

**EXHIBIT NO. ___(DEG-17)
DOCKET NO. UE-072300/UG-072301
2007 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-072300
Docket No. UG-072301**

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

JULY 3, 2008

ATTACHMENT E to PSE's Response to Public Counsel Data Request No. 012

Retirement Plan for the Employees of Puget Sound Energy, Inc.

Historical Rates of Return
As of 9/30/07

	Annualized Returns (1)						RVK Return Assumption	PSE 11/30/07 Allocation	Current Target
	5 Year	10 Year	20 Year	30 Year	40 Year	50 Year			
Large Cap US Equities									
<i>S&P 500</i>	15.45	6.57	10.59	13.08	10.66	10.98	8.00	36%	32%
Median Large Cap Universe (2)	13.96	5.63							
Small Cap US Equities									
<i>Russell 2000</i>	18.75	7.22	9.70	NA	NA	NA	9.00	10%	10%
Median Small Cap Universe (2)	17.68	8.32							
Non-US Equity									
<i>MSCI EAFE</i>	24.05	8.35	7.28	12.84	NA	NA	8.25	21%	20%
Median Int'l Universe (2)	23.93	8.60							
Fixed Income									
<i>Lehman Aggregate</i>	4.13	5.97	7.71	8.40	NA	NA	5.00	18%	23%
Median Bond Universe (2)	3.88	5.25							
Real Estate									
<i>NCREIF ODCE</i>	14.02	12.16	7.42	NA	NA	NA	7.25	0%	0%
Absolute Return									
<i>HFN Fund of Funds</i>	8.73	8.92	11.83	NA	NA	NA	8.00	9%	10%
Global Tactical Assets									
<i>Global Alpha I Index</i>	NA	NA	NA	NA	NA	NA	9.47	6%	5%
Cash									
<i>P&R 90 Day T-Bill Index</i>	2.83	3.74	4.73	6.44	6.36	5.74	3.25	0%	0%

RVK Return Assumption Based on Weighted Average		
without active management alpha:	7.71(3)	7.53(3)
with active management alpha:	8.71(3)	8.53(3)

Notes:

(1) Annualized returns are geometric means and based on monthly data with the exception of the NCREIF index, which is published quarterly, and the S&P 500, which is quarterly prior to Jan 1969.

(2) Median universe returns are gross of fees.

(3) The weighted average returns are based on expected index returns and since all of the assets are actively managed we would expect an alpha of approximately 1.0%.