

**EXHIBIT NO. ___ (DEG-11C)
DOCKET NO. UG-040640, et al. (consolidated)
2004 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. UG-040640
Docket No. UE-040641
(consolidated)**

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

**For an Order Regarding the Accounting
Treatment for Certain Costs of the Company's
Power Cost Only Rate Filing.**

Docket No. UE-031471 (consolidated)

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

**For an Accounting Order Authorizing
Deferral and Recovery of the Investment
And Costs Related to the White River
Hydroelectric Project.**

Docket No. UE-032043 (consolidated)

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

NOVEMBER 3, 2004

**REDACTED
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PUGET SOUND ENERGY, INC.

**Utility Capital Structure
Cost of Capital and Rate of Return
As of February 28, 2006**

(A)	(B)	(C)	(D)	(E)
<u>Description</u>	<u>Amount (i)</u>	<u>Ratio</u>	<u>Cost Rates</u>	<u>Regulated Cost of Capital Calculation</u>
Short Term Debt	\$XXXXXXXXXX	3.09%	4.81%	0.15%
Long Term Debt	\$XXXXXXXXXX	45.59%	6.88%	3.14%
Trust Preferred	\$XXXXXXXXXX	6.28%	8.60%	0.54%
Preferred Stock	\$XXXXXXXXXX	0.04%	8.51%	0.00%
Common Stock	\$XXXXXXXXXX	<u>45.00%</u>	11.75%	<u>5.29%</u>
Total	\$XXXXXXXXXX	<u>100.00%</u>		<u>9.12%</u>

NOTE: Numbers in boxes are confidential.

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PUGET SOUND ENERGY, INC
Utility Capital Structure Calculation
February 28, 2005 Through February 28, 2006
Average of Month-End Balances

**REDACTED
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(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	Ave. of Month-end Balances
	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06		
1															
2															
3															
4															
5	Short-term debt	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
6	Long-term debt	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
7	Total Debt	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
8	Trust Preferred	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
9	Preferred	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
10	Common	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
11	Total Capital	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
12															
13	Short-term debt	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
14	Long-term debt	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
15	Total Debt	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
16	Trust Preferred	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
17	Preferred	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
18	Common	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
19	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%
20															
21	Commercial Paper	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
22	AR Securitization	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
23	Bank Credit Facility	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
24	Money Market Facility	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
25	Total Short-term Debt	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
26															
27	PSE Common Equity	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
28	Total Subsidiary R.E.	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
29	Regulated Common Equity	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
30	(Excl. Sub. R.E.)														

NOTE: Numbers in boxes are confidential.

Puget Sound Energy, Inc.
 Cost of Short-Term Debt

For The 12 Months Ended February 28, 2006

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(A)	(B)	(C)	(D)	(E)	(F)
<u>Description</u>	<u>Weighted Amt Outstanding (i)</u>	<u>Interest Rate</u>	<u>Annual Charge</u>	<u>Cost Rate (ii)</u>	
Commercial Paper	\$XXXXXXXX	3.31%	\$XXXXXXXX		
AR Securitization Facility	\$XXXXXXXX	3.12%	\$XXXXXXXX		
Bank Credit Facility	\$XXXXXXXX	0.00%	\$XXXXXXXX		
Money Market	\$XXXXXXXX	0.00%	\$XXXXXXXX		
Commitment Fees			\$1,435,497		
12 Month Short Term Debt Issue Costs Amortization			\$792,461		
Total Short-Term Debt/Cost	\$XXXXXXXX		\$XXXXXXXX		4.81%

(i) Average Balance Outstanding for 12 Months Ended.

(ii) Cost Rate is calculated by dividing the Annual Charge (E) by the Weighted Amt Outstanding (C).

NOTE: Numbers in boxes are confidential.

Puget Sound Energy, Inc.
Short Term Debt Rate
For The 12 Months Ended February 28, 2006

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
		Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Total For Rate Year
1	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
2	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
3	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
4	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
5	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
6	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
7	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
8	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
9	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
10	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
11	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
12	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
13	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
14	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
15	Number of Days in Month	31	31	30	31	30	31	31	30	31	30	31	31	28	365
16															

17	CP Interest Expense	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
18	AR Interest Expense	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
19	Total STD Interest Expense	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
20	Ave Monthly Borrowing Rate	2.57%	2.86%	2.84%	2.84%	2.85%	3.11%	3.12%	3.11%	3.33%	3.31%	3.30%	3.55%	3.57%	3.20%	
21																

