

PART 1
(ELECTRIC)

PUGET SOUND ENERGY-ELECTRIC
 RESULTS OF OPERATIONS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE NO.	ACTUAL RESULTS OF OPERATIONS	CONSERVATION TRUST	ACTUAL RESULTS OF OPERATION W/ CONSERVATION TRUST	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	OPERATING REVENUES:						
2	SALES TO CUSTOMERS	\$ 1,250,593,645	\$ 11,716,081	\$ 1,262,309,726	\$ 152,515,852	\$ 1,414,825,578	\$ 1,430,639,042
3	SALES FROM RESALE-FIRM	364,717	364,717	92,726	457,443	464,922	464,922
4	SALES TO OTHER UTILITIES	199,186,464	199,186,464	(144,028,832)	55,157,632	55,157,632	55,157,632
5	OTHER OPERATING REVENUES	45,262,737	45,262,737	(12,290,771)	32,971,966	32,993,869	32,993,869
6	TOTAL OPERATING REVENUES	1,495,407,563	11,716,081	1,507,123,644	(3,711,025)	1,503,412,619	1,519,255,465
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	POWER COSTS:						
11	FUEL	\$ 64,236,514	\$ -	\$ 64,236,514	\$ 127,427,737	\$ 191,664,251	\$ 191,664,251
12	PURCHASED AND INTERCHANGED	769,384,600		769,384,600	(218,241,125)	551,143,475	551,143,475
13	WHEELING	39,868,912		39,868,912	1,924,168	41,793,079	41,793,079
14	RESIDENTIAL EXCHANGE	(172,382,420)		(172,382,420)	172,382,420	-	-
15	TOTAL PRODUCTION EXPENSES	701,107,606		701,107,606	83,493,200	784,600,805	784,600,805
16							
17	OTHER POWER SUPPLY EXPENSES	\$ 46,852,153	\$ -	\$ 46,852,153	\$ 4,943,865	\$ 51,795,958	\$ 51,795,958
18	TRANSMISSION EXPENSE	3,409,865		3,409,865	179,443	3,589,308	3,589,308
19	DISTRIBUTION EXPENSE	58,327,849		58,327,849	2,069,416	60,397,265	60,397,265
20	CUSTOMER ACCOUNT EXPENSES	34,589,847		34,589,847	(1,133,530)	34,476,291	34,476,291
21	CUSTOMER SERVICE EXPENSES	8,709,615		8,709,615	(5,770,113)	2,924,501	2,924,501
22	CONSERVATION AMORTIZATION	29,421,865	10,987,322	40,389,187	(40,290,817)	98,370	98,370
23	ADMIN & GENERAL EXPENSE	59,296,783		59,296,783	(9,272,635)	68,569,418	68,569,418
24	DEPRECIATION	124,154,290		124,154,290	2,336,102	126,490,392	126,490,392
25	AMORTIZATION	24,086,070		24,086,070	(1,405,173)	22,680,897	22,680,897
26	AMORTIZ OF PROPERTY GAIN/LOSS	6,000,000		6,000,000	1,641,323	7,641,323	7,641,323
27	OTHER OPERATING EXPENSES	(3,438,725)		(3,438,725)	3,634,375	195,650	195,650
28	TAXES OTHER THAN F.I.T.	131,930,399		131,930,399	(34,564,889)	97,365,510	97,365,510
29	FEDERAL INCOME TAXES	(5,764,878)		(5,764,878)	32,465,345	26,700,467	26,700,467
30	DEFERRED INCOME TAXES	57,844,151		57,844,151	(30,411,536)	27,432,615	27,432,615
31	TOTAL OPERATING REV. DEDUCT.	1,276,517,888	10,967,322	1,287,485,210	27,277,969	1,314,763,179	1,320,771,202
32							
33	NET OPERATING INCOME	\$ 218,889,675	\$ 748,759	\$ 219,638,434	\$ (30,988,994)	\$ 188,649,439	\$ 198,484,263
34							
35	RATE BASE	\$ 2,515,307,703	\$ -	\$ 2,515,307,703	\$ 29,362,338	\$ 2,544,670,041	\$ 2,544,670,041
36							
37	RATE OF RETURN	8.70%		8.73%		7.41%	7.80%
38	RATE BASE:						
39	UTILITY PLANT IN SERVICE		\$ 2,578,449,579	\$ 27,246,325	\$ 2,605,695,904		
40	DEFERRED DEBITS		334,433,269	9,027,521	343,460,790		
41	DEFERRED TAXES		(390,496,512)	(4,658,357)	(385,748,155)		
42	CONSERVATION TRUST		11,569,864	(11,569,864)	-		
43	ALLOWANCE FOR WORKING CAPITAL		13,679,148	-	13,679,148		
44	OTHER		(32,417,645)	-	(32,417,645)		
45	TOTAL RATE BASE		\$ 2,515,307,703	\$ 29,362,338	\$ 2,544,670,041		
46							

