



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

October 20, 2008

VIA E-MAIL

Ms. Michelle Manary, PFE-6
Bonneville Power Administration
PO Box 3621
Portland, OR 97208-3621
Email: BPAAverageSystemCost@bpa.gov
mlmanary@bpa.gov
wmmchugh@bpa.gov
cformanjr@bpa.gov

Re: Puget Sound Energy, Inc. FY 2010 and FY 2011 ASC Appendix 1 and Related Materials – Confidential Materials.

Dear Ms. Manary:

Pursuant to the Residential Exchange Program (“REP”) under section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act (“Northwest Power Act”), Puget Sound Energy, Inc. (“PSE”), by letter dated October 15, 2008, submitted to the Bonneville Power Administration (“BPA”) for filing its Average System Cost (“ASC”) Appendix 1 for the Exchange Period, Fiscal Year (“FY”) 2010 and FY 2011.

The ASC filing of PSE for FY 2010 and FY 2011 will be used in calculation of PSE’s ASC under the REP for FY 2010 and FY 2011, which begins October 1, 2009. For the October 15 ASC filing, BPA is requiring PSE to submit:

1. Appendix 1 using the 2008 ASCM Appendix 1 Template
2. ASC Forecast Model using the FY 10-11 ASC Forecast Model Master (which now includes the NLSL model)
3. NLSL Data and Procedures
4. Utility Specific Price Spread
5. Chief Financial Officer Attestation
6. Exchange Load Forecast

This Appendix 1 filing uses BPA’s Excel models for FY 2010 and FY 2011 and calculates PSE’s base year ASC using 2007 FERC Form 1 data and BPA’s 2008 Average System Cost Methodology (“ASCM”).

Michelle Manary, PFE-6

October 20, 2008

Page 2

As indicated above, PSE has previously submitted its Appendix 1 in response to item 1 above. By separate letter contemporaneous herewith, PSE is submitting the non-confidential materials responsive to items 2 through 6 above. By this letter, PSE is submitting the confidential materials responsive to items 2 and 3 above.

The ASC Forecast Model uses BPA's Excel model (BPA's ASC Forecast Model Master, which includes BPA's forecast of market prices) to calculate the FY 2010 and FY 2011 ASC. Included in the ASC Forecast Model is certain new resource data provided by PSE, some of which PSE is submitting as confidential. Accordingly PSE is submitting two versions of the ASC Forecast Model. The first version includes confidential new resource data on the New Resource tab in the ASC Forecast Model and is submitted and is submitted herewith as Attachment B1. The second version is a public version and includes only non-confidential data and is submitted contemporaneous herewith under separate letter as Attachment B2.

PSE is submitting—as confidential—billing data for individual customers included in the NLSL analysis submitted in response to item 3 above. Accordingly, PSE is submitting two versions in response to item 3 above. The first version includes confidential billing data for individual customers and is submitted and is submitted herewith as Attachment C1. The second version is a public version and includes only non-confidential data and is submitted contemporaneous herewith under separate letter as Attachment C2.

PSE submits Attachment B1 and Attachment C1 to this letter pursuant to (i) exemption 4 of the Freedom of Information Act, 5 U.S.C. § 552(b)(4), relating to privileged or confidential commercial or financial information and (ii) BPA's customer letter and its accompanying enclosure dated March 20, 2008, and titled, "Guidelines for Submitting Confidential and Proprietary Information in Bonneville Power Administration Average System Cost Filing Reviews", which relates to privileged or confidential commercial information.

By return e-mail, please confirm BPA's receipt of PSE's FY 2010 and FY 2011 ASC Appendix 1 related materials – Confidential materials.

Sincerely,



Puget Sound Energy, Inc.

By Tom DeBoer

Title Director Federal and State Regulatory Affairs