

PUGET SOUND ENERGY, INC.
DCF GROWTH RATE PARAMETERS

COMPANY	INTERNAL GROWTH			EXTERNAL GROWTH		
	RETENTION RATIO	EQUITY RETURN	"g"	BOOK VALUE (\$/SHARE)	SHARES OUTST (MILLIONS)	SHARE GROWTH
CV						
1999	0.3125	08.0%	2.50%	16.05	11.47	
2000	0.2281	06.9%	1.57%	16.57	11.51	
2001	0.0538	05.8%	0.31%	15.81	11.61	
2002	0.4286	09.3%	3.99%	16.83	11.74	
2003	0.3759	08.1%	<u>3.04%</u>	<u>17.89</u>	<u>11.81</u>	
AVERAGE GROWTH			2.28%	1.00%		0.73%
2004	0.4424	09.0%	3.98%		12.25	3.73%
2005	0.4353	09.0%	3.92%		12.50	-0.50%
2007-2009	0.4600	09.5%	4.37%	4.00%	13.00	1.94%

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	RETENTION RATIO	EQUITY RETURN	"g"	BOOK VALUE (\$/SHARE)	SHARES OUTST (MILLIONS)	SHARE GROWTH
EAS						
1999	0.5602	15.8%	8.85%	12.84	109.34	
2000	0.5749	13.8%	7.93%	14.59	117.66	
2001	0.5400	13.1%	7.07%	15.26	116.72	
2002	0.3600	08.0%	2.88%	16.97	144.97	
2003	0.3007	08.1%	<u>2.44%</u>	<u>17.59</u>	<u>146.26</u>	
AVERAGE GROWTH			5.83%	4.50%		7.54%
2004	0.2000	07.5%	1.50%		147.00	0.51%
2005	0.2800	08.0%	2.24%		148.00	0.59%
2007-2009	0.3143	08.5%	2.67%	3.00%	151.00	0.64%

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	RETENTION RATIO	EQUITY RETURN	"g"	BOOK VALUE (\$/SHARE)	SHARES OUTST (MILLIONS)	SHARE GROWTH
FE						
1999	0.4000	12.5%	5.00%	19.63	232.45	
2000	0.4424	12.9%	5.71%	20.72	224.53	
2001	0.4718	08.9%	4.20%	24.86	297.64	
2002	0.4094	10.5%	4.30%	23.92	297.64	
2003	-0.0204	05.4%	<u>-0.11%</u>	<u>25.13</u>	<u>329.84</u>	
AVERAGE GROWTH			3.82%	7.00%		9.14%
2004	0.4444	10.0%	4.44%		329.84	0.00%
2005	0.4737	10.0%	4.74%		329.84	0.00%
2007-2009	0.5500	11.5%	6.33%	5.50%	329.84	0.00%

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<u>PGN</u>	<u>RETENTION RATIO</u>	<u>EQUITY RETURN</u>	<u>"g"</u>	<u>BOOK VALUE (\$/SHARE)</u>	<u>SHARES OUTST (MILLIONS)</u>	<u>SHARE GROWTH</u>
1999	0.2078	11.1%	2.31%	21.38	159.60	
2000	0.1111	06.7%	0.74%	26.32	206.09	
2001	0.3761	11.5%	4.33%	27.45	218.73	
2002	0.4323	12.1%	5.23%	28.73	232.43	
2003	0.3372	10.9%	<u>3.68%</u>	<u>30.32</u>	<u>246.00</u>	
AVERAGE GROWTH			3.26%	9.00%		11.42%
2004	0.3465	11.0%	3.81%		248.00	0.81%
2005	0.3479	11.0%	3.83%		250.00	0.81%
2007-2009	0.2188	09.0%	1.97%	4.00%	256.00	0.80%

