

Commission Basis Report Cover Letter**1.01****31-Dec-13****Gas**

Restated Net Operating Income	\$	121,284,724	a
Restated Rate Base	\$	1,651,590,190	b
Normalized Overall Rate of Return		7.34%	c=a/b
Restated Net Operating Income	\$	121,284,724	d=a
Restated Interest Expense	\$	52,190,250	e
Restated NOI less Restated Interest Exp	\$	69,094,474	f=d-e
Restated Rate Base	\$	1,651,590,190	g=b
Actual Equity Percent		48.54%	h
Equity Rate Base	\$	801,681,878	i=g*h
Restated Return on Actual Equity		8.62%	j=f/i

1.02

PUGET SOUND ENERGY, INC.

Utility Capital Structure
 Cost of Capital and Rate of Return
 For The 12 Months Ending December 31, 2013

1	(A)	(B)	(C)	(D)	(E)
2					
3					Weighted
4					Cost of
5	<u>Description</u>	<u>Amount (i)</u>	<u>Ratio</u>	<u>Cost</u>	<u>Capital</u>
6					
7	Short Term Debt	\$83,389,452	1.11%	4.75%	0.05% (A)
8					
9	Long Term Debt	\$3,784,126,107	50.35%	6.18%	3.11% (A)
12					
13	Common Stock	<u>\$3,647,886,440</u>	<u>48.54%</u>	9.80%	<u>4.76%</u>
14					
16	Total	<u>\$7,515,401,999</u>	<u>100.00%</u>		<u>7.92%</u>
18					
19					
21	(i) - Average of Month-End Balances			Total (A)	3.16%

PUGET SOUND ENERGY
PERIODIC ALLOCATED RESULTS OF OPERATIONS
FOR THE 12 MONTHS ENDED DECEMBER 31, 2013

(Based on allocation factors developed for the 12 ME 12/31/2013)

	Electric	Gas	Total Amount
1 - OPERATING REVENUES:			
2 - SALES TO CUSTOMERS	\$ 2,099,413,904	\$ 1,019,856,580	\$ 3,119,270,483
3 - SALES FOR RESALE-FIRM	346,760	-	346,760
4 - SALES TO OTHER UTILITIES	161,624,733	-	161,624,733
5 - OTHER OPERATING REVENUES	37,199,228	8,499,955	45,699,183
6 - TOTAL OPERATING REVENUES	\$ 2,298,584,625	\$ 1,028,356,534	\$ 3,326,941,160
7			
8 - OPERATING REVENUE DEDUCTIONS:			
9			
10 - POWER COSTS:			
11 - FUEL	\$ 261,332,288	\$ -	\$ 261,332,288
12 - PURCHASED AND INTERCHANGED	553,004,053	488,200,942	1,041,204,996
13 - WHEELING	94,741,839	-	94,741,839
14 - RESIDENTIAL EXCHANGE	(81,053,138)	-	(81,053,138)
15 - TOTAL PRODUCTION EXPENSES	\$ 828,025,042	\$ 488,200,942	\$ 1,316,225,985
16			
17 - OTHER ENERGY SUPPLY EXPENSES	\$ 116,266,189	\$ 1,977,214	\$ 118,243,403
18 - TRANSMISSION EXPENSE	19,355,851	27,893	19,383,744
19 - DISTRIBUTION EXPENSE	77,321,920	50,241,925	127,563,845
20 - CUSTOMER ACCTS EXPENSES	51,168,215	31,145,186	82,313,401
21 - CUSTOMER SERVICE EXPENSES	18,153,514	6,746,445	24,899,959
22 - CONSERVATION AMORTIZATION	87,847,330	18,049,695	105,897,025
23 - ADMIN & GENERAL EXPENSE	110,056,278	48,818,035	158,874,313
24 - DEPRECIATION	253,254,942	111,068,605	364,323,547
25 - AMORTIZATION	43,370,242	12,058,227	55,428,469
26 - AMORTIZ OF PROPERTY LOSS	17,213,410	-	17,213,410
27 - OTHER OPERATING EXPENSES	(13,481,409)	(45,370)	(13,526,780)
28 - ASC 815	(98,879,652)	-	(98,879,652)
29 - TAXES OTHER THAN INCOME TAXES	200,772,605	101,993,080	302,765,685
30 - INCOME TAXES	(0)	-	(0)
31 - DEFERRED INCOME TAXES	184,842,557	57,027,596	241,870,154
32 - TOTAL OPERATING REV. DEDUCT.	\$ 1,895,287,034	\$ 927,309,473	\$ 2,822,596,507
NET OPERATING INCOME	\$ 403,297,591	\$ 101,047,061	\$ 504,344,652

