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	$ 1,250,593,645	$ 11,716,081	$ 1,262,309,726	$ 152,515,852	$ 1,414,825,578	[redacted]	$ 1,430,806,297
3	SALES FROM RESALE-FIRM	364,717		364,717	92,726	457,443	[redacted]	464,922
4	SALES TO OTHER UTILITIES	199,186,464		199,186,464	[redacted]	55,157,632		55,157,632
5	OTHER OPERATING REVENUES	45,262,737		45,262,737	(12,290,771)	32,971,966	[redacted]	32,993,869
6	TOTAL OPERATING REVENUES	1,495,407,563	11,716,081	1,507,123,644	(3,711,025)	1,503,412,619	16,010,101	1,519,422,720
7								
8	OPERATING REVENUE DEDUCTIONS:							
9								
10	POWER COSTS:							
11	FUEL	$ 64,236,514	$ -	$ 64,236,514	[redacted]	$ 191,664,251	$ -	$ 191,664,251
12	PURCHASED AND INTERCHANGED	769,384,600		769,384,600	[redacted]	551,143,475		551,143,475
13	WHEELING	39,868,912		39,868,912	[redacted]	41,793,079		41,793,079
14	RESIDENTIAL EXCHANGE	(172,382,420)		(172,382,420)	172,382,420	-		-
15	TOTAL PRODUCTION EXPENSES	701,107,606	-	701,107,606	83,493,200	784,600,805	-	784,600,805
16								
17	OTHER POWER SUPPLY EXPENSES	$ 46,852,153	$ -	$ 46,852,153	[redacted]	$ 51,795,958	$ -	$ 51,795,958
18	TRANSMISSION EXPENSE	3,409,865		3,409,865	[redacted]	3,589,308		3,589,308
19	DISTRIBUTION EXPENSE	58,327,849		58,327,849	[redacted]	60,397,265		60,397,265
20	CUSTOMER ACCOUNT EXPENSES	34,589,847		34,589,847	[redacted]	34,347,745		34,347,745
21	CUSTOMER SERVICE EXPENSES	8,700,615		8,700,615	(5,776,113)	2,924,501		2,924,501
22	CONSERVATION AMORTIZATION	29,421,865	10,967,322	40,389,187	(40,290,817)	98,370		98,370
23	ADMIN & GENERAL EXPENSE	59,296,783		59,296,783	[redacted]	68,852,241	101,173	68,953,414
24	DEPRECIATION	124,154,290		124,154,290	2,336,102	126,490,392		126,490,392
25	AMORTIZATION	24,086,070		24,086,070	(1,405,173)	22,680,897		22,680,897
26	AMORTIZ OF PROPERTY GAIN/LOSS	6,000,000		6,000,000	[redacted]	7,641,323		7,641,323
27	OTHER OPERATING EXPENSES	(3,438,725)		(3,438,725)	3,634,375	195,650		195,650
28	TAXES OTHER THAN F.I.T.	131,930,399		131,930,399	[redacted]	97,176,741	617,330	97,794,072
29	FEDERAL INCOME TAXES	(5,764,878)		(5,764,878)	[redacted]	26,644,082	5,352,060	31,996,142
30	DEFERRED INCOME TAXES	57,844,151		57,844,151	(30,411,536)	27,432,615		27,432,615
31	TOTAL OPERATING REV. DEDUCT.	$ 1,276,517,888	$ 10,967,322	$ 1,287,485,210	$ 27,382,684	$ 1,314,867,894	$ 6,070,563	$ 1,320,938,457
32								
33	NET OPERATING INCOME	$ 218,889,675	$ 748,759	$ 219,638,434	$ (31,093,709)	$ 188,544,725	$ 9,939,538	$ 198,484,263
34								
35	RATE BASE	$ 2,515,307,703	$ -	$ 2,515,307,703	$ 29,362,338	$ 2,544,670,041	$ -	$ 2,544,670,041
36								
37	RATE OF RETURN	8.70%		8.73%		7.41%		7.80%
38								
39	RATE BASE:							
40	UTILITY PLANT IN SERVICE			$ 2,578,449,579	$ 27,246,325	$ 2,605,695,904		
41	DEFERRED DEBITS			334,433,269	[redacted]	343,460,790		
42	DEFERRED TAXES			[redacted]	[redacted]	(385,748,155)		
43	CONSERVATION TRUST			11,569,864	(11,569,864)	-		
44	ALLOWANCE FOR WORKING CAPITAL			[redacted]	-	13,679,148		
45	OTHER			(32,417,645)	-	(32,417,645)		
