**PUGET SOUND ENERGY**
*The Energy To Do Great Things*

May 28, 2010

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 2009 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

## 2009 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 2009.

**Short Term Borrowing Arrangements**

At January 1, 2009, 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. Upon closing of the merger between Puget Merger Sub and Puget Energy on February 6, 2009, the $500 million 5-year line of credit, the $350 million 5-year line of credit, the $200 million 5-year receivables securitization program and the $375 million 9-month term loan were terminated and replaced with a $400 million 5-year Working Capital line of credit, a $400 million 5-year Capital Expenditures line of credit and a $350 million 5-year Energy Hedging line of credit. The $30 million Demand Promissory Note was not affected by the merger.

**$500 Million Credit Agreement (terminated on February 6, 2009)**

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 was used for general corporate purposes and to back-up the issuance of commercial paper. The Company borrowed under the agreement at either the agent bank's reference rate of interest or at a rate based on LIBOR plus a percentage that varied based on the Company's corporate credit ratings. PSE paid an ongoing commitment fee under the credit agreement on the unused portion of the facility. The amount of the fee was based on the Company's corporate credit ratings. The agreement was terminated February 6, 2009.

No new establishment fees or termination fees were incurred during 2009 under this facility.

**$350 Million Credit Agreement (terminated on February 6, 2009)**

On March 29, 2007, PSE entered into a credit agreement with a lending group of twelve banks. The term of the agreement was 5 years and contained the same pricing schedule and terms as the $500 million agreement. The facility's primary purpose was to provide credit support/enhancement to counterparties participating in energy hedging contracts with PSE. The Company was able to 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 varied based on the Company's corporate credit ratings. PSE paid an ongoing commitment fee under the credit agreement on the unused portion of the facility. The amount of the fee was based on the Company's corporate credit ratings. The agreement was terminated on February 6, 2009.

No new establishment fees or termination fees were incurred during 2009 under this facility.

**$200 Million Receivables Securitization (terminated on February 6, 2009)**

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 allowed 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 was based on the Company's senior secured credit rating. Usage under the facility was classified as a loan for GAAP purposes and was reflected as short-term debt on the balance sheet. The amount outstanding was disclosed in the footnotes for the financial statements. The agreement was terminated on February 6, 2009.

No new establishment fees or termination fees were incurred during 2009 under this facility.

**$375 Million Term Loan (repaid on February 6, 2009)**

In August 2008, PSE entered into a nine-month, $375.0 million unsecured credit agreement with four banks and as of January 1, 2009, PSE had fully drawn the $375.0 million capacity under the agreement. The agreement was 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 was 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 applied to the undrawn portion of the facility. The credit agreement was filed with the WUTC on August 28, 2008. The agreement was repaid and terminated on February 6, 2009.

No new establishment fees or termination fees were incurred during 2009 under this facility.

**$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' senior unsecured revolving credit facility. If no loans have been outstanding during the month under the two 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.

**$400 Million Working Capital Credit Agreement (New)**

On February 6, 2009, PSE entered into a credit agreement with a broad group of lenders. The agreement has a term of 5 years and expires in February 2014. The facility is used for general corporate working capital 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.

Level of Expenses

Fees and expenses paid in connection with entering into the credit agreement through December 31, 2009 were as follows:

| Description | Amount |
|---|---|
| Bank Participation, Arrangement & Agent Fees | $9,665,065 |
| Rating Agency Fees | 209,415 |
| Legal Fees, Other Fees | 22,545 |
| Total | $9,897,025 |

**$400 Million Capital Expenditures Credit Agreement (New)**

On February 6, 2009, PSE entered into a credit agreement with a broad group of lenders. The agreement has a term of 5 years and expires in February 2014. The facility is available only for funding PSE's capital expenditures including acquisitions of generating facilities. 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.