FUJET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	Marian	Russell	Marian	Marians/Russell	Russell	Russell	Parvishen
	TEMPERATURE NORMALIZATION	GENERAL REVENUES	POWER COSTS	SALES FOR RESELL - SEC	FEDERAL INCOME TAX	TAX BENEFIT OF PRO FORMA INTEREST	DEPRECIATION/ AMORTIZATION
	2.01	2.02	2.03	2.04	2.05	2.06	2.07
1	OPERATING REVENUES						
2	SALES TO CUSTOMERS	\$ 1,262,308,726	\$ 145,470,106	\$ -	\$ -	\$ -	\$ -
3	SALES FROM RESELL-FIRM	364,717	91,532				
4	SALES TO OTHER UTILITIES	199,186,464					
5	OTHER OPERATING REVENUES	45,262,737	1,136,399	(9,385,023)	(144,028,832)		
6	TOTAL OPERATING REVENUES	\$ 1,507,123,644	\$ 146,698,037	\$ (9,385,023)	\$ (3,329,377)	\$ -	\$ -
7	OPERATING REVENUE DEDUCTIONS:						
8	POWER COSTS:						
11	FUEL	\$ 64,236,514	\$ -	\$ 127,427,737	\$ -	\$ -	\$ -
12	PURCHASED AND INTERCHANGED	769,384,600	(218,241,125)				
13	WHEELING	39,868,912	1,924,168				
14	RESIDENTIAL EXCHANGE	(172,382,420)	172,382,420				
15	TOTAL PRODUCTION EXPENSES	\$ 701,107,606	\$ -	\$ 83,493,200	\$ -	\$ -	\$ -
16	OTHER POWER SUPPLY EXPENSES	46,852,153	\$ -	4,536,429	\$ -	\$ -	\$ -
17	TRANSMISSION EXPENSE	3,409,865	(6,306)				
18	DISTRIBUTION EXPENSE	58,327,849					
19	CUSTOMER ACCTS EXPENSES	34,589,847					
20	CUSTOMER SERVICE EXPENSES	8,700,615					
21	CONSERVATION AMORTIZATION	40,389,187					
22	ADMIN & GENERAL EXPENSE	59,296,783	13,389	278,726			
23	DEPRECIATION	124,154,290					130,808
24	AMORTIZATION	6,000,000					18,811
25	AMORTIZ OF PROPERTY GAD/LOSS	(3,438,725)					
26	OTHER OPERATING EXPENSES	131,930,399					
27	TAXES OTHER THAN F.I.T.	(5,764,878)					
28	FEDERAL INCOME TAXES	57,844,151	2,355,530	(34,092,921)	(51,530,445)	7,530,496	(52,367)
29	DEFERRED INCOME TAXES	1,287,485,210	2,672,385	29,778,844	(51,658,810)	35,362,248	
30	TOTAL OPERATING REV. DEDUCT.	\$ 2,19,638,434	\$ 116,919,193	\$ (63,315,425)	\$ (95,699,399)	\$ (4,651,347)	\$ (97,252)
31	NET OPERATING INCOME	\$ 2,515,307,703	\$ 8.73%				
32	RATE BASE						
33	RATE OF RETURN						
34	RATE BASE:						
35	UTILITY PLANT IN SERVICE	2,578,449,579					
36	DEFERRED DEBITS	334,433,269					
37	DEFERRED TAXES	(390,406,512)					
38	CONSERVATION TRUST	11,569,864					
39	ALLOWANCE FOR WORKING CAPITAL	13,679,148					
40	OTHER	(32,417,645)					
41	TOTAL RATE BASE	\$ 2,515,307,703	\$ -	\$ -	\$ -	\$ -	\$ (74,810)
42							
43							
44							
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PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	DESCRIPTION	Russell	Parvilinear	Russell	Parvilinear	Russell	Russell	Russell	Russell
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS								
3	SALES FROM RESALE-FIRM								
4	SALES TO OTHER UTILITIES								
5	OTHER OPERATING REVENUES	2.08							
6	TOTAL OPERATING REVENUES	2.08							
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL								
12	PURCHASED AND INTERCHANGED								
13	WHEELING								
14	RESIDENTIAL EXCHANGE								
15	TOTAL PRODUCTION EXPENSES								
16									
17	OTHER POWER SUPPLY EXPENSES								
18	TRANSMISSION EXPENSE								
19	DISTRIBUTION EXPENSE								
20	CUSTOMER ACCTS EXPENSES								
21	CUSTOMER SERVICE EXPENSES								
22	CONSERVATION AMORTIZATION								
23	ADMIN & GENERAL EXPENSE								
24	DEPRECIATION								
25	AMORTIZATION								
26	AMORTIZ OF PROPERTY GAIN/LOSS								
27	OTHER OPERATING EXPENSES								
28	TAXES OTHER THAN F.I.T.								
29	FEDERAL INCOME TAXES								
30	DEFERRED INCOME TAXES								
31	TOTAL OPERATING REV. DEDUCT.								
32									
33	NET OPERATING INCOME								
34									
35	RATE BASE								
36									
37	RATE OF RETURN								
38									
39	RATE BASE:								
40	UTILITY PLANT IN SERVICE								
41	DEFERRED DEBITS								
42	DEFERRED TAXES								
43	CONSERVATION TRUST								
44	ALLOWANCE FOR WORKING CAPITAL								
45	OTHER								
46	TOTAL RATE BASE								

CONSERVATION 2.08
 BAD DEBITS 2.09
 MISCELLANEOUS OPERATING EXPENSE 2.10
 PROPERTY TAXES 2.11
 WHITE RIVER RELIPLANT COSTS 2.12
 FILING FEE 2.13
 D&O INSURANCE 2.14
 MONTANA ENERGY TAX 2.15
 (712,770)
 (712,770)
 2,000,000
 (2,447,405)
 (1,381,963)
 1,494,702
 (114,465)
 (52,815)
 (614,685)
 (961,153)
 961,153
 (11,569,864)
 (26,189,031)
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 (11,569,864)

1 CONFIDENTIAL per Protective Order in UE-040640

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 RESTATEING AND PRO FORMA ADJUSTMENTS

LINE NO.	Russell	Russell	Russell	Parviam	Russell	Russell	ADJUSTED RESULTS OF OPERATIONS
	MONTANA CORP LICENSE TAX 2.25	FREDRICKSON PLANT 2.27 (Note 1)	STORM DAMAGE 2.26	LOW INCOME AMORTIZATION 2.28	REGULATORY ASSETS 2.29	PRODUCTION ADJUSTMENT 2.30	
1							
2	\$ -		\$ -	\$ -	\$ -	\$ -	\$ 1,414,825,578
3							457,443
4							55,157,632
5							32,971,966
6							1,503,412,619
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7.41%

ALLOWANCE FOR WORKING CAPITAL

PUGET SOUND ENERGY-ELECTRIC
 2.01 TEMPERATURE NORMALIZATION
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE

NO. DESCRIPTION

LINE NO.	DESCRIPTION	ACTUAL GPI MWH	TEMP ADJ GPI MWH	MWH CHANGE	ADJ FOR LOSSES 6.40%
1	TEMPERATURE NORMALIZATION ADJUSTMENT:				
2					
3					
4	Oct-02	1,691,158	1,670,669	(20,489)	(19,178)
5	Nov-02	1,807,647	1,841,715	34,068	31,887
6	Dec-02	2,061,746	2,120,555	58,809	55,046
7	Jan-03	1,979,614	2,101,564	121,950	114,145
8	Feb-03	1,848,298	1,813,468	(34,830)	(32,601)
9	Mar-03	1,877,283	1,893,108	15,825	14,812
10	Apr-03	1,691,863	1,670,087	(21,776)	(20,383)
11	May-03	1,585,662	1,575,964	(9,698)	(9,077)
12	Jun-03	1,490,550	1,474,297	(16,253)	(15,213)
13	Jul-03	1,568,794	1,553,446	(15,348)	(14,366)
14	Aug-03	1,532,398	1,525,817	(6,581)	(6,160)
15	Sep-03	1,506,449	1,498,678	(7,771)	(7,274)
16		20,641,463	20,739,368	97,905	91,638
17					
18	REVENUE ADJUSTMENT:	Schedule 7		\$	6,876,128
19		Schedule 24			58,139
20		Schedule 25			(145,160)
21		Schedule 26			(168,308)
22		Schedule 29			16,067
23		Schedule 31			(165,176)
24		Schedule 35			-
25		Schedule 43			574,056
26		Firm Resale			1,194
27	INCREASE (DECREASE) SALES TO CUSTOMERS				\$ 7,046,940
28					
29	UNCOLLECTIBLES @			0.0045080 \$	31,768
30	ANNUAL FILING FEE @			0.0019000	13,389
31	INCREASE (DECREASE) EXPENSES				45,157
32					
33	STATE UTILITY TAX @			0.0385554 \$	271,698
34	INCREASE (DECREASE) TAXES OTHER				271,698
35					
36	INCREASE (DECREASE) INCOME				6,730,085
37					
38	INCREASE (DECREASE) FIT @			35%	2,355,530
39	INCREASE (DECREASE) NOI				\$ 4,374,555

