

PUGET SOUND ENERGY

COMPARATIVE OVERALL FINANCIAL SUMMARY - ELECTRIC
 TEST YEAR ENDING SEPTEMBER 30, 2007

Line No.	Description	PSE Forecast Rev Req (a)	PC Forecast Rev Req (b)	Difference (c)=(b)-(a)
4	RATE BASE	3,298,556,021	3,253,546,792	(45,009,229)
6	FORECASTED OPERATING INCOME AT CURRENT RATE	172,036,858	252,903,620	80,866,762
8	EARNED RATE OF RETURN	5.22%	7.77%	
10	RATE OF RETURN	8.60%	7.86%	
12	REQUIRED OPERATING INCOME	283,675,818	255,728,778	(27,947,040)
14	OPERATING INCOME DEFICIENCY	111,638,960	2,825,158	(108,813,802)
16	GROSS REVENUE CONVERSION FACTOR	1.6094323	1.5089154	-
18	REVENUE DEFICIENCY	179,675,348	4,262,923	(175,412,425)

PUGET SOUND ENERGY

COMPARATIVE OVERALL FINANCIAL SUMMARY - GAS
 TEST YEAR ENDING SEPTEMBER 30, 2007

Line No.	Description	PSE Forecast Rev Req (a)	PC Forecast Rev Req (b)	Difference (c)=(b)-(a)
4	RATE BASE	1,349,251,536	1,359,714,517	10,462,981
6	FORECASTED OPERATING INCOME AT CURRENT RATE	79,922,611	102,197,957	22,275,346
8	EARNED RATE OF RETURN	5.92%	7.52%	
10	RATE OF RETURN	8.60%	7.86%	
12	REQUIRED OPERATING INCOME	116,035,632	106,873,561	(9,162,071)
14	OPERATING INCOME DEFICIENCY	36,113,021	4,675,604	(31,437,417)
16	GROSS REVENUE CONVERSION FACTOR	1.6079000	1.5074900	-
18	REVENUE DEFICIENCY	58,066,126	7,048,425	(51,017,701)

PUGET SOUND ENERGY-GAS
 RESULTS OF OPERATIONS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
 GENERAL RATE INCREASE
 PC RECOMMENDATIONS

