PSE *PUGET SOUND ENERGY*

The Energy To Do Great Things

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Via WUTC's Electronic Webportal

April 23, 2010

Mr. David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Subject:	**Docket No. U-100522**
	Examination of Whether New Regulations are Needed to Govern Conservation Incentive Mechanisms or Address Declines in Revenues Due to Company-Sponsored Conservation or Other Causes of Conservation.
	Comments of Puget Sound Energy, Inc.

Dear Mr. Danner:

Puget Sound Energy, Inc. ("PSE" or the "Company") appreciates the opportunity to participate in the Commission's examination of whether new regulations are needed to govern conservation incentive mechanisms or address declines in revenues due to company-sponsored conservation or other causes of conservation. In response to the Commission's Notice of Opportunity to File Statements of Issues and Written Comments regarding the Proposed Rule dated April 8, 2010 in Docket No. U-100522, PSE offers the following statement of issues:

> Is it in customers' interest to remove the financial motivation for utilities to sell as much energy as possible so that barriers to maximum conservation savings are removed and customer bills are aligned with allowed utility costs?

> How should regulatory mechanisms consider the distribution of all the benefits from conservation?

What are the major components necessary for determining a utility's unrecovered fixed costs due to conservation?

Should a general methodology for calculating unrecovered fixed costs due to conservation be established?

PSE appreciates the opportunity to present its viewpoint on these issues and looks forward to further discussions on this review of new regulations. Please direct any questions regarding these comments to the undersigned at (425) 462-3495.

Sincerely,

E. E. English / for
Manager, Regulatory Initiatives & Tariffs

Tom DeBoer
Director, Federal and State Regulatory Affairs