

2010 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 2010.

Short Term Borrowing Arrangements

At January 1, 2010, PSE had four short-term borrowing arrangements, which included a \$400 million 5-year Working Capital line of credit, a \$400 million 5 year Capital Expenditures line of credit, a \$350 million 5-year Energy Hedging line of credit and a \$30 million Demand Promissory Note.

\$400 Million Working Capital Credit Agreement

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. On May 10, 2010, the agreement was amended to add a swingline feature allowing same day borrowings of up to \$50 million and clarifying language.

Level of Expenses

Fees and expenses paid in connection with entering into the credit agreement through December 31, 2010 were as follows:

<u>Description</u>	<u>Amount</u>
Bank Participation, Arrangement & Agent Fees	\$9,695,361
Rating Agency Fees	209,415
Legal Fees, Other Fees	<u>34,080</u>
Total	<u>\$9,938,856</u>

\$400 Million Capital Expenditures Credit Agreement

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, 2010 were as follows:

<u>Description</u>	<u>Amount</u>
Bank Participation, Arrangement & Agent Fees	\$9,695,361
Rating Agency Fees	209,415
Legal Fees, Other Fees	<u>34,127</u>
Total	<u>\$9,938,903</u>

\$350 Million Energy Hedging Credit Agreement

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, 2010 were as follows:

<u>Description</u>	<u>Amount</u>
Bank Participation, Arrangement & Agent Fees	\$8,310,310
Rating Agency Fees	179,498
Legal Fees, Other Fees	<u>29,074</u>
Total	<u>\$8,518,882</u>

\$30 Million Demand Promissory Note

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. 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.

Securities Transactions

Retirement of \$225 million Medium Term Notes – Series B

On February 22, 2010, 7.96% Medium Term Notes, Series B, totaling \$225.0 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 \$325 million Senior Notes Due 2040

On March 8, 2010, Puget Sound Energy sold in a public offering \$325 million of Senior Notes maturing on March 15, 2040. Net proceeds after underwriting fees were \$322.2 million. The notes were issued at an interest rate of 5.795% 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 March 2010 in WUTC Docket No. UE-100365.

Use of Proceeds

The net proceeds were used by the Company to replenish cash used to repay the \$225 million Medium Term Notes that matured on February 22, 2010 and, in part, to repay short term debt outstanding under the \$400 million Capital Expenditures credit facility.

Level of Expenses

Fees and expenses paid in connection with the issuance of the Senior Notes through December 31, 2010 were as follows:

<u>Description</u>	<u>Amount</u>
Underwriters Fee	\$2,843,750
Rating Agency	240,500
Legal Fees	174,137
Allocation of Shelf Registration Expenses	50,306
Accountant's Fee	42,437
Printing, Trustee and SEC Fees	<u>32,936</u>
Total	<u>\$3,384,066</u>

Issuance of \$250 million Senior Notes Due 2040

On June 29, 2010, Puget Sound Energy sold in a public offering \$250 million of Senior Notes maturing on July 15, 2040. Net proceeds after underwriting fees were \$247.8 million. The notes were issued at an interest rate of 5.764% 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 June 2010 in WUTC Docket No. UE-101096.

Use of Proceeds

The net proceeds were used by the Company to repay short term debt outstanding under the \$400 million capital expenditure credit facility and to repay a \$7.0 million 7.12% medium term note that matured on September 13, 2010.

Level of Expenses

Fees and expenses paid in connection with the issuance of the Senior Notes through December 31, 2010 were as follows:

<u>Description</u>	<u>Amount</u>
Underwriters Fee	\$2,187,500
Legal Fees	192,606
Rating Agency	116,250
Allocation of Shelf Registration Expenses	38,697
Accountant's Fee	35,900
Printing, Trustee and SEC Fees	<u>16,010</u>
Total	<u>\$2,586,963</u>

Retirement of \$7.0 million Series C Medium Term Notes

On September 13, 2010, \$7.0 million of 7.12% Medium Term Notes, Series C, 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.

