

**EXHIBIT NO. \_\_\_(JHS-13)  
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**

**SECOND 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  
POWER COSTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
GENERAL RATE INCREASE**

| LINE<br>NO. | DESCRIPTION   | <i>REVISED</i>     |                         | INCREASE<br>(DECREASE) |
|-------------|---|--------------------|-------------------------|------------------------|
|             |   | ACTUAL             | PROFORMA                |                        |
| 1           | SALES FOR RESALE  | \$ 201,262,557     | <i>\$ 10,227,296</i>    | \$ (191,035,261)       |
| 2           |   |                    |                         |                        |
| 3           | PURCHASES/SALES OF NON-CORE GAS                         | (36,748,461)       | -                       | 36,748,461             |
| 4           | WHEELING FOR OTHERS                                     | 10,703,023         | 11,378,098              | 675,075                |
| 5           |   | (26,045,439)       | 11,378,098              | 37,423,537             |
| 6           |   |                    |                         |                        |
| 7           | TOTAL OPERATING REVENUES                                | 175,217,118        | <i>21,605,394</i>       | <i>(153,611,725)</i>   |
| 8           |   |                    |                         |                        |
| 9           | FUEL  | \$ 269,007,822     | <i>\$ 236,911,615</i>   | \$ (32,096,207)        |
| 10          |   |                    |                         |                        |
| 11          | PURCHASED AND INTERCHANGED                              | 792,862,060        | <i>492,764,529</i>      | <i>(300,097,532)</i>   |
| 12          | HEDGING   | -                  | 1,420,907               | 1,420,907              |
| 13          |   |                    |                         |                        |
| 14          | SUBTOTAL PURCHASED AND INTERCHANGED                     | \$ 792,862,060     | <i>\$ 494,185,436</i>   | \$ (298,676,624)       |
| 15          | WHEELING  | 76,487,811         | <i>85,895,611</i>       | <i>9,407,800</i>       |
| 16          |   |                    |                         | -                      |
| 17          | TOTAL PRODUCTION EXPENSES                               | \$ 1,138,357,693   | <i>\$ 816,992,662</i>   | \$ (321,365,032)       |
| 18          | HYDRO AND OTHER POWER                                   | 101,194,084        | 115,053,360             | 13,859,275             |
| 19          | TRANS. EXP. INCL. 500KV O&M                             | 1,419,635          | <i>1,389,837</i>        | <i>(29,798)</i>        |
| 20          |   |                    |                         |                        |
| 21          | TOTAL OPERATING EXPENSES                                | \$ 1,240,971,412   | <i>\$ 933,435,858</i>   | \$ (307,535,554)       |
| 22          |   |                    |                         |                        |
| 23          | INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 21) | \$ (1,065,754,294) | <i>\$ (911,830,464)</i> | \$ 153,923,830         |
| 24          |   |                    |                         |                        |
| 25          | STATE UTILITY TAX SAVINGS FOR LINE 4                    | 3.873%             |                         | (26,146)               |
| 26          | INCREASE (DECREASE) INCOME                              |                    |                         | \$ 153,897,684         |
| 27          | INCREASE (DECREASE) FIT @                               | 35%                |                         | <i>53,864,189</i>      |
| 28          | INCREASE (DECREASE) NOI                                 |                    |                         | <u>\$ 100,033,495</u>  |

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

**PUGET SOUND ENERGY  
GENERAL RATE CASE  
DETERMINATION OF NET POWER COSTS FOR GRC ADJUSTMENT JHS 13.01  
TEST YEAR ENDED DECEMBER 31, 2010  
RATE YEAR ENDED APRIL 30, 2013**

