



UG-090673-SI

Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

April 30, 2009

Mr. David Danner, Secretary and Executive Director
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

2009 APR 30 PM 4:06
UTILITY AND TRANSPORTATION
COMMISSION

Re: Annual Report of Essential Utilities Services Contracts

Dear Mr. Danner:

Pursuant to WAC 480-90-268, and 480-100-268, enclosed are an original and twelve copies of the Annual Report of Essential Utilities Services Contracts for Puget Sound Energy, Inc. (the "Company") filed for the twelve-month period ending December 31, 2008.

Under the provisions of WAC 480-07-160, the Company requests this filing be accorded confidential treatment. Vendor specific information and other commercially sensitive financial data are included in this report. As required by WAC 480-07-160(3)(b)(i), the Company has properly identified all pages containing proprietary information. As required by WAC 480-07-160, the Company identifies itself, its customers, its shareholders and the vendors identified in the enclosed report as the entities that might be directly affected by disclosure of the confidential information. In accordance with WAC 480-07-160, the report submitted herewith has been marked "CONFIDENTIAL per WAC 480-07-160", printed on yellow paper and sealed in an envelope clearly marked Confidential. Also enclosed is a redacted version of the report.

Please contact Julie Waltari at (425) 456-2945 for additional information about this report. If you have any other questions please contact me at (425) 462-3495.

Very truly yours,

Lynn F. Lofgren
Tariff Consultant

for

Tom DeBoer
Director, Rates & Regulatory Affairs

Enclosures

cc: Simon J. ffitc
Sheree Strom Carson

2008 Annual Report of Essential Utilities Services Contracts

Essential Service Vendor ⁽¹⁾	Annual Budget	Actual Payments	Type of Contract(s)	Essential Obligations	Length of Contract
---	---------------	-----------------	---------------------	-----------------------	--------------------

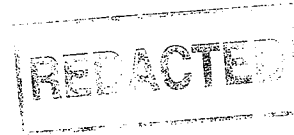
BONNEVILLE POWER ADMINISTRATION (BPA)



Transmission Capacity Ownership Rights

PSE purchased capacity ownership rights in the Alternating Current (AC) Intertie into California from BPA in 1996 and pays its allocated operation and maintenance costs to BPA.

1996 - life of facilities



Transmission

PSE purchases rights to use BPA transmission and BPA receives power from PSE at the Points of Integration and delivers power to PSE at the Points of Delivery.

Various - termination dates through 2018

Transfer

BPA serves PSE loads and PSE delivers replacement power to BPA.

09/1974 - BPA three years notice to terminate, PSE one year notice to terminate

Transfer

Parties commit to build transmission and provide excess capability to the other party. Each party commits to operate and maintain certain facilities.

Various - termination dates through 2018

Operations & Maintenance

BPA operates and maintains PSE facilities in BPA substations.

Various from 04/1968 - life of facilities

Western System Power Pool (WSPP) Purchase Power Agreement

The WSPP Agreement is a standardized contract among members of the WSPP for electric power sales and physical power options. Members enter into numerous individual power transactions using standard schedules under the Agreement. A confirmation process follows the transactions. Each transaction terminates upon completion of delivery.

1996 - until a notice is given

WNP-3 Settlement Exchange Agreement

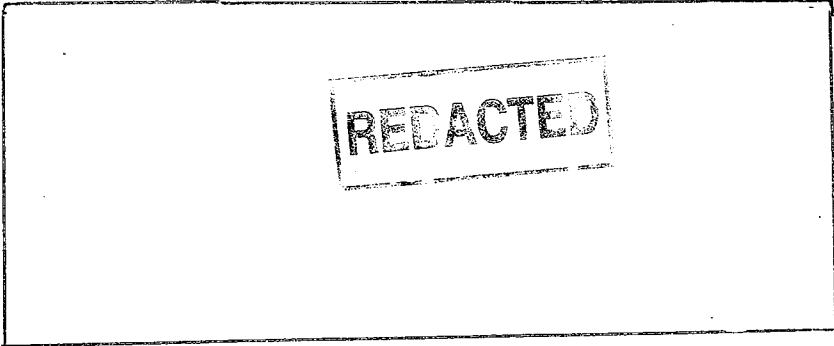
PSE receives exchange energy based on the average availability and cost of several surrogate nuclear units similar in design to the WNP-3 Nuclear Unit.

