

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-42)

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) ^{1/2}			
			(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- www.globalcreditportal.com , 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	\$ 20,142 \$ 31,373				RatingsDirect- www.globalcreditportal.com , November 19, 2014
11	EBITDA	\$ 519,632 \$ 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	2.7x 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:

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

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

Sources:

¹Exhibit No.____(MPG-24).

²Exhibit 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> ¹ (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 ²	\$ 110,369	1.4%
4	Off-Balance Sheet Debt for PPAs ²	<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	Total	\$ 8,100,067	100.0%

Sources:

¹Exhibit No.____(MPG-24).²~~RatingsDirect~~ www.globalcreditportal.com, November 19, 2014.