



PUGET SOUND ENERGY

The Energy To Do Great Things

Puget Sound Energy, Inc.

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March 4, 2010

Mr. David Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

**Re: Advice No. 2010-04
Electric Tariff Filing - Filed Electronically
Request for an order allowing less than statutory notice**

Dear Mr. Danner:

Puget Sound Energy, Inc. (the "Company" or "PSE") hereby submits proposed revisions to its electric Schedule 120, Electricity Conservation Service Rider. This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes revisions in the following electric tariff sheets.

WN U-60, Tariff G - (Electric Tariff):

Eighteenth Revision of Sheet No. 120 - Electricity Conservation Service Rider
Nineteenth Revision of Sheet No. 120-a - Electricity Conservation Service Rider (Continued)
Twentieth Revision of Sheet No. 120-b - Electricity Conservation Service Rider (Continued)
Seventeenth Revision of Sheet No. 120-c - Electricity Conservation Service Rider (Continued)
Fifteenth Revision of Sheet No. 120-d - Electricity Conservation Service Rider (Continued)
Fourteenth Revision of Sheet No. 120-e - Electricity Conservation Service Rider (Continued)

The primary purpose of this filing, and the companion natural gas tariff filing under Advice No. 2010-05, is to implement changes to rates under the conservation tracker and rider mechanisms, as provided in Exhibit F to the Settlement Stipulation Agreement approved by the Commission in Docket Numbers UE-011570 and UG-011571. Specifically, the principal purpose of this filing is to revise the Electricity Conservation Rider charges upward in order to reflect both the increased amounts budgeted for the upcoming year and the true-up of actual costs and actual collections over the past year. The amount budgeted for electric energy efficiency programs in 2010 is \$79.6 million. The true-up (under collection) for 2009 adds \$3.4 million and the conservation incentive under Schedule 121 adds \$4.3 million for a total revenue requirement of \$87.3 million. Overall, this proposal represents an increase of \$35,355,572 or 1.74%. All rate schedules for electric service are affected by the increase.

The baseline target level for acquisition of energy efficiency resources in 2010 and 2011 supported by this budget level is 71.0 aMW. This is the same target level underlying the electric and natural conservation program tariffs filed in Docket Nos. UE-091859 and UG-091860 on November 30, 2009, and approved by the Commission at the December 23, 2009 Open Meeting. This baseline target was set after being discussed with the Conservation Resource Advisory Group ("CRAG") on an ongoing basis.

The CRAG provided valuable insight in setting the baseline target and discussions provided a robust process for the individual members to conduct a detailed review of the baseline target. The ambitious two-year target level of 71.0 aMW, exceeds PSE's achievement of 66.3 aMW in 2008 (31.2 aMW) and 2009 (35.1 aMW). This budgeted target level is significantly greater than the 2010 target level filed in Docket No. UE-100177 of 20.33 aMW (42.22 aMW for the 2-year period 2010-2011).

Exceeding the target level for energy efficiency acquisition in 2009 triggers an incentive to be calculated under Schedule 121 of the Company's electric tariff. Seventy five percent, or \$3,288,826, of the incentive for 2009 is included in the calculation of rates in this filing. When combined with the remaining amount of the 2008 incentive the total incentive included in calculation of rates in this filing is \$4.4 million.

As described above, there are currently pending before the Commission a number of issues related to PSE's conservation programs. These include: (1) the Staff investigation ordered by the Commission on December 23, 2009, related to program descriptions, budgets, cost-effectiveness, and evaluation of PSE's electric and natural conservation program tariffs filed in Docket Nos. UE-091859 and UG-091860 on November 30, 2009; (2) PSE's ten-year achievable conservation potential and biennial conservation target filed on January 29, 2010, in Docket No. UE-100177; and (3) this Schedule 120 filing which sets the budget to support the programs and the conservation targets. While the conservation programs and budget process is not new, the conservation targets required by WAC 480-109-010(3) is a new requirement as of 2010.

Given the on-going investigation and implications of the new statutory requirements, now including possible significant financial penalties, PSE has moved forward cautiously. Accordingly, PSE believed a discussion with the Commission would be helpful in sorting through these related issues and provide useful input in PSE's determination of the appropriate budget level to include in this filing. Unfortunately due to scheduling constraints, this meeting did not occur until Friday, February 26, 2010. There was insufficient time following the meeting between the Commission and the Company to provide notice to customers and prepare this filing for submittal with an effective date of April 1, as required in the Commission's order in Docket No. UE-970686 (the "Order"). Therefore, the Company respectfully requests that the Commission allow this tariff change to become effective on April 1, 2010, with less than statutory notice ("LSN"), in order to allow the Company to adjust rates to customers in a timely manner and as provided in the Order. The information required by WAC 480-80-122 is contained throughout this letter and on the attached LSN form provided by the Commission. Tom DeBoer is authorized to issue tariff changes on behalf of the Company. The Company provided Staff with the proposed tariff sheets and work papers on March 3, 2010, to allow Staff as much time as possible to review the filing.

The tariff sheets described herein reflect an issue date of March 4, 2010, and an effective date of April 4, 2010. The effective date will be adjusted upon receipt of the Commission's order allowing the changes to become effective with less than statutory notice. Posting of proposed tariff changes, as required by WAC 480-100-193, is being made by posting the proposed tariff sheets on the PSE web site immediately prior to or coincident with the date of this transmittal letter. Notice to the public will be provided under

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the provisions of WAC 480-100-194(2) through a published notice at least thirty days before the originally stated effective date of the tariff change.

Please contact Mr. Lynn Logen at (425) 462-3872 for additional information about this filing. If you have any other questions please contact me at (425) 462-3495.

Very truly yours,



Tom DeBoer
Director, Federal & State Regulatory Affairs

Enclosures

cc: Simon J. ffitich, Public Counsel
Sheree Carson, Perkins Coie