Puget Sound Energy, Inc. ("PSE") adopts herein a code of conduct that its employees will follow in buying or selling natural gas or electricity, and in reporting such transactions to index developers. This code of conduct is adopted in conformance with the Federal Energy Regulatory Commission's July 24, 2003, policy statement on natural gas and electric price indices, Price Discovery in Natural Gas and Electric Markets, 104 FERC 61,121 (2003), as updated in the Dec. 12, 2003 order on clarification of policy statement on natural gas and electricity price indices, Price Discovery in Natural Gas and Electric Markets, 105 FERC 61,282 (2003) ("policy statement").

1. **Responsibility for reporting**
   PSE will report transaction data through its Energy Risk Control department, which is independent from, and not responsible for, trading. PSE Front Office and other personnel responsible for trading are prohibited from reporting to index developers. PSE's decision to submit energy pricing data to index developers is completely voluntary. PSE reserves the right to cease reporting to index developers at its sole discretion.

2. **Data accuracy**
   The prices reported to index developers by PSE's Energy Risk Control department will be the same as those recorded in the company’s Energy Trading Risk Management systems at the time of submission to the index developer. PSE will make reasonable efforts to review the transaction data prior to and after submission, to be reasonably available for queries prior to publication, to notify the publication of errors as identified and consistent with materiality standards defined by the publication, and challenge a published index only when warranted.

3. **Requirement to report all trades**
   PSE will report all transactions in the physical (cash) markets at those trading locations that PSE participates in and have an established index. PSE will endeavor to report all of those transactions consistent with applicable instructions and within applicable parameters, as established or instructed by the relevant index developer. PSE reported transactions will include those traded on electronic trading platforms.

   PSE will make reasonable efforts to submit data electronically as directed by the index developer; however, when that is not available or feasible, an agreeable submittal process with the index developer will be utilized. PSE will report all of its other gas and electric transactions to Platts.

PSE currently reports the following categories of transactions to the following indices:
Electricity transactions:
1. To Platts:
   a) day-ahead, peak transactions at Mid-Columbia,
   b) day-ahead, off-peak transactions at Mid-Columbia,
   c) day-ahead, peak transactions at COB,
   d) day-ahead, off-peak transactions at COB,
   e) peak forward transactions at Mid-Columbia,
   f) off-peak forward transactions at Mid-Columbia,
   g) peak forward transactions at COB,
   h) off-peak forward transactions at COB, and
   i) all other electricity transactions

2. To Powerdex: all real-time, hour-ahead transactions

Natural gas transactions:
1. To Platts Inside FERC's Gas Market Report: all "bid week" transactions for the following month
2. To Platts Gas Daily:
   a) day-ahead transactions and
   b) all other transactions not reported to Platts Inside FERC's Gas Market Report

4. Complete set of data elements
   PSE will submit to the index developers identified above a complete set of data elements or fields for each particular index, in accordance with the index developer's published templates. PSE will not report counterparties for its electricity transactions at this time.

5. No aggregation of transactions
   PSE will provide data to the identified index developers for each transaction separately.

6. Treatment of nonstandard transactions
   To the extent that PSE reports a transaction to an index developer that might be deemed a nonstandard transaction for any of the existing indices prepared by that index developer, PSE will undertake to identify to the index developer the nature of the deviation from the parameters of the indices.

7. Nonreported transactions
   PSE will not report:
   - Financial hedges, financial transactions, or swaps or exchanges of gas or electricity;
   - Intracompany transactions or transactions executed with affiliate companies;
   - Physical transactions with index pricing; or
   - All other nonstandard transactions deemed not applicable to index developer reporting.

8. Error resolution process
   PSE will make efforts to adhere to the guidelines established by the index developer to address the error resolution process, including adhering to the process and timeline for submitting corrections and for responding to inquiries from the index developer. Like the original data submission, PSE’s Energy Risk Control department will carry out this function.

9. Document retention
   PSE will retain all relevant data relating to reported trades for a minimum of three years.

10. Independent audit
    PSE's Internal Audit group will review PSE's implementation of, and adherence to, data gathering and
submission process adopted by the company at least once annually. PSE will make the results of the review available to any index developer to which PSE submits transaction data, and PSE will permit the index developer to recommend changes to improve the accuracy and timeliness of data reporting.

11. Dissemination of Code of Conduct
   PSE will make this code of conduct available to its employees and to the public on its Web site.