

**EXHIBIT NO. DEG-15
DOCKET NOS. UE-090704/UG-090705
2009 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-090704
Docket No. UG-090705**

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

DECEMBER 17, 2009

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: December 1, 2009	WITNESS:	David C. Parcell
DOCKET: UE-090704/UG-090705	RESPONDER:	David C. Parcell
REQUESTER: Puget Sound Energy	TELEPHONE:	360-664-1188

PSE Data Request No. 043 to WUTC Staff:

Regarding Exhibit No. DCP-3, page 2, line 36, columns G and H.

Please explain Mr. Parcell's rationale for removing the cost of reacquired debt from his cost of long-term debt calculation.

RESPONSE:

Mr. Parcell did not intentionally remove the cost of reacquired debt in his cost of long-term debt calculation. In preparing his cost of long-term debt calculation, as shown in Exhibit No. DCP-3, page 2, Mr. Parcell utilized the electronic version of Exhibit No. DEG-10C, page 5. It was Mr. Parcell's intention to modify the cost of long-term debt in rows 32 and 33 (columns C and G), plus add a new row to reflect the impact of reducing the hypothetical common equity ratio from 48% to 45% and reflecting the difference as additional imputed long-term debt at a cost rate of 5.757%. In the process of preparing Exhibit No. DCP-3, row 36 was inadvertently altered and the \$1,113,977 of "Annual Charge on Reacquired Debt" was omitted.

Mr. Parcell does not challenge the inclusion of the Annual Charge on Reacquired Debt in the calculation of the cost of long-term debt. He notes that, when the \$1,113,977 of Annual Charge on Reacquired Debt is included in Exhibit No. DCP-3, the cost rate of long-term debt changes from 6.45% to 6.48%. In turn the total cost of capital, as shown on Exhibit No. DCP-3, page 1, changes from 7.89% to 7.91%.