

ATTACHMENT A

**One page summary from the February 18, 2010 meeting of the Asset Management
Committee**

**Puget Sound Energy
Planned \$225 Million Senior Secured Notes Issuance
RCW 80.08.030 (1), (2) and (3) Compliance Filing**



REDACTED

FINANCING DISCUSSION
APPROVAL TO ISSUE SENIOR SECURED NOTES February 18, 2010

Request

Management requests approval to price up to \$325 million of senior secured notes. Such notes will be issued under the existing shelf registration statement that became effective on January 25, 2010.

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 \$225 million bond that matured in February.

Background

PSE last issued senior secured notes in September 2009. On February 22, 2010, the Company's \$225 million of 7.96% series 10-year notes will mature. After the maturity, PSE expects to have approximately \$300 million outstanding under its \$400 million capital expenditure credit facility. The first year (2010) of the Company's multi-year plan contemplated \$575 million of senior note issues in 2010, including 1) a \$325 million offering in March and 2) a \$250 million issue in September.

Considerations

SEC Status: The Company has an existing shelf registration on file with the SEC that can be used for issuing up to \$800 million in senior note offerings.

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 \$225 million maturity, amounts to be repaid under the capital expenditure facility and other capital expenditures, PSE could issue more than \$550 million in notes. Per the credit agreement, the Company has \$749 million of new debt issuance ability including availability that rolled forward from 2009 into 2010.

Restrictive Covenants: As of December 31, 2009, PSE had property to support an additional \$1.0 billion and \$644 million of additional indebtedness under its electric and gas mortgage indentures, respectively.

Credit Ratings: PSE's senior secured notes are rated A- and Baa1 by S&P and Moody's, respectively.

Timing: The year-end 2009 financial statements will be used as the basis for the note issue. PSE is currently expecting its 2009 Form 10-K to be approved on February 24 and filed shortly thereafter. Because their audit will have just been completed, the Company's auditors will only need to provide comfort to investors for the period from the date of the 10-K until the date of the note offering. The notes must be issued by March 25, 2010 for the \$225 maturity to be considered a permitted refinancing under the terms of PSE's credit facilities.

Indicative Terms & Pricing

Based on recent indications from investment banks, the Company could issue 10-year or 30-year senior notes at coupons ranging from approximately XXX% to XXX%.

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

The Company plans to issue medium to long-term notes, depending on market conditions at the time of pricing. To allow for volatility in the market, the Company's request is to price 10-year or 30-year notes at coupons not to exceed XXX% and XXX%, respectively. The notes are expected to carry a standard market based make-whole provision.

For comparison purposes, the assumed coupon on the \$325 million 30-year note issue in the 2010 budget was XXX%.

Requested Action

During the Asset Management Committee meeting on February 18, 2010, management will request approval to price up to \$325 million of 10-year or 30-year senior secured notes at coupons not to exceed XXX% and XX%, respectively, within 30-days from the date of approval.

ATTACHMENT B

Resolutions of the Asset Management Committee Meeting

**Puget Sound Energy
Planned \$325 Million Senior Secured Notes Issuance
RCW 80.08.030 (1), (2) and (3) Compliance Filing**

PUGET SOUND ENERGY, INC.
CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify that I am the Corporate Secretary of Puget Sound Energy, Inc., a Washington corporation; and that the following is a true, correct and complete copy of a resolution duly adopted by the Board Asset Management Committee of said Company at a meeting of the Committee duly convened and held on February 18, 2010, at which meeting a quorum was present and acting throughout.

I further certify that said resolution has not been amended or revoked and that the same is now in full force and effect.

AUTHORIZING PRICING AND ISSUANCE OF SENIOR NOTES

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 \$325 million of senior secured notes. Such notes will be issued under the existing shelf registration statement that became effective on January 25, 2010. 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. Mr. Chapman then recused himself during the discussion, for the reason that he is affiliated with Macquarie Bank, a bank that Mr. Gaines expects will be involved in the transaction. Mr. Gaines' expectation is based on his bank selection criteria which examines, in part, the credit commitments of lenders and fees paid to them. After full discussion, with Mr. Chapman abstaining from voting, 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,

REDACTED

Confidential per WAC 480-07-160

WHEREAS, on January 12, 2010, the Board of Directors approved the Company's Business Plan for the calendar years 2010 - 2014 which contemplate the issuance of up to \$575 million of Senior Notes during 2010,

WHEREAS, management has requested approval for an issuance of up to \$325 million of Senior Notes, and

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

NOW, THEREFORE, BE IT

RESOLVED, that this Committee, with Mr. Chapman abstaining from voting, authorizes the pricing and issuance of up to \$325,000,000 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, alternatively, (i) 30 years, bearing a stated coupon of not more than [REDACTED]%, or (ii) 10 years, bearing a stated coupon of not more than [REDACTED]% 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, Assistant Secretary 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.

RESOLVED, FURTHER, that the first mortgage bonds of the Company issued to secure the Senior Notes shall be issued under the Indenture of First Mortgage of Washington Natural Gas Company dated as of April 1, 1967 (the "Gas Mortgage") between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee, and the Thirty-Second Supplemental Indenture to the Gas Mortgage, dated as of April 1, 2005.

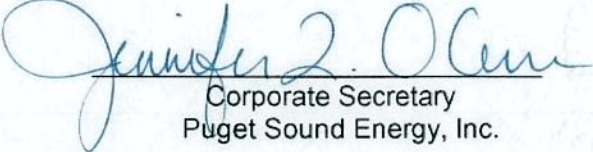
RESOLVED, FURTHER, that the execution and delivery by the Designated Officers, or any of them, of such agreements, documents or instruments, including purchase, underwriting and/or distribution agreements, which the Designated Officers, or any of them, deem to be necessary or advisable in connection 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.

IN WITNESS WHEREOF, I have hereunto set my hand and have affixed the corporate seal of said Company this 1st day of March 2010.


Corporate Secretary
Puget Sound Energy, Inc.

