

EXHIBIT NO. ___(BJL-4)
DOCKET NO. UE-121697/UG-121705
DOCKET NO. UE-130137/UG-130138
WITNESS: BRANDON J. LOHSE

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NOS. UE-121697
and UG-121705 (*consolidated*)

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NOS. UE-130137
and UG-130138 (*consolidated*)

**THIRD EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF BRANDON J. LOHSE
ON BEHALF OF PUGET SOUND ENERGY, INC.**

NOVEMBER 5, 2014

Puget Sound Energy, Inc.
Utility Capital Structure
Cost of Capital and Rate of Return
For The 12 Months Ending March 31, 2013

(A)	(B)	(C)	(D)	(E)
<u>Description</u>	<u>Amount (i)</u>	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost of Capital</u>
7 Short Term Debt	\$102,739,451	1.37%	5.74%	0.08%
9 Long Term Debt	\$3,773,845,731	50.19%	6.22%	3.12%
11 Common Stock	<u>\$3,641,801,612</u>	<u>48.44%</u>	9.80%	<u>4.75%</u>
13 Total	<u>\$7,518,386,794</u>	<u>100.00%</u>		<u>7.95%</u>

16 (i) - Average of Month-End Balances

Puget Sound Energy, Inc.
Utility Capital Structure Calculation
Mar 31, 2012 Through Mar 31, 2013
Average of Month-End Balances

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
		Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Avg of Mo- end
	(\$ thousands)														Balances
3	Commercial Paper	29,998	29,998	29,998	29,998	29,998	29,998	29,998	29,998	29,998	29,998	29,998	29,998	29,998	25,000
4	Intercompany Loan with PE	\$38,000	\$38,000	\$18,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	29,881
5	Bank Credit Facilities	\$67,998	\$67,998	\$47,998	\$67,998	\$67,998	\$67,998	\$67,998	\$67,998	\$67,998	\$67,998	\$67,998	\$67,998	\$67,998	12,583
6	Short-term debt	\$3,523,845	\$3,523,846	\$3,523,846	\$3,523,846	\$3,523,846	\$3,523,846	\$3,523,846	\$3,523,846	\$3,523,846	\$3,523,846	\$3,523,846	\$3,523,846	\$3,523,846	\$102,739
7	Long-term Bonds	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	\$3,523,846
8	Jr. Subordinated Notes	\$3,773,845	\$3,773,846	\$3,773,846	\$3,773,846	\$3,773,846	\$3,773,846	\$3,773,846	\$3,773,846	\$3,773,846	\$3,773,846	\$3,773,846	\$3,773,846	\$3,773,846	250,000
9	Long Term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	\$3,773,846
10	Total Preferred	3,611,689	3,628,299	3,639,076	3,587,972	3,596,031	3,602,334	3,592,902	3,609,422	3,639,482	3,672,754	3,720,179	3,757,238	3,700,175	3,641,802
11	Regulated Common Equity	\$7,453,532	\$7,470,142	\$7,460,919	\$7,429,815	\$7,447,875	\$7,436,177	\$7,502,745	\$7,528,565	\$7,667,826	\$7,657,198	\$7,567,622	\$7,560,682	\$7,528,619	\$7,518,387
12	Total Capital	0.9%	0.9%	0.6%	0.9%	1.0%	0.8%	1.8%	1.9%	3.3%	2.8%	1.0%	0.4%	0.7%	1.4%
13	Short-term debt	50.6%	50.5%	50.6%	50.8%	50.7%	50.7%	50.3%	50.1%	49.2%	49.3%	49.9%	49.9%	50.1%	50.2%
14	Long-term debt	51.5%	51.4%	51.2%	51.7%	51.7%	51.6%	52.1%	52.1%	52.5%	52.0%	50.8%	50.3%	50.9%	51.6%
15	Total Debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
16	Preferred	48.46%	48.57%	48.78%	48.29%	48.28%	48.44%	47.89%	47.94%	47.46%	47.96%	49.16%	49.69%	49.15%	48.44%
17	Common	100.00%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.00%	100.0%
18	Total	\$3,267,887	\$3,294,415	\$3,323,052	\$3,287,072	\$3,316,851	\$3,316,602	\$3,338,254	\$3,371,072	\$3,388,920	\$3,404,145	\$3,469,941	\$3,525,539	\$3,483,711	
19	Consol. Common Equity	(1,138)	(1,138)	(1,138)	(1,313)	(1,313)	(1,313)	(1,671)	(1,671)	(1,671)	(6,924)	(6,924)	(6,924)	(7,337)	
20	Subsidiary R.E.														
21	Puget Western														
22	Total Subsidiary R.E.	(\$1,138)	(\$1,138)	(\$1,138)	(\$1,313)	(\$1,313)	(\$1,313)	(\$1,671)	(\$1,671)	(\$1,671)	(\$6,924)	(\$6,924)	(\$6,924)	(\$7,337)	
23	Other Comprehensive Income Adjustments (OCI) and Derivative Accounting														
24	Derivative Impacts through Income	(\$158,503)	(\$150,284)	(\$134,272)	(\$119,600)	(\$99,517)	(\$107,139)	(\$76,964)	(\$62,510)	(\$76,718)	(\$74,487)	(\$57,395)	(\$40,780)	(\$27,205)	
25	OCI - Derivatives	(17,873)	(16,978)	(15,935)	(14,925)	(14,102)	(13,844)	(13,390)	(12,359)	(11,176)	(11,200)	(11,050)	(10,254)	(9,309)	
26	OCI - Other	(166,289)	(165,483)	(164,678)	(165,061)	(164,248)	(163,435)	(162,622)	(161,809)	(160,997)	(175,999)	(174,870)	(173,741)	(172,613)	
27	Total OCI Adj	(342,664)	(332,745)	(314,885)	(299,586)	(277,867)	(284,418)	(252,976)	(236,678)	(248,890)	(261,686)	(243,314)	(224,776)	(209,127)	
28	Regulated Common Equity	\$3,611,689	\$3,628,299	\$3,639,076	\$3,587,972	\$3,596,031	\$3,602,334	\$3,592,902	\$3,609,422	\$3,639,482	\$3,672,754	\$3,720,179	\$3,757,238	\$3,700,175	