| Line | FERC    | Description                                       | REVISED  |   |   |      | REVISED                                       |                |                |   | REVISED               |                       |
|------|---------|---|--|---|---|------|---|----------------|----------------|---|-----------------------|-----------------------|
|      |         |   | Per Exh. DEM-9<br>Rate Year<br>12ME<br>4/30/2013 | Reclass<br>Jackson Prarie<br>Move from O&M<br>to Fuel | Remove amounts shown on other adjustments |      | Add / Remove amounts not in /<br>in Exh DEM-9 |                | Subtotal       | Per JHS-13.01<br>After Prod<br>Factor of<br>0.97901 |                       |                       |
|      | a       | b   | c  | c.1   | d   | e    | f   | g              | h              | i   | j                     | k                     |
| 1    |         | Fuel:   |  |   |   |      |   |                |                |   |                       |                       |
| 2    | 501     | Steam Fuel  | <b>\$ 91,268,161</b>                             |   |   |      |   | (555,556)      | \$ -           |   | <b>\$ 90,712,605</b>  | <b>\$ 88,808,547</b>  |
| 3    | 547     | Fuel  | <b>149,217,980</b>                               | 1,130,625   |   |      |   | 929,796        | -              |   | <b>151,278,401</b>    | <b>148,103,067</b>    |
| 4    |         |   | <b>240,486,141</b>                               | 1,130,625   | -   |      |   | 374,240        | -              | -   | <b>241,991,006</b>    | <b>236,911,615</b>    |
| 5    |         | Purchased and Interchanged:                       |  |   |   |      |   |                |                |   |                       |                       |
| 6    | 555     | Purchased Power                                   | <b>508,060,098</b>                               |   | (776,099)                                 |      | (7,088,066)                                   | (3,526,620)    | -              |   | <b>496,669,314</b>    | <b>486,244,225</b>    |
| 7    |         |   |  |   |   |      |   |                |                |   |                       |                       |
| 8    | 557     | Other Power Expense                               | <b>8,029,303</b>                                 |   |   |      |   |                | (1,369,204)    |   | <b>6,660,099</b>      | <b>6,520,304</b>      |
| 9    |         | Hedging   | -  |   |   |      |   |                |                | 1,451,372   | 1,451,372             | 1,420,907             |
| 10   |         |   | <b>516,089,401</b>                               | -   | (776,099)                                 | -    | (7,088,066)                                   | (3,526,620)    | (1,369,204)    | 1,451,372   | <b>504,780,785</b>    | <b>494,185,436</b>    |
| 11   |         |   |  |   |   |      |   |                |                |   |                       |                       |
| 12   | 565     | Wheeling  | <b>97,660,154</b>                                |   | (9,922,939)                               | -    |   | -              | -              |   | <b>87,737,215</b>     | <b>85,895,611</b>     |
| 13   |         |   |  |   |   |      |   |                |                |   |                       |                       |
| 14   | various | Hydro and Other Power                             | 137,606,376                                      | (1,130,625)   | (10,891,023)                              |      |   | (1,215,107)    | (6,849,513)    |   | 117,520,107           | 115,053,360           |
| 15   |         |   |  |   |   |      |   |                |                |   |                       |                       |
| 16   | various | Trans. Exp. Incl. 500Kv O&M                       | <b>1,419,635</b>                                 |   |   |      |   |                |                |   | <b>1,419,635</b>      | <b>1,389,837</b>      |
| 17   | 447     | Sales for Resale                                  | <b>(10,446,569)</b>                              |   |   |      |   |                |                |   | <b>(10,446,569)</b>   | <b>(10,227,296)</b>   |
| 18   | 456     | Purchases/Sales Of Non-Core Gas                   | -  |   |   |      |   |                |                |   | -                     | -                     |
| 19   |         |   | <b>(9,026,934)</b>                               | -   | -   | -    | -   | -              | -              | -   | <b>(9,026,934)</b>    | <b>(8,837,459)</b>    |
| 20   |         |   |  |   |   |      |   |                |                |   |                       |                       |
| 21   |         | Net Power Costs (column c per DEM Exhibit)        | <b>982,815,137</b>                               | -   | (21,590,061)                              | -    | (7,088,066)                                   | (4,367,487)    | (8,218,717)    | 1,451,372   | <b>943,002,178</b>    | <b>923,208,562</b>    |
| 22   |         | Variable Transmission Income                      | (11,622,045)                                     |   |   |      |   |                |                |   | (11,622,045)          | (11,378,098)          |
| 23   |         |   |  |   |   |      |   |                |                |   |                       |                       |
| 24   |         | Col k = amount of adjustment on JHS 13.01 Line 23 | <b>\$ 971,193,092</b>                            | \$ -  | \$ (21,590,061)                           | \$ - | \$ (7,088,066)                                | \$ (4,367,487) | \$ (8,218,717) | \$ 1,451,372  | <b>\$ 931,380,133</b> | <b>\$ 911,830,464</b> |

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

**PUGET SOUND ENERGY-ELECTRIC  
LOWER SNAKE RIVER PROJECT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
GENERAL RATE INCREASE**

| LINE<br>NO. | DESCRIPTION  | TEST YEAR        | PROFORMA              | ADJUSTMENT             |
|-------------|--|------------------|-----------------------|------------------------|
| 1           | <u>LOWER SNAKE RIVER RATEBASE (AMA)</u>                    |                  |                       |                        |
| 2           | <u>UTILITY PLANT RATEBASE</u>                              |                  |                       |                        |
| 3           | PLANT BALANCE  | \$ 42,219        | \$ 773,474,856        | \$ 773,432,637         |
| 4           | ACCUM DEPRECIATION   | -                | (17,848,252)          | (17,848,252)           |
| 5           | DEFERRED INCOME TAX LIABILITY                              | -                | (67,873,620)          | (67,873,620)           |
| 6           |  |                  |                       |                        |
| 7           | NET LSR EXPANSION PLANT RATEBASE                           | <u>\$ 42,219</u> | <u>\$ 687,752,984</u> | <u>\$ 687,710,765</u>  |
| 8           |  |                  |                       |                        |
| 9           | <u>LOWER SNAKE RIVER OPERATING EXPENSE</u>                 |                  |                       |                        |
| 10          | TAXABLE DEPRECIATION EXPENSE                               | \$ -             | \$ 28,005,153         | \$ 28,005,153          |
| 11          | NON-TAXABLE DEPRECIATION EXPENSE                           |                  | 4,933,627             | 4,933,627              |
| 12          | TOTAL DEPRECIATION EXPENSE                                 | <u>\$ -</u>      | <u>\$ 32,938,780</u>  | <u>\$ 32,938,780</u>   |
| 13          |  |                  |                       |                        |
| 14          |  |                  |                       |                        |
| 15          | <u>POWER COST AND O&amp;M RELATED TO LOWER SNAKE RIVER</u> |                  |                       |                        |
| 16          | PURCHASED POWER  |                  | \$ 776,099            | \$ 776,099             |
| 17          | WHEELING   |                  | 9,922,939             | 9,922,939              |
| 18          | PRODUCTION O&M   | -                | 10,891,023            | 10,891,023             |
| 19          | PROPERTY INSURANCE   | -                | 517,501               | 517,501                |
| 20          | PROPERTY TAXES   |                  | 2,967,101             | 2,967,101              |
| 21          | TOTAL POWER COST AND PROD O&M                              | <u>-</u>         | <u>25,074,663</u>     | <u>25,074,663</u>      |
| 22          |  |                  |                       |                        |
| 23          | INCREASE ( DECREASE ) EXPENSE                              | -                | 58,013,442            | 58,013,442             |
| 24          |  |                  |                       |                        |
| 25          | INCREASE (DECREASE) FIT ON ALL EXPENSES EXCEPT LINE 11 @   |                  | 35%                   | (18,577,935)           |
| 26          | INCREASE (DECREASE) NOI                                    |                  |                       | <u>\$ (39,435,507)</u> |

