

PART 2

(GAS)

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

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE	
1	OPERATING REVENUES:					
2	SALES TO CUSTOMERS	\$ 522,553,139	\$ 180,452,607	\$ 703,005,746	\$ 10,942,059	\$ 713,947,805
3	MUNICIPAL ADDITIONS	21,624,997	5,646,846	27,271,843	422,151	27,693,994
4	OTHER OPERATING REVENUES	11,020,477	(7,145,647)	3,874,830	-	3,874,830
5	TOTAL OPERATING REVENUES	\$ 555,198,613	\$ 178,953,806	\$ 734,152,419	\$ 11,364,210	\$ 745,516,629
6						
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	GAS COSTS:					
11						
12	PURCHASED GAS	\$ 260,366,708	\$ 169,899,443	\$ 430,266,151	\$ -	\$ 430,266,151
13						
14	TOTAL PRODUCTION EXPENSES	\$ 260,366,708	\$ 169,899,443	\$ 430,266,151	\$ -	\$ 430,266,151
15						
16	OTHER POWER SUPPLY EXPENSES	\$ 1,134,458	\$ 22,294	\$ 1,156,751	\$ -	\$ 1,156,751
17	TRANSMISSION EXPENSE	360,965	11,215	372,180	-	372,180
18	DISTRIBUTION EXPENSE	25,045,610	676,774	25,722,383	-	25,722,383
19	CUSTOMER ACCOUNT EXPENSES	20,751,969	95,746	20,847,714	-	20,847,714
20	CUSTOMER SERVICE EXPENSES	4,862,124	(3,129,261)	1,732,864	-	1,732,864
21	CONSERVATION AMORTIZATION	2,008,929	(1,160,780)	848,149	-	848,149
22	ADMIN & GENERAL EXPENSE	26,373,760	5,509,641	31,883,402	63,507	31,946,909
23	DEPRECIATION	57,635,006	(8,405,429)	49,229,577	-	49,229,577
24	AMORTIZATION	9,600,784	0	9,600,784	-	9,600,784
25	AMORTIZATION OF PROPERTY LOSS	36,543	0	36,543	-	36,543
26	OTHER OPERATING EXPENSES	600,936	0	600,936	-	600,936
27	TAXES OTHER THAN F.I.T.	56,143,334	16,161,469	72,304,802	876,989	73,181,791
28	FEDERAL INCOME TAXES	(11,871,394)	5,748,028	(6,123,366)	3,648,300	(2,475,066)
29	DEFERRED INCOME TAXES	20,693,494	918,606	21,612,100	-	21,612,100
30	TOTAL OPERATING REV. DEDUCT.	\$ 213,376,518	\$ 16,448,303	\$ 229,824,821	\$ 4,588,796	\$ 234,413,617
31						
32	NET OPERATING INCOME	\$ 81,455,387	\$ (7,393,940)	\$ 74,061,447	\$ 6,775,414	\$ 80,836,861
33						
34	RATE BASE	\$ 1,064,535,666	\$ (28,165,652)	\$ 1,036,370,013	\$ -	\$ 1,036,370,013
35						
36	RATE OF RETURN	7.65%		7.15%		7.80%
37						
38	RATE BASE:					
39	UTILITY PLANT IN SERVICE AND OTHER ASSETS	\$ 1,755,514,587	\$ (47,587,765)	\$ 1,707,926,822	\$ -	\$ 1,707,926,822
40	ACCUMULATED DEPRECIATION	(540,807,236)	16,391,876	(524,415,360)	-	(524,415,360)
41	ACCUMULATED DEFERRED FIT - LIBERALIZED	(134,342,955)	3,030,237	(131,312,718)	-	(131,312,718)
42	DEPRECIATION AND OTHER LIABILITIES	(17,174,520)	-	(17,174,520)	-	(17,174,520)
43	TOTAL NET INVESTMENT	\$ 1,063,189,876	\$ (28,165,652)	\$ 1,035,024,223	\$ -	\$ 1,035,024,223
44	ALLOWANCE FOR WORKING CAPITAL	1,345,790	-	1,345,790	-	1,345,790
45	TOTAL RATE BASE	\$ 1,064,535,666	\$ (28,165,652)	\$ 1,036,370,013	\$ -	\$ 1,036,370,013

