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.

Docket No. UE-111048 Docket No. UG-111049

PUGET SOUND ENERGY, INC.,

Respondent.

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 DPERATIONS		REVISED  TOTAL ADJUSTMENTS		REVISED ADJUSTED RESULTS OF OPERATIONS		REVISED REVENUE REQUIREMENT DEFICIENCY		REVISED AFTER RATE INCREASE
1	OPERATING REVENUES:	¢.	052 445 526	ø	97 343 739	ø	1 020 700 252	ø	20 460 160	ø	1.000 350 413
2	SALES TO CUSTOMERS MUNICIPAL ADDITIONS	\$	953,445,526 43,761,997	\$	<b>86,342,728</b> (43,761,997)	\$	1,039,788,253	\$	28,468,160	\$	1,068,256,413
4	OTHER OPERATING REVENUES		14,322,994		575,830		14,898,824		147,865		15,046,689
5	TOTAL OPERATING REVENUES	\$	1,011,530,516	\$	43,156,561	\$	1,054,687,077	\$	28,616,025	\$	1,083,303,102
6		_	-,,,	-	,,,	-	-,,,	-	,,	,	-,,,
7											
8	OPERATING REVENUE DEDUCTIONS:										
9	G. G. GOOTTO										
10 11	GAS COSTS:										
12	PURCHASED GAS	\$	535,932,510	\$	64,990,762	\$	600,923,272	\$	_	\$	600,923,272
13	Terrein BEB et B	Ψ	555,552,510	Ψ	0.,550,702	Ψ	000,520,272	Ψ		Ψ	000,520,272
14	TOTAL PRODUCTION EXPENSES	\$	535,932,510	\$	64,990,762	\$	600,923,272	\$	-	\$	600,923,272
15											
16	OTHER POWER SUPPLY EXPENSES	\$	1,937,122	\$	,	\$	1,959,232	\$	-	\$	1,959,232
17	TRANSMISSION EXPENSE		226,853		1,584		228,438				228,438
18	DISTRIBUTION EXPENSE		50,238,405		(683,277)		49,555,128				49,555,128
19	CUSTOMER ACCOUNT EXPENSES		32,629,594		(2,107,163)		30,522,431		99,441		30,621,872
20	CUSTOMER SERVICE EXPENSES		4,454,346		(3,318,461)		1,135,885				1,135,885
21	CONSERVATION AMORTIZATION		14,771,682		(14,771,682)		(0)				(0)
	ADMIN & GENERAL EXPENSE		42,818,070		1,150,297		43,968,367		57,232		44,025,599
	DEPRECIATION		102,386,843		(6,555,172)		95,831,671				95,831,671
24	AMORTIZATION OF PROPERTY LOSS		12,778,120		0		12,778,120				12,778,120
25 26	AMORTIZATION OF PROPERTY LOSS OTHER OPERATING EXPENSES		(187,824)		142,453		(45,370)				(45,370)
	FAS 133		(167,624)		142,433		(43,370)				(43,370)
28	TAXES OTHER THAN INCOME TAXES		98,746,988		(37,779,965)		60,967,023		1,098,455		62,065,478
29	INCOME TAXES		15,204,117		(20,103,386)		(4,899,269)		9,576,324		4,677,055
30	DEFERRED INCOME TAXES		(3,067,771)		45,680,808		42,613,037		7,570,524		42,613,037
31	TOTAL OPERATING REV. DEDUCT.	\$	908,869,057	\$		\$	334,614,695	\$	10,831,452	\$	345,446,146
32			, ,		. , , ,		, ,		, ,		, ,
33	NET OPERATING INCOME	\$	102,661,460	\$	16,487,651	\$	119,149,110	\$	17,784,573	\$	136,933,683
34											
35	RATE BASE	\$	1,660,735,111		(\$2,942,335)	\$	1,657,792,777	\$	-	\$	1,657,792,777
36											
37	RATE OF RETURN		6.18%				7.19%				8.26%
38											
39	RATE BASE:										
40	UTILITY PLANT IN SERVICE		2,787,911,459	\$		\$	2,787,911,459				
41	ACCUMULATED DEPRECIATION		(924,038,095)		(2,755,565)		(926,793,660)				
42 43	ACCUMULATED DEFERRED FIT OTHER		(254,856,083)		325,978		(254,530,105)				
43 44	TOTAL NET INVESTMENT	\$	(27,129,125) 1,581,888,156	\$	(2,429,587)	¢	(27,129,125) 1,579,458,569				
45	ALLOWANCE FOR WORKING CAPITAL		78,846,956	φ	(512,748)	φ	78,334,208				
46	TOTAL RATE BASE	\$	1,660,735,111	\$		\$	1,657,792,777				
.5		Ψ	1,000,733,111	φ	(2,772,333)	Ψ	1,037,772,777				