Securities Scheduled to Mature in the Following Reporting Period (year ending Dec. 31, 2011)

<u>Series</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Principal</u>
Medium Term Note C	7.690%	Feb-2011	\$260,000,000

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, 2010.

**ATTACHMENT A to PSE's Annual
Report of Securities Transactions
dated May 12, 2011**

**Cost of Capital for the Year Ending
December 31, 2010**

PUGET SOUND ENERGY, INC.

**Utility Capital Structure
Cost of Capital and Rate of Return
For The 12 Months Ending December 31, 2010**

(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 Short Term Debt	\$137,068,618	2.05%	5.11%	0.11%
9 Long Term Debt	\$3,314,651,667	49.49%	6.59%	3.26%
11 Common Stock	<u>\$3,245,236,434</u>	<u>48.46%</u>	10.10%	<u>4.89%</u>
13 Total	<u>\$6,696,956,719</u>	<u>100.00%</u>		<u>8.26%</u>
16 (i) - Average of Month-End Balances				

PUGET SOUND ENERGY, INC
Utility Capital Structure Calculation
Dec 31, 2009 Through Dec 31, 2010

Average of Month-End Balances

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
	(\$ thousands)	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Balances
1															Avg of Mo- end
2	Commercial Paper						11,200								933
3	Intercompany Loan with PE	22,898	22,898	22,898	22,898	22,898	22,898	22,898	22,898	22,898	22,898	22,898	22,898	22,898	22,885
4	Bank Credit Facilities	\$105,000	\$185,000	\$325,000	\$40,000	\$65,000	\$177,000				\$77,000	\$127,000	\$187,000	\$247,000	113,250
5	Short-term debt	\$127,898	\$207,898	\$347,898	\$62,898	\$87,898	\$211,098	\$22,898	\$22,898	\$22,898	\$99,898	\$149,898	\$209,898	\$269,898	\$137,069
6	Long-term Bonds	\$2,870,860	\$2,870,860	\$2,645,860	\$2,970,860	\$2,970,860	\$2,970,860	\$3,220,860	\$3,220,860	\$3,220,860	\$3,213,860	\$3,213,860	\$3,213,860	\$3,213,860	\$3,064,652
7	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
8	Long Term Debt	\$3,120,860	\$3,120,860	\$2,895,860	\$3,220,860	\$3,220,860	\$3,220,860	\$3,470,860	\$3,470,860	\$3,470,860	\$3,463,860	\$3,463,860	\$3,463,860	\$3,463,860	\$3,314,652
9	Total Preferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Regulated Common Equity	3,326,659	3,338,663	3,340,874	3,285,774	3,292,945	3,221,226	3,191,859	3,190,349	3,181,645	3,193,200	3,198,959	3,221,818	3,244,391	3,245,236
11	Total Capital	\$6,575,417	\$6,667,420	\$6,584,632	\$6,569,532	\$6,601,703	\$6,653,184	\$6,685,616	\$6,684,107	\$6,675,403	\$6,756,957	\$6,812,717	\$6,895,575	\$6,977,849	\$6,696,957
12	Short-term debt	1.9%	3.1%	5.3%	1.0%	1.3%	3.2%	0.3%	0.3%	0.3%	1.5%	2.2%	3.0%	3.9%	2.0%
13	Long-term debt	47.5%	46.8%	44.0%	49.0%	48.8%	48.4%	51.9%	51.9%	52.0%	51.3%	50.8%	50.2%	49.6%	49.5%
14	Total Debt	49.4%	49.9%	49.3%	50.0%	50.1%	51.6%	52.3%	52.3%	52.3%	52.7%	53.0%	53.3%	53.5%	51.5%
15	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%
16	Common	50.59%	50.07%	50.74%	50.02%	49.88%	48.42%	47.74%	47.73%	47.66%	47.26%	46.96%	46.72%	46.50%	48.46%
17	Total	100.0%	100.0%	100.0%	100.00%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

