

**EXHIBIT NO. _____ (JAH-11T)
DOCKET NO. UG-040640/UE-040641
2004 PSE GENERAL RATE CASE
WITNESS: JAMES A. HEIDELL**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UG-040640
Docket No. UE-040641**

**SUPPLEMENTAL PREFILED DIRECT TESTIMONY OF
JAMES A. HEIDELL (NONCONFIDENTIAL)
ON BEHALF OF PUGET SOUND ENERGY, INC.**

JUNE 2, 2004

1 **PUGET SOUND ENERGY, INC.**

2 **SUPPLEMENTAL PREFILED DIRECT TESTIMONY**

3 **OF JAMES A. HEIDELL**

4 **Q. Are you the same James A. Heidell who prefiled direct testimony in this case,**
5 **Docket Nos. UG-040640 and UE-040641, on April 5, 2004?**

6 A. Yes.

7 **Q. Has the Company rerun the electric cost of service model to reflect the**
8 **Commission's Order No. 14 in Docket No. UE-031725, PSE's power cost only**
9 **rate case?**

10 A. Yes. Ms. Paulson reran the studies using both the Company's proposed cost of
11 service approach for this general rate case as well as recasting the study in
12 accordance with the Commission's last approved methodology. The parity results
13 did not change significantly. However, she provided the results of that study to
14 me for consideration with respect to potential impacts on rate spread and rate
15 design. Those results are shown in the workpapers for my Exhibit No. ____ (JAH-
16 11), described below, which have been provided to the other parties to this
17 proceeding.

18 **Q. Have you revised your methodology for allocating the electric revenue**
19 **deficiency as a result of Order No. 14 in Docket No. UE-031725?**

20 A. No. However, I have rerun the rate spread methodology presented in my original

1 testimony to show the impact of the changes discussed by Mr. Story in his
 2 supplemental testimony. As a result of using the same methodology applied for
 3 my original testimony, there are small changes to the allocation of the revenue
 4 deficiency to each class. The change in parity ratios and rate increase by
 5 customer class pursuant to the impact of Order No. 14 are shown in the following
 6 three tables.

7

Customer Class	Parity Ratio Commission Basis April 5 Filing	Parity Ratio Commission Basis per Order No. 14 in UE-031725	Change
Residential	99%	99%	0%
General Service, < 51 kW	104%	104%	0%
General Service, 51 – 350 kW	108%	108%	0%
General Service, >350 kW	96%	96%	0%
Primary Service	96%	96%	0%
All Electric Schools	87%	87%	0%
Retail Wheeling	120%	120%	0%
High Voltage	90%	90%	0%
Lighting Service	86%	86%	0%
Firm Resale	90%	91%	1%
System Total / Average	100%	100%	0%

Customer Class	Parity Ratio PSE Proposed Method April 5 Filing	Parity Ratio PSE Proposed Method per Order No. 14 in UE-031725	Change
Residential	96%	96%	0%
General Service, < 51 kW	102%	102%	0%
General Service, 51 – 350 kW	115%	115%	0%
General Service, >350 kW	108%	108%	0%
Primary Service	101%	101%	0%
All Electric Schools	87%	87%	0%
Retail Wheeling	125%	125%	0%
High Voltage	90%	90%	0%
Lighting Service	86%	86%	0%
Firm Resale	94%	95%	1%
System Total / Average	100%	100%	0%

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Customer Class	Proposed Rate Increase April 5 Filing	Increase per Order No. 14 in UE-031725	Change
Residential	7.35%	7.40%	0.05%
General Service, < 51 kW	3.79%	3.83%	0.02%
General Service, 51 - 350 kW	2.86%	2.88%	0.02%
General Service, >350 kW	2.04%	2.04%	0.00%
Primary Service	5.72%	5.77%	0.04%
All Electric Schools	8.59%	8.65%	0.06%
Retail Wheeling	2.87%	2.87%	0.00%
High Voltage	8.59%	8.65%	0.06%
Lighting Service	8.59%	8.65%	0.06%
Firm Resale	8.59%	8.65%	0.06%
System Total / Average	5.73%	5.77%	0.04%

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3 **Q. Have you calculated what the impact would be on the Company's original**
4 **rate spread and rate design proposal if the Commission's Order No. 14 were**
5 **the only change adopted in this proceeding relative to the Company's April 5,**
6 **2004 filing?**

7 A. Yes. If changes to the original proposal were to be made based solely on Order
8 No. 14, the resulting rate spread and rate design are shown in Exhibit No.____
9 (JAH-11) (This Exhibit parallels Exhibit No.____ (JAH-4)).

10 The new rates that would be consistent with Order No. 14 and Mr. Story's
11 supplemental testimony are summarized in Exhibit No.____ (JAH-12).

1 As a result of changing the power costs to reflect the Commission's Order No. 14
2 in Docket No. UE-031725, there would be changes in the costs classified as
3 energy and demand. This would result in a change in the proposed rates under the
4 original methodology; however, the Company is not proposing such a change at
5 this time. The proposed basic charges would not change.

6 **Q. Are you sponsoring revised proposed tariff sheets?**

7 A. No. Since the proposed tariffs have been suspended, and since other changes will
8 likely be made during the course of this proceeding based on agreed adjustments,
9 true-ups of estimates to actuals and the like, PSE is not proposing revisions to its
10 prefiled tariff sheets and does not expect to do so until the final compliance filing
11 in these dockets.

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