
RESIDENTIAL EXCHANGE   (17312140)   17312140   173121	13 WHEELING		39,868,912			39,868,912	4,029,090	43,898,001		43,898,00
TOTAL PRODUCTION EXPRISES			(172,382,420)			(172,382,420)	172,382,420			
TAMES NOWER SUPPLY EXPRISES   5,4637,153   5 ,131,340   5 ,131,340   5 ,131,340   5 ,131,340   7 ,131,340			701,107,606		•	701,107,600	35,610,558	736,718,164	<u>ب</u> -	736,718,164
TRANSMISSION BYPENSE   3,409,465   3,407,455   3,407	AND OTHER SEWOOD STANDS OF THE PARTY OF THE	•	46.852.153	<b>.</b>	•			\$ 51.983.513		41 981 411
CUSTOMENT CAPERINGE STREAMS   Statistic	18 TO ANSWISSION BYDDING	•	1 400 865			•	ī	1615.629	•	000,400,10
CUSTOMER RENTERER   1,595,147   1,595,128   1,595,12	o Metabalition avagance		48 127 840			98 125 88	997 907	\$16.468.85		5,0,010,0 \$16,454.99
CUSTOMER SERVICE STREAMS  CUSTOMER SERVICE  CUSTOMER SERVICE STREAMS  CUSTOMER SERVICE  CUSTOMER SERVICE  CUSTOMER SERVICE STREAMS  CUSTOMER SERVICE	20 CHETOWER ACCOUNT BY BUSE		14 480 847			746 0 00 A 4F	1 404 788	36384636	L	26.200.00
CONSERVATION AMORTIZATION         29,431,845         10,967,322         40,389,187         40,389,187         30,370         40,389,187         30,370         40,389,187         30,370         40,389,187         31,326,076         617,632         31,326,076         617,632         31,326,076         617,632         31,326,076         617,632         31,326,076         617,632         31,326,076         617,632         31,326,076         617,632         31,326,076         617,632         31,326,071         106,67,131         106,67,131         106,67,131         106,67,131         106,67,131         106,67,131         106,67,132         106,67,131         106,67,132	21 CHISTOMER SERVICE RYPENSES		8,700,615			8,700,615	(5.742.551)	2.958.064	}	2 958 064
ADMIN & CONTEAL EXPENSE   59,294,781   134,41290   134,41290   134,41290   134,41290   134,41290   134,41290   134,41290   134,41290   134,41290   134,41290   134,41290   134,41290   134,41290   134,41290   134,41290   134,41290   134,41230   1	_		29,421,865		10,967,322	40,389,187	(40,290,817)	98,370		98.370
PEPRECIATION         134,194,290         124,194,290         124,194,290         129,2159         126,446,549         126,441,11         106,653,11         106,653,11         106,653,11         106,653,11         126,446,549         126,444,549         126,446,549			59,296,783			59,296,783	13,908,293	73,205,076	617,652	73,822,728
AMORTIZATION         24,086,070         14,086,070         14,086,070         24,086,070         24,086,070         26,085,247         10,685,471         10,68	24 DEPRECIATION		124,154,290			124,154,290	2,292,259	126,446,549		126,446,549
AMORTIZ OF PROPERTY OAINLOSS			24,086,070			24,086,070	2,002,662	26,088,732		26,088,732
OTHER OPERATING EXPENSES  (3.448,725)  (4.284,025)  (4.28			000'000'9			ന <b>ാ'000'9</b>	4,655,471	10,655,471		10,655,471
TAXES OTHER THAN F.L.   131,900,399   131,			(3,438,725)			(3,438,725,	(855,328)	(4,294,053)		(4,294,053)
PEDERAL INCOMB TAXES	-		131,930,399			131,930,399	(26,876,966)	105,053,433	3,175,620	108,229,053
DEPERRED FICOME TAXES   ST844 11    ST84			(5,764,878)			(3,764,878)	34,413,274	28,648,396	27,531,508	56,179,904
