

**EXHIBIT NO. ___(JKP-16)
DOCKET NO. 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**

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

JANUARY 17, 2012

Puget Sound Energy - 2011 Gas Cost of Service Study
Test Year Without Gas - Rebuttal
Summary

Line No.	Description	Total Company	Residential (16,23,53)	Comm. & Indus. (31,61)	Large Volume (41,41T)	Interruptible (85, 85T)	Limited Interruptible (86, 86T)	Non-Exclusive Interruptible (87, 87T)	Contracts	Rentals
	(a)	(b)	(c)	(d)	(e)	(g)	(h)	(i)	(j)	(k)
Rate Base										
1	Plant in Service	\$ 2,794,672,762	\$ 1,897,803,783	\$ 634,321,651	\$ 103,552,371	\$ 49,231,261	\$ 12,673,554	\$ 42,002,229	\$ 16,952,662	\$ 38,135,252
2	Accumulated Reserve	(933,554,964)	(623,933,468)	(210,113,855)	(30,990,242)	(14,608,235)	(3,852,058)	(12,296,608)	(4,950,500)	(32,809,998)
3	Other Rate Base Items	(203,325,022)	(140,046,991)	(46,527,469)	(7,906,510)	(3,741,913)	(789,762)	(3,174,925)	(1,383,396)	245,944
4	TOTAL RATE BASE	\$ 1,657,792,776	\$ 1,133,823,324	\$ 377,680,327	\$ 64,655,619	\$ 30,881,113	\$ 8,031,734	\$ 26,530,696	\$ 10,618,766	\$ 5,571,198
Revenue at Current Rates										
5	Gas Revenues	-	-	-	-	-	-	-	-	-
6	Base Rate Revenues	419,423,754	289,229,013	85,374,213	18,192,109	8,563,124	3,045,621	5,222,276	1,658,616	8,138,782
7	Other Revenues	6,760,042	4,549,895	1,932,279	121,667	62,598	25,836	36,239	25	31,504
8	TOTAL REVENUE	\$ 426,183,796	\$ 293,778,909	\$ 87,306,492	\$ 18,313,776	\$ 8,625,722	\$ 3,071,457	\$ 5,258,515	\$ 1,658,641	\$ 8,170,285
Expenses at Current Rates										
9	Operation and Maintenance	123,926,869	92,479,597	22,806,441	3,207,579	1,629,602	507,096	1,246,235	448,534	1,601,785
10	Depreciation Expense	108,564,422	74,052,350	24,382,571	3,955,343	1,890,166	485,160	1,600,488	646,566	1,551,779
11	Taxes Other Than Income	36,829,630	25,210,702	7,900,663	1,456,367	699,152	216,736	501,748	182,463	661,799
12	Income Taxes	37,713,768	25,793,785	8,591,996	1,470,876	702,526	182,717	603,557	241,570	126,741
13	TOTAL EXPENSES - Current	\$ 307,034,688	\$ 217,536,434	\$ 63,681,671	\$ 10,090,165	\$ 4,921,447	\$ 1,391,709	\$ 3,952,028	\$ 1,519,132	\$ 3,942,104
14	Operating Income - Current	\$ 119,149,107	\$ 76,242,475	\$ 23,624,821	\$ 8,223,611	\$ 3,704,275	\$ 1,679,748	\$ 1,306,487	\$ 139,508	\$ 4,228,182
15	Current Rate of Return	7.19%	6.72%	6.26%	12.72%	12.00%	20.91%	4.92%	1.31%	75.89%
Calculation of Rate Schedule Revenue Requirement at Equal Rates of Return										
16	Required Return	8.26%	8.26%	8.26%	8.26%	8.26%	8.26%	8.26%	8.26%	8.26%