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

LINI NO.		C	AL RESULTS OF PERATIONS December 31, 2010		ATER HEATER EPRECIATION 12.01		CLASS BARE TO RAPPED STEEL 12.02	CONTRACT CHANGES 12.03		TEMPERATURE ORMALIZATION 13.01		REVISED REVENUE & EXPENSES 13.02
1 2	OPERATING REVENUES: SALES TO CUSTOMERS	\$	953,445,526	¢					\$	33,261,442	¢	10,718,138
3	MUNICIPAL ADDITIONS	Φ	43,761,997	φ	-				φ	33,201,442	φ	10,710,130
4	OTHER OPERATING REVENUES		14,322,994									575,830
5	TOTAL OPERATING REVENUES	\$	1,011,530,516	\$	-	\$	- \$	-	\$	33,261,442	\$	11,293,969
6												, ,
7												
8	OPERATING REVENUE DEDUCTIONS:											
9	aug gogma											
10	GAS COSTS:											
11 12	PURCHASED GAS	\$	535,932,510	\$	_				\$	21,569,842	¢	(15,221,524)
13	I UKCHASED GAS	φ	333,932,310	φ	-				φ	21,309,642	φ	(13,221,324)
14	TOTAL PRODUCTION EXPENSES	\$	535,932,510	\$	_	\$	- \$		\$	21,569,842	\$	(15,221,524)
15		Ψ	555,552,510	Ψ		Ψ	Ψ		Ψ	21,507,012	Ψ	(10,221,021)
16	OTHER POWER SUPPLY EXPENSES	\$	1,937,122	\$	-	\$	- \$	-	\$	-	\$	-
17	TRANSMISSION EXPENSE		226,853									
18	DISTRIBUTION EXPENSE		50,238,405					(984,862)	)			
19	CUSTOMER ACCOUNT EXPENSES		32,629,594							115,584		39,247
20	CUSTOMER SERVICE EXPENSES		4,454,346									
21	CONSERVATION AMORTIZATION		14,771,682									
22	ADMIN & GENERAL EXPENSE		42,818,070							66,523		22,588
23	DEPRECIATION		102,386,843		(6,263,399)		300,534					
24	AMORTIZATION OF PROPERTY LOSS		12,778,120									
25 26	AMORTIZATION OF PROPERTY LOSS OTHER OPERATING EXPENSES		(197.924)									
	FAS 133		(187,824)							-		-
28	TAXES OTHER THAN INCOME TAXES		98,746,988							1,276,774		433,530
29	INCOME TAXES		15,204,117		2,192,190		(105,187)	344,702		3,581,452		9,107,045
30	DEFERRED INCOME TAXES		(3,067,771)		_,-,-,-,-		(,,	,		-,,		-,,
31	TOTAL OPERATING REV. DEDUCT.	\$		\$	(4,071,209)	\$	195,347 \$	(640,161)	\$	5,040,333	\$	9,602,410
32							·					
33	NET OPERATING INCOME	\$	102,661,460	\$	4,071,209	\$	(195,347) \$	640,161	\$	6,651,267	\$	16,913,083
34												
35	RATE BASE	\$	1,660,735,111	\$	(2,218,846)	\$	(97,673) \$	-	\$	-	\$	-
36												
37	RATE OF RETURN		6.18%									
38												
39	RATE BASE:	¢.	2 707 011 170	ф		Ф			ф		ф	
40	UTILITY PLANT IN SERVICE	\$	2,787,911,459		(2.421.240)	\$	- \$	-	\$	-	\$	-
41 42	ACCUMULATED DEPRECIATION ACCUMULATED DEFERRED FIT		(924,038,095) (254,856,083)		(2,431,349) 212,503		(150,267) 52,593					
43	OTHER		(27,129,125)	φ	212,303		32,393					
44	TOTAL NET INVESTMENT	\$	1,581,888,156	\$	(2,218,846)	\$	(97,673) \$	-	\$	-	\$	-
45	ALLOWANCE FOR WORKING CAPITAL	•	78,846,956				. , , ,					
46	TOTAL RATE BASE	\$	1,660,735,111	\$	(2,218,846)	\$	(97,673) \$	-	\$	-	\$	-

