

**EXHIBIT NO. ___(JKP-20)
DOCKET NO. UE-072300/UG-072301
2007 PSE GENERAL RATE CASE
WITNESS: JANET K. PHELPS**

**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. UG-072301**

**THIRD EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
JANET K. PHELPS
ON BEHALF OF PUGET SOUND ENERGY, INC.**

JULY 3, 2008

Puget Sound Energy, Inc. - 2007 Gas Cost of Service Study - 85T and 87T Separated
Proposed Test Year Without Gas
Summary

| Line No. | Description | Total Company | Residential (16,23,53) | Comm. & Indus. (31,36,51,61) | Large Volume (41) | Interruptible Sales (85) | Limited Interruptible (86) | Non-Exclusive Interruptible Sales (87) | Transport & Contracts | CNG Service (50) | Rentals | Interruptible Transport (85) | Non-Exclusive Inter. Transport (87) |
|--|--|-------------------------|------------------------|------------------------------|----------------------|--------------------------|----------------------------|--|-----------------------|-------------------|----------------------|------------------------------|-------------------------------------|
| | (a) | (b) | (c) | (d) | (e) | (g) | (h) | (i) | (j) | (k) | (l) | (n) | (o) |
| Rate Base | | | | | | | | | | | | | |
| 1 | Plant in Service | \$ 2,282,742,658 | \$ 1,518,313,421 | \$ 548,540,162 | \$ 64,469,869 | \$ 6,571,131 | \$ 13,250,808 | \$ 11,032,103 | \$ 21,784,172 | \$ 528,654 | \$ 44,694,890 | \$ 18,698,453 | \$ 34,858,995 |
| 2 | Accumulated Reserve | (773,227,502) | (509,153,767) | (191,104,267) | (20,043,285) | (2,172,675) | (4,281,832) | (3,482,848) | (6,745,437) | (97,329) | (19,895,595) | (5,849,657) | (10,400,811) |
| 3 | Other Rate Base Items | (160,120,115) | (99,878,751) | (45,821,663) | (4,494,567) | (333,532) | (781,340) | (603,581) | (1,504,367) | 7,920 | (2,814,758) | (1,249,517) | (2,645,960) |
| 4 | TOTAL RATE BASE | \$ 1,349,395,041 | \$ 909,280,903 | \$ 311,614,232 | \$ 39,932,017 | \$ 4,064,923 | \$ 8,187,637 | \$ 6,945,674 | \$ 13,534,368 | \$ 439,245 | \$ 21,984,537 | \$ 11,599,279 | \$ 21,812,225 |
| Revenue at Current Rates | | | | | | | | | | | | | |
| 5 | Gas Revenues | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Base Rate Revenues | 333,460,649 | 226,714,023 | 65,386,783 | 13,729,465 | 1,791,780 | 3,542,875 | 2,024,148 | 3,908,922 | 28,932 | 7,788,789 | 4,765,304 | 3,779,628 |
| 7 | Other Revenues | 6,291,644 | 4,614,507 | 1,446,076 | 44,583 | 6,081 | 32,661 | 2,271 | 22,222 | 719 | - | 109,154 | 13,370 |
| 8 | TOTAL REVENUE | \$ 339,752,293 | \$ 231,328,530 | \$ 66,832,859 | \$ 13,774,048 | \$ 1,797,861 | \$ 3,575,536 | \$ 2,026,419 | \$ 3,931,144 | \$ 29,651 | \$ 7,788,789 | \$ 4,874,458 | \$ 3,792,998 |
