

**EXHIBIT NO. ___(JKP-23)
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**

**SEVENTH 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 (UG-072301 Method)**

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	\$ 1,725,007,861	\$ 544,453,103	\$ 90,667,181	\$ 39,336,242	\$ 12,603,796	\$ 44,738,346	\$ 12,921,689	\$ 37,304,250
2	Accumulated Reserve	(853,149,390)	(586,357,383)	(185,609,059)	(28,561,450)	(12,412,046)	(4,130,812)	(13,506,158)	(3,866,298)	(18,706,183)
3	Other Rate Base Items	(179,492,876)	(124,935,422)	(37,901,058)	(6,492,560)	(2,746,178)	(746,029)	(3,418,054)	(1,036,975)	(2,216,601)
4	TOTAL RATE BASE	\$ 1,474,390,203	\$ 1,013,715,056	\$ 320,942,986	\$ 55,613,171	\$ 24,178,018	\$ 7,726,956	\$ 27,814,133	\$ 8,018,417	\$ 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	6,251,368	1,873,774	112,471	12,844	11,856	21,641	1,859	49,226
8	TOTAL REVENUE	\$ 1,225,281,518	\$ 788,634,681	\$ 262,779,311	\$ 89,678,309	\$ 23,788,533	\$ 17,020,604	\$ 33,445,048	\$ 1,629,808	\$ 8,305,223
Expenses at Current Rates										
9	Operation and Maintenance	916,806,169	587,195,856	199,067,783	71,650,704	16,331,820	13,802,595	27,519,271	454,012	784,128
10	Depreciation Expense	105,884,027	68,040,740	21,676,305	3,694,515	1,585,520	509,670	1,833,299	522,081	8,021,896
11	Taxes Other Than Income	60,768,594	39,490,566	13,479,938	3,843,944	1,066,235	682,021	1,573,077	156,143	476,670
12	Income Taxes	34,525,628	22,861,047	6,951,560	2,553,500	1,169,729	493,291	613,328	121,130	(237,958)
13	TOTAL EXPENSES - Current	\$ 1,117,984,418	\$ 717,588,209	\$ 241,175,586	\$ 81,742,664	\$ 20,153,304	\$ 15,487,577	\$ 31,538,975	\$ 1,253,366	\$ 9,044,736
14	Operating Income - Current	\$ 107,297,099	\$ 71,046,472	\$ 21,603,725	\$ 7,935,645	\$ 3,635,229	\$ 1,533,027	\$ 1,906,073	\$ 376,442	\$ (739,513)
15	Current Rate of Return	7.28%	7.01%	6.73%	14.27%	15.04%	19.84%	6.85%	4.69%	-4.51%
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	\$ 86,774,009	\$ 27,472,720	\$ 4,760,487	\$ 2,069,638	\$ 661,427	\$ 2,380,890	\$ 686,376	\$ 1,402,253
18	Operating Income (Deficiency)/Surplus	(18,910,702)	(15,727,537)	(5,868,994)	3,175,158	1,565,591	871,600	(474,817)	(309,935)	(2,141,767)
19	Revenue Conversion Factor	0.6219								
20	Revenue (Deficiency) / Surplus	\$ (30,408,383)	\$ (24,517,225)	\$ (8,931,811)	\$ 3,995,723	\$ 1,982,578	\$ 1,124,130	\$ (727,088)	\$ (438,363)	\$ (2,896,328)
21	Revenue Requirement	\$ 1,255,689,901	\$ 813,151,906	\$ 271,711,122	\$ 85,682,586	\$ 21,805,955	\$ 15,896,474	\$ 34,172,135	\$ 2,068,171	\$ 11,201,551
22	Revenues Other Than Rate Sch. Rev.	8,335,038	6,251,368	1,873,774	112,471	12,844	11,856	21,641	1,859	49,226
23	Rate Schedule Revenue Requirement	1,247,354,863	806,900,538	269,837,348	85,570,115	21,793,111	15,884,619	34,150,494	2,066,312	11,152,325
24	Deficiency / (Surplus) as % of Sales & Trans Rev	2.50%	3.13%	3.42%	-4.46%	-8.34%	-6.61%	2.18%	26.93%	35.08%
Expenses at Required Return										
25	Operation and Maintenance	\$ 916,953,133	\$ 587,308,666	\$ 199,093,345	\$ 71,654,600	\$ 16,333,190	\$ 13,803,263	\$ 27,520,271	\$ 454,268	\$ 785,531
26	Depreciation Expense	105,884,027	68,040,740	21,676,305	3,694,515	1,585,520	509,670	1,833,299	522,081	8,021,896
27	Taxes Other Than Income	61,936,610	40,289,338	13,736,712	3,886,610	1,084,450	687,807	1,594,260	162,300	495,131
28	Income Taxes	44,708,329	30,739,153	9,732,040	1,686,373	733,157	234,307	843,415	243,145	496,740
29	TOTAL EXPENSES - Required	\$ 1,129,482,099	\$ 726,377,897	\$ 244,238,402	\$ 80,922,099	\$ 19,736,317	\$ 15,235,047	\$ 31,791,245	\$ 1,381,794	\$ 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	6,251,368	1,873,774	112,471	12,844	11,856	21,641	1,859	49,226
32	Revenue as Proposed	\$ 1,255,689,090	\$ 810,754,365	\$ 269,191,240	\$ 90,415,992	\$ 24,145,029	\$ 17,020,475	\$ 33,964,807	\$ 1,686,178	\$ 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	\$ 810,754,365	\$ 269,191,240	\$ 90,415,992	\$ 24,145,029	\$ 17,020,475	\$ 33,964,807	\$ 1,686,178	\$ 8,511,003
35	Current Revenue to Cost Ratio	0.98	0.97	0.97	1.05	1.09	1.07	0.98	0.79	0.74
36	Parity Ratio	1.00	0.99	0.99	1.07	1.12	1.10	1.00	0.81	0.76
37	Proposed Revenue to Cost Ratio	1.00	1.00	0.99	1.06	1.11	1.07	0.99	0.82	0.76