

EXHIBIT NO. ___(JAH-8)
DOCKET NO. UE-04___/UG-04___
2004 PSE GENERAL RATE CASE
WITNESS: JAMES A. HEIDELL

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UE-04___
Docket No. UG-04___

**SEVENTH EXHIBIT TO PREFILED DIRECT TESTIMONY
OF JAMES A. HEIDELL (NONCONFIDENTIAL)
ON BEHALF OF PUGET SOUND ENERGY, INC.**

APRIL 5, 2004

**PUGET SOUND ENERGY - GAS
RATE SPREAD AND RATE DESIGN
TWELVE MONTHS ENDED SEPTEMBER 30, 2003**

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Line No.	Class / Schedule	GAS COST (Recovery @ RAF)		Proforma Margin	Therms	% of Average Increase	Increase at 50% - 150% of Average (18.11%)	% of Residual	Spread Residual	Net Margin Increase	Proposed Total Revenues	% Net Increase	% of Net Increase %	% of Total Revenues
		Proforma Revenues	1.04779)											
1	a	b	c	d	f	e	g	h	i	j	k	l	m	n
2	Residential	\$444,574,749	\$277,107,116	\$167,467,633	498,267,928	100%	\$30,328,388	70.00%	\$2,740,705	\$33,069,091	\$477,643,840	19.75%	109.04%	6.92%
3	C&I Heating	\$156,262,648	\$105,069,108	\$51,193,540	192,814,190	75%	\$6,953,363	16.05%	\$628,359	\$7,581,723	\$163,844,371	14.81%	81.78%	4.63%
4	Schedule 41	\$35,840,848	\$26,684,912	\$9,155,936	49,128,842	75%	\$1,243,605	2.87%	\$112,382	\$1,355,987	\$37,196,835	14.81%	81.78%	3.65%
5	Schedule 85	\$9,065,372	\$7,626,196	\$1,439,176	14,391,565	125%	\$325,793	0.75%	\$29,441	\$355,234	\$9,420,606	24.68%	136.30%	3.77%
6	Schedule 86	\$16,005,208	\$11,775,279	\$4,229,929	22,163,694	100%	\$766,040	1.77%	\$69,225	\$835,265	\$16,840,473	19.75%	109.04%	4.96%
7	Schedule 87	\$16,518,516	\$15,061,242	\$1,457,274	30,720,280	150%	\$395,868	0.91%	\$35,774	\$431,642	\$16,950,158	29.62%	163.56%	2.55%
8	Schedule 57	\$12,155,221	\$0	\$12,155,221	173,948,492	50%	\$1,100,655	2.54%	\$99,464	\$1,200,119	\$13,355,340	9.87%	54.52%	8.99%
9	Transport Contracts	\$1,668,905	\$0	\$1,668,905	38,431,301	0%	\$0	0.00%	\$0	\$0	\$1,668,905	0.00%	0.00%	0.00%
10	CNG	\$36,467	\$20,738	\$15,729	54,593	100%	\$2,849	0.01%	\$257	\$3,106	\$39,573	19.75%	109.04%	7.85%
11	Rentals	\$8,137,311	\$0	\$8,137,311	-	150%	\$2,210,500	5.10%	\$199,758	\$2,410,258	\$10,547,569	29.62%	163.56%	22.85%
12	Subtotal	\$700,265,245	\$443,344,591	\$256,920,654	1,019,920,885		\$43,327,061	100.00%	\$3,915,365	\$47,242,425	\$747,507,670			6.32%
13	Other Revenues	\$3,874,839	\$0	\$3,874,839	-		\$0	0.00%	\$0	\$0	\$3,874,839			
14	Total	\$704,140,084	\$443,344,591	\$260,795,493	1,019,920,885		\$43,327,061	100.00%	\$3,915,365	\$47,242,425	\$751,382,509	18.11%		6.29%
15	% Increase On Margin									Revenue Requirement Deficiency excl. Municipal Additions	\$47,242,426			
16										Average Increase	18.11%			

