

**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.**

**PUGET SOUND ENERGY, INC.  
  
Respondent.**

**Docket No. UE-051828**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,  
  
Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,  
  
Respondent.**

**Docket No. UE-051966**

**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**

**APRIL 19, 2006**

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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.

**PUGET SOUND ENERGY, INC.,**

Respondent.

Docket No. UE-04 \_\_\_  
Docket No. UG-04 \_\_\_

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

**APRIL 5, 2004**

1 **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  
18 adjusted test period revenues of \$1,425,200,434 1,414,825,578 for sales to  
19 customers, the total requested electric revenue increase is \$81,446,431 82,819,884

1

which is an average ~~5.71~~ 5.84%

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.

2 **II. ELECTRIC AND COMMON ADJUSTMENTS**

3 **Q. Please describe each adjustment, explain why it is necessary, and identify the**  
4 **effect on operating income or ratebase.**

5 A. I will explain the adjustments generally in the order as they are shown on the  
6 summary schedule.

7 **Temperature Normalization**

9 E3), page E3-A, column 2.01, which would have occurred, had the temperatures  
10 during the test year been normal. The difference between the actual Generated,  
11 Purchased and Interchange (GPI) and temperature normalized GPI is adjusted for  
12 system losses, allocated to the rate classes, and the revenue impact (based on the  
13 applicable end step energy rate for each rate class) is calculated. *See*  
14 Mr. James Heidell's testimony, Exhibit No. \_\_\_ (JAH-1T), for a discussion  
15 regarding the allocation to the rate classes based on the proposed rate class level  
16 weather normalization methodology.

17 Net operating income is increased by \$4,369,788 as a result of this adjustment.

18 **Q. Please describe how the test year delivered load was normalized.**

19 A. Test year GPI load of 20,641 MWH were temperature normalized using a

1 technique that is comparable to that used by many utilities. The temperature  
2 normalization process requires that an estimated relationship (coefficients)  
3 between daily customer load and observed temperatures be calculated. Heating  
4 degree days (HDD) and cooling degree days (CDD) are used to reflect this  
5 temperature sensitive portion of load. It is necessary to have separate temperature  
6 (or HDD and CDD) estimated coefficients for each month because of changing  
7 temperature-load relationships during the year. With these estimated coefficients,  
8 temperature normalized load can be approximated by multiplying the coefficients  
9 by normal temperatures (in this case the thirty year average temperature 1973-  
10 2002). The result is temperature normalized load for the test year which can be  
11 compared to actual test year load to determine the test year temperature load  
12 adjustment. In this case, the test year temperature load adjustment is 97,905  
13 MWH, or 91,638 MWH when adjusted for losses. This adjustment is the same  
14 methodology as what the Company used in its rebuttal case in the Power Cost  
15 Only Rate Case (PCORC) filing, Docket No. UE-031725. As agreed to in that  
16 filing, the Company will be meeting with Commission Staff, plus other interested  
17 parties, to attempt to reach consensus on a methodology for normalizing electric  
18 loads. If these discussions result in a change to the methodology the Company  
19 has used for this calculation, the Company will update its calculation once the  
20 changes are identified.

21 **Q. Please continue with your discussion of the proforma and restating**  
22 **adjustments.**

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,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

