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cc: "Leong, Tommy" <tleong@puget.com>, "Moore, Andrew"  
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Subject: PSE Securities Pricing Committee Resolutions

Good to speak with you today. It was taking us some time to connect.

As an example, here are the Securities Pricing Committee's resolutions approving the range of terms of the \$40 million first mortgage bonds we issued in January 2002.

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**PUGET SOUND ENERGY, INC.**  
**PROPOSED RESOLUTIONS OF THE**  
**SECURITIES PRICING COMMITTEE MEETING**  
**DECEMBER 21, 2001**

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WHEREAS, on October 3, 2000, the Board of Directors of Puget Sound Energy, Inc. (the "Company") authorized a plan for the registration, issuance and sale, from time to time, by the Company of up to \$500,000,000 principal amount of its senior notes (the "Senior Notes"), having maturities, interest rates and such other terms, including redemption provisions, redemption premiums and sinking fund payments, as the officers of this Company may determine, subject to the approval of such terms by this Committee;

WHEREAS, this Committee desires to permit the Company to respond quickly to conditions in the capital markets in connection with additional issuances of Senior Notes, NOW THEREFORE, BE IT

**Approval of the Issuance of Senior Notes.**

RESOLVED, that this Committee authorizes the pricing of up to \$40,000,000 in principal amount of the Senior Notes of such principal amounts, having maturities (not less than nine months), bearing interest not in excess of the sum of base spreads over the interest rate on the appropriate term of U.S. Treasuries set forth on Exhibit A hereto, and such other terms, including redemption provisions, redemption premiums and sinking fund payments, as the Vice President and Chief Financial Officer, the Treasurer and the Assistant Treasurer, or any two of them may determine, provided that the specific terms of the Senior Notes are determined within a period of time not to exceed fifteen (15) business days from the date of this resolution.

**General Authority**

RESOLVED, that any and all actions taken by the President and CEO, any Vice President, the Treasurer and the Assistant Treasurer of the Company, or any of them, including the execution and delivery in the name and on behalf of the Company of agreements or other instruments and agreements deemed by such officers to be necessary or advisable to effectuate the transactions contemplated by the foregoing resolutions, whether prior to or subsequent to this action by this Committee, are hereby authorized, approved and ratified, and the taking of any and all such actions and the performance of any and all such things in connection with the foregoing shall conclusively establish such officers' authority therefor from the Company and the approval and ratification thereof by this Committee.

## EXHIBIT A

<b>Maturity</b>	<b>Provision (1)</b>	<b>Base Spread</b>
9 Months to 1 Year	MW at T+ no less than 10	Up to 275 basis points
13 Months to 18 Months	MW at T+ no less than 10	Up to 315 basis points
19 Months to 2 Years	MW at T+ no less than 10	Up to 375 basis points
25 Months to 5 Years	MW at T+ no less than 10	Up to 400 basis points

- (1) The notes are callable at any time, at a price equal to the present value of the remaining cash flows discounted at a rate equal to the sum of the equivalent maturity Treasury bond yield (T) plus a certain number of basis points (typically ranging from 10 to 20). This feature is called a "Make Whole" (MW) provision.