

**EXHIBIT NO. ___(JHS-12)
DOCKET NOS. UE-111048/UG-111049
2011 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-111048
Docket No. UG-111049**

**FIRST EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED SUPPLEMENTAL DIRECT TESTIMONY OF
JOHN H. STORY
ON BEHALF OF PUGET SOUND ENERGY, INC.**

SEPTEMBER 1, 2011

PUGET SOUND ENERGY-ELECTRIC
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	ACTUAL RESULTS OF OPERATIONS	REVISED TOTAL ADJUSTMENTS	REVISED ADJUSTED RESULTS OF OPERATIONS	REVISED REVENUE REQUIREMENT DEFICIENCY	REVISED AFTER RATE INCREASE
1	OPERATING REVENUES				
2	SALES TO CUSTOMERS	\$ 2,042,334,319	\$ (64,997,951)	\$ 1,977,336,368	\$ 2,129,673,407
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT	350,182	867,565	1,217,748	1,809,210
4	SALES TO OTHER UTILITIES	201,262,557	(191,035,261)	10,227,296	10,227,296
5	OTHER OPERATING REVENUES	30,706,333	5,968,010	36,674,343	36,674,343
6	TOTAL OPERATING REVENUES	2,274,653,391	(249,197,637)	2,025,455,754	2,178,384,255
7					
8	OPERATING REVENUE DEDUCTIONS:				
9					
10	POWER COSTS:				
11	FUEL	\$ 268,147,071	(31,601,842)	236,545,230	236,545,230
12	PURCHASED AND INTERCHANGED	832,711,097	(327,295,830)	505,415,267	505,415,267
13	WHEELING	78,564,669	17,045,598	95,610,267	95,610,267
14	RESIDENTIAL EXCHANGE	(75,109,150)	75,109,150	-	-
15	TOTAL PRODUCTION EXPENSES	1,104,313,687	(266,742,923)	837,570,764	837,570,764
16					
17	OTHER POWER SUPPLY EXPENSES	\$ 102,409,192	24,983,852	127,393,044	127,393,044
18	TRANSMISSION EXPENSE	11,865,443	92,122	11,957,565	11,957,565
19	DISTRIBUTION EXPENSE	82,924,735	(998,711)	81,926,024	81,926,024
20	CUSTOMER ACCTS EXPENSES	50,172,086	(2,459,606)	47,712,480	48,392,094
21	CUSTOMER SERVICE EXPENSES	13,431,632	(11,727,008)	1,704,624	1,704,624
22	CONSERVATION AMORTIZATION	75,336,909	(75,334,320)	2,589	2,589
23	ADMIN & GENERAL EXPENSE	94,643,935	5,403,561	100,047,496	100,353,353
24	DEPRECIATION	190,245,449	29,592,275	219,837,724	219,837,724
25	AMORTIZATION	40,184,321	(236,433)	39,947,888	39,947,888
26	AMORTIZ OF PROPERTY GAIN/LOSS	17,493,031	(552,298)	16,940,733	16,940,733
27	OTHER OPERATING EXPENSES	30,169,560	(26,608,988)	3,560,572	3,560,572
28	ASC 815	166,953,097	(166,953,097)	-	-
29	TAXES OTHER THAN INCOME TAXES	193,255,907	(67,569,351)	125,686,555	131,583,173
30	INCOME TAXES	16,263,334	(91,611,792)	(75,348,458)	(24,232,260)
31	DEFERRED INCOME TAXES	(32,436,237)	200,902,071	168,465,833	168,465,833
32	TOTAL OPERATING REV. DEDUCT.	\$ 2,157,226,080	(449,820,647)	1,707,405,433	1,765,403,720
33					
34	NET OPERATING INCOME	\$ 117,427,311	200,623,010	318,050,321	412,980,535
35					
36	RATE BASE	\$ 4,100,870,913	803,886,033	4,904,756,946	4,904,756,946
37					
38	RATE OF RETURN	2.86%		6.48%	8.42%
39					
40	RATE BASE:				
41	GROSS UTILITY PLANT IN SERVICE	\$ 7,157,671,291	693,485,863	7,851,157,154	
42	ACCUM DEPR AND AMORT	(2,758,182,029)	7,805,936	(2,750,376,093)	
43	DEFERRED DEBITS AND CREDITS	241,208,023	184,108,059	425,316,082	
44	DEFERRED TAXES	(656,658,557)	(81,513,826)	(738,172,383)	
45	ALLOWANCE FOR WORKING CAPITAL	204,952,589	-	204,952,589	
46	OTHER	(88,120,404)	-	(88,120,404)	
47	TOTAL RATE BASE	\$ 4,100,870,913	803,886,033	4,904,756,946	

Note: Amounts presented in bold italic type have changed since the June 13 original filing.

