

Exhibit ___ (JMR-5)
Docket No. UE-060266, et al.
Witness: James M. Russell

**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
(consolidated)

EXHIBIT OF

JAMES M. RUSSELL

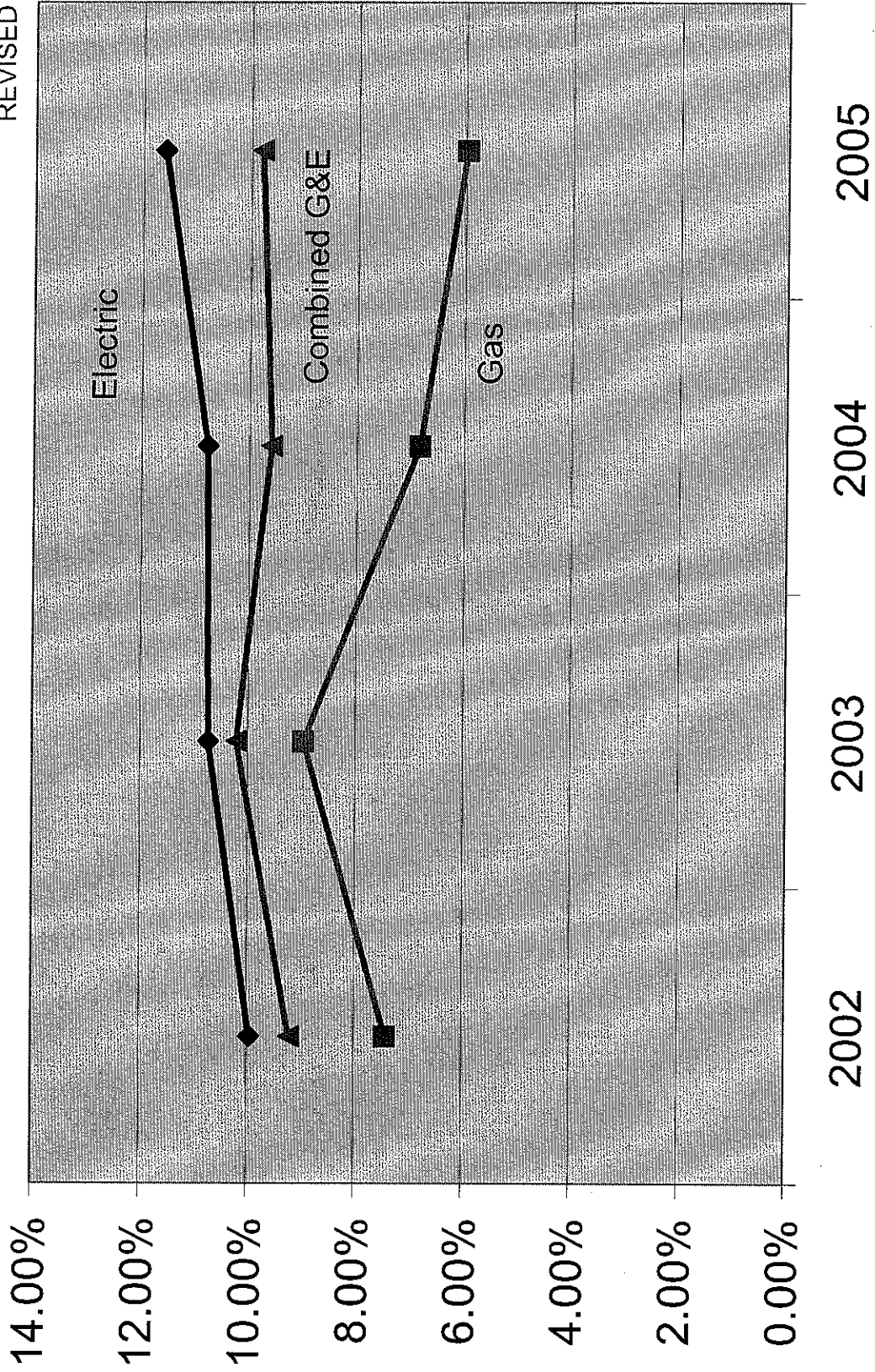
**STAFF OF THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION**

PSE's Recent Utility Earnings

July 25, 2006
Revised August 9, 2006 (pp. 1-2)

Actual Returns on Equity (Commission Basis Reports)

Docket No. UE-060266 & UG-060267
Exhibit ___ (JMR-5)
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REVISED 8/8/06



