

July 11, 1997

**Mr. Steve McLellan, Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504-7250**

RE: Certificate of Public Convenience and Necessity - Kittitas County

Enclosed is an application and fee for a Certificate of Public Convenience and Necessity. With this application, Puget Sound Energy (PSE) is requesting to provide natural gas service in Kittitas county to communities and customers which do not currently have natural gas service available (those areas outside the City of Ellensburg). PSE's application for natural gas service starts in the east of Kittitas County in the City of Kittitas and extends west to the City of Roslyn, a distance of nearly 40 miles. If approved, the proposal would provide natural gas service to virtually all incorporated communities as well as certain unincorporated areas within Kittitas county. At present, natural gas service in Kittitas County is essentially only available within the city of Ellensburg.

PSE believes the application is in the public interest because PSE's application will make natural gas service broadly available in Kittitas County outside the City of Ellensburg, along with certain unincorporated areas in the County. PSE's application contains documentation of a large number of residential customers, local government entities, school districts and businesses that will directly benefit from PSE's application for a certificate to provide natural gas service.

PSE's application contains confidential information with regard to the names of specific customers who have requested natural gas service. In addition, the application contains detailed engineering design information that is business sensitive. Therefore, the Company requests that the Commission keep the above information confidential.

Sincerely,

**James A. Heidell
Director, State and Federal Regulation**

Enclosure

CHECK DATE JULY 11, 1997	*****25 DOLLARS & 00 CENTS	AMOUNT OF CHECK \$25.00
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PAY TO THE
ORDER OF

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
1300 S EVERGREEN PK DR SW
P O BOX 47250
OLYMPIA WA 98504-7250

James W Eldred

re: Certificated Area Filing Fee 7/11/97



Puget Sound Energy
Bellevue, Washington 98009-0868

BANK CODE					
CHECK DATE 07/11/97		VENDOR ID PV03033 D14		CHECK NUMBER 454244	
INVOICE NUMBER	DATE		GROSS INVOICE	DISCOUNT	NET AMOUNT
071197	07 97		\$25.00	0.00	\$25.00

3. The addresses of branch offices operated by Applicant are set forth in the attached Exhibit A.

4. The names and addresses of principal officers of Applicant are set forth in the attached Exhibit B.

5. The names and addresses of the 10 common or preferred stockholders of Applicant owning the greatest number of shares with voting rights are set forth in the attached Exhibit C.

6. The most recent financial statements of PSE showing assets, liabilities and utility plant balances are set forth in the attached Exhibit D.

THE AREA FOR WHICH A CERTIFICATE IS BEING SOUGHT

7. This is not an application for an amendment of an existing certificate of public convenience and necessity already issued to Applicant.

8. Applicant does not currently operate a gas plant for hire in the State of Washington in the area or areas involved in this Application.

9. The area for which Applicant seeks authorization to serve in this Application is shown in the maps and legal descriptions included in the attached Exhibit E to this Application. Exhibit E identifies each service area and the boundaries thereof proposed to be served under this application. Also included in Exhibit E is the general location of the facilities discussed in the feasibility study submitted with this Application.

10. The City of Ellensburg currently operates a gas plant for hire in a portion of the area for which Applicant herein requests certification. The attached Exhibit F to this Application shows the area in which the City of Ellensburg is currently certificated to provide service. PSE is not proposing to provide natural gas service in any area currently served by the City of Ellensburg.

REDACTED

11. Attached as Exhibit G is a feasibility study relating to the area sought to be served by Applicant which states fully the economic conditions upon which this Application is based, including the estimated cost of new plant required to exercise this certificate, anticipated revenues, expenses, and rate of return.

12. Applicant does not hold franchises for natural gas service or other governmental consents from any municipality in the area or areas involved in this Application. Upon approval of this Application, Applicant will file applications for the necessary franchises or governmental consents to operate in the towns or municipalities in the affected area.

13. The proposed gas supply to be provided by Applicant is firm and interruptible requirement service under current gas supply agreements. The Applicant respectfully requests that the Commission act on this Application by September 1, 1997 in order to accommodate service through the majority of the 1997-98 heating season.

14. Applicant is familiar with all the rules and regulations of the Washington Utilities and Transportation Commission regarding the operation of a gas plant for hire.

15. Applicant is not submitting herewith its proposed tariff or tariffs covering the service to be offered in the area or areas involved in this application. Such service will be supplied under existing tariffs on file with the Commission.

THE CERTIFICATION PROCESS

16. RCW 80.28.190 outlines the process for a natural gas company's application for a certificate of public convenience and necessity. RCW 80.28.190 states, in relevant part, as follows:

No gas company shall, after January 1, 1956, operate in this state any gas plant for hire without first having obtained from the commission

under the provision of this chapter a certificate declaring that the public convenience and necessity requires or will require such operation and setting forth the area or areas within which service is to be rendered; The commission shall have the power, after hearing, when the applicant requests a certificate to render service in an area already served by a certificate holder under this chapter only when the existing gas company or companies serving such area will not provide the same to the satisfaction of the commission and in all other cases, with or without hearing to issue said certificate as prayed for; or for good cause refuse to issue same, or to issue it for the partial exercise of only said privilege sought, and may attach to the exercise of the rights granted by said certificate such terms and conditions as, in its judgment, the public convenience and necessity may require. . . .

RCW 80.28.190 (emphasis added).

Service Provided by Existing Supplier is Not Satisfactory

17. The existing gas company serving the area, City of Ellensburg, does not provide natural gas service in its certificated area outside the city limits, that the City currently serves, at a level which the Commission should find to be satisfactory.

18. Exhibit H sets forth a summary of evidence regarding deficiencies in the natural gas service provided by the existing certificated supplier, City of Ellensburg. The service provided by City of Ellensburg is deficient in the following respects:

(1) The City of Ellensburg has limited service in its certificated area to substantially less than ten percent of the certification area, even when customers have requested service. For example, the City of Kittitas and the community of Thorp, two communities in the City of Ellensburg's certificated area, were denied natural gas service because extension of facilities to serve these communities was allegedly not economic (service which PSE is prepared to provide). See also copies of customer complaints, Exhibit H.

(2) The City of Ellensburg's natural gas service is discriminatory against "Out-of-City" potential customers (those customers outside the city limits) in its certificated area because the City requires customers

outside the city limits to sign a pre-annexation agreement as a condition of obtaining natural gas service.

(3) The City of Ellensburg's natural gas service is discriminatory against Out-of-City potential customers in its certificated area because the City has line extension policies that differentiate solely on the basis of whether a customer's property is within the city limits: unlike "In-City" customers, Out-of-City customers are provided no line extension allowances.

(4) The City of Ellensburg's natural gas service is discriminatory against Out of City potential customers in its certificated area because the City charges differential rates for both In-City and Out-of-City gas service, despite the fact that Out-of-City (customers outside the city limits) pay 100% of line extension costs.

See Exhibit H.

Public Convenience and Necessity Require that Certificate Be Issued to PSE

19. It is in the public interest to grant PSE a certificate of public convenience and necessity to provide natural gas service in the proposed area shown on Exhibit E. Included as Attachment 2 to Exhibit G are copies of applications and letters of intent from customers within the subject area seeking natural gas service from PSE. These customers have stated their intent to take natural gas service from PSE in the event the requested certificate is issued by the Commission and PSE is authorized to provide service in the subject area. PSE has received requests for natural gas service from the following:

The Mayors of the City of Kittitas, the City of Cle Elum and the City of Roslyn; the City of Cle Elum Chamber of Commerce Committee, the Kittitas County Commissioners, the community of Thorp, as well as approximately 700 customers, including A.C.X. Trading Inc.

See Attachment 2 to Exhibit G.

REDACTED

WHEREFORE, the undersigned Applicant Company respectfully requests that the Washington Utilities and Transportation Commission issue an order in the form attached hereto as Exhibit I granting to such Applicant a Certificate of Public Convenience and Necessity as provided in RCW 80.28.190.

DATED this ___ day of July, 1997.

PUGET SOUND ENERGY, INC.

By James A. Heidell
James A. Heidell
Director, State and Federal Regulation

[BA971730.003]

VERIFICATION

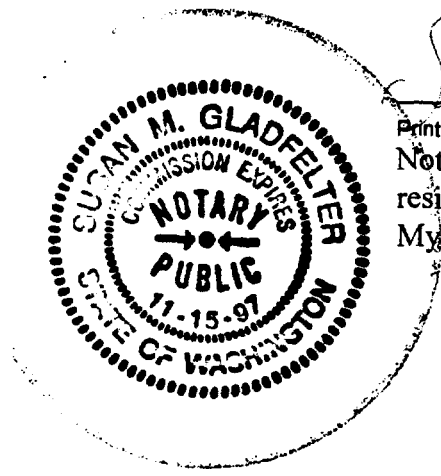
STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

JAMES A. HEIDELL, being first duly sworn, on oath deposes and says:

That he is the Director, State and Federal Regulation of Puget Sound Energy, Inc., Applicant in the proceeding entitled above; that he has read the foregoing Application and knows the contents thereof; that the same is true of his own knowledge except as to matters which are therein stated on information or belief and, as to those matters, he believes the Application to be true.

James A. Heidell
JAMES A. HEIDELL

SUBSCRIBED AND SWORN TO before me this 11th day of July, 1997.



Susan M. Gladfelter
Print Name: SUSAN M. GLADFELTER
Notary Public in and for the State of Washington,
residing at Bellevue WA
My commission expires: 11-15-97

List of Exhibits

Exhibit A	Address of Branch Offices of PSE
Exhibit B	Principal Officers of PSE
Exhibit C	Ten largest shareholders of PSE
Exhibit D	Most recent financial statements of PSE showing assets, liabilities and utility plant balances
Exhibit E	Maps and legal description for area sought to be served by PSE
Exhibit F	Map of area for which City of Ellensburg is currently under certificate to serve
Exhibit G	Feasibility study for proposed gas service by PSE
Exhibit H	Documentation supporting allegations of deficiencies in City of Ellensburg's service outside the City of Ellensburg
Exhibit I	Proposed Commission Order

PUGET SOUND ENERGY, INC.

**A Statement Attached To and Made Part of Application for a
Certificate of Public Convenience and Necessity**

Exhibit A

Branch Offices of PSE:

Anacortes	1007 15 th St, 98221	360-293-9561
Auburn	502 16 th St #304B, 98002	206-395-6871
Auburn	1400 W Main, 98002	206-521-5001
Bellevue	805 156 Ave NE, 98007	425-447-3126
Bellevue	600 116 th Ave NE, 98004	888-225-5773 x81-6121
Bellingham	1329 N State St, 98225	360-734-5000
Bremereton	1300 Sylvan Way, 98310	360-478-7617
Cle Elum	301 W 1 st St, 98922	509-674-4441
Ellensburg	207 N Pearl St, 98926	509-925-3131
Enumclaw	44720 SE 244 th , 98022	888-225-5773 x82-6871
Everett	1122 75 St SW, 98203	206-356-7539
Federal Way	2020 S 320 th Bldg A #M, 98003	888-225-5773 x 82-6871
Kent	22828 68 th Ave S #102, 98032	253-395-6601
Lakewood	11705 83 rd Ave SW, 98498	253-588-3614
Lynden	745 E Badger Rd, 98264	360-354-4200

REDACTED

Mt Vernon	1700 E College Way, 98273	360-336-9753
Oak Harbor	231 SE Barrington Dr #101, 98277	360-675-9027
Olympia	2711 Pacific Ave SE, 98501	360-768-5631
Pt Orchard	1772 Village Lane SE, 98368	360-871-1945
Pt Townsend	1208 Water St, 98368	360-385-1004
Puyallup	5807 Milwaukee Ave E, 98372	888-225-5773 X85-6202
Renton	319 S Third St, 98055	425-271-6899
Renton	620 S Grady Way, 98055	425-277-4957
Seattle	815 Mercer St, 98109	206-224-2547
Snoqualmie	8300 Railroad Ave SE, 98065	425-888-4510
Tacoma	3130 S 38 St, 98409	253-476-6259
Tenino	100 E Garfield, 98589	360-264-2225
Totem Lake	11422 NE 124 th St, Kirkland, 98034	425-821-6100
Vashon	18125 Vashon Hwy SW, 98070	888-225-5773 x83-7655
Winslow	337 High School Rd NE, Bainbridge Isl, 98110	206-842-7646
Yelm	203 First St, 98597	360-786-5978

REDACTED

PUGET SOUND ENERGY, INC.

