

**REDACTED VERSION**

**PUGET SOUND ENERGY, INC.**

**Utility Capital Structure**

**Cost of Capital and Rate of Return**

Average of Monthly Average Balances For Rate Year Nov 2008 through Oct 2009

| 1  | (A)                | (B)                       | (C)                   | (D)          | (E)                 |
|----|--------------------|---------------------------|-----------------------|--------------|---------------------|
| 2  |                    |                           |                       |              | Regulated           |
| 3  |                    |                           |                       |              | Cost of             |
| 4  |                    | <i>(\$ in 000's)</i>      |                       | Cost         | Capital             |
| 5  | <u>Description</u> | <u>Amount (i)</u>         | <u>Ratio</u>          | <u>Rates</u> | <u>Calculation</u>  |
| 6  |                    |                           |                       |              |                     |
| 7  | Short Term Debt    | \$295,696                 | 4.93%                 | 4.09%        | 0.20%               |
| 8  |                    |                           |                       |              |                     |
| 9  | Long Term Debt     | \$3,001,777               | 50.04%                | 6.90%        | 3.45%               |
| 10 |                    |                           |                       |              |                     |
| 11 | Preferred Stock    | \$1,889                   | 0.03%                 | 8.61%        | 0.00%               |
| 12 |                    |                           |                       |              |                     |
| 13 | Common Stock       | <u>\$2,699,043</u>        | <u>45.00%</u>         | 10.80%       | <u>4.86%</u>        |
| 14 |                    |                           |                       |              |                     |
| 15 | <b>Total</b>       | <b><u>\$5,998,405</u></b> | <b><u>100.00%</u></b> |              | <b><u>8.51%</u></b> |

**PUGET SOUND ENERGY, INC**  
**Utility Capital Structure Calculation**  
**October 31, 2008 Through October 31, 2009**  
**Average of Month-End Balances**

| 1  | (A)                     | (B)    | (C)    | (D)    | (E)    | (F)    | (G)    | (H)    | (I)    | (J)    | (K)    | (L)    | (M)    | (N)    | (O)                       | (P)                          | (Q)                   |
|----|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------------------|------------------------------|-----------------------|
| 2  | (\$ thousands)          | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 | Apr-09 | May-09 | Jun-09 | Jul-09 | Aug-09 | Sep-09 | Oct-09 | Avg. of Mo. Avg. Balances | Adj to Attain Equity Request | Adjusted AMA Balances |
| 3  | Short-term debt         | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 262,696                   | 33,000                       | 295,696               |
| 4  | Long-term debt          | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 2,678,860                 |                              | 2,678,860             |
| 5  | Jr. Subordinated Notes  | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 322,917                   |                              | 322,917               |
| 6  | Total Debt              | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | \$3,264,473               | \$33,000                     | \$3,297,473           |
| 7  | Preferred               | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 1,889                     |                              | 1,889                 |
| 8  | Common Equity           | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 2,732,043                 | (33,000)                     | 2,699,043             |
| 9  | Total Capital           | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | \$5,998,405               | \$0                          | \$5,998,405           |
| 10 |                         |        |        |        |        |        |        |        |        |        |        |        |        |        |                           |                              |                       |
| 11 | Short-term debt         | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 4.4%                      | 4.9%                         | 4.9%                  |
| 12 | Long-term debt          | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 44.7%                     | 44.7%                        | 44.7%                 |
| 13 | Jr. Subordinated Notes  | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 5.4%                      | 5.4%                         | 5.4%                  |
| 14 | Total Debt              | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 54.5%                     | 55.0%                        | 55.0%                 |
| 15 | Preferred               | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 0.0%                      | 0.0%                         | 0.0%                  |
| 16 | Common                  | XXXXXX | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 45.6%                     | 45.000%                      | 45.0%                 |
| 17 | Total                   | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.1%                    | 100.0%                       | 100.0%                |
| 18 |                         |        |        |        |        |        |        |        |        |        |        |        |        |        |                           |                              |                       |
| 19 | PSE Common Equity       | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX |                           |                              |                       |
| 20 | Puget Western Inc       | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX |                           |                              |                       |
| 21 | Hydro Energy Dev.       | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX |                           |                              |                       |
| 22 | Total Subsidiary R.E.   | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX |                           |                              |                       |
| 23 |                         |        |        |        |        |        |        |        |        |        |        |        |        |        |                           |                              |                       |
| 24 | OCI - Derivatives       | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX |                           |                              |                       |
| 25 | OCI - Other             | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX |                           |                              |                       |
| 26 | Total OCI Adjustment    | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX |                           |                              |                       |
| 27 | Regulated Common Equity | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX | XXXXXX |                           |                              |                       |

29 Regulated Equity Excludes Non-Regulated Subsidiary Retained Earnings & Other Comprehensive Income Adjustments (OCI)

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**NOTE:** Boxes demarcate confidential information.