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

LINE NO.			S THROUGH NUE & EXPENSE 13.03		FEDERAL NCOME TAX 13.04		REVISED TAX BENEFIT OF PRO FORMA INTEREST 13.05	o	REVISED MISCELLANEOUS PERATING EXPENSE 13.06		ENERAL PLANT DEPRECIATION 13.07	INJ	NORMALIZE IURIES & DAMAGES 13.08
1 2	OPERATING REVENUES: SALES TO CUSTOMERS	\$	42,363,147	\$	-	\$	-	\$	_	\$	_	\$	-
3	MUNICIPAL ADDITIONS		(43,761,997)										
4	OTHER OPERATING REVENUES												
5 6	TOTAL OPERATING REVENUES	\$	(1,398,850)	\$	-	\$	-	\$	-	\$	-	\$	-
7 8 9	OPERATING REVENUE DEDUCTIONS:												
10 11	GAS COSTS:												
12	PURCHASED GAS	\$	58,642,444	\$	-	\$	-	\$	-	\$	-	\$	-
13													
	TOTAL PRODUCTION EXPENSES	\$	58,642,444	\$	-	\$	-	\$	-	\$	-	\$	-
15 16	OTHER POWER SUPPLY EXPENSES	\$	_	\$	_	\$		\$	_	\$	_	\$	_
	TRANSMISSION EXPENSE	Ψ	_	Ψ	_	Ψ	_	Ψ	_	Ψ	_	Ψ	_
	DISTRIBUTION EXPENSE								(72,885)				
19	CUSTOMER ACCOUNT EXPENSES		(4,861)										
20	CUSTOMER SERVICE EXPENSES		(3,337,444)										
21	CONSERVATION AMORTIZATION		(14,771,682)										
22	ADMIN & GENERAL EXPENSE		(2,798)						(315,605)				83,553
	DEPRECIATION										(592,306)		
	AMORTIZATION AMORTIZATION OF PROPERTY LOSS												
	OTHER OPERATING EXPENSES												
	FAS 133												
	TAXES OTHER THAN INCOME TAXES		(42,162,546)						(13,987)				
29	INCOME TAXES		83,313		(16,846,707)		(17,987,052)	)	140,867		207,307		(29,243)
30	DEFERRED INCOME TAXES				45,680,808								
31	TOTAL OPERATING REV. DEDUCT.	\$	(60,196,018)	\$	28,834,101	\$	(17,987,052)	) \$	(261,609)	\$	(384,999)	\$	54,310
32 33	NET OPERATING INCOME	\$	154,724	¢	(28,834,101)	¢	17,987,052	¢	261,609	¢	384,999	¢	(54.210)
34	NET OPERATING INCOME	<b>3</b>	134,724	Þ	(28,834,101)	φ	17,987,032	φ	201,009	Э	384,999	Þ	(54,310)
	RATE BASE	\$	_	\$	_	\$		\$	-	\$	(113,067)	\$	_
36	KITE BISE	Ψ		Ψ		Ψ		Ψ		Ψ	(115,007)	Ψ	
	RATE OF RETURN												
38													
39	RATE BASE:												
40	UTILITY PLANT IN SERVICE	\$	-	\$	-	\$	-	\$	-	\$		\$	-
41	ACCUMULATED DEPRECIATION								-		(173,949)		-
42 43	ACCUMULATED DEFERRED FIT OTHER										60,882		-
44	TOTAL NET INVESTMENT	\$		\$		\$	_	\$	-	\$	(113,067)	\$	
45	ALLOWANCE FOR WORKING CAPITAL			-		-		+		-	(,007)	-	
46	TOTAL RATE BASE	\$	-	\$	-	\$	-	\$	-	\$	(113,067)	\$	-