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



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

LINE NO.	ACTUAL RESULTS OF OPERATIONS	CONSERVATION TRUST	ACTUAL RESULTS OF OPERATION W/ CONSERVATION TRUST	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	OPERATING REVENUES:						
2	SALES TO CUSTOMERS	\$ 1,250,593,645	\$ 11,716,081	\$ 1,262,309,726	\$ 163,890,708	\$ 81,446,431	\$ 1,506,646,865
3	SALES FROM RESALE-FIRM	364,717		364,717	92,726	39,285	496,728
4	SALES TO OTHER UTILITIES	199,186,464		199,186,464	(172,430,770)	26,755,694	26,755,694
5	OTHER OPERATING REVENUES	45,262,737		45,262,737	(12,250,771)	115,053	33,082,019
6	TOTAL OPERATING REVENUES	1,495,407,563	11,716,081	1,507,123,644	(21,736,107)	81,600,769	1,566,996,305
7							
8	OPERATING REVENUE DEDUCTIONS:						
9	POWER COSTS:						
10	FUEL	\$ 64,216,514	\$	\$ 64,216,514	\$ 79,500,816	\$	\$ 140,717,330
11	PURCHASED AND INTERCHANGED	769,314,600		769,314,600	(211,218,865)	558,165,735	558,165,735
12	WHEELING	39,868,912		39,868,912	4,029,090	43,898,001	43,898,001
13	RESIDENTIAL EXCHANGE	(172,312,420)		(172,312,420)	172,312,420		
14	TOTAL PRODUCTION EXPENSES	701,107,606		701,107,606	44,693,461	745,801,067	745,801,067
15	OTHER POWER SUPPLY EXPENSES	46,852,153		46,852,153	5,131,310	51,983,463	51,983,463
16	TRANSMISSION EXPENSE	3,409,865		3,409,865	205,764	3,615,629	3,615,629
17	DISTRIBUTION EXPENSE	58,377,849		58,377,849	496,466	58,874,315	58,874,315
18	CUSTOMER ACCOUNT EXPENSES	8,700,615		8,700,615	(5,743,251)	2,957,364	2,957,364
19	CUSTOMER SERVICE EXPENSES	29,421,863		29,421,863	(40,290,817)	98,370	98,370
20	CONSERVATION AMORTIZATION	124,154,290	10,967,322	135,121,612	13,928,003	611,255	126,060,645
21	ADMIN & GENERAL EXPENSE	24,066,070		24,066,070	2,002,662	26,068,732	26,068,732
22	DEPRECIATION	6,000,000		6,000,000	4,655,471	10,655,471	10,655,471
23	AMORTIZ OF PROPERTY GAIN/LOSS	(3,438,725)		(3,438,725)	(895,238)	(4,333,963)	(4,333,963)
24	OTHER OPERATING EXPENSES	131,930,399		131,930,399	(26,477,394)	105,453,005	108,595,716
25	TAXES OTHER THAN F.I.T.	(5,764,878)		(5,764,878)	34,698,406	27,246,374	56,179,900
26	FEDERAL INCOME TAXES	37,844,151		37,844,151	(30,411,256)	27,432,815	37,432,815
27	TOTAL OPERATING REV. DEDUCT.	1,276,317,888	10,967,322	1,287,285,210	6,080,040	1,293,365,250	1,324,565,611
28	NET OPERATING INCOME	\$ 218,889,675	\$ 748,759	\$ 219,638,434	\$ (27,818,147)	\$ 191,820,286	\$ 242,420,695
29	RATEBASE	\$ 2,629,512,568	\$	\$ 2,629,512,568	\$ 26,609,083	\$ 2,656,121,651	\$ 2,658,121,651
30	RATE OF RETURN	8.32%		8.35%		7.22%	9.12%
31	UTILITY PLANT IN SERVICE	\$ 2,578,442,379	\$	\$ 2,578,442,379	\$ 69,386,176	\$ 2,647,828,555	\$ 2,647,828,555
32	DEFERRED DEBITS	(322,115,231)		(322,115,231)	5,040,452	(317,074,779)	(317,074,779)
33	DEFERRED TAXES	11,349,864		11,349,864	(11,569,864)	59,592,732	59,592,732
34	CONSERVATION TRUST	59,592,732		59,592,732	(32,417,645)	(32,417,645)	(32,417,645)
35	ALLOWANCE FOR WORKING CAPITAL	2,629,512,568		2,629,512,568	28,609,083	2,658,121,651	2,658,121,651
36	OTHER						
37	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,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

