

**EXHIBIT NO. ___(DEG-6C)
DOCKET NO. UE-060266/UG-060267
2006 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-06 ___
Docket No. UG-06 ___**

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

**REDACTED
VERSION**

REVISED APRIL 3, 2006

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APRIL 3, 2006

PUGET SOUND ENERGY, INC.

Utility Capital Structure
Cost of Capital and Rate of Return
Average of Monthly Average Balances For 2007

| | (A) | (B) | (C) | (D) | (E) |
|----|--------------------|-------------------|--------------|-----------------------|--|
| | | | | | Regulated Cost of Capital Calculation |
| | <u>Description</u> | <u>Amount (i)</u> | <u>Ratio</u> | <u>Cost Rates</u> | <u>Calculation</u> |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | Short Term Debt | XXXXXXXXXX | 2.67% | 6.22% | 0.17% |
| 8 | | | | | |
| 9 | Long Term Debt | XXXXXXXXXX | 47.88% | 6.64% | 3.18% |
| 10 | | | | | |
| 11 | Trust Preferred | XXXXXXXXXX | 0.70% | 8.54% | 0.06% |
| 12 | | | | | |
| 13 | Preferred Stock | XXXXXXXXXX | 3.75% | 7.61% | 0.29% |
| 14 | | | | | |
| 15 | Common Stock | XXXXXXXXXX | 45.00% | 11.25% | 5.06% |
| 16 | | | | | |
| 17 | Total | XXXXXXXXXX | 100.00% | | 8.76% |
| 18 | | | | | |
| 19 | | | | | |

**REVISED
APRIL 3, 2006**

**PUGET SOUND ENERGY, INC
Utility Capital Structure Calculation
December 31, 2006 Through December 31, 2007
Average of Month-End Balances**

| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | (M) | (N) | (O) <u>Ave. of Monthly Average Balances</u> |
|----------------------------|-----|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| | | <u>Dec-06</u> | <u>Jan-07</u> | <u>Feb-07</u> | <u>Mar-07</u> | <u>Apr-07</u> | <u>May-07</u> | <u>Jun-07</u> | <u>Jul-07</u> | <u>Aug-07</u> | <u>Sep-07</u> | <u>Oct-07</u> | <u>Nov-07</u> | <u>Dec-07</u> | |
| 1 (\$ thousands) | | | | | | | | | | | | | | | |
| 2 Short-term debt | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 3 Long-term debt | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 4 Total Debt | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 5 Trust Preferred | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 6 Preferred | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 7 Common | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 8 Total Capital | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 9 | | | | | | | | | | | | | | | |
| 10 Short-term debt | | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% |
| 11 Long-term debt | | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% |
| 12 Total Debt | | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% |
| 13 Trust Preferred | | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% |
| 14 Preferred | | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% |
| 15 Common | | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% | XX% |
| 16 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% | 100.0% |
| 17 | | | | | | | | | | | | | | | |
| 18 PSE Common Equity | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 19 Puget Western Inc | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 20 Hydro Energy Developm | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 21 Total Subsidiary R.E. | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 22 Regulated Common Equity | | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| 23 (Excl. Sub. R.E.) | | | | | | | | | | | | | | | |

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APRIL 3, 2006**

**Puget Sound Energy, Inc.
Cost of Short-Term Debt
For The 12 Months Ended December 31, 2007**

| 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 | | \$XXXXXXXX | 5.22% | \$XXXXXXXX | |
| 7 | | | | | | |
| 8 | AR Securitization Facility | | \$XXXXXXXX | 5.09% | \$XXXXXXXX | |
| 9 | | | | | | |
| 10 | Bank Credit Facility | | \$0 | 0.00% | \$0 | |
| 11 | | | | | | |
| 12 | Money Market | | \$0 | 0.00% | \$0 | |
| 13 | | | | | | |
| 14 | Commitment Fees | | | | \$XXXXXXXX | |
| 15 | | | | | | |
| 16 | 12 Month Short Term Debt Issue Costs Amortization | | | | \$XXXXXXXX | |
| 17 | | | | | | |
| 18 | Total Short-Term Debt/Cost | | \$XXXXXXXX | | \$XXXXXXXX | 6.22% |

21 (i) Average of Monthly Average Balance for 2007.

