

EXHIBIT NO. ___(RG-49)
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___

**FORTY-EIGHTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
ROGER GARRATT
ON BEHALF OF PUGET SOUND ENERGY, INC.**

MAY 8, 2009



Chicago Climate Exchange

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Chicago, Illinois 60603 F 312.554.3373

November 14, 2008

Mr. Keith Faretra
Senior Environmental Scientist
Puget Sound Energy, Inc.
10885 NE 4th Street
PSE-11N
Bellevue, WA 98004

Re: Baseline, 2003, 2004, 2005 & 2006 Emissions Verification and Analysis

Dear Mr. Faretra:

The Chicago Climate Exchange ("CCX") Environmental Compliance Committee ("Committee") reviewed the report issued by FINRA, CCX' Regulatory Service Provider, regarding Puget Sound Energy, Inc.'s ("Puget Sound") Baseline, 2003, 2004, 2005 and 2006 emissions.

On the basis of the information presented, the Committee determined to approve a baseline level derived from the firm's third submission dated June 23, 2008 and adjusted by FIRNA to properly calculate the baseline contribution of an entity acquired during the baseline period.

	<u>Direct Emissions Baseline</u>			
	6,742,300			
CO ₂ metric tons				
The Committee also approved the third submission of the 2003 emissions dated September 16, 2008, and the fourth submissions of the 2004, 2005 and 2006 emissions dated October 8, 2008.				
	<u>2003 Emissions</u>	<u>2004 Emissions</u>	<u>2005 Emissions</u>	<u>2006 Emissions</u>
CO ₂ metric tons	5,624,100	5,837,400	5,866,200	5,533,800

FINRA's combined Baseline, 2003, 2004, 2005 and 2006 Emissions Report is enclosed.

CCX will cancel the appropriate number of Vintages 2003, 2004, 2005 and 2006 Carbon Financial Instruments ("CFI") to cover Puget Sound's emissions for 2003, 2004, 2005 and 2006. The attached statements reflect Puget Sound's Registry Account Holdings as of November 12, 2008 based on the approved baseline level and net of the Vintages 2003, 2004, 2005 and 2006 CFIs to be cancelled.

The Committee noted that FINRA had identified two internal control recommendations which it wishes to bring to your attention.

1. To ensure the accurate reporting of emissions and to avoid the need to submit multiple revisions, Puget Sound should conduct a more intensive internal review of its reporting forms to ensure all facilities are being properly reported.
2. The firm should review its procedures regarding the public reporting of its emissions to ensure consistency of the emissions being reported to federal agencies and to CCX.

The Committee wishes to thank Puget Sound Energy, Inc. for its cooperation during the FINRA review. Please address any questions you have to the undersigned at (312) 554-1019 or bboyk@theccx.com.

For the Environmental Compliance Committee,

William G. Boyk
Senior Vice President – Exchange Operations

cc: Matt Reyburn, FINRA

www.chicagoclimateexchange.com

Chicago Climate Exchange Carbon Financial Instrument (CFI) Positions Summary
Vintage 2003 CFIs

CCX Member: Puget Sound Energy, Inc.

As of: November 12, 2008

All quantities are in CFIs, each of which represents one hundred metric tons carbon dioxide.

I. Emission baseline, reduction objective, 2003 emissions

Emission Baseline	67,423
Emission Reduction Objective (Rulebook section 4.6)	66,749
2003 Emissions	56,241

II. Current Holdings and Allowed Banking of Vintage 2003 CFIs

Exchange Allowance Initial Allocation	66,749
Net Sales or Purchases via CCX Trading Platform as of November 12, 2008	0
LESS: CFIs to be cancelled for compliance	<u>(56,241)</u> <i>(Adjustment to Registry Account)</i>
Gross Surplus of Vintage 2003 CFIs before reclassifications	10,508
Reclassifications:	
CFIs to be placed in Special Reserve ¹	0
CFIs to be placed in Super Reductions ¹	<u>(8,485)</u> <i>(Adjustment to Registry Account)</i>
CFIs that can be banked and/or sold¹	2,023

¹The applicable banking plus net sales limit for 2003 vintage is the lesser of the surplus, 3% of each Member's baseline (2,023 CFIs) or the Single Firm Sales Limit (SFSL) for Vintage 2003 CFIs, plus auction purchases and plus/minus net trading activity. The difference between the maximum recognized emissions reduction (3% of baseline) and the SFSL will be placed in Special Reserve. For the 2003 vintage, the SFSL has increased to 2,579 CFIs due to baseline growth.

Please note: These calculations are based on: audited baseline, revised if applicable, audited 2003 emissions, revised if applicable, your purchases and sales of CFIs, your purchases and sales of CFIs during the CCX Auction and any other necessary information you provided to CCX. CCX assumes no liability for the accuracy of information as provided to CCX.

Due to rounding, your CCX Registry Account Holdings may vary slightly from this statement.

Chicago Climate Exchange Carbon Financial Instrument (CFI) Positions Summary
Vintage 2004 CFIs

CCX Member: Puget Sound Energy, Inc.

As of: November 12, 2008

All quantities are in CFIs, each of which represents one hundred metric tons carbon dioxide.

