

**EXHIBIT NO. ___(MJS-14)
DOCKET NOS. UE-111048/UG-111049
2011 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-111048
Docket No. UG-111049**

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

JANUARY 17, 2012

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

LINE NO. DESCRIPTION	REVISED
1 RATE BASE	<i>\$ 1,657,792,777</i>
2 RATE OF RETURN	<i>8.26%</i>
3	
4 OPERATING INCOME REQUIREMENT	<i>\$ 136,933,683</i>
5	
6 PRO FORMA OPERATING INCOME	<i>\$ 119,149,110</i>
7 OPERATING INCOME DEFICIENCY	<i>\$ 17,784,573</i>
8	
9 CONVERSION FACTOR	<i>62.149%</i>
10	
11	
12 REVENUE REQUIREMENT DEFICIENCY	<i>\$ 28,616,025</i>
13 OTHER OPERATING REVENUES	<i>\$ 147,865</i>
14	
15 REVENUE REQUIREMENT DEFICIENCY	<i><u>\$ 28,468,160</u></i>

Note: Amounts presented in bold italic type have changed since the June 13, 2011 original filing.

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

LINE NO.	DESCRIPTION	PRO FORMA CAPITAL %	<i>REVISED</i> COST %	<i>REVISED</i> 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 STOCK	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>

Note: Amounts presented in bold italic type have changed since the June 13, 2011 original filing.

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

LINE NO.	DESCRIPTION	BASE	RATE	AMOUNT
1	BAD DEBTS			0.003475
2	ANNUAL FILING FEE			0.002000
3	STATE UTILITY TAX (3.852% - (LINE 1 * 3.852%))		3.852%	<u>0.038386</u>
4				
5	SUM OF TAXES OTHER			0.043861
6				
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5)			0.956139
8	FEDERAL INCOME TAX (LINE 7 * 35%)		35%	<u>0.334649</u>
9				
10	CONVERSION FACTOR			<u><u>0.621490</u></u>

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