

Exhibit No. ___ (SGH-11)
Docket Nos. UE-060266/UG-060267
Witness: Stephen G. Hill

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UE-060266

DOCKET NO. UG-060267

EXHIBIT TO DIRECT TESTIMONY OF

STEPHEN G. HILL

**ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Comparable Companies' DCF Growth Rates

July 25, 2006

PUGET SOUND ENERGY**DCF GROWTH RATES****ELECTRIC UTILITIES**

<u>COMPANY</u>	<u>br</u>	+	<u>sv=g*(1-(1/(M/B)))</u>	=	<u>g</u>
CV	4.00%	+	0.00% (1 - (1/ 1.22)))	=	4.00%
FE	5.00%	+	0.50% (1 - (1/ 1.68)))	=	5.20%
GMP	5.00%	+	0.00% (1 - (1/ 1.26)))	=	5.00%
PGN	3.00%	+	1.50% (1 - (1/ 1.34)))	=	3.38%
AEE	3.75%	+	2.50% (1 - (1/ 1.56)))	=	4.64%
CNL	5.00%	+	4.00% (1 - (1/ 1.51)))	=	6.36%
DPL	6.50%	+	0.00% (1 - (1/ 4.50)))	=	6.50%
EDE	3.50%	+	4.00% (1 - (1/ 1.47)))	=	4.79%
ETR	6.00%	+	-0.25% (1 - (1/ 1.70)))	=	5.90%
HE	3.50%	+	1.00% (1 - (1/ 1.76)))	=	3.93%
PNM	5.75%	+	2.00% (1 - (1/ 1.27)))	=	6.17%
PNW	5.00%	+	1.00% (1 - (1/ 1.12)))	=	5.11%
PSD	4.50%	+	2.00% (1 - (1/ 1.15)))	=	4.76%
UNS	5.00%	+	1.00% (1 - (1/ 1.61)))	=	5.38%

Average Market-to-Book Ratio = 1.66

CV	=	Central Vermont P. S.
FE	=	FirstEnergy Corp.
GMP	=	Green Mountain Power
PGN	=	Progress Energy
AEE	=	Ameren Corp.
CNL	=	Cleco Corporation
DPL	=	DPL, Inc.
EDE	=	Empire District Electric
ETR	=	Entergy Corp.
HE	=	Hawaiian Electric
PNM	=	PNM Resources
PNW	=	Pinnacle West Capital
PSD	=	Puget Energy
UNS	=	Unisource Energy

PUGET SOUND ENERGY
GROWTH RATE COMPARISON
ELECTRIC UTILITIES

COMPANY	DCF	Value Line Projected			Reuters	Value Line Historic			Reuters & VL	5-yr Compound Hist.		
	Growth	EPS	DPS	BVPS	EPS	EPS	DPS	BVPS	AVGS.	EPS	DPS	BVPS
CV	4.00%	5.00%	0.50%	NMF	n/a	8.50%	0.50%	2.00%	3.30%	nmf	0.89%	1.22%
FE	5.20%	8.50%	4.50%	5.50%	4.38%	1.00%	2.00%	6.00%	4.55%	4.27%	3.94%	3.52%
GMP	5.00%	3.50%	11.00%	3.00%	n/a	37.50%	-6.50%	-0.50%	8.00%	3.19%	15.28%	5.02%
PGN	3.38%	0.00%	2.00%	2.50%	3.14%	5.50%	3.00%	8.50%	3.52%	nmf	2.66%	3.31%
AEE	4.64%	2.50%	0.00%	4.50%	5.17%	1.50%	0.00%	4.00%	2.52%	nmf	0.00%	5.83%
CNL	6.36%	4.50%	2.00%	8.00%	8.00%	1.00%	2.00%	4.00%	4.21%	-3.71%	0.68%	6.51%
DPL	6.50%	5.50%	3.00%	2.00%	5.50%	-1.00%	0.50%	-3.50%	1.71%	-4.26%	1.25%	-0.84%
EDE	4.79%	6.50%	0.00%	1.50%	2.00%	-5.00%	0.00%	2.00%	1.00%	12.22%	0.00%	2.21%
ETR	5.90%	5.00%	8.00%	4.50%	6.86%	11.00%	1.50%	5.50%	6.05%	8.35%	11.03%	3.82%
HE	3.93%	3.00%	0.00%	2.50%	2.90%	1.00%	0.00%	3.00%	1.77%	-1.28%	0.00%	3.22%
PNM	6.17%	5.50%	8.50%	4.00%	10.36%	-1.00%	5.00%	4.50%	5.27%	-8.76%	10.17%	2.48%
PNW	5.11%	6.00%	5.00%	3.50%	6.00%	-4.50%	6.50%	4.00%	3.79%	-4.00%	5.82%	3.83%
PSD	4.76%	5.00%	1.50%	4.00%	5.14%	-7.50%	-11.50%	0.50%	-0.41%	2.79%	-11.48%	3.00%
UNS	5.38%	7.00%	9.50%	5.00%	n/a	5.00%	0.00%	12.00%	6.42%	0.11%	16.00%	8.20%
		4.82%	3.96%	3.88%		3.79%	0.21%	3.71%		0.81%	4.02%	3.67%
AVERAGES	5.08%		4.22%		5.40%		2.57%		3.69%		2.83%	

Zack's growth rates: CV-n/a, FE-4.8%, GMP-n/a, PGN-3.8%, AEE-6.0%, CNL-8%, DPL-7.0%, EDE-n/a, ETR-7.4%, HE-5.2%, PNM-8.3%, PNW-6.8%, PSD-7.0% and UNS-n/a. Zack's average earnings growth = 6.5%.