17	Required Operating Income	\$ 136,933,683	\$ 93,653,807	\$ 31,196,395	\$ 5,340,554	\$ 2,550,780	\$ 663,421	\$ 2,191,435	\$ 877,110	\$ 460,181
18	Operating Income (Deficiency)/Surplus	(17,784,576)	(17,411,332)	(7,571,574)	2,883,057	1,153,495	1,016,327	(884,948)	(737,602)	3,768,001
19	Revenue Conversion Factor	0.621490								
20	Revenue (Deficiency) / Surplus	\$ (28,616,027)	\$ (24,838,854)	\$ (10,004,984)	\$ 2,458,430	\$ 951,458	\$ 961,445	\$ (1,052,594)	\$ (803,512)	\$ 3,712,584
21	Revenue Requirement	\$ 454,799,823	\$ 318,617,762	\$ 97,311,476	\$ 15,855,346	\$ 7,674,264	\$ 2,110,012	\$ 6,311,109	\$ 2,462,152	\$ 4,457,701
22	Revenues Other Than Rate Sch. Rev.	6,760,042	4,549,895	1,932,279	121,667	62,598	25,836	36,239	25	31,504
23	Rate Schedule Revenue Requirement	448,039,781	314,067,867	95,379,197	15,733,679	7,611,666	2,084,177	6,274,870	2,462,128	4,426,197
24	Deficiency / (Surplus) as % of Rate Rev	6.82%	8.59%	11.72%	-13.51%	-11.11%	-31.57%	20.16%	48.44%	-45.62%
Expenses at Required Return										
25	Operation and Maintenance	\$ 124,083,541	\$ 92,600,051	\$ 22,834,570	\$ 3,211,076	\$ 1,630,827	\$ 507,606	\$ 1,246,947	\$ 448,760	\$ 1,603,704
26	Depreciation Expense	108,564,422	74,052,350	24,382,571	3,955,343	1,890,166	485,160	1,600,488	646,566	1,551,779
27	Taxes Other Than Income	37,928,085	25,968,182	8,124,255	1,504,011	721,579	224,712	515,425	186,806	683,114
28	Income Taxes	47,290,092	32,343,373	10,773,685	1,844,362	880,913	229,113	756,813	302,910	158,924
29	TOTAL EXPENSES - Required	\$ 317,866,140	\$ 224,963,956	\$ 66,115,081	\$ 10,514,792	\$ 5,123,484	\$ 1,446,591	\$ 4,119,673	\$ 1,585,042	\$ 3,997,520
30	Rate Schedule Revenue as Proposed	\$ 448,037,712	\$ 310,225,283	\$ 91,574,144	\$ 18,852,570	\$ 8,718,600	\$ 3,100,937	\$ 5,601,446	\$ 1,678,086	\$ 8,286,647
31	Other Revenue	6,760,042	4,549,895	1,932,279	121,667	62,598	25,836	36,239	25	31,504
32	Revenue as Proposed	\$ 454,797,754	\$ 314,775,178	\$ 93,506,422	\$ 18,974,237	\$ 8,781,198	\$ 3,126,773	\$ 5,637,685	\$ 1,678,111	\$ 8,318,151
33	Proposed Revenue Increase	\$ 28,613,958	\$ 20,996,269	\$ 6,199,931	\$ 660,461	\$ 155,476	\$ 55,316	\$ 379,170	\$ 19,470	\$ 147,865
34	Proposed Revenue - Revenue Requirement	\$ 454,797,754	\$ 314,775,178	\$ 93,506,422	\$ 18,974,237	\$ 8,781,198	\$ 3,126,773	\$ 5,637,685	\$ 1,678,111	\$ 8,318,151
35	Current Revenue to Cost Ratio	0.94	0.92	0.90	1.16	1.12	1.46	0.83	0.67	1.84
36	Parity Ratio	1.00	0.98	0.96	1.24	1.20	1.56	0.89	0.72	1.96
37	Proposed Revenue to Cost Ratio	1.00	0.99	0.96	1.20	1.15	1.49	0.89	0.68	1.87