2.02

**PUGET SOUND ENERGY
BALANCE SHEET
COMMISSION BASIS REPORT
As of December 31, 2013**

FERC Account and Description	Dec-13	Dec-13 AMA
*ASSETS		
**UTILITY PLANT		
***Electric Plant		
101 Electric Plant in Service	8,649,370,775	8,323,125,330
102 Electric Plant Purchased or Sold	-	185
105 Electric Plant Held for Future Use	23,660,291	16,806,932
106 Comp.Construction Not Classfd.-Electric	76,830,045	96,082,862
107 Construction Work in Prog. - Electric	243,747,375	448,955,125
114 Electric Plant Acquisition Adjustments	282,791,675	282,784,029
***Total Electric Plant	9,276,400,161	9,167,754,464
***Gas Plant		
101 Gas Plant in Service	3,027,671,769	2,966,899,805
105 Gas Plant Held for Future Use	5,234,349	4,768,678
106 Comp. Construction Not Classfd.- Gas	47,665,120	33,353,385
107 Construction Work in Progress - Gas	45,653,821	53,531,969
117.3 Gas Strd.in Resvr.& Pipln.-Noncurr.	8,654,564	8,654,564
***Total Gas Plant	3,134,879,623	3,067,208,401
***Common Plant		
101 Plant in Service - Common	527,010,760	486,701,135
101.1 Property Under Capital Leases	17,050,697	20,839,741
106 Comp Construction Not Classified - Common	93,921	448,333
107 Construction Work in Progress - Common	20,916,836	49,978,819
***Total Common Plant	565,072,214	557,968,027
***Accumulated Depreciation and Amortization		
108 Accumulated Provision for Depreciation	(4,339,687,654)	(4,196,420,788)
111 Accumulated Provision for Amortization	(136,702,119)	(124,931,842)
115 Accm.Prv.for Amort.of Plant Acquis.Adj.	(90,158,508)	(84,796,417)
***Less: Accumulated Depr and Amortizat	(4,566,548,281)	(4,406,149,048)
**NET UTILITY PLANT	8,409,803,718	8,386,781,845
**OTHER PROPERTY AND INVESTMENTS		
***Other Investments		
121 Nonutility Property	4,961,470	5,348,139
122 Accm.Prov.for Depr.& Amort.Non-utility P	(394,886)	(396,273)
123.1 Investment in Subsidiary Companies	36,465,653	37,002,555
124 Other Investments	53,449,207	55,677,594
***Total Other Investments	94,481,444	97,632,015
**TOTAL OTHER PROPERTY AND INVESTMENT	94,481,444	97,632,015
**CURRENT ASSETS		
***Cash		
131 Cash	38,297,043	18,333,534
134 Other Special Deposits	7,082,729	18,952,711
135 Working Funds	3,125,417	2,991,199
136 Temporary Cash Investments	-	29,083,333
***Total Cash	48,505,189	69,360,777
***Restricted Cash	-	-

2.02

**PUGET SOUND ENERGY
BALANCE SHEET
COMMISSION BASIS REPORT
As of December 31, 2013**

FERC Account and Description	Dec-13	Dec-13 AMA
***Total Restricted Cash	-	-
***Accounts Receivable		
141 Notes Receivable	1,192,584	649,855
142 Customer Accounts Receivable	245,419,541	194,519,416
143 Other Accounts Receivable	145,001,227	81,151,070
146 Accounts Receiv.from Assoc. Companies	452,705	2,837,548
171 Interest and Dividends Receivable	-	-
173 Accrued Utility Revenues	219,883,773	157,927,820
185 Temporary Facilities	58,041	81,886
191 Unrecovered Purchased Gas Costs	(5,937,698)	(16,680,674)
***Total Accounts Receivable	606,070,174	420,486,921
***Allowance for Doubtful Accounts		
144 Accm.Prov.for Uncollectble Accts-Credit	(7,385,209)	(7,141,987)
***Less: Allowance for Doubtful Accounts	(7,385,209)	(7,141,987)
***Materials and Supplies		
151 Fuel Stock	20,739,826	22,242,990
154 Plant Materials and Operating Supplies	82,717,229	79,601,151
156 Other Materials and Supplies	204,525	211,449
163 Stores Expense Undistributed	5,422,914	7,831,350
164.1 Gas Stored - Current	42,350,784	47,981,177
164.2 Liquefied Natural Gas Stored	618,974	618,242
***Total Materials and Supplies	152,054,252	158,486,359
***Unrealized Gain-Derivative Instrumnts (ST)		
175 Invest in Derivative Instrumnts -Opt ST	18,867,000	12,684,416
176 Invest in Derivative Instrumnts-Gain ST	-	-
***Unrealized Gain on Derivatives (ST)	18,867,000	12,684,416
***Prepayments and Other Current Assets		
165 Prepayments	18,749,259	16,755,003
174 Misc.Current and Accrued Assets	-	7,461,730
186 Miscellaneous Deferred Debits	1,372	3,949
***Total Prepayments & Othr.Curr.Assets	18,750,630	24,220,683
Current Deferred Taxes		
Total Current Deferred Taxes	548,785,238	544,932,050
***TOTAL CURRENT ASSETS	1,385,647,273	1,223,029,219
***LONG-TERM ASSETS		
128 Pension Assets	62,565,029	21,927,576
165 Long-Term Prepaid	6,390,930	7,012,697
175 Invest in Derivative Instrumnts -Opt LT	7,732,879	10,798,354
176 Invest in Derivative Instrumnts-Gain LT	-	-
181 Unamortized Debt Expense	31,195,825	33,297,506
182.1 Extraordinary Property Losses	116,328,043	124,070,548
182.2 Unrecovered Plant & Reg Study Costs	3,262,451	4,130,436
Subtotal WUTC AFUDC	55,494,775	55,582,663
182.3 Other Regulatory Assets	554,703,094	508,283,255
183 Prelm. Survey and Investigation Charges	8,182	460
184 Clearing Accounts	-	(544,483)