TOTAL OPERATINO REV. DEDUCT. \$ 1,276,517888 \$ 10,987,322 \$ 1,287,485,210 [\$ (28,347,681)] \$ 1,283,719,028 \$ 3,1334,779 \$ 1,215,504  RATE BASE	_	1	1		ı		•	27,432,615		27,432,615
RATE BASE         S         2629,512,568         S         2629,512,568         S         2629,512,568         S         2629,512,568         S         2639,512,568         S         2638,121,651         S         2638,121,753	•			<b>~</b>		_	(3,765,283)	1,283,719,928	31,324,779	1,315,044,707
RATE BASE  RATE BASE  RATE BASE  RATE BASE  TO 209,512,568 5 28,609,083 5 2,658,121,651 8 . \$ 2,658,121,65		•	218 889 675	•			(28 347 681)	191,290,753	\$1.129.942	242 420 695
RATE BASE         \$ 2,629,512,568         \$ 2,629,512,568         \$ 2,639,12,568         \$ 2,639,12,561         \$ 2,638,12,651         \$ 2,638,12,12,651         \$ 2,638,12,651         \$ 2,638		•		,						
RATE BASE:         8 35%         7,20%           RATE BASE:         334,433,20%         5 2,647,835,755           UTILITY PLANT IN SERVICE         334,433,20%         (34,247,68)         300,185,589           DEFERRED TAXES         (32,115,23)         5,040,452         (317,014,779)           CONSERVATION TRUST         (11,569,864)         59,592,732         59,592,732           OTHER         (32,417,645)         69,386,176         59,592,732		,, ,,	1,629,512,568	s	•	2,629,512,568			•	2,658,121,651
RATE OF RETURN         8 35%         7,20%           RATE BASE:         5 2,578,449,579         5 2,647,835,755           UTILITY PAINT IN SERVICE         334,433,269         5 4,578,449,579           DEPERRED DEBITS         340,435,755         340,435,755           DEPERRED TAXES         (32,115,23)         5,040,432           CONSERVATION TRUST         59,592,732         59,592,732           ALLOWANCE FOR WORKING CAPITAL         59,592,732         532,417,645)           OTHER         (32,417,645)         53,417,645)							•			
STATE BASE:   Conservice   State Base:   Conservice   State Base:   Conservice   State Base:   Conservation trust   Con			8.32%			8 35%		7.20%		9.12%
RATE BASE:         S         2,578,449,579         S         69,386,176         \$         2,278,449,579         S         69,386,176         \$         2,278,449,579         S         69,386,176         \$         2,278,449,579         S         69,386,176         \$         2,278,449,579         \$         7,427,681										
UTILITY PLANT IN SERVICE         \$ 1,578,449,579 5         69,286,176 \$         2,78,449,579 5         69,286,176 \$         3,34,33,369 (3,247,681)           DEFERRED DEBITS         (132,115,231)         5,040,452 (3,504,522)         (1,569,864)           CONSERVATION TRUST         (11,569,864)         (11,569,864)           ALLOWANCE FOR WORKING CAPITAL         59,592,732         (11,569,864)           OTHER         (32,417,645)         .	æ				÷					
\$34,433,26% (34,247,681)  RUST (1,569,864)  WORKING CAPITAL 59,592,732  (32,417,645)					<b>~</b>	2,578,449,579		\$ 2,647,835,755		
(322,115,23)) 5,040,452 ( RUST 11,569,864 (11,569,864) WORKING CAPITAL 59,592,732 (32,417,645)	II DEFERRED DEBITS					334,433,269	(34,247,681)	300,185,589		
RUST 11,569,864) (11,569,864) (11,569,864) (10,569,864) (	12 DEFERRED TAXES					(322,115,231)	5,040,452	(317,074,779)		