**A Statement Attached To and Made Part of Application for a
Certificate of Public Convenience and Necessity**

Exhibit B

Names and Addresses of Principal Officers of PSE:

**Puget Sound Energy
One Bellevue Center Building, 15th floor
411 108th Ave. NE
Bellevue, WA 98008
(425)454-6363**

Chairman of the Board and Chief Executive Officer	Richard R. Sonsteli
President	William S. Weaver
Vice President and Chief Financial Officer	James P. Torgerson
Vice President and General Counsel	Steven McKeon
Corporate Secretary and Controller	James W. Eldredge
Treasurer	Donald E. Gaines
Vice President Regulation and Utility Planning	Ronald E. Davis
Vice President Energy Supply	William A. Gaines
Vice President System Operations	Timothy J. Hogan
Vice President Customer Operations	Gary B. Swofford
Vice President Corporate Relations	Sheila Manus Vortman

REDACTED

PUGET SOUND ENERGY, INC.

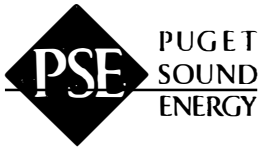
A Statement Attached To and Made Part of Application for a
Certificate of Public Convenience and Necessity

Exhibit C

Names and Addresses of Ten Largest Shareholders of PSE (Common Stock Positions
as of April 30, 1997):

PARTICIPANT			QUANTITY
Smith Barney Inc.	333 W 34th St.	New York, NY 10001	8,652,091
State Street Bank	225 Franklin St.	Boston, MA 02110	3,682,873
Bankers Trust	% BT Services TN Inc. Pension Trust Services 648 Grassmere Park Dr.	Nashville, TN 37211	3,346,632
Dean Witter Reynolds Inc.	5690 W Cypress St.	Tampa, FL 33607	3,175,770
Merrill Lynch Pierce Fenner & Smith Safekeeping	4 Corporate Pl. Corporate Park 287 2nd FL	Piscataway, NJ 08855	3,083,927
Charles Schwab & Co., Inc.	1 Montgomery St. 7 th FL	San Francisco, CA 94104	2,500,614
Chase Manhattan Bank	Two Chase Manhattan Pl. 5th Fl	New York, NY 10081	2,373,285
First National Bank of Maryland	Trust Division - Operations Dept. 101-623 25 S Charles St.	Baltimore, MD 21201	2,253,842
The Bank of New York	925 Patterson Plank Rd	Secaucus, NJ 07094	2,141,558
Sanford C Bernstein & Co., Inc.	767 5th Ave	New York, NY 10153	1,983,018

Source: THE DEPOSITORY TRUST COMPANY SPECIAL SECURITY POSITION
LISTING FOR CUSIP DESCRIPTION: 745332106



REDACTED

July 21, 1997

Mr. Steve McLellan, Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Application for a Certificate of Public Convenience and Necessity in
Kittitas County, Exhibit D

Dear Mr. McLellan:

Attached is one original and 19 copies of the complete Exhibit D to PSE's July 11, 1997 filing with the WUTC requesting a Certificate of Public Convenience and Necessity in Kittitas County (even-numbered pages of PSE's publicly available 10Q were inadvertently left out). Please accept my apologies for any inconvenience the missing pages in this exhibit may have caused you and your staff.

Sincerely,

James A. Heidell
Director Federal and State regulations

Attachments

REDACTED

PUGET SOUND ENERGY, INC.

**A Statement Attached To and Made Part of Application for a
Certificate of Public Convenience and Necessity**

Exhibit D

See attached Puget Sound Energy, Incorporated Form 10-Q filing for the quarterly period ended March 31, 1997.

REDACTED

CONFORMED

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1997

OR

/ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

Commission File Number 1-4393

PUGET SOUND ENERGY, INC.

(Exact name of registrant as specified in its charter)

Washington
(State or other
jurisdiction of
incorporation or
organization)

91-0374630
(IRS Employer
Identification No.)

411 - 108th Avenue N.E., Bellevue, Washington 98004-5515
(Address of principal executive offices)

(206) 454-6363

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file for such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes / No /

The number of shares of registrant's common stock outstanding at April 30, 1997 was 84,561,103.

REDACTED

Part I - FINANCIAL INFORMATION

Item 1 - Financial Statements

PUGET SOUND ENERGY, INC.
CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended March 31 (Thousands except shares and per share amounts)	1997	1996 Restated
	(Unaudited)	
OPERATING REVENUES:		
Electric	\$ 299,569	\$ 331,009
Gas	156,488	148,673
Other	7,262	7,402
Total operating revenue	463,319	487,084
OPERATING EXPENSES:		
Energy costs:		
Purchased electricity	128,987	121,783
Purchased gas	71,961	69,465
Utility operations and maintenance	74,112	70,829
Other operations and maintenance	5,977	7,165
Depreciation and amortization	38,423	36,586
Merger and related costs	55,789	--
Taxes other than federal income taxes	46,147	45,507
Federal income taxes	(14,905)	41,403
Total operating expenses	406,491	392,738
OPERATING INCOME	56,828	94,346
OTHER INCOME	4,884	1,822
INCOME BEFORE INTEREST CHARGES	61,712	96,168
INTEREST CHARGES	29,104	29,552
INCOME FROM CONTINUING OPERATIONS	32,608	66,616
DISCONTINUED OPERATIONS	(2,622)	(419)
NET INCOME	29,986	66,197
Less: Preferred stock dividends accrual	(5,549)	(5,498)
INCOME FOR COMMON STOCK	\$ 24,437	\$ 60,699
COMMON SHARES OUTSTANDING - WEIGHTED AVERAGE	84,453,754	84,401,330
EARNINGS (LOSS) PER COMMON SHARE:		
From continuing operations	\$ 0.32	\$ 0.72
From discontinued operations	(0.03)	--
EARNINGS PER COMMON SHARE	\$ 0.29	\$ 0.72

The accompanying notes are an integral part of the financial statements.

REDACTED

PUGET SOUND ENERGY, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

(Dollars in Thousands)	March 31 1997	December 31 1996 Restated
	(Unaudited)	
UTILITY PLANT:		
Electric	\$3,508,814	\$3,479,652
Gas	1,175,573	1,129,849
Less: Accumulated depreciation and amortization	(1,522,328)	(1,482,555)
Net utility plant	3,162,059	3,126,946
OTHER PROPERTY AND INVESTMENTS:		
Investment in Bonneville Exchange Power Contract	84,840	86,772
Investment in Cabot	70,506	69,352
Subsidiary properties and investments	85,786	80,770
Other	28,265	32,636
Total other property and investments	269,397	269,530
CURRENT ASSETS:		
Cash	878	4,335
Accounts receivable	312,031	254,774
Less: Allowance for doubtful accounts	(2,775)	(1,700)
Materials and supplies, at average cost	50,228	61,638
Prepayments and other	5,159	17,510
PRAM accrued revenues	--	40,470
Total current assets	365,521	377,027
LONG-TERM ASSETS:		
Regulatory asset for deferred income taxes	275,672	242,454
Unamortized energy conservation charges	43,563	50,796
Other	152,168	159,771
Total long-term assets	471,403	453,021
TOTAL ASSETS	\$4,268,380	\$4,226,524

The accompanying notes are an integral part of the financial statements.

REDACTED

PUGET SOUND ENERGY, INC.
CONSOLIDATED BALANCE SHEETS

CAPITALIZATION AND LIABILITIES

(Dollars in Thousands)	March 31 1997	December 31 1996 Restated
	(Unaudited)	
CAPITALIZATION:		
Common shareholders' investment:		
Common stock, \$10 stated value, 150,000,000 shares authorized, 84,561,306 and 84,511,270 shares outstanding	\$ 845,613	\$ 845,113
Additional paid-in capital	447,446	446,909
Earnings reinvested in the business	87,714	86,355
	1,380,773	1,378,377
Preferred stock not subject to mandatory redemption	215,000	215,000
Preferred stock subject to mandatory redemption	86,640	87,839
Long-term debt	1,165,595	1,165,584
Total capitalization	2,848,008	2,846,800
CURRENT LIABILITIES:		
Accounts payable	82,312	93,581
Short-term debt	249,886	298,122
Current maturities of long-term debt	99,948	100,062
Purchased gas liability	23,366	41,368
PRAM over-collections	17,000	--
Accrued expenses:		
Taxes	116,422	60,677
Salaries and wages	20,545	24,012
Interest	30,101	21,878
Other	70,102	80,110
Total current liabilities	709,682	719,810
DEFERRED INCOME TAXES	605,994	573,242
OTHER DEFERRED CREDITS	104,696	86,672
TOTAL CAPITALIZATION AND LIABILITIES	\$4,268,380	\$4,226,524

The accompanying notes are an integral part of the financial statements.

REDACTED

PUGET SOUND ENERGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)	Three Months Ended March 31	
	1997	1996 Restated
	(Unaudited)	
OPERATING ACTIVITIES:		
<hr style="border-top: 1px dashed black;"/>		
Net income	\$ 29,986	\$ 66,197
Adjustments to reconcile net income to net cash provided by operating activities:		
Pre-tax loss on writedown of coal properties	4,044	--
Depreciation and amortization	38,423	36,542
Deferred income taxes and tax credits - net	(12,844)	7,828
PRAM accrued revenues	57,470	24,938
Other	13,016	(8,112)
Change in certain current assets and liabilities (Note c)	(6,303)	64,147
Net Cash Provided by Operating Activities	123,792	191,540
<hr style="border-top: 1px dashed black;"/>		
INVESTING ACTIVITIES:		
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Construction expenditures - excluding equity AFUDC	(63,781)	(50,019)
Additions to energy conservation program	(423)	(1,725)
Other	14,193	(2,398)
Net Cash Used by Investing Activities	(50,011)	(54,142)
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FINANCING ACTIVITIES:		
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Decrease in short-term debt	(36,677)	(69,237)
Dividends paid	(39,463)	(40,846)
Redemption of bonds and notes	--	(35,000)
Redemption of preferred stock	(1,200)	(1,200)
Common stock issue	81	880
Issue costs of bonds and stock	(18)	(6)
Net Cash Used by Financing Activities	(77,277)	(145,409)
<hr style="border-top: 1px dashed black;"/>		
Decrease in Cash	(3,496)	(8,011)
Cash at Beginning of Period	4,335	21,813
Adjustment to conform fiscal year of WECO	39	(1,623)
Cash at End of Period	\$ 878	\$ 12,179
<hr style="border-top: 1px dashed black;"/>		

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF CONSOLIDATION POLICY

The consolidated financial statements include the accounts of Puget Sound Energy, Inc. ("the Company"), formerly Puget Sound Power & Light Company, and its wholly-owned subsidiaries, after elimination of all significant intercompany items and transactions.

The financial statements contained in this Form 10-Q are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the results for the interim periods have been reflected and were of a normal recurring nature other than as described in footnotes 2 & 5.

It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto contained in the Annual Report to Stockholders and Form 10-K filed with the Securities and Exchange Commission for the Company and Washington Energy Company ("WECO") for the fiscal years ended December 31, 1996 and September 30, 1996, respectively.

On February 10, 1997, the Company consummated its merger with WECO. The merger has been accounted for as a pooling of interests. Accordingly, the consolidated financial statements have been retroactively restated to include the results of operations, financial position and cash flows of WECO for all periods prior to consummation of the merger.

Effective with the merger, WECO's fiscal year-end was changed from September 30 to December 31 to conform to the Company's year-end. Accordingly, WECO's operations for the three months ended December 31, 1996, have been reported as an adjustment of \$10.8 million to consolidated retained earnings in the first quarter of 1997. WECO's revenues for the three months ended December 31, 1996, were \$148.6 million, net income was \$16.9 million, common stock issued was \$1.0 million and common stock dividends declared were \$6.1 million for the same period.

Included in consolidated results of operations for the month of January 1997 (the merger was effective February 10, 1997) and the three months ended March 31, 1996, are the following results of the previously separate companies for those periods:

MONTH ENDED JANUARY 31, 1997
(Dollars in Thousands)

	Company	WECO	Consolidated
Revenues	\$123,051	\$60,486	\$183,537
Net Income	\$19,671	\$9,378	\$29,049
Common Dividends Declared	\$29,244	--	\$29,244

THREE MONTHS ENDED MARCH 31, 1996
(Dollars in Thousands)

	Company	WECO	Consolidated
Revenues	\$331,795	\$155,289	\$487,084
Net Income	\$46,419	\$19,778	\$66,197
Common Dividends Declared	\$29,275	--	\$29,275

(2) MERGER WITH WASHINGTON ENERGY COMPANY

On February 7, 1997, the Boards of Puget Sound Power & Light Company ("PSPL") and WECO approved the merger of their respective companies effective February 10, 1997. WECO and its wholly-owned subsidiary, Washington Natural Gas Company ("WNG") were merged into PSPL which then changed its name to Puget Sound Energy, Inc. The Washington Utilities and Transportation Commission ("Washington Commission") approved the merger on February 5, 1997. Shareholders of the Company and WECO, voting as separate groups had, on March 20, 1996, already given their approval to an Agreement and Plan of Merger ("Merger Agreement") between the two companies.