2.02

**PUGET SOUND ENERGY
BALANCE SHEET
COMMISSION BASIS REPORT
As of December 31, 2013**

FERC Account and Description	Dec-13	Dec-13 AMA
186 Miscellaneous Deferred Debits	175,925,788	224,995,696
187 Def.Losses from Dispos.of Utility Plant	382,030	458,870
189 Unamortized Loss on Reacquired Debt	37,832,365	36,576,501
**TOTAL LONG-TERM ASSETS	1,051,821,390	1,026,590,080
*TOTAL ASSETS	\$ 10,941,753,824	\$ 10,734,033,159
*CAPITALIZATION AND LIABILITIES		
**CURRENT LIABILITIES		
230 Asset Retirement Obligations	(891,472)	(1,360,108)
244 FAS 133 Opt Unrealized Loss ST	(39,401,796)	(91,754,322)
245 FAS 133 Unrealized Loss ST	(3,118,598)	(4,581,412)
231 Notes Payable	(162,000,000)	(53,791,667)
232 Accounts Payable	(309,405,222)	(271,061,560)
233 Notes Payable to Associated Companies	(29,597,785)	(29,597,785)
234 Accounts Payable to Asscted Companies	-	-
235 Customer Deposits	(29,044,531)	(32,713,108)
236 Taxes Accrued	(109,262,101)	(90,320,000)
237 Interest Accrued	(55,262,485)	(59,906,888)
238 Dividends Declared	-	-
241 Tax Collections Payable	(1,204,256)	(2,239,985)
242 Misc. Current and Accrued Liabilities	(16,990,907)	(23,862,721)
243 Obligations Under Cap.Leases - Current	(7,578,088)	(7,578,088)
**TOTAL CURRENT LIABILITIES	(763,757,241)	(668,767,641)
**DEFERRED TAXES		
***Reg. Liability for Def.Income Tax		
253 Other Deferred Credits		
283 Accum.Deferred Income Taxes - Other	(145,191,220)	(130,566,765)
***Total Reg.Liab.for Def.Income Tax	(145,191,220)	(130,566,765)
***Deferred Income Tax		
255 Accum.Deferred Investment Tax Credits	(2)	(1,750)
282 Accum. Def. Income Taxes - Other Prop.	(1,632,467,281)	(1,511,077,408)
283 Accum.Deferred Income Taxes - Other	(217,501,155)	(223,878,484)
***Total Deferred Income Tax	(1,849,968,438)	(1,734,957,643)
**TOTAL DEFERRED TAXES	(1,995,159,658)	(1,865,524,408)
**OTHER DEFERRED CREDITS		
Subtotal 227 Oblig Under Cap Lease - Noncurr	(9,472,609)	(13,261,653)
Total Unrealized Loss on Derivatives -LT	(30,467,636)	(43,864,511)
228.2 Accum. Prov.for Injuries and Damages	(1,060,000)	(1,019,583)
228.3 Pension and Post Retirement Liabilities	(54,789,264)	(138,157,995)
228.4 Accum. Misc.Operating Provisions	(244,303,032)	(249,820,211)
229 Accum Provision for Rate Refunds	-	(461,549)
230 Asset Retirement Obligations (FAS 143)	(47,795,418)	(46,432,170)
252 Customer Advances for Construction	(57,241,155)	(70,810,144)
253 Other Deferred Credits	(388,810,321)	(296,859,399)
254 Other Regulatory Liabilities	(146,019,989)	(125,391,804)
256 Def. Gains from Dispos.of Utility Plt	(1,273,806)	(1,540,571)
257 Unamortized Gain on Reacquired Debt	-	-
**TOTAL OTHER DEFERRED CREDITS	(981,233,231)	(987,619,591)

2.02

**PUGET SOUND ENERGY
BALANCE SHEET
COMMISSION BASIS REPORT
As of December 31, 2013**

FERC Account and Description	Dec-13	Dec-13 AMA
**CAPITALIZATION		
***SHAREHOLDER'S EQUITY		
****Common Equity		
201 Common Stock Issued	(859,038)	(859,038)
207 Premium on Capital Stock	(478,145,250)	(478,145,250)
210 Gain on Resale/Cancel.of Reacq.Cap.Stk	(2,775,196,691)	(2,775,196,691)
214 Capital Stock Expense	7,133,879	7,133,879
215 Appropriated Retained Earnings	(11,257,967)	(10,940,786)
216 Unappropriated Retained Earnings	(346,898,557)	(339,156,168)
216.1 Unappr.Undistrib.Subsidiary Earnings	8,031,791	7,494,889
219 Other Comprehensive Income	95,737,745	176,287,973
433 Balance Transferred from Income	(356,129,006)	(218,560,964)
438 Dividends Declared - Common Stock	410,977,148	198,098,133
439 Adjustments to Retained Earnings	5,848,610	5,848,610
****Total Common Equity	(3,440,757,335)	(3,427,995,411)
***TOTAL SHAREHOLDER'S EQUITY	(3,440,757,335)	(3,427,995,411)
***REDEEMABLE SECURITIES AND LONG-TERM DEBT		
****Preferred Stock - Manditorily Redeemable	-	-
****Total Preferred Stock - Mand Redeem	-	-
****Corporation Obligated, Mand Redeemable Preferred Stock Subscribed	-	-
****Corporation Obligated, Mand Redeem	-	-
****Long-term Debt		
221 Junior Subordinated Debt	(250,000,000)	(250,000,000)
221 Bonds	(3,510,860,000)	(3,534,140,000)
226 Unamort.Disct. on Long-term Debt-Debit	13,642	13,893
Long-term Debt	(3,760,846,358)	(3,784,126,107)
****Long-term Debt	(3,760,846,358)	(3,784,126,107)
***REDEEMABLE SECURITIES AND LTD	(3,760,846,358)	(3,784,126,107)
**TOTAL CAPITALIZATION	(7,201,603,694)	(7,212,121,518)
*TOTAL CAPITALIZATION AND LIABILITIES	\$ (10,941,753,824)	\$ (10,734,033,159)

