

PUGET ENERGY INC /WA  
 Form 4  
 March 23, 2006

**FORM 4**

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

OMB APPROVAL

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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 \*  
**REYNOLDS STEPHEN P**

(Last) (First) (Middle)  
 10885 NE 4TH STREET, PSE-12  
 (Street)

BELLEVUE, WA 980045591

(City) (State) (Zip)

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

3. Date of Earliest Transaction  
 (Month/Day/Year)  
**03/22/2006**

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)  
**President and CEO**

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) Code V Amount (D) Price			
Common					108,320	D	
Common					24,196	I	By Brokerage Account
Common					950	I	By spouse through brokerage account

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

**Persons who respond to the collection of information contained in this form are not**

SEC 1474 (9-02)

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

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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount Number Shares
PSE Deferred Compensation Plan	<u>(1)</u> <u>(2)</u>	03/22/2006		A	420	<u>(2)</u>	<u>(2)</u>	Common	420
LTIP	\$ 0 <u>(3)</u>					12/31/2006	12/31/2006	Common	67,800
LTIP	\$ 0 <u>(4)</u>					12/31/2007	12/31/2007	Common	71,300
LTIP	\$ 0 <u>(5)</u>					12/31/2008	12/31/2008	Common	50,200
LTIP - 3 year cycle	\$ 0 <u>(6)</u>					12/31/2006	12/31/2006	Common	75,100
LTIP - Stock Options <u>(7)</u>	\$ 22.51					01/07/2003	01/07/2012	Common	40,000
Restricted Stock Units	\$ 0					<u>(8)</u>	<u>(8)</u>	Common	10,000
Stock Options - A <u>(9)</u>	\$ 22.51					01/07/2003	01/07/2012	Common	110,000
Stock Options - B <u>(10)</u>	\$ 22.51					01/07/2003	01/07/2012	Common	150,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
REYNOLDS STEPHEN P 10885 NE 4TH STREET, PSE-12 BELLEVUE, WA 980045591	X		President and CEO	

## Signatures

/s/ Reynolds,  
Stephen P.

03/23/2006

\_\_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) One common share will be received for each stock unit.
- (2) Phantom share units deferred in the Puget Sound Energy Deferred Compensation Plan.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) 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.
- (7) Non-qualified stock option grant to purchase 40,000 shares of common stock with a term of ten years, under the Puget Energy Long-Term Incentive Plan for Officers and Key Employees. Share grants vest over a period of four years from January 1, 2002 at twenty-five percent per year.
- (8) Grant of 10,000 shares of restricted stock units to be settled in cash, with dividend equivalent rights. The restrictions on the shares will lapse over a period of five years from January 8, 2004, with 0% vesting after the first year, 0% vesting after the second year, 20% vesting after the third year, an additional 30% vesting after the fourth year and an additional 50% vesting after the date of the 2008 Annual Shareholders Meeting.
- (9) Nonqualified stock option grant to purchase 110,000 shares of common stock with a term of ten years. Share grants vest over a period of four years from January 1, 2002 at twenty-five percent per year.
- (10) Nonqualified stock option grant to purchase 150,000 shares of common stock with a term of ten years. Share grants vest over a period of five years from January 1, 2002 at twenty percent per year.

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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