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

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12ME Sept. 30, 2003	Miriam/Russell	Russell	Parvinen	Parvinen	Parvinen	Parvinen	Parvinen	Parvinen
		REVENUE & PURCHASED GAS 2.01	FEDERAL INCOME TAX 2.02	TAX BENEFIT OF PRO FORMA INT. 2.03	DEPRECIATION/AMORTIZATION 2.04	CONSERVATION 2.05	BAD DEBITS 2.06		
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	\$ 522,553,139	\$ 180,452,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	MUNICIPAL ADDITIONS	21,624,997	5,646,846						
4	OTHER OPERATING REVENUES	11,020,477	991,673						
5	TOTAL OPERATING REVENUES	\$ 555,198,613	\$ 187,091,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6									
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	GAS COSTS:								
11									
12	PURCHASED GAS	\$ 260,366,708	\$ 169,899,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13									
14	TOTAL PRODUCTION EXPENSES	\$ 260,366,708	\$ 169,899,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15									
16	OTHER ENERGY SUPPLY EXPENSES	\$ 1,134,458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	TRANSMISSION EXPENSE	360,965							
18	DISTRIBUTION EXPENSE	25,045,610	690,059						
19	CUSTOMER ACCTS EXPENSES	20,751,969							
20	CUSTOMER SERVICE EXPENSES	4,862,124							
21	CONSERVATION AMORTIZATION	2,008,929							
22	ADMIN & GENERAL EXPENSE	26,373,760							
23	DEPRECIATION	57,635,006							
24	AMORTIZATION	9,600,784							
25	AMORTIZATION OF PROPERTY LOSS	36,543			241,312				
26	OTHER OPERATING EXPENSES	600,936							
27	TAXES OTHER THAN F.I.T.	56,143,334							
28	FEDERAL INCOME TAXES	(11,871,394)	302,494	5,700,092	(84,459)	406,273	303,603		
29	DEFERRED INCOME TAXES	20,693,494	918,606						
30	TOTAL OPERATING REV. DEDUCT.	\$ 213,376,518	\$ 1,221,100	\$ 5,700,092	\$ 156,853	\$ (754,507)	\$ (563,835)		
31									
32	NET OPERATING INCOME	\$ 81,455,387	\$ 1,110,277	\$ (5,700,092)	\$ (156,853)	\$ 754,507	\$ 563,835		
33									
34	RATE BASE	\$ 1,064,535,666			\$ (120,656)				
35									
36	RATE OF RETURN	7.65%							
37									
38	RATE BASE:								
39	UTILITY PLANT IN SERVICE AND OTHER ASSETS	\$ 1,755,514,587	\$ -	\$ -	\$ (120,656)	\$ -	\$ -		
40	ACCUMULATED DEPRECIATION	(540,807,236)							
41	ACCUMULATED DEFERRED FIT - LIBERALIZED	(134,342,955)							
42	DEPRECIATION AND OTHER LIABILITIES	(17,174,520)							
43	TOTAL NET INVESTMENT	\$ 1,063,189,876	\$ -	\$ -	\$ (120,656)	\$ -	\$ -		
44	ALLOWANCE FOR WORKING CAPITAL	1,345,790							
45	TOTAL RATE BASE	\$ 1,064,535,666	\$ -	\$ -	\$ (120,656)	\$ -	\$ -		

