Exhibit No. _____
Docket Nos. UE-060266 /UG-060267
Witnesses: James M. Russell
John H. Story

DOCKET NOS. UE-060266 AND UG-060267
STAFF/COMPANY AGREMENT ON REVENUE REQUIREMENT ADJUSTMENTS

Section 1 – Revenue Requirement Adjustments – agreement on rebuttal changes

The following items describe adjustments presented in the Company's rebuttal case with which Commission Staff agrees:

Wages and Investment Plan – Commission Staff has confirmed the amounts and reasons for the changes made in the Company's rebuttal filing for the Wage Increase and Investment Plan, Adjustments 20.20 and 20.21, Exhibit No. ___(JHS-20) and Adjustments 12.12 and 12.13, Exhibit No. ___(KRK-12). The Company and Commission Staff agree that these adjustments as shown in the Company's prefiled rebuttal are uncontested as presented by the Company.

Wild Horse - The Company and Commission Staff agree that the Company's Wild Horse Wind Plant Adjustment shown on page 20.26, Exhibit No. ___(JHS-20) reflects the deferred taxes associated with this project correctly and that this adjustment is uncontested With this agreement, the Miscellaneous Operating Expense Adjustment becomes uncontested except as to differences caused by different rates of return as applied to ratebase.

Incentive Plan – The Company and Commission Staff agree for purposes of settlement of this issue in this proceeding that the calculations presented by the Company on page 20.27, Exhibit No. __(JHS-20) and page 12.15, Exhibit No. ___(KRK-12) are uncontested as presented by the Company.

Revenues and Expenses gas adjustment – Commission Staff has reviewed this adjustment as presented on page 12.01, Exhibit No. ___(KRK-12) and is in agreement with the Company's correction of the error. This adjustment is uncontested as presented by the Company.

Everett Delta Pipeline Expansion – Commission Staff has reviewed this adjustment as presented on page 12.21, Exhibit No. ___(KRK-12) and is in agreement with changes proposed by the Company in its prefiled rebuttal testimony. This adjustment is uncontested With this agreement, the Miscellaneous Operating Expense Adjustment becomes uncontested except as to differences caused by different rates of return as applied to ratebase.

Spiritridge – Upon further review of the Company's rebuttal and review of subsequent data request responses Commission Staff is not proposing an adjustment for Spiritridge and withdraws its adjustment G.22 page 26 Exhibit No. ___ (JMR-4).

Section 2 – Revenue Requirement Adjustments – Compromises between Commission Staff and the Company

The following items describe Company and Commission Staff agreement on formerly contested revenue requirement items, in some cases based on information that has become available since the Commission Staff filed their testimony and exhibits:

Baker Relicensing O&M and Ratebase – The Company received the Final Environmental Impact Statement associated with the Baker Relicensing on Friday, September 8th 2006. With the receipt of this document it is now highly likely that the Company will receive the final license in late 2006 or early 2007. The Company and Commission Staff agree to include the amounts for Baker Relicensing as presented in the Company's Power Cost Adjustment, page 20.03 and as shown on the Miscellaneous Operating Expense Adjustment, page 20.08 of Exhibit No. ___ (JHS-20). With this agreement, the Miscellaneous Operating Expense Adjustment becomes uncontested except as to differences caused by different rates of return as applied to ratebase. This agreement will change pages 8 and 13, Exhibit No. ___(JMR-2). See Attachment A for updated pages for Exhibit No. ___ (JMR-2) reflecting this agreement as well as additional supporting workpapers necessary to reflect the agreed upon changes.

The costs associated with Baker Relicensing ratebase will be adjusted based on the actual in service date at which time AFUDC will cease and the costs associated with the license will be placed in-service and will be included in the PCA Production Rate Base costs. Production O&M is considered a fixed cost in the PCA Mechanism. Production O&M costs associated with Baker Relicensing will be considered variable until they are set at a fixed amount in the next regulatory filing that changes the PCA power cost baseline rate. The Company will also file an update on the licensing process to the Commission by Thursday, December 1st.

Muckleshoot Settlement Payment – The Company and Commission Staff agree that this payment should be included in revenue requirement with a four year amortization. This agreement will impact the Power Cost Adjustment, page 20.03, Exhibit No. ___ (JHS-20) and page 8, Exhibit No. ___ (JMR-2). See Attachment A for an updated page 8 for Exhibit No. ___ (JMR-2) reflecting this agreement. See Attachment B for an updated page 20.3 for Exhibit No. ___(JHS-20) reflecting this agreement. Both Attachments A and B include additional supporting workpapers necessary to reflect the agreed upon changes.

Ratecase Expenses – For purposes of settlement of this issue in this filing, the Company and Commission Staff agree to a ratecase expense adjustment as shown in Attachment A, adjustment E.16, Exhibit No. ___(JMR-2) and adjustment G.09, Exhibit No. __(JMR-4) and Attachment B, page 20.16, Exhibit No. __(JHS-20) and page 12.09, Exhibit No.___(KRK-12). This adjustment is not based on specific disallowance of any type of expense nor is it considered precedent setting for future filings.

Section 3 – Procedures Related to Revenue Requirement

The following two items have no impact on revenue requirement in this proceeding but are an agreement between Commission Staff and the Company as to procedure for future filings associated with these items.

Domestic Manufacturing Deduction (IRS Section 199) – The Company will include the benefit of any deduction forecast to be received under this IRS Section in the yearly Production Tax Credit filing. The forecast benefit will be adjusted to the actual benefit received when the Company completes its Corporate tax return for a given year. For example, if a benefit were forecast to be available in year xxx2, the benefit would be included in the Production Tax Credit filing in October of year xxx1 for the year xxx2. The amount of benefit actually received would be known in September, xxx3 and any adjustment between forecast and actual would be reflected in the October, xxx3 Production Tax Credit filing.

Tree Watch – The Company and Commission Staff agree that there will be no deferrals associated with the two million dollars allocated for Tree Watch. In March of each year the Company will file a report detailing the amount spent on Tree Watch for the previous calendar year and provide an explanation for any deviations greater than 5% from the two million dollars allocated to this program.

ATTACHMENT A

COMPARISON BETWEEN PSE AND STAFF DIRECT CASES (as revised, after 9/15 settlement)

(Shading indicates contested adjusments)

Docket Number UE-060266 & 060267
Exhibit No. ____ (JMR-2)
Page 41

ELECTRIC

	Adjustment	Adj. No.	PSE NOI	PSE Rate Base	PSE Revenue Requirement	STAFF NOI	STAFF Rate Base	STAFF Revenue Requirement	REVISED 9/13/06 Staff - PSE Rev. Req. Difference
1	Per Books		$231,281,640	$2,513,582,619	($17,868,867)	$ 231,281,640	$ 2,513,582,619	($54,718,184)	($36,849,317)
2	Temperature Normalization	E.01	$7,424,007		($11,960,057)	$ 7,424,007		($11,960,057)	$0
3	Revenues & Expenses	E.02	218,656,441		($352,254,995)	*218,656,441*		*($352,254,995)*	*$1*
4	Power Costs	E.03	(194,113,815)		$312,716,885	*(182,224,643)*		*$293,563,457*	*($19,153,428)*
5	Federal Income Tax	E.04	4,185,813		($6,743,335)	4,185,813		($6,743,334)	$1
6	Tax Benefit of Pro Forma Interest	E.05	(2,391,139)		$3,852,119	(1,104,187)		$1,778,843	($2,073,276)
7	Conservation	E.06	11,852,001	(28,822)	($19,097,612)	11,852,001	(28,822)	($19,097,190)	$423
8	Bad Debts	E.07	(1,044,352)		$1,682,449	(1,044,352)		$1,682,449	$0
9	Amort.of Def.Taxes Reg. Asset	E.08.1	(1,337,206)		$2,154,236	(1,337,206)		$2,154,236	($0)
10	Misc non-Operating	E.08.2	627		($1,009)	627		($1,009)	$0
11	Oregon Prop. Taxes for 3rd AC	E.08.3	(484,484)		$780,503	(484,484)		$780,503	$0
12	Baker Hydro Relicensing Costs	E.08.4	(385,657)	26,254,348	$4,326,396	(385,657)	26,254,348	$3,941,505	($384,891)
13	Tree Watch Expense	E.08.5	(639,229)		$1,029,796	(639,229)		$1,029,796	$0
14	New York Stock Exchange Fees	E.08.6	-		$0	-		$0	$0
15	Depreciation on CWIP In-Service	E.08.7	(56,700)		$91,344	(56,700)		$91,344	($0)
16	CWIP In-Service Rate Base	E.08.8		3,317,734	$468,210		3,317,734	$419,572	($48,638)
17	Property Taxes	E.09	383,183		($617,307)	383,183		($617,307)	$0
18	Hopkins Ridge Wind Plant	E.10	(9,389,305)	147,154,987	$35,893,158	(9,389,305)	147,154,987	$33,735,854	($2,157,304)
19	Excise Tax & Filing Fee	E.11	(384,314)		$619,129	(384,314)		$619,129	$0
20	D&O Insurance	E.12	(13,291)		$21,412	315,563		($508,371)	($529,782)
21	Montana Energy Tax	E.13	8,557		($13,785)	8,557		($13,785)	$0
22	Interest on Cust Deposits	E.14	(227,184)		$365,993	(227,184)		$365,993	$0
23	SFAS 133	E.15	592,392		($954,342)	592,392		($954,343)	($1)
24	Rate Case Expenses	E.16	340,717		($548,894)	340,717		($548,894)	$0
25	Property Sales	E.17	(18,149)		$29,238	(18,149)		$29,237	($1)
26	Property & Liability Ins	E.18	(288,833)		$465,309	(288,833)		$465,310	$1
27	Pension Plan	E.19	(2,565,770)		$4,133,449	(2,565,770)		$4,133,449	($0)
28	Wage Increase	E.20	(2,512,047)		$4,046,902	(2,512,047)		$4,046,902	$0
29	Investment Plan	E.21	(99,416)		$160,158	(99,416)		$160,158	$0
30	Employee Insurance	E.22	(669,622)		$1,078,759	(669,622)		$1,078,759	$0
31	Montana Corp. Lic. Tax	E.23	(167,307)		$269,531	*(167,307)*		*$269,531*	*$0*
32	Storm Damage	E.24	(197,617)		$318,361	(197,617)		$318,360	($0)
33	Regulatory Assets & Liab.	E.25	(2,887,461)	(54,943,645)	($3,102,140)	(2,887,461)	(54,943,645)	($2,296,663)	$805,477
34	Wild Horse Plant	E.26	(19,715,599)	356,220,868	$82,032,878	*(19,715,599)*	356,220,868	$76,810,652	($5,222,226)
35	Incentive Pay	E.27	690,180		($1,111,878)	*690,180*		($1,111,878)	$0
36	Gen. Office Relocation	E.28	(1,644,955)	(3,139,603)	$2,206,947	(1,644,955)	(3,139,603)	$2,252,974	$46,027
37	Other Amortization	E.29	5,065,947		($8,161,228)	5,065,947		($8,161,228)	$0
38	Demand Response Program	E.30	0		$0	0		$0	$0
39	Depreciation	E.31	-		$0	-		$0	$0
40	Production Adjustment	E.32	787,513	(11,102,293)	($2,835,475)	*787,513*	*(11,102,293)*	*($2,672,714)*	*$162,760*
41	Working Capital								
42	Total		$240,035,565	$2,977,316,193	$33,472,234	$253,540,544	$2,977,316,193	($31,931,941)	($65,404,176)
43	Depreciation Tracker				7,878,988			-	($7,878,988)
44	**Total Increase**				$41,351,222			($31,931,941)	($73,283,164)
45	Rate Of Return		Rate of Return		8.76%	Rate of Return		7.85%	
46	Conversion Factor		Conversion Factor		0.6207334	Conversion Factor		0.6207334	

