

**EXHIBIT NO. ___(MJS-4)
DOCKET NO. UE-11___/UG-11___
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-11___
Docket No. UG-11___**

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

JUNE 13, 2011

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

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	OPERATING REVENUES:				
2	\$ 953,445,526	\$ 86,976,708	\$ 1,040,422,234	\$ 31,864,884	\$ 1,072,287,118
3	43,761,997	(43,761,997)	-	-	-
4	14,322,994	575,831	14,898,825	-	14,898,825
5	\$ 1,011,530,516	\$ 43,790,542	\$ 1,055,321,059	\$31,864,884	\$ 1,087,185,943
6					
7					
8	OPERATING REVENUE DEDUCTIONS:				
9					
10	GAS COSTS:				
11					
12	\$ 535,932,510	\$ 65,002,584	\$ 600,935,094	\$ -	\$ 600,935,094
13					
14	\$ 535,932,510	\$ 65,002,584	\$ 600,935,094	\$ -	\$ 600,935,094
15					
16	\$ 1,937,122	\$ 38,715	\$ 1,975,837	\$ -	\$ 1,975,837
17	226,853	3,910	230,764	-	230,764
18	50,238,405	(193,087)	50,045,318	-	50,045,318
19	32,629,594	(1,938,909)	30,690,685	110,730	30,801,416
20	4,454,346	(3,312,974)	1,141,372	-	1,141,372
21	14,771,682	(14,771,682)	(0)	-	(0)
22	42,818,070	1,240,280	44,058,350	63,730	44,122,080
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	(37,712,763)	61,034,225	1,223,165	62,257,390
29	15,204,117	(20,997,781)	(5,793,664)	10,663,552	4,869,888
30	(3,067,771)	45,680,808	42,613,037	-	42,613,037
31	\$ 908,869,057	\$ (38,376,201)	\$ 334,560,346	\$ 12,061,177	\$ 346,621,523
32					
33	\$ 102,661,460	\$ 17,164,159	\$ 119,825,619	\$ 19,803,707	\$ 139,629,325
34					
35	\$ 1,660,735,111	(\$2,429,587)	\$ 1,658,305,524	\$ -	\$ 1,658,305,524
36					
37	6.18%		7.23%		8.42%
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	\$ 1,581,888,156	\$ (2,429,587)	\$ 1,579,458,569	-	-
45	78,846,956	-	78,846,956	-	-
46	\$ 1,660,735,111	\$ (2,429,587)	\$ 1,658,305,524	-	-

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

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12ME December 31, 2010	WATER HEATER DEPRECIATION 5.01	RECLASS BARE TO WRAPPED STEEL 5.02	CONTRACT CHANGES 5.03	TEMPERATURE NORMALIZATION 6.01	REVENUE & EXPENSES 6.02
1	OPERATING REVENUES:					
2	SALES TO CUSTOMERS	\$ 953,445,526	\$ -	\$ -	\$ 33,261,442	\$ 11,352,119
3	MUNICIPAL ADDITIONS	43,761,997				575,831
4	OTHER OPERATING REVENUES	14,322,994				
5	TOTAL OPERATING REVENUES	\$ 1,011,530,516	\$ -	\$ -	\$ 33,261,442	\$ 11,927,950
6						
7						
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	GAS COSTS:					
11						
12	PURCHASED GAS	\$ 535,932,510	\$ -	\$ -	\$ 21,569,842	\$ (15,209,702)
13						
14	TOTAL PRODUCTION EXPENSES	\$ 535,932,510	\$ -	\$ -	\$ 21,569,842	\$ (15,209,702)
15						
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				41,450
20	CUSTOMER SERVICE EXPENSES	4,454,346				
21	CONSERVATION AMORTIZATION	14,771,682				
22	ADMIN & GENERAL EXPENSE	42,818,070				
23	DEPRECIATION	102,386,843	(6,263,399)			23,856
24	AMORTIZATION	12,778,120				
25	AMORTIZATION OF PROPERTY LOSS	(187,824)				
26	OTHER OPERATING EXPENSES					
27	FAS 133					
28	TAXES OTHER THAN INCOME TAXES	98,746,988				
29	INCOME TAXES	15,204,117	2,192,190	(105,187)		457,866
30	DEFERRED INCOME TAXES	(3,067,771)				9,315,068
31	TOTAL OPERATING REV. DEDUCT.	\$ 908,869,057	\$ (4,071,209)	\$ 195,347	\$ (640,161)	\$ 9,838,240
32						
33	NET OPERATING INCOME	\$ 102,661,460	\$ 4,071,209	\$ (195,347)	\$ 640,161	\$ 17,299,412
34						
35	RATE BASE	\$ 1,660,735,111	\$ (2,218,846)	\$ (97,673)		
36						
37	RATE OF RETURN	6.18%				
38						
39	RATE BASE:					
40	UTILITY PLANT IN SERVICE	\$ 2,787,911,459			\$ -	\$ -
41	ACCUMULATED DEPRECIATION	(924,038,095)	(2,431,349)			
42	ACCUMULATED DEFERRED FIT	(254,856,083)	212,503			
43	OTHER	(27,129,125)				
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