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

LINE NO.	DESCRIPTION	Parvinen	Parvinen	Parvinen/Russell	Parvinen	Parvinen	Parvinen
		MISCELLANEOUS OPERATING EXPENSE 2.07	PROPERTY TAXES 2.08	EXCISE TAX & FILING FEE 2.09	RATE CASE EXPENSES 2.10	PROPERTY & LIABILITY INS 2.11	PENSION PLAN 2.12
1	OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	SALES TO CUSTOMERS						
3	MUNICIPAL ADDITIONS						
4	OTHER OPERATING REVENUES						
5	TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6							
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	GAS COSTS:						
11							
12	PURCHASED GAS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13							
14	TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15							
16	OTHER ENERGY SUPPLY EXPENSES						
17	TRANSMISSION EXPENSE						
18	DISTRIBUTION EXPENSE						
19	CUSTOMER ACCTS EXPENSES						
20	CUSTOMER SERVICE EXPENSES						
21	CONSERVATION AMORTIZATION						
22	ADMIN & GENERAL EXPENSE	(914,228)		106,472		124,675	4,786,934
23	DEPRECIATION						
24	AMORTIZATION						
25	AMORTIZATION OF PROPERTY LOSS						
26	OTHER OPERATING EXPENSES						
27	TAXES OTHER THAN F.I.T.	(63,996)	1,260,798	72,367			
28	FEDERAL INCOME TAXES	342,378	(441,279)	(62,594)		(43,636)	(1,675,427)
29	DEFERRED INCOME TAXES						
30	TOTAL OPERATING REV. DEDUCT.	\$ (635,846)	\$ 819,519	\$ 116,245	\$ 164,617	\$ 81,039	\$ 3,111,507
31							
32	NET OPERATING INCOME	\$ 635,846	\$ (819,519)	\$ (116,245)	\$ (164,617)	\$ (81,039)	\$ (3,111,507)
33							
34	RATE BASE	\$ 3,267,546					
35							
36	RATE OF RETURN						
37							
38	RATE BASE:						
39	UTILITY PLANT IN SERVICE AND OTHER ASSETS	\$ 3,267,546	\$ -	\$ -	\$ -	\$ -	\$ -
40	ACCUMULATED DEPRECIATION						
41	ACCUMULATED DEFERRED FIT - LIBERALIZED						
42	DEPRECIATION AND OTHER LIABILITIES						
43	TOTAL NET INVESTMENT	\$ 3,267,546	\$ -	\$ -	\$ -	\$ -	\$ -
44	ALLOWANCE FOR WORKING CAPITAL						
45	TOTAL RATE BASE	\$ 3,267,546	\$ -	\$ -	\$ -	\$ -	\$ -

**PUGET SOUND ENERGY-GAS
REVENUE & PURCHASED GAS - 2.01
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	OPERATING REVENUE	\$ 522,553,139	\$ 603,126,156	\$ 80,573,017
2				
3	PROFORMA OPERATING REVENUE		\$ 703,005,746	\$ 99,879,590
4				
5	INCREASE TO OPERATING REVENUE			<u>\$ 180,452,607</u>
6				
7	MUNICIPAL ADDITIONS	\$ 21,624,997	\$ 27,271,843	\$ 5,646,846
8				
9	OTHER OPERATING REVENUE	\$ 11,020,477	\$ 11,664,675	\$ 644,198
10				
11	REVENUE BEFORE OTHER ADJUSTMENTS	<u>\$ 555,198,613</u>	<u>\$ 741,942,264</u>	<u>\$ 186,743,651</u>
12				
13	MISC CUSTOMER CHARGE REVENUE			\$ 347,475
14				
15				
16	TOTAL REVENUE ADJUSTMENTS			<u><u>\$ 187,091,126</u></u>
17				
18	OPERATING EXPENSE			
19	PURCHASED GAS	\$ 260,366,708	\$ 430,266,151	\$ 169,899,443
20				
21	OTHER OPERATIONS EXPENSE (APUA)	0.37%		690,059
22				
23	TAXES			
24	GROSS RECEIPTS	7.91%		14,793,506
25				
26	FEDERAL INCOME TAXES			
27	CURRENT	35%		597,841
28				
29				
30				
31	TOTAL INCREASE/(DECREASE) REVENUE			\$ 187,091,126
32				
33	TOTAL INCREASE/(DECREASE) OPERATING EXPENSE BEFORE FIT			\$ 185,383,008
34				
35	TOTAL INCREASE/(DECREASE) FIT			\$ 597,841
36				
37	TOAL INCREASE/(DECREASE) NOI			<u><u>\$ 1,110,277</u></u>

**PUGET SOUND ENERGY-GAS
 FEDERAL INCOME TAX - 2.02
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ (33,054,000)
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @ 35%	(11,568,900)
5	DEFERRED FIT - DEBIT	46,238,850
6	DEFERRED FIT - CREDIT	(23,990,750)
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(636,000)
8	TOTAL RESTATED FIT	\$ 10,043,200
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	\$ (11,871,394)
12	DEFERRED FIT - DEBIT	44,894,221
13	DEFERRED FIT - CREDIT	(23,568,000)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	(632,727)
15	TOTAL CHARGED TO EXPENSE	\$ 8,822,100
16		
17	INCREASE(DECREASE) FIT	\$ 302,494
18	INCREASE(DECREASE) DEFERRED FIT	921,879
19	INCREASE(DECREASE) ITC	(3,273)
20	INCREASE(DECREASE) NOI	\$ (1,221,100)

