

**PUGET SOUND ENERGY**  
**Utility Operations**

**12 Months Ended**  
**October, 2002**

**KEY CREDIT PROTECTION MEASURES:**

**Funds From Operations to Total Debt:**

PSE Interim Relief	18.5%
PSE <b>No</b> Interim Relief	13.8%
"A" Benchmark Range (1)	33.0% to 27.0%
"BBB" Benchmark Range (1)	27.0% to 20.5%
"BB" Benchmark Range (1)	20.5% to 15.0%

**Funds From Operations Interest Coverage:**

PSE Interim Relief	3.3x
PSE <b>No</b> Interim Relief	2.8x
"A" Benchmark Range (1)	4.8x to 4.0x
"BBB" Benchmark Range (1)	4.0x to 3.0x
"BB" Benchmark Range (1)	3.0x to 2.1x

**Pre-Tax Interest Coverage:**

PSE Interim Relief	1.9x
PSE <b>No</b> Interim Relief	1.2x
"A" Benchmark Range (1)	4.3x to 3.5x
"BBB" Benchmark Range (1)	3.5x to 2.4x
"BB" Benchmark Range (1)	2.4x to 1.5x

**Total Debt to Average Total Capital:**

PSE Interim Relief	61.5%
PSE <b>No</b> Interim Relief	64.2%
"A" Benchmark Range (1)	41.5% to 47.0%
"BBB" Benchmark Range (1)	47.0% to 55.0%
"BB" Benchmark Range (1)	55.0% to 62.5%

**OTHER MEASURES:**

	<b>Calendar</b>	<b>12 Months Ended</b>
	<u><b>2001</b></u>	<u><b>October, 2002</b></u>
<b>Indenture Coverage Ratio:</b>		
PSE Interim Relief	2.3x	2.6x
PSE <b>No</b> Interim Relief	2.3x	1.6x
Level Required to Issue FMB	2.0x	2.0x
<b>Net Income</b> (Dollars in Thousands)		
PSE Interim Relief	\$84,750	\$126,479
PSE <b>No</b> Interim Relief	\$84,750	\$19,407

**NOTES:**

(1) Benchmarks are for Utilities with a "Business Position" rating of "5" (Average). PSE's business position was downgraded from "4" (Above Average) to "5" (Average) in October 2001.