PUGET SOUND ENERGY-ELECTRIC
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.		ACTUAL RESULTS OF OPERATION	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT SURPLUS	AFTER RATE DECREASE
1	OPERATING REVENUES:					
2	SALES TO CUSTOMERS	$ 1,397,539,936	$ 315,071,415	$ 1,712,611,351	$ (31,931,941)	$ 1,680,679,410
3	SALES FROM RESALE-FIRM	350,901	127,722	478,623	-	478,623
4	SALES TO OTHER UTILITIES	151,158,328	(142,929,914)	8,228,414		8,228,414
5	OTHER OPERATING REVENUES	55,899,367	(19,665,307)	36,234,060	-	36,234,060
6	TOTAL OPERATING REVENUES	1,604,948,532	152,603,916	1,757,552,448	(31,931,941)	1,725,620,507
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	POWER COSTS:					
11	FUEL	$ 75,039,758	$ 10,156,621	$ 85,196,379	$ -	$ 85,196,379
12	PURCHASED AND INTERCHANGED	808,898,950	(86,389,683)	722,509,267		722,509,267
13	WHEELING	43,994,427	14,150,625	58,145,052		58,145,052
14	RESIDENTIAL EXCHANGE	(177,350,021)	177,350,021	-		-
15	TOTAL PRODUCTION EXPENSES	750,583,114	115,267,584	865,850,698	-	865,850,698
16						
17	OTHER POWER SUPPLY EXPENSES	$ 53,185,137	$ 24,728,796	$ 77,913,933	$ -	$ 77,913,933
18	TRANSMISSION EXPENSE	3,786,749	369,363	4,156,112		4,156,112
19	DISTRIBUTION EXPENSE	56,397,075	5,396,061	61,793,136		61,793,136
20	CUSTOMER ACCOUNT EXPENSES	32,311,231	3,856,520	36,167,751	(146,016)	36,021,735
21	CUSTOMER SERVICE EXPENSES	9,266,102	(7,727,470)	1,538,632		1,538,632
22	CONSERVATION AMORTIZATION	18,233,848	(18,233,848)	-		-
23	ADMIN & GENERAL EXPENSE	64,934,552	8,940,330	73,874,882	(60,671)	73,814,212
24	DEPRECIATION	129,900,123	21,488,531	151,388,654		151,388,654
25	AMORTIZATION	24,582,050	565,341	25,147,391		25,147,391
26	AMORTIZ OF PROPERTY GAIN/LOSS	7,937,131	(3,180,069)	4,757,062		4,757,062
27	OTHER OPERATING EXPENSES	(2,317,679)	2,085,161	(232,518)		(232,518)
28	FAS 133	911,373	(911,373)	-		-
29	TAXES OTHER THAN INCOME TAXES	140,165,789	(29,864,137)	110,301,652	(1,231,069)	109,070,583
30	INCOME TAXES	101,303,182	(9,785,068)	91,518,114	(10,672,964)	80,845,150
31	DEFERRED INCOME TAXES	(17,512,885)	17,349,292	(163,593)		(163,593)
32	TOTAL OPERATING REV. DEDUCT.	$ 1,373,666,892	$ 130,345,012	$ 1,504,011,904	$ (12,110,719)	$ 1,491,901,185
33						
34	NET OPERATING INCOME	$ 231,281,640	$ 22,258,904	$ 253,540,544	$ (19,821,222)	$ 233,719,322
35						
36	RATE BASE	$ 2,513,582,619	$ 463,733,574	$ 2,977,316,193	$ -	$ 2,977,316,193
37						
38	RATE OF RETURN	9.20%		8.52%		7.85%
39						
40	RATE BASE:					
41	GROSS UTILITY PLANT IN SERVICE	$ 4,571,527,301	$ 567,925,997	$ 5,139,453,298		
42	ACCUM DEPR AND AMORT	(1,971,832,341)	(13,085,187)	(1,984,917,528)		
42	DEFERRED DEBITS	353,317,604	(48,376,550)	304,941,054		
43	DEFERRED TAXES	(387,242,755)	(42,730,686)	(429,973,441)		
44	ALLOWANCE FOR WORKING CAPITAI	-	-	-		
45	OTHER	(52,187,190)	-	(52,187,190)		
46	TOTAL RATE BASE	$ 2,513,582,619	$ 463,733,574	$ 2,977,316,193		

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		(Uncontested) ACTUAL RESULTS OF OPERATIONS	(Uncontested) TEMPERATURE NORMALIZATION E.01	(Uncontested) REVENUES & EXPENSES E.02	(Contested) POWER COSTS E.03	(Uncontested) FEDERAL INCOME TAX E.04	(Uncontested) TAX BENEFIT OF PRO FORMA INTEREST E.05	(Uncontested) CONSERVATION E.06	(Uncontested) BAD DEBTS E.07
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	$ 1,397,539,936	$ 11,954,453	$ **303,116,962**	$ -	$ -	$ -	$ -	$ -
3	SALES FROM RESALE-FIRM	350,901	5,605	122,117					
4	SALES TO OTHER UTILITIES	151,158,328			(142,929,914)				
5	OTHER OPERATING REVENUES	55,899,367		908,826	(20,574,133)				
6	TOTAL OPERATING REVENUES	$ 1,604,948,532	$ 11,960,058	$ **304,147,905**	$ (163,504,047)	$ -	$ -	$ -	$ -
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL	$ 75,039,758	$ -	$ -	$ 12,933,963	$ -	$ -	$ -	$ -
12	PURCHASED AND INTERCHANGED	808,898,950			(93,428,664)				
13	WHEELING	43,994,427			**9,913,466**				
14	RESIDENTIAL EXCHANGE	(177,350,021)			177,350,021				
15	TOTAL PRODUCTION EXPENSES	$ 750,583,114	$ -	$ -	$ **106,768,787**	$ -	$ -	$ -	$ -
16									
17	OTHER POWER SUPPLY EXPENSES	$ 53,185,137	$ -	$ -	$ 9,852,208	$ -	$ -	$ -	$ -
18	TRANSMISSION EXPENSE	3,786,749			257,787				-
19	DISTRIBUTION EXPENSE	56,397,075							-
20	CUSTOMER ACCTS EXPENSES	32,311,231	54,690	1,390,782					1,606,696
21	CUSTOMER SERVICE EXPENSES	9,266,102							
22	CONSERVATION AMORTIZATION	18,233,848						(18,233,848)	
23	ADMIN & GENERAL EXPENSE	64,934,552	22,724	577,881					
24	DEPRECIATION	129,900,123							
25	AMORTIZATION	24,582,050							
26	AMORTIZ OF PROPERTY GAIN/LOSS	7,937,131							
27	OTHER OPERATING EXPENSES	(2,317,679)							
28	FAS 133	911,373							
29	TAXES OTHER THAN INCOME TAXES	140,165,789	461,095	**(34,215,282)**	(37,225)				
30	INCOME TAXES	101,303,182	3,997,542	**117,738,084**	**(98,120,961)**	(21,216,124)	1,104,187	6,381,847	(562,344)
31	DEFERRED INCOME TAXES	(17,512,885)				17,030,311			
32	TOTAL OPERATING REV. DEDUCT.	$ 1,373,666,892	$ 4,536,051	$ **85,491,464**	$ **18,720,596**	$ (4,185,813)	$ 1,104,187	$ (11,852,001)	$ 1,044,352
33									
34	NET OPERATING INCOME	$ 231,281,640	$ 7,424,007	$ **218,656,441**	$ **(182,224,643)**	$ 4,185,813	$ (1,104,187)	$ 11,852,001	$ (1,044,352)
35									
36	RATE BASE	$ 2,513,582,619							
37								$ (28,822)	
38	RATE OF RETURN	9.20%							
39									
40	RATE BASE:								
41	GROSS UTILITY PLANT IN SERVICE	$ 4,571,527,301	$ -	$ -	$ -	$ -	$ -	$ -	$ -
42	ACCUM DEPR AND AMORT	(1,971,832,341)							
43	DEFERRED DEBITS	353,317,604							
44	DEFERRED TAXES	(387,242,755)						(28,822)	
45	ALLOWANCE FOR WORKING CAPITAL	-							
46	OTHER	(52,187,190)							
47	TOTAL RATE BASE	$ 2,513,582,619	$ -	$ -	$ -	$ -	$ -	$ (28,822)	$ -

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		(Uncontested) MISCELLANEOUS OPERATING EXP. E.08	(Uncontested) PROPERTY TAXES E.09	(Uncontested) HOPKINS RIDGE WIND PLANT E.10	(Uncontested) EXCISE TAX & FILING FEE E.11	(Contested) D&O INSURANCE E.12	(Uncontested) MONTANA ELECTRIC ENERGY TAX E.13	(Uncontested) INTEREST ON CUST DEPOSITS E.14	(Uncontested) SFAS 133 E.15	(Uncontested) RATE CASE EXPENSES E.16
1	OPERATING REVENUES									
2	SALES TO CUSTOMERS	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -
3	SALES FROM RESALE-FIRM									
4	SALES TO OTHER UTILITIES									
5	OTHER OPERATING REVENUES									
6	TOTAL OPERATING REVENUES	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7										
8	OPERATING REVENUE DEDUCTIONS:									
9										
10	POWER COSTS:									
11	FUEL	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -
12	PURCHASED AND INTERCHANGED									
13	WHEELING									
14	RESIDENTIAL EXCHANGE			1,653,530						
15	TOTAL PRODUCTION EXPENSES	$ -	$ -	$ 1,653,530	$ -	$ -	$ -	$ -	$ -	$ -
16										
17	OTHER POWER SUPPLY EXPENSES	$ -	$ -	$ 4,729,000	$ -	$ -	$ -	$ -	$ -	$ -
18	TRANSMISSION EXPENSE									
19	DISTRIBUTION EXPENSE	983,429								
20	CUSTOMER ACCTS EXPENSES									
21	CUSTOMER SERVICE EXPENSES							227,184		
22	CONSERVATION AMORTIZATION									
23	ADMIN & GENERAL EXPENSE	-		195,041	45,737	(485,481)				
24	DEPRECIATION	87,231		7,099,187						(524,180)
25	AMORTIZATION	592,355								
26	AMORTIZ OF PROPERTY GAIN/LOSS									
27	OTHER OPERATING EXPENSES	2,057,240								
28	FAS 133								$ (911,373)	
29	TAXES OTHER THAN INCOME TAXES	745,360	(589,513)	768,326	545,515		(13,165)			
30	INCOME TAXES	(1,562,965)	206,330	(5,055,779)	(206,938)	169,918	4,608			$ 183,463
31	DEFERRED INCOME TAXES								318,981	
32	TOTAL OPERATING REV. DEDUCT.	$ 2,902,650	$ (383,183)	$ 9,389,305	$ 384,314	$ (315,563)	$ (8,557)	$ 227,184	$ (592,392)	$ (340,717)
33										
34	NET OPERATING INCOME	$ (2,902,650)	$ 383,183	$ (9,389,305)	$ (384,314)	$ 315,563	$ 8,557	$ (227,184)	$ 592,392	$ 340,717
35										
36	RATE BASE	$ 29,572,082		$ 147,154,987						
37										
38	RATE OF RETURN									
39										
40	RATE BASE:									
41	GROSS UTILITY PLANT IN SERVICE	$ 30,069,859	$ -	$ 177,479,678	$ -	$ -	$ -	$ -	$ -	$ -
42	ACCUM DEPR AND AMORT	$ (497,777)		(13,226,358)						
42	DEFERRED DEBITS			8,742,500						
43	DEFERRED TAXES			(25,840,833)						
44	ALLOWANCE FOR WORKING CAPITAL									
45	OTHER									
46	TOTAL RATE BASE	$ 29,572,082	$ -	$ 147,154,987	$ -	$ -	$ -	$ -	$ -	$ -

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		(Uncontested) DEFERRED G/L ON PROPERTY SALES E.17	(Uncontested) PROPERTY & LIABILITY INS E.18	(Uncontested) PENSION PLAN E.19	(Uncontested) WAGE INCREASE E.2	(Uncontested) INVESTMENT PLAN E.21	(Uncontested) EMPLOYEE INSURANCE E.22	(Uncontested) MONTANA CORP. TAX E.23	(Uncontested) STORM DAMAGE E.24	(Uncontested) REGULATORY ASSETS & LIABILITIES E.25
1	OPERATING REVENUES									
2	SALES TO CUSTOMERS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	SALES FROM RESALE-FIRM									
4	SALES TO OTHER UTILITIES									
5	OTHER OPERATING REVENUES									
6	TOTAL OPERATING REVENUES	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7										
8	OPERATING REVENUE DEDUCTIONS:									
9										
10	POWER COSTS:									
11	FUEL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,783,753)
12	PURCHASED AND INTERCHANGED				101,827					7,226,000
13	WHEELING									
14	RESIDENTIAL EXCHANGE									
15	TOTAL PRODUCTION EXPENSES	$ -	$ -	$ -	$ 101,827	$ -	$ -	$ -	$ -	$ 4,442,247
16										
17	OTHER POWER SUPPLY EXPENSES	$ -	$ -	$ -	$ 475,978	$ -	$ -	$ -	$ -	$ -
18	TRANSMISSION EXPENSE				61,416				70,367	
19	DISTRIBUTION EXPENSE				1,315,409				3,400,410	
20	CUSTOMER ACCTS EXPENSES				743,838					
21	CUSTOMER SERVICE EXPENSES				96,650					
22	CONSERVATION AMORTIZATION									
23	ADMIN & GENERAL EXPENSE		444,359	3,947,338	846,988	152,948	1,030,188			
24	DEPRECIATION									
25	AMORTIZATION									
26	AMORTIZ OF PROPERTY GAIN/LOSS									
27	OTHER OPERATING EXPENSES	27,921							(3,166,751)	
28	FAS 133									
29	TAXES OTHER THAN INCOME TAXES									
30	INCOME TAXES				222,582					
31	DEFERRED INCOME TAXES	(9,772)	(155,526)	(1,381,568)	(1,352,641)	(53,532)	(360,566)	**167,307**	(106,409)	(1,554,786)
32	TOTAL OPERATING REV. DEDUCT.	$ 18,149	$ 288,833	$ 2,565,770	$ 2,512,047	$ 99,416	$ 669,622	$ **167,307**	$ 197,617	$ 2,887,461
33										
34	NET OPERATING INCOME	$ (18,149)	$ (288,833)	$ (2,565,770)	$ (2,512,047)	$ (99,416)	$ (669,622)	$ **(167,307)**	$ (197,617)	$ (2,887,461)
35										
36	RATE BASE									$ (54,943,645)
37										
38	RATE OF RETURN									
39										
40	RATE BASE:									
41	GROSS UTILITY PLANT IN SERVICE	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
42	ACCUM DEPR AND AMORT									
42	DEFERRED DEBITS									(54,943,645)
43	DEFERRED TAXES									-
44	ALLOWANCE FOR WORKING CAPITAL									
45	OTHER									
46	TOTAL RATE BASE	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (54,943,645)