WORKING CAPITAL 59,592,732 . (32,417,645)	13 CONSERVATION TRUST					11,569,864	(11,569,864)	•		
(32.417,645)	4 ALLOWANCE FOR WORKING CAPITAL					59,592,732	•	59,592,732		
	15 OTHER				İ	(32,417,645)	- 1	١		

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

NUB DEDUCTIONS: 1,502,309,7 ALE-FRAM 199,18 UTLITIES 199,18 UTLITIES 199,18 UTLITIES 199,18 UTLITIES 199,18 UTLITIES 199,18 UNUB DEDUCTIONS: 1,507,12 UNUB DEDUCTIONS: 2,507,10 UEXPENSES 5,70,10 UEXPENSES 5,70,10 UEXPENSES 3,438 UEXPENSES	LINE NO.	O O S	ACTUAL RESULTS OF OPERATIONS WITH CONSERVATION TRUST	Temperature Normalization 2.01	General Revenues 2.02	POWER COSTS 2.03	SALES POR RESALE - SEC 2.04	FEDERAL INCOME TAX 2.05	TAX BENEFIT OF PRO FORMA INTEREST 2.06	DEPRECIATION/ AMORTIZATION 1.07
The control of the	OPERATING REVENUES SALES TO CUSTOMBRS SALES TO CUSTOMBRS	1	\$1,262,309,725.81	3 7,045,746	\$ 145,470,106 \$				٠	S
NUIDEDUCTIONS   1,501,121,644   5   7,046,940   1   146,091,011   5   17,1740,147)   5   17,1740,147)   5   17,1740,147   7   17,1740,147   17,1742,100	SALES TO OTHER UTILITIES OTHER OPERATING REVENUES		199,186,464		1,136,399	(9,385,023)	(172,430,770)			-
NUMBER   Sequence	Total operating revenues	s		7,046,940	146,698,037			\$	•	s
NTERCHANGED   NAJAGO   NAJAG	OPERATING REVENUE DEDUCTIONS:									
NATIONAL	POWER COSTS:		5 613 613 64	,	٠		•			
17,2181,420   17,2181,420	FUEL PURCHASED AND INTERCHANGED		769,384,600	•	<b>.</b> □		•			•
STATE   STAT	WHEELING		39,868,912			4,029,090				
### SAME STATES SAME STATES STATES STATES STATES STATES STATES STATES SAME STATES STATES STATES STATES STATES STATES SAME SAME SAME SAME SAME SAME SAME SA	TOTAL PRODUCTION EXPENSES		1			35,610,558	ì			\$
PERVEE  14.04645  14.04645  14.04645  14.04647  15.1599  ERTY OANVLOSS  ERTY OANVLOSS  ERTY OANVLOSS  15.144470  15.1599  ERTY OANVLOSS  15.144470  15.144470  ERTY OANVLOSS  15.144470  15.144470  ERTY OANVLOSS  15.144470  ERTY OANVLOSS  15.144470  15.144470  ERTY OANVLOSS  16.144470  ERTY OANVLOSS  16.144470  ERTY OANVLOSS  16.144470  ERTY OANVLOSS  16.144470  ERT	OTHER POWER SUPPLY EXPENSES		\$46,852,152.75	•	•	4,536,429 \$	•	•	•	s
STATUSE   1,519,100   1,519,	TRANSMISSION BXPBNSE		3,409,865			(é,196)				
### STATES   1,00,613	DISTRIBUTION EXPENSE CUSTOMER ACCTS EXPENSES		34,589,847	] 86€'6€	820,159					
LEYPRISE   124,1529   13,389   277,726   14,14,290	CUSTOMER SERVICE EXPENSES		8,700,615							
124134290   124134290   124134290   124134290   124134290   124134290   124134290   124134290   124134290   124134290   124124291   12424290	ADMIN & OENERAL EXPENSE		59,296,783	] 686,61	278,726					
SERVICE   State   St	DEPRECIATION		124,154,290							130,808
13   150,135   13   14   150,135   13   14   150,135   13   14   150,135   13   14   150,135   13   14   150,135   13   14   15   14   15   15   15   15   15	AMORTIZ OF PROPERTY GAIN/LOSS		9,000,000							
NATITY   13,790,399   1,217,000,390   1,217,	OTHER OPERATING EXPENSES		(3,431,725)	_ ;;;	(22 (22 622)		(300 901)			
FTAXES  STAULISI  S 1,387,485,210 S 2,677,152 S 22,800,655 S (61,599,798) S 4,651,347 S 7,835,231  COME  S 2,639,434 S 4,369,788 S 116,819,939 S (114,160,749) S (4,651,347) \$ (7,835,231)  S 2,639,311,368  L339,431,269  S 334,431,269  S 34,431,269  S 34,431,269  S 34,431,269  S 34,431,269  S 32,800,655 S (114,160,749) S (4,651,347) \$ (7,835,231)  TRUST  WORKING CAPITAL  (12,613,643,732  (124,11,543)	TAXES OTHER THAN P.I.T. PADERAL INCOME TAXES		(\$,764,878)	2,352,963	62,903,045	(17,333,996)	(61,471,172)	35,362,248	7,835,231	
