

**EXHIBIT NO. ___(JKP-19)
DOCKET NOS. UE-090704/UG-090705
2009 PSE GENERAL RATE CASE
WITNESS: JANET K. PHELPS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-090704
Docket No. UG-090705**

**THIRD EXHIBIT TO THE PREFILED SUPPLEMENTAL DIRECT
TESTIMONY (NONCONFIDENTIAL) OF
JANET K. PHELPS
ON BEHALF OF PUGET SOUND ENERGY, INC.**

AUGUST 3, 2009

**Puget Sound Energy - 2009 Gas Cost of Service Study
Proposed Test Year With Gas**

Line No.	Description	Total Company	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
	(a)	(b)	(c)	(d)	(e)	(g)	(h)	(i)	(j)	(k)
Summary										
Rate Base										
1	Plant in Service	\$ 2,507,032,469	\$ 1,719,776,683	\$ 542,593,807	\$ 89,966,958	\$ 46,095,020	\$ 12,475,037	\$ 45,015,962	\$ 13,804,753	\$ 37,304,250
2	Accumulated Reserve	(853,149,390)	(584,816,258)	(185,061,304)	(28,355,162)	(14,403,207)	(4,092,879)	(13,587,945)	(4,126,452)	(18,706,183)
3	Other Rate Base Items	(179,492,876)	(124,487,956)	(37,742,017)	(6,432,664)	(3,324,313)	(735,015)	(3,441,801)	(1,112,511)	(2,216,601)
4	TOTAL RATE BASE	\$ 1,474,390,203	\$ 1,010,472,469	\$ 319,790,487	\$ 55,179,132	\$ 28,367,500	\$ 7,647,143	\$ 27,986,216	\$ 8,565,790	\$ 16,381,466
Revenue at Current Rates										
5	Gas Revenues	821,763,382	511,902,119	182,484,807	71,523,420	15,059,735	13,730,206	27,063,096	-	-
6	Base Rate Revenues	395,183,098	270,481,194	78,420,730	18,042,418	8,715,955	3,278,543	6,360,311	1,627,949	8,255,997
7	Other Revenues	8,335,038	6,250,770	1,873,561	112,391	13,616	11,841	21,672	1,960	49,226
8	TOTAL REVENUE	\$ 1,225,281,518	\$ 788,634,083	\$ 262,779,099	\$ 89,678,229	\$ 23,789,306	\$ 17,020,590	\$ 33,445,079	\$ 1,629,909	\$ 8,305,223
Expenses at Current Rates										
9	Operation and Maintenance	916,806,169	587,075,312	199,024,939	71,634,568	16,487,565	13,799,628	27,525,668	474,361	784,128
10	Depreciation Expense	105,884,027	67,827,488	21,600,510	3,665,970	1,861,047	504,421	1,844,616	558,080	8,021,896
11	Taxes Other Than Income	60,768,594	39,426,993	13,457,342	3,835,435	1,148,373	680,456	1,576,450	166,875	476,670
12	Income Taxes	34,525,628	23,662,119	7,488,498	1,292,123	664,279	179,072	655,350	200,584	383,603
13	TOTAL EXPENSES - Current	\$ 1,117,984,418	\$ 717,991,911	\$ 241,571,288	\$ 80,428,097	\$ 20,161,263	\$ 15,163,578	\$ 31,602,085	\$ 1,399,900	\$ 9,666,297
14	Operating Income - Current	\$ 107,297,099	\$ 70,642,171	\$ 21,207,810	\$ 9,250,132	\$ 3,628,044	\$ 1,857,012	\$ 1,842,995	\$ 230,009	\$ (1,361,074)
15	Current Rate of Return	7.28%	6.99%	6.63%	16.76%	12.79%	24.28%	6.59%	2.69%	-8.31%
Calculation of Rate Schedule Revenue Requirement at Equal Rates of Return										