**PUGET SOUND ENERGY-GAS
 TAX BENEFIT OF PRO FORMA INTEREST - 2.03
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 1,036,370,013
2	DEDUCTIBLE CWIP	14,897,280
3		<u>\$ 1,051,267,293</u>
4		
5	WEIGHTED COST OF DEBT	4.03%
6	RESTATED INTEREST	<u>\$ 42,366,072</u>
7		
8	<u>INTEREST EXPENSE ITEMS PER BOOKS:</u>	
9	INTEREST ON LONG TERM DEBT	\$ 53,270,991
10	AMORTIZATION OF DEBT DISCOUNT	
11	AND EXPENSE, NET OF PREMIUMS	1,223,952
12	OTHER INTEREST EXPENSE	<u>4,157,105</u>
13	CHARGED TO EXPENSE IN TEST YEAR	58,652,048
14	INCREASE (DECREASE) INTEREST EXPENSE	<u>\$ (16,285,976)</u>
15		
16	INCREASE (DECREASE) FIT @	35% 5,700,092
17	INCREASE (DECREASE) NOI	<u><u>\$ (5,700,092)</u></u>

**PUGET SOUND ENERGY-GAS
 DEPRECIATION/AMORTIZATION - 2.04
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>RESTATED</u>	
2	ACTUAL ACCT 403-DEPRECIATION EXPENSE	\$ 57,593,286
3	RESTATED ACCT 403-DEPRECIATION EXPENSE	57,834,598
4	INCREASE (DECREASE) DEPRECIATION EXPENSE	<u>(241,312)</u>
5		
6	INCREASE (DECREASE) FIT 35%	<u>(84,459)</u>
7	INCREASE (DECREASE) NOI	<u>(156,853)</u>
8		
9	ADJUST RATE BASE FOR LINE 4 @ 50%	(120,656)
10	ADJUSTMENT TO RATE BASE	<u>\$ (120,656)</u>

**PUGET SOUND ENERGY-GAS
 CONSERVATION - 2.05
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	ADJUSTMENT
1 <u>RESTATING</u>	
2 ACTUAL CONSERVATION TRACKER AMORTIZATION	\$ 1,366,028
3 RESTATED CONSERVATION TRACKER AMORTIZATION	-
4 INCREASE (DECREASE) EXPENSE	<u>(1,366,028)</u>
5 INCREASE (DECREASE) OPERATING INCOME	\$ 1,366,028
6	
7 ACTUAL LOST MARGIN ON GAS WATER HEATER	(88,357)
8 RESTATED LOST MARGIN ON GAS WATER HEATER	-
9 INCREASE (DECREASE) EXPENSE	<u>88,357</u>
10 INCREASE (DECREASE) OPERATING INCOME	(88,357)
11	
12 <u>PROFORMA - (RYE 02/28/2006)</u>	
13 CONSERVATION REGULATORY ASSET-ACCT #18230422 WATER HEATER PRGM	350,674
14 CONSERVATION AMORTIZATION FOR RATE YEAR (BASE ON 3 YEAR AVERAGE)	<u>116,891</u>
15 INCREASE (DECREASE) OPERATING INCOME	(116,891)
16	
17	
18 INCREASE (DECREASE) INCOME	\$ 1,160,780
19 INCREASE (DECREASE) FIT	35% 406,273
20	
21 INCREASE (DECREASE) NOI	<u><u>\$ 754,507</u></u>

**PUGET SOUND ENERGY-GAS
BAD DEBTS - 2.06
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	ACTUAL BAD DEBT WRITE-OFF	\$ 2,915,209
2		
3	BAD DEBT PROVISION (Net Revenue X .3179599%)	2,047,771
4		
5	INCREASE (DECREASE) BAD DEBT EXPENSE	<u>\$ (867,438)</u>
6		
7	INCREASE (DECREASE) FIT @ 35%	303,603
8		
9	INCREASE (DECREASE) NOI	<u><u>\$ 563,835</u></u>

**PUGET SOUND ENERGY-GAS
 MISCELLANEOUS OPERATING EXPENSE - 2.07
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED / PROFORMA	ADJUSTMENT
1	<u>OPERATING EXPENSES (RESTATED)</u>			
2				
3	INCENTIVE/MERIT PAY	\$ 1,386,483	\$ 472,255	\$ (914,228)
4	PAYROLL TAXES ASSOC WITH MERIT PAY	97,054	33,058	(63,996)
5				
6				
7				
8				
9	INCREASE (DECREASE) IN EXPENSE	\$ 1,483,537	\$ 505,313	\$ (978,224)
10				
11	INCREASE(DECREASE) INCOME			978,224
12	INCREASE(DECREASE) FIT @		35%	342,378
13				
14	INCREASE(DECREASE) NOI			<u>\$ 635,846</u>