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
Adjustment Detail (Page 1)

REVISED

LINE NO.	ACTUAL RESULTS OF OPERATIONS	POWER COSTS 13.01	LOWER SNAKE RIVER 13.02	LSR PPD TRANSM DEP 13.03	MT ELECTRIC ENERGY TAX 13.04	WILD HORSE SOLAR 13.05	ASC 815 (PREV. SFAS 133) 13.06	STORM DAMAGE 13.07	REMOVE TENASKA 13.08
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	\$ 2,042,334,319	\$ -		\$ -		\$ -	\$ -	
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT	350,182							
4	SALES TO OTHER UTILITIES	201,262,557	<i>(191,035,261)</i>						
5	OTHER OPERATING REVENUES	30,706,333	37,423,537						
6	TOTAL OPERATING REVENUES	<u>\$ 2,274,653,391</u>	<u>\$ (153,611,725)</u>	\$ -	\$ -		\$ -	\$ -	
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL	\$ 268,147,071	\$ (32,096,207)		\$ -		\$ -	\$ -	
12	PURCHASED AND INTERCHANGED	832,711,097	<i>(298,676,624)</i>	776,099					(37,532,000)
13	WHEELING	78,564,669	<i>9,407,800</i>	9,922,939	-				
14	RESIDENTIAL EXCHANGE	<i>(75,109,150)</i>	-						
15	TOTAL PRODUCTION EXPENSES	<u>\$ 1,104,313,687</u>	<u>\$ (321,365,032)</u>	\$ 10,699,038	\$ -	\$ -	\$ -	\$ -	\$ (37,532,000)
16									
17	OTHER POWER SUPPLY EXPENSES	\$ 102,409,192	\$ 13,859,275	\$ 10,891,023	\$ -	\$ -	\$ -	\$ -	\$ -
18	TRANSMISSION EXPENSE	11,865,443	<i>(29,798)</i>					50,883	
19	DISTRIBUTION EXPENSE	82,924,735						(1,606,134)	
20	CUSTOMER ACCTS EXPENSES	50,172,086							
21	CUSTOMER SERVICE EXPENSES	13,431,632							
22	CONSERVATION AMORTIZATION	75,336,909							
23	ADMIN & GENERAL EXPENSE	94,643,935		517,501					
24	DEPRECIATION	190,245,449		32,938,780		(275,497)			
25	AMORTIZATION	40,184,321							
26	AMORTIZ OF PROPERTY GAIN/LOSS	17,493,031						(520,925)	
27	OTHER OPERATING EXPENSES	30,169,560			680,129				
28	ASC 815	166,953,097					\$ (166,953,097)		
29	TAXES OTHER THAN INCOME TAXES	193,255,907	26,146	2,967,101		154,131			
30	INCOME TAXES	16,263,334	<i>53,864,189</i>	(18,577,935)	(238,045)	(53,946)	96,424	726,662	7,247,900
31	DEFERRED INCOME TAXES	<i>(32,436,237)</i>						58,433,584	
32	TOTAL OPERATING REV. DEDUCT.	<u>\$ 2,157,226,080</u>	<u>\$ (253,645,219)</u>	\$ 39,435,507	\$ 442,084	\$ 100,185	\$ (179,073)	\$ (108,519,513)	\$ (1,349,514)
33									
34	NET OPERATING INCOME	\$ 117,427,311	\$ <i>100,033,495</i>	\$ (39,435,507)	\$ (442,084)	\$ (100,185)	\$ 179,073	\$ 108,519,513	\$ 1,349,514
35									
36	RATE BASE	\$ 4,100,870,913	\$ -	\$ 687,710,765	\$ 110,538,909	\$ -	\$ (3,370,636)	\$ -	\$ -
37									
38	RATE OF RETURN	2.86%							
39									
40	RATE BASE:								
41	GROSS UTILITY PLANT IN SERVICE	\$ 7,157,671,291	\$ -	\$ 773,432,637	\$ -	\$ (4,357,020)		\$ -	\$ -
42	ACCUM DEPR AND AMORT	(2,758,182,029)		(17,848,252)		462,883			
43	DEFERRED DEBITS AND CREDITS	241,208,023			116,371,016				(59,395,254)
44	DEFERRED TAXES	(656,658,557)		(67,873,620)	(5,832,107)	523,501			2,899,125
45	ALLOWANCE FOR WORKING CAPITAL	204,952,589							
46	OTHER	(88,120,404)							
47	TOTAL RATE BASE	<u>\$ 4,100,870,913</u>	<u>\$ -</u>	<u>\$ 687,710,765</u>	<u>\$ 110,538,909</u>	<u>\$ -</u>	<u>\$ (3,370,636)</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Amounts presented in bold italic type have changed since the June 13 original filing.