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

**PUGET SOUND ENERGY-ELECTRIC  
LOWER SNAKE RIVER PREPAID TRANSMISSION DEPOSITS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
GENERAL RATE INCREASE**

| LINE<br>NO. | DESCRIPTION   | TEST YEAR     | PROFORMA              | ADJUSTMENT            |
|-------------|---|---------------|-----------------------|-----------------------|
| 1           | <b><u>PRINCIPAL PORTION OF LSR PREPAID TRANSMISSION (AMA)</u></b> |               |                       |                       |
| 2           | TOTAL PREPAID DEPOSIT   | \$ 99,707,854 |                       | \$ 99,707,854         |
| 3           | ACCUM AMORT. CREDIT PYMT FR. BPA                                  |               | -                     | -                     |
| 4           | NET LSR PREPAID TRANS. RATEBASE                                   | <u>\$ -</u>   | <u>\$ 99,707,854</u>  | <u>\$ 99,707,854</u>  |
| 5           |   |               |                       |                       |
| 6           | <b><u>DEFERRED CARRYING CHARGES (AMA)</u></b>                     |               |                       |                       |
| 7           | CARRYING CHARGES BALANCE  |               | 17,003,226            | \$ 17,003,226         |
| 8           | ACCUM AMORT. CARRYING CHARGES                                     |               | (340,065)             | \$ (340,065)          |
| 9           | DEFERRED INCOME TAX   |               | (5,832,107)           | \$ (5,832,107)        |
| 10          | NET LSR CARRYING CHARGES RATEBASE                                 | <u>\$ -</u>   | <u>\$ 10,831,055</u>  | <u>\$ 10,831,055</u>  |
| 11          |   |               |                       |                       |
| 12          | <b><u>TOTAL RATEBASE</u></b>                                      | <u>\$ -</u>   | <u>\$ 110,538,909</u> | <u>\$ 110,538,909</u> |
| 13          |   |               |                       |                       |
| 14          | <b><u>OPERATING EXPENSE</u></b>                                   |               |                       |                       |
| 15          | AMORTIZATION OF PRINCIPAL (565)                                   | \$ -          |                       | \$ -                  |
| 16          | AMORTIZATION OF CARRYING CHARGES (407.3)                          | -             | 680,129               | \$ 680,129            |
| 17          |   |               |                       |                       |
| 18          | INCREASE (DECREASE) EXPENSE                                       | <u>-</u>      | <u>680,129</u>        | <u>680,129</u>        |
| 19          |   |               |                       |                       |
| 20          | INCREASE (DECREASE) FIT @   |               | 35%                   | <u>(238,045)</u>      |
| 21          | INCREASE (DECREASE) NOI   |               |                       | <u>\$ (442,084)</u>   |

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

**PUGET SOUND ENERGY-ELECTRIC  
MONTANA ELECTRIC ENERGY TAX  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
GENERAL RATE INCREASE**

| <b>LINE<br/>NO.</b> | <b>DESCRIPTION</b>            | <b>AMOUNT</b>              |
|---------------------|-------------------------------|----------------------------|
| 1                   | PROFORMA KWH (COLSTRIP)       | 4,846,358,760              |
| 2                   | TAX RATE                      | <u>0.00035</u>             |
| 3                   |                               |                            |
| 4                   | PROFORMA ENERGY TAX           | 1,696,226                  |
| 5                   | CHARGED TO EXPENSE            | <u>1,542,094</u>           |
| 6                   | INCREASE (DECREASE) EXPENSE   | \$ 154,131                 |
| 7                   |                               |                            |
| 8                   | INCREASE (DECREASE) FIT @ 35% | <u>(53,946)</u>            |
| 9                   | INCREASE (DECREASE) NOI       | <u><u>\$ (100,185)</u></u> |

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

**PUGET SOUND ENERGY-ELECTRIC  
WILD HORSE SOLAR  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
GENERAL RATE INCREASE**

| LINE<br>NO. | DESCRIPTION                                  | ACTUAL              | PROFORMA    | ADJUSTMENT            |
|-------------|--|---------------------|-------------|-----------------------|
| 1           |  |                     |             |                       |
| 2           | <u>RATEBASE (AMA) UTILITY PLANT RATEBASE</u> |                     |             |                       |
| 3           | PLANT BALANCE                                | \$ 4,357,020        |             | \$ (4,357,020)        |
| 4           | ACCUM DEPRECIATION                           | (462,883)           |             | 462,883               |
| 5           | DEFERRED INCOME TAX LIABILITY                | (523,501)           |             | 523,501               |
| 6           | NET WILD HORSE SOLAR PLANT RATEBASE          | <u>\$ 3,370,636</u> | <u>\$ -</u> | <u>\$ (3,370,636)</u> |
| 7           |  |                     |             |                       |
| 8           | <u>OPERATING EXPENSE</u>                     |                     |             |                       |
| 9           | DEPRECIATION EXPENSE                         | \$ 275,497          |             | \$ (275,497)          |
| 10          |  |                     |             |                       |
| 11          | INCREASE (DECREASE ) EXPENSE                 |                     |             | (275,497)             |
| 12          |  |                     |             |                       |
| 13          | INCREASE (DECREASE) FIT @                    |                     | 35%         | 96,424                |
| 14          | INCREASE (DECREASE) NOI                      |                     |             | <u>\$ 179,073</u>     |

