

**Puget Sound Energy  
Electric Cost of Service Summary  
(Income Taxes Calculated)**

| Description                             | Residential<br>Sch 7 | Sec Volt<br>Sch 24<br>(KW<50) | Sec Volt<br>Sch 25<br>(KW>50 & <350) | Sec Volt<br>Sch 26<br>(KW>350) | Pri Volt<br>Sch 31/35/43 | Campus 40 | High Volt<br>46/49 | Choice/ Retail<br>Wheeling Sch<br>44B/449 | Lighting<br>50-59 | Firm Resale/<br>Special<br>Contracts |
|---|----------------------|-------------------------------|--------------------------------------|--------------------------------|--------------------------|-----------|--------------------|---|-------------------|--------------------------------------|
|   |                      |                               |                                      |                                |                          |           |                    |   |                   |                                      |
| Rate Base                               | \$2,187,562          | \$448,620                     | \$455,963                            | \$269,815                      | \$206,780                | \$78,165  | \$54,959           | \$33,967                                  | \$31,295          | \$4,020                              |
| Firm Sales Revenue at Current Rates     | \$1,086,009          | \$251,381                     | \$274,491                            | \$167,558                      | \$120,099                | \$44,871  | \$35,350           | \$6,161                                   | \$16,499          | \$1,324                              |
| Non-Firm Sales Revenue at Current Rate: | \$7,897              | \$1,370                       | \$2,046                              | \$1,370                        | \$899                    | \$414     | \$333              | \$0                                       | \$55              | \$5                                  |
| Other Operating Revenue                 | \$25,225             | \$3,864                       | \$2,766                              | \$1,578                        | \$1,666                  | \$494     | \$1,761            | \$1,353                                   | \$141             | \$32                                 |
| Total Revenue at Current Rates          | \$1,119,132          | \$257,038                     | \$279,302                            | \$170,507                      | \$122,665                | \$45,780  | \$37,445           | \$7,514                                   | \$16,695          | \$1,361                              |
| O&M Expenses                            | \$770,029            | \$168,592                     | \$182,139                            | \$119,696                      | \$81,223                 | \$35,982  | \$28,501           | \$1,667                                   | \$10,086          | \$782                                |
| Depreciation Expense                    | \$139,777            | \$28,118                      | \$26,979                             | \$15,794                       | \$12,181                 | \$4,627   | \$3,219            | \$2,190                                   | \$2,191           | \$246                                |
| Taxes Other than Income                 | \$70,235             | \$14,790                      | \$15,209                             | \$9,506                        | \$6,827                  | \$2,825   | \$2,124            | \$647                                     | \$992             | \$99                                 |
| Earnings Before Interest and Taxes      | \$139,091            | \$45,538                      | \$54,975                             | \$25,510                       | \$22,433                 | \$2,346   | \$3,601            | \$3,010                                   | \$3,426           | \$234                                |
| Interest Expense @ 3.38%                | \$73,940             | \$15,163                      | \$15,412                             | \$9,120                        | \$6,989                  | \$2,642   | \$1,858            | \$1,148                                   | \$1,058           | \$136                                |
| Taxable Income                          | \$65,151             | \$30,375                      | \$39,564                             | \$16,390                       | \$15,444                 | -\$296    | \$1,743            | \$1,862                                   | \$2,369           | \$99                                 |
| Income Taxes @ 40.2876%                 | \$26,248             | \$12,237                      | \$15,939                             | \$6,603                        | \$6,222                  | -\$119    | \$702              | \$750                                     | \$954             | \$40                                 |
| Operating Income                        | \$112,843            | \$33,301                      | \$39,036                             | \$18,907                       | \$16,211                 | \$2,465   | \$2,898            | \$2,260                                   | \$2,472           | \$195                                |
| Income Requirement: 8.56%               | \$187,255            | \$38,402                      | \$39,030                             | \$23,096                       | \$17,700                 | \$6,691   | \$4,705            | \$2,908                                   | \$2,679           | \$344                                |
| Income Deficiency                       | \$74,412             | \$5,101                       | -\$5                                 | \$4,189                        | \$1,489                  | \$4,226   | \$1,806            | \$648                                     | \$207             | \$149                                |
| Revenue Conversion Factor               | 0.621262             | 0.621262                      | 0.621262                             | 0.621262                       | 0.621262                 | 0.621262  | 0.621262           | 0.621262                                  | 0.621262          | 0.621262                             |
| Revenue Deficiency                      | \$119,776            | \$8,211                       | -\$9                                 | \$6,744                        | \$2,397                  | \$6,802   | \$2,907            | \$1,043                                   | \$333             | \$240                                |
| Revenue Requirement                     | \$1,238,908          | \$265,249                     | \$279,293                            | \$177,250                      | \$125,062                | \$52,582  | \$40,352           | \$8,557                                   | \$17,028          | \$1,602                              |
| Current Revenue to Cost Ratio           | 90.07%               | 96.84%                        | 100.00%                              | 96.13%                         | 98.04%                   | 86.84%    | 97.40%             | 85.52%                                    | 98.02%            | 84.63%                               |
| Parity Ratio                            | 97%                  | 104%                          | 107%                                 | 103%                           | 105%                     | 93%       | 99%                | 92%                                       | 105%              | 91%                                  |
| PSE Proposed Increase                   | \$90,906             | \$15,782                      | \$11,488                             | \$14,026                       | \$7,540                  | \$3,896   | \$2,959            | \$516                                     | \$1,036           | \$296                                |
| PSE Proposed Revenue                    | \$1,210,038          | \$272,820                     | \$290,790                            | \$184,532                      | \$130,205                | \$49,676  | \$40,404           | \$8,030                                   | \$17,731          | \$1,657                              |
| Proposed Rev. to Cost Ratio             | 97.61%               | 102.92%                       | 104.19%                              | 104.18%                        | 104.20%                  | 94.38%    | 100.14%            | 92.68%                                    | 104.18%           | 103.55%                              |