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		(Uncontested) WILD HORSE WIND PLANT E.26	(Uncontested) INCENTIVE PAY E.27	(Uncontested) GENERAL OFFICE RELOCATION E.28	(Uncontested) OTHER AMORTIZATION E.29	(Uncontested) DEMAND RESPONSE PROGRAM E4.30	(Uncontested) DEPRECIATION E.31	(Uncontested) PRODUCTION ADJUSTMENT E.32	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1	OPERATING REVENUES									
2	SALES TO CUSTOMERS							$ -	$ 315,071,415	$ 1,712,611,351
3	SALES FROM RESALE-FIRM								127,722	478,623
4	SALES TO OTHER UTILITIES								(142,929,914)	8,228,414
5	OTHER OPERATING REVENUES								(19,665,307)	36,234,060
6	TOTAL OPERATING REVENUES			$ -	$ -	$ -	$ -	$ -	$ 152,603,916	$ 1,757,552,448
7										
8	OPERATING REVENUE DEDUCTIONS:									
9										
10	POWER COSTS:									
11	FUEL									
12	PURCHASED AND INTERCHANGED							$ 6,411	$ 10,156,621	$ 85,196,379
13	WHEELING		(39,976)						(248,869)	(86,389,683)
14	RESIDENTIAL EXCHANGE	2,621,721							(38,092)	722,509,267
15	TOTAL PRODUCTION EXPENSES	$ 2,621,721	$ (39,976)	$ -	$ -	$ -	$ -	$ (280,551)	14,150,625	58,145,052
16									177,350,021	-
17	OTHER POWER SUPPLY EXPENSES	$ 9,921,354	$ (116,002)						$ 115,267,584	$ 865,850,698
18	TRANSMISSION EXPENSE		(20,208)					$ (133,742)	$ 24,728,796	$ 77,913,933
19	DISTRIBUTION EXPENSE		(303,187)						369,363	4,156,112
20	CUSTOMER ACCTS EXPENSES		(166,670)						5,396,061	61,793,136
21	CUSTOMER SERVICE EXPENSES		(30,356)						3,856,520	36,167,751
22	CONSERVATION AMORTIZATION				(7,793,764)		-		(7,727,470)	1,538,632
23	ADMIN & GENERAL EXPENSE	264,209	(316,322)	2,768,978					(18,233,848)	-
24	DEPRECIATION	15,066,967		(228,856)				(30,077)	8,940,330	73,874,882
25	AMORTIZATION						-	(535,998)	21,488,531	151,388,654
26	AMORTIZ OF PROPERTY GAIN/LOSS						-	(27,014)	565,341	25,147,391
27	OTHER OPERATING EXPENSES							(13,318)	(3,180,069)	4,757,062
28	FAS 133							-	2,085,161	(232,518)
29	TAXES OTHER THAN INCOME TAXES	2,457,440	(69,094)	(9,422)					(911,373)	-
30	INCOME TAXES	(10,616,092)	371,635	(885,745)	2,727,818		-	(130,755)	(29,864,137)	110,301,652
31	DEFERRED INCOME TAXES						-	363,942	(9,785,068)	91,518,114
32	TOTAL OPERATING REV. DEDUCT.	$ 19,715,599	$ (690,180)	$ 1,644,955	$ (5,065,947)	$ -	$ -	$ (787,513)	17,349,292	(163,593)
33									$ 130,345,012	$ 1,504,011,904
34	NET OPERATING INCOME	$ (19,715,599)	$ 690,180	$ (1,644,955)	$ 5,065,947	$ -	$ -	$ 787,513	$ 22,258,904	$ 253,540,544
35										
36	RATE BASE	$ 356,220,868		$ (3,139,603)		$ -	$ -	$ (11,102,293)	$ 463,733,574	$ 2,977,316,193
37										
38	RATE OF RETURN									8.52%
39										
40	RATE BASE:									
41	GROSS UTILITY PLANT IN SERVICE	$ 383,253,789		$ (6,857,933)			-	$ (16,019,396)	$ 567,925,997	$ 5,139,453,298
42	ACCUM DEPR AND AMORT	(8,090,394)		2,804,020				5,925,322	(13,085,187)	(1,984,917,528)
42	DEFERRED DEBITS						-	(2,146,583)	(48,376,550)	304,941,054
43	DEFERRED TAXES	(18,942,527)		914,310				1,138,364	(42,730,686)	(429,973,441)
44	ALLOWANCE FOR WORKING CAPITAL								-	-
45	OTHER								-	(52,187,190)
46	TOTAL RATE BASE	$ 356,220,868	$ -	$ (3,139,603)	$ -	$ -	$ -	$ (11,102,293)	$ 463,733,574	$ 2,977,316,193

PUGET SOUND ENERGY-ELECTRIC
E.03 - POWER COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	SALES FOR RESALE	$ 151,158,328	$ 8,228,414	$ (142,929,914)
2				
3	PURCHASES/SALES OF NON-CORE GAS	20,154,644	547,386	(19,607,258)
4	WHEELING FOR OTHERS	11,340,015	10,373,140	(966,875)
5		31,494,659	10,920,526	(20,574,133)
6				
7	TOTAL OPERATING REVENUES	182,652,987	19,148,940	(163,504,047)
8				
9	FUEL	$ 72,975,508	$ 85,909,471	$ 12,933,963
10				
11	PURCHASED AND INTERCHANGED	788,255,330	706,633,940	(81,621,390)
12	RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASKA	-	(11,807,274)	(11,807,274)
13	SUBTOTAL PURCHASED AND INTERCHANGED	$ 788,255,330	$ 694,826,666	$ (93,428,664)
14	WHEELING	43,994,427	53,907,893	9,913,466
15	SCH. 94 - RES./FARM CREDIT	(177,350,021)	-	177,350,021
16	TOTAL PRODUCTION EXPENSES	$ 727,875,244	$ 834,644,031	$ 106,768,787
17	HYDRO AND OTHER POWER	53,185,137	63,037,345	9,852,208
18	TRANS. EXP. INCL. 500KV O&M	604,461	862,248	257,787
19				
20	TOTAL OPERATING EXPENSES	$ 781,664,842	$ 898,543,624	$ 116,878,782
21				
22	INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 20	$ (599,011,855)	$ (879,394,684)	$ (280,382,829)
23				
24	REDUCTION TO STATE UTILITY TAX SAVINGS FOR LINE 4	3.85%		(37,225)
25	INCREASE (DECREASE) INCOME			$ (280,345,604)
26	INCREASE (DECREASE) FIT @	35%		(98,120,961)
27	INCREASE (DECREASE) NOI			$ (182,224,643)

PUGET SOUND ENERGY
GENERAL RATE CASE
DETERMINATION OF NET POWER COSTS FOR GRC PAGE 4.0:
TEST YEAR ENDED SEPTEMBER 30, 200!
RATE YEAR ENDED DECENBER 31, 200:

Line	FERC	Description	Rate Year 12ME 12/31/2007	Less Hopkins Ridge	Less Wild Horse	Less Amort of Reg Assets	Remove Ben&Tax	Net Before Prod Factor	After Prod Factor of 0.99109
1	Fuel:								
2	501	Steam Fuel	$ 52,239,184				$ -	$ 52,239,184	$ 51,773,733
3	547	Fuel	33,723,119			719,503	-	34,442,622	34,135,738
4			85,962,303	-	-	719,503	-	86,681,806	85,909,471
5	Purchased and Interchanged								
6	555	Purchased Power	733,833,000			(27,869,620)	-	705,963,380	699,673,246
6a	555	Tenaska Buyout Disallowance	(8,322,633)					(8,322,633)	(8,248,478)
6a	555	Tenaska Prudence Disallowance	(2,519,097)					(2,519,097)	(2,496,652)
6a	555	March Point 2 Prudence Disallowance	(1,071,693)					(1,071,693)	(1,062,144)
7	557	Other Power Expense	7,699,594				(676,323)	7,023,271	6,960,694
8			729,619,171	-	-	(27,869,620)	(676,323)	701,073,228	694,826,666
9									
10	565	Wheeling	58,667,782		(2,621,721)	(1,653,530)	-	54,392,531	53,907,893
11								-	
12	various	Hydro and Other Power	80,386,904	(4,729,000)	(9,921,354)		(2,132,493)	63,604,057	63,037,345
13									
14	various	Trans. Exp. Incl. 500Kv O&M	870,000					870,000	862,248
15	447	Sales for Resale	(8,302,389)					(8,302,389)	(8,228,414)
16	456	Purchases/Sales Of Non-Core Gas	(552,307)					(552,307)	(547,386)
17			(7,984,695)	-	-	-	-	(7,984,695)	(7,913,552)
18									
19	**Net Power Costs**		$946,651,465	-$4,729,000	-$12,543,075	-$28,803,647	-$2,808,816	$897,766,927	$889,767,824
20	various	Variable Transmission Income	(10,466,396)					(10,466,396)	(10,373,140)
21									
22	Power Costs Page 4.03 Line 22		$ 936,185,070	$ (4,729,000)	$ (12,543,075)	$ (28,803,647)	$ (2,808,816)	$ 887,300,532	$ 879,394,684

includes agreed upon changes as of 9/15/06

PUGET SOUND ENERGY-ELECTRIC
E.08 - MISCELLANEOUS OPERATING EXPENSE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	OPERATING EXPENSES			
2	AMORTIZATION OF DEFERRAL PURSUANT TO WUTC DOCKET NO. UE-051527	-	1,834,669	1,834,669
3	RECOVER NORMALIZED CARRYING COSTS RELATED TO LINE 2 ABOVE	-	222,571	222,571
4	MISCELLANEOUS NON- OPERATING	964	-	(964)
5	OREGON BACK TAXES	-	745,360	745,360
6	AMORTIZATION OF BAKER LAKE RELICENSING	-	593,319	593,319
7	TREE WATCH	1,016,571	2,000,000	983,429
8	NYSE PSE COMMON STOCK FEES	55,825	55,825	-
9	CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT - DEP EXP		87,231	87,231
10				
11	INCREASE (DECREASE) IN EXPENSE	$ 1,073,360	$ 5,538,975	$ 4,465,615
12				
13	INCREASE(DECREASE) OPERATING EXPENSE			4,465,615
14	INCREASE(DECREASE) FIT @		35%	(1,562,965)
15				
16	INCREASE(DECREASE) NOI			$ (2,902,650)
17				
18	RATEBASE			
19	CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT	-	3,370,522	3,370,522
20	CWIP "IN SERVICE" BUT NOT TRANSFERRED TO PLANT - ACC DEP	-	(52,788)	(52,788)
21	BAKER LAKE RELICENSING GROSS UTILITY PLANT	-	26,699,337	26,699,337
22	BAKER LAKE RELICENSING ACCUMULATED AMORTIZATION (AMA)	-	(444,989)	(444,989)
23				
24	TOTAL ADJUSTMENT TO RATEBASE			$ 29,572,082

COMPARISON BETWEEN PSE AND STAFF DIRECT CASES (as revised, after 9/15 settlement)

(Shading indicates contested adjusments)

