

Schedule A-Gas

**PUGET SOUND ENERGY - GAS**Revenue Requirement Summary for Washington Retail Gas Operations  
Adjusted Operations for Test Year Ending December 31, 2008

Line No.	Description (a)	As Proposed By Company (\$000) (b)	Public Counsel Adjustments (\$000) (c)	As Proposed by Public Counsel (\$000) (d)
1	WA Jurisdictional Rate Base	\$ 1,474,390	\$ (1,210)	\$ 1,473,181
2	Overall Rate of Return	8.500%	-0.760%	7.74%
3	Net Operating Income Required	125,323	(11,299)	114,024
4	NOI -- Existing Rates	109,293	4,822	114,115
5	NOI Deficiency (Excess)	16,030	(16,121)	(91)
6	Conversion Factor	0.62189	0.62189	0.62189
7	Revenue Deficiency (Excess)			
8	Before Revenue Credits	\$ 25,777	\$ (25,922)	\$ (146)
9	Other Operating Revenues	184		184
10	Revenue Deficiency (Excess)	\$ 25,593		\$ (330)

Witness: J. Dittmer

Schedule B-Gas

**PUGET SOUND ENERGY - GAS**  
Rate Base Summary for Washington Retail Gas Operations  
Adjusted Operations for Test Year Ending December 31, 2008

Line No.	Description (a)	WA Jurisdictional As Adjusted by Company (b)	(Sch. B-1) (c)	(Sch. B-2) (d)	(Sch. B-3) (e)	Subtotal (i)
1	Rate Base:					
2	Gross Utility Plant in Service	\$ 2,501,335,392	\$(802,297)	\$(740,624)		\$2,499,792,471
3	Accum Depr and Amortization	(840,759,619)	363,671			(840,395,948)
4	Deferred Debits					-
5	Deferred Taxes	(210,787,311)	(30,450)			(210,817,761)
6	Allowance for Working Capital	51,102,877				51,102,877
7	Other	(26,501,136)				(26,501,136)
8	Total Retail Rate Base	<u>\$ 1,474,390,203</u>	<u>\$(469,076)</u>	<u>\$(740,624)</u>	<u>\$ -</u>	<u>\$1,473,180,503</u>

Witness: J. Dittmer

Docket Nos. UE-090704 & UG-090705

Exhibit No. \_\_\_\_\_(JRD-3)

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Schedule B-1-Gas

### PUGET SOUND ENERGY - GAS

Adjusted Operations for Test Year Ending December 31, 2008

Eliminate Corporate Aircraft Costs from Rate Base

Line No.	Description (a)	Total Company (b)	Gas Percent (c)	Electric Rate Base Adjustment (d)
1	Aircraft Costs - Rate Base Components			
2	(Source: Response to Public Counsel			
3	Data Request No.121)			
4	Plant in Service	\$ 2,292,277	35.00%	\$ (802,297)
5	Accumulated Depreciation	<u>(1,039,059)</u>	35.00%	<u>363,671</u>
6	Net Plant in Service	1,253,218		(438,626)
7	Accumulated Deferred Income Taxes	<u>87,000</u>	35.00%	<u>(30,450)</u>
8	Net Rate Base	<u>\$ 1,340,218</u>		<u>\$ (469,076)</u>

Witness: J. Dittmer

Docket Nos. UE-090704 & UG-090705

Exhibit No. \_\_\_\_\_ (JRD-3)





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**REDACTED**  
Schedule B-2-gas

**PUGET SOUND ENERGY - GAS**

Adjusted Operations for Test Year Ending December 31, 2008

Jackson Prairie Plant Adjustment

Line No.	Description (a)	Amount (b)	Source (c)
1			Response
2			to Public
3			Counsel
4		\$ (740,624)	DR No. 409

Docket Nos. UE-090704 & UG-090705  
 Exhibit No. (JRD-3C)  
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**PUGET SOUND ENERGY - GAS**

Net Operating Income Summary for Washington Electric Retail Operations  
 Adjusted Operations for Test Year Ending December 31 2008