Level of Expenses

Fees and expenses paid in connection with entering into the credit agreement through December 31, 2009 were as follows:

| Description | Amount |
|---|---|
| Bank Participation, Arrangement & Agent Fees | $9,665,065 |

| | |
|---|---|
| Rating Agency Fees | 209,415 |
| Legal Fees, Other Fees | 22,545 |
| Total | $9,897,025 |

**$350 Million Energy Hedging Credit Agreement (New)**

On February 6, 2009, PSE entered into a credit agreement with a broad group of lenders. The agreement has a term of 5 years and expires in February 2014. The facility is available to support energy hedging activities through borrowings or issuance of standby letters of credit. For standby letters of credit, the Company pays a fronting fee of .125% plus the applicable percentage applied to LIBOR based loans that varies based on the Company's corporate credit ratings. 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.

Level of Expenses

Fees and expenses paid in connection with entering into the credit agreement through December 31, 2009 were as follows:

| Description | Amount |
|---|---|
| Bank Participation, Arrangement & Agent Fees | $8,284,342 |
| Rating Agency Fees | 179,498 |
| Legal Fees, Other Fees | 19,762 |
| Total | $8,483,602 |

**Securities Transactions**

**Issuance of $250 million Senior Notes Due 2016**

On January 23, 2009, Puget Sound Energy sold in a public offering $250 million of Senior Notes maturing on January 15, 2016. Net proceeds after underwriting fees were $248.4 million. The notes were issued at an interest rate of 6.75% and were recorded as long-term debt on the Company's books. Details of the security issuance, including the final term sheet, were provided in January 2009 in WUTC Docket No. UE-090004.

Use of Proceeds

The net proceeds were used by the Company to repay short term debt and for general corporate purposes.

Level of Expenses

Fees and expenses paid in connection with the issuance of the Senior Notes through December 31, 2009 were as follows:

| Description | Amount |
|---|---|
| Underwriters Fee | $1,562,500 |
| Legal Fees | 170,509 |
| Rating Agency | 60,004 |
| Allocation of Shelf Registration Expenses | 22,434 |
| Accountant's Fee | 62,600 |
| Printing, Trustee and SEC Fees | 21,819 |
| Total | $1,899,866 |

**Defeasance of Preferred Stock**

On February 5, 2009, PSE deposited with its Redemption and Paying Agent approximately $1.9 million to defease the remaining 22,689 shares of its 4.70% Series preferred stock and the remaining 6,471 shares of its 4.84% Series preferred stock. Upon involuntary liquidation, all preferred shares were entitled to their par value plus accrued dividends. The Redemption and Paying Agent utilized the funds deposited to pay shareholders their redemption price plus accrued dividends through March 13, 2009.

As of December 31, 2009, there were no outstanding shares of preferred stock.

**Retirement of $150 million Senior Notes**

On March 9th, 2009, 6.46% Medium Term Notes, Series B, 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.

**Issuance of $350 million Senior Notes Due 2039**

On September 11, 2009, Puget Sound Energy sold in a public offering $350 million of Senior Notes maturing on October 1, 2039. Net proceeds after underwriting fees were $346.9 million. The notes were issued at an interest rate of 5.757% and were recorded as long-term debt on the Company's books. Details of the security issuance, including the final term sheet, were provided in September 2009 in WUTC Docket No. UE-091407.

Use of Proceeds

The net proceeds were used by the Company to repay short term incurred to fund capital expenditures and for retirement of maturing long-term debt earlier in the year.

Level of Expenses

Fees and expenses paid in connection with the issuance of the Senior Notes through December 31, 2009 were as follows:

| Description | Amount |
|---|---|
| Underwriters Fee | $3,062,500 |
| Legal Fees | 184,820 |
| Rating Agency | 183,750 |
| Allocation of Shelf Registration Expenses | 32,709 |
| Accountant's Fee | 51,840 |
| Printing, Trustee and SEC Fees | 41,465 |
| Total | $3,557,084 |

## Retirement of $3.0 million and $5.0 million Series C Medium Term Notes

On December 21st and 22nd 2009, 6.61% and 6.62% Medium Term Notes, Series C, totaling $3.0 million and $5.0 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 Common Stock

PSE's common stock is wholly owned by Puget Energy, Inc. As a result of the aforementioned merger, Puget Energy contributed $805.3 million in capital to PSE, of which $779.3 million was used to pay off short-term debt owed by PSE, including $188.0 million in short-term debt outstanding through the PSE Funding accounts receivable securitization program that was terminated upon closing of the merger. An additional $26.0 million of the capital contribution was used to pay change in control costs associated with the merger.