		Average Borrowing Rate													
22	CP Borrowing Rate	2.70%	2.70%	2.99%	2.99%	2.99%	3.23%	3.23%	3.23%	3.47%	3.47%	3.47%	3.71%	3.71%	3.71%
23	AR Securitization Rate	2.47%	2.47%	2.76%	2.76%	2.76%	3.00%	3.00%	3.00%	3.24%	3.24%	3.24%	3.48%	3.48%	3.48%

	3 Month					
	Libor	CP Spread	CP	AR Spread	AR	
27	Projected Short Term Rates					
28	01-Jan-05	2.20%	0.50%	2.70%	0.27%	2.47%
29	01-Apr-05	2.49%	0.50%	2.99%	0.27%	2.76%
30	01-Jul-05	2.73%	0.50%	3.23%	0.27%	3.00%
31	01-Oct-05	2.97%	0.50%	3.47%	0.27%	3.24%
32	01-Jan-06	3.21%	0.50%	3.71%	0.27%	3.48%

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NOTE: Numbers in boxes are confidential.

Puget Sound Energy, Inc.
Short Term Debt Commitment Fee
For The 12 Months Ended February 28, 2006

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	<u>Bank Credit Agreement</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Days</u>	<u>Unused</u>	<u>Fee %</u>	<u>Fee \$ (i)</u>
1							
2		3/1/2005	3/31/2005	31	XXXXXXXXXX	0.250%	XXXXXXXXXX
3		4/1/2005	4/30/2005	30	XXXXXXXXXX	0.250%	XXXXXXXXXX
4	Facility Size:	5/1/2005	5/31/2005	31	XXXXXXXXXX	0.250%	XXXXXXXXXX
5	\$350,000,000	6/1/2005	6/30/2005	30	XXXXXXXXXX	0.250%	XXXXXXXXXX
6		7/1/2005	7/31/2005	31	XXXXXXXXXX	0.250%	XXXXXXXXXX
7		8/1/2005	8/31/2005	31	XXXXXXXXXX	0.250%	XXXXXXXXXX
8		9/1/2005	9/30/2005	30	XXXXXXXXXX	0.250%	XXXXXXXXXX
9		10/1/2005	10/31/2005	31	XXXXXXXXXX	0.250%	XXXXXXXXXX
10		11/1/2005	11/30/2005	30	XXXXXXXXXX	0.250%	XXXXXXXXXX
11		12/1/2005	12/31/2005	31	XXXXXXXXXX	0.250%	XXXXXXXXXX
12		1/1/2006	1/31/2006	31	XXXXXXXXXX	0.250%	XXXXXXXXXX
13		2/1/2006	2/28/2006	28	XXXXXXXXXX	0.250%	XXXXXXXXXX
14							
15				365			XXXXXXXXXX

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	<u>AR Securitization</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Days</u>	<u>Total Commitment (ii)</u>	<u>Fee %</u>	<u>Fee \$ (i)</u>
16		3/1/2005	3/31/2005	31	150,000,000	0.35%	46,112.50
17		4/1/2005	4/30/2005	30	150,000,000	0.35%	44,625.00
18	Facility Size:	5/1/2005	5/31/2005	31	150,000,000	0.35%	46,112.50
19	\$150,000,000	6/1/2005	6/30/2005	30	150,000,000	0.35%	44,625.00
20		7/1/2005	7/31/2005	31	150,000,000	0.35%	46,112.50
21		8/1/2005	8/31/2005	31	150,000,000	0.35%	46,112.50
22		9/1/2005	9/30/2005	30	150,000,000	0.35%	44,625.00
23		10/1/2005	10/31/2005	31	150,000,000	0.35%	46,112.50
24		11/1/2005	11/30/2005	30	150,000,000	0.35%	44,625.00
25		12/1/2005	12/31/2005	31	150,000,000	0.35%	46,112.50
26		1/1/2006	1/31/2006	31	150,000,000	0.35%	46,112.50
27		2/1/2006	2/28/2006	28	150,000,000	0.35%	41,650.00
28							
29				365			\$542,937.50

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NOTE: Numbers in boxes are confidential.

