



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

February 15, 2006

**HAND-DELIVERY**

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

**Re: Puget Sound Energy, Inc.,  
WN U-60, Tariff G, Electric Service, Advice No. 2006-02  
WN U-2, Natural Gas Service, Advice No. 2006-03**

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Dear Ms. Washburn:

**The Purpose of this Filing**

Puget Sound Energy, Inc. ("PSE" or the "Company") is filing this general rate case in compliance with the Commission's Order No. 04 in Docket No. UE-050870, the Company's 2005 power cost only rate case ("2005 PCORC"). Order No. 04 provided that "PSE is authorized and required to file a general rate case by mid-February 2006 that, among other things, will result in a new or restated Power Cost Baseline Rate to be effective on January 1, 2007." Order No. 04 at ¶ 50.

This filing requests an increase in rates to recover increased electric and gas revenue requirements of \$148.8 million and \$51.3 million, respectively, on an annual basis, or 9.21% and 5.34%. The impact of the filing is described in greater detail in the Summary Documents, three copies of which are filed herewith as **Addendum E**. This filing also requests the Commission's approval of a number of proposals the Company is making to improve the Company's financial strength and better align the interests of its customers and shareholders. A summary of the relief the Company is requesting, the reasons the Company is seeking such relief, and an overview of the topics covered by each of the Company's witnesses is provided in the prefiled direct testimony of Ms. Kimberly Harris, Exhibit No. \_\_\_ (KJH-1T), which is provided as part of this filing.

Please note with respect to the electric revenue requirement increase that the Company will update its projection of rate year power costs during the course of this proceeding. This update could result in an increase or decrease to the Company's total requested electric general rate case revenue deficiency. In addition, once this filing is suspended by the Commission and becomes an adjudicative proceeding, the evidence developed and ultimate findings and conclusions in the proceeding could produce increased electric and gas revenue requirements that are higher or lower than the amounts requested in this initial filing.

Finally, please be advised that the proposed revised tariff sheets listed below and submitted with this filing do not include electric Schedule 95, the Company's Power Cost Adjustment Clause. Schedule 95 – as a power cost surcharge to general electric rates – will be going to a zero rate effective with new rates associated with this general rate case because at that time, the revenues associated with Schedule 95 will effectively be moved to general rate schedules. However, the Company will need to file revisions to Schedule 95 during the course of this proceeding in order to comply with Order No. 04 in the 2005 PCORC. Specifically, the Company will be filing a revised Schedule 95 by May 15, 2006, reflecting a new Power Cost Baseline Rate with an effective date of July 1, 2006. See 2005 PCORC, Order No. 04 at ¶ 49. The Company will supplement its filing in this case as appropriate to reflect the new Power Cost Baseline Rate once it is known.

### **Proposed Revised Tariff Sheets**

Pursuant to RCW 80.28.060 and WAC 480-80-101 and WAC 480-80-105, the Company is providing three copies of the proposed revised tariff sheets of PSE listed below. These tariff sheets reflect issue dates of February 15, 2006 and effective dates of March 18, 2006.