PUGET SOUND ENERGY-ELECTRIC
2.02 GENERAL REVENUES ADJUSTMENT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	<u>RESTATING ADJUSTMENTS:</u>	
3	ADD BACK SCHEDULE 94 RESIDENTIAL/FARM CREDIT	\$ 180,281,489
4	REMOVE MUNICIPAL TAXES	(40,996,559)
5	REMOVE SCHEDULE 120 CONSERVATION RIDER REVENUE	(26,692,602)
6	ADD BACK CENTRALIA CREDIT	7,653
7	OUT OF PERIOD CHARGES	(3,570,280)
8	LOW INCOME RATE CHANGE	(3,830,521)
9	MISCELLANEOUS RESTATING ADJUSTMENTS - SALES TO CUSTOMERS	(785,533)
10	MISCELLANEOUS RESTATING ADJUSTMENTS - SALES FROM RESALE-FIR	(14,782)
11	SUBTOTAL RESTATING ADJUSTMENTS	<u>104,398,865</u>
12		
13	<u>PROFORMA ADJUSTMENTS:</u>	
14	PCORC PROFORMA INCREASE DOCKET 03-1725	44,192,861
15	PROFORMA UNBILLED REVENUE	542,641
16	LOW INCOME REVENUE	(2,269,353)
17	MISC. PROFORMA ADJSUTMENTS - SALES TO CUSTOMERS	(1,409,690)
18	MISC. PROFORMA ADJSUTMENTS - SALES FROM RESALE-FIRM	106,314
19	SUBTOTAL PROFORMA ADJUSTMENTS	<u>41,162,773</u>
20		
21	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ 145,561,638
22		
23	OTHER OPERATING REVENUES:	
24	MISCELLANEOUS CUSTOMER CHARGES	706,411
25	MISC. PROFORMA ADJSUTMENTS - OTHER OPERATING REVENUES	<u>429,988</u>
26		
27	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	<u>1,136,399</u>
28		
29	TOTAL INCREASE (DECREASE) REVENUES	146,698,037
30		
31	UNCOLLECTIBLES @	0.0045080 \$ 661,315
32	ANNUAL FILING FEE @	0.0019000 <u>278,726</u>
33	INCREASE (DECREASE) EXPENSES	940,041
34		
31	STATE UTILITY TAX @	0.0385554 \$ 5,656,001
32	MUNICIPAL TAX EXPENSED	<u>(39,773,688)</u>
33	INCREASE (DECREASE) TAXES OTHER	<u>(34,117,687)</u>
34		
35	INCREASE (DECREASE) INCOME	179,875,682
36		
37	INCREASE (DECREASE) FIT @	35% 62,956,489
38	INCREASE (DECREASE) NOI	<u>\$ 116,919,193</u>

PUGET SOUND ENERGY-ELECTRIC
 2.03 POWER COSTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	PRODUCTION EXPENSES:			
2	FUEL	\$ 64,236,514	\$ 200,357,175	\$ 136,120,661
2a	TENASKA DISALLOWANCE		(8,692,924)	(8,692,924)
3	PURCHASED AND INTERCHANGED:	769,384,600	551,143,475	(218,241,125)
4	WHEELING	39,868,912	41,793,080	1,924,168
5	HYDRO AND OTHER POWER	46,852,153	51,388,582	4,536,429
6	TRANS. EXP. INCL. 500KV O&M	492,266	485,960	(6,306)
7	SALES FOR RESALE	(199,186,464)	(55,157,632)	144,028,832
8	PURCHASES/SALES OF NON-CORE GAS	(9,704,193)	(319,170)	9,385,023
9	WHEELING FOR OTHERS	(12,727,829)	(9,398,452)	3,329,377
10	SUBTOTAL	\$ 699,215,959	\$ 771,600,094	\$ 72,384,135
11				
12	LESS: SALES FOR RESALE	199,186,464	55,157,632	(144,028,832)
13	LESS: WHEELING FOR OTHERS	12,727,829	9,398,452	(3,329,377)
14	SCH. 94 - RES./FARM CREDIT	(172,382,420)	-	172,382,420
15	TOTAL	\$ 738,747,832	\$ 836,156,178	\$ 97,408,345
16	TRANS. EXP. INCL. 500KV O&M	(492,266)		
17	PURCHASES/SALES OF NON-CORE GAS	9,704,193		
18	POWER COSTS PER G/L	\$ 747,959,759		
19	INCREASE(DECREASE) INCOME			\$ (97,408,345)
20				
21	INCREASE(DECREASE) FIT @	35%		(34,092,921)
22	INCREASE(DECREASE) NOI			\$ (63,315,425)

PUGET SOUND ENERGY
GENERAL RATE CASE

Docket Number UG-040640 et. al
Staff Initial Brief - Appendix B, Part 1 (Electric)

DETERMINATION OF NET POWER COSTS FOR GRC PAGE 2.03
TEST YEAR ENDED SEPTEMBER 30, 2003
RATE YEAR ENDED FEBRUARY 28, 2006

Page 9 of 39

Line FERC	Description	Rate Year 12ME 3/31/2005	Remove Ben&Tax	Net Before Prod Factor	After Prod Factor of 0.98719
1	Fuel:				
2	501 Steam Fuel	\$ 41,665,584	\$ -	\$ 41,665,584	\$ 41,131,848
3	547 Fuel	161,291,471	-	161,291,471	159,225,327
4		202,957,055	-	202,957,055	200,357,175
5	Purchased and Interchanged:				
6	555 Purchased Power	552,115,613	-	552,115,613	545,043,012
6a	555 Tenaska Disallowance	(8,805,725)		(8,805,725)	(8,692,924)
7	557 Other Power Expense	6,708,226	(528,602)	6,179,624	6,100,463
8		550,018,114	(528,602)	549,489,512	542,450,551
9					
10	565 Wheeling	42,335,396	-	42,335,396	41,793,080
11					
12	various Hydro and Other Power	53,496,302	(1,440,890)	52,055,412	51,388,582
13					
14	various Trans. Exp. Incl. 500Kv O&M	492,266		492,266	485,960
15	447 Sales for Resale	(55,873,370)		(55,873,370)	(55,157,632)
16	456 Purchases/Sales Of Non-Core Gas	(323,312)		(323,312)	(319,170)
17		(55,704,416)	-	(55,704,416)	(54,990,842)
18					
19	Net Power Costs from page 5	793,102,451	(1,969,492)	791,132,959	780,998,546
20	various Variable Transmission Income	(9,520,408)		(9,520,408)	(9,398,452)
21					
22	Power Costs Page 2.03 Line 10	\$ 783,582,043	\$ (1,969,492)	\$ 781,612,550	\$ 771,600,094
23					

