

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

	Residential	Cost of Capital		
		PCT	Cost	WGHT Cost
<b>Gross Plant</b>				
Meters	\$44,051,233			
Meter Installations	\$124,909,209			
House Regulators	\$10,045,803			
<u>House Regulator Installations</u>	<u>\$50,855,895</u>			
Total Gross Plant	\$229,861,940			
<b>Depreciation Reserve</b>				
Meters	-\$13,783,168			
Meter Installations	-\$20,843,925			
House Regulators	-\$3,920,243			
<u>House Regulator Installations</u>	<u>-\$7,840,809</u>			
Total Depreciation Reserve	-\$46,388,145			
<b>Total Net Plant</b>	<b>\$183,473,795</b>			
<b>Total Rate Base</b>	<b>\$183,473,795</b>			
<b>Operation &amp; Maintenance Expenses</b>				
Oper Meter & House Reg	\$5,951,528			
Oper Customer Install Exp	\$4,700,504			
Maint Services	\$4,484,263			
Maint Meters & House Reg	\$1,289,319			
Meter Reading Expense	\$10,813,853			
<u>Cust. Records &amp; Collection Exp.</u>	<u>\$10,623,857</u>			
Total O & M Expenses	\$37,863,324			
<b>Depreciation Expense</b>				
Meters @ 2.73%	\$1,202,599	1/		
Meter Installations @ 2.23%	\$2,785,475	1/		
House Regulators @ 2.41%	\$242,104	1/		
<u>House Regulator Installations @ 2.79%</u>	<u>\$1,418,874</u>	<u>1/</u>		
Total Depreciation Expense	\$5,649,052			
<b>Revenue Requirement</b>				
Interest	\$6,091,330	Debt	52.00%	6.38%
Equity return	\$9,503,943			3.32%
<u>Income Tax @ 35%</u>	<u>\$5,117,508</u>	<u>Common</u>	<u>48.00%</u>	<u>10.80%</u>
Revenue For Return	\$20,712,780	Total	100.00%	8.50%
O & M Expenses	\$37,863,324			
Depreciation Expense	\$5,649,052			
Total Customer Revenue Requirement Before Gross Up	\$64,225,156			
<u>Gross Up for Uncollectibles, WUTC Fees, and Excise Tax</u>	<u>0,95676</u>	2/		
Total Customer Revenue Requirement	\$67,127,760			
Number of Bills	8,178,984			
Monthly Cost	\$8.21			

1/ Per Docket Number UE-072300 and testimony of John Story, Page 53 in this case.

2/ Per Exhibit No.\_\_(MJS-4), Page 4.02

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

	<u>Residential</u>
<b>Gross Plant</b>	
Meters	\$44,051,233
Meter Installations	\$124,909,209
House Regulators	\$10,045,803
<u>House Regulator Installations</u>	<u>\$50,855,695</u>
Total Gross Plant	\$229,861,940
<b>Depreciation Reserve</b>	
Meters	-\$13,783,168
Meter Installations	-\$20,843,925
House Regulators	-\$3,920,243
<u>House Regulator Installations</u>	<u>-\$7,840,809</u>
Total Depreciation Reserve	-\$46,388,145
<b>Total Net Plant</b>	<b>\$183,473,795</b>
<b>Total Rate Base</b>	<b>\$183,473,795</b>

**Operation & Maintenance Expenses**

Oper Meter & House Reg	\$5,951,528
Oper Customer Install Exp	\$4,700,504
Maint Services	\$4,484,263
Maint Meters & House Reg	\$1,289,319
Meter Reading Expense	\$10,813,853
<u>Cust. Records &amp; Collection Exp.</u>	<u>\$10,623,857</u>
Total O & M Expenses	\$37,863,324

**Depreciation Expense**

Meters @ 2.73%	\$1,202,599	1/
Meter Installations @ 2.23%	\$2,785,475	1/
House Regulators @ 2.41%	\$242,104	1/
<u>House Regulator Installations @ 2.79%</u>	<u>\$1,418,874</u>	1/
Total Depreciation Expense	\$5,649,052	

**Revenue Requirement**

		<u>Cost of Capital</u>			
		PCT	Cost	WGHT Cost	
Interest	\$6,487,633	Debt	52.00%	6.80%	3.54%
Equity return	\$8,366,405				
<u>Income Tax</u>	<u>\$4,504,987</u>	<u>Common</u>	<u>48.00%</u>	<u>9.50%</u>	<u>4.56%</u>
Revenue For Return	\$19,359,026	Total	100.00%		8.10%
O & M Expenses	\$37,863,324				
Depreciation Expense	\$5,649,052				
Total Customer Revenue Requirement Before Gross Up	\$62,871,402				
<u>Gross Up for Uncollectibles, WUTC Fees, and Excise Taxes</u>	<u>0.95876</u>				2/
Total Customer Revenue Requirement	\$65,712,824				
Number of Bills	8,178,984				
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Monthly Cost	\$8.03				

1/ Per Docket Number UE-072300 and testimony of John Story, Page 53 in this case.

2/ Per Exhibit No. (MJS-4), Page 4.02