| Expenses at Current Rates | | | | | | | | | | | | | |
| 9 | Operation and Maintenance | 108,932,297 | 79,789,073 | 21,446,308 | 2,220,113 | 403,698 | 584,686 | 518,444 | 984,517 | 53,475 | 933,750 | 960,744 | 1,037,487 |
| 10 | Depreciation Expense | 99,429,849 | 61,261,746 | 22,204,342 | 2,582,244 | 251,868 | 521,549 | 418,090 | 892,874 | 50,819 | 9,043,226 | 764,726 | 1,438,365 |
| 11 | Taxes Other Than Income | 28,153,873 | 18,453,576 | 6,912,373 | 820,375 | 85,388 | 169,410 | 139,178 | 282,269 | 5,271 | 599,457 | 246,601 | 439,973 |
| 12 | Income Taxes | 22,497,545 | 15,652,122 | 3,545,569 | 1,776,358 | 230,324 | 501,199 | 207,181 | 386,047 | (17,415) | (607,491) | 632,497 | 191,156 |
| 13 | TOTAL EXPENSES - Current | \$ 259,013,563 | \$ 175,156,517 | \$ 54,108,593 | \$ 7,399,090 | \$ 971,278 | \$ 1,776,843 | \$ 1,282,893 | \$ 2,545,708 | \$ 92,151 | \$ 9,968,942 | \$ 2,604,568 | \$ 3,106,981 |
| 14 | Operating Income - Current | \$ 80,738,730 | \$ 56,172,013 | \$ 12,724,266 | \$ 6,374,957 | \$ 826,583 | \$ 1,798,692 | \$ 743,526 | \$ 1,385,437 | \$ (62,500) | \$ (2,180,153) | \$ 2,269,890 | \$ 686,016 |
| 15 | Current Rate of Return | 5.9833% | 6.1776% | 4.0833% | 15.9645% | 20.3345% | 21.9684% | 10.7049% | 10.2364% | -14.2289% | -9.9168% | 19.5692% | 3.1451% |
| Calculation of Rate Schedule Revenue Requirement at Equal Rates of Return | | | | | | | | | | | | | |
| 16 | Required Return | 8.6000% | 8.6000% | 8.6000% | 8.6000% | 8.6000% | 8.6000% | 8.6000% | 8.6000% | 8.6000% | 8.6000% | 8.6000% | 8.6000% |
| 17 | Required Operating Income | \$ 116,047,973 | \$ 78,198,158 | \$ 26,798,824 | \$ 3,434,153 | \$ 349,583 | \$ 704,137 | \$ 597,328 | \$ 1,163,956 | \$ 37,775 | \$ 1,890,670 | \$ 997,538 | \$ 1,875,851 |
| 18 | Operating Income (Deficiency)/Surplus | (35,309,244) | (22,026,144) | (14,074,558) | 2,940,804 | 476,999 | 1,094,556 | 146,198 | 221,481 | (100,275) | (4,070,823) | 1,272,352 | (1,189,835) |
| 19 | Revenue Conversion Factor | 0.6220 | | | | | | | | | | | |
| 20 | Revenue (Deficiency) / Surplus | \$ (56,770,924) | \$ (35,978,986) | \$ (20,709,741) | \$ 3,421,430 | \$ 575,695 | \$ 1,330,107 | \$ 128,768 | \$ 169,221 | \$ (131,276) | \$ (5,400,110) | \$ 1,528,829 | \$ (1,704,861) |
| 21 | Revenue Requirement | \$ 396,523,217 | \$ 267,307,516 | \$ 87,542,601 | \$ 10,352,617 | \$ 1,222,166 | \$ 2,245,429 | \$ 1,897,651 | \$ 3,761,924 | \$ 160,927 | \$ 13,188,899 | \$ 3,345,630 | \$ 5,497,858 |
| 22 | Revenues Other Than Rate Sch. Rev. | 6,291,644 | 4,614,507 | 1,446,076 | 44,583 | 6,081 | 32,661 | 2,271 | 22,222 | 719 | - | 109,154 | 13,370 |