Pursuant to the Merger Agreement, each share of WECO common stock was exchanged for 0.86 share of the Company's common stock (approximately 20,921,000 shares of Company stock were issued). On February 10, 1997, the Company increased the number of authorized shares to 150,000,000. Based on the capitalization of the Company and WECO on February 10, 1997, holders of the Company's and WECO's common stock held approximately 75% and 25% respectively, of the aggregate number of outstanding shares of the merged company's common stock. In accordance with the Merger Agreement, the preferred stock of Washington Natural Gas Company, a wholly-owned subsidiary of WECO, was converted into preferred shares of the merged company. The merger has been structured as a tax-free exchange of shares, and has been accounted for as a pooling of interests for financial statement purposes.

The order approving the merger, issued by the Washington Commission, contains a rate plan that is designed to provide a five-year period of rate certainty for customers and provide the Company with an opportunity to achieve a reasonable return on investment. As required under the merger order, the Company filed tariffs, effective February 8, 1997, that resulted in an average electric rate decrease of 5.6% related to the termination of the Periodic Rate Adjustment Mechanism ("PRAM"), and an increase in general rates of between 1.0% and 2.5%, depending on rate class. The general rate increase has a positive impact on earnings while the decrease related to the PRAM does not affect earnings because all previously accrued PRAM revenues were fully collected. The net impact on customer rates was an average rate decrease of 3.7%, including a decrease in residential rates of 3.2%. General electric rates for residential and industrial customers will increase by 1.5% on January 1 of each of the four following years, while those for small commercial customers will increase by 1.0% in each of the following three years. General rates for all classes of natural gas customers will remain unchanged until January 1, 1999, when they will decrease sufficiently to reduce utility margin by 1 percent.

In connection with the merger, the Company recognized direct and indirect merger-related expenses of \$55.8 million during the three months ending March 31, 1997. The charge consisted primarily of severance costs of \$15.5 million, benefit-related curtailment costs of \$9.1 million, transaction costs of \$13.7 million, systems and facilities integration costs of \$7.2 million and other costs. The nonrecurring charge reduced net income by approximately \$36.3 million (\$0.43 per share) for the three months ended March 31, 1997. In addition, merger related costs of \$4.8 million were recognized in the fourth quarter of 1996 by PSPL.

(3) EARNINGS PER COMMON SHARE

Earnings per common share for the three months ended March 31, 1997 and 1996 have been computed by dividing income for common stock by the weighted average number of common shares outstanding after adjusting WECO's historical amounts for the conversion into .86 shares of the Company's common stock.

(4) UNAMORTIZED ENERGY CONSERVATION COSTS

Certain of the Company's energy conservation expenditures are accumulated as unamortized conservation charges. These costs are amortized over various future periods up to ten years at the direction of the Washington Commission. Approximately \$38 million of the conservation measures are included in rate base. The Company's total remaining unamortized conservation balance at March 31, 1997, was \$43.6 million.

(5) DISCONTINUED OPERATIONS

On March 5, 1997, the Company conveyed its interests in undeveloped coal properties through its wholly-owned subsidiary Thermal Energy, Inc. to Wesco Resources, Inc. effective February 1, 1997. In return for this conveyance, Wesco Resources, Inc. agreed to assume future coal property obligations and liabilities and to pay the Company a 2% royalty on coal mined from the transferred coal properties now held by Wesco Resources, Inc. In the September 1996 consolidated financial statements of WECO these activities were reflected as discontinued operations. The Company has determined, based on a report by mining consultants, that the development of the transferred coal properties in the foreseeable future is speculative. As a result, the Company does not expect to receive any amounts under the 2% royalty agreement. Therefore, in March 1997, the Company's remaining \$4.0 million investment in Thermal Energy, Inc. was written off to expense and appears in the consolidated financial statements as discontinued operations. Prior periods have been restated to include Thermal Energy, Inc. operations as discontinued operations.

(6) LIABILITY FOR ENVIRONMENTAL MATTERS

For a discussion of environmental matters related to the Company's electric operations, see the Company's Form 10-K for the fiscal year ended December 31, 1996.

(a) General

Five former WNG or predecessor companies manufactured gas plant ("MGP") sites are currently undergoing investigation, remedial actions or monitoring actions relating to environmental contamination: 1) Everett, Washington; 2) "Gas Works Park" in Seattle, Washington; 3) "Tacoma 22nd and A St." Site in Tacoma, Washington; 4) Chehalis, Washington; and 5) the "Tideflats" area of Tacoma, Washington.

The financial statements reflect actual costs to date and management's estimates of the costs to be incurred on an undiscounted basis, based on known and available information with regard to the extent of contamination and the potential methods of cleanup or containment believed to be feasible at each site. The Company is continually evaluating the progress at each site and the cost estimates will be revised, if necessary, as new information is available. The financial statements reflect receivables for the expected recovery, from third parties, of substantially all of the remediation costs deferred pursuant to Washington Commission authorization.

(b) Everett

The Company is conducting an independent remedial action at the Everett site. Current analysis indicates that the reserve for investigation and remediation costs of \$3,250,000, previously established, is currently sufficient to cover the expected costs at the site, exclusive of remediation costs, if any, which may arise in connection with the adjacent Snohomish River. Investigation and feasibility costs of \$472,000 have been incurred through March 31, 1997. The Everett site was previously owned and operated by other companies who are potentially liable parties ("PLPs") for the remediation of the site. The cost estimate reflects the total cost expected to remediate the site before contributions by other PLPS.

(c) Gas Works Park

The Company sold the site of a former manufactured gas plant at Lake Union, now known as "Gas Works Park," to the City of Seattle in 1962. The City of Seattle, in a letter dated February 24, 1995, requested that the Company participate in a cleanup of this site. The Company believes that the contract, by which it conveyed the land to the City of Seattle, presents substantial defenses that mitigate its exposure for environmental remediation costs which may be incurred at this site.

On July 15, 1996, the City of Seattle completed a preliminary study that estimated that the remediation costs were in the range of \$4.9 million to \$8.6 million exclusive of any remediation costs which may arise in connection with the adjacent Lake Union. The Company anticipates that in order to resolve this matter with the City of Seattle, the potential cost may approximate \$3,200,000 which has been accrued.

(d) Tacoma 22nd and A St. Site and Thea Foss Waterway

The Company was the former owner of land, located upland from the Thea Foss Waterway in Tacoma, Washington where a MGP was operated by several other companies. This site ("22nd and A St.") was acquired after the plant was closed. The site was later sold in parcels to several buyers. Five parties, including the Company, have been designated as PLPs at this site. In May 1996, a consultant to the PLPs estimated the cost of remediating the Tacoma 22nd and A St. site to be approximately \$4,000,000, exclusive of any remediation costs which may arise in connection with the adjacent Thea Foss Waterway. Because there are multiple PLPs, the Company believes, based on currently available information, that its maximum exposure is approximately \$700,000, which has been recorded as a liability.

The City of Tacoma has undertaken an investigation study of contamination in the Thea Foss Waterway. The extent of the contamination related to possible MGP operation is not currently known, but the Company has been designated a Potentially Responsible Party ("PRP") by the U.S. Environmental Protection Agency ("EPA"). During the quarter ended March 31, 1997, the Company established a reserve of \$1,500,000 to reflect the initial estimates of the remediation costs the Company may incur at this site.

(e) Chehalis

The Company has completed significant source control and installed groundwater monitoring wells as part of an independent cleanup action. In 1997, the Company expects to complete groundwater monitoring at the site, at which time a determination will be made as to what, if any, additional remedial measures are required. As of March 31, 1997, the financial

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statements include a reserve of \$270,000, which is sufficient to cover remaining costs at the site, assuming that further remedial measures are not required.

(f) Tideflats

The remediation activities at the Tideflats site were completed as of July 1995, and confirmed by the EPA in a letter dated September 28, 1995. Ongoing monitoring and maintenance costs are being expensed as incurred and are not material.

In June 1991, a lawsuit was filed in Washington State Superior Court, King County, Washington ("Superior Court"), against certain insurance companies that provided insurance applicable to the Tideflats site at various times dating back to the 1940's. On June 10, 1994, the Superior Court entered a final judgment in favor of the Company. Under the terms of the final judgment, the Company was entitled to collect its present and future uncompensated reasonable and necessary costs in remediating the site from the policies of certain insurer defendants in the action. During 1995, the Company settled its lawsuit with the insurance carriers in consideration of their dismissal of the appeal of the Superior Court judgment regarding coverage of the Tideflats remediation costs. In September 1995, the Company received approximately \$29,000,000 in final settlement of all remaining claims against insurance carriers regarding this site. As a result of this settlement and amounts previously received, the Company has recovered substantially all the remediation costs which had been deferred.

(g) Expected Recoveries

The Company's financial statements as of March 31, 1997, include environmental receivables related to these MGP sites totaling \$10,798,000 primarily for expected recoveries from insurance carriers, based upon the successful litigation against its insurers regarding the Tideflats site, and other PLPs. Although the factual situations at the other sites differ in some respects from the factual situation at the Tideflats site, the Company believes, based on the precedents established in the Tideflats case and discussion with legal counsel, that it is probable that it has insurance coverage sufficient to recover costs not recovered from other PLPs. In the event that recoveries from insurance and other PLPs are not sufficient, the Company, under an agreement with the Washington Commission, will seek recovery of such unreimbursed costs in future customer rates.

Based on all known facts and analyses, the Company believes it is not likely that the identified environmental liabilities will result in a material adverse impact on the Company's financial position, operating results or cash flow trends.

(7) Consolidated Statements of Cash Flows

The following provides additional information concerning cash flow activities:

Three Months Ended March 31	1997	1996
Changes in current asset and current liabilities:		
Accounts receivable	\$(27,979)	\$ 7,381
Materials and supplies	7,511	9,889
Prepayments and Other	5,773	1,833
Purchased gas liability	(12,476)	18,308
Accounts payable	(35,455)	(12,417)
Accrued expenses and Other	56,323	39,153
Net change in current assets and current liabilities	\$ (6,303)	\$ 64,147
Cash payments:		
Interest (net of capitalized interest)	\$ 27,424	\$ 29,084
Income taxes	\$(48,073)	\$ 1,000

(8) Litigation

On September 6, 1994, Cost Management Services, Inc. ("Cost Management"), a Mercer Island, Washington, company involved in the purchase and resale of natural gas, filed an action against WNG in District Court. Cost Management alleged that WNG monopolized or attempted to monopolize the market for the sale of natural gas in central western Washington. Cost Management also alleged WNG failed to charge its customers in accordance with the prices, terms and conditions set forth in tariffs filed by WNG with the Washington Commission and that it wrongfully interfered with Cost Management's relationships with its customers. Cost Management sought injunctive relief and damages in an unspecified amount. WNG filed a motion to dismiss the lawsuit, which was granted on May 5, 1995. In dismissing Cost Management's action the court ruled that the state action doctrine provides antitrust immunity for conduct pursuant to a clearly articulated and actively supervised state policy, where unfettered competition is replaced with regulation. In dismissing the federal antitrust claims, the court declined to retain jurisdiction over Cost Management's state law claims, which were dismissed without prejudice. Cost Management then filed its state claims in Superior Court. That case was stayed by agreement of the parties, pending resolution of the federal court action. Cost Management filed an appeal of the federal court dismissal in the Court of Appeals. The parties on November 22, 1995, filed briefs with the Court of Appeals and arguments were presented on August 8, 1996. The Court of Appeals issued a decision which reversed the District Court's dismissal of the case and remanded the case to the District Court for rehearing. The Court of Appeals ruled if Cost Management's claims were assumed to be true for purposes of the Appellate Review, the lower court's dismissal was improper. No ruling was made on the merits of any of Cost Management's claims. Neither the outcome nor the financial exposure from this lawsuit can be predicted at this time.