**Puget Sound Energy, Inc.**  
**Cost of Short-Term Debt**  
**For The 12 Months Ended October 31, 2009**

| 1  | (A)  | (B) | (C)                           | (D)                | (E)                  | (F)                     |
|----|--|-----|-------------------------------|--------------------|----------------------|-------------------------|
| 2  |  |     |                               |                    |                      |                         |
| 3  |  |     | <b>Short-Term Debt</b>        | <b>Interest</b>    | <b>Annual</b>        | <b>Cost</b>             |
| 4  | <b><u>Description</u></b>  |     | <b><u>Outstanding (i)</u></b> | <b><u>Rate</u></b> | <b><u>Charge</u></b> | <b><u>Rate (ii)</u></b> |
| 5  |  |     |                               |                    |                      |                         |
| 6  | Commercial Paper   |     | \$121,035,024                 | 3.57%              | \$4,322,711          |                         |
| 7  |  |     |                               |                    |                      |                         |
| 8  | AR Securitization Facility   |     | \$174,661,064                 | 3.74%              | \$6,538,061          |                         |
| 9  |  |     |                               |                    |                      |                         |
| 10 | Bank Credit Facility   |     | \$0                           | 0.00%              | \$0                  |                         |
| 11 |  |     |                               |                    |                      |                         |
| 12 | Commitment Fees  |     |                               |                    | \$923,311            |                         |
| 13 |  |     |                               |                    |                      |                         |
| 14 | Amortization of Upfront Facility Costs   |     |                               |                    | \$313,176            |                         |
| 15 |  |     |                               |                    |                      |                         |
| 16 | <b>Total Short-Term Debt/Cost</b>  |     | <b>\$295,696,088</b>          |                    | <b>\$12,097,259</b>  | <b>4.09%</b>            |
| 17 |  |     |                               |                    |                      |                         |
| 18 |  |     |                               |                    |                      |                         |
| 19 | <b>(i) Average of Monthly Average Balances for the period.</b>                                 |     |                               |                    |                      |                         |
| 20 |  |     |                               |                    |                      |                         |
| 21 | <b>(ii) Cost Rate is calculated by dividing the Annual Charge (E) by the Outstandings (C).</b> |     |                               |                    |                      |                         |

**Puget Sound Energy, Inc.**  
**Short Term Debt Interest Expense Calculation**  
**For The 12 Months Ended October 31, 2009**

