

**EXHIBIT NO. \_\_\_(JHS-5)**  
**DOCKET NO. UG-10\_\_\_**  
**WITNESS: JOHN H. STORY**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of**  
**PUGET SOUND ENERGY, INC.'S**  
**Natural Gas Tariff Increase**

**Docket No. UG-10\_\_\_**

**FOURTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF  
JOHN H. STORY  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**OCTOBER 1, 2010**

**PUGET SOUND ENERGY-GAS  
GAS TARIFF INCREASE  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010  
GAS TARIFF INCREASE FILING**

**LINE**

**NO. DESCRIPTION**

1	RATE BASE	\$ 1,615,785,171
2	RATE OF RETURN	<u>8.10%</u>
3		
4	OPERATING INCOME REQUIREMENT	130,878,599
5		
6	PRO FORMA OPERATING INCOME	<u>115,555,727</u>
7	OPERATING INCOME DEFICIENCY	15,322,872
8		
9	CONVERSION FACTOR	<u>62.17940%</u>
10		
11		
12	REVENUE REQUIREMENT DEFICIENCY	24,643,004
13	OTHER OPERATING REVENUES	230,107
14		
15	REVENUE REQUIREMENT DEFICIENCY EXCLUDING OTHER OPERATING REVENUES	<u><u>\$ 24,412,897</u></u>

**PUGET SOUND ENERGY-GAS  
PRO FORMA COST OF CAPITAL  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010  
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1	SHORT TERM DEBT	3.95%	2.47%	0.10%
2	LONG TERM DEBT	50.05%	6.70%	3.35%
3	PREFERRED STOCK	0.00%	0.00%	0.00%
4	EQUITY	46.00%	10.10%	4.65%
5	TOTAL	100.00%		8.10%
6				
7	AFTER TAX SHORT TERM DEBT ( LINE 1 * 65%	3.95%	1.61%	0.07%
8	AFTER TAX LONG TERM DEBT ( LINE 2 * 65% )	50.05%	4.36%	2.18%
9	PREFERRED	0.00%	0.00%	0.00%
10	EQUITY	46.00%	10.10%	4.65%
11	TOTAL AFTER TAX COST OF CAPITAL	100.00%		6.90%

**PUGET SOUND ENERGY-GAS  
CONVERSION FACTOR  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010  
GAS TARIFF INCREASE FILING**

LINE NO.	DESCRIPTION	BASE	RATE	AMOUNT
1	BAD DEBTS			0.002989
2	ANNUAL FILING FEE			0.002000
3	STATE UTILITY TAX ( 3.852% - ( LINE 1 * 3.852% ) )		3.852%	<u>0.038405</u>
4				
5	SUM OF TAXES OTHER			0.043394
6				
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX ( 1 - LINE 5)			0.956606
8	FEDERAL INCOME TAX ( LINE 7 * 35%)		35%	<u>0.334812</u>
9				
10	CONVERSION FACTOR			<u><u>0.621794</u></u>