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May 28, 2009

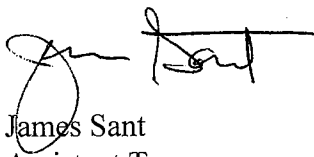
Mr. David Danner  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Dear Mr. Danner:

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 2008 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

## 2008 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 2008.

#### **Short Term Borrowing Arrangements**

At December 31, 2008, PSE had five 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, a \$375 million 9-month term loan and a \$30 million Demand Promissory Note.

#### **\$500 Million Credit Agreement (maintained)**

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.

No new establishment fees were incurred during 2008 under this facility.

#### **\$350 Million Credit Agreement (maintained)**

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.

Facility establishment fees of \$8,196 were incurred during 2008 under this facility.

### **\$200 Million Receivables Securitization (maintained)**

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, 2008, there was a \$158 million balance outstanding under the securitization agreement.

No new establishment fees were incurred during 2008 under this facility.

### **\$375 Million Term Loan (new)**

In August 2008, PSE entered into a nine-month, \$375.0 million unsecured credit agreement with four banks and as of December 31, 2008, PSE had fully drawn the \$375.0 million capacity under the agreement. The agreement is payable at the earlier of 9 months from inception or the closing of the acquisition of Puget Energy and PSE by the Macquarie Consortium. The interest rate is based on LIBOR plus a spread of 100 basis points for the first 3 months, 125 basis points for the next 3 months and 150 basis points for the remaining life of the agreement. A commitment fee of 30 basis points applies to the undrawn portion of the facility. The credit agreement was filed with the WUTC on August 28, 2008.

### **Use of Proceeds**

The borrowings under this agreement were used to finance working capital needs and in support of the purchase of the Mint Farm generating facility.

### **Level of Expenses**

Fees and expenses paid in connection with entering into the credit agreement through December 31, 2008 were as follows:

<u>Description</u>	<u>Amount</u>
Bank Participation, Arrangement & Agent Fees	\$942,500.00
Legal Fees	<u>32,959.37</u>
Total	<u>\$975,459.37</u>

### **\$30 Million Demand Promissory Note (maintained)**

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 PSE's senior unsecured revolving credit facility 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 \$150 million Senior Notes**

On June 1st, 2008, 3.363% Senior Notes totaling \$150.0 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 \$25 million Senior Notes**

On September 8<sup>th</sup>, 2008, 7.61% Senior Notes totaling \$25.0 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 \$3.5 million and \$1.0 million Series B Medium Term Notes**

On August 18<sup>th</sup> and 19<sup>th</sup> 2008, 6.53% and 6.51% Medium Term Notes, Series B, totaling \$3.5 million and \$1.0 million respectively, 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 New Long-Term Debt Securities**

There were no issuances of new long-term debt securities in 2008.

### **Issuance of Common Stock**

There were no issuances of common stock in 2008.

### **Securities Scheduled to Mature in the Following Reporting Period (year ending Dec. 31, 2009)**

<u>Series</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Principal</u>
Sr. Medium Term Note B	6.460%	Mar-2009	\$150,000,000
Medium Term Note C	6.610%	Dec-2009	\$ 3,000,000
Medium Term Note C	6.620%	Dec-2009	\$ 5,000,000

### **Summary**

#### **Capital Structure and Cost of Capital**

Exhibit A attached shows the Company's resulting capital structure and cost of capital for the year ending December 31, 2008.

**ATTACHMENT A to PSE's Annual  
Report of Securities Transactions  
dated May 28, 2009**

**Cost of Capital for the Year Ending  
December 31, 2008**

**PUGET SOUND ENERGY, INC.**

**Utility Capital Structure  
Cost of Capital and Rate of Return  
For The 12 Months Ending December 31, 2008**

(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 <b>Short Term Debt</b>	\$375,235,992	6.60%	3.84%	0.253%
9 <b>Long Term Debt</b>	\$2,768,130,833	48.70%	6.79%	3.307%
11 <b>Preferred Stock</b>	\$1,889,400	0.03%	8.61%	0.003%
13 <b>Common Stock</b>	<u>\$2,538,884,722</u>	44.67%	10.15%	<u>4.534%</u>
15 <b>Total</b>	<u>\$5,684,140,947</u>	<u>100.00%</u>		<u>8.10%</u>