## Securities Scheduled to Mature in the Following Reporting Period (year ending Dec. 31, 2010)

| Series | Coupon | Maturity | Principal |
|---|---|---|---|
| Medium Term Note B | 7.960% | Feb-2010 | $225,000,000 |
| Medium Term Note C | 7.120% | Sep-2010 | $ 7,000,000 |

## 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, 2009.

The utility capital structure, which is presented in this report, was utilized in PSE's annual commission basis results of operations reports for the year-ending December 31, 2009, which were provided to the WUTC on April 30, 2010. It should be noted that the utility cost of capital report for that same period and which is submitted at Exhibit A herein, reflects a minor difference in the capital structure ratios (e.g. equity ratio of 50.77% instead of the 50.66% in the commission basis reports) and weighted cost of capital (e.g. 8.41% instead of 8.40% in commission basis report). The minor differences result from small changes to the regulated common equity figures.

# ATTACHMENT A to PSE's Annual Report of Securities Transactions dated May 28, 2010

# Cost of Capital for the Year Ending December 31, 2009

## PUGET SOUND ENERGY, INC.

### Utility Capital Structure
### Cost of Capital and Rate of Return
**For The 12 Months Ending December 31, 2009**

| (A) | (B) | (C) | (D) | (E) |
|---|---|---|---|---|
| Description | Amount (i) | Ratio | Cost | Weighted Cost of Capital |
| **Short Term Debt** | $241,506,181 | 3.78% | 3.72% | 0.14% |
| **Long Term Debt** | $2,901,443,333 | 45.45% | 6.85% | 3.11% |
| **Preferred Stock** | $236,175 | 0.00% | 48.66% | 0.00% |
| **Common Stock** | $3,241,039,347 | 50.77% | 10.15% | 5.15% |
| **Total** | **$6,384,225,036** | **100.00%** | | **8.41%** |

**(i)** - Average of Month-End Balances

**PUGET SOUND ENERGY, INC**
**Utility Capital Structure Calculation**
**Dec 31, 2008 Through Dec 31, 2009**
**Average of Month-End Balances**

