

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

The following provides a sample calculation based upon the Company's 2001 10K:

| | |
|--------------------------|-----------------------|
| Common Equity | \$1,267,654,000 |
| Total Capitalization | \$3,732,131,000 |
| Current Maturity LT Debt | \$ 117,000,000 |
| Short-Term Debt | <u>\$ 338,168,000</u> |
| Total: | \$4,187,299,000 |

Actual Equity Ratio Per Settlement Stipulation as of 12/31/2001: 30.3%

If the actual equity ratio so calculated is less than the Target Minimum Equity Ratios defined above, the rate adjustment, described below, will be applied on April 1 of that year. If a rate adjustment is required pursuant to this tariff, the Company will file a statement with the Commission confirming the date and amount by which customer bills have been adjusted to reflect the rate change.

Section 4: Rate Adjustment

If a rate adjustment is applicable according to the Determination of Whether Rate Adjustment Applies section above, the Company's general rates for gas service shall be reduced by 2% on April 1 of that year as described in the table below, and shall remain in effect for a full calendar year. If the Company's 10K filing is delayed so as to prevent an April 1 rate adjustment, any rate adjustment required by the "Determination of Whether Rate Adjustment Applies" section of this tariff will be in effect for a full calendar year.

The following table is based on the total rates, not including conservation rider Schedule 120, as filed in the Company's prefiled case which shall be revised based on the final rates approved by the Commission in Docket UG-011571:

(N)

(N)

(Continued on Sheet No. 1119-B)

ADVICE NO: 2002-__

Issued: ____, 2002

Effective: With all service on and after ____, 2002

Issued By: Puget Sound Energy

By: _____ Steve Secrist

Title: Director, Rates & Regulation