(9) Other

In the first quarter of 1997, the Company recorded an income tax refund of \$57 million associated with the method of accounting for taxes related to conservation expenditures for the years 1991-1994. The benefit of the tax

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refund, as a result of an agreement between the Company and the Washington Commission, was passed on to retail customers as a \$48.6 million reduction of the PRAM accrued revenue balance. The \$48.6 million reduction in revenues was offset by a \$17 million decrease in federal income taxes related to the reduction in PRAM revenues, a \$26.5 million reduction in federal income taxes as a result of the change in accounting for conservation expenditures, \$4.6 million in interest income (net of tax) relating to the tax refund and a \$.8 million reduction in other taxes. The overall affect of recording the conservation tax refund and the related PRAM entries was an increase to net income of approximately \$.3 million.

In February 1997 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 "Earnings Per Share" ("Statement No. 128"). Statement No. 128 simplifies the standards for computing earnings per share. The Company will adopt Statement No. 128 for the year ending December 31, 1997. Management believes that it will not have a material impact on the computation of earnings per share.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion reflects the combined results of the Company, formerly Puget Sound Power & Light Company, and Washington Energy Company.

Net income for the three months ended March 31, 1997, was \$30 million on operating revenues of \$463.3 million, compared with net income of \$66.2 million on operating revenues of \$487.1 million for the same period in 1996. Income for common stock was \$24.4 million for the first quarter of 1997 compared to \$60.7 million for the first quarter of 1996. Earnings per share were \$0.29 for the first quarter of 1997 compared to \$0.72 for the first quarter of 1996 based on 84.5 million and 84.4 million weighted average common shares outstanding, respectively.

The decrease in net income and earnings per share reflects an after-tax charge of \$36.3 million (43 cents per share) for costs related to the merger including transaction expenses, employee separation and system and facilities integration. Net income also includes an after-tax charge of \$2.6 million (3 cents per share), to write off the Company's remaining investment in undeveloped coal reserves and related activities in southeastern Montana. Excluding the impact of these charges, continuing operations produced quarterly earnings of \$.75 per share, a 4 percent increase compared to combined earnings of \$.72 per share for the Company and WECO during the same quarter one year ago.

Total kilowatt-hour sales were 6.8 billion, including 1.1 billion in sales to other utilities, for the first quarter of 1997, compared to 6.7 billion, including 1.0 billion in sales to other utilities, for the first quarter of 1996.

Total gas volumes were 370.2 million therms, including 76.2 million therms in transportation volumes for the three months ended March 31, 1997, compared to 352.6 million therms, including 68.3 million therms of transportation, for the same period in 1996.

The Company's operating revenues and associated expenses are not generated evenly during the year. Variations in energy usage by consumers do occur from season to season and from month to month within a season, primarily as a result of weather conditions. The Company normally experiences its highest energy sales in the first and fourth quarters of the year. Electric sales to other utilities also vary by quarter and year depending principally upon water conditions for the generation of hydroelectric power, customer usage and the energy requirements of other utilities.

Temperatures during the three months ended March 31, 1997, averaged 42.5 degrees, compared to a 30-year average of 43.1 degrees and an average of 43.1 degrees during the same period in 1996.

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Comparative Periods Ending
March 31, 1997 vs. March 31, 1996
Increase (Decrease)

	Three Month Periods
	(In Millions)
Operating revenue changes	
PRAM revenues	\$(86.2)
BPA Residential Purchase & Sale Agreement	(0.3)
Sales to other utilities	4.7
Load and other changes	50.2
Gas revenue change	7.8

Total operating revenue change	(23.8)
Operating expense changes	
Energy Costs:	
Purchased electricity	7.2
Purchased gas	2.5
Utility operations and maintenance	3.3
Other operations and maintenance	(1.2)
Depreciation and amortization	1.8
Merger costs	55.8
Taxes other than federal income taxes	0.7
Federal income taxes	(56.3)

Total operating expense change	13.8
Other income	3.1
Interest charges	(0.5)

Income from continuing operations	\$(34.0)
Discontinued operations	2.2

Net income change	\$(36.2)
	=====

The following is additional information pertaining to the changes outlined in the above table.

Operating Revenues - Electric :

Operating revenues for the three months ended March 31, 1997 include a \$48.6 reduction associated with 1991-1994 Conservation IRS tax refund and related interest received in the first quarter. Based on the Company's agreement with the Washington Commission, the benefit of the tax refund was passed on to retail customers as a reduction of the PRAM accrued revenue balance. The \$48.6 million reduction in revenues was offset by reductions in federal and state taxes by a reduction in interest expense and an increase in interest income.

PRAM revenues also decreased in the first quarter of 1997 compared to the prior year due to the elimination of the PRAM effective September 30, 1996, under a stipulated negotiated settlement approved by the Washington

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Commission. Overcollection of the PRAM which resulted from the pass-through of the tax refunds discussed above, will be refunded to customers in the second quarter of 1997. Also, on September 30, 1996, the Washington Commission issued an order granting a joint motion by the Company and the Washington Commission Staff to transfer annual revenues of \$165.5 million which were being collected in PRAM rates to the Company's permanent rate schedules.

Revenues in 1997 and 1996 were reduced because of the credit that the Company received through the Residential Purchase and Sale Agreement with the Bonneville Power Administration ("BPA"). The agreement enables the Company's residential and small farm customers to receive the benefits of lower-cost federal power. On January 29, 1997, the Company and BPA signed a Residential Exchange Termination Agreement. The Agreement ends the Company's participation in the Residential Purchase and Sale agreement with BPA. As part of the Termination Agreement, the Company will receive payments by the BPA of approximately \$235 million over five years. Under the rate plan approved by the Washington Commission in its merger order, the Company will continue to reflect, in customers' bills, the current level of Residential Exchange benefits. Over the five year period, it is projected that the Company will credit customers approximately \$250 million more than it will receive from BPA. The Company expects the difference will be made up through the general rate increase approved in the merger order and additional reductions in operating expenses.

Revenues from kilowatt-hour sales, excluding PRAM, were higher in the first quarter of 1997 as compared to the same period in 1996 due to continued growth in the number of customers and slightly colder temperatures in the Company's service territory in the first quarter of 1997 as compared to the same period in 1996.

Operating Revenues - Gas

Gas operating revenues for the quarter ended March 31, 1997 increased by \$7.8 million from the prior year quarter. Total gas volumes increased 5% from 352.6 million therms to 370.2 million therms. During the quarter, there was some shifting of commercial and industrial customers from interruptible sales to transportation service. This resulted in a decrease in interruptible gas sales revenue from \$8.2 million to \$6.7 million. In the current rate design, the Company earns the same margin on transportation service as it does on large volume gas sales. The primary reason for the increase in gas sales volumes and gas sales revenues in the quarter ended March 31, 1997, was increased load due to customer growth of approximately 20,000 compared to March 1996 and slightly colder temperatures in the Company's service territory in the first quarter of 1997 as compared to the same period in 1996. :

Operating Expenses

Purchased electricity expenses increased \$7.2 million for the first quarter of 1997 compared to the same period in 1996. The increase was due primarily to decreased credits of \$9.7 million associated with the Residential Purchase and Sale Agreement with BPA. The decrease in funding of these credits was partially offset by lower levels of firm purchased power expense.

Purchased gas expenses increased \$2.5 million for the first quarter of 1997 compared to the first quarter of 1996 primarily due to increased volumes of purchases to serve increased customer growth.

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Operations and maintenance expenses increased \$2.1 million in the first quarter of 1997 compared to the same period in 1996. The increase was due primarily to a \$0.8 million increase in amortization expense associated with the Company's conservation program and a \$1.0 million increase in electric distribution expenses related to storm damage restoration repairs.

Depreciation and amortization expense increased \$1.8 million for the first quarter of 1997 from the same period in 1996 due to the effects of new plant placed into service during the past year.

Merger related costs recorded in the quarter were \$55.8 million including amounts related to transaction expenses, employee separation and systems and facilities integration. On an after-tax basis the charge was \$36.3 million or 43 cents per share. (See Footnote 2 to the Consolidated Financial Statements)

Federal income taxes decreased \$56.3 million for the first quarter of 1997 from the same period in 1996 due to a number of factors. An IRS tax refund related to the method of accounting for taxes on conservation expenditures decreased federal income taxes by \$26.5 million. In addition, there was a \$17.0 million reduction associated with a decrease in PRAM revenues of \$48.6 million. Merger costs expensed in the first quarter further reduced federal income taxes by \$19.3 million. These decreases were partially offset by an increase of \$6.1 million due to higher pre-tax operating income from continuing operations.

AFUDC, which does not represent current cash income, is normally included in other income and as an offset to interest expense. For the three month periods ending March 31, 1997 and March 31, 1996, AFUDC was \$1.2 million and \$1.5 million, respectively.

Other Income

Other income, net of federal income tax, increased \$3.1 million in the first quarter of 1997 from the same period in 1996. The increase was due primarily as a result of interest income from the IRS on the Conservation Tax Refund.

Interest Charges

Interest charges, which consist of interest and amortization on long-term debt and other interest, decreased \$0.5 million for the first quarter of 1997 compared to the same period in 1996 due to lower levels of outstanding short-term debt and lower short-term interest rates.

Construction expenditures (excluding AFUDC and AFUCE) for the first quarter of 1997 were \$63.8 million, including \$.4 million of energy conservation expenditures, compared to \$50.0 million, including \$1.7 million of energy conservation expenditures, for the first quarter of 1996. Construction expenditures (excluding AFUDC and AFUCE) for 1997 and 1998 are expected to be \$247 million and \$249 million, respectively. Cash provided by operations (net of dividends, AFUDC and AFUCE) as a percentage of construction expenditures (excluding AFUDC and AFUCE) were 130% and 297% for the first quarters of 1997 and 1996, respectively. Construction expenditure estimates are subject to periodic review and adjustment.

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On March 31, 1997, the Company had available \$401.5 million in lines of credit with various banks, which provide credit support for outstanding commercial paper of \$249.9 million, effectively reducing the available borrowing capacity under these lines of credit to \$151.6 million. In addition, the Company has agreements with several banks to borrow on an uncommitted, as available, basis at money-market rates quoted by the banks. There are no costs, other than interest, for these arrangements.

In February 1997 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 "Earnings Per Share" ("Statement No. 128"). Statement No. 128 simplifies the standards for computing earnings per share. The Company will adopt Statement No. 128 for the year ending December 31, 1997. Management believes that it will not have a material impact on the computation of earnings per share.

REDACTED

PART II - OTHER INFORMATION
ITEM 1 - LEGAL PROCEEDINGS

Contingencies arising out of the normal course of the Company's business, exist at March 31, 1997. The ultimate resolution of these issues is not expected to have a material adverse impact on the financial condition, results of operations or liquidity of the Company.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibit is filed herewith:

27 Financial Data Schedule

(b) Reports on Form 8-K

1. Form 8-K dated February 10, 1997, Item 2 - Acquisition or Disposition of Assets, announcing final approval by the Boards of Directors to merge Washington Energy Company and Puget Sound Power & Light Company following regulatory approval. Also, announcing that public trading of Puget Sound Energy common stock would begin on Tuesday, February 11, 1997 under the NYSE symbol, PSD.
2. Form 8-K dated February 25, 1997, Item 5 - Other Events, related to Puget Sound Energy, Inc. and the Montana Power Company signing agreements settling and dismissing a pending litigation matter and resolving two arbitrable disputes regarding coal prices.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PUGET SOUND ENERGY, INC.

s/s James W. Eldredge

James W. Eldredge
Corporate Secretary and Controller

Date: May 15, 1997

Chief accounting officer and officer
duly authorized to sign this report
on behalf of the registrant

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PUGET SOUND ENERGY, INC.

