

EXHIBIT NO. ___(JKP-8)
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_____

**SEVENTH 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
External Allocators**

Name	Description	Classifier	Total	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
CUSTOMER EXTERNAL ALLOCATORS											
CUST	Average Customers	CUS	748,628	92.41%	7.24%	0.28%	0.02%	0.05%	0.00%	0.00%	0.00%
				691,812	54,230	2,072	133	347	23	12	-
CUSTXT	Customers (excl. transport)	CUS	748,480	92.43%	7.25%	0.27%	0.00%	0.05%	0.00%	0.00%	0.00%
				691,812	54,230	2,049	32	347	10	-	-
DIR_CUSTXT	Customers (excl. transport)	DIRS	748,480	92.43%	7.25%	0.27%	0.00%	0.05%	0.00%	0.00%	0.00%
				691,812	54,230	2,049	32	347	10	-	-
MTRS_CUS	Customer Meters - Acc 381	CUS	127,823,813	74.91%	23.58%	1.27%	0.08%	0.16%	0.00%	0.00%	0.00%
				95,751,282	30,146,980	1,626,706	98,518	198,221	-	2,107	-
MTRS_INST	Meters Installation - Acc 382	CUS	30,321,630	92.36%	7.45%	0.16%	0.01%	0.02%	0.00%	0.00%	0.00%
				28,005,831	2,258,413	48,551	3,037	5,719	-	79	-
MTRS_385	Regulators - Acc 385	CUS	46,156,465	0.62%	61.06%	24.86%	6.22%	5.52%	1.09%	0.63%	0.00%
				285,016	28,183,693	11,472,555	2,871,309	2,548,983	503,083	291,824	-
SERV	Services	CUS	934,243	74.05%	25.04%	0.78%	0.00%	0.13%	0.00%	0.00%	0.00%
				691,812	233,935	7,277	-	1,219	-	-	-
DIR380	Distr. Plant - Services	CUS	2,767,070	0.00%	0.00%	0.00%	78.26%	0.00%	10.05%	11.68%	0.00%
				-	-	-	2,165,631	-	278,122	323,316	-
DIR252	Cust. Adv. in Aid of Construction (# cust)	CUS	748,084	92.48%	7.25%	0.28%	0.00%	0.00%	0.00%	0.00%	0.00%
				691,805	54,208	2,072					
DIR386	Rental Property	CUS	1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
											1
DIR_DSALES	Direct Distr. Assignment to Sales	DIRS	1,917,845	0.74%	47.07%	16.36%	1.82%	3.87%	0.31%	0.00%	29.84%
				14,160	902,709	313,770	34,855	74,215	5,893	-	572,244
DIR_DTRNSP	Direct Distr. Assignment to Transport	DIRT	80,169	0.00%	0.00%	12.95%	64.78%	0.00%	10.44%	11.83%	0.00%
				-	-	10,384	51,935	-	8,369	9,481	-
DIR_CASALES	Direct Cust. Acct. Assignment to Sales	DIRS	762,839	1.60%	49.60%	15.90%	16.33%	5.85%	10.71%	0.00%	0.00%
				12,223	378,374	121,329	124,610	44,616	81,687	-	-
DIR_CATRNSP	Direct Cust. Acct. Assignment to Transport	DIRT	120,400	0.00%	0.00%	24.02%	47.76%	0.00%	18.88%	9.33%	0.00%
				-	-	28,925	57,509	-	22,729	11,237	-

