

**EXHIBIT NO. \_\_\_(JKP-14T)  
DOCKET NO. UE-072300/UG-072301  
2007 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-072300  
Docket No. UG-072301**

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

**APRIL 11, 2008**

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**PREFILED SUPPLEMENTAL  
DIRECT TESTIMONY (NONCONFIDENTIAL) OF  
JANET K. PHELPS**

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**PUGET SOUND ENERGY, INC.**

**PREFILED SUPPLEMENTAL  
DIRECT TESTIMONY (NONCONFIDENTIAL) OF  
JANET K. PHELPS**

**I. INTRODUCTION**

**Q. Are you the same Janet K. Phelps who provided prefiled direct testimony in this Docket on behalf of Puget Sound Energy, Inc. (“PSE” or “the Company”)?**

**A. Yes.**

**Q. What topics are you covering in your supplemental direct testimony?**

**A. My supplemental direct testimony describes 1) changes to pro forma revenue that are related to the updated gas revenue requirement presented in the prefiled supplemental direct testimony of Karl R. Karzmar, and 2) how PSE has spread the updated revenue requirement to customer classes.**

**II. UPDATED PRO FORMA REVENUE AND RATE SPREAD**

**Q. What changes were made to pro forma revenue?**

1 A. Pro forma revenue at existing rates includes an adjustment to Schedule 101 gas  
2 revenues to reflect the new revenue adjustment factor proposed in the revenue  
3 requirement. The revenue adjustment factor adjusts gas rates to include revenue to  
4 cover revenue sensitive items. Because the conversion factor in the updated  
5 revenue requirement changed from the originally proposed level, the revenue  
6 adjustment factor also changed, requiring an update to pro forma revenue. This  
7 change in the conversion factor was caused by an adjustment to bad debt expense  
8 as discussed in Mr. Karzmar's prefiled supplemental direct testimony. The  
9 updated pro forma revenue, which is presented as Exhibit No.\_\_(JKP-15), is  
10 \$1,068,232,081 as compared to \$1,068,194,798 in the original filing.

11 **Q. What effect does the updated revenue requirement have on the average rate**  
12 **increase of all gas schedules?**

13 A. The updated revenue requirement raises the average rate increase over updated  
14 pro forma revenues of all gas schedules from 5.31 percent to 5.44 percent.  
15 Proposed increases by rate schedule, as originally filed and as updated, are  
16 presented in the following table:

Customer Class	Schedule	Rate Increase as Filed in Exhibit No.__(JKP-1T) <sup>1</sup>	Updated Increase <sup>1</sup>
Residential	23	5.7%	5.9%
Commercial & Industrial	31, 61	6.9%	7.0%
Large Volume	41	0.0%	0.0%
Compressed Natural Gas	50	4.0%	4.1%
Interruptible	85	0.0%	0.0%
Limited Interruptible	86	-1.8%	-1.8%
Non Exclusive Interruptible	87	3.6%	3.7%
Transportation	57	23.9%	24.4%
Rentals	71, 72, 74	5.2%	5.3%
System Total / Average		5.3%	5.4%

<sup>1</sup>Including gas costs except Schedule 57

**Q. How were these updates to the average rate increases calculated?**

A. The additional rate increase was spread to rate classes on the same basis as the originally proposed increase. This analysis is presented in Exhibit No.\_\_(JKP-16). In the original filing, each class was assigned a percent of average increase based on that class's parity ratio, and that percent determined the size of the increase to the class. The additional \$1,295,133 increase shown in column K of Exhibit No.\_\_(JKP-16) was assigned to classes in proportion to the original increase shown in column I.

**Q. Is the Company calculating rates and filing revised tariff sheets to reflect these adjustments?**

1 A. No. The Company will calculate specific rates and update the tariffs based on the  
2 Commission's final order in this docket determining the revenue deficiency.

3 **III. CONCLUSION**

4 **Q. Does this conclude your testimony?**

5 A. Yes, it does.