

**EXHIBIT NO. \_\_\_(DEG-15)  
DOCKET NO. UE-111048/UG-111049  
2011 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-111048  
Docket No. UG-111049**

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

**JANUARY 17, 2012**

**PUGET SOUND ENERGY, INC.**

**Utility Capital Structure**

**Proposed Cost of Capital and Rate of Return**

Requested For Rate Year May 2012 through April 2013

	(A)	(B)	(C)	(D)	(E)
3	<b>General Rate Case Request</b>				

<u>Description</u>	<u>Ratio</u>	<u>Cost Rates</u>	<u>Cost of Capital</u>
Short Term Debt	4.00%	2.68%	0.11%
Long Term Debt	48.00%	6.22%	2.99%
Common Stock	<u>48.00%</u>	10.75%	<u>5.16%</u>
<b>Total and Rate of Return</b>	<b><u>100.00%</u></b>		<b><u>8.26%</u></b>

Test Year Capital Structure and Cost of Capital (Note 1)			
22	(\$ in 000's)	<u>Amount (a)</u>	<u>Ratio</u>

<u>Description</u>	<u>Amount (a)</u>	<u>Ratio</u>	<u>Cost Rates</u>	<u>Cost of Capital</u>
Short Term Debt	\$137,069	2.1%	5.11%	0.11%
Long Term Debt	\$3,314,652	49.5%	6.59%	3.26%
Common Stock (1)	<u>\$3,245,236</u>	<u>48.5%</u>	10.75%	<u>5.21%</u>
<b>Total and Rate of Return</b>	<b><u>\$6,696,957</u></b>	<b><u>100.0%</u></b>		<b><u>8.58%</u></b>

(a) - Average of Month-End Balances

**Note 1:** Test year capital structure with updated proposed ROE

**Puget Sound Energy, Inc.**  
**Cost of Short-Term Debt**  
**For The 12 Months Ended April 30, 2013**

(A)	(B)	(C)	(D)	(E)	(F)
<u>Description</u>	<u>Short-Term Debt Outstanding (i)</u>	<u>Interest Rate</u>	<u>Annual Charge</u>	<u>Cost Rate (ii)</u>	
Commercial Paper	\$125,000,000	0.39%	\$485,637		
Bank Credit Facilities	\$142,878,280	1.05%	\$1,496,703		
Commitment & LC Fees			\$1,874,674		
Amortization of Upfront Facility Costs			\$3,332,664		
<b>Total Short-Term Debt/Cost</b>	<b><u>\$267,878,280</u></b>		<b><u>\$7,189,677</u></b>		<b><u>2.68%</u></b>

(i) Average of Monthly Average Balances for the period.

(ii) Cost Rate is calculated by dividing the Annual Charge (E) by the Outstandings (C).