#### **WN U-60, Tariff G, Electric Service:**

32 <sup>nd</sup> Revision	Sheet No. 2-a	Index to Rate Schedules (Continued)
27 <sup>th</sup> Revision	Sheet No. 7	Residential Service
2 <sup>nd</sup> Revision	Sheet No. 7-b	Master Metered Residential Service (Continued)
25 <sup>th</sup> Revision	Sheet No. 24	General Service
14 <sup>th</sup> Revision	Sheet No. 25	Small Demand General Service
8 <sup>th</sup> Revision	Sheet No. 25-a	Small Demand General Service (Continued)
14 <sup>th</sup> Revision	Sheet No. 26	Large Demand General Service
21 <sup>st</sup> Revision	Sheet No. 29	Seasonal Irrigation & Drainage Pumping Service
26 <sup>th</sup> Revision	Sheet No. 31	Primary General Service
20 <sup>th</sup> Revision	Sheet No. 35	Seasonal Primary Irrigation & Drainage Pumping Service
2 <sup>nd</sup> Revision	Sheet No. 40	Large Demand General Service Greater Than 3 aMW
1 <sup>st</sup> Revision	Sheet No. 40-a	Large Demand General Service Greater Than 3 aMW (Continued)
1 <sup>st</sup> Revision	Sheet No. 40-b	Large Demand General Service Greater Than 3 aMW (Continued)
1 <sup>st</sup> Revision	Sheet No. 40-c	Large Demand General Service Greater Than 3 aMW (Continued)
17 <sup>th</sup> Revision	Sheet No. 43-a	Interruptible Primary Service For Total-Electric Schools (Continued)
26 <sup>th</sup> Revision	Sheet No. 46	High Voltage Interruptible Service
8 <sup>th</sup> Revision	Sheet No. 46-a	High Voltage Interruptible Service (Continued)
25 <sup>th</sup> Revision	Sheet No. 49	High Voltage General Service
25 <sup>th</sup> Revision	Sheet No. 50	Limited Street Lighting Service
14 <sup>th</sup> Revision	Sheet No. 52-a	Custom Lighting Service Company Owned (Continued)
6 <sup>th</sup> Revision	Sheet No. 52-b	Custom Lighting Service Company Owned (Continued)
12 <sup>th</sup> Revision	Sheet No. 53-a	Street Lighting Service Sodium Vapor (Continued)
9 <sup>th</sup> Revision	Sheet No. 53-b	Street Lighting Service Sodium Vapor (Continued)
26 <sup>th</sup> Revision	Sheet No. 54	Customer-Owned Street Lighting Energy Service Sodium Vapor
25 <sup>th</sup> Revision	Sheet No. 55	Area Lighting Service
8 <sup>th</sup> Revision	Sheet No. 55-a	Area Lighting Service (Continued)
23 <sup>rd</sup> Revision	Sheet No. 57	Continuous Lighting Service
21 <sup>st</sup> Revision	Sheet No. 58	Flood Lighting Service
9 <sup>th</sup> Revision	Sheet No. 58-a	Flood Lighting Service (Continued)

7 <sup>th</sup> Revision	Sheet No. 93	Voluntary Load Curtailment Rider
2 <sup>nd</sup> Revision	Sheet No. 93-a	Voluntary Load Curtailment Rider (Continued)
2 <sup>nd</sup> Revision	Sheet No. 93-b	Voluntary Load Curtailment Rider (Continued)
Original	Sheet No. 102	Critical Peak Pricing Pilot
Original	Sheet No. 102-a	Critical Peak Pricing Pilot (Continued)
Original	Sheet No. 102-b	Critical Peak Pricing Pilot (Continued)
Original	Sheet No. 121	Electricity Conservation Incentive Mechanism
Original	Sheet No. 121-a	Electricity Conservation Incentive Mechanism (Continued)
Original	Sheet No. 124	Depreciation Tracker
Original	Sheet No. 124-a	Depreciation Tracker (Continued)
Original	Sheet No. 124-b	Depreciation Tracker (Continued)
Original	Sheet No. 124-c	Depreciation Tracker (Continued)
Original	Sheet No. 124-d	Depreciation Tracker (Continued)
Original	Sheet No. 124-e	Depreciation Tracker (Continued)
2 <sup>nd</sup> Revision	Sheet No. 129	Low Income Program
3 <sup>rd</sup> Revision	Sheet No. 129-a	Low Income Program (Continued)
3 <sup>rd</sup> Revision	Sheet No. 129-b	Low Income Program (Continued)
6 <sup>th</sup> Revision	Sheet No. 448-i	Power Supplier Choice (Continued)
7 <sup>th</sup> Revision	Sheet No. 449-i	Retail Wheeling Service (Continued)

Three copies of **Addendum A**, which contains the above electric tariff sheets formatted with the coding required by WAC 480-80-105, are enclosed. Three copies of **Addendum B**, which contains the above electric tariff sheets in legislative format as required by WAC 480-07-510(2), are also enclosed.