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

LINI NO.			BAD DEBTS 13.09	INCENTIVE F PAY 13.10	PROPERTY TAXES 13.11		EXCISE TAXES I 13.12	D&O NSURANCE 13.13	cı	INTEREST ON USTOMER DEPOSITS 13.14		RATE CASE EXPENSES 13.15	DEFERRED GAINS/ LOSSES PROP SALES 13.16
1 2 3 4	OPERATING REVENUES: SALES TO CUSTOMERS MUNICIPAL ADDITIONS OTHER OPERATING REVENUES	\$	- \$	- \$	-				\$	-	\$	-	
5	TOTAL OPERATING REVENUES	\$	- \$	- \$	-	\$	- \$	-	\$	-	\$	- 5	-
6 7													
8	OPERATING REVENUE DEDUCTIONS:												
10	GAS COSTS:												
11 12 13	PURCHASED GAS	\$	- \$	- \$	-				\$	-	\$	-	
14	TOTAL PRODUCTION EXPENSES	\$	- \$	- \$	-	\$	- \$	-	\$	-	\$	- 8	-
15 16 17	OTHER POWER SUPPLY EXPENSES TRANSMISSION EXPENSE	\$	- \$	(9,798) \$ (723)	-	\$	- \$	-	\$	-	\$	- 5	-
18	DISTRIBUTION EXPENSE			(175,074)									
19 20	CUSTOMER ACCOUNT EXPENSES CUSTOMER SERVICE EXPENSES		(2,422,201)	(72,601) (8,440)						21,705			
21	CONSERVATION AMORTIZATION			(0,1-10)									
22			-	(84,412)			(0)	(35,964)				219,575	
23 24													
25	AMORTIZATION OF PROPERTY LOSS												
26	OTHER OPERATING EXPENSES FAS 133												142,453
	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 31	DEFERRED INCOME TAXES 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) 5	(92,595)
34 35	RATE BASE	\$	- \$	- \$	-	\$	- \$	-	\$	-	\$	- 5	-
36 37	RATE OF RETURN												
38 39	RATE BASE:												
40	UTILITY PLANT IN SERVICE	\$	- \$	- \$	-	\$	- \$	-	\$	-	\$	- 5	-
41 42 43	ACCUMULATED DEPRECIATION ACCUMULATED DEFERRED FIT OTHER									- -			
44	TOTAL NET INVESTMENT	\$	- \$	- \$	-	\$	- \$	-	\$	-	\$	- 5	-
45 46	ALLOWANCE FOR WORKING CAPITAL TOTAL RATE BASE	\$	- \$	- \$		\$	- \$		\$	-	\$	- 5	<u> </u>
-10	TO THE MITTED PRODE	Ψ	Ψ	- 9		Ψ	- 9		Ψ		Ψ	- 3	*

