

**EXHIBIT NO. ___(MJS-11)
DOCKET NOS. UE-090704/UG-090705
2009 PSE GENERAL RATE CASE
WITNESS: MICHAEL J. STRANIK**

**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
MICHAEL J. STRANIK
ON BEHALF OF PUGET SOUND ENERGY, INC.**

AUGUST 3, 2009

PUGET SOUND ENERGY
GAS RESULTS OF OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2008 VS SEPTEMBER 30, 2007
UNIT COST

LINE NO.	12/31/2008		9/30/2007		VARIANCE	
	RESTATED RESULTS OF OPERATIONS	UNIT COST	RESTATED RESULTS OF OPERATIONS	UNIT COST		
		Dollars/Therm 1,120,309,121		Dollars/Therm 1,084,208,169		
1	<u>OPERATING REVENUES:</u>					
2	\$ 1,208,690,484	\$ 1.078890	\$ 1,103,442,711	\$ 1.017741	\$ (68,506,367)	
3	MUNICIPAL ADDITIONS	-	-	-	-	
4	OTHER OPERATING REVENUES	<i>16,591,034</i>	0.014809	15,230,457	0.014048	<i>(853,447)</i>
5	TOTAL OPERATING REVENUES	<i>\$ 1,225,281,518</i>	\$ 1.093699	\$ 1,118,673,169	\$ 1.031788	<i>\$ (69,359,814)</i>
6						
7	<u>OPERATING REVENUE DEDUCTIONS:</u>					
8						
9	<u>FUEL COSTS</u>					
10	\$ -	\$ -	\$ -	\$ -	\$ -	
11	786,226,721	0.701794	697,016,465	0.642881	66,001,652	
12	-	-	-	-	-	
13	-	-	-	-	-	
14	TOTAL PRODUCTION EXPENSES	\$ 786,226,721	\$ 0.701794	\$ 697,016,465	\$ 0.642881	\$ 66,001,652
15						
16	OTHER POWER SUPPLY EXPENSES	\$ 1,926,629	\$ 0.001720	\$ 1,769,111	\$ 0.001632	98,612
17	TRANSMISSION EXPENSE	405,045	0.000362	594,787	0.000549	(209,546)
18	DISTRIBUTION EXPENSE	53,285,553	0.047563	42,612,405	0.039303	9,254,280
19	CUSTOMER ACCOUNT EXPENSES	<i>27,928,282</i>	0.024929	26,043,846	0.024021	<i>1,017,253</i>
20	CUSTOMER SERVICE EXPENSES	1,462,619	0.001306	1,353,837	0.001249	63,703
21	CONSERVATION AMORTIZATION	0	0.000000	(0)	(0.000000)	1
22	ADMIN & GENERAL EXPENSE	<i>45,571,315</i>	0.040677	40,022,534	0.036914	<i>4,216,148</i>
23	AMORTIZATION OF PROPERTY LOSS	-	-	-	-	-
24	OTHER OPERATING EXPENSES	1,415,417	0.001263	(835,588)	(0.000771)	2,278,828
25	FAS 133	-	-	-	-	-
26	Subtotal	<i>131,994,861</i>	0.117820	111,560,932	0.102896	<i>16,719,278</i>
27	DEPRECIATION	88,849,821	0.079308	86,930,323	0.080179	(975,026)
27	AMORTIZATION	15,618,788	0.013941	14,087,627	0.012993	1,062,084
28	TAXES OTHER INCOME TAXES	<i>60,768,594</i>	0.054243	57,609,396	0.053135	<i>1,240,974</i>
29	INCOME TAXES	<i>(7,399,021)</i>	(0.006604)	31,485,209	0.029040	<i>(39,932,596)</i>
30	DEFERRED INCOME TAXES	41,924,649	0.037422	8,833,631	0.008148	32,796,884
31	TOTAL OPERATING REV. DEDUCT.	<i>\$ 331,757,693</i>	\$ 0.296130	\$ 310,507,119	\$ 0.286391	<i>\$ 76,913,250</i>
32						
33	NET OPERATING INCOME	<i>\$ 107,297,105</i>	\$ 0.095775	\$ 111,149,585	\$ 0.102517	<i>\$ 7,553,435</i>
34						
35	RATE BASE	\$ 1,474,390,203	\$ 1.316057	\$ 1,347,267,694	\$ 1.242628	
36	RATE OF RETURN	8.56%		8.25%		
37	Return on Rate Base	\$ 126,207,803	\$ 0.112654	\$ 111,149,585	\$ 0.102517	11,357,263
38	Revenue Deficiency - Net of Tax	<i>\$ 18,910,699</i>		\$ 0		<i>\$ 18,910,699</i>

(Note) Amounts presented in bold italic type have changed since the May 8, 2009 original filing.