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

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**Puget Sound Energy, Inc.
Short Term Debt Interest Expense Calculation
For The 12 Months Ended December 31, 2007**

| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | (M) | (N) | (O) |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------------|-----------|-----------|----------|
| | Dec-06 | Jan-07 | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | Jul-07 | Aug-07 | Sep-07 | Oct-07 | Nov-07 | Dec-07 | |
| Est. AR Purchase Limit (in 000's) | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$180,000 | \$165,000 | \$162,000 | \$158,000 | \$200,000 | \$200,000 | \$200,000 | |
| STD Month End Balance (in 000's) | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| Short Term Debt Funding (in 000's) (i) | | | | | | | | | | | | | | |
| Commercial Paper | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| AR Securitization | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| AR Availability After Proj Usage | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| Number of Days in Month | | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 |
| CP Interest Expense (ii) | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| AR Interest Expense (ii) | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| Total STD Interest Expense | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX | \$XXXXXX |
| Ave Monthly Borrowing Rate | | 5.06% | 5.08% | 5.15% | 5.15% | 5.12% | 5.09% | 5.08% | 5.07% | 5.07% | 5.07% | 5.07% | 5.08% | 5.15% |
| | | | | | | | | | | | Average Borrowing Rate | | | |
| CP Borrowing Rate | 5.15% | 5.15% | 5.15% | 5.15% | 5.15% | 5.15% | 5.15% | 5.15% | 5.15% | 5.15% | 5.15% | 5.15% | 5.15% | 5.15% |
| AR Securitization Rate | XXX% | XXX% | XXX% | XXX% | XXX% | XXX% | XXX% | XXX% | XXX% | XXX% | XXX% | XXX% | XXX% | XXX% |
| 3 Month | | | | | | | | | | | | | | |
| Projected Short Term Rates | Libor | CP Spread | CP | AR Spread | AR | | | | | | | | | |
| 1-Oct-06 | 4.95% | 0.20% | 5.15% | XXX% | XXX% | | | | | | | | | |
| 1-Jan-07 | 4.95% | 0.20% | 5.15% | XXX% | XXX% | | | | | | | | | |
| 1-Apr-07 | 4.95% | 0.20% | 5.15% | XXX% | XXX% | | | | | | | | | |
| 1-Jul-07 | 4.95% | 0.20% | 5.15% | XXX% | XXX% | | | | | | | | | |
| 1-Oct-07 | 4.95% | 0.20% | 5.15% | XXX% | XXX% | | | | | | | | | |

(i) The Company's short term borrowing strategy is to fund the first \$75mm of borrowing requirements in the commercial paper market to maintain adequate market presence. Additional borrowing needs above \$75mm are provided through the AR securitization facility.

(ii) Short term interest is calculated on the average balance for the month times the interest rate for the month divided by 360 times the actual days in the month.

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**Puget Sound Energy, Inc.
Short Term Debt Commitment Fees & Amortization of Debt Issuance Costs
For The 12 Months Ended December 31, 2007**

| 1 | (A) | (B) Beginning Date | (C) Ending Date | (D) Days | (E) Unused | (F) Fee % | (G) Fee \$ (i) |
|----|---|--------------------------|--------------------|-------------|---------------|--------------|-------------------|
| 2 | Commitment Fees | | | | | | |
| 3 | | | | | | | |
| 4 | 5 Year Bank Revolving Credit | 1/1/2007 | 12/31/2007 | 365 | \$499,526,000 | XXX% | XXXXXXXXXX |
| 5 | Facility Size: | | | | | | |
| 6 | \$500,000,000 | | | | | | |
| 7 | | | | | | | |
| 8 | AR Securitization | 1/1/2007 | 12/31/2007 | 365 | \$200,000,000 | XXX% | XXXXXXXXXX |
| 9 | Facility Size: | | | | | | |
| 10 | \$200,000,000 | | | | | | |
| 11 | | | | | | | |
| 12 | Letter of Credit Fees | 1/1/2007 | 12/31/2007 | 365 | \$474,000 | XXX% | XXXXXXXXXX |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | Amortization of Debt Issuance Costs | | | | | | |
| 17 | | | | | | | |
| 18 | <u>5 Year Bank Revolving Credit</u> | | | | | | |
| 19 | Monthly Amortization | | | | | | XXXXXXXXXX |
| 20 | No of Months in Year | | | | | | 12 |
| 21 | Annual Amortization | | | | | | XXXXXXXXXX |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | <u>AR Securitization</u> | | | | | | |
| 25 | Monthly Amortization | | | | | | XXXXXXXXXX |
| 26 | No of Months in Year | | | | | | 12 |
| 27 | Annual Amortization | | | | | | XXXXXXXXXX |
| 28 | | | | | | | |
| 29 | Total Annual Amortization | | | | | | <u>XXXXXXXXXX</u> |
| 30 | | | | | | | |
| 31 | (i) Commitment fees are calculated for actual days elapsed on the basis of a 360 day year | | | | | | |