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

**PUGET SOUND ENERGY-ELECTRIC**  
**ACCOUNTING STANDARDS CODIFICATION 815 (FORMERLY SFAS 133)**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010**  
**GENERAL RATE INCREASE**

| LINE<br>NO. |                                     | ACTUAL         | RESTATED | ADJUSTMENT            |
|-------------|-------------------------------------|----------------|----------|-----------------------|
| 1           | ASC 815 OPERATING EXPENSE           | \$ 166,953,097 | \$ -     | \$ (166,953,097)      |
| 2           |                                     |                |          |                       |
| 3           | INCREASE (DECREASE) IN EXPENSE      | \$ 166,953,097 | \$ -     | \$ (166,953,097)      |
| 4           |                                     |                |          |                       |
| 5           | INCREASE(DECREASE) OPERATING INCOME |                |          | 166,953,097           |
| 6           |                                     |                |          |                       |
| 7           | INCREASE (DECREASE) DEFERRED FIT @  | 35%            |          | 58,433,584            |
| 8           |                                     |                |          |                       |
| 9           | INCREASE (DECREASE) NOI             |                |          | <u>\$ 108,519,513</u> |

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



**PUGET SOUND ENERGY-ELECTRIC  
STORM DAMAGE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION   | AMOUNT       |                |                |
|----------|---|--------------|----------------|----------------|
| 1        | NORMAL STORMS   | Transmission | Distribution   | Total          |
| 2        | ACTUAL O&M:   |              |                |                |
| 3        | TWELVE MONTHS ENDED 12/31/05                                    | \$ 122,468   | \$ 3,449,456   | \$ 3,571,923   |
| 4        | TWELVE MONTHS ENDED 12/31/06                                    | 450,748      | 10,435,721     | 10,886,469     |
| 5        | TWELVE MONTHS ENDED 12/31/07                                    | 376,353      | 8,672,798      | 9,049,151      |
| 6        | TWELVE MONTHS ENDED 12/31/08                                    | 77,335       | 9,881,618      | 9,958,953      |
| 7        | TWELVE MONTHS ENDED 12/31/09                                    | 41,126       | 4,617,466      | 4,658,592      |
| 8        | TWELVE MONTHS ENDED 12/31/10                                    | 152,546      | 9,338,773      | 9,491,319      |
| 9        | TOTAL NORMAL STORMS   | 1,220,576    | 46,395,832     | 47,616,408     |
| 10       |   |              |                |                |
| 11       | SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR                    | 203,429      | 7,732,639      | 7,936,068      |
| 12       |   |              |                |                |
| 13       | CHARGED TO EXPENSE 12 MONTHS ENDED 12/31/10                     |              |                |                |
| 14       | STORM DAMAGE EXPENSE (LINE 8)                                   | 152,546      | 9,338,773      | 9,491,319      |
| 15       |   |              |                |                |
| 16       | INCREASE (DECREASE) OPERATING EXPENSE                           | \$ 50,883    | \$ (1,606,134) | \$ (1,555,251) |
| 17       |   |              |                |                |
| 18       |   |              |                |                |
| 19       | CATASTROPHIC STORMS   |              |                |                |
| 20       | DEFERRED BALANCES FOR UE-090704 4 YEAR AMORTIZATION             |              |                |                |
| 21       | AT START OF RATE YEAR (05/1/12):                                |              |                |                |
| 22       | 2006 STORM DAMAGE (EXCL 12/13/06 WIND STORM)                    | \$ 283,161   |                |                |
| 23       | 2007 STORM DAMAGE   | 13,794,354   |                |                |
| 24       | 2008 STORM DAMAGE   | 1,998,779    |                |                |
| 25       | 2008 STORM DAMAGE-PENDING APPROVAL                              | 86,185       |                |                |
| 26       | 2010 STORM DAMAGE-PENDING APPROVAL                              | 13,909,769   |                |                |
| 27       | DEFERRAL BALANCES BEG OF RY (LINE 22 THROUGH LINE 26)           | 30,072,248   |                |                |
| 28       |   |              |                |                |
| 29       | ANNUAL AMORTIZATION (LINE 27 ÷ 48 MONTHS) x 12                  | 7,518,062    |                |                |
| 30       |   |              |                |                |
| 31       |   |              |                |                |
| 32       | DEFERRED BALANCES FOR 10 YEAR AMORTIZATION AT                   |              |                |                |
| 33       | START OF RATE YEAR (05/1/12):                                   |              |                |                |
| 34       | 12/13/06 WIND STORM   | 51,735,725   |                |                |
| 35       | TOTAL (LINE 34)   | 51,735,725   |                |                |
| 36       | ORIGINAL AMORT PERIOD FROM UE-072300 WAS 10 YEARS               |              |                |                |
| 37       | FROM NOVEMBER 2008 THROUGH OCTOBER 2018                         |              |                |                |
| 38       | ANNUAL AMORTIZATION (LINE 35 ÷ 78 (5/2012 - 10/2018) x 12)      | 7,959,342    |                |                |
| 39       | TOTAL RATE YEAR AMORTIZATION (LINE 29 + LINE 38)                | 15,477,404   |                |                |
| 40       | LESS TEST YEAR CATASTROPHIC STORM AMORTIZATION                  |              | 15,998,329     |                |
| 41       |   |              |                |                |
| 42       | INCREASE (DECREASE) OPERATING EXPENSE (LINE 38- LINE 39)        |              |                | (520,925)      |
| 43       |   |              |                |                |
| 44       | TOTAL INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 42) |              |                | (2,076,176)    |
| 45       |   |              |                |                |
| 46       | INCREASE (DECREASE) FIT @ 35% (LINE 44 X 35%)                   |              | 35%            | 726,662        |
| 47       |   |              |                |                |
| 48       | INCREASE (DECREASE) NOI   |              |                | \$ 1,349,514   |

