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March 30, 2007

VIA HAND DELIVERY

Carole J. Washburn
Office of the Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

**Re: Petition of Puget Sound Energy, Inc. For Approval of its
2007 Power Cost Adjustment Mechanism Report**

Dear Ms. Washburn:

Enclosed for filing is an original and 19 copies of the Petition of Puget Sound Energy, Inc. ("PSE" or "the Company") For Approval of its 2007 Power Cost Adjustment Mechanism Report.

This Petition presents for the Commission's review and approval PSE's Power Cost Adjustment Mechanism Annual Report for the Six Months Ended December 31, 2006—PCA Period Five ("2007 PCA Report"). The Petition is filed in compliance with the Sixteenth Supplemental Order (Amending the Twelfth Supplemental Order) in Docket Nos. UE-011570 and UG-011571.

In support of its Petition, the Company presents the prefiled direct testimony and accompanying exhibits of: Mr. John H. Story, PSE's Director of Cost and Regulation, and Mr. David E. Mills, PSE's Director of Power and Gas Supply Operations.

Please note that the materials submitted in support of the Company's Petition include information and documents that are **CONFIDENTIAL PURSUANT TO WAC 480-07-160**. These materials include extensive, current information regarding the Company's risk management analyses and strategies, details regarding specific hedging transactions, and other information that is commercially sensitive and would harm the Company, its customers and shareholders if released. Some of the

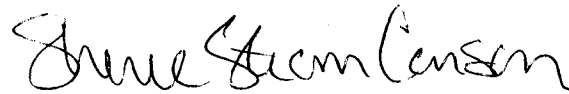
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information may not be publicly released due to restrictions placed on PSE by third parties who provided or are identified in the materials and would be harmed by public release of the information.

We have provided an electronic copy of this filing on the enclosed confidential and redacted CDs.

Thank you for your assistance.

Very truly yours,

A handwritten signature in black ink that reads "Sheree Strom Carson". The signature is written in a cursive, flowing style.

Sheree Strom Carson

SSC:cgm
Enclosures