2.03

**Puget Sound Energy
Gas Rate Base
As of December 31, 2013**

	4-Factor Allocation	NOL
Electric	67.98%	74.79%
Gas	32.02%	25.21%

Line No.	Description	AMA 12/31/13
1	Gas Utility Plant in Service	2,998,241,477
2	Common Plant-Allocation to Gas	153,758,911
3	Gas Stored Underground - Non current	8,654,564
4	Total Plant in Service and Other Assets	<u>3,160,654,952</u>
5	Accumulated Provision for Depreciation	(1,077,446,021)
7	Common Accumulated Depreciation-Allocation to Gas	(65,562,321)
8	Customer Advances for Construction	(29,359,193)
9	Contributions in Aid of Construction - Accum. Def. FIT.	-
10	Liberalized Depreciation Total Accum. Def. FIT - Liberalize	(424,733,284)
11	NOL Carryforward	29,736,358
12	Customer Deposits	(9,398,563)
12	Accumulated Depreciation and Other Liabilities	<u>(1,576,763,024)</u>
13	Net Operating Investment	<u>1,583,891,928</u>
14	Allowance for Working Capital	<u>67,698,261</u>
15	Total Gas Rate Base	<u><u>1,651,590,190</u></u>

Puget Sound Energy
Commission Basis Report
Combined Working Capital
December 31, 2013

2.04

4-Factor
Electric 67.98%
Gas 32.02%

Line No.	Description	AMA 12/31/2013
1	Average Invested Capital	
2	Common Stock	\$ 859,038
3	Preferred Stock	-
4	Additional Paid in Capital	3,245,716,487
5	Unamortized Debt Expense	(43,243,741)
6	Unappropriated Retained Earnings	387,475,493
7	Notes Payable - Misc	-
8	Long Term Debt	3,784,126,107
9	Short Term Debt	83,389,452
10	Accumulated Deferred ITC	1,750
11	Treasury Grants	217,575,125
12	Deferred Debits-Other	(10,352)
13	Unamortized Gain/Loss on Debt	(36,576,501)
14	Total Average Invested Capital	7,639,312,858
15		
16	Average Operating Investments - Electric	
17		
18	Plant in Service (includes acquisition adj)	8,661,434,512
19	Electric Future Use Property	16,806,932
20	Customer Advances for Construction	(41,706,804)
21	Customer Deposits	(23,312,712)
22	Deferred Taxes	(917,067,053)
23	Deferred Debits/Credits - Other	198,784,627
24	Less: Accumulated Depreciation	(3,123,948,745)
25	Conservation Investment	-
26	Common Plant-Allocation to Electric	326,437,564
27	Common Accum Depr-Allocation to Electric	(139,191,961)
28	Common Deferred Taxes-Allocation to Electric	(28,589,382)
29	NOL Carryforward	107,357,285
30	Total Average Operating Investment - Electric	5,037,004,263
31		
32	Average Operating Investments - Gas	
33		
34	Gas Utility Plant in Service	2,998,241,477
35	Deferred Items - Other	13,457,167
36	Gas Stored Underground, Non-Current	8,654,564
37	Gas Accumulated Depreciation	(1,077,446,021)
38	Gas Customer Advances for Construction	(29,360,607)
39	Gas Customer Deposits	(9,398,562)
40	DFIT 17	(415,646,550)
41	PGA	(16,680,674)
42	Common Plant-Allocation to Gas	153,758,911
43	Common Accumulated Depreciation-Allocation to Gas	(65,562,321)
44	Common Deferred Tax	(13,466,196)
45	NOL Carryforward	29,736,358
46	Total Average Operating Investment - Gas	1,576,287,546
47		
48	Total Electric & Gas Operating Investment	6,613,291,809
49		
50	Construction Work in Progress	
51		
52	Elec Construction Work in Process	482,930,727
53	Gas Construction Work in Process	69,535,187
54	Other Work in Process	3,112,022
55	Electric Preliminary Surveys	460

Puget Sound Energy
Commission Basis Report
Combined Working Capital
December 31, 2013