Witness: J. Dittmer

Schedule C-Gas  
 (first of three pages)

Line No.	Description (a)	Washington Jurisdictional As Adjusted by Company (b)	(Sch. C-1) (c)	(Sch. C-2) (d)	(Sch. C-3) (e)	(Sch. C-4) (f)	(Sch. C-5) (g)	(Sch. C-6) (h)	Page Subtotal (i)
1	Operating Revenues:								
2	Sales Customers	\$ 1,208,690,484	2,505,843						\$ 1,211,196,327
3	Municipal Additions								
4	Other Operating Revenues	19,800,294							19,800,294
5	Total Operating Revenues	1,228,490,778	2,505,843						1,230,996,621
6	Operating Revenue Deductions								
7	Purchased Gas Costs	786,226,721	1,813,533						788,040,254
8	Other Power Supply	1,926,629		(29,632)					1,896,997
9	Transmission Expense	405,045		(3,719)			(3,005)		398,321
10	Distribution Expense	53,285,553		(425,245)			(695,231)		52,165,077
11	Customer Accounts Expense	27,937,374	7,099	(258,188)					27,686,285
12	Customer Service Expenses	1,462,619		(36,196)					1,426,423
13	Conservation Amortization								
14	Admin. & General Expense	45,577,734		(354,616)	(410,982)	(51,479)		(200,133)	44,560,524
15	Depreciation	88,849,821							88,849,821
16	Amortization	15,618,788							15,618,788
17	Amortization of Property Gains/Losses								
18	Other Operating Expenses	1,415,417							1,415,417
19	Taxes Other Than Income	60,891,865	101,264	(36,782)					60,956,347
20	Income Taxes	(6,324,353)	204,381	400,532	143,844	18,018	244,383	70,047	(5,243,149)
21	Deferred Income Taxes	41,924,649							41,924,649
22	Total Operating Revenue Deductions	\$ 332,971,141	\$ 312,744	\$ (743,846)	\$ (267,138)	\$ (33,461)	\$ (453,853)	\$ (130,086)	\$ 331,655,500
23	Net Operating Income	\$ 109,292,916	\$ 379,566	\$ 743,846	\$ 296,770	\$ 33,461	\$ 453,853	\$ 130,086	\$ 111,300,867

Docket Nos. UE-090704 & UG-090705  
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Witness: J. Dittmer

**PUGET SOUND ENERGY - GAS**  
Net Operating Income Summary for Washington Electric Retail Operations  
Adjusted Operations for Test Year Ending December 31, 2008

Schedule C-Gas  
(second of three pages)

Line No.	Description (a)	Washington Jurisdictional As Adjusted by Company (b)	(Sch. C-7) (c)	(Sch. C-8) (d)	(Sch. C-9) (e)	(Sch. C-10) (f)	(Sch. C-11) (g)	(Sch. C-12) (h)	Page Subtotal (i)
1	Operating Revenues:								
2	Sales Customers	\$ 1,211,196,327							\$ 1,211,196,327
3	Municipal Additions	-							-
4	Other Operating Revenues	19,800,294							19,800,294
5	Total Operating Revenues	1,230,996,621							1,230,996,621
6	Operating Revenue Deductions								
7	Purchased Gas Costs	788,040,254							788,040,254
8	Other Power Supply	1,896,997							1,896,997
9	Transmission Expense	398,321							398,321
10	Distribution Expense	52,165,077							52,165,077
11	Customer Accounts Expense	27,686,285							27,686,285
12	Customer Service Expenses	1,426,423							1,426,423
13	Conservation Amortization	-							-
14	Admin. & General Expense	44,560,524	(718,485)	(\$1,154,856)	(107,122)			(120,550)	42,459,511
15	Depreciation	88,849,821							88,849,821
16	Amortization	15,618,788							15,618,788
17	Amortization of Property Gains/Losses	-							-
18	Other Operating Expenses	1,415,417							1,415,417
19	Taxes Other Than Income	60,956,347				64,584			61,020,931
20	Income Taxes	(5,243,149)	251,470	404,200	37,493	(22,604)	(112,281)	42,193	(4,642,680)
21	Deferred Income Taxes	41,924,649							41,924,649
22	Total Operating Revenue Deductions	\$ 331,655,500	\$ (467,015)	\$ (750,656)	\$ (69,629)	\$ 41,980	\$ (112,281)	\$ (78,358)	\$ 330,219,540
23	Net Operating Income	\$ 111,300,867	\$ 467,015	\$ 750,656	\$ 69,629	\$ (41,980)	\$ 112,281	\$ 78,358	\$ 112,736,827



