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*Puget Sound Energy, Inc.  
P.O. Box 97034  
Bellevue, WA 98009-9734*

September 28, 2005

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,

A handwritten signature in black ink, appearing to read "K. Karzmar", with a long horizontal line extending to the right.

Karl R. Karzmar  
Director, Regulatory Relations

Attachment

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

Description of the options the Company is offering its Customers

Beginning January 1, 2002, the PSE Green Power Program was available to customers. 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. Residential customers participate on average at 10% of their bill, which is just over \$6.00 per month and commercial customers participate on average just under \$44.00 per month. 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.

PSE's Green Power program has been in place for approximately 44 months.

Effective July 1, 2005, a new large volume rate, Schedule 136, was made available to customers. Under this rate customers must purchase 1 million-kilowatt hours or more and make a purchase commitment for a minimum of one year. Currently 4 customers are purchasing Green Power under this rate.

In 2004 PSE began an initiative to encourage customer development of small-scale renewable energy projects in its service area. One such biomass project was completed in the last quarter of 2004 and has become an additional resource for PSE's Green Power Program. This project is the first anaerobic dairy digester in the state. In addition, PSE has encouraged several small solar demonstration projects that provide educational value to our customers and the region.

Notable marketing activity in 2005 includes a direct mail campaign targeted to small/medium sized retail businesses and a combined Seattle City Light multi-media initiative to run from October 1, 2005 – January 31, 2006.

Green Power Program Rate of Customer Participation

14,676 Total (as of August 31, 2005)

14,408 Residential  
268 Commercial

Amount of Qualified Alternative Energy Resources Purchased by Green Power Customers

55,412 MWh Total (for the period September 1, 2004 - August 31, 2005)

49,308 MWh Residential  
6,104 MWh Commercial

Amount of Utility Investment in Qualified Alternative Energy Resources

\$374,070 investment in Bonneville Environmental Foundation (Wind and Solar mix) for the period September 1, 2004 - August 31, 2005.

\$18,339 to the VanderHaak Dairy for the green attributes associated with the animal waste to energy project. For the period September 1, 2004 – August 31, 2005

Renewable resources purchased from net metered Customers by Company

48,224 kWh (12 Months ending August 31,2005)  
26,899 kWh from Small Hydro  
21,325 kWh from Solar Power

Renewable resources purchased from other sources by Company

N/A

Results in Pursuing Aggregated Purchasing Opportunities

N/A