| 1 | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | (M) | (N) | (O) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | **($ thousands)** | **Dec-08** | **Jan-09** | **Feb-09** | **Mar-09** | **Apr-09** | **May-09** | **Jun-09** | **Jul-09** | **Aug-09** | **Sep-09** | **Oct-09** | **Nov-09** | **Dec-09** | **Avg of Mo-end Balances** |
| 3 | CP & MM Lines | - | - | - | - | - | - | - | 10,000 | 5,000 | - | - | - | - | 1,250 |
| 4 | AR Securitization | $158,000 | 188,000 | - | - | - | - | - | - | - | - | - | - | - | 22,250 |
| 5 | PE Loan to PSE | 26,053 | 25,721 | 19,443 | 19,443 | 19,443 | 24,457 | 22,852 | 22,898 | 22,898 | 22,898 | 22,898 | 22,898 | 22,898 | 22,527 |
| 6 | Bank Credit Facilities | $806,700 | $624,900 | $70,000 | $175,000 | $95,000 | $80,000 | $125,000 | $310,000 | $270,000 | - | $20,000 | $120,000 | $105,000 | 195,479 |
| 7 | **Short-term debt** | $990,753 | $838,621 | $89,443 | $194,443 | $114,443 | $104,457 | $147,852 | $342,898 | $297,898 | $22,898 | $42,898 | $142,898 | $127,898 | **$241,506** |
| 8 | **Long-term Bonds** | $2,428,860 | $2,678,860 | $2,678,860 | $2,528,860 | $2,528,860 | $2,528,860 | $2,528,860 | $2,528,860 | $2,528,860 | $2,878,860 | $2,878,860 | $2,878,860 | $2,870,860 | **$2,651,443** |
| 9 | **Trust Preferred** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 10 | **Jr. Subordinated Notes** | 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** |
| 11 | **Long Term Debt** | $2,678,860 | $2,928,860 | $2,928,860 | $2,778,860 | $2,778,860 | $2,778,860 | $2,778,860 | $2,778,860 | $2,778,860 | $3,128,860 | $3,128,860 | $3,128,860 | $3,120,860 | **$2,901,443** |
| 12 | 4.70% Series | 431 | 431 | - | - | - | - | - | - | - | - | - | - | - | 54 |
| 13 | 4.84% Series | 1,458 | 1,458 | - | - | - | - | - | - | - | - | - | - | - | 182 |
| 14 | **Total Preferred** | 1,889 | 1,889 | - | - | - | - | - | - | - | - | - | - | - | **236** |
| 15 | **Regulated Common Equity** | 2,549,865 | 2,583,990 | 3,379,502 | 3,354,509 | 3,371,757 | 3,384,294 | 3,331,008 | 3,324,330 | 3,319,230 | 3,300,654 | 3,295,954 | 3,306,058 | 3,332,508 | **3,241,039** |
| 16 | **Total Capital** | $6,221,368 | $6,353,361 | $6,397,806 | $6,327,812 | $6,265,060 | $6,267,611 | $6,257,720 | $6,446,087 | $6,395,987 | $6,452,412 | $6,467,712 | $6,577,816 | $6,581,266 | **$6,384,225** |
| 17 | Short-term debt | 15.9% | 13.2% | 1.4% | 3.1% | 1.8% | 1.7% | 2.4% | 5.3% | 4.7% | 0.4% | 0.7% | 2.2% | 1.9% | 3.8% |
| 18 | Long-term debt | 43.1% | 46.1% | 45.8% | 43.9% | 44.4% | 44.3% | 44.4% | 43.1% | 43.4% | 48.5% | 48.4% | 47.6% | 47.4% | 45.4% |
| 19 | Total Debt | 59.0% | 59.3% | 47.2% | 47.0% | 46.2% | 46.0% | 46.8% | 48.4% | 48.1% | 48.8% | 49.0% | 49.7% | 49.4% | 49.2% |
| 20 | 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% |
| 21 | Common | 41.0% | 40.7% | 52.8% | 53.0% | 53.8% | 54.0% | 53.2% | 51.6% | 51.9% | 51.2% | 51.0% | 50.3% | 50.6% | 50.8% |
| 22 | 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% |
| 23 | **Consol. Common Equity** | $2,249,186 | $2,261,485 | $3,027,481 | $2,998,863 | $3,013,756 | $3,048,979 | $2,995,835 | $3,001,032 | $2,994,912 | $3,026,120 | $3,018,324 | $3,023,389 | $3,083,072 | |
| 24 | Subsidiary R.E. | | | | | | | | | | | | | | |
| 25 | Puget Western | 4,608 | 4,608 | 4,608 | 4,800 | 4,800 | 4,800 | 6,048 | 6,048 | 6,048 | 5,966 | 5,966 | 5,966 | 5,840 | |
| 26 | HEDC | (27,619) | (27,619) | (27,619) | (27,705) | (27,705) | (27,705) | (27,781) | (27,781) | (27,781) | (27,866) | (27,866) | (27,866) | (31,107) | |
| 27 | Total Subsidiary R.E. | ($23,011) | ($23,011) | ($23,011) | ($22,905) | ($22,905) | ($22,905) | ($21,733) | ($21,733) | ($21,733) | ($21,900) | ($21,900) | ($21,900) | ($25,267) | |
| 28 | Other Comprehensive Income Adjustments (OCI) and Derivative Accounting | | | | | | | | | | | | | | |
| 29 | Derivative Impacts through Income | ($14,864) | ($17,378) | ($17,489) | ($16,379) | ($17,724) | ($8,619) | ($9,931) | ($11,216) | ($27,209) | $7,713 | ($6,895) | ($20,955) | ($14,049) | |
| 30 | OCI - Derivatives | (119,608) | (139,235) | (168,956) | (174,111) | (175,478) | (162,216) | (159,882) | (147,041) | (132,387) | (117,678) | (106,486) | (97,784) | (90,732) | |
| 31 | OCI - Other | (143,196) | (142,881) | (142,566) | (142,251) | (141,894) | (141,575) | (143,627) | (143,308) | (142,988) | (142,669) | (142,350) | (142,030) | (119,389) | |
| 32 | Total OCI Adj | (277,668) | (299,494) | (329,011) | (332,741) | (335,096) | (312,410) | (313,440) | (301,564) | (302,584) | (252,634) | (255,730) | (260,769) | (224,169) | |
| 33 | **Regulated Common Equity** | $2,549,865 | $2,583,990 | $3,379,502 | $3,354,509 | $3,371,757 | $3,384,294 | $3,331,008 | $3,324,330 | $3,319,230 | $3,300,654 | $3,295,954 | $3,306,058 | $3,332,508 | |