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

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

LINE NO.	ACTUAL RESULTS OF OPERATIONS	CONSERVATION TRUST	ACTUAL RESULTS OF OPERATION W/ CONSERVATION TRUST	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	OPERATING REVENUES:						
2	SALES TO CUSTOMERS	\$ 1,250,993,645	\$ 11,716,081	\$ 1,262,709,726	\$ 1,414,825,578	\$ 82,299,254	\$ 1,497,124,832
3	SALES FROM RESALE-FIRM	384,717		384,717	457,443	39,573	497,016
4	SALES TO OTHER UTILITIES	199,186,464		199,186,464	26,755,694		26,755,694
5	OTHER OPERATING REVENUES	45,282,737		45,282,737	32,971,966	115,894	33,087,860
6	TOTAL OPERATING REVENUES	1,495,407,563	11,716,081	1,507,123,644	1,475,010,680	82,454,721	1,557,465,401
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	POWER COSTS:						
11	FUEL	\$ 64,236,514		64,236,514	\$ 143,737,330		\$ 143,737,330
12	PURCHASED AND INTERCHANGED	\$ 769,384,600		769,384,600	\$ 349,082,833		\$ 349,082,833
13	WHEELING	39,868,912		39,868,912	43,898,001		43,898,001
14	RESIDENTIAL EXCHANGE	(172,382,420)		(172,382,420)			
15	TOTAL PRODUCTION EXPENSES	701,107,606		701,107,606	35,610,558		736,718,164
16							
17	OTHER POWER SUPPLY EXPENSES	\$ 46,852,153		46,852,153	\$ 51,983,533		\$ 51,983,533
18	TRANSMISSION EXPENSE	3,409,865		3,409,865	205,764		3,615,629
19	DISTRIBUTION EXPENSE	58,377,849		58,377,849	58,824,315		58,824,315
20	CUSTOMER ACCOUNT EXPENSES	34,589,847		34,589,847	1,695,788		36,285,635
21	CUSTOMER SERVICE EXPENSES	8,700,615		8,700,615	(5,742,551)		2,958,064
22	CONSERVATION AMORTIZATION	29,421,865		29,421,865	40,389,187		69,811,052
23	ADMIN & GENERAL EXPENSE	59,296,783	10,967,322	70,264,105	98,370		98,370
24	DEPRECIATION	124,154,290		124,154,290	13,908,293		138,062,583
25	AMORTIZATION	24,086,070		24,086,070	2,292,259		26,378,329
26	AMORTIZ OF PROPERTY GAIN/LOSS	6,000,000		6,000,000	126,446,549		132,446,549
27	OTHER OPERATING EXPENSES	(3,438,725)		(3,438,725)	26,088,732		22,649,007
28	TAXES OTHER THAN F.I.T.	131,930,399		131,930,399	4,655,471		136,585,870
29	FEDERAL INCOME TAXES	(5,764,878)		(5,764,878)	(855,228)		(6,620,106)
30	DEFERRED INCOME TAXES	57,844,151		57,844,151	(26,876,966)		30,967,185
31	TOTAL OPERATING REV. DEDUCT.	1,276,517,888	10,967,322	1,287,485,210	1,283,719,928		1,315,044,707
32							
33	NET OPERATING INCOME	\$ 218,889,675	\$ 748,759	\$ 219,638,434	\$ 191,290,753	\$ 51,129,942	\$ 242,420,695
34							
35	RATE BASE	\$ 2,629,512,568		2,629,512,568	28,609,083	2,658,121,651	2,658,121,651
36							
37	RATE OF RETURN	8.32%		8.35%	7.20%		9.12%
38							
39	RATE BASE:						
40	UTILITY PLANT IN SERVICE	\$	\$	2,578,449,579	\$	69,386,176	\$ 2,647,835,755
41	DEFERRED DEBITS			334,433,269	(34,247,681)	300,185,589	
42	DEFERRED TAXES			(322,115,231)	5,040,452	(317,074,779)	
43	CONSERVATION TRUST			11,569,864	(11,569,864)		
44	ALLOWANCE FOR WORKING CAPITAL			59,592,732		59,592,732	
45	OTHER			(32,417,645)		(32,417,645)	
46	TOTAL RATE BASE	\$	\$	2,629,512,568	\$	28,609,083	\$ 2,658,121,651

Amounts that changed from the original filing have been outlined.