**PUGET SOUND ENERGY-GAS
PROPERTY TAXES - 2.08
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION		AMOUNT
1	RESTATED PROPERTY TAX	Adjusted Per DR 213	\$ 11,663,800
2	CHARGED TO EXPENSE IN TY		10,403,002
3	INCREASE(DECREASE) EXPENSE		<u>\$ 1,260,798</u>
4			
5	INCREASE(DECREASE) FIT @	35%	(441,279)
6	INCREASE(DECREASE) NOI		<u><u>\$ (819,519)</u></u>

**PUGET SOUND ENERGY-GAS
EXCISE TAX & FILING FEE - 2.09
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED EXCISE TAXES	\$ 21,586,382
2	CHARGED TO EXPENSE FOR TEST YEAR	21,514,016
3	INCREASE(DECREASE) EXCISE TAX	\$ 72,367
4		
5	RESTATED WUTC FILING FEE	\$ 1,052,559
6	CHARGED TO EXPENSE FOR TEST YEAR	946,087
7	INCREASE(DECREASE) WUTC FILING FEE	\$ 106,472
8		
9	INCREASE(DECREASE) OPERATING EXPENSE	\$ 178,839
10		
11	INCREASE(DECREASE) FIT 35%	\$ (62,594)
12	INCREASE(DECREASE) NOI	<u>\$ (116,245)</u>

**PUGET SOUND ENERGY-GAS
 RATE CASE EXPENSES - 2.10
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	2001 GRC EXPENSE BALANCE @ 9/30/03	\$ 1,886,481
2	LESS PROJECTED AMORTIZATION FROM 10/01/03-2/28/05	(851,326)
3	REMAINING BALANCE @ 02/28/2005	<u>1,035,155</u>
4		
5	DEFERRED 2004 RATE CASE COSTS	462,516
6	TOTAL TO BE AMORTIZED	<u>1,497,671</u>
7		
8	REMAINING ESTIMATED 2004 RATE CASE COSTS	<u>1,064,906</u>
9		
10	PROFORMA NORMALIZED ANNUAL AMOUNT (EXPENSE (Line 8 / 3yrs	354,969
11		-
12	TOTAL PROFORMA 2004 RATE CASE EXPENSE	<u>2,917,546</u>
13		
14	AMOUNT TO BE AMORTIZED OVER 3 YEARS (Line 6 / 3yrs	\$ <u>499,224</u>
15		
16	TOTAL PROFORMA 2004 RATE CASE EXPENSE	\$ 854,192
17	LESS TEST YEAR AMORTIZATION @ \$50,078/MONTH	<u>(600,936)</u>
18		
19	INCREASE (DECREASE) EXPENSE	\$ 253,256
20		
21	INCREASE(DECREASE) FIT @ 35%	\$ (88,640)
22	INCREASE(DECREASE) NOI	<u>\$ (164,617)</u>

**PUGET SOUND ENERGY-GAS
 PROPERTY & LIABILITY INSURANCE - 2.11
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 545,743	\$ 417,176	\$ (128,567)
2	LIABILITY INSURANCE EXPENSE	588,824	842,066	253,242
3	INCREASE(DECREASE) EXPENSE	\$ 1,134,567	\$ 1,259,242	\$ 124,675
4				
5				
6	INCREASE (DECREASE) FIT @	35%		(43,636)
7	INCREASE (DECREASE) NOI			<u>\$ (81,039)</u>

**PUGET SOUND ENERGY-GAS
PENSION PLAN - 2.12
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATE	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ (3,427,963)	\$ 1,616,611	\$ 5,044,574
2	SERP PLAN	\$ 1,421,696	\$ 1,164,056	\$ (257,640)
3				
4	INCREASE(DECREASE) EXPENSE	\$ (2,006,267)	\$ 2,780,667	\$ 4,786,934
5				
6				
7	INCREASE (DECREASE) FIT @	35%		(1,675,427)
8	INCREASE (DECREASE) NOI			<u>\$ (3,111,507)</u>