**A Statement Attached To and Made Part of Application for a
Certificate of Public Convenience and Necessity**

Exhibit E

1. **Legal description of proposed service area (Attachment 1)**
2. **Detailed maps of proposed service area (Attachment 2)**

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EXHIBIT E (1)

LEGAL DESCRIPTION

All of the following described property located within the County of Kittitas, State of Washington:

Sections 27, 28, 29, 32, 33, 34, and 35, Township 21 North, Range 14 E. W. M.; Sections 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 32, 33, 34, 35, and 36, Township 20 North, Range 14 E. W.M.; Sections 1, 2, 3, 4, and 12, Township 19 North, Range 14 E. W.M.; Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 24, Township 19 North, Range 15 E. W.M.; Sections 7, 8, 9, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35 and 36, Township 20 North, Range 15 E. W.M.; Sections 19, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 20 North, Range 16 E. W.M.; Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 35, and 36, Township 19 North, Range 16, E. W.M.; Sections 1, Township 18 North, Range 16 E. W. M. ; Sections 17, 18, 19, 20, 21, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 19 North, Range 17 E. W. M. ; Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 22, 23, 24, 25, 26, 27, 34, 35, and 36, Township 18 North, Range 17 E. W. M.; Sections 1, 2, 11, 12, 13, and 14, Township 17 North, Range 17 E. W. M.; Sections 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 19 North, Range 18 E. W. M.; all of Township 18 North, Range 18 E. W.M.; Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 22, 23, 24, 25, 26, 27, 35, and 36, Township 17 North, Range 18 E, W.M.; Sections 1, 2, 11, 12, 13., and 14, Township 16 North, Range 18 E, W.M.; Sections 5, 6, 7, 8, 17, and 18, Township 16 North, Range 19 E, W.M.; all of Township 17 North, Range 19 E, W.M.; Sections 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 18 North, Range 19 E, W.M.; Sections 27, 28, 29, 30, 31, 32, 33 and 34, Township 19 North, Range 19 E, W.M.; Sections 18, 19, 30, 31, 32, 33, and 34, Township 18 North, Range 20 E, W.M.; Sections 3, 4, 5, 6, 7, 8, 9, 10, 15, 16, 17, 18, 19, 20, 29, 30, 31, 32, and 33, Township 17 North, Range 20 E, W.M.; EXCEPT all of the following described property:

Beginning at the intersection of Interstate 90, and the center line of Desmond Road, thence north on Desmond Road to an intersection with the center line of Dry Creek Road Connection; thence southeasterly on Dry Creek Road Connection, to an intersection with the north boundary of Section 34, Township 18 North, Range 18 E, W.M.; thence east along the north boundary of Section 34, Township 18 North, Range 18 E, W.M., to an intersection with the center line of Reecer Creek Road; thence north on Reecer Creek Road to an intersection with center line of Bender Road; thence easterly on Bender Road to the intersection with the center line of Sanders Road; thence southeasterly on Sanders Road to an intersection with the center line of Brick Road; thence southwesterly on Brick Road to an intersection with the center line of Game Farm Road; thence east on Game Farm Road to an intersection with the center line of Pfenning Road; thence south on Pfenning Road to the northwest corner of Section 6, Township 17 North, Range 19 E, W.M.; thence south along the west boundary of Sections 6, and 7, Township 17 North, Range 19 E, W. M., to the northeast corner of Section 13, Township 17 North, Range 18 E, W.M.; thence west along the north boundary of Section 13, Township 17 North, range 18 E, W.M., to an intersection with the center line of Canyon Road; thence southeasterly along Canyon Road, a distance of 500± feet to the southeast corner of the Ellensburg Sewage Treatment Plant, as defined by the southerly boundary of the incorporated city limits of Ellensburg, according to the zoning map as updated on April 3, 1997, referred to in Section 3.00 of Ordinance No. 2810 of the City of Ellensburg, Washington, adopted March 16, 1970; thence west along the south boundary of the Ellensburg Sewage Treatment Plant to the southwest corner; thence north along the west boundary of the Ellensburg Sewage Treatment Plant to the north boundary of Section 14, Township 17 North, Range 18 E, W.M.; thence west along the north boundary of Section 14, Township 17 North, Range 18 E, W.M., to an intersection with the east meander line of the Yakima River; thence northwesterly along the east meander line of the Yakima River to the west boundary of Section 4, Township 17 North, Range 18 E, W.M.; thence north along the east boundary of Section 4, Township 17 North, Range 18 E, W.M., to an intersection with the center line of Interstate 90; thence northwesterly on Interstate 90 to an intersection with the center line of Desmond Road, the Point of Beginning.

Situated in the County of Kittitas, State of Washington.

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PUGET SOUND ENERGY, INC.

**A Statement Attached To and Made Part of Application for a
Certificate of Public Convenience and Necessity**

Exhibit F

Attached is a map showing areas for which a Certificate has been issued to City of Ellensburg.

PUGET SOUND ENERGY, INC.

**A Statement Attached To and Made Part of Application for a
Certificate of Public Convenience and Necessity**

Exhibit G

**Supporting analyses and work papers for the distribution system to serve customers in
Kittitas County.**

Attachment 1.

Feasibility Study For Proposed Gas Service By PSE

OK

Attachment 2.

**Summary of applications for gas service or letters of intent to take
gas service.**

CONFIDENTIAL

EXHIBIT G:

Feasibility Study For Proposed Gas Service By PSE

The economic analysis followed the current line extension policy utilizing existing financial tools, the Company's financial investment analysis (FIA).

Adjustments to customer load and facility costs were adapted to incorporate regional factors such as colder weather and largely rural development. These regional factors, cold weather and rural development, lead to higher consumption per customer (greater heating degree days) and lower unit costs to install and restore facilities.

USE PER CUSTOMER

Residential

Residential usage estimates have been developed using PSE Schedule 7, Facilities Extension Standards, values. Adjustments have been made for the fact that the proposed region to be served is 44% colder than the Puget Sound region.

Conversion Customers

Assume 1650 sf pre-1986 construction

Space Heat	█	therms/year
Space Heat Adjustment (+20% for colder weather)	█	therms/year
Water Heating (@ 75%)	█	therms/year
Other end-uses	█	therms/year
Total	█	therms/year

New Construction Customers

Assume 2200 sf post-1986 construction

Space Heat	█	therms/year
Space Heat Adjustment (+20% for colder weather)	█	therms/year
Water Heating (95%)	█	therms/year
Other end-uses	█	therms/year
Total	█	therms/year

█

█

█

█

Commercial

[REDACTED]

CUSTOMER ADDITION ASSUMPTIONS

Initially, additions to natural gas service will be existing structures converting from alternate energy sources. Over the life of the project however, it is expected that customer additions will also come from new construction additions. New customer additions were assumed to be two percent of the existing housing stock on an annual basis. This estimate is based on the County growth rate projected by the Office of Financial Management.

Homes and businesses in Kittitas County, outside of the city limits of Ellensburg, primarily use either propane or electricity as their source of heat. In forecasting conversion rates to natural gas, the primary source of heat was considered.

Where homes are heated with propane, it is expected [REDACTED] will convert when natural gas is available in the street. This assumed conversion rate is based upon PSE's experience in areas such as Carnation. The high conversion rate is largely due to low equipment conversion costs and high potential energy savings.

Conversions from electricity are expected to be slower due to the required investment in new natural gas equipment. A [REDACTED] conversion rate is expected from electric forced air systems and a [REDACTED] rate from electric baseboard systems. The difference in conversion rates is due to the larger investment in new equipment required for electric baseboard systems. These conversion rates are based on the company's experience and results of programs such as the Fuel Switching Demonstration Project with WNG and Seattle City Light in 1993 (control group).

The total number of customers served by this project, by year twenty, is expected to reach [REDACTED]. For the purposes of the economic analysis, only [REDACTED] customers, a four year build-out for the majority of the areas, have been used to justify this project. The only commercial customers considered in the base case analysis were ACX hay Processing, and three schools.

FACILITY UNIT COSTS

Kittitas County, outside of the city limits of Ellensburg, is primarily rural. Thus, construction unit costs are lower than urban construction. Based upon recent PSE projects, these costs have been estimated at [REDACTED] of the company's standard installation costs. Furthermore, "equivalent sized" facilities were used to develop cost estimates. This evaluation method enables the company to invest in facilities in a manner which recognizes the significance of least-cost planning strategies, yet recognizes that the customers' revenue streams under consideration do not include all of the customers who can be served throughout the life of the plant.

FACILITY COST, CUSTOMER EXPENSE AND REVENUE ESTIMATES

Gate Station	██████████
Main	██████████
Services	██████████
Total	██████████
Annual Customer Expense at Maturity	██████████
Annual Revenue at Maturity	██████████

DEMAND CHARGE CONSIDERATIONS

██
██
██

SUMMARY OF ECONOMIC ANALYSIS

The following table summarizes the Rate of Return and necessary customer qualifying payments in four scenarios.

██
██
██

██
██
██

SCENARIO	██████████	██
BASECASE (including Trendwest)	██████████ ROR New Customer Rate and required QP=██████████	██████████ ROR New Customer Rate Only, <u>or</u> CIAC=██████████
SCENARIO 2 (excluding Trendwest) + Comm.	██████████ ROR New Customer Rate and required QP=██████████	██████████ ROR New Customer Rate and required QP=██████████

REDACTED
Kittitas County Customer Information

NUMBER	NAME	SERVICE ADDRESS	MAILING ADDRESS	CITY	ZIP	HOME PHONE	WORK PHONE	PRIMARY HT SRC
1				Ronald	98941			
2				Ronald	98941			
3				Ronald	98940			
4				Ronald	98940			
5				Ronald	98940			
6				Ronald	98940			
7				Cle Elum	98922			
8				Cle Elum	98922			
9								
10								
11				Ellensburg	98926			
12				Cle Elum	98922			
13				Cle Elum	98922			
14								
15				Cle Elum	98922			
16				Roslyn	98941			
17				Cle Elum	98922			
18				Cle Elum	98922			
19				Cle Elum	98922			
20				Cle Elum	98922			
21				Cle Elum	98922			
22				Cle Elum	98922			
23				Cle Elum	98922			
24				Ronald	98940			
25				Cle Elum	98922			
26				Cle Elum	98922			
27				Easton	98925			
28				Cle Elum	98922			
29				Roslyn	98941			
30				Cle Elum	98922			
31				Ronald	98940			
32				Cle Elum	98922			
33				Cle Elum	98922			
34				Cle Elum	98922			
35				Cle Elum	98922			
36				S. Cle Elum	98943			
37				Cle Elum	98922			
38				Ellensburg	98926			
39				Cle Elum	98922			
40				Cle Elum	98922			
41				Cle Elum	98922			
42				Roslyn	98941			
43				Cle Elum	98922			
44				S. Cle Elum	98943			
45				Cle Elum	98922			
46				Roslyn	98941			
47				Cle Elum	98922			
48				Cle Elum	98922			
49				S. Cle Elum	98922			
50				Cle Elum	98922			
51				Cle Elum	98922			
52				Roslyn	98941			

REDACTED
Kittitas County Customer Information

53					Cle Elum	989221		
54					Cle Elum	989221		
55					Cle Elum	989221		
56					Cle Elum	989221		
57					Cle Elum	989221		
58					Cle Elum	989221		
59					Cle Elum	989221		
60					Cle Elum	989221		
61					Roslyn	989411		
62					Cle Elum	989221		
63					Cle Elum	989221		
64					Cle Elum	989221		
65					Cle Elum	989221		
66					Cle Elum	989221		
67					Cle Elum	989221		
68					Cle Elum	989221		
69					Cle Elum	989221		
70					Cle Elum	989221		
71					Cle Elum	989221		
72					Cle Elum	989221		
73					Cle Elum	989221		
74					Cle Elum	989221		
75					Cle Elum	989221		
76					Cle Elum	989221		
77					Cle Elum	989221		
78					Cle Elum	989221		
79					Cle Elum	989221		
80					Cle Elum	989221		
81					Cle Elum	989221		
82					Cle Elum	989221		
83					Cle Elum	989221		
84					Cle Elum	989221		
85					Cle Elum	989221		
86					Cle Elum	989221		
87					Roslyn	989411		
88					Roslyn	989411		
89					Roslyn	989411		
90					Cle Elum	989221		
91					Roslyn	989411		
92					Roslyn	989411		
93					Roslyn	989411		
94					Roslyn	989411		
95					Cle Elum	989221		
96					Roslyn	989411		
97					Roslyn	989411		
98					Roslyn	989411		
99					Ronald	989401		
100					Roslyn	989411		
101					Roslyn	989411		
102					Roslyn	989411		
103					Roslyn	989411		
104					Roslyn	989411		
105					Roslyn	989411		
106					Roslyn	989411		

CONFIDENTIAL

REDACTED
Kittitas County Customer Information

107						Roslyn	98941			
108						Roslyn	98941			
109						S. Cle Elum	98943			
110						Roslyn	98941			
111						Roslyn	98941			
112						Roslyn	98941			
113						Roslyn	98941			
114						Roslyn	98941			
115						Roslyn	98941			
116						Roslyn	98941			
117						Roslyn	98941			
118						S. Cle Elum	98943			
119						Roslyn	98941			
120						Roslyn	98941			
121						Roslyn	98941			
122						Cle Elum	98922			
123						Roslyn	98941			
124						Roslyn	98941			
125						Roslyn	98941			
126						Roslyn	98941			
127						Roslyn	98941			
128						Roslyn	98941			
129						Roslyn	98941			
130						Ronald	98940			
131						Ronald	98940			
132						Ronald	98940			
133						S. Cle Elum	98943			
134						Ronald	98940			
135						Roslyn	98941			
136						Roslyn	98941			
137						Roslyn	98941			
138						Roslyn	98941			
139						Roslyn	98941			
140						Roslyn	98941			
141						Roslyn	98941			
142						Roslyn	98941			
143						Ronald	98940			
144						Ronald	98940			
145						Roslyn	98941			
146						Ronald	98940			
147						Ronald	98940			
148						Ronald	98940			
149						Ronald	98940			
150						Ronald	98940			
151						S. Cle Elum	98943			
152						S. Cle Elum	98943			
153						S. Cle Elum	98943			
154						S. Cle Elum	98943			
155						S. Cle Elum	98943			
156						Cle Elum	98922			
157						Cle Elum	98922			
158						S. Cle Elum	98943			
159						S. Cle Elum	98943			
160						S. Cle Elum	98943			