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Description	Billing Determinants	Present Rates	Revenues	Units	Proposed Rates	Revenues	Difference \$	%			
RATE 23/53										TARGET \$33,067,690	
BILLS	6,945,588	\$5.50	\$38,200,734.00	6,945,588	\$6.50	\$45,146,322.00				DIFFERENCE (\$83)	
Facility Charge	6,945,588	\$0.00	\$0.00	6,945,588	\$7.50	\$52,091,910.00					
All Therms	498,267,928	\$0.26113	\$130,112,704.04	498,267,928	\$0.20901	\$104,142,979.63					
Calculated Total	498,267,928		\$168,313,438.04	498,267,928		\$201,381,211.63	\$33,067,773.59	19.647%	Schedule 101 Gas Costs	RAF	Proposed Gas Costs
Gas Costs		\$0.55440	\$276,239,739.28		\$0.55613	\$277,101,742.80	\$862,003.52	0.312%	(a)	(b)	(c = a * b)
Total Revenues			<u>\$444,553,177.32</u>			<u>\$478,482,954.43</u>	\$33,929,777.11	7.632%	\$0.53076	1.04779	\$0.55613
RATE 16										\$1,400.90	
	Mantles			Mantles						DIFFERENCE \$89.92	
First 4 Mantles (each)	1,003	\$11.78	\$11,815.34	1,003	\$12.96	\$12,998.88					
5 through 9 Mantles (each)	84	\$10.78	\$905.52	84	\$11.96	\$1,004.64					
All over (each)	24	\$9.78	\$234.72	24	\$10.96	\$263.04					
	1,111			1,111							
Calculated Total	21,109 Therms		\$12,955.58	21,109 Therms		\$14,266.56	\$1,310.98	10.119%	Schedule 101 Gas Costs	RAF	Proposed Gas Costs
Gas Costs		\$0.52158	\$11,010.03		\$0.52320	\$11,044.23	\$34.20	0.311%	(a)	(b)	(c = a * b)
Total Revenues			<u>\$23,965.61</u>			<u>\$25,310.79</u>	\$1,345.18	5.613%	\$0.49934	1.04779	\$0.52320

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Description	Billing Determinants	Present		Units	Proposed		Difference		
		Rates	Revenues		Rates	Revenues	\$	%	
RATE 31									
BILLS	511,992	\$10.00	\$5,119,920.00	511,992	\$30.00	\$15,359,760.00			TARGET \$7,574,118 DIFFERENCE \$568
All Therms	152,705,401	\$0.23742	\$36,255,316.31	152,705,401	\$0.21940	\$33,503,564.98			
Calculated Total	152,705,401		\$41,375,236.31	152,705,401		\$48,863,324.98	\$7,488,088.67	18.098%	
Gas Costs		\$0.54323	\$82,954,154.99		\$0.54492	\$83,212,227.11	\$258,072.13	0.311%	Schedule 101 Gas Costs (a) \$0.52007 RAF (b) 1.04779 Proposed Gas Costs (c = a * b) \$0.54492
Total Revenues			\$124,329,391.30			\$132,075,552.09	\$7,746,160.80	6.230%	
RATE 36									
BILLS	60,516	\$20.00	\$1,210,320.00	60,516	\$30.00	\$1,815,480.00			
All Therms	39,915,381	\$0.22042	\$8,798,148.28	39,915,381	\$0.20740	\$8,278,450.02			
Calculated Total	39,915,381		\$10,008,468.28	39,915,381		\$10,093,930.02	\$85,461.74	0.854%	
Gas Costs		\$0.54323	\$21,683,232.42		\$0.54492	\$21,750,689.41	\$67,456.99	0.311%	
Total Revenues			\$31,691,700.70			\$31,844,619.43	\$152,918.73	0.483%	
RATE 51									
BILLS	4,104	\$5.50	\$22,572.00	4,104	\$6.50	\$26,676.00			TARGET \$0 DIFFERENCE \$0
All Therms	193,408	\$0.22423	\$43,367.88	193,408	\$0.20301	\$39,263.76			
Calculated Total	193,408		\$65,939.88	193,408		\$65,939.76	(\$0.12)	0.000%	
Gas Costs		\$0.54323	\$105,065.03		\$0.54492	\$105,391.89	\$326.86	0.311%	
Total Revenues			\$171,004.91			\$171,331.65	\$326.74	0.191%	

