



PUGET SOUND ENERGY

The Energy To Do Great Things

Puget Sound Energy
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PSE.com

January 31, 2011

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

Re: REC/PTC Offset Compliance Filing UE-101581/UE-070725

Dear Mr. Danner:

In compliance with the final order from accounting petition UE-101581 Order 1 and UE-070725 Order 6 (consolidated) pursuant to WAC 480-07-880, Puget Sound Energy, Inc. ("PSE") is submitting the December 2010 monthly update for the REC/PTC offset. PSE is also submitting the schedule for the PTC balance. At the bottom of the updated schedules is a comparison which details the differences from the numbers provided in UE-070725.

Very truly yours,

Tom DeBoer
Director, Federal & State Regulatory Affairs

Enclosures

cc: Sheree Carson, Perkins Coie
Service List Docket UE-070725

Renewable Energy Credit Balances
2010 REC's October 2010 through March 2011
Credit of the Estimated REC Balances to the Customer
Updated Attachment B with Actuals through December 2010

Month	25400211/21 Overall RECs Balance (a)	CA Receivable (1) (b)	Low Income Weatherization (1) (c)	Return on Ratebase (d)	Interest on RECs (e)	Forecasted RECs (f)	Total RECs Net of Offsets (g) = Sum (a) to (f)	Monthly change in REC Balance (h)	25400241 Credit to Customers (i)	25400251 Entry to Offset PTC (j)	2009 GRC ROR at 6.90% (k)	REC Balance (l)
	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Monthly Activity	Monthly Activity	Monthly Activity	Monthly Activity	Balance
May-10	(49,686,559)	3,300,000	2,285,000	45,480	(1,734,956)		(45,791,034)					(45,791,034)
Jun-10	(51,468,862)		2,285,000	68,221	(2,070,576)		(51,186,217)	(5,395,183)				(51,186,217)
Jul-10	(51,740,621)		2,285,000	90,961	(2,070,576)	-	(51,435,235)	(249,019)			(283,589)	(51,718,824)
Aug-10	(62,587,292)		2,285,000	113,701	(2,070,576)	-	(62,259,166)	(10,823,931)			(315,554)	(62,858,309)
Sep-10	(65,476,422)			136,441	(2,070,576)	-	(67,410,557)	(5,151,390)			(361,614)	(68,371,313)
Oct-10	(65,474,869)			159,182	(2,070,576)	-	(67,386,263)	24,294		6,257,795	(358,494)	(62,447,718)
Nov-10	(68,990,625)			181,922	(2,070,576)	-	(70,879,279)	(3,493,016)	4,924,676	7,118,919	(315,981)	(54,213,119)
Dec-10	(76,813,938)			204,662	(2,070,576)	-	(78,679,851)	(7,800,573)	5,580,099	8,215,202	(274,294)	(48,492,684)
Jan-11	(76,813,938)			227,402	(2,070,576)	(3,695,962)	(82,353,074)	(3,673,222)	5,658,030	8,005,944	(228,466)	(38,730,398)
Feb-11	(76,813,938)			250,143	(2,070,576)	(8,020,621)	(86,654,992)	(4,301,918)	4,929,569	6,975,194	(178,015)	(31,305,568)
Mar-11	(76,813,938)			272,883	(2,070,576)	(12,471,664)	(91,083,294)	(4,428,303)	5,034,765	7,124,044	(134,063)	(23,709,125)
Apr-11	(76,813,938)			295,623	(2,070,576)	(16,594,740)	(95,183,630)	(4,100,335)		6,241,461	(105,812)	(21,673,812)
May-11	(76,813,938)			318,363	(2,070,576)	(18,963,536)	(97,529,686)	(2,346,056)		5,905,370	(89,554)	(18,204,053)
Jun-11	(76,813,938)			341,104	(2,070,576)	(20,470,633)	(99,014,043)	(1,484,357)		5,618,029	(67,568)	(14,137,948)
Jul-11	(76,813,938)			363,844	(2,070,576)	(24,503,320)	(103,023,989)	(4,009,946)		5,831,831	(50,576)	(12,366,640)
Aug-11	(76,813,938)			386,584	(2,070,576)	(30,819,525)	(109,317,454)	(6,293,465)		5,775,913	(46,957)	(12,931,149)
Sep-11	(76,813,938)			409,324	(2,070,576)	(35,986,281)	(114,461,470)	(5,144,016)		5,595,842	(47,277)	(12,526,600)
Oct-11	(76,813,938)			432,065	(2,070,576)	(40,819,629)	(119,272,077)	(4,810,608)		6,263,586	(41,931)	(11,115,553)
Nov-11	(76,813,938)			454,805	(2,070,576)	(45,607,432)	(124,037,141)	(4,765,063)		7,126,306	(31,096)	(8,785,407)
Dec-11	(76,813,938)			477,545	(2,070,576)	(50,011,545)	(128,418,513)	(4,381,372)		8,078,449		(5,088,330)
									26,127,140	100,133,885	(2,930,842)	

(1) The amounts of deferred REC proceeds that was used to recover the CA receivable and to fund low income weatherization was recorded in June 2010 and September 2010, respectively.

