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PUGET SOUND ENERGY

Puget Sound Energy, Inc.
P.O. Box 90868
Bellevue, WA 98009-0868

October 30, 2008

Allen Fiksdal
EFSEC Manager
905 Plum Street SE
PO Box 43172
Olympia, WA 98504-3172

RE: Wild Horse Expansion

Dear Mr. Fiksdal:

As you know, the request for amendment submitted to EFSEC for the Wild Horse Expansion included the following language:

"In addition, PSE requests that certain conditions of the existing SCA related to grazing be amended to acknowledge PSE's participation in the Wild Horse Coordinated Resource Management Plan (CRMP). We ask that SCA conditions related to fencing of the mitigation parcel and springs may be waived provided that: (a) PSE is a partner with WDFW in the Wild Horse CRM; (b) waiver of the permanent fencing is recommended in the current Wild Horse CRM Grazing Plan and affirmed by the TAC; and (c) the CRM monitoring program confirms that the environmental and wildlife habitat goals of the CRM are being met without the need of this permanent fencing."

This portion of the request is not related to the expansion project. Rather, PSE chose this opportunity to make the request to provide flexibility to the CRM group to implement measures that were most protective of habitat. This had been the subject of much discussion at the CRM group, whose members felt that permanent fencing may not necessarily be the best solution to protecting the springs and the mitigation parcel, particularly since grazing is now being managed on the entire site in a more sustainable and coordinated effort with the CRM group. The request was made on behalf of the CRM group and the language above was drafted in consultation with WDFW staff.

Nevertheless, PSE has received considerable criticism for this request from Mr. Robert Kruse. He has alleged that we have not complied with SCA conditions, have removed all the protections from the mitigation parcel and springs, and implied that we intend to escape our obligations under the SCA. None of these assertions are true. Based on these allegations, Mr. Kruse demands that EFSEC, through the SEPA review for the expansion request, require that PSE provide additional mitigation to "offset" the fencing provisions.

In fact, the existing language in the SCA (Article IV.F.10 and Article VII.D.8) does not require permanent fencing but specifies that IF permanent fencing is installed, it be wildlife friendly. Prior to grazing occurring this year, the mitigation parcel and springs were and fenced with temporary single wire electric fence, in accordance with recommendations from qualified WDFW biologists and the CRM group.

Because of the allegations made by Mr. Kruse, and given the linkage Mr. Kruse is drawing to the SEPA review, PSE wishes to withdraw the above language from the amendment request at this time. It is unfortunate that these unwarranted public statements have caused us to withdraw this portion of the request even though we believe it would provide better protection for habitat.

PSE will continue to abide by the conditions contained in the SCA as we have done in the past. Prior to grazing occurring on the Wild Horse site again, another Grazing Plan will be prepared and for approval by the TAC and the Siting Council. PSE will propose protections for the springs and mitigation parcel.

We share the sincere desire of WDFW and other members of the CRM to do what's best for habitat. However, we cannot justify subjecting approval of the expansion project to threats of delay and unwarranted demands for additional mitigation on account of this issue.

Please let me know if you have any questions. Thank you.

Sincerely,
PUGET SOUND ENERGY

Scott Williams
Senior Project Manager
Puget Sound Energy