



Puget Sound Energy, Inc.
P.O. Box 97034
Bellevue, WA 98009-9734

February 14, 2008

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Re: Settlement Stipulation, Exhibit A, Settlement Terms for the Power Cost Adjustment Mechanism (PCA), Docket No. UE-011570

Dear Ms. Washburn:

Attached are an original and two copies of Puget Sound Energy, Inc.'s ("the Company") quarterly report of the power cost deferral calculation.

In the Commission's Third Supplemental Order in Docket No. UE-011570, the Company received approval of the Settlement Stipulation which resolved all electric issues and common electric-natural gas issues in the consolidated proceeding, as well as some natural gas issues. Included in the Stipulation was Exhibit A to the Stipulation, Settlement Terms for the PCA, which contained detail of the agreement regarding a power-cost adjustment mechanism. The quarterly report is required by the PCA Settlement, Exhibit A, paragraph 4 (third bullet).

Please contact me at (425) 462-3885 if you have any questions.

Sincerely,

Karl Kayzmer
Karl Kayzmer
Director, Regulatory Relations

for John H. Story
Director, Cost & Regulation

cc Simon J. ffitich, Assistant Attorney General
Gene Waas, WUTC
Bob Cedarbaum, WUTC
All parties to UE-011570

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