

**EXHIBIT NO. ___(JHS-7)
DOCKET NO. UE-11___/UG-11___
2011 PSE GENERAL RATE CASE
WITNESS: JOHN H. STORY**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-11___
Docket No. UG-11___**

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

JUNE 13, 2011

**PUGET SOUND ENERGY-ELECTRIC
GENERAL RATE INCREASE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE

NO. DESCRIPTION

1	RATE BASE	\$ 4,904,756,946
2	RATE OF RETURN	8.42%
3		
4	OPERATING INCOME REQUIREMENT	412,980,535
5		
6	PRO FORMA OPERATING INCOME	312,868,894
7	OPERATING INCOME DEFICIENCY	100,111,641
8		
9	CONVERSION FACTOR	0.6207490
10	REVENUE REQUIREMENT DEFICIENCY	161,275,557
11	LARGE FIRM WHOLESALE	429,485
12	SALES FROM RESALE-FIRM	164,930
13	REVENUE REQUIREMENT DEFICIENCY	\$ 160,681,142

**PUGET SOUND ENERGY-ELECTRIC
PRO FORMA COST OF CAPITAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1	SHORT TERM DEBT	4.00%	4.62%	0.18%
2	LONG TERM DEBT	48.00%	6.37%	3.06%
3	PREFERRED	0.00%	0.00%	0.00%
4	EQUITY	48.00%	10.80%	5.18%
5	TOTAL	<u>100.00%</u>		<u>8.42%</u>
6				
7	AFTER TAX SHORT TERM DEBT ((LINE 1)* 65%	4.00%	3.00%	0.12%
8	AFTER TAX LONG TERM DEBT ((LINE 2)* 65%	48.00%	4.14%	1.99%
9	PREFERRED	0.00%	0.00%	0.00%
10	EQUITY	48.00%	10.80%	5.18%
11	TOTAL AFTER TAX COST OF CAPITAL	<u>100.00%</u>		<u>7.29%</u>

**PUGET SOUND ENERGY-ELECTRIC
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	RATE
1	BAD DEBTS	0.004444
2	ANNUAL FILING FEE	0.002000
3	STATE UTILITY TAX (3.873% - (LINE 1 * 3.873%))	3.873% <u>0.038558</u>
4		
5	SUM OF TAXES OTHER	0.045002
6		
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5)	0.954998
8	FEDERAL INCOME TAX (LINE 7 * 35%)	35% 0.334249
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 7 - LINE 8)	0.620749