Projected Balances 12/2011

	Current Schedule	Original Schedule	Variance
REC Balance (a) + (b) + (c) + (f)	(126,825,483)	(124,647,687)	(2,177,796)
Credit to Customers (i)	26,127,140	26,459,427	(332,287)
Interest (d)+(e)+Σ(k)	(4,523,872)	(4,244,951)	(278,921)
PTC Offset (j)	100,133,885	100,295,020	(161,135)
Total (l)	(5,088,330)	(2,138,191)	(2,950,139)

Production Tax Credit Balances
2010 PTC's Oct 1, 2010 through Dec 2011
Updated Actuals through December 2010

	19000551 - Def FIT - Production Tax Credit	PTC's Gross-up Factor @ 65%	18600141 - PTC Credits (Sch 95a) - Collections vs Generation	18230301 - Interest on Def. Tax (Sch 95a) to Sept 2010	Adjusted Bal.	PTC OFFSET	2009 GRC ROR at 6.90%	Combined Balance (h) = (e) + (f) + (g)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	Balance	Balance	Balance	Balance	Balance	Monthly Activity	Monthly Activity	Balance
May-10	45,729,659	70,353,322	7,988,594	1,026,552	79,368,468			79,368,468
Jun-10	60,973,447	93,805,303		1,136,156	94,941,460			94,941,460
Jul-10	60,973,447	93,805,303	(26,313)	1,746,193	95,525,182			94,915,146
Aug-10	60,973,447	93,805,303	(26,313)	2,282,814	96,061,803			96,061,803
Sep-10	60,973,447	93,805,303	(26,313)	2,821,849	96,600,839			96,600,839
Oct-10	60,973,447	93,805,303	(187,000)	2,821,849	96,440,153	(6,257,795)	520,776	90,703,134
Nov-10	60,973,447	93,805,303	(184,663)	2,821,849	96,442,490	(7,118,919)	481,863	84,068,414
Dec-10	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(8,215,202)	437,777	76,288,512
Jan-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(8,005,944)	391,134	68,673,701
Feb-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(6,975,194)	348,063	62,046,570
Mar-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(7,124,044)	307,528	55,230,054
Apr-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(6,241,461)	269,102	49,257,696
May-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(5,905,370)	234,180	43,586,505
Jun-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(5,618,029)	201,050	38,169,527
Jul-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(5,831,831)	168,132	32,505,827
Aug-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(5,775,913)	134,759	26,864,674
Sep-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(5,595,842)	102,066	21,370,897
Oct-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(6,263,586)	67,970	15,175,281
Nov-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(7,126,306)	29,474	8,078,449
Dec-11	60,973,447	93,805,303	(187,140)	2,821,849	96,440,013	(8,078,449)		(0)
Total					96,440,013	(100,133,885)	3,693,872	(0)
Projected Balances 12/2011				Current Schedule	Original Schedule	Variance		
PTC'S (b)				93,805,303	93,805,303	0		
18600141 (c)				(187,140)	26,313	(213,453)		
Interest (d)+(g)				6,515,722	6,463,333	52,389		
Total				100,133,885	100,294,949	(161,064)		

Note (1): 6.51% of the offsetting REC proceed has been attributed to the recovery of the accrued PTC interest receivable. The percentage was calculated by the total interest as of December 2010 in columns (d) & (g) and dividing by the total PTC REC offset in column (f): $(2,821,849 + 3,649,036) / 100,136,526 = 6.51\%$

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

Amended Petition of

PUGET SOUND ENERGY, INC.

For an Order Authorizing the Use of the
Proceeds from the Sale of Renewable Energy
Credits and Carbon Financial Instruments

Docket No. UE-070725

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing, in accordance with WAC 480-07-150(6), to the following persons via regular mail:

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Dated at Bellevue, Washington, this 31st day of January 2011.



Deb Sifferman, Case Coordinator Compliance Analyst
 Rates & Regulatory Affairs
 Puget Sound Energy, Inc.