2002 Utility Operations: (3.1% Colder than normal)

| Actual Results of Operations (Per Exhibit 56, Docket 040640) | | Electric | Gas | Total | |
|--|--------------------------------|------------------|---------------|------------------|-------|
| 1 | Net Operating Income | 212,276,159 | 78,710,111 | 290,986,270 | |
| 2 | Rate Base | 2,588,830,450 | 1,068,854,952 | 3,657,685,402 | |
| 3 | Overall Rate of Return | 8.20% | 7.36% | 7.96% | |
| 4 | Implied Utility Operations ROE | 9.95% | 7.42% | 9.21% | |
| PSE "Utility" Capital Structure (Per Exhibit 57, Docket 040640) | | Structure (%) | Rate (%) | Weighted Cost | |
| | AMA Amount | | | | |
| 5 | Short Term Debt | 131,839,500 | 3.25% | 2.77% | 0.09% |
| 6 | Long Term Debt | 2,180,798,445 | 53.76% | 7.42% | 3.99% |
| 7 | Trust Preferred | 300,000,000 | 7.40% | 8.58% | 0.63% |
| 8 | Preferred Stock | 104,099,400 | 2.57% | 7.78% | 0.20% |
| 9 | Common Stock | 1,339,577,881 | 33.02% | 9.21% | 3.04% |
| 10 | Total | \$4,056,315,226 | 100.00% | | 7.96% |

2003 Utility Operations: (5.6% Warmer than normal)

| Actual Results of Operations (Per Exhibit 56, Docket 040640) | | Electric | Gas | Total | |
|--|--------------------------------|------------------|---------------|------------------|-------|
| 11 | Net Operating Income | 213,474,475 | 82,184,876 | 295,659,351 | |
| 12 | Rate Base | 2,492,964,158 | 1,040,474,027 | 3,533,438,185 | |
| 13 | Overall Rate of Return | 8.56% | 7.90% | 8.37% | |
| 14 | Implied Utility Operations ROE | 10.74% | 8.97% | 10.22% | |
| PSE "Utility" Capital Structure (Per Exhibit 57, Docket 040640) | | Structure (%) | Rate (%) | Weighted Cost | |
| | AMA Amount | | | | |
| 15 | Short Term Debt | 52,290,500 | 1.31% | 8.80% | 0.12% |
| 16 | Long Term Debt | 2,092,562,193 | 52.37% | 7.02% | 3.68% |
| 17 | Trust Preferred | 282,718,750 | 7.08% | 8.60% | 0.61% |
| 18 | Preferred Stock | 71,427,213 | 1.79% | 7.87% | 0.14% |
| 19 | Common Stock | 1,496,527,416 | 37.46% | 10.22% | 3.83% |
| 20 | Total | \$3,995,526,072 | 100.00% | | 8.37% |

2004 Utility Operations: (7.8% Warmer than normal)

| Actual Results of Operations (Per Comm. Basis Report) | | Electric | Gas | Total | |
|---|--------------------------------|------------------|---------------|------------------|-------|
| 11 | Net Operating Income | 211,309,050 | 73,949,355 | 285,258,405 | |
| 12 | Rate Base | 2,490,635,488 | 1,070,195,360 | 3,560,830,848 | |
| 13 | Overall Rate of Return | 8.48% | 6.91% | 8.01% | |
| 14 | Implied Utility Operations ROE | 10.77% | 6.82% | 9.59% | |
| PSE "Utility" Capital Structure (Per Comm. Basis Report) | | Structure (%) | Rate (%) | Weighted Cost | |
| | AMA Amount | | | | |
| 15 | Short Term Debt | 88,715,833 | 2.18% | 5.46% | 0.12% |
| 16 | Long Term Debt | 2,083,124,804 | 51.09% | 6.81% | 3.48% |
| 17 | Trust Preferred | 280,250,000 | 6.87% | 8.60% | 0.59% |
| 18 | Preferred Stock | 1,889,400 | 0.05% | 11.89% | 0.01% |
| 19 | Common Stock | 1,623,129,995 | 39.81% | 9.59% | 3.82% |
| 20 | Total | \$4,077,110,032 | 100.00% | | 8.01% |

2005 Utility Operations: (6.4% Warmer than normal)

| Actual Results of Operations (Per Comm. Basis Report) | | Electric | Gas | Total | |
|---|--------------------------------|------------------|---------------|------------------|-------|
| 21 | Net Operating Income | 221,820,052 | 77,705,190 | 299,525,242 | |
| 22 | Rate Base | 2,511,214,961 | 1,180,728,618 | 3,691,943,579 | |
| 23 | Overall Rate of Return | 8.83% | 6.58% | 8.11% | |
| 24 | Implied Utility Operations ROE | 11.59% | 5.97% | 9.79% | |
| PSE "Utility" Capital Structure (Per Comm. Basis Report) | | Structure (%) | Rate (%) | Weighted Cost | |
| | AMA Amount | | | | |
| 15 | Short Term Debt | 134,520,584 | 3.17% | 5.88% | 0.19% |
| 16 | Long Term Debt | 2,148,818,333 | 50.66% | 6.86% | 3.48% |
| 17 | Trust Preferred | 257,229,167 | 6.06% | 8.67% | 0.53% |
| 18 | Preferred Stock | 1,889,400 | 0.04% | 8.10% | 0.00% |
| 19 | Common Stock | 1,699,118,174 | 40.06% | 9.79% | 3.92% |
| 20 | Total | \$4,241,575,658 | 100.00% | | 8.11% |