



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 – Non-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”).

As indicated above, PSE has previously submitted its Appendix 1 in response to item 1 above. By this letter, PSE is submitting the non-confidential materials responsive to items 2 through 6 above. By separate letter contemporaneous herewith, 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 separately under cover of the confidential materials letter as Attachment B1. The second version is a public version and includes only non-confidential data and is submitted herewith 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 contemporaneous herewith under separate letter as Attachment C1. The second version is a public version and includes only non-confidential data and is submitted herewith as Attachment C2.

Attached hereto as Attachment C3 is PSE's NLSL Procedures. Attached as Attachment D is the Utility Specific Price Spread. Attached as Attachment E is the Chief Financial Officer Attestation. Attached as Attachment F is the Exchange Load forecast. Also included are related workpapers.

As discussed above, PSE is submitting two versions of each of

- (i) Attachment B (ASC Forecast Model) – a confidential version (Attachment B1) that includes privileged or confidential commercial or financial information and that is submitted separately under cover of a separate letter and a public version (Attachment B2) that has the privileged or confidential commercial or financial information redacted and that is submitted herewith; and
- (ii) Attachment C (NLSL Data) – a confidential version (Attachment C1) that includes privileged or confidential commercial or financial information and that is submitted separately under cover of a separate letter and a public version (Attachment C2) that has the privileged or confidential commercial or financial information redacted and that is submitted herewith.

PSE is submitting in its filing (in the ASC Forecast Models) the utility-specific NLSL-related resource cost data for PSE provided by BPA in the NLSL model submitted by

Michelle Manary, PFE-6

October 20, 2008

Page 3

PSE in its FY 2009 filing. PSE notes that most of the NLSL-related resource cost data was prepared by BPA. Further, PSE has determined zero NLSL on its system (see attachments C1 and C2). PSE reserves the right to update/change/revise the forecast model regarding NLSL-related resource cost data in the event NLSL is determined to be other than zero.

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

Sincerely,

A handwritten signature in black ink that reads "Sara J. Johnson". The signature is written in a cursive style with a large initial "S".

Puget Sound Energy, Inc.

By Sara J. Johnson

Title Regulatory Policy Analyst