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DIR_CSISALES_908	Direct Cust. Service Assignment to Sales_908	DIRS	282,472	0.00%	3.46%	2.10%	0.06%	0.17%	0.00%	0.00%	94.20%
				-	9,777	5,940	163	491	2		266,099
DIR_CSITRNSP_908	Direct Cust. Service Assignment to Transport_908	DIRT	527	0.00%	0.00%	29.38%	70.35%	0.00%	0.27%	0.00%	0.00%
				-	-	155	371	-	1	-	-
TRANSCUS	Transport Customers	DIRT	148	0.00%	0.00%	15.11%	67.98%	0.00%	8.79%	8.12%	0.00%
				-	-	22	101	-	13	12	-
SALES_902	Sales Meter Reading Costs	DIRS	12,375,558	89.62%	9.35%	0.72%	0.11%	0.17%	0.03%	0.00%	0.00%
				11,090,368	1,156,715	89,632	13,436	21,162	4,244	-	-
TRANS_902	Transport Meter Reading Costs	DIRT	48,325	0.00%	0.00%	12.11%	65.93%	0.00%	10.43%	11.53%	0.00%
				-	-	5,851	31,863	-	5,040	5,571	-
DIR_CSI_910	Direct Cust. Service Assignment to 910	CUS	14,940	0.00%	52.28%	16.73%	16.25%	4.03%	9.69%	1.03%	0.00%
				-	7,810	2,499	2,427	602	1,447	154	-
DIR904	Uncollectibles	CUS	18,502,527	79.41%	18.52%	1.04%	0.06%	0.11%	0.00%	0.00%	0.86%
				14,692,626	3,426,165	192,185	11,764	19,818	-	-	159,970
DIR235	Customer Deposit	CUS	5,062,377	76.84%	22.32%	0.36%	0.00%	0.47%	0.00%	0.00%	0.00%
				3,890,119	1,130,173	18,297	-	23,787	-	-	-
DIR920_TRNSPT	Acct. 920 Direct Assignment to Transport	DIRT	49,704	0.00%	0.00%	12.09%	65.93%	0.00%	10.44%	11.54%	0.00%
						6,008	32,772		5,189	5,735	
DIR921_TRNSPT	Acct. 921 Direct Assignment to Transport	DIRT	1,916	0.00%	0.00%	12.09%	65.93%	0.00%	10.44%	11.54%	0.00%
						232	1,264		200	221	
DIR926_SALES	Acct. 926 Direct Assignment to Sales	DIRS	526,092	1.47%	61.48%	18.41%	8.24%	5.68%	4.72%	0.00%	0.00%
				7,717	323,461	96,849	43,354	29,874	24,836		
DIR926_TRNSPT	Acct. 926 Direct Assignment to Transport	DIRT	70,591	0.00%	0.00%	16.66%	58.13%	0.00%	14.18%	11.03%	0.00%
				-	-	11,762	41,035	-	10,011	7,783	
DIR408_SALES	Acct. 408 Direct Assignment to Sales	DIRS	170,641	1.46%	61.49%	18.45%	8.21%	5.67%	4.70%	0.00%	0.00%
				2,495	104,934	31,489	14,017	9,678	8,027		
DIR408_TRNSPT	Acct. 408 Direct Assignment to Transport	DIRT	22,810	0.00%	0.00%	16.66%	58.15%	0.00%	14.17%	11.02%	0.00%
				-	-	3,799	13,264	-	3,232	2,515	