|    | (A)                                    | (B)       | (C)       | (D)       | (E)       | (F)       | (G)       | (H)       | (I)       | (J)       | (K)       | (L)       | (M)       | (N)       | (O)                |
|----|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------------|
|    |  | Oct-08    | Nov-08    | Dec-08    | Jan-09    | Feb-09    | Mar-09    | Apr-09    | May-09    | Jun-09    | Jul-09    | Aug-09    | Sep-09    | Oct-09    | Avg of Monthly Avg |
| 1  |  |           |           |           |           |           |           |           |           |           |           |           |           |           |                    |
| 2  |  |           |           |           |           |           |           |           |           |           |           |           |           |           |                    |
| 3  | Est. AR Purchase Limit ( in 000's)     | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$197,000 | \$179,000 | \$200,000 | \$200,000 |                    |
| 4  |  |           |           |           |           |           |           |           |           |           |           |           |           |           |                    |
| 5  | STD Month End Balance (in 000's)       | \$227,613 | \$255,473 | \$258,864 | \$210,954 | \$235,025 | \$249,196 | \$281,552 | \$344,047 | \$401,046 | \$167,309 | \$207,805 | \$281,095 | \$292,362 | \$262,696          |
| 6  | Offset to Equity Adjustment            | 33,000    | 33,000    | 33,000    | 33,000    | 33,000    | 33,000    | 33,000    | 33,000    | 33,000    | 33,000    | 33,000    | 33,000    | 33,000    | \$33,000           |
| 7  | Total Adjusted Short-Term Debt         | \$260,613 | \$288,473 | \$291,864 | \$243,954 | \$268,025 | \$282,196 | \$314,552 | \$377,047 | \$434,046 | \$200,309 | \$240,805 | \$314,095 | \$325,362 | \$295,696          |
| 8  |  |           |           |           |           |           |           |           |           |           |           |           |           |           |                    |
| 9  | Short-Term Debt Funding (in 000's) (i) |           |           |           |           |           |           |           |           |           |           |           |           |           |                    |
| 10 | Commercial Paper                       | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | 100,000            |
| 11 | Additional Commercial Paper            | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$14,552  | \$77,047  | \$134,046 | \$0       | \$0       | \$14,095  | \$25,362  | 21,035             |
| 12 | Total Commercial Paper                 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$114,552 | \$177,047 | \$234,046 | \$100,000 | \$100,000 | \$114,095 | \$125,362 | 121,035            |
| 13 | AR Securitization                      | 160,613   | 188,473   | 191,864   | 143,954   | 168,025   | 182,196   | 200,000   | 200,000   | 200,000   | 100,309   | 140,805   | 200,000   | 200,000   | 174,661            |
| 14 | Total Short Term Debt                  | \$260,613 | \$288,473 | \$291,864 | \$243,954 | \$268,025 | \$282,196 | \$314,552 | \$377,047 | \$434,046 | \$200,309 | \$240,805 | \$314,095 | \$325,362 | \$295,696          |
| 15 |  |           |           |           |           |           |           |           |           |           |           |           |           |           |                    |
| 16 | AR Availability After Proj Usage       | \$39,387  | \$11,527  | \$8,136   | \$56,046  | \$31,975  | \$17,804  | \$0       | \$0       | \$0       | \$96,691  | \$38,195  | \$0       | \$0       |                    |
| 17 |  |           |           |           |           |           |           |           |           |           |           |           |           |           |                    |
| 18 | Number of Days in Month                |           | 30        | 31        | 31        | 28        | 31        | 30        | 31        | 30        | 31        | 31        | 30        | 31        | 365                |
| 19 |  |           |           |           |           |           |           |           |           |           |           |           |           |           |                    |
| 20 | <b>CP Interest Expense (ii)</b>        |           | 276,667   | 285,889   | 281,583   | 254,333   | 281,583   | 295,902   | 415,569   | 566,966   | 545,097   | 326,361   | 338,091   | 454,668   | 4,322,711          |
| 21 | <b>AR Interest Expense (ii)</b>        |           | 509,085   | 573,147   | 498,829   | 418,572   | 520,224   | 555,776   | 601,056   | 581,667   | 513,320   | 412,137   | 563,748   | 790,500   | 6,538,061          |
| 22 | Total STD Interest Expense             |           | 785,752   | 859,036   | 780,412   | 672,906   | 801,808   | 851,679   | 1,016,625 | 1,148,633 | 1,058,418 | 738,499   | 901,839   | 1,245,168 | 10,860,772         |
| 23 | Ave Monthly Borrowing Rate             |           | 3.43%     | 3.44%     | 3.38%     | 3.38%     | 3.38%     | 3.43%     | 3.41%     | 3.40%     | 3.88%     | 3.89%     | 3.90%     | 4.52%     |                    |
| 24 |  |           |           |           |           |           |           |           |           |           |           |           |           |           |                    |
| 25 |  |           |           |           |           |           |           |           |           |           |           |           |           |           |                    |
| 26 | CP Borrowing Rate                      |           | 3.32%     | 3.32%     | 3.32%     | 3.27%     | 3.27%     | 3.27%     | 3.31%     | 3.31%     | 3.31%     | 3.79%     | 3.79%     | 3.79%     | 4.41%              |
| 27 | AR Securitization Rate                 |           | 3.50%     | 3.50%     | 3.50%     | 3.45%     | 3.45%     | 3.45%     | 3.49%     | 3.49%     | 3.49%     | 3.97%     | 3.97%     | 3.97%     | 4.59%              |
| 28 |  |           |           |           |           |           |           |           |           |           |           |           |           |           |                    |
| 29 | 3 Month Projected Short Term Rates     | Libor     | CP Spread | CP        | AR Spread | AR        |           |           |           |           |           |           |           |           |                    |
| 30 | 1-Oct-08                               | 2.77%     | 0.55%     | 3.32%     | 0.73%     | 3.50%     |           |           |           |           |           |           |           |           |                    |
| 31 | 1-Jan-09                               | 2.72%     | 0.55%     | 3.27%     | 0.73%     | 3.45%     |           |           |           |           |           |           |           |           |                    |
| 32 | 1-Apr-09                               | 2.76%     | 0.55%     | 3.31%     | 0.73%     | 3.49%     |           |           |           |           |           |           |           |           |                    |
| 33 | 1-Jul-09                               | 3.24%     | 0.55%     | 3.79%     | 0.73%     | 3.97%     |           |           |           |           |           |           |           |           |                    |
| 34 | 1-Oct-09                               | 3.86%     | 0.55%     | 4.41%     | 0.73%     | 4.59%     |           |           |           |           |           |           |           |           |                    |

(i) The Company's short-term borrowing projection follows funding the first \$100mm of borrowing requirements in the commercial paper market to maintain adequate market presence. Additional borrowing needs above that level are provided through the AR securitization facility and additional CP if necessary.

(ii) Short term interest is calculated on the average balance for the month times the interest rate for the month times the actual days in the month divided by 360 days.

**Puget Sound Energy, Inc.**  
**Short Term Debt Commitment Fees & Amortization of Debt Issuance Costs**  
**For The 12 Months Ended October 31, 2009**

