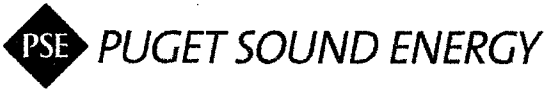


UE-091407-SF



Donald E. Gaines
Vice President
Finance & Treasurer

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

September 3, 2009

RECEIVED
REGISTRATION MANAGEMENT
2009 SEP -3 PM 12:00
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

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

Re: Planned Securities Issuance - \$350 Million Senior Secured Notes

Dear Mr. Danner:

Puget Sound Energy (the "Company" or "PSE") furnishes the following information, in compliance with RCW 80.08.040, (1), (2) and (3), with respect to a \$350 million senior secured note issue. The notes will be issued under PSE's existing S-3 shelf registration statement on file with the Securities and Exchange Commission dated March 13, 2009.

At August 31, 2009, PSE had \$230 million of short-term debt outstanding drawn on its \$400 million capital expenditure credit agreement. On January 9, 2009, the Company's 6.46% series \$150 million note matured. Proceeds from the sale of the senior secured notes will be used to repay short-term debt outstanding under PSE's capital expenditure credit agreement and, in part, to replenish cash used to fund the \$150 million note maturity.

The following documents are attached in support of this filing:

- Attachment A - One page summary describing the transactions, provided to the Asset Management Committee
- Attachment B - The resolutions of the Asset Management Committee authorizing the Company to price the notes within certain terms
- Attachment C - DRAFT Prospectus Supplement

Certain items contained in Attachments A and B and Attachment C have been marked confidential as they contain valuable commercially sensitive or material non-public information. Accordingly, with regard to the contents, the Company claims confidentiality and protection from inspection or copying under WAC 480-07-160. We further understand that, prior to any release of this material; the Company will be notified in order to allow it to invoke any and all statutory procedures for securing a court order protecting the materials as proprietary and confidential.

As required by WAC 480-07-160, the Company identifies itself, its ultimate owners and its customers as the entities that might be directly affected by disclosure of the confidential information. Also, conforming to WAC 480-07-160, the confidential pages submitted herewith have been sealed in an envelope clearly marked "Confidential per WAC 480-07-160", and each page of the filing containing confidential information has been so marked.

The transaction is in the public interest inasmuch as it allows the Company to access funds from the long-term debt capital markets to repay short-term borrowings used primarily to fund utility capital expenditures on reasonable terms. In addition the transaction replenishes cash needed to fund utility activities going forward.

In view of the foregoing, and in accordance with WAC 480-90-242 (1)(a) and WAC 480-100-242 (1)(a), the undersigned hereby certifies that the proceeds from this securities issuance will be used to repay certain short-term borrowings, in part to replenish cash used to fund a maturity and/or for one or more of the purposes allowed by RCW 80.08.030 and that the information provided herein is true and correct to the best of his knowledge and belief, under penalties of perjury as set forth in the laws of the State of Washington.

The Company, having provided herewith all information and statements required by subsections (1), (2), and (3) of RCW 80.08.040, does NOT request an order affirming that it has complied with such requirements as part of these planned securities transactions.

Thank you for your assistance.

Sincerely,

PUGET SOUND ENERGY

By 

Donald E. Gaines

Vice President Finance & Treasurer

Attachments

cc: Simon J. fitch



FINANCING DISCUSSION
APPROVAL TO ISSUE SENIOR SECURED NOTES September 1, 2009

Request

Management requests approval to price up to \$350 million of senior secured notes. Such notes will be issued under the existing shelf registration statement that became effective on March 13, 2009.

Use of Proceeds

The proceeds of a senior note issue will be used to repay short-term debt outstanding under the Company's capital expenditure credit facility and to restore cash used to redeem the \$150 million bond that matured in March.

Background

PSE last issued senior secured notes in January 2009, before the merger. On March 9, 2009, the Company's \$150 million of 6.46% series 10-year notes matured and were redeemed with working capital. At present, PSE has \$200 million outstanding under its \$400 million capital expenditure credit facility. From March through June, PSE has spent approximately \$225 million on utility capital expenditures and current projections show spending at least \$90 million a month in July through September. The Company's approved 2009 operating and cash budgets contemplated a \$350 million senior secured note offering in September.

