

**EXHIBIT NO. ___(DEG-6C)
DOCKET NO. UE-06 ___/UG-06 ___
2006 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-06 ___
Docket No. UG-06 ___**

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

**REDACTED
VERSION**

FEBRUARY 15, 2006

PUGET SOUND ENERGY, INC.

**Utility Capital Structure
Cost of Capital and Rate of Return
Average of Monthly Average Balances For 2007**

	(A)	(B)	(C)	(D)	(E)
				Cost	Regulated
	<u>Description</u>	<u>Amount (i)</u>	<u>Ratio</u>	<u>Rates</u>	<u>Cost of</u>
					<u>Capital</u>
					<u>Calculation</u>
7	Short Term Debt	\$XXXXXXXX	2.68%	6.19%	0.17%
8	Long Term Debt	\$XXXXXXXX	47.87%	6.64%	3.18%
9	Trust Preferred	\$XXXXXXXX	0.70%	8.54%	0.06%
10	Preferred Stock	\$XXXXXXXX	3.75%	7.61%	0.29%
11	Common Stock	\$XXXXXXXX	<u>45.00%</u>	11.25%	<u>5.06%</u>
12	Total	<u>\$XXXXXXXX</u>	<u>100.00%</u>		<u>8.76%</u>

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NOTE: Numbers in boxes are confidential

PUGET SOUND ENERGY, INC
Utility Capital Structure Calculation
December 31, 2006 Through December 31, 2007
Average of Month-End Balances

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O) Ave. of Monthly Average Balances
	(\$ thousands)	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	
5 Short-term debt		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
6 Long-term debt		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
7 Total Debt		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
8 Trust Preferred		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
9 Preferred		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
10 Common		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
11 Total Capital		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
12															
13 Short-term debt		XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%
14 Long-term debt		XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%
15 Total Debt		XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%
16 Trust Preferred		XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%
17 Preferred		XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%
18 Common		XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%
19 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%	100.0%
20															
21 PSE Common Equity		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
22 Puget Western Inc		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
23 Hydro Energy Developm		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
24 Total Subsidiary R.E.		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
25 Regulated Common Equity		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
26 (Excl. Sub. R.E.)															

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NOTE: Numbers in boxes are confidential

Fifth Exhibit (Confidential) to the
 Prefiled Direct Testimony of
 Donald E. Gaines

Puget Sound Energy, Inc.
Cost of Short-Term Debt
For The 12 Months Ended December 31, 2007

1	(A)	(B)	(C)	(D)	(E)	(F)
2	<u>Description</u>		<u>Short Term Debt</u>	<u>Interest</u>	<u>Annual</u>	<u>Cost</u>
3			<u>Outstanding (i)</u>	<u>Rate</u>	<u>Charge</u>	<u>Rate (ii)</u>
4						
5						
6	Commercial Paper		\$XXXXXXXXXX	5.22%	\$XXXXXXXXXX	
7						
8	AR Securitization Facility		\$XXXXXXXXXX	5.09%	\$XXXXXXXXXX	
9						
10	Bank Credit Facility		\$XXXXXXXXXX	0.00%	\$XXXXXXXXXX	
11						
12	Money Market		\$XXXXXXXXXX	0.00%	\$XXXXXXXXXX	
13						
14	Commitment Fees				\$1,143,989	
15						
16	12 Month Short Term Debt Issue Costs Amortization				\$394,692	
17						
18	Total Short-Term Debt/Cost		\$XXXXXXXXXX		\$XXXXXXXXXX	6.19%
19						
20						
21	(i)	Average of Monthly Average Balance for 2007.				
22						
23	(ii)	Cost Rate is calculated by dividing the Annual Charge (E) by the Outstandings (C).				