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**Puget Sound Energy
Cost of Debt For The 12 Months Ended December 31, 2005**

| 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) | | | | | | | | | | | | Ave Amt | | |
| 3 | | Principal | | | | Proceeds | | | D-06 | J-07 | F-07 | M-07 | A-07 | M-07 | J-07 | J-07 | A-07 | S-07 | O-07 | N-07 | D-07 | Outstandi | |
| 4 | Bond | in 000's | Interest | Issue | Maturity | Per \$100 | Cost | Annual | | | | | | | | | | | | | ng in | | |
| 5 | | 12/31/2006 | Rate | Date | Date | (i) | Rate (iii) | Charge | | | | | | | | | | | | | 000's) | | |
| 6 | MTN-A | \$100,000 | 7.750% | Jan-92 | Feb-07 | 99.1612 | 7.850% | 981,250 | 100.0 | 100.0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | \$12,500 |
| 7 | MTN-C | \$20,000 | 7.020% | Sep-95 | Sep-07 | 98.9674 | 7.150% | 1,012,917 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | .0 | .0 | .0 | .0 | \$14,167 |
| 8 | MTN-C | \$5,000 | 7.040% | Sep-95 | Sep-07 | 98.9674 | 7.170% | 253,938 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | .0 | .0 | .0 | .0 | .0 | \$3,542 |
| 9 | SN | \$150,000 | 3.363% | Jun-03 | Jun-08 | 99.1883 | 3.540% | 5,310,000 | 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 |
| 10 | MTN-B | \$3,500 | 6.530% | Aug-93 | Aug-08 | 98.9062 | 6.650% | 232,750 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | \$3,500 |
| 11 | MTN-B | \$1,000 | 6.510% | Aug-93 | Aug-08 | 98.9060 | 6.630% | 66,300 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | \$1,000 |
| 12 | MTN-B | \$25,000 | 7.610% | Sep-00 | Sep-08 | 99.2252 | 7.740% | 1,935,000 | 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 |
| 13 | MTN-B | \$150,000 | 6.460% | Mar-99 | Mar-09 | 99.2645 | 6.560% | 9,840,000 | 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 |
| 14 | MTN-C | \$3,000 | 6.610% | Dec-95 | Dec-09 | 99.3308 | 6.680% | 200,400 | 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 |
| 15 | MTN-C | \$5,000 | 6.620% | Dec-95 | Dec-09 | 99.3308 | 6.690% | 334,500 | 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 |
| 16 | MTN-B | \$225,000 | 7.960% | Feb-00 | Feb-10 | 99.2313 | 8.070% | 18,157,500 | 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 |
| 17 | MTN-C | \$7,000 | 7.120% | Sep-95 | Sep-10 | 98.9181 | 7.240% | 506,800 | 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 |
| 18 | MTN-C | \$260,000 | 7.690% | Nov-00 | Feb-11 | 99.2812 | 7.790% | 20,254,000 | 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 |
| 19 | MTN-B | \$3,000 | 6.830% | Aug-93 | Aug-13 | 98.8139 | 6.940% | 208,200 | 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 |
| 20 | MTN-B | \$10,000 | 6.900% | Sep-93 | Oct-13 | 98.8221 | 7.010% | 701,000 | 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 |
| 21 | MTN-C | \$10,000 | 7.350% | Sep-95 | Sep-15 | 98.8439 | 7.460% | 746,000 | 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 |
| 22 | MTN-C | \$2,000 | 7.360% | Sep-95 | Sep-15 | 98.8439 | 7.470% | 149,400 | 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 |
| 23 | SN | \$150,000 | 5.197% | Oct-05 | Oct-15 | 99.1883 | 5.303% | 7,954,500 | 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 |
| 24 | MTN-A | \$200,000 | 6.740% | Jun-98 | Jun-18 | 98.9851 | 6.830% | 13,660,000 | 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 |
| 25 | FMB | \$25,000 | 9.570% | Sep-90 | Sep-20 | 99.3981 | 9.630% | 2,407,500 | 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 |
| 26 | MTN-C | \$15,000 | 7.150% | Dec-95 | Dec-25 | 99.2119 | 7.210% | 1,081,500 | 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 |
| 27 | MTN-C | \$2,000 | 7.200% | Dec-95 | Dec-25 | 99.2116 | 7.260% | 145,200 | 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 |
| 28 | MTN-A | \$300,000 | 7.020% | Dec-97 | Dec-27 | 98.9857 | 7.100% | 21,300,000 | 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 |
| 29 | MTN-B | \$100,000 | 7.000% | Mar-99 | Mar-29 | 99.0429 | 7.080% | 7,080,000 | 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 |
| 30 | PCB | \$23,400 | 5.100% | Mar-03 | Mar-31 | 95.5490 | 5.410% | 1,265,940 | 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 |
| 31 | PCB | \$138,460 | 5.000% | Mar-03 | Mar-31 | 95.5490 | 5.310% | 7,352,226 | 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 |
| 32 | SN | \$250,000 | 5.483% | May-05 | Jun-35 | 84.8769 | 6.653% | 16,632,500 | 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 |
| 33 | XXXXXX | XXXXXXXX | XXX% | XXX | XXX | XXXX | XXX% | XXXXXXXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXXXXXXX |
| 34 | XXXXXX | XXXXXXXX | XXX% | XXX | XXX | XXXX | XXX% | XXXXXXXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXXXXXXX |
| 35 | XXXXXX | XXXXXXXX | XXX% | XXX | XXX | XXXX | XXX% | XXXXXXXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXXXXXXX |
| 36 | | | | | | Annual Charge on Reacquired Debt (ii) | | 507,312 | | | | | | | | | | | | | | | |
| 37 | Total LTD | XXXXXXXX | | | | (iv) | 6.64% | XXXXXXXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXXXXXXX | |

- (i) Net proceeds are face amount less underwriter's fees and issuance expenses.
- (ii) See schedule of Reacquired Debt on page 8.
- (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.

**REVISED
APRIL 3, 2006**

**Puget Sound Energy, Inc.
Schedule of Annual Charges on Reacquired Debt
For the 12 Months Ended December 31, 2007**

| 1 | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | |
|----|--|------------|----------------|-----------------|-----------------|----------------|------------------------|--------------------------|---------------------|-------------------------|---------------------|--|
| 2 | | | | | | | | | | | | |
| 3 | Issue | Issue Date | Original Issue | Redemption Date | Refinance Issue | Refinance Date | Maturity Dt for Amort. | Monthly Amortization (i) | No. of Months- 2007 | Annual Amortization (i) | SAP # | |
| 4 | 10.250% | 29-Dec-87 | 15-Dec-97 | 15-Dec-95 | | | 10-Nov-16 | \$1,528.00 | 12 | \$18,336.00 | 18900013 | |
| 5 | 8.250% | 9-Apr-86 | 1-Apr-96 | 1-Apr-92 | | | 1-Feb-07 | \$9,098.22 | 1 | \$9,098.22 | 18900153 | |
| 6 | 9.625% | 15-Oct-90 | 15-Oct-97 | 7-Feb-94 | | | 1-Feb-24 | \$14,073.35 | 12 | \$168,880.20 | 18900173 | |
| 7 | \$200mm VRN | 15-Jul-04 | 15-Jul-04 | 27-May-05 | 30 Yr 5.483% | 27-May-05 | 27-May-35 | \$1,423.88 | 12 | \$17,086.56 | 18900183 | |
| 8 | 9.140% | 21-Jun-91 | 21-Jun-01 | 15-Jun-98 | | | 15-Jun-18 | \$291.57 | 12 | \$3,498.84 | 18900243 | |
| 9 | PCB Series 1991A | 7-Aug-91 | 1-Aug-21 | 11-Mar-03 | | | 1-Mar-31 | \$3,790.04 | 12 | \$45,480.48 | 18900253 | |
| 10 | PCB Series 1991B | 7-Aug-91 | 1-Aug-21 | 11-Mar-03 | | | 1-Mar-31 | \$2,880.12 | 12 | \$34,561.44 | 18900263 | |
| 11 | PCB Series 1992 | 1-Mar-92 | 1-Mar-22 | 11-Mar-03 | | | 1-Mar-31 | \$8,818.79 | 12 | \$105,825.48 | 18900273 | |
| 12 | PCB Series 1993 | 29-Apr-93 | 1-Apr-20 | 11-Mar-03 | | | 1-Mar-31 | \$2,691.48 | 12 | \$32,297.76 | 18900283 | |
| 13 | WNG 8.4% | 13-Jan-92 | 12-Jan-22 | 21-Mar-03 | | | 12-Jan-22 | \$95.09 | 12 | \$1,141.08 | 18900293 | |
| 14 | WNG 8.39% | 13-Jan-92 | 13-Jan-22 | 21-Mar-03 | | | 13-Jan-22 | \$221.88 | 12 | \$2,662.56 | 18900303 | |
| 15 | PP 8.4% | 7-May-92 | 7-May-07 | 26-Mar-03 | | | 7-May-07 | \$504.26 | 4 | \$2,017.04 | 18900313 | |