Considerations

SEC Status: The Company has an existing shelf registration on file with SEC that can be used for a senior note offering.

Credit Agreement: PSE's credit facilities place certain restrictions on additional indebtedness. In short, PSE may issue senior secured notes to repay maturing debt, to repay draws under the PSE capital expenditure facility and is limited to \$500 million of new notes per year, plus any unused amounts under prior year's limits. With the \$150 million maturity and amounts to be repaid under the capital expenditure facility, PSE could issue more than \$350 million.

Restrictive Covenants: As of June 30, 2009, PSE could issue \$1 billion and \$652 million of additional indebtedness under the restrictive covenants of its electric and gas mortgage indentures, respectively.

Credit Ratings: Moody's recently revised their notching standard for utility secured debt. As a result, PSE's senior secured notes are rated A-/Baa1 by S&P and Moody's, respectively.

Timing: The 2nd quarter 2009 financial statements would be used as the basis the note issue. PSE is currently expecting to close its third quarter books on October 13, 2009. Accordingly, in order for the Company's auditors to rely on provide comfort to investors on 2nd quarter 2009 financials, the note offering would need to be completed before that date.

Indicative Terms & Pricing

Based on August 25 indications from investment banks, the Company could issue 10-year and 30-year senior notes at coupons ranging from approximately xxxx to xxxx

	<u>5-year</u>	<u>10-year</u>	<u>30-year</u>
Treasury rate	<u>xxxx</u>	<u>xxxx</u>	<u>xxxx</u>
Credit spread (area)	<u>xxxx</u>	<u>xxxx</u>	<u>xxxx</u>
Coupon	<u>xxxx</u>	<u>xxxx</u>	<u>xxxx</u>

The Company plans to issue medium to long-term notes (10 or 30-year maturity), depending on market conditions at the time of pricing. To allow for volatility in the market, the Company's request is to price the notes at a coupon of xxxxx or less. The notes would be expected to carry a make-whole provision of approximately Treasury yield plus 25 to 30 basis points.

For comparison purposes, the assumed coupon on the note issue in the 2009 budget and in recent projections was 6.900%.

Requested Action

During the Asset Management Committee meeting on September 1, 2009, management will request approval to price up to \$350 million of senior secured notes with a term not to exceed 30 years at a coupon of xxxxxx or less.

**Minutes of the
Asset Management Committee Meeting
for Puget Sound Energy, Inc.**

September 1, 2009

Pursuant to a notice duly given, a meeting of the Asset Management Committee for Puget Sound Energy, Inc. (PSE) was held on Tuesday, September 1, 2009, at PSE's Executive Offices beginning at 11 a.m.

MEETING ATTENDANCE

Asset Management Committee

Andrew Chapman	Macquarie Capital Funds, Inc.
Alan Kadic	Canada Pension Plan Investment Board (by phone)
Stephen Reynolds	Puget Sound Energy

Puget Energy and PSE Management

Eric Markell	Executive Vice President and Chief Financial Officer
Don Gaines	Vice President and Treasurer

PSE Management

Durga Doraisamy	Director Investor Relations
Kimberly Harris	Executive Vice President Chief Resource Officer
Bert Valdman	Executive Vice President and Chief Operating Officer

Investor Management

Peter Bendall	Macquarie Capital Funds, Inc.
Greg Peterson	Macquarie Capital Funds, Inc.
Andrew Hay	Canada Pension Plan Investment Board
Ben Hawkins	Alberta Investment Management Corporation
Bill McKenzie	Alberta Investment Management Corporation
Richard Dinneny	British Columbia Investment Management Corporation
Steve Turner	British Columbia Investment Management Corporation
Lincoln Webb	British Columbia Investment Management Corporation

Mr. Reynolds presided and Ms. Doraisamy kept the records of the meeting.

CALL MEETING TO ORDER

Mr. Reynolds called the meeting to order and welcomed those present.

REPORT OF ASSET MANAGEMENT COMMITTEE

Mr. Reynolds reviewed Puget Sound Energy's key performance indicators for July 2009. A copy of his report is filed with the records of this meeting.

