



Sheree Strom Carson  
PHONE: (425) 635-1422  
FAX: (425) 635-2422  
EMAIL: SCarson@perkinscoie.com

The PSE Building  
10885 N.E. Fourth Street, Suite 700  
Bellevue, WA 98004-5579  
PHONE 425.635.1400  
FAX 425.635.2400  
www.perkinscoie.com

March 31, 2011

**VIA WEB PORTAL AND OVERNIGHT MAIL**

David Danner, Executive 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  
Power Cost Adjustment Mechanism Annual Report for the  
Twelve Months Ended December 31, 2010**

Dear Mr. Danner:

Enclosed for filing are an original and twelve copies of the Petition of Puget Sound Energy, Inc. ("PSE") for Approval of its Power Cost Adjustment Mechanism Annual Report, and an original and twelve copies of the Power Cost Adjustment Mechanism Annual Report for PCA Period 9.

This Petition presents for the Commission's review and approval PSE's Power Cost Adjustment Mechanism Annual Report for the Twelve Months Ended December 31, 2010—PCA Period 9. 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, PSE 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 Energy Supply and Planning. An original and two copies of supporting work papers are also provided, along with a CD-ROM containing an electronic version of the work papers.

Please note that the materials submitted in support of PSE's Petition include information and documents that are **CONFIDENTIAL PURSUANT TO WAC 480-07-160**. These materials include extensive, current information regarding PSE's risk management analyses and strategies, details regarding specific hedging transactions, and other information that is

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commercially sensitive and would harm PSE, its customers and shareholders if released. Some of the 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 CD-ROMs.

Thank you for your assistance.

Very truly yours,

A handwritten signature in blue ink that reads "Donna B. for". The signature is written in a cursive style.

Sheree Strom Carson

SSC:cgm  
Enclosures