#### **WN U-2, Natural Gas Service:**

29 <sup>th</sup> Revision	Sheet No. 4	Index (Continued)
Original	Sheet No. 4-A	Index (Continued)
2 <sup>nd</sup> Revision	Sheet No. 40-A	Purchased Gas Adjustment Mechanism (Continued)
5 <sup>th</sup> Revision	Sheet No. 116-A	General Gas Lighting and Street Lighting Service (Optional) (Cont.)
50 <sup>th</sup> Revision	Sheet No. 123	Residential General Service
45 <sup>th</sup> Revision	Sheet No. 131	Commercial and Industrial General Service
31 <sup>st</sup> Revision	Sheet No. 136-B	Special Commercial Heating Service (Optional) (Continued)
52 <sup>nd</sup> Revision	Sheet No. 141	Large Volume High Load Factor Gas Service (Optional)
8 <sup>th</sup> Revision	Sheet No. 150	Compressed Natural Gas (CNG) for Vehicle Fuel
7 <sup>th</sup> Revision	Sheet No. 151-A	Special Multiple Unit Housing Service (Optional) (Continued)
6 <sup>th</sup> Revision	Sheet No. 153-B	Propane Service (Continued)
9 <sup>th</sup> Revision	Sheet No. 157-B	Distribution System Transportation Svc (Firm & Interruptible) (Cont.)
11 <sup>th</sup> Revision	Sheet No. 157-C	Distribution System Transportation Svc (Firm & Interruptible) (Cont.)
19 <sup>th</sup> Revision	Sheet No. 171	Residential Water Heater Rental Service
14 <sup>th</sup> Revision	Sheet No. 174	Gas Conversion Burner Rental Service
13 <sup>th</sup> Revision	Sheet No. 185-C	Interruptible Gas Service with Firm Option (Continued)
14 <sup>th</sup> Revision	Sheet No. 185-D	Interruptible Gas Service with Firm Option (Continued)
13 <sup>th</sup> Revision	Sheet No. 186-C	Limited Interruptible Gas Service with Firm Option (Optional) (Cont.)
12 <sup>th</sup> Revision	Sheet No. 186-D	Limited Interruptible Gas Service with Firm Option (Optional) (Cont.)
14 <sup>th</sup> Revision	Sheet No. 187-D	Non-Exclusive Interruptible Gas Service w/ Firm Option (Cont.)
28 <sup>th</sup> Revision	Sheet No. 1101	Gas Cost Rates

2 <sup>nd</sup> Revision	Sheet No. 1101-B	Gas Cost Rates (Continued)
31 <sup>st</sup> Revision	Sheet No. 1106	Deferred Account Adjustment
Original	Sheet No. 1118	Revenue Normalization Adjustment
Original	Sheet No. 1118-A	Revenue Normalization Adjustment (Continued)
Original	Sheet No. 1118-B	Revenue Normalization Adjustment (Continued)
Original	Sheet No. 1124	Depreciation Tracker
Original	Sheet No. 1124-A	Infrastructure Tracker (Continued)
2 <sup>nd</sup> Revision	Sheet No. 1129	Low Income Program
2 <sup>nd</sup> Revision	Sheet No. 1129-A	Low Income Program (Continued)

Three copies of **Addendum C**, which contains the above natural gas tariff sheets formatted with the coding required by WAC 480-80-105, are enclosed. Three copies of **Addendum D**, which contains the above natural gas tariff sheets in legislative format as required by WAC 480-07-510(2), are also enclosed.

In addition, this filing includes Sheet No. 2-a of the Electric Index and Sheet No. 4 of the Natural Gas Index to cancel Schedule No. 119, which is no longer applicable.

#### **Additional Materials Submitted With This Filing**

Also being provided with this filing are an original and 19 copies of the Company's prefiled direct testimony and exhibits supporting this general rate case filing. These materials will be offered into the record at the appropriate time and should not be considered evidence until so entered. For the convenience of the Commission and persons interested in this case, a list of these testimonies and the exhibits supported by each witness is provided as **Addendum F**.