18 (i) - Average of Month-End Balances

**PUGET SOUND ENERGY, INC**  
**Utility Capital Structure Calculation**  
**Dec 31, 2007 Through Dec 31, 2008**  
**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	<b>(\$ thousands)</b>	<b>Dec-07</b>	<b>Jan-08</b>	<b>Feb-08</b>	<b>Mar-08</b>	<b>Apr-08</b>	<b>May-08</b>	<b>Jun-08</b>	<b>Jul-08</b>	<b>Aug-08</b>	<b>Sep-08</b>	<b>Oct-08</b>	<b>Nov-08</b>	<b>Dec-08</b>	
3	CP & MM Lines	\$108,486	\$59,027	\$49,402	\$16,604	\$56,148	\$110,991	\$171,566	\$163,100	\$181,695	\$55,185	\$10,000	200,000	\$158,000	\$ 77,330
4	AR Securitization	\$152,000	158,000	130,000	85,000	20,000	0	115,000	129,000	151,000	171,000	171,000	26,053	26,053	123,750
5	PE Loan to PSE	15,766	15,701	30,000	30,000	28,658	25,066	25,026	24,853	24,728	24,728	25,900	506,700	806,700	25,135
6	Bank Credit Facility	0	0	0	0	0	0	0	0	50,000	355,300	472,900	806,700	806,700	149,021
6	<b>Short-term debt</b>	\$276,252	\$232,728	\$209,402	\$131,604	\$104,806	\$136,057	\$311,592	\$316,953	\$407,423	\$606,213	\$679,800	\$732,753	\$990,753	<b>\$375,236</b>
7	<b>Long-term Bonds</b>	\$2,608,360	\$2,608,360	\$2,608,360	\$2,608,360	\$2,608,360	\$2,608,360	\$2,458,360	\$2,458,360	\$2,453,860	\$2,428,860	\$2,428,860	\$2,428,860	\$2,428,860	<b>\$2,518,131</b>
8	<b>Trust Preferred</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	
9	<b>Jr. Subordinated Notes</b>	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	<b>250,000</b>
10	<b>Long Term Debt</b>	\$2,858,360	\$2,858,360	\$2,858,360	\$2,858,360	\$2,858,360	\$2,858,360	\$2,708,360	\$2,708,360	\$2,703,860	\$2,678,860	\$2,678,860	\$2,678,860	\$2,678,860	<b>\$2,768,131</b>
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	<b>Total Preferred</b>	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	<b>1,889</b>
14	<b>Regulated Common Equity</b>	2,522,387	2,562,633	2,537,502	2,545,329	2,564,579	2,548,067	2,552,730	2,559,466	2,525,177	2,518,546	2,517,597	2,506,298	2,535,001	<b>2,538,885</b>
