

Puget Sound Energy, Inc.

Regulatory Capital Structure

<u>Line</u>	<u>Description</u>	<u>Amount</u> (1)	<u>Weight</u> (2)	<u>Cost</u> (3)	Weighted Cost (4)
1	Short-Term Debt	\$ 295,696	4.93%	2.89%	0.14%
2	Long-Term Debt	\$ 3,001,777	50.04%	6.90%	3.45%
3	Preferred Stock	\$ 1,889	0.03%	8.61%	0.00%
4	Common Stock	<u>\$ 2,699,043</u>	<u>45.00%</u>	10.12%	<u>4.55%</u>
5	Total	\$ 5,998,405	100.00%		8.15%

Source:

Exhibit No. ____ (DEG-5C), Page 1 of 9.

Puget Sound Energy, Inc.

S&P Credit Rating Financial Ratios

Line	Description	Ratio at 10.0% Equity Return (1)	Business Profile Score (BPS) of '4'		"Excellent" "Aggressive" New S&P Benchmark** (4)	Reference (5)
			S&P "A" Rating Benchmark* (2)	S&P "BBB" Rating Benchmark* (3)		
1	Rate Base (Electric & Gas)	\$ 4,654,493,691				Exhibit No. ____ (KRK-4) and (JHS-4).
2	Weighted Common Return	4.55%				Exhibit No. ____ (MPG-3), Line 4, Col. 4.
3	Income to Common	\$ 211,946,855				Line 1 x Line 2.
4	Depreciation & Amortization	\$ 309,218,337				Exhibit No. ____ (KRK-4) and (JHS-4).
5	OBS Imputed Amortization	\$ 8,119,756				Page 3, Line 17, Col. 1.
6	Deferred Taxes	\$ 93,701,684				Exhibit No. ____ (KRK-4) and (JHS-4).
7	Funds from Operations (FFO)	\$ 622,986,632				Sum of Line 3 through Line 6.
8	Weighted Interest Rate	3.60%				Exhibit No. ____ (MPG-3), Line 1 + Line 2, Col. 4.
9	Interest Expense	\$ 167,348,888				Line 1 x Line 8.
10	Imputed OBS Interest Expense	\$ 31,795,200				Page 2, Line 3, Col. 1 times Col. 3.
11	FFO Plus Interest	\$ 822,130,719				Line 7 + Line 9 + Line 10.
12	FFO Interest Coverage	4.1x	4.2x - 3.5x	3.5x - 2.5x	3.5x - 2.0x	Line 10 / (Line 9 + Line 10).
13	Total Debt Ratio	58%	45% - 52%	52% - 62%	45% - 60%	Page 2, Sum of Lines 1-3, Col. 2.
14	FFO to Total Debt	23%	28% - 20%	20% - 12%	30% - 10%	Line 7 / (Line 1 x Line 13).

Sources:

* Standard & Poors. New Business Profile Scores Assigned to U.S. Utility and Power Companies; Financial Guidelines Revised; June 2, 2004.

** Standard & Poor's, U.S. Utilities Ratings Analysis Now Portrayed in The S&P Corporate Ratings Matrix; November 30, 2007.

Puget Sound Energy, Inc.

Financial Capital Structure (000)

<u>Line</u>	<u>Description</u>	<u>Amount</u> (1)	<u>Weight</u> (2)	<u>Cost</u> (3)	<u>Weighted</u> <u>Cost</u> (4)
1	Short-Term Debt	\$ 295,696	4.58%	2.89%	0.13%
2	Long-Term Debt	\$ 3,001,777	46.47%	6.90%	3.21%
3	Off-Balance Sheet Debt	\$ 460,800	7.13%	6.90%	0.49%
4	Preferred Stock	\$ 1,889	0.03%	8.61%	0.00%
5	Common Stock	<u>\$ 2,699,043</u>	<u>41.79%</u>	10.12%	<u>4.23%</u>
6	Total	\$ 6,459,205	100.0%		8.06%

Source:

Exhibit No. ____ (DEG-5C), Page 1 of 9.