Docket Number UE-060266 & 060267

Exhibit No. ____ (JMR-4)
Page 30

GAS

REVISED 9/15/06

	Adjustment	Adj. No.	PSE NOI	PSE Rate Base	PSE Revenue Requirement	STAFF NOI	STAFF Rate Base	STAFF Revenue Requirement	Staff - PSE Rev. Req. Difference
1	Per Books		$72,496,462	$1,179,240,567	$49,557,588	$72,496,462	$1,179,240,567	$32,293,940	($17,263,649)
2	Rev. & Exp.,Temp. Normalizatior	G.01	$ 13,696,529		($22,034,303)	*$ 13,696,529*		*($22,034,303)*	*$0*
3	Federal Income Tax	G.02	490,787	-	(789,554)	490,787		($789,554)	($0)
4	Tax Benefit of Pro Forma Interest	G.03	(7,280,941)	-	11,713,220	(6,778,498)		$10,904,914	($808,306)
5	Conservation	G.04	2,426,926		(3,904,319)	2,426,926		($3,904,320)	($1)
6	Bad Debts	G.05	(236,343)	-	380,217	(236,343)		$380,217	$0
7	Remove Penalties	G.06.1	348	-	(560)	348		($560)	$0
8	Amort. Of Def. Taxes Reg. Asse	G.06.2	(923,574)		1,485,800	(923,574)		$1,485,800	$0
9	Depreciation on CWIP In-Service	G.06.3	(55,461)		89,222	(55,461)		$89,222	($0)
10	Rate Base Adj. CWIP In-Service	G.06.4		2,857,353	402,677		2,857,353	$360,846	($41,831)
11	Property Taxes	G.07	469,425		(755,188)	469,425		($755,189)	($1)
12	Excise Tax & Filing Fee	G.08	389,325	-	(626,327)	389,325		($626,327)	($0)
13	Rate Case Expenses	G.09	(78,781)	-	126,739	(78,781)		$126,739	$0
14	Property & Liability Ins	G.10	123,942	-	(199,392)	123,942		($199,392)	$0
15	Pension Plan	G.11	(1,603,511)	-	2,579,650	(1,603,511)		$2,579,650	$0
16	Wage Increase	G.12	(1,460,754)	-	2,349,989	(1,460,754)		$2,349,989	$0
17	Investment Plan	G.13	(62,124)	-	99,943	(62,124)		$99,943	$0
18	Employee Insurance	G.14	(418,486)	-	673,240	(418,486)		$673,240	$0
19	Incentive Pay	G.15	431,333	-	(693,907)	*431,333*		*($693,907)*	*$0*
20	Interest On Cust. Deposits	G.16	(131,750)		211,953	(131,750)		$211,953	$0
21	Prop.Sales Def. Gains/Losses	G.17	456,881		(735,008)	456,881		($735,007)	$1
22	General Office Relocation	G.18	(914,888)	(1,746,177)	1,225,744	(914,887)	(1,746,177)	$1,251,306	$25,562
23	Low Income Amortizatior	G.19	1,361,790		(2,190,781)	1,361,790		($2,190,781)	($0)
24	D&O Insurance	G.20	(8,946)		14,392	212,399		($341,697)	($356,088)
25	Everett Delta Pipeline Expansion	G.21	48,303	-	(77,707)	(154,839)		$249,097	$326,805
26	Spirit Ridge Adjustment	G.22	-	-	0	-		$0	$0
27	Working Capital	In per books			0			$0	$0
28	Total		$79,216,493	$1,180,351,743	$38,903,327	*$79,737,140*	$1,180,351,743	*$20,785,819*	*($18,117,508)*
29	Depreciation Tracker Impact				10,884,680		Tracker Impact	-	($10,884,680)
30	**Total Increase**				$49,788,007		Total Increase	*$20,785,819*	*($29,002,188)*
31	Rate of Return				**8.76%**			**7.85%**	
32	Conversion Factor				0.6216003			0.6216003	

PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
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	$ 829,271,796	$ 114,085,076	$ 943,356,872	$ 20,785,819	$ 964,142,691
3	MUNICIPAL ADDITIONS	34,729,596	(34,729,596)	-	-	-
4	OTHER OPERATING REVENUES	15,438,897	1,916,844	17,355,741	-	17,355,741
5	TOTAL OPERATING REVENUES	$ 879,440,289	$ 81,272,324	$ 960,712,613	$ 20,785,819	$ 981,498,432
6						
7						
8	OPERATING REVENUE DEDUCTIONS					
9						
10	GAS COSTS:					
11						
12	PURCHASED GAS	$ 539,655,901	$ 91,599,470	$ 631,255,371	$ -	$ 631,255,371
13						
14	TOTAL PRODUCTION EXPENSES	$ 539,655,901	$ 91,599,470	$ 631,255,371	$ -	$ 631,255,371
15						
16	OTHER POWER SUPPLY EXPENSES	$ 1,520,542	$ 35,258	$ 1,555,800	$ -	$ 1,555,800
17	TRANSMISSION EXPENSE	445,738	8,410	454,148		454,148
18	DISTRIBUTION EXPENSE	33,307,919	770,419	34,078,338		34,078,338
19	CUSTOMER ACCOUNT EXPENSES	22,239,694	1,114,334	23,354,028	70,731	23,424,759
20	CUSTOMER SERVICE EXPENSES	3,914,552	(2,051,043)	1,863,509		1,863,509
21	CONSERVATION AMORTIZATION	3,454,161	(3,733,733)	(279,572)		(279,572)
22	ADMIN & GENERAL EXPENSE	36,522,434	4,795,866	41,318,300	39,493	41,357,793
23	DEPRECIATION	64,997,955	(41,961)	64,955,994		64,955,994
24	AMORTIZATION	11,302,712	0	11,302,712		11,302,712
25	AMORTIZATION OF PROPERTY LOSS	3,287	0	3,287		3,287
26	OTHER OPERATING EXPENSES	150,234	717,990	868,224		868,224
27	FAS 133	-	0	-		-
28	TAXES OTHER THAN INCOME TAXES	83,922,287	(32,826,534)	51,095,753	797,945	51,893,698
29	INCOME TAXES	9,529,694	1,439,838	10,969,532	6,957,177	17,926,709
30	DEFERRED INCOME TAXES	(4,023,283)	12,203,333	8,180,050		8,180,050
31	TOTAL OPERATING REV. DEDUCT.	$ 267,287,926	$ (17,567,825)	$ 249,720,101	$ 7,865,347	$ 257,585,448
32						
33	NET OPERATING INCOME	$ 72,496,462	$ 7,240,679	$ 79,737,141	$ 12,920,472	$ 92,657,613
34						
35	RATE BASE	$ 1,179,240,567	$1,111,176	$ 1,180,351,743	$ -	$ 1,180,351,743
36						
37	RATE OF RETURN	6.15%		6.76%		7.85%
38						
39	RATE BASE:					
40	UTILITY PLANT IN SERVICE	$ 2,007,347,617	$ (901,242)	$ 2,006,446,375		
41	ACCUMULATED DEPRECIATION	(650,335,811)	1,503,898	(648,831,913)		
42	ACCUMULATED DEFERRED FIT - LIBERALIZEI	(174,512,354)	508,520	(174,003,834)		
43	OTHER	(14,234,907)	-	(14,234,907)		
44	TOTAL NET INVESTMENT	$ 1,168,264,545	$ 1,111,176	$ 1,169,375,721		
45	ALLOWANCE FOR WORKING CAPITAI	10,976,022	-	10,976,022		
46	TOTAL RATE BASE	$ 1,179,240,567	$ 1,111,176	$ 1,180,351,743		

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		(Uncontested) ACTUAL RESULTS OF OPERATIONS 12ME Sept. 30, 2005	(Uncontested) REVENUE & EXPENSES G.01	(Uncontested) FEDERAL INCOME TAX G.02	(Uncontested) TAX BENEFIT OF PRO FORMA INTEREST G.03	(Uncontested) CONSERVATION G.04	(Uncontested) BAD DEBTS G.05	(Uncontested) MISCELLANEOUS OPERATING EXPENSE G.06	(Uncontested) PROPERTY TAXES G.07
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	$ 829,271,796	$ 114,323,290	$ -	$ -	$ -	$ -	$ -	$ -
3	MUNICIPAL ADDITIONS	34,729,596	(34,729,596)						
4	OTHER OPERATING REVENUES	15,438,897	1,916,844						
5	TOTAL OPERATING REVENUES	$ 879,440,289	$ 81,510,538	$ -	$ -	$ -	$ -	$ -	$ -
6									
7									
8	OPERATING REVENUE DEDUCTIONS								
9									
10	GAS COSTS:								
11									
12	PURCHASED GAS	$ 539,655,901	$ 91,599,470	$ -	$ -	$ -	$ -	$ -	$ -
13									
14	TOTAL PRODUCTION EXPENSES	$ 539,655,901	$ 91,599,470	$ -	$ -	$ -	$ -	$ -	$ -
15									
16	OTHER ENERGY SUPPLY EXPENSES	$ 1,520,542	$ -	$ -	$ -	$ -	$ -	$ -	$ -
17	TRANSMISSION EXPENSE	445,738							
18	DISTRIBUTION EXPENSE	33,307,919							
19	CUSTOMER ACCTS EXPENSES	22,239,694	277,369						
20	CUSTOMER SERVICE EXPENSES	3,914,552					363,605		
21	CONSERVATION AMORTIZATION	3,454,161							
22	ADMIN & GENERAL EXPENSE	36,522,434	154,870			(3,733,733)			
23	DEPRECIATION	64,997,955					-	(536)	
24	AMORTIZATION	11,302,712						85,324	
25	AMORTIZATION OF PROPERTY LOSS	3,287							
26	OTHER OPERATING EXPENSES	150,234	-					1,420,883	
27	FAS 133	-							
28	TAXES OTHER THAN INCOME TAXES	83,922,287	(31,592,754)						(722,193)
29	INCOME TAXES	9,529,694	7,375,054	(12,694,120)	6,778,498	1,306,807	(127,262)	(526,985)	252,768
30	DEFERRED INCOME TAXES	(4,023,283)		12,203,333					
31	TOTAL OPERATING REV. DEDUCT.	$ 267,287,926	$ (23,785,461)	$ (490,787)	$ 6,778,498	$ (2,426,926)	$ 236,343	$ 978,686	$ (469,425)
32									
33	NET OPERATING INCOME	$ 72,496,462	$ 13,696,529	$ 490,787	$ (6,778,498)	$ 2,426,926	$ (236,343)	$ (978,686)	$ 469,425
34									
35	RATE BASE	$ 1,179,240,567						$ 2,857,353	
36									
37	RATE OF RETURN	6.15%							
38									
39	RATE BASE:								
40	UTILITY PLANT IN SERVICE	$ 2,007,347,617	$ -	$ -	$ -	$ -	$ -	$ 2,912,989	$ -
41	ACCUMULATED DEPRECIATION	(650,335,811)						(55,636)	
42	ACCUMULATED DEFERRED FIT - LIBERALIZED	(174,512,354)							
43	OTHER	(14,234,907)							
44	TOTAL NET INVESTMENT	$ 1,168,264,545	$ -	$ -	$ -	$ -	$ -	$ 2,857,353	$ -
45	ALLOWANCE FOR WORKING CAPITAL	10,976,022							
46	TOTAL RATE BASE	$ 1,179,240,567	$ -	$ -	$ -	$ -	$ -	$ 2,857,353	$ -