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Description	Billing Determinants	Present		Units	Proposed		Difference			
		Rates	Revenues		Rates	Revenues	\$	%		
RATE 41										
BILLS	16,104	\$35.00	\$563,640.00	16,104	\$140.00	\$2,254,560.00				
Minimum Bill	16,104	\$81.50	\$1,312,476.00	16,104	\$74.61	\$1,201,519.44				
Demand Units	2,135,712	\$0.50	\$1,067,856.00	2,135,712	\$0.64	\$1,366,855.68				
First 500 Therms	7,910,848			7,910,848						
Next 4,500 therms	23,257,307	\$0.16300	\$3,790,941.04	23,257,307	\$0.14921	\$3,470,222.78				
All over 5,000 therms	17,960,687	\$0.13300	\$2,388,771.37	17,960,687	\$0.12175	\$2,186,713.64				
Calculated Total	49,128,842		\$9,123,684.41	49,128,842		\$10,479,871.54	\$1,356,187.13	14.864%		
										TARGET \$1,355,987 DIFFERENCE (\$200) 91.54%
										Schedule 101 Gas Costs (a)
Gas Costs		\$0.49834	\$24,482,867.12		\$0.49989	\$24,559,016.83				RAF (b)
Gas Costs for Demand Charge Rate		\$1.04	\$2,221,140.48		\$1.05	\$2,242,497.60				Proposed Gas Costs (c = a * b)
Calculated Total			\$26,704,007.60			\$26,801,514.43	\$97,506.83	0.365%		\$0.47709 1.04779 \$0.49989 \$1.00 1.04779 \$1.05000
Total Revenues			\$35,827,692.01			\$37,281,385.97	\$1,453,693.96	4.057%		
RATE 50										
BILLS	84	\$150.00	\$12,600.00	84	\$150.00	\$12,600.00				TARGET \$3,106.00 DIFFERENCE 20.54
All Therms	54,593	\$0.09176	\$5,009.45	54,593	\$0.14903	\$8,135.99				
Calculated Total	54,593		\$17,609.45	54,593		\$20,735.99	\$3,126.54	17.755%		
										Schedule 101 Gas Costs (a)
Gas Costs		\$0.47789	\$26,089.45		\$0.47937	\$26,170.25	\$80.80	0.310%		RAF (b)
Total Revenues			\$43,698.90			\$46,906.24	\$3,207.34	7.340%		Proposed Gas Costs (c = a * b)

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Description	Billing		Present		Proposed		Difference		
	Determinants	Rates	Revenues	Units	Rates	Revenues	\$	%	
RATE 87									
BILLS	156	\$300.00	\$46,800.00	156	\$800.00	\$124,800.00			
Demand Units	7,080	\$0.99	\$7,009.20	7,080	\$1.26	\$8,920.80			
First 25,000 Therms	3,974,949	\$0.11825	\$470,037.72	3,974,949	\$0.13413	\$533,159.91			
Next 25,000 Therms	3,739,992	\$0.07624	\$285,136.99	3,739,992	\$0.08648	\$323,434.51			
Next 50,000 Therms	4,965,091	\$0.04951	\$245,821.66	4,965,091	\$0.05616	\$278,839.51			
Next 100,000 therms	5,131,590	\$0.03268	\$167,700.36	5,131,590	\$0.03707	\$190,228.04			
Next 300,000 therms	4,960,790	\$0.02476	\$122,829.16	4,960,790	\$0.02808	\$139,298.98			
All over 500,000 therms	7,947,868	\$0.01981	\$157,447.27	7,947,868	\$0.02247	\$178,588.59			
Calculated Total	30,720,280		\$1,502,782.36	30,720,280		\$1,777,270.34	\$274,487.98	18.265%	TARGET 87 \$431,642.00 DIFFERENCE \$157,154
Gas Costs		\$0.48852	\$15,007,471.19		\$0.49004	\$15,054,166.01			Schedule 101 Gas Costs (a) \$0.46769
Gas Costs for Demand Charge Rate		\$1.04	\$7,363.20		\$1.05	\$7,434.00			RAF (b) 1.04779
Calculated Total			\$15,014,834.39			\$15,061,600.01	\$46,765.63	0.311%	Proposed Gas Costs (c = a * b) \$0.49004 1.04779 \$1.05000
Total Revenues			\$16,517,616.75			\$16,838,870.35	\$321,253.61	1.945%	
RATE 57									
BILLS	1,440	\$800.00	\$1,152,000.00	1,440	\$800.00	\$1,152,000.00			TARGET 57 \$1,200,119.00 DIFFERENCE (\$156,842)
Demand Units	447,504	\$0.99000	\$443,028.96	447,504	\$1.26	\$563,855.04			
First 25,000 Therms	33,097,585	\$0.11825	\$3,913,789.43	33,097,585	\$0.13413	\$4,439,379.08			
Next 25,000 Therms	23,201,790	\$0.07624	\$1,768,904.47	23,201,790	\$0.08648	\$2,006,490.80			
Next 50,000 Therms	25,366,655	\$0.04951	\$1,255,903.09	25,366,655	\$0.05616	\$1,424,591.34			
Next 100,000 Therms	22,963,283	\$0.03268	\$750,440.09	22,963,283	\$0.03707	\$851,248.90			
Next 300,000 Therms	28,898,656	\$0.02476	\$715,530.72	28,898,656	\$0.02808	\$811,474.26			
All over 500,000 Therms	40,420,524	\$0.01981	\$800,730.58	40,420,524	\$0.02247	\$908,249.17			
Calculated Total	142,657,890		\$10,800,327.34	142,657,890		\$12,157,288.59	\$1,356,961.25	12.564%	TOTAL Revenues \$1,631,761 TOTAL DIFFERENCE \$312 113.43% DIFFERENCE \$247.15
Balancing Service Charge for JP		\$0.00061	\$87,021.31		\$0.00061	\$87,021.31			
Gas Costs for Demand Charge Rate		\$0.00	\$0.00		\$0.00	\$0.00			\$0.00
Calculated Total			\$87,021.31			\$87,021.31	\$0.00	0.000%	1.04779 \$0.00000
Total Revenues			\$10,800,327.34			\$12,244,309.90	\$1,443,982.56	13.370%	

