EXHIBIT NO. \_\_\_(JHS-6)
DOCKET NO. UG-10\_\_\_
WITNESS: JOHN H. STORY

## BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of

PUGET SOUND ENERGY, INC.'S

Docket No. UG-10\_\_\_\_

Natural Gas Tariff Increase

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

**OCTOBER 1, 2010** 

## PUGET SOUND ENERGY GAS RESULTS OF OPERATIONS TWELVE MONTHS ENDED JUNE 30, 2010 VS DECEMBER 31, 2008 UNIT COST

|      |                                 | 6/30/201   |               |               | 010           |            | 12/31/2008    |               |               |          |               |
|------|---------------------------------|------------|---------------|---------------|---------------|------------|---------------|---------------|---------------|----------|---------------|
|      |                                 | RESTATED   |               | UNIT COST     |               | RESTATED   |               | UNIT COST     |               |          |               |
| LINE |                                 |            | RESULTS OF    |               | Dollars/Therm |            | RESULTS OF    |               | Dollars/Therm |          |               |
| NO.  |                                 | OPERATIONS |               | 1,090,182,856 |               | OPERATIONS |               | 1,120,309,121 |               | VARIANCE |               |
|      |                                 |            |               |               |               |            |               |               |               |          |               |
| 1    | OPERATING REVENUES:             |            |               |               |               |            |               |               |               |          |               |
| 2    | SALES TO CUSTOMERS              | \$         | 1,050,709,201 | \$            | 0.963792      | \$         | 1,221,125,398 | \$            | 1.089990      | \$       | 137,578,878   |
| 3    | MUNICIPAL ADDITIONS             |            | -             |               | -             |            | -             |               | -             |          | -             |
| 4    | OTHER OPERATING REVENUES        |            | 15,109,358    |               | 0.013859      |            | 16,811,190    |               | 0.015006      |          | 1,249,762     |
| 5    | TOTAL OPERATING REVENUES        | \$         | 1,065,818,560 | \$            | 0.977651      | \$         | 1,237,936,588 | \$            | 1.104996      | \$       | 138,828,639   |
| 6    |                                 |            |               |               |               |            |               |               |               |          |               |
| 7    | OPERATING REVENUE DEDUCTIONS:   |            |               |               |               |            |               |               |               |          |               |
| 8    |                                 |            |               |               |               |            |               |               |               |          |               |
| 9    | FUEL COSTS                      |            |               |               |               |            |               |               |               |          |               |
| 10   | FUEL                            | \$         | -             | \$            | -             |            |               | \$            | -             | \$       | -             |
| 11   | PURCHASED AND INTERCHANGED      |            | 629,304,268   |               | 0.577247      |            | 788,040,254   |               | 0.703413      |          | (137,544,773) |
| 12   | WHEELING                        |            | -             |               | -             |            |               |               | -             |          | -             |
| 13   |                                 |            | -             |               | -             |            | -             |               | -             |          | -             |
| 14   | TOTAL PRODUCTION EXPENSES       | \$         | 629,304,268   | \$            | 0.577247      | \$         | 788,040,254   | \$            | 0.703413      | \$       | (137,544,773) |
| 15   |                                 |            |               |               |               |            |               |               |               |          |               |
| 16   | OTHER POWER SUPPLY EXPENSES     | \$         | 1,987,784     | \$            | 0.001823      | \$         | 1,881,592     | \$            | 0.001680      |          | 156,790       |
| 17   | TRANSMISSION EXPENSE            |            | 818,646       |               | 0.000751      |            | 395,084       |               | 0.000353      |          | 434,186       |
| 18   | DISTRIBUTION EXPENSE            |            | 49,209,344    |               | 0.045139      |            | 51,706,160    |               | 0.046153      |          | (1,106,384)   |
| 19   | CUSTOMER ACCOUNT EXPENSES       |            | 30,041,222    |               | 0.027556      |            | 27,684,949    |               | 0.024712      |          | 3,100,750     |
| 20   | CUSTOMER SERVICE EXPENSES       |            | 1,242,745     |               | 0.001140      |            | 1,425,863     |               | 0.001273      |          | (144,776)     |
| 21   | CONSERVATION AMORTIZATION       |            | (0)           |               | (0.000000)    |            | 0             |               | 0.000000      |          | (0)           |
| 22   | ADMIN & GENERAL EXPENSE         |            | 44,608,847    |               | 0.040919      |            | 43,076,879    |               | 0.038451      |          | 2,690,350     |
| 23   | AMORTIZATION OF PROPERTY LOSS   |            | -             |               | -             |            | -             |               | -             |          | -             |
| 24   | OTHER OPERATING EXPENSES        |            | (150,141)     |               | (0.000138)    |            | (151,355)     |               | (0.000135)    |          | (2,856)       |
| 25   | FAS 133                         |            | -             |               | -             |            | -             |               |               |          |               |
| 26   | Subtotal                        |            | 127,758,447   |               | 0.117190      |            | 126,019,172   |               | 0.112486      |          | 5,128,060     |
| 27   | DEPRECIATION                    |            | 92,000,675    |               | 0.084390      |            | 88,849,821    |               | 0.079308      |          | 5,540,117     |
| 27   | AMORTIZATION                    |            | 15,432,435    |               | 0.014156      |            | 15,618,788    |               | 0.013941      |          | 233,652       |
| 28   | TAXES OTHER INCOME TAXES        |            | 56,349,872    |               | 0.051688      |            | 60,383,616    |               | 0.053899      |          | (2,409,966)   |
| 29   | INCOME TAXES                    |            | 8,755,698     |               | 0.008031      |            | (1,768,789)   |               | (0.001579)    |          | 10,476,922    |
| 30   | DEFERRED INCOME TAXES           | _          | 20,661,437    |               | 0.018952      |            | 41,924,649    |               | 0.037422      |          | (20,135,815)  |
| 31   | TOTAL OPERATING REV. DEDUCT.    | \$         | 950,262,833   | \$            | 0.871655      | \$         | 1,119,067,513 | \$            | 0.998892      | \$       | (138,711,803) |
| 32   |                                 |            |               |               |               |            |               |               |               | ١.       |               |
| 33   | NET OPERATING INCOME            | \$         | 115,555,727   | \$            | 0.105997      | \$         | 118,869,075   | \$            | 0.106104      | \$       | 116,836       |
| 34   |                                 |            |               |               |               |            |               |               |               |          |               |
| 35   | RATE BASE                       | \$         | 1,615,785,171 | \$            | 1.482123      | \$         | 1,467,519,444 | \$            | 1.309924      |          |               |
| 36   | RATE OF RETURN                  |            | 8.10%         |               |               |            | 8.10%         |               |               |          |               |
| 37   | Return on Rate Base             | \$         | 130,878,601   | \$            | 0.120052      | \$         | 118,869,075   | \$            | 0.106104      | _        | 15,206,038    |
| 38   | Revenue Deficiency - Net of Tax | \$         | 15,322,874    |               |               | \$         | (0)           |               |               | \$       | 15,322,874    |