15	<b>Total Capital</b>	<b>\$5,658,888</b>	<b>\$5,655,610</b>	<b>\$5,607,153</b>	<b>\$5,537,182</b>	<b>\$5,529,634</b>	<b>\$5,544,373</b>	<b>\$5,574,371</b>	<b>\$5,586,668</b>	<b>\$5,638,349</b>	<b>\$5,805,508</b>	<b>\$5,878,146</b>	<b>\$5,919,800</b>	<b>\$6,206,504</b>	<b>\$5,684,141</b>
	Short-term debt	4.9%	4.1%	3.7%	2.4%	1.9%	2.5%	5.6%	5.7%	7.2%	10.4%	11.6%	12.4%	16.0%	6.6%
	Long-term debt	50.5%	50.5%	51.0%	51.6%	51.7%	51.6%	48.6%	48.5%	48.0%	46.1%	45.6%	45.3%	43.2%	48.7%
	Total Debt	55.4%	54.7%	54.7%	54.0%	53.6%	54.0%	54.2%	54.2%	55.2%	56.6%	57.1%	57.6%	59.1%	55.3%
	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	44.6%	45.3%	45.3%	46.0%	46.4%	46.0%	45.8%	45.8%	44.8%	43.4%	42.8%	42.3%	40.8%	44.7%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
16	<b>Consol. Common Equity</b>	\$2,504,091	\$2,544,955	\$2,519,909	\$2,576,878	\$2,596,119	\$2,579,693	\$2,685,666	\$2,687,655	\$2,653,502	\$2,449,981	\$2,450,994	\$2,439,851	\$2,249,186	
17	Subsidiary R.E.														
18	Puget Western	7,261	7,572	7,572	7,572	7,562	7,562	7,562	2,748	2,748	2,748	4,608	4,608	4,608	
19	HEDC	(27,634)	(27,412)	(27,412)	(27,412)	(27,495)	(27,495)	(27,495)	(27,564)	(27,564)	(27,564)	(27,619)	(27,619)	(27,619)	
20	Total Subsidiary R.E.	(\$20,373)	(\$19,840)	(\$19,840)	(\$19,840)	(\$19,933)	(\$19,933)	(\$19,933)	(\$24,816)	(\$24,816)	(\$24,816)	(\$23,011)	(\$23,011)	(\$23,011)	
21	Other Comprehensive Income Adjustments (OCI)														
22	OCI - Derivatives	(4,726)	(4,700)	(4,673)	44,410	44,436	44,462	153,889	153,915	153,941	(39,422)	(39,396)	(39,369)	(119,608)	
23	OCI - Other	6,803	6,862	6,920	6,979	7,038	7,096	(1,020)	(910)	(800)	(4,327)	(4,197)	(4,067)	(143,196)	
24	Total OCI Adj	2,077	2,162	2,247	51,389	51,474	51,559	152,869	153,005	153,141	(43,749)	(43,592)	(43,436)	(262,804)	
25	<b>Regulated Common Equity</b>	<b>\$2,522,387</b>	<b>\$2,562,633</b>	<b>\$2,537,502</b>	<b>\$2,545,329</b>	<b>\$2,564,579</b>	<b>\$2,548,067</b>	<b>\$2,552,730</b>	<b>\$2,559,466</b>	<b>\$2,525,177</b>	<b>\$2,518,546</b>	<b>\$2,517,597</b>	<b>\$2,506,298</b>	<b>\$2,535,001</b>	