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Line No.	Schedule	Price		Description	Current Rate	Calculated Rate	Proposed Rate	% Increase
		a	b					
1								
2								
3	71	71G-A		Standard Models	\$ 5.85	\$ 7.19	\$ 7.20	23.08%
4	71	71G-B		Conservation Models	\$ 9.40	\$ 11.55	\$ 11.55	22.85%
5	71	71G-C		Direct Vent Models	\$ 13.40	\$ 16.46	\$ 16.45	22.76%
6	71	71G-D		High Recovery Models	\$ 12.00	\$ 14.74	\$ 14.75	22.92%
7	71	71G-E		High Efficiency Standard (Energy Factor ≥.60)	\$ 4.70	\$ 5.77	\$ 5.75	22.34%
8	71	71G-F		High Efficiency Direct Vent (Energy Factor ≥.60)	\$ 8.15	\$ 10.01	\$ 10.00	22.70%
9	72	72G-F		25 - 40 gallon storage 30,000 to 50,000	\$ 6.95	\$ 8.54	\$ 8.55	23.02%
10	72	72G-G		45 - 55 gallon storage 70,000 to 79,000	\$ 9.10	\$ 11.18	\$ 11.20	23.08%
11	72	72G-H		45 - 55 gallon storage 51,000 to 75,000	\$ 9.10	\$ 11.18	\$ 11.20	23.08%
12	72	72G-I		50 - 65 gallon storage 60,000 to 69,000	\$ 14.25	\$ 17.51	\$ 17.50	22.81%
13	72	72G-J		60 - 84 gallon storage 70,000 to 129,000	\$ 18.60	\$ 22.85	\$ 22.85	22.85%
14	72	72G-K		75 - 90 gallon storage 130,000 to 169,000	\$ 24.85	\$ 30.53	\$ 30.55	22.94%
15	72	72G-L		75 - 100 gallon storage 170,000 to 200,000	\$ 28.85	\$ 35.44	\$ 35.45	22.88%
16	72	72G-M		68 - 79 gallon storage 201,000 to 369,000	\$ 41.00	\$ 50.37	\$ 50.35	22.80%
17	74	74G-A		45,000 to 400,000 Standard Models	\$ 4.10	\$ 5.04	\$ 5.05	23.17%
18	74	74G-B		401,000 to 700,000 Standard Models	\$ 10.90	\$ 13.39	\$ 13.40	22.94%
19	74	74G-C		701,000 to 1,300,000 Standard Models	\$ 14.75	\$ 18.12	\$ 18.10	22.71%
20	74	74G-D		45,000 to 400,000 Conservation Models	\$ 6.20	\$ 7.62	\$ 7.60	22.58%
21								
22								
23								
Target Increase							22.851%	