4COME S 119,631,434 S 4,369,788 S 116,819,939 S (32,191,708) S (4,651,347) S (7,835,231)  8 2,639,511,368  8,35%  1 S 2,578,449,579 S S S S S S S S S S S S S S S S S S S	DEFERRED INCOME TAXES TOTAL OPERATING REV. DEDUCT	]"	- 1	2,677,152		22,806,685 \$	\$ (866,966,19)	1	7,835,231	\$ 149,619
\$ 2,629,512,568  8,35%  1,35%  1,578,449,579 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	NET OPERATING INCOME	4	219,638,434	_			(114,160,749)			(149,619)
8,35%, SERVICE \$ 2,578,449,579 \$ \$ \$ (324,1321) RUST   1,559,864 WORKING CAPITAL \$9,59,722	RATEBASE	•	2,629,512,568							\$ (74,810)
4 SERVICE \$ 2,578,449,579 \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$	Natities to at a		\$35%							
4 SERVICE \$ 2,578,449,579 \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$										
S RUST WORKING CAPITAL	RATE BASE: UTILITY PLANT IN SERVICE	۵	2,578,449,579 \$	•			•	•	٠	\$ (65,404)
RUST WORKING CAPITAL	DEFERRED DEBITS		334,431,269							(9,406)
(32,417)	CONSERVATION TRUST		11,569,864						•	
	OTHER		(32,417,645)					ľ		(010-16)

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Docket Nur	Exhibit No.	

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 1003
RESTATING AND PRO FORMA ADJUSTMENTS

LINE No.	<b>8</b> 00	CONSERVATION	BAD DEBTS 1.09	MISCELLANEOUS OPERATING EXPENSE 2.10		PROPERTY TAXES 2.11	white river Relicensing 2.11		FILING FEE 1.13	D&O Insurance 2.14	MONTANA ENERGY TAX 2.15
OPERATING REVENUES SALES TO CUSTOMERS SALES FROM RESALE-FIRM SALES TO OTHER UTILITIES	<b>"</b>	*	*	\$	\$ .	•	5	۰ •	•		•
OTHER OPERATING REVENUES TOTAL OPERATING REVENUES OPERATING REVENUE DEDUCTIONS:	_	s .	•	s (712,	s (017,717)		S	<b>.</b>	•	S	<b>5</b>
POWER COSTS: FUEL PURCHASED AND INTERCHANGED WHEELING PERFORMANGE	•	•	•	u		•	<b>5</b>	۰ •	•		<b>~</b>
TOTAL PRODUCTION EXPENSES	<b>~</b>	\$	•	s	5		<b>~</b>	٠ ٠			s
OTHER POWER SUPLY EXPENSES TRANSMISSION EXPENSE DISTUBUTION EXPENSE	•	•			<b>.</b>		<b>~</b>		•		٠ •
CUSTOMER ACCLISENTENSES CUSTOMER SERVICE EXPENSES CONSERVATION AMORTIZATION ADMIN & GENERAL EXPENSE		(40,290,817)		(273,367)	367)				221,448	(41,312)	
DEPRECIATION AMORTIZATION AMORTIZATION AMORTIZATION							2,054,545	~			
AMONILL OF FACEBANT ON THE OFFICE OTHER OPERATING EXPENSES TAXES OTHER THAN F.I.T. FEDERAL INCOME TAXES		14,101,786	26,410	(19,136) (147,093)	(19,136)	3,841,313	(160'61 <i>t</i> )	≏	(77,507)	14,459	166,039 (58,121)
DEFERRED INCOMB TAXES TOTAL OPERATING REV. DEDUCT.	5	(26,189,031) \$	(49,046)	\$ (439,596)	\$ (96\$	2,496,853	1,335,454	~ ~	143,941 \$	(26,853)	\$ 107,939
NET OPERATING INCOME	4	26,189,031 \$	49,046 \$		\$ (273,174) \$	\$ (08/9952)	(1,335,454)	4) \$	(143,941)	26,853	(107,919)
RATE BASE	<b></b>	(11,569,864)		\$ 111,055	955		\$ 19,518,180	0			
RATE DASE. UTILITY PLANT IN SERVICE DEFERRED DEBITS	<b>.</b>		•	\$ 1,711,055	\$ \$50	•	. 19,518,180	<b>"</b>	•	٠	
CONSERVATION TRUST ALLOWANCE FOR WORKING CAPITAL		(11,569,864)									
OTHER TOTAL RATE BASE	-	(11,569,864) \$		\$ 1,711,055	055 \$		5 19,518,180	\$	i.		

