

Exhibit No. __ T (WHW-6T)
Dockets UE-072300/
UG-072301/UG-080064
Witness: William H. Weinman

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UE-072300
DOCKET NO. UE-072301
(consolidated)

DOCKET UG-080064

**SUPPLEMENTAL
TESTIMONY OF**

WILLIAM H. WEINMAN

**STAFF OF THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION**

Electric and Gas Revenue Requirements

June 25, 2008

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1 **I. INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 A. My name is William H Weinman. My business address is The Richard Hemstad
5 Building, 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA
6 98504. My e-mail address is wwainman@utc.wa.gov.

7

8 **Q. By whom are you employed and in what capacity?**

9 A. I am employed by the Washington Utilities and Transportation Commission as a
10 Regulatory Analyst.

11

12 **Q. Did you previously file testimony and exhibits in this proceeding?**

13 A. Yes.

14

15 **Q. What is the purpose of the supplemental testimony and exhibits?**

16 A. The purpose of this supplemental testimony is to correct several revenue requirement
17 adjustments in Staff's response testimony filed May 30, 2008. These revisions are
18 reflected on the following exhibits that I have prepared in support of my
19 supplemental testimony:

20 Exhibit No. __ (WHW-7), Electric Results of Operations and Revenue
21 Requirement

22
23 Exhibit No. __ (WHW-8), Gas Results of Operations and Revenue
24 Requirement
25

1 The revisions increase the Company's electric operations revenue deficiency from
2 \$106,630,000 in Staff's original filing to \$108,318,000. The Company's gas
3 operations revenue deficiency increases from \$42,791,000 to \$43,751,000.

4 Staff witness Thomas Schooley has also revised his Exhibit Nos. __ (TES-5)
5 and __ (TES-6) regarding electric and natural gas revenue allocation to reflect these
6 increases.

7
8 **II. REVENUE REQUIREMENT CORRECTIONS**

9
10 **Q. Please describe your exhibits.**

11 A. Exhibit No. ____ (WHW-7) shows Staff's entire revised electric results of operations
12 and Exhibit No. ____ (WHW-8) portrays the entire revised gas results of operations.
13 The format of the exhibits mirrors Staff's original filing. The adjustments that have
14 been corrected are shown in bold. All other adjustments remain identical to Staff's
15 original filing, and the testimony supporting those adjustments is not effected.

16
17 **Q. Please summarize the corrections made in the electric results of operations?**

18 A. The electric results of operations have the following five changes:

19 **Rate of return**

20 Staff's original filing used an overall rate of return of 8.247% in the
21 summary results of operations that was calculated by formula. My revised
22 exhibit reflects the full 8.25% overall rate of return recommended by Mr.
23 Parcell. The effect of this correction increases the revenue deficiency

1 approximately \$140,000. A similar adjustment is not required for the gas
2 results of operations because the 8.25% overall rate of return was “hard-
3 wired” into the exhibit.

4 **Hedging Expense, Adjustment No 11.03**

5 Hedging expense in my original results of operations exhibit did not carry
6 forward to the summary revenue requirements. I correct that error on line 13,
7 page 1 of my Exhibit No. __ (WHW-7). The effect of this correction
8 increases the revenue deficiency approximately \$460,000.

9 **Depreciation Expense, Adjustment No. 11.33**

10 My original adjustment had some errors in the depreciation expense
11 calculations related to combustion turbine production plant. Correcting those
12 errors decreases the Company’s revenue deficiency approximately \$900,000.

13 **Crystal Mountain Oil Spill, Adjustment No. 11.37**

14 My original adjustment removed an insurance policy deductible and other
15 legal and employee expenses related to a diesel fuel spill at Crystal Mountain
16 in 2006. However, I now understand that the Company had already removed
17 these expenses in the part of its power supply adjustment that Staff does not
18 contest. Therefore, it is appropriate to eliminate my adjustment. This change
19 increases the Company’s revenue deficiency approximately \$1,600,000.

20 **Production, Adjustment No. 11.35**

21 The previous corrections have an impact on the Production adjustment. The
22 change in this adjustment increases the revenue deficiency approximately
23 \$43,000.

1 As I indicated earlier, all of these revisions increase the Company's electric
2 operations revenue deficiency from \$106,630,000 in Staff's original filing to
3 \$108,318,000.

4
5 **Q. Please describe the corrections to the gas results of operations?**

6 A. There are two adjustments affecting gas operations:

7 **Deferred Gains and Losses, Adjustment No. 9.15**

8 My original adjustment had a simple mathematical error that decreased
9 revenue deficiency when it should have increased revenue deficiency.

10 Correcting that error increases the Company's revenue deficiency
11 approximately \$460,000.

12 **Crystal Mountain Oil Spill, Adjustment No. 9.24**

13 Recent discussions with the Company disclosed that the legal costs
14 pertaining to the Crystal Mountain diesel spill were recorded mistakenly in
15 the Company's gas operations. I have added an adjustment removing those
16 costs from the gas operations. The adjustment decreases the revenue
17 deficiency approximately \$166,000.

18 The overall impact of these revisions increases the gas operations revenue deficiency
19 in Staff's original case from \$42,791,000 to \$43,751,000.

20
21 **Q. Does this conclude your supplemental testimony?**

22 A. Yes.