2.04

4-Factor
Electric 67.98%
Gas 32.02%

Line No.	Description	AMA 12/31/2013
56	Total Construction Work in Progress	555,578,396
57		
58	Nonoperating	
59		
60	Non-Utility Property	4,951,866
61	Investment in Associated Companies	26,578,450
62	Other Investments & FAS 133	(14,596,757)
63	Deferred Items-Other	222,559,923
64	Deferred Federal Income Tax	(64,103,257)
65	Investment Tracking Funds	3,277,496
66	Environmental Receivables	-
67	Current Accounts - Gas Allocation only	-
68	Merchandising Inventory - Gas Only	71,376
69	Total Non Operating Investment	178,739,097
70		
71	Total CWIP & Nonoperating Investment	734,317,493
72		
73	Total Average Investments	7,347,609,302
74	Rounding	
75	Total Investor Supplied Capital	\$ 291,703,556
Allocation of Working Capital		
Electric Working Capital		
	Total Investment	\$ 7,347,609,302
	Less: Electric CWIP	\$ (482,930,727)
	Less: Gas	\$ (69,535,187)
	Interest Bearing Regulatory Assets	
	Other Work in Progress	(3,112,022)
	Preliminary Surveys	(460)
	Total	6,792,030,906
	Electric Working Capital Ratio	4.2948%
	Electric Working Capital	\$ 216,328,823
Gas Working Capital		
	Total Investment	7,347,609,302
	Less: Electric CWIP	(482,930,727)
	Less: Gas CWIP	(69,535,187)
	Interest Bearing Regulatory Assets	
	Other Work in Progress	(3,112,022)
	Preliminary Surveys	(460)
	Total	6,792,030,906
	Gas Working Capital Ratio	4.2948%
	Gas Working Capital	\$ 67,698,261
	Non Operating Working Capital	\$ 7,676,471

Summary-1

**PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATE RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 973,799,147	\$ 12,154,072	\$ 985,953,220
3	45,673,733	(46,057,432)	(383,699)
4	8,883,654	(13,000)	8,870,653
5	<u>\$ 1,028,356,534</u>	<u>\$ (33,916,360)</u>	<u>\$ 994,440,174</u>
6			
7			
8	<u>OPERATING REVENUE DEDUCTIONS:</u>		
9			
10	<u>GAS COSTS:</u>		
11			
12	\$ 488,200,942	\$ 35,671,711	\$ 523,872,653
13			
14	<u>\$ 488,200,942</u>	<u>\$ 35,671,711</u>	<u>\$ 523,872,653</u>
15			
16	\$ 1,977,214	\$ (171,076)	\$ 1,806,138
17	27,893	-	27,893
18	50,241,925	-	50,241,925
19	31,145,186	515,325	31,660,511
20	6,746,445	(4,922,528)	1,823,918
21	18,049,695	(18,049,695)	-
22	48,818,035	(811,942)	48,006,093
23	111,068,605	0	111,068,605
24	12,058,227	-	12,058,227
25	-	-	-
26	(45,370)	3,182,862	3,137,492
27	101,993,080	(53,532,967)	48,460,113
28	-	3,237,969	3,237,969
29	57,027,596	(19,273,683)	37,753,914
30	<u>\$ 439,108,531</u>	<u>\$ (89,825,734)</u>	<u>\$ 349,282,797</u>
31			
32	\$ 101,047,061	\$ 20,237,663	\$ 121,284,724
33			
34	\$ 1,651,590,190	\$ 0	\$ 1,651,590,190
35			
36	6.12%		7.34%
37			
38	<u>RATE BASE:</u>		
39	\$ 3,152,000,388	\$ -	\$ 3,152,000,388
40	(1,143,008,342)	-	(1,143,008,342)
41	(394,996,926)	-	(394,996,926)
42	(30,103,192)	-	(30,103,192)
43	<u>\$ 1,583,891,928</u>	<u>\$ -</u>	<u>\$ 1,583,891,928</u>
44	67,698,261	-	67,698,261
45	<u>\$ 1,651,590,190</u>	<u>\$ -</u>	<u>\$ 1,651,590,190</u>