**GRC Power Cost Projections
 Rate Year AURORA + Non-AURORA Power Costs
 GRC 1.19.04 WNR_v1**

General Rate Case Rate Year: March 2005 - February 2006

	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Rate Year
501 Coal Fuel	\$ 3,607	\$ 3,508	\$ 2,923	\$ 3,087	\$ 3,607	\$ 3,607	\$ 3,508	\$ 3,607	\$ 3,508	\$ 3,607	\$ 3,700	\$ 3,398	\$ 41,866
547 Natural Gas Fuel	8,228	7,327	5,908	6,462	10,877	19,435	22,560	17,317	15,391	15,799	17,371	14,816	161,291
555 Purchase & Interchange	54,251	40,835	31,038	37,944	31,691	31,953	32,723	45,297	53,440	68,900	68,546	58,084	554,700
557 Other Power Supply	562	562	562	562	562	562	562	562	562	562	544	544	6,708
565 Wheeling	3,383	3,412	3,392	3,527	3,724	3,549	3,868	3,555	3,522	3,541	3,435	3,427	42,335
447 Secondary Sales	(1,727)	(3,050)	(633)	(1,898)	(8,513)	(11,032)	(9,103)	(6,709)	(4,970)	(2,933)	(2,799)	(2,508)	(55,873)
Subtotal	\$ 68,303	\$ 52,594	\$ 43,189	\$ 49,885	\$ 41,948	\$ 48,074	\$ 54,118	\$ 63,629	\$ 71,453	\$ 89,476	\$ 90,798	\$ 77,561	\$ 750,828
Non-Core Gas	(30)	(29)	-	(29)	(30)	(30)	(29)	(30)	(29)	(30)	(30)	(27)	(323)
Subtotal with Non-Core Gas	\$ 68,273	\$ 52,565	\$ 43,189	\$ 49,856	\$ 41,918	\$ 48,044	\$ 54,089	\$ 63,598	\$ 71,424	\$ 89,446	\$ 90,768	\$ 77,534	\$ 750,504
Load in MWh	1,913,303	1,657,048	1,577,190	1,478,858	1,508,755	1,537,626	1,496,973	1,690,860	1,881,085	2,141,614	2,177,709	1,859,919	20,823,938
Delivered Load	1,790,852	1,550,997	1,476,249	1,384,211	1,412,194	1,439,218	1,403,975	1,582,645	1,760,865	2,004,550	2,038,335	1,740,884	19,584,866

6.40%

Revenue Requirement Adjustments:	
Before adjustment	\$ 750,504
Tenaska Prudence Disallowance	1.2% \$137,669
Tenaska Buyout Disallowance	50.0% \$ 17,611
March Point 2 Prudence Disallowance	3.0% \$ 31,089
Net Power Costs	\$ 739,114
Production O&M (including ben & p/r tax)	53,496
Colstrip 500 KV Expense	492
Net Costs for Revenue Requirement	\$ 793,102

**PUGET SOUND ENERGY-ELECTRIC
 2.04 SALES FOR RESALE - SECONDARY
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT	ADJUSTMENT
1	PROFORMA SALES FOR RESALE - OTHER UTILITIES	\$ 55,157,632	
2	ACTUAL SALES FOR RESALE - OTHER UTIL.	199,186,464	
3	INCREASE (DECREASE) REVENUES - OTHER UTILITIES		\$ (144,028,832)
4			
5	PROFORMA REVENUES - WHEELING FOR OTHERS	\$ 9,398,452	
6	ACTUAL REVENUES - WHEELING FOR OTHERS	12,727,829	
7	INCREASE (DECREASE) OTHER OPERATING REVENUES		(3,329,377)
8	INCREASE (DECREASE) REVENUE		\$ (147,358,209)
9			
10	STATE UTILITY TAX		
11	(APPLICABLE TO LINE 7)	0.0385554 (128,365)	
12	INCREASE (DECREASE) STATE UTILITY TAX		(128,365)
13	INCREASE (DECREASE) INCOME		\$ (147,229,844)
14			
15	INCREASE (DECREASE) FIT @	35%	(51,530,445)
16	INCREASE (DECREASE) NOI		\$ (95,699,399)

PUGET SOUND ENERGY-ELECTRIC
2.05 FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ 84,563,914
2		
3	FEDERAL INCOME TAX @ 35%	29,597,370
4	CURRENTLY PAYABLE	\$ 29,597,370
5		
6	DEFERRED FIT - DEBIT	\$ 41,384,000
7	DEFERRED FIT - CREDIT	(14,250,750)
8	DEFERRED FIT - INV TAX CREDIT, NET OF AMORT.	-
9	TOTAL RESTATED FIT	\$ 56,730,620
10		
11	FIT PER BOOKS:	
12	CURRENTLY PAYABLE	\$ (5,764,878)
13	DEFERRED FIT - DEBIT	78,533,358
14	DEFERRED FIT - CREDIT	(20,689,207)
15	DEFERRED FIT - INV TAX CREDIT, NET OF AMOF	-
16	TOTAL CHARGED TO EXPENSE	\$ 52,079,273
17		
18	INCREASE(DECREASE) FIT	35,362,248
19	INCREASE(DECREASE) DEFERRED FIT	(30,710,901)
20	INCREASE(DECREASE) NOI	\$ (4,651,347)

PUGET SOUND ENERGY-ELECTRIC
 2.06 TAX BENEFIT OF PRO FORMA INTEREST
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 2,544,670,041
2	DEDUCTIBLE CWIP	63,264,591
3	NET RATE BASE	\$ 2,607,934,632
4		
5	WEIGHTED COST OF DEBT	4.03%
6	PROFORMA INTEREST	\$ 105,053,753
7		
8	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
9	INTEREST ON LONG TERM DEBT	\$ 119,754,211
10	AMORTIZATION OF DEBT DISCOUNT	
11	AND EXPENSE, NET OF PREMIUMS	2,967,877
12	CONSERVATION TRUST INTEREST	865,394
13	OTHER INTEREST EXPENSE	3,133,604
14	LESS: INTEREST ON CUSTOMER DEPOSITS	(151,631)
15	CHARGED TO EXPENSE IN TEST YEAR	126,569,455
16		
17	INCREASE (DECREASE) INCOME	\$ 21,515,702
18		
19	INCREASE (DECREASE) FIT @	35% 7,530,496
20	INCREASE (DECREASE) NOI	\$ (7,530,496)

PUGET SOUND ENERGY-ELECTRIC
 2.07 DEPRECIATION/AMORTIZATION
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	<u>NET OPERATING INCOME:</u>			
2				
3	DEPRECIATION EXPENSE (FERC 403)	\$ 124,127,498	\$ 124,258,306	\$ 130,808
4				
5	<u>AMORTIZATION EXPENSE:</u>			
6	WUTC AFUDC PLANT ACQUISITION ADJUSTMENT	1,160,838	1,179,649	18,811
7				
8	INCREASE (DECREASE) NET OPERATING INCOME	125,288,336	125,437,955	\$ (149,619)
9				
10	INCREASE (DECREASE) FIT @		35%	(52,367)
11	INCREASE (DECREASE) NOI			\$ (97,252)
12				
13				
14				
15	<u>ADJUST RATE BASE FOR LINE 8</u>			
16	UTILITY PLANT IN SERVICE (50% x LINE 3)			\$ (65,404)
17	DEFERRED DEBITS (50% X LINE 6)			(9,406)
18	TOTAL ADJUSTMENT TO RATEBASE		50%	(74,810)

