

August 28, 2003

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

**Subject: Petition for review and approval of Puget Sound Energy, Inc.'s
Power Cost Adjustment Mechanism Annual Report For The Twelve
Months Ended June 30, 2003**

Dear Ms. Washburn:

In the Commission's Twelfth Supplemental Order in Docket Nos. UE-011570 and UG-011571, the Commission approved the Settlement Stipulation ("Stipulation") which resolved all electric issues and common electric-natural gas issues in the consolidated proceeding, as well as some natural gas issues. Included in the Stipulation was a requirement that Puget Sound Energy, Inc. ("PSE" or "the Company") file an annual report detailing the power costs included in the Power Cost Adjustment Mechanism ("PCA") deferral calculation, in a form satisfactory to the Commission, for Commission review and approval.

In compliance with the Twelfth Supplemental Order and Stipulation, PSE hereby submits the enclosed 2003 Power Cost Adjustment Mechanism Report for the twelve months ended June 30, 2003 ("PCA Report") along with a Petition requesting that the Commission review and approve the PCA Report. PSE notes that this is the first such report it has filed. The Commission Staff has provided input on the form and content of the report contemplated by the Stipulation, and PSE has attempted to be responsive to Staff's input in developing the PCA Report.

In accordance with WAC 480-09-120, we have enclosed an original and 19 copies of the Petition, along with an electronic copy on disc.

Please contact John Story at (425) 462-3885 if you have any questions regarding the enclosed Petition or PCA Report.

Sincerely,

Karl Karzmar
Director, Regulatory Relations

Enclosures

cc: Simon J. ffitc
Assistant Attorney General
Public Counsel Section
900 4th Ave., Suite 2000
Seattle, WA 98164-1012

Lisa Steel	WUTC
Merton Lott	WUTC
Bob Cedarbaum	WUTC

All Parties to UE-011570