**PUGET SOUND ENERGY-GAS
 WAGE INCREASE - 2.13
 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 MANUF. GAS	\$ 111,843	4.93%	\$ 117,357	\$ 5,514
3	OTHER GAS SUPPLY	325,936	4.93%	\$ 342,005	16,069
4	STORAGE, LNG T&G	14,424	4.93%	\$ 15,135	711
5	TRANSMISSION	227,477	4.93%	\$ 238,692	11,215
6	DISTRIBUTION	13,727,665	4.93%	\$ 14,404,439	676,774
7	CUSTOMER ACCTS	5,540,056	4.93%	\$ 5,813,181	273,125
8	CUSTOMER SERVICE	554,179	4.93%	\$ 581,500	27,321
9	SALES	493,368	4.93%	\$ 517,691	24,323
10	ADMIN. & GENERAL	7,671,801	4.93%	\$ 8,050,021	378,220
11	TOTAL WAGE INCREASE	<u>28,666,749</u>		<u>30,080,020</u>	<u>1,413,271</u>
12					
13	PAYROLL TAXES	2,400,320	4.12%	\$ 2,499,114	98,794
14	TOTAL WAGES & TAXES	<u>\$ 31,067,069</u>		<u>\$ 32,579,134</u>	<u>\$ 1,512,065</u>
15					
16	INCREASE (DECREASE) OPERATING EXPENSE				\$ 1,512,065
17	INCREASE (DECREASE) FIT @ 35%				(529,223)
18	INCREASE (DECREASE) NOI				<u>\$ (982,842)</u>

PUGET SOUND ENERGY
 PRO FORMA WAGES & SLIPPAGE ADJUSTMENT
 TEST YEAR ENDED SEPTEMBER 30, 2003

Line
 No.

		Annualized Payroll 9/30/2003	Wage Increase	Wage times Increase	Weighted Average Increase
1	Page 21 2.13 Wage Inc Mgmt Including Executives	70,757,385	2.78%	1,967,055	
2		51,433,778	7.88%	4,052,982	
3		122,191,163		6,020,037	4.93%

		Annualized Payroll 9/30/2003	Wage Increase	FTEs times Increase	Weighted Average Wage Increase
4	IBEW	36,217,726	7.42%	2,687,355	
5	UA	15,216,052	8.98%	1,366,401	
6	Total Union	51,433,778		4,053,757	7.88%

Date	UTC #	UTC Slippage Effective Increase	Actual Effective Increase
7 February 2000	UTC #	0.67%	2.81%
8 February 2001	UTC #	2.86%	2.80%
9 February 2002	UTC #	2.72%	2.72%
10 February 2003	UTC #	1.22%	2.88%
11		7.66%	11.69%
12	Actual Increase as a % of Company Increase		65.57%
13	Rate Year Increase	4.24%	65.57%

Rate Year Increase Compounded:					
	from	to			
14	Full Increase Occurring in TEST Year	3/1/2003	2/28/2004	2.88% *12/12	2.88%
15	Less Portion in TEST Year only	3/1/2003	9/30/2003	-2.88% *7/12	-1.68%
16		10/1/2003	2/28/2004	Subtotal	1.20%
17	Increase in Effect Entering RATE Year	3/1/2004	2/28/2005	3.00% *12/12	3.00%
18	Full Increase Occurring in RATE Year	3/1/2005	2/28/2006	0.00% *12/12	0.00%
19	Less Portion Outside of RATE Year	N/A	N/A	0.00%	0
20		3/1/2005	2/28/2006	Subtotal	0.00%
21	Compound Wage Increase	7/1/2003	6/30/2005	(1+Line 28)*(1+Line 30)*(1+Line 34)-1	4.24%

Month	Number of non-union employees	Total non-union wages	Amount per employee	% Change
22 February 1999	1,018	61,257,087	60,174	N/A
23 February 2000	1,024	62,028,438	60,575	0.67%
24 February 2001	1,008	62,805,798	62,307	2.86%
25 February 2002	979	62,814,242	64,162	2.98%
26 February 2003	999	64,882,596	64,948	1.22%