PUGET SOUND ENERGY-ELECTRIC
 2.08 CONSERVATION
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT	ADJUSTMENT
1	<u>CONSERVATION RIDER AMORTIZATION</u>		
2	ACTUAL CONSERVATION RIDER AMORTIZATION	\$ 26,807,031	
3	RESTATED CONSERVATION RIDER AMORTIZATION	-	
4	INCREASE (DECREASE) EXPENSE	(26,807,031)	
5	INCREASE (DECREASE) OPERATING INCOME		\$ 26,807,031
6			
7	<u>PROFORMA</u>		
8	<u>95 CONSERVATION TRUST AMORTIZATION</u>		
9	ACTUAL 95 CONSERVATION TRUST AMORTIZATION	14,776,806	
10	PROFORMA 95 CONSERVATION TRUST AMORTIZATION	-	
11	INCREASE (DECREASE) EXPENSE	(14,776,806)	
12	INCREASE (DECREASE) OPERATING INCOME		14,776,806
13			
14	<u>ONE TIME ADJUSTMENTS IN ACCOUNT 18230621</u>		
15	SCH128 OVER-COLLECTION TRANSFER	(643,539)	
16	CENTRALIA FUEL TAX REFUND FROM PACIFICORP	(420,042)	
17	TRANSALTA (SCRUBBER ESC)	(229,439)	
18	INCREASE (DECREASE) EXPENSE	1,293,020	
19	INCREASE (DECREASE) OPERATING INCOME		(1,293,020)
20			
21	TOTAL AMORTIZATION		\$ 40,290,817
22			
23	INCREASE (DECREASE) FIT	35%	\$ 14,101,786
24			
25	INCREASE (DECREASE) NOI		\$ 26,189,031
26			
27	RATE BASE ADJUSTMENTS:		
28	95 CONSERVATION TRUST		(11,569,864)
29	RATE BASE ADJUSTMENT		\$ (11,569,864)

PUGET SOUND ENERGY-ELECTRIC
 2.10 MISCELLANEOUS OPERATING EXPENSE
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	Proforma / RESTATED	ADJUSTMENT
1	<u>OPERATING EXPENSES (RESTATED)</u>			
2	INCENTIVE/MERIT PAY	\$ 2,479,895	\$ 844,686	\$ (1,635,209)
3	PAYROLL TAXES ASSOC WITH MERIT PAY	173,593	59,128	(114,465)
4	FIT/MCIT REFUND STUDY COST	812,196	0	(812,196)
5	<u>OPERATING EXPENSES (PROFORMA)</u>			
6	TREE WATCH (Virtual right of way)	0	2,000,000	2,000,000
7	REDUCE STEAM SALES TO GP	(1,558,715)	(845,945)	712,770
8				
9	INCREASE (DECREASE) IN EXPENSE	\$ 1,906,968	\$ 2,057,869	\$ 150,901
10				
11	INCREASE(DECREASE) INCOME			(150,901)
12	INCREASE(DECREASE) FIT @		35%	(52,815)
13				
14	INCREASE(DECREASE) NOI			<u>\$ (98,086)</u>
15				
16	<u>RATEBASE</u>			
17	FUTURE USE ADJUSTMENT			33,275
18	CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT			1,677,780
19	TOTAL ADJUSTMENT TO RATEBASE			<u>\$ 1,711,055</u>

PUGET SOUND ENERGY-ELECTRIC
 2.11 PROPERTY TAXES
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	WASHINGTON	MONTANA	OREGON	TOTAL
1	RESTATED PROPERTY TAX	\$ 23,275,330	\$ 8,987,002	\$ 981,652	\$ 33,243,984
2	CHARGED TO EXPENSE IN TY	23,055,301	9,387,665	829,823	33,272,789
3	INCREASE(DECREASE) INCOME	\$ (220,029)	\$ 400,663	\$ (151,829)	\$ 28,805
4					
5	Remove 1995-2001 Oregon Back Tax Assesment				\$ (3,833,282)
6					
7					
8					
9	TOTAL INCREASE(DECREASE) INCOME				\$ 3,862,087
10	INCREASE(DECREASE) FIT @			35%	1,351,731
11					
12	INCREASE(DECREASE) NOI				\$ 2,510,356

**PUGET SOUND ENERGY-ELECTRIC
 2.12 WHITE RIVER RELICENSING AND PLANT COSTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>EFFECT ON OVERALL OPERATING EXPENSES:</u>			
2	ADJUSTMENT TO DEPRECIATION EXPENSE (FERC 403):			
3	RELICENSING COSTS	\$ -	\$ -	\$ -
4	PLANT COSTS	1,381,963	-	(1,381,963)
6	TOTAL OPERATING EXPENSE (FERC 403)	<u>\$ 1,381,963</u>	<u>\$ -</u>	<u>(1,381,963)</u>
7				
8	ADJUSTMENT TO AMORTIZATION EXPENSE (FERC 407):			
9	RELICENSING COSTS	\$ -	\$ -	\$ -
10	PLANT COSTS	-	1,494,702	\$ 1,494,702
12	TOTAL OPERATING EXPENSE (FERC 407)	<u>\$ -</u>	<u>\$ 1,494,702</u>	<u>1,494,702</u>
13				
14	INCREASE (DECREASE) INCOME			(112,739)
15				
16	INCREASE (DECREASE) FIT @		35%	(39,459)
17	INCREASE (DECREASE) NOI			<u>\$ (73,280)</u>
18				
19	<u>EFFECT ON OVERALL RATEBASE:</u>			
20	<u>ADJUSTMENT TO PRODUCTION RATE BASE:</u>			
21	<u>PLANT COSTS</u>			
22	GROSS PLANT	\$ 61,716,085	\$ -	\$ (61,716,085)
23	ACCUMULATED DEPREC / AMORT	(18,204,391)	-	18,204,391
24	DEFERRED FIT	(4,105,474)	-	4,105,474
25	NET PLANT COSTS IN BEG PROD RB (Note 1)	<u>\$ 39,406,220</u>	<u>\$ -</u>	<u>\$ (39,406,220)</u>
26				
27	<u>ADJUSTMENT TO REGULATORY ASSET RATE BASE:</u>			
28	<u>RELICENSING COSTS</u>			
29	DEFERRED RELICENSING COSTS:			
30	WHITE RIVER LICENSING CHARGES	\$ -	\$ 15,201,438	\$ 15,201,438
31	WATER RIGHTS	-	-	-
32	OTHER WHITE RIVER CWIP	-	2,698,922	2,698,922
33	GROSS RELICENSING COSTS - AMA	-	17,900,360	17,900,360
34	ACCUMULATED AMORTIZATION - AMA	-	-	-
35				
36	TOTAL ADJUST TO REG ASSET RATEBASE	-	17,900,360	17,900,360
37	<u>PLANT COSTS</u>			
38	GROSS PLANT	-	66,660,934	66,660,934
39	ACCUMULATED DEPREC / AMORT	-	(21,269,880)	(21,269,880)
40	DEFERRED FIT	-	(4,047,572)	(4,047,572)
41	NET PLANT COSTS	-	41,343,483	41,343,483
42				
43	<u>EFFECT ON OVERALL RATEBASE</u>	<u>\$ 39,406,220</u>	<u>\$ 59,243,843</u>	<u>\$ 19,837,623</u>
44				
45				
46				
47				
48				

