

**EXHIBIT NO. ___(MJS-11)
DOCKET NOS. UE-111048/UG-111049
2011 PSE GENERAL RATE CASE
WITNESS: MICHAEL J. STRANIK**

**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**

**FIRST EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
MICHAEL J. STRANIK
ON BEHALF OF PUGET SOUND ENERGY, INC.**

JANUARY 17, 2012

PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE

LINE NO.	ACTUAL RESULTS OF OPERATIONS	REVISED TOTAL ADJUSTMENTS	REVISED ADJUSTED RESULTS OF OPERATIONS	REVISED REVENUE REQUIREMENT DEFICIENCY	REVISED AFTER RATE INCREASE
1	<u>OPERATING REVENUES:</u>				
2	\$ 953,445,526	\$ 86,342,728	\$ 1,039,788,253	\$ 28,468,160	\$ 1,068,256,413
3	43,761,997	(43,761,997)	-	-	-
4	14,322,994	575,830	14,898,824	147,865	15,046,689
5	<u>\$ 1,011,530,516</u>	<u>\$ 43,156,561</u>	<u>\$ 1,054,687,077</u>	<u>\$ 28,616,025</u>	<u>\$ 1,083,303,102</u>
6					
7					
8	OPERATING REVENUE DEDUCTIONS:				
9					
10	GAS COSTS:				
11					
12	\$ 535,932,510	\$ 64,990,762	\$ 600,923,272	\$ -	\$ 600,923,272
13					
14	<u>\$ 535,932,510</u>	<u>\$ 64,990,762</u>	<u>\$ 600,923,272</u>	<u>\$ -</u>	<u>\$ 600,923,272</u>
15					
16	\$ 1,937,122	\$ 22,111	\$ 1,959,232	\$ -	\$ 1,959,232
17	226,853	1,584	228,438		228,438
18	50,238,405	(683,277)	49,555,128		49,555,128
19	32,629,594	(2,107,163)	30,522,431	99,441	30,621,872
20	4,454,346	(3,318,461)	1,135,885		1,135,885
21	14,771,682	(14,771,682)	(0)		(0)
22	42,818,070	1,150,297	43,968,367	57,232	44,025,599
23	102,386,843	(6,555,172)	95,831,671		95,831,671
24	12,778,120	0	12,778,120		12,778,120
25	-	0	-		-
26	(187,824)	142,453	(45,370)		(45,370)
27	-	0	-		-
28	98,746,988	(37,779,965)	60,967,023	1,098,455	62,065,478
29	15,204,117	(20,103,386)	(4,899,269)	9,576,324	4,677,055
30	(3,067,771)	45,680,808	42,613,037		42,613,037
31	<u>\$ 908,869,057</u>	<u>\$ (38,321,852)</u>	<u>\$ 334,614,695</u>	<u>\$ 10,831,452</u>	<u>\$ 345,446,146</u>
32					
33	\$ 102,661,460	\$ 16,487,651	\$ 119,149,110	\$ 17,784,573	\$ 136,933,683
34					
35	\$ 1,660,735,111	\$ (2,942,335)	\$ 1,657,792,777	\$ -	\$ 1,657,792,777
36					
37	6.18%		7.19%		8.26%
38					
39	RATE BASE:				
40	2,787,911,459	\$ -	2,787,911,459		
41	(924,038,095)	(2,755,565)	(926,793,660)		
42	(254,856,083)	325,978	(254,530,105)		
43	(27,129,125)	-	(27,129,125)		
44	<u>\$ 1,581,888,156</u>	<u>\$ (2,429,587)</u>	<u>\$ 1,579,458,569</u>		
45	78,846,956	(512,748)	78,334,208		
46	<u>\$ 1,660,735,111</u>	<u>\$ (2,942,335)</u>	<u>\$ 1,657,792,777</u>		

Note: Amounts presented in bold italic have changed since the June 13, 2011 original filing.

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
Adjustment Summary (Page 1)

