

**EXHIBIT NO. \_\_\_(DEG-5C)  
DOCKET NO. UE-07\_\_\_/UG-07\_\_\_  
2007 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-07\_\_\_  
Docket No. UG-07\_\_\_**

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

**REDACTED  
VERSION**

**DECEMBER 3, 2007**

**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  |                           |                           |                       |                     | <b>Regulated</b>          |
| 3  |                           |                           |                       |                     | <b>Cost of</b>            |
| 4  |                           | <i>(\$ in 000's)</i>      |                       | <b>Cost</b>         | <b>Capital</b>            |
| 5  | <b><u>Description</u></b> | <b><u>Amount (i)</u></b>  | <b><u>Ratio</u></b>   | <b><u>Rates</u></b> | <b><u>Calculation</u></b> |
| 6  |                           |                           |                       |                     |                           |
| 7  | <b>Short Term Debt</b>    | \$295,696                 | 4.93%                 | 5.92%               | 0.29%                     |
| 8  |                           |                           |                       |                     |                           |
| 9  | <b>Long Term Debt</b>     | \$3,001,777               | 50.04%                | 6.90%               | 3.45%                     |
| 10 |                           |                           |                       |                     |                           |
| 11 | <b>Preferred Stock</b>    | \$1,889                   | 0.03%                 | 8.61%               | 0.00%                     |
| 12 |                           |                           |                       |                     |                           |
| 13 | <b>Common Stock</b>       | <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>8.60%</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  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 262,696                   | 33,000                       | 295,696               |
| 4  | Long-term debt   | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 2,678,860                 |                              | 2,678,860             |
| 5  | Jr. Subordinated Notes   | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 322,917                   |                              | 322,917               |
| 6  | Total Debt   | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | \$3,264,473               | \$33,000                     | \$3,297,473           |
| 7  | Preferred  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 1,889                     |                              | 1,889                 |
| 8  | Common Equity  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | 2,732,043                 | (33,000)                     | 2,699,043             |
| 9  | Total Capital  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | \$5,998,405               | \$0                          | \$5,998,405           |
| 10 |  |        |        |        |        |        |        |        |        |        |        |        |        |        |                           |                              |                       |
| 11 | Short-term debt  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX                     | XXXXX                        | 4.9%                  |
| 12 | Long-term debt   | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX                     | XXXXX                        | 44.7%                 |
| 13 | Jr. Subordinated Notes   | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX                     | XXXXX                        | 5.4%                  |
| 14 | Total Debt   | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX                     | XXXXX                        | 55.0%                 |
| 15 | Preferred  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX                     | XXXXX                        | 0.0%                  |
| 16 | Common   | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX                     | XXXXX                        | 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  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  |                           |                              |                       |
| 20 | Puget Western Inc  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  |                           |                              |                       |
| 21 | Hydro Energy Dev.  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  |                           |                              |                       |
| 22 | Total Subsidiary R.E.  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  |                           |                              |                       |
| 23 |  |        |        |        |        |        |        |        |        |        |        |        |        |        |                           |                              |                       |
| 24 | OCI - Derivatives  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  |                           |                              |                       |
| 25 | OCI - Other  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  |                           |                              |                       |
| 26 | Total OCI Adjustment   | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  |                           |                              |                       |
| 27 | Regulated Common Equity  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  | XXXXX  |                           |                              |                       |
| 28 |  |        |        |        |        |        |        |        |        |        |        |        |        |        |                           |                              |                       |
| 29 | <i>Regulated Equity Excludes Non-Regulated Subsidiary Retained Earnings &amp; Other Comprehensive Income Adjustments (OCI)</i> |        |        |        |        |        |        |        |        |        |        |        |        |        |                           |                              |                       |

**REDACTED  
VERSION**

**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                 | 5.57%              | \$6,743,014          |                         |
| 7  |  |     |                               |                    |                      |                         |
| 8  | AR Securitization Facility             |     | \$174,661,064                 | 5.45%              | \$9,520,300          |                         |
| 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>\$17,499,802</b>  | <b>5.92%</b>            |
| 17 |  |     |                               |                    |                      |                         |
| 18 |  |     |                               |                    |                      |                         |

19 (i) Average of Monthly Average Balances for the period.

21 (ii) Cost Rate is calculated by dividing the Annual Charge (E) by the Outstandings (C).