| 16 | WGN 8.25% | 12-Aug-92 | 12-Aug-22 | 29-May-03 | | | 12-Aug-22 | \$5,207.14 | 12 | \$62,485.68 | 18900323 | |
| 17 | PSPL 8.2% | 21-Dec-92 | 21-Dec-12 | 29-May-03 | | | 21-Dec-12 | \$8,236.59 | 12 | \$98,839.08 | 18900333 | |
| 18 | PSPL 8.59% | 9-Apr-92 | 9-Apr-12 | 29-May-03 | | | 9-Apr-12 | \$1,286.88 | 12 | \$15,442.56 | 18900343 | |
| 19 | WGN 7.19% | 18-Aug-93 | 18-Aug-23 | 18-Aug-03 | | | N/A | \$887.99 | 12 | \$10,655.88 | 18900353 | |
| 20 | 7.19% WGN MTN Due 2023 | 18-Aug-93 | 18-Aug-23 | 14-Nov-00 | | | 18-Aug-23 | <u>(\$10,083.11)</u> | 12 | <u>(\$120,997.32)</u> | 25700013 | |
| 21 | Total Amortization on Reacquired Debt | | | | | | | \$50,952.17 | | | \$507,311.54 | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | (i) Amortization is over life of replacement issue or remaining life of called bond if no replacement issue. | | | | | | | | | | | |

**REVISED
APRIL 3, 2006**

**Puget Sound Energy, Inc.
Cost of Preferred Stock
For the 12 Months Ended December 31, 2007**

| 1 | (A) | (C) | (D) | (E) | (I) | (J) | (K) | (L) | |
|----|-----------------------------|------------|---------------|-----------|---------------|------------------------------|------------------------|--------------|---|
| 2 | | Issue Date | Maturity Date | Call Date | Dividend Rate | Average Monthly Ave. Balance | Net Proceeds Per \$100 | Cost Rate | Annual Cost |
| 3 | | | | | | | | | |
| 4 | Trust Preferred (i) | | | | | | | | |
| 5 | 8.231% Capital Trust I | 6/6/97 | 6/1/27 | | 8.23% | \$37,750,000 | 98.69 | 8.350% | 3,152,125 |
| 6 | | | | | | | | | |
| 7 | Total Trust Preferred Stock | | | | | | | | Annual Amortization of Gain on Reacquired Shares (iii) \$72,364 |
| 8 | | | | | | <u>\$37,750,000</u> | | <u>8.54%</u> | <u>\$3,224,489</u> |
| 9 | | | | | | | | | |
| 10 | Preferred Stock (ii) | | | | | | | | |
| 11 | XXXXXXXXXX | XXXXX | XXXXX | XXXXX | 7.00% | XXXXXXXXXX | 97.50 | 7.61% | XXXXXXXXXX |
| 12 | 4.84% Series | 7/3/62 | Sinking Fund | N/A | 4.84% | \$1,458,300 | 97.87 | 4.95% | 72,186 |
| 13 | 4.70% Series | 5/19/64 | Sinking Fund | N/A | 4.70% | \$431,100 | 98.52 | 4.77% | 20,563 |
| 14 | Total Preferred Stock | | | | | | | | Annual Amortization of Gain on Reacquired Shares (iii) \$55,390 |
| 15 | | | | | | <u>XXXXXXXXXX</u> | | <u>7.61%</u> | <u>XXXXXXXXXX</u> |