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

**PUGET SOUND ENERGY-ELECTRIC  
REMOVE COSTS ASSOCIATED WITH TENASKA REGULATORY ASSET  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
GENERAL RATE INCREASE**

| LINE<br>NO. | DESCRIPTION  | TEST YEAR            | ADJUSTED<br>TEST YEAR | ADJUSTMENT             |
|-------------|--|----------------------|-----------------------|------------------------|
| 1           | <b>RATEBASE</b>  |                      |                       |                        |
| 2           | REGULATORY ASSET   | \$ 59,395,254        | \$                    | \$ (59,395,254)        |
| 3           | DEFERRED FIT   | (2,899,125)          | 0                     | 2,899,125              |
| 4           |  |                      |                       |                        |
| 5           | NET RATEBASE   | <u>\$ 56,496,129</u> | <u>\$</u>             | <u>\$ (56,496,129)</u> |
| 6           |  |                      |                       |                        |
| 7           | <b>AMORTIZATION (NOTE 1) AND DISALLOWANCES</b>                                     |                      |                       |                        |
| 8           | AMORTIZATION OF PURCHASE PRICE:  |                      |                       | -                      |
| 9           | TAXABLE - SEE LINE 18 FOR TAX (LINE 18 ÷ 35%)                                      | 14,334,286           | -                     | (14,334,286)           |
| 10          | NON-TAXABLE  | 16,823,714           | -                     | (16,823,714)           |
| 11          | TOTAL AMORTIZATION OF PURCHASE PRICE   | <u>31,158,000</u>    | -                     | <u>(31,158,000)</u>    |
| 12          |  |                      |                       |                        |
| 13          | AMORTIZATION OF AFPC PORTION (NOTE 3)  | 6,374,000            | -                     | (6,374,000)            |
| 14          | DISALLOWANCES  |                      | -                     | -                      |
| 15          | SUBTOTAL NORMALIZED  | <u>6,374,000</u>     | -                     | <u>(6,374,000)</u>     |
| 16          |  |                      |                       |                        |
| 17          | INCREASE (DECREASE ) EXPENSE   |                      |                       | (37,532,000)           |
| 18          | INCREASE (DECREASE) FIT (ON LINE 9)  |                      |                       | 5,017,000              |
| 19          | INCREASE (DECREASE) FIT (ON LINE 15)   |                      | 35%                   | <u>2,230,900</u>       |
| 20          | INCREASE (DECREASE) NOI  |                      |                       |                        |
| 21          | TOTAL NET OPERATING INCOME   |                      |                       | <u>\$ 30,284,100</u>   |
| 22          |  |                      |                       |                        |
| 23          |  |                      |                       |                        |
| 24          |  |                      |                       |                        |
| 25          | (NOTE 1) TOTAL AMORTIZATION = \$37,532,000 = \$14,334,286 TAXABLE PURCHASE PRICE + |                      |                       |                        |
| 26          | \$16,823,714 NON-TAXABLE PURCHASE PRICE + TAXABLE AFPC \$6,374,000.                |                      |                       |                        |
| 27          |  |                      |                       |                        |
| 28          | (NOTE 2) THE IMPACT ON THE TAX BENEFIT OF PROFORMA INTEREST IS HANDLED IN          |                      |                       |                        |
| 29          | ADJUSTMENT NO. 13.05   |                      |                       |                        |
| 30          |  |                      |                       |                        |
| 31          | (NOTE 3) AFPC STANDS FOR ALLOWANCE FOR FUNDS ON POWER CONTRACTS                    |                      |                       |                        |

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

**PUGET SOUND ENERGY-ELECTRIC  
CONTRACT PAYMENTS TO CHELAN PUD  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
GENERAL RATE INCREASE**