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COMMODITY EXTERNAL ALLOCATORS											
OTHREV	Other Operating Revenue	COM	7,186,116	77.45% 5,565,312	19.06% 1,370,000	1.68% 120,542	0.74% 53,097	0.07% 5,313	0.07% 5,123	0.00% 12	0.93% 66,716
SALESREV	Sales Margin Revenue	COM	379,223,829	72.53% 275,064,939	20.97% 79,529,687	4.80% 18,184,767	0.46% 1,761,795	0.79% 3,002,014	0.44% 1,680,626	0.00% -	0.00% -
GASREV	Gas Cost Recovery Revenue	COM	657,871,281	62.64% 412,059,312	22.37% 147,137,281	8.50% 55,891,185	1.81% 11,935,717	1.54% 10,122,048	3.15% 20,725,737	0.00% -	0.00% -
STRREV	Sales, Transportation and Rental Margin Revenue	COM	400,761,162	68.64% 275,064,939	19.84% 79,529,687	4.76% 19,061,817	2.20% 8,798,769	0.75% 3,002,014	1.43% 5,744,807	0.41% 1,635,888	1.98% 7,923,242
TRANSREV	Margin Revenue from Transportation for Others	COM	13,614,092	0.00% -	0.00% -	6.44% 877,050	51.69% 7,036,973	0.00% -	29.85% 4,064,181	12.02% 1,635,888	0.00% -
SGTREV	Sales, Gas & Transportation Revenue	COM	1,050,709,202	65.40% 687,124,251	21.57% 226,666,969	7.13% 74,953,002	1.97% 20,734,486	1.25% 13,124,062	2.52% 26,470,544	0.16% 1,635,888	0.00% -
STREV	Sales & Transportation Margin Revenue	COM	392,837,920	70.02% 275,064,939	20.24% 79,529,687	4.85% 19,061,817	2.24% 8,798,769	0.76% 3,002,014	1.46% 5,744,807	0.42% 1,635,888	0.00% -
COM1	Weather Normalized Volumes	COM	1,090,182,856	50.19% 547,214,122	18.05% 196,768,099	7.35% 80,167,287	7.57% 82,509,251	1.30% 14,201,718	12.22% 133,171,782	3.32% 36,150,597	0.00% -
COM1XT_COM	Weather Normalized Volumes (excl. Transportation)	COM	880,294,304	62.16% 547,214,122	22.35% 196,768,099	8.60% 75,749,199	1.91% 16,813,744	1.61% 14,201,718	3.36% 29,547,422	0.00% -	0.00% -
SEAS3_COM	Seasonal 3	COM	1.0000	69.41% 0.6941	21.21% 0.2121	5.10% 0.0510	1.11% 0.0111	1.60% 0.0160	1.57% 0.0157	0.00% -	0.00% -
COM1GS	Weather Normalized Volumes	COM	1,090,182,856	50.19% 547,214,122	18.05% 196,768,099	7.35% 80,167,287	7.57% 82,509,251	1.30% 14,201,718	12.22% 133,171,782	3.32% 36,150,597	0.00% -
PDAYXT_COM	Peak Day (excl. transport)	COM	9,035,466	71.24% 6,436,454	24.09% 2,176,952	4.45% 401,805	0.11% 10,036	0.11% 9,687	0.01% 532	0.00% -	0.00% -
TF1_COM	TF-1 Allocator (Annual, Winter & Peak Day Sales)	COM	1.0000	65.79% 0.6579	22.68% 0.2268	6.92% 0.0692	1.28% 0.0128	1.18% 0.0118	2.15% 0.0215	0.00% -	0.00% -
SEAS2_COM	Seasonal 2	COM	569,115,050	64.77% 368,633,685	21.94% 124,861,764	7.34% 41,798,903	1.62% 9,227,661	1.61% 9,153,141	2.71% 15,439,896	0.00% -	0.00% -
JPTF2_COM	TF-2 Allocator (Seasonal Sales & Peak Day x Transport)	COM	1.0000	70.57% 0.7057	23.86% 0.2386	4.75% 0.0475	0.27% 0.0027	0.26% 0.0026	0.29% 0.0029	0.00% -	0.00% -

