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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

October 1, 2004

Ms. Carole Washburn, Executive Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: RCW 19.29A.090 Report

Dear Ms. Washburn

Pursuant to RCW 19.29A.090, Puget Sound Energy, Inc. ("PSE", "Company"), hereby fulfills the annual requirement with the following report attached.

RCW 19.29A.090 (6) states that:

Each . . . investor-owned utility must report annually to the commission beginning October 1, 2002, until October 1, 2012, describing the option or options it is offering its customers under the requirements of this section, the rate of customer participation, the amount of qualified alternative energy resources purchased by customers, the amount of utility investments in qualified alternative energy resources, and the results of pursuing aggregated purchasing opportunities. The department and the commission together shall report annually to the legislature, beginning December 1, 2002, until December 1, 2012, with the results of the utility reports.

If you need any additional information please contact Lynn Logen at (425) 462-3872.

Sincerely,

Karl Karzmar
Director, Regulatory Relations

Attachment

cc: Graciela Etchart, WUTC
Mike Richardson, Manager Renewable Energy - Customer Programs



Alternative Energy Resources

Annual Report

October 1, 2004

Description of the options the Company is offering its Customers

Beginning January 1, 2002, the PSE Green Power Program was available to customers. PSE's Green Power program has been in place for approximately 32 months. Customers can enroll over the phone, on-line, or through their monthly bills. Customers have the option to buy green power in increments of \$2.00 per month. The Company encourages customers to participate at 10% of their bill, which is approximately \$6.00 per month for residential customers and \$14.00 per month for commercial customers. The minimum monthly purchase is \$4 per month. The charge is a flat fee that reoccurs each month until the customer either notifies us to stop or moves to a new location. The Company's billing system was modified to accommodate these charges.

In 2004 PSE began an initiative to encourage customer development of small-scale renewable energy projects in its service area. One such biomass project will be complete in the last quarter of 2004 and will become an additional resource for PSE's green power program. This project will be the first anaerobic dairy waste digester in the state.

Also in 2004, PSE partnered with two of the other western Washington utilities on a multi-media marketing campaign. The campaign included a television spot, permission based e-mails and bill inserts.

Green Power Program Rate of Customer Participation

13,724 Total (as of August 31, 2004)

13,456 Residential
268 Commercial

Amount of Qualified Alternative Energy Resources Purchased by Green Power Customers

39,212 MWh Total (for the period September 1, 2003 - August 31, 2004)

36,331 MWh Residential
2,850 MWh Commercial

Amount of Utility Investment in Qualified Alternative Energy Resources

\$315,233 investment in Bonneville Environmental Foundation (Wind and Solar mix) for the period September 1, 2003 - August 31, 2004.

Renewable resources purchased from net metered Customers by Company

28,934 kWh (12 Months ending August 31, 2004)
29,137 kWh from Small Hydro
9,882 kWh from Solar Power

Results in Pursuing Aggregated Purchasing Opportunities

N/A