

PREFACE

Puget Sound Energy's (PSE) 2005 Least Cost Plan is organized into 18 chapters and 11 appendices. To assist readers with navigating and understanding the 2005 LCP, this Preface discusses the document structure and concludes with brief chapter and appendix summaries.

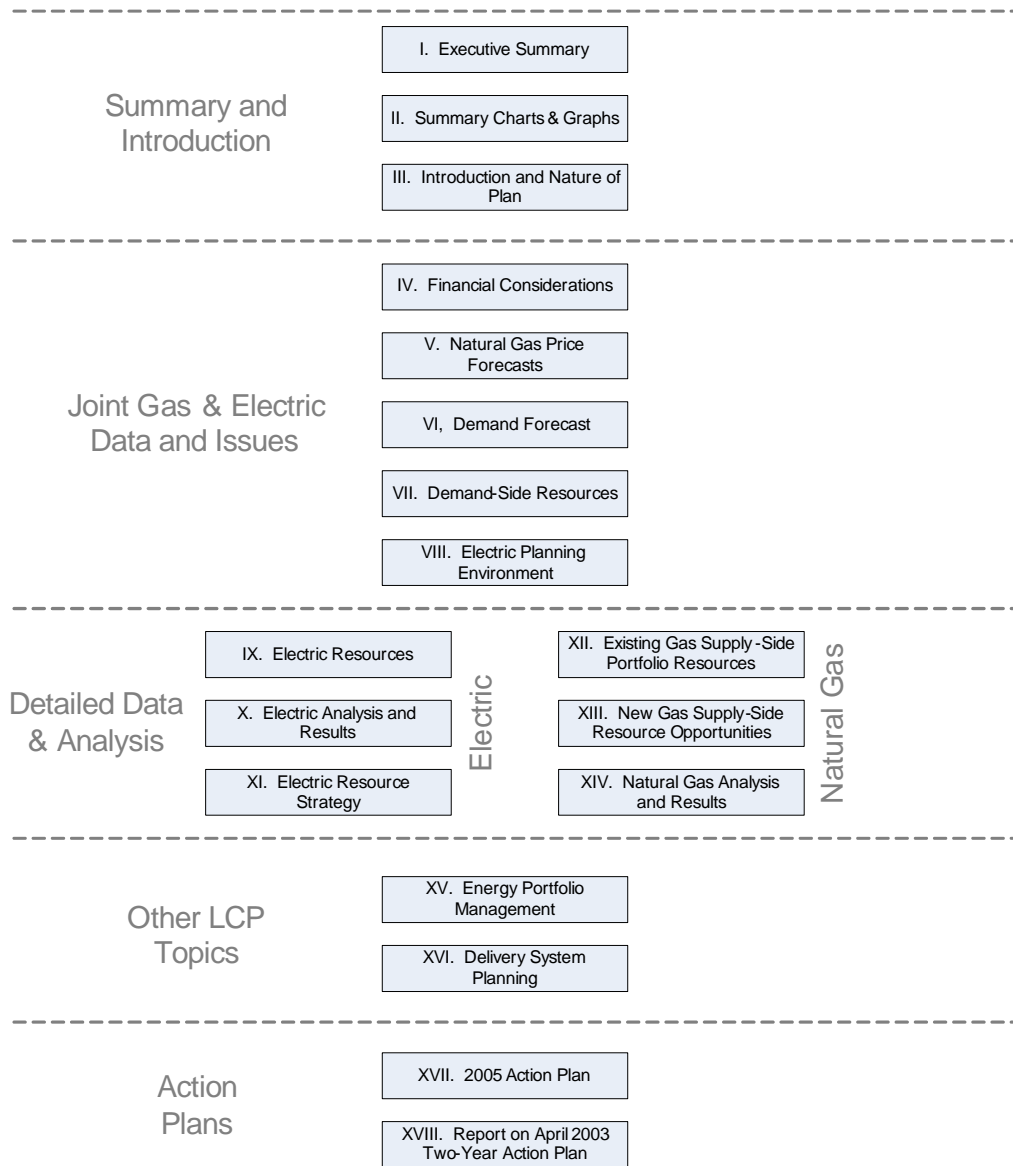
Structure

As shown in Exhibit P-1, the Least Cost Plan chapters are sequentially organized into five categories as follows:

- Summary and Introduction – Chapters I through III contain summary plan information and discuss regulatory requirements and the nature of least cost planning for PSE.
- Joint Gas and Electric Data and Issues – Chapters IV through VIII set forth input data and background issues for the electric and gas analyses. Changes in the marketplace and lessons learned since the 2003 LCP are also discussed here.
- Detailed Data and Analysis – The long-term load and resource outlook, analysis, results, and strategies are set forth in Chapters IX through XI for electric resources, and in Chapters XII through XIV for natural gas resources.
- Other Least Cost Plan Topics – Certain subjects have been added to PSE's Least Cost Plan over time in response to regulatory and stakeholder input. Chapters XV and XVI cover energy portfolio management and delivery system planning, respectively.
- Action Plans – Wrapping up the Least Cost Plan, Chapter XVII presents PSE's two-year action plan for electric and natural gas, and Chapter XVIII updates progress on action plan items from the 2003 Least Cost Plan.

