

**EXHIBIT NO. ___(MJS-7)
DOCKET NO. UE-11___/UG-11___
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-11___
Docket No. UG-11___**

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

JUNE 13, 2011

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

LINE NO. DESCRIPTION	
1 RATE BASE	\$ 1,658,305,524
2 RATE OF RETURN	<u>8.42%</u>
3	
4 OPERATING INCOME REQUIREMENT	\$ 139,629,325
5	
6 PRO FORMA OPERATING INCOME	<u>\$ 119,825,618</u>
7 OPERATING INCOME DEFICIENCY	<u>\$ 19,803,707</u>
8	
9 CONVERSION FACTOR	62.149%
10	
11	
12 REVENUE REQUIREMENT DEFICIENCY	\$ 31,864,884
13 OTHER OPERATING REVENUES	\$ -
14	
15 REVENUE REQUIREMENT DEFICIENCY	<u><u>\$ 31,864,884</u></u>

**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 %	COST %	COST OF CAPITAL
1	SHORT TERM DEBT	4.00%	4.62%	0.18%
2	LONG TERM DEBT	48.00%	6.37%	3.06%
3	PREFERRED STOCK	0.00%	0.00%	0.00%
4	EQUITY	48.00%	10.80%	5.18%
5	TOTAL	100.00%		8.42%
6				
7	AFTER TAX SHORT TERM DEBT (LINE 1 * 65%)	4.00%	3.00%	0.12%
8	AFTER TAX LONG TERM DEBT (LINE 2 * 65%)	48.00%	4.14%	1.99%
9	PREFERRED	0.00%	0.00%	0.00%
10	EQUITY	48.00%	10.80%	5.18%
11	TOTAL AFTER TAX COST OF CAPITAL	100.00%		7.29%

**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>