# Puget Sound Energy, Inc.
## Cost of Short-Term Debt
## For The 12 Months Ending December 31, 2009

| (A) | (B) | (C) | (D) | | (E) |
|---|---|---|---|---|---|
| **Description** | **Weighted Amt Outstanding (i)** | **Interest Rate** | **Annual Charge** | | **Cost Rate** |
| $500mm Bank Credit Facility | 36,140,822 | 1.400% | $506,112 | | |
| $375mm Bridge Loan Credit Agreement | 36,986,301 | 1.963% | $725,929 | | |
| $200mm AR Securitization Facility | 18,460,274 | 1.630% | $300,889 | | |
| | | | | | |
| Commercial Paper | $2,561,644 | 1.059% | $27,125 | | |
| Demand Promissory Note | $22,460,813 | 1.181% | $265,324 | | |
| $400mm Liquidity Facility | $71,890,411 | 1.283% | $922,302 | | |
| $400mm Capex Facility | $28,287,671 | 1.148% | $324,616 | | |
| Interest Charges & Avg Borrowing Rate | $216,787,936 | 1.417% | $3,072,297 | | |
| | | | | | |
| Commitment Fees | | | $1,781,982 | **(ii)** | |
| | | | | | |
| 12 Month Short Term Debt Issue Costs Amortization | | | $3,205,768 | **(iii)** | |
| | | | | | |
| **Total Short-Term Debt/Cost** | **$216,787,936** | | **$8,060,047** | | **3.72%** |

**(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 Amort

PUGET SOUND ENERGY
SHORT TERM DEBT RATE

**For The 12 Months Ending December 31, 2009**

| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) |
|---|---|---|---|---|---|---|---|
| **Weighted Avg. Outstandings and Rates and Total Commitment Fees** | | | | | | | |
| | Wtd. Avg. Outstandings | Period Interest | Wtd. Avg. Rate (365) | Commitment Fees | Beg. Date | End Date | |
| $500mm Credit Facility | $36,140,822 | $506,112 | 1.400% | $55,744 | 01/01/09 | 02/06/09 | *Note: Paid off 2-6-09 and terminated* |
| $375mm Bridge Facility | $36,986,301 | $725,929 | 1.963% | $0 | 01/01/09 | 02/06/09 | *Note: Paid off 2-6-09 and terminated* |
| $200mm AR Securitization | $18,460,274 | $300,889 | 1.630% | $25,000 | 01/01/09 | 02/06/09 | *Note: Paid off 2-6-09 and terminated* |
| Commercial Paper | $2,561,644 | $27,125 | 1.059% | $0 | 01/01/09 | 12/31/09 | |
| Demand Promissory Note | $22,460,813 | $265,324 | 1.181% | $0 | 01/01/09 | 12/31/09 | |
| $400mm Liquidity Facility | $71,890,411 | $922,302 | 1.283% | 763,010 | 02/05/09 | 12/31/09 | |
| $400mm Capex Facility | $28,287,671 | $324,616 | 1.148% | 875,877 | 02/05/09 | 12/31/09 | |
| Letters of Credit | | | | 62,351 | | | |
| **Totals** | $216,787,936 | $3,072,297 | 1.417% | **$1,781,982** | | | |

**Bank Facility Fees**

| Letters of Credit (LC) Fees | Beginning Date | Ending Date | Days | W. Avg. Amount | Rate | Fee |
|---|---|---|---|---|---|---|
| Goldendale; Klickitat PUD Transmission | 01/01/09 | 02/06/09 | 36 | $6,565,906 | 0.65% | 4,268 |
| Goldendale; Klickitat PUD Transmission | 02/04/09 | 12/31/09 | 330 | $6,336,333 | 1.00% | 58,083 |
| **Total Fees** | | | | | | $62,351 |

Fees are calculated for actual days elapsed on the basis of a 360 day year.