Puget Sound Energy, Inc.
Cost of Short-Term Debt
For The 12 Months Ending March 31, 2013

(A)	(B)	(C)	(D)	(E)
<u>Description</u>	<u>Weighted Amt Outstanding (i)</u>	<u>Interest Rate</u>	<u>Annual Charge</u>	<u>Cost Rate</u>
Commercial Paper	\$54,883,288	0.454%	\$248,902	
Demand Promissory Note	\$29,816,371	0.604%	\$180,194	
\$500mm Pre-merger Liquidity Facility	\$312,329	0.777%	\$2,427	
\$400mm Liquidity Facility	\$13,923,288	1.089%	\$151,610	
\$400mm Capex Facility	\$0	NA	\$0	
\$650mm Liquidity Facility	\$0	NA	\$0	
Interest Charges & Avg Borrowing Rate	\$98,935,275	0.589%	\$583,133	
Commitment Fees			\$2,110,662	(ii)
12 Month Short Term Debt Issue Costs Amortization			\$2,987,282	(iii)
Total Short-Term Debt/Cost	\$98,935,275		\$5,681,078	5.74%

(i) Weighted Average Daily Balance Outstanding for 12 Months Ended

(ii) See Pg 4 STD OS & Comm Fees (includes any LC Fees)

(iii) See Pg 5 STD Amort

Puget Sound Energy, Inc.
Short-Term Debt Rate
For The 12 Months Ending March 31, 2013

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Weighted Avg. Outstandings and Rates and Total Commitment Fees									
	Wtd. Avg. Outstandings	Period Interest	Wtd. Avg. Rate (365)	Commitment Fees					
7	\$54,883,288	\$248,902	0.454%	\$0					
8	\$29,816,371	\$180,194	0.604%	\$0					
9	\$312,329	\$2,427	0.777%	5,075					
10	\$13,923,288	\$151,610	1.089%	827,908					
11	\$0	\$0	NA	884,000					
12	\$0	\$0	NA	224,502					
13	Letters of Credit			169,177					
14	Totals	\$98,935,275	\$583,133	0.589%	\$2,110,662				
Bank Facility Fees									
Commitment Fee Calculation									
	Beginning Date	Ending Date	Days	Commitment	Wgtd Avg Utilized (Drawn)	Wgtd Avg Unutilized Commitment	Fee %	Fee \$	
21	04/01/12	04/03/12	3	\$500,000,000	\$12,773,129	\$487,226,871	0.125%	5,075	
22	04/04/12	02/03/13	306	\$400,000,000	\$25,380,884	\$374,619,116	0.260%	827,908	
23	04/04/12	02/03/13	306	\$400,000,000	\$0	\$400,000,000	0.260%	884,000	
24	02/04/13	03/31/13	56	\$650,000,000	\$8,566,800	\$641,433,200	0.225%	224,502	
25	Bank Facility Commitment Fees								
26								<u>\$1,936,410</u>	
Letters of Credit (LC) Fees									
	Days	W. Avg Amount	Facility	Commitment	Wgtd Avg Utilized (Drawn)	Wgtd Avg Unutilized Commitment	Fee %	Fee \$	
28	365	\$5,019,568	Wells Fargo (not within facility)	\$500,000,000	\$12,773,129	\$487,226,871	1.00%	\$50,893	
29	3	\$12,460,800	Liquidity Facility (Pre-merger)	\$400,000,000	\$25,380,884	\$374,619,116	0.650%	\$675	
30	306	\$11,457,596	Liquidity Facility (Barclays)	\$400,000,000	\$0	\$400,000,000	0.975%	\$94,955	
31	56	\$8,566,800	Liquidity Facility (Wells Fargo)	\$650,000,000	\$8,566,800	\$641,433,200	1.700%	\$22,654	
32	Total Fees								
33								<u>\$169,177</u>	
34								<u>\$169,177</u>	

* Per merger commitment 24, PSE will not advocate for higher cost of debt than would have been incurred without Puget Holdings ownership. PSE's pre-merger credit facility would have expired on 4/4/2012. As a result, costs for 3 days of the 12 month period have been calculated at the rates associated with the pre-merger credit facility. Commitment fees are calculated for actual days elapsed on the basis of a 360 day year.

