

**EXHIBIT NO. ___(KRK-4)
DOCKET NO. UG-040640, et al. (consolidated)
2004 PSE GENERAL RATE CASE
WITNESS: KARL R. KARZMAR**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UG-040640
Docket No. UE-040641
(consolidated)**

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

**For an Order Regarding the Accounting
Treatment for Certain Costs of the Company's
Power Cost Only Rate Filing.**

Docket No. UE-031471 (consolidated)

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

**For an Accounting Order Authorizing
Deferral and Recovery of the Investment
and Costs Related to the White River
Hydroelectric Project.**

Docket No. UE-032043 (consolidated)

**THIRD EXHIBIT TO THE
PREFILED REBUTTAL TESTIMONY OF
KARL R. KARZMAR (NONCONFIDENTIAL)
ON BEHALF OF PUGET SOUND ENERGY, INC.**

NOVEMBER 3, 2004

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UG-040640 and UE-040641
Puget Sound Energy, Inc.'s General Rate Case
for Gas and Electric Operations**

WUTC STAFF DATA REQUEST NO. 193

WUTC STAFF DATA REQUEST NO. 193:

Referring to page 5, line 16-17 of Ms. Luscier's testimony, please provide the workpapers showing the revenue requirement for the gas water heater rentals.

First Revised Response:

Attached as Attachment A to Puget Sound Energy, Inc.'s ("PSE") First Revised Response to WUTC Staff Data Request No. 193, please find a revised workpaper showing the revenue requirement for the Gas Water Heater Rental Program as referenced on page 5, lines 16-17 of Ms. Luscier's testimony, Exhibit No. ___(BAL-1T).

Attachment A to PSE's First Revised Response to WUTC Staff Data Request No. 193 revises Attachment A to PSE's Response to WUTC Staff Data Request No. 193 by including (i) a proper; (ii) header; (iii) line numbers; and (iv) descriptions. The description of line number 16 has been corrected to describe what the amount on that line represents, "Program Revenue." It had previously been referred to as "Revenue Requirement" in error.

**Attachment A to PSE's
First Revised Response to
WUTC Staff Data Request No. 193**

Puget Sound Energy
 Gas Water Heater Rental Program
 Revenue Requirement Comparison
 Twelve Months Ended June 30, 2001 vs Twelve Months Ended September, 30, 2003

Line No.		<u>6/30/2001</u>	<u>9/30/2003</u>
1	Rate Base		
2	Gross Plant	\$ 57,399,389	\$ 50,734,655
3	Accum Depr	(15,040,693)	(16,391,876)
4	Def FIT	(1,764,184)	(3,030,237)
5		<u>\$ 40,594,512</u>	<u>\$ 31,312,542</u>
6	Rate of Return	0.0876	0.0912
7		<u>\$ 3,556,079</u>	<u>\$ 2,855,704</u>
8	Net of FIT Rate	0.65	0.65
9	Rate Base Revenue Requirement	<u>\$ 5,470,891</u>	<u>\$ 4,393,391</u>
10	Expenses		
11	O&M	\$ 676,212	\$ 423,670
12	Depreciation	8,291,529	8,646,741
13	Expense Revenue Requirement	<u>\$ 8,967,741</u>	<u>\$ 9,070,411</u>
14			
15	Total Revenue Requirement	\$ 14,438,632	\$ 13,463,801
16	Program Revenue	8,221,273	8,137,320
17	Revenue Requirement Deficiency	<u>\$ 6,217,359</u>	<u>\$ 5,326,481</u>
			\$ (974,831)
			\$ (890,878)