## Schedule C-1-Gas

**PUGET SOUND ENERGY - GAS**

Adjusted Operations for the Test Year Ended December 31, 2008  
Reverse PSE Proposed Conservation Adjustment

Line No.	Description (a)	Amount (b)	Source (c)
1	Increase revenues for Conservation Adjustment		
2	proposed by PSE	\$ 2,505,843	(a)
3	Increase Purchased Gas cost related to		
4	PSE's Conservation Adjustment	<u>1,813,533</u>	(a)
5	Increase in Gross Margin	692,310	Line 2 - Line 4
6	Uncollectibles per PSE's Supplemental Filing	204,882	(a)
7	Uncollectibles without Conservation Adjustment	<u>211,981</u>	(b)
8	Increase in Uncollectibles Expense	7,099	Line 7 - Line 6
9	Annual Filing Fees per PSE supplemental filing	144,640	(a)
10	Annual Filing Fees without Conservation Adjustment	<u>149,652</u>	(b)
11	Increase in Annual filing fees	5,012	Line 10 - Line 9
12	State Utility Tax per PSE's Supplemental Filing	2,777,881	(a)
13	State Utility Tax without Conservation Adjustment	<u>2,874,133</u>	(b)
14	Increase in State Utility Tax	96,252	Line 13 - Line 12
15	Net increase in operating income before tax	583,947	Line 5-8-11-14
16	FIT at 35%	<u>204,381</u>	
17	Increase to Net Operating Income	<u><u>379,566</u></u>	Line 15 - Line 16
18	(a) Exhibit No. __ (MJS-9), Page 9.02		
19	(b) Response to Staff Data Request No. 139		



**PUGET SOUND ENERGY- GAS**

Adjusted Operations for Test Year Ended December 31, 2008

Eliminate Elements of PSE's Proforma Wage Adjustment

Line No.	Description (a)	RATE YEAR PER PSE (a) (b)	ANNUAL WAGE PER PUBLIC COUNSEL (b) (c)	ADJUSTMENT (Col c - Col d) (d)
1	Wages:			
2	Production Manufacturing Gas	\$ 167,763	\$ 164,228	\$ (3,535)
3	Other Gas Supply	546,938	532,429	(14,509)
4	Storage, LNG T*G	552,698	541,110	(11,588)
	Transmission	179,760	176,041	(3,719)
5	Distribution	22,032,125	21,606,880	(425,245)
6	Customer Accounts	7,927,726	7,669,538	(258,188)
7	Customer Service	1,159,867	1,124,547	(35,320)
8	Sales	29,647	28,771	(876)
9	Administrative and General	11,175,899	10,879,692	(296,207)
10	Total Wage Increase	\$ 43,772,423	\$ 42,723,236	\$ (1,049,187)
11	Employee Investment Plan	2,472,479	2,414,069	(58,409)
12	Payroll Taxes	3,710,081	3,673,299	(36,782)
13	Total Wages & Taxes	\$ 47,482,504	\$ 46,396,535	\$ (1,144,378)
14				
15	Increase/(Decrease) in Operating Expense			
16	Increase/(Decrease) in Federal Income Tax @ 35%			\$ (1,144,378)
17	Increase/(Decrease) in Net Operating Income			400,532
				<u>\$ 743,846</u>
18	Electric O&M Payroll as Proposed by			
19	Public Counsel (Line 10 above)			
		42,723,236		
20	Test Year Actual Electric O&M (a)	41,034,090		
21	Factor to consider wage increase being			
22	recommended by the Public Counsel (Line 19 / Line 20)		<u>1.0412</u>	
23	Payroll Taxes - Actual Test Year (a)		3,528,068	
24	Total proforma payroll tax per Public Counsel (L. 22 X L.23)		<u>3,673,299</u>	
25	Investment Plan Expense - Actual Test Year			
26	Source: Exh. No. __ (JHS-10), Adj't 10.26		2,318,625	
27	Proforma Investment Plan Expense per Public Counsel (L. 22 X L.26)		<u>2,414,069</u>	
28	(a) Exhibit No. __ (MJS-9), Page 9.18			
29	(b) Workpaper "Public Counsel PSE Wage Adjustment..xls"			