## PUGET SOUND ENERGY
## AMORTIZATION OF SHORT TERM DEBT ISSUE COSTS
For The 12 Months Ending December 31, 2009

| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) |
|---|---|---|---|---|---|---|---|
| | | | | | *New in 2010* | *New in 2010* | |
| 1 | **Description** | **AR Securitization** | **$500 million** | **$375 million** | **$400 million** | **$400 million** | |
| 2 | | **PSE Funding** | **5 Yr Cr Agrmt** | **Bridge Loan Fac** | **Working Cap Fac** | **Capex Fac** | **TOTAL** |
| 3 | **SAP #** | **18100400** | **18100583** | **18101103** | **18101083** | **18101073** | **AMORTIZATION** |
| 4 | | | | | | | |
| 5 | Beginning Balance | 138,087 | 815,866 | 536,017 | 8,272,296 | 8,272,296 | |
| 6 | | | | | | | |
| 7 | January-09 | (5,628) | (18,844) | (107,203) | | | |
| 8 | February-09 | | (4,038) | (22,972) | (123,642) | (123,642) | |
| 9 | March-09 | | | | (114,453) | (114,453) | |
| 10 | April-09 | | | | (183,856) | (183,856) | |
| 11 | May-09 | | | | (137,725) | (137,725) | |
| 12 | June-09 | | | | (137,223) | (137,223) | |
| 13 | July-09 | | | | (137,743) | (137,743) | |
| 14 | August-09 | | | | (137,743) | (137,743) | |
| 15 | September-09 | | | | (137,743) | (137,743) | |
| 16 | October-09 | | | | (137,743) | (137,743) | |
| 17 | November-09 | | | | (137,743) | (137,743) | |
| 18 | December-09 | | | | (137,927) | (137,927) | |
| 19 | | | | | | | |
| 20 | **Total Amortization** | **(5,628)** | **(22,882)** | **(130,175)** | **(1,523,541)** | **(1,523,541)** | **(3,205,768)** |
| 21 | | | | | | | |
| 22 | Costs transferred in | | | | 9,663 | 9,663 | |
| 23 | Costs transferred out | (132,459) | (792,984) | (405,841) | | | |
| 24 | Ending Balance | 0 | 0 | 0 | 6,758,418 | 6,758,418 | |
| 25 | | | | | | | |
| 26 | | | | | | | |
| 27 | | | | | | | |
| 28 | | | | | | | |

