

**EXHIBIT NO. \_\_\_(KRK-6)  
DOCKET NO. UE-06 \_\_\_/UG-06 \_\_\_  
2006 PSE GENERAL RATE CASE  
WITNESS: KARL R. KARZMAR**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. UE-06 \_\_\_  
Docket No. UG-06 \_\_\_**

**FIFTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF  
KARL R. KARZMAR  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**FEBRUARY 15, 2006**

**PUGET SOUND ENERGY-GAS  
ATTRITION  
TWELVE MONTH RESULTS OF OPERATIONS**

	9/30/2003	9/30/2005		12/31/2007	
1 NORMALIZED THERM SALES	1,033,465,074	1,038,450,901	0.002409	1,044,088,714	.
2 OPERATING REVENUES:					
3 SALES TO CUSTOMERS	\$ 727,098,208	\$ 735,780,556	0.002409	\$ 739,775,153	\$ 1,398,109
4 MUNICIPAL ADDITIONS	-	-	-	-	
5 OTHER OPERATING REVENUES	13,193,688	17,055,092	0.136957	22,765,537	1,998,656
6 TOTAL OPERATING REVENUES	740,291,896	752,835,648	-	762,540,690	
7					
8 GAS COSTS					
9 PURCHASED GAS	430,266,151	432,341,918	0.002409	434,689,128	(1,548,042)
10 TOTAL PRODUCTION EXPENSES	430,266,151	432,341,918	-	434,689,128	
11					
12 OTHER POWER SUPPLY EXPENSES	1,162,087	1,555,827	0.157075	2,160,351	(211,583)
13 TRANSMISSION EXPENSE	374,864	453,985	0.100484	563,126	(38,199)
14 DISTRIBUTION EXPENSE	25,884,370	34,053,785	0.147001	46,364,348	(4,308,697)
15 CUSTOMER ACCOUNT EXPENSES	20,808,376	22,511,381	0.040116	24,594,420	(729,064)
16 CUSTOMER SERVICE EXPENSES	2,168,895	1,859,274	(0.074125)	1,563,459	103,535
17 CONSERVATION AMORTIZATION	848,149	-	-	-	-
18 ADMIN & GENERAL EXPENSE	32,698,303	42,114,612	0.134890	55,985,922	(4,854,959)
19 AMORTIZATION OF PROPERTY	36,543	3,287	-	3,287	-
20 OTHER OPERATING EXPENSES	600,936	868,224	-	868,224	-
21 Subtotal	84,582,523	103,420,374	-	132,103,136	
22 DEPRECIATION	57,876,318	64,955,994	0.059398	73,960,930	(3,151,728)
23 AMORTIZATION	9,600,784	11,302,712	0.085021	13,580,574	(797,252)
24 TAXES OTHER THAN F.I.T.	44,669,126	43,425,428	(0.014020)	42,067,610	475,236
25 FEDERAL INCOME TAXES	1,999,556	10,947,849	-	(716,138)	-11,663,987
26 DEFERRED INCOME TAXES	21,612,100	8,180,050	-	8,180,050	
27 TOTAL OPERATING REV. DEDUCT.	650,606,558	674,574,325	-	703,865,290	
28					
29 NET OPERATING INCOME	89,685,338	78,261,323	-	58,675,400	
30					
31 RATE BASE	1,067,682,555	1,180,351,743	0.063115	1,354,619,126	
32 RATE OF RETURN	8.40%	8.76%		8.76%	
33 Return on Rate Base	89,685,338	103,398,817	-	118,664,638	
34 Revenue Deficiency - Net of Tax	-	25,137,494		59,989,237	
35				(25,137,494)	
36 Attrition				\$ 34,851,743	

**PUGET SOUND ENERGY-GAS  
ATTRITION  
TWELVE MONTH RESULTS OF OPERATIONS**

	<b>Attrition Results 12/31/2007</b>	<b>Financial Forecast 12/31/2007</b>	<b>Variance</b>	<b>Variance Percent</b>
1 NORMALIZED THERM SALES	1,044,088,714	1,066,503,102	22,414,388	2.15%
2 OPERATING REVENUES:				
3 TOTAL OPERATING REVENUES	\$ 802,980,648	\$1,363,795,000	\$ 560,814,352	
4				
5 OPERATING REVENUE				
6 TOTAL PRODUCTION EXPENSES	434,689,128	957,809,000	523,119,872	
7	368,291,520	405,986,000	37,694,480	
8				
9 OTHER POWER SUPPLY EXPENSES	2,160,351	2,040,000	(120,351)	
10 TRANSMISSION EXPENSE	563,126	2,346,000	1,782,874	
11 DISTRIBUTION EXPENSE	46,364,348	48,284,000	1,919,652	
12 ADMIN, GEN & CUSTOMER	83,229,759	56,601,000	(26,628,759)	
13 CONSERVATION AMORTIZATION	-	3,890,000	3,890,000	
14 Subtotal	132,317,583	113,161,000	(19,156,583)	
15 DEPRECIATION	73,960,930	76,766,000	2,805,070	
16 AMORTIZATION	13,580,574	15,206,000	1,625,426	
17 TAXES OTHER THAN F.I.T.	43,620,056	70,478,000	26,857,944	
18 FEDERAL INCOME TAXES	12,819,435	25,113,000	12,293,565	
19 DEFERRED INCOME TAXES	8,180,050	5,609,000	(2,571,050)	
20 TOTAL OPERATING REV. DEDUCT.	284,478,628	306,333,000	21,854,372	
21				
22 NET OPERATING INCOME	83,812,892	99,653,000	15,840,108	
23	-			
24 RATE BASE	1,354,619,126	1,370,953,000	16,333,874	
25 RATE OF RETURN	8.76%	8.76%		
26 Return on Rate Base	118,664,635	120,095,483	1,430,847	
27 Revenue Deficiency - Net of Tax	\$ 34,851,743	\$ 20,442,483	\$ (14,409,260)	