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March 31, 2009

VIA HAND DELIVERY

David Danner, Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

**Re: Petition of Puget Sound Energy, Inc. For Approval of its
Power Cost Adjustment Mechanism Annual Report for the
Twelve Months Ended December 31, 2008**

Dear Mr. Danner:

Enclosed for filing are an original and two copies of the Petition of Puget Sound Energy, Inc. ("PSE" or "the Company") for Approval of its Power Cost Adjustment Mechanism Annual Report, and an original and two copies of the Power Cost Adjustment Mechanism Annual Report for PCA Period 7.

This Petition presents for the Commission's review and approval PSE's Power Cost Adjustment Mechanism Annual Report for the Twelve Months Ended December 31, 2008—PCA Period 7. The Petition is filed in compliance with the Sixteenth Supplemental Order (Amending the Twelfth Supplemental Order) in Docket Nos. UE-011570 and UG-011571.

In support of its Petition, the Company presents the prefiled direct testimony and accompanying exhibits of: Mr. John H. Story, PSE's Director of Cost and Regulation, and Mr. David E. Mills, PSE's Director of Power and Gas Supply Operations. An original and two copies of supporting work papers are also provided.

Please note that the materials submitted in support of the Company's Petition include information and documents that are **CONFIDENTIAL PURSUANT TO WAC 480-07-160**. These materials include extensive, current information regarding the Company's risk management analyses and strategies, details regarding specific hedging transactions, and other information that is commercially sensitive and would harm the Company, its customers

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and shareholders if released. Some of the information may not be publicly released due to restrictions placed on PSE by third parties who provided or are identified in the materials and would be harmed by public release of the information.

We have provided an electronic copy of this filing on the enclosed confidential and redacted CDs.

Thank you for your assistance.

Very truly yours,

A handwritten signature in blue ink that reads "Sheree S. Carson". The signature is written in a cursive, flowing style.

Sheree S. Carson

SSC:gsu

Enclosures