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NOTE: Numbers in boxes are confidential

Puget Sound Energy, Inc.
Short Term Debt Interest Expense Calculation
For The 12 Months Ended December 31, 2007

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	
3 Est. AR Purchase Limit (in 000's)	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
4														
5 STD Month End Balance (in 000's)	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
6														
7 Short Term Debt Funding (in 000's) (i)														
8 Commercial Paper	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
9 AR Securitization	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
10	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
11														
12 AR Availability After Proj Usage	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
13														
14 Number of Days in Month		31	28	31	30	31	30	31	31	30	31	30	31	365
15														
16 CP Interest Expense (ii)		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
17 AR Interest Expense (ii)		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
18 Total STD Interest Expense		XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
19 Ave Monthly Borrowing Rate		5.06%	5.08%	5.15%	5.15%	5.12%	5.09%	5.08%	5.07%	5.07%	5.07%	5.07%	5.08%	
20														
21														
22 CP Borrowing Rate		5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	
23 AR Securitization Rate		5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	
24														
25 Projected Short Term Rates		3 Month												
		Libor	CP Spread	CP	AR Spread	AR								
26 1-Oct-06		4.95%	0.20%	5.15%	0.07%	5.02%								
27 1-Jan-07		4.95%	0.20%	5.15%	0.07%	5.02%								
28 1-Apr-07		4.95%	0.20%	5.15%	0.07%	5.02%								
29 1-Jul-07		4.95%	0.20%	5.15%	0.07%	5.02%								
30 1-Oct-07		4.95%	0.20%	5.15%	0.07%	5.02%								

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(i) The Company's short term borrowing strategy is to fund the first \$75mm of borrowing requirements in the commercial paper market to maintain adequate market presence. Additional borrowing needs above \$75mm are provided through the AR securitization facility.

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

NOTE: Numbers in boxes are confidential

Puget Sound Energy, Inc.
Short Term Debt Commitment Fees & Amortization of Debt Issuance Costs
For The 12 Months Ended December 31, 2007

1	(A)	(B) Beginning	(C)	(D)	(E)	(F)	(G)
2	Commitment Fees	Date	Ending Date	Days	Unused	Fee %	Fee \$ (i)
3							
4	5 Year Bank Revolving Credit	1/1/2007	12/31/2007	365	\$XXXXXXXXXX	XX%	\$XXXXXXXXXX
5	Facility Size:						
6	\$500,000,000						
7							
8	AR Securitization	1/1/2007	12/31/2007	365	\$XXXXXXXXXX	XX%	\$XXXXXXXXXX
9	Facility Size:						
10	\$200,000,000						
11							
12	Letter of Credit Fees	1/1/2007	12/31/2007	365	\$XXXXXXXXXX	XX%	\$XXXXXXXXXX
13							
14							
15							
16	Amortization of Debt Issuance Costs						
17							
18	<u>5 Year Bank Revolving Credit</u>						
19	Monthly Amortization	\$25,808					
20	No of Months in Year	12					
21	Annual Amortization	\$309,696					
22							
23							
24	<u>AR Securitization</u>						
25	Monthly Amortization	\$7,083					
26	No of Months in Year	12					
27	Annual Amortization	\$84,996					
28							
29	Total Annual Amortization	\$394,692					
30							
31	(i) Commitment fees are calculated for actual days elapsed on the basis of a 360 day year						

Total Annual Commitment Fees for Bank Facilities \$XXXXXXXXXX

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NOTE: Numbers in boxes are confidential