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12ME December 31, 2010	WATER HEATER DEPRECIATION 12.01	RECLASS BARE TO WRAPPED STEEL 12.02	CONTRACT CHANGES 12.03	TEMPERATURE NORMALIZATION 13.01	REVISED REVENUE & EXPENSES 13.02
1	OPERATING REVENUES:					
2	\$ 953,445,526	\$ -			\$ 33,261,442	\$ 10,718,138
3	43,761,997					
4	14,322,994					575,830
5	\$ 1,011,530,516	\$ -	\$ -	\$ -	\$ 33,261,442	\$ 11,293,969
6						
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	GAS COSTS:					
11						
12	\$ 535,932,510	\$ -			\$ 21,569,842	\$ (15,221,524)
13						
14	\$ 535,932,510	\$ -	\$ -	\$ -	\$ 21,569,842	\$ (15,221,524)
15						
16	\$ 1,937,122	\$ -	\$ -	\$ -	\$ -	\$ -
17	226,853					
18	50,238,405			(984,862)		
19	32,629,594				115,584	39,247
20	4,454,346					
21	14,771,682					
22	42,818,070				66,523	22,588
23	102,386,843	(6,263,399)	300,534			
24	12,778,120					
25	-					
26	(187,824)					
27	-					
28	98,746,988				1,276,774	433,530
29	15,204,117	2,192,190	(105,187)	344,702	3,581,452	9,107,045
30	(3,067,771)					
31	\$ 908,869,057	\$ (4,071,209)	\$ 195,347	\$ (640,161)	\$ 5,040,333	\$ 9,602,410
32						
33	\$ 102,661,460	\$ 4,071,209	\$ (195,347)	\$ 640,161	\$ 6,651,267	\$ 16,913,083
34						
35	\$ 1,660,735,111	\$ (2,218,846)	\$ (97,673)	\$ -	\$ -	\$ -
36						
37	6.18%					
38						
39	RATE BASE:					
40	\$ 2,787,911,459	\$ -	\$ -	\$ -	\$ -	\$ -
41	(924,038,095)	(2,431,349)	(150,267)			
42	(254,856,083)	212,503	52,593			
43	(27,129,125)					
44	\$ 1,581,888,156	\$ (2,218,846)	\$ (97,673)	\$ -	\$ -	\$ -
45	78,846,956					
46	\$ 1,660,735,111	\$ (2,218,846)	\$ (97,673)	\$ -	\$ -	\$ -

Note: Amounts presented in bold italic have changed since the June 13, 2011 original filing.

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
Adjustment Summary (Page 2)

LINE NO.	PASS THROUGH REVENUE & EXPENSE 13.03	FEDERAL INCOME TAX 13.04	REVISED TAX BENEFIT OF PRO FORMA INTEREST 13.05	REVISED MISCELLANEOUS OPERATING EXPENSE 13.06	GENERAL PLANT DEPRECIATION 13.07	NORMALIZE INJURIES & DAMAGES 13.08
1	OPERATING REVENUES:					
2	\$ 42,363,147	\$ -	\$ -	\$ -	\$ -	\$ -
3	(43,761,997)					
4	OTHER OPERATING REVENUES					
5	\$ (1,398,850)	\$ -	\$ -	\$ -	\$ -	\$ -
6						
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	GAS COSTS:					
11						
12	\$ 58,642,444	\$ -	\$ -	\$ -	\$ -	\$ -
13						
14	\$ 58,642,444	\$ -	\$ -	\$ -	\$ -	\$ -
15						
16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	TRANSMISSION EXPENSE					
18	DISTRIBUTION EXPENSE					
19	(4,861)				(72,885)	
20	(3,337,444)					
21	(14,771,682)					
22	(2,798)			(315,605)		83,553
23	DEPRECIATION					
24	AMORTIZATION					
25	AMORTIZATION OF PROPERTY LOSS					
26	OTHER OPERATING EXPENSES					
27	FAS 133					
28	(42,162,546)			(13,987)		
29	83,313	(16,846,707)	(17,987,052)	140,867	207,307	(29,243)
30	DEFERRED INCOME TAXES					
31	\$ (60,196,018)	\$ 28,834,101	\$ (17,987,052)	\$ (261,609)	\$ (384,999)	\$ 54,310
32						
33	\$ 154,724	\$ (28,834,101)	\$ 17,987,052	\$ 261,609	\$ 384,999	\$ (54,310)
34						
35	\$ -	\$ -	\$ -	\$ -	\$ (113,067)	\$ -
36						
37	RATE OF RETURN					
38						
39	RATE BASE:					
40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41	ACCUMULATED DEPRECIATION					
42	ACCUMULATED DEFERRED FIT					
43	OTHER					
44	\$ -	\$ -	\$ -	\$ -	\$ (113,067)	\$ -
45	ALLOWANCE FOR WORKING CAPITAL					
46	\$ -	\$ -	\$ -	\$ -	\$ (113,067)	\$ -

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PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
Adjustment Summary (Page 3)