COMPANY	INTERNAL GROWTH			EXTERNAL GROWTH		
<u>CIN</u>	<u>RETENTION RATIO</u>	<u>EQUITY RETURN</u>	<u>"g"</u>	<u>BOOK VALUE (\$/SHARE)</u>	<u>SHARES OUTST (MILLIONS)</u>	<u>SHARE GROWTH</u>
1999	0.1429	12.6%	1.80%	16.70	158.92	
2000	0.2800	14.5%	4.06%	17.36	158.97	
2001	0.3455	15.0%	5.18%	18.45	159.40	
2002	0.1892	10.9%	2.06%	19.53	168.66	
2003	0.2428	11.7%	<u>2.84%</u>	<u>20.74</u>	<u>178.44</u>	
AVERAGE GROWTH			3.19%	4.00%		2.94%
2004	0.2906	12.0%	3.49%		181.10	1.49%
2005	0.3018	12.0%	3.62%		183.80	1.49%
2007-2009	0.3200	11.5%	3.68%	4.50%	191.90	1.47%

COMPANY	INTERNAL GROWTH			EXTERNAL GROWTH		
<u>CNL</u>	<u>RETENTION RATIO</u>	<u>EQUITY RETURN</u>	<u>"g"</u>	<u>BOOK VALUE (\$/SHARE)</u>	<u>SHARES OUTST (MILLIONS)</u>	<u>SHARE GROWTH</u>
1999	0.3025	12.9%	3.90%	9.44	44.88	
2000	0.4178	14.9%	6.23%	10.04	44.99	
2001	0.4238	14.6%	6.19%	10.69	44.96	
2002	0.4079	13.1%	5.34%	11.77	47.04	
2003	0.2857	12.5%	<u>3.57%</u>	<u>10.09</u>	<u>47.18</u>	
AVERAGE GROWTH			5.05%	4.50%		1.26%
2004	0.2800	12.0%	3.36%		47.75	1.21%
2005	0.3077	12.5%	3.85%		48.00	0.87%
2007-2009	0.4000	12.0%	4.80%	2.50%	48.75	0.66%

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<u>COMPANY</u>	<u>INTERNAL GROWTH</u>			<u>EXTERNAL GROWTH</u>		
<u>EDE</u>	<u>RETENTION RATIO</u>	<u>EQUITY RETURN</u>	<u>"g"</u>	<u>BOOK VALUE (\$/SHARE)</u>	<u>SHARES OUTST (MILLIONS)</u>	<u>SHARE GROWTH</u>
1999	-0.1327	08.8%	-1.17%	13.48	17.37	
2000	0.0519	09.8%	0.51%	13.65	17.60	
2001	-1.1695	03.9%	-4.56%	13.58	19.76	
2002	-0.0756	07.8%	-0.59%	14.59	22.57	
2003	0.0078	07.8%	<u>0.06%</u>	<u>15.17</u>	<u>24.98</u>	
AVERAGE GROWTH			-1.15%	2.00%		9.51%
2004	-0.4222	06.0%	-2.53%		25.50	2.08%
2005	0.0519	09.0%	0.47%		25.70	1.43%
2007-2009	0.1467	09.5%	1.39%	1.50%	26.30	1.04%

<u>COMPANY</u>	<u>INTERNAL GROWTH</u>			<u>EXTERNAL GROWTH</u>		
<u>ETR</u>	<u>RETENTION RATIO</u>	<u>EQUITY RETURN</u>	<u>"g"</u>	<u>BOOK VALUE (\$/SHARE)</u>	<u>SHARES OUTST (MILLIONS)</u>	<u>SHARE GROWTH</u>
1999	0.4667	07.7%	3.59%	28.81	247.08	
2000	0.5892	09.7%	5.72%	31.89	219.60	
2001	0.5844	09.3%	5.44%	33.78	220.73	
2002	0.6359	10.9%	6.93%	35.24	222.42	
2003	0.5664	09.8%	<u>5.55%</u>	<u>38.02</u>	<u>228.90</u>	
AVERAGE GROWTH			5.45%	5.00%		-1.89%
2004	0.5566	10.0%	5.57%		230.80	0.83%
2005	0.5586	10.0%	5.59%		231.40	0.54%
2007-2009	0.5355	09.5%	5.09%	5.50%	236.20	0.63%

