

**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					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%	5.92%	0.29%
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	Total	<u>\$5,998,405</u>	<u>100.00%</u>		<u>8.60%</u>

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 & 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			Short-Term Debt	Interest	Annual	Cost
4	<u>Description</u>		<u>Outstanding (i)</u>	<u>Rate</u>	<u>Charge</u>	<u>Rate (ii)</u>
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	Total Short-Term Debt/Cost		\$295,696,088		\$17,499,802	5.92%
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 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	121,035
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
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
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	6,743,014
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	9,520,300
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%	
3 Month														
Projected Short Term Rates	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)
Commitment Fees							
<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>
Amortization of Upfront Facility Costs							
<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		
Total Annual Amortization					<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	Total LT Debt Balances and W. Avg Cost Rate					(iv)	6.90%	207,127,373	2928.9	2928.9	2928.9	2928.9	2928.9	2928.9	2928.9	2928.9	2928.9	3178.9	3178.9	3178.9	3178.9	3178.9	\$3,001,777

(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	Total Amortization on Reacquired Debt								<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	<u>Preferred Stock (i)</u>								
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	Gain or Loss on Reacquired Preferred Stock										
4											
5										Original (Gain) or Loss	End of
6	Issue	Par	Shares Issued	Issue Date	Date Re- acquired	Original Issue Amount	Reacquired Shares	Face Value Required	Call Price	on Costs to Reacquire	Amortization Period
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	Annual Amortization of Net Gain/(Loss) on Reacquired Preferred Stock										
13											
14	Issue	Net (Gain) or Loss	No. of Years (Gain) Loss To Be Amortized	Months Amortized Over The Period	Monthly Amort	Prorated Net Loss (Gain)					
15											
16	<u>Preferred Stock</u>										
17	7.75% Series	\$698,625	10	12	\$5,821.88	\$69,863					
18	Total Amortization on Reacquired PS	\$698,625				\$69,863					