

EXHIBIT NO. ___(JHS-5)
DOCKET NO. UE-06 ___/UG-06 ___
2006 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-06 ___
Docket No. UG-06 ___

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

FEBRUARY 15, 2006

**PUGET SOUND ENERGY-ELECTRIC
GENERAL RATE INCREASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

LINE**NO. DESCRIPTION**

1	RATE BASE	\$	2,973,018,835
2	RATE OF RETURN		8.76%
3			
4	OPERATING INCOME REQUIREMENT		260,436,450
5			
6	PRO FORMA OPERATING INCOME		172,969,603
7	OPERATING INCOME DEFICIENCY		87,466,847
8			
9	CONVERSION FACTOR		0.6207334
10	REVENUE REQUIREMENT DEFICIENCY		140,908,878
11			-
12			-
13	REVENUE REQUIREMENT DEFICIENCY	\$	140,908,878

**PUGET SOUND ENERGY-ELECTRIC
PRO FORMA COST OF CAPITAL
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

LINE NO. DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1 DEBT	51.25%	6.65%	3.41%
2 PREFERRED	3.75%	7.61%	0.29%
3 EQUITY	45.00%	11.25%	5.06%
4 TOTAL	100.00%		8.76%
5			
6 AFTER TAX DEBT (LINE 1 * 65%)	51.25%	4.32%	2.22%
7 PREFERRED	3.75%	7.61%	0.29%
8 EQUITY	45.00%	11.25%	5.06%
9 TOTAL AFTER TAX COST OF CAPITAL	100.00%		7.57%

**PUGET SOUND ENERGY-ELECTRIC
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2005
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	RATE
1	BAD DEBTS	0.0045727
2	ANNUAL FILING FEE	0.0019000
3	STATE UTILITY TAX (3.873% - (LINE 1 * 3.873%))	3.873% 0.0385529
4		
5	SUM OF TAXES OTHER	0.0450256
6		
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5)	0.9549744
8	FEDERAL INCOME TAX (LINE 7 * 35%)	35% 0.3342410
9	CONVERSION FACTOR INCLUDING FEDERAL INCOME TAX (LINE 7 + LINE 8)	0.6207334