12/1986 - 6/2018

(1) In each case the parties to the contract are the Vendor and Puget Sound Energy.

2008 Annual Report of Essential Utilities Services Contracts

Essential Service Vendor ⁽¹⁾	Annual Budget	Actual Payments	Type of Contract(s)	Essential Obligations	Length of Contract
NEXEN MARKETING			International Swaps and Derivatives Master Agreement (ISDA)	The ISDA is a standard industry contract enabling agreement for any financially derived transaction but is usually limited to specific commodities or products that are relevant to the intended business of the counterparties.	10/1996 – various lengths
NORTHWEST PIPELINE CORPORATION			North American Energy Standards Board (NAESB) Agreement Long-term Transportation Contracts	The NAESB Master Agreement enables short and long-term gas supply purchases to be made under a confirmation process. Each transaction terminates upon completion of delivery. Northwest Pipeline provides firm transportation capacity and storage service to PSE on the gas pipeline under long term contracts. PSE pays fixed monthly demand charges for the right, but not the obligation, to transport specified quantities of gas from receipt points to delivery points on the pipeline each day.	08/2004 – various lengths Predating 1989 - various termination dates through 2044
ONEOK ENERGY SERVICES COMPANY LP			Gas Industry Standards Board (GISB) Gas Supply Agreement	The GISB Master Agreement allows counter parties the ability to enter into numerous transactions under a confirmation process. Each transaction terminates upon completion of delivery.	07/1991 - various lengths
PILCHUCK CONTRACTORS INC			North American Energy Standards Board (NAESB) Agreement Gas Engineering and Construction Services	The NAESB Master Agreement enables short and long-term gas supply purchases to be made under a confirmation process. Each transaction terminates upon completion of delivery. PSE pays per contract/services provided for engineering and construction.	08/2004 – various lengths 01/2001 - 12/2009
PPL-MONTANA, LLC			Operations & Maintenance Capital Additions	PSE reimburses PPL-Montana for PSE's share of operation and maintenance expenses for Unit Nos. 1, 2, 3 and 4 of the Colstrip steam-electric-generating plant. PSE reimburses PPL-Montana for PSE's share of capital additions made to Unit Nos. 1, 2, 3 and 4 of the Colstrip	Various from 07/1971 - as long as any part of the units are used or electricity or the end of the period permitted by applicable law Various from 07/1971 - as long as any part of the units are used or



(1) In each case the parties to the contract are the Vendor and Puget Sound Energy.

2008 Annual Report of Essential Utilities Services Contracts

Essential Service Vendor ⁽¹⁾	Annual Budget	Actual Payments	Type of Contract(s)	Essential Obligations	Length of Contract
TENASKA WASHINGTON PARTNERS LP			Cogeneration Power Supply	PSE pays the developer a two-part price for energy actually delivered to PSE's system. The energy rate is not seasonally differentiated. There is no capacity charge.	04/1994 - 12/2011
ULTRA RESOURCES INC			Gas Industry Standards Board (GISB) Gas Supply Agreement	The GISB Master Agreement allows counter parties the ability to enter into numerous transactions under a confirmation process. Each transaction terminates upon completion of delivery.	05/2002 - various lengths
WAYZATA OPPORTUNITIES FUND LLC			Membership Interest Purchase Agreement	Purchase of Mint Farm Energy Center.	12/2008
WESTERN ENERGY COMPANY			Coal Supply Agreement	PSE pays for its share of coal delivered to Colstrip steam-electric-generating Unit Nos. 1, 2, 3 and 4.	Various from 07/1971 - 12/2019



(1) In each case the parties to the contract are the Vendor and Puget Sound Energy.