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

LINE NO.	<b>-</b> 0	INTEREST ON SFAS 133 CUST DEPOSITS 2.16 2.17	SFAS 133		RATE CASE EXPENSES 1.18	PROPERTY SALES 2.19		- -	PENSION PLAN 2.31	WAGE INCREASE 2.11	PROPERTY & PENSION WAGE INVESTMENT EMPLOYEE LIABILITY INS PLAN INCREASE PLAN INSURANCE 1.10 1.11 1.13 1.14	EMPLOYEE INSURANCE 1.34
i operating revenues  2 sales to customers  3 sales from resale.Firm  4 sales to other utilities	•			<b>6</b>	4		s	<b>.</b>				•
OTHER OPERATING REVENUES TOTAL OPERATING REVENUES	~	•		5	ŀ		5	<u>-</u>			· •	55
SOPERATING REVENUE DEDUCTIONS:  POWER COSTS:  PUEL.  WHEELING  WHEELING  PUEL.   •	·		<b>5</b>	•	, sa	, ,	•	•	•		<b>5</b> 4	
•	-		5	<u>~</u>	-		5	5	5			S
OTHER POWER SUPPLY EXPENSES TRANSMISSION EXPENSE	s	•	•	•	•			•		602,671		45
19 DISTRIBUTION BAYENSES 10 CUSTOMER ACCTS EXPENSES 21 CUSTOMER SERVICE EXPENSES		159'151								1,354,520 760,055 106,454		
Conservation amortization admin & deneral expense Depreciation					\$716,412		1,491,762		8,548,966	1,071,291	184,450	1,338,684
AMORTIZATION AMORTIZ OF PROPERTY GAINALOSS OTHER OPERATING BXPENSES			(855,328)			4,489,703						
TAXES OTHER THAN F.I.T. FEDERAL INCOMB TAXES			37	<b>"</b>	(250,744)	(1,571,396)	(\$22,117)		(2,992,138)	278,434 (1,489,918)	(64,537)	(468, 539)
DEFERRED INCOME TAXES TOTAL OPERATING REV. DEDUCT.	_	\$ 169'181	(\$55,963)	<u>ب</u>	465,668 \$	2,918,307	\$ 969,645	-	\$,556,828 \$	2,766,991	\$ 119,893	\$ 870, 145
33 33 NET OPERATING INCOME 34	•	\$ (181,631)	\$55,963	••	(465,668) \$	; (2,918,307) \$	\$ (969,645) \$		(5,556,828) \$	\$ (166,991)	(119,893)	\$ (870, 145)
35 RATEBASE 36 31 RATE OF RETURN												
RATE BASE: UTILITY PLANT IN SERVICE DEFERRED DEBITS DEFERRED TAXES CONSERVATION TRUST ALLOWANCE FOR WORKING CAPITAL	•		٠	<b></b>	•			<b>~</b>	•	•	•	
OTHER TOTAL RATE BASE	5	\$ .		s	·			~	٠ ۶			

PUGET SOUND ENERGY-ELECTFUC	STATEMENT OF OPERATING INCOME AND ADJUSTMENTS	For the twelve months ended september 30, 2003	STATISTICS AND GO CAN CALLY STATISTICS
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	14444									
NE 10.	MO		STORM DAMAGE 3.26	FREDERICKSON PLANT 2.27 (Note 1)	LOW INCONIE AMORTIZATION 2.28	E REGULATORY ON ASSETS 1.29		PRODUCTION ADJUSTMENT 1.30		ADJUSTED RESULTS OF OPERATIONS
