



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

July 16, 2019

Filed Via Web Portal

Mr. Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: In the Matter of the Application of Puget Sound Energy for Transfer of Property – Shuffleton Surplus Property

Dear Mr. Johnson:

In accordance with WAC 480-143-120 Transfers of property and WAC 480-143-180 Disposal and determination of necessary or useful property, Puget Sound Energy ("PSE" or "the Company") is reporting an intended property transfer. Per WAC 480-143-120 and WAC 480-143-180 such transactions shall be reported to the Commission before they are completed. PSE is requesting an order authorizing the sale of surplus property surrounding the Shuffleton Switching Station in Renton, Washington.

The Company plans to sell the portion of its property located at 1095 Lake Washington Boulevard in Renton that is surplus to the Shuffleton Switching Station ("Shuffleton Surplus Property"). PSE has entered into an agreement to sell the Shuffleton Surplus Property to Southport West LLC for \$13,500,000. Included as Exhibit 3 to the Application is a site plan showing the Shuffleton Surplus Property and the property to be retained for the Shuffleton Switching Station.

Following years of discussion with the City of Renton, PSE committed by letter dated February 6, 2017 to relocate its Shuffleton business functions. The City of Renton strongly desires the property be repurposed to improve access to the Southport development on Lake Washington and to better align property use with the City's land use objectives for the area. To drive their land use objectives, the City of Renton has made certain revisions to their land use codes that are incompatible with PSE's long term use of the property. Primarily, PSE's existing steel fabricated building is at end of life

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and PSE is unable to redevelop the site and retain its current use. A more complete background discussion of the sale is included as Exhibit 2 to the Application.

PSE is planning to relocate existing business functions from the Shuffleton site to other company-owned locations in the Kent Valley.

Based on the negotiated sales price, the calculation of the estimate gain is set forth below:

Negotiated Sales Price for Shuffleton Surplus Property	\$13,500,000
Less: Net Book Value	\$550,155
Estimated Sales Cost (Buyer closing costs)	\$712,126
Estimated Pre-Tax Gain	\$12,237,719
Less: Estimated Current Taxes Payable @ 21%	\$2,569,921
Estimated After-Tax Gain*	\$9,667,798

* Note that actual calculation will be adjusted for values at closing and may include deferral of a portion of Taxes Payable.

The resulting gain will be recorded in FERC Account 254 (Other Regulatory Liabilities), consistent with the FERC Uniform System of Accounts instruction and the Stipulation and Order of Dismissal dated May 26, 1992, Washington Court of Appeals, No. 29404-1.

Enclosed is the Application. Please contact Susan Free at (425) 456-2105 if there are any questions.

Sincerely,

/s/ Katherine J. Barnard

Katherine J. Barnard
Director, Revenue Requirements & Regulatory Compliance
Puget Sound Energy
PO Box 97034, EST-07W
Bellevue, WA 98009-9734
425-462-3716
katherine.barnard@pse.com

cc: Lisa Gafken, Public Counsel

Attachments:

Application

Exhibit 1 Purchase and Sale Agreement (“PSA”)

Exhibit 1 – PSA Amendment 1

Exhibit 1 – PSA Amendment 2

Exhibit 1 – PSA Amendment 3

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Exhibit 1 – PSA Amendment 4

Exhibit 1 – PSA Amendment 5

Exhibit 2 – Background description

Exhibit 3 – Site Plan

Exhibit 4 – Letter to City of Renton

Exhibit 5 – Net Book Value