**Puget Sound Energy, Inc.**  
**Short Term Debt Interest Expense Calculation**  
**For The 12 Months Ended April 30, 2013**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	
	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Avg of Mo. Avg		
1																
2																
3	STD Average Balance (in 000's)	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878
4	Borrowings (000's):															
5	Commercial Paper (CP)	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
6	Credit Facilities	142,878	142,878	142,878	142,878	142,878	142,878	142,878	142,878	142,878	142,878	142,878	142,878	142,878	142,878	142,878
7	Total Short-term Debt	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878	\$267,878
8	Interest Rate Components:															
9	Projected LIBO Rates (1 mo)	0.14%	0.13%	0.12%	0.11%	0.11%	0.14%	0.17%	0.20%	0.21%	0.21%	0.22%	0.26%	0.32%	0.32%	0.32%
10	Est'd CP Spread	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
11	Credit Facilities Margin	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
12	Annual Interest Rates:															
13	CP	0.34%	0.33%	0.32%	0.31%	0.31%	0.34%	0.37%	0.40%	0.41%	0.41%	0.42%	0.46%	0.52%	0.52%	0.52%
14	Credit Facilities	0.99%	0.98%	0.97%	0.96%	0.96%	0.99%	1.02%	1.05%	1.06%	1.06%	1.07%	1.11%	1.17%	1.17%	1.17%
15	Number of Days in Month	31	30	30	31	31	30	31	30	31	31	28	31	30	30	30
16	Interest Expense (i):															
17	CP Interest	\$35,713	\$33,087	\$33,236	\$33,854	\$33,854	\$35,302	\$39,985	\$41,377	\$43,819	\$44,239	\$41,204	\$49,355	\$54,465	\$54,465	\$54,465
18	Credit Facilities Interest	\$120,793	\$115,212	\$117,962	\$118,669	\$117,743	\$125,677	\$124,688	\$130,058	\$130,058	\$130,538	\$119,330	\$136,387	\$139,647	\$139,647	\$139,647
19	Total Interest	\$156,507	\$148,299	\$151,198	\$152,523	\$152,523	\$160,975	\$165,662	\$166,065	\$173,876	\$174,777	\$160,534	\$185,742	\$194,111	\$194,111	\$194,111
20	Avg Monthly Borrowing Rate	0.68%	0.66%	0.66%	0.66%	0.66%	0.69%	0.72%	0.74%	0.75%	0.76%	0.77%	0.81%	0.87%	0.87%	0.87%
21	Loan Commitments (000's):															
22	Credit Facility Commitments	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
23	Loan & LOC Utilization	\$155,525	\$155,525	\$155,525	\$155,525	\$155,525	\$155,525	\$155,525	\$155,525	\$155,525	\$155,525	\$155,525	\$155,525	\$155,525	\$155,525	\$155,525
24	Unutilized Portion	\$644,475	\$644,475	\$644,475	\$644,475	\$644,475	\$644,475	\$644,475	\$644,475	\$644,475	\$644,475	\$644,475	\$644,475	\$644,475	\$644,475	\$644,475
25	Commitment Fees:															
26	Commitment Fees (Unutilized portion)	\$144,291	\$139,636	\$144,291	\$144,291	\$144,291	\$139,636	\$144,291	\$144,291	\$144,291	\$144,291	\$130,327	\$144,291	\$139,636	\$139,636	\$139,636
27	Total Commitment Fees	\$144,291	\$139,636	\$144,291	\$144,291	\$144,291	\$139,636	\$144,291	\$144,291	\$144,291	\$144,291	\$130,327	\$144,291	\$139,636	\$139,636	\$139,636
28	Letters of Credit:															
29	LC Outstanding under Cr Agrmt (000's)	\$12,647	\$12,647	\$12,647	\$12,647	\$12,647	\$12,647	\$12,647	\$12,647	\$12,647	\$12,647	\$12,647	\$12,647	\$12,647	\$12,647	\$12,647
30	LC Outstanding with Wells (000's)	\$5,294	\$5,294	\$4,929	\$4,929	\$4,929	\$4,929	\$4,929	\$4,929	\$4,929	\$4,929	\$4,929	\$4,929	\$4,929	\$4,929	\$4,929
31	Total LC Fees (\$ not in 000's)	\$15,177	\$14,687	\$15,079	\$14,862	\$14,862	\$14,383	\$14,862	\$14,383	\$14,862	\$14,862	\$13,424	\$14,862	\$14,383	\$14,383	\$14,383
32	Amortization:															
33	\$400mm Operating Capital Facility	\$138,860	\$138,860	\$138,860	\$138,860	\$138,860	\$138,860	\$138,860	\$138,860	\$138,860	\$138,860	\$138,860	\$138,860	\$138,860	\$138,860	\$138,860
34	\$400mm Capital Expenditure Facility	\$138,862	\$138,862	\$138,862	\$138,862	\$138,862	\$138,862	\$138,862	\$138,862	\$138,862	\$138,862	\$138,862	\$138,862	\$138,862	\$138,862	\$138,862
35	Total Amortization	\$277,722	\$277,722	\$277,722	\$277,722	\$277,722	\$277,722	\$277,722	\$277,722	\$277,722	\$277,722	\$277,722	\$277,722	\$277,722	\$277,722	\$277,722

36 (i) Monthly short-term interest is calculated on the average balance for the month times the interest rate for the month times the actual days in the month divided by 360 days.