Puget Sound Energy
Cost of Debt For The 12 Months Ended December 31, 2007

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			Month-End Balances Rollforward (\$ in millions)														Ave Amt
3		Principal	Interest	Issue	Maturity	Proceeds	Cost Rate	Annual															Outstandi
4		in 000's	Rate	Date	Date	Per \$100	Charge		D-06	J-07	F-07	M-07	A-07	M-07	J-07	J-07	A-07	S-07	O-07	N-07	D-07	ng in	
5	Bond	12/31/2006				(i)	(iii)	Charge															000's)
6	MTN-A	\$100,000	7.750%	Jan-92	Feb-07	99.1612	7.850%	981,250	100.0	100.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	\$12,500
7	MTN-C	\$20,000	7.020%	Sep-95	Sep-07	98.9674	7.150%	1,012,917	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	.0	.0	.0	.0	.0	\$14,167
8	MTN-C	\$5,000	7.040%	Sep-95	Sep-07	98.9674	7.170%	253,938	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	.0	.0	.0	.0	.0	\$3,542
9	SN	\$150,000	3.363%	Jun-03	Jun-08	99.1883	3.540%	5,310,000	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
10	MTN-B	\$3,500	6.530%	Aug-93	Aug-08	98.9062	6.650%	232,750	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	\$3,500
11	MTN-B	\$1,000	6.510%	Aug-93	Aug-08	98.9060	6.630%	66,300	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	\$1,000
12	MTN-B	\$25,000	7.610%	Sep-00	Sep-08	99.2252	7.740%	1,935,000	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
13	MTN-B	\$150,000	6.460%	Mar-99	Mar-09	99.2645	6.560%	9,840,000	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
14	MTN-C	\$3,000	6.610%	Dec-95	Dec-09	99.3308	6.680%	200,400	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
15	MTN-C	\$5,000	6.620%	Dec-95	Dec-09	99.3308	6.690%	334,500	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
16	MTN-B	\$225,000	7.960%	Feb-00	Feb-10	99.2313	8.070%	18,157,500	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
17	MTN-C	\$7,000	7.120%	Sep-95	Sep-10	98.9181	7.240%	506,800	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
18	MTN-C	\$260,000	7.690%	Nov-00	Feb-11	99.2812	7.790%	20,254,000	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
19	MTN-B	\$3,000	6.830%	Aug-93	Aug-13	98.8139	6.940%	208,200	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
20	MTN-B	\$10,000	6.900%	Sep-93	Oct-13	98.8221	7.010%	701,000	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
21	MTN-C	\$10,000	7.350%	Sep-95	Sep-15	98.8439	7.460%	746,000	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
22	MTN-C	\$2,000	7.360%	Sep-95	Sep-15	98.8439	7.470%	149,400	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
23	SN	\$150,000	5.197%	Oct-05	Oct-15	99.1883	5.303%	7,953,929	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
24	MTN-A	\$200,000	6.740%	Jun-98	Jun-18	98.9851	6.830%	13,660,000	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
25	FMB	\$25,000	9.570%	Sep-90	Sep-20	99.3981	9.630%	2,407,500	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

Puget Sound Energy
Cost of Debt For The 12 Months Ended December 31, 2007

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			Month-End Balances Rollforward (\$ in millions)													Ave Amt	
3		Principal	Interest	Issue	Maturity	Proceeds	Cost Rate	Annual	D-06	J-07	F-07	M-07	A-07	M-07	J-07	J-07	A-07	S-07	O-07	N-07	D-07	Outstandi	
4		in 000's	Rate	Date	Date	Per \$100	Charge	Charge															ng in
5	Bond	12/31/2006				(i)	(iii)																000's)
26	MTN-C	\$15,000	7.150%	Dec-95	Dec-25	99.2119	7.210%	1,081,500	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
27	MTN-C	\$2,000	7.200%	Dec-95	Dec-25	99.2116	7.260%	145,200	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
28	MTN-A	\$300,000	7.020%	Dec-97	Dec-27	98.9857	7.100%	21,300,000	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
29	MTN-B	\$100,000	7.000%	Mar-99	Mar-29	99.0429	7.080%	7,080,000	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
30	PCB	\$23,400	5.100%	Mar-03	Mar-31	95.5490	5.410%	1,265,940	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
31	PCB	\$138,460	5.000%	Mar-03	Mar-31	95.5490	5.310%	7,352,226	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
32	SN	\$250,000	5.483%	May-05	Jun-35	84.8769	6.653%	16,633,155	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
33	New Issue	\$200,000	6.542%	Jun-06	Jun-36	108.9900	5.899%	11,798,000	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
34	New Issue	\$250,000	6.582%	Sep-06	Sep-36	99.1900	6.645%	16,612,500	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
35	New Issue	\$125,000	6.125%	Sep-07	Sep-17	99.1600	6.239%	2,274,635	.0	.0	.0	.0	.0	.0	.0	.0	.0	125.0	125.0	125.0	125.0	125.0	\$36,458
36								Annual Charge on Reacquired Debt (ii)															
37	Total LTD	2,383,360				(iv)	6.64%	170,961,851	2633.4	2633.4	2533.4	2533.4	2533.4	2533.4	2533.4	2533.4	2533.4	2633.4	2633.4	2633.4	2633.4	2633.4	\$2,575,027

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

(ii) See schedule of Reacquired Debt on page 8.