46	TOTAL RATE BASE			$ 2,515,307,703	$ 29,362,338	$ 2,544,670,041		

REVISED 12/17/04

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	Marian TEMPERATURE NORMALIZATION 2.01	Russell GENERAL REVENUES 2.02	Mariam POWER COSTS 2.03	Mariam/Russell SALES FOR RESALE - SEC 2.04	Russell FEDERAL INCOME TAX 2.05	Russell TAX BENEFIT OF PRO FORMA INTEREST 2.06	Parvinen DEPRECIATION/ AMORTIZATION 2.07
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	$ 1,262,309,726	$ 7,045,746	$ 145,470,106	$ -	$ -	$ -	$ -	$ -
3	SALES FROM RESALE-FIRM	364,717	1,194	91,532					
4	SALES TO OTHER UTILITIES	199,186,464				[redacted]			
5	OTHER OPERATING REVENUES	45,262,737		1,136,399	(9,385,023)	(3,329,377)			
6	TOTAL OPERATING REVENUES	$ 1,507,123,644	$ 7,046,940	$ 146,698,037	$ (9,385,023)	$ (147,358,209)	$ -	$ -	$ -
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL	$ 64,236,514	$ -	$ -	[redacted]	$ -	$ -	$ -	$ -
12	PURCHASED AND INTERCHANGED	769,384,600							
13	WHEELING	39,868,912							
14	RESIDENTIAL EXCHANGE	(172,382,420)			172,382,420				
15	TOTAL PRODUCTION EXPENSES	$ 701,107,606	$ -	$ -	$ 83,493,200	$ -	$ -	$ -	$ -
16									
17	OTHER POWER SUPPLY EXPENSES	$ 46,852,153	$ -	$ -	$ 4,536,429	$ -	$ -	$ -	$ -
18	TRANSMISSION EXPENSE	3,409,865			(6,306)				
19	DISTRIBUTION EXPENSE	58,327,849							
20	CUSTOMER ACCTS EXPENSES	34,589,847	31,143	648,303					
21	CUSTOMER SERVICE EXPENSES	8,700,615							
22	CONSERVATION AMORTIZATION	40,389,187							
23	ADMIN & GENERAL EXPENSE	59,296,783	13,389	278,726					
24	DEPRECIATION	124,154,290							130,808
25	AMORTIZATION	24,086,070							18,811
26	AMORTIZ OF PROPERTY GAIN/LOSS	6,000,000							
27	OTHER OPERATING EXPENSES	(3,438,725)							
28	TAXES OTHER THAN F.I.T.	131,930,399	271,722	(34,117,188)		(128,377)			
29	FEDERAL INCOME TAXES	(5,764,878)	2,355,740	62,960,869	(34,092,921)	(51,530,441)	35,362,248	[redacted]	(52,367)
30	DEFERRED INCOME TAXES	57,844,151					(30,710,901)		
31	TOTAL OPERATING REV. DEDUCT.	$ 1,287,485,210	$ 2,671,994	$ 29,770,710	$ 53,930,402	$ (51,658,818)	$ 4,651,347	$ 7,530,496	$ 97,252
32									
33	NET OPERATING INCOME	$ 219,638,434	$ 4,374,946	$ 116,927,327	$ (63,315,425)	$ (95,699,391)	$ (4,651,347)	$ (7,530,496)	$ (97,252)
34									
35	RATE BASE	$ 2,515,307,703							$ (74,810)
36									
37	RATE OF RETURN	8.73%							
38									
39	RATE BASE:								
40	UTILITY PLANT IN SERVICE	$ 2,578,449,579	$ -	$ -	$ -	$ -	$ -	$ -	$ (65,404)
41	DEFERRED DEBITS	334,433,269							(9,406)
42	DEFERRED TAXES	[redacted]							
43	CONSERVATION TRUST	11,569,864							
44	ALLOWANCE FOR WORKING CAPITAL	[redacted]							
45	OTHER	(32,417,645)							
46	TOTAL RATE BASE	$ 2,515,307,703	$ -	$ -	$ -	$ -	$ -	$ -	$ (74,810)

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.		Parvinen CONSERVATION 2.08	Russell BAD DEBTS 2.09	Parvinen/Russell MISCELLANEOUS OPERATING EXPENSE 2.10	Parvinen PROPERTY TAXES 2.11	Russell WHITE RIVER RELIC/PLANT COSTS 2.12	Russell FILING FEE 2.13	Russell D&O INSURANCE 2.14	Russell MONTANA ENERGY TAX 2.15
