

**EXHIBIT NO. MJS-15
DOCKET NOS. UE-090704/UG-090705
2009 PSE GENERAL RATE CASE
WITNESS: MICHAEL J. STRANIK**

**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**

**THIRD EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
MICHAEL J. STRANIK
ON BEHALF OF PUGET SOUND ENERGY, INC.**

DECEMBER 17, 2009

**PUGET SOUND ENERGY-GAS
GENERAL RATE INCREASE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	
1 RATE BASE	<i>\$ 1,469,293,922</i>
2 RATE OF RETURN	<i>8.50%</i>
3	
4 OPERATING INCOME REQUIREMENT	<i>124,889,983</i>
5	
6 PRO FORMA OPERATING INCOME	<i>107,188,406</i>
7 OPERATING INCOME DEFICIENCY	<i>17,701,578</i>
8	
9 CONVERSION FACTOR	<i>62.18910%</i>
10	
11	
12 REVENUE REQUIREMENT DEFICIENCY	<i>28,464,116</i>
13 OTHER OPERATING REVENUES	<i>205,780</i>
14	
15 REVENUE REQUIREMENT DEFICIENCY TO RETAIL CUSTOMERS	<i>\$ 28,258,336</i>

(Note) Amounts presented in bold italic type have changed since the August 3, 2009 supplemental filing.

**PUGET SOUND ENERGY-GAS
PRO FORMA COST OF CAPITAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1	SHORT TERM DEBT	3.95%	2.47%	0.10%
2	LONG TERM DEBT	48.05%	6.70%	3.22%
3	PREFERRED STOCK	0.00%	0.00%	0.00%
4	EQUITY	48.00%	10.80%	5.18%
5	TOTAL	100.00%		8.50%
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%)	48.05%	4.36%	2.09%
9	PREFERRED	0.00%	0.00%	0.00%
10	EQUITY	48.00%	10.80%	5.18%
11	TOTAL AFTER TAX COST OF CAPITAL	100.00%		7.34%

(Note) Amounts presented in bold italic type have changed since the August 3, 2009 supplemental filing.

**PUGET SOUND ENERGY-GAS
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	BASE	RATE	AMOUNT
1	BAD DEBTS			0.002833
2	ANNUAL FILING FEE			0.002000
3	STATE UTILITY TAX (3.852% - (LINE 1 * 3.852%))		3.852%	<u>0.038411</u>
4				
5	SUM OF TAXES OTHER			0.043244
6				
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5)			0.956756
8	FEDERAL INCOME TAX (LINE 7 * 35%)		35%	<u>0.334865</u>
9				
10	CONVERSION FACTOR			<u><u>0.621891</u></u>