Chapter I, Executive Summary

Exhibit I-1	Growing Energy Need	I-2
Exhibit I-2	Long-Term Power Supply Costs—Key Uncertainties and Cost	
	Drivers	I-3
Exhibit I-3	Acquisitions since April 2003 Least Cost Plan	I-7
Exhibit I-4	Electric Annual Energy Load Forecast	I-8
Exhibit I-5	Long Run Load-Resource Balance	I-9
Exhibit I-6	2006 – 2025 Resource Strategy—Accelerated Conservation and	
	Fuel Conversion	. I-14
Exhibit I-7	2006 – 2024 LDC Gas Resource Strategy	.l-19

Chapter II, Summary Charts and Graphs

Exhibit II-1	Energy: 2006 – 2025 Load-Resource Balance	II-2
Exhibit II-2	2006 Monthly Load-Resource Balance	II-3
Exhibit II-3	December 2006 Supply Resource Mix	
Exhibit II-4	Peak: 2006 – 2025 Load-Resource Balance	II-5
Exhibit II-5	Historical Energy Efficiency Programs	II-6
Exhibit II-6	Reduced Need for New Resources 2003 vs. 2005 LCP	
Exhibit II-7	Transmission Cut Planes (BPA)	II-8
Exhibit II-8	Electric Scenarios Price Forecasts	II-9
Exhibit II-9	2006 – 2025 Resource Strategy	II-10
Exhibit II-10	Pacific Northwest Gas Industry	II-11
Exhibit II-11	PSE's Gas Sales Portfolio Resource Map	II-12
Exhibit II-12	Determination of PSE's Peak Day Planning Standard	II-13
Exhibit II-13	Natural Gas Load-Resource Balance—Base Case	II-14
Exhibit II-14	Optimized Portfolio—Base Case	II-15
Exhibit II-15	Range of Costs for Optimal Portfolios Across Scenarios	II-16
Exhibit II-16	Results of Base Case Monte Carlo Analysis	II-17
Exhibit II-17	2006 – 2024 Gas Resource Strategy	II-18

Chapter III, Introduction of Nature Plan

Exhibit III-1	Least Cost Plan Cycle	III-2
---------------	-----------------------	-------

Exhibit III-2	Energy Resource Planning Process	III-2
Exhibit III-3	Electric Least Cost Plan Regulatory Requirements	III-5
Exhibit III-4	Gas Least Cost Plan Regulatory Requirements	III-6

Chapter IV, Financial Considerations

Exhibit IV-1	Sources of Credit	IV-8
Exhibit IV-2	Imputed Debt Forecast	IV-10
Exhibit IV-3	Imputed Debt with Selected Contracts Replaced at Marke	et PricesIV-11
Exhibit IV-4	Capital Structure Pie Charts	IV-13
Exhibit IV-5.1	PSE Illustrative Base Case—Excluding Imputed Debt	IV-14
Exhibit IV-5.2	PSE Illustrative Base Case—Including Imputed Debt	IV-14
Exhibit IV-6	Financial Ratios with and without Imputed Debt	IV-15

Chapter V, Natural Gas Price Forecasts

Exhibit V-1	North American Gas and Power Scenarios (CERA)	V-5
Exhibit V-2	AECO Gas Price Forecasts Based on EIA 2005 Annual Energy	
	Outlook	V-7
Exhibit V-3	Gas Price Forecasts AECO	V-8
Exhibit V-4	EIA Long-Term Gas Price Forecast Scenarios	V-9
Exhibit V-5	EIA Gas Supply Table—Reference Case	.V-10

Chapter VI, Demand Forecast

Exhibit VI-1	PSE Forecasting Model Overview	VI-3
Exhibit VI-2	National U.S. Economic Outlook	VI-6
Exhibit VI-3	Service Area Economic Growth Assumptions	VI-7
Exhibit VI-4	Retail Rate Forecasts	VI-7
Exhibit VI-5	Assumed On-Peak Contributions per aMW of Conservation b	by End-
	Use Sector	VI-9
Exhibit VI-6	Electric Sales Forecasts by Class in aMW	VI-10
Exhibit VI-7	Comparison of Residential Normalized Electric Use per Custo	omer
	in MWh	VI-11
Exhibit VI-8	Electric Customer Count Forecasts by Class (Year End)	VI-11
Exhibit VI-9	Electric Peak Forecast without Conservation in MWs	VI-12

