

Exhibit No. ____ (MPG-3)
Docket Nos. UE-060266/UG-060267
Witness: Michael P. Gorman

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-060266
Docket No. UG-060267**

EXHIBIT NO. ____ (MPG-3)

RATE OF RETURN AT 9.9% ROE

July 19, 2006

Puget Sound Energy

Rate of Return at 9.9% ROE

<u>Line</u>	<u>Description</u>	<u>Weight</u> (1)	<u>Cost</u> (2)	<u>Weighted</u> <u>Cost</u> (3)
1	Short-Term Debt	0.90%	6.22%	0.06%
2	Long-Term Debt	49.71%	6.64%	3.30%
3	Trust Preferred	5.22%	8.54%	0.45%
4	Preferred Stock	0.04%	7.61%	0.00%
5	<u>Common Equity</u>	<u>44.13%</u>	<u>9.90%</u>	<u>4.37%</u>
6	Total	100.00%		8.17%

Source:

Exhibit No. ____ (DEG-1CT) at 3 and 5.