PUGET SOUND ENERGY-ELECTRIC
2.13 FILING FEE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE			
NO.	DESCRIPTION		AMOUNT
1	RESTATED WUTC FILING FEE	\$	2,489,964
2	CHARGED TO EXPENSE FOR TEST YEAR		2,269,137
3	INCREASE(DECREASE) WUTC FILING FEE	\$	220,827
4			
5	INCREASE(DECREASE) INCOME		(220,827)
6			
7	INCREASE(DECREASE) FIT @	35%	(77,289)
8	INCREASE(DECREASE) NOI	\$	(143,538)

PUGET SOUND ENERGY-ELECTRIC
2.14 D&O INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE	NO. DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
	1 D & O INS. CHG EXPENSE	\$ 543,323	\$ 535,361	\$ (7,961)
	2			
	3 INC(DEC) IN EXPENSE	\$ 543,323	\$ 535,361	\$ (7,961)
	4			
	5 INCREASE(DECREASE) OPERATING INCOME			7,961
	6 INCREASE (DECREASE) FIT @		35%	2,786
	7 INCREASE (DECREASE) NOI			\$ 5,175

PUGET SOUND ENERGY-ELECTRIC
2.15 MONTANA ELECTRIC ENERGY TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED KWH	4,076,696,000
2	TAX RATE	0.00035
3		
4	RESTATED ENERGY TAX	1,741,844
5	CHARGED TO EXPENSE	1,575,805
6	INCREASE (DECREASE) INCOME	\$ (166,039)
7		
8	INCREASE (DECREASE) FIT @ 35%	(58,114)
9	INCREASE (DECREASE) NOI	\$ (107,925)

PUGET SOUND ENERGY-ELECTRIC
2.16 INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	INTEREST EXPENSE FOR TEST YEAR	\$ 151,631
2		
3		
4	INCREASE (DECREASE) NOI	<u>\$ (151,631)</u>

PUGET SOUND ENERGY-ELECTRIC
2.17 SFAS 133
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.		ACTUAL	RESTATED	ADJUSTMENT
1	FAS 133 OPERATING EXPENSE	\$ 855,328	\$ -	\$ (855,328)
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 855,328	\$ -	\$ (855,328)
4				
5	INCREASE(DECREASE) OPERATING INCOME			855,328
6				
7	INCREASE (DECREASE) DEFERRED FIT @	35%		299,365
8				
9	INCREASE (DECREASE) NOI			\$ 555,963

PUGET SOUND ENERGY-ELECTRIC
 2.18 RATE CASE EXPENSES
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	<u>Rate case costs expensed (2001-2004):</u>	
2	Allow 1/2 of PCORC costs	650,000
3	Estimated 2004 Rate Case Costs to be expensed	<u>449,348</u>
4	Total amount expensed over 3 years (2001-2004)	1,099,348
5		
6	Proforma Normalized Annual Amount (expense: 1/3 in 4)	\$366,449
7		
8	Amortization of 2001 remaining balance (\$756,277 / 3yrs)	252,000
9	Amortization of 2004 deferred rate case costs (\$1,078,074 / 3yrs)	<u>359,358</u>
10	Proforma Amortization of deferred rate case costs	\$611,358
11		
12	Total Pro Forma rate case costs	\$977,807
13		
14	Amount in test period:	
15	Amortization	767,268
16	PCORC Legal costs	<u>400,902</u>
17	Total Amount in Test Period	\$1,168,170
18		
19	Increase (Decrease) Expense	(190,363)
20		
21	Increase (Decrease) FIT	35% <u>66,627</u>
22	Increase (Decrease) NOI	<u>123,736</u>

PUGET SOUND ENERGY-ELECTRIC
2.19 PROPERTY SALES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	DEFERRED GAIN RECORDED SINCE UE-921262 @ 2/28/2005	\$ (1,863,550)
2	DEFERRED LOSS RECORDED SINCE UE-921262 @ 2/28/2005	1,129,764
3	TOTAL DEFERRED NET GAIN TO AMORTIZE	\$ (733,786)
4		
5	AMORTIZATION OF DEFERRED NET GAIN FOR RATE YEAR (Line 3/3years)	(244,595)
6		
7	AMORTIZATION OF DEFERRED NET GAIN FOR TEST YEAR	(4,734,298)
8		
9	INCREASE (DECREASE) EXPENSE (Line 5 + Line 7)	\$ 4,489,703
10		
11	INCREASE (DECREASE) FIT @ 35%	(1,571,396)
12		
13	INCREASE (DECREASE) NOI	\$ (2,918,307)

PUGET SOUND ENERGY-ELECTRIC
2.20 PROPERTY & LIABILITY INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE

NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 2,081,708	\$ 1,835,821	(245,887)
2	LIABILITY INSURANCE EXPENSE	1,296,002	1,899,745	603,743
3	INCREASE(DECREASE) EXPENSE	\$ 3,377,710	\$ 3,735,566	\$ 357,856
4				
5	INCREASE(DECREASE) OPERATING INCOME			(357,856)
6	INCREASE (DECREASE) FIT @	35%		(125,250)
7	INCREASE (DECREASE) NOI			\$ (232,606)

PUGET SOUND ENERGY-ELECTRIC
2.21 PENSION PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE	NO. DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ (6,131,331)	\$ 2,891,507	\$ 9,022,838
2	SERP PLAN	2,542,877	2,082,057	\$ (460,820)
3	INCREASE(DECREASE) EXPENSE	\$ (3,588,454)	\$ 4,973,564	\$ 8,562,018
4				
5	INCREASE(DECREASE) OPERATING INCOME			(8,562,018)
6	INCREASE (DECREASE) FIT @	35%		(2,996,706)
7	INCREASE (DECREASE) NOI			<u>\$ (5,565,312)</u>

PUGET SOUND ENERGY-ELECTRIC
 2.22 WAGE INCREASE
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	Proforma Wage Increase	RATE YEAR	ADJUSTMENT
1	WAGES:				
2	PRODUCTION	\$ 8,370,435	4.93%	\$ 8,783,097	\$ 412,662
3	TRANSMISSION	1,159,494	4.93%	\$ 1,216,657	57,163
4	DISTRIBUTION	18,812,777	4.93%	\$ 19,740,247	927,470
5	CUSTOMER ACCTS	10,556,324	4.93%	\$ 11,076,751	520,427
6	CUSTOMER SERVICE	1,073,955	4.93%	\$ 1,126,901	52,946
7	SALES	404,574	4.93%	\$ 424,519	19,945
8	ADMIN. & GENERAL	14,879,040	4.93%	\$ 15,612,577	733,537
9	TOTAL WAGE INCREASE	55,256,599		57,980,749	2,724,150
10					
11	PAYROLL TAXES	4,631,774	4.12%	\$ 4,822,412	190,638
12	TOTAL WAGES & TAXES	59,888,373		62,803,161	2,914,788
13					
14	INCREASE (DECREASE) OPERATING INC.				\$ (2,914,788)
15	INCREASE (DECREASE) FIT @ 35%				(1,020,176)
16	INCREASE (DECREASE) NOI				\$ (1,894,612)