REDACTED

Kittitas County Customer Information

161	S. Cle Elum	98943	
162	S. Cle Elum	98943	
163	S. Cle Elum	98943	
164	S. Cle Elum	98943	
165	S. Cle Elum	98943	
166	S. Cle Elum	98943	
167	S. Cle Elum	98943	
168	S. Cle Elum	98943	
169	S. Cle Elum	98943	
170	S. Cle Elum	98943	
171	S. Cle Elum	98943	
172	S. Cle Elum	98943	
173	S. Cle Elum	98943	
174	S. Cle Elum	98943	
175	S. Cle Elum	98943	
176	S. Cle Elum	98943	
177	S. Cle Elum	98943	
178	S. Cle Elum	98943	
179	S. Cle Elum	98943	
180	S. Cle Elum	98943	
181	S. Cle Elum	98943	
182	S. Cle Elum	98943	
183	S. Cle Elum	98943	
184	S. Cle Elum	98943	
185	S. Cle Elum	98943	Oil
186	Cle Elum	98922	Elec
187	S. Cle Elum	98943	Oil
188	S. Cle Elum	98943	Propane
189	S. Cle Elum	98943	Wood
190	S. Cle Elum	98943	Elec
191	S. Cle Elum	98943	Propane
192	S. Cle Elum	98943	Propane
193	S. Cle Elum	98943	Wood
194	S. Cle Elum	98943	Elec
195	S. Cle Elum	98943	Oil
196	S. Cle Elum	98943	Elec
197	S. Cle Elum	98943	Wood
198	Cle Elum	98922	Coal/Wood
199	Cle Elum	98922	Propane
200	Cle Elum	98922	Oil/Wood
201	Cle Elum	98922	Propane
202	Cle Elum	98922	Oil/Wood
203	Cle Elum	98922	Elec/Wood
204	Cle Elum	98922	Oil
205	Cle Elum	98922	Oil
206	Cle Elum	98922	Oil
207	Cle Elum	98922	Oil
208	Cle Elum	98922	Diesel/Wood
209	Cle Elum	98922	Propane
210	Cle Elum	98922	Elec
211	Cle Elum	98922	Oil
212	Cle Elum	98922	Propane
213	Cle Elum	98922	Propane
214	Cle Elum	98922	Propane

REDACTED
Kittitas County Customer Information

215		Cle Elum	98922	Propane
216		Cle Elum	98922	Propane
217		Cle Elum	98922	Elec
218		Ronald	98940	Propane/Elec
219		Ronald	98940	Propane
220		Roslyn	98941	Propane
221		Roslyn	98941	Propane
222		Roslyn	98941	Propane
223		Roslyn	98941	Propane
224		Ronald	98940	Propane
225		Ronald	98940	Propane
226		Roslyn	98941	Propane/Wood
227		Ronald	98940	Propane
228		Ronald	98940	Oil/Wood
229		Ronald	98940	Propane/Wood
230		Ronald	98940	Elec/Wood
231		Ronald	98940	Elec
232		Ronald	98940	Propane
233		Ronald	98940	Propane/Wood
234		Roslyn	98941	Elec/Wood
235		Ronald	98940	Propane/Wood
236		Ronald	98940	Elec
237		Cle Elum	98922	Elec
238		Cle Elum	98922	Propane/Wood
239		le Elum	98922	Elec
240		Cle Elum	98922	
241		Cle Elum	98922	Elec/Wood
242		le Elum	98922	Elec
243		Cle Elum	98922	
244		S. Cle Elum	98943	Elec
245		le Elum	98922	Propane
246		Cle Elum	98922	
247		S. Cle Elum	98943	
248		Ellensburg	98926	Elec/Wood
249		S. Cle Elum	98943	Propane/Wood
250		le Elum	98922	Elec
251		le Elum	98922	Wood
252		le Elum	98922	Propane
253		le Elum	98922	Propane/Elec
254		Cle Elum	98922	Propane
255		le Elum	98922	Elec
256		le Elum	98922	Propane
257		Cle Elum	98922	
258		le Elum	98922	
259		le Elum	98922	
260		Cle Elum	98922	Propane
261		le Elum	98922	Propane
262		le Elum	98922	
263		le Elum	98922	
264		le Elum	98922	Oil/Wood
265		le Elum	98922	Propane
266		Cle Elum	98922	
267		Cle Elum	98922	Propane
268		le Elum	98922	Elec

REDACTED
Kittitas County Customer Information

269	Cle Elum	98922	
270	Cle Elum	98922	
271	Cle Elum	98922	
272	Cle Elum	98922	Propane/Elec
273	Cle Elum	98922	
274	Cle Elum	98922	
275	Cle Elum	98922	
276	Cle Elum	98922	
277	Cle Elum	98922	
278	Cle Elum	98922	
279	S. Cle Elum	98943	
280	Cle Elum	98922	
281	Ellensburg	98926	Elec
282	Ellensburg	98926	Elec
283	Cle Elum	98922	Propane
284	Cle Elum	98922	Propane
285	Cle Elum	98922	Wood
286	Cle Elum	98922	Propane/Wood
287	Ellensburg	98926	Propane
288	Ellensburg	98926	Elec
289	Ellensburg	98926	Elec
290	Ellensburg	98926	Propane
291	Ellensburg	98926	Propane
292	Ellensburg	98926	Elec
293	Ellensburg	98926	Elec/Wood
294	Ellensburg	98926	Elec/Wood
295	Ellensburg	98926	Oil
296	Ellensburg	98926	Propane
297	Ellensburg	98926	Propane
298	Ellensburg	98926	Elec
299	Ellensburg	98926	Oil
300	Ellensburg	98926	Propane
301	Ellensburg	98926	Elec
302	Ellensburg	98926	Propane/Elec
303	Ellensburg	98926	Oil/Diesel
304	Ellensburg	98926	Propane
305	Ellensburg	98926	Elec
306	Ellensburg	98926	Propane
307	Ellensburg	98926	Elec
308	Ellensburg	98926	Elec/Wood
309	Ellensburg	98926	Propane
310	Ellensburg	98926	Elec
311	Ellensburg	98926	Elec
312	Ellensburg	98926	Elec
313	Ellensburg	98926	Elec
314	Ellensburg	98926	Elec
315	Ellensburg	98926	Elec
316	Ellensburg	98926	Elec
317	Ellensburg	98926	Elec/Wood
318	Ellensburg	98926	Propane/Wood
319	Ellensburg	98926	Propane/Elec
320	Ellensburg	98926	New Construction
321	Ellensburg	98926	Elec
322	Ellensburg	98926	Propane/Elec

REDACTED

Kittitas County Customer Information

323	Ellensburg	98926	Propane
324	Ellensburg	98926	Elec
325	Ellensburg	98926	Propane
326	Ellensburg	98926	Propane
327	Ellensburg	98926	Propane
328	Ellensburg	98926	Elec/Wood
329	Ellensburg	98926	Elec/Wood
330	Ellensburg	98926	Propane
331	Ellensburg	98926	Elec
332	Ellensburg	98926	Elec
333	Ellensburg	98926	Propane
334	Ellensburg	98926	Propane/Elec
335	Ellensburg	98926	Oil/Wood
336	Ellensburg	98926	Propane
337	Ellensburg	98926	Propane
338	Ellensburg	98926	Elec
339	Ellensburg	98926	Elec
340	Ellensburg	98926	Elec
341	Ellensburg	98926	Propane
342	Ellensburg	98926	Propane/Oil
343	Ellensburg	98926	Elec
344	Ellensburg	98926	Elec/Wood
345	Ellensburg	98926	Propane
346	Ellensburg	98926	Oil
347	Ellensburg	98926	Elec
348	Ellensburg	98926	Propane
349	Ellensburg	98926	Oil
350	Ellensburg	98926	Elec
351	Ellensburg	98926	Elec
352	Ellensburg	98926	Propane
353	Ellensburg	98926	Propane
354	Ellensburg	98926	Propane
355	Ellensburg	98926	Elec
356	Ellensburg	98926	Propane
357	Ellensburg	98926	Oil
358	Ellensburg	98926	Oil
359	Ellensburg	98926	Propane/Elec/ Wood
360	Ellensburg	98926	Oil
361	Ellensburg	98926	Propane
362	Ellensburg	98926	Propane
363	Ellensburg	98926	Propane
364	Ellensburg	98926	Propane
365	Ellensburg	98926	Oil
366	Ellensburg	98926	Elec
367	Ellensburg	98926	Elec
368	Ellensburg	98926	Propane
369	Ellensburg	98926	Propane
370	Ellensburg	98926	Elec
371	Ellensburg	98926	Elec/ Wood
372	Ellensburg	98926	Elec/ Wood
373	Ellensburg	98926	
374	Ellensburg	98926	
375	Ellensburg	98926	Elec
376	Ellensburg	98926	Elec

REDACTED
Kittitas County Customer Information

377	Ellensburg	98926	Elec
378	Ellensburg	98926	Elec/ Wood
379	Ellensburg	98926	Propane
380	Ellensburg	98926	Propane
381	S. Cle Elum	98943	Propane/Wood
382	Ellensburg	98926	Oil
383	Ellensburg	98926	Elec
384	Ellensburg	98926	Elec/ Wood
385	Ellensburg	98926	Elec/ Wood
386	Ellensburg	98926	Elec
387	Ellensburg	98926	Oil
388	Ellensburg	98926	Propane
389	Ellensburg	98926	Elec/ Wood
390	Ellensburg	98926	Elec
391	Ellensburg	98926	Elec
392	Ellensburg	98926	Elec
393	Ellensburg	98926	Propane
394	Ellensburg	98926	Elec
395	Ellensburg	98926	Elec
396	Ellensburg	98926	Elec
397	Ellensburg	98926	Elec
398	Ellensburg	98926	New Construction
399	Ellensburg	98926	Propane
400	Thorp	98946	Propane/Wood
401	Ellensburg	98926	Propane
402	Ellensburg		Propane
403	Thorp	98946	Propane
404	Thorp	98946	Propane
405	Thorp	98946	Elec
406	Thorp	98946	Elec/ Wood
407	Thorp	98946	Elec/ Wood
408	Thorp	98946	Elec
409	Thorp	98946	Elec
410	Thorp	98946	Elec
411	Thorp	98946	Elec
412	Thorp	98946	Oil/Wood
413	Ellensburg	98926	Elec
414	Ellensburg	98926	Propane
415	Thorp	98946	Propane
416	Ellensburg	98926	Elec
417	Ellensburg	98926	Elec
418	Thorp	98946	Propane
419	Thorp	98946	Propane
420	Thorp	98946	Propane/Wood
421	Thorp	98946	Propane/Elec
422	Thorp	98946	Elec
423	Thorp	98946	Propane
424	Thorp	98946	Elec
425	Cle Elum	98922	Elec
426	Thorp	98946	Elec
427	Thorp	98946	Oil
428	Thorp	98946	Propane/Elec
429	Thorp	98946	Elec/Wood
430	Thorp	98946	Propane

