



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

September 29, 2006

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

RE: RCW 19.29A.090 Report (Filed via WUTC Webportal & U.S. mail)

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 Eric Englert at (425) 456-2312.

Sincerely,

A handwritten signature in black ink that reads 'Tom DeBoer'.

Tom DeBoer  
Director, Rates and Regulatory Affairs

Attachment

cc: Graciela Etchart

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, commercial customers participate on average just under \$20.00. The charge is a flat fee that reoccurs each month until the customer either notifies us to stop or moves to a new location. Since July 2005, our program also includes a new large volume rate option, Schedule 136. Under this rate option, customers must purchase 1 million-kilowatt hours or more and make a purchase commitment for a minimum of one year.

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. For instance, a 1 kilowatt system was installed at Redmond High School this year.

Notable marketing activity in 2006:

- A 30 second TV spot which aired on Comcast Cable networks, and offered new customers organic fair-trade coffee for signing up. April '06 – July '06
- A combined PSE & Seattle City Light initiative in partnership with Pagliacci Pizza stores. The initiative included newsletter stories by PSE and Pagliacci, Pagliacci's website, in-store displays, and signup forms included on Pizza boxes. August '06 – October '06.
- Launch of the Bellingham Green Power Community Challenge in partnership with the City of Bellingham and Sustainable Connections. Includes press, newspaper, tabling, local business displays, prominently displayed progress markers and banners, web, and coordination with neighborhood groups on a "neighborhood challenge." September '06 – February '07

Green Power Program Rate of Customer Participation

16,791 Total (as of August 31, 2006)

16,392 Residential  
399 Commercial

Amount of Qualified Alternative Energy Resources Purchased by Green Power Customers

108,685 MWh Total (for the period September 1, 2005 - August 31, 2006)

56,116 MWh Residential  
52,569 MWh Commercial

Amount of Utility Investment in Qualified Alternative Energy Resources

\$618,274 investment in Bonneville Environmental Foundation (Wind and Solar mix) for the period September 1, 2005 - August 31, 2006.

\$28,028 to the VanderHaak Dairy for the green attributes associated with the animal waste to energy project. For the period September 1, 2005 – August 31, 2006

Renewable resources purchased from other sources by Company

N/A

Results in Pursuing Aggregated Purchasing Opportunities

N/A

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