| 23 | Rate Schedule Revenue Requirement | 390,231,573 | 262,693,009 | 86,096,524 | 10,308,035 | 1,216,085 | 2,212,768 | 1,895,380 | 3,739,701 | 160,208 | 13,188,899 | 3,236,475 | 5,484,489 |
| 24 | Deficiency / (Surplus) as % of Sales & Trans Rev | 17.02% | 15.87% | 31.67% | -24.92% | -32.13% | -37.54% | -6.36% | -4.33% | 453.74% | 69.33% | -32.08% | 45.11% |
| Expenses at Required Return | | | | | | | | | | | | | |
| 25 | Operation and Maintenance | \$ 109,200,256 | \$ 79,982,532 | \$ 21,509,104 | \$ 2,224,900 | \$ 404,323 | \$ 585,921 | \$ 519,150 | \$ 985,880 | \$ 53,486 | \$ 933,750 | \$ 962,406 | \$ 1,038,805 |
| 26 | Depreciation Expense | 99,429,849 | 61,261,746 | 22,204,342 | 2,582,244 | 251,868 | 521,549 | 418,090 | 892,874 | 50,819 | 9,043,226 | 764,726 | 1,438,365 |
| 27 | Taxes Other Than Income | 30,335,012 | 19,893,756 | 7,444,445 | 882,930 | 91,346 | 181,955 | 149,419 | 302,869 | 5,335 | 644,964 | 264,143 | 473,849 |
| 28 | Income Taxes | 41,510,127 | 27,971,324 | 9,585,886 | 1,228,390 | 125,045 | 251,868 | 213,663 | 416,345 | 13,512 | 676,289 | 356,817 | 670,988 |
| 29 | TOTAL EXPENSES - Required | \$ 280,475,243 | \$ 189,109,358 | \$ 60,743,777 | \$ 6,918,464 | \$ 872,582 | \$ 1,541,292 | \$ 1,300,323 | \$ 2,597,968 | \$ 123,152 | \$ 11,298,229 | \$ 2,348,092 | \$ 3,622,007 |
| 30 | Rate Schedule Revenue as Proposed | \$ 390,230,976 | \$ 265,396,615 | \$ 81,565,111 | \$ 13,729,592 | \$ 1,761,814 | \$ 3,240,609 | \$ 2,423,842 | \$ 4,467,760 | \$ 34,006 | \$ 8,193,691 | \$ 4,795,125 | \$ 4,622,811 |
| 31 | Other Revenue | 6,291,644 | 4,614,507 | 1,446,076 | 44,583 | 6,081 | 32,661 | 2,271 | 22,222 | 719 | - | 109,154 | 13,370 |
| 32 | Revenue as Proposed | \$ 396,522,620 | \$ 270,011,122 | \$ 83,011,187 | \$ 13,774,175 | \$ 1,767,895 | \$ 3,273,269 | \$ 2,426,113 | \$ 4,489,983 | \$ 34,725 | \$ 8,193,691 | \$ 4,904,279 | \$ 4,636,181 |
| 33 | Proposed Revenue Increase | \$ 56,770,327 | \$ 38,682,592 | \$ 16,178,328 | \$ 127 | \$ (29,966) | \$ (302,266) | \$ 399,694 | \$ 558,838 | \$ 5,074 | \$ 404,902 | \$ 29,821 | \$ 843,183 |
| 34 | Proposed Revenue - Revenue Requirement | \$ 396,522,620 | \$ 270,011,122 | \$ 83,011,187 | \$ 13,774,175 | \$ 1,767,895 | \$ 3,273,269 | \$ 2,426,113 | \$ 4,489,983 | \$ 34,725 | \$ 8,193,691 | \$ 4,904,279 | \$ 4,636,181 |
| 35 | Current Revenue to Cost Ratio | 0.85 | 0.86 | 0.76 | 1.33 | 1.47 | 1.60 | 1.07 | 1.05 | 0.18 | 0.59 | 1.47 | 0.69 |
| 36 | Parity Ratio | 1.00 | 1.01 | 0.89 | 1.56 | 1.72 | 1.87 | 1.25 | 1.22 | 0.21 | 0.69 | 1.72 | 0.81 |
| 37 | Proposed Revenue to Cost Ratio | 1.00 | 1.01 | 0.95 | 1.33 | 1.45 | 1.46 | 1.28 | 1.19 | 0.22 | 0.62 | 1.47 | 0.84 |