



Puget Sound Energy, Inc.
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January 9, 2007

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

Filed Electronically (hard copy to follow in regular mail)

Re: Docket Nos. UE-060266 and UG-060267 (Consolidated)
Compliance Filing
Advice No. 2007-01 – Electric Tariff Filing
Advice No. 2007-02 – Natural Gas Tariff Filing

Dear Ms. Washburn:

Pursuant to RCW 80.28.060, WAC 480-80-101 and -105, and WAC 480-07-880 and -883, enclosed are three copies of the following revised tariff sheets:

WN U-60, Tariff G, Electric Service (Advice No. 2007-01):

33 rd Revision	Sheet No. 2-a	Index to Rate Schedules (Continued)
27 th Revision	Sheet No. 7	Residential Service
2 nd Revision	Sheet No. 7-b	Master Metered Residential Service (Continued)
25 th Revision	Sheet No. 24	General Service
14 th Revision	Sheet No. 25	Small Demand General Service
8 th Revision	Sheet No. 25-a	Small Demand General Service (Continued)
14 th Revision	Sheet No. 26	Large Demand General Service
21 st Revision	Sheet No. 29	Seasonal Irrigation & Drainage Pumping Service
26 th Revision	Sheet No. 31	Primary General Service
20 th Revision	Sheet No. 35	Seasonal Primary Irrigation & Drainage Pumping Service
2 nd Revision	Sheet No. 40	Large Demand General Service Greater Than 3 aMW
1 st Revision	Sheet No. 40-a	Large Demand General Service Greater Than 3 aMW (Continued)
1 st Revision	Sheet No. 40-b	Large Demand General Service Greater Than 3 aMW (Continued)
1 st Revision	Sheet No. 40-c	Large Demand General Service Greater Than 3 aMW (Continued)
17 th Revision	Sheet No. 43-a	Interruptible Primary Service For Total-Electric Schools (Continued)
26 th Revision	Sheet No. 46	High Voltage Interruptible Service
8 th Revision	Sheet No. 46-a	High Voltage Interruptible Service (Continued)
25 th Revision	Sheet No. 49	High Voltage General Service
25 th Revision	Sheet No. 50	Limited Street Lighting Service
15 th Revision	Sheet No. 52-a	Custom Lighting Service Company Owned (Continued)

12 th Revision	Sheet No. 53-a	Street Lighting Service Sodium Vapor (Continued)
9 th Revision	Sheet No. 53-b	Street Lighting Service Sodium Vapor (Continued)
26 th Revision	Sheet No. 54	Customer-Owned Street Lighting Energy Service Sodium Vapor
25 th Revision	Sheet No. 55	Area Lighting Service
8 th Revision	Sheet No. 55-a	Area Lighting Service (Continued)
23 rd Revision	Sheet No. 57	Continuous Lighting Service
21 st Revision	Sheet No. 58	Flood Lighting Service
9 th Revision	Sheet No. 58-a	Flood Lighting Service (Continued)
29 th Revision	Sheet No. 95	Power Cost Adjustment Clause
4 th Revision	Sheet No. 95-a	Power Cost Adjustment Clause (Continued)
5 th Revision	Sheet No. 95-b	Power Cost Adjustment Clause (Continued)
4 th Revision	Sheet No. 95-c	Power Cost Adjustment Clause (Continued)
4 th Revision	Sheet No. 95-d	Power Cost Adjustment Clause (Continued)
4 th Revision	Sheet No. 95-e	Power Cost Adjustment Clause (Continued)
Original	Sheet No. 121	Electricity Conservation Incentive Mechanism
Original	Sheet No. 121-a	Electricity Conservation Incentive Mechanism (Continued)
3 rd Revision	Sheet No. 129	Low Income Program

WN U-2, Natural Gas Service (Advice No. 2007-02):