Exhibit VI-10	Electric Sales Forecast Scenarios in aMW	VI-13
Exhibit VI-11	Electric Sales Forecasts	VI-13
Exhibit VI-12	Gas Sales Forecast in Therms (000s)	VI-14
Exhibit VI-13	Gas Customer Count Forecasts by Class (Year End)	VI-15
Exhibit VI-14	Gas Peak Day Forecast with Conservation in Therms	VI-16
Exhibit VI-15	Gas Sales Forecast Scenarios in Therms (000s)	VI-16
Exhibit VI-16	Gas Sales Forecast Scenarios	VI-17
Exhibit VI-17	Gas Peak Day Forecast Scenarios	VI-18

Chapter VII, Demand-Side Resources

Exhibit VII-1	Annual (Jan. 2004 – Dec. 2004) Energy Efficiency Program
	SummaryVII-3
Exhibit VII-2	2006 – 2025 Electric Technical and Achievable PotentialVII-10
Exhibit VII-3	2006 – 2025 Natural Gas Technical and Achievable PotentialVII-10
Exhibit VII-4	Distribution of Achievable Electric Conservation Potential by
	End-Use, Residential SectorVII-11
Exhibit VII-5	Distribution of Achievable Electric Conservation Potential by
	End-Use, Commercial SectorVII-12
Exhibit VII-6	Distribution of Achievable Natural Gas Conservation Potential by
	End-Use, Residential SectorVII-13
Exhibit VII-7	Distribution of Achievable Natural Gas Conservation Potential,
	Commercial SectorVII-13
Exhibit VII-8	Distribution of Achievable Electric Conservation Potential, Industrial
	SectorVII-14
Exhibit VII-9	Distribution of Achievable Natural Gas Conservation Potential,
	Industrial Sector VII-14
Exhibit VII-10	Electric Energy Efficiency Potentials: Retrofit vs. Lost
	OpportunitiesVII-15
Exhibit VII-11	Gas Energy Efficiency Potentials: Retrofit vs. Lost OpportunitiesVII-16
Exhibit VII-12	Geographic Distribution of Residential Gas Customers by Utility
	Service Area, Service Availability, and System CharacteristicsVII-18
Exhibit VII-13	Effects of Fuel Conversion on Residential Electric Energy
	Efficiency PotentialsVII-19

Exhibit VII-14	Distribution of Electric Conservation Potential from Fuel	
	Conversion by Source	VII-19
Exhibit VII-15	Effects of Fuel Conversion Potentials on Residential Gas Lo	adVII-20
Exhibit VII-16	Segment/End-Use Bundles for Energy Efficiency and Fuel	
	Conversion Resources	VII-22
Exhibit VII-17	Cost Groups for Energy Efficiency and Fuel Conversion	
	Resources	VII-22
Exhibit VII-18	Demand-Response Potentials Summary – 2025	VII-27
Chapter VIII, E	Electric Planning Environment	
Exhibit VIII-1	2005 NW Transmission Constraints (BPA)	VIII-4
Exhibit VIII-2	Transmission Path Constraints Affecting PSE's Ability to Imp	oort
	New Generation	VIII-4
Exhibit VIII-3	States Affected by Clean Air Mercury Rule (CAIR)	VIII-15
Chapter IX, Ele	ectric Resources	
Exhibit IX-1	Existing PSE Resources	IX-2
Exhibit IX-2	December 2006 Supply Side Resources Annual Average	
	Megawatts by Source	IX-3
Exhibit IX-3	PSE's Existing Hydro Resources (2006)	IX-4
Exhibit IX-4	Colstrip (2006)	IX-6
Exhibit IX-5	Combined Cycle (2006)	IX-7
Exhibit IX-6	PSE's Combustion Turbines	IX-7
Exhibit IX-7	Wind Resources	IX-8
Exhibit IX-8	PSE NUG Contracts (2006)	IX-8
Exhibit IX-9	PSE Long-Term QF Contracts with Independent Producers.	IX-10
Exhibit IX-10	PSE Long-Term Contracts with Other Utilities	IX-10
Exhibit IX-11	2006 Monthly Average Energy Load Resource Balance	IX-15
Exhibit IX-12	2006 – 2025 Annual Load Resource Balance—Level B2 Sta	ndard,
	December Each Year	IX-16
Exhibit IX-13	Peak Demand-Resource Balance	IX-18

