

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	
	)	
Complainant,	)	Dockets UE-121697 and UG-121705
	)	<i>(Consolidated)</i>
v.	)	
	)	Dockets UE-130137 and UG-130138
PUGET SOUND ENERGY, INC.,	)	<i>(Consolidated)</i>
	)	
Respondent.	)	
_____	)	

**EXHIBIT NO.\_\_(MPG-40)**

**STANDARD & POOR'S CREDIT METRICS**

**DECEMBER 3, 2014**

**(REVISED 2/10/2015)**

## Puget Sound Energy

### Standard & Poor's Credit Metrics

Thousands of Dollars

Line	Description	Retail				Reference
		Cost of Service Amount	S&P Benchmark (Medial Volatility) <sup>1/2</sup>			
			(1)	Intermediate (2)	Significant (3)	
1	Rate Base - WA	\$ 2,621,992				Exhibit No.____(KJB-3), page 2.
2	Weighted Common Return	4.46%				Page 2, Line 1, Col. 3.
3	Pre-Tax Rate of Return	10.25%				Page 2, Line 3, Col. 4.
4	Income to Common	\$ 117,046				Line 1 x Line 2.
5	EBIT	\$ 268,716				Line 1 x Line 3.
6	Depreciation & Amortization	\$ 181,009				Exhibit No.____(KJB-3), page 2.
7	Imputed Amortization	\$ 49,796				RatingsDirect- <a href="http://www.globalcreditportal.com">www.globalcreditportal.com</a> , November 19, 2014
8	Deferred Income Taxes & ITC	\$ 68,601				Exhibit No.____(KJB-3), page 2.
9	Funds from Operations (FFO)	\$ 416,452				Sum of Line 4 and Lines 6 through 8.
10	Imputed & Capitalized Interest Expense	<del>\$ 20,142</del> \$ 31,373				RatingsDirect- <a href="http://www.globalcreditportal.com">www.globalcreditportal.com</a> , November 19, 2014
11	EBITDA	<del>\$ 519,632</del> \$ 530,893				Sum of Lines 5 through 7 and Line 10.
12	Total Adjusted Debt Ratio	53.4%				Page 3, Line 5, Col. 2.
13	Debt to EBITDA	<del>2.7x</del> 2.6x	2.5x - 3.5x	3.5x - 4.5x	4.5x - 5.5x	(Line 1 x Line 12) / Line 11.
14	FFO to Total Debt	30%	23% - 35%	13% - 23%	9% - 13%	Line 9 / (Line 1 x Line 12).

Sources:

<sup>1</sup> Standard & Poor's: "Criteria: Corporate Methodology," November 19, 2013.

<sup>2</sup> Ratings Direct: "Summary: Puget Sound Energy, Inc.," June 30, 2014.

Note:

Based on the June 2014 S&P report, PSE has a "Strong" business profile and a "Significant" financial profile, and falls under the 'Medial Volatility' matrix.

## Puget Sound Energy

### Standard & Poor's Credit Metrics (Pre-Tax Rate of Return)

<u>Line</u>	<u>Description</u>	<u>Weight</u> <sup>1</sup> (1)	<u>Cost</u> (2)	<u>Weighted Cost</u> (3)	<u>Pre-Tax Weighted Cost</u> (4)
1	Common Equity	48.0%	<b>9.30%</b>	4.46%	7.18%
2	Short-Term Debt	4.0%	<b>2.68%</b>	0.11%	0.11%
2	Long-Term Debt	<u>48.0%</u>	<b>6.16%</b>	<u>2.96%</u>	<u>2.96%</u>
3	<b>Total</b>	<b>100.0%</b>		<b>7.53%</b>	<b>10.25%</b>
4	Tax Conversion Factor <sup>2</sup>				1.6094377

Sources:

<sup>1</sup>Exhibit No.\_\_\_\_(MPG-24).

<sup>2</sup>Exhibit No.\_\_\_\_(KJB-4), page 1.

# Puget Sound Energy

## Standard & Poor's Credit Metrics (Financial Capital Structure)

Thousands of Dollars

<u>Line</u>	<u>Description</u>	<u>Amount</u> <sup>1</sup> (1)	<u>Weight</u> (2)
1	Long-Term Debt	\$ 3,773,860	46.6%
2	Short-Term Debt	\$ 267,878	3.3%
3	Off-Balance Sheet Debt for Operating Leases <sup>2</sup>	\$ 110,369	1.4%
4	Off-Balance Sheet Debt for PPAs <sup>2</sup>	<u>\$ 174,100</u>	<u>2.1%</u>
5	Total Debt	\$ 4,326,207	53.4%
6	Common Equity	<u>\$ 3,773,860</u>	<u>46.6%</u>
7	<b>Total</b>	<b>\$ 8,100,067</b>	<b>100.0%</b>

Sources:

<sup>1</sup>Exhibit No.\_\_\_\_(MPG-24).<sup>2</sup>~~RatingsDirect~~ [www.globalcreditportal.com](http://www.globalcreditportal.com), November 19, 2014.