**PUGET SOUND ENERGY-GAS
 INVESTMENT PLAN - 2.14
 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		\$1,450,278
3	RATE YEAR MANAGEMENT WAGE INCREASE	2.78%	40,318
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT		<u>1,490,596</u>
5			
6	<u>UNION</u>		
7	INVESTMENT PLAN APPLICABLE TO UNION		692,133
8	RATE YEAR UNION WAGE INCREASE	7.88%	54,540
9	TOTAL COMPANY CONTRIBUTION FOR UNION		<u>746,673</u>
10			
11	<u>TOTAL</u>		
12	TOTAL PROFORMA COSTS (LN 4 + LN 9)		2,237,269
13	PRO FORMA COSTS APPLICABLE TO OPERATIONS	67.91%	1,519,329
14	CHARGED TO EXPENSE FOR YEAR ENDED 9/30/2003		<u>1,454,911</u>
15	INCREASE (DECREASE) EXPENSE		64,418
16			
17	INCREASE (DECREASE) FIT @	35%	<u>(22,546)</u>
18	INCREASE (DECREASE) NOI		<u><u>(\$41,872)</u></u>

**PUGET SOUND ENERGY-GAS
EMPLOYEE INSURANCE - 2.15
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	SALARIED EMPLOYEES	\$ 2,899,921
3	UNION EMPLOYEES	3,076,363
4	PRO FORMA INSURANCE COSTS	<u>5,976,284</u>
5		
6	APPLICABLE TO OPERATIONS @ 67.73%	4,047,737
7	CHARGED TO EXPENSE 09/30/03	3,337,843
8	INCREASE(DECREASE) EXPENSE	<u>709,894</u>
9		
10	INCREASE(DECREASE) FIT @ 35%	(248,463)
11		
12	INCREASE(DECREASE) NOI	<u><u>\$ (461,431)</u></u>

**PUGET SOUND ENERGY-GAS
LOW INCOME AMORTIZATION - 2.16
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	AMOUNT
1	AMORTIZATION FOR TEST YEAR	\$ 2,757,235
2		
3		
4	INCREASE (DECREASE) NOI	<u>\$ 2,757,235</u>
5		
6	INCREASE(DECREASE) FIT @ 35%	965,032
7		
8	INCREASE(DECREASE) NOI	<u>\$ 1,792,203</u>

**PUGET SOUND ENERGY-GAS
 GAS WATER HEATER & CONVERSION BURNER RENTAL PROGRAM - 2.17
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.		ADJUSTMENT
1	GAS WATER HEATER & CONVERSION BURNER RENTAL PROGRAM	
2		
3	RENTAL PROGRAM REVENUES	\$ (8,137,320)
4		
5	OPERATING EXPENSES:	
6	O&M	\$ (423,670)
7	DEPRECIATION EXPENSE	(8,646,741)
8	TOTAL DECREASE TO OPERATING EXPENSE	<u>(9,070,411)</u>
9		
10	FEDERAL INCOME TAX:	35.00% 326,582
11		
12	NET CHANGE TO OPERATING INCOME	<u>\$ 606,509</u>
13		
14		
15	RATE BASE:	
16	DEPRECIABLE PROPERTY	\$ (50,734,655)
17	LESS: ACCUMULATED DEPRECIATION	16,391,876
18	LESS: DEFERRED FIT	3,030,237
19	REDUCTION TO RATE BASE	<u>\$ (31,312,542)</u>

**PUGET SOUND ENERGY-GAS
 CONVERSION FACTOR - 4.03
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2003
 GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	BASE	RATE	AMOUNT
1	TOTAL OPERATING REVENUE			100%
2				
3	OPERATING REVENUE DEDUCTION			
4	OTHER OPERATIONS			0.369%
5	OTHER TAXES			
6	STATE UTILITY	100.00%		
7		-0.369%		
8				
9	STATE UTILITY TAX	99.63%	3.852%	3.838%
10	MUNICIPAL REVENUE			3.879%
11	ALL OTHER (FILING FEE)			0.190%
12	FEDERAL INCOME TAX:			
13	CURRENT	91.72%	35.00%	32.10%
14				
15				
16	TOTAL OPERATING REVENUE DEDUCTIONS			40.379%
17				
18	CONVERSION FACTOR			59.6206%

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

**LINE
NO. DESCRIPTION**

1	RATE BASE	\$ 1,036,370,013
2	RATE OF RETURN	7.80%
3		
4	OPERATING INCOME REQUIREMENT	80,836,861
5		
6	PRO FORMA OPERATING INCOME	74,061,447
7	OPERATING INCOME DEFICIENCY	6,775,414
8		
9	CONVERSION FACTOR	59.62063%
10	REVENUE REQUIREMENT DEFICIENCY	11,364,210
11	MISCELLANEOUS SETTLEMENT ADJUSTMENT	
12	TOTAL REVENUE REQUIREMENT	\$11,364,210