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		(Uncontested) EXCISE TAX & FILING FEE G.08	(Uncontested) RATE CASE EXPENSES G.09	(Uncontested) PROPERTY& LIABILITY INS G.10	(Uncontested) PENSION PLAN G.11	(Uncontested) WAGE INCREASE G.12	(Uncontested) INVESTMENT PLAN G.13	(Uncontested) EMPLOYEE INSURANCE G.14	(Uncontested) INCENTIVE PAY G.15
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					52,231			(16,973)
18	DISTRIBUTION EXPENSE					11,946			(3,536)
19	CUSTOMER ACCTS EXPENSES					1,067,461			(297,042)
20	CUSTOMER SERVICE EXPENSES					448,267			(106,657)
21	CONSERVATION AMORTIZATION					65,719			(21,700)
22	ADMIN & GENERAL EXPENSE	(1,544)	121,202	(190,680)	2,466,940	467,438	95,575	643,825	(174,502)
23	DEPRECIATION								
24	AMORTIZATION								
25	AMORTIZATION OF PROPERTY LOSS								
26	OTHER OPERATING EXPENSES								
27	FAS 133								
28	TAXES OTHER THAN INCOME TAXES	(597,418)				134,252			(43,180)
29	INCOME TAXES	209,637	(42,421)	66,738	(863,429)	(786,560)	(33,451)	(225,339)	232,257
30	DEFERRED INCOME TAXES								
31	TOTAL OPERATING REV. DEDUCT.	$ (389,325)	$ 78,781	$ (123,942)	$ 1,603,511	$ 1,460,754	$ 62,124	$ 418,486	$ (431,333)
32									
33	NET OPERATING INCOME	$ 389,325	$ (78,781)	$ 123,942	$ (1,603,511)	$ (1,460,754)	$ (62,124)	$ (418,486)	$ 431,333
34									
35	RATE BASE								
36									
37	RATE OF RETURN								
38									
39	RATE BASE:								
40	UTILITY PLANT IN SERVICE	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
41	ACCUMULATED DEPRECIATION								
42	ACCUMULATED DEFERRED FIT - LIBERALIZED								
43	OTHER								
44	TOTAL NET INVESTMENT	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45	ALLOWANCE FOR WORKING CAPITAL								
46	TOTAL RATE BASE	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.	(Uncontested)	(Uncontested) INTEREST ON CUSTOMER DEPOSITS G.16	(Uncontested) DEFERRED GAINS/ LOSSES PROP SALES G.17	(Uncontested) GENERAL OFFICE RELOCATION G.18	(Uncontested) LOW INCOME AMORTIZATION G.19	(Contested) D&O INSURANCE G.20	(Uncontested) EVERETT DELTA G.21	(Uncontested) SPIRIT RIDGE ADJUSTMENT G.22	(Uncontested) TOTAL ADJUSTMENTS	(Uncontested) ADJUSTED RESULTS OF OPERATIONS
1	OPERATING REVENUES									
2	SALES TO CUSTOMERS	$ -					$ (238,214)	$ -	$ 114,085,076	$ 943,356,872
3	MUNICIPAL ADDITIONS								(34,729,596)	-
4	OTHER OPERATING REVENUES								1,916,844	17,355,741
5	TOTAL OPERATING REVENUES	$ -	$ -	$ -		$ -	$ (238,214)	$ -	$ 81,272,324	$ 960,712,613
6										
7										
8	OPERATING REVENUE DEDUCTIONS:									
9										
10	GAS COSTS:									
11										
12	PURCHASED GAS	$ -						$ -	$ 91,599,470	$ 631,255,371
13										
14	TOTAL PRODUCTION EXPENSES	$ -	$ -	$ -		$ -	$ -	$ -	$ 91,599,470	$ 631,255,371
15										
16	OTHER ENERGY SUPPLY EXPENSES							$ -	$ 35,258	$ 1,555,800
17	TRANSMISSION EXPENSE								**8,410**	**454,148**
18	DISTRIBUTION EXPENSE							-	**770,419**	**34,078,338**
19	CUSTOMER ACCTS EXPENSES	131,750					-		**1,114,334**	**23,354,028**
20	CUSTOMER SERVICE EXPENSES				(2,095,062)				**(2,051,043)**	**1,863,509**
21	CONSERVATION AMORTIZATION								(3,733,733)	(279,572)
22	ADMIN & GENERAL EXPENSE			1,540,045		(326,767)	-		**4,795,866**	**41,318,300**
23	DEPRECIATION			(127,285)					(41,961)	64,955,994
24	AMORTIZATION								-	11,302,712
25	AMORTIZATION OF PROPERTY LOSS								-	3,287
26	OTHER OPERATING EXPENSES		(702,893)						717,990	868,224
27	FAS 133								-	-
28	TAXES OTHER THAN INCOME TAXES			(5,241)			0		**(32,826,534)**	**51,095,753**
29	INCOME TAXES		246,013	(492,632)	733,272	114,369	(83,375)	-	**1,439,838**	**10,969,532**
30	DEFERRED INCOME TAXES								12,203,333	8,180,050
31	TOTAL OPERATING REV. DEDUCT.	$ 131,750	$ (456,881)	$ 914,887	$ (1,361,790)	$ (212,399)	$ (83,375)	$ -	**$ (17,567,825)**	**$ 249,720,101**
32										
33	NET OPERATING INCOME	$ (131,750)	$ 456,881	$ (914,887)	$ 1,361,790	$ 212,399	$ (154,839)	$ -	**$ 7,240,679**	**$ 79,737,141**
34										
35	RATE BASE	$ -		$ (1,746,177)				$ -	$ 1,111,176	$ 1,180,351,743
36										
37	RATE OF RETURN									6.76%
38										
39	RATE BASE:									
40	UTILITY PLANT IN SERVICE	$ -		$ (3,814,231)				$ -	$ (901,242)	$ 2,006,446,375
41	ACCUMULATED DEPRECIATION	-		1,559,534					1,503,898	(648,831,913)
42	ACCUMULATED DEFERRED FIT - LIBERALIZED	-		508,520					508,520	(174,003,834)
43	OTHER								-	(14,234,907)
44	TOTAL NET INVESTMENT	$ -	$ -	$ (1,746,177)	$ -	$ -	$ -	$ -	$ 1,111,176	$ 1,169,375,721
45	ALLOWANCE FOR WORKING CAPITAL								-	10,976,022
46	TOTAL RATE BASE	$ -	$ -	$ (1,746,177)	$ -	$ -	$ -	$ -	$ 1,111,176	$ 1,180,351,743

ATTACHMENT B

INCLUDES AGREED UPON CHANGES AS OF 9/15/2006

Docket Numbers UE-060266
Exhibit No. (JHS-20)
Summary

PUGET SOUND ENERGY-ELECTRIC
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.		ACTUAL RESULTS OF OPERATION	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	OPERATING REVENUES:					
2	SALES TO CUSTOMERS	$ 1,397,539,936	$ 315,071,416	$ 1,712,611,352	$ 33,472,231	$ 1,746,083,583
3	SALES FROM RESALE-FIRM	350,901	127,722	478,623	-	478,623
4	SALES TO OTHER UTILITIES	151,158,328	(142,081,018)	9,077,310		9,077,310
5	OTHER OPERATING REVENUES	55,899,367	(19,712,724)	36,186,643	-	36,186,643
6	TOTAL OPERATING REVENUES	1,604,948,532	153,405,396	1,758,353,928	33,472,231	1,791,826,159
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	POWER COSTS:					
11	FUEL	$ 75,039,758	$ 11,799,730	$ 86,839,488	$ -	$ 86,839,488
12	PURCHASED AND INTERCHANGED	808,898,950	(68,778,949)	740,120,001		740,120,001
13	WHEELING	43,994,427	14,150,625	58,145,052		58,145,052
14	RESIDENTIAL EXCHANGE	(177,350,021)	177,350,021	-		-
15	TOTAL PRODUCTION EXPENSES	750,583,114	134,521,427	885,104,541	-	885,104,541
16						
17	OTHER POWER SUPPLY EXPENSES	$ 53,185,137	$ 24,567,467	$ 77,752,604	-	$ 77,752,604
18	TRANSMISSION EXPENSE	3,786,749	369,362	4,156,111		4,156,111
19	DISTRIBUTION EXPENSE	56,397,075	5,396,061	61,793,136		61,793,136
20	CUSTOMER ACCOUNT EXPENSES	32,311,231	3,856,520	36,167,751	153,059	36,320,810
21	CUSTOMER SERVICE EXPENSES	9,266,102	(7,727,470)	1,538,632		1,538,632
22	CONSERVATION AMORTIZATION	18,233,848	(18,233,848)	-		-
23	ADMIN & GENERAL EXPENSE	64,934,552	9,445,296	74,379,848	63,597	74,443,445
24	DEPRECIATION	129,900,123	21,488,530	151,388,653		151,388,653
25	AMORTIZATION	24,582,050	566,304	25,148,354		25,148,354
26	AMORTIZ OF PROPERTY GAIN/LOSS	7,937,131	(3,180,069)	4,757,062		4,757,062
27	OTHER OPERATING EXPENSES	(2,317,679)	2,085,161	(232,518)		(232,518)
28	FAS 133	911,373	(911,373)	-		-
29	TAXES OTHER THAN INCOME TAXES	140,165,789	(29,864,137)	110,301,652	1,290,452	111,592,104
30	INCOME TAXES	101,303,182	(15,077,054)	86,226,128	11,187,792	97,413,920
31	DEFERRED INCOME TAXES	(17,512,885)	17,349,292	(163,593)		(163,593)
32	TOTAL OPERATING REV. DEDUCT.	$ 1,373,666,892	$ 144,651,470	$ 1,518,318,362	$ 12,694,900	$ 1,531,013,261
33						
34	NET OPERATING INCOME	$ 231,281,640	8,753,927	240,035,567	20,777,331	260,812,898
35						
36	RATE BASE	$ 2,513,582,619	$ 463,733,574	$ 2,977,316,193	-	$ 2,977,316,193
37						
38	RATE OF RETURN	9.20%		8.06%		8.76%
39						
40	RATE BASE:					
41	GROSS UTILITY PLANT IN SERVICE	$ 4,571,527,301	$ 567,925,996	$ 5,139,453,298		
42	ACCUM DEPR AND AMORT	(1,971,832,341)	(13,085,187)	(1,984,917,528)		
43	DEFERRED DEBITS	353,317,604	(48,376,550)	304,941,054		
44	DEFERRED TAXES	(387,242,755)	(42,730,686)	(429,973,441)		
45	ALLOWANCE FOR WORKING CAPITAI	-	-	-		
46	OTHER	(52,187,190)	-	(52,187,190)		
47	TOTAL RATE BASE	$ 2,513,582,619	$ 463,733,574	$ 2,977,316,193		
48						
49						

INCL... AGREED UPON CHANGES AS OF 9/15/2006

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PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		UNCONTESTED ACTUAL RESULTS OF OPERATIONS	UNCONTESTED TEMPERATURE NORMALIZATION 20.01	UNCONTESTED REVENUES & EXPENSES 20.02	CONTESTED POWER COSTS 20.03	UNCONTESTED FEDERAL INCOME TAX 20.04	UNCONTESTED TAX BENEFIT OF PRO FORMA INTEREST 20.05	UNCONTESTED CONSERVATION 20.06	UNCONTESTED BAD DEBTS 20.07
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	$ 1,397,539,936	$ 11,954,453	$ 303,116,963	$ -	$ -	$ -	$ -	$ -
3	SALES FROM RESALE-FIRM	350,901	5,605	122,117					
4	SALES TO OTHER UTILITIES	151,158,328			(142,081,018)				
5	OTHER OPERATING REVENUES	55,899,367		908,826	(20,621,550)				
6	TOTAL OPERATING REVENUES	$ 1,604,948,532	$ 11,960,058	$ 304,147,906	$ (162,702,568)	$ -	$ -	$ -	$ -
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL	$ 75,039,758	$ -	$ -	$ 14,577,072	$ -	$ -	$ -	$ -
12	PURCHASED AND INTERCHANGED	808,898,950			(75,817,930)				
13	WHEELING	43,994,427			9,913,467				
14	RESIDENTIAL EXCHANGE	(177,350,021)			177,350,021				
15	TOTAL PRODUCTION EXPENSES	$ 750,583,114	$ -	$ -	$ 126,022,629	$ -	$ -	$ -	$ -
16									
17	OTHER POWER SUPPLY EXPENSES	$ 53,185,137	$ -	$ -	$ 9,690,879	$ -	$ -	$ -	$ -
18	TRANSMISSION EXPENSE	3,786,749			257,787				
19	DISTRIBUTION EXPENSE	56,397,075							-
20	CUSTOMER ACCTS EXPENSES	32,311,231	54,690	1,390,782					-
21	CUSTOMER SERVICE EXPENSES	9,266,102							1,606,696
22	CONSERVATION AMORTIZATION	18,233,848						(18,233,848)	
23	ADMIN & GENERAL EXPENSE	64,934,552	22,724	577,881					
24	DEPRECIATION	129,900,123							
25	AMORTIZATION	24,582,050							
26	AMORTIZ OF PROPERTY GAIN/LOSS	7,937,131							
27	OTHER OPERATING EXPENSES	(2,317,679)							
28	FAS 133	911,373							
29	TAXES OTHER THAN INCOME TAXES	140,165,789	461,095	(34,215,282)	(37,225)				
30	INCOME TAXES	101,303,182	3,997,542	117,738,084	(104,522,824)	(21,216,124)	2,391,139	6,381,847	(562,344)
31	DEFERRED INCOME TAXES	(17,512,885)				17,030,311			
32	TOTAL OPERATING REV. DEDUCT.	$ 1,373,666,892	$ 4,536,051	$ 85,491,465	$ 31,411,247	$ (4,185,813)	$ 2,391,139	$ (11,852,001)	$ 1,044,352
33									
34	NET OPERATING INCOME	$ 231,281,640	$ 7,424,007	$ 218,656,441	$ (194,113,815)	$ 4,185,813	$ (2,391,139)	$ 11,852,001	$ (1,044,352)
35									
36	RATE BASE	$ 2,513,582,619						$ (28,822)	
37									
38	RATE OF RETURN	9.20%							
39									
40	RATE BASE:								
41	GROSS UTILITY PLANT IN SERVICE	$ 4,571,527,301	$ -	$ -	$ -	$ -	$ -	$ -	$ -
42	ACCUM DEPR AND AMORT	(1,971,832,341)							
43	DEFERRED DEBITS	353,317,604						(28,822)	
44	DEFERRED TAXES	(387,242,755)							
45	ALLOWANCE FOR WORKING CAPITAL	-							
46	OTHER	(52,187,190)							
47	TOTAL RATE BASE	$ 2,513,582,619	$ -	$ -	$ -	$ -	$ -	$ (28,822)	$ -
48									

