

EXHIBIT NO. ___(RG-28)
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-SEVENTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
ROGER GARRATT
ON BEHALF OF PUGET SOUND ENERGY, INC.**

MAY 8, 2009

January 12, 2009

VIA FEDERAL EXPRESS

GE Capital Commercial Inc.
c/o GE Capital Solutions
44 Old Ridgebury Road
Danbury, CT 06810
Attn: Mr. James Gavaghan
Authorized Representative

Re: Master Leasing Agreement dated as of September 1, 1988, between GE Capital Commercial Inc. (formerly known as Citicorp Leasing, successor-in-interest to BLC Corporation), as Lessor, and Puget Sound Energy, Inc. (formerly known as Puget Sound Power & Light Company), as Lessee

Dear Mr. Gavaghan:

Puget Sound Energy, Inc. ("PSE") acknowledges receipt of your November 14, 2008 letter notifying PSE of the election of GE Capital Commercial Inc. ("GE") to terminate the subject master leasing agreement (as supplemented, modified and amended from time to time, the "Lease"). Please confirm that January 13, 2009 is the effective termination date of the Lease.

Pursuant to Section 16 of the Lease, PSE elects to purchase all Equipment for its then Unamortized Value within one (1) year from the effective termination date. PSE anticipates that such purchase will occur on January 13, 2010.

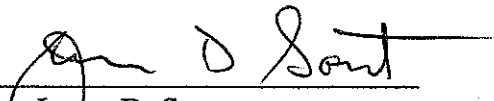
PSE proposes to provide in the near future a form of purchase agreement for GE's review. Subject to GE's concurrence, the agreement will contemplate that the Equipment assets will be transferred by GE to a special purpose limited liability company formed by GE prior to December 15, 2009, and that PSE will acquire all of the membership interests of such LLC to consummate the purchase transaction. Based on PSE's prior experience, under this structure, state sales tax would not be imposed in connection with the Equipment purchase by PSE.

GE Capital Commercial Inc.
January 12, 2009
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We look forward to your reply acknowledging the effective termination date of the Lease and confirming whether the proposed drop-down structure will be acceptable to GE.

Very truly yours,

Puget Sound Energy, Inc.

By 
James D. Sant
Assistant Treasurer