LINE NO.	PASS THROUGH REVENUE & EXPENSE 6.03	FEDERAL INCOME TAX 6.04	TAX BENEFIT OF PRO FORMA INTEREST 6.05	MISCELLANEOUS OPERATING EXPENSE 6.06	GENERAL PLANT DEPRECIATION 6.07	NORMALIZE INJURIES & DAMAGES 6.08
1	OPERATING REVENUES:					
2	SALES TO CUSTOMERS	\$ 42,363,147	\$ -	\$ -	\$ -	\$ -
3	MUNICIPAL ADDITIONS	(43,761,997)				
4	OTHER OPERATING REVENUES					
5	TOTAL OPERATING REVENUES	\$ (1,398,850)	\$ -	\$ -	\$ -	\$ -
6						
7	OPERATING REVENUE DEDUCTIONS:					
8						
9						
10	GAS COSTS:					
11						
12	PURCHASED GAS	\$ 58,642,444	\$ -	\$ -	\$ -	\$ -
13						
14	TOTAL PRODUCTION EXPENSES	\$ 58,642,444	\$ -	\$ -	\$ -	\$ -
15						
16	OTHER POWER SUPPLY EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
17	TRANSMISSION EXPENSE					
18	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)		(313,688)	(592,306)	83,553
23	DEPRECIATION					
24	AMORTIZATION					
25	AMORTIZATION OF PROPERTY LOSS					
26	OTHER OPERATING EXPENSES					
27	FAS 133					
28	TAXES OTHER THAN INCOME TAXES	(42,162,546)				
29	INCOME TAXES	83,313	(18,805,185)	(13,987)	207,307	(29,243)
30	DEFERRED INCOME TAXES	(16,846,707)		140,196		
31	TOTAL OPERATING REV. DEDUCT.	\$ (60,196,018)	\$ (18,805,185)	\$ (260,363)	\$ (384,999)	\$ 54,310
32						
33	NET OPERATING INCOME	\$ 154,724	\$ (28,834,101)	\$ 260,363	\$ 384,999	\$ (54,310)
34						
35	RATE BASE					
36						
37	RATE OF RETURN					
38						
39	RATE BASE:					
40	UTILITY PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -
41	ACCUMULATED DEPRECIATION				(173,949)	
42	ACCUMULATED DEFERRED FIT					
43	OTHER				60,882	
44	TOTAL NET INVESTMENT	\$ -	\$ -	\$ -	\$ (113,067)	\$ -
45	ALLOWANCE FOR WORKING CAPITAL					
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

LINE NO.	PROPERTY & LIABILITY INS 6.17	PENSION PLAN 6.18	WAGE INCREASE 6.19	INVESTMENT PLAN 6.20	EMPLOYEE INSURANCE 6.21	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1	OPERATING REVENUES:						
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,976,708	\$ 1,040,422,234
3						(43,761,997)	-
4						575,831	14,898,825
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,790,542	\$ 1,055,321,059
6							
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	GAS COSTS:						
11							
12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,002,584	\$ 600,935,094
13							
14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,002,584	\$ 600,935,094
15							
16	\$ -	\$ -	\$ 48,513	\$ -	\$ -	\$ 38,715	\$ 1,975,837
17			4,633			3,910	230,764
18			1,039,734			(193,087)	50,045,318
19			382,015			(1,938,909)	30,690,685
20			32,910			(3,312,974)	1,141,372
21						(14,771,682)	(0)
22	(55,003)	896,597	300,415	80,545	61,081	1,240,280	44,058,350
23						(6,555,172)	95,831,671
24						-	12,778,120
25						142,453	(45,370)
26						-	-
27						-	-
28						(37,712,763)	61,034,225
29	19,251	(313,809)	(673,165)	(28,191)	(21,378)	(20,997,781)	(5,793,664)
30						45,680,808	42,613,037
31	(35,752)	582,788	1,250,164	52,354	39,703	(38,376,201)	334,560,346
32	\$	\$	\$	\$	\$	\$	\$
33	\$ 35,752	\$ (582,788)	\$ (1,250,164)	\$ (52,354)	\$ (39,703)	\$ 17,164,159	\$ 119,825,619
34							
35						\$ (2,429,587)	\$ 1,658,305,524
36							
37							7.23%
38							
39	RATE BASE:						
40							
41							
42						(2,755,565)	2,787,911,459
43						325,978	(926,793,660)
44						-	(254,530,105)
45						(27,129,125)	1,579,458,569
46						(2,429,587)	78,846,956
	\$ -	\$ -	\$ -	\$ -	\$ -	(2,429,587)	\$ 1,658,305,524