Chapter X, Electric Analysis and Results

Exhibit X-1	Analytic Process for Least Cost Planning	X-3
Exhibit X-2	Summary of Generic Resources for PSM	X-11
Exhibit X-3	Electricity Price Forecasts by Scenario	X-12
Exhibit X-4	Renewable Portfolio Standards in WECC	X-13
Exhibit X-5	PSE 2005 Least Cost Plan Scenario Input Assumptions	X-19
Exhibit X-6	Monte Carlo Input Assumptions	X-20
Exhibit X-7	Future Energy Needs with Two Time Periods	X-22
Exhibit X-8	Renewable Generation Necessary to Meet Load Requirements	X-22
Exhibit X-9	Portfolio Descriptions	X-23
Exhibit X-10.1	2025 Total New Supply Side Firm Energy Resources Portfolio:	
	10% Renewable, 50/50 Gas & Coal	X-25
Exhibit X-10.2	2025 Total New Supply Side Firm Energy Resources Portfolio:	
	15% Renewable, 50/50 Gas & Coal	X-25
Exhibit X-10.3	2025 Total New Supply Side Firm Energy Resources Portfolio:	
	15% Renewable, Coal	X-26
Exhibit X-10.4	2025 Total New Supply Side Firm Energy Resources Portfolio:	
	15% Renewable, Gas	X-26
Exhibit X-11	Expected Cost Result for Business as Usual	X-28
Exhibit X-12	Dynamic 20-Year Incremental Unit Costs for Business as Usual	
	Portfolios	X-29
Exhibit X-13	Expected Portfolio Costs – Current Momentum vs. Business as	
	Usual	X-30
Exhibit X-14	Expected Portfolio Costs – Green World vs. Business as Usual	X-31
Exhibit X-15	Expected Portfolio Costs – Transmission Solution vs. Business	
	as Usual	X-32
Exhibit X-16	Expected Portfolio Costs – Growth Scenarios vs. Business as	
	Usual	X-33
Exhibit X-17	Static Portfolio Costs – All Scenarios	X-34
Exhibit X-18	Dynamic BAU Result and Static Scenario Results	X-35
Exhibit X-19	Dynamic Expected Value Results for all Scenarios	X-35
Exhibit X-20	Dynamic Cost and Risk Tradeoff Results for all Scenarios	X-36

Exhibit X-21	Impact of Seasonal Price Cap on BAU Scenario	.X-39
Exhibit X-22	Volume of PBA Purchases	.X-40
Exhibit X-23	Imputed Debt with 50% Bridging Agreements through 2015	X-41
Exhibit X-24	No PBA Portfolio Compared to Generic Portfolio	X-42
Exhibit X-25	Results of No PBA Portfolio to Generic Portfolio Comparison	X-42
Exhibit X-26	Current Momentum Scenario PV Portfolio Cost vs. CO2 Tax	.X-43
Exhibit X-27	Transmission Solution Scenario PV Portfolio Cost vs. CO2 Tax	.X-44
Exhibit X-28	Constant Rate vs. Accelerated Rate of Energy Efficiency testing	
	cases up to Cost Point D	X-48
Exhibit X-29	Scenario Results – Testing Cases up to Cost Point D	.X-48
Exhibit X-30	Scenario Results – Cost Points A to G with A to D Combined	X-49
Exhibit X-31	Incremental and Cumulative Conservation	.X-50
Exhibit X-32	Comparison of Dynamic Results for 10% Renewable and 50/50	
	Gas & Coal, with and without Demand-Side Programs	.X-50
Exhibit X-33	2006 – 2025 Resource Strategy: Accelerated Conservation and	
	Fuel Conversion	X-51