LINE NO.	PSE REVISED ADJUSTED RESULTS OF OPERATIONS	PC ADJUSTMENTS				TOTAL PC ADJUSTMENTS	PC ADJUSTED RESULTS OF OPERATIONS
		11 INSURANCE	12 D&O AIRPORT PARKING	13 INTEREST SYNCH.	14		
1	OPERATING REVENUES:						
2	SALES TO CUSTOMERS	\$ 1,054,151,650	\$ -	\$ -	\$ -	\$ -	\$ 1,054,151,650
3	MUNICIPAL ADDITIONS						
4	OTHER OPERATING REVENUES	14,080,433	-	-	-	4,150,352	18,230,785
5	TOTAL OPERATING REVENUES	\$ 1,068,232,084	\$ -	\$ -	\$ -	\$ 4,150,352	\$ 1,072,382,436
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	GAS COSTS:						
11							
12	PURCHASED GAS	\$ 697,016,465	\$ -	\$ -	\$ -	\$ -	\$ 697,016,465
13							
14	TOTAL PRODUCTION EXPENSES	\$ 697,016,465	\$ -	\$ -	\$ -	\$ -	\$ 697,016,465
15							
16	OTHER POWER SUPPLY EXPENSES	\$ 1,769,111	\$ -	\$ -	\$ -	\$ (86,093)	\$ 1,683,018
17	TRANSMISSION EXPENSE	594,787	-	-	-	(20,469)	574,318
18	DISTRIBUTION EXPENSE	42,612,405	-	-	-	(1,421,533)	41,190,872
19	CUSTOMER ACCOUNT EXPENSES	25,903,620	-	-	-	(513,689)	25,389,931
20	CUSTOMER SERVICE EXPENSES	1,353,837	-	-	-	(92,154)	1,261,683
21	CONSERVATION AMORTIZATION	(0)	-	-	-	-	(0)
22	ADMIN & GENERAL EXPENSE	40,092,409	(45,236)	(7,507)	-	(3,371,669)	36,720,740
23	DEPRECIATION	86,930,323	-	-	-	(20,398,287)	66,532,036
24	AMORTIZATION	14,087,627	-	-	-	-	14,087,627
25	AMORTIZATION OF PROPERTY LOSS	-	-	-	-	-	-
26	OTHER OPERATING EXPENSES	-	-	-	-	-	-
27	FAS 133	(833,711)	-	-	-	-	(833,711)
28	TAXES OTHER THAN INCOME TAXES	56,517,134	-	-	-	(212,012)	56,305,122
29	INCOME TAXES	18,290,045	13,874	2,302	(1,615,533)	7,990,912	26,280,957
30	DEFERRED INCOME TAXES	3,975,421	-	-	-	-	3,975,421
31	TOTAL OPERATING REV. DEDUCT.	\$ 291,293,008	\$ (31,362)	\$ (5,205)	\$ (1,615,533)	\$ (18,124,994)	\$ 273,168,013
32							
33	NET OPERATING INCOME	\$ 79,922,611	\$ 31,362	\$ 5,205	\$ 1,615,533	\$ 22,275,346	\$ 102,197,957
34							
35	RATE BASE	\$ 1,349,251,536	\$ -	\$ -	\$ -	\$ 10,462,981	\$ 1,359,714,517
36							
37	PSE RATE OF RETURN	8.60%					
38							
39	PC RECOMMENDED RATE OF RETURN	7.86%	7.86%	7.86%	7.86%		
40							
41	RATE BASE NOI EFFECT	\$ (9,984,461)	\$ -	\$ -	\$ -	\$ (9,162,071)	
42							
43	REVENUE CONVERSION FACTOR	1.5074900	1.5074900	1.5074900	1.5074900		
44							
45	INCREMENTAL REVENUE REQUIREMENT	\$ (15,051,476)	\$ (47,278)	\$ (7,846)	\$ (2,435,400)	\$ (47,391,592)	

**PUGET SOUND ENERGY
 CONVERSION FACTOR
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ELECTRIC	
		COMPANY RATE	PC RATE
1	BAD DEBTS	0.0035024	0.0035024
2	ANNUAL FILING FEE	0.0020000	0.0020000
3	STATE UTILITY TAX (3.873% - (LINE 1 * 3.873%))	0.0385944	0.0385944
4		3.873%	
5	SUM OF TAXES OTHER	0.0440968	0.0440968
6			
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5)	0.9559032	0.9559032
8	FEDERAL INCOME TAX (LINE 7 * 35%)	0.3345661	0.2931755
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 7 + LINE 8)	0.6213371	0.6627277
10		35%	30.67%
11	REVENUE CONVERSION FACTOR (1 / LINE 9)	1.6094323	1.5089154

LINE NO.	DESCRIPTION	GAS	
		COMPANY RATE	PC RATE
12	BAD DEBTS	0.00278	0.0027801
13	ANNUAL FILING FEE	0.002000	0.0020000
12	STATE UTILITY TAX (3.852% - (LINE 12 * 3.852%))	0.03841	0.0384129
13		3.852%	
14	SUM OF TAXES OTHER	0.04319	0.0431930
15			
16	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 14)	0.95681	0.9568070
17	FEDERAL INCOME TAX (LINE 16 * 35%)	0.33488	0.2934527
18	CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 16 + LINE 17)	0.62193	0.6633543
19		35%	30.67%
20	REVENUE CONVERSION FACTOR (1 / LINE 18)	1.60790	1.5074900

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NOS. 1(E) AND 1(G)

COR REGULATORY LIABILITY RECLASSIFICATION

<u>Line</u>	<u>Description</u>	<u>Electric</u>		<u>Gas</u>	
			<u>Reclass.</u>		<u>Reclass.</u>
1	Plant in Service	\$ 5,564,169,427		\$2,274,401,793	
2	Accumulated Depreciation	(2,277,237,104)	\$33,161,745	(960,083,323)	\$ 97,268,846
3	Other Regulatory Liabilities		<u>(33,161,745)</u>		<u>(97,268,846)</u>
4	Net Rate Base Effect		<u>\$ -</u>		<u>\$ -</u>

