

May 23, 2006

Karen Caille, Administrative Law Judge
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

Re: *Western Village v. PSE*, Docket No. UE-051828
WUTC v. PSE, Docket No. UE-051966
Consolidated

Dear Judge Caille:

This letter updates the Commission on the status of settlement discussions in the above-referenced dockets. The parties met on May 19, 2006 and made substantial progress toward full settlement and preparation of supporting documentation. We scheduled further discussions for May 25, 2006, at which time we hope to finalize our settlement. We propose to advise you of the outcome of those discussions on May 26, 2006. Please let me know if that process is acceptable.

Sincerely,

ROBERT D. CEDARBAUM
Senior Counsel

RDC:klg
Enclosure
cc: Parties