PUGET SOUND ENERGY-GAS
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
 COMMISSION BASIS REPORT

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12 ME Dec 31, 2013	TEMPERATURE NORMALIZATION Adj. 3.01	REVENUE & EXPENSE Adj. 3.02	FEDERAL INCOME TAX Adj. 3.03	TAX BENEFIT OF RESTATEMENT Adj. 3.04	PASS-THROUGH REVENUE & EXPENSE Adj. 3.05	RATE CASE EXPENSES Adj. 3.06	BAD DEBTS Adj. 3.07
1	OPERATING REVENUES							
2	SALES TO CUSTOMERS	\$ 973,799,147	\$ 11,367,590	\$ 2,816,548	\$ -	\$ (2,030,066)	\$ -	\$ -
3	MUNICIPAL ADDITIONS	45,673,733				(46,057,432)		
4	OTHER OPERATING REVENUES	8,883,654		50,865		(63,865)		
5	TOTAL OPERATING REVENUES	\$ 1,028,356,534	\$ 11,367,590	\$ 2,867,412	\$ -	\$ (48,151,363)	\$ -	\$ -
6								
7								
8	OPERATING REVENUE DEDUCTIONS:							
9								
10	GAS COSTS:							
11								
12	PURCHASED GAS	\$ 488,200,942	\$ 6,911,210	\$ -	\$ -	\$ 28,760,501	\$ -	\$ -
13								
14	TOTAL PRODUCTION EXPENSES	\$ 488,200,942	\$ 6,911,210	\$ -	\$ -	\$ 28,760,501	\$ -	\$ -
15								
16	OTHER ENERGY SUPPLY EXPENSES	\$ 1,977,214	\$ -	\$ -	\$ -	\$ (171,076)	\$ -	\$ -
17	TRANSMISSION EXPENSE	27,893						
18	DISTRIBUTION EXPENSE	50,241,925						
19	CUSTOMER ACCTS EXPENSES	31,145,186	52,598	13,268		(222,796)		660,850
20	CUSTOMER SERVICE EXPENSES	6,746,445				(4,922,528)		
21	CONSERVATION AMORTIZATION	18,049,695				(18,049,695)		
22	ADMIN & GENERAL EXPENSE	48,818,035	22,735	5,735		(96,303)		520,000
23	DEPRECIATION	111,068,605						
24	AMORTIZATION	12,058,227						
25	AMORTIZATION OF PROPERTY LOSS	-						
26	OTHER OPERATING EXPENSES	(45,370)						
27	TAXES OTHER THAN F.I.T.	101,993,080	435,856	109,942		(54,051,019.93)		
28	FEDERAL INCOME TAXES	-	1,380,817	958,464	20,029,882	210,544	(182,000)	(231,298)
29	DEFERRED INCOME TAXES	57,027,596		(19,273,683)				
30	TOTAL OPERATING REV. DEDUCT.	\$ 439,108,531	\$ 1,892,006	\$ 1,087,409	\$ (18,266,587)	\$ (77,302,874)	\$ 338,000	\$ 429,552
31								
32	NET OPERATING INCOME	\$ 101,047,061	\$ 2,564,375	\$ (756,200)	\$ 18,266,587	\$ 391,010	\$ (338,000)	\$ (429,552)
33								
34	RATE BASE	\$ 1,651,590,190						
35								
36	RATE OF RETURN	6.12%						
37								
38	RATE BASE:							
39	UTILITY PLANT IN SERVICE AND OTHER	\$ 3,152,000,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40	ACCUMULATED DEPRECIATION	(1,143,008,342)						
41	ACCUMULATED DEFERRED FIT - LIBERAL	(394,996,926)						
42	DEPRECIATION AND OTHER LIABILITIES	(30,103,192)						
43	TOTAL NET INVESTMENT	\$ 1,583,891,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	ALLOWANCE FOR WORKING CAPITAL	67,698,261						
45	TOTAL RATE BASE	\$ 1,651,590,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Adj. 3.01

**PUGET SOUND ENERGY-GAS
TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	TEMPERATURE NORMALIZATION ADJUSTMENT:			
2		ACTUAL	TEMP ADJ	THERMS
3		<u>THERMS</u>	<u>THERMS</u>	<u>CHANGE</u>
4	Jan-13	163,825,230	147,601,568	(16,223,662)
5	Feb-13	125,224,263	131,125,292	5,901,029
6	Mar-13	119,072,211	126,961,949	7,889,738
7	Apr-13	91,772,945	94,196,601	2,423,656
8	May-13	63,374,516	70,547,086	7,172,570
9	Jun-13	48,599,316	54,190,220	5,590,904
10	Jul-13	After 6/30/2013, Gas revenues are decoupled and so do not require an adjustment for temperature normalization		
11	Aug-13			
12	Sep-13			
13	Oct-13			
14	Nov-13			
15	Dec-13			
16		611,868,482	624,622,717	12,754,235
17	REVENUE ADJUSTMENT:			
18	Residential (23)			\$ 8,055,907
19	Residential (16)			0
20	Commercial & industrial (31)			2,506,415
21	Large volume (41)			235,747
22	Compressed natural gas (50)			0
23	Interruptible (85)			139,300
24	Limited interruptible (86)			200,994
25	Non exclusive interruptible (87)			220,043
26	Transportation (87T)			3,508
27	Contracts (99,199,299)			5,676
28	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ 11,367,590
29				
30	OPERATING EXPENSES:			
31	PURCHASED GAS COSTS			6,911,210
32				\$ 6,911,210
33				
34	UNCOLLECTIBLES @		0.46270%	\$ 52,598
35	ANNUAL FILING FEE @		0.20000%	22,735
36	INCREASE (DECREASE) EXPENSE			75,333
37				
38	STATE UTILITY TAX @		3.83420%	\$ 435,856
39	INCREASE (DECREASE) TAXES OTHER			435,856
40				
41	INCREASE (DECREASE) OPERATING INCOME			3,945,192
42				
43	INCREASE (DECREASE) FIT @		35%	1,380,817
44	INCREASE (DECREASE) NOI			\$ 2,564,375

Adj. 3.02

**PUGET SOUND ENERGY-GAS
REVENUE & EXPENSE RESTATING
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION			ADJUSTMENT
1	SALES TO CUSTOMERS:			
2	REMOVE MERGER RATE CREDIT SCH 132		\$ 2,816,548	
3				
4				
5	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS			\$ 2,816,548
6				
7	OTHER OPERATING REVENUES:			
8	REMOVE RENTALS ASSOC WITH SCH 132		\$ 50,865	
9				
10	TOTAL INCREASE (DECREASE) OPERATING REVENUES			\$ 50,865
11				
12	TOTAL INCREASE (DECREASE) REVENUES			2,867,412
13				
14				
15	UNCOLLECTIBLES @	0.46270%	13,268	
16	ANNUAL FILING FEE @	0.20000%	5,735	
17	INCREASE (DECREASE) EXPENSE			19,002
18				
19	STATE UTILITY TAX @	3.83420%	\$ 109,942	
20				
21	INCREASE (DECREASE) TAXES OTHER			109,942
22				
23	INCREASE (DECREASE) OPERATING INCOME			2,738,468
24	INCREASE (DECREASE) FIT @	35%		958,464
25	INCREASE (DECREASE) NOI			\$ 1,780,004

