

**EXHIBIT NO. ___(JHS-5)
DOCKET NO. UE-07___/UG-07___
2007 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-07___
Docket No. UG-07___**

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

DECEMBER 3, 2007

**PUGET SOUND ENERGY-ELECTRIC
GENERAL RATE INCREASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE

NO. DESCRIPTION

1	RATE BASE	\$ 3,305,098,647
2	RATE OF RETURN	8.60%
3		
4	OPERATING INCOME REQUIREMENT	284,238,484
5		
6	PRO FORMA OPERATING INCOME	175,600,500
7	OPERATING INCOME DEFICIENCY	108,637,984
8		
9	CONVERSION FACTOR	0.6214308
10	REVENUE REQUIREMENT DEFICIENCY	174,819,117
11		-
12	SALES FROM RESALE-FIRM	336,605
13	REVENUE REQUIREMENT DEFICIENCY	\$ 174,482,512

PUGET SOUND ENERGY-ELECTRIC
PRO FORMA COST OF CAPITAL
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE

LINE NO. DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1 DEBT	54.97%	6.80%	3.74%
2 PREFERRED	0.03%	8.61%	0.00%
3 EQUITY	45.00%	10.80%	4.86%
4 TOTAL	100.00%		8.60%
5			
6 AFTER TAX DEBT (LINE 1 * 65%)	54.97%	4.42%	2.43%
7 PREFERRED	0.03%	8.61%	0.00%
8 EQUITY	45.00%	10.80%	4.86%
9 TOTAL AFTER TAX COST OF CAPITAL	100.00%		7.29%

**PUGET SOUND ENERGY-ELECTRIC
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	RATE
1	BAD DEBTS	0.0033524
2	ANNUAL FILING FEE	0.0020000
3	STATE UTILITY TAX (3.873% - (LINE 1 * 3.873%))	3.873% <u>0.0386002</u>
4		
5	SUM OF TAXES OTHER	0.0439526
6		
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5)	0.9560474
8	FEDERAL INCOME TAX (LINE 7 * 35%)	35% 0.3346166
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 7 - LINE 8)	0.6214308