

**EXHIBIT NO. ___(JHS-8)
DOCKET NO. UG-110723
WITNESS: JOHN H. STORY**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UG-110723

**SEVENTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
JOHN H. STORY
ON BEHALF OF PUGET SOUND ENERGY, INC.**

SEPTEMBER 2, 2011

Pipeline Integrity Program (PIP)
Allocated Cost of Service and Rates for November 1, 2011 - October 31, 2012

Allocation Factor	Total	31, 31T		41, 41T	85, 85T		86, 86T	87, 87T		
		23, 16 Residential	Commercial & Industrial	Large Volume	Interruptible	Interruptible	Limited	Non-Exclusive	Contracts	
Gross Plant										
Mains 376	376	\$ 9,693,355	\$ 6,297,496	\$ 2,165,977	\$ 551,587	\$ 259,311	\$ 50,710	\$ 273,819	\$ 94,456	
Services 380	380	\$ 6,745,304	\$ 4,974,922	\$ 1,682,263	\$ 52,329	\$ 21,151	\$ 8,765	\$ 2,716	\$ 3,158	
Total		\$ 16,438,660	\$ 11,272,417	\$ 3,848,239	\$ 603,916	\$ 280,463	\$ 59,475	\$ 276,535	\$ 97,614	
Accum Depr										
Mains 376	376	\$ (227,246)	\$ (147,635)	\$ (50,778)	\$ (12,931)	\$ (6,079)	\$ (1,189)	\$ (6,419)	\$ (2,214)	
Services 380	380	\$ (333,183)	\$ (245,735)	\$ (83,095)	\$ (2,585)	\$ (1,045)	\$ (433)	\$ (134)	\$ (156)	
Total		\$ (560,429)	\$ (393,371)	\$ (133,873)	\$ (15,516)	\$ (7,124)	\$ (1,622)	\$ (6,553)	\$ (2,370)	
Deferred Taxes - Allocated										
Mains 376	376	\$ (2,514,119)	\$ (1,633,351)	\$ (561,779)	\$ (143,063)	\$ (67,256)	\$ (13,152)	\$ (71,019)	\$ (24,499)	
Services 380	380	\$ (1,703,006)	\$ (1,256,032)	\$ (424,726)	\$ (13,212)	\$ (5,340)	\$ (2,213)	\$ (686)	\$ (797)	
Total		\$ (4,217,125)	\$ (2,889,384)	\$ (986,505)	\$ (156,274)	\$ (72,596)	\$ (15,365)	\$ (71,705)	\$ (25,296)	
Ratebase										
Mains 376		\$ 6,951,990	\$ 4,516,509	\$ 1,553,419	\$ 395,594	\$ 185,976	\$ 36,369	\$ 196,380	\$ 67,743	
Services 380		\$ 4,709,116	\$ 3,473,154	\$ 1,174,442	\$ 36,533	\$ 14,767	\$ 6,119	\$ 1,896	\$ 2,205	
Total		\$ 11,661,105	\$ 7,989,663	\$ 2,727,862	\$ 432,126	\$ 200,742	\$ 42,488	\$ 198,277	\$ 69,948	
Rate of Return										
		6.90%								
Operating Income		\$ 804,616	\$ 551,287	\$ 188,222	\$ 29,817	\$ 13,851	\$ 2,932	\$ 13,681	\$ 4,826	
Conversion Factor		0.65								
Plant Revenue Requirement		\$ 1,237,871	\$ 848,133	\$ 289,573	\$ 45,872	\$ 21,310	\$ 4,510	\$ 21,048	\$ 7,425	
Depreciation										
Mains 376	376	\$ 275,124	\$ 178,740	\$ 61,476	\$ 15,656	\$ 7,360	\$ 1,439	\$ 7,772	\$ 2,681	
Services 380	380	\$ 311,413	\$ 229,679	\$ 77,666	\$ 2,416	\$ 977	\$ 405	\$ 125	\$ 146	
Total		\$ 586,537	\$ 408,420	\$ 139,142	\$ 18,071	\$ 8,336	\$ 1,844	\$ 7,897	\$ 2,827	
Revenue Requirement Before Other Taxes		\$ 1,824,409	\$ 1,256,553	\$ 428,715	\$ 63,943	\$ 29,646	\$ 6,354	\$ 28,945	\$ 10,252	
Revenue Taxes		0.956756								
Revenue Requirement		\$ 1,906,869	\$ 1,313,347	\$ 448,092	\$ 66,833	\$ 30,986	\$ 6,641	\$ 30,253	\$ 10,715	
Percent of Total		100.0%	68.9%	23.5%	3.5%	1.6%	0.3%	1.6%	0.6%	
Projected Therms November 2011 - October 2012		1,100,138,300	549,139,321	212,320,079	64,042,753	92,690,165	12,583,790	132,082,695	37,279,498	
Rate per Therm		\$ 0.00173	\$ 0.00239	\$ 0.00211	\$ 0.00104	\$ 0.00033	\$ 0.00053	\$ 0.00023	\$ 0.00029	
Equalize Contracts and Schedule 87 Rates		\$ -	\$ 1,508	\$ 514	\$ 77	\$ 36	\$ 8	\$ 35	\$ (2,177)	
Adjusted Rate per Therm		\$ 0.00173	\$ 0.00239	\$ 0.00211	\$ 0.00104	\$ 0.00033	\$ 0.00053	\$ 0.00023	\$ 0.00023	
Rate per Mantle		\$ 0.05								
Annual Revenue from Rates		\$ 1,903,253	\$ 1,312,443	\$ 447,995	\$ 66,604	\$ 30,588	\$ 6,669	\$ 30,379	\$ 8,574	