**Puget Sound Energy  
Cost of LT Debt For The 12 Months Ended April 30, 2013**

1	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)
2	Bond	Principal in 000's	Interest Rate	Issue Date	Maturity Date	Net Proceeds Per \$100	Cost Rate (iii)	Annual Charge	A-12	M-12	J-12	J-12	A-12	S-12	O-12	N-12	D-12	J-13	F-13	M-13	A-13	Avg Amt Out- standing (in 000's)
6	MTN-B	\$3,000	6.830%	Aug-93	Aug-13	98.81	6.94%	208,216	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	\$3,000
7	MTN-B	\$10,000	6.900%	Sep-93	Oct-13	98.82	7.01%	701,037	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	\$10,000
8	MTN-C	\$10,000	7.350%	Sep-95	Sep-15	98.84	7.46%	746,219	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	\$10,000
9	MTN-C	\$2,000	7.360%	Sep-95	Sep-15	98.84	7.47%	149,442	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	\$2,000
10	SN	\$150,000	5.197%	Oct-05	Oct-15	99.19	5.30%	7,953,003	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	\$150,000
11	SN	\$250,000	6.750%	Jan-09	Jan-16	99.28	6.88%	17,203,058	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	\$250,000
12	MTN-A	\$200,000	6.740%	Jun-98	Jun-18	98.99	6.83%	13,667,659	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	\$200,000
13	FMB	\$25,000	9.570%	Sep-90	Sep-20	99.40	9.63%	0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	\$000
14	MTN-C	\$15,000	7.150%	Dec-95	Dec-25	99.21	7.21%	1,082,180	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	\$15,000
15	MTN-C	\$2,000	7.200%	Dec-95	Dec-25	99.21	7.26%	145,298	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	\$2,000
16	MTN-A	\$300,000	7.020%	Dec-97	Dec-27	98.99	7.10%	21,305,080	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	\$300,000
17	MTN-B	\$100,000	7.000%	Mar-99	Mar-29	99.04	7.08%	7,077,339	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	\$100,000
18	PCB	\$23,400	5.100%	Mar-03	Mar-31	95.55	5.65%	1,323,222	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	\$23,400
19	PCB	\$138,460	5.000%	Mar-03	Mar-31	95.55	5.54%	7,672,158	138.5	138.5	138.5	138.5	138.5	138.5	138.5	138.5	138.5	138.5	138.5	138.5	138.5	\$138,460
20	SN	\$250,000	5.483%	May-05	Jun-35	84.89	6.65%	16,631,015	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	\$250,000
21	SN	\$250,000	6.724%	Jun-06	Jun-36	107.52	6.17%	15,425,986	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	\$250,000
22	SN	\$300,000	6.274%	Sep-06	Mar-37	98.81	6.36%	19,088,422	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	\$300,000
23	SN	\$350,000	5.757%	Sep-09	Oct-39	98.98	5.83%	20,399,979	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	\$350,000
24	SN	\$325,000	5.795%	Mar-10	Mar-40	98.96	5.87%	19,074,169	325.0	325.0	325.0	325.0	325.0	325.0	325.0	325.0	325.0	325.0	325.0	325.0	325.0	\$325,000
25	SN	\$250,000	5.764%	Jun-10	Jul-40	98.97	5.84%	14,592,146	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	\$250,000
26	SN	\$300,000	5.638%	Mar-11	Apr-41	98.95	5.71%	17,134,719	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	\$300,000
27	JRSubN	\$250,000	6.974%	Jun-07	Jun-17	98.23	7.23%	18,065,222	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	\$250,000
28	SN	\$250,000	4.434%	Nov-11	Nov-41	98.96	4.50%	11,243,737	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	\$250,000
29	SN	\$45,000	4.700%	Nov-11	Nov-51	98.50	4.78%	2,153,014	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	\$45,000
30								Annual Charge on Reacquired Debt (ii)	1,586,066													
31	<b>Total LT Debt Balances and W. Avg Cost Rate</b>								<b>6.22%</b>	<b>234,628,383</b>	<b>3773.9</b>	<b>3773.9</b>	<b>3773.9</b>	<b>3773.9</b>	<b>3773.9</b>	<b>3773.9</b>	<b>3773.9</b>	<b>3773.9</b>	<b>3773.9</b>	<b>3773.9</b>	<b>3773.9</b>	<b>\$3,773,860</b>

(i) Net proceeds are face amount less underwriter's fees and issuance expenses.

