



PUGET SOUND ENERGY

The Energy To Do Great Things

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PSE.com

August 16, 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:

Pursuant to WAC 480-07-880, in compliance with the final orders in docket numbers UE-101581 (Order 1) and UE-070725 (Order 6) (consolidated), Puget Sound Energy, Inc ("PSE") submits the July 2011 monthly update for the REC/PTC offset and the schedule for the PTC balance.

Based on current projections, there are not enough RECs to offset PTCs within the calendar year 2011. The driver of the deficit is a result of the one month extension of the REC Credits that were given back to customers in Schedule 137.

Pursuant to Paragraph 16 of the settlement agreement approved in Order 06 of Docket UE-070725:

In the event that the REC liability does not have a sufficient balance to remain as a net credit on the balance sheet after these two entries, the second entry will be adjusted so that the net balance in the REC regulatory liability account does not become a larger debit balance. Any recovery of PTCs that are delayed due to this type of adjustment will be carried forward until there is a sufficient balance in the regulatory liability account to cover the PTCs delayed and the interest calculation will reflect this delay."

The updated schedule in this filing reflects an additional month in the offset period so that there is a sufficient REC balance as allowed by the above reference paragraph. Based on this update, the REC/PTC offset is extended from the original estimate of December 2011 to January 2012.

Very truly yours,

Tom DeBoer
Director, Federal & State Regulatory Affairs

Enclosures

cc: Sheree Carson, Perkins Coie
Service List

Renewable Energy Credit Balances

[illegible]

(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.

	Current Schedule 1/2012	Original Schedule 12/2011	Variance
Projected Balances			
REC Balance (a) + (b) + (c) + (f)	(130,587,225)	(124,647,687)	(5,939,538)
Credit to Customers (i)	31,020,738	26,459,427	4,561,311
Interest (d)-(e)+Σ(k)	(4,178,616)	(4,244,951)	66,335
PTC Offset (j)	100,119,986	120,195,020	(175,034)
Total (l)	(3,625,117)	(2,138,191)	(1,486,926)

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

18600141 - PTC									
19000551 - Def FIT - Production Tax Credit		PTC's Gross-up Factor @ 65%		Credits (Sch 95a) - Collections vs Generation		18230301 - Interest on Def. Tax (Sch 95a) to Sept 2010		Adjusted Bal.	2009 GRC ROR at 6.90%
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h) = (e) + (f) + (g)		
Balance	Balance	Balance	Balance	Balance	Monthly Activity	Monthly Activity	Balance	Monthly Activity	Combined 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	(6,257,795)	520,776	90,703,134		90,703,134
Nov-10	60,973,447	93,805,303	(184,663)	2,821,849	(7,118,919)	481,863	84,068,414		84,068,414
Dec-10	60,973,447	93,805,303	(187,140)	2,821,849	(8,215,202)	437,777	76,288,512		76,288,512
Jan-11	60,973,447	93,805,303	(187,140)	2,821,849	(8,005,944)	391,134	68,673,701		68,673,701
Feb-11	60,973,447	93,805,303	(187,140)	2,821,849	(6,975,194)	348,063	62,046,570		62,046,570
Mar-11	60,973,447	93,805,303	(187,140)	2,821,849	(7,124,044)	307,528	55,230,054		55,230,054
Apr-11	60,973,447	93,805,303	(187,140)	2,821,849	(6,241,461)	269,102	49,257,696		49,257,696
May-11	60,973,447	93,805,303	(187,140)	2,821,849	(5,905,370)	234,180	43,586,505		43,586,505
Jun-11	60,973,447	93,805,303	(187,140)	2,821,849	(5,618,029)	201,050	38,169,527		38,169,527
Jul-11	60,973,447	93,805,303	(187,140)	2,821,849	(5,831,831)	168,132	32,505,827		32,505,827
Aug-11	60,973,447	93,805,303	(187,140)	2,821,849	(5,775,913)	134,759	26,864,674		26,864,674
Sep-11	60,973,447	93,805,303	(187,140)	2,821,849	(5,595,842)	102,066	21,370,897		21,370,897
Oct-11	60,973,447	93,805,303	(187,140)	2,821,849	(6,263,586)	67,970	15,175,281		15,175,281
Nov-11	60,973,447	93,805,303	(187,140)	2,821,849	(7,126,306)	29,474	8,078,449		8,078,449
Dec-11	60,973,447	93,805,303	(187,140)	2,821,849	(7,959,970)	(13,899)	104,580		104,580
Jan-12	60,973,447	93,805,303	(187,140)	2,821,849	(104,580)	-	-		-
Total					(100,119,986)	3,679,973	(96,440,013)		

Projected Balances		
	Current Schedule	Original Schedule
PTC'S (b)	93,805,303	93,805,303
18600141 (c)	(187,140)	26,313
Interest (d)+(h)	6,501,822	6,463,333
Total	100,119,986	100,294,949