



Puget Sound Energy, Inc.  
P.O. Box 97034  
Bellevue, WA 98009-9734

December 14, 2006

Ms. Carole J. Washburn  
Executive Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Sent via email & regular mail

RE: Docket No.: UE-021577 – Project Status Related to FERC Part 12D Studies

Dear Ms. Washburn:

On December 26, 2002, under Docket Number UE-021577 – the Washington Utilities and Transportation Commission (“the Commission”) granted Puget Sound Energy’s (“the Company”) Accounting Petition related to the accounting treatment of costs incurred by the Company for certain studies required by the Federal Energy Regulatory Commission (“FERC”) under the FERC Code of Federal Regulations, Part 12 (“FERC Part 12), Safety of Water Power Projects and Project Works, to maintain the Company’s licenses for hydro electric plants.

The Commission’s order authorized the Company to defer up to \$1.7 million of costs for actions identified in FERC Part 12 Subpart D, “Inspection by Independent Consultant” reports for Baker Project and for White River Project.

In the Company’s December 13, 2005, status report to the Commission on the actions identified in the 1999 Baker Project “Inspection by Independent Consultant,” the Company stated it had deferred \$657,000 in FERC Account 183 for seismic studies.

The Company submitted project reports with FERC in late 2004. The Company has yet to receive FERC’s response. Upon notification that FERC would require no further actions as a result of the studies, these costs would then be amortized over five years in FERC Account 182.3.

FERC may order additional FERC Part 12 studies or indicate no further action is required. FERC has informally indicated that they are currently reviewing the studies.

If you have any questions regarding this filing, please feel free to contact me at (425) 456-2797.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Karzmar', is written over a horizontal line.

Karl R. Karzmar  
Director, Regulatory Relations