

Exhibit JRW--3

Puget Sound Energy
Recommended Cost of Capital

Capital Source	Capitalization Ratio	Cost Rate	Weighted Cost Rate*
Short-Term Debt	1.00%	3.06%	0.06%
Long-Term Debt	50.50%	5.73%	2.93%
Common Equity	48.50%	8.85%	4.29%
Total	100.00%		7.28%

* Weighted short-term debt rate includes .02% for commitment fees and .01% for the amortization of short-term