

PUGET ENERGY INC /WA  
 Form 4  
 September 20, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**Mellies Marla D**

(Last) (First) (Middle)  
 P.O. BOX 97034  
 (Street)

BELLEVUE, WA 980099734

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**PUGET ENERGY INC /WA [PSD]**

3. Date of Earliest Transaction (Month/Day/Year)  
**09/19/2006**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 VP Human Resources

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
			Code	V	Amount		
Common	09/19/2006		F		882	D	
					\$ 22.3		
					11,916	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price or Value of Underlying Securities (Instr. 3 and 4)
LTIP	\$ 0 <sup>(1)</sup>					12/31/2006 12/31/2006	Common 1,816	
LTIP	\$ 0 <sup>(2)</sup>					12/31/2007 12/31/2007	Common 4,064	
LTIP	\$ 0 <sup>(3)</sup>					12/31/2008 12/31/2008	Common 3,197	
LTIP - 3 year cycle	\$ 0 <sup>(4)</sup>					12/31/2006 12/31/2006	Common 2,230	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Mellies Marla D P.O. BOX 97034 BELLEVUE, WA 980099734			VP Human Resources	

## Signatures

By: /s/ James W. Eldredge                      09/20/2006

\*\*Signature of Reporting Person                      Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) LTIP share grants under the Puget Energy Long-Term Incentive Plan for Officers and Key Employees. LTIP Shares are paid in Puget Energy stock when vested in an amount ranging from zero to 175% of LTIP Share Grants.
- (2) LTIP share grants under the Puget Energy Long-Term Incentive Plan for Officers and Key Employees. LTIP Shares are paid in stock (or up to 50% in cash) when vested in an amount ranging from zero to 155.5% of LTIP Share Grants.
- (3) Performance shares grants under the Puget Energy Long Term Incentive Plan (LTIP) for Officers and Key Employees. LTIP performance shares are paid in stock (or cash) when vested from zero to 175% of LTIP performance shares granted.
- (4) LTIP share grants under the Puget Energy Long-Term Incentive Plan for Officers and Key Employees. LTIP Shares are paid in stock when vested in an amount ranging from zero to 192.5% of LTIP Share Grants.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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