**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<br>Monthly Avg |
| 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        |                       |
| 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             |
| 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              |
| 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             |
| Short-Term Debt Funding (in 000's) (i) |           |                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                       |
| 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               |
| Additional Commercial Paper            | \$0       | \$0                    | \$0              | \$0              | \$0              | \$0              | \$14,552         | \$77,047         | \$134,046        | \$0              | \$0              | \$14,095         | \$25,362         | 21,035                |
| 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        | <b>121,035</b>        |
| 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          | <b>174,661</b>        |
| 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        | <b>\$295,696</b>      |
| 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              |                       |
| Number of Days in Month                |           | 30                     | 31               | 31               | 28               | 31               | 30               | 31               | 30               | 31               | 31               | 30               | 31               | 365                   |
| CP Interest Expense (ii)               |           | 448,333                | 463,278          | 464,139          | 419,222          | 464,139          | 488,105          | 685,501          | 935,237          | 808,298          | 483,944          | 501,338          | 581,480          | <b>6,743,014</b>      |
| AR Interest Expense (ii)               |           | 763,627                | 861,358          | 760,533          | 638,171          | 803,709          | 848,793          | 917,944          | 915,000          | 709,856          | 569,933          | 782,431          | 948,944          | <b>9,520,300</b>      |
| Total STD Interest Expense             |           | <u>1,211,961</u>       | <u>1,324,635</u> | <u>1,224,672</u> | <u>1,057,393</u> | <u>1,267,848</u> | <u>1,336,898</u> | <u>1,603,445</u> | <u>1,850,237</u> | <u>1,518,153</u> | <u>1,053,878</u> | <u>1,283,769</u> | <u>1,530,425</u> | <u>16,263,315</u>     |
| Ave Monthly Borrowing Rate             |           | 5.30%                  | 5.30%            | 5.31%            | 5.31%            | 5.35%            | 5.38%            | 5.38%            | 5.47%            | 5.56%            | 5.55%            | 5.55%            | 5.56%            |                       |
|  |           | Average Borrowing Rate |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | 5.50%                 |
| CP Borrowing Rate                      | 5.38%     | 5.38%                  | 5.38%            | 5.39%            | 5.39%            | 5.39%            | 5.46%            | 5.46%            | 5.46%            | 5.62%            | 5.62%            | 5.62%            | 5.64%            |                       |
| AR Securitization Rate                 | 5.25%     | 5.25%                  | 5.26%            | 5.26%            | 5.26%            | 5.33%            | 5.33%            | 5.33%            | 5.49%            | 5.49%            | 5.49%            | 5.51%            | 5.51%            |                       |
| Projected Short Term Rates             |           | 3 Month                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                       |
|  |           | Libor                  | CP Spread        | CP               | AR Spread        | AR               |                  |                  |                  |                  |                  |                  |                  |                       |
| 1-Oct-08                               |           | 5.03%                  | 0.35%            | 5.38%            | 0.22%            | 5.25%            |                  |                  |                  |                  |                  |                  |                  |                       |
| 1-Jan-09                               |           | 5.04%                  | 0.35%            | 5.39%            | 0.22%            | 5.26%            |                  |                  |                  |                  |                  |                  |                  |                       |
| 1-Apr-09                               |           | 5.11%                  | 0.35%            | 5.46%            | 0.22%            | 5.33%            |                  |                  |                  |                  |                  |                  |                  |                       |
| 1-Jul-09                               |           | 5.27%                  | 0.35%            | 5.62%            | 0.22%            | 5.49%            |                  |                  |                  |                  |                  |                  |                  |                       |
| 1-Oct-09                               |           | 5.29%                  | 0.35%            | 5.64%            | 0.22%            | 5.51%            |                  |                  |                  |                  |                  |                  |                  |                       |

(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)              |
| <b>Commitment Fees</b>                        |   |           |             |      |                         |        |                         |
|   | <u>\$500 Million 5-Yr Bank Revolving Credit</u>         |           |             |      |                         |        |                         |
|   | Commitment Fees on Unused Portion                       | 11/1/2008 | 10/31/2009  | 365  | \$493,206,923           | 0.125% | 625,071                 |
|   | Letters of Credit (Goldendale Plant)                    | 11/1/2008 | 10/31/2009  | 365  | <u>\$6,793,077</u>      | 0.650% | 44,768                  |
|   | Total Bank Credit Facility Size                         |           |             |      | <u>\$500,000,000</u>    |        |                         |
|   | <u>\$200 Million AR Securitization</u>                  |           |             |      |                         |        |                         |
|   | Fees on Total Commitment                                | 11/1/2008 | 10/31/2009  | 365  | \$200,000,000           | 0.125% | 253,472                 |
|   |   |           |             |      |                         |        | <u><u>\$923,311</u></u> |
|   | <b>Total Annual Commitment Fees for Bank Facilities</b> |           |             |      |                         |        |                         |
| <b>Amortization of Upfront Facility Costs</b> |   |           |             |      |                         |        |                         |
|   | <u>5 Year Bank Revolving Credit</u>                     |           |             |      |                         |        |                         |
|   | Monthly Amortization                                    |           |             |      | \$20,470                |        |                         |
|   | No of Months in Year                                    |           |             |      | <u>12</u>               |        |                         |
|   | Annual Amortization                                     |           |             |      | \$245,640               |        |                         |
|   | <u>AR Securitization</u>                                |           |             |      |                         |        |                         |
|   | Monthly Amortization                                    |           |             |      | \$5,628                 |        |                         |
|   | No of Months in Year                                    |           |             |      | <u>12</u>               |        |                         |
|   | Annual Amortization                                     |           |             |      | \$67,536                |        |                         |
|   | <b>Total Annual Amortization</b>                        |           |             |      | <u><u>\$313,176</u></u> |        |                         |