Attachment B
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INCLUDES AGREED UPON CHANGES AS OF 9/15/2006

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PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		UNCONTESTED MISCELLANEOUS OPERATING EXPENSE 20.08	UNCONTESTED PROPERTY TAXES 20.09	UNCONTESTED HOPKINS RIDGE WIND PLANT 20.10	UNCONTESTED EXCISE TAX & FILING FEE 20.11	CONTESTED D&O INSURANCE 20.12	UNCONTESTED MONTANA ELECTRIC ENERGY TAX 20.13	UNCONTESTED INTEREST ON CUST DEPOSITS 20.14	UNCONTESTED SFAS 133 20.15	UNCONTESTED RATE CASE EXPENSES 20.16
1	OPERATING REVENUES									
2	SALES TO CUSTOMERS	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -
3	SALES FROM RESALE-FIRM									
4	SALES TO OTHER UTILITIES									
5	OTHER OPERATING REVENUES									
6	TOTAL OPERATING REVENUES	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7										
8	OPERATING REVENUE DEDUCTIONS:									
9										
10	POWER COSTS:									
11	FUEL	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -
12	PURCHASED AND INTERCHANGED									
13	WHEELING									
14	RESIDENTIAL EXCHANGE			1,653,530						
15	TOTAL PRODUCTION EXPENSES	$ -	$ -	$ 1,653,530	$ -	$ -	$ -	$ -	$ -	$ -
16										
17	OTHER POWER SUPPLY EXPENSES	$ -	$ -	$ 4,729,000	$ -	$ -	$ -	$ -	$ -	$ -
18	TRANSMISSION EXPENSE									
19	DISTRIBUTION EXPENSE	983,429								
20	CUSTOMER ACCTS EXPENSES									
21	CUSTOMER SERVICE EXPENSES							227,184		
22	CONSERVATION AMORTIZATION									
23	ADMIN & GENERAL EXPENSE	(964)		195,041	45,737	20,447				
24	DEPRECIATION	87,231		7,099,187						(524,179)
25	AMORTIZATION	593,319								
26	AMORTIZ OF PROPERTY GAIN/LOSS									
27	OTHER OPERATING EXPENSES	2,057,240								
28	FAS 133								$ (911,373)	
29	TAXES OTHER THAN INCOME TAXES	745,360	(589,513)	768,326	545,515					
30	INCOME TAXES	(1,562,965)	206,330	(5,055,779)	(206,938)	(7,156)	(13,165)			
31	DEFERRED INCOME TAXES						4,608			$ 183,463
32	TOTAL OPERATING REV. DEDUCT.	$ 2,902,650	$ (383,183)	$ 9,389,305	$ 384,314	$ 13,291	$ (8,557)	$ 227,184	318,981	
33									$ (592,392)	$ (340,716)
34	NET OPERATING INCOME	$ (2,902,650)	$ 383,183	$ (9,389,305)	$ (384,314)	$ (13,291)	$ 8,557	$ (227,184)	$ 592,392	$ 340,716
35										
36	RATE BASE	$ 29,572,082		$ 147,154,987						
37										
38	RATE OF RETURN									
39										
40	RATE BASE:									
41	GROSS UTILITY PLANT IN SERVICE	$ 30,069,858	$ -	$ 177,479,678	$ -	$ -	$ -	$ -	$ -	$ -
42	ACCUM DEPR AND AMORT	$ (497,777)		(13,226,358)						
43	DEFERRED DEBITS			8,742,500						
44	DEFERRED TAXES			(25,840,833)						
45	ALLOWANCE FOR WORKING CAPITAL									
46	OTHER									
47	TOTAL RATE BASE	$ 29,572,082	$ -	$ 147,154,987	$ -	$ -	$ -	$ -	$ -	$ -
48										
49										

INCLU... AGREED UPON CHANGES AS OF 9/15/2006

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PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		UNCONTESTED DEFERRED G/L ON PROPERTY SALES 20.17	UNCONTESTED PROPERTY & LIABILITY INS 20.18	UNCONTESTED PENSION PLAN 20.19	UNCONTESTED WAGE INCREASE 20.20	UNCONTESTED INVESTMENT PLAN 20.21	UNCONTESTED EMPLOYEE INSURANCE 20.22	UNCONTESTED MONTANA CORP LICENSE TAX 20.23	UNCONTESTED STORM DAMAGE 20.24	UNCONTESTED REGULATORY ASSETS & LIABILITIES 20.25
1	OPERATING REVENUES									
2	SALES TO CUSTOMERS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	SALES FROM RESALE-FIRM									
4	SALES TO OTHER UTILITIES									
5	OTHER OPERATING REVENUES									
6	TOTAL OPERATING REVENUES	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7										
8	OPERATING REVENUE DEDUCTIONS:									
9										
10	POWER COSTS:									
11	FUEL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,783,753)
12	PURCHASED AND INTERCHANGED									
13	WHEELING				101,827					7,226,000
14	RESIDENTIAL EXCHANGE									
15	TOTAL PRODUCTION EXPENSES	$ -	$ -	$ -	$ 101,827	$ -	$ -	$ -	$ -	$ 4,442,247
16										
17	OTHER POWER SUPPLY EXPENSES	$ -	$ -	$ -	$ 475,978	$ -	$ -	$ -	$ -	$ -
18	TRANSMISSION EXPENSE				61,416				70,367	
19	DISTRIBUTION EXPENSE				1,315,409				3,400,410	
20	CUSTOMER ACCTS EXPENSES				743,838					
21	CUSTOMER SERVICE EXPENSES				96,650					
22	CONSERVATION AMORTIZATION									
23	ADMIN & GENERAL EXPENSE		444,359	3,947,338	846,988	152,948	1,030,188			
24	DEPRECIATION									
25	AMORTIZATION									
26	AMORTIZ OF PROPERTY GAIN/LOSS									
27	OTHER OPERATING EXPENSES	27,921							(3,166,751)	
28	FAS 133									
29	TAXES OTHER THAN INCOME TAXES									
30	INCOME TAXES				222,582					
31	DEFERRED INCOME TAXES	(9,772)	(155,526)	(1,381,568)	(1,352,641)	(53,532)	(360,566)	167,307	(106,409)	(1,554,786)
32	TOTAL OPERATING REV. DEDUCT.	$ 18,149	$ 288,833	$ 2,565,770	$ 2,512,047	$ 99,416	$ 669,622	$ 167,307	$ 197,617	$ 2,887,461
33										
34	NET OPERATING INCOME	$ (18,149)	$ (288,833)	$ (2,565,770)	$ (2,512,047)	$ (99,416)	$ (669,622)	$ (167,307)	$ (197,617)	$ (2,887,461)
35										
36	RATE BASE									$ (54,943,645)
37										
38	RATE OF RETURN									
39										
40	RATE BASE:									
41	GROSS UTILITY PLANT IN SERVICE	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
42	ACCUM DEPR AND AMORT									
43	DEFERRED DEBITS									
44	DEFERRED TAXES									(54,943,645)
45	ALLOWANCE FOR WORKING CAPITAL									-
46	OTHER									
47	TOTAL RATE BASE	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (54,943,645)
48										
49										

INCLUDES A[illegible]ED UPON CHANGES AS OF 9/15/2006

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PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		UNCONTESTED WILD HORSE WIND PLANT 20.26	UNCONTESTED INCENTIVE PAY 20.27	UNCONTESTED GENERAL OFFICE RELOCATION 20.28	UNCONTESTED OTHER AMORTIZATION 20.29	UNCONTESTED DEMAND RESPONSE PROGRAM 20.30	UNCONTESTED DEPRECIATION 20.31	UNCONTESTED PRODUCTION ADJUSTMENT 20.32	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1	OPERATING REVENUES									
2	SALES TO CUSTOMERS									
3	SALES FROM RESALE-FIRM							$ -	$ 315,071,416	$ 1,712,611,352
4	SALES TO OTHER UTILITIES								127,722	478,623
5	OTHER OPERATING REVENUES								(142,081,018)	9,077,310
6	TOTAL OPERATING REVENUES			$ -	$ -	$ -	$ -	$ -	$ 153,405,396	$ 1,758,353,928
7										
8	OPERATING REVENUE DEDUCTIONS:									
9										
10	POWER COSTS:									
11	FUEL									
12	PURCHASED AND INTERCHANGED		(39,976)					6,411	$ 11,799,730	$ 86,839,488
13	WHEELING	2,621,721						(248,869)	(68,778,949)	740,120,001
14	RESIDENTIAL EXCHANGE							(38,092)	14,150,625	58,145,052
15	TOTAL PRODUCTION EXPENSES	$ 2,621,721	$ (39,976)	$ -	$ -	$ -	$ -	$ (280,551)	$ 177,350,021	$ -
16									$ 134,521,427	$ 885,104,541
17	OTHER POWER SUPPLY EXPENSES	$ 9,921,354	$ (116,002)							
18	TRANSMISSION EXPENSE		(20,208)					$ (133,742)	$ 24,567,467	$ 77,752,604
19	DISTRIBUTION EXPENSE		(303,188)						369,362	4,156,111
20	CUSTOMER ACCTS EXPENSES		(166,670)						5,396,061	61,793,136
21	CUSTOMER SERVICE EXPENSES		(30,356)						3,856,520	36,167,751
22	CONSERVATION AMORTIZATION				(7,793,764)	0			(7,727,470)	1,538,632
23	ADMIN & GENERAL EXPENSE	264,209	(316,322)	2,768,979					(18,233,848)	-
24	DEPRECIATION	15,066,967		(228,856)				(30,077)	9,445,296	74,379,848
25	AMORTIZATION						-	(535,998)	21,488,530	151,388,653
26	AMORTIZ OF PROPERTY GAIN/LOSS						-	(27,014)	566,304	25,148,354
27	OTHER OPERATING EXPENSES							(13,318)	(3,180,069)	4,757,062
28	FAS 133							-	2,085,161	(232,518)
29	TAXES OTHER THAN INCOME TAXES	2,457,440	(69,094)	(9,422)					(911,373)	-
30	INCOME TAXES	(10,616,092)	371,635	(885,745)	2,727,818	0	-	(130,755)	(29,864,137)	110,301,652
31	DEFERRED INCOME TAXES							363,942	(15,077,054)	86,226,128
32	TOTAL OPERATING REV. DEDUCT.	$ 19,715,599	$ (690,180)	$ 1,644,955	$ (5,065,947)	$0	$ -	$ (787,513)	17,349,292	(163,593)
33									$ 144,651,470	$ 1,518,318,362
34	NET OPERATING INCOME	$ (19,715,599)	$ 690,180	$ (1,644,955)	$ 5,065,947	$0	$ -	787,513	$ 8,753,927	$ 240,035,567
35										
36	RATE BASE	$ 356,220,868		$ (3,139,603)			$ -	$ (11,102,293)	$ 463,733,574	$ 2,977,316,193
37										
38	RATE OF RETURN									
39										8.06%
40	RATE BASE:									
41	GROSS UTILITY PLANT IN SERVICE	$ 383,253,789		$ (6,857,933)			-	(16,019,396)	$ 567,925,996	$ 5,139,453,298
42	ACCUM DEPR AND AMORT	(8,090,394)		2,804,020				5,925,322	(13,085,187)	(1,984,917,528)
43	DEFERRED DEBITS						-	(2,146,583)	(48,376,550)	304,941,054
44	DEFERRED TAXES	(18,942,527)		914,310				1,138,364	(42,730,686)	(429,973,441)
45	ALLOWANCE FOR WORKING CAPITAL								-	-
46	OTHER								-	(52,187,190)
47	TOTAL RATE BASE	$ 356,220,868	$ -	$ (3,139,603)	$ -	$ -	$ -	$ (11,102,293)	$ 463,733,574	$ 2,977,316,193
48										
49										