Adj. 3.03

**PUGET SOUND ENERGY-GAS
FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ 57,228,235
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @ 35%	20,029,882
5	DEFERRED FIT - DEBIT	37,757,410
6	DEFERRED FIT - CREDIT	-
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(3,496)
8	TOTAL RESTATED FIT	<u>\$ 57,783,796</u>
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	-
12	DEFERRED FIT - DEBIT	\$201,496,097
13	DEFERRED FIT - CREDIT	(\$144,465,005)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(3,496)
15	TOTAL CHARGED TO EXPENSE	<u>\$ 57,027,596</u>
16		
17	INCREASE(DECREASE) FIT (LINE 4 - LINE 11)	\$ 20,029,882
18	INCREASE(DECREASE) DEFERRED FIT (LINES 5 + 6 + 7 - 12 - 13 - 14)	(19,273,683)
19	INCREASE(DECREASE) ITC	-
20	INCREASE(DECREASE) NOI	<u><u>\$ (756,200)</u></u>

Adj. 3.04

**PUGET SOUND ENERGY-GAS
TAX BENEFIT OF RESTATED INTEREST
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 1,651,590,190
2		
3	NET RATE BASE	<u>\$ 1,651,590,190</u>
4		
5	WEIGHTED COST OF DEBT	<u>3.16%</u>
6	RESTATED INTEREST	\$ 52,190,250
7		
8		
9		
10	INCREASE (DECREASE) INCOME	\$ (52,190,250)
11		
12	INCREASE (DECREASE) FIT @	35% (18,266,587)
13	INCREASE (DECREASE) NOI	<u><u>\$ 18,266,587</u></u>

Adj. 3.05

**PUGET SOUND ENERGY-GAS
PASS-THROUGH REVENUE & EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME RIDER - SCHEDULE 129	\$ 5,148,872
3	REMOVE CONSERVATION TRACKER - SCHEDULE 120	18,689,272
4	REMOVE PROPERTY TAX TRACKER - SCHEDULE 140	8,144,997
5	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	(30,065,148)
6	REMOVE CARBON OFFSET - SCHEDULE 137	112,074
7	REMOVE OTHER ASSOC WITH CARBON OFFSET - SCHEDULE 137	63,865
8	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	45,673,733
9	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	383,699
10	TOTAL (INCREASE) DECREASE REVENUES	<u>\$ 48,151,363</u>
11		
12	<u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u>	
13	UNCOLLECTIBLES @ 0.0046270	\$ (222,796)
14	ANNUAL FILING FEE 0.0020000	(96,303)
15	STATE UTILITY TAX 0.0383420	(1,846,220)
16	TOTAL	<u>\$ (2,165,319)</u>
17		
18	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
19	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	\$ (4,922,528)
20	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	(13,729,229)
21	REMOVE 2012 CONSERVATION AMORTIZATION - SCHEDULE 120	(4,320,466)
22	REMOVE PROPERTY TAX AMORTIZATION EXP - SCHEDULE 140	(7,787,749)
23	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	28,760,501
24	REMOVE CARBON OFFSET AMORTIZATION EXP - SCHEDULE 137	(171,076)
25	REMOVE MUNICIPAL TAXES	(44,417,051)
26	TOTAL INCREASE (DECREASE) EXPENSE	<u>\$ (46,587,598)</u>
27		
28	INCREASE (DECREASE) OPERATING INCOME BEFORE FIT	\$ 601,553
29	INCREASE (DECREASE) FIT (LINE 28 * 35%)	210,544
30	INCREASE (DECREASE) NOI	<u>\$ 391,010</u>

Adj. 3.06

**PUGET SOUND ENERGY-GAS
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT	
1	EXPENSES TO BE NORMALIZED:		
2			
3	2011 and 2009 GRC EXPENSES TO BE NORMALIZED	\$ 1,040,000	
4			
5	ANNUAL NORMALIZATION (LINE 3 / 2)	520,000	
6	LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO O&M	0	
7	INCREASE (DECREASE) EXPENSE	<u>\$ 520,000</u>	<u>\$ 520,000</u>
8			
9			
10	TOTAL INCREASE (DECREASE) EXPENSE		\$ 520,000
11			
12	INCREASE(DECREASE) FIT @	35%	<u>(182,000)</u>
13	INCREASE(DECREASE) NOI		<u><u>\$ (338,000)</u></u>

Adj. 3.07

**PUGET SOUND ENERGY-GAS
BAD DEBTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	YEAR	NET	GROSS	OTHER	NET	PERCENT
		WRITEOFFS	REVENUES	OPERATING REVENUE	REVENUES	WRITEOFFS TO REVENUE
		December	August	August	August	
1	12 ME 12/31/2009 AND 8/31/2009	\$ 5,677,036	\$ 1,279,928,251	\$ 19,180,943	\$ 1,260,747,308	0.4503%
2	12 ME 12/31/2012 AND 8/31/2012	\$ 4,956,862	\$ 1,134,406,076	\$ 13,609,006	\$ 1,120,797,070	0.4423%
3	12 ME 12/31/2013 AND 8/31/2013	\$ 4,892,400	\$ 1,001,308,155	\$ 13,765,254	\$ 987,542,901	0.4954%
4						
5	3-Yr Average of Net Write Off Rate					0.4627%
6						
7	Reporting Period Revenues		\$1,028,356,534	\$8,499,955	\$1,019,856,580	
8						
9	RESTATED BAD DEBT RATE				0.4627%	
10	RESTATED BAD DEBTS				\$ 4,718,876	
11						
12	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR				4,058,026	
13	INCREASE (DECREASE) EXPENSE					\$ 660,850
14						
15	INCREASE(DECREASE) IN INCOME					\$ (660,850)
16	INCREASE (DECREASE) FIT				35%	(231,298)
17	INCREASE (DECREASE) NOI					\$ (429,552)