(ii) See schedule of Reacquired Debt.

(iii) Cost Rate for each bond is the yield to maturity based on net proceeds.

(iv) For total long term debt, the cost rate is the total annual charge including reacquired debt divided by the average outstanding balance for the period.

**Puget Sound Energy, Inc.**  
**Schedule of Annual Charges on Reacquired Debt**  
**For The 12 Months Ended April 30, 2013**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Issue Date	Issue Date	Original Maturity	Redemption Date	Refinance Issue	Refinance Date	Maturity Dt for Amort.	Monthly Amortization n (i)	No. of Months in Period	Annual Amortization (i)	SAP #
1											
2											
3	Issue	Issue Date	Original Maturity	Redemption Date	Refinance Issue	Refinance Date	Maturity Dt for Amort.	Monthly Amortization n (i)	No. of Months in Period	Annual Amortization (i)	SAP #
4											
5	PSPL 8.2%	21-Dec-92	21-Dec-12	29-May-03			21-Dec-12	\$8,237	8	\$65,893	18900333
6	10.250%	29-Dec-87	15-Dec-97	15-Dec-95			10-Nov-16	\$1,528	12	\$18,336	18900013
7	8.231% Capital Trust I (Call)	6-Jun-97	1-Jun-27	1-Jun-07	JrSubN 6.974%	4-Jun-07	1-Jun-17	\$15,913	12	\$190,955	18900383
8	9.140%	21-Jun-91	21-Jun-01	15-Jun-98	20 Yr 6.740%	15-Jun-98	15-Jun-18	\$292	12	\$3,499	18900243
9	WNG 8.4%	13-Jan-92	12-Jan-22	21-Mar-03			12-Jan-22	\$95	12	\$1,141	18900293
10	WNG 8.39%	13-Jan-92	13-Jan-22	21-Mar-03			13-Jan-22	\$222	12	\$2,663	18900303
11	WNG 8.25%	12-Aug-92	12-Aug-22	29-May-03			12-Aug-22	\$5,207	12	\$62,486	18900323
12	WNG 7.19%	18-Aug-93	18-Aug-23	18-Aug-03			18-Aug-23	\$888	12	\$10,656	18900353
13	9.625%	15-Oct-90	15-Oct-97	7-Feb-94	30 Yr 7.350%	1-Feb-94	1-Feb-24	\$14,073	12	\$168,880	18900173
14	8.231% Capital Trust I (Tender)	6-Jun-97	1-Jun-27	1-Jun-05			1-Jun-27	\$19,150	12	\$229,804	18900193
15	PCB Series 1991A	7-Aug-91	1-Aug-21	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$3,790	12	\$45,480	18900253
16	PCB Series 1991B	7-Aug-91	1-Aug-21	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$2,880	12	\$34,561	18900263
17	PCB Series 1992	1-Mar-92	1-Mar-22	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$8,819	12	\$105,825	18900273
18	PCB Series 1993	29-Apr-93	1-Apr-20	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$2,691	12	\$32,298	18900283
19	\$200mm VRN	15-Jul-04	15-Jul-06	27-May-05	30 Yr 5.483%	27-May-05	27-May-35	\$1,424	12	\$17,087	18900183
20	8.40% Capital Trust II	24-May-01	30-Jun-41	30-Jun-06	30 Yr 6.724%	30-Jun-06	15-Jun-36	\$16,418	12	\$197,021	18900373
21	WNG 9.57%	1-Sep-90	1-Sep-20	23-Dec-11	40 Yr 4.95%	22-Nov-11	15-Nov-51	\$33,290	12	\$399,480	
22	<b>Total Amortization on Reacquired Debt</b>							<u>\$134,918</u>		<u>\$1,586,066</u>	
23											
24											
25	(i)	Amortization is over life of replacement issue or remaining life of called bond if no replacement issue.									