INCLUDES AGREED UPON CHANGES AS OI
AS OF 9/15/2006

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PAGE 20.03

PUGET SOUND ENERGY-ELECTRIC
POWER COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	SALES FOR RESALE	$ 151,158,328	$ *9,077,310*	$ *(142,081,018)*
2				
3	PURCHASES/SALES OF NON-CORE GAS	20,154,644	*499,969*	*(19,654,675)*
4	WHEELING FOR OTHERS	11,340,015	10,373,140	(966,875)
5		31,494,659	*10,873,109*	*(20,621,550)*
6				
7	**TOTAL OPERATING REVENUES**	182,652,987	*19,950,419*	*(162,702,568)*
8				
9	FUEL	$ 72,975,508	$ *87,552,580*	$ *14,577,072*
10				
11	PURCHASED AND INTERCHANGED	788,255,330	*724,228,155*	*(64,027,175)*
12	RATE DISALLOWANCES FOR MARCH POINT 2 AND TENASK	-	*(11,790,755)*	*(11,790,755)*
13	SUBTOTAL PURCHASED AND INTERCHANGED	$ 788,255,330	$ *712,437,400*	$ *(75,817,930)*
14	WHEELING	43,994,427	53,907,894	9,913,467
15	SCH. 94 - RES./FARM CREDIT	(177,350,021)	-	177,350,021
16	TOTAL PRODUCTION EXPENSES	$ 727,875,244	$ *853,897,873*	$ *126,022,629*
17	HYDRO AND OTHER POWER	53,185,137	*62,876,016*	*9,690,879*
18	TRANS. EXP. INCL. 500KV O&M	604,461	862,248	257,787
19				
20	**TOTAL OPERATING EXPENSES**	$ 781,664,842	$ *917,636,138*	$ *135,971,296*
21				
22	INCREASE (DECREASE) OPERATING INCOME (LINE 7 - LINE 2	$ (599,011,855)	$ *(897,685,718)*	$ *(298,673,863)*
23				
24	REDUCTION TO STATE UTILITY TAX SAVINGS FOR LINE 4	3.85%		(37,225)
25	INCREASE (DECREASE) INCOME			$ *(298,636,639)*
26	INCREASE (DECREASE) FIT @	35%		*(104,522,824)*
27	INCREASE (DECREASE) NOI			$ *(194,113,815)*

PUGET SOUND ENERGY
GENERAL RATE CASE
DETERMINATION OF NET POWER COSTS FOR GRC PAGE 16.0
TEST YEAR ENDED SEPTEMBER 30, 200
RATE YEAR ENDED DECENBER 31, 200

Line	FERC	Description	Rate Year 12ME 12/31/2007	Less Hopkins Ridge	Less Wild Horse	Less Amort of Reg Assets	Remove Ben&Tax	Net Before Prod Factor	After Prod Factor of 0.99109
1	Fuel:								
2	501	Steam Fuel	$ 52,243,830				$ -	$ 52,243,830	$ 51,778,337
3	547	Fuel	35,376,354			719,503	-	36,095,857	35,774,243
4			87,620,184	-	-	719,503	-	88,339,687	87,552,580
5	Purchased and Interchanged:								
6	555	Purchased Power	751,585,389			(27,869,620)	-	723,715,769	717,267,461
6a	555	Tenaska Buyout Disallowance	(8,322,633)					(8,322,633)	(8,248,478)
6a	555	Tenaska Prudence Disallowance	(2,507,801)					(2,507,801)	(2,485,456)
6a	555	March Point 2 Prudence Disallowance	(1,066,322)					(1,066,322)	(1,056,821)
7	557	Other Power Expense	7,699,594				(676,323)	7,023,271	6,960,694
8			747,388,227	-	-	(27,869,620)	(676,323)	718,842,284	712,437,400
9									
10	565	Wheeling	58,667,782		(2,621,721)	(1,653,530)	-	54,392,531	53,907,894
11								-	
12	various	Hydro and Other Power	80,224,125	(4,729,000)	(9,921,354)		(2,132,493)	63,441,278	62,876,016
13									
14	various	Trans. Exp. Incl. 500Kv O&M	870,000					870,000	862,248
15	447	Sales for Resale	(9,158,916)					(9,158,916)	(9,077,310)
16	456	Purchases/Sales Of Non-Core Gas	(504,464)					(504,464)	(499,969)
17			(8,793,380)	-	-	-	-	(8,793,380)	(8,715,031)
18									
19	Net Power Costs		965,106,938	(4,729,000)	(12,543,075)	(28,803,647)	(2,808,816)	916,222,400	908,058,858
20	various	Variable Transmission Income	(10,466,396)					(10,466,396)	(10,373,140)
21									
22	Power Costs Page 16.03 Line 22		$ 954,640,542	$ (4,729,000)	$ (12,543,075)	$ (28,803,647)	$ (2,808,816)	$ 905,756,004	$ 897,685,718
23									-
24									
25					*Reconciliation of Total power Costs*				
26									
27	Power Costs Provided by Power Cost Analysis Dept.						-	$ 965,106,938	$ 956,507,835
28	Benefits and Taxes							(2,808,816)	(2,783,789)
29	Variable Transmission Income							(10,466,396)	(10,373,140)
30	New Plants							(17,272,075)	(17,118,180)
31	Amortization of Regulatory Assets							(28,803,647)	(28,547,007)
32	Power Costs Page 16.03 Line 22							$ 905,756,005	$ 897,685,719
33									
34	Power Costs Page 16.03 Line 22							$ 905,756,005	$ 897,685,719
35	Add Amortization of Regulatory Assets							30,298,349	30,028,391
36	Add Other Costs to 557							5,626,810	5,576,675
37	New Plants							17,272,075	17,118,180
38	Purchased Power							61,851	61,300
39	Other Power Supply							359,976	356,769
40	Less Transmission Income not related to 3 allowed transmission lines							6,561,861	6,503,394
41	Lines 34 - 41 and Power Cost Portion of Line 23a of Exhibit A-1							$ 965,936,926	$ 957,330,428
42									

includes agreed upon
changes as of 9/15/06

INCLUDES AGREED UPON CHANGES AS OF
AS OF 9/15/2006

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PAGE 20.16

PUGET SOUND ENERGY-ELECTRIC
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION				AMOUNT
1	**DEFERRED EXPENDITURES TO BE AMORTIZED:**				
2					
3	2001 GRC EXPENSES BALANCE @ 9/30/2005		$ 609,277		
4	LESS 2001 GRC AMORTIZATION FROM 10/01/05 - 12/31/06		315,000		
5	REMAINING 2001 GRC DEFERRALS TO BE AMORTIZED		294,277		
6					
7	ANNUAL AMORTIZATION (LINE 5 ÷ 2)		*147,139*		
8	LESS TEST YEAR EXPENSE: 2001 GRC AMORTIZATION		466,695		
9	INCREASE (DECREASE) EXPENSE		*(319,556)*	$	*(319,556)*
10					
11	2004 GRC EXPENSES BALANCE @ 9/30/05		$ 868,449		
12	LESS 2004 GRC AMORTIZATION FROM 10/01/05-12/31/06		449,198		
13	REMAINING 2004 GRC DEFERRALS TO BE AMORTIZED		419,251		
14					
15	ANNUAL AMORTIZATION (LINE 13 ÷ 2)		*209,626*		
16	LESS TEST YEAR EXPENSE: 2004 GRC AMORTIZATION		209,626		
17	INCREASE (DECREASE) EXPENSE		0	$	-
18					
19					
20	**EXPENSES TO BE NORMALIZED:**				
21					
22	ESTIMATED GRC EXPENSES TO BE NORMALIZED		*$ 1,960,000*		
23					
24	ANNUAL NORMALIZATION (LINE 22 / 2 YEARS)		*980,000*		
25	LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO FERC 928		1,143,911		
26	INCREASE (DECREASE) EXPENSE			*$*	*(163,911)*
27					
28					
29	ESTIMATED PCORC EXPENSES TO BE NORMALIZED		*$ 500,000*		
30					
31	ANNUAL NORMALIZATION (LINE 29 / 2)		*250,000*		
32	LESS TEST YEAR EXPENSE: PCORC DIRECT CHARGES		290,712		
33	INCREASE (DECREASE) EXPENSE			*$*	*(40,712)*
34					
35					
36					
37	TOTAL INCREASE (DECREASE) EXPENSE			*$*	*(524,179)*
38					
39	INCREASE(DECREASE) FIT @	35%			*183,463*
40	INCREASE(DECREASE) NOI			*$*	*340,716*

INCLUDES AGREED UPON CHANGES AS OF 9/15/2006

Docket Numbers UE-060266
Exhibit No. (KRK-12)
Summary

PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.		ACTUAL RESULTS OF OPERATIONS	REVISED TOTAL ADJUSTMENTS	REVISED ADJUSTED RESULTS OF OPERATIONS	REVISED REVENUE REQUIREMENT DEFICIENCY	REVISED AFTER RATE INCREASE
1	OPERATING REVENUES:					
2	SALES TO CUSTOMERS	$ 829,271,796	$ 114,323,290	$ 943,595,086	$ 38,063,094	$ 981,658,180
3	MUNICIPAL ADDITIONS	34,729,596	(34,729,596)	-	-	-
4	OTHER OPERATING REVENUES	15,438,897	1,991,156	17,430,053	840,230	18,270,283
5	TOTAL OPERATING REVENUES	$ 879,440,289	$ 81,584,850	$ 961,025,139	$38,903,324	$ 999,928,463
6						
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	GAS COSTS:					
11						
12	PURCHASED GAS	$ 539,655,901	$ 91,599,470	$ 631,255,371	$ -	$ 631,255,371
13						
14	TOTAL PRODUCTION EXPENSES	$ 539,655,901	$ 91,599,470	$ 631,255,371	$ -	$ 631,255,371
15						
16	OTHER POWER SUPPLY EXPENSES	$ 1,520,542	$ 35,258	$ 1,555,800	$ -	$ 1,555,800
17	TRANSMISSION EXPENSE	445,738	8,410	454,148		454,148
18	DISTRIBUTION EXPENSE	33,307,919	770,419	34,078,338		34,078,338
19	CUSTOMER ACCOUNT EXPENSES	22,239,694	1,114,334	23,354,028	132,382	23,486,410
20	CUSTOMER SERVICE EXPENSES	3,914,552	(2,330,615)	1,583,937		1,583,937
21	CONSERVATION AMORTIZATION	3,454,161	(3,454,161)	-		-
22	ADMIN & GENERAL EXPENSE	36,522,434	5,136,395	41,658,829	73,916	41,732,746
23	DEPRECIATION	64,997,955	(41,961)	64,955,994		64,955,994
24	AMORTIZATION	11,302,712	0	11,302,712		11,302,712
25	AMORTIZATION OF PROPERTY LOSS	3,287	0	3,287		3,287
26	OTHER OPERATING EXPENSES	150,234	717,990	868,224		868,224
27	FAS 133	-	0	-		-
28	TAXES OTHER THAN INCOME TAXES	83,922,287	(32,826,534)	51,095,753	1,493,457	52,589,210
29	INCOME TAXES	9,529,694	1,932,479	11,462,173	13,021,249	24,483,422
30	DEFERRED INCOME TAXES	(4,023,283)	12,203,333	8,180,050		8,180,050
31	TOTAL OPERATING REV. DEDUCT.	$ 267,287,926	$ (16,734,653)	$ 250,553,273	$ 14,721,004	$ 265,274,278
32						
33	NET OPERATING INCOME	$ 72,496,462	$ 6,720,033	$ 79,216,495	$ 24,182,320	$ 103,398,815
34						
35	RATE BASE	$ 1,179,240,567	$1,111,176	$ 1,180,351,743	$ -	$ 1,180,351,743
36						
37	RATE OF RETURN	6.15%		6.71%		8.76%
38						
39	RATE BASE:					
40	UTILITY PLANT IN SERVICE	$ 2,007,347,617	$ (901,242)	$ 2,006,446,375		
41	ACCUMULATED DEPRECIATION	(650,335,811)	1,503,898	(648,831,913)		
42	ACCUMULATED DEFERRED FIT - LIBERALIZED	(174,512,354)	508,520	(174,003,834)		
43	OTHER	(14,234,907)	-	(14,234,907)		
44	TOTAL NET INVESTMENT	$ 1,168,264,545	$ 1,111,176	$ 1,169,375,721		
45	ALLOWANCE FOR WORKING CAPITAL	10,976,022	-	10,976,022		
46	TOTAL RATE BASE	$ 1,179,240,567	$ 1,111,176	$ 1,180,351,743		