Sources:

1/ 10.03 & 8.04 WC-RB Rate Base.xls

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NO. 4(E)

HOPKINS RIDGE INFILL PROJECT DEPRECIATION RATE ADJUSTMENT

<u>Line</u>	<u>Description</u>	<u>PSE Adjusted Amount 1/</u>	<u>PC Adjusted Amount 2/</u>	<u>PC Adjustment</u>
1	<u>Operating Expense Adjustment</u>			
2	Depreciation Expense	\$ 571,980	\$ 540,204	\$ (31,777)
3	Total Expense Adjustment - Pre Tax			\$ (31,777)
4	Tax Rate		30.67%	
5	Tax Effect (L. 3 * L. 4)			9,746
6	Adjustment - Post Tax (L. 3+ L. 5)			\$ (22,031)
7	Revenue Conversion Factor			1.5089154
8	Revenue Requirement (L. 6 * L. 7)			\$ (33,243)
<u>Rate Base Adjustment</u>				
9	Plant Balance	\$ 13,240,285	\$ 13,240,285	\$ -
10	Accumulated Depreciation	(466,941)	(447,742)	19,198
11	Deferred Income Tax Liability	(1,007,021)	(1,011,884)	(4,863)
12	Net Rate Base Adjustment	\$ 11,766,323	\$ 11,780,659	\$ 14,335

Sources:

1/ 4.06E Hopkins Ridge Infill (C).xls

2/ 4.06E Hopkins Ridge Infill (C).xls reflecting King depreciation rate recommendation instead of PSE proposed rate.

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NO. 5(E)

WILD HORSE WIND PLANT DEPRECIATION RATE ADJUSTMENT

<u>Line</u>	<u>Description</u>	<u>PSE Adjustment Amount 1/</u>	<u>PC Adjustment Amount 2/</u>	<u>Difference PC Adjustment</u>
1	<u>Operating Expense Adjustment</u>			
2	Depreciation Expense	\$ 3,371,987	\$ 3,024,979	\$ (347,008)
3	Total Expense Adjustment - Pre Tax			\$ (347,008)
4	Tax Rate		30.67%	
5	Tax Effect (L. 3 * L. 4)			106,427
6	Adjustment - Post Tax (L. 3+ L. 5)			\$ (240,581)
7	Revenue Conversion Factor			1.5089154
8	Revenue Requirement (L. 6 * L. 7)			\$ (363,016)
<u>Rate Base Adjustment</u>				
9	Plant Balance	\$ 76,704,231	\$ 76,704,231	\$ -
10	Accumulated Depreciation	(3,217,691)	(3,192,957)	24,734
11	Deferred Tax Liability	(11,088,505)	(11,088,505)	-
	Deferred Tax Asset	149,635	149,635	-
12	Net Rate Base Adjustment	\$ 62,547,669	\$ 62,572,403	\$ 24,734

Sources:

1/ 11.07E Wild Horse.xls

2/ 11.07E Wild Horse.xls reflecting King depreciation rate recommendation instead of PSE proposed rate.

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NO. 6(E)

STORM DAMAGES

<u>Line</u>	<u>Description</u>	<u>PSE 1/</u>	<u>PC</u>
1	Storm Damage Expense	\$ 7,987,354	\$ 7,000,000
2	Amount Charged to Expense Year Ended 9/30/07	(10,996,358)	(10,996,358)
3	Decrease in Operating Expense	<u>\$ (3,009,004)</u>	<u>\$ (3,996,358)</u>
4	Catastrophic Storm Amortization	\$ 18,975,559	\$ 18,975,559
5	Disallow 5% 12/31/06 Windstorm	<u>-</u>	<u>(665,416)</u>
6	Net Catastrophic Storm Amortization	\$ 18,975,559	\$ 18,310,143
7	Total Increase in Operating Expense (L. 3 + L. 6)	<u>\$ 15,966,555</u>	\$ 14,313,785
8	Amortization of Cost of Removal Reg. Liability		<u>\$(14,313,785)</u>
9	Net Effect		<u>\$ -</u>
	<u>Rate Base Effect</u>		
	Average Reduction to COR Reg. Liab. (L. 8 * .5)		<u>\$ 7,156,893</u>

