

**EXHIBIT NO. ___(DEG-7)
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___**

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

DECEMBER 3, 2007

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TEXT-S&P release on Puget Energy Inc

Fri Oct 26, 2007 8:24pm BST

(The following statement was released by the rating agency)

Oct 26 - Standard & Poor's Ratings Services today placed the ratings of holding company Puget Energy, Inc. (PSD.N: [Quote](#), [Profile](#), [Research](#)) ('BBB/--') and its electric and gas utility subsidiary Puget Sound Energy, Inc. ('BBB-/A-3') on CreditWatch with negative implications.

"The action follows the announcement by Puget Energy that it has agreed sell itself for \$7.4 billion to a consortium of private investors led by Macquarie Infrastructure Partners, an affiliate of Macquarie Bank Ltd.," said Standard & Poor's credit analyst Antonio Bettinelli.

"The CreditWatch listing reflects the possibility that debt ratings for Puget Energy could be lowered dependent on the final outcome of regulatory approval proceedings."

The proposed transaction is to be financed with a significant amount of debt; the company has also announced a private equity placement of \$300 million with the consortium, which is not conditioned on the completion of the merger.

Importantly, the company's credit profile has been improving, which provides financing flexibility to accommodate the proposed capital structure at the current rating level.

Still, Puget's consolidated credit measures post-transaction could be stretched if final terms are changed or regulatory requirements impact coverage metrics.

Standard & Poor's will update the CreditWatch status as the acquisition progresses.

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