As shown, the document is structured sequentially – *data* leads to *analysis*, then to *analytical results*, and finally to *actions*. Therefore, readers with limited time to review the plan may wish to examine key chapters that occur later in the document, such as the concluding chapters of the electric and gas analyses (Chapters XI and XIV) and the action plan (Chapter XVII).

EXHIBIT P-1 Least Cost Plan Document Organization



Chapter Summaries

Chapter I – Executive Summary

Summarizes the plan and provides PSE's electric and gas resource strategies.

Chapter II – Summary Charts and Graphs

Provides a graphical overview of PSE's existing electric and gas resource situations, and its strategy for addressing needs.

Chapter III – Introduction and Nature of Plan

Covers regulatory compliance, stakeholder interaction and the use and relevance of the plan.

Chapter IV – Financial Situation

Discusses the key corporate financial considerations for least cost planning.

Chapter V – Natural Gas Price Forecasts

Discusses the current natural gas market and the gas price forecasts used in this Least Cost Plan.

Chapter VI – Demand Forecasting

Explains PSE's load forecasting methodology, its key forecast assumptions, and provides electric and gas load and customer forecasts.

Chapter VII – Demand-Side Resources

Sets forth the evaluation methodology and results for new energy efficiency, fuel conversion, and demand response resources.

Chapter VIII – Electric Planning Environment

Discusses the key issues that impact PSE's electric resource strategy including transmission, environmental initiatives, and demand-side resources implementation issues.

Chapter IX – Electric Resources

Provides a recap of PSE's existing electric supply resources, discusses the expiration of certain resources during the planning period, and presents PSE's long-term need for resources.

Chapter X – Electric Analysis and Results

Presents the analytical methodology, new resource alternatives, and analytical results.

Chapter XI – Electric Resource Strategy

Develops the electric resource strategy based upon the analytical results and consideration of key issues.

Chapter XII – Existing Gas Supply-Side Portfolio Resources

Presents PSE's existing gas resources, including supply, pipeline capacity, and storage, and provides an overview of the Company's resource need.

Chapter XIII – New Gas Supply-Side Resource Opportunities

Identifies new supply-side resource opportunities available to PSE, including supply, storage, transport, and on-system storage.

Chapter XIV – Natural Gas Analysis and Results

Results of the gas optimization and Monte Carlo analysis and conclusions are presented in this Chapter.

Chapter XV – Energy Portfolio Management

Discusses PSE's management of the electric and gas portfolio, including risk management strategies.

Chapter XVI – Delivery System Planning

Provides an overview of PSE's gas and electric delivery systems and the key considerations and benefits of the distribution planning process.

Chapter XVII – 2005 Action Plan

Presents the two-year action plan for implementing the gas and electric resource strategies.

Chapter XVIII – Report on April 2003 Two Year Action Plan

Updates PSE's two-year action plan from the 2003 Least Cost Plan.

Appendix Summaries

Appendix A – Stakeholder Interaction

Summarizes the public involvement process involved in this Least Cost Plan including Least Cost Plan Advisory Group and Conservation Resource Advisory Group meetings.

Appendix B – Demand-Side Resources

Provides the detailed data and analytical results used to produce the demand-side resource potential estimates presented in Chapter VII. [Appendix B is over 200 pages and therefore is not included in published copies of the plan. Interested readers can either contact PSE directly for a printed copy or visit www.pse.com to view the document.]

Appendix C – AURORA Dispatch Model

Provides a description of the AURORA electric simulation model.

Appendix D – Wind Integration

Discusses issues and costs for integrating wind resources into the resource portfolio.

Appendix E – RFP Process and Results

Summarizes the process and results for the competitive acquisition process that followed the 2003 Least Cost Plan.

Appendix F – 2003 Greenhouse Gas Emissions Inventory

Provides emissions data for PSE's existing electric generating resources.

Appendix G – Electric Results

Provides detailed electric model results that support the analyses presented in Chapter X.

Appendix H – Gas Models

Describes the Sendout and Vector Gas simulation models used for the natural gas analysis and describes the uncertainty factors used for Vector Gas.

Appendix I – Gas Planning Standard

Presents the analysis supporting the natural gas planning standard.

Appendix J – Gas Results

Provides detailed natural gas model results that support the analyses presented in Chapter XIV.

Appendix K – Description of Load Forecasting Models

Describes the econometric models used to produce the demand forecast presented in Chapter VI.