| LINE<br>NO. DESCRIPTION                            | TEST YEAR | ADJUSTED<br>RATE YEAR | ADJUSTMENT      |
|--|-----------|-----------------------|-----------------|
| 1 <b><u>INITIATION PAYMENT AMA (UE-060539)</u></b> |           |                       |                 |
| 2 INITIATION PAYMENT BALANCE                       | \$ -      | \$ 141,761,312        | \$ 141,761,312  |
| 3 ACCUMULATED AMORTIZATION                         | 0         | (7,088,066)           | \$ (7,088,066)  |
| 4 DEFERRED INCOME TAX                              | -         | (17,542,944)          | \$ (17,542,944) |
| 5  |           |                       |                 |
| 6 NET INITIATION PAYMENT RATEBASE AMA              | \$ -      | \$ 117,130,302        | \$ 117,130,302  |
| 7  |           |                       |                 |
| 8 <b><u>SECURITY DEPOSIT AMA</u></b>               |           |                       |                 |
| 9 SECURITY DEPOSIT BALANCE                         | \$ -      | \$ 18,500,000         | \$ 18,500,000   |
| 10 ACCUMULATED AMORTIZATION                        | -         | -                     | -               |
| 11 NET SECURITY DEPOSIT AMA                        | \$ -      | \$ 18,500,000         | \$ 18,500,000   |
| 12   |           |                       |                 |
| 13 <b><u>INCREASE RATEBASE</u></b>                 | \$ -      | \$ 135,630,302        | \$ 135,630,302  |
| 14   |           |                       |                 |
| 15 <b><u>OPERATING EXPENSE</u></b>                 |           |                       |                 |
| 16 AMORTIZATION OF INITIATION PAYMENT (555)        | -         | 7,088,066             | 7,088,066       |
| 17 INCREASE (DECREASE) EXPENSE                     | \$ -      | \$ 7,088,066          | \$ 7,088,066    |
| 18   |           |                       |                 |
| 19 INCREASE (DECREASE) FIT @                       |           | 35%                   | (2,480,823)     |
| 20 INCREASE (DECREASE) NOI                         |           |                       | \$ (4,607,243)  |

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

**PUGET SOUND ENERGY-ELECTRIC  
REGULATORY ASSETS AND LIABILITIES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
GENERAL RATE INCREASE**

| LINE<br>NO. DESCRIPTION  | TEST<br>YEAR  | RATE YEAR     | ADJUSTMENT      |
|--|---------------|---------------|-----------------|
| 1 <u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u> |               |               |                 |
| 2 BEP  | 16,250,380    | 11,214,773    | (5,035,607)     |
| 3 WHITE RIVER PLANT COSTS  | 37,566,968    | 34,565,277    | (3,001,690)     |
| 4 WHITE RIVER RELICENSING & CWIP                                       | 24,579,164    | 24,941,807    | 362,643         |
| 5 PROCEEDS FROM THE SALE OF WHITE RIVER ASSETS TO CWA                  | (25,951,720)  | (29,911,730)  | (3,960,010)     |
| 6 DFIT - WHITE RIVER REG ASSET   | (11,889,662)  | (10,331,528)  | 1,558,135       |
| 7 HOPKINS RIDGE PREPAID TRANSMISSION                                   | 1,394,050     | -             | (1,394,050)     |
| 8 GOLDENDALE FIXED COSTS DEFERRAL                                      | 3,605,729     | -             | (3,605,729)     |
| 9 HOPKINS RIDGE MITIGATION CREDIT                                      | (326,871)     | -             | 326,871         |
| 10 WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY)                 | (2,135,222)   | (1,529,462)   | 605,761         |
| 11 WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS)               | (2,286,406)   | (2,096,742)   | 189,664         |
| 12 MINT FARM DEFERRAL - UE-090704                                      | 26,616,505    | 23,180,901    | (3,435,604)     |
| 13 WILD HORSE EXPANSION DEFERRAL - UE-090704                           | 2,331,479     | -             | (2,331,479)     |
| 14 COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT                        | 5,000,000     | 3,981,481     | (1,018,519)     |
| 15 FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074                 | -             | 1,193,198     | 1,193,198       |
| 16 CONTRACT MAJOR MAINTENANCE:   |               |               | -               |
| 17 SUMAS NOVEMBER 2010 HOT GAS PATH INSPECTION                         | 82,651        | 82,651        | -               |
| 18 FREDDY 1 JULY 2009 HOT GAS PATH INSPECTION                          | 212,106       | 212,106       | -               |
| 19 GOLENDALE MAY 2009 COMBUSTION INSPECTION                            | 590,967       | 590,967       | -               |
| 20 SUMAS NOVEMBER 2008 COMBUSTION INSPECTION                           | 62,508        | 62,508        | -               |
| 21 MINT FARM JUNE 2010 COMBUSTION INSPECTION                           | 678,973       | 678,973       | -               |
| 22 TOTAL REGULATORY ASSETS AND LIABILITIES RATEBASE                    | \$ 76,381,598 | \$ 56,835,180 | \$ (19,546,418) |
| 23   |               |               |                 |
| 24   |               |               |                 |
| 25 <u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u>                   |               |               |                 |
| 26 BEP (555)   | 3,526,620     | 3,526,620     | -               |
| 27 WHITE RIVER PLANT COSTS (407)                                       | 1,494,702     | 1,494,702     | (0)             |
| 28 HOPKINS RIDGE PREPAID TRANSMISSION (565)                            | 2,076,858     | -             | (2,076,858)     |
| 29 GOLDENDALE FIXED COSTS DEFERRAL (407.3)                             | 4,162,154     | -             | (4,162,154)     |
| 30 HOPKINS RIDGE MITIGATION CREDIT (555)                               | (1,209,583)   | -             | 1,209,583       |
| 31 WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) (547)           | (457,531)     | (392,170)     | 65,362          |
| 32 WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) (547)         | (403,220)     | (537,626)     | (134,407)       |
| 33 MINT FARM DEFERLAL - UE-090704 (407.3)                              | 2,159,053     | 2,872,182     | 713,129         |
| 34 WILD HORSE EXPANSION DEFERRAL - UE-090704 (407.3)                   | 2,102,006     | -             | (2,102,006)     |
| 35 COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT (501)                  | -             | 555,556       | 555,556         |
| 36 FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074 (407.3)         | -             | 265,155       | 265,155         |
| 37 CONTRACT MAJOR MAINTENANCE (PROD O&M):                              |               |               |                 |
| 38 SUMAS NOVEMBER 2010 HOT GAS PATH INSPECTION                         | 61,034        | 61,034        | -               |
| 39 FREDDY 1 JULY 2009 HOT GAS PATH INSPECTION                          | 223,889       | 223,889       | -               |
| 40 GOLENDALE MAY 2009 COMBUSTION INSPECTION                            | 354,580       | 354,580       | -               |
| 41 SUMAS NOVEMBER 2008 COMBUSTION INSPECTION                           | 119,333       | 119,333       | -               |
| 42 MINT FARM JUNE 2010 COMBUSTION INSPECTION                           | 456,270       | 456,270       | -               |
| 43 TOTAL AMORTIZATION OF REGULATORY ASSETS AND LIABILITIES             | \$ 14,666,166 | \$ 8,999,526  | \$ (5,666,640)  |
| 44   |               |               |                 |
| 45   |               |               |                 |
| 46   |               |               |                 |
| 47 INCREASE (DECREASE) EXPENSE   |               |               | (5,666,640)     |
| 48   |               |               |                 |
| 49 INCREASE (DECREASE) FIT   |               | 35%           | 1,983,324       |
| 50   |               |               |                 |
| 51 INCREASE (DECREASE) NOI   |               |               | \$ 3,683,316    |

