

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UE-060266

Docket No. UG-060267

PUGET SOUND ENERGY, INC.'S
RESPONSE TO JOINT MOTION FOR
PERMISSION TO FILE SURREBUTTAL
TESTIMONY AND CROSS MOTION
FOR PERMISSION TO FILE SUR-
SURREBUTTAL TESTIMONY

1 Puget Sound Energy, Inc. ("PSE" or "the Company") hereby responds to the Joint Motion filed on September 8, 2006, by other parties to this case requesting that the Commission grant permission to file the surrebuttal testimony of Mr. James M. Russell, Exhibit No. ___(JMR-7T), submitted with the Joint Motion. PSE does not object to the Joint Motion provided that the Commission also grant PSE permission to file the sur-surrebuttal testimony of Ms. Susan McLain, Exhibit No. ___(SML-7T) and Mr. John H. Story, Exhibit No. ___(JHS-26T), that are submitted along with this response and cross motion.

2 Mr. Russell's surrebuttal testimony makes a number of factual claims for the first time in this case that the Company believes are incorrect. The proposed sur-surrebuttal testimony of Ms. McLain and Mr. Story are very brief and narrowly restricted to rebutting such statements.

3 In footnote 22 of the Joint Motion, the other parties argue that PSE should not be allowed to respond to Mr. Russell's surrebuttal testimony because PSE "violated the limitations of

rebuttal testimony in proposing its new adjustment. It should not be rewarded for that violation." The Company does not agree that its proposed alternative adjustment "violated" any restrictions on rebuttal testimony. This adjustment is fully consistent with the Company's testimony in its prefiled direct case that regulatory lag associated with the Company's increasing delivery system investments is harmful to the Company and should be addressed by the Commission in this case. It is also consistent with the position taken by FEA witness Mr. Smith in his response testimony that a "known and measurable" adjustment would be a better way of addressing this issue than a tracker. The fact that the manner in which PSE calculated its proposed alternative adjustment was not identical to the FEA's response proposal is not surprising and is well within the appropriate bounds of rebuttal testimony. Furthermore, permitting the Company to respond to inaccurate statements made for the first time in Mr. Russell's surrebuttal testimony would not "reward" the Company. Instead, it would restore the appropriate balance and structure of the written testimony in this proceeding and avoid the prejudice to the Company that would be caused by leaving Mr. Russell's statements unrebutted.

4 Just as surrebuttal may be permitted in appropriate circumstances, additional iterations may be permitted. 75 Am Jur 2d, Trial, §377. Since PSE has the burden of proof in this proceeding, it should be permitted to respond to new factual allegations that might impact the Commission's decision. Leaving Mr. Russell's statements unrebutted would prejudice PSE in this case because it will not have the record evidence required to fully respond to the other parties' objections to its proposed alternative to a Depreciation Tracker.

For the reasons set forth above, PSE respectfully requests that the Commission enter an order granting PSE leave to supplement its prefiled evidence in this proceeding and accepting for filing the supplemental testimony and exhibits submitted with this motion.

DATED: September 12, 2006

Respectfully Submitted,

PERKINS COIE LLP



Kirstin S. Dodge, WSBA No. 22039
Sheree Strom Carson, WSBA No. 25349
Jason Kuzma, WSBA No. 31830
Attorneys for Puget Sound Energy, Inc.