19 Consol. Common Equity

20	Subsidiary R.E.	\$3,083,072	\$3,085,277	\$3,079,708	\$2,986,958	\$3,003,509	\$2,972,663	\$2,928,875	\$2,917,900	\$2,888,213	\$2,892,282	\$2,903,113	\$2,935,927	\$2,974,908
21	Puget Western	5,840	5,840	5,840	5,695	5,695	5,695	5,550	5,550	5,550	5,240	5,240	5,240	4,883
22	HEDC	(31,107)	(31,107)	(31,107)	(30,412)	(30,412)	(30,412)	-	-	-	-	-	-	-
23	Total Subsidiary R.E.	(\$25,267)	(\$25,267)	(\$25,267)	(\$24,717)	(\$24,717)	(\$24,717)	(\$5,550)	(\$5,550)	(\$5,550)	(\$5,240)	(\$5,240)	(\$5,240)	(\$4,883)
24	Other Comprehensive Income Adjustments (OCI) and Derivative Accounting													
25	Derivative Impacts through Income	(\$8,200)	(\$24,772)	(\$39,181)	(\$81,661)	(\$78,410)	(\$70,616)	(\$87,593)	(\$101,805)	(\$127,138)	(\$138,657)	(\$137,729)	(\$131,481)	(\$116,720)
26	OCI - Derivatives	(90,732)	(84,418)	(78,250)	(71,590)	(68,767)	(66,566)	(64,462)	(60,152)	(56,306)	(52,129)	(48,447)	(45,202)	(41,870)
27	OCI - Other	(119,389)	(118,928)	(118,468)	(118,848)	(117,542)	(116,479)	(116,042)	(115,537)	(115,371)	(114,910)	(114,448)	(114,448)	(115,777)
28	Total OCI Adj	(218,320)	(228,119)	(235,899)	(272,098)	(264,719)	(254,258)	(268,534)	(277,998)	(298,981)	(306,157)	(301,086)	(291,131)	(274,366)
29	Regulated Common Equity	\$3,326,659	\$3,338,663	\$3,340,874	\$3,285,774	\$3,292,945	\$3,221,226	\$3,191,859	\$3,190,349	\$3,181,645	\$3,193,200	\$3,198,959	\$3,221,818	\$3,244,391

Puget Sound Energy, Inc.
Cost of Short-Term Debt
For The 12 Months Ending December 31, 2010

(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	\$218,904	0.659%	\$1,443	
Demand Promissory Note	\$22,896,142	0.951%	\$217,697	
\$400mm Liquidity Facility	\$30,205,479	1.168%	\$352,815	
\$400mm Capex Facility	\$78,071,233	1.154%	\$900,827	
Interest Charges & Avg Borrowing Rate	<u>\$131,391,758</u>	<u>1.121%</u>	<u>\$1,472,782</u>	
Commitment Fees			\$1,922,637	(ii)
12 Month Short Term Debt Issue Costs Amortization			\$3,324,806	(iii)
Total Short-Term Debt/Cost	\$131,391,758		\$6,720,225	5.11%

(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, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Weighted Avg. Outstandings and Rates and Total Commitment Fees									
	Wtd. Avg. Outstandings	Period Interest	Wtd. Avg. Rate (365)	Commitment Fees					
Commercial Paper	\$218,904	\$1,443	0.659%	\$0					
Demand Promissory Note	\$22,896,142	\$217,697	0.951%	\$0					
\$400mm Liquidity Facility	\$30,205,479	\$352,815	1.168%	960,661					
\$400mm Capex Facility	\$78,071,233	\$900,827	1.154%	848,640					
Letters of Credit				113,336					
Totals	\$131,391,758	\$1,472,782	1.121%	\$1,922,637					
Bank Facility Fees									
Commitment Fee Calculation									
	Beginning Date	Ending Date	Days	Commitment	W. Avg Annual Utilized (Drawn)	W. Avg Annual Unutilized Commitment	Fee %	Fee \$	
\$400mm Liquidity Facility	12/31/09	12/31/10	365	\$400,000,000	\$35,576,425	\$364,423,575	0.260%	\$960,661	
\$400mm Capex Facility	12/31/09	12/31/10	365	\$400,000,000	\$78,071,233	\$321,928,767	0.260%	848,640	
Bank Facility Commitment Fees								<u>\$1,809,301</u>	
Letters of Credit (LC) Fees									
	Facility	Days	W. Avg Amount	Fee %	Fee \$				
Goldendale; Klickitat PUD Transmission	Wells Fargo (not within facility)	365	\$5,941,683	1.00%	\$60,242				
BPA Transmission	Liquidity Facility (Barclays)	365	\$5,370,946	0.975%	\$53,094				
Total Fees								<u>\$113,336</u>	
Commitment 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, 2010

