

**EXHIBIT NO. \_\_\_(JKP-14CT)  
DOCKET NOS. UE-111048/UG-111049  
2011 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-111048  
Docket No. UG-111049**

**PREFILED REBUTTAL TESTIMONY  
(CONFIDENTIAL) OF  
JANET K. PHELPS  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED  
VERSION**

**JANUARY 17, 2012**

**PUGET SOUND ENERGY, INC.**

**PREFILED REBUTTAL TESTIMONY  
(CONFIDENTIAL) OF  
JANET K. PHELPS**

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1 **PUGET SOUND ENERGY, INC.**

2 **PREFILED REBUTTAL TESTIMONY**  
3 **(CONFIDENTIAL) OF**  
4 **JANET K. PHELPS**

5 **I. INTRODUCTION**

6 **Q. Are you the same Janet K. Phelps who provided prefiled direct testimony in**  
7 **these dockets on behalf of Puget Sound Energy, Inc. ("PSE")?**

8 A. Yes, I filed prefiled direct testimony, Exhibit No. \_\_\_(JKP-1T) and twelve  
9 supporting exhibits (Exhibit No. \_\_\_(JKP-2) through Exhibit No. \_\_\_(JKP-13)).

10 **Q. What is the purpose of your prefiled rebuttal testimony?**

11 A. I will present a pro forma adjustment to test year revenue due to the loss of a large  
12 gas transportation customer that is expected to occur in early 2012, prior to the  
13 expected implementation of rates in this proceeding.

14 **II. PRO FORMA REVENUE FROM NATURAL GAS**  
15 **OPERATIONS**

16 **Q. Please describe the proposed adjustment to pro forma revenue.**

17 A. The pro forma adjustment removes test year volume of 16,888,529 therms and  
18 revenue of \$616,471 from pro forma revenue at existing rates. Of the \$616,471 in  
19 revenue, \$604,649 is margin and \$11,822 is from balancing charges, which are gas

1 cost related.

2 **Q. Have you prepared an exhibit that presents this adjustment?**

3 A. Yes, I have. The Fourteenth Exhibit to my Prefiled Rebuttal Testimony, Exhibit  
4 No. \_\_\_(JKP-15), is a revised version of the pro forma revenue exhibit I submitted  
5 as the Second Exhibit to my Prefiled Direct Testimony, Exhibit No. \_\_\_(JKP-3),  
6 including an adjustment for the customer loss.

7 **Q. Why is this adjustment necessary?**

8 A. [REDACTED] has informed PSE that it intends to cease operation of its Everett  
9 mill as of March 31, 2012. Because this customer has a very large load, the impact  
10 on revenue is significant. This is a known and measurable change that has occurred  
11 since the test year, and unless an adjustment to test year pro forma revenue is made,  
12 it will not be reflected in the revenue requirement in this proceeding.

13 **Q. Does the removal of this customer's volume and revenue affect PSE's proposed**  
14 **temperature adjustment?**

15 A. No. The customer takes service on industrial Schedule 87T. Industrial Schedule  
16 87T is not included in the schedules found to be temperature sensitive, as indicated  
17 on page 13 of the Prefiled Direct Testimony of Dr. Chun Chang, Exhibit  
18 No. \_\_\_(CKC-1T).

**REDACTED**

1 **Q. Does the removal of this customer's volume and revenue affect any other**  
2 **revenue adjustments?**

3 A. The pro forma revenue adjustments for the April 2010 and April 2011 rate changes,  
4 in columns H and J of page two of Exhibit No. \_\_\_(JKP-15), changed slightly  
5 because the customer is not included in them.

6 **Q. Why do you propose this adjustment at this time, rather than in your prefiled**  
7 **direct testimony?**

8 A. When PSE made its initial filing in this proceeding on June 13, 2011, there was no  
9 definitive statement from [REDACTED] indicating that it planned to close its  
10 Everett mill, so PSE did not consider an adjustment to be known and measurable.

11 **Q. What impact does this adjustment have on PSE's proposed cost of service**  
12 **study?**

13 A. Exhibit No. \_\_\_(JKP-16) presents a revised summary of PSE's cost of service study,  
14 excluding gas costs, based on PSE's rebuttal revenue requirement, which reflects  
15 the removal of this customer. Table 1, below, presents the parity percentages from  
16 PSE's original filing and the rebuttal filing with the customer removed.

**REDACTED**

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**Table 1: Parity Percentages in Initial and Rebuttal Cases**

<b>Schedule</b>	<b>Initial</b>	<b>Rebuttal</b>
Total System	100%	100%
Residential (Schedules 23, 16, 53)	98%	98%
Commercial & Industrial (Schedules 31, 31T, 61)	96%	96%
Large Volume (Schedules 41, 41T)	124%	124%
Interruptible (Schedule 85, 85T)	121%	120%
Limited Interruptible (Schedule 86, 86T)	157%	156%
Non-exclusive Interruptible (Schedule 87, 87T)	87%	89%
Special Contracts	73%	72%
Rentals (Schedules 71, 72, 74)	197%	196%

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**Q. Would this revenue adjustment impact PSE’s proposed rate spread, or the rate spread reached in the settlement agreement with other parties in this proceeding?**

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A. No. There is very small movement in a few of the parity percentages, but these small changes would not alter PSE’s proposed rate spread or the settlement.

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8

**III. CONCLUSION**

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**Q. Does that conclude your prefiled rebuttal testimony?**

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A. Yes, it does.