We also provide three copies of supporting work papers and the Company's most recent two annual reports to shareholders; subsequent quarterly reports to shareholders; the most recent FERC Forms 1, 2 and 2A; and for the most recent two years, the Company's Forms 10K and 10Q, prospectuses for issuances of securities and quarterly reports to stockholders. In compliance with the new WAC 480-07-510(3)(f), we have also provided three copies of a Report of Affiliated Interest Transactions for the test year as **Addendum G**.

We have also enclosed CD ROMs with electronic copies of these materials where available. Please note that some of Mr. Jeffrey Dubin's workpapers are only available electronically.

#### **Confidentiality Protections and Motion for Highly Confidential Protective Order**

As is evident from PSE's filing, the Company has marked many pages "**CONFIDENTIAL**" or "**HIGHLY CONFIDENTIAL**." These documents are currently protected from any further disclosure by the Commission or the Office of the Attorney General, including their outside experts, **pursuant to RCW 80.04.095 and WAC 480-07-160**. PSE's filing includes a motion and sworn statement requesting that the Commission issue a protective order with highly confidential provisions.

The Company therefore requests that the documents contained in the envelopes identified with the cover page marked "**CONFIDENTIAL PER WAC 480-07-160**" or "**HIGHLY CONFIDENTIAL PER WAC 480-07-160**," as well as the files marked "confidential" or "highly confidential" on the versions of the disks and CD ROMs containing confidential materials be treated as confidential under the provisions of WAC 480-07-160, as they each contain sensitive commercial information. In accordance with WAC 480-07-160(3)(c) the Company has enclosed redacted versions of the documents containing confidential information along with the nonconfidential documents in its filing, and has placed unredacted versions of the documents containing confidential information in separate envelopes with corresponding "**CONFIDENTIAL PER WAC 480-07-160**" or "**HIGHLY CONFIDENTIAL PER WAC 480-07-160**" labels on the envelopes. Each page of the unredacted version containing confidential information has been printed on yellow paper and each page containing highly confidential information has been printed on light blue paper.

CD ROMs containing confidential materials have also been appropriately identified. Please note that for the Commission's convenience, each CD ROM contains a complete set of the filing, except that the "Redacted" CD ROM does not contain any confidential or highly confidential files, the "Confidential" CD ROM contains all but the highly confidential files, and the "Highly Confidential" CD ROM contains all of the files. The file names for each document identify whether the document is "confidential" or "highly confidential."

The Company, its customers, its shareholders, and/or the project owners and developers that submitted commercially sensitive information to PSE would be harmed by release of the confidential or highly confidential information. Such project owners and developers include the entities that submitted comments in the Company's 2005 PCORC proceeding in support of its motion for highly confidential protective order. As detailed in PSE's motion for protective order submitted with this filing, some of the information related to the Company's resource acquisition process should not be viewed at all by persons involved in development of energy projects or resources. PSE has designated such material as "highly confidential" because it reflects confidential information that PSE received from project owners and developers that is commercially sensitive and/or because it reveals information about PSE's resource acquisition efforts, analyses or strategies that is commercially sensitive with respect to PSE's negotiations with such project owners or developers. To the extent any such persons or entities seek to intervene in this matter, they should not thereby be permitted access to "highly confidential" information.

### **Notice of General Rate Case Filing**

Pursuant to WAC 480-07-510(5), the Company is serving copies of the Summary Documents on the persons listed on the Certificate of Service attached to this letter. A copy of the cover letter and certificate of service for the Summary Documents are also provided in **Addendum E**.

Posting of proposed tariff changes, as required by law and the Commission's rules and regulations, is being given to the public immediately prior to or coincident with the date of this transmittal letter in accordance with WAC 480-100-194 and 480-90-194. The Company expects that the Commission will issue an order suspending these proposed changes for investigation and that a

hearing to take testimony from the public will be scheduled at the prehearing conference. Therefore, the Company will provide notice to the public pursuant to WAC 480-100-197 and 480-90-197. Consistent with prior rate case proceedings, PSE will work with Commission Staff and Public Counsel to develop the notice to customers. In accordance with WAC 480-100-193(1), the Company will also post the filed tariff sheets for public inspection and review on its website, and will provide access via request by telephone or mail.