16	Required Return	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%
17	Required Operating Income	\$ 126,207,801	\$ 86,496,443	\$ 27,374,066	\$ 4,723,334	\$ 2,428,258	\$ 654,595	\$ 2,395,620	\$ 733,232	\$ 1,402,253
18	Operating Income (Deficiency)/Surplus	(18,910,702)	(15,854,272)	(6,166,255)	4,526,798	1,199,786	1,202,417	(552,625)	(503,223)	(2,763,327)
19	Revenue Conversion Factor	0.6219								
20	Revenue (Deficiency) / Surplus	\$ (30,408,383)	\$ (23,741,996)	\$ (8,656,274)	\$ 4,099,492	\$ 980,968	\$ 1,143,211	\$ (768,229)	\$ (569,227)	\$ (2,896,328)
21	Revenue Requirement	\$ 1,255,689,901	\$ 812,376,079	\$ 271,435,373	\$ 85,578,737	\$ 22,808,338	\$ 15,877,378	\$ 34,213,308	\$ 2,199,136	\$ 11,201,551
22	Revenues Other Than Rate Sch. Rev.	8,335,038	6,250,770	1,873,561	112,391	13,616	11,841	21,672	1,960	49,226
23	Rate Schedule Revenue Requirement	1,247,354,863	806,125,309	269,561,812	85,466,346	22,794,722	15,865,537	34,191,635	2,197,176	11,152,325
24	Deficiency / (Surplus) as % of Sales & Trans Rev	2.50%	3.03%	3.32%	-4.58%	-4.13%	-6.72%	2.30%	34.97%	35.08%
Expenses at Required Return										
25	Operation and Maintenance	\$ 916,953,133	\$ 587,188,122	\$ 199,050,500	\$ 71,638,464	\$ 16,488,935	\$ 13,800,296	\$ 27,526,668	\$ 474,617	\$ 785,531
26	Depreciation Expense	105,884,027	67,827,488	21,600,510	3,665,970	1,861,047	504,421	1,844,616	558,080	8,021,896
27	Taxes Other Than Income	61,936,610	40,223,198	13,713,205	3,877,757	1,169,903	686,179	1,597,770	173,465	495,131
28	Income Taxes	44,708,329	30,640,827	9,697,093	1,673,212	860,195	231,886	848,634	259,743	496,740
29	TOTAL EXPENSES - Required	\$ 1,129,482,099	\$ 725,879,636	\$ 244,061,307	\$ 80,855,404	\$ 20,380,080	\$ 15,222,783	\$ 31,817,688	\$ 1,465,905	\$ 9,799,298
30	Rate Schedule Revenue as Proposed	\$ 1,247,354,052	\$ 804,502,998	\$ 267,317,466	\$ 90,303,521	\$ 24,132,185	\$ 17,008,620	\$ 33,943,166	\$ 1,684,319	\$ 8,461,777
31	Other Revenue	8,335,038	6,250,770	1,873,561	112,391	13,616	11,841	21,672	1,960	49,226
32	Revenue as Proposed	\$ 1,255,689,090	\$ 810,753,767	\$ 269,191,027	\$ 90,415,912	\$ 24,145,802	\$ 17,020,461	\$ 33,964,839	\$ 1,686,279	\$ 8,511,003
33	Proposed Revenue Increase	\$ 30,407,572	\$ 22,119,685	\$ 6,411,928	\$ 737,683	\$ 356,495	\$ (129)	\$ 519,759	\$ 56,370	\$ 205,780
34	Proposed Revenue - Revenue Requirement	\$ 1,255,689,090	\$ 810,753,767	\$ 269,191,027	\$ 90,415,912	\$ 24,145,802	\$ 17,020,461	\$ 33,964,839	\$ 1,686,279	\$ 8,511,003
35	Current Revenue to Cost Ratio	0.98	0.97	0.97	1.05	1.04	1.07	0.98	0.74	0.74
36	Parity Ratio	1.00	0.99	0.99	1.07	1.07	1.10	1.00	0.76	0.76
37	Proposed Revenue to Cost Ratio	1.00	1.00	0.99	1.06	1.06	1.07	0.99	0.77	0.76