

May 26, 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 further updates you on the status of the parties' settlement discussions. On May 25, 2006, the parties finalized a full settlement agreement. The parties have scheduled an additional conference call on May 31, 2006, to finalize tariffs to implement our settlement. We expect to file the settlement agreement and all supporting documentation no later than June 6, 2006. I will advise you if any of these deadlines change.

Sincerely,

ROBERT D. CEDARBAUM  
Senior Counsel

RDC:klg  
Enclosure  
cc: Parties