OPERATING REVENUES SALES TO CUSTOMERS SALES FROM RESALE-FIRM SALES FROM RESALE-FIRM SALES OF OPER UTILIES	<b>"</b>	•			s	<b>s</b>	•	].	\$ 152,515,852   1 92,726 (172,430,70)	1,414,825,578 437,443 26,735,694
S OTER OPERATING REVENUES TOTAL OPERATING REVENUES	<u>_</u>		,		-	<b>-</b>		·	\$ (32,112,963) s	32,971,966
OFEXALING REVENUE DEDUCTIONS:  POWER COSTS:  FUEL  PURCHASED AND INTERCHANGED  WHEELING	•	•	•		87	<b>.</b>	•		\$ 79,500,816 \$ (220,301,767) 4,029,090	143,727,320 549,042,833 43,698,001
4 RESIDENTIAL EXCHANGE 5 TOTAL PRODUCTION EXPENSES	5	s ·	•		s	<b>S</b>	-	ŀ	172,382,420	736,718,164
6 7 OTHER POWER SUPPLY EXPENSES 7 TRANSLIGGIOM EXPENSE	<b>~</b>	•	128 421		•	<b>.</b>	•	\$ (02,720)	5,131,380 \$	51,983,533
DISTRIBUTION EXPENSES  CUSTOMER SERVICE EXPENSES  CUSTOMER SERVICE EXPENSES			(858,054)	ED	(\$00'6F8'\$)	(\$0)			1,695,788 (5,742,551)	58,824,315 36,285,635 2,958,064
CONSERVATION AMORTIZATION ADMIN & GENERAL EXPENSE DEPRECIATION				TOA				(51,587)	(40,290,817) 13,908,293 2,292,239	73,205,076 126,446,549
S AMORTIZATION S AMORTIZ OF PROPERTY GAIN/LOSS			165,768	ED				(70,694)	2,002,662	26,088,732 10,655,471
OTHER OPERATING EXPENSES TAXES OTHER THAN F.I.T. FEDERAL INCOME TAXES		1,960,897 (686,314)	197,295	ŀ	2,642,152	52		(154,277)	(26,876,966)	105,053,433
DEFERRED INCOME TAXES 1 TOTAL OPERATING REV. DEDUCT.	-	1,274,583 \$	(366,405)	1	\$ (3,801,853)	\$ ((5	\$ .	(\$78,628)		1,283,719,928
NET OPERATING INCOME	•	(1,274,583) \$	366,405		3,801,853	<b>5</b> S	•	578,628 5	(28,347,681) \$	191,290,753
RATE BASE			•		•	\$ (45)	(45,394,988) \$	(10,215,426) \$	28,609,083 \$	2,658,121,651
RATE OF RETURN									П	7,20%
RATE BASE: UTILITY PLANT IN SERVICE DEFERRED DEBITS DEFERRED TAXES CONSERVATION TRUST	•		•		<b>~</b>	, (\$)	\$ (50,464,988) 5,070,000	(8,317,088) \$ (3,291,467) 1,393,129	69,386,176 \$ (34,247,681) \$,040,452 (11,569,864)	2,647,835,735 300,185,589 (317,074,779)
ALLOWANCE FOR WORKING CAPITAL OTHER TOTAL RATE BASE	<b>~</b>	\$	·	12		. \$ (45,	(45,394,988) \$	(10,215,426) \$	28,609,083	(32,417,645)
			<b>_3</b>	(Note 1) CONF	DENTIAL per	Protective Ord	er in UE-040	640 and CONF	 (Note 1) CONFIDENTIAL per Protective Order in UE-040640 and CONFIDENTIAL per WAC 480-07-160	€ 480-07-160