1/ Exhibit ___(JHS-11)

PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007

PC ADJUSTMENT NOS. 7(E) AND 3(G)

FEDERAL INCOME TAX

Line	Description	Electric		Gas	
		PSE 1/	PC 2/	PSE 1/	PC 2/
1	Taxable Income	\$(49,591,937)	\$(49,591,937)	\$ 22,389,797	\$ 22,389,797
2	FIT Tax Rate	35%	30.67%	35%	30.67%
3	Currently Payable (L. 1 * L. 2)	<u>(17,357,178)</u>	<u>(15,209,847)</u>	<u>7,836,429</u>	<u>6,866,951</u>
4	Deferred FIT - Debit	107,781,393	64,084,596	43,360,625	43,360,625
5	Deferred FIT - Credit	(15,735,819)	(13,789,074)	(33,624,571)	(33,624,571)
6	Additional Deferred Credits	<u>(2,338,797)</u>	<u>(2,338,797)</u>	<u>(902,423)</u>	<u>(902,423)</u>
7	Total Restated FIT	<u>72,349,599</u>	<u>32,746,878</u>	<u>16,670,060</u>	<u>15,700,582</u>
FIT Per Books:					
8	Currently Payable	(5,105,994)	(5,105,994)	10,002,284	10,002,284
9	Deferred FIT - Debit	130,274,336	130,274,336	48,445,101	48,445,101
10	Deferred FIT - Credit	(62,644,985)	(62,644,985)	(40,948,243)	(40,948,243)
11	Deferred FIT - Inv. Tax Credit, Net of Amort.	-	-	(450,709)	(450,709)
12	Total Charged to Expense	<u>62,523,357</u>	<u>62,523,357</u>	<u>17,048,433</u>	<u>17,048,433</u>
13	Change in FIT (L. 3 - L. 8)	(12,251,184)	(10,103,853)	(2,165,855)	(3,135,334)
14	Change in Deferred FIT (Ls. 4-6 - Ls. 9-11)	<u>22,077,426</u>	<u>(19,672,626)</u>	<u>1,787,482</u>	<u>1,787,482</u>
15	Change in NOI (L. 13 + L. 14)	<u>\$ 9,826,243</u>	<u>\$(29,776,478)</u>	<u>\$ (378,373)</u>	<u>\$ (1,347,851)</u>
16	PC Adjustment - FIT		\$ 2,147,331		\$ (969,478)
17	PC Adjustment - Deferred FIT		<u><u>\$(41,750,052)</u></u>		<u><u>\$ -</u></u>
18	PC Adjustment to reduce incremental adjustment taxes to 30.67% 3/		\$ (2,977,019)		\$ 1,293,262
19	Total Adjustment to FIT (L. 16 + L. 18)		<u><u>\$(829,688)</u></u>		<u><u>\$ 323,783</u></u>

Sources:

1/ 11.04E Income Tax.xls and 4.04G Income Tax.xls

2/ testimony.

3/

	Electric	Gas
Total PSE tax adjustments	<u>\$(36,314,847)</u>	<u>\$ 8,287,761</u>
Change in FIT Adj. (L. 13)	<u>12,251,184</u>	<u>2,165,855</u>
Total effect of incremental adjustments	<u>\$(24,063,663)</u>	<u>\$ 10,453,616</u>
Adjust to 30.67% (30.67% / 35%)	<u>\$(21,086,644)</u>	<u>\$ 9,160,355</u>
Adjustment	<u>\$ (2,977,019)</u>	<u>\$ 1,293,262</u>

PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007

PC ADJUSTMENT NO. 8(E)