|    | (A)  | (B)       | (C)         | (D)  | (E)                     | (F)    | (G)        |
|----|--|-----------|-------------|------|-------------------------|--------|------------|
|    |  | Beg. Date | Ending Date | Days | Amount                  | Fee %  | Fee \$ (i) |
| 1  |  |           |             |      |                         |        |            |
| 2  | <b>Commitment Fees</b>   |           |             |      |                         |        |            |
| 3  |  |           |             |      |                         |        |            |
| 4  | <u>\$500 Million 5-Yr Bank Revolving Credit</u>  |           |             |      |                         |        |            |
| 5  | Commitment Fees on Unused Portion  | 11/1/2008 | 10/31/2009  | 365  | \$493,206,923           | 0.125% | 625,071    |
| 6  | Letters of Credit (Goldendale Plant)   | 11/1/2008 | 10/31/2009  | 365  | <u>\$6,793,077</u>      | 0.650% | 44,768     |
| 7  | Total Bank Credit Facility Size  |           |             |      | <u>\$500,000,000</u>    |        |            |
| 8  |  |           |             |      |                         |        |            |
| 9  |  |           |             |      |                         |        |            |
| 10 | <u>\$200 Million AR Securitization</u>   |           |             |      |                         |        |            |
| 11 | Fees on Total Commitment   | 11/1/2008 | 10/31/2009  | 365  | \$200,000,000           | 0.125% | 253,472    |
| 12 |  |           |             |      |                         |        |            |
| 13 |  |           |             |      |                         |        |            |
| 14 |  |           |             |      |                         |        |            |
| 15 |  |           |             |      |                         |        |            |
| 16 | <b>Amortization of Upfront Facility Costs</b>  |           |             |      |                         |        |            |
| 17 |  |           |             |      |                         |        |            |
| 18 | <u>5 Year Bank Revolving Credit</u>  |           |             |      |                         |        |            |
| 19 | Monthly Amortization   |           |             |      | \$20,470                |        |            |
| 20 | No of Months in Year   |           |             |      | <u>12</u>               |        |            |
| 21 | Annual Amortization  |           |             |      | \$245,640               |        |            |
| 22 |  |           |             |      |                         |        |            |
| 23 |  |           |             |      |                         |        |            |
| 24 | <u>AR Securitization</u>   |           |             |      |                         |        |            |
| 25 | Monthly Amortization   |           |             |      | \$5,628                 |        |            |
| 26 | No of Months in Year   |           |             |      | <u>12</u>               |        |            |
| 27 | Annual Amortization  |           |             |      | \$67,536                |        |            |
| 28 |  |           |             |      |                         |        |            |
| 29 | <b>Total Annual Amortization</b>   |           |             |      | <u><u>\$313,176</u></u> |        |            |
| 30 |  |           |             |      |                         |        |            |
| 31 | <b>(i) Commitment fees are calculated for actual days elapsed on the basis of a 360 day year</b> |           |             |      |                         |        |            |