Puget Sound Energy, Inc.
Short Term Debt Commitment Fee, page 2
For The 12 Months Ended February 28, 2006

(A) Letter of Credit Fees:	(B) Beginning Date	(C) Ending Date	(D) Days	(E) Outstanding	(F) Fee %	(G) Fee \$ (i)
	3/1/2005	3/31/2005	31	\$474,000	1.3750%	561.23
	4/1/2005	4/30/2005	30	\$474,000	1.3750%	543.13
	5/1/2005	5/31/2005	31	\$474,000	1.3750%	561.23
	6/1/2005	6/30/2005	30	\$474,000	1.3750%	543.13
	7/1/2005	7/31/2005	31	\$474,000	1.3750%	561.23
	8/1/2005	8/31/2005	31	\$474,000	1.3750%	561.23
	9/1/2005	9/30/2005	30	\$474,000	1.3750%	543.13
	10/1/2005	10/31/2005	31	\$474,000	1.3750%	561.23
	11/1/2005	11/30/2005	30	\$474,000	1.3750%	543.13
	12/1/2005	12/31/2005	31	\$474,000	1.3750%	561.23
	1/1/2006	1/31/2006	31	\$474,000	1.3750%	561.23
	2/1/2006	2/28/2006	28	\$474,000	1.3750%	506.92
			365	\$474,000	E ₁	\$6,608.02

(i) Commitment fees are calculated for actual days elapsed on the basis of a 360 day year

(ii) Total commitment of \$150MM is increased to 2% to \$153MM for purposes of calculating the facility fee, which is paid on total availability regardless of usage.

Total Annual Commitment Fees for Bank Facilities

\$1,435,497

Puget Sound Energy, Inc.
 12 Month Amortization of Short Term Debt Issue Costs
 For The 12 Months Ended February 28, 2006

(A)	(B)
	<u>Debt Expense to Be Amortized</u>
1	
2	
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\$XXXXXXXXXX
\$XXXXXXXXXX
\$XXXXXXXXXX
\$XXXXXXXXXX
\$XXXXXXXXXX
\$XXXXXXXXXX
\$XXXXXXXXXX
\$XXXXXXXXXX
\$XXXXXXXXXX
\$XXXXXXXXXX
3
\$XXXXXXXXXX

AR Securitization - Debt Issuance Expense	\$22,822
Monthly Amortization at 1/31/2004	1,192
Additional Monthly Amortization for 2004 Annual AR Audit Expens	24,013
Total Estimated Monthly Amortization	12
No of Months in Year	288,159
Annual Amortization	792,461
Total Annual Amortization of Short Term Debt Expense	792,461

NOTE: Numbers in boxes are confidential.

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**Puget Sound Energy
Cost of Debt For The 12 Months Ended February 28, 2004**

1	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)
2	Bond	Principal at 2/28/2005	Interest Rate	Issue Date	Maturity Date	Net Proceeds Per \$100	Cost Rate	Annual Charge	F-05	M-05	A-05	M-05	J-05	J-05	A-05	S-05	O-05	N-05	D-05	J-06	F-06	Ave Amt Outstanding in 000's
6	MTN-C	\$3,000,000	6.920%	Sep-95	Sep-05	98.9667	7.070%	114,888	3.0	3.0	3.0	3.0	3.0	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	\$1,625
7	MTN-C	\$8,000,000	6.920%	Sep-95	Sep-05	98.9667	7.070%	306,367	8.0	8.0	8.0	8.0	8.0	8.0	8.0	0.0	0.0	0.0	0.0	0.0	0.0	\$4,333
8	MTN-C	\$20,000,000	6.930%	Sep-95	Sep-05	98.9667	7.080%	767,000	20.0	20.0	20.0	20.0	20.0	20.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	\$10,833
9	MTN-A	\$46,000,000	8.060%	Jun-92	Jun-06	99.2338	8.150%	3,749,000	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	\$46,000
10	MTN-A	\$25,000,000	8.140%	Nov-91	Nov-06	99.1721	8.240%	2,060,000	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	\$25,000
11	MTN-C	\$10,000,000	6.580%	Dec-95	Dec-06	99.3262	6.670%	667,000	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	\$10,000
12	MTN-A	\$100,000,000	7.750%	Jan-92	Feb-07	99.1612	7.850%	7,850,000	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	\$100,000
13	MTN-C	\$20,000,000	7.040%	Sep-95	Sep-07	98.9674	7.150%	1,430,000	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	\$20,000
14	MTN-C	\$5,000,000	7.040%	Sep-95	Sep-07	98.9674	7.150%	358,500	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	\$5,000
15	SN	\$150,000,000	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	\$150,000
16	MTN-B	\$3,500,000	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	\$3,500
17	MTN-B	\$1,000,000	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	\$1,000
18	MTN-B	\$25,000,000	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	\$25,000
19	MTN-B	\$150,000,000	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	\$150,000
20	MTN-C	\$3,000,000	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	\$3,000
21	MTN-C	\$5,000,000	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	\$5,000
22	MTN-B	\$225,000,000	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	\$225,000
23	MTN-C	\$7,000,000	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	\$7,000
24	MTN-C	\$260,000,000	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	\$260,000
25	MTN-B	\$3,000,000	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	\$3,000
26	MTN-B	\$10,000,000	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	\$10,000
27	MTN-C	\$10,000,000	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	\$10,000
28	MTN-C	\$200,000,000	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	\$200,000
29	MTN-A	\$200,000,000	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	\$200,000
30	FMB	\$25,000,000	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	\$25,000
31	MTN-C	\$15,000,000	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	\$15,000
32	MTN-C	\$2,000,000	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	\$2,000
33	MTN-A	\$300,000,000	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	\$300,000
34	MTN-B	\$100,000,000	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	\$100,000
35	PCB	\$23,400,000	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	\$23,400
36	PCB	\$138,460,000	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	\$138,460
37	New Issue	\$250,000,000	6.370%	Feb-05	Feb-35	99.0129	6.445%	16,111,963	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
38	New Issue	\$50,000,000	5.550%	Sep-05	Sep-15	99.1071	5.668%	1,296,964	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$50,000
39								624,762														
40	Total LTD	2,195,360,000						6,887,148,272,659	2145.4	2145.4	2145.4	2145.4	2145.4	2145.4	2145.4	2145.4	2145.4	2145.4	2145.4	2145.4	2145.4	\$2,195,360,000

(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.
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.

Puget Sound Energy, Inc.
Schedule of Annual Charges on Reacquired Debt
For the 12 Months Ended February 28, 2006

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
		Issue Date	Redemption Date	Maturity Date of Original Issue	Maturity Date of Replacement Issue	Monthly Amortization (i)	Annual Amortization (ii)
3	Issue						
4	10.25% - 1995	29-Dec-87	15-Dec-95	15-Dec-97	10-Nov-16	\$1,528	\$18,336
5	8-7/8% Series 10/1/06	28-Oct-76	22-Jun-92	1-Oct-06	19-Jun-06	\$2,535	\$30,423
6	8.25% Series 4/1/96	9-Apr-86	1-Apr-92	1-Apr-96	1-Feb-07	\$9,098	\$109,179
7	9-5/8% Series 9/15/94	15-Oct-90	7-Feb-94	15-Oct-97	1-Feb-24	\$14,073	\$168,880
8	9.14% Med Term Notes Due 06/15/18	21-Jun-91	15-Jun-98	21-Jun-01	15-Jun-18	\$292	\$3,499
9	7.05% PCB Series 1991A	7-Aug-91	11-Mar-03	1-Aug-21	1-Mar-31	\$3,790	\$45,480
10	7.25% PCB Series 1991B	7-Aug-91	11-Mar-03	1-Aug-21	1-Mar-31	\$2,880	\$34,561
11	6.8% PCB Series 1992	1-Mar-92	11-Mar-03	1-Mar-22	1-Mar-31	\$8,819	\$105,825
12	5.875% PCB Series 1993	29-Apr-93	11-Mar-03	1-Apr-20	1-Mar-31	\$2,691	\$32,298
13	8.4% WING MTN SERIES A DUE 1/13/2021	13-Jan-92	21-Mar-03	12-Jan-22	n/a	\$95	\$1,141
14	8.39% WING MTN SERIES A DUE 1/13/2022	13-Jan-92	21-Mar-03	13-Jan-22	n/a	\$222	\$2,663
15	8.4% PP MTN SERIES A DUE 5/7/07	7-May-92	26-Mar-03	7-May-07	n/a	\$504	\$6,051
16	8.25% WNG MTN SERIES A DUE 8/12/22	12-Aug-92	29-May-03	12-Aug-22	n/a	\$5,207	\$62,486
17	8.2% PSPL MTN SERIES B DUE 12/21/12	21-Dec-92	29-May-03	21-Dec-12	n/a	\$8,237	\$98,839
18	8.59% PSPL MTN SERIES A DUE 4/9/12	9-Apr-92	29-May-03	9-Apr-12	n/a	\$1,287	\$15,443
19	7.19% WNG Series B due 8/18/2023	18-Aug-93	18-Aug-03	18-Aug-23	n/a	\$888	\$10,656
20	WNG MTN 7.19% Due 2023	18-Aug-93	14-Nov-00	18-Aug-23	n/a	(\$10,083)	(\$120,997)
21	Total Amortization on Reacquired Debt					\$52,063	\$624,762

22 (i) Amortization is over life of replacement issue(s) if applicable; otherwise over the life of the original issue.

24 (ii) Monthly amortization in 12 month reporting period.

Puget Sound Energy, Inc.
Preferred Stock - Net Proceeds Schedule
For the 12 Months Ended February 28, 2006

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
	Par	Issue Date	Maturity Date	Dividend Rate	Shares Issued	Shares Outstdg	Issue Amt	Average Outstdg Amt	Net Proceeds Per	Net Proceeds Per \$100	Cost Rate (i)	Annual Cost	
4	Trust Preferred												
5	8.231% Capital Trust I	6-Jun-97	1-Jun-27	8.23%			\$100,000,000	\$80,250,000	\$98,691,176	98.69	8.35%	6,701,174	
6	8.40% Capital Trust II	24-May-01	30-Jun-41	8.40%			\$200,000,000	\$200,000,000		96.62	8.70%	17,405,518	
7	Total Trust Preferred Stock						\$300,000,000	Annual Amortization of Gain on Reacquired Shares (ii) \$280,250,000			8.60%	\$24,098,575	
9	Preferred Stock												
11	4.84% Series	3-Jul-62	Sinking Fund	4.84%	150,000	14,583	\$15,000,000	\$1,458,300	\$14,680,000	97.87	4.95%	72,120	
12	4.70% Series	19-May-64	Sinking Fund	4.70%	150,000	4,311	\$15,000,000	\$431,100	\$14,777,400	98.52	4.77%	20,567	
13	Total Preferred Stock						\$30,000,000	Annual Amortization of Gain on Reacquired Shares (ii) \$1,889,400			8.51%	\$160,711	

16 (i) Cost Rate=Dividend Rate/(Net Proceeds/Issue Amount) except for Trust Preferred Stock which uses the yield to maturity calculation.

17 (ii) See schedule of Reacquired PS on page 10.

PUGET SOUND ENERGY, INC
Calculation of Amortization of Net Loss
On Reacquired Preferred Stock
For the 12 Months Ended February 28, 2006

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Par	Shares Issued	Issue Date	Date Reacquired	Original Issue Amount	Reacquired Shares	Face Value Reacquired	Call Price	Reacquired PS	End of Amortization Period
1										
2										
3										
4										
5										
6										
7	\$100	750,000	25-Mar-92	15-Aug-03	\$75,000,000	337,500	19,750,000	\$102.07	\$698,625	14-Aug-13
8										
9	\$25	2,000,000		21-Feb-03	\$50,000,000	201,377		\$99.00	(\$197,500)	1-Jun-27
10	\$100	150,000		15-Aug-97	\$15,000,000	1,181,994		\$25.63	\$738,746	15-Aug-07
11	\$100	150,000		15-Aug-97	\$15,000,000	51,854		\$89.32	(\$553,801)	15-Aug-07
12	\$100	150,000		15-Aug-97	\$15,000,000	33,148		\$91.51	(\$281,427)	15-Aug-07
13				01-Nov-93					\$798,331	1-Nov-04
14									\$96,767	
15										
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Annual Amortization of Net Gain/(Loss) on Reacquired Preferred Stock

Issue	Net (Gain) or Loss	Months Amortized	Monthly Amort	12 month Amort. Factor	Prorated Net Loss (Gain)
20 7.75% Series	\$698,625	12		0.10	\$69,863
21 Adj. Prfd.	\$738,746	12		0.10	\$73,875
22 4.70%	(\$553,801)	12		0.10	(\$55,380)
23 4.84%	(\$281,427)	12		0.10	(\$28,143)
24 WNG Call Premium	\$798,331	0		0.00	\$0
26 Unamortized WNG Call Premium Balance (f)	96,767	8.07%		0.0807	\$60,215
28 Total Redeemable and Nonredeemable PS	\$1,497,241				\$7,809
30 8.231% Capital Trust I	(\$197,500)	12	(676.37)		\$68,024
31 Total Trust Preferences	(\$197,500)				(\$8,116)
					(\$8,116)

(i) Reflects the yearly charge to amortize the cost associated with the WNG call premium. Premium amortized over 11 years.

(ii) Average cost of the prior WNG preferred stock. This balance is multiplied by the average cost of 8.07% to get a related return on the unamortized balance.

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

PUGET SOUND ENERGY, INC.
Calculation of Subsidiary Retained Earnings
December 31, 2003 TO February 28, 2006

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(W)	(X)	(Y)	(Z)	(AA)	(AB)	
	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	
3 Subsidiary Income	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
4 Subsidiary Income Rounded to 000's	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
5																												
6 (\$ in thousands)																												
7 R Earnings in Subsidiaries:																												
8 WECC (f)	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
9 Puget Western Inc	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
10 Hydro Energy Development	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
12 Accumulated Earnings (f)	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
13 Total Subsidiary R.E.	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX

**REDACTED
VERSION**

NOTE: Numbers in boxes are confidential.