I. Emission baseline, reduction objective, 2004 emissions

Emission Baseline	67,423
Emission Reduction Objective (Rulebook section 4.6)	66,075
2004 Emissions	58,374

II. Current Holdings and Allowed Banking of Vintage 2004 CFIs

Exchange Allowance Initial Allocation	66,075
Net Sales or Purchases via CCX Trading Platform as of November 12, 2008	0
LESS: CFIs to be cancelled for compliance	<u>(58,374)</u> <i>(Adjustment to Registry Account)</i>
Gross Surplus of Vintage 2004 CFIs before reclassifications	7,701
Reclassifications:	
CFIs that can be banked, but not sold ¹	0
CFIs to be placed in Super Reductions ¹	<u>(5,004)</u> <i>(Adjustment to Registry Account)</i>
CFIs that can be banked and/or sold¹	2,697

¹The applicable banking plus net sales limit for 2004 vintage is the lesser of the surplus, 4% of each Member's baseline (2,697 CFIs) or the Single Firm Sales Limit (SFSL) for Vintage 2004 CFIs, plus auction purchases and plus/minus net trading activity. The difference between the maximum recognized emissions reduction (4% of baseline) and the SFSL will be banked. For the 2004 vintage, the SFSL has increased to 5,047 CFIs due to baseline growth.

Please note: These calculations are based on: audited baseline, revised if applicable, audited 2004 emissions, revised if applicable, your purchases and sales of CFIs, your purchases and sales of CFIs during the CCX Auction and any other necessary information you provided to CCX. CCX assumes no liability for the accuracy of information as provided to CCX. Due to rounding, your CCX Registry Account Holdings may vary slightly from this statement.

Chicago Climate Exchange Carbon Financial Instrument (CFI) Positions Summary
Vintage 2005 CFIs

CCX Member: Puget Sound Energy, Inc.

As of: November 12, 2008

All quantities are in CFIs, each of which represents one hundred metric tons carbon dioxide.

I. Emission baseline, reduction objective, 2005 emissions

Emission Baseline	67,423
Emission Reduction Objective (Rulebook section 4.6)	65,400
2005 Emissions	58,662

II. Current Holdings and Allowed Banking of Vintage 2005 CFIs

Exchange Allowance Initial Allocation	65,400
Net Sales or Purchases via CCX Trading Platform as of November 12, 2008	0
LESS: CFIs to be cancelled for compliance	<u>(58,662)</u> <i>(Adjustment to Registry Account)</i>
Gross Surplus of Vintage 2005 CFIs before reclassifications	6,738
Reclassifications:	
CFIs that can be banked, but not sold ^{1,2}	0
Super Reductions ¹	<u>(2,693)</u> <i>(Adjustment to Registry Account)</i>
CFIs that can be banked and/or sold¹	4,045

¹The applicable banking plus net sales limit for 2005 vintage is the lesser of the surplus, 6% of each Member's baseline (4,045 CFIs) or the Single Firm Sales Limit (SFSL) for Vintage 2005 CFIs, plus auction purchases and plus/minus net trading activity. The difference between the maximum recognized emissions reduction (6% of baseline) and the SFSL will be banked. For the 2005 vintage, the SFSL has increased to 7,355 CFIs due to baseline growth.

Please note: These calculations are based on: audited baseline, revised if applicable, audited 2005 emissions, revised if applicable, your purchases and sales of CFIs, your purchases and sales of CFIs during the CCX Auction and any other necessary information you provided to CCX. CCX assumes no liability for the accuracy of information as provided to CCX.

Due to rounding, your CCX Registry Account Holdings may vary slightly from this statement.

Chicago Climate Exchange Carbon Financial Instrument (CFI) Positions Summary
Vintage 2006 CFIs

CCX Member: Puget Sound Energy Inc.

As of: November 12, 2008

All quantities are in CFIs, each of which represents one hundred metric tons carbon dioxide.

I. Emission baseline, reduction objective, 2006 emissions

Emission Baseline	67,423
Emission Reduction Objective (Rulebook section 4.6)	64,726
2006 Emissions	55,338

II. Current Holdings and Allowed Banking of Vintage 2006 CFIs

Exchange Allowance Initial Allocation	64,726
Net Sales or Purchases via CCX Trading Platform as of November 12, 2008	0
LESS: CFIs to be cancelled for compliance	<u>(55,338)</u> <i>(Adjustment to Registry Account)</i>
Gross Surplus of Vintage 2006 CFIs before reclassifications	9,388
Reclassifications:	
CFIs that can be banked, but not sold ^{1,2}	0
Super Reductions ¹	<u>(4,668)</u> <i>(Adjustment to Registry Account)</i>
CFIs that can be banked and/or sold¹	4,720

¹The applicable banking plus net sales limit for 2006 vintage is the lesser of the surplus, 7% of each Member's baseline (4,720 CFIs) or the Single Firm Sales Limit (SFSL) for Vintage 2006 CFIs, plus auction purchases and plus/minus net trading activity. The difference between the maximum recognized emissions reduction (7% of baseline) and the SFSL will be banked. For Vintage 2006, the SFSL is 10,184 CFIs, plus/minus net trading activity.

Please note: These calculations are based on: audited baseline, revised if applicable, audited 2006 emissions, revised if applicable, your purchases and sales of CFIs, your purchases and sales of CFIs during the CCX Auction and any other necessary information you provided to CCX. CCX assumes no liability for the accuracy of information as provided to CCX.
Due to rounding, your CCX Registry Account Holdings may vary slightly from this statement.