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

LINE NO.	OPERTY& BILITY INS 13.17	PENSION PLAN 13.18	ſ 	REVISED WAGE INCREASE 13.19	]	REVISED INVESTMENT PLAN 13.20	REVISED EMPLOYEE INSURANCE 13.21		(NEW) WORKING CAPITAL 13.22		REVISED TOTAL ADJUSTMENTS	A RI	REVISED ADJUSTED ESULTS OF PERATIONS
1 OPERATING REVENUES: 2 SALES TO CUSTOMERS 3 MUNICIPAL ADDITIONS 4 OTHER OPERATING REVENUES	\$ - \$		- \$	-	\$	- \$		-		\$	<b>86,342,728</b> \$ (43,761,997) 575,830	\$	1,039,788,253 - 14,898,824
5 TOTAL OPERATING REVENUES 6	\$ - \$		- \$	-	\$	- \$		- \$		- \$	43,156,561 \$	;	1,054,687,077
7 8 OPERATING REVENUE DEDUCTIONS: 9													
10 GAS COSTS: 11 12 PURCHASED GAS	\$ - \$		- \$	-	\$	- \$		_		\$	64,990,762 \$	ŝ	600,923,272
13 14 TOTAL PRODUCTION EXPENSES	\$ - \$		- \$	-	\$	- \$		- \$		- \$	64,990,762 \$	\$	600,923,272
15 16 OTHER POWER SUPPLY EXPENSES 17 TRANSMISSION EXPENSE 18 DISTRIBUTION EXPENSE 19 CUSTOMER ACCOUNT EXPENSES 20 CUSTOMER SERVICE EXPENSES 21 CONSERVATION AMORTIZATION 22 ADMIN & GENERAL EXPENSE 23 DEPRECIATION 24 AMORTIZATION 25 AMORTIZATION OF PROPERTY LOSS 26 OTHER OPERATING EXPENSES	\$ - \$		- <b>\$</b> 6,597	31,909 2,307 549,544 215,964 27,423 284,336	\$	- \$ 62,481	8,4	25		\$	22,111 \$ 1,584 (683,277) (2,107,163) (3,318,461) (14,771,682) 1,150,297 (6,555,172)	;	1,959,232 228,438 49,555,128 30,522,431 1,135,885 (0) 43,968,367 95,831,671 12,778,120 (45,370)
<ul> <li>27 FAS 133</li> <li>28 TAXES OTHER THAN INCOME TAXES</li> <li>29 INCOME TAXES</li> <li>30 DEFERRED INCOME TAXES</li> </ul>	19,251		3,809)	72,244 (414,304)		(21,868)	(2,9	·			(37,779,965) (20,103,386) 45,680,808		60,967,023 (4,899,269) 42,613,037
31 TOTAL OPERATING REV. DEDUCT. 32	\$ (35,752) \$		2,788 \$	769,423		40,613 \$		76 \$		- \$	(38,321,852) \$		334,614,695
33 NET OPERATING INCOME 34	\$ 35,752 \$	`	2,788) \$	(769,423)		(40,613) \$	(5,4	76) \$		- \$	16,487,651 \$		119,149,110
35 RATE BASE 36 37 RATE OF RETURN 38	\$ - \$		- \$	-	\$	- \$		- \$	(512,74	48) \$	(2,942,335) \$	-	7.19%
39 RATE BASE: 40 UTILITY PLANT IN SERVICE 41 ACCUMULATED DEPRECIATION 42 ACCUMULATED DEFERRED FIT 43 OTHER	\$ - \$		- \$	-	\$	- \$		-		\$	(2,755,565) 325,978	3	2,787,911,459 (926,793,660) (254,530,105) (27,129,125)
<ul><li>44 TOTAL NET INVESTMENT</li><li>45 ALLOWANCE FOR WORKING CAPITA</li></ul>	 - \$		- \$		\$	- \$		- \$	(512,74	_	(2,429,587) \$ (512,748)		1,579,458,569 <b>78,334,208</b>
46 TOTAL RATE BASE	\$ - \$		- \$	=	\$	- \$		- \$	(512,74	<i>48)</i> \$	(2,942,335) \$	}	1,657,792,777