**Puget Sound Energy**  
**Cost of Debt For The 12 Months Ended October 31, 2009**

| 1  | (A)  | (B)        | (C)      | (D)    | (E)      | (F)       | (G)         | (H)                                   | (I)   | (J)           | (K)           | (L)           | (M)           | (N)           | (O)           | (P)           | (Q)           | (R)           | (S)           | (T)           | (U)           | (V)           |               |               |               |               |                    |
|----|--|------------|----------|--------|----------|-----------|-------------|---------------------------------------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|
| 2  |  |            |          |        |          | Net       |             |                                       |   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |                    |
| 3  |  |            |          |        |          | Proceeds  |             |                                       | Month-End Balances Rollforward (\$ in millions) |               |               |               |               |               |               |               |               |               |               |               |               | Avg Amt       |               |               |               |               |                    |
| 4  |  | Principal  | Interest | Issue  | Maturity | Per \$100 | Cost        |                                       | O-08  | N-08          | D-08          | J-09          | F-09          | M-09          | A-09          | M-09          | J-09          | J-09          | A-09          | S-09          | O-09          | Out-          |               |               |               |               |                    |
| 5  | Bond   | in 000's   | Rate     | Date   | Date     | (i)       | Rate (iii)  | Annual Charge                         |   |               |               |               |               |               |               |               |               |               |               |               |               | standing      |               |               |               |               |                    |
|    |  | 10/31/2008 |          |        |          |           |             |                                       |   |               |               |               |               |               |               |               |               |               |               |               |               | (in 000's)    |               |               |               |               |                    |
| 6  | MTN-B  | \$150,000  | 6.460%   | Mar-99 | Mar-09   | 99.26     | 6.56%       | 3,690,820                             | 150.0   | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | .0            | .0            | .0            | .0            | .0            | .0            | .0            | .0            | \$56,250      |               |               |               |                    |
| 7  | MTN-C  | \$3,000    | 6.610%   | Dec-95 | Dec-09   | 99.28     | 6.69%       | 200,689                               | 3.0   | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | \$3,000       |               |               |               |                    |
| 8  | MTN-C  | \$5,000    | 6.620%   | Dec-95 | Dec-09   | 99.28     | 6.70%       | 334,982                               | 5.0   | 5.0           | 5.0           | 5.0           | 5.0           | 5.0           | 5.0           | 5.0           | 5.0           | 5.0           | 5.0           | 5.0           | 5.0           | 5.0           | \$5,000       |               |               |               |                    |
| 9  | MTN-B  | \$225,000  | 7.960%   | Feb-00 | Feb-10   | 99.23     | 8.07%       | 18,165,309                            | 225.0   | 225.0         | 225.0         | 225.0         | 225.0         | 225.0         | 225.0         | 225.0         | 225.0         | 225.0         | 225.0         | 225.0         | 225.0         | 225.0         | \$225,000     |               |               |               |                    |
| 10 | MTN-C  | \$7,000    | 7.120%   | Sep-95 | Sep-10   | 98.85     | 7.25%       | 507,321                               | 7.0   | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | \$7,000       |               |               |               |                    |
| 11 | MTN-C  | \$260,000  | 7.690%   | Nov-00 | Feb-11   | 99.28     | 7.79%       | 20,255,638                            | 260.0   | 260.0         | 260.0         | 260.0         | 260.0         | 260.0         | 260.0         | 260.0         | 260.0         | 260.0         | 260.0         | 260.0         | 260.0         | 260.0         | \$260,000     |               |               |               |                    |
| 12 | MTN-B  | \$3,000    | 6.830%   | Aug-93 | Aug-13   | 98.81     | 6.94%       | 208,216                               | 3.0   | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | 3.0           | \$3,000       |               |               |               |                    |
| 13 | MTN-B  | \$10,000   | 6.900%   | Sep-93 | Oct-13   | 98.82     | 7.01%       | 701,037                               | 10.0  | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | \$10,000      |               |               |               |                    |
| 14 | MTN-C  | \$10,000   | 7.350%   | Sep-95 | Sep-15   | 98.84     | 7.46%       | 746,219                               | 10.0  | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | \$10,000      |               |               |               |                    |
| 15 | MTN-C  | \$2,000    | 7.360%   | Sep-95 | Sep-15   | 98.84     | 7.47%       | 149,442                               | 2.0   | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | \$2,000       |               |               |               |                    |
| 16 | SN   | \$150,000  | 5.197%   | Oct-05 | Oct-15   | 99.19     | 5.30%       | 7,953,003                             | 150.0   | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | \$150,000     |               |               |               |                    |
| 17 | MTN-A  | \$200,000  | 6.740%   | Jun-98 | Jun-18   | 98.99     | 6.83%       | 13,667,659                            | 200.0   | 200.0         | 200.0         | 200.0         | 200.0         | 200.0         | 200.0         | 200.0         | 200.0         | 200.0         | 200.0         | 200.0         | 200.0         | 200.0         | \$200,000     |               |               |               |                    |
| 18 | FMB  | \$25,000   | 9.570%   | Sep-90 | Sep-20   | 99.40     | 9.63%       | 2,407,910                             | 25.0  | 25.0          | 25.0          | 25.0          | 25.0          | 25.0          | 25.0          | 25.0          | 25.0          | 25.0          | 25.0          | 25.0          | 25.0          | 25.0          | \$25,000      |               |               |               |                    |
| 19 | MTN-C  | \$15,000   | 7.150%   | Dec-95 | Dec-25   | 99.21     | 7.21%       | 1,082,180                             | 15.0  | 15.0          | 15.0          | 15.0          | 15.0          | 15.0          | 15.0          | 15.0          | 15.0          | 15.0          | 15.0          | 15.0          | 15.0          | 15.0          | \$15,000      |               |               |               |                    |
| 20 | MTN-C  | \$2,000    | 7.200%   | Dec-95 | Dec-25   | 99.21     | 7.26%       | 145,298                               | 2.0   | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | \$2,000       |               |               |               |                    |
| 21 | MTN-A  | \$300,000  | 7.020%   | Dec-97 | Dec-27   | 98.99     | 7.10%       | 21,305,080                            | 300.0   | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | \$300,000     |               |               |               |                    |
| 22 | MTN-B  | \$100,000  | 7.000%   | Mar-99 | Mar-29   | 99.04     | 7.08%       | 7,077,339                             | 100.0   | 100.0         | 100.0         | 100.0         | 100.0         | 100.0         | 100.0         | 100.0         | 100.0         | 100.0         | 100.0         | 100.0         | 100.0         | 100.0         | \$100,000     |               |               |               |                    |
| 23 | PCB  | \$23,400   | 5.100%   | Mar-03 | Mar-31   | 95.55     | 5.65%       | 1,323,222                             | 23.4  | 23.4          | 23.4          | 23.4          | 23.4          | 23.4          | 23.4          | 23.4          | 23.4          | 23.4          | 23.4          | 23.4          | 23.4          | 23.4          | \$23,400      |               |               |               |                    |
| 24 | PCB  | \$138,460  | 5.000%   | Mar-03 | Mar-31   | 95.55     | 5.54%       | 7,672,158                             | 138.5   | 138.5         | 138.5         | 138.5         | 138.5         | 138.5         | 138.5         | 138.5         | 138.5         | 138.5         | 138.5         | 138.5         | 138.5         | 138.5         | \$138,460     |               |               |               |                    |
| 25 | SN   | \$250,000  | 5.483%   | May-05 | Jun-35   | 84.89     | 6.65%       | 16,631,015                            | 250.0   | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | \$250,000     |               |               |               |                    |
| 26 | SN   | \$250,000  | 6.724%   | Jun-06 | Jun-36   | 107.52    | 6.17%       | 15,425,986                            | 250.0   | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | \$250,000     |               |               |               |                    |
| 27 | SN   | \$300,000  | 6.274%   | Sep-06 | Mar-37   | 98.81     | 6.36%       | 19,088,422                            | 300.0   | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | 300.0         | \$300,000     |               |               |               |                    |
| 28 | JrSubN   | \$250,000  | 6.974%   | Jun-07 | Jun-17   | 98.23     | 7.23%       | 18,065,222                            | 250.0   | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | \$250,000     |               |               |               |                    |
| 29 |  |            |          |        |          |           |             |                                       |   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |                    |
| 30 | New Bond   | \$250,000  | 6.500%   | Jun-08 | Jun-18   | 99.00     | 6.64%       | 16,600,000                            | 250.0   | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | \$250,000     |               |               |               |                    |
| 31 | New Bond   | \$150,000  | 7.120%   | Mar-09 | Mar-39   | 99.00     | 7.20%       | 6,750,000                             | .0  | .0            | .0            | .0            | .0            | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | 150.0         | \$93,750      |               |               |               |                    |
| 32 | New Hybrid   | \$250,000  | 7.990%   | Jul-09 | Jul-19   | 98.50     | 8.21%       | 5,986,458                             | .0  | .0            | .0            | .0            | .0            | .0            | .0            | .0            | .0            | 250.0         | 250.0         | 250.0         | 250.0         | 250.0         | \$72,917      |               |               |               |                    |
| 33 |  |            |          |        |          |           |             |                                       |   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |                    |
| 34 |  |            |          |        |          |           |             | Annual Charge on Reacquired Debt (ii) |   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |                    |
|    |  |            |          |        |          |           |             | 986,750                               |   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |                    |
| 35 | <b>Total LT Debt Balances and W. Avg Cost Rate</b> |            |          |        |          |           | <b>(iv)</b> | <b>6.90%</b>                          | <b>207,127,373</b>                              | <b>2928.9</b> | <b>2928.9</b> | <b>2928.9</b> | <b>2928.9</b> | <b>2928.9</b> | <b>2928.9</b> | <b>2928.9</b> | <b>2928.9</b> | <b>2928.9</b> | <b>2928.9</b> | <b>2928.9</b> | <b>2928.9</b> | <b>2928.9</b> | <b>3178.9</b> | <b>3178.9</b> | <b>3178.9</b> | <b>3178.9</b> | <b>\$3,001,777</b> |

