

Exhibit No. ____ (MPG-16)
Docket Nos. UE-060266/UG-060267
Witness: Michael P. Gorman

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-060266
Docket No. UG-060267**

EXHIBIT NO. ____ (MPG-16)

S&P CREDIT RATING FINANCIAL RATIOS AT ROE OF 9.9%

RATE OF RETURN AT 9.9%

July 19, 2006

Puget Sound Energy

S&P Credit Rating Financial Ratios at ROE of 9.9%

<u>Line</u>	<u>Description</u>	<u>Ratio at 9.9% Equity Return</u> (1)	<u>S&P "A" Rating (BP: 4) Benchmark*</u> (2)	<u>S&P "BBB" Rating (BP: 4) Benchmark*</u> (3)	<u>Reference</u> (4)
1	Rate Base	\$ 4,153,370,578			Exhibit No. ___(KRK-4) and (JHS--4)
2	Weighted Common Return	4.13%			Page 2, Line 6, Col. 3.
3	Income to Common	\$ 171,376,182			Line 1 x Line 2.
4	Depreciation	\$ 221,838,879			Exhibit No. ___(KRK-4) and (JHS--4)
5	Amortization	\$ 41,298,931			Exhibit No. ___(KRK-4) and (JHS--4)
6	Deferred Income Tax	\$ 8,016,457			Exhibit No. ___(KRK-4) and (JHS--4)
7	Funds from Operations (FFO)	\$ 442,530,449			Sum of Line 3 through 6.
8	Weighted Interest Rate	4.15%			Page 2, Line 1, 2, 3 and 4, Col. 4.
9	Interest Expense	\$ 172,230,298			Line 1 x Line 8.
10	FFO Plus Interest	\$ 614,760,747			Line 7 + Line 9.
11	FFO Interest Coverage	3.6x	4.2x - 3.5x	3.5x - 2.5x	Line 10 / Line 9.
12	Total Debt Ratio	58%	45% - 52%	52% - 62%	Page 2, Line 1, 2, 3 and 4, Col. 2.
13	FFO to Total Debt	18%	28% - 20%	20% - 12%	Line 7 / (Line 1 x Line 12).

Source:

* Standard and Poors. New Business Profile Scores Assigned to U.S. Utility and Power Companies; Financial Guidelines Revised; June 2, 2004.

Puget Sound Energy

Rate of Return at 9.9% ROE

<u>Line</u>	<u>Description</u>	<u>Weight</u> (1)	<u>Cost</u> (2)	<u>Weighted</u> <u>Cost</u> (3)
1	Short-Term Debt	0.85%	6.22%	0.05%
2	Long-Term Debt	46.95%	6.64%	3.12%
3	OBS Debt	5.55%	10.00%	0.56%
4	Trust Preferred	4.93%	8.54%	0.42%
5	Preferred Stock	0.04%	7.61%	0.00%
6	<u>Common Equity</u>	<u>41.68%</u>	9.90%	<u>4.13%</u>
7	Total	100.00%		8.28%

Source:

Exhibit No. ___(DEG-1CT) at 3 and 5.

Revised Confidential Exhibit No. ___(DEG-6C) at 1.