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DEMAND EXTERNAL ALLOCATORS											
PAVG	Peak and Average	DEM	1.0000	63.54%	21.84%	5.50%	3.02%	0.50%	4.25%	1.36%	0.00%
				0.6354	0.2184	0.0550	0.0302	0.0050	0.0425	0.0136	-
PA_MAINS	Peak and Average for Mains	DEM	1,305,148,020	64.97%	22.34%	5.69%	2.68%	0.52%	2.82%	0.97%	0.00%
				847,917,342	291,634,825	74,267,685	34,914,587	6,827,739	36,867,937	12,717,905	-
PDAY	Peak Day (Design Day)	DEM	9,201,060	69.95%	23.66%	4.62%	0.83%	0.11%	0.42%	0.42%	0.00%
				6,436,454	2,176,952	425,065	76,146	9,687	38,273	38,483	-
PDAYXT	Peak Day (excl. transport)	DEM	9,035,466	71.24%	24.09%	4.45%	0.11%	0.11%	0.01%	0.00%	0.00%
				6,436,454	2,176,952	401,805	10,036	9,687	532	-	-
SEAS2_DEM	Seasonal 2	DEM	569,115,050	64.77%	21.94%	7.34%	1.62%	1.61%	2.71%	0.00%	0.00%
				368,633,685	124,861,764	41,798,903	9,227,661	9,153,141	15,439,896	-	-
SEAS3_DEM	Seasonal 3	DEM	1.0000	69.41%	21.21%	5.10%	1.11%	1.60%	1.57%	0.00%	0.00%
				0.6941	0.2121	0.0510	0.0111	0.0160	0.0157	-	-
JPTF2_DEM	TF-2 Allocator (Seas.Sales & Peak Day x Transport)	DEM	1.0000	70.57%	23.86%	4.75%	0.27%	0.26%	0.29%	0.00%	0.00%
				0.7057	0.2386	0.0475	0.0027	0.0026	0.0029	-	-
COM1XT_DEM	Weather Normalized Volumes x Transport	DEM	880,294,304	62.16%	22.35%	8.60%	1.91%	1.61%	3.36%	0.00%	0.00%
				547,214,122	196,768,099	75,749,199	16,813,744	14,201,718	29,547,422	-	-
TF1_DEM	TF-1 Allocator (Annual, Winter & Peak Day Sales)	DEM	1	65.79%	22.68%	6.92%	1.28%	1.18%	2.15%	0.00%	0.00%
				0.6579	0.2268	0.0692	0.0128	0.0118	0.0215	-	-

**Puget Sound Energy
2010 Gas Cost of Service Study
Internal Allocation Factors**

Name	Description	Total
INDUSMR	Industrial Measurement & Regulation (Acct. 385)	39,134,366
MRHREG	Meters & House Regulators (Accts. 381 & 383)	74,997,742
CUSINSTL	Customer Installation (Accts. 382 & 384)	208,672,555
PLT	Plant - Prod., Stor.(excluding JP Balancing), Trans., Distr.	2,524,680,228
OML	O&M Labor Expense (excluding JP Balancing Exp.)	33,136,316
PRODPT	Production Plant	6,104,831
DISTPT	Distribution Plant excluding Rentals	2,403,413,707
PLTXR	Plant excluding Rentals	2,496,539,794
PROD_OML	Production O&M Labor Exp. (Accounts 717 - 742)	144,397
GAS	Gas Costs	629,304,268
STORPT	Underground Storage Plant	32,251,019
DIST_OML	Distribution O&M Labor Exp. (Accounts 871 - 894)	20,217,615

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Name	Description	Total
DMAINS	Mains Plant (Account 376)	1,305,148,020
CUSTACC	Customer Account Expense (Accounts 902 - 904)	27,942,209
CSI	Customer Service & Information Expense (Accounts 908 & 909)	1,066,425
OM	O&M Expenses Excluding Gas & A&G	81,332,382
BASE	Rate Base	1,615,785,171
MR_EXP	Meter Reading Expenses	12,761,239
STOR_OML	Underground Storage O&M Labor (Excluding JP Bal.)	395,432
GENPLT	General Plant	127,304,372
DSERV	Distribution Service Plant (Account 380)	690,629,671
DMAINS_SERV	Distribution Mains & Services Plant (Accounts 376 & 380)	1,995,777,690
NETPLT	Net Plant - Prod., Stor. (x JP Bal.), Trans., Distr.	1,719,319,425

**Puget Sound Energy
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Internal Allocation Factors**

Name	Description	Total
LNGPLT	Local Storage (LNG) Plant	14,310,230
DISTOM	Distribution O&M Operating Exp. (Accounts 871 - 879)	26,957,869
DMAINT	Distr. O&M Maintenance (Accounts 887 - 893)	15,529,458
EXP903	Customer Collection & Record Expenses (Account 903)	14,013,280
EXP908	Customer Assistance Expenses (Account 908)	554,724
EXP912	Demonstrating & Selling Expenses (Account 912)	160,257
LSTORPT	Local Storage Plant	14,310,230