REDACTED

Kittitas County Customer Information

431	Elensburg	98926	Propane/Elec/Wood
432	Cle Elum	98922	Propane
433	Cle Elum	98922	Propane
434	Thorp	98946	Propane
435	Elensburg	98926	Elec
436	Thorp	98946	Elec
437	Thorp	98946	Propane
438	Thorp	98946	Oil/Wood
439	Thorp	98946	Propane
440	Thorp	98946	Propane
441	Thorp	98946	Elec
442	Thorp	98946	Propane
443	Cle Elum	98922	Propane
444	Cle Elum	98922	Elec
445	Cle Elum	98922	Elec/Wood
446	Cle Elum	98922	Propane
447	Cle Elum	98922	Propane
448	Cle Elum	98922	Propane
449	Cle Elum	98922	Elec
450	Cle Elum	98922	Elec
451	Cle Elum	98922	Propane
452	Cle Elum	98922	Propane
453	Cle Elum	98922	Propane
454	Cle Elum	98922	Propane
455	Cle Elum	98922	Propane/Elec
456	Cle Elum	98922	Wood
457	Cle Elum	98922	Elec
458	Cle Elum	98922	Propane
459	Cle Elum	98922	Propane
460	Cle Elum	98922	Propane
461	Cle Elum	98922	Propane
462	Cle Elum	98922	Propane
463	Cle Elum	98922	Elec/Wood
464	Cle Elum	98922	Elec
465	Cle Elum	98922	Elec/Wood
466	Cle Elum	98922	Elec
467	Cle Elum	98922	Elec
468	Cle Elum	98922	Elec
469	Cle Elum	98922	Elec
470	Cle Elum	98922	Elec
471	Cle Elum	98922	Elec
472	Cle Elum	98922	Propane
473	Cle Elum	98922	Oil
474	Cle Elum	98922	
475	Cle Elum	98922	Propane
476	Cle Elum	98922	Elec/Wood
477	Kittitas	98934	Elec
478	Kittitas	98934	Elec
479	Kittitas	98934	Elec/Wood
480	Kittitas	98934	Elec/Wood
481	Kittitas	98934	Oil
482	Kittitas	98934	Propane/ Elec
483	Elensburg	98926	Propane
484	Kittitas	98934	Elec

REDACTED
Kittitas County Customer Information

485		Kittitas	98934		Elec
486		Kittitas	98934		Propane
487		Ellensburg	98926		Propane
488		Ellensburg	98926		Propane
489		Ellensburg	98926		Elec/Wood
490		Ellensburg	98926		Wood
491		Ellensburg	98926		Propane/Elec
492		Ellensburg	98926		Oil
493		Ellensburg	98926		Elec
494		Ellensburg	98926		Elec
495		Ellensburg	98926		Elec
496		Ellensburg	98926		Propane
497		Kittitas	98934		Propane
498		Kittitas	98934		Elec
499		Kittitas	98934		Propane
500		Ellensburg	98926		Elec
501		Cle Elum	98922		
502		Kittitas	98934		
503		Ellensburg	98926		Elec
504					
505					
506		Ellensburg	98926		Electric
507		Ellensburg	98926		Propane
508		Ellensburg	98926		Electric
509		Ellensburg	98926		Electric
510		Ellensburg	98926		Electric
511		Ellensburg	98926		Propane
512		Ellensburg	98926		Wood
513		Ellensburg	98926		Diesel
514		Ellensburg	98926		Propane
515		Cle Elum	98922		Propane
516		Cle Elum	98922		Propane
517		Kittitas	98934		Electric HP
518		Ellensburg	98926		Wood
519		Ellensburg	98926		Propane
520		Ellensburg	98926		Electric
521		Ellensburg	98926		Propane
522		Ellensburg	98926		Propane/steam
523		Ellensburg	98926		Propane
524		Ellensburg	98926		Oil/Electric
525		Ellensburg	98926		Propane
526		Ellensburg	98926		Electric
527		Ellensburg	98926		Electric
528		Ellensburg	98926		Electric
529		Ellensburg	98926		Electric HP
530		Ellensburg	98926		Electric
531		Ellensburg	98926		Wood
532		Cle Elum	98943		Propane
533		Ellensburg	98926		Electric
534		Ellensburg	98926		Propane
535		Ellensburg	98926		Electric
536		Ellensburg	98926		Electric
537		Ellensburg	98926		Propane
538		Ellensburg	98926		Propane

REDACTED

Kittitas County Customer Information

539	Ellensburg	98926	Electric
540	Ellensburg	98926	Oil
541	Ellensburg	98926	Propane
542	Ellensburg	98926	Propane
543	Ellensburg	98926	Electric
544	Ellensburg	98926	Propane
545	Ellensburg	98926	Propane
546	Ellensburg	98926	Propane
547	Ellensburg	98926	Propane
548	Ellensburg	98926	Electric
549	Ellensburg	98926	Electric
550	Ellensburg	98926	Electric
551	Ellensburg	98926	Propane
552	Ellensburg	98926	Electric HP
553	Ellensburg	98926	Electric
554	Ellensburg	98926	Electric
555	Ellensburg	98926	Electric
556	Ellensburg	98926	Wood
557	Ellensburg	98926	Oil
558	Ellensburg	98926	Electric HP
559	Ellensburg	98926	Electric HP
560	Ellensburg	98926	Propane
561	Ellensburg	98926	Propane
562	Ellensburg	98926	Propane
563	Ellensburg	98926	Propane
564	Ellensburg	98926	Electric
565	Ellensburg	98926	Wood/Oil
566	Ellensburg	98926	Electric/Wood
567	Ellensburg	98926	Propane
568	Ellensburg	98926	Electric
569	Ellensburg	98926	Propane
570	Ellensburg	98926	Oil
571	Ellensburg	98926	Electric
572	Ellensburg	98926	Electric
573	Ellensburg	98926	Propane/Electric
574	Ellensburg	98926	Electric
575	Ellensburg	98926	Electric/Wood
576	Ellensburg	98926	Propane
577	Ellensburg	98926	Wood/Electric
578	Ellensburg	98926	Oil
579	Ellensburg	98926	Electric
580	Ellensburg	98926	Propane/Electric
581	Kittitas	98934	Electric
582	Kittitas	98934	Oil
583	Thorp	98946	Propane
584	Thorp	98946	Propane
585	Ellensburg	98926	F/A (Electric ?)
586	Ellensburg	98926	Diesel
587	Ellensburg	98926	Propane
588	Ellensburg	98926	Propane
589	Ellensburg	98926	HP/Wood
590	Ellensburg	98926	Electric
591	Thorp	98946	Wood/Space heater
592			

REDACTED
Kittitas County Customer Information

593	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Propane
594	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Propane
595	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric
596	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric
597	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric
598	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric
599	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
600	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric
601	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Propane
602	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Propane
603	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Propane
604	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Wood/Oil
605	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric/Steam
606	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric
607	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric HP/EEB
608	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	EEB
609	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Wood
610	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Oil
611	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	HP
612	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric
613	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric
614	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric
615	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Propane
616	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Propane
617	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric
618	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Electric
619	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Ellensburg	98926	[REDACTED]	[REDACTED]	Pellet/Electric
620	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	Electric/Wood
621	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Roslyn	98941	[REDACTED]	[REDACTED]	Oil/Wood/Coal ???
622	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	[REDACTED]
623	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	Oil

Commercial Industrial									
	NAME	SERVICE ADDRESS	APPLICANT		CITY	ZIP	HOME PHONE	WORK PHONE	LOAD (\$CFH)
1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	[REDACTED]
2	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	[REDACTED]
3	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	[REDACTED]
4	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	[REDACTED]
5	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	[REDACTED]
6	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	[REDACTED]
7	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	[REDACTED]
8	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	[REDACTED]
9	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Cle Elum	98922	[REDACTED]	[REDACTED]	[REDACTED]
10	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Roslyn	98941	[REDACTED]	[REDACTED]	[REDACTED]
11	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Roslyn	98941	[REDACTED]	[REDACTED]	[REDACTED]
12	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Roslyn	98941	[REDACTED]	[REDACTED]	[REDACTED]
13	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Roslyn	98941	[REDACTED]	[REDACTED]	[REDACTED]
14	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Roslyn	98941	[REDACTED]	[REDACTED]	[REDACTED]
15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Roslyn	98941	[REDACTED]	[REDACTED]	[REDACTED]
16	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Roslyn	98941	[REDACTED]	[REDACTED]	[REDACTED]
17	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Roslyn	98941	[REDACTED]	[REDACTED]	[REDACTED]
18	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Roslyn	98941	[REDACTED]	[REDACTED]	[REDACTED]

REDACTED
Kittitas County Customer Information

72					Ellensburg	98926			Propane
73									
74									
75					Thorp	98946			Propane/Elec
76					Cle Elum	98922			
77					Cle Elum	98922			
78					Ellensburg	98926			Elec
79					S. Cle Elum	98943			
80					Ellensburg	98926			Propane
81					Ellensburg	98926			Electric
82					Cle Elum	98922			Propane/Electric

PUGET SOUND ENERGY, INC.

**A Statement Attached To and Made Part of Application for a
Certificate of Public Convenience and Necessity**

Exhibit H

**Documentation Supporting Allegations Of Deficiencies In City Of Ellensburg's
Service**

Service Provided by Existing Supplier is Deficient

The City of Ellensburg ("the City"), received a certificate of public convenience and necessity to provide natural gas service to a substantial portion of Kittitas County including the City of Ellensburg on April 7, 1967. During the ensuing thirty years the City has limited service to substantially less than ten percent of the certification area. In fact, to this date, the City serves only a few customers outside of its city limits.

The City Provision of Natural Gas Service is Discriminatory Against Potential Customers Outside the City Limits in a Number of Ways

The gas service policy differentiates between customers inside and outside the city limits and requires customers outside the city to sign a pre-annexation agreement as a condition of obtaining natural gas service.

A pre-annexation agreement must be executed by a property owner before any City utility service can be extended to property located beyond the Ellensburg corporate city limits; provided, however, a pre-annexation agreement shall not be required to serve properties located within the corporate boundaries of another city of within the urban growth boundaries of another city. *Ellensburg City Code 9.30.21*

Kittitas County has separately taken steps to limit this practice in its franchise actions. However, the provision of service outside the city limits remains substantially nonexistent. (See attached service area map.) The City still has policies in place to make gas service less attractive outside the city limits. A brief description of these policies follows.

The City has line extension policies that differentiate solely on the basis of whether a customer resides within the city limits as described in Section 9.31.10 of the City Ordinance No. 3983. City residents ("In-City") are provided a main extension footage allowance for residential customers and an allowance based upon annual revenue for non-residential customers. "Out-of-City" customers are provided no line extension allowances.

Despite the fact that customers outside the incorporated area of Ellensburg pay 100% of the line extension costs, the City charges differential rates for residential and non-residential gas service. For example, residential customers pay \$.485 per ccf In-City on Rate G-100, while Out-of-City customers pay \$.583 per ccf Out-of-City on Rate G-110.

Customers Outside of the City Have Been Denied Service

Two communities, the Community of Thorp and the City of Kittitas, inside the City's certificated area, were declined service based upon what was represented to be that extension of facilities to serve these communities were not economic. PSE has determined that service is in fact economic.

Recent survey work by PSE of potential customers revealed many customers who have been refused service for a number of reasons including the following: customers did not want to sign a mandatory pre-annexation agreement; the City apparently represented to potential customers that natural gas service was not economic; the City did not take action on requests for service; and the City was not responsive to requests for service.

One example of the City's non-responsiveness is A.C.X. Trading Inc.'s letter to PSE and the attached City response to A.C.X. PSE has determined that natural gas service to A.C.X. could be economically provided. In fact, the estimated costs are less than one third the cost set forth by the City.

Documentation of customer statements about annexation are attached. In addition, PSE's canvas of the area indicates that there is a perception among customers outside the city limits that either they can not get service without signing an annexation agreement, or will otherwise be denied service.

A number of customers were declined service based upon the City's assertion that extension of facilities to serve these communities was not economic. Appendix G documents the fact that, based upon the PSE survey of customers outside the city, PSE's service would be in fact economic.

**To: Puget Power,
Ellensburg WA.
Brian Lenz
District Manager**

**From: Mike Clark
General Manager
ACX Trading Inc.
Ellensburg WA.**

Dear, Mr. Lenz,

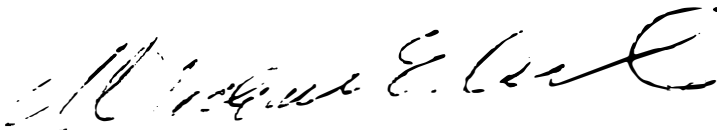
I am writing your company this letter to request natural gas service at the our A.C.X. Trading Inc. plant here in Ellensburg. If at some, you begin to supply this area in natural gas, we would be very interested in talking with you on this matter.

We are using propane at this time to heat our barns and to fuel forklifts. The amount of monthly expense, we feel could be greatly reduced if natural gas became available.

I have personally contacted Paul Rogers at the city Gas department. He told me that the cost would not allow them to do anything at this time, and the future plans of the gas department were uncertain. I later received a letter from Stephen Walker, a Mechanical Engineer at the City of Ellensburg. In his letter he gave ACX 3 options. All three were either years away or cost prohibitive. Please examine the situation and give me a call. I think gas service in the county is a much needed utility. At present natural gas is only available inthe city limits or on Kittitas Highway.