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	SALES FROM RESALE-FIRM								
4	SALES TO OTHER UTILITIES								
5	OTHER OPERATING REVENUES			(712,770)					
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		-	[redacted]					
20	CUSTOMER ACCTS EXPENSES		[redacted]						
21	CUSTOMER SERVICE EXPENSES								
22	CONSERVATION AMORTIZATION	(40,290,817)							
23	ADMIN & GENERAL EXPENSE			[redacted]			220,827	(7,961)	
24	DEPRECIATION								
25	AMORTIZATION					(1,381,963)			
26	AMORTIZ OF PROPERTY GAIN/LOSS					[redacted]			
27	OTHER OPERATING EXPENSES								
28	TAXES OTHER THAN F.I.T.			(114,465)	[redacted]				166,059
29	FEDERAL INCOME TAXES	14,101,786	557,762	(52,815)	1,351,731	(39,459)	(77,289)	2,786	(58,121)
30	DEFERRED INCOME TAXES								
31	TOTAL OPERATING REV. DEDUCT.	$ (26,189,031)	$ (1,035,844)	$ (614,685)	$ (2,510,356)	$ 73,280	$ 143,538	$ (5,175)	$ 107,939
32									
33	NET OPERATING INCOME	$ 26,189,031	$ 1,035,844	$ (98,086)	$ 2,510,356	$ (73,280)	$ (143,538)	$ 5,175	$ (107,939)
34									
35	RATE BASE	$ (11,569,864)		$ 1,711,055		$ 19,837,623			
36									
37	RATE OF RETURN								
38									
39	RATE BASE:								
40	UTILITY PLANT IN SERVICE	$ -	$ -	$ 1,711,055	$ -	$ (43,511,694)	$ -	$ -	$ -
41	DEFERRED DEBITS					[redacted]			
42	DEFERRED TAXES					57,902			
43	CONSERVATION TRUST	(11,569,864)							
44	ALLOWANCE FOR WORKING CAPITAL								
45	OTHER								
46	TOTAL RATE BASE	$ (11,569,864)	$ -	$ 1,711,055	$ -	$ 19,837,623	$ -	$ -	$ -

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.		Russell INTEREST ON CUST DEPOSITS 2.16	Russell SFAS 133 2.17	Russell RATE CASE EXPENSES 2.18	Russell PROPERTY SALES 2.19	Parvinen PROPERTY & LIABILITY INS 2.20	Parvinen PENSION PLAN 2.21	Parvinen WAGE INCREASE 2.22	Parvinen INVESTMENT PLAN 2.23	Parvinen EMPLOYEE INSURANCE 2.24
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										
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	$ -	$ -	$ -	$ -	$ -	$ -	[redacted]	$ -	$ -
18	TRANSMISSION EXPENSE							[redacted]		
19	DISTRIBUTION EXPENSE							[redacted]		
20	CUSTOMER ACCTS EXPENSES	151,631						[redacted]		
21	CUSTOMER SERVICE EXPENSES							[redacted]		
22	CONSERVATION AMORTIZATION									
23	ADMIN & GENERAL EXPENSE			[redacted]		[redacted]				[redacted]
24	DEPRECIATION									
25	AMORTIZATION									
26	AMORTIZ OF PROPERTY GAIN/LOSS									
27	OTHER OPERATING EXPENSES		(855,328)		4,489,703					
28	TAXES OTHER THAN F.I.T.							[redacted]		
29	FEDERAL INCOME TAXES			$ (34,563)	(1,571,396)	(125,250)	(2,996,706)	(1,020,176)	(40,331)	(444,407)
30	DEFERRED INCOME TAXES		299,365							
31	TOTAL OPERATING REV. DEDUCT.	$ 151,631	$ (555,963)	$ 64,188	$ 2,918,307	$ 232,606	$ 5,565,312	$ 1,894,612	$ 74,901	$ 825,326
32										
33	NET OPERATING INCOME	$ (151,631)	$ 555,963	$ (64,188)	$ (2,918,307)	$ (232,606)	$ (5,565,312)	$ (1,894,612)	$ (74,901)	$ (825,326)
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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -