

EXHIBIT NO. ___ (JMR-15HC)
DOCKET NO. UG-040640, *et al.* (consolidated)
2004 PSE GENERAL RATE CASE
WITNESS: JULIA M. RYAN

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*)

THIRD EXHIBIT TO THE
PREFILED REBUTTAL TESTIMONY OF
JULIA M. RYAN (HIGHLY CONFIDENTIAL)
ON BEHALF OF PUGET SOUND ENERGY, INC.

NOVEMBER 3, 2004

REDACTED
VERSION

PUGET SOUND ENERGY
Physical Credit Limits Extended to PSE by Counterparty
Gas Credit Increase

**REDACTED
VERSION**

Estimated Increase in Credit if PSE debt rating
is increased 1 notch

	Current Credit Extended to PSE as of March 2004	Increase as of October 2004	Total Credit Extended to PSE	Estimated Increase in Credit	Estimated Total Credit Extended to PSE	% Increase
1 Counterparties that Responded to Survey						
2	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$500,000		\$500,000	\$200,000	\$700,000 40%
3	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$800,000		\$800,000	\$200,000	\$1,000,000 25%
4	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$880,000		\$880,000	\$272,800	\$1,152,800 31%
5	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,000,000		\$3,000,000	\$3,000,000	\$6,000,000 100%
6	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,200,000		\$3,200,000	\$800,000	\$4,000,000 25%
7	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000		\$5,000,000	\$5,000,000	\$10,000,000 100%
8	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$10,000,000		\$10,000,000	\$5,000,000	\$15,000,000 50%
9	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$10,000,000		\$10,000,000	\$5,000,000	\$15,000,000 50%
10	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$12,400,000		\$12,400,000	\$3,100,000	\$15,500,000 25%
11	Subtotal	\$45,780,000	\$0	\$45,780,000	\$22,572,800	\$68,352,800
12					Average Percent Increase	49.31%
13						
14 Counterparties Contacted but not Prepared to Respond to Survey						
15	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$250,000		\$250,000		
16	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$375,000		\$375,000		
17	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$375,000		\$375,000		
18	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$900,000		\$900,000		
19	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$930,000		\$930,000		
20	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,000,000		\$1,000,000		
21	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,000,000		\$1,000,000		
22	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,000,000		\$1,000,000		
23	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,000,000		\$1,000,000		
24	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$0	\$1,000,000	\$1,000,000		
25	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,600,000		\$1,600,000		
26	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000		\$2,000,000		
27	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000		\$2,000,000		
28	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,500,000		\$2,500,000		
29	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,000,000		\$3,000,000		
30	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,300,000		\$3,300,000		
31	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,300,000		\$3,300,000		
32	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,400,000		\$3,400,000		
33	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,500,000		\$3,500,000		
34	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,700,000		\$3,700,000		
35	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000		\$5,000,000		
36	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000		\$5,000,000		
37	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000		\$5,000,000		
38	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$7,000,000		\$7,000,000		
39	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$7,470,000		\$7,470,000		
40	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$930,000	\$7,070,000	\$8,000,000		
41	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$10,000,000		\$10,000,000		
42	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$0	\$10,000,000	\$10,000,000		
43	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$14,000,000	\$1,000,000	\$15,000,000		
44	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000		\$15,000,000		
45	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$0	\$20,000,000	\$20,000,000		
46	Subtotal	\$104,530,000	\$39,070,000	\$143,600,000		\$143,600,000
47	Implied 49.31% Increase on Subtotal				\$70,805,026	\$70,805,026 49.31%
48	Total	\$150,310,000	\$39,070,000	\$189,380,000	\$93,377,826	\$282,757,826 49.31%
49						

50 **Survey question:**
51 How much credit would you extend to PSE with a one notch upgrade in debt ratings?
52
53 **New Counterparties or changes to credit are in BOLD.**
54 Note that XXXXXXXXXXXXXXXXXXXX is not included above as the credit extended to PSE is unknown.

Materials in boxes are highly confidential.

PUGET SOUND ENERGY
Physical Credit Limits Extended to PSE by Counterparty

**REDACTED
VERSION**

Gas Credit Decrease

Estimated Decrease in Credit if PSE debt rating is
decreased 1 notch

	Current Credit Extended to PSE	Increase as of October 2004	Total Credit Extended to PSE	Estimated Decrease in Credit	Estimated Total Credit Extended to PSE	% Decrease
1 Counterparties that Responded to Survey						
2 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$500,000		\$500,000	(\$500,000)	\$0	(100%)
3 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$930,000	\$7,070,000	\$8,000,000	(\$4,000,000)	\$4,000,000	(50%)
4 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$930,000		\$930,000	(\$465,000)	\$465,000	(50%)
5 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$880,000		\$880,000	(\$440,000)	\$440,000	(50%)
6 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0	(100%)
7 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000		\$5,000,000	(\$3,000,000)	\$2,000,000	(60%)
8 Subtotal	\$10,240,000	\$7,070,000	\$17,310,000	(\$10,405,000)	\$6,905,000	Average Percent Decrease (60.11%)

9
10
11 **Counterparties Contacted but not Prepared to Respond to Survey**

12 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$250,000		\$250,000			
13 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$375,000		\$375,000			
14 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$375,000		\$375,000			
15 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$800,000		\$800,000			
16 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$900,000		\$900,000			
17 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,000,000		\$1,000,000			
18 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,000,000		\$1,000,000			
19 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$0	\$1,000,000	\$1,000,000			
20 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,000,000		\$1,000,000			
21 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,000,000		\$1,000,000			
22 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,600,000		\$1,600,000			
23 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000		\$2,000,000			
24 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,500,000		\$2,500,000			
25 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,000,000		\$3,000,000			
26 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,000,000		\$3,000,000			
27 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,200,000		\$3,200,000			
28 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,300,000		\$3,300,000			
29 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,300,000		\$3,300,000			
30 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,400,000		\$3,400,000			
31 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,500,000		\$3,500,000			
32 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,700,000		\$3,700,000			
33 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000		\$5,000,000			
34 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000		\$5,000,000			
35 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000		\$5,000,000			
36 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$7,000,000		\$7,000,000			
37 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$7,470,000		\$7,470,000			
38 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$10,000,000		\$10,000,000			
39 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$10,000,000		\$10,000,000			
40 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$10,000,000		\$10,000,000			
41 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$0	\$10,000,000	\$10,000,000			
42 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$12,400,000		\$12,400,000			
43 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$14,000,000	\$1,000,000	\$15,000,000			
44 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000		\$15,000,000			
45 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$0	\$20,000,000	\$20,000,000			
46 Subtotal	\$140,070,000	\$32,000,000	\$172,070,000		\$172,070,000	
47 Implied 60.11% Decrease on Subtotal				(\$103,430,869)	(\$103,430,869)	(60.11%)
48 Total	\$150,310,000	\$39,070,000	\$189,380,000	(\$113,835,869)	\$75,544,131	(60.11%)

49
50 **Survey question:**

51 How much credit would you extend to PSE with a one notch downgrade in debt ratings?

52

53 **New Counterparties or changes to credit are in BOLD.**

54 Note that XXXXXXXXXXXXXXXXXXXX is not included above as the credit extended to PSE is unknown.

Materials in boxes are highly confidential.

PUGET SOUND ENERGY
Physical Credit Limits Extended to PSE by Counterparty
Power Credit Increase

**REDACTED
VERSION**

Estimated Increase in Credit if PSE debt rating is
increased 1 notch

	Current Credit Extended to PSE	Estimated Increase in Credit	Estimated Total Credit Extended to PSE	% Increase
1 Counterparties that Responded to Survey				
2 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$467,882	\$93,576	\$561,458	20%
3 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$500,000	\$1,500,000	\$2,000,000	300%
4 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$500,000	\$500,000	\$1,000,000	100%
5 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,000,000	\$500,000	\$1,500,000	50%
6 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000	\$3,000,000	\$5,000,000	150%
7 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,200,000	\$800,000	\$4,000,000	25%
8 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$4,400,000	\$1,100,000	\$5,500,000	25%
9 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$4,500,000	\$1,800,000	\$6,300,000	40%
10 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000	\$10,000,000	\$15,000,000	200%
11 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000	\$1,000,000	\$6,000,000	20%
12 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$7,280,000	\$2,256,800	\$9,536,800	31%
13 Subtotal	\$33,847,882	\$22,550,376	\$56,398,258	
14		Average Percent Increase		66.62%

	Total Credit Extended to PSE*			
16 Counterparties Contacted but not Prepared to Respond to Survey				
17 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$100,000			
18 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$250,000			
19 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$375,000			
20 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$375,000			
21 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$500,000			
22 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,140,000			
23 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,200,000			
24 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,500,000			
25 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,500,000			
26 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000			
27 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000			
28 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000			
29 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000			
30 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000			
31 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,000,000			
32 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,500,000			
33 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$4,000,000			
34 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$4,000,000			
35 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$4,000,000			
36 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000			
37 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000			
38 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000			
39 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,826,000			
40 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$6,000,000			
41 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$6,300,000			
42 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$6,500,000			
43 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$7,000,000			
44 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$7,470,000			
45 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$11,000,000			
46 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000			
47 Subtotal	\$115,536,000	\$0	\$115,536,000	
48 Implied 66.62% Increase on Subtotal		\$76,973,215	\$76,973,215	66.62%
49 Total	\$149,383,882	\$99,523,591	\$248,907,473	66.62%

51 **Survey question:**
52 How much credit would you extend to PSE with a one notch upgrade in debt ratings?
53
54 **New Counterparties or changes to credit are in BOLD.**
55 * Credit Extended to PSE has not changed since March 2004.

Materials in boxes are highly confidential.

PUGET SOUND ENERGY
Physical Credit Limits Extended to PSE by Counterparty
Power Credit Decrease

**REDACTED
VERSION**

**Estimated Decrease in Credit if PSE debt rating is
decreased 1 notch**

	Current Credit Extended to PSE	Estimated Decrease in Credit	Estimated Total Credit Extended to PSE	% Decrease
1 Counterparties that Responded to Survey				
2 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$500,000	(\$500,000)	\$0	(100%)
3 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$500,000	(\$500,000)	\$0	(100%)
4 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,000,000	(\$1,000,000)	\$0	(100%)
5 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,140,000	(\$570,000)	\$570,000	(50%)
6 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000	(\$400,000)	\$1,600,000	(20%)
7 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,500,000	(\$1,500,000)	\$2,000,000	(43%)
8 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$4,500,000	(\$4,500,000)	\$0	(100%)
9 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000	(\$3,000,000)	\$2,000,000	(60%)
10 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000	(\$5,000,000)	\$0	(100%)
11 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$6,000,000	(\$6,000,000)	\$0	(100%)
12 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$7,280,000	(\$3,640,000)	\$3,640,000	(50%)
13	Subtotal	\$36,420,000	(\$26,610,000)	\$9,810,000
14			Average Percent Decrease	(73.06%)

	Total Credit Extended to PSE*			
16 Counterparties Contacted but not Prepared to Respond to Survey				
17 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$100,000			
18 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$250,000			
19 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$375,000			
20 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$375,000			
21 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$467,882			
22 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$500,000			
23 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,200,000			
24 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,500,000			
25 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$1,500,000			
26 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000			
27 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000			
28 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000			
29 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000			
30 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$2,000,000			
31 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,000,000			
32 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$3,200,000			
33 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$4,000,000			
34 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$4,000,000			
35 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$4,000,000			
36 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$4,400,000			
37 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000			
38 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000			
39 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000			
40 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,826,000			
41 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$6,300,000			
42 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$6,500,000			
43 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$7,000,000			
44 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$7,470,000			
45 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$11,000,000			
46 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000			
47	Subtotal	\$112,963,882	\$0	\$112,963,882
48	Implied 73.06% Decrease on Subtotal		(\$82,536,214)	(\$82,536,214) -73.06%
49	Total	\$149,383,882	(\$109,146,214)	\$40,237,668 -73.06%

51 **Survey question:**
52 How much credit would you extend to PSE with a one notch downgrade in debt ratings?
53
54 **New Counterparties or changes to credit are in BOLD.**
55 * Credit Extended to PSE has not changed since March 2004.

Materials in boxes are highly confidential.

PUGET SOUND ENERGY
Credit Limits Extended to PSE by Counterparty
FINANCIAL
Electric & Gas Transactions
as of October 27, 2004

Company Name	Current Credit Extended to PSE	Increase in Credit if PSE debt rating is increased 2 notches to BBB+		
		Increase in Credit	Total Credit Extended to PSE	% Increase
1 Counterparties Contacted that gave Specific Limits with Ratings Change:				
2 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000	\$5,000,000	\$10,000,000	100%
3 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000	\$5,000,000	\$20,000,000	33%
4 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000	\$5,000,000	\$10,000,000	100%
5 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$10,000,000	\$5,000,000	\$15,000,000	50%
6 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$10,000,000	\$10,000,000	\$20,000,000	100%
7 Subtotal	\$45,000,000	\$30,000,000	\$75,000,000	
8 Avg. % Increase				67%
9				
10 Counterparties not Prepared to give Specific Limits with Ratings Change:				
11 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000		\$5,000,000	
12 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000		\$15,000,000	
13 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000		\$15,000,000	
14 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$20,000,000		\$20,000,000	
15 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$30,000,000		\$30,000,000	
16 XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000		\$15,000,000	
17 Subtotal	\$100,000,000		\$100,000,000	
18				
19 Implied 67% Increase on Subtotal, (excluding XXXXXXXX, XXXXXXXX & XXXXXXXX who indicated they wouldn't change limit at this time, solely on debt ratings upgrades**) (\$100m-\$60m)		\$26,666,667	\$26,666,667	
20 Subtotal for Existing 11 Counterparties	\$145,000,000	\$56,666,667	\$201,666,667	28%
21				
21 Additional 10 counterparties at \$18.3 million each, (\$202m existing credit / 11 existing counterparties = \$18.3m)	\$0	\$183,333,333	\$183,333,333	
22 TOTAL Including New Counterparties	\$145,000,000	\$240,000,000	\$385,000,000	62%

**REDACTED
VERSION**

Footnotes:

* Surveyed 8 out of 11 counterparties for updates on 10/27/04 - no update for these counterparties.
 ** XXXXXXXX, XXXXXXXX & XXXXXXXX would look at PSE in aggregate exposures, no change in limits due to ratings movement only.

Questions Posed to Counterparty:

How much credit would you extend to PSE with a one notch upgrade in debt ratings?
 How much credit would you extend to PSE with a two notch upgrade in debt ratings?
 How much credit would you extend to PSE with a one notch downgrade in debt ratings?

These survey results are a combination of March 2004 and October 2004 responses. Counterparties' verbal responses are subject to change as market and financial conditions fluctuate. Internal credit limits established for counterparties are reviewed as deals are discussed to determine potential exposure.

Materials in boxes are highly confidential.

PUGET SOUND ENERGY
Credit Limits Extended to PSE by Counterparty
FINANCIAL
Electric & Gas Transactions
as of October 27, 2004

Company Name		Current Credit Extended to PSE	Decrease in Credit if PSE debt rating is decreased 1 notch to BB+		
			Decrease in Credit	Total Credit Extended to PSE	% Decrease
1	Counterparties Contacted that gave Specific Limits with Ratings Change:				
2	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000	(\$5,000,000)	\$0	(100%)
3	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000	(\$2,500,000)	\$2,500,000	(50%)
4	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$5,000,000	(\$5,000,000)	\$0	(100%)
5	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$10,000,000	(\$7,500,000)	\$2,500,000	(75%)
6	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000	(\$10,000,000)	\$5,000,000	(67%)
7	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$20,000,000	(\$20,000,000)	\$0	(100%)
8	Subtotal	\$60,000,000	(\$50,000,000)	\$10,000,000	
9	Avg. % Increase				(83%)
10					
11	Counterparties not Prepared to give Specific Limits with Ratings Change:				
12	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000		\$15,000,000	
13	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$30,000,000		\$30,000,000	
14	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$10,000,000		\$10,000,000	
15	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000		\$15,000,000	
16	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$15,000,000		\$15,000,000	
8	Subtotal	\$85,000,000		\$85,000,000	
9					
10	Implied 83% Decrease on Subtotal, (excluding XXXXXXXX, XXXXXXXX & XXXXXXXX who indicated they wouldn't change limit at this time, solely on debt ratings upgrades**) (\$85m-\$60m)		(\$20,833,333)	(\$20,833,333)	
11	TOTAL for Existing 11 Counterparties	\$145,000,000	(\$70,833,333)	\$74,166,667	(49%)

REDACTED VERSION

Footnotes:

* Surveyed 8 out of 11 counterparties for updates on 10/27/04 - no update for these counterparties.

** XXXXXXXX, XXXXXXXX & XXXXXXXX would look at PSE in aggregate exposures, no change in limits due to ratings movement only.

Questions Posed to Counterparty:

- How much credit would you extend to PSE with a one notch upgrade in debt ratings?
- How much credit would you extend to PSE with a two notch upgrade in debt ratings?
- How much credit would you extend to PSE with a one notch downgrade in debt ratings?

These survey results are a combination of March 2004 and October 2004 responses. Counterparties' verbal responses are subject to change as market and financial conditions fluctuate. Internal credit limits established for counterparties are reviewed as deals are discussed to determine potential exposure.

Materials in boxes are highly confidential.