

**EXHIBIT NO. \_\_\_(JHS-12)  
DOCKET NO. UE-072300/UG-072301  
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-072300  
Docket No. UG-072301**

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

**APRIL 11, 2008**

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

LINE NO. DESCRIPTION		
1	RATE BASE	\$ 3,298,556,021
2	RATE OF RETURN	8.60%
3		
4	OPERATING INCOME REQUIREMENT	283,675,818
5		
6	PRO FORMA OPERATING INCOME	172,036,858
7	OPERATING INCOME DEFICIENCY	111,638,960
8		
9	CONVERSION FACTOR	0.6213371
10	REVENUE REQUIREMENT DEFICIENCY	179,675,349
11		-
12	SALES FROM RESALE-FIRM	\$ 340,165
13	REVENUE REQUIREMENT DEFICIENCY	\$ 179,335,184

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.

**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%

*(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.*

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

LINE NO. DESCRIPTION	RATE
1 BAD DEBTS	<i>0.0035024</i>
2 ANNUAL FILING FEE	0.0020000
3 STATE UTILITY TAX ( 3.873% - ( LINE 1 * 3.873% ) )	3.873% <u>0.0385944</u>
4	
5 SUM OF TAXES OTHER	<i>0.0440968</i>
6	
7 CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX ( 1 - LINE 5 )	<i>0.9559032</i>
8 FEDERAL INCOME TAX ( LINE 7 * 35% )	35% <i>0.3345661</i>
9 CONVERSION FACTOR INCL FEDERAL INCOME TAX ( LINE 7 - LINE 8 )	<b>0.6213371</b>

(Note) Amounts presented in bold italic type have changed since the December 3, 2007 original filing.