Thanks for your time,

**Sincerely,
Mike Clark
A.C.X. Trading Inc. General Manager
Ellensburg Division.**





July 20, 1995

Michael E. Clark
General Manager
A.C.X. Trading, Inc.
P.O. Box 188
Ellensburg, WA 98926

Commercial Rate
code in
Byes?
Hook up cost = Pay Back

RE: *Natural Gas Service to A.C.X. Plant at 5693 Vantage Highway*

Dear Mr. Clark:

There are several possible ways to extend gas service to A.C.X.'s plant, the following three are among the best.

- 1) Extend a large diameter feeder main from Pfenning Rd. to A.C.X. along the Vantage Highway. A rough cost estimate is \$6.00 per foot or \$90,000 total. Other customers hooking up to the line within 5 years of construction would be charged a hook-up fee for the length of main across their property. The fees would be transferred to A.C.X. thereby reducing the actual cost.
- 2) Wait until the gas system "grows" closer to A.C.X.'s plant, then initiate a shorter feeder main extension at lower cost. Other people along the Vantage Highway may request gas service and cause a feeder main to extend in your direction. When it gets closer, request service and we'll provide cost estimates.

It should be noted that both options above may require a County franchise to build in county right of way. To date the City has been unsuccessful in obtaining the franchise.

- 3) Tap into Northwest's pipeline on Parcel A, then extend gas main and service lines to supply adjacent homes and the plant. All lines could be run within easements on private property so County permits wouldn't be needed. Northwest estimates the tap with measurement and regulation equipment to supply 17,000 cubic feet per day

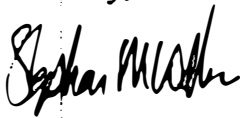
REDACTED

Mr. Michael E. Clark
July 20, 1995
Page 2

(equivalent to 185 gallons of propane per day) at \$51,400. The City estimates the odorant and regulation facility at \$30,000 and distribution system at \$28,000. The rough cost estimate for this option is \$109,400. It is possible the Gas Division would pay for some of these costs if use of the tap for another major feed into town were justified.

Let me know how you would like to proceed. If you have any questions regarding the foregoing, please call me at 962-7229.

Sincerely,



Stephen M. Walker
Mechanical Engineer

bav



Information Regarding Requested
Natural Gas Service from Certified Provider

Name (business name, contact person, type of business, if applicable): _____

Service Address: _____

Mailing Address: _____

Telephone: (H) _____ (W) _____

Have you requested service for the City of Ellensburg? (Yes) (No) _____

Date(s) of request: 1994-1995

What is your reason for requesting natural gas service? Cheaper fuel than propane

What was the proposed rate and other conditions to provide service? No.

Were any documents provided by City which set forth the proposal? Any written cost estimates provided? No

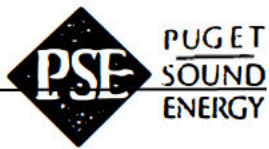
If you declined to take service from City, please provide explanation: No

If City declined to provide service, what was the stated reason? A neighbor put together a petition but it went nowhere w/ city - then neighbor moved away

Was there any documentation provided by City in connection with their response (if yes, please describe)? No

Sig _____

Date 7/10/97



Information Regarding Requested Natural Gas Service from Certified Provider

Name (business name, contact person, type of business, if applicable):

Service Address:

Mailing Address:

Telephone: (H) (W)

Have you requested service for the City of Ellensburg? (Yes) (No)

Date(s) of request:

What is your reason for requesting natural gas service?

What was the proposed rate and other conditions to provide service? Was told that county would not allow the city to serve outside

Were any documents provided by City which set forth the proposal? Any written cost estimates provided?

If you declined to take service from City, please provide explanation: Didn't want to bring into city.

If City declined to provide service, what was the stated reason?

Was there any documentation provided by City in connection with their response (if yes, please describe)?

[Redacted Signature]

Signature

Date 7-9-97

[Redacted]



Information Regarding Requested Natural Gas Service from Certified Provider

Name (business name, contact person, type of business, if applicable): [REDACTED]

Service Address: [REDACTED]

Mailing Address: [REDACTED]

Telephone: (H) [REDACTED] (W) [REDACTED]

Have you requested service ^{from} for the City of Ellensburg? (Yes) (No)

Date(s) of request: 2 YRS AGO BY PETITION + MEETINGS

What is your reason for requesting natural gas service? LOWER COST

What was the proposed rate and other conditions to provide service? DIDN'T GET THAT FAR.

Were any documents provided by City which set forth the proposal? Any written cost estimates provided? NO

If you declined to take service from City, please provide explanation: N.A.

If City declined to provide service, what was the stated reason? DOESN'T ALLOW PETITION DID NOT SUCCEED, SANDY DOES NOT ALLOW WAY IT PAID

Was there any documentation provided by City in connection with their response (if yes, please describe)? N.A.

[REDACTED Signature]

7-9-97
Date



Information Regarding Requested
Natural Gas Service from Certified Provider

Name (business name, contact person of business, if applicable): _____

Service Address: _____

Mailing Address: _____

Telephone: (H) _____ (W) _____

Have you requested service by the City of Ellensburg? (Yes) (No) _____

Date(s) of request: '96

What is your reason for requesting natural gas service? less expensive & a cleaner fuel, also convenience of use/payment.

What was the proposed rate and other conditions to provide service? Annexation

Were any documents provided by City which set forth the proposal? Any written cost estimates provided? None

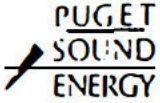
If you declined to take service from City, please provide explanation: City wanted to Annex property.

If City declined to provide service, what was the stated reason? ~~(X)~~

Was there any documentation provided by City in connection with their response (if yes, please describe)? Spoke w/ a "REG" of City (was later involved w/ Road Dept.)

Signature _____

Date 9/9/97



Information Regarding Requested Natural Gas Service from Certified Provider

Name (business name, contact person, type of business, if applicable):

[Redacted]

Service Address:

Mailing Address: [Redacted] 1140 [Redacted]

Telephone: (H) [Redacted] (W) [Redacted]

Have you requested service from the City of Ellensburg? (Yes) (No)

Date(s) of request: approx 3 yrs ago

What is your reason for requesting natural gas service? heating

What was the proposed rate and other conditions to provide service?

Were any documents provided by City which set forth the proposal? Any written cost estimates provided?

If you declined to take service from City, please provide explanation:

If City declined to provide service, what was the stated reason? Told - Not serving them currently

Was there any documentation provided by City in connection with their response (if yes, please describe)?

[Redacted Signature]

Signature

7-9-97
ate



Information Regarding Requested Natural Gas Service from Certified Provider

Name (business name, contact person, type of business, if applicable): [Redacted]

Service Address: [Redacted]

Mailing Address: [Redacted]

Telephone: (H) [Redacted] (W) [Redacted]

Have you requested service from the City of Ellensburg? (Yes) (No)

Date(s) of request: Oct, 1993

What is your reason for requesting natural gas service? Would like cleaner heat.

What was the proposed rate and other conditions to provide service? No rates proposed. Conditions were "not financially feasible".

Were any documents provided by City which set forth the proposal? Any written cost estimates provided? No. No.

If you declined to take service from City, please provide explanation: N/A

If City declined to provide service, what was the stated reason? "Not financially feasible."

Was there any documentation provided by City in connection with their response (if yes, please describe)? Petition was presented @ city council meeting, and taken under advisement, but no action was taken.

Signature [Redacted]

Date 7/9/97



Information Regarding Requested Natural Gas Service from Certified Provider

Name (business name, contact person, type of business, if applicable):

[Redacted]

Service Address:

Mailing Address:

Telephone: (H) [Redacted] (W) [Redacted]

Have you requested service for the City of Ellensburg? (Yes) (No)

Date(s) of request: 1986

What is your reason for requesting natural gas service?

Cheaper fuel

What was the proposed rate and other conditions to provide service?

Not in city, didn't know

Were any documents provided by City which set forth the proposal? Any written cost estimates provided?

Verbal \$17,000

If you declined to take service from City, please provide explanation:

too expensive

If City declined to provide service, what was the stated reason?

N/A

Was there any documentation provided by City in connection with their response (if yes, please describe)?

N/A

[Redacted Signature]

7-9-97
Date



Information Regarding Requested
Natural Gas Service from Certified Provider

Name (business name, contact person, type of business, if applicable): _____

Service Address: _____

Mailing Address: camp _____

Telephone: (H) _____ (W) _____

Have you requested service for the City of Ellensburg? (Yes) (No) _____

Date(s) of request: JAN 1997

What is your reason for requesting natural gas service? _____

for space + water

What was the proposed rate and other conditions to provide service? _____

not specified

Were any documents provided by City which set forth the proposal? Any written cost estimates provided? no

If you declined to take service from City, please provide explanation: _____

If City declined to provide service, what was the stated reason? _____

too far to extend not interested

Was there any documentation provided by City in connection with their response (if yes, please describe)? _____

7-9-97
Date



Information Regarding Requested Natural Gas Service from Certified Provider

Name (business name, contact person, type of business, if applicable):

[Redacted]

Service Address:

Mailing Address:

Telephone: (H) [Redacted] (W) [Redacted]

Have you requested service for the City of Ellensburg? (Yes) [] (No) []

Date(s) of request: 1994

What is your reason for requesting natural gas service?

new subdivision, rezone prospect-long term

What was the proposed rate and other conditions to provide service?

not specific

Were any documents provided by City which set forth the proposal? Any written cost estimates provided?

no - never addressed or asked for, felt the city was never interested in working with him

If you declined to take service from City, please provide explanation:

Never got chance. Didnt pursue due to poor response to rezone-request.

If City declined to provide service, what was the stated reason?

City not interested in cooperating what so ever!

Was there any documentation provided by City in connection with their response (if yes, please describe)?

no



Date



REDACTED

CONFIDENTIAL

Information Regarding Requested Natural Gas Service from Certified Provider

Name (business name, contact person, type of business, if applicable): [redacted]

Service Address: [redacted]

Mailing Address: [redacted]

Telephone: (H) [redacted] (W) [redacted]

Have you requested service for the City of Ellensburg? (Yes) X (No) []

Date(s) of request: unknown

What is your reason for requesting natural gas service? savings

What was the proposed rate and other conditions to provide service?

Were any documents provided by City which set forth the proposal? Any written cost estimates provided? N/A

If you declined to take service from City, please provide explanation:

If City declined to provide service, what was the stated reason?

Was there any documentation provided by City in connection with their response (if yes, please describe)? never gave any written information on costs

[redacted signature]

Date 7/10/97

CONFIDENTIAL

REDACTED

PUGET SOUND ENERGY, INC.

Exhibit I

Proposed Commission Order

On July 11, 1997, Puget Sound Energy (PSE), a Washington Corporation, filed an application to amend its present Certification of Public Convenience and Necessity to include certain parts of a franchise already granted to the City of Ellensburg in 1967 which is outside the City limits of Ellensburg and is not currently being provided natural gas service by the City of Ellensburg. The petition for a competing certification was based on allegations that the City of Ellensburg is not providing satisfactory service in those areas.

PSE is presently certificated for service in Western Washington and the area requested is not contiguous to the presently certificated areas.

Hundreds of customers including both residential and commercial customers have signed letters of intent to take service from PSE within the requested area of service.

PSE has demonstrated that City of Ellensburg is not providing satisfactory service in the areas where PSE has requested a competing certificate and that it can economically serve approximately 2,000 customers within three years.

The application herein should be granted to satisfy the public convenience and necessity.

Findings of Fact

1. Puget Sound Energy, a Washington corporation operates a gas plant for hire in this state and is subject to the jurisdiction of this Commission.
2. Puget Sound Energy has heretofore been issued a Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire in neighboring King and Pierce Counties.
3. Puget Sound Energy has filed an application to further amend its Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire, to include an additional area already Certificated by the City of Ellensburg but where the City has not provided natural gas service to customers.
4. The City of Ellensburg has not provided satisfactory natural gas service to customers in the areas requested for certification by PSE.

REDACTED

5. The operation of a gas plant for hire in the additional area requested is, or will be, required by the public convenience and necessity.
6. The Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire, presently held by Puget Sound Energy should be further amended to include the additional area applied for herein.

ORDER

1. WHEREFORE, IT IS HEREBY ORDERED That the application of Puget Sound Energy to amend its Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire, to include an additional area in Kittitas County shall be and the same is hereby approved; and said Certificate shall be amended in accordance with Exhibit E, drawing and legal description, which is attached hereto and by this reference made a part hereof as though fully set forth herein.
2. IT IS FURTHER ORDERED That the Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire, issued pursuant