## Schedule C-3-Gas

**PUGET SOUND ENERGY- GAS**

Adjusted Operations for the Test Year Ended December 31, 2008  
Eliminated PSE's Projected 2010 Flex Credit Increase

Line No.	Description (a)	Source (b)	Amount (c)
1	Test year average total number of employees	PC DR 319	2,613
2	Average Flex Credit per employee per month	PSE W/P for	
3	effective in 2009	Adj't 4.20G	\$ 910
4	Flex Credit Cost per Month	Line 1 X Line 4	\$ 2,377,830
5	Proforma total PSE Flex Credits - times 12 months	Line 5 X 12	28,533,960
6		PSE W/P for	35.06%
7	Percent to gas operations	Adj't 4.20G	
8	Total proforma electric operations Flex Credit costs	Line 5 X Line 7	10,004,006
9	Percent to gas expense		<u>59.40%</u>
10	Public Counsel proposed proforma Flex Credit for	PSE W/P for	
11	electric operating expense	Adj't 4.20G	5,942,380
12	PSE proposed proforma electric operations	Line 8 X Line 10	
13	Flex Credit expense		6,353,362
14	Adjustment to reduce electric operations Flex	Exh. No. __ (MJS-9)	
15	Credit expense	Page 9.20	(410,982)
16	Increase/(Decrease) in federal income tax expense @ 3	Line 12 - Line 14	<u>143,844</u>
17	Increase/(Decrease) in Net Operating Income	Line 15 - Line 16	<u>\$ 267,138</u>

Witness: J. Dittmer

Docket Nos. UE-090704 & UG-090705

Exhibit No. \_\_\_\_\_(JRD-3)

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Schedule C-4-Gas

**PUGET SOUND ENERGY- GAS**

Adjusted Operations for the Test Year Ended December 31, 2008

Eliminate PSE-Estimated Increases in Property Insurance

Line No.	Description (a)	Source (b)	Amount (c)
1	Public Counsel proposed level of gas property	"Public Counsel	
2	insurance expense calculated by considering	Property	
3	policy premiums actually in effect	Insurance	\$ 474,865
		Adjustment.xls"	
4	PSE proposed level of gas property	"Public Counsel	
5	insurance expense calculated by considering	Property	
6	estimated property insurance premiums expected	Insurance	
7	to be in effect through the rate year	Adjustment.xls"	526,344
8	Public Counsel adjustment to eliminate PSE-estimated		
9	increases in property insurance expense through the		
10	rate year	Line 3 - Line 7	\$ (51,479)
11	Increase/(Decrease) in federal income tax @ 35%		18,018
12	Increase/(Decrease) in Net Operating Income	Line 10 - Line 11	\$ 33,461

Witness: J. Dittmer

Docket Nos. UE-090704 & UG-090705

Exhibit No. \_\_\_\_\_ (JRD-3)

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Schedule C-5-Gas

**PUGET SOUND ENERGY- GAS**

Adjusted Operations for the Test Year Ended December 31, 2008  
Eliminate PSE-Estimated T&D Contract Price Changes