2 nd Revision	Sheet No. 40-A	Purchased Gas Adjustment Mechanism (Continued)
5 th Revision	Sheet No. 116-A	General Gas Lighting and Street Lighting Service (Optional) (Continued)
50 th Revision	Sheet No. 123	Residential General Service
45 th Revision	Sheet No. 131	Commercial and Industrial General Service
31 st Revision	Sheet No. 136-B	Special Commercial Heating Service (Optional) (Continued)
52 nd Revision	Sheet No. 141	Large Volume High Load Factor Gas Service (Optional)
8 th Revision	Sheet No. 150	Compressed Natural Gas (CNG) for Vehicle Fuel
7 th Revision	Sheet No. 151-A	Special Multiple Unit Housing Service (Optional) (Continued)
6 th Revision	Sheet No. 153-B	Propane Service (Continued)
9 th Revision	Sheet No. 157-B	Distribution System Transportation Svc (Firm & Interruptible) (Cont.)
11 th Revision	Sheet No. 157-C	Distribution System Transportation Svc (Firm & Interruptible) (Cont.)
19 th Revision	Sheet No. 171	Residential Water Heater Rental Service
14 th Revision	Sheet No. 174	Gas Conversion Burner Rental Service
13 th Revision	Sheet No. 185-C	Interruptible Gas Service with Firm Option (Continued)
14 th Revision	Sheet No. 185-D	Interruptible Gas Service with Firm Option (Continued)
13 th Revision	Sheet No. 186-C	Limited Interruptible Gas Service with Firm Option (Optional) (Cont.)
12 th Revision	Sheet No. 186-D	Limited Interruptible Gas Service with Firm Option (Optional) (Cont.)
14 th Revision	Sheet No. 187-D	Non-Exclusive Interruptible Gas Service w/ Firm Option (Cont.)
29 th Revision	Sheet No. 1101	Gas Cost Rates
2 nd Revision	Sheet No. 1101-B	Gas Cost Rates (Continued)
32 nd Revision	Sheet No. 1106	Deferred Account Adjustment
3 rd Revision	Sheet No. 1129	Low Income Program
5 th Revision	Sheet No. 1129-B	Low Income Program (Continued)

The purpose of this filing is to comply with the Commission's Order No. 08 Rejecting Tariff Sheets; Authorizing and Requiring Compliance Filing in Docket Nos. UE-060266 and UG-060267 (the "Order"). The attached revised tariff sheets reflect the form and rates authorized in the Order.

As required by WAC 480-07-883(2) a copy of this filing has been served on each party to this proceeding.

The enclosed tariff sheets reflect issue dates of January 9, 2007, and effective dates of January 13, 2007, by authority of the Washington Utilities and Transportation Commission in Docket Nos. UE-060266 and UG-060267 (Consolidated).

Work papers that demonstrate the derivation of the revenue requirements and the rates proposed to be changed by the enclosed tariff sheets are attached herewith in electronic format. Please note that tabs "(C) Prodn O&M" and "(C) Ex A-3 Colstrip" are ***Confidential per Protective Order in WUTC Docket Nos. UE-060266 and UG-060267.*** As the work papers demonstrate, the revenue requirements reflect the fact that Trust Preferred stock is tax deductible in calculating the electric and natural gas revenue deficiency. The workpapers also correct the natural gas revenue deficiency so that it reflects the allowed capital structure for the proforma interest calculation and Everett Delta proforma adjustment. The resulting gas revenue deficiency, on which the enclosed tariff sheets are based, is \$29,479,219, a 3.07% increase. The resulting electric revenue deficiency is \$9,244,369, a .54% increase. Also, as directed by the Order, the filing's rate year projected power costs use 3-month average natural gas prices at November 30, 2006 and also reflect the impact of these natural gas prices on the mark to market calculations of short-term market transactions at November 30, 2006. The resulting electric revenue surplus, on which the enclosed tariff sheets are based, is \$22,849,574, a 1.33% electric rate decrease.

Enclosed are the final exhibits supporting the Company's Power Cost Baseline Rate of \$56.899 per mWh established in this consolidated proceeding as reflected on Page 3.01 "Exhibit A-1" of the attached workpapers. This Power Cost Baseline Rate is calculated using an after-tax rate of return of 7.06%. The calculation of the after-tax rate of return is shown on Page 2.02. Please note that the unredacted version of Exhibit A-4, provided herewith in the sealed envelope, is ***Confidential per Protective Order in WUTC Docket Nos. UE-060266 and UG-060267.***

As discussed above, rate year power costs were updated to reflect more recent three-month average gas prices at November 30, 2006. The AURORA model was run with this gas forecast revision and costs outside of the AURORA model reflect the updated gas prices, AURORA's updated generation and market prices, as well as the resulting mark to market for fixed gas and power transactions at November 30, 2006. Final Exhibits 270 through 272 are included with the workpapers supporting the updated power cost calculations.

Also enclosed are work papers that demonstrate the derivation of the rates proposed to incorporate an annual increase of \$525,000 in low-income assistance for gas customers. The overall low income caps and other pertinent information are included in the enclosed tariff sheets.

As mentioned above confidential work papers are included in this filing. Copies with the confidential information redacted will be provided on January 10, 2007.

Please contact Lynn Logen at (425) 462-3872 or at lynn.logen@pse.com for additional information about this filing. If you have any other questions please contact me at (425) 462-3495.

Very truly yours,



Karl R. Karzmar, Director Regulatory Relations
for Tom DeBoer
Director, Rates & Regulatory Affairs

Enclosures

cc: Sheree Carson, Perkins Coie
Service List