

**Exhibit No. DCP-3
Dockets UE-090704 and UG-090705
Witness: David C. Parcell**

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET UE-090704

DOCKET UG-090705

EXHIBIT TO TESTIMONY OF

DAVID C. PARCELL

**ON BEHALF OF
STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE, Inc. – Total Cost of Capital

November 17, 2009

**PUGET SOUND ENERGY, INC.
TOTAL COST OF CAPITAL**

Item	Percent 1/	Cost	Weighted Cost
Short-Term Debt	3.95%	2.47%	0.10%
Long-Term Debt	51.05%	6.45%	3.29%
Common Equity	45.00%	10.00%	4.50%
Total	100.00%		7.89%

Derived as follows:

Short-Term Debt	\$285,015	3.95%	From Exhibit No.__(DEC-10C) Page 1 of 9.
Long-Term Debt	\$3,678,534	51.05%	Balance of capital to sum to \$7,206,452.
Common Equity	\$3,242,903	45.00%	45% times \$7,206,452
Total Capital	\$7,206,452	100.00%	From Exhibit No.__(DEG-10C), Page 1 of 9.