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
Adjustment Detail (Page 2)

LINE NO.	CHELAN PAYMENTS 13.09	REG ASSETS & LIABILITIES 13.10	PRODUCTION ADJUSTMENT 13.11	TEMPERATURE NORMALIZATION 14.01	REVENUES & EXPENSES 14.02	PASS-THROUGH REVS. & EXPS. 14.03	FEDERAL INCOME TAX 14.04	TAX BENEFIT OF PRO FORMA INTEREST 14.05
1								
2		\$ -	\$ -	\$ 20,893,333	\$ (7,115,868)	\$ (78,775,416)	\$ -	\$ -
3				3,093	864,472			
4				-				
5					1,036,143	(32,491,670)		
6								
7	\$ -	\$ -	\$ -	\$ 20,896,426	\$ (5,215,253)	\$ (111,267,086)	\$ -	\$ -
8								
9								
10								
11		\$ 486,511	7,855	\$ -	\$ -	\$ -	\$ -	\$ -
12	7,088,066	1,209,583	(240,768)					
13		(2,076,858)	(208,282)					
14						75,109,150		
15	\$ 7,088,066	\$ (380,764)	\$ (441,195)	\$ -	\$ -	\$ 75,109,150	\$ -	\$ -
16								
17	\$ -	\$ -	\$ (264,563)	\$ -	\$ -	\$ -	\$ -	\$ -
18								
19								
20				92,864	(23,177)	(494,471)		
21						(11,759,103)		
22						(75,334,320)		
23			(176,391)	41,793	(10,431)	(275,781)		
24			(2,011,850)					
25		(0)	(236,432)					
26			(31,374)					
27		(5,285,876)	(80,129)		(7,273,471)	(21,591,916)		
28								
29			(463,313)	805,724	(201,090)	(76,449,191)		
30	(2,480,823)	1,983,324	1,410,886	6,984,616	802,520	(165,009)	(81,996,936)	(55,619,944)
31							142,468,487	
32	\$ 4,607,243	\$ (3,683,316)	\$ (2,294,360)	\$ 7,924,997	\$ (6,705,648)	\$ (110,960,641)	\$ 60,471,551	\$ (55,619,944)
33								
34	\$ (4,607,243)	\$ 3,683,316	\$ 2,294,360	\$ 12,971,429	\$ 1,490,395	\$ (306,445)	\$ (60,471,551)	\$ 55,619,944
35								
36	\$ 135,630,302	\$ (19,546,418)	\$ (50,346,992)	\$ -	\$ -	\$ -	\$ -	\$ -
37								
38								
39								
40								
41	\$ -		\$ (75,230,110)	\$ -	\$ -	\$ -	\$ -	\$ -
42			25,065,430					
43	153,173,246	(19,546,418)	(6,494,531)					
44	(17,542,944)	-	6,312,219					
45								
46								
47	\$ 135,630,302	\$ (19,546,418)	\$ (50,346,992)	\$ -	\$ -	\$ -	\$ -	\$ -

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PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
Adjustment Detail (Page 3)