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

**PUGET SOUND ENERGY-ELECTRIC  
PRODUCTION ADJUSTMENT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
GENERAL RATE INCREASE**

| LINE<br>NO. DESCRIPTION  | PROFORMA<br>AND RESTATED | PRODUCTION<br>2.099% | FIT<br>35%          |
|--|--------------------------|----------------------|---------------------|
| 1 <u>O&amp;M ON PRODUCTION PROPERTY</u>                        |                          |                      |                     |
| 2 PRODUCTION WAGE ADJUSTMENTS AND INCENTIVE:                   |                          |                      |                     |
| 3 PURCHASED POWER  | \$ 79,814                | \$ (1,675)           | \$ 586              |
| 4 OTHER POWER SUPPLY   | 498,117                  | (10,455)             | 3,659               |
| 5 TOTAL WAGE RELATED ADJUSTMENTS                               | <u>577,931</u>           | <u>(12,131)</u>      | <u>4,245</u>        |
| 6  |                          |                      |                     |
| 7 ADMIN & GENERAL EXPENSES                                     |                          |                      |                     |
| 8 PAYROLL OVERHEADS  | 5,050,730                | (106,015)            | 37,105              |
| 9 PROPERTY INSURANCE   | 2,835,322                | (59,513)             | 20,830              |
| 10 TOTAL ADMIN & GENERAL EXPENSES                              | <u>7,886,052</u>         | <u>(165,528)</u>     | <u>57,935</u>       |
| 11   |                          |                      |                     |
| 12 DEPRECIATION / AMORTIZATION:                                |                          |                      |                     |
| 13 DEPRECIATION  | 95,848,019               | (2,011,850)          | 820,843             |
| 14 AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB)            | 11,264,042               | (236,432)            | 80,107              |
| 15 TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)              | <u>107,112,061</u>       | <u>(2,248,282)</u>   | <u>900,950</u>      |
| 16   |                          |                      |                     |
| 17 TAXES OTHER-PRODUCTION PROPERTY:                            |                          |                      |                     |
| 18 PROPERTY TAXES - WASHINGTON                                 | 7,396,041                | (155,243)            | 54,335              |
| 19 PROPERTY TAXES - MONTANA                                    | 7,977,272                | (167,443)            | 58,605              |
| 20 ELECTRIC ENERGY TAX   | 1,696,226                | (35,604)             | 12,461              |
| 21 PAYROLL TAXES   | 2,036,377                | (42,744)             | 14,960              |
| 22 TOTAL TAXES OTHER   | <u>19,105,916</u>        | <u>(401,033)</u>     | <u>140,361</u>      |
| 23   |                          |                      |                     |
| 24 <u>LOWER SNAKE RIVER</u>                                    |                          |                      |                     |
| 25   |                          |                      |                     |
| 26 PURCHASED POWER   | 776,099                  | (16,290)             | 5,702               |
| 27 WHEELING  | 9,922,939                | (208,282)            | 72,899              |
| 28 SALES FOR RESALE  | -                        | -                    | -                   |
| 29 PRODUCTION O&M  | 10,891,023               | (228,603)            | 80,011              |
| 30 PROPERTY INSURANCE  | 517,501                  | (10,862)             | 3,802               |
| 31 PROPERTY TAX  | 2,967,101                | (62,279)             | 21,798              |
| 32 TOTAL OPERATING EXPENSES LOWER SNAKE RIVER                  | <u>25,074,663</u>        | <u>(526,317)</u>     | <u>184,212</u>      |
| 33   |                          |                      |                     |
| 34 <u>AMORTIZATION ON REGULATORY ASSETS</u>                    |                          |                      |                     |
| 35 BEP (555)   | 3,526,620                | (74,024)             | 25,908              |
| 36 WHITE RIVER PLANT COSTS (407)                               | 1,494,702                | (31,374)             | 10,981              |
| 37 WHITE RIVER RELICENSING & CWIF                              | -                        | -                    | -                   |
| 38 HOPKINS RIDGE PREPAID TRANSMISSION (565)                    | 0                        | -                    | -                   |
| 39 GOLDENDALE FIXED COSTS DEFERRAL (407.3)                     | 0                        | -                    | -                   |
| 40 HOPKINS RIDGE MITIGATION CREDIT (555)                       | 0                        | -                    | -                   |
| 41 WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) (547)   | (392,170)                | 8,232                | (2,881)             |
| 42 WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) (547) | (537,626)                | 11,285               | (3,950)             |
| 43 MINT FARM DEFERRAL (407.3)                                  | 2,872,182                | (60,287)             | 21,100              |
| 44 WILD HORSE EXPANSION DEFERRAL (407.3)                       | 0                        | -                    | -                   |
| 45 COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT (501)          | 555,556                  | (11,661)             | 4,081               |
| 46 FERC PART 12 NON-CONSTRUCTION STUDY COSTS UE-070074 (407.3) | 265,155                  | (5,566)              | 1,948               |
| 47 MAJOR MAINTENANCE (SUMMARIZED) (PROD O&M)                   | 1,215,107                | (25,505)             | 8,927               |
| 48 LOWER SNAKE RIVER PREPAID TRANS DEPOSITS (407.3)            | 680,129                  | (14,276)             | 4,997               |
| 49 CHELAN RESERVATION PREPAYMENT (555)                         | 7,088,066                | (148,778)            | 52,072              |
| 50   |                          |                      |                     |
| 51 TOTAL AMORTIZATION OF REGULATORY ASSETS AND LIABILITIES     | <u>\$ 16,767,720</u>     | <u>\$ (351,954)</u>  | <u>\$ 123,183</u>   |
| 52   |                          |                      |                     |
| 53   |                          |                      |                     |
| 54 INCREASE(DECREASE) EXPENSE                                  |                          | 176,524,343          | (3,705,246)         |
| 55 INCREASE(DECREASE) FIT                                      |                          |                      | 1,410,886           |
| 56 INCREASE(DECREASE) NOI                                      |                          |                      | <u>\$ 2,294,360</u> |