PUGET SOUND ENERGY-ELECTRIC
2.23 INVESTMENT PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION		AMOUNT
1	<u>MANAGEMENT (INC. EXECUTIVES)</u>		
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT		2,593,999
3	RATE YEAR MANAGEMENT WAGE INCREASE	2.78%	<u>72,113</u>
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT		2,666,112
5			
6	<u>UNION</u>		
7	INVESTMENT PLAN APPLICABLE TO UNION		1,237,966
8	RATE YEAR UNION WAGE INCREASE	7.88%	<u>97,570</u>
9	TOTAL COMPANY CONTRIBUTION FOR UNION		1,335,536
10			
11	<u>TOTAL</u>		
12	TOTAL PROFORMA COSTS (LN 4 + LN 9)		4,001,649
13	PRO FORMA COSTS APPLICABLE TO OPERATIONS	67.91%	2,717,520
14	CHARGED TO EXPENSE FOR YEAR ENDED 9/30/2003		<u>2,602,287</u>
15	INCREASE (DECREASE) INCOME		(115,232)
16			
17	INCREASE (DECREASE) FIT @	35%	<u>(40,331)</u>
18	INCREASE (DECREASE) NOI		<u>(74,901)</u>

PUGET SOUND ENERGY-ELECTRIC
2.24 EMPLOYEE INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	SALARIED EMPLOYEES	\$ 5,186,863
3	UNION EMPLOYEES	5,502,453
4	PRO FORMA INSURANCE COSTS	<u>10,689,316</u>
5		
6	APPLICABLE TO OPERATIONS @ 67.73%	7,239,874
7	CHARGED TO EXPENSE 09/30/03	<u>5,970,141</u>
8	INCREASE(DECREASE) INCOME	(1,269,733)
9		
10	INCREASE(DECREASE) FIT @ 35%	(444,407)
11		
12	INCREASE(DECREASE) NOI	<u>\$ (825,326)</u>

PUGET SOUND ENERGY-ELECTRIC
2.25 MONTANA CORPORATE LICENSE TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	FEDERAL CURRENT TAXABLE INCOME	\$ 51,509,914
2	ADD: MONTANA CORP. LICENSE TAX DED. ON BOOKS	(1,741,728)
3	PRO FORMA INTEREST ADJUSTMENT	21,515,702
4	INCOME SUBJECT TO APPORTIONMENT	<u>71,283,888</u>
5		
6	MONTANA APPORTIONMENT FACTOR	4.50%
7	MONTANA TAXABLE INCOME	3,207,775
8		
9	PROFORMA MONTANA CORP. LIC. TAX	6.75% 216,525
10	CHARGED TO EXPENSE IN TEST YEAR	<u>(1,741,728)</u>
11	INCREASE (DECREASE) INCOME	<u>(1,958,253)</u>
12		
13	INCREASE (DECREASE) FIT @	35% (685,388)
14	INCREASE (DECREASE) NOI	<u>\$ (1,272,865)</u>

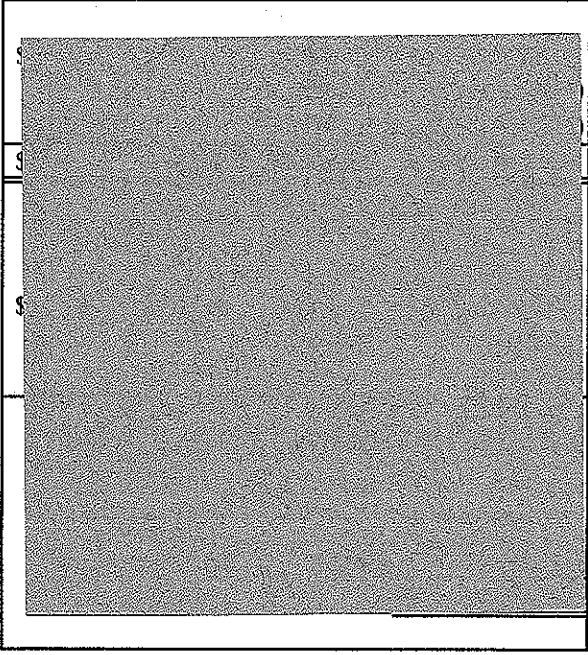
**PUGET SOUND ENERGY-ELECTRIC
 2.26 STORM DAMAGE
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT		
1	NORMAL STORMS	Transmission	Distribution	Total
2	ACTUAL O&M:			
3	TWELVE MONTHS ENDED 9/30/98	\$ 13,945	\$ 255,255	\$ 269,200
4	TWELVE MONTHS ENDED 9/30/99	319,211	8,481,806	8,801,017
5	TWELVE MONTHS ENDED 9/30/00	166,215	2,374,579	2,540,794
6	TWELVE MONTHS ENDED 9/30/01	310,116	3,785,706	4,095,822
7	TWELVE MONTHS ENDED 9/30/02	(4,894)	6,583,315	6,578,420
8	TWELVE MONTHS ENDED 9/30/03	6,615	5,325,797	5,332,412
9	TOTAL STORMS	811,206	26,806,458	27,617,664
10				
11	SIX-YEAR AVERAGE STORMS	135,201	4,467,743	4,602,944
12				
13	CATASTROPHIC STORMS			
14	DEFERRED BALANCES AT 3/05:			
15	12/26/96 SNOW/ICE STORM			1,369,229
16	11/23/98 STORM			4,776,553
17	1/16/00 WINDSTORM			2,705,896
18	12/4/03 WIND STORM			9,645,626
19	TOTAL CATASTROPHIC STORMS			18,497,304
20				
21	THREE-YEAR AMORTIZATION FOR RATE YEAR			6,165,768
22				
23				
24	TOTAL EXPENSE FOR RATE YEAR (LINE 11+LINE 21)			10,768,712
25				
26	CHARGED TO EXPENSE FOR TEST YEAR ENDED 9/30/03:			
27	STORM DAMAGE EXPENSE (actual test period)	6,615	5,325,797	5,332,412
28	CATASTROPHIC STORM AMORT (PER UE-011570)			6,000,000
29	TOTAL EXPENSE FOR TEST YEAR			11,332,412
30				
31	INCREASE (DECREASE) OPERATING EXPENSE (LINE 24-LINE 29)			\$ (563,700)
32	TRANSMISSION PORTION			128,586
33	DISTRIBUTION PORTION			(858,054)
34	AMORTIZATION			165,768
35	INCREASE (DECREASE) FIT @ 35%			197,295
36				
37	INCREASE (DECREASE) NOI			\$ 366,405

