Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER BUSINESS LINE

July 22, 2002

In reply refer to: PT-5

Mr. William A Gaines, Vice President Energy Supply
Puget Sound Energy
One Bellevue Center, 15
411 108th Avenue NE
Bellevue, WA 98004

Re: Contract 02PB-11156, Conditional Deferral of Reduction of Risk Discount Amount (Agreement)

Dear Mr. Gaines:

The parties intend that Section 4 of the Agreement read as follows:

4. Any comprehensive final settlement agreement entered into by Puget and BPA Preference Utilities of litigation relating to Contract No. 01PB-12162 or the Financial Settlement Agreement that is concluded successfully to Puget's satisfaction shall include Puget's and BPA's agreement that, unless such settlement is successfully challenged or otherwise is determined to be invalid or unenforceable:

   (a) the monthly amount paid to Puget pursuant to the Financial Settlement Agreement, after the agreements successfully concluding such litigation are entered into and become effective, shall equal $10,208,320 ($10,236,288 during a leap year) and

   (b) all amounts that have been deferred pursuant to section 1 above and that have not then been paid to Puget shall not be paid to Puget.

This reflects two small corrections to the text. A period was replaced by a colon at the end of the first paragraph, and a period was replaced by a comma after the word "effective" in Subsection 4 (a).

If you agree with these edits please sign the concurrence line below and return the signed copy to me.

Sincerely,

Mark E. Miller
Account Executive

CONCUR:

Puget Sound Energy, Inc.

By _____

Name WILLIAM A. GAINES
(Print/Type)

Title VICE PRESIDENT, ENERGY SUPPLY

Date 7/29/02