

PUGET SOUND ENERGY
SCHEDULE NO. 119
Capital Structure Tracker Rate Adjustment

Section 1: Purpose

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The purpose of this schedule is to establish a mechanism to both verify and enforce the Company's obligation to achieve a specific equity capital ratio and to adjust rates if the Company fails to attain specific equity ratios in its capital structure, as required by the Settlement Stipulation in Docket Nos. UE-011570 and UG-011571, and as required in the ___th Supplemental Order accepting said Settlement Stipulation in those dockets.

Section 2: Minimum Capital Structure Targets

The following equity capital structure ratios, measured by year-end financial statements, will be applied for purposes of this tariff:

December 31, 2003, Minimum Equity Ratio:	34%
December 31, 2004, Minimum Equity Ratio:	36%
December 31, 2005, Minimum Equity Ratio:	39%
December 31 of Subsequent Years:	39%

Section 3: Determination of Whether Rate Adjustment Applies

No later than two days following the Company's release of Puget Sound Energy, Inc.'s, 10K filing with the SEC, the Company will provide such statements to the Commission, together with a calculation of the actual equity ratio reflected in the 10K as defined below. The actual equity ratio for comparison with the Minimum Capital Structure Targets defined in the section above will be calculated as follows: common equity will be divided by the sum of total capitalization and current liabilities consisting of short-term debt and current maturities of long-term debt . The terms used in the preceding calculation shall be as defined in the PSE 2001 10K.

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(Continued on Sheet No. 1119-A)

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By: _____ Steve Secrist

Title: Director, Rates & Regulation