PUGET SOUND ENERGY

**DCF GROWTH RATES
GAS DISTRIBUTORS**

<u>COMPANY</u>	<u>br</u>	+	<u>sv=g*(1-(1/(M/B)))</u>	=	<u>g</u>
ATG	5.00%	+	1.00% (1 - (1/ 1.73))	=	5.42%
ATO	4.25%	+	5.00% (1 - (1/ 1.27))	=	5.31%
CGC	4.00%	+	1.00% (1 - (1/ 1.60))	=	4.38%
LG	4.50%	+	2.50% (1 - (1/ 1.87))	=	5.66%
NJR	6.50%	+	0.00% (1 - (1/ 2.56))	=	6.50%
GAS	3.75%	+	0.00% (1 - (1/ 2.11))	=	3.75%
NWN	4.50%	+	1.00% (1 - (1/ 1.58))	=	4.87%
PGL	3.00%	+	2.00% (1 - (1/ 1.75))	=	3.86%
PNY	5.00%	+	0.50% (1 - (1/ 2.07))	=	5.26%
SJI	6.00%	+	1.50% (1 - (1/ 1.86))	=	6.69%
SWX	5.50%	+	3.00% (1 - (1/ 1.45))	=	6.44%
WGL	4.00%	+	0.50% (1 - (1/ 1.66))	=	4.20%

Average Market-to-Book Ratio = 1.79

ATG = AGL Resources
ATO = Atmos Energy Corporation
CGC = Cascade Natural Gas Corporation
LG = Laclede Group
NJR = New Jersey Resources Corp.
GAS = NICOR
NWN = Northwest Natural Gas Co.
PGL = Peoples Energy Corp.
PNY = Piedmont Natual Gas Company
SJI = South Jersey Industries, Inc.
SWX = Southwest Gas
WGL = WGL Holdings

g*= expected growth in number of shares outstanding

PUGET SOUND ENERGY

GROWTH RATE COMPARISON
GAS DISTRIBUTORS

COMPANY	DCF Growth	Value Line Projected			Reuters EPS	Value Line Historic			Reuters & VL AVGS.	5-yr Compound Hist.		
		EPS	DPS	BVPS		EPS	DPS	BVPS		EPS	DPS	BVPS
ATG	5.42%	4.00%	6.50%	6.00%	4.57%	13.50%	2.00%	8.50%	6.44%	11.20%	6.79%	10.74%
ATO	5.31%	7.00%	2.00%	5.00%	4.82%	6.50%	2.00%	8.50%	5.12%	4.71%	1.67%	7.82%
CGC	4.38%	8.50%	0.50%	10.50%	3.50%	-3.50%	0.00%	0.00%	2.79%	-7.42%	0.00%	2.32%
LG	5.66%	7.00%	2.00%	5.00%	4.00%	4.50%	0.50%	2.50%	3.64%	7.86%	0.88%	3.64%
NJR	6.50%	4.50%	4.50%	8.00%	5.20%	8.50%	3.00%	7.00%	5.81%	7.50%	4.53%	5.80%
GAS	3.75%	4.00%	1.50%	3.50%	3.10%	-0.50%	4.50%	1.00%	2.44%	-4.43%	1.11%	2.89%
NWN	4.87%	7.00%	4.00%	3.50%	5.21%	3.00%	1.00%	3.50%	3.89%	3.66%	2.00%	3.41%
PGL	3.86%	0.50%	1.00%	-1.50%	4.38%	1.00%	2.00%	2.00%	1.34%	-6.57%	1.34%	-1.93%
PNY	5.26%	6.00%	5.50%	3.50%	4.87%	5.00%	5.00%	6.50%	5.20%	5.18%	4.78%	6.18%
SJI	6.69%	7.00%	6.00%	6.00%	5.67%	11.50%	2.50%	13.00%	7.38%	9.98%	4.68%	13.02%
SWX	6.44%	8.50%	0.00%	3.00%	4.33%	1.50%	0.00%	4.00%	3.05%	6.15%	0.00%	2.09%
WGL	<u>4.20%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>4.00%</u>	<u>3.73%</u>	<u>6.00%</u>	<u>1.50%</u>	<u>3.00%</u>	<u>3.18%</u>	<u>-0.32%</u>	<u>1.39%</u>	<u>1.91%</u>
		5.50%	2.96%	4.71%		4.75%	2.00%	4.96%		3.12%	2.43%	4.82%
AVERAGES	5.19%		4.39%		4.45%		3.90%		4.19%		3.46%	

Zack's Earnings Growth Projections: ATG-4.5%, ATO-5.5%, CGC-n/a, LG-n/a, NJR-6.0%, GAS-3.5%, NWN-5.3%, PGL-4.0%, PNY-5.2%, SJI-5.7%, SWX-6.0%, WGL-4.0%; Average = 4.97%.