Line No.	Description (a)	Source (b)	Amount (c)
1	Reverse PSE's proposed reflection of estimated		
2	price changes for service contracts for		
3	Transmission and Distribution Operations		
4	Transmission	Exhibit No. __	\$ 3,005
5		(MJS-9),	
6	Distribution	Page 9.09	<u>695,231</u>
7	Total adjustment reversing PSE's proforma		
8	T&D Service Contract estimates	Line 4 + Line 6	(698,236)
9	Increase/(Decrease) in federal income tax expense @ 35%		<u>244,383</u>
10	Increase/(Decrease) in Net Operating Income	Line 8 - Line 9	<u>\$ 453,853</u>

## Schedule C-6-Gas

**PUGET SOUND ENERGY- GAS**

Adjusted Operations for the Test Year Ended December 31, 2008

Normalize Injuries and Damages Expense

Line No.	Description (a)	Year (b)	Source (c)
1	Accruals for Injuries and Damages Expense	2006	\$ 150,543
2	(Source: Public Counsel Data Request	2007	-
3	No. 336)	2008	100,000
4	Payments Expensed - Not Previously Accrued	2006	315,261
5	(Source: Public Counsel Data Request	2007	473,145
6	No. 336)	2008	<u>669,674</u>
7	Total Accruals & Payment Charged to	2006	465,804
8	Injuries and Damages Expense	2007	473,145
9	(Sum Lines 1-3 and Lines 4-6)	2008	769,674
10	Three Year Average of Injuries and Damages (Average Lines 7 - 9)		\$ 569,541
11	Less: Test Year Actual Accruals and Payments		<u>(769,674)</u>
12	Adjustment to normalize injuries and damages		
13	expense based upon a three year average (Line 10 - Line 11)		(200,133)
14	Increase/(Decrease) in federal income tax expense @ 35%		<u>70,047</u>
15	Increase/(Decrease) in Net Operating Income (Line 13 - Line 14)		<u><u>\$ 130,086</u></u>

## Schedule C-7-Gas

**PUGET SOUND ENERGY- GAS**

Adjusted Operations for the Test Year Ended December 31, 2008

Normalize Qualified Pension Costs

Line No.	Description (a)	Source (b)	Amount (c)
1	Pension Contributions to Qualified Retirement		
2	Plans for years ending December:		
3	2005	(a)	\$ -
4	2006	(a)	\$ -
5	2007	(a)	\$ -
6	2008	(a)	\$ 24,500,000
7	Four year average of contributions to qualified	Average	
8	retirement plans	Lines 3 - 6	\$ 6,125,000
9	Allocate to Operations and Maintenance Expense	(a)	<u>59.40%</u>
10	Subtotal - Pension contributions allocated to O&M	Line 8 X Line 9	\$ 3,638,250
11	Allocation to gas operations	(a)	<u>35.06%</u>
12	Proforma gas operations pension expense		
13	recommended by Public Counsel	Line 10 X Line 11	1,275,570
14	Proforma gas operations pension expense		
15	proposed by PSE	(a)	<u>1,994,055</u>
16	Public Counsel proposed reduction in gas		
17	qualified pension expense	Line 13 - Line 15	(718,485)
18	Increase/(Decrease) in federal income tax expense @ 35%		<u>251,470</u>
19	Increase/(Decrease) in Net Operating Income	Line 17 - Line 18	<u>\$ 467,015</u>
20	(a) Company workpaper "4.27E & 4.17G Pension Plan.xls"		

Witness: J. Dittmer

Docket Nos. UE-090704 & UG-090705

Exhibit No. \_\_\_\_\_ (JRD-34)

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Schedule C-8 Gas

**PUGET SOUND ENERGY- GAS**

Adjusted Operations for Test Year Ending December 31, 2008  
Eliminate Supplemental Executive Retirement Plan Expense

Line No.	Description (a)	Source (b)	Amounts (c)
1	Adjustment to eliminate PSE proposed level of SERP	Exh. No. __ (MJS-9)	(\$1,154,856)
2	Expense (gas jurisdictional expense amount)	Page 9.17	
3	Increase/(Decrease) in federal income tax expense @ 35%		<u>404,200</u>
4	Increase/(Decrease) in Net Operating Income	Line 2 - Line 3	<u>\$ 750,656</u>