Puget Sound Energy, Inc.  
 Cost of Short-Term Debt  
 For The 12 Months Ending December 31, 2008

(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	\$70,830,610	3.527%	\$2,498,112	
AR Securitization Facility	\$121,707,650	3.421%	\$4,163,724	
Demand Promissory Note (iv)	\$25,046,103	3.251%	\$814,333	
Bank Credit Facilities (v)	152,936,612	3.244%	\$4,960,984	
Commitment Fees			\$1,044,908 (ii)	
12 Month Short Term Debt Issue Costs Amortization			\$736,680 (iii)	
<b>Total Short-Term Debt/Cost</b>	<b>\$370,520,976</b>		<b>\$14,218,741</b>	<b>3.84%</b>

(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 6 STD Amort

(iv) See PE Loan Tab

(v) See \$500 Fac and \$375 Bridge Loan Tabs

PUGET SOUND ENERGY  
SHORT TERM DEBT RATE  
For The 12 Months Ending December 31, 2008

(A) (B) (C) (D) (E) (F) (G)

<b>Weighted Avg. Outstandings and Rates and Total Commitment Fees</b>						
	Wtd. Avg. Outstandings (i)	Period Interest (i)	Wtd. Avg. Rate (365)	Commitment Fees		
Commercial Paper	\$70,830,610	\$2,498,112	3.527%	\$0		
AR Securitization	\$121,707,650	\$4,163,724	3.421%	\$254,167		
Demand Promissory Note	\$25,046,103	\$814,333	3.251%	\$0		
\$500mm Credit Facility	\$108,395,628	\$3,378,707	3.117%	\$790,741		
\$375mm Bridge Facility	\$44,540,984	\$1,582,277	3.552%	Included above		
	\$370,520,976	\$12,437,153	3.357%	<b>\$1,044,908</b>		
(i) Per SAP Cost of Borrowing Rpt, except Demand Note & Bank Facilities which have Attached Calculations						
<b>Bank Facility Fees</b>						
<b>Commitment Fee Calculation</b>						
	Beginning Date	Ending Date	Days	Commitment	Fee %	Fee \$
\$500 million Credit Agrmt	01/01/08	12/31/08	366	\$500,000,000	0.125%	635,417
\$375 million Bridge Loan	08/29/08	12/31/08	125	\$375,000,000	0.30%	390,625
Bank Facility Commitment Fees						<u>1,026,042</u>
<b>Letters of Credit (LC) Fees</b>						
Total Weighted Avg. Outstanding LC's & W. Avg Fee for the Annual Period				\$7,176,065	0.65%	47,422
<b>Commitment Fee Relief for Utilized Portion of Facility</b>						
Wtd. Avg. Outstanding Loans Under \$500mm Bank Credit Facility for the Annual Period				Utilized (Drawn)		(137,753)
Wtd. Avg. Outstanding LC's Under \$500mm Bank Credit Facility for the Annual Period				\$108,395,628	0.125%	(9,120)
Wtd. Avg. Outstanding Loans Under \$375mm Bridge Loan Facility for the Annual Period				\$7,176,065	0.125%	(135,850)
<b>Total Bank Facility Fees</b> (includes commitment fees & LC fees)				\$44,540,984	0.30%	<u>790,741</u>
Commitment fees are calculated for actual days elapsed on the basis of a 360 day year.						
<b>Facility Fee - AR Securitization - PSE Funding, Inc.</b>						
	Beginning Date	Ending Date	Days	Total Commitment	Fee	Fee
	11/1/2008	12/31/2008	366	\$200,000,000	0.125%	\$254,167
<b>Total Facility Fees - AR Securitization</b>						
						<u>\$254,167</u>
The total commitment is paid on total availability regardless of usage.						

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

Ref	(A)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
1	2008	Feb 29	Mar 31	Apr 30	May 31	Jun 30	Jul 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31
2	Days in Month											
3	W. Avg Outstanding	23,106,368	30,000,000	29,420,733	25,322,239	25,041,700	24,974,829	24,828,506	24,727,700	25,408,345	25,991,904	26,053,395
4	Interest Expense	75,346	92,303	80,784	68,599	59,954	62,282	62,237	62,870	74,790	67,492	38,567
5	Interest Rate (365 days)	4.104%	3.623%	3.341%	3.190%	2.913%	2.936%	2.951%	3.093%	3.466%	3.159%	1.743%
6												
7												
8												
9												
10	W. Avg Outstanding for 12 mos. Ending											25,046,103
11	Interest for 12 mos. Ending											814,333
12	W. Avg Interest Rate for 12 mos. Ending											3.251%