Adj. 3.08

**PUGET SOUND ENERGY-GAS
EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED EXCISE TAXES	\$ 39,546,411
2	CHARGED TO EXPENSE FOR TEST YEAR	\$39,546,411
3	INCREASE(DECREASE) EXCISE TAX	\$ -
4		
5	RESTATED WUTC FILING FEE	\$ 2,049,697
6	CHARGED TO EXPENSE FOR TEST YEAR	2,049,696
7	INCREASE(DECREASE) WUTC FILING FEE	\$ 1
8		
9	INCREASE(DECREASE) EXPENSE	\$ 1
10		
11	INCREASE(DECREASE) OPERATING INCOME	\$ (1)
12		
13	INCREASE(DECREASE) FIT 35%	\$ (0)
14		
15	INCREASE(DECREASE) NOI	<u><u>\$ (1)</u></u>

Adj. 3.09

**PUGET SOUND ENERGY-GAS
INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE			
NO.	DESCRIPTION		AMOUNT
1	INTEREST EXPENSE FOR TEST YEAR	\$	11,406
2			
3			
4	INCREASE (DECREASE) NOI	<u>\$</u>	<u>(11,406)</u>

Adj. 3.10

**PUGET SOUND ENERGY-GAS
PENSION PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 4,271,808	\$ 2,868,798	\$ (1,403,010)
2				
3				
4	INCREASE (DECREASE) IN EXPENSE	\$ 4,271,808	\$ 2,868,798	\$ (1,403,010)
5				
6	INCREASE (DECREASE) INCOME			1,403,010
7	INCREASE (DECREASE) FIT @		35%	491,054
8				
9	INCREASE (DECREASE) NOI			<u><u>\$ 911,957</u></u>

Adj. 3.11

**PUGET SOUND ENERGY-GAS
D&O INSURANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. CHG EXPENSE	\$ 75,840	\$ 76,926	\$ 1,086
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 75,840	\$ 76,926	\$ 1,086
4				
5	INCREASE (DECREASE) OPERATING INCOME			(1,086)
6				
7	INCREASE (DECREASE) FIT @		35%	(380)
8				
9	INCREASE (DECREASE) NOI			<u><u>\$ (706)</u></u>

Adj. 3.12

**PUGET SOUND ENERGY-GAS
INJURIES AND DAMAGES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	INJURIES & DAMAGES ACCRUALS	\$ (49,219)	\$ 333,594	\$ 382,813
2	INJURIES & DAMAGES PAYMENTS IN EXCESS OF ACCRUALS	<u>\$ 185,903</u>	<u>\$ 267,530</u>	<u>81,627</u>
3	INCREASE/(DECREASE) IN EXPENSE	136,684	601,124	464,440
4				
5	INCREASE/(DECREASE) IN OPERATING EXPENSE (LINE 3)			\$ 464,440
6	INCREASE (DECREASE) FIT @		35%	<u>(162,554)</u>
7				
8	INCREASE (DECREASE) NOI			<u><u>\$ (301,886)</u></u>

Adj. 3.13

**PUGET SOUND ENERGY-GAS
PROPERTY TAX ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	PROPERTY TAX TRACKER-SCHEDULE 140	\$ (3,182,862)		\$ 3,182,862
2				
3	TOTAL TAXES	(3,182,862)		3,182,862
4				
5	INCREASE (DECREASE) EXPENSE			\$ 3,182,862
6				
7	INCREASE (DECREASE) FIT @ 35%			(1,114,002)
8				
9	INCREASE (DECREASE) NOI			\$ (2,068,860)

Adj. 3.14

**PUGET SOUND ENERGY-GAS
INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	INCENTIVE/MERIT PAY			
2	TOTAL INCENTIVE PAY	\$ 3,313,961	\$ 2,987,335	\$ (326,625)
3				
4	PAYROLL TAXES ASSOC WITH MERIT PAY	281,509	253,763	(27,746)
5	INCREASE(DECREASE) EXPENSE	3,595,470	3,241,099	(354,371)
6				
7	INCREASE (DECREASE) OPERATING EXPENSE			(354,371)
8				
9	INCREASE(DECREASE) FIT @		35%	124,030
10	INCREASE(DECREASE) NOI			\$ 230,341

Adj. 4.01

**PUGET SOUND ENERGY-GAS
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	BASE	RATE	AMOUNT
1	BAD DEBTS			0.004627
2	ANNUAL FILING FEE			0.002000
3	STATE UTILITY TAX (3.852% - (LINE 1 * 3.852%))		3.852%	0.038342
4				
5	SUM OF TAXES OTHER			0.044969
6				
7	CONVERSION FACTOR BEFORE FIT			0.955031
8	FEDERAL INCOME TAX ((1 - LINE 5) * 35%)		35%	0.334261
9	CONVERSION FACTOR (1 - (LINE 5 + LINE 8))			0.620770