

**EXHIBIT NO. \_\_\_(DEG-14HC)  
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**

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

**REDACTED  
VERSION**

**AUGUST 23, 2006**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Docket Nos. UE-060266 & UG-060267  
Puget Sound Energy, Inc.'s  
2006 General Rate Case**

**WUTC STAFF DATA REQUEST NO. 070**

**WUTC STAFF DATA REQUEST NO. 070:**

Reference: Gaines Direct at 8:10-12

Regarding the calculation of \$400 Million of imputed debt, please provide the following:

- a) Please list all purchased power contracts included in the calculation, identifying the annual capacity portion (if available) or the annual payment and the duration of each contract.
- b) Please provide the electronic spreadsheet used to determine the present value of those purchased power contracts with cells unlocked and formulas available.
- c) Please provide any available letters, memos or other documentation from Standard & Poor's, calculated by Standard & Poor's, which shows that S&P's assessment of Puget's imputed debt related to purchased power comports with the calculation referenced by Mr. Gaines.

**Response:**

The actual figure cited in the prefiled direct testimony of Donald E. Gaines, Exhibit No. \_\_\_\_ (DEG-1CT) is \$402.7 million, rather than \$400 million as stated in WUTC Staff Data Request No. 070. The figure reflects the amount of Puget Sound Energy, Inc.'s ("PSE") imputed debt in 2005 as shown in the "Projections" section of PSE's Rating Agency Presentation dated December 2005. Please see Attachment A to PSE's Response to WUTC Staff Data Request No. 055 for PSE's December 2005 Rating Agency Presentation.

- a) Attached as Attachment A to PSE's Response to WUTC Staff Data Request No. 070, please find an MS Excel spreadsheet that contains PSE's purchased power contracts that are included in PSE's calculation of imputed debt.
- b) Please see Attachment A to PSE's Response to WUTC Staff Data Request No. 070 for the present value of PSE's purchased power contracts.
- c) PSE calculates imputed debt according to rating agency methodology, as illustrated in the second exhibit to the prefiled direct testimony of David E.

PSE's Response to WUTC Staff Data Request No. 070  
Date of Response: April 3, 2006  
Person who Prepared the Response: Donald E. Gaines  
Witness Knowledgeable About the Response: Donald E. Gaines

Page 1

Gaines, (Exhibit No. \_\_\_\_ (DEG-3). PSE discusses its imputed debt calculations with rating agency personnel via face-to-face meetings in the offices of the rating agencies. Follow-up questions and clarifications are typically discussed via telephone conference. The agencies have never informed PSE that its calculations are incorrect.

Attachment A to PSE's Response to WUTC Staff Data Request No. 070 is designated as "HIGHLY CONFIDENTIAL" per Protective Order in WUTC Docket Nos. UE-060266 and UG-060267.

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Docket Nos. UE-060266 & UG-060267  
Puget Sound Energy, Inc.'s  
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**WUTC STAFF DATA REQUEST NO. 070**

**“CONFIDENTIAL” Table of Contents**

<b>DR NO.</b>	<b>“CONFIDENTIAL” Material</b>
<b>070</b>	Attachment A to PSE's Response to WUTC Staff Data Request No. 070 is designated as “HIGHLY CONFIDENTIAL” per Protective Order in WUTC Docket Nos. UE-060266 and UG-060267.

**Attachment A to PSE's Response to  
WUTC Staff Data Request No. 070**

**Attachment A to PSE's Response to  
WUTC Staff Data Request No. 070 is  
REDACTED in its entirety as  
"HIGHLY CONFIDENTIAL" per Protective  
Order in WUTC Docket Nos.  
UE-060266 and UG-060267.**