**Puget Sound Energy \$500 Million Credit Facility  
Borrowings by Loan in 2008**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)		
Loan #	Loan Amount	Interest Rate	Start	End	Notifyn Outst.	Days Weighted Outst.	2008 Weighted Loan Outstanding	Days Interest	August Interest	Days Interest	September Interest	Days Interest	October Interest	Days Interest	November Interest	Days Interest	December Interest	Days Interest	January Interest	Total Interest		
1	\$50,000,000	2.988%	09/08/08	09/08/08		31	1,550,000,000	7	\$99,583	7	\$29,045	7	\$29,282.17	27	\$171,232.03	3	\$19,025.78	31		\$128,628		
2	\$50,000,000	3.012%	09/08/08	10/08/08	10/03/08	30	1,500,000,000	23	\$0	23	\$96,213	19	\$137,904.38	21	\$33,432.29	9	\$14,328.13	31		\$125,495		
3	\$73,500,000	3.555%	09/19/08	10/20/08	10/15/08	31	2,278,500,000	12		12	\$87,098	22	\$355,979.56	7	\$58,653.00	23	\$192,717.00	31		\$225,002		
4	\$156,800,000	3.715%	09/23/08	10/23/08	10/20/08	30	4,704,000,000	8		8	\$129,447	24	\$153,916.67	23	\$285,506.67	28	\$138,557.71	31		\$485,427		
5	\$50,000,000	4.618%	10/08/08	11/10/08	11/05/08	33	1,650,000,000					12	\$107,187.50	9	\$405,970.44	22	\$35,902.78	31		\$211,635		
6	\$73,500,000	4.500%	10/20/08	11/04/08	11/19/08	15	1,102,500,000					9	\$158,858.00	23	\$285,506.67	8	\$34,365.33	31		\$131,688		
7	\$156,800,000	4.053%	10/23/08	11/24/08	11/19/08	32	5,017,600,000	8		8	\$99,306.67	27	\$171,232.03	27	\$171,232.03	3	\$19,025.78	31		\$384,828		
8	\$117,600,000	3.800%	10/24/08	11/24/08	11/19/08	31	3,645,600,000					21	\$33,432.29	21	\$33,432.29	9	\$14,328.13	31		\$190,258		
9	\$73,500,000	3.106%	11/04/08	12/04/08	12/01/08	30	2,205,000,000					7	\$65,984.63	7	\$65,984.63	23	\$216,806.63	31		\$47,760		
10	\$25,000,000	2.293%	11/10/08	12/10/08	12/05/08	30	750,000,000					7	\$65,984.63	7	\$65,984.63	23	\$216,806.63	31		\$251,370		
11	\$156,800,000	1.924%	11/24/08	12/24/08	12/19/08	30	4,704,000,000					7	\$65,984.63	7	\$65,984.63	23	\$216,806.63	31		\$282,791		
12	\$176,400,000	1.924%	11/24/08	12/24/08	12/19/08	30	5,292,000,000					7	\$65,984.63	7	\$65,984.63	23	\$216,806.63	31		\$158,352		
13	\$73,500,000	2.424%	12/04/08	01/05/09	12/30/08	32	2,058,000,000					7	\$65,984.63	7	\$65,984.63	23	\$216,806.63	31		\$53,854		
14	\$25,000,000	2.350%	12/10/08	01/12/09	01/07/09	33	550,000,000					7	\$65,984.63	7	\$65,984.63	23	\$216,806.63	31		\$159,477		
15	\$176,400,000	0.986%	12/24/08	01/26/09	01/21/09	33	1,411,200,000					7	\$65,984.63	7	\$65,984.63	23	\$216,806.63	31		\$141,757		
16	\$156,800,000	0.986%	12/24/08	01/26/09	01/21/09	33	1,254,400,000					7	\$65,984.63	7	\$65,984.63	23	\$216,806.63	31		\$3,543,136		
								39,672,800,000	\$99,583	\$341,803	\$1,042,435	\$1,102,998	\$690,364	\$265,953	\$690,364	\$265,953	\$690,364	\$265,953	\$690,364	\$265,953	\$3,543,136	
								Utilization Fee (when drawn > 50	\$0	\$0	\$27,347	\$33,421	\$40,756	\$40,756	\$40,756	\$40,756	\$40,756	\$40,756	\$40,756	\$40,756	\$40,756	\$40,756
								Weighted Avg Outstanding	\$38,709,677	\$121,213,333	\$310,648,387	\$394,120,000	\$431,700,000	\$431,700,000	\$431,700,000	\$431,700,000	\$431,700,000	\$431,700,000	\$431,700,000	\$431,700,000	\$431,700,000	\$431,700,000
								Interest Expense	\$99,583	\$341,803	\$1,069,782	\$1,136,419	\$731,120	\$731,120	\$731,120	\$731,120	\$731,120	\$731,120	\$731,120	\$731,120	\$731,120	\$731,120
								Wtd Avg Interest Rate (360 day	2.99%	3.38%	4.00%	3.46%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	
								Wtd Avg Interest Rate (365 day	3.03%	3.43%	4.05%	3.51%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	

Weighted Avg. 2008 Outstanding	\$108,395,628
2008 Interest Expense	\$3,378,707
Weighted Avg. Rate - 360 Day:	3.066%
Weighted Avg. Rate - 365 Day:	3.117%

**Puget Sound Energy \$375 Million Bridge Loan Facility  
Borrowings by Loan in 2008**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)		
Loan #	Loan Amount	Interest Rate	Start	End	Notification	Days Outst.	2008 Weighted Outstanding	September	October	November	December	January	Total Interest							
								Days	Days	Days	Days	Days	Days	Days	Days	Days	Days	Days	Days	
								Interest	Interest	Interest	Interest	Interest	Interest	Interest	Interest	Interest	Interest	Interest	Interest	Interest
1	\$75,000,000	3.48563%	9/3/08	10/3/08	9/30/08	30	2,250,000,000	28	2	2	2	2	2	2	2	2	2	2	2	2
2	\$75,000,000	5.00250%	10/3/08	11/3/08	10/30/08	31	2,325,000,000	\$0	\$14,523.46	\$20,843.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3	\$75,000,000	4.00000%	11/3/08	11/4/08	10/30/08	1	75,000,000		\$0.00	\$8,196.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4	\$75,000,000	3.58125%	11/4/08	11/30/08	12/1/08	26	1,950,000,000		\$0.00	\$193,984.38	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5	\$75,000,000	3.83125%	11/30/08	12/4/08	12/1/08	4	300,000,000		\$0.00	\$7,981.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6	\$75,000,000	3.14875%	12/4/08	1/5/09	12/30/08	32	2,100,000,000		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
7	\$258,000,000	3.14000%	12/5/08	1/5/09	12/30/08	31	6,966,000,000		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8	\$42,000,000	1.71125%	12/24/08	1/26/09	1/21/09	33	336,000,000		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
							16,302,000,000	\$203,328	\$316,757.83	\$231,006.62	\$831,184.06	\$166,164	\$1,748,441							

Total Weighted Avg. 2008 Outstanding	\$44,540,984
2008 Interest Expense	\$1,582,277
Weighted Avg. Rate - 360 Day:	3.494%
Weighted Avg. Rate - 365 Day:	3.552%

**2008 Interest \$1,582,277**

**PUGET SOUND ENERGY**  
**AMORTIZATION OF SHORT TERM DEBT ISSUE COSTS**  
For The 12 Months Ending December 31, 2008

	(A) Unamortized Debt Expense	(B) SAP #	(C) Period	(D) Amortization PSE Funding Co. 1020	(E) Account Reconciliation	(G) Date	(H) SAP #
3	AR Securitization						
4	PSE Funding (Co 1020)		January-08	(5,627.69)	Beginning Balance	1/1/2008	18100400
5			February-08	(5,627.69)			205,619.11
6			March-08	(5,627.69)	Costs Transferred In		
7			April-08	(5,627.69)			
8			May-08	(5,627.69)	Costs Transferred Out		
9			June-08	(5,627.69)			
10			July-08	(5,627.69)	Total Amortization for Period		(67,532.28)
11			August-08	(5,627.69)			
12			September-08	(5,627.69)	Ending Balance	12/31/2008	138,086.83
13			October-08	(5,627.69)			
14			November-08	(5,627.69)			
15			December-08	(5,627.69)			
16			12 Months Amortization	(67,532.28)			
17				(a)			
18							
19	\$500MM 5 Year Credit Agrmt						
20			January-08	(18,908.80)	Beginning Balance	1/1/2008	18100583
21			February-08	(18,908.80)			1,045,567.75
22			March-08	(20,566.33)	Costs Transferred In		
23			April-08	(20,566.33)			
24			May-08	(18,843.90)	Costs Transferred Out		
25			June-08	(18,843.90)			
26			July-08	(18,843.90)	Total Amortization for Period		(229,701.46)
27			August-08	(18,843.90)			
28			September-08	(18,843.90)	Ending Balance	12/31/2008	815,866.29
29			October-08	(18,843.90)			
30			November-08	(18,843.90)			
31			December-08	(18,843.90)			
32			12 Months Amortization	(229,701.46)			
33				(b)			
34							
35	\$375MM Bridge Loan						
36			August-08	(10,744.53)	Beginning Balance	1/1/2008	18101103
37			September-08	(107,164.94)	Costs Transferred In		975,459.37
38			October-08	(107,164.94)	Costs Transferred Out		
39			November-08	(107,164.94)	Total Amortization for Period		(439,446.35)
40			December-08	(107,207.00)	Ending Balance	12/31/2008	536,013.02
41			12 Months Amortization	(439,446.35)			
42				(c)			
43							
44	Total Amortization of STD Issuance Costs for the 12 months ended is:		(a) + (b) + (c)				(\$736,680.09)

**Puget Sound Energy, Inc. Cost of Long Term Debt (\$in 000's)**  
**For The 12 Months Ending December 31, 2008**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)		
	Type	Rate	Issue Date	Mat. Date	W. Avg. Amt O/S	Net Proceeds (i)	Cost Rate (ii)	Annual Charge	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08		
1	SN	3.363%	Jun-03	Jun-08	68,750	99.17	3.55%	2,441	150,000	150,000	150,000	150,000	150,000	150,000	150,000	3,500	3,500	3,500	3,500	3,500	3,500	3,500	
2	MTN-B	6.530%	Aug-93	Aug-08	2,188	98.91	6.65%	145	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	3,500	
3	MTN-B	6.510%	Aug-93	Aug-08	625	98.91	6.63%	41	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	1,000	
4	MTN-B	7.610%	Sep-00	Sep-08	17,708	99.23	7.74%	1,371	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	25,000	
5	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	150,000	
6	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	3,000	
7	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	5,000	
8	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	225,000	
9	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	7,000	
10	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	260,000	
11	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	3,000	
12	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	10,000	
13	MTN-C	7.350%	Sep-95	Sep-15	10,000	98.84	7.46%	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	10,000	
14	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	2,000	
15	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	150,000	
16	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	200,000	
17	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	25,000	
18	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	15,000	
19	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	2,000	
20	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	300,000	
21	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	100,000	
22	PCB	5.000%	Mar-03	Mar-31	138,460	95.55	5.54%	7,676	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	138,460	
23	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	23,400	
24	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	250,000	
25	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	250,000	
26	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	300,000	
27																							
28	<b>SUBTOTAL LONG TERM BONDS</b>								<b>2,518,131</b>	<b>2,608,360</b>	<b>2,608,360</b>	<b>2,608,360</b>	<b>2,608,360</b>	<b>2,608,360</b>	<b>2,608,360</b>	<b>2,458,360</b>	<b>2,453,860</b>	<b>2,428,860</b>	<b>2,428,860</b>	<b>2,428,860</b>	<b>2,428,860</b>	<b>2,428,860</b>	
29																							
30	Trust Preferred & Jr. Subordinated Notes:																						
31	JSubN	6.974%	Jun-07	Jun-17	250,000	98.23	7.23%	18,075	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	250,000	
32																							
33	<b>Annual Charge from reacquired Debt Schedule</b>								<b>1,114</b>														
34	<b>TOTAL LONG TERM DEBT</b>								<b>2,768,131</b>	<b>2,858,360</b>	<b>2,858,360</b>	<b>2,858,360</b>	<b>2,858,360</b>	<b>2,858,360</b>	<b>2,708,360</b>	<b>2,703,860</b>	<b>2,678,860</b>	<b>2,678,860</b>	<b>2,678,860</b>	<b>2,678,860</b>	<b>2,678,860</b>	<b>2,678,860</b>	