Witness: J. Dittmer

Docket Nos. UE-090704 & UG-090705

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Schedule C-9-Gas

**PUGET SOUND ENERGY- GAS**

Adjusted Operations for the Test Year Ended December 31, 2008

Eliminate One-Half of Directors and Officer Liability Insurance

Line No.	Description	Source	Amount
	(a)	(b)	(c)
1	Proforma Directors and Officers' Liability	Exh. No. __	
2	Insurance for electric operations as proposed	(MJS-9)	
3	by PSE	Page 9.12	\$ 214,244
4	Adjustment to assign one-half of the cost		
5	of Directors and Officers' Liability Insurance to		
6	Shareholders	Line 3 / 2	\$ (107,122)
7	Increase/(Decrease) in federal income tax expense @ 35%		<u>37,493</u>
8	Increase/(Decrease) in Net Operating Income	Line 6 - Line 7	<u>\$ 69,629</u>



**PUGET SOUND ENERGY- GAS**  
 Adjusted Operations for the Test Year Ended December 31, 2008  
 Property Tax Adjustment

Line No.	Description	Gas Operations All Washington (b)	Source (c)
1	Final DOR Value for 1/1/2009 Property	\$ 1,179,777,000	a)
2	Averaged equalized rate established December 2008	<u>96.84%</u>	a)
3	Calculated Assesd Value	1,142,496,047	Line 1 X Line 2
4	Estimated Levy rate - per PSE	<u>10.156</u>	b)
5	Calculated Property taxes - Operations Centrally Assessed	11,603,190	Line 3 X Line 4
6	Add: Operational Central Assessed 2008	<u>32,201</u>	a)
7	Total Public Counsel Proposed Property Taxes	11,635,391	Line 5 + Line 6
8	<b>Less:</b>		
9	PSE proforma level of gas operations property	<u>11,570,807</u>	b)
10	Adjustment to PSE's proposed level of proforma		
11	of gas operations' property tax expense	\$ 64,584	Line 7 - Line 9
12	Increase/(Decrease) in federal income tax expense @ 35%	<u>(22,604)</u>	
13	Increase/(Decrease) in Net Operating Income	<u>\$ (41,980)</u>	Line 11 - Line 12

12 a) PSE's Supplemental Response to Public Counsel  
 13 Data Request No. 27

14 b) PSE workpapers for gas property tax adjustment reflected on  
 15 Exhibit No.\_\_(MJS-9), page 9.10

Witness: J. Dittmer

Docket Nos. UE-090704 & UG-090705

Exhibit No. \_\_\_\_\_ (JRD-3)

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Schedule C-11-Gas

**PUGET SOUND ENERGY- GAS**

Adjusted Operations for the Test Year Ended December 31, 2008

Eliminate Section 16(m) Permanent Tax Difference

Line No.	Description (a)	Source (b)	Source
1	Section 162(m) limitation reflected as an "Permanent"	PSE W/P	
2	add to book income for purposes of calculating	"4.04G Federal	
3	proforma current income tax expense	Income Tax.xls"	320,804
4	Federal income tax rate		<u>35%</u>
5	Increase in current Federal income tax expense		
6	associated with non-recurring Section 162(m)		
7	limitation permanent book/tax timing difference	Line 3 X Line 4	112,281
8	Adjustment to eliminate the impact of non-recurring		
9	increase in Federal income tax expense		
10	attributable to non-tax deductible executive		
11	compensation in excess of \$1.0 million dollars		<u>(112,281)</u>

Witness: J. Dittmer

Docket Nos. UE-090704 & UG-090705

Exhibit No. (JRD-3)

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Schedule C-12-Gas

**PUGET SOUND ENERGY- GAS**

Adjusted Operations for the Test Year Ended December 31, 2008  
Eliminate Corporate Aircraft Expense in Excess of Alternative Travel Costs