REVISED

LINE NO.	OPERATING EXPENSES 14.06	GENERAL DEPRECIATION 14.07	PLAN INJ & DMGS 14.08	NORMALIZE 14.09	BAD DEBTS 14.09	INCENTIVE PAY 14.10	PROPERTY TAXES 14.11	EXCISE TAX & FILING FEE 14.12	D&O INSURANCE 14.13	INTEREST ON CUST DEPOSITS 14.14	RATE CASE EXPENSES 14.15
1	OPERATING REVENUES										
2	SALES TO CUSTOMERS	\$ -	\$ -		\$ -		\$ -	\$ -		\$ -	\$ -
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT										
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					(32,535)					
13	WHEELING										
14	RESIDENTIAL EXCHANGE										
15	TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	\$ -	(32,535)	\$ -	\$ -	\$ -	\$ -	\$ -
16											
17	OTHER POWER SUPPLY EXPENSES	(77,825)	\$ -	\$ -	\$ -	(151,874)	\$ -	\$ -	\$ -	\$ -	\$ -
18	TRANSMISSION EXPENSE					(25,766)					
19	DISTRIBUTION EXPENSE	(112,534)				(173,076)					
20	CUSTOMER ACCTS EXPENSES				(2,520,278)	(102,159)				47,149	
21	CUSTOMER SERVICE EXPENSES					(10,513)					
22	CONSERVATION AMORTIZATION										
23	ADMIN & GENERAL EXPENSE	1,490,741		1,116,336		(189,642)			(51,667)		(68,325)
24	DEPRECIATION		(1,059,158)								
25	AMORTIZATION										
26	AMORTIZ OF PROPERTY GAIN/LOSS										
27	OTHER OPERATING EXPENSES	5,360,250									
28	ASC 815										
29	TAXES OTHER THAN INCOME TAXES	(27,777)				(56,311)	5,169,110	309,198			
30	INCOME TAXES	(2,321,499)	370,705	(390,718)	882,097	259,656	(1,809,189)	(108,219)	18,084		\$ 23,914
31	DEFERRED INCOME TAXES										
32	TOTAL OPERATING REV. DEDUCT.	\$ 4,311,356	\$ (688,453)	\$ 725,618	\$ (1,638,181)	\$ (482,220)	\$ 3,359,921	\$ 200,979	\$ (33,584)	\$ 47,149	\$ (44,411)
33											
34	NET OPERATING INCOME	\$ (4,311,356)	\$ 688,453	\$ (725,618)	\$ 1,638,181	\$ 482,220	\$ (3,359,921)	\$ (200,979)	\$ 33,584	\$ (47,149)	\$ 44,411
35											
36	RATE BASE	\$ -	\$ (233,769)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37											
38	RATE OF RETURN										
39											
40	RATE BASE:										
41	GROSS UTILITY PLANT IN SERVICE	\$ -	\$ (359,644)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42	ACCUM DEPR AND AMORT		125,875								
43	DEFERRED DEBITS AND CREDITS										
44	DEFERRED TAXES										
45	ALLOWANCE FOR WORKING CAPITAL										
46	OTHER										
47	TOTAL RATE BASE	\$ -	\$ (233,769)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Amounts presented in bold italic type have changed since the June 13 original filing.

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
Adjustment Detail (Page 4)

LINE NO.								REVISED	REVISED
	DEFERRED G/L ON PROPERTY SALES 14.16	PROPERTY & LIABILITY INS 14.17	PENSION PLAN 14.18	WAGE INCREASE 14.19	INVESTMENT PLAN 14.20	EMPLOYEE INSURANCE 14.21	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	
1	OPERATING REVENUES								
2	\$	- \$	- \$	- \$	- \$	- \$	- \$	(64,997,951) \$	1,977,336,368
3								867,565	1,217,748
4								(191,035,261)	10,227,296
5								5,968,010	36,674,343
6	\$	- \$	- \$	- \$	- \$	- \$	- \$	(249,197,637)	2,025,455,754
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	\$	- \$	- \$	- \$	- \$	- \$	- \$	(31,601,842)	236,545,230
12					112,349			(327,295,830)	505,415,267
13								17,045,598	95,610,267
14								75,109,150	-
15	\$	- \$	- \$	- \$	112,349 \$	- \$	- \$	(266,742,923)	837,570,764
16									
17	\$	- \$	- \$	- \$	727,816 \$	- \$	- \$	24,983,852 \$	127,393,044
18					96,803			92,122	11,957,565
19					893,032			(998,711)	81,926,024
20					540,466			(2,459,606)	47,712,480
21					42,607			(11,727,008)	1,704,624
22								(75,334,320)	2,589
23			191,504	1,846,129	680,182	165,844	125,768	5,403,561	100,047,496
24								29,592,275	219,837,724
25								(236,433)	39,947,888
26								(552,298)	16,940,733
27		1,582,025						(26,608,988)	3,560,572
28								(166,953,097)	-
29					196,920			(67,569,351)	125,686,555
30		(553,709)	(67,026)	(646,145)	(1,151,561)	(58,046)	(44,019)	(91,611,792)	(75,348,458)
31								200,902,071	168,465,833
32	\$	1,028,316 \$	124,477 \$	1,199,984 \$	2,138,614 \$	107,798 \$	81,749 \$	(449,820,647)	1,707,405,433
33									
34	\$	(1,028,316) \$	(124,477) \$	(1,199,984) \$	(2,138,614) \$	(107,798) \$	(81,749) \$	200,623,010	318,050,321
35									
36	\$	- \$	- \$	- \$	- \$	- \$	- \$	803,886,033 \$	4,904,756,946
37									
38									6.48%
39									
40	RATE BASE:								
41	\$	- \$	- \$	- \$	- \$	- \$	- \$	693,485,863 \$	7,851,157,154
42								7,805,936	(2,750,376,093)
43								184,108,059	425,316,082
44								(81,513,826)	(738,172,383)
45								-	204,952,589
46								-	(88,120,403)
47	\$	- \$	- \$	- \$	- \$	- \$	- \$	803,886,033 \$	4,904,756,946

Note: Amounts presented in bold italic type have changed since the June 13 original filing.