

PUGET ENERGY INC /WA  
 Form 4  
 January 10, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

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)  
 01/08/2007

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)  
 Chairman, 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 Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	Price		
Common	01/08/2007		F	2,116	D	\$ 24.76	103,321 D
Common	01/08/2007		M	2,000	A	\$ 24.76	105,321 D
Common	01/08/2007		D	2,000	D	\$ 24.76	103,321 D
Common	01/08/2007		M	2,833	A	\$ 24.76	106,154 D
Common	01/08/2007		D	904	D	\$ 24.76	105,250 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 required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

**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)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
PSE Deferred Compensation Plan	<u>(1)</u> <u>(2)</u>	01/08/2007		A	V 9,476 <u>(3)</u>	<u>(2)</u>	<u>(2)</u>	Common	9,476
PSE Deferred Compensation Plan	<u>(1)</u> <u>(2)</u>	01/08/2007		M	V 2,833 <u>(4)</u>	<u>(2)</u>	<u>(2)</u>	Common	2,833
Restricted Stock Units	<u>(5)</u>	01/08/2007		M	V 2,000	<u>(6)</u>	<u>(6)</u>	Common	2,000

## 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		Chairman, President and CEO	

## Signatures

By: James W.  
Eldredge

01/08/2007

  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) Grant of performance based retirement equivalent stock units per Mr. Reynolds' employment agreement.
- (4) Distribution of 2,883 phantom share units in Puget Energy common stock per prior distribution election, with 904 shares surrendered to pay taxes due.
- (5) Cash settlement of performance based restricted stock units on vesting date.  
  
January 8, 2004 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.
- (6)

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

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.