



Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

February 1, 2018

Via Web Portal

Steven V. King, Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Drive S.W.
Olympia, Washington 98504-7250

**Re: Docket UE-131883
Distributed Generation Annual Report**

Dear Mr. King:

Attached is Puget Sound Energy's ("PSE's") State Tax Incentive Annual Report and Net Metering Report six-month Update dated February 1, 2018, filed pursuant to the Commission's letter dated May 20, 2016 in the above-referenced docket.

The report includes information on state tax incentives for distributed generation (RCW 82.16.110-130) paid by PSE for the state fiscal year of July 1, 2016 to June 30, 2017. This report also includes an update on the total number of new net metered and non-net metered system installations by technology between May 1 and October 31, 2017, and the total nameplate and average capacity of those newly installed systems.

The Commission also requested that utilities provide any communication sent to all participants or applicants regarding the administration of the incentive program for the last fiscal year, or current fiscal year. In response, PSE has included in this filing two communication pieces sent to program participants during the required reporting period(s). Please note the communication pieces inform existing customers of the recent changes to the law governing the Washington state Production Incentive Program. These changes require participants to re-apply for certification with the new administrator of the program, Washington State University ("WSU"). PSE has also included this information on its public website at <https://pse.com/savingsandenergycenter/CustomerConnectedSolar/Pages/WA-Production-Incentive-Program.aspx>.

Finally, customers can also learn about changes to the State Production Incentive Program by reading PSE's updated Schedule 151 Renewable Energy Production Payment Program tariff that

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incorporates the recent changes in the law. The tariff was approved by the Commission and became effective in October 2017. A copy of the tariff is included in this filing for convenience.

Please contact Nate Hill at (425) 457-5524 (nate.hill@pse.com), or Heather Mulligan at (425) 456-2916 (heather.mulligan@pse.com) for additional information about this filing. If you have any other questions, please contact me at (425) 456-2110.

Sincerely,

/s/ Kenneth S. Johnson

Ken Johnson
Director, State Regulatory Affairs
Puget Sound Energy
PO Box 97034, PSE-08N
Bellevue, WA 98009-9734
425-456-2110
ken.s.johnson@pse.com

cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie

Attachments:
Distributed Generation Report
Tariff Schedule 151
Customer Communication Attachment A
Customer Communication Attachment B