

**EXHIBIT NO. ___(DEG-8)
DOCKET NO. UE-060266/UG-060267
2006 PSE GENERAL RATE CASE
WITNESS: DONALD E. GAINES**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-060266
Docket No. UG-060267**

**FIRST EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
DONALD E. GAINES
ON BEHALF OF PUGET SOUND ENERGY, INC.**

AUGUST 23, 2006

1 **RATES OF RETURN COMPARISON**

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4	(A)	(B)	(C)	(D)	(E)
5	Puget Sound Energy - Rebuttal Testimony (Mr. Gaines)				
6	Exhibit ____ (DEG-10)				
7		Capital	Cost	Weighted	After-tax
8		Structure	Rate	Cost	Weighted
9	Short-term Debt	2.11%	6.66%	0.13%	0.08%
10	Long-term Debt	48.44%	6.64%	3.22%	2.09%
11	Hybrid/Trust Preferred	0.70%	8.54%	0.06%	0.04%
12	Preferred Stock	3.75%	7.61%	0.29%	0.29%
13	Common Equity	<u>45.00%</u>	11.25%	<u>5.06%</u>	<u>5.06%</u>
14	Total	100.00%		8.76%	7.56%

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17	Puget Sound Energy - Direct Testimony (Mr. Gaines)				
18	Exhibit ____ (DEG-6C)				
19		Capital	Cost	Weighted	After-tax
20		Structure	Rate	Cost	Weighted
21	Short-term Debt	2.67%	6.22%	0.17%	0.11%
22	Long-term Debt	47.88%	6.64%	3.18%	2.07%
23	Hybrid/Trust Preferred	0.70%	8.54%	0.06%	0.04%
24	Preferred Stock	3.75%	7.61%	0.29%	0.29%
25	Common Equity	<u>45.00%</u>	11.25%	<u>5.06%</u>	<u>5.06%</u>
26	Total	100.00%		8.76%	7.57%

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29	WUTC Staff (Mr. Hill)				
30	Exhibit ____ (SGH-19)				
31		Capital	Cost	Weighted	After-tax
32		Structure	Rate	Cost (1)	Weighted
33	Short-term Debt	4.67%	6.19%	0.29%	0.19%
34	Long-term Debt	47.88%	6.64%	3.18%	2.07%
35	Hybrid/Trust Preferred	0.70%	8.54%	0.06%	0.04%
36	Preferred Stock	3.75%	7.61%	0.29%	0.29%
37	Common Equity	<u>43.00%</u>	9.375%	<u>4.03%</u>	<u>4.03%</u>
38	Total	100.00%		7.85%	6.62%

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41	ICNU (Mr. Gorman)				
42	Exhibit ____ (MPG-3)				
43		Capital	Cost	Weighted	After-tax
44		Structure	Rate	Cost (1)	Weighted
45	Short-term Debt	0.90%	6.22%	0.06%	0.04%
46	Long-term Debt	49.71%	6.64%	3.30%	2.15%
47	Hybrid/Trust Preferred	5.22%	8.54%	0.45%	0.29%
48	Preferred Stock	0.04%	7.61%	0.00%	0.00%
49	Common Equity	<u>44.13%</u>	9.90%	<u>4.37%</u>	<u>4.37%</u>
50	Total	100.00%		8.18%	6.85%

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52 (1) Results differ due to rounding errors in intervenor exhibits.