

EXHIBIT NO. ___(JKP-5)
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_____

**FOURTH 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 Cost of Service Study
Proposed Test Year With Gas
Summary**

Line No.	Description	Total Company	Residential (16,23,53)	Comm. & Indus. (31,61)	Large Volume (41,41T)	Interruptible (85, 85T)	Limited Interruptible (86)	Non-Exclusive Interruptible (87, 87T)	Contracts	Rentals
	(a)	(b)	(c)	(d)	(e)	(g)	(h)	(i)	(j)	(k)
Rate Base										
1	Plant in Service	\$ 2,768,540,914	\$ 1,882,032,883	\$ 617,288,941	\$ 108,116,549	\$ 47,272,568	\$ 12,620,798	\$ 46,484,028	\$ 15,827,164	\$ 38,897,982
2	Accumulated Reserve	(936,593,262)	(633,106,504)	(207,868,582)	(33,172,913)	(14,445,994)	(3,974,869)	(13,800,959)	(4,691,113)	(25,532,328)
3	Other Rate Base Items	(216,162,481)	(148,394,125)	(48,140,317)	(8,708,136)	(3,768,641)	(881,226)	(3,808,767)	(1,379,670)	(1,081,598)
4	TOTAL RATE BASE	\$ 1,615,785,171	\$ 1,100,532,254	\$ 361,280,042	\$ 66,235,500	\$ 29,057,933	\$ 7,764,703	\$ 28,874,302	\$ 9,756,381	\$ 12,284,055
Revenue at Current Rates										
5	Gas Revenues	657,871,281	412,059,312	147,137,281	55,891,185	11,935,717	10,122,048	20,725,737	-	-
6	Base Rate Revenues	400,761,162	275,064,939	79,529,687	19,061,817	8,798,769	3,002,014	5,744,807	1,635,888	7,923,242
7	Other Revenues	7,186,116	5,565,312	1,370,000	120,542	53,097	5,313	5,123	12	66,716
8	TOTAL REVENUE	\$ 1,065,818,560	\$ 692,689,563	\$ 228,036,969	\$ 75,073,544	\$ 20,787,583	\$ 13,129,375	\$ 26,475,667	\$ 1,635,900	\$ 7,989,958
Expenses at Current Rates										
9	Operation and Maintenance	757,212,857	490,516,271	164,423,160	55,783,072	13,026,562	10,207,042	21,248,967	446,481	1,561,301
10	Depreciation Expense	107,282,969	73,141,606	23,600,722	4,129,972	1,817,024	482,832	1,772,401	602,574	1,735,838
11	Taxes Other Than Income	56,349,872	37,080,219	12,136,506	3,483,622	1,072,339	582,822	1,268,009	145,561	580,794
12	Income Taxes	29,417,136	20,036,393	6,577,498	1,205,890	529,031	141,365	525,688	177,626	223,645
13	TOTAL EXPENSES - Current	\$ 950,262,834	\$ 620,774,489	\$ 206,737,886	\$ 64,602,556	\$ 16,444,956	\$ 11,414,061	\$ 24,815,066	\$ 1,372,242	\$ 4,101,579
14	Operating Income - Current	\$ 115,555,726	\$ 71,915,075	\$ 21,299,084	\$ 10,470,988	\$ 4,342,627	\$ 1,715,314	\$ 1,660,601	\$ 263,658	\$ 3,888,379
15	Current Rate of Return	7.15%	6.53%	5.90%	15.81%	14.94%	22.09%	5.75%	2.70%	31.65%
Calculation of Rate Schedule Revenue Requirement at Equal Rates of Return										
16	Required Return	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%
17	Required Operating Income	\$ 130,878,599	\$ 89,143,113	\$ 29,263,683	\$ 5,365,076	\$ 2,353,693	\$ 628,941	\$ 2,338,818	\$ 790,267	\$ 995,008
18	Operating Income (Deficiency)/Surplus	(15,322,873)	(17,228,038)	(7,964,600)	5,105,912	1,988,934	1,086,373	(678,218)	(526,609)	2,893,371
19	Revenue Conversion Factor	0.6218								
20	Revenue (Deficiency) / Surplus	\$ (24,643,005)	\$ (23,589,643)	\$ (10,020,657)	\$ 4,719,566	\$ 1,818,647	\$ 1,039,187	\$ (839,933)	\$ (580,493)	\$ 2,810,322
21	Revenue Requirement	\$ 1,090,461,565	\$ 716,279,206	\$ 238,057,626	\$ 70,353,978	\$ 18,968,936	\$ 12,090,189	\$ 27,315,600	\$ 2,216,393	\$ 5,179,636
22	Revenues Other Than Rate Sch. Rev.	7,186,116	5,565,312	1,370,000	120,542	53,097	5,313	5,123	12	66,716
23	Rate Schedule Revenue Requirement	1,083,275,449	710,713,894	236,687,626	70,233,436	18,915,839	12,084,875	27,310,477	2,216,380	5,112,920
24	Deficiency / (Surplus) as % of Rate Rev	2.33%	3.43%	4.42%	-6.30%	-8.77%	-7.92%	3.17%	35.48%	-35.47%
Expenses at Required Return										
25	Operation and Maintenance	\$ 757,335,801	\$ 490,608,589	\$ 164,446,580	\$ 55,786,182	\$ 13,027,691	\$ 10,207,490	\$ 21,249,674	\$ 446,682	\$ 1,562,913
26	Depreciation Expense	107,282,969	73,141,606	23,600,722	4,129,972	1,817,024	482,832	1,772,401	602,574	1,735,838
27	Taxes Other Than Income	57,296,286	37,729,796	12,324,319	3,528,637	1,093,117	589,911	1,281,576	149,424	599,506
28	Income Taxes	37,667,909	25,656,102	8,422,323	1,544,112	677,412	181,014	673,131	227,445	286,371
29	TOTAL EXPENSES - Required	\$ 959,582,966	\$ 627,136,094	\$ 208,793,943	\$ 64,988,903	\$ 16,615,243	\$ 11,461,248	\$ 24,976,782	\$ 1,426,126	\$ 4,184,628
30	Rate Schedule Revenue as Proposed	\$ 1,083,016,895	\$ 704,081,889	\$ 231,568,368	\$ 76,127,184	\$ 21,276,216	\$ 13,309,124	\$ 26,824,697	\$ 1,676,069	\$ 8,153,349
31	Other Revenue	7,186,116	5,565,312	1,370,000	120,542	53,097	5,313	5,123	12	66,716
32	Revenue as Proposed	\$ 1,090,203,011	\$ 709,647,202	\$ 232,938,368	\$ 76,247,726	\$ 21,329,313	\$ 13,314,437	\$ 26,829,819	\$ 1,676,081	\$ 8,220,065
33	Proposed Revenue Increase	\$ 24,384,451	\$ 16,957,638	\$ 4,901,399	\$ 1,174,182	\$ 541,731	\$ 185,062	\$ 354,152	\$ 40,181	\$ 230,107
34	Proposed Revenue - Revenue Requirement	\$ 1,090,203,011	\$ 709,647,202	\$ 232,938,368	\$ 76,247,726	\$ 21,329,313	\$ 13,314,437	\$ 26,829,819	\$ 1,676,081	\$ 8,220,065
35	Current Revenue to Cost Ratio	0.98	0.97	0.96	1.07	1.10	1.09	0.97	0.74	1.55
36	Parity Ratio	1.00	0.99	0.98	1.09	1.12	1.11	0.99	0.76	1.59
37	Proposed Revenue to Cost Ratio	1.00	0.99	0.98	1.08	1.12	1.10	0.98	0.76	1.59