INCLUDES A[illegible]ED UPON CHANGES AS OF 9/15/2006

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PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		UNCONTESTED ACTUAL RESULTS OF OPERATIONS 12ME Sept. 30, 2005	UNCONTESTED REVENUE & EXPENSES 12.01	UNCONTESTED FEDERAL INCOME TAX 12.02	UNCONTESTED TAX BENEFIT OF PRO FORMA INTEREST 12.03	UNCONTESTED CONSERVATION 12.04	UNCONTESTED BAD DEBTS 12.05	UNCONTESTED MISCELLANEOUS OPERATING EXPENSE 12.06	UNCONTESTED PROPERTY TAXES 12.07
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	$ 829,271,796	$ 114,323,290	$ -	$ -	$ -	$ -	$ -	$ -
3	MUNICIPAL ADDITIONS	34,729,596	(34,729,596)						
4	OTHER OPERATING REVENUES	15,438,897	1,916,844						
5	TOTAL OPERATING REVENUES	$ 879,440,289	$ 81,510,538	$ -	$ -	$ -	$ -	$ -	$ -
6									
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	GAS COSTS:								
11									
12	PURCHASED GAS	$ 539,655,901	$ 91,599,470	$ -	$ -	$ -	$ -	$ -	$ -
13									
14	TOTAL PRODUCTION EXPENSES	$ 539,655,901	$ 91,599,470	$ -	$ -	$ -	$ -	$ -	$ -
15									
16	OTHER ENERGY SUPPLY EXPENSES	$ 1,520,542	$ -	$ -	$ -	$ -	$ -	$ -	$ -
17	TRANSMISSION EXPENSE	445,738							
18	DISTRIBUTION EXPENSE	33,307,919							
19	CUSTOMER ACCTS EXPENSES	22,239,694	277,369						
20	CUSTOMER SERVICE EXPENSES	3,914,552					363,605		
21	CONSERVATION AMORTIZATION	3,454,161				(279,572)			
22	ADMIN & GENERAL EXPENSE	36,522,434	154,870			(3,454,161)			
23	DEPRECIATION	64,997,955					-	(536)	
24	AMORTIZATION	11,302,712						85,324	
25	AMORTIZATION OF PROPERTY LOSS	3,287							
26	OTHER OPERATING EXPENSES	150,234	-						
27	FAS 133	-						1,420,883	
28	TAXES OTHER THAN INCOME TAXES	83,922,287	(31,592,754)						
29	INCOME TAXES	9,529,694	7,375,054	(12,694,120)	7,280,941	1,306,807	(127,262)		(722,193)
30	DEFERRED INCOME TAXES	(4,023,283)		12,203,333				(526,985)	252,768
31	TOTAL OPERATING REV. DEDUCT.	$ 267,287,926	$ (23,785,461)	$ (490,787)	$ 7,280,941	$ (2,426,926)	$ 236,343	$ 978,686	$ (469,425)
32									
33	NET OPERATING INCOME	$ 72,496,462	$ 13,696,529	$ 490,787	$ (7,280,941)	$ 2,426,926	$ (236,343)	$ (978,686)	$ 469,425
34									
35	RATE BASE	$ 1,179,240,567						$ 2,857,353	
36									
37	RATE OF RETURN	6.15%							
38									
39	RATE BASE:								
40	UTILITY PLANT IN SERVICE	$ 2,007,347,617	$ -	$ -	$ -	$ -	$ -	$ 2,912,989	$ -
41	ACCUMULATED DEPRECIATION	(650,335,811)						(55,636)	
42	ACCUMULATED DEFERRED FIT - LIBERALIZED	(174,512,354)							
43	OTHER	(14,234,907)							
44	TOTAL NET INVESTMENT	$ 1,168,264,545	$ -	$ -	$ -	$ -	$ -	$ 2,857,353	$ -
45	ALLOWANCE FOR WORKING CAPITAL	10,976,022							
46	TOTAL RATE BASE	$ 1,179,240,567	$ -	$ -	$ -	$ -	$ -	$ 2,857,353	$ -

INCLUDES ... ED UPON CHANGES AS OF 9/15/2006

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PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		UNCONTESTED EXCISE TAX & FILING FEE 12.08	UNCONTESTED RATE CASE EXPENSES 12.09	UNCONTESTED PROPERTY& LIABILITY INS 12.10	UNCONTESTED PENSION PLAN 12.11	UNCONTESTED WAGE INCREASE 12.12	UNCONTESTED INVESTMENT PLAN 12.13	UNCONTESTED EMPLOYEE INSURANCE 12.14	UNCONTESTED INCENTIVE PAY 12.15
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	$ -	$ -	$ -	$ -	$ 52,231	$ -	$ -	$ (16,973)
17	TRANSMISSION EXPENSE					11,946			(3,536)
18	DISTRIBUTION EXPENSE					1,067,461			(297,042)
19	CUSTOMER ACCTS EXPENSES					448,267			(106,657)
20	CUSTOMER SERVICE EXPENSES					65,719			(21,700)
21	CONSERVATION AMORTIZATION								
22	ADMIN & GENERAL EXPENSE	(1,544)	121,202	(190,680)	2,466,940	467,438	95,575	643,825	(174,502)
23	DEPRECIATION								
24	AMORTIZATION								
25	AMORTIZATION OF PROPERTY LOSS								
26	OTHER OPERATING EXPENSES								
27	FAS 133								
28	TAXES OTHER THAN INCOME TAXES	(597,418)				134,252			(43,180)
29	INCOME TAXES	209,637	$ (42,421)	66,738	(863,429)	(786,560)	(33,451)	(225,339)	232,257
30	DEFERRED INCOME TAXES								
31	TOTAL OPERATING REV. DEDUCT.	$ (389,325)	$ 78,781	$ (123,942)	$ 1,603,511	$ 1,460,754	$ 62,124	$ 418,486	$ (431,333)
32									
33	NET OPERATING INCOME	$ 389,325	$ (78,781)	$ 123,942	$ (1,603,511)	$ (1,460,754)	$ (62,124)	$ (418,486)	$ 431,333
34									
35	RATE BASE								
36									
37	RATE OF RETURN								
38									
39	RATE BASE:								
40	UTILITY PLANT IN SERVICE	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
41	ACCUMULATED DEPRECIATION								
42	ACCUMULATED DEFERRED FIT - LIBERALIZED								
43	OTHER								
44	TOTAL NET INVESTMENT	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45	ALLOWANCE FOR WORKING CAPITAL								
46	TOTAL RATE BASE	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

INCLUDES A[illegible]D UPON CHANGES AS OF 9/15/2006

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PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
RESTATING AND PRO FORMA ADJUSTMENTS

LINE NO.		UNCONTESTED INTEREST ON CUSTOMER DEPOSITS 12.16	UNCONTESTED DEFERRED GAINS/ LOSSES PROP SALES 12.17	UNCONTESTED GENERAL OFFICE RELOCATION 12.18	UNCONTESTED LOW INCOME AMORTIZATION 12.19	CONSTESTED D&O INSURANCE 12.20	UNCONTESTED EVERETT DELTA 12.21	UNCONTESTED DEPRECIATION 12.22	UNCONTESTED TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1	OPERATING REVENUES									
2	SALES TO CUSTOMERS	$ -						$ -	$ 114,323,290	$ 943,595,086
3	MUNICIPAL ADDITIONS								(34,729,596)	-
4	OTHER OPERATING REVENUES						74,312		1,991,156	17,430,053
5	TOTAL OPERATING REVENUES	$ -	$ -	$ -		$ -	$ 74,312	$ -	$ 81,584,850	$ 961,025,139
6										
7										
8	OPERATING REVENUE DEDUCTIONS:									
9										
10	GAS COSTS:									
11										
12	PURCHASED GAS	$ -						$ -	$ 91,599,470	$ 631,255,371
13										
14	TOTAL PRODUCTION EXPENSES	$ -	$ -	$ -		$ -	$ -	$ -	$ 91,599,470	$ 631,255,371
15										
16	OTHER ENERGY SUPPLY EXPENSES									
17	TRANSMISSION EXPENSE							$ -	$ 35,258	$ 1,555,800
18	DISTRIBUTION EXPENSE								8,410	454,148
19	CUSTOMER ACCTS EXPENSES	131,750							770,419	34,078,338
20	CUSTOMER SERVICE EXPENSES								1,114,334	23,354,028
21	CONSERVATION AMORTIZATION				(2,095,062)				(2,330,615)	1,583,937
22	ADMIN & GENERAL EXPENSE								(3,454,161)	-
23	DEPRECIATION			1,540,045		13,763			5,136,395	41,658,829
24	AMORTIZATION			(127,285)				-	(41,961)	64,955,994
25	AMORTIZATION OF PROPERTY LOSS								-	11,302,712
26	OTHER OPERATING EXPENSES		(702,893)						-	3,287
27	FAS 133								717,990	868,224
28	TAXES OTHER THAN INCOME TAXES								-	-
29	INCOME TAXES			(5,240)					(32,826,534)	51,095,753
30	DEFERRED INCOME TAXES		246,013	(492,632)	733,272	(4,817)	26,009	-	1,932,479	11,462,173
31	TOTAL OPERATING REV. DEDUCT.	$ 131,750	$ (456,881)	$ 914,888	$ (1,361,790)	$ 8,946	$ 26,009	$ -	12,203,333	8,180,050
32									$ (16,734,653)	$ 250,553,273
33	NET OPERATING INCOME	$ (131,750)	$ 456,881	$ (914,888)	$ 1,361,790	$ (8,946)	$ 48,303	$ -	$ 6,720,033	$ 79,216,495
34										
35	RATE BASE	$ -		$ (1,746,177)				$ -	$ 1,111,176	$ 1,180,351,743
36										
37	RATE OF RETURN									6.71%
38										
39	RATE BASE:									
40	UTILITY PLANT IN SERVICE	$ -		$ (3,814,231)				$ -	$ (901,242)	$ 2,006,446,375
41	ACCUMULATED DEPRECIATION	-		1,559,534					1,503,898	(648,831,913)
42	ACCUMULATED DEFERRED FIT - LIBERALIZED	-		508,520					508,520	(174,003,834)
43	OTHER								-	(14,234,907)
44	TOTAL NET INVESTMENT	$ -	$ -	$ (1,746,177)	$ -	$ -	$ -	$ -	$ 1,111,176	$ 1,169,375,721
45	ALLOWANCE FOR WORKING CAPITAL								-	10,976,022
46	TOTAL RATE BASE	$ -	$ -	$ (1,746,177)	$ -	$ -	$ -	$ -	$ 1,111,176	$ 1,180,351,743

REFLECTS AGREED UPON CHANGES
AS OF 9/15/2006

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PUGET SOUND ENERGY-GAS
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION				AMOUNT
1	**DEFERRED EXPENDITURES TO BE AMORTIZED:**				
2					
3	2001 GRC EXPENSES BALANCE @ 9/30/05	$	833,877		
4	LESS 2001 GRC AMORTIZATION FROM 10/01/05-12/31/06		431,310		
5	REMAINING 2001 GRC DEFERRALS TO BE AMORTIZED		402,567		
6					
7	ANNUAL AMORTIZATION (LINE 5 ÷ 2)		201,284		
8	LESS TEST YEAR EXPENSE: 2001 GRC AMORTIZATION		451,668		
9	INCREASE (DECREASE) EXPENSE		(250,385)	$	(250,385)
10					
11	2004 GRC EXPENSES BALANCE @ 9/30/05	$	379,326		
12	LESS 2004 GRC AMORTIZATION FROM 10/01/05-12/31/06		192,720		
13	REMAINING 2004 GRC DEFERRALS TO BE AMORTIZED		186,606		
14					
15	ANNUAL AMORTIZATION (LINE 13 ÷ 2)		93,303		
16	LESS TEST YEAR EXPENSE: 2004 GRC AMORTIZATION		89,936		
17	INCREASE (DECREASE) EXPENSE		3,367		3,367
18					
19					
20	**EXPENSES TO BE NORMALIZED:**				
21					
22	ESTIMATED GRC EXPENSES TO BE NORMALIZED	$	1,960,000		
23					
24	ANNUAL NORMALIZATION (LINE 22 / 2 YEARS)		980,000		
25	LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO O&M		611,781		
26					
27	INCREASE (DECREASE) EXPENSE	$	368,219	$	368,219
28					
29					
30	TOTAL INCREASE (DECREASE) EXPENSE			$	121,202
31					
32	INCREASE(DECREASE) FIT @	35%			(42,421)
33	INCREASE(DECREASE) NOI			$	(78,781)