AUTHORIZING PRICING AND ISSUANCE OF SENIOR NOTES

Mr. Gaines then joined the meeting. Mr. Reynolds asked Mr. Markell to report on the planned issuance of senior notes. Mr. Markell stated PSE management requests approval to price up to \$350 million of senior secured notes. Such notes will be issued under the existing shelf registration statement that became effective on March 13, 2009. Mr. Markell asked Mr. Gaines to review the materials provided to the Committee in advance of this meeting, a copy of which is filed with the records of this meeting. Following Mr. Gaines' presentation, the Committee requested and the Company agreed to schedule a conference call with members of the Asset Management Committee to provide "market color" and any relevant updates to and/or re-affirmations of the committee-approved terms of the financing, in advance of pricing the notes. After discussion, the following resolutions were unanimously adopted by the Committee:

WHEREAS, on March 3, 2009, the Board of Directors of the Company authorized the issuance and sale, from time to time, by the Company of, among other securities, senior notes (the "**Senior Notes**"), which may be secured by first mortgage bonds of the Company, having maturities, interest rates and such other terms, including redemption provisions, redemption premiums and sinking fund payments, as specified officers of the Company may determine, subject to the approval of such terms by this Committee,

WHEREAS, on March 3, 2009, the Board of Directors approved the 2009 budget which included a \$350 million senior secured note offering in September 2009, and

WHEREAS, this Committee desires to permit the Company to respond quickly to favorable conditions in the capital markets in connection with additional issuances of Senior Notes,

NOW, THEREFORE, BE IT

RESOLVED, that this Committee authorizes the pricing and issuance of up to \$350,000,000 in principal amount of the Senior Notes (in one or more tranches to be designated by interest rate and maturity date of such principal amounts) having maturities of 30 years, bearing a stated coupon of not more than [XXXXXXXXXXXXXXXXXX] and/or maturities of 10 years, bearing a stated coupon of not more than [XX] and such other terms, including redemption provisions, redemption premiums and sinking fund payments, as the President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer, the Vice President Finance & Treasurer, and Assistant Treasurer (collectively, the "**Designated Officers**"), or any two of them, may determine, provided that the specific terms of the Senior Notes are determined within a period of time not to extend beyond thirty (30) calendar days from the date of this approval.

RESOLVED, FURTHER, that the Senior Notes shall be issued under the Indenture of the Company dated as of December 1, 1997 between the Company and U.S. Bank National Association, as trustee, and the Fourth Supplemental Indenture thereto, dated as of May 1, 2003 and authorized by the Board of Directors of the Company on April 16, 2003.

REDACTED

CONFIDENTIAL per WAC 480-07-160

RESOLVED, FURTHER, that the first mortgage bonds of the Company issued to secure the Senior Notes shall be issued under the First Mortgage of the Company dated as of June 2, 1924 (the "**Electric Mortgage**") between the Company and U.S. Bank National Association, as trustee, and the Eighty-Fourth Supplemental Indenture to the Electric Mortgage, dated as of September 1, 2006, which was entered into by the Designated Officers pursuant to authority granted to them by the Board of Directors of the Company on February 27, 2006.

RESOLVED, FURTHER, that the execution and delivery by the Designated Officers, or any of them, of such agreements, documents or instruments, including purchase, underwriting and/or distribution agreements, which the Designated Officers, or any of them, deem to be necessary or advisable in connection with the issuance and sale of the Senior Notes, in such forms the Designated Officers, or any of them, may deem necessary or advisable is hereby approved.

RESOLVED, FURTHER, that the Designated Officers, or any of them, are hereby authorized to use the proceeds from the sale of the Senior Notes in the manner described at this meeting and as set forth in the prospectus supplement relating to the offering and sale of the Senior Notes under the heading "Use of Proceeds."

General Authority

RESOLVED, FURTHER, that any and all actions taken by the Designated Officers of the Company, or any of them, including the execution and delivery in the name and on behalf of the Company of agreements or other instruments and agreements deemed by such officers to be necessary or advisable to effectuate the transactions contemplated by the foregoing resolutions, whether prior to or subsequent to this action by this Committee, are hereby authorized, approved and ratified, and the taking of any and all such actions and the performance of any and all such things in connection with the foregoing shall conclusively establish such officers' authority therefore from the Company and the approval and ratification thereof by this Committee.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at approximately 1 p.m.

ATTEST:

Durga Doraisamy
Secretary

ACCEPTED:

Stephen Reynolds
Asset Management Committee member

Andrew Chapman
Asset Management Committee member

Alan Kadic
Asset Management Committee member