(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, 2008

Issue	(A)	(B) Issue Date	(C) Maturity Date	(D) Redemption Date	(E) Refinance Issue	(F) Refinance Date	(G) Maturity Date for Amort.	(H) Annual Amortization (i)	(I) SAP #
1									
2									
3									
4									
5	9.625% PP	15-Oct-90	15-Oct-97	7-Feb-94	30 Yr 7.350%	1-Feb-94	1-Feb-24	\$168,880	18900173
6	10.250%	29-Dec-87	15-Dec-97	15-Dec-95			10-Nov-16	\$18,336	18900013
7	9.14% PP	21-Jun-91	21-Jun-01	15-Jun-98	20 Yr 6.740%	15-Jun-98	15-Jun-18	\$3,499	18900243
8	7.19% WNG MTN Due 2023	18-Aug-93	18-Aug-23	14-Nov-00			18-Aug-23	(\$120,997)	25700013
9	PCB Series 1991A	7-Aug-91	1-Aug-21	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$45,480	18900253
10	PCB Series 1991B	7-Aug-91	1-Aug-21	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$34,561	18900263
11	PCB Series 1992	1-Mar-92	1-Mar-22	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$105,825	18900273
12	PCB Series 1993	29-Apr-93	1-Apr-20	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$32,298	18900283
13	WNG 8.4%	13-Jan-92	12-Jan-22	21-Mar-03			12-Jan-22	\$1,141	18900293
14	WNG 8.39%	13-Jan-92	13-Jan-22	21-Mar-03			13-Jan-22	\$2,663	18900303
15	WNG 8.25%	12-Aug-92	12-Aug-22	29-May-03			12-Aug-22	\$62,486	18900323
16	PSPL 8.2%	21-Dec-92	21-Dec-12	29-May-03			21-Dec-12	\$98,839	18900333
17	PSPL 8.59%	9-Apr-92	9-Apr-12	29-May-03			9-Apr-12	\$15,443	18900343
18	WNG 7.19%	18-Aug-93	18-Aug-23	18-Aug-03			18-Aug-23	\$10,656	18900353
19	\$200mm VRN	15-Jul-04	15-Jul-06	27-May-05	30 Yr 5.483%	27-May-05	27-May-35	\$17,087	18900183
20	8.231% Capital Trust I (Tender)	6-Jun-97	1-Jun-27	1-Jun-05			1-Jun-27	\$229,804	18900193
21	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	18900373
22	8.231% Capital Trust I (Call)	6-Jun-97	1-Jun-27	1-Jun-07	JrSubN 6.974%	4-Jun-07	1-Jun-17	\$190,955	18900383
23									
24	<b>Total Amortization on Reacquired Debt</b>							<b>\$1,113,977</b>	
25									
26									
27									
28	(i) Applicable monthly amortization during the 12 month reporting period;								
29	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, 2008

1	(A)	(B)	(C)	(E)	(F)	(G)
2	Issue	Par	Average Amount Outstanding	Cost Rate (i)	Annual Cost	All-in Cost Rate
3						
4						
5	<u>Preferred Stock</u>					
6	4.84% Series	\$100	\$1,458,300	4.95%	\$72,186	
7	4.70% Series	\$100	\$431,100	4.77%	\$20,563	
8	Amortization of Loss on Reacquired PS (ii)				\$69,863	
9	<b>Total Redeemable Preferred Stock</b>		<u>\$1,889,400</u>		<u>\$162,612</u>	<b>8.61%</b>
10						

(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, 2008

(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												
6												
8												
9	\$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	\$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							\$30,000,000		\$435,000	\$107,600	\$29,457,400	

13 (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, 2008**

(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
7.75% Series (I)	\$100	750,000	25-Mar-92	15-Aug-03	\$75,000,000	337,500		\$102.07	\$698,625	14-Aug-13
Total of Net (Gains) or Losses to Reacquire									<b>\$698,625</b>	

Annual Amortization of Net Gain/(Loss) on Reacquired Preferred Stock					
Issue	Net (Gain) or Loss	No. of Years (Gain) Loss To Be Amortized	Months Amortized in Reporting Period	Monthly Amort Factor	Prorated Net Loss (Gain)
7.75% Series (I)	\$698,625	10	12	0.10	\$69,863
<b>Total Redeemable and Nonredeemable PS</b>	<b>\$698,625</b>				<b>\$69,863</b>

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