Line No.	Description (a)	Source (b)	Amount (c)
1		Response to	
2		Public Counsel	
3		Data Request	
4	Aircraft Depreciation	No. 121	87,000
5	Allocate to gas operations		<u>35.0%</u>
6	Aircraft depreciation - electric operations	Line 4 X Line 5	50,980
7		Response to	
8	Total Aircraft Costs Charged to Electric	Public Counsel	
9	Operations above-the-line O&M	Data Request	
10	expense accounts	No. 236 (E)	<u>\$ 160,256</u>
11	Total aircraft expenses charged to above-the-line		
12	expense accounts		211,236
13	Reasonable Cost of Alternative Forms of	PC W/P	
14	Transportation - Total PSE Operations	"Aircraft.xls"	259,103
15	Allocate to gas operations		<u>35.0%</u>
16	Reasonable cost of alternative transportation		
17	- gas operations		90,686
18	PSE gas adjustment for excessive corporate		
19	aircraft costs	Line 13 X Line 14	(120,550)
20	Increase/(Decrease) in federal income tax expense @ 35%		<u>42,193</u>
21	Increase/(Decrease) in Net Operating Income	Line 16 - Line 17	<u><u>\$ 78,358</u></u>

Schedule C-13-Gas

**PUGET SOUND ENERGY- GAS**  
 Adjusted Operations for the Test Year Ended December 31, 2008  
 Interest Synchronization Adjustment

Line No.	Description (a)	Source (b)	Amount (c)
1	Public Counsel Proposed Rate Base	Schedule B	\$ 1,473,180,503
2	Public Counsel Proposed Weighted Cost of Debt	Schedule D	<u>3.65%</u>
3	Proforma Interest Per Public Counsel	Line 1 X Line 3	\$ 53,771,088
4		Exhibit No. _____	
5		(MJS-9)	
6	Proforma Interest Deduction Per PSE	Page 9.05	<u>49,834,389</u>
7	Increase in Tax Deductible Interest Expense	Line 3 - Line 6	3,936,699
8	Federal Income Tax Rate		<u>35%</u>
9	Decrease in Federal Income Tax Expense	Line 7 X Line 8	<u>\$ (1,377,845)</u>

**PUGET SOUND ENERGY  
OVERALL COST OF CAPITAL**

**As Proposed by PSE**

<u>Line No.</u>	<u>Type of Capital</u>	<u>PERCENT</u>	<u>COST RATE</u>	<u>WT. AVG. COST RATE</u>
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	<u>48.00%</u>	10.80%	<u>5.18%</u>
5	TOTAL CAPITAL	<u>100.00%</u>		<u>8.50%</u>
6	<b>After Tax Cost of Capital</b>			
7	After Tax Short Term Debt	3.95%	1.61%	0.06%
8	After Tax Long Term Debt	48.05%	4.36%	2.09%
9	Preferred	0.00%	0.00%	0.00%
10	Equity	<u>48.00%</u>	10.80%	<u>5.18%</u>
11	Total After Tax Cost of Capital	<u>100.00%</u>		<u>7.33%</u>

12 **As Proposed by Public Counsel**

<u>Line No.</u>	<u>Type of Capital</u>	<u>Capital Components</u>	<u>PERCENT</u>	<u>COST RATE</u>	<u>WT. AVG. COST RATE</u>
15	Short Term Debt		4.00%	2.47%	0.10%
16	Long Term Debt		53.00%	6.70%	3.55%
17	Preferred		0.00%	0.00%	0.00%
18	Equity		<u>43.00%</u>	9.50%	<u>4.09%</u>
19	TOTAL CAPITAL		<u>100.00%</u>		<u>7.74%</u>
20	<b>After Tax Cost of Capital</b>				
21	After Tax Short Term Debt		4.00%	1.61%	0.06%
22	After Tax Long Term Debt		53.00%	4.36%	2.31%
23	Preferred		0.00%	0.00%	0.00%
24	Equity		<u>43.00%</u>	9.50%	<u>4.09%</u>
25	Total After Tax Cost of Capital		<u>100.00%</u>		<u>6.46%</u>