Chapter XI, Electric Resource Strategy and Action Plan

Exhibit XI-1	Resource Strategy Periods	XI-5

Chapter XII, Existing Gas Supply-Side Portfolio Resources

Exhibit XII-1.1	PSE Pipeline Direct Connect Capacity Position (Dth/Day)	XII-3
Exhibit XII-1.2	PSE Pipeline Upstream Capacity Position (Dth/Day)	XII-4
Exhibit XII-2	PSE Gas Transportation Map	XII-5
Exhibit XII-3	PSE Gas Storage Position	XII-8
Exhibit XII-4	PSE Peaking Gas Resources	XII-10
Exhibit XII-5	Long-Term Gas Supply Contracts as of Jan. 2005	XII-14
Exhibit XII-6	Summary of PSE's Gas Capacity Position (Dth/Day)	XII-17
Exhibit XII-7	Summary of PSE – Power Generation Gas Capacity Position	
	(Dth/Day)	XII-18
Exhibit XII-8	Summary of PSE's Gas for Generation Capacity Position	
	(MDth/Day)	XII-19

Chapter XIII, New Gas Supply-Side Resource Opportunities

Exhibit XIII-1	Historic Firm T-South to Huntingdon Contracted Capacity	
	(Westcoast Energy Inc.)	XIII-4
Exhibit XIII-2	AGA's Forecast of New Resources	XIII-8
Exhibit XIII-3	LNG Value Chain	XIII-11

Chapter XIV, Natural Gas Analysis and Results

Exhibit XIV-1	Peak Day Demand and Resources	XIV-4
Exhibit XIV-2	Gas Resource Planning Scenarios	XIV-6
Exhibit XIV-3	Gas Supply Alternatives	XIV-10
Exhibit XIV-4	Transportation Alternatives	XIV-10
Exhibit XIV-5	Storage Alternatives	. XIV-11
Exhibit XIV-6	Commercial and Industrial Gas Efficiency Program Bundles	XIV-12
Exhibit XIV-7	Residential Gas Efficiency Program Bundles	XIV-13
Exhibit XIV-8	Gas Scenario Comparison: Portfolio Average Cost of Gas per	
	Dth	XIV-17
Exhibit XIV-9	Levelized Cost of Energy Efficiency Bundles and Results by	
	Scenario	. XIV-19
Exhibit XIV-10	Annual Energy Efficiency Savings (MDth)	XIV-20
Exhibit XIV-11	Comparison of Optimal Energy Efficiency – Current vs. Prior	
	Plan	XIV-21
Exhibit XIV-12	Results of LNG Import Analysis	XIV-23
Exhibit XIV-13	Jackson Prairie Storage Capacity/Deliverability	XIV-24
Exhibit XIV-14	LNG Bridging Capacity/Deliverability	XIV-25
Exhibit XIV-15	Base Case—Cumulative Pipeline Capacity by Source	XIV-26
Exhibit XIV-16	Optimal Secondary Market Capacity Additions	XIV-27
Exhibit XIV-17	Optimal Direct-Connect Pipeline Capacity Additions from	
	Expansions	. XIV-28
Exhibit XIV-18.1	Base Case—Peak Day Demand and Resources	XIV-29
Exhibit XIV-18.2	2006 – 2024 LDC Gas Resource Strategy (Additions)	XIV-30
Exhibit XIV-19	Annual 20-Year Levelized Monte Carlo Results	XIV-31
Exhibit XIV-20	Comparison of Variability across Different Time Horizons	XIV-32
Exhibit XIV-21	Annual and 20-Year Levelized Cost and Variability	XIV-33

Exhibit XIV-22	Jackson Prairie Expansion Results—Static and Stochastic	
	Results	XIV-34
Exhibit XIV-23	Frequency Distribution of JP Deliverability Expansion	XIV-35
Exhibit XIV-24	Static and Mean Stochastic Results for Secondary Capacity	XIV-36
Exhibit XIV-25	Frequency Distribution for Secondary Capacity Additions in	
	2011	XIV-36
Exhibit XIV-26	Frequency Distribution for Southern LNG Import Supply	XIV-37
Exhibit XIV-27	Fuel Conversion Impact	XIV-38
Exhibit XIV-28	Joint Planning Analysis	XIV-39
Exhibit XIV-29	Comparison of Sales and Generation Demand	XIV-40

Chapter XV, Energy Portfolio Management

Exhibit XV-1	Energy Supply Synergies	XV-5
Exhibit XV-2	Company Organizations that Contribute to or are Influenced by	
	Long-Term Energy Cost Risk Management	.XV-6