In addition, the Company is providing courtesy copies of the redacted version of this filing to counsel and experts for the parties and intervenors who actively participated in the Company's 2004 general rate case, Docket Nos. UG-040640, as detailed in the Certificate of Service attached to this letter.

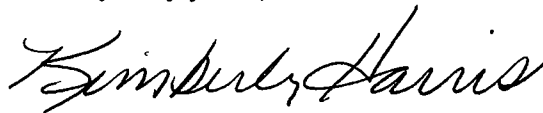
Service and correspondence relating to this filing should be directed to:

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Attorneys for Puget Sound Energy, Inc.

We look forward to working with the Commission, Commission Staff, Public Counsel, our customers, and other interested parties in this important matter.

Very truly yours,



Kimberly Harris  
Senior Vice President  
Regulatory Policy & Energy Efficiency

Enclosures

cc: Kirstin S. Dodge, Perkins Coie  
Service List

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing by hand-delivery, in accordance with WAC 480-07-150(6)(b), to the following:


Robert D. Cedarbaum, Senior Counsel 1400 S. Evergreen Park Dr. S.W. P.O. Box 40128 Olympia, WA 98504-0128 Phone: (360) 664-1188 Fax: (360) 586-5522 Email: <a href="mailto:bcedarba@wutc.wa.gov">bcedarba@wutc.wa.gov</a>	Simon J. ffitich Public Counsel Section Office of Attorney General 900 Fourth Avenue, Suite 2000 Seattle, WA 98164-1012 Phone: (206) 389-2055 Fax: (206) 389-2058 Email: <a href="mailto:simonf@atg.wa.gov">simonf@atg.wa.gov</a>
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I hereby certify that I have this day served the redacted versions of the foregoing by overnight mail, in accordance with WAC 480-07-150(6)(b), to the following:

Mike Kurtz Kurt Boehm Boehm, Kurtz and Lowry 2110 CBLD Center 36 East Seventh St. Cincinnati, OH 45202 Phone: (513) 421-2255 Fax: (513) 421-2764 Email: <a href="mailto:Mkurtzlaw@aol.com">Mkurtzlaw@aol.com</a> <a href="mailto:Kboehmlaw@aol.com">Kboehmlaw@aol.com</a>	Elaine Spencer Graham & Dunn Pier 70 2801 Alaskan Way, Suite 300 Seattle, WA 98121-1128 Phone: (206) 340-9638 Fax: (206) 340-9599 Email: <a href="mailto:Espencer@grahamdunn.com">Espencer@grahamdunn.com</a>
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<p>Robert B. Sheppard  30 Glacier Key  Bellevue, WA 98006</p>	<p>John O'Rourke  Citizens' Utility Alliance of Washington  212 W Second Avenue, Suite 100  Spokane, WA 99201  Phone: (509) 744-3379, ext. 247  Fax: (509) 744-3374  Email: <a href="mailto:orourke@snapwa.org">orourke@snapwa.org</a></p>
<p>John A. Cameron  Davis Wright Tremaine LLP  1300 SW Fifth Avenue, Suite 2300  Portland, OR 97201  Phone: (503) 778-5206  Fax: (503) 778-5299  Email: <a href="mailto:johncameron@dwt.com">johncameron@dwt.com</a></p>	<p>Norman Furuta  Department of the Navy  2001 Junipero Serra Blvd., Suite 600  Daly City, CA 94014  Phone: (650) 746-7312  Fax: (650) 746-7372  Email: <a href="mailto:norman.furuta@navy.mil">norman.furuta@navy.mil</a></p>
<p>James Lazar  Microdesign Northwest  1063 Capital Way South, #202  Olympia, WA 98501  Email: <a href="mailto:jimlaz@callatg.com">jimlaz@callatg.com</a></p>	

Dated at Bellevue, Washington, this 15<sup>th</sup> day of February, 2006.

  
Cindy Main