

Puget Sound Energy
Natural Gas Residential Customer Costs
(Cost of Equity @ PSE Proposed)

Residential

Gross Plant	
Meters	\$41,601,625
Meter Installations	\$141,416,119
House Regulators	\$9,537,413
<u>House Regulator Installations</u>	<u>\$25,690,051</u>
Total Gross Plant	\$218,245,210
Depreciation Reserve	
Meters	-\$13,867,592
Meter Installations	-\$20,083,214
House Regulators	-\$3,570,812
<u>House Regulator Installations</u>	<u>-\$4,535,084</u>
Total Depreciation Reserve	-\$42,056,701
Total Net Plant	<u>\$176,188,508</u>
Total Rate Base	\$176,188,508

Operation & Maintenance Expenses

Oper Meter & House Reg	\$4,599,839
Oper Customer Install Exp	\$4,535,126
Maint Services	\$3,344,352
Maint Meters & House Reg	\$385,729
Meter Reading Expense	\$10,208,788
<u>Cust. Records & Collection Exp.</u>	<u>\$9,792,521</u>
Total O & M Expenses	\$32,866,355

Depreciation Expense

Meters	\$1,135,724	Rate Per PSC Depreciation Study	2.73%
Meter Installations	\$3,153,579	Rate Per PSC Depreciation Study	2.23%
House Regulators	\$229,852	Rate Per PSC Depreciation Study	2.41%
<u>House Regulator Installations</u>	<u>\$716,752</u>	Rate Per PSC Depreciation Study	2.79%
Total Depreciation Expense	\$5,235,908		

Revenue Requirement

Interest	\$6,585,856
Equity return	\$8,567,312
<u>Income Tax</u>	<u>\$4,613,168</u>
Revenue For Return	\$19,766,337
O & M Expenses	\$32,866,355
Depreciation Expense	\$5,235,908
Total Customer Revenue Requirement Before Gross Up	\$57,868,600
<u>Gross Up for Uncollectibles, WUTC Fees, and Excise Tax</u>	<u>0.95686</u>
Total Customer Revenue Requirement	\$60,477,603

	Cost of Capital		
	PCT	Cost	WGHT Cost
Debt	54.97%	6.80%	3.74%
Preferred	0.03%	8.61%	0.00%
<u>Common</u>	<u>45.00%</u>	<u>10.80%</u>	<u>4.86%</u>
Total	100.00%		8.60%

Per Witness Karzmar

Number of Bills	8,081,247
Monthly Cost	<u>\$7.48</u>

Puget Sound Energy
Natural Gas Residential Customer Costs
(Cost of Equity @ Public Counsel Proposed)

Residential

Gross Plant

Meters	\$41,601,625
Meter Installations	\$141,416,119
House Regulators	\$9,537,413
<u>House Regulator Installations</u>	<u>\$25,690,051</u>
Total Gross Plant	\$218,245,210

Depreciation Reserve

Meters	-\$13,867,592
Meter Installations	-\$20,083,214
House Regulators	-\$3,570,812
<u>House Regulator Installations</u>	<u>-\$4,535,084</u>
Total Depreciation Reserve	-\$42,056,701

Total Net Plant

\$176,188,508

Total Rate Base

\$176,188,508

Operation & Maintenance Expenses

Oper Meter & House Reg	\$4,599,839
Oper Customer Install Exp	\$4,535,126
Maint Services	\$3,344,352
Maint Meters & House Reg	\$385,729
Meter Reading Expense	\$10,208,788
<u>Cust. Records & Collection Exp.</u>	<u>\$9,792,521</u>
Total O & M Expenses	\$32,866,355

Depreciation Expense

Meters	\$1,135,724	Rate Per PSC Depreciation Study	2.73%
Meter Installations	\$3,153,579	Rate Per PSC Depreciation Study	2.23%
House Regulators	\$229,852	Rate Per PSC Depreciation Study	2.41%
<u>House Regulator Installations</u>	<u>\$716,752</u>	Rate Per PSC Depreciation Study	2.79%
Total Depreciation Expense	\$5,235,908		

Revenue Requirement

		Cost of Capital			
		PCT	Cost	WGHT Cost	
Interest	\$6,585,856	Debt	54.97%	6.80%	3.74%
Equity return	\$7,338,398	Preferred	0.03%	8.61%	0.00%
<u>Income Tax</u>	<u>\$3,951,445</u>	Common	45.00%	9.25%	4.16%
Revenue For Return	\$17,875,698	Total	100.00%		7.90%
O & M Expenses	\$32,866,355				
Depreciation Expense	\$5,235,908				
Total Customer Revenue Requirement Before Gross Up	\$55,977,961				
<u>Gross Up for Uncollectibles, WUTC Fees, and Excise T</u>	<u>0.95686</u>				
Total Customer Revenue Requirement	\$58,501,726				
Number of Bills	8,081,247				
Monthly Cost	\$7.24				

Per Witness Karzmar

Puget Sound Energy
Natural Gas Residential Customer Costs
(No Rate Base)

Residential

Operation & Maintenance Expenses

Oper Meter & House Reg	\$4,599,839
Oper Customer Install Exp	\$4,535,126
Maint Services	\$3,344,352
Maint Meters & House Reg	\$385,729
Meter Reading Expense	\$10,208,788
<u>Cust. Records & Collection Exp.</u>	<u>\$9,792,521</u>
Total O & M Expenses	\$32,866,355

Total Customer Revenue Requirement Before Gross Up	\$32,866,355
<u>Gross Up for Uncollectibles, WUTC Fees, and Excise Ta</u>	<u>0.95686</u>
Total Customer Revenue Requirement	\$34,348,133

Per Witness Karzmar

Number of Bills	8,081,247
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Monthly Cost	\$4.25
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