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

**PUGET SOUND ENERGY-ELECTRIC  
PRODUCTION ADJUSTMENT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010  
GENERAL RATE INCREASE**

| LINE<br>NO. DESCRIPTION | PROFORMA<br>AND RESTATED                              | PRODUCTION<br>2.099%   | FIT<br>35%              |
|-------------------------|---|------------------------|-------------------------|
| 57                      | <u>PRODUCTION PROPERTY RATE BASE:</u>                 |                        |                         |
| 58                      | \$ 3,310,587,583                                      | \$ (69,489,233)        |                         |
| 59                      | (1,190,080,368)                                       | 24,979,787             |                         |
| 60                      | 77,287,156  | (1,622,257)            |                         |
| 61                      | (4,080,190)   | 85,643                 |                         |
| 62                      | 4,947,628   | (103,851)              |                         |
| 63                      | 1,458,712   | (30,618)               |                         |
| 64                      | 250,524,822   | (5,258,516)            |                         |
| 65                      | (54,306,612)  | 1,139,896              |                         |
| 66                      | <u>2,396,338,732</u>                                  | <u>(50,299,149)</u>    |                         |
| 67                      |   |                        |                         |
| 68                      | (315,759,925)   | 6,627,801              |                         |
| 69                      | 15,034,874  | (315,582)              |                         |
| 70                      | <u>(300,725,051)</u>                                  | <u>6,312,219</u>       |                         |
| 71                      |   | -                      |                         |
| 72                      | <u>\$ 2,095,613,681</u>                               | <u>\$ (43,986,930)</u> | <u>\$ 2,051,626,751</u> |
| 73                      |   |                        |                         |
| 74                      | <u>REGULATORY ASSETS RATE BASE:</u>                   |                        |                         |
| 75                      |   | (235,398)              |                         |
| 76                      | 11,214,773  | (725,525)              |                         |
| 77                      | 34,565,277  | (523,529)              |                         |
| 78                      | 24,941,807  | 627,847                |                         |
| 79                      | (29,911,730)  | 216,859                |                         |
| 80                      | DFIT WHITE RIVER REG ASSETS                           | (10,331,528)           |                         |
| 81                      | WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY)   | (1,529,462)            | 32,103                  |
| 82                      | WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) | (2,096,742)            | 44,011                  |
| 83                      | MINT FARM DEFERRAL UE-090704                          | 23,180,901             | (486,567)               |
| 84                      | COLSTRIP 1&2 (WECO) COAL CONTRACT PREPAYMENT          | 3,981,481              | (83,571)                |
| 85                      | FERC PART 12 NON-CONSTRUCTION STUDY COSTS UE-070074   | 1,193,198              | (25,045)                |
| 86                      | LOWER SNAKE RIVER PREPAID TRANSMISSION DEPOSITS       | 99,707,854             | (2,092,868)             |
| 87                      | CARRYING CHARGES ON LSR PREPAID TRANSM DEPOSITS       | 10,831,055             | (227,344)               |
| 88                      | CHELAN RESERVATION PAYMENT                            | 117,130,302            | (2,458,565)             |
| 89                      | CHELAN SECURITY DEPOSIT                               | 18,500,000             | (388,315)               |
| 90                      | MAJOR MAINTENANCE (SUMMARIZED)                        | 1,627,205              | (34,155)                |
|                         | <u>\$ 303,004,391</u>                                 | <u>\$ (6,360,062)</u>  | <u>\$ 296,644,329</u>   |
|                         |   | <u>\$ (50,346,992)</u> |                         |

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