



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

March 1, 2011

Mr. David Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

**Re: Advice No. 2011-04
Electric Tariff Filing - Filed Electronically**

Dear Mr. Danner:

Puget Sound Energy, Inc. (the "Company" or "PSE") hereby submits proposed revisions to its electric Schedule 120, Electricity Conservation Service Rider. This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes revisions in the following electric tariff sheets.

WN U-60, Tariff G - (Electric Tariff):

Nineteenth Revision of Sheet No. 120 - Electricity Conservation Service Rider
Twentieth Revision of Sheet No. 120-a - Electricity Conservation Service Rider (Continued)
Twenty-First Revision of Sheet No. 120-b - Electricity Conservation Service Rider (Continued)
Eighteenth Revision of Sheet No. 120-c - Electricity Conservation Service Rider (Continued)
Sixteenth Revision of Sheet No. 120-d - Electricity Conservation Service Rider (Continued)
Fifteenth Revision of Sheet No. 120-e - Electricity Conservation Service Rider (Continued)

The primary purpose of this filing is to implement changes to rates under the conservation rider mechanism, as provided in the following dockets: the Commission's order in Docket No. UE-970686 (the "Order"); and the Settlement Terms for Conservation ("Settlement") approved by the Commission in Docket Number UE-100177.

In Docket Number UE-100177 the Commission approved PSE's Biennial Conservation Target ("Target") for 2010 and 2011 of 622,000 MWh at the customer meter level. The Target represents the cost-effective, reliable and feasible conservation resources PSE can acquire in the 2010-2011 biennium. Approval of 2010 expenditures and approval of collection of 2011 costs in this filing will allow PSE to make continued progress in meeting the Target for the 2010-2011 biennium.

This filing revises the Electricity Conservation Rider charges for all customers except those receiving service under Schedules 448, 458, 449 or 459 in order to reflect the following items: increased amounts budgeted for the upcoming year; the true-up (and approval) of actual costs and actual collections except those that are related to Schedule 258 over the past year; the amount of conservation incentive to be collected; and the recovery of estimated April 2011 costs.¹ The amount proposed to be recovered from

¹ In the Settlement, the Parties agreed to a filing schedule that differed from past years. Under the terms of the Settlement, this filing must be made by March 1, with a requested effective date of May 1. This time lag results in the inclusion of estimated April cost recovery.

Mr. David Danner
March 1, 2011
Advice No. 2011-04
Page 2 of 2

customers affected by these tariff changes for electric energy efficiency programs in 2011 is \$93.5 million. This amount is adjusted by: the true-up for 2010 which subtracts \$0.3 million and the conservation incentive under Schedule 121 which adds \$1.1 million. Further, the recovery of estimated April 2011 costs results in a \$6.5 million reduction of the revenue requirement, for a total of \$87.9 million. Overall, this proposal represents a revenue requirement decrease of \$1.9 million or 0.09% for customers affected by this tariff change. All rate schedules for electric service, except Schedules 448, 458, 449 and 459 are affected by the change, most will experience a decrease, and a few will experience an increase. The rate schedules experiencing an increase are Schedules 29, 40, 46, 49 and 50-59. The increases are primarily caused by increased allocations of costs of the conservation programs, including administration costs.

Exceeding the target level for energy efficiency acquisition in 2009 triggered an incentive to be calculated under Schedule 121 of the Company's electric tariff. Twenty-five percent, or \$1.1 million, of the incentive for 2009 is included in the calculation of rates in this filing. With the Commission's approval of this amount and the associated savings, this is the final incentive amount of the Electric Conservation Incentive Mechanism.


Concurrent to this filing, PSE is also making changes to existing Schedule 258 (Large Power User Self-Directed Program) in order to clarify provisions of that schedule called forth in the Settlement.

Consistent with Section K, Condition (3)(c) of the Settlement, the Company provided Commission Staff and other members of the Conservation Resource Advisory Group ("CRAG") with the proposed tariff sheets and work papers on March 1, 2011, to allow them time to review the filing.

The tariff sheets described herein reflect an issue date of March 1, 2011, and an effective date of May 1, 2011. Posting of proposed tariff changes, as required by WAC 480-100-193, is being made by posting the proposed tariff sheets on the PSE web site immediately prior to or coincident with the date of this transmittal letter. Notice to the public will be provided under the provisions of WAC 480-100-194(1) or (2) through (1) individual notice to individual customers or (2) a published notice. Either notice will be provided at least thirty days before the originally stated effective date of the tariff change.

Please contact Mr. Lynn Logen at (425) 462-3872 for additional information about this filing. If you have any other questions please contact me at (425) 462-3495.

Very truly yours,


Lynn F. Logen, Tariff Consultant
for Tom DeBoer

Director, Federal & State Regulatory Affairs

Enclosures

cc: Simon J. Fitch, Public Counsel
Sheree Carson, Perkins Coie