(i) Net proceeds are face amount less underwriter's fees and issuance expenses.

(ii) See schedule of Reacquired Debt.

(iii) Cost Rate for each bond is the yield to maturity based on net proceeds.

(iv) For total long term debt, the cost rate is the total annual charge including the annual charge on reacquired debt divided by the average outstanding balance for the period.

**Puget Sound Energy**

**Cost of Debt For The 12 Months Ended October 31, 2009**

| 1 | (A)  | (B)        | (C)      | (D)   | (E)      | (F)       | (G)        | (H)           | (I)   | (J)  | (K)  | (L)  | (M)  | (N)  | (O)  | (P)  | (Q)  | (R)  | (S)  | (T)  | (U)  | (V)      |            |
|---|------|------------|----------|-------|----------|-----------|------------|---------------|---|------|------|------|------|------|------|------|------|------|------|------|------|----------|------------|
| 2 |      |            |          |       |          | Net       |            |               |   |      |      |      |      |      |      |      |      |      |      |      |      |          |            |
| 3 |      | Principal  |          |       |          | Proceeds  |            |               | Month-End Balances Rollforward (\$ in millions) |      |      |      |      |      |      |      |      |      |      |      |      | Avg Amt  |            |
| 4 |      | in 000's   | Interest | Issue | Maturity | Per \$100 | Cost       |               |   |      |      |      |      |      |      |      |      |      |      |      |      |          | Out-       |
| 5 | Bond | 10/31/2008 | Rate     | Date  | Date     | (i)       | Rate (iii) | Annual Charge | O-08  | N-08 | D-08 | J-09 | F-09 | M-09 | A-09 | M-09 | J-09 | J-09 | A-09 | S-09 | O-09 | standing |            |
|   |      |            |          |       |          |           |            |               |   |      |      |      |      |      |      |      |      |      |      |      |      |          | (in 000's) |