Puget Sound Energy, Inc.
Amortization of Short-Term Debt Issue Costs
For The 12 Months Ending March 31, 2013

(A)	(B)	(C)	(D)	(E)	(F)
Description	\$400 million Working Cap Fac 18101083/18900403	\$400 million Capex Fac 18101073/18900423	\$650 million Liquidity Fac 18100673	TOTAL AMORTIZATION	
SAP #					
5	Beginning Balance				
6	As of: 03/31/12	\$3,054,942	\$3,054,967	\$0	
7					
8	April-12	(138,860)	(138,862)	0	
9	May-12	(138,860)	(138,862)	0	
10	June-12	(138,860)	(138,862)	0	
11	July-12	(138,860)	(138,862)	0	
12	August-12	(138,860)	(138,862)	0	
13	September-12	(138,860)	(138,862)	0	
14	October-12	(138,860)	(138,862)	0	
15	November-12	(138,860)	(138,862)	0	
16	December-12	(138,860)	(138,862)	0	
17	January-13	(138,860)	(138,862)	0	
18	February-13	(36,837)	(36,817)	(40,541)	
19	March-13	(27,619)	(27,619)	(40,629)	
20					
21	Total Amortization for 12 months ended	(\$1,453,060)	(\$1,453,052)	(\$81,170)	(\$2,987,282)

Puget Sound Energy, Inc.
Cost of Long Term Debt (\$in 000's)
For The 12 Months Ending March 31, 2013

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)																					
1	Type	Interest Rate	Issue Date	Mat. Date	W. Avg. Amt O/S	Net Proceeds (i)	Cost Rate (ii)	Annual Charge	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13																					
2	MTN-B	6.830%	Aug-93	Aug-13	3,000	98.81	6.94%	208	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000																				
3	MTN-B	6.900%	Sep-93	Oct-13	10,000	98.82	7.01%	701	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000																				
4	MTN-C	7.350%	Sep-95	Sep-15	10,000	98.84	7.46%	746	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000																				
5	MTN-C	7.360%	Sep-95	Sep-15	2,000	98.84	7.47%	149	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000																				
6	SN	5.197%	Oct-05	Oct-15	150,000	99.19	5.30%	7,950	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000																				
7	SN	6.750%	Jan-09	Jan-16	250,000	99.24	6.89%	17,225	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000																				
8	MTN-A	6.740%	Jun-98	Jun-18	200,000	98.99	6.83%	13,660	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000																				
9	MTN-C	7.150%	Dec-95	Dec-25	15,000	99.21	7.21%	1,082	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000																				
10	MTN-C	7.200%	Dec-95	Dec-25	2,000	99.21	7.26%	145	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000																				
11	MTN-A	7.020%	Dec-97	Dec-27	300,000	98.99	7.10%	21,300	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000																				
12	MTN-B	7.000%	Mar-99	Mar-29	100,000	99.04	7.08%	7,080	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000																				
13	PCB	5.000%	Mar-03	Mar-31	138,460	95.55	5.54%	7,676	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460																				
14	PCB	5.100%	Mar-03	Mar-31	23,400	95.55	5.65%	1,323	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400																				
15	SN	5.483%	May-05	Jun-35	250,000	84.89	6.65%	16,625	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000																				
16	SN	6.724%	Jun-06	Jun-36	250,000	107.52	6.17%	15,425	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000																				
17	SN	6.274%	Sep-06	Mar-37	300,000	98.81	6.36%	19,080	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000																				
18	SN	5.757%	Sep-09	Oct-39	350,000	98.98	5.83%	20,405	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000																				
19	SN	5.795%	Mar-10	Mar-40	325,000	98.96	5.87%	19,078	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000																				
20	SN	5.764%	Jun-10	Jul-40	250,000	98.97	5.84%	14,600	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000																				
21	SN	5.638%	Mar-11	Apr-41	300,000	98.97	5.71%	17,130	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000																				
22	SN	4.434%	Nov-11	Nov-41	250,000	98.96	4.50%	11,250	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000																				
23	SN	4.700%	Nov-11	Nov-51	45,000	98.86	4.76%	2,142	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000																				
24	JrSubN	6.974%	Jun-07	Jun-17	250,000	98.23	7.23%	18,075	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000																				
25																																										
26	Annual Charge from Reacquired Debt Schedule																		1,587																							
27	TOTAL LONG TERM DEBT																		3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860	3,773,860
28																																										
29																																										

(i) Net proceeds are the net proceeds per \$100 face amount and are the proceeds less underwriter's fees and issuance expenses.

(ii) Yield to Maturity based on Net Proceeds