(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, Inc.
Schedule of Annual Charges on Reacquired Debt
For the 12 Months Ended December 31, 2007

1	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	
2												
3	Issue	Issue Date	Original Issue	Redemption Date	Refinance Issue	Refinance Date	Maturity Dt for Amort.	Monthly Amortization (i)	No. of Months- 2007	Annual Amortization (i)	SAP #	
4	10.250%	29-Dec-87	15-Dec-97	15-Dec-95			10-Nov-16	\$1,528.00	12	\$18,336.00	18900013	
5	8.250%	9-Apr-86	1-Apr-96	1-Apr-92			1-Feb-07	\$9,098.22	1	\$9,098.22	18900153	
6	9.625%	15-Oct-90	15-Oct-97	7-Feb-94			1-Feb-24	\$14,073.35	12	\$168,880.20	18900173	
7	\$200mm VRN	15-Jul-04	15-Jul-04	27-May-05	30 Yr 5.483%	27-May-05	27-May-35	\$1,423.88	12	\$17,086.56	18900183	
8	9.140%	21-Jun-91	21-Jun-01	15-Jun-98			15-Jun-18	\$291.57	12	\$3,498.84	18900243	
9	PCB Series 1991A	7-Aug-91	1-Aug-21	11-Mar-03			1-Mar-31	\$3,790.04	12	\$45,480.48	18900253	
10	PCB Series 1991B	7-Aug-91	1-Aug-21	11-Mar-03			1-Mar-31	\$2,880.12	12	\$34,561.44	18900263	
11	PCB Series 1992	1-Mar-92	1-Mar-22	11-Mar-03			1-Mar-31	\$8,818.79	12	\$105,825.48	18900273	
12	PCB Series 1993	29-Apr-93	1-Apr-20	11-Mar-03			1-Mar-31	\$2,691.48	12	\$32,297.76	18900283	
13	WNG 8.4%	13-Jan-92	12-Jan-22	21-Mar-03			12-Jan-22	\$95.09	12	\$1,141.08	18900293	
14	WNG 8.39%	13-Jan-92	13-Jan-22	21-Mar-03			13-Jan-22	\$221.88	12	\$2,662.56	18900303	
15	PP 8.4%	7-May-92	7-May-07	26-Mar-03			7-May-07	\$504.26	4	\$2,017.04	18900313	
16	WGN 8.25%	12-Aug-92	12-Aug-22	29-May-03			12-Aug-22	\$5,207.14	12	\$62,485.68	18900323	
17	PSPL 8.2%	21-Dec-92	21-Dec-12	29-May-03			21-Dec-12	\$8,236.59	12	\$98,839.08	18900333	
18	PSPL 8.59%	9-Apr-92	9-Apr-12	29-May-03			9-Apr-12	\$1,286.88	12	\$15,442.56	18900343	
19	WGN 7.19%	18-Aug-93	18-Aug-23	18-Aug-03			N/A	\$887.99	12	\$10,655.88	18900353	
20	7.19% WGN MTN Due 2023	18-Aug-93	18-Aug-23	14-Nov-00			18-Aug-23	<u>(\$10,083.11)</u>	12	<u>(\$120,997.32)</u>	25700013	
21	Total Amortization on Reacquired Debt							\$50,952.17			\$507,311.54	
22												
23												
24												
25												
26	(i) Amortization is over life of replacement issue or remaining life of called bond if no replacement issue.											