**Puget Sound Energy, Inc.**  
**Schedule of Annual Charges on Reacquired Debt**  
**For the 12 Months Ended October 31, 2009**

| 1  | (A)   | (B)        | (C)       | (D)        | (E)             | (F)       | (G)         | (H)                | (I)       | (J)              | (K)          |
|----|---|------------|-----------|------------|-----------------|-----------|-------------|--------------------|-----------|------------------|--------------|
| 2  |   |            | Original  | Redemption |                 | Refinance | Maturity Dt | Monthly            | No. of    | Annual           |              |
| 3  | Issue   | Issue Date | Maturity  | Date       | Refinance Issue | Date      | for Amort.  | Amortization (i)   | Months in | Amortization     | <u>SAP #</u> |
| 4  |   |            |           |            |                 |           |             |                    | Period    | (i)              |              |
| 5  | PSPL 8.59%  | 9-Apr-92   | 9-Apr-12  | 29-May-03  |                 |           | 9-Apr-12    | \$1,286.88         | 12        | \$15,443         | 18900343     |
| 6  | PSPL 8.2%   | 21-Dec-92  | 21-Dec-12 | 29-May-03  |                 |           | 21-Dec-12   | \$8,236.59         | 12        | \$98,839         | 18900333     |
| 7  | 10.250%   | 29-Dec-87  | 15-Dec-97 | 15-Dec-95  |                 |           | 10-Nov-16   | \$1,528.00         | 12        | \$18,336         | 18900013     |
| 8  | 8.231% Capital Trust I (Call)   | 6-Jun-97   | 1-Jun-27  | 1-Jun-07   | JrSubN 6.974%   | 4-Jun-07  | 1-Jun-17    | \$5,304.30         | 12        | \$63,652         | 18900383     |
| 9  | 9.140%  | 21-Jun-91  | 21-Jun-01 | 15-Jun-98  | 20 Yr 6.740%    | 15-Jun-98 | 15-Jun-18   | \$291.57           | 12        | \$3,499          | 18900243     |
| 10 | WNG 8.4%  | 13-Jan-92  | 12-Jan-22 | 21-Mar-03  |                 |           | 12-Jan-22   | \$95.09            | 12        | \$1,141          | 18900293     |
| 11 | WNG 8.39%   | 13-Jan-92  | 13-Jan-22 | 21-Mar-03  |                 |           | 13-Jan-22   | \$221.88           | 12        | \$2,663          | 18900303     |
| 12 | WNG 8.25%   | 12-Aug-92  | 12-Aug-22 | 29-May-03  |                 |           | 12-Aug-22   | \$5,207.14         | 12        | \$62,486         | 18900323     |
| 13 | WNG 7.19%   | 18-Aug-93  | 18-Aug-23 | 18-Aug-03  |                 |           | 18-Aug-23   | \$887.99           | 12        | \$10,656         | 18900353     |
| 14 | 7.19% WNG MTN Due 2023  | 18-Aug-93  | 18-Aug-23 | 14-Nov-00  |                 |           | 18-Aug-23   | (\$10,083.11)      | 12        | (\$120,997)      | 25700013     |
| 15 | 9.625%  | 15-Oct-90  | 15-Oct-97 | 7-Feb-94   | 30 Yr 7.350%    | 1-Feb-94  | 1-Feb-24    | \$14,073.35        | 12        | \$168,880        | 18900173     |
| 16 | 8.231% Capital Trust I (Tender)   | 6-Jun-97   | 1-Jun-27  | 1-Jun-05   |                 |           | 1-Jun-27    | \$19,156.73        | 12        | \$229,881        | 18900193     |
| 17 | PCB Series 1991A  | 7-Aug-91   | 1-Aug-21  | 11-Mar-03  | 2003 PCB's      | 11-Mar-03 | 1-Mar-31    | \$3,790.04         | 12        | \$45,480         | 18900253     |
| 18 | PCB Series 1991B  | 7-Aug-91   | 1-Aug-21  | 11-Mar-03  | 2003 PCB's      | 11-Mar-03 | 1-Mar-31    | \$2,880.12         | 12        | \$34,561         | 18900263     |
| 19 | PCB Series 1992   | 1-Mar-92   | 1-Mar-22  | 11-Mar-03  | 2003 PCB's      | 11-Mar-03 | 1-Mar-31    | \$8,818.79         | 12        | \$105,825        | 18900273     |
| 20 | PCB Series 1993   | 29-Apr-93  | 1-Apr-20  | 11-Mar-03  | 2003 PCB's      | 11-Mar-03 | 1-Mar-31    | \$2,691.48         | 12        | \$32,298         | 18900283     |
| 21 | \$200mm VRN   | 15-Jul-04  | 15-Jul-06 | 27-May-05  | 30 Yr 5.483%    | 27-May-05 | 27-May-35   | \$1,423.88         | 12        | \$17,087         | 18900183     |
| 22 | 8.40% Capital Trust II  | 24-May-01  | 30-Jun-41 | 30-Jun-06  | 30 Yr 6.724%    | 30-Jun-06 | 15-Jun-36   | \$16,418.45        | 12        | \$197,021        | 18900373     |
| 23 |   |            |           |            |                 |           |             |                    |           |                  |              |
| 24 | <b>Total Amortization on Reacquired Debt</b>  |            |           |            |                 |           |             | <u>\$82,229.17</u> |           | <u>\$986,750</u> |              |
| 25 |   |            |           |            |                 |           |             |                    |           |                  |              |
| 26 |   |            |           |            |                 |           |             |                    |           |                  |              |
| 27 | <b>(i) Amortization is over life of replacement issue or remaining life of called bond if no replacement issue.</b> |            |           |            |                 |           |             |                    |           |                  |              |