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.	ACTUAL RESULTS OF OPERATIONS WITH CONSERVATION TRUST	TEMPERATURE NORMALIZATION	GENERAL REVENUES	POWER COSTS	SALES FOR RESALE - SEC	FEDERAL INCOME TAX	TAX BENEFIT OF PRO FORMA INTEREST	DEPRECIATION/ AMORTIZATION
	2,01	2,02	2,03	2,04	2,05	2,06		
1	OPERATING REVENUES							
2	SALES TO CUSTOMERS	\$1,262,309,725.81	\$ 7,045,746	\$ 145,470,106	\$	\$	\$	\$
3	SALES FROM RESALE-FRM	364,717	1,194	91,352				
4	SALES TO OTHER UTILITIES	199,186,464			(172,430,770)			
5	OTHER OPERATING REVENUES	45,282,737		1,136,399	(3,329,377)			
6	TOTAL OPERATING REVENUES	1,507,121,644	7,046,940	146,698,037	(175,760,147)			
7	OPERATING REVENUE DEDUCTIONS:							
8	POWER COSTS:							
10	FUEL	\$64,236,513.87		\$ 79,300,816				
11	PURCHASED AND INTERCHANGED	769,384,600		(220,101,767)				
12	WHHEELING	39,868,912		4,029,090				
13	RESIDENTIAL EXCHANGES	(172,382,420)		172,382,420				
14	TOTAL PRODUCTION EXPENSES	701,107,606		35,610,558				
15	OTHER POWER SUPPLY EXPENSES	\$46,852,132.75		\$ 4,536,429				
16	TRANSMISSION EXPENSE	3,409,865		(6,316)				
17	DISTRIBUTION EXPENSE	58,327,849						
18	CUSTOMER ACCTS EXPENSES	34,589,847	39,398	820,159				
19	CUSTOMER SERVICE EXPENSES	8,700,615						
20	CONSERVATION AMORTIZATION	40,389,187	13,389	278,726				
21	ADMIN & GENERAL EXPENSE	59,396,783						
22	DEPRECIATION	124,154,290						130,808
23	AMORTIZATION	24,086,070						18,811
24	AMORTIZ OF PROPERTY GAIN/LOSS	6,000,000						
25	OTHER OPERATING EXPENSES	(3,431,725)						
26	TAXES OTHER THAN P.T.	131,930,399			(128,226)			
27	FEDERAL INCOME TAXES	(5,764,878)		(17,333,996)	(61,471,172)	7,835,231		
28	DEFERRED INCOME TAXES	57,844,151			(30,710,901)			
29	TOTAL OPERATING REV. DEDUCT.	1,287,485,210	2,677,152	29,878,098	(61,599,398)	4,651,347	7,835,231	149,619
30	NET OPERATING INCOME	219,636,434	4,369,788	116,819,939	(114,160,749)	(4,651,347)	(7,835,231)	(149,619)
31	RATE BASE	2,629,512,568						(74,810)
32	RATE OF RETURN	1.35%						
33	RATE BASE:							
34	UTILITY PLANT IN SERVICE	2,578,449,579						(65,404)
35	DEFERRED DEBITS	334,431,269						(9,406)
36	DEFERRED TAXES	(322,115,211)						
37	CONSERVATION TRUST	11,569,864						
38	ALLOWANCE FOR WORKING CAPITAL	59,599,732						
39	OTHER	(32,417,645)						
40	TOTAL RATE BASE	2,629,512,568						(74,810)

Amounts that changed from the original filing have been outlined.

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.	CONSERVATION	BAD DEBITS	MISCELLANEOUS OPERATING EXPENSE	PROPERTY TAXES	WHITE RIVER RELICENSING	FILING FEE	D&O INSURANCE	MONTANA ENERGY TAX
	2.08	2.09	2.10	2.11	2.12	2.13	2.14	2.15
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	\$ .	\$ .	\$ (712,770)	\$ .	\$ .	\$ .	\$ .	\$ .
7								
8 OPERATING REVENUE DEDUCTIONS:								
9								
10 POWER COSTS:								
11 FUEL	\$ .	\$ .	\$ .	\$ .	\$ .	\$ .	\$ .	\$ .
12 PURCHASED AND INTERCHANGED								
13 WHEELING								
14 RESIDENTIAL EXCHANGE								
15 TOTAL PRODUCTION EXPENSES	\$ .	\$ .	\$ .	\$ .	\$ .	\$ .	\$ .	\$ .
16								
17 OTHER POWER SUPPLY EXPENSES	\$ .	\$ .	\$ .	\$ .	\$ .	\$ .	\$ .	\$ .
18 TRANSMISSION EXPENSE								
19 DISTRIBUTION EXPENSE								
20 CUSTOMER ACCTS EXPENSES		(75,456)						
21 CUSTOMER SERVICE EXPENSES								
22 CONSERVATION AMORTIZATION	(40,290,817)		(273,367)			221,448	(41,312)	
23 ADMIN & GENERAL EXPENSE								
24 DEPRECIATION					2,034,545			
25 AMORTIZATION								
26 AMORTIZ OF PROPERTY GAINLOSS								
27 OTHER OPERATING EXPENSES								
28 TAXES OTHER THAN F.I.T.				3,841,313				166,059
29 FEDERAL INCOME TAXES	14,101,786	26,410	(147,093)	(1,344,460)	(719,091)	(77,507)	14,459	(58,121)
30 DEFERRED INCOME TAXES								
31 TOTAL OPERATING REV. DEDUCT.	\$ (26,189,031)	\$ (49,046)	\$ (439,596)	\$ 2,496,853	\$ 1,335,454	\$ 143,941	\$ (26,853)	\$ 107,939
32								
33 NET OPERATING INCOME	\$ 26,189,031	\$ 49,046	\$ (273,174)	\$ (2,496,853)	\$ (1,335,454)	\$ (143,941)	\$ 26,853	\$ (107,939)
34								
35 RATE BASE	\$ (11,569,864)	\$ .	\$ 1,711,055	\$ .	\$ 19,518,180	\$ .	\$ .	\$ .
36								
37 RATE OF RETURN								
38								
39 RATE BASE:								
40 UTILITY PLANT IN SERVICE								
41 DEFERRED DEBITS								
42 DEFERRED TAXES								
43 CONSERVATION TRUST	(11,569,864)							
44 ALLOWANCE FOR WORKING CAPITAL								
45 OTHER								
46 TOTAL RATE BASE	\$ (11,569,864)	\$ .	\$ 1,711,055	\$ .	\$ 19,518,180	\$ .	\$ .	\$ .

