Table 1 - PSE's Expense Per Customer Growth Since the 2004 GRC Test Year

	2004 GRC Docket Nos. UE-040640 & UG-040641	2009 GRC Docket No. UE-090704	2010 GTIF Docket No. UG-101644
Electric			
Approved Test Year Revenue Requirement	$ 1,472,878,464	$ 2,034,528,051	
Less: Approved Test Year Power Costs	994,621,953	1,428,033,627	
Expenses Net of Power Costs	$ 478,256,511	$ 606,494,424	
Test Year Customers	963,672	1,063,953	
Expenses per Customer Net of Power Costs	$ 496	$ 570	
Approx. Annual Average Growth Rate Since 2004 GRC		2.8%	
Gas			
Approved Test Year Revenue Requirement*	$ 296,832,057		$ 440,015,433
Test Year Customers	628,680		748,628
Expenses per Customer	$ 472		$ 588
Approx. Annual Average Growth Rate Since 2004 GRC			3.2%

* The rates approved in PSE's gas GRC's do not relate to gas supply costs. These are handled through PSE's ~~Power~~ Purchased Gas Adjustment Mechanism.

Q. How can a company's revenue-per-customer keep pace between the test year and rate year?

A. Since rates do not change between a "modified" test year and the corresponding rate year, the only way for revenue-per-customer to increase between the test year and rate year is for use-per-customer (i.e., the second part of the Commission’s found margin) to increase between these two time periods or to add new customers at a cost less than what is embedded in rates. Ultimately, for the Commission’s historic ratemaking theory to hold and for a utility’s total revenues and expenses to remain matched in the rate year, its revenue-per-customer must grow at the same rate as its expense-per-customer between the test year and rate year.

Q. Has PSE’s use-per-customer kept pace with its expense-per-customer unrelated to energy supply?