

**EXHIBIT NO. ___(JHS-11)
DOCKET NOS. UE-090704/UG-090705
2009 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-090704
Docket No. UG-090705**

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

SEPTEMBER 28, 2009

**PUGET SOUND ENERGY-ELECTRIC
GENERAL RATE INCREASE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION		
1	RATE BASE	\$	<i>3,825,186,520</i>
2	RATE OF RETURN		<i>8.50%</i>
3			
4	OPERATING INCOME REQUIREMENT		<i>325,140,854</i>
5			
6	PRO FORMA OPERATING INCOME		<i>229,503,555</i>
7	OPERATING INCOME DEFICIENCY		<i>95,637,299</i>
8			
9	CONVERSION FACTOR		<i>0.6212620</i>
10	REVENUE REQUIREMENT DEFICIENCY		<i>153,940,365</i>
11	LARGE FIRM WHOLESAL		<i>220,879</i>
12	SALES FROM RESALE-FIRM		<i>79,160</i>
13	REVENUE REQUIREMENT DEFICIENCY	\$	<i>153,640,326</i>

Note: Amounts presented in bold italic type have changed since the May 8, 2009 original filing.

**PUGET SOUND ENERGY-ELECTRIC
PRO FORMA COST OF CAPITAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1	SHORT TERM DEBT	3.95%	2.47%	0.10%
2	LONG TERM DEBT	48.05%	6.70%	3.22%
3	PREFERRED	0.00%	0.00%	0.00%
4	EQUITY	48.00%	10.80%	5.18%
5	TOTAL	100.00%		8.50%
6				
7	AFTER TAX SHORT TERM DEBT ((LINE 1)* 65%	3.95%	1.61%	0.07%
8	AFTER TAX LONG TERM DEBT ((LINE 2)* 65%)	48.05%	4.36%	2.09%
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%		7.34%

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**PUGET SOUND ENERGY-ELECTRIC
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
GENERAL RATE INCREASE**

LINE NO.	DESCRIPTION	RATE
1	BAD DEBTS	0.003622
2	ANNUAL FILING FEE	0.002000
3	STATE UTILITY TAX (3.873% - (LINE 1 * 3.873%))	3.873% <u>0.038590</u>
4		
5	SUM OF TAXES OTHER	0.044212
6		
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE)	0.955788
8	FEDERAL INCOME TAX (LINE 7 * 0%)	35% 0.334526
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 7 - LINE 8)	<u>0.621262</u>

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