

EXHIBIT NO. ___(DEG-7)
DOCKET NO. UE-04___/UG-04___
2004 PSE GENERAL RATE CASE
WITNESS: DONALD E. GAINES

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UE-04___
Docket No. UG-04___

**SIXTH EXHIBIT TO PREFILED DIRECT TESTIMONY
OF DONALD E. GAINES (NONCONFIDENTIAL)
ON BEHALF OF PUGET SOUND ENERGY, INC.**

APRIL 5, 2004

FINANCIAL TARGETS

Business Position	FFO / TOTAL DEBT									
	AA		A		BBB		BB		B	
1	20.0	16.5	16.5	12.5	12.5	7.0	< 7.0		-	-
2	25.0	21.0	21.0	16.0	16.0	10.5	< 10.5		-	-
3	31.5	26.0	26.0	20.0	20.0	14.0	14.0	9.5	9.5	4.0
4	36.5	30.5	30.5	24.5	24.5	17.5	17.5	12.0	12.0	6.0
5	40.0	33.0	33.0	27.0	27.0	20.5	20.5	15.0	15.0	7.5
6	47.0	39.0	39.0	31.0	31.0	22.0	22.0	16.0	16.0	8.5
7	56.0	47.0	47.0	36.5	36.5	24.5	24.5	17.0	17.0	9.5
8	66.0	55.0	55.0	42.5	42.5	27.5	27.5	18.5	18.5	11.0
9	-	-	64.5	49.5	49.5	32.0	32.0	22.0	22.0	12.5
10	-	-	78.0	60.5	60.5	39.0	39.0	28.0	28.0	17.5

Business Position	FFO INTEREST COVERAGE									
	AA		A		BBB		BB		B	
1	3.1	2.6	2.6	1.9	1.9	0.9	< 0.9		-	-
2	3.9	3.3	3.3	2.5	2.5	1.5	< 1.5		-	-
3	4.5	3.9	3.9	3.1	3.1	2.1	2.1	1.3	1.3	0.5
4	5.1	4.5	4.5	3.8	3.8	2.7	2.7	1.8	1.8	0.9
5	5.4	4.8	4.8	4.0	4.0	3.0	3.0	2.1	2.1	1.1
6	6.6	5.7	5.7	4.5	4.5	3.1	3.1	2.2	2.2	1.2
7	8.4	7.0	7.0	5.1	5.1	3.3	3.3	2.3	2.3	1.3
8	10.2	8.3	8.3	5.9	5.9	3.5	3.5	2.4	2.4	1.5
9	-	-	9.5	7.1	7.1	4.3	4.3	2.9	2.9	1.8
10	-	-	11.3	8.6	8.6	5.3	5.3	3.6	3.6	2.3

Business Position	PRETAX INTEREST COVERAGE									
	AA		A		BBB		BB		B	
1	2.8	2.4	2.4	1.8	1.8	0.8	< 0.8		-	-
2	3.4	2.9	2.9	2.3	2.3	1.3	< 1.3		-	-
3	4.0	3.4	3.4	2.8	2.8	1.8	1.8	1.1	1.1	0.3
4	4.6	4.0	4.0	3.3	3.3	2.2	2.2	1.3	1.3	0.5
5	5.0	4.3	4.3	3.5	3.5	2.4	2.4	1.5	1.5	0.6
6	6.2	5.2	5.2	4.0	4.0	2.6	2.6	1.6	1.6	0.7
7	8.0	6.5	6.5	4.7	4.7	2.8	2.8	1.8	1.8	0.9
8	9.9	8.0	8.0	5.5	5.5	3.0	3.0	2.0	2.0	1.1
9	-	-	9.1	6.6	6.6	3.7	3.7	2.5	2.5	1.4
10	-	-	11.1	8.4	8.4	5.0	5.0	3.3	3.3	1.8

Business Position	TOTAL DEBT / TOTAL CAPITAL									
	AA		A		BBB		BB		B	
1	50.5	55.0	55.0	60.5	60.5	67.5	> 67.5		-	-
2	46.5	51.0	51.0	56.5	56.5	63.5	> 63.5		-	-
3	42.0	47.5	47.5	53.0	53.0	61.0	61.0	67.0	67.0	74.0
4	37.5	43.0	43.0	49.5	49.5	57.0	57.0	64.0	64.0	72.5
5	36.0	41.5	41.5	47.0	47.0	55.0	55.0	62.5	62.5	71.0
6	32.5	39.5	39.5	46.0	46.0	53.5	53.5	60.5	60.5	69.0
7	30.5	37.5	37.5	45.0	45.0	52.5	52.5	59.5	59.5	68.0
8	28.0	35.0	35.0	43.0	43.0	51.5	51.5	58.0	58.0	66.0
9	-	-	30.0	39.0	39.0	47.5	47.5	54.0	54.0	61.5
10	-	-	24.0	33.0	33.0	40.5	40.5	46.0	46.0	53.0

Gaines, Don

From: Ferrara, William [SMTP:bill_ferara@standardandpoors.com]
Sent: Friday, May 18, 2001 12:35 PM
To: Don Gaines (E-mail)
Subject: Public Ratios spreadsheet

Don,

Attached is a better copy of the financial targets spreadsheet. I will have our sales originator contact you with regard to what S&P is, and is not, willing to do within the limitations of the Ratings Evaluation Service.

Bill

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