MISCELLANEOUS OPERATING EXPENSE INTEREST AMORTIZATION

<u>Line</u>	<u>Description</u>	<u>Amount</u>
	Amort. of Interest Associated With Deferral Of Unrecovered Residential Exchange Benefits Credited To Customers (WUTC Doc # Ue-071024)	
1	Total Expense 1/	<u>\$ 2,974,846</u>
2	PSE Two-year Rate Year Amortization	1,487,423
3	PC Seven Year Amortization	<u>424,978</u>
4	Difference - PC Adjustment - Pre Tax	(1,062,445)
5	Tax Rate	30.67%
6	Tax Effect (L. 4 * L. 5)	<u>325,852</u>
7	Adjustment - Post Tax (L. 4 + L. 6)	\$ (736,593)
8	Revenue Conversion Factor	1.50892
9	Revenue Requirement (L. 7 * L. 8)	\$ (1,111,457)

Source:

1/ 11.14E Miscellaneous Operating Expense (C).xls

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NOS. 9(E) AND 4(G)

KING DEPRECIATION ADJUSTMENT

<u>Line</u>	<u>Description</u>	<u>PSE Adjusted Amount 1/</u>	<u>PC Adjusted Amount 2/</u>	<u>PC Adjustment Electric</u>	<u>PC Adjustment Gas</u>
<u>Operating Expense Adjustment - Electric</u>					
1	Depreciation Expense - Electric	\$ 153,209,810	\$ 131,355,980	\$(21,853,830)	
2	Depreciation Expense - Gas	79,599,749	59,219,229		(20,380,520)
3	Total Expense Adjustment - Pre Tax			\$(21,853,830)	\$ (20,380,520)
4	Tax Rate		30.67% 3/		
5	Tax Effect (L. 3 * L. 4)			6,702,570	6,250,705
6	Adjustment - Post Tax (L. 3+ L. 5)			<u>\$(15,151,261)</u>	<u>\$ (14,129,814)</u>
7	Revenue Conversion Factor			1.5089154	1.50749
8	Revenue Requirement (L. 6 * L. 7)			<u>\$(22,861,971)</u>	<u>\$ (21,300,554)</u>
<u>Rate Base Adjustment</u>					
9	Adj. to Accum. Deprec. @ 50% of Dep. Exp. (L. 3)			<u>\$ 10,926,915</u>	<u>\$ 10,190,260</u>
10	Total Adj. to Rate Base			<u>\$ 10,926,915</u>	<u>\$ 10,190,260</u>

Sources:

- 1/ 11.33E Depreciation Study.xls and 9.06G Depreciation Study.xls
- 2/ Exhibits __ (CWK-4) and (CWK-5)
- 3/ Tax set to zero per PSE response to PC DR 669.

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NOS. 10(E) AND 5(G)

ADJUST EXECUTIVE COMPENSATION

<u>Line</u>	<u>Description</u>	<u>Total Amount</u>			<u>Allocation to Electric</u>	<u>Allocation to Gas</u>	
<u>Line</u>	<u>Description</u>	<u>Included In Revenue Req.</u>	<u>% Removed</u>	<u>Amount Removed</u>	<u>64.10%</u>	<u>35.90%</u>	<u>3/</u>
1	Reynolds	\$ 875,917	1/	50%	\$ 437,959		
2	Valdman	405,906	1/	50%	202,953		
3	O'Connor	283,685	1/	50%	141,843		
4	Markell	265,913	1/	50%	132,957		
5	Harris	328,927	2/	25%	82,232		
6	Bussey	192,555	2/	100%	192,555		
7	Total Executive Salary Reduction - A&G				\$ 1,190,497	\$ 763,109	\$ 273,956
8	Total Expense Adjustment - Pre Tax					(763,109)	(273,956)
9	Tax Rate			30.67%			
10	Tax Effect (L. 8 * L. 9)				\$ 234,045	\$ 84,022	
11	Adjustment - Post Tax (L. 8 + L. 10)				(529,063)	(189,934)	
12	Revenue Conversion Factor				1.5089154	1.5074900	
13	Revenue Requirement (L. 11 * L. 12)				-798,312	-286,323	

Sources:

- 1/ See PSE response to PC 528
- 2/ Calculated using "COGNOS Sal by Emp" tab of "11.25E & 9.18G Wage Increase.xls" - increased O&M portion by 4.79% (overall effective increase for salaried employees).
- 3/ Allocated based on total O&M allocation shown on "Sumry RY O&M Sal" tab of "11.25E & 9.18G Wage Increase.xls"

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NOS. 11(E) AND 6(G)

REMOVE SUPPLEMENTAL EXECUTIVE RETIREMENT PROGRAM

<u>Line</u>	<u>Description</u>	<u>Total Amount</u>	<u>Electric</u>	<u>Gas</u>
1	SERP Expense	\$ 3,545,926	\$ 2,236,061	\$ 1,309,865 1/
2	Total Expense Adjustment - Pre Tax	\$ (3,545,926)	\$ (2,236,061)	\$ (1,309,865)
3	Tax Rate	30.67%		
4	Tax Effect (L. 2 * L. 3)	1,087,536	685,800	401,736
5	Adjustment - Post Tax (L. 2 + L. 4)	\$ (2,458,391)	\$ (1,550,261)	\$ (908,129)
6	Revenue Conversion Factor		1.5089154	1.50749
7	Revenue Requirement (L. 5 * L. 6)		\$ (2,339,213)	\$ (1,368,996)

Sources:

1/ See 4.24E & 4.17G Pension Plan.xls.

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NOS. 12(E) AND 7(G)

REMOVE INCENTIVE PAY

<u>Line</u>	<u>Description</u>	<u>Total Amount</u>	<u>Electric 1/</u>	<u>Gas 2/</u>
1	Purchased Power	\$ 224,553	\$ 224,553	\$ -
2	Production Manuf. Gas	7,350	-	7,350
3	Other Power Supply	793,133	793,133	-
4	Other Gas Supply	39,533	-	39,533
5	Storage, LNG T&G	39,210	-	39,210
6	Transmission	64,960	44,491	20,469
7	Distribution	2,952,660	1,531,127	1,421,533
8	Customer Accounts	1,329,217	815,528	513,689
9	Customer Service	186,177	109,777	76,400
10	Sales	37,099	21,345	15,754
11	Admin. & General	<u>2,253,392</u>	<u>1,458,992</u>	<u>794,400</u>
12	Total Incentive Pay	\$ <u>7,927,284</u>	\$ <u>4,998,946</u>	\$ <u>2,928,338</u>
13	Associated payroll taxes	<u>573,936</u>	<u>361,924</u>	<u>212,012</u>
14	Total Expenses	\$ 8,501,220	\$ 5,360,870	\$ 3,140,350
15	Total Expense Adjustment - Pre Tax		\$ (5,360,870)	\$ (3,140,350)
16	Tax Rate	30.67%		
17	Tax Effect (L. 15 * L. 16)		<u>1,644,179</u>	<u>963,145</u>
18	Adjustment - Post Tax (L. 15+ L. 17)		<u>\$ (3,716,691)</u>	<u>\$ (2,177,205)</u>
19	Revenue Conversion Factor		1.50892	1.50749
20	Revenue Requirement (L. 18 * L. 19)		<u>\$ (5,608,173)</u>	<u>\$ (3,282,114)</u>

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NOS. 13(E) AND 8(G)

