## **BEFORE THE**

#### WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

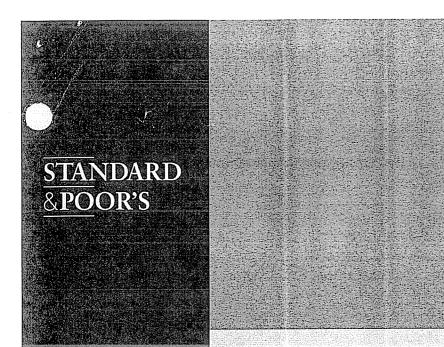
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	) ) )
Complainant,	)
v.	) Docket No. U-072375
PUGET SOUND ENERGY, INC.	)
Respondent.	) ) )

EXHIBIT NO.\_\_(MPG-8)

STANDARD & POOR'S RATINGS DIRECT

RESEARCH UPDATE OCTOBER 26, 2007

June 18, 2008



RATINGSDIRECT®

October 26, 2007

Exhibit No.\_\_(MPG-8 Page 1 of 5

## Research Update:

# Puget Energy Inc.'s 'BBB-' Rating Placed On WatchNeg Following Announcement Of Proposed Sale

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### Research Update:

## Puget Energy Inc.'s 'BBB-' Rating Placed On WatchNeg Following Announcement Of Proposed Sale

#### Rationale

On Oct. 26, 2007, Standard & Poor's Ratings Services placed the ratings of holding company Puget Energy, Inc. ('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 that Puget Energy has agreed to sell itself to a consortium of private investors led by Macquarie Infrastructure Partners, an affiliate of Macquarie Bank Ltd. (A/Stable/A-1) for \$7.4 billion. 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.

Bellevue, Wash.-based Puget had roughly \$3.2 billion of total debt outstanding as of June 30, 2007.

The CreditWatch listing reflects the possibility that debt ratings for Puget Energy could be lowered dependent on the final outcome of regulatory approval proceedings. 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. We will update the CreditWatch status as the acquisition progresses.

## Ratings List

Ratings Affirmed; CreditWatch/Outlook Action		
	To	From
Puget Energy Inc.		
Corporate Credit Rating	BBB-/Watch Neg/	BBB-/Stable/
Puget Sound Energy Inc.		
Corporate Credit Rating	BBB-/Watch Neg/A-3	BBB-/Stable/A-3
Senior Secured		
Local Currency	BBB+/Watch Neg	BBB+
Junior Subordinated		
Local Currency	BB/Watch Neg	BB
Preferred Stock		
Local Currency	BB/Watch Neg	BB
Commercial Paper		
Local Currency	A-3/Watch Neg	A-3

Washington Natural Gas Co. Corporate Credit Rating Senior Secured	BBB-/Watch Neg/	BBB-/Stable/	
Local Currency	BBB+/Watch Neg	BBB+	
Ratings Affirmed; CreditWatch/Outlook A	ction; New Rating To	From	
Puget Sound Power & Light Co.			
Corporate Credit Rating	BBB-/Watch Neg/	BBB-/Stable/NR	
Ratings Affirmed; CreditWatch/Outlook Action			
	То	From	
Puget Sound Energy Inc.			
Senior Secured		Wa Wa Wa	
US\$150 mil 5.197% sr nts 1st mtg	BBB+/Watch Neg	BBB+	
bnd due 10/01/2015			
Recovery Rating	1+	1+	
US\$300 mil 7.02% lst mtg bnd ser A due 12/01/2027	BBB+/Watch Neg	BBB+	
Recovery Rating	1+	1+	
US\$200 mil 6.74% sr med-term nts	BBB+/Watch Neg	BBB+	
due 06/15/2018			
Recovery Rating	1+	1+	
US\$300 mil 6.274% fallaway 1st mtg	BBB+/Watch Neg	BBB+	
bnd due 03/15/2037			
Recovery Rating	1+	1+	
US\$250 mil 6.724% fallaway sr nts	BBB+/Watch Neg	BBB+	
1st mtg bnd due 06/15/2036			
Recovery Rating	1+	1+	
US\$150 mil 6.46% fallaway 1st mtg	BBB+/Watch Neg	BBB+	
bnd due 03/09/2009	200.,		
Recovery Rating	1+	1+	
US\$100 mil 7% fallaway 1st mtg bnd	BBB+/Watch Neg	BBB+	
ser B due 03/09/2029	,,,		
Recovery Rating	1+	1+	
US\$225 mil 7.96% 1st mtg bnd due	BBB+/Watch Neg	BBB+	
02/22/2010	,		
Recovery Rating	1+	1+	
US\$150 mil 3.36% 1st mtg bnd due	BBB+/Watch Neg	BBB+	
06/01/2008			
Recovery Rating	1+	1+	
US\$260 mil 7.69% 1st mtg bnd ser C	BBB+/Watch Neg	BBB+	
due 02/01/2011			
Recovery Rating	1+	1+	
US\$25 mil 7.61% 1st mtg bnd ser B	BBB+/Watch Neg	BBB+	
due 09/08/2008			
Recovery Rating	1+	1+	
US\$250 mil 5.483% 1st mtg bnd due	BBB+/Watch Neg	BBB+	
06/01/2035			
Recovery Rating	1+	1+	

Research Update: Puget Energy Inc.'s 'BBB-' Rating Placed On WatchNeg Following Announcement Of Proposed

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