Chapter XVI, Delivery System Planning

Exhibit XVI-1	Gas Delivery System	XVI-3
Exhibit XVI-2	Electric Delivery System	XVI-4
Exhibit XVI-3	Planning Process	XVI-7
Exhibit XVI-4	Capital Planning Initiatives	XVI-10
Exhibit XVI-5	Planning Tools	XVI-10
Exhibit XVI-6	Gig Harbor Gas Distribution System Alternatives Economic	
	Comparison Results	XVI-15
Exhibit XVI-7	Hansville Peninsula Electric Distribution System Alternatives	
	Economic Comparison Results	XVI-16
Exhibit XVI-8	West Kitsap Transmission System Alternatives Economic	
	Comparison Results	XVI-17
Exhibit XVI-9	Everett-Delta Gas Distribution System Alternatives Economic	
	Comparison Results	XVI-21
Exhibit XVI-10	Benefit Hierarchy	XVI-23
Exhibit XVI-11	5-Year HP Supply Construction Plan 2005 – 2009	XVI-24
Exhibit XVI-12	5-Year Substation Construction Plan 2005 – 2009	XVI-25

Exhibit XVI-13	5-Year Construction Plan—Gas-HP Supply	XVI-26
Exhibit XVI-14	5-Year Construction Plan—Substation	XVI-27

Appendix C, Electric Models

Exhibit C-1	Regional Growth Rates	C-3
Exhibit C-2	Power Plants under Construction	C-4
Exhibit C-3	State Renewable Energy Portfolios	C-5
Exhibit C-4	Cost and Performance Characteristics	C-7
Exhibit C-5	Monthly Flat Mid-C Prices	C-7

Appendix E, RFP Process and Results

Exhibit E-1	Proposals by Fuel	.E-2
Exhibit E-2	Overview of the Evaluation Process	. E-2
Exhibit E-3	Inputs Used in PSM Calculations	.E-4
Exhibit E-4	Diagram of Evaluation Process for Short-Listed Proposals	.E-7
Exhibit E-5	20-Year PV Risk vs. Cost	E-9
Exhibit E-6	Selected Portfolio of Potential Acquisition Opportunities	E-10

Appendix F, 2003 Greenhouse Gas Emissions Inventory

Exhibit F-1	Direct Emissions from Electric Generation Plants	. F-2
Exhibit F-2	Direct Emissions from Natural Gas Operations and Vehicle Fuel	
	Use	.F-3
Exhibit F-3	Indirect Emissions from Purchase of Electricity	. F-4
Exhibit F-4	Indirect Emissions from Natural Gas Operations	. F-4
Exhibit F-5	Emissions Avoided	F-5
Exhibit F-6	Emissions from Portfolio Additions	F-6

Appendix I, Gas Planning Standard

Exhibit I-1	Components of Outage Costs	I-2
Exhibit I-2	Outage Costs and Incremental Benefit of Reliability	I-3
Exhibit I-3	20-Year Portfolio Costs at Different Reliability Levels	I-3
Exhibit I-4	Incremental Benefits and Costs of Reliability	I-4
Exhibit I-5	Cumulative Probability Distribution of Annual Peak Day HDD 1950) —
	2003	l-5

Exhibit I-6	Efficient Standards for Sensitivity Variables	I-6
Exhibit I-7	Incremental Benefits and Costs of Planning Standards—Scenario	
	Sensitivities	I-7

Appendix J, Additional Gas Analysis Results

Exhibit J-1	Optimal Resource Mix: Green World Scenario J-1
Exhibit J-2	Optimal Resource Mix: Strong Economy ScenarioJ-2
Exhibit J-3	Optimal Resource Mix: Weak Economy Scenario J-3
Exhibit J-4	Optimal Resource Mix: Generation Fuel PortfolioJ-4
Exhibit J-5	Optimal Resource Mix: Joint Sales and Generation Fuel Portfolio J-5

Appendix K, Description of the Load Forecasting Models

Exhibit K-1	PSE Econometric Forecasting Model	K-1
Exhibit K-2	Long-Term Price Elasticity for Major Customer Classes	K-3