



PUGET SOUND ENERGY

The Energy To Do Great Things

Puget Sound Energy, Inc.

P.O. Box 97034

Bellevue, WA 98009-9734

May 28, 2010

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

RE: Docket Nos. UE-091703
Replacement Tariff Sheets – **Do Not Redocket** – Filed Electronically
Advice No. 2010-17 – Electric Tariff Filing

Dear Mr. Danner:

Puget Sound Energy, Inc. (the “Company” or “PSE”) hereby submits in Docket No. UE-091703 the following tariff sheets to replace, in their entirety, the tariff sheets filed on October 30, 2009 under the Company’s Advice No. 2009-27. The tariff sheets in the October 30, 2009 filing were suspended by the Commission in Order 01, Complaint and Order Suspending Tariff Revisions, and the Company respectfully requests that the Commission issue an order rejecting the suspended October 30, 2009 filing and accepting and allowing the attached tariff sheets to go into effect on July 1, 2010.

This filing of replacement tariff sheets is pursuant to RCW 80.28.060 and Chapter 480-80 WAC and includes the following portion of the Company’s tariff for electric service.

WN U-60, Tariff G, Electric Service:

- 4th Revision of Sheet No. 95-f - Schedule 95A: Production Tax Credit Tracker
- 4th Revision of Sheet No. 95-g - Schedule 95A: Production Tax Credit Tracker (Continued)
- 5th Revision of Sheet No. 95-h - Schedule 95A: Production Tax Credit Tracker (Continued)
- 5th Revision of Sheet No. 95-i - Schedule 95A: Production Tax Credit Tracker (Continued)
- 4th Revision of Sheet No. 95-j - Schedule 95A: Production Tax Credit Tracker (Continued)
- 4th Revision of Sheet No. 95-k - Schedule 95A: Production Tax Credit Tracker (Continued)

The enclosed tariff sheets revise the rates in Schedule 95A to zero as the Company has not been able to use the tax credits as anticipated. The Company has in the past and is currently passing through production tax credits (“PTCs”) that it has been unable to realize in recent federal tax filings. Rather than continuing to build a balance, the Company is requesting that the current tariff rates be set to zero. The Company is committed to work with Commission staff to modify the mechanism going forward in order to pass through PTCs in the future and to adjust the rate to include Treasury grant amounts, as applicable. The Company expects to make additional filings to effect such changes in the near future.

Commission Staff, in its open meeting memo regarding this docket, stated that it questions the reasonableness of basing the tracker benefits on generated PTCs. Staff's investigation found that through June 30, 2009, the Company has generated and passed through \$61.2 million to customers and that PSE has been able to use only \$24 million to reduce the Company's tax liability. PSE expects this disparity to continue into the near future. The practical effect of this filing is to modify the tracker to no longer base the rate on generated PTCs and thereby, in part, addresses the concerns expressed by the Commission's staff.

Removing the existing credit rate has the effect of increasing electric rates by 1.65% or \$34,440,938 and affects all 1,077,942 of PSE's electric customers. The typical residential customer using 1,000 kWh per month will experience an increase of 1.72% or \$1.68 per month.

The tariff sheets described herein reflect issue dates of May 28, 2010, and effective dates of July 1, 2010. Posting of proposed tariff change, as required by law and the Commission's rules and regulations, will be completed immediately prior to or coincident with the date of this transmittal letter through web, telephone and mail access in accordance with WAC 480-100-193. Pursuant to WAC 480-100-194 the Company will provide notice to customers in accordance WAC 480-100-194(2).

Please contact 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