

**EXHIBIT NO. ___(BAV-8)
DOCKET NO. UE-060266/UG-060267
2006 PSE GENERAL RATE CASE
WITNESS: BERTRAND A. VALDMAN**

**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
BERTRAND A. VALDMAN
ON BEHALF OF PUGET SOUND ENERGY, INC.**

AUGUST 23, 2006

Summary of Dr. Morin's ROE Estimates

Methodology	Low	Average	High
DCF - Value Line Growth (Puget Energy, Inc.)	N/A	10.85%	N/A
DCF - Zacks Growth (Puget Energy, Inc.)	N/A	10.67%	N/A
DCF - Value Line Growth (Combination Utilities)	6.51%	10.11%	15.12%
DCF - Zacks Growth (Combination Utilities)	7.96%	10.15%	12.06%
DCF - Value Line Growth (Gas Utilities)	8.50%	9.60%	11.10%
DCF - Zacks Growth (Gas Utilities)	8.70%	11.20%	13.10%
CAPM (Risk-Free Rate of 4.7%)	N/A	11.20%	N/A
CAPM (Risk-Free Rate of 5.3%)	N/A	11.80%	N/A
Empirical CAPM (Risk-Free Rate of 4.7%)	N/A	11.50%	N/A
Empirical CAPM (Risk-Free Rate of 5.3%)	N/A	12.10%	N/A
Risk Premium Electric Utility (Risk-Free Rate of 4.7%)	N/A	10.60%	N/A
Risk Premium Electric Utility (Risk-Free Rate of 5.3%)	N/A	11.20%	N/A
Risk Premium Natural Gas (Risk-Free Rate of 4.7%)	N/A	10.70%	N/A
Risk Premium Natural Gas (Risk-Free Rate of 5.3%)	N/A	11.30%	N/A
Allowed Risk Premium (Risk-Free Rate of 4.7%)	N/A	10.70%	N/A
Allowed Risk Premium (Risk-Free Rate of 5.3%)	N/A	11.00%	N/A
AVERAGE	7.92%	10.92%	12.85%

Summary of Mr. Hill's ROE Estimates

Methodology	Low	Average	High
DCF Cost of Capital - Electric	8.15%	9.37%	10.52%
DCF Cost of Capital - Gas	8.42%	9.44%	10.20%
CAPM (T-Bills) - Electric	10.18%	N/A	11.73%
CAPM (T-Bills) - Gas	10.11%	N/A	11.65%
CAPM (T-Bonds) - Electric	8.99%	N/A	10.30%
CAPM (T-Bonds) - Gas	8.94%	N/A	10.24%
MEPR (Current ROE) - Electric	7.11%	9.00%	15.28%
MEPR (Projected ROE) - Electric	7.61%	8.93%	13.53%
MEPR (Current ROE) - Gas	7.01%	8.94%	11.46%
MEPR (Projected ROE) - Gas	7.26%	9.29%	10.46%
MTB - Electric (Value Line current projections)	8.13%	9.45%	10.39%
MTB - Electric (Value Line 3-5 year projections)	7.96%	9.35%	10.60%
MTB - Gas (Value Line current projections)	8.35%	9.41%	10.14%
MTB - Gas (Value Line 3-5 year projections)	7.73%	9.16%	10.26%
AVERAGE	8.28%	9.23%	11.20%

Summary of Mr. Gorman's ROE Estimates

Methodology	Low	Average	High
Constant Growth DCF	7.38%	9.60%	12.58%
Risk Premium - Projected 30-Year T-Bond	N/A	10.30%	N/A
Risk Premium - "Baa" Rated Utility Bonds	N/A	10.20%	N/A
CAPM -- Historical Premium	N/A	10.50%	N/A
CAPM -- Prospective Premium	N/A	10.40%	N/A
AVERAGE	7.38%	10.20%	12.58%