LINE NO.	BAD DEBTS 13.09	INCENTIVE PAY 13.10	PROPERTY TAXES 13.11	EXCISE TAXES 13.12	D&O INSURANCE 13.13	INTEREST ON CUSTOMER DEPOSITS 13.14	RATE CASE EXPENSES 13.15	DEFERRED GAINS/ LOSSES PROP SALES 13.16
1 OPERATING REVENUES:								
2 SALES TO CUSTOMERS	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
3 MUNICIPAL ADDITIONS								
4 OTHER OPERATING REVENUES								
5 TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6								
7								
8 OPERATING REVENUE DEDUCTIONS:								
9								
10 GAS COSTS:								
11								
12 PURCHASED GAS	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
13								
14 TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15								
16 OTHER POWER SUPPLY EXPENSES	\$ -	\$ (9,798)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17 TRANSMISSION EXPENSE		(723)						
18 DISTRIBUTION EXPENSE		(175,074)						
19 CUSTOMER ACCOUNT EXPENSES	(2,422,201)	(72,601)				21,705		
20 CUSTOMER SERVICE EXPENSES		(8,440)						
21 CONSERVATION AMORTIZATION								
22 ADMIN & GENERAL EXPENSE	-	(84,412)		(0)	(35,964)		219,575	
23 DEPRECIATION								
24 AMORTIZATION								
25 AMORTIZATION OF PROPERTY LOSS								
26 OTHER OPERATING EXPENSES								142,453
27 FAS 133								
28 TAXES OTHER THAN INCOME TAXES		(28,368)	2,566,609	75,779				
29 INCOME TAXES	847,770	132,795	(898,313)	(26,523)	12,587		(76,851)	(49,859)
30 DEFERRED INCOME TAXES								
31 TOTAL OPERATING REV. DEDUCT.	\$ (1,574,431)	\$ (246,621)	\$ 1,668,296	\$ 49,256	\$ (23,376)	\$ 21,705	\$ 142,724	\$ 92,595
32								
33 NET OPERATING INCOME	\$ 1,574,431	\$ 246,621	\$ (1,668,296)	\$ (49,256)	\$ 23,376	\$ (21,705)	\$ (142,724)	\$ (92,595)
34								
35 RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36								
37 RATE OF RETURN								
38								
39 RATE BASE:								
40 UTILITY PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41 ACCUMULATED DEPRECIATION								
42 ACCUMULATED DEFERRED FIT								
43 OTHER								
44 TOTAL NET INVESTMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45 ALLOWANCE FOR WORKING CAPITAL								
46 TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
Adjustment Summary (Page 4)

LINE NO.	PROPERTY & LIABILITY INRS 13.17	PENSION PLAN 13.18	REVISED WAGE INCREASE 13.19	REVISED INVESTMENT PLAN 13.20	REVISED EMPLOYEE INSURANCE 13.21	(NEW) WORKING CAPITAL 13.22	REVISED TOTAL ADJUSTMENTS	REVISED ADJUSTED RESULTS OF OPERATIONS
1	OPERATING REVENUES:							
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,342,728	\$ 1,039,788,253
3							(43,761,997)	-
4							575,830	14,898,824
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,156,561	\$ 1,054,687,077
6								
7								
8	OPERATING REVENUE DEDUCTIONS:							
9								
10	GAS COSTS:							
11								
12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,990,762	\$ 600,923,272
13								
14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,990,762	\$ 600,923,272
15								
16	\$ -	\$ -	\$ -	\$ 31,909	\$ -	\$ -	\$ 22,111	\$ 1,959,232
17				2,307			1,584	228,438
18				549,544			(683,277)	49,555,128
19				215,964			(2,107,163)	30,522,431
20				27,423			(3,318,461)	1,135,885
21							(14,771,682)	(0)
22	(55,003)	896,597	284,336	62,481	8,425		1,150,297	43,968,367
23							(6,555,172)	95,831,671
24							-	12,778,120
25							-	-
26							142,453	(45,370)
27							-	-
28				72,244			(37,779,965)	60,967,023
29	19,251	(313,809)	(414,304)	(21,868)	(2,949)		(20,103,386)	(4,899,269)
30							45,680,808	42,613,037
31	\$ (35,752)	\$ 582,788	\$ 769,423	\$ 40,613	\$ 5,476	\$ -	\$ (38,321,852)	\$ 334,614,695
32								
33	\$ 35,752	\$ (582,788)	\$ (769,423)	\$ (40,613)	\$ (5,476)	\$ -	\$ 16,487,651	\$ 119,149,110
34								
35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (512,748)	\$ (2,942,335)	\$ 1,657,792,777
36								
37	RATE OF RETURN							
38								
39	RATE BASE:							
40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,787,911,459
41							(2,755,565)	(926,793,660)
42							325,978	(254,530,105)
43							-	(27,129,125)
44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(2,429,587)	\$ 1,579,458,569
45						(512,748)	(512,748)	78,334,208
46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (512,748)	\$ (2,942,335)	\$ 1,657,792,777

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