**Puget Sound Energy, Inc.**  
**Cost of Preferred Stock**  
**For the 12 Months Ended October 31, 2009**

| 1 | (A)                               | (B)        | (C)           | (D)       | (E)   | (F)                 | (G)                    | (H)           | (I)              |
|---|-----------------------------------|------------|---------------|-----------|---|---------------------|------------------------|---------------|------------------|
| 2 |                                   |            |               |           |   | Average             |                        |               |                  |
| 3 |                                   | Issue Date | Maturity Date | Call Date | Dividend Rate   | Monthly Avg Balance | Net Proceeds Per \$100 | Cost Rate (i) | Annual Cost      |
| 4 | <b><u>Preferred Stock (i)</u></b> |            |               |           |   |                     |                        |               |                  |
| 5 |                                   |            |               |           |   |                     |                        |               |                  |
| 6 | 4.84% Series                      | 7/3/62     | Sinking Fund  | N/A       | 4.84%   | \$1,458,300         | 97.87                  | 4.95%         | 72,186           |
| 7 | 4.70% Series                      | 5/19/64    | Sinking Fund  | N/A       | 4.70%   | \$431,100           | 98.52                  | 4.77%         | 20,563           |
| 8 | Total Preferred Stock             |            |               |           | Annual Amortization of Gain on Reacquired Shares (ii) |                     |                        |               | \$69,863         |
| 9 |                                   |            |               |           |   | <u>\$1,889,400</u>  |                        | <u>8.61%</u>  | <u>\$162,612</u> |

12 (i) **Cost Rate=Dividend Rate/(Net Proceeds/Issue Amount)**

13 (ii) **See schedule of Reacquired Preferred Stock**

**PUGET SOUND ENERGY, INC**  
**Calculation of Amortization of Net Loss**  
**On Recquired Preferred Stock**  
**For The 12 Months Ended October 31, 2009**

| 1  | (A)   | (B)                           | (C)   | (D)   | (E)                      | (F)                                     | (G)           | (H)               | (I)               | (J)                              | (K)           |
|----|---|-------------------------------|---|---|--------------------------|---|---------------|-------------------|-------------------|----------------------------------|---------------|
| 2  |   |                               |   |   |                          |   |               |                   |                   |                                  |               |
| 3  | <b>Gain or Loss on Recquired Preferred Stock</b>                            |                               |   |   |                          |   |               |                   |                   |                                  |               |
| 4  |   |                               |   |   |                          |   |               |                   |                   | Original<br>(Gain) or<br>Loss on | End of        |
| 5  |   |                               | Shares  |   | Date Re-                 | Original                                | Reacquired    | Face Value        |                   | Costs to                         | Amortization  |
| 6  | <b>Issue</b>  | <b>Par</b>                    | <b>Issued</b>   | <b>Issue Date</b>                                   | <b>acquired</b>          | <b>Amount</b>                           | <b>Shares</b> | <b>Reacquired</b> | <b>Call Price</b> | <b>Reacquire</b>                 | <b>Period</b> |
| 7  | 7.45% Series II   | \$25                          | 2,400,000   | 24-Nov-93   | 01-Nov-03                | \$60,000,000                            | 2,400,000     |                   | \$25.00           | \$0                              | n/a           |
| 8  | 7.75% Series  | \$100                         | 750,000   | 25-Mar-92   | 15-Aug-03                | \$75,000,000                            | 337,500       |                   | \$102.07          | \$698,625                        | 14-Aug-13     |
| 9  |   |                               |   |   |                          |   |               |                   |                   |                                  |               |
| 10 |   |                               |   |   |                          |   |               |                   |                   |                                  |               |
| 11 |   |                               |   |   |                          |   |               |                   |                   |                                  |               |
| 12 | <b>Annual Amortization of Net Gain/( Loss) on Recquired Preferred Stock</b> |                               |   |   |                          |   |               |                   |                   |                                  |               |
| 13 |   |                               |   |   |                          |   |               |                   |                   |                                  |               |
| 14 | <b>Issue</b>  | <b>Net (Gain)<br/>or Loss</b> | <b>No. of Years<br/>(Gain) Loss<br/>To Be<br/>Amortized</b> | <b>Months<br/>Amortized<br/>Over The<br/>Period</b> | <b>Monthly<br/>Amort</b> | <b>Prorated<br/>Net Loss<br/>(Gain)</b> |               |                   |                   |                                  |               |
| 15 |   |                               |   |   |                          |   |               |                   |                   |                                  |               |
| 16 | <b><u>Preferred Stock</u></b>   |                               |   |   |                          |   |               |                   |                   |                                  |               |
| 17 | 7.75% Series  | \$698,625                     | 10  | 12  | \$5,821.88               | \$69,863                                |               |                   |                   |                                  |               |
| 18 | Total Amortization on Recquired PS  | <u>\$698,625</u>              |   |   |                          | <u>\$69,863</u>                         |               |                   |                   |                                  |               |