

EXHIBIT NO. ___(JKP-3)
DOCKET NO. UG-10___
WITNESS: JANET K. PHELPS

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of
PUGET SOUND ENERGY, INC.'S
Natural Gas Tariff Increase

Docket No. UG-10_____

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

OCTOBER 1, 2010

Puget Sound Energy
2010 Gas Tariff Increase Filing
Adjustments to Volume (Therms) by Rate Schedule
Test Year Ended June 30, 2010

Line	Rate Class	Volume	Restating	Weather	Total	Pro forma
		From Sales & Transportation	Adjustments	Normalization Adjustment	Adjustments	Volume
	A	B	C	D	E	F
1	Residential (16,23,53)	528,989,986	1,365,194	16,858,942	18,224,136	547,214,122
2	Commercial & industrial (31,61)	189,316,805	735,474	6,715,820	7,451,294	196,768,099
3	Large volume (41)	74,346,325	-581,748	1,984,622	1,402,874	75,749,199
4	Transportation - large volume (41T)	4,477,433	-59,345	0	-59,345	4,418,088
5	Interruptible (85)	16,495,319	145,247	173,178	318,425	16,813,744
6	Transportation - interruptible (85T)	65,856,389	-160,882	0	-160,882	65,695,507
7	Limited interruptible (86)	13,929,055	-30,351	303,014	272,663	14,201,718
8	Non exclusive interruptible (87)	29,180,941	139,299	227,182	366,481	29,547,422
9	Transportation - non exclusive interruptible (87T)	103,068,785	108,912	446,663	555,575	103,624,360
10	Contracts	35,156,593	6,899	987,105	994,004	36,150,597
11	Total sales and transport volume	1,060,817,632	1,668,698	27,696,526	29,365,224	1,090,182,856

Puget Sound Energy
2010 Gas Tariff Increase Filing
Reconciliation of Revenue by Rate Schedule
Test Year Ended June 30, 2010

Reconciliation of Test Year Revenue

Line	Rate Class	Income Statement Revenue	Remove Municipal Taxes	Transfer Penalties & New Customer Revenue (1)	Remove Trackers	Other Restating Adjustments	October 2009 PGA (2)	April 2010 GRC (3)	Weather Normalization Adjustment	RAF (4)	Remove Everett Delta	Remove Storage Rental Revenue	Total Adjustments	Pro forma Revenue
	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Residential (16,23,53)	\$ 654,362,407	\$ (25,777,810)	\$ (900,523)	\$ 40,734,169	\$ 1,700,321	\$ (7,187,152)	\$ 5,529,935	\$ 18,575,351	\$ 87,552			\$ 32,761,844	\$ 687,124,251
2	Commercial & industrial (31,61)	217,474,950	(10,868,603)	(213,763)	14,316,571	852,982	(3,547,544)	1,582,176	7,038,717	31,483			9,192,019	226,666,969
3	Large volume (41)	72,787,298	(3,674,938)	(24,773)	5,776,442	(731,601)	(1,886,129)	261,104	1,554,852	10,605			1,285,561	74,072,859
4	Transportation - large volume (41T)	907,847	(41,359)	-	174,619	(173,210)	-	12,246	-	-			(27,705)	880,143
5	Interruptible (85)	13,002,664	(462,764)	-	1,226,815	118,442	(384,855)	17,592	131,110	2,522			648,862	13,651,526
6	Transportation - interruptible (85T)	7,580,000	(370,962)	-	98,703	(291,164)	-	66,384	-	-			(497,040)	7,082,960
7	Limited interruptible (86)	12,613,002	(623,180)	-	1,128,127	(74,631)	(210,244)	30,462	258,395	2,130			511,060	13,124,062
8	Non exclusive interruptible (87)	21,635,439	(892,598)	-	2,225,709	(12,139)	(808,948)	17,355	164,577	4,432			698,388	22,333,827
9	Transportation - non exclusive interruptible (87T)	4,313,954	(255,978)	-	31,272	(3,545)	-	41,425	9,590	-			(177,236)	4,136,718
10	Contracts	1,605,144	(81,654)	-	17,309	1,711	-	82,016	11,362	-			30,744	1,635,888
11	Total revenue from sales/transport	\$ 1,006,282,705	\$ (43,049,846)	\$ (1,139,058)	\$ 65,729,735	\$ 1,387,165	\$ (14,024,873)	\$ 7,640,696	\$ 27,743,954	\$ 138,724	\$ -		\$ 44,426,497	\$ 1,050,709,202
12	Rentals	\$ 8,094,618	\$ (389,886)	\$ -	\$ -	\$ 63,179	\$ -	\$ 155,330	\$ -	\$ -	\$ -		\$ (171,376)	7,923,242
13	Other operating revenue	\$ 8,861,935	\$ -	\$ 1,139,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,523,002)	\$ (1,291,875)	\$ (1,675,819)	7,186,116
14	Total other operating revenue	\$ 16,956,554	\$ (389,886)	\$ 1,139,058	\$ -	\$ 63,179	\$ -	\$ 155,330	\$ -	\$ -	\$ (1,523,002)	\$ (1,291,875)	\$ (1,847,195)	\$ 15,109,358
15	Total operating revenue	\$ 1,023,239,258	\$ (43,439,732)	\$ -	\$ 65,729,735	\$ 1,450,345	\$ (14,024,873)	\$ 7,796,026	\$ 27,743,954	\$ 138,724	\$ (1,523,002)	\$ (1,291,875)	\$ 42,579,302	\$ 1,065,818,560
16	Gas cost (Schedule 101)	\$ 625,401,552												\$ 629,304,268
17	Gas revenue (Schedule 101)													\$ 657,871,281

Pro forma Gas Costs and Revenue (Schedule 101) and Margin

	Pro forma Sch. 101 Gas Revenue	Pro forma Sch. 101 Gas Cost	Pro forma Margin
	O	P	Q
18 Residential (16,23,53)	\$ 412,059,312	\$ 394,176,426	\$ 275,064,939
19 Commercial & industrial (31,61)	147,137,281	140,752,157	79,529,687
20 Large volume (41)	55,888,093	53,441,522	18,184,767
21 Transportation - large volume (41T)	3,093	3,093	877,050
22 Interruptible (85)	11,889,730	11,373,289	1,761,795
23 Transportation - interruptible (85T)	45,987	45,987	7,036,973
24 Limited interruptible (86)	10,122,048	9,682,279	3,002,014
25 Non exclusive interruptible (87)	20,653,200	19,756,978	1,680,626
26 Transportation - non exclusive interruptible (87T)	72,537	72,537	4,064,181
27 Contracts	-	-	1,635,888
28 Total revenue from sales/transport	\$ 657,871,281	\$ 629,304,268	\$ 392,837,920

- (1) Penalty revenue and new customer revenue (Rule 7) are transferred from revenue from sales to other operating revenue.
- (2) October 2009 Purchased Gas Adjustment.
- (3) General Rate Case UG-090705. Rates implemented April 8, 2010.
- (4) Adjustment from actual to proposed revenue adjustment factor (RAF).