

**EXHIBIT NO. ___(RG-25C)
DOCKET NO. UE-09___/UG-09___
2009 PSE GENERAL RATE CASE
WITNESS: ROGER GARRATT**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-09___
Docket No. UG-09___**

**TWENTY-FOURTH EXHIBIT (CONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
ROGER GARRATT
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED
VERSION**

MAY 8, 2009

*Red 9-18
Credit Suisse
S&P # 1580348-1*



PUGET SOUND ENERGY POWER TRADING DEAL SHEET

DEAL NO. TLF 0729

DATE <u>9-16-08</u>		PSE TRADER <u>T. Fischer</u>	
COUNTERPARTY <u>Credit Suisse Energy, LLC</u>		COUNTERPARTY TRADER <u>Paul Choi</u>	
<input checked="" type="checkbox"/> PURCHASE <input type="checkbox"/> SALE <input type="checkbox"/> OTHER:			
PRICE <u>[scribble]</u> \$ / Mwhs	QUANTITY <u>50</u> Mw	TERM <u>1/1/09 - 3/31/13</u>	DELIVERY POINT <u>MidC</u>
HOURS <input type="checkbox"/> 6 X 16 <input type="checkbox"/> 6 X 8, 1 X 24 <input checked="" type="checkbox"/> 7 X 24 <input type="checkbox"/> OTHER: _____		<input checked="" type="checkbox"/> PPT <input type="checkbox"/> OTHER: _____ <input checked="" type="checkbox"/> CASH FLOW HEDGE <input type="checkbox"/> NP / NS <input type="checkbox"/> OTHER: _____	
		<input type="checkbox"/> CORE (BOM plus 5 months) <input checked="" type="checkbox"/> RMC APPROVED via email 9-16-08 <input type="checkbox"/> OTHER: _____	
		CONTRACT BROKER INFO <input type="checkbox"/> WSPP SCHED. A BROKER: <u>N/A</u> <input type="checkbox"/> WSPP SCHED. B CONTACT: _____ <input checked="" type="checkbox"/> WSPP SCHED. C COMMISSION: _____ /Mwhs <input type="checkbox"/> OTHER: <u>w/ amendments</u>	
TOTAL Mwhs <u>1,861,150</u>	<u>A 505569</u>		
COMMENTS: <u>Replacement for termination of contract w/ Lehman Brothers Commodity Services (TLF0412) Tracker #46.</u>			
			CONTRACT ENTRY

APPROVALS: TRADER _____ DIRECTOR [Signature] 9/17/08 SEP 16 2008
 3427 9-05 WHITE: TRADING FLOOR CANARY: CONTRACTS PINK: POSITION CONTROL BLUE: DEALMAKER INITIAL SA

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VERSION



CREDIT SUISSE ENERGY LLC
11 Madison Avenue Telephone 212-325-2000
New York, NY 10010 www.credit-suisse.com



16 September 2008

Puget Sound Energy, Inc.
10885 NE 4th Street
12th Floor
Bellevue, WA 98004
United States

APPROVED
SCHEDULING DESK


9/18

A505569
9/18/08

Reference ID: 1580348 - 1

1. This confirmation letter shall confirm the Transaction agreed to on 16th September 2008 (Trade Date) between Credit Suisse Energy, LLC ("CSE") and Puget Sound Energy, Inc. ("Counterparty") regarding the sale/purchase of the Product under the terms and conditions as follows:

This revised Confirmation supersedes and replaces any previous Confirmation for this Transaction.

Buyer:	Counterparty ✓
Seller:	CSE ✓
Product:	Physical Power ✓
Delivery Period:	
Begin Date:	01 January 2009 ✓
End Date:	31 March 2013 ✓
Schedule:	Hour Ending (HE) 0100 through (HE) 2400 (24 hours each ✓ day), Monday through Sunday including NERC Holidays, Pacific Prevailing Time (PPT)
Contract Quantity:	50 MW per hour ✓
Total Contract Quantity:	1,861,150 MWH ✓
Delivery Point:	Mid C ✓
Contract Price:	USD  per MWH ✓



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VERSION



Service Type: WSPP Schedule C with Liquidated Damages

NERC Holiday: North American Electricity Reliability Council (NERC) as reflected from time to time on its website currently located at <http://www.nerc.com/~oc/offpeaks.html>, or any successor thereto.

Payment Date(s): Twenty (20) New York calendar days following each Calendar Month, subject to adjustment in accordance with the Following Business Day Convention.

2. This transaction is governed by definitions and provisions of the WSPP Agreement, as such agreement may be amended from time to time, and as amended by Counterparty and CSE on 28 September 2006. In the event of any inconsistency between the WSPP Agreement and this Confirmation, this Confirmation will prevail.

3. Additional Provisions relating to the Master Confirmation Agreement to WSPP Agreement

A. **Events of Default.** Section 22.1(b) is amended by inserting “, or to have performed any material covenant,” between the phrases “required by Section 37” and “and such failure is not cured.”

B. **Set-off.** The following is added as a new section 22.4 immediately after the provisions in Section 22.3:

"22.4 SET-OFF.

After calculation of a Termination Payment, the Non-Defaulting Party ("NDP") may, at its option and in its discretion, set off, against any sum or obligation (whether matured or unmatured or whether or not contingent) (collectively, "Obligation") owed to the Defaulting Party ("DP") by NDP under this Agreement or under any other agreement(s), instrument(s) or undertaking(s), any Obligation owed by DP or any of its affiliates to NDP or any of its affiliates (irrespective of place of payment or booking office of the Obligation) under this Agreement or under any other agreement(s), instrument(s) or undertaking(s). The obligations of DP and NDP under this Agreement in respect of such amounts shall be deemed satisfied and discharged to the extent of any such setoff exercised by NDP and/or NDP's affiliates. NDP will give DP notice of any setoff effected under this Section as soon as practicable after the setoff is effected provided that failure to give such notice shall not affect the validity of the setoff.

If an obligation is unascertained, NDP may in good faith estimate that obligation and setoff in respect of the estimate, subject to the relevant Party accounting to the other when the obligation is ascertained. To the extent that any transactions are not yet liquidated, the NDP shall be entitled, at its option and in its discretion, to withhold payment of a commercially reasonable portion of the aggregate amount, if any, determined under the first paragraph above to be payable by NDP to DP after any pertinent setoff(s), until such transactions are liquidated. Nothing in this Section 22.4 shall be effective to





create a charge or other security interest except as may be provided under applicable law. This setoff provision shall be in addition to any right of setoff, netting, off-set, combination of accounts, counterclaim, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).”

- C. **Governing Law:** Section 24 is amended by deleting the word “Utah” and replacing it with the words “New York” and inserting “other than those applicable to contracts executed and performed therein” after “thereof”.
- D. **Waiver of Jury Trial/FERC Waiver:** Section 24 is further amended by adding the following new Sections 24A and 24B at the end thereof:

“24A. Waiver of Jury Trial. The Parties waive any right to trial by jury in any judicial action arising hereunder. In the event such judicial proceedings are instituted by either Party, the prevailing Party shall be entitled to award of its costs and attorneys’ fees incurred in connection with such proceedings.

24B. Binding Rates and Terms.

(a) Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements entered into in connection with this Agreement or any transaction thereunder including any right to seek or support: (i) an order from FERC finding that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in this Agreement are unjust and unreasonable; or (ii) any refund with respect thereto. These covenants and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter.

(b) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any section of this Agreement proposed by a Party, a non-party or FERC acting *sua sponte*, shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the “Mobile-Sierra” doctrine), if and to the extent such “public interest” standard may exist or apply.

- E. **No Fiduciary Relationship:** Section 37 is amended by inserting the following new language at the end thereof:

“Each Party further represents and warrants to the other Party, as of the date of each Confirmation, and of each delivery of capacity and/or energy in connection with the transaction related to such Confirmation, that the other Party is not acting as a fiduciary for or an adviser to it in respect of such transaction and it is not relying upon any representations of the other Party other than those expressly set forth in the WSPP Agreement, any Confirmation or any written guarantee of the obligations of such other Party.”





CREDIT SUISSE

F. Recordings: Section 32.5 is amended by adding the following to the end of that section before the period:

“, provided that each party will provide the other party with copies of any such recordings introduced into evidence.”

G. Guarantee Grace Period: Section 22.1(e)(ii) is amended by deleting the phrase, “, and such failure shall not be remedied within three (3) Business Days after written notice”.

H. Forward Contracts: Section 35 is amended by inserting the phrase “, the Master Confirmation Agreement” between “this Agreement” and “and the related Confirmation(s)” in the fourth line thereof.

I. Deletion of Alternative Dispute Resolution

Section 21.3(d) is amended by deleting the second sentence thereof.

Section 22.3 is amended by:

- 1) Deleting the last sentence in Section 22.3(e)(i); and
- 2) deleting Section 22.3(f).

Section 34 is hereby deleted in its entirety.

Exhibit D is hereby deleted in its entirety.

J. Insecurity

Notwithstanding any provision of law (including, without limitation, the Uniform Commercial Code as adopted in the state of New York, if applicable) to the contrary, unless otherwise agreed by the Parties in a separate written agreement, neither Party (for purposes of this section, “First Party”) shall have any obligation pursuant to the Agreement or otherwise to provide to the other Party any adequate assurance of performance, any letter of credit, any cash prepayment or any other kind of collateral, security or credit support to secure First Party’s performance of its obligations under the transaction described in any Confirmation, even if the other Party has any grounds for insecurity regarding the performance by First Party of its obligations under any Confirmation.

K Payment of Undisputed Amounts

Section 9.4 is revised in its entirety as follows:





"In order to dispute a bill in whole or in part, a Party must (i) have a good faith belief that the bill is incorrect and (ii) provide written notice of the dispute to the other Party to the transaction. Such written notice shall specify the amount in dispute and state the basis for the dispute. In case any portion of any bill is in dispute, the undisputed amount shall be paid when due. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued from and including the due date to but excluding the date paid with interest calculated in the manner set forth in Section 9.3. A Party shall have the right to dispute the accuracy of any bill or payment only for a period of two (2) years from the date on which the bill was initially delivered."

L. Non-Payment

Notwithstanding any provision of the WSPP Agreement to the contrary (including, without limitation, Section 22 thereof), the non-payment of any amount disputed in good faith shall not constitute an "Event of Default" under the WSPP Agreement or any Confirmation thereunder with respect to either Party.

M. Payment Netting

Section 28.1 is deleted in its entirety and replaced with the following: "The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date pursuant to all transactions through netting, in which case all amounts owed by each Party to the other Party for the purchase and sale of electric energy during the monthly billing period under this Agreement, interest, and payments or credits, shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it."

Section 28.2 is deleted in its entirety. Furthermore, the Parties agree that Exhibit A shall not be applicable to any transaction under this Agreement.

Please execute and return this Confirmation to us, or provide notice of a dispute of any terms, or request a correction of any error via fax at (212) 951-8823 or via email to energy.confirms@credit-suisse.com herein within five (5) Local Business Days of the date written above. Your failure to respond within such period shall not affect the enforceability of the Transaction as against you.





Yours faithfully,

Credit Suisse Energy LLC

By: _____
Name: Dean Brier
Title: Vice President

Confirmed as of the date first written above:
Puget Sound Energy, Inc.

By: _____
Name: _____
Title: Paul M. Wiegand
VP Power Generation
Puget Sound Energy



Message Confirmation Report

SEP-19-2008 09:14 AM FRI

Xerox WorkCentre 4118 Series
Machine ID :
Serial Number : YHT732587.....
Fax Number : 4254623836

Name/Number : 912129518823
Page : 7
Start Time : SEP-19-2008 09:13AM FRI
Elapsed Time : 01' 32"
Mode : STD ECM
Results : O.K



Attn: _____
Company: Credit Suisse Energy LLC
Fax: 212 951-8823
From: Pat Smaaladen
Phone: 425-462-3783
Fax: 425-462-3175
Date: 9/19/08

Total pages including cover sheet 7

Puget deal #: A505569

Your deal #: 1580348-1

Confidentiality Notice: This transaction and all attachments hereto may contain information proprietary to Puget Sound Energy (PSE) or information which is confidential. This information is intended only for the use of the addressee named above. Unauthorized use of such information is strictly prohibited. If you have received this transmission in error, please notify PSE immediately at the number indicated above.

Puget Sound Energy, P.O.Box 07034, Bellevue, WA 08009-9734

CREDIT SUISSE

CREDIT SUISSE ENERGY LLC

11 Madison Avenue Telephone 212-325-2000
New York, NY 10010 www.credit-suisse.com

16 September 2008


Puget Sound Energy, Inc.
10885 NE 4th Street
12th Floor
Bellevue, WA 98004
United States

INITIALS
pls
9-17

Reference ID: 1580348 - 1

A505569

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Schedule:	Hour Ending (HE) 0100 (day), Monday through Pacific Prevailing Time
Contract Quantity:	50 MW per hour ✓
Total Contract Quantity:	1,861,150 MWH ✓
Delivery Point:	Mid C ✓
Contract Price:	USD  per MWH ✓

Amended confirm on the way, which will included add'l contracts terms. vs.



Reference: 1580348 - 1
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VERSION



Service Type: WSPP Schedule C with Liquidated Damages

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Yours faithfully,

Credit Suisse Energy LLC

By: _____

Name: Dean Brier

Title: Vice President

Confirmed as of the date first written above:
Puget Sound Energy, Inc.

By: _____

Name:

Title:





CREDIT SUISSE

Telefax

To	CS Confirmation 1580348	Recipient Fax	4254623175
Sender	energy.confirms@credit-suisse.com	Sender Fax	Direct Line
Date	9/16/2008	Pages	3 (Excluding Coverpage)
Re			

Message

This pertains to trade 1580348.

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