(i) Commitment fees are calculated for actual days elapsed on the basis of a 360 day year

**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       |              |                                       | Month-End Balances Rollforward (\$ in millions) |               |               |               |               |               |               |               |               |               |               |               |               | Avg Amt            |           |
| 3  |  | Principal  | Interest | Issue  | Maturity | Proceeds  | Cost Rate    | Annual                                | 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-               |           |
| 4  | Bond   | in 000's   | Rate     | Date   | Date     | Per \$100 | (iii)        | Charge                                |   |               |               |               |               |               |               |               |               |               |               |               |               | standing (in       |           |
| 5  |  | 10/31/2008 |          |        |          | (i)       |              |                                       |   |               |               |               |               |               |               |               |               |               |               |               |               | 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         | .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> |            |          |        |          | (iv)      | <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>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, Inc.**  
**Schedule of Annual Charges on Reacquired Debt**  
**For the 12 Months Ended October 31, 2009**

|         | (A)  | (B)       | (C)       | (D)        | (E)             | (F)       | (G)         | (H)              | (I)                | (J)          | (K)              |  |
|---------|--|-----------|-----------|------------|-----------------|-----------|-------------|------------------|--------------------|--------------|------------------|--|
|         |  |           | Original  | Redemption |                 | Refinance | Maturity Dt | Monthly          | No. of             | Annual       |                  |  |
| 3 Issue | Issue Date   | Maturity  | Date      | Date       | Refinance Issue | Date      | for Amort.  | Amortization (i) | Months in          | Amortization | SAP #            |  |
| 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      | (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 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 Reacquired Preferred Stock**  
**For The 12 Months Ended October 31, 2009**

|    | (A)  | (B)                           | (C)   | (D)   | (E)                          | (F)                                 | (G)                          | (H)                            | (I)               | (J)  | (K)                              |
|----|--|-------------------------------|---|---|------------------------------|-------------------------------------|------------------------------|--------------------------------|-------------------|--|----------------------------------|
| 1  |  |                               |   |   |                              |                                     |                              |                                |                   |  |                                  |
| 2  |  |                               |   |   |                              |                                     |                              |                                |                   |  |                                  |
| 3  | <b>Gain or Loss on Reacquired Preferred Stock</b>                            |                               |   |   |                              |                                     |                              |                                |                   |  |                                  |
| 4  |  |                               |   |   |                              |                                     |                              |                                |                   |  |                                  |
| 5  |  |                               |   |   |                              |                                     |                              |                                |                   | Original<br>(Gain) or Loss<br>on Costs to<br>Reacquire | End of<br>Amortization<br>Period |
| 6  | <b>Issue</b>   | <b>Par</b>                    | <b>Shares Issued</b>                                    | <b>Issue Date</b>                                   | <b>Date Re-<br/>acquired</b> | <b>Original Issue<br/>Amount</b>    | <b>Reacquired<br/>Shares</b> | <b>Face Value<br/>Required</b> | <b>Call Price</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 Reacquired Preferred Stock</b> |                               |   |   |                              |                                     |                              |                                |                   |  |                                  |
| 13 |  |                               |   |   |                              |                                     |                              |                                |                   |  |                                  |
|    |  |                               |   |   |                              |                                     |                              |                                |                   |  |                                  |
|    |  |                               |   |   |                              |                                     |                              |                                |                   |  |                                  |
| 14 | <b>Issue</b>   | <b>Net (Gain)<br/>or Loss</b> | <b>No. of Years<br/>(Gain) Loss To<br/>Be Amortized</b> | <b>Months<br/>Amortized<br/>Over The<br/>Period</b> | <b>Monthly<br/>Amort</b>     | <b>Prorated Net<br/>Loss (Gain)</b> |                              |                                |                   |  |                                  |
| 15 |  |                               |   |   |                              |                                     |                              |                                |                   |  |                                  |
| 16 | <b>Preferred Stock</b>   |                               |   |   |                              |                                     |                              |                                |                   |  |                                  |
| 17 | 7.75% Series   | \$698,625                     | 10  | 12  | \$5,821.88                   | \$69,863                            |                              |                                |                   |  |                                  |
| 18 | Total Amortization on Reacquired PS  | \$698,625                     |   |   |                              | \$69,863                            |                              |                                |                   |  |                                  |