

UE-011569



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

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September 27, 2007

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 attached report.

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,

Tom DeBoer  
Director, Rates and Regulatory Affairs

Attachment

Description of the options the Company is offering its Customers

The PSE Green Power Program has been available to customers since January 1, 2002, through Schedule 135. 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, with a \$4.00 per month minimum; or they can elect to purchase enough to cover 100% of their electric usage (kWh usage x \$.0125). On average, residential customers purchase \$6.35 of green power per month; and commercial customers participate on average just over \$20.00. The green power charge reoccurs each month until the customer either notifies us to stop or moves to a new location outside of our service territory. Since July 2005, our program also includes a new large volume rate option, Schedule 136. Under this rate option, customers must purchase one million-kilowatt hours or more and make a purchase commitment for a minimum of one year. Sixteen businesses and government agencies have joined the program using this large volume rate.

Effective April 1, 2007, the WUTC approved PSE's request to lower rates under both Green Power Program tariffs. Under Schedule 135, the rate went from 2 cents per kWh, down to 1.25 cents/kWh. Now a \$6.00 green power purchase buys 480 kilowatt-hours, up from 300 kilowatt-hours under the old rate. The prices under Schedule 136 went down from 1 cent per kWh, to 0.6 cents per kWh. Several existing large volume purchasers elected to increase the amount of green power they purchase as a result of the change.

Notable marketing activity in 2007:

- In September 2006, PSE launched the Bellingham Green Power Community Challenge in partnership with the City of Bellingham and Sustainable Connections. The challenge officially ran for 6 months, ending on February 28, 2007. A community celebration was held on April 21 at the Public Market and included speeches from local and state officials, including Representative Rick Larsen and Mayor Tim Douglas. Outreach included press, newspaper, tabling, local business displays, prominently displayed progress markers and banners, web, and coordination with neighborhood groups on a "neighborhood challenge."
- PSE joined with Tacoma Power, Seattle City Light, and Snohomish PUD, to launch a campaign aimed at residential customers in the entire Puget Sound region. The campaign included :30 and :10 second spots which aired on KING5, KONG, and NWCN during an eight week period in April and May. Customers were asked to join their utility's green power program, and in return they would receive a gift of coffee and chocolate. Nearly 3,000 PSE customers responded to the offer.
- PSE sponsored the Marymoor Concert Series, including providing enough green power to make the concert a carbon neutral event. Sponsorship included on-air, on-line, and on-site promotion throughout the twelve concert series.
- In addition to the campaigns listed above, PSE continued to communicate to existing and potential customers through bill inserts, newsletters sent out three-times a year, a coupon book featuring green power businesses, and at community events throughout the region.

Green Power Program Rate of Customer Participation

19,945 Total (as of August 31, 2007)

19,131 Residential

814 Commercial (Measured in terms of meters)

Amount of Qualified Alternative Energy Resources Purchased by Green Power Customers

201,046 MWh Total (for the period September 1, 2006 - August 31, 2007)

85,155 MWh Residential  
115,891 MWh Commercial

Amount of Utility Investment in Qualified Alternative Energy Resources

For the period September 1, 2006 - August 31, 2007, PSE paid \$1,361,321 for green tags. Sources of those green tags included the Bonneville Environmental Foundation, VanderHaak Dairy, and Grays Harbor Paper.

Renewable resources purchased from other sources by Company

\$60,000 has been earmarked for small-scale renewable energy demonstration projects installed in communities served by PSE that have made a significant commitment to green power. In September 2007, a 3 kilowatt photovoltaic system was installed on the City of Bellingham's Environmental Learning Center as a reward to the community for exceeding goals set for the Bellingham Green Power Community Challenge. The system will be officially dedicated on October 25, 2007. PSE entered into an agreement with Bonneville Environmental Foundation to manage the installation of the projects.

Results in Pursuing Aggregated Purchasing Opportunities

N/A