REMOVE EXPENSES ASSOCIATED WITH PUBLIC COMPANY STATUS

<u>Line</u>	<u>Description</u>	<u>Total Common</u>	<u>Amount To Be Removed</u>	<u>Allocation to Electric 65.15%</u>	<u>Allocation to Gas 34.85%</u>	<u>1/</u>
1	Trustees' fees	\$ 45,311	\$ 45,311	\$ 29,520	\$ 15,791	2/
2	Registrar and Transfer agent fees	517,947	517,947	337,442	180,504	2/, 3/
3	Stockholder Meeting Expenses	241,054	241,054	157,047	84,007	2/, 3/
4	Directors' fees and expenses	863,015	431,508	562,254	300,761	2/, 3/
5	Publishing and distributing annual reports to stockholders expense	298,889	298,889	194,726	104,163	2/, 3/
6	Publishing and distributing information to stockholders expense	<u>242,710</u>	<u>242,710</u>	<u>158,126</u>	<u>84,584</u>	3/
7	Total Expenses Related to Shareholders	\$ 2,208,926	\$ 1,777,418	\$ 1,439,115	\$ 769,811	
8	Total Expense Adjustment - Pre Tax		\$ (1,777,418)	\$ (1,439,115)	\$ (769,811)	
9	Tax Rate		30.67%			
10	Tax Effect (L. 8 * L. 9)		<u>545,134</u>	<u>441,377</u>	<u>236,101</u>	
11	Adjustment - Post Tax (L. 8 + L. 10)		<u>\$ (1,232,284)</u>	<u>\$ (997,739)</u>	<u>\$ (533,710)</u>	
12	Revenue Conversion Factor			1.5089154	1.50749	
13	Revenue Requirement (L. 11 * L. 12)			<u>\$ (1,505,503)</u>	<u>\$ (804,562)</u>	

Sources:

- 1/ Four-Factor Allocator
- 2/ See response to WUTC DR 026.
- 3/ See response to PC DR 382.

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NOS. 14(E) AND 9(G)

REMOVE AIRCRAFT EXPENSES

<u>Line</u>	<u>Description</u>	<u>Total Amount</u>	<u>Allocation to Electric 65.15%</u>	<u>Allocation to Gas 34.85%</u>	<u>1/</u>
<u>Expense Adjustment</u>					
1	Company Aircraft Flight Services Expense	\$ 472,523 2/	\$ 307,849	\$ 164,674	
2	Aircraft Depreciation Expense	<u>50,982 2/</u>	<u>33,215</u>	<u>17,767</u>	
3	Total Expense Adjustment - Pre Tax (L. 1 + L. 2)	\$ (523,505)	\$ (341,064)	\$ (182,441)	
4	Tax Rate	30.67%			
5	Tax Effect (L. 3 * L. 4)	<u>160,559</u>	<u>104,604</u>	<u>55,955</u>	
6	Adjustment - Post Tax (L. 3 + L. 5)	<u>\$ (362,946)</u>	<u>\$ (236,459)</u>	<u>\$ (126,487)</u>	
7	Revenue Conversion Factor		1.5089154	1.50749	
8	Revenue Requirement (L. 6 * L. 7)		<u>\$ (356,797)</u>	<u>\$ (190,677)</u>	
<u>Rate Base Adjustment</u>					
9	Aircraft	\$ 782,558 2/	\$ 509,837	\$ 272,721	

Sources:

1/ Four-Factor Allocator

2/ See PSE's response to Public Counsel's Data Request Nos. 321 and 577. Total flight services expenses in rate case = \$294,039 grand total from PC 321 plus \$178,484 utility chargeback from PC 577.

PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007
PC ADJUSTMENT NOS. 15(E) AND 10(G)
REMOVE ATHLETIC EVENT EXPENSE

<u>Line</u>	<u>Description</u>	<u>Total Amount</u>	<u>Allocation to Electric 65.15%</u>	<u>Allocation to Gas 34.85%</u>	<u>1/</u>
1	Athletic Events Expense	\$ 17,849	2/ \$ 11,629	\$ 6,220	
2	Total Expense Adjustment - Pre Tax	\$ (17,849)	\$ (11,629)	\$ (6,220)	
3	Tax Rate	30.67%			
4	Tax Effect (L. 2 * L. 3)	5,474	3,566	1,908	
5	Adjustment - Post Tax (L. 2 + L. 4)	\$ (12,375)	\$ (8,062)	\$ (4,313)	
6	Revenue Conversion Factor		1.5089154	1.50749	
7	Revenue Requirement (L. 5 * L. 6)		\$ (12,165)	\$ (6,501)	

Sources:

- 1/ Four-Factor Allocator
- 2/ See PSE's Response to Public Counsel Data Request No. 598.

