

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	Dockets UE-121697 and UG-121705
)	<i>(Consolidated)</i>
v.)	
)	Dockets UE-130137 and UG-130138
PUGET SOUND ENERGY, INC.,)	<i>(Consolidated)</i>
)	
Respondent.)	
_____)	

EXHIBIT NO. ___ (MPG-4)
RATE OF RETURN IMPACT

April 26, 2013

Puget Sound Energy, Inc.

Rate of Return Impact

Commission Approved Capital Structure¹

<u>Line</u>	<u>Description</u>	<u>Weight</u> (1)	<u>Cost</u> (2)	<u>Weighted</u> <u>Cost</u> (3)	<u>Pre-Tax</u> <u>Weighted</u> <u>Cost</u> (4)
1	Long-Term Debt	48.00%	6.22%	2.99%	2.99%
2	Short-Term Debt	4.00%	2.68%	0.11%	0.11%
3	Common Equity	<u>48.00%</u>	9.80%	<u>4.70%</u>	<u>7.58%</u>
4	Total	100.00%		7.80%	10.68%
5	Tax Conversion Factor¹				1.6120

Return on Equity (ROE) Adjustment

<u>Line</u>	<u>Description</u>	<u>Weight</u> (1)	<u>Cost</u> (2)	<u>Weighted</u> <u>Cost</u> (3)	<u>Pre-Tax</u> <u>Weighted</u> <u>Cost</u> (4)
6	Long-Term Debt	48.00%	6.22%	2.99%	2.99%
7	Short-Term Debt	4.00%	2.68%	0.11%	0.11%
8	Common Equity	<u>48.00%</u>	9.30%	<u>4.46%</u>	<u>7.20%</u>
9	Total	100.00%		7.56%	10.29%

ROE and Capital Structure Adjustment

<u>Line</u>	<u>Description</u>	<u>Weight</u> (1)	<u>Cost</u> (2)	<u>Weighted</u> <u>Cost</u> (3)	<u>Pre-Tax</u> <u>Weighted</u> <u>Cost</u> (4)
10	Long-Term Debt	51.71%	6.22%	3.22%	3.22%
11	Short-Term Debt	1.65%	2.68%	0.04%	0.04%
12	Common Equity	46.64%	9.30%	<u>4.34%</u>	<u>7.00%</u>
13	Total	100.00%		7.60%	10.26%
14	Pre-Tax ROR Impact with ROE Adjustment				0.39%
15	Pre-Tax ROR Impact with Capital Structure Adjustment				<u>0.03%</u>
16	Total Pre-Tax ROR Impact				0.42%
17	Electric Rate Base (000) ¹				\$ 2,621,992
18	Gas Rate Base (000) ²				\$ 1,592,298
	Electric Revenue Impact (\$ 000)				
19	ROE Adjustment				\$ 10,144
20	Capital Structure Adjustment				857
21	Total Electric Revenue Impact (000)				\$ 11,001

Sources:

¹ Dockets UE-111048 and UG-111049 (consolidated); Order 08; May 7, 2012 at 34.

² Exhibit No. ____ (KJB-3), Page 1 of 3.

³ Exhibit No. ____ (KJB-4), Page 1 of 3.