Puget Sound Energy, Inc.
Cost of Preferred Stock
For the 12 Months Ended December 31, 2007

1	(A)	(C)	(D)	(E)	(I)	(J)	(K)	(L)	
2									
3		Issue Date	Maturity Date	Call Date	Dividend Rate	Average Monthly Ave. Balance	Net Proceeds Per \$100	Cost Rate	Annual Cost
4	<u>Trust Preferred (i)</u>								
5	8.231% Capital Trust I	6/6/97	6/1/27		8.23%	\$37,750,000	98.69	8.350%	3,152,125
6									
7	Total Trust Preferred Stock					Annual Amortization of Gain on Reacquired Shares (iii)			\$72,364
8						<u>\$37,750,000</u>		<u>8.54%</u>	<u>\$3,224,489</u>
9									
10	<u>Preferred Stock (ii)</u>								
11	New DRD	11/1/06	Perpetual	11/1/11	7.00%	200,000,000	97.50	7.61%	15,220,000
12	4.84% Series	7/3/62	Sinking Fund	N/A	4.84%	\$1,458,300	97.87	4.95%	72,186
13	4.70% Series	5/19/64	Sinking Fund	N/A	4.70%	\$431,100	98.52	4.77%	20,563
14	Total Preferred Stock					Annual Amortization of Gain on Reacquired Shares (iii)			\$55,390
15						<u>\$201,889,400</u>		<u>7.61%</u>	<u>\$15,368,140</u>

- 17 (i) Cost Rate= Uses the yield to maturity calculation.
18 (ii) Cost Rate=Dividend Rate/(Net Proceeds/Issue Amount)
19 (iii) See schedule of Reacquired PS on page 10.

PUGET SOUND ENERGY, INC
Calculation of Amortization of Net Loss
On Reacquired Preferred Stock
For The 12 Months Ended December 31, 2007

1	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
2											
3	Gain or Loss on Reacquired Preferred Stock										
4											
5						Original				Original (Gain)	
6	Issue	Par	Shares Issued	Issue Date	Date Re-acquired	Amount	Reacquired Shares	Face Value Reacquired	Call Price	Costs to Reacquire	End of Amortization Period
7	8.231% Capital Trust I				01-Jun-05			42,500,000	\$110.82	\$5,227,262	1-Jun-27
8	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
9	7.75% Series (i)	\$100	750,000	25-Mar-92	15-Aug-03	\$75,000,000	337,500		\$102.07	\$698,625	14-Aug-13
10	8.231% Capital Trust I (ii)				21-Feb-03			19,750,000	\$99.00	(\$197,500)	1-Jun-27
11	Adj. Prfd.	\$25	2,000,000		15-Aug-97	\$50,000,000	1,181,994		\$25.63	\$738,746	15-Aug-07
12	4.70%	\$100	150,000		15-Aug-97	\$15,000,000	51,854		\$89.32	(\$553,801)	15-Aug-07
13	4.84%	\$100	150,000		15-Aug-97	\$15,000,000	33,148		\$91.51	(\$281,427)	15-Aug-07
14											
15											
16	Annual Amortization of Net Gain/(Loss) on Reacquired Preferred Stock										
17	Issue	Net (Gain) or Loss	No. of Years (Gain) Loss To Be Amortized	Months Reporting in Period	Monthly Amort	Prorated Net Loss (Gain)					
18	Trust Preferred										
19	8.231% Capital Trust I - Net Loss	\$5,048,024.23	22	12	\$19,121.30	<u>\$72,364</u>					
20											
21											
22	Preferred Stock										
23	7.75% Series (ii)	\$698,625.00	10	12	\$5,821.88	\$69,863					
24	Adj. Prfd.	\$738,746.00	10	8	\$9,234.33	\$110,812					
25	4.70%	(\$553,801.00)	10	8	(\$6,922.51)	(\$83,070)					
26	4.84%	<u>(\$281,427.00)</u>	10	8	<u>(\$3,517.84)</u>	<u>(\$42,214)</u>					
27	Total Redeemable and Nonredeemable PS	<u>\$602,143.00</u>				<u>\$55,390</u>					
28											
29											

30 (i) For Cost of Capital calculation, the loss on the 7.75% Preferred Stock will be amortized over 10 years.

31 (ii) In June 2005, the unamortized balance of this gain was netted against the loss on the June 2005 tender of the 8.231% Trust Pref.