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NOS. 16(E) AND 11(G)

ADJUST DIRECTORS AND OFFICERS INSURANCE

<u>Line</u>	<u>Description</u>	<u>Total Amount</u>	<u>Allocation to Electric 59.26%</u>	<u>Allocation to Gas 40.74%</u>	<u>1/</u>
1	D&O in Revenue Requirement	\$ 1,885,789	2/ \$ 1,117,519	\$ 768,270	
2	PC Recommended D&O	<u>\$ 1,774,754</u>	3/ <u>\$ 1,051,719</u>	<u>\$ 723,035</u>	
3	Total Expense Adjustment - Pre Tax	\$ (111,035)	\$ (65,799)	\$ (45,236)	
4	Tax Rate	30.67%			
5	Tax Effect (L. 2 * L. 3)	<u>34,054</u>	<u>20,181</u>	<u>13,874</u>	
6	Adjustment - Post Tax (L. 2 + L. 4)	<u>\$ (76,980)</u>	<u>\$ (45,619)</u>	<u>\$ (31,362)</u>	
7	Revenue Conversion Factor		1.5089154	1.50749	
	Revenue Requirement (L. 5 * L. 6)		<u>\$ (68,835)</u>	<u>\$ (47,278)</u>	

Sources:

- 1/ 12-Month Avg. No. of Customers allocator
- 2/ See 4.17E D&O Insurance.xls and 4.12G D&O Insurance.xls.
- 3/ Reflects AEGIS premiums set to 2006-2007 level.

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NOS. 17(E) AND 12(G)

REMOVE AIRPORT PARKING EXPENSE

<u>Line</u>	<u>Description</u>	<u>Total Amount</u>	<u>Allocation to Electric 65.15%</u>	<u>Allocation to Gas 34.85%</u>	<u>1/</u>
1	Airport Parking Expense	\$ 21,541	2/ \$ 14,034	\$ 7,507	
2	Total Expense Adjustment - Pre Tax	\$ (21,541)	\$ (14,034)	\$ (7,507)	
3	Tax Rate	30.67%			
4	Tax Effect (L. 2 * L. 3)	6,607	4,304	2,302	
5	Adjustment - Post Tax (L. 2 + L. 4)	\$ (14,934)	\$ (9,730)	\$ (5,205)	
6	Revenue Conversion Factor		1.5089154	1.50749	
7	Revenue Requirement (L. 5 * L. 6)		\$ (14,681)	\$ (7,846)	

Sources:

- 1/ Four-Factor Allocator
2/ See PSE's Response to Public Counsel Data Request No. 433.

**PUGET SOUND ENERGY
TEST YEAR ENDING SEPTEMBER 30, 2007**

PC ADJUSTMENT NOS. 18(E) AND 13(G)

INTEREST SYNCHRONIZATION

<u>Line</u>	<u>Description</u>	<u>Electric</u>		<u>Gas</u>	
		<u>PSE 1/</u>	<u>PC</u>	<u>PSE 1/</u>	<u>PC</u>
1	Rate Base	\$ 3,298,556,021	\$ 3,253,546,792	\$ 1,349,251,539	\$ 1,359,714,517
2	Deductible CWIP	110,892,663	110,892,663	47,186,981	47,186,981
3	Net Rate Base	<u>3,409,448,684</u>	<u>3,364,439,455</u>	<u>1,396,438,520</u>	<u>1,406,901,498</u>
4	Weighted Cost of Debt	3.74%	3.88%	3.74%	3.88%
5	Proforma Interest (L. 3 * L. 4)	127,513,381	130,540,251	52,226,801	54,587,778
6	Interest Charged to Expense in Test Year	<u>135,876,145</u>	<u>135,876,145</u>	<u>72,813,898</u>	<u>72,813,898</u>
7	Change to Income (L. 6 - L. 5)	\$ 8,362,764	\$ 5,335,894	\$ 20,587,098	\$ 18,226,120
8	Tax Rate	35%	30.67%	35%	30.67%
9	Tax Effect (L. 7 * L. 8)	\$ 2,926,968	\$ 1,636,519	\$ 7,205,484	\$ 5,589,951
10	Difference - PC Adjustment to Income Tax		\$ (1,290,449)		\$ (1,615,533)

Sources:

1/ 11.05E & 9.05G Tax Benefit of Proforma Interest.xls