(A)	(B)	(C)	(D)	(E)
Description	\$400 million Working Cap Fac 18101083	\$400 million Capex Fac 18101073	TOTAL AMORTIZATION	
1				
2	SAP #			
3	Beginning Balance	\$6,758,418	\$6,758,418	
4	As of: 12/31/09			
5	January-10	(137,927)	(137,927)	
6	February-10	(137,939)	(137,939)	
7	March-10	(137,962)	(137,962)	
8	April-10	(137,969)	(137,969)	
9	May-10	(138,642)	(138,642)	
10	June-10	(138,831)	(138,831)	
11	July-10	(138,838)	(138,838)	
12	August-10	(138,851)	(138,851)	
13	September-10	(138,860)	(138,862)	
14	October-10	(138,860)	(138,862)	
15	November-10	(138,860)	(138,862)	
16	December-10	(138,860)	(138,862)	
17				
18				
19				
20				
21	Total Amortization for 12 months ended	(\$1,662,401)	(\$1,662,405)	(\$3,324,806)
22				
23	Costs transferred in	41,832	41,878	
24	Costs transferred out			
25	Ending Balance	<u>\$5,137,849</u>	<u>\$5,137,891</u>	

Puget Sound Energy, Inc.
Schedule of Annual Charges on Reacquired Debt
For The 12 Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	Issue	Issue Date	Maturity Date	Redemption Date	Refinance Issue	Refinance Date	Maturity Date for Amort.	Annual Amortization (i)	SAP #
1									
2									
3									
4									
5	7.19% WNG MTN Due 2023	18-Aug-93	18-Aug-23	14-Nov-00			1-Feb-11	(\$120,997)	25700013
6	PSPPL 8.59%	9-Apr-92	9-Apr-12	29-May-03			9-Apr-12	\$15,443	18900343
7	PSPPL 8.2%	21-Dec-92	21-Dec-12	29-May-03			21-Dec-12	\$98,839	18900333
8	10.250%	29-Dec-87	15-Dec-97	15-Dec-95			10-Nov-16	\$18,336	18900013
9	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
10	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
11	WNG 8.4%	13-Jan-92	12-Jan-22	21-Mar-03			12-Jan-22	\$1,141	18900293
12	WNG 8.39%	13-Jan-92	13-Jan-22	21-Mar-03			13-Jan-22	\$2,663	18900303
13	WNG 8.25%	12-Aug-92	12-Aug-22	29-May-03			12-Aug-22	\$62,486	18900323
14	WNG 7.19%	18-Aug-93	18-Aug-23	18-Aug-03			18-Aug-23	\$10,656	18900353
15	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
16	8.231% Capital Trust I (Tender)	6-Jun-97	1-Jun-27	1-Jun-05			1-Jun-27	\$229,804	18900193
17	PCB Series 1991A	7-Aug-91	1-Aug-21	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$45,480	18900253
18	PCB Series 1991B	7-Aug-91	1-Aug-21	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$34,561	18900263
19	PCB Series 1992	1-Mar-92	1-Mar-22	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$105,825	18900273
20	PCB Series 1993	29-Apr-93	1-Apr-20	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$32,298	18900283
21	\$200mm VRN	15-Jul-04	15-Jul-06	27-May-05	30 Yr 5.483%	27-May-05	27-May-35	\$17,087	18900183
22	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
23									
24									
25	Total Amortization on Reacquired Debt							\$1,113,977	
26									
27									
28									
29	(i) Applicable monthly amortization during the 12 month reporting period;								
30	Amortization is over life of replacement issue or remaining life of called bond if no replacement issue.								

Total Amortization on Reacquired Debt

\$1,113,977