

**EXHIBIT NO. \_\_\_(DEG-9)  
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**

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

**AUGUST 23, 2006**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED: August 7, 2006  
CASE NO.: UE-060266 & UG-060267  
REQUESTER: Puget Sound Energy

WITNESS: Stephen G. Hill  
RESPONDER: Stephen G. Hill  
TELEPHONE: (360) 664-1318

**PSE Data Request No. 98 to WUTC Staff:**

(Ref. S. Hill Testimony, p. 38, lines 1-3)

Please explain why Mr. Hill testifies that he uses Puget Sound Energy, Inc.'s projected cost rate for short-term debt, when the projected cost rate for short-term debt in Exhibit No. \_\_\_(SGH-8) of 6.19% is lower than the projected cost rate for short-term debt in Exhibit No. \_\_\_(DEG-6) of 6.22%.

**Response:**

First, Mr. Hill doesn't testify on page 38 that he used a short-term debt cost of 6.19%. He testifies that he has reviewed the Company's fixed-income cost calculations and has found them to be reasonable. Second, Mr. Hill does use a 6.19% cost rate for short-term debt in his overall cost of capital calculation. If PSE witness Mr. Gaines' final recommendation for short-term debt costs is 6.22%, and that calculation was made in the same manner as the previous calculation, Mr. Hill will accept that result as the Company's cost rate of short-term debt.