<u>COMPANY</u>	<u>INTERNAL GROWTH</u>			<u>EXTERNAL GROWTH</u>		
<u>GXP</u>	<u>RETENTION RATIO</u>	<u>EQUITY RETURN</u>	<u>"g"</u>	<u>BOOK VALUE (\$/SHARE)</u>	<u>SHARES OUTST (MILLIONS)</u>	<u>SHARE GROWTH</u>
1999	-0.3175	09.0%	-2.86%	13.97	61.91	
2000	0.1902	13.8%	2.63%	14.88	61.91	
2001	-0.0440	12.6%	-0.55%	12.59	61.91	
2002	0.1863	13.6%	2.53%	13.58	69.20	
2003	0.2687	16.4%	<u>4.41%</u>	<u>13.82</u>	<u>69.26</u>	
AVERAGE GROWTH			1.23%	-1.50%		2.84%
2004	0.2936	14.5%	4.26%		74.25	7.20%
2005	0.3083	14.5%	4.47%		74.25	3.54%
2007-2009	0.3455	13.5%	4.66%	7.00%	79.00	2.67%

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HE						
1999	0.1448	11.0%	1.59%	13.16	64.43	
2000	0.0236	09.8%	0.23%	12.72	65.98	
2001	0.2250	11.8%	2.66%	13.06	71.20	
2002	0.2346	11.3%	2.65%	14.21	73.62	
2003	0.2152	10.8%	<u>2.32%</u>	<u>14.36</u>	<u>75.84</u>	
AVERAGE GROWTH			1.89%	1.50%		4.16%
2004	0.0815	09.0%	0.73%		80.40	6.01%
2005	0.2485	11.0%	2.73%		80.40	2.96%
2007-2009	0.2914	10.5%	3.06%	3.50%	80.40	1.17%

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	RETENTION RATIO	EQUITY RETURN	"g"	BOOK VALUE (\$/SHARE)	SHARES OUTST (MILLIONS)	SHARE GROWTH
PNM						
1999	0.5891	08.8%	5.18%	14.74	61.05	
2000	0.6581	10.0%	6.58%	15.76	58.68	
2001	0.7969	15.4%	12.27%	17.25	58.68	
2002	0.4673	06.5%	3.04%	16.60	58.68	
2003	0.4696	06.3%	<u>2.96%</u>	<u>17.84</u>	<u>60.39</u>	
AVERAGE GROWTH			6.01%	6.00%		-0.27%
2004	0.5333	07.5%	4.00%		60.50	0.18%
2005	0.5286	07.5%	3.96%		60.50	0.09%
2007-2009	0.5067	07.0%	3.55%	3.50%	61.00	0.20%

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	RETENTION RATIO	EQUITY RETURN	"g"	BOOK VALUE (\$/SHARE)	SHARES OUTST (MILLIONS)	SHARE GROWTH
PNW						
1999	0.5818	12.2%	7.10%	26.00	84.83	
2000	0.5731	11.9%	6.82%	28.09	84.83	
2001	0.5842	12.5%	7.30%	29.46	84.83	
2002	0.3557	08.0%	2.85%	29.44	91.26	
2003	0.3135	08.1%	<u>2.54%</u>	<u>31.00</u>	<u>91.29</u>	
AVERAGE GROWTH			5.32%	4.50%		1.85%
2004	0.2962	08.0%	2.37%		91.40	0.12%
2005	0.4382	10.5%	4.60%		91.40	0.06%
2007-2009	0.4110	10.0%	4.11%	4.00%	91.40	0.02%

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	RETENTION RATIO	EQUITY RETURN	"g"	BOOK VALUE (\$/SHARE)	SHARES OUTST (MILLIONS)	SHARE GROWTH
PSD						
1999	0.0366	11.8%	0.43%	16.24	84.92	
2000	0.1481	13.0%	1.93%	16.61	85.90	
2001	-0.5082	07.7%	-3.91%	15.66	87.02	
2002	0.0242	07.2%	0.17%	16.27	93.64	
2003	0.1803	07.0%	<u>1.26%</u>	<u>16.71</u>	<u>99.07</u>	
AVERAGE GROWTH			-0.02%	-1.00%		3.93%
2004	0.2000	07.5%	1.50%		99.50	0.43%
2005	0.3548	08.5%	3.02%		100.00	0.47%
2007-2009	0.3600	09.0%	3.24%	3.50%	101.50	0.49%

Data from Value Line Ratings & Reports June 4, July 2 and August 13, 2004.