

**EXHIBIT NO. ___(JHS-22)
DOCKET NOS. UE-111048/UG-111049
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-111048
Docket No. UG-111049**

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

JANUARY 17, 2012

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

LINE NO. DESCRIPTION	REVISED
1 RATE BASE	\$ 4,893,796,925
2 RATE OF RETURN	8.26%
3	
4 OPERATING INCOME REQUIREMENT	404,227,626
5	
6 PRO FORMA OPERATING INCOME	326,017,733
7 OPERATING INCOME DEFICIENCY	78,209,894
8	
9 CONVERSION FACTOR	0.6207490
10 REVENUE REQUIREMENT DEFICIENCY	125,992,783
11 LARGE FIRM WHOLESALE	427,352
12 SALES FROM RESALE-FIRM	164,110
13 REVENUE REQUIREMENT DEFICIENCY	\$ 125,401,321

Amounts presented in bold italic type have changed since the September 1, 2011 supplemental filing.

**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 %	REVISED COST %	REVISED COST OF CAPITAL
1	SHORT TERM DEBT	4.00%	<i>2.68%</i>	<i>0.11%</i>
2	LONG TERM DEBT	48.00%	<i>6.22%</i>	<i>2.99%</i>
3	PREFERRED	0.00%	0.00%	0.00%
4	EQUITY	48.00%	<i>10.75%</i>	<i>5.16%</i>
5	TOTAL	100.00%		<i>8.26%</i>
6				
7	AFTER TAX SHORT TERM DEBT ((LINE 1)* 65%)	4.00%	<i>1.74%</i>	<i>0.07%</i>
8	AFTER TAX LONG TERM DEBT ((LINE 2)* 65%)	48.00%	<i>4.04%</i>	<i>1.94%</i>
9	PREFERRED	0.00%	0.00%	0.00%
10	EQUITY	48.00%	<i>10.75%</i>	<i>5.16%</i>
11	TOTAL AFTER TAX COST OF CAPITAL	100.00%		<i>7.17%</i>

Amounts presented in bold italic type have changed since the September 1, 2011 supplemental filing.

**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% <u>0.334249</u>
9 CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 7 - LINE 8)	<u><u>0.620749</u></u>

Amounts presented in bold italic type have changed since the September 1, 2011 supplemental filing.