PUGET SOUND ENERGY-ELECTRIC
2.27 FREDRICKSON PLANT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA RYE FEB '06	ADJUSTMENT
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- 1 FREDRICKSON PLANT RATE BASE
- 2 PLANT BALANCE
- 3 ACCUMULATED DEPRECIATION
- 4 DEFERRED FIT
- 5 FREDRICKSON PLANT RATE BASE
- 6
- 7 FREDRICKSON OPERATING EXPENSES:
- 8
- 9 DEPRECIATION EXPENSE
- 10 PROPERTY INSURANCE
- 11 PLANT PROPERTY TAXES
- 12 TOTAL O&M EXPENSE
- 13
- 14 INCREASE (DECREASE) EXPENSE
- 15
- 16 INCREASE (DECREASE) FIT @
- 17 INCREASE (DECREASE) NOI



PUGET SOUND ENERGY-ELECTRIC
2.28 LOW INCOME AMORTIZATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	AMOUNT
1	AMORTIZATION FOR TEST YEAR	\$ 5,849,005
2		
3		
4	INCREASE (DECREASE) NOI	<u>5,849,005</u>
5		
6	INCREASE(DECREASE) FIT @ 35%	2,047,152
7		
8	INCREASE(DECREASE) NOI	<u>\$ 3,801,853</u>

PUGET SOUND ENERGY-ELECTRIC
2.29 REGULATORY ASSETS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	TEST YEAR	PROFORMA	ADJUSTMENT
1	<u>ADJUSTMENT TO RATE BASE:</u>			
2	REG ASSET NET OF ACCUM AMORT AND DFIT:			
3	CABOT	\$ 8,512,095	\$ 5,972,250	\$ (2,539,845)
4	TENASKA	214,321,604	179,146,208	(35,175,396)
5	BEP	50,254,243	41,731,621	(8,522,622)
6				
7	ADJUSTMENT TO RATE BASE - NET ASSET VALUE			<u>\$ (46,237,863)</u>

PUGET SOUND ENERGY-ELECTRIC
 2.30 PRODUCTION ADJUSTMENT
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	PROFORMA AND RESTATED	PRODUCTION 1.281%	FIT 35%
1	PRODUCTION WAGE INCREASE:			
2	PURCHASED POWER	\$ -	\$ -	\$ -
3	OTHER POWER SUPPLY	412,662	(5,286)	1,850
4	TOTAL PRODUCTION WAGE INCREASE	412,662	(5,286)	1,850
5	PAYROLL OVERHEADS	1,508,288	(19,321)	6,762
6	PROPERTY INSURANCE	2,291,570	(29,355)	10,274
7	TOTAL A&G	3,799,858	(48,676)	17,036
8				
9	DEPRECIATION / AMORTIZATION:			
10	DEPRECIATION	37,820,331	(484,478)	130,038
11	AMORTIZATION	3,280,326	(42,021)	445
12	TOTAL DEPRECIATION AND AMORTIZATION (FERC 403)	41,100,657	(526,499)	130,483
13	AMORTIZATION (FERC 407)	1,494,702	(19,147)	6,701
14	TAXES OTHER-PRODUCTION PROPERTY:			
15	PROPERTY TAXES - WASHINGTON	3,807,336	(48,772)	17,070
16	PROPERTY TAXES - MONTANA	5,321,477	(68,168)	23,859
17	ELECTRIC ENERGY TAX	1,741,844	(22,313)	7,810
18	PAYROLL TAXES	730,595	(9,359)	3,276
19	TOTAL TAXES OTHER	11,601,252	(148,612)	52,015
20	INCREASE(DECREASE) INCOME		748,221	
21	INCREASE(DECREASE) FIT			208,085
22	INCREASE(DECREASE) NOI			\$ 540,136
23				
24	PRODUCTION RATE BASE:			
25	DEPRECIABLE PRODUCTION PROPERTY	\$ 1,123,818,126	\$ (14,396,110)	
26	LESS PRODUCTION PROPERTY ACCUM DEPR.	(580,591,154)	7,437,373	
27	NON-DEPRECIABLE PRODUCTION PROPERTY	13,260,193	(169,863)	
28	LESS PRODUCTION PROPERTY ACCUM AMORT.	(1,861,180)	23,842	
29	COLSTRIP COMMON FERC ADJUSTMENT	7,518,976	(96,318)	
30	COLSTRIP DEFERRED DEPRECIATION FERC ADJ.	2,214,968	(28,374)	
31	ENCOGEN ACQUISITION ADJUSTMENT	51,952,633	(665,513)	
32	NET PRODUCTION PROPERTY	616,312,563	(7,894,963)	
33	DEDUCT:			
34	LIBR. DEPREC. PRE 1981 (EOP)	(647,743)	8,298	
35	LIBR. DEPREC. POST 1980 (EOP)	(119,403,787)	1,529,563	
36	OTHER DEF. TAXES (EOP)	(21,361,000)	273,634	
37	SUBTOTAL	(141,412,530)	1,811,495	
38				
39	ADJUSTMENT TO PRODUCTION RATE BASE	474,900,033	(6,083,468)	
40				
41	REGULATORY ASSETS RATE BASE:			
42	BPA POWER EXCHANGE INVESTMENT	41,731,621	(534,582)	
43	TENASKA REGULATORY ASSET	179,146,208	(2,294,863)	
44	CABOT OIL REGULATORY ASSET	5,972,250	(76,505)	
45	WHITE RIVER RELICENSING COSTS	17,900,360	(229,304)	
46	WHITE RIVER PLANT COSTS	41,343,483	(529,610)	
47	ADJUSTMENT TO REGULATORY ASSETS RATE BASE	286,093,922	(3,664,864)	
48				
49	TOTAL ADJUSTMENT TO RATE BASE	\$ 760,993,955	\$ (9,748,332)	

PUGET SOUND ENERGY-ELECTRIC
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE	NO. DESCRIPTION		RATE
1	BAD DEBTS		0.0045080
2	ANNUAL FILING FEE		0.0019000
3	STATE UTILITY TAX ((1 - LINE 1) * 3.873%)	3.873%	0.0385554
4			
5	SUM OF TAXES OTHER		0.0449634
6			
7	FEDERAL INCOME TAX ((1 - LINE 5) * 35%)	35%	0.3342628
8	CONVERSION FACTOR (1 - (LINE 5 + LINE 7))		0.6207738

PUGET SOUND ENERGY-ELECTRIC
GENERAL RATE INCREASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE

LINE

NO. DESCRIPTION

1	RATE BASE	\$ 2,544,670,041
2	RATE OF RETURN	7.80%
3		
4	OPERATING INCOME REQUIREMENT	198,484,263
5		
6	PRO FORMA OPERATING INCOME	188,649,439
7	OPERATING INCOME DEFICIENCY	9,834,824
8		
9	CONVERSION FACTOR	0.6207738
10	REVENUE REQUIREMENT DEFICIENCY	15,842,846
11	LESS : ASSIGNMENT TO LARGE FIRM WHOLESALE	21,903
12	LESS: ASSIGNMENT TO SMALL FIRM WHOLESALE	7,479
13	RETAIL ELECTRIC REVENUE DEFICIENCY	\$ 15,813,464