- 17 (i) Cost Rate= Uses the yield to maturity calculation.
 18 (ii) Cost Rate=Dividend Rate/(Net Proceeds/Issue Amount)
 18 (iii) See schedule of Reacquired PS on page 10.

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APRIL 3, 2006
PUGET SOUND ENERGY, INC
Calculation of Amortization of Net Loss
On Reacquired Preferred Stock
For The 12 Months Ended December 31, 2007

| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) |
|---|------------|----------------------|-------------------|-------------------------|------------------------------|--------------------------|----------------------------|-------------------|-------------|--|-----------------------------------|
| Gain or Loss on Reacquired Preferred Stock | | | | | | | | | | | |
| | | | | | | | | | | Original (Gain) or Loss on Costs to Reacquire | End of Amortization Period |
| Issue | Par | Shares Issued | Issue Date | Date Re-acquired | Original Issue Amount | Reacquired Shares | Face Value Required | Call Price | | | |
| 8.231% Capital Trust I | | | | 01-Jun-05 | | | 42,500,000 | \$110.82 | \$5,227,262 | | 1-Jun-27 |
| 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 |
| 7.75% Series (i) | \$100 | 750,000 | 25-Mar-92 | 15-Aug-03 | \$75,000,000 | 337,500 | | \$102.07 | \$698,625 | | 14-Aug-13 |
| 8.231% Capital Trust I (ii) | | | | 21-Feb-03 | | | 19,750,000 | \$99.00 | (\$197,500) | | 1-Jun-27 |
| Adj. Prfd. | \$25 | 2,000,000 | | 15-Aug-97 | \$50,000,000 | 1,181,994 | | \$25.63 | \$738,746 | | 15-Aug-07 |
| 4.70% | \$100 | 150,000 | | 15-Aug-97 | \$15,000,000 | 51,854 | | \$89.32 | (\$553,801) | | 15-Aug-07 |
| 4.84% | \$100 | 150,000 | | 15-Aug-97 | \$15,000,000 | 33,148 | | \$91.51 | (\$281,427) | | 15-Aug-07 |

| Issue | Net (Gain) or Loss | No. of Years (Gain) Loss To Be Amortized | Months Amortized in Reporting Period | Monthly Amort | Prorated Net Loss (Gain) |
|---------------------------------------|---------------------------|---|---|----------------------|---------------------------------|
| Trust Preferred | | | | | |
| 8.231% Capital Trust I - Net Loss | \$5,048,024.23 | 22 | 12 | \$19,121.30 | <u>\$72,364</u> |
| Preferred Stock | | | | | |
| 7.75% Series (ii) | \$698,625.00 | 10 | 12 | \$5,821.88 | \$69,863 |
| Adj. Prfd. | \$738,746.00 | 10 | 8 | \$9,234.33 | \$110,812 |
| 4.70% | (\$553,801.00) | 10 | 8 | (\$6,922.51) | (\$83,070) |
| 4.84% | (\$281,427.00) | 10 | 8 | (\$3,517.84) | (\$42,214) |
| Total Redeemable and Nonredeemable PS | <u>\$602,143.00</u> | | | | <u>\$55,390</u> |

30 (i) For Cost of Capital calculation, the loss on the 7.75% Preferred Stock will be amortized over 10 years.

31 (ii) In June 2005, the unamortized balance of this gain was netted against the loss on the June 2005 tender of the 8.231% Trust Pref.