

UG-080922-SI

May 23, 2008

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

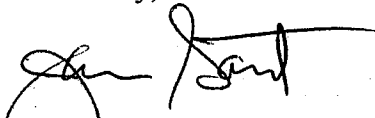
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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Dear Ms. Washburn:

In accordance with the rules governing the issuance of securities by public service companies as set forth in Washington Administrative Code Chapter 480-100-262 Electric and 480-90-262 Gas, the Annual Report of Securities Transactions for calendar year 2007 is submitted herewith for Puget Sound Energy.

Please contact me at (425) 462-3451 if you have any questions.

Sincerely,


James Sant
Assistant Treasurer

Enclosure

2007 ANNUAL REPORT OF SECURITIES TRANSACTIONS

TO THE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

This report sets forth the information required by WAC 480-146-340(2) for the securities transactions of Puget Sound Energy ("PSE") during calendar year 2007.

Short Term Borrowing Arrangements

At December 31, 2007, PSE had four short-term borrowing arrangements, which included a \$500 million unsecured 5-year line of credit, a \$350 million unsecured 5 year line of credit, a \$200 million 5-year receivables securitization program and a \$30 million Demand Promissory Note.

\$500 Million Credit Agreement

On March 29, 2007, PSE entered into an amended and restated credit agreement with a lending group of twelve banks. The amended and restated agreement extended the term of the agreement by 1 year to a total of 5 years and implemented a lower pricing schedule. The facility can be used for general corporate purposes and to back-up the issuance of commercial paper. The Company may borrow under the agreement at either the agent bank's reference rate of interest or at a rate based on LIBOR plus a percentage that varies based on the Company's corporate credit ratings. PSE pays an ongoing commitment fee under the credit agreement on the unused portion of the facility. The amount of the fee is based on the Company's corporate credit ratings. The agreement expires April 4, 2012.

Level of Expenses

Fees and expenses paid in connection with entering into the amended credit agreement through December 31, 2007 were as follows:

<u>Description</u>	<u>Amount</u>
Bank Participation, Arrangement & Agent Fees	\$128,162
Legal Fees	<u>24,267</u>
Total	<u>\$152,429</u>

\$350 Million Credit Agreement

On March 29, 2007, PSE entered into a credit agreement with a lending group of twelve banks. The term of the agreement is 5 years and contains the same pricing schedule and terms as the \$500

million agreement. The facility's primary purpose is to provide credit support/enhancement to counterparties participating in energy hedging contracts with PSE. The Company may borrow under the agreement at either the agent bank's reference rate of interest or at a rate based on LIBOR plus a percentage that varies based on the Company's corporate credit ratings. PSE pays an ongoing commitment fee under the credit agreement on the unused portion of the facility. The amount of the fee is based on the Company's corporate credit ratings. The agreement expires April 4, 2012.

Level of Expenses

Fees and expenses paid in connection with entering into the credit agreement through December 31, 2007 were as follows:

<u>Description</u>	<u>Amount</u>
Bank Participation, Arrangement & Agent Fees	\$212,500
Legal Fees	<u>19,015</u>
Total	<u>\$231,515</u>

\$200 Million Receivables Securitization

On December 20, 2005, PSE entered into a \$200 million 5-year receivables securitization program, replacing the expiring \$150 million 3-year program. The new program allows the Company to pledge eligible receivables as security for loans in order to obtain a rate equal to that of high grade commercial paper plus a program fee and administrative fee. The program fee is based on the Company's senior secured credit rating. The facility expires December 20, 2010. Usage under the facility is classified as a loan for GAAP purposes and is reflected as short-term debt on the balance sheet. The amount outstanding is disclosed in the footnotes for the financial statements. On December 31, 2007, there was a \$152 million balance outstanding under the securitization agreement.

No new establishment fees were incurred during 2007 under this facility.

\$30 Million Demand Promissory Note

On June 1, 2006, PSE entered into a revolving credit agreement, represented by a Demand Promissory Note, with Puget Energy. Under the Note, PSE may borrow, repay and reborrow up to \$30 million. Each loan is subject to Puget Energy's approval and made at its sole discretion. Puget Energy may demand repayment of outstanding principal and interest at any time. The facility can be used for general corporate purposes. The rate of interest PSE pays for loans under the Note is the lowest of the weighted average borrowing rates during the month paid by PSE on outstanding Commercial Paper or loans under the \$500 Million Credit Agreement or loans under the \$200 Million Receivables Securitization Agreement. If no loans have been outstanding during

the month under the three previous methods, then the Note shall carry interest at the 1 month LIBOR rate plus 0.25%.

Level of Expenses

There were no expenses associated with entering into the agreement.

Securities Transactions

Retirement of \$100 million Series A Medium Term Notes

On February 1st, 2007, 7.75% Medium Term Notes, Series A, totaling \$100.0 million matured and were repaid. The notes were originally issued under the company's electric mortgage indenture. There was no cost associated with the repayment other than interest due on the notes on that date.

Retirement of \$37.75 million Capital Trust I Securities

On June 1st, 2007, the remaining \$37.75 million outstanding 8.231% Capital Trust I Securities were called and retired prior to maturity. Previously, \$42.5 million of the securities had been repurchased under a buy back offer in June, 2005. The notes originally matured in June, 2027. The call premium and other costs associated with the retirement are amortized over the life of the replacement debt which is the \$250 Million Series A Enhanced Junior Subordinated Notes.

Level of Expenses

Fees and expenses paid in connection with the retirement of the Capital Trust I Securities through December 31, 2007 were as follows:

<u>Description</u>	<u>Amount</u>
Call Premium	\$1,553,790
Unamortized Original Debt Issuance Costs	<u>355,758</u>
Total	<u>\$1,909,548</u>

Issuance of \$250 million Series A Enhanced Junior Subordinated Notes Due 2067

On June 4, 2007, Puget Sound Energy sold \$250 million of Series A Enhanced Junior Subordinated Notes due 2067 in a public offering. Net proceeds after underwriting fees were \$246.3 million. The notes were issued at an interest rate of 6.974%. The notes were recorded as long-term debt on the Company's books. Enclosed as Exhibit A, is a copy of the cover page of the Prospectus Supplement containing a description of the notes and other information about the junior subordinated note issuance. The notes mature and are due on June 1, 2067.

Use of Proceeds

The net proceeds were used by the Company to fund the early retirement of the Capital Trust I Securities, to repay short term debt and for general corporate purposes.

Level of Expenses

Fees and expenses paid in connection with the issuance of the Junior Subordinated Notes through December 31, 2007 were as follows:

<u>Description</u>	<u>Amount</u>
Underwriters Fee	\$3,750,000
Legal Fees	450,489
Rating Agency	65,000
Allocation of Shelf Registration Expenses	30,705
Accountant's Fee	28,000
Printing, Trustee and NASD Filing	108,878
Total	<u>\$4,433,072</u>

Retirement of \$20 million Series C Medium Term Notes

On September 11th, 2007, 7.02% Medium Term Notes, Series C, totaling \$20.0 million matured and were repaid. The notes were originally issued under the company's gas mortgage indenture. There was no cost associated with the repayment other than interest due on the notes on that date.

Retirement of \$5 million Series C Medium Term Notes

On September 12th 2007, 7.04% Medium Term Notes, Series C, totaling \$5.0 million matured and were repaid. The notes were originally issued under the company's gas mortgage indenture. There was no cost associated with the repayment other than interest due on the notes on that date.

Issuance of Common Stock

On December 3, 2007, Puget Energy sold 12.5 million shares of common stock under a Stock Purchase Agreement with a group of 9 investors. The net proceeds of \$293.2 million were recorded as Common Stock and Additional Paid In Capital on the company's financial statements. Enclosed as Exhibit B, is the form 8-K for this sale of shares.

Use of Proceeds

The net proceeds for this transaction of approximately \$293.2 million were invested in Puget Sound Energy and used to repay short term debt and for general corporate purposes.

Level of Expenses

Fees and expenses paid in connection with the issuance of the Common Stock through December 31, 2007 were as follows:

<u>Description</u>	<u>Amount</u>
Underwriters Fee	\$2,593,708
NYSE Fee	46,875
SEC Fee Allocation	28,320
Legal Fees	26,710
Canadian Filing Fee	<u>17,506</u>
Total	<u>\$2,713,119</u>

Securities Scheduled to Mature in the Following Reporting Period (year ending Dec. 31, 2008)

<u>Series</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Principal</u>
Senior notes	3.363%	Jun-2008	\$150,000,000
Medium Term Note B	6.530%	Aug-2008	\$ 3,500,000
Medium Term Note B	6.510%	Aug-2008	\$ 1,000,000
Sr. Medium Term Note B	7.610%	Sep-2008	\$ 25,000,000

Summary

Capital Structure and Cost of Capital

Exhibit C attached shows the Company's resulting capital structure and cost of capital for the year ending December 31, 2007.

Exhibit A

PROSPECTUS SUPPLEMENT
(To prospectus dated June 22, 2006)

\$250,000,000



PUGET SOUND ENERGY

Series A Enhanced Junior Subordinated Notes due 2067

Puget Sound Energy, Inc. is offering \$250,000,000 principal amount of Series A Enhanced Junior Subordinated Notes (the "Junior Subordinated Notes"), which will bear interest at 6.974% per year up to, but not including, December 1, 2017. During this period, we will pay interest on the Junior Subordinated Notes semiannually in arrears on June 1 and December 1 of each year, beginning December 1, 2007. Beginning December 1, 2017, up to, but not including, the maturity date, the Junior Subordinated Notes will bear interest at the Three-Month LIBOR Rate plus 253 basis points (2.53%), reset quarterly, payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, beginning March 1, 2018. The Junior Subordinated Notes will mature on June 1, 2067.

We may defer interest payments on the Junior Subordinated Notes on one or more occasions for up to ten consecutive years as described in this prospectus supplement. Deferred interest payments will accumulate additional interest at a rate equal to the interest rate then applicable to the Junior Subordinated Notes, to the extent permitted by applicable law.

We may redeem the Junior Subordinated Notes in whole or in part, on one or more occasions, on or after June 1, 2017, at 100% of their principal amounts, plus accrued and unpaid interest. Prior to June 1, 2017, we may redeem the Junior Subordinated Notes (1) in whole, but not in part, if certain changes occur in tax laws or if certain changes occur in the equity credit criteria used by rating agencies for securities such as the Junior Subordinated Notes, or (2) in whole or in part, in each case at the applicable redemption price described in this prospectus supplement, plus accrued and unpaid interest. Our ability to redeem, purchase or defease the Junior Subordinated Notes before June 1, 2047 is subject to restrictions in the indenture under which the Junior Subordinated Notes will be issued which require that during the 180 days prior to the date of redemption we have received a specified amount of proceeds from the sale, either by us or our parent company, Puget Energy, Inc, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Junior Subordinated Notes at that time.

We will not apply to list the Junior Subordinated Notes on any national securities exchange or to include them in any automated quotation system.

Investing in the Junior Subordinated Notes involves risks. For a description of these risks, see "Risk Factors" beginning on page S-8.

	Public Offering Price (1)	Underwriting Discount	Proceeds to Puget Sound Energy Before Expenses
Per Junior Subordinated Note.....	100%	1.50%	98.50%
Total	\$250,000,000	\$3,750,000	\$246,250,000

(1) Plus accrued interest from June 4, 2007, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Junior Subordinated Notes will be ready for delivery in book-entry-only form through The Depository Trust Company on or about June 4, 2007.

Joint Book-Running Managers

Sole Structuring Advisor

LEHMAN BROTHERS

JPMORGAN

MORGAN STANLEY

Co-Managers

BNY CAPITAL MARKETS, INC.

CITI

UBS INVESTMENT BANK

WACHOVIA SECURITIES

The date of this prospectus supplement is May 30, 2007.

Exhibit B

8-K 1 f8k120307.htm PUGET ENERGY 8-K FILED 12/03/07

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): **December 3, 2007**

PUGET ENERGY, INC.

A Washington Corporation

(Exact name of registrant as specified in its charter)

1-16305
(Commission
File Number)

**10885 - N.E. 4th Street,
Suite 1200
Bellevue, Washington 98004-5591**
(State of incorporation,
address of principal executive offices)

91-1969407
(I.R.S.
Employer
Identification
Number)

(425) 454-6363
(Telephone)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 3.02. Unregistered Sales of Equity Securities.

On December 3, 2007, Puget Energy, Inc. completed the sale of 12,500,000 shares of its common stock, \$0.01 par value per share, pursuant to the Stock Purchase Agreement, dated as of October 25, 2007, among Puget Energy and Macquarie Infrastructure Partners A, L.P., Macquarie Infrastructure Partners International, L.P., Macquarie Infrastructure Partners Canada, L.P., Padua MG Holdings Inc., Macquarie FSS Infrastructure Trust, CPP Investment Board (USRE II) Inc., Padua Investment Trust, PIP2PX (PAD) Ltd, and PIP2GV (PAD) Ltd (collectively, the "Purchasers"). The Purchasers paid \$23.67 per share in cash, for an aggregate offering price of \$295,875,000. The issuance of the common stock was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof for transactions not involving a public offering. For services pursuant to an engagement letter in connection with the Stock Purchase Agreement, Puget Energy paid to Morgan Stanley & Co. Incorporated approximately \$2.6 million, which is 0.875% of the aggregate value of the consideration paid for the shares. Puget Energy intends to use the net proceeds from this issuance to invest in its wholly owned subsidiary, Puget Sound Energy, Inc., for capital expenditures, debt redemption and working capital.

Item 9.01. Financial Statements and Exhibits**(d) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
10.1	Stock Purchase Agreement, dated October 25, 2007, among Puget Energy, Inc. and the Purchasers named therein (Incorporated by reference to Exhibit 10.1, Puget Energy's Current Report on Form 8-K filed October 29, 2007, Commission File No. 001-16305).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PUGET ENERGY, INC.

Dated: December 3, 2007

By: /s/ Donald E. Gaines
Donald E. Gaines
Vice President Finance and Treasurer

Exhibit C

2007 Annual Report of Securities Transactions

Puget Sound Energy

Utility Capital Structure & Cost of Capital

Year ending December 31, 2007

PUGET SOUND ENERGY, INC.

**Utility Capital Structure
Cost of Capital and Rate of Return
For The 12 Months Ending December 31, 2007**

(A)	(B)	(C)	(D)	(E)
<u>Description</u>	<u>Amount (i)</u>	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost of Capital</u>
7 Short Term Debt	\$426,875,753	7.86%	5.97%	0.469%
8 Long Term Debt	\$2,791,287,083	51.43%	6.70%	3.446%
10 Preferred Stock	\$1,889,400	0.03%	8.27%	0.002%
11 Common Stock	\$2,208,054,481	40.68%	10.40%	4.231%
12 Total	<u>\$5,428,106,717</u>	<u>100.00%</u>		<u>8.15%</u>

18 (i) - Average of Month-End Balances

PUGET SOUND ENERGY, INC
Utility Capital Structure Calculation
Dec 31, 2006 Through Dec 31, 2007
Average of Month-End Balances

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
															Avg of Mo- end
															Balances
1															
2	(\$ thousands)														
3	CP & MM Lines	\$218,055	\$214,378	\$249,632	\$299,495	\$353,350	\$339,677	\$239,854	\$207,665	\$93,465	\$162,039	\$238,552	\$271,085	\$108,486	244,372
4	AR Securitization	110,000	76,000	167,000	162,000	123,000	149,000	50,000	60,000	170,000	126,000	161,000	191,000	\$152,000	130,500
	PE Loan to PSE	24,303	24,419	24,272	24,376	24,492	24,352	24,467	24,049	24,166	24,282	17,704	17,433	15,766	22,837
5	Bank Credit Facility	0	0	0	0	0	0	0	0	90,000	90,000	70,000	100,000	0	29,167
6	Short-term debt	\$352,358	\$314,797	\$540,904	\$485,871	\$500,842	\$513,029	\$314,321	\$291,714	\$377,631	\$402,321	\$487,256	\$579,518	\$276,252	\$426,876
7	Long-term Bonds	\$2,733,360	\$2,733,360	\$2,633,360	\$2,633,360	\$2,633,360	\$2,633,360	\$2,633,360	\$2,633,360	\$2,633,360	\$2,608,360	\$2,608,360	\$2,608,360	\$2,608,360	\$2,638,568
8	Trust Preferred	37,750	37,750	37,750	37,750	37,750	37,750	0	0	0	0	0	0	0	17,302
9	Jr. Subordinated Notes	0	0	0	0	0	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	135,417
10	Long Term Debt	\$2,771,110	\$2,771,110	\$2,671,110	\$2,671,110	\$2,671,110	\$2,671,110	\$2,883,360	\$2,883,360	\$2,883,360	\$2,858,360	\$2,858,360	\$2,858,360	\$2,858,360	\$2,791,287
11	4.70% Series	431	431	431	431	431	431	431	431	431	431	431	431	431	431
12	4.84% Series	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458
13	Total Preferred	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889
14	Regulated Common Equity	2,139,732	2,174,000	2,162,812	2,194,851	2,217,941	2,208,310	2,208,569	2,212,349	2,187,651	2,194,285	2,205,152	2,199,676	2,522,387	2,208,054
15	Total Capital	\$5,265,089	\$5,261,796	\$5,376,716	\$5,353,722	\$5,391,782	\$5,394,338	\$5,408,139	\$5,389,312	\$5,450,531	\$5,456,855	\$5,552,658	\$5,639,443	\$5,658,888	\$5,428,107
	Short-term debt	6.7%	6.0%	10.1%	9.1%	9.3%	9.5%	5.8%	5.4%	6.9%	7.4%	8.8%	10.3%	4.9%	7.9%
	Long-term debt	52.6%	52.7%	49.7%	49.9%	49.5%	49.5%	53.3%	53.5%	52.9%	52.4%	51.5%	50.7%	50.5%	51.4%
	Total Debt	59.3%	58.6%	59.7%	59.0%	58.8%	59.0%	59.1%	58.9%	59.8%	59.8%	60.3%	61.0%	55.4%	59.3%
	Preferred	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Common	40.6%	41.3%	40.2%	41.0%	41.1%	40.9%	40.8%	41.1%	40.1%	40.2%	39.7%	39.0%	44.6%	40.7%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.00%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
16	Consol. Common Equity	\$2,092,283	\$2,125,931	\$2,115,167	\$2,154,254	\$2,177,634	\$2,168,427	\$2,154,161	\$2,156,414	\$2,132,175	\$2,137,113	\$2,148,448	\$2,143,352	\$2,504,091	
17	Subsidiary R.E.														
18	Puget Western	7,005	6,017	6,017	6,017	5,972	5,972	5,972	7,436	7,436	7,436	7,261	7,261	7,261	7,261
19	HEDC	(27,756)	(27,812)	(27,812)	(27,812)	(27,902)	(27,902)	(27,902)	(27,896)	(27,896)	(27,896)	(27,634)	(27,634)	(27,634)	(27,634)
20	Total Subsidiary R.E.	(\$20,751)	(\$21,795)	(\$21,795)	(\$21,795)	(\$21,930)	(\$21,930)	(\$21,930)	(\$20,460)	(\$20,460)	(\$20,460)	(\$20,373)	(\$20,373)	(\$20,373)	(\$20,373)
21	Other Comprehensive Income Adjustments (OCI)														
22	OCI - Derivatives	(3,632)	(3,606)	(3,579)	3,071	3,098	3,124	(11,798)	(11,772)	(11,746)	(17,783)	(17,757)	(17,730)	(4,726)	
23	OCI - Other	(23,066)	(22,668)	(22,270)	(21,873)	(21,475)	(21,077)	(20,680)	(23,702)	(23,271)	(18,928)	(18,574)	(18,221)	6,803	
24	Total OCI Adj	(26,698)	(26,274)	(25,850)	(18,801)	(18,377)	(17,953)	(32,478)	(35,474)	(35,017)	(36,711)	(36,331)	(35,951)	2,077	
25	Regulated Common Equity	\$2,139,732	\$2,174,000	\$2,162,812	\$2,194,851	\$2,217,941	\$2,208,310	\$2,208,569	\$2,212,349	\$2,187,651	\$2,194,285	\$2,205,152	\$2,199,676	\$2,522,387	

Puget Sound Energy, Inc.
 Cost of Short-Term Debt
 For The 12 Months Ending December 31, 2007

(A)	(B)	(C)	(D)	(E)
<u>Description</u>	<u>Weighted Amt Outstanding (i)</u>	<u>Interest Rate</u>	<u>Annual Charge</u>	<u>Cost Rate</u>
Commercial Paper	\$223,687,825	5.638%	\$12,610,415	
AR Securitization Facility	\$126,586,301	5.698%	\$7,212,848	
Demand Promissory Note (iv)	\$23,072,818	5.622%	\$1,297,206	
Bank Credit Facility	29,024,658	5.701%	\$1,654,715	
Commitment Fees			\$887,064 (ii)	
12 Month Short Term Debt Issue Costs Amortization			\$358,111 (iii)	
Total Short-Term Debt/Cost	\$402,371,602		\$24,020,360	5.97%

(i) Weighted Average Daily Balance Outstanding for 12 Months Ended

(ii) See Pg 4 STD OS & Comm Fees (includes any LC Fees)

(iii) See Pg 5 STD Expense

(iv) See PE Loan Tab

PUGET SOUND ENERGY
SHORT TERM DEBT RATE

For The 12 Months Ending December 31, 2007

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Weighted Avg. Outstandings and Rates and Total Commitment Fees						
	Wtd. Avg. Outstandings (f)	Period Interest (f)	Wtd. Avg. Rate (365)	Commitment Fees		
Commercial Paper	\$223,687,825	\$12,610,415	5.638%	\$0		
AR Securitization	\$126,586,301	\$7,212,848	5.698%	\$253,472		
Demand Promissory Note	\$23,072,818	\$1,297,206	5.622%	\$0		
Bank Credit Facility	\$29,024,658	\$1,654,715	5.701%	\$633,592		
	\$402,371,602	\$22,775,184	5.660%	\$887,064		
(f) Per SAP Cost of Borrowing Report, except Demand Note & Bank Facility which have Attached Calculations						
Bank Facility Fees						
Commitment Fee Calculation						
	Beginning Date	Ending Date	Days	Commitment	Fee %	Fee \$
\$500 million Credit Agrmt	01/01/07	03/28/07	87	\$500,000,000	0.125%	151,042
Amended & Restated Agrmt	03/29/07	12/31/07	278	\$500,000,000	0.125%	482,639
Bank Facility Commitment Fees			365			633,681
Letters of Credit (LC) Fees						
Total Weighted Avg. Outstanding LC's & W. Avg Fee for the Annual Period				\$6,732,371	0.67%	45,229
Commitment Fee Relief for Utilized Portion of Facility						
Weighted Avg. Outstanding Loans Under Bank Credit Facility for the Annual Period				Utilized (Drawn) \$29,024,658	0.125%	(36,785)
Weighted Avg. Outstanding LC's Under Bank Credit Facility for the Annual Period				\$6,732,371	0.125%	(8,532)
Total Bank Facility Fees (includes commitment fees & LC fees)						<u>633,592</u>
Commitment fees are calculated for actual days elapsed on the basis of a 360 day year.						
Facility Fee - AR Securitization - PSE Funding, Inc.						
	Beginning Date	Ending Date	Days	Total Commitment	Fee	Fee
	1/1/2007	12/31/2007	365	\$200,000,000	0.125%	\$253,472
Total Facility Fees - AR Securitization						
						<u>\$253,472</u>
The total commitment is paid on total availability regardless of usage.						

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**PSE Intercompany Loan with PE
Outstanding Borrowings and Interest Cost**

Ref	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
1	2007 Jan 31	2007 Feb 28	2007 Mar 31	2007 Apr 30	2007 May 31	2007 Jun 30	2007 Jul 31	2007 Aug 31	2007 Sep 30	2007 Oct 31	2007 Nov 30	2007 Dec 31
2	24,403,872	24,248,423	24,356,131	24,457,244	24,375,994	24,439,806	24,528,791	24,131,752	24,247,105	23,429,870	17,582,498	16,735,624
3	116,483	103,937	115,710	112,401	115,489	112,118	116,446	116,576	118,917	113,689	78,988	76,452
4	5.620%	5.588%	5.594%	5.592%	5.578%	5.581%	5.590%	5.688%	5.967%	5.713%	5.466%	5.379%
5	W. Avg Outstanding											
6	Interest Expense											
7	Interest Rate (365 days)											
8												
9												
10	W. Avg Outstanding for 12 mos. Ending		21,161,736		25,017,089				24,337,151			23,072,818
11	Interest for 12 mos. Ending		1,182,121		1,400,663				1,370,954			1,297,206
12	W. Avg Interest Rate for 12 mos. Ending		5.586%		5.599%				5.633%			5.622%

**Puget Sound Energy \$500 Million Credit Facility
Borrowings in 2007**

Ref	(A) Loan Amount	(B) Interest Rate	(C) Start	(D) End	(E) Days Outst.	(F) Weighted Loan Outstanding	(G) August Days Interest	(H) September Days Interest	(I) October Days Interest	(J) November Days Interest	(K) December Days Interest	(L) Total Interest
1	\$50,000,000	6.03500%	8/21/07	9/21/07	31	1,550,000,000	11 \$92,201	20 \$167,639				\$259,840
2	\$40,000,000	6.09000%	8/31/07	9/28/07	28	1,120,000,000	1 \$6,767	27 \$182,700				\$189,467
3	\$50,000,000	5.67375%	9/21/07	10/22/07	31	1,550,000,000	10 \$78,802	21 \$165,484				\$244,286
4	\$40,000,000	5.65375%	9/28/07	10/31/07	33	1,320,000,000	3 \$18,846	30 \$188,458				\$207,304
5	\$50,000,000	5.52250%	10/22/07	11/23/07	32	1,600,000,000		10 \$76,701	22 \$168,743			\$245,444
6	\$20,000,000	5.27750%	10/31/07	11/30/07	30	600,000,000		1 \$2,932	29 \$85,026			\$87,958
7	\$18,000,000	5.20250%	11/2/07	11/5/07	3	54,000,000			3 \$7,804			\$7,804
8	\$100,000,000	5.30500%	11/23/07	12/21/07	28	2,800,000,000			8 \$117,889	20 \$294,722		\$412,611
9							\$98,968	\$447,987	\$433,576	\$379,462	\$294,722	\$1,654,715
10						10,594,000,000						
11												
12												
13												
14												
15												

Weighted Avg. 2007 Outstanding	\$29,024,658
2007 Interest Expense	\$1,654,715
Weighted Avg. Rate (360 Day):	5.623%
Weighted Avg. Rate (365 Day):	5.701%

PUGET SOUND ENERGY
AMORTIZATION OF SHORT TERM DEBT ISSUE COSTS
 For The 12 Months Ending December 31, 2007

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	Unamortized Debt Expense	SAP #	Period	Amortization PSE Funding	Account Reconciliation	Account Reconciliation	SAP #	SAP #	
1									
2								18100400	
3	AR Securitization			Co. 1020					
4	PSE Funding (Co 1020)			18100400					
5			January-07	(5,627.69)	Beginning Balance		1/1/2007	270,128.99	
6			February-07	(5,627.69)					
7			March-07	(5,627.69)	Costs Transferred In			3,022.40	
8			April-07	(5,627.69)					
9			May-07	(5,627.69)	Costs Transferred Out				
10			June-07	(5,627.69)					
11			July-07	(5,627.69)	Total Amortization for Period			(67,532.28)	
12			August-07	(5,627.69)					
13			September-07	(5,627.69)	Ending Balance		12/31/2007	205,619.11	
14			October-07	(5,627.69)					
15			November-07	(5,627.69)					
16			December-07	(5,627.69)					
17			12 Months Amortization	(67,532.28)					
18				(a)					
19	\$500MM 5 Year Credit Agrmt			18100583				SAP #	
20			January-07	(23,520.06)	Beginning Balance		1/1/2007	1,183,667.01	
21			February-07	(23,199.21)	Costs Transferred In				
22			March-07	(26,124.30)	Costs Transferred In				
23			April-07	(26,294.10)	Costs Transferred In			143,142.82	
24			May-07	(26,305.42)	Costs Transferred In			8,150.65	
25			June-07	(26,373.81)	Costs Transferred In			531.76	
26			July-07	(26,303.90)	Costs Transferred In			654.31	
27			August-07	(26,303.90)	Costs Transferred Out			0.00	
28			September-07	(26,303.90)	Total Amortization for Period			(290,578.80)	
29			October-07	(20,470.70)	Ending Balance		12/31/2007	1,045,567.75	
30			November-07	(20,470.70)					
31			December-07	(18,908.80)					
32			12 Months Amortization	(290,578.80)					
33				(b)					
34									
35	Total Amortization of STD Issuance Costs for the 12 months ended is: (a) + (b)								(\$358,111.08)

Puget Sound Energy, Inc. Cost of Long Term Debt (\$in 000's)
For The 12 Months Ending December 31, 2007

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)		
1	Type	Interest Rate	Issue Date	Mat. Date	W. Avg. Amt O/S	Proceeds Net (i)	Cost Rate (ii)	Annual Charge	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	
2	MTN-A	7.750%	Jan-92	Feb-07	12,500	99.16	7.85%	981	100,000	100,000	0	0	0	0	0	0	0	0	0	0	0	
3	MTN-C	7.020%	Sep-95	Sep-07	14,167	98.88	7.16%	1,014	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	
4	MTN-C	7.040%	Sep-95	Sep-07	3,542	98.88	7.18%	254	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
5	SN	3.363%	Jun-03	Jun-08	150,000	99.17	3.55%	5,325	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
6	MTN-B	6.530%	Aug-93	Aug-08	3,500	98.91	6.65%	233	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	
7	MTN-B	6.510%	Aug-93	Aug-08	1,000	98.91	6.63%	66	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
8	MTN-B	7.610%	Sep-00	Sep-08	25,000	99.23	7.74%	1,935	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	
9	MTN-B	6.460%	Mar-99	Mar-09	150,000	99.26	6.56%	9,840	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
10	MTN-C	6.610%	Dec-95	Dec-09	3,000	99.28	6.69%	201	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	
11	MTN-C	6.620%	Dec-95	Dec-09	5,000	99.28	6.70%	335	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
12	MTN-B	7.960%	Feb-00	Feb-10	225,000	99.23	8.07%	18,158	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	
13	MTN-C	7.120%	Sep-95	Sep-10	7,000	98.85	7.25%	508	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	
14	MTN-C	7.690%	Nov-00	Feb-11	260,000	99.28	7.79%	20,254	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	
15	MTN-B	6.830%	Aug-93	Aug-13	3,000	98.81	6.94%	208	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	
16	MTN-B	6.900%	Sep-93	Oct-13	10,000	98.82	7.01%	701	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
17	MTN-C	7.350%	Sep-95	Sep-15	10,000	98.84	7.48%	746	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
18	MTN-C	7.360%	Sep-95	Sep-15	2,000	98.84	7.47%	149	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	
19	SN	5.197%	Oct-05	Oct-15	150,000	99.19	5.30%	7,950	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
20	MTN-A	6.740%	Jun-98	Jun-18	200,000	98.99	6.83%	13,660	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	
20	FMB	9.570%	Sep-90	Sep-20	25,000	99.40	9.63%	2,408	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	
21	MTN-C	7.150%	Dec-95	Dec-25	15,000	99.21	7.21%	1,082	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
22	MTN-C	7.200%	Dec-95	Dec-25	2,000	99.21	7.26%	145	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	
23	MTN-A	7.020%	Dec-97	Dec-27	300,000	98.99	7.10%	21,300	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	
24	MTN-B	7.000%	Mar-99	Mar-29	100,000	99.04	7.08%	7,080	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
25	PCB	5.000%	Mar-03	Mar-31	138,460	95.55	5.54%	7,876	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	138,460	
26	PCB	5.100%	Mar-03	Mar-31	23,400	95.55	5.65%	1,323	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	
27	SN	5.483%	May-05	Jun-35	250,000	84.89	6.65%	16,625	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	
28	SN	6.724%	Jun-06	Jun-36	250,000	107.52	6.17%	15,425	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	
29	SN	6.274%	Sep-06	Mar-37	300,000	98.81	6.36%	19,080	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	
30																						
31	SUBTOTAL LONG TERM BONDS								174,662	2,733,360	2,733,360	2,633,360	2,633,360	2,633,360	2,633,360	2,633,360	2,633,360	2,633,360	2,608,360	2,608,360	2,608,360	2,608,360
32																						
33	Trust Preferred & Jr. Subordinated Notes:																					
34	TRPfd	8.231%	Jun-97	Jun-27	17,302	98.69	8.35%	1,445	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	
35	JRSubN	6.974%	Jun-07	Jun-17	135,417	98.23	7.23%	9,791	0	0	0	0	0	0	0	0	0	0	0	0	0	
36																						
37	Annual Charge from reacquired Debt Schedule								1,046													
38	TOTAL LONG TERM DEBT								186,943	2,771,110	2,771,110	2,671,110	2,671,110	2,671,110	2,671,110	2,671,110	2,671,110	2,671,110	2,671,110	2,671,110	2,671,110	2,671,110

(i) Net proceeds are the net proceeds per \$100 face amount and are the proceeds less underwriter's fees and issuance expenses.
 (ii) Yield to Maturity based on Net Proceeds

Puget Sound Energy, Inc.
Schedule of Annual Charges on Reacquired Debt
For The 12 Months Ending December 31, 2007

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
	Issue	Issue	Maturity	Redemption	Refinance	Refinance	Maturity Date	Annual	SAP #	
	Date	Date	Date	Date	Issue	Date	for Amort.	Amortization (i)		
1										
2										
3										
4										
5	8.25% PP	9-Apr-86	1-Apr-96	1-Apr-92	15 Yr 7.750%	27-Jan-92	1-Feb-07	\$9,098.01	18900153	
6	9.625% PP	15-Oct-90	15-Oct-97	7-Feb-94	30 Yr 7.350%	1-Feb-94	1-Feb-24	\$168,880.20	18900173	
7	10.250%	29-Dec-87	15-Dec-97	15-Dec-95			10-Nov-16	\$18,336.00	18900013	
8	9.14% PP	21-Jun-91	21-Jun-01	15-Jun-98	20 Yr 6.740%	15-Jun-98	15-Jun-18	\$3,498.84	18900243	
9	7.19% WNG MTN Due 2023	18-Aug-93	18-Aug-23	14-Nov-00			18-Aug-23	(\$120,997.32)	25700013	
10	PCB Series 1991A	7-Aug-91	1-Aug-21	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$45,480.48	18900253	
11	PCB Series 1991B	7-Aug-91	1-Aug-21	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$34,561.44	18900263	
12	PCB Series 1992	1-Mar-92	1-Mar-22	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$105,825.48	18900273	
13	PCB Series 1993	29-Apr-93	1-Apr-20	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$32,297.76	18900283	
14	WNG 8.4%	13-Jan-92	12-Jan-22	21-Mar-03			12-Jan-22	\$1,141.08	18900293	
15	WNG 8.39%	13-Jan-92	13-Jan-22	21-Mar-03			13-Jan-22	\$2,662.56	18900303	
16	PP 8.4%	7-May-92	7-May-07	26-Mar-03			7-May-07	\$2,017.05	18900313	
17	WNG 8.25%	12-Aug-92	12-Aug-22	29-May-03			12-Aug-22	\$62,485.68	18900323	
18	PSPL 8.2%	21-Dec-92	21-Dec-12	29-May-03			21-Dec-12	\$98,839.08	18900333	
19	PSPL 8.59%	9-Apr-92	9-Apr-12	29-May-03			9-Apr-12	\$15,442.56	18900343	
20	WNG 7.19%	18-Aug-93	18-Aug-23	18-Aug-03			18-Aug-23	\$10,655.88	18900353	
21	\$200mm VRN	15-Jul-04	15-Jul-06	27-May-05	30 Yr 5.483%	27-May-05	27-May-35	\$17,086.56	18900183	
22	8.231% Capital Trust I (Tender)	6-Jun-97	1-Jun-27	1-Jun-05			1-Jun-27	\$230,034.28	18900193	
23	8.40% Capital Trust II	24-May-01	30-Jun-41	30-Jun-06	30 Yr 6.724%	30-Jun-06	15-Jun-36	\$197,021.40	18900373	
24	8.231% Capital Trust I (Call)	6-Jun-97	1-Jun-27	1-Jun-07	JrSubN 6.974%	4-Jun-07	1-Jun-17	\$111,390.30	18900383	
25										
26	Total Amortization on Reacquired Debt								\$1,045,757.32	
27										
28										
29										
30	(i) Applicable monthly amortization during the 12 month reporting period;									
31	Amortization is over life of replacement issue or remaining life of called bond if no replacement issue.									

Puget Sound Energy, Inc.

Cost of Preferred Stock

For The 12 Months Ending December 31, 2007

	(A)	(B)	(C)	(E)	(F)	(G)
Issue	Par	Average Amount Outstanding	Cost Rate (i)	Annual Cost	All-in Cost Rate	
<u>Preferred Stock</u>						
4.84% Series	\$100	\$1,458,300	4.95%	\$72,186		
4.70% Series	\$100	\$431,100	4.77%	\$20,563		
Amortization of Loss on Reacquired PS (ii)				\$63,430		
Total Redeemable Preferred Stock		<u>\$1,889,400</u>		<u>\$156,179</u>		8.27%

(i) Cost Rate=Dividend Rate/(Net Proceeds/Issue Amount) except for Trust Preferred Stock which uses the yield to maturity calculation.

(ii) See net loss on Reacquired PS Schedule.

Puget Sound Energy, Inc.
 Cost of Preferred Stock
 As of December 31, 2007

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(J)	(K)	(L)	(M)	(N)
		Par	Issue Date	Maturity Date	Dividend Rate	Shares Issued	Shares Outstdg	Issue Amt	Premium	Undwrtr Exp	Corp Exp	Net Proceeds	Cost Rate (i)
5	Calculation of Cost Rate												
8	<u>Mandatorily Redeemable</u>												
9	4.84% Series	\$100	3-Jul-62	Sinking Fund	4.840%	150,000	14,583	\$15,000,000	\$0.0	\$247,500	\$72,500	\$14,680,000	4.95%
10	4.70% Series	\$100	19-May-64	Sinking Fund	4.700%	150,000	4,311	\$15,000,000	\$0.0	\$187,500	\$35,100	\$14,777,400	4.77%
11	Total Preferred Stock							\$30,000,000		\$435,000	\$107,600	\$29,457,400	

(i) Dividend rate/(net proceeds/issue amount)

PUGET SOUND ENERGY, INC
Calculation of Amortization of Net Loss
On Reacquired Preferred Stock
For The 12 Months Ending December 31, 2007

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Gain or Loss on Reacquired Preferred Stock	Par	Shares Issued	Issue Date	Date Re-acquired	Original Issue Amount	Reacquired Shares	Face Value Reacquired	Call Price	(Gain) or Loss on Costs to Reacquire	End of Amortization Period
7.45% Series II	\$25	2,400,000	24-Nov-93	01-Nov-03	\$60,000,000	2,400,000	\$25.00	\$25.00	\$0	n/a
7.75% Series (I)	\$100	750,000	25-Mar-92	15-Aug-03	\$75,000,000	337,500	\$102.07	\$102.07	\$698,625	14-Aug-13
Adj. Prfd.	\$25	2,000,000		15-Aug-97	\$50,000,000	1,181,994	\$25.63	\$25.63	\$738,746	15-Aug-07
4.70%	\$100	150,000		15-Aug-97	\$15,000,000	51,854	\$89.32	\$89.32	(\$553,801)	15-Aug-07
4.84%	\$100	150,000		15-Aug-97	\$15,000,000	33,148	\$91.51	\$91.51	(\$281,427)	15-Aug-07
Total of Net (Gains) or Losses to Reacquire									\$602,143	

Annual Amortization of Net Gain/(Loss) on Reacquired Preferred Stock						
Issue	Net (Gain) or Loss Amortized	No. of Years To Be Amortized	Months Amortized in Reporting Period	Monthly Amort	12 month Amort. Factor	Prorated Net Loss (Gain)
7.75% Series (I)	\$698,625	10	12		0.10	\$69,863
Adj. Prfd.	\$738,746	10	8		0.07	\$49,250
4.70%	(\$553,801)	10	8		0.07	(\$36,920)
4.84%	(\$281,427)	10	8		0.07	(\$18,762)
Total Redeemable and Nonredeemable PS	\$602,143					\$63,430

(I) For Cost of Capital calculation, the loss on the 7.75% Preferred Stock will be amortized over 10 years.