**Puget Sound Energy, Inc. Cost of Long Term Debt ($in 000's)**
**For The 12 Months Ending December 31, 2009**

| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | (M) | (N) | (O) | (P) | (Q) | (R) | (S) | (T) | (U) | (V) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Type | Interest Rate | Issue Date | Mat. Date | W. Avg. Amt O/S | Net Proceeds (i) | Cost Rate (ii) | Annual Charge | Dec-08 | Jan-09 | Feb-09 | Mar-09 | Apr-09 | May-09 | Jun-09 | Jul-09 | Aug-09 | Sep-09 | Oct-09 | Nov-09 | Dec-09 |
| 2 | MTN-B | 6.460% | Mar-99 | Mar-09 | 31,250 | 99.26 | 6.56% | 2,050 | 150,000 | 150,000 | 150,000 | | | | | | | | | | |
| 3 | MTN-C | 6.610% | Dec-95 | Dec-09 | 2,875 | 99.28 | 6.69% | 192 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | |
| 4 | MTN-C | 6.620% | Dec-95 | Dec-09 | 4,792 | 99.28 | 6.70% | 321 | 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 | 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 |
| 6 | 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 | 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 |
| 8 | 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 |
| 9 | 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 | 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 |
| 11 | 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 |
| 12 | 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 |
| 13 | SN | 6.750% | Jan-09 | Jan-16 | 239,583 | 99.24 | 6.89% | 16,507 | | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| 14 | 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 |
| 15 | 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 |
| 16 | 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 |
| 17 | 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 |
| 18 | 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 |
| 19 | 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 |
| 20 | 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 |
| 21 | 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 |
| 22 | 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 |
| 23 | 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 |
| 24 | 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 |
| 25 | SN | 5.757% | Sep-09 | Oct-39 | 102,083 | 98.98 | 5.83% | 5,951 | | | | | | | | | | 350,000 | 350,000 | 350,000 | 350,000 |
| 26 | | | | | | | | | | | | | | | | | | | | | |
| 27 | SUBTOTAL LONG TERM BONDS | | | | 2,651,443 | | 6.77% | 179,499 | 2,428,860 | 2,678,860 | 2,678,860 | 2,528,860 | 2,528,860 | 2,528,860 | 2,528,860 | 2,528,860 | 2,528,860 | 2,878,860 | 2,878,860 | 2,878,860 | 2,870,860 |
| 28 | | | | | | | | | | | | | | | | | | | | | |
| 29 | Trust Preferred & Jr. Subordinated Notes: | | | | | | | | | | | | | | | | | | | | |
| 30 | JrSubN | 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 |
| 31 | | | | | | | | | | | | | | | | | | | | | |
| 32 | | Annual Charge from Reacquired Debt Schedule | | | | | | 1,114 | | | | | | | | | | | | | |
| 33 | TOTAL LONG TERM DEBT | | | | 2,901,443 | | 6.85% | 198,688 | 2,678,860 | 2,928,860 | 2,928,860 | 2,778,860 | 2,778,860 | 2,778,860 | 2,778,860 | 2,778,860 | 2,778,860 | 3,128,860 | 3,128,860 | 3,128,860 | 3,120,860 |
| 34 | | | | | | | | | | | | | | | | | | | | | |
| 35 | (i) Net proceeds are the net proceeds per $100 face amount and are the proceeds less underwriter's fees and issuance expenses. | | | | | | | | | | | | | | | | | | | | |
| 36 | (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, 2009**

| (A) Issue | (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 # |
|---|---|---|---|---|---|---|---|---|
| 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 |
| 10.250% | 29-Dec-87 | 15-Dec-97 | 15-Dec-95 | | | 10-Nov-16 | $18,336 | 18900013 |
| 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 |
| 7.19% WNG MTN Due 2023 | 18-Aug-93 | 18-Aug-23 | 14-Nov-00 | | | 18-Aug-23 | ($120,997) | 25700013 |
| PCB Series 1991A | 7-Aug-91 | 1-Aug-21 | 11-Mar-03 | 2003 PCB's | 11-Mar-03 | 1-Mar-31 | $45,480 | 18900253 |
| PCB Series 1991B | 7-Aug-91 | 1-Aug-21 | 11-Mar-03 | 2003 PCB's | 11-Mar-03 | 1-Mar-31 | $34,561 | 18900263 |
| PCB Series 1992 | 1-Mar-92 | 1-Mar-22 | 11-Mar-03 | 2003 PCB's | 11-Mar-03 | 1-Mar-31 | $105,825 | 18900273 |
| PCB Series 1993 | 29-Apr-93 | 1-Apr-20 | 11-Mar-03 | 2003 PCB's | 11-Mar-03 | 1-Mar-31 | $32,298 | 18900283 |
| WNG 8.4% | 13-Jan-92 | 12-Jan-22 | 21-Mar-03 | | | 12-Jan-22 | $1,141 | 18900293 |
| WNG 8.39% | 13-Jan-92 | 13-Jan-22 | 21-Mar-03 | | | 13-Jan-22 | $2,663 | 18900303 |
| WNG 8.25% | 12-Aug-92 | 12-Aug-22 | 29-May-03 | | | 12-Aug-22 | $62,486 | 18900323 |
| PSPL 8.2% | 21-Dec-92 | 21-Dec-12 | 29-May-03 | | | 21-Dec-12 | $98,839 | 18900333 |
| PSPL 8.59% | 9-Apr-92 | 9-Apr-12 | 29-May-03 | | | 9-Apr-12 | $15,443 | 18900343 |
| WNG 7.19% | 18-Aug-93 | 18-Aug-23 | 18-Aug-03 | | | 18-Aug-23 | $10,656 | 18900353 |
| $200mm VRN | 15-Jul-04 | 15-Jul-06 | 27-May-05 | 30 Yr 5.483% | 27-May-05 | 27-May-35 | $17,087 | 18900183 |
| 8.231% Capital Trust I (Tender) | 6-Jun-97 | 1-Jun-27 | 1-Jun-05 | | | 1-Jun-27 | $229,804 | 18900193 |
| 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 |
| 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 |
| **Total Amortization on Reacquired Debt** | | | | | | | **$1,113,977** | |

(i) Applicable monthly amortization during the 12 month reporting period;
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, 2009

| (A) | (B) | (C) | (D) | (E) | (F) |
|---|---|---|---|---|---|
| **Issue** | **Par** | **Average Amount Outstanding** | **Cost Rate (i)** | **Annual Cost** | **All-in Cost Rate** |
| | | | | | |
| <u>**Preferred Stock**</u> | | | | | |
| 4.84% Series | $100 | $182,288 | 4.95% | $9,023 | |
| 4.70% Series | $100 | $53,888 | 4.77% | $2,570 | |
| Amortization of Loss on Reacquired PS **(ii)** | | | | $103,340 | |
| **Total Redeemable Preferred Stock (iii)** | | $236,176 | | $114,933 | 48.66% |

**(i)** Cost Rate=Dividend Rate/(Net Proceeds/Issue Amount).

**(ii)** See Total 2009 Preferred Stock Loss on PS Cost Rate page.

**(iii)** All-in cost rate not meaningful (nor material) in 2009 given short preferred stock outstanding time frame over which reacquistion loss is applied.

## Puget Sound Energy, Inc.
## Cost of Preferred Stock
## For The 12 Months Ending December 31, 2009

| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | (M) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Calculation of Preferred Stock Cost Rates** | | | | | | | | | | | | |
| | **Par** | **Issue Date** | **Maturity Date** | **Dividend Rate** | **Shares Issued** | **Shares Outstdg** | **Issue Amt** | **Premium** | **Undrwrtr Exp** | **Corp Exp** | **Net Proceeds** | **Cost Rate (i)** |
| **Mandatorily Redeemable** | | | | | | | | | | | | |
| 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%** |
| 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%** |
| Total Preferred Stock | | | | | | | $30,000,000 | | $435,000 | $107,600 | $29,457,400 | |

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

| **Amortization of Gain or Loss on Reacquired Preferred Stock** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Issue** | **Par** | **Shares Issued** | **Issue Date** | **Date Re-acquired** | **Original Issue Amount** | **Reacquired Shares** | **Call Price** | **Total (Gain) or Loss on Costs to Reacquire** | **End of Amortization Period** | **Prorated Annual Net Loss (Gain)** |
| 7.75% Series **(ii)** | $100 | 750,000 | 25-Mar-92 | 15-Aug-03 | $75,000,000 | 337,500 | $102.07 | $698,625 | 14-Aug-13 | $69,863 |
| 4.84% Series **(iii)** | $100 | 14,583 | 3-Jul-62 | 13-Mar-09 | $15,000,000 | 14,583 | $102.00 | $29,166 | 2009 Cost | $29,166 |
| 4.70% Series **(iii)** | $100 | 4,311 | 19-May-64 | 13-Mar-09 | $15,000,000 | 4,311 | $101.00 | $4,311 | 2009 Cost | $4,311 |
| **Total 2009 Amortization of Loss (Gain) on Reacquired Preferred Stock** | | | | | | | | | | **$103,340** |

**(ii)** For Cost of Capital calculation, the loss on the 7.75% Preferred Stock is amortized over 10 years.

**(iii)** Defeasance of the 4.84% and 4.70% Series was completed in March 2009; PSE's liability was removed in February 2009 once funds satisfying defeasance were deposited.