Amounts that changed from the original filing have been outlined.

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.	INTEREST ON CUST DEPOSITS	SEAS 133 2.16	RATE CASE EXPENSES	PROPERTY SALES	PROPERTY LIABILITY INS	PENSION PLAN	WAGE INCREASE	INVESTMENT PLAN	EMPLOYEE INSURANCE
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	2.16	2.17	2.19	2.20	2.21	2.22	2.23	2.24
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL								
12	PURCHASED AND INTERCHANGED								
13	WHEELING								
14	RESIDENTIAL EXCHANGE								
15	TOTAL PRODUCTION EXPENSES								
16									
17	OTHER POWER SUPPLY EXPENSES						602,671		
18	TRANSMISSION EXPENSE						83,484		
19	DISTRIBUTION EXPENSE						1,354,320		
20	CUSTOMER ACCTS EXPENSES	151,631					760,055		
21	CUSTOMER SERVICE EXPENSES						106,454		
22	CONSERVATION AMORTIZATION								
23	ADMIN & GENERAL EXPENSE				1,491,762	8,248,966	1,071,291	184,450	1,331,684
24	DEPRECIATION								
25	AMORTIZATION								
26	AMORTIZ OF PROPERTY GAIN/LOSS			4,489,703					
27	OTHER OPERATING EXPENSES	(855,228)							
28	TAXES OTHER THAN P.I.T.						278,434		
29	FEDERAL INCOME TAXES			(1,571,396)	(522,117)	(2,992,138)	(1,489,918)	(64,557)	(468,539)
30	DEFERRED INCOME TAXES								
31	TOTAL OPERATING REV. DEDUCT.	151,631	(555,963)	2,918,307	969,645	5,556,828	2,766,991	119,893	870,145
32									
33	NET OPERATING INCOME	(151,631)	555,963	(2,918,307)	(969,645)	(5,556,828)	(2,766,991)	(119,893)	(870,145)
34									
35	RATE BASE								
36									
37	RATE OF RETURN								
38									
39	RATE BASE:								
40	UTILITY PLANT IN SERVICE								
41	DEFERRED DEBITS								
42	DEFERRED TAXES								
43	CONSERVATION TRUST								
44	ALLOWANCE FOR WORKING CAPITAL								
45	OTHER								
46	TOTAL RATE BASE								

Amounts that changed from the original filing have been outlined.

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LINE NO.	MONTANA CORP LICENSE TAX 2.25	STORM DAMAGE 2.26	FREDERICKSON PLANT 2.27 (Note 1)	LOW INCOME AMORTIZATION 2.28	REGULATORY ASSETS 2.29	PRODUCTION ADJUSTMENT 2.30	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1				\$	\$	\$	\$	\$
2							132,313,852	1,414,823,378
3							92,776	457,443
4							(172,430,770)	26,755,694
5							(12,290,771)	32,971,966
6							(32,112,963)	1,475,010,880
7								
8								
9								
10								
11								
12							79,500,816	143,027,230
13							(220,301,767)	549,082,833
14							4,029,090	43,898,001
15							172,388,420	
16							35,610,338	736,718,164
17							5,131,380	51,983,333
18							205,764	3,613,639
19							496,466	58,828,313
20							1,693,788	36,385,635
21							(5,744,531)	2,994,064
22							(40,290,817)	98,370
23							13,908,293	73,305,076
24							2,892,239	126,446,549
25							(70,694)	26,081,732
26							4,655,471	10,655,471
27							(855,328)	(4,394,053)
28							(154,277)	105,033,433
29							205,107	28,648,396
30							(30,411,336)	27,432,613
31							(3,765,283)	1,283,719,928
32								
33							578,628	191,290,753
34							(10,215,426)	2,658,121,651
35								
36								
37								7,207
38								
39								
40							(8,317,088)	2,647,895,755
41							(3,291,467)	300,185,389
42							5,040,452	(317,074,770)
43							(11,569,864)	
44								59,592,732
45								(32,417,643)
46							28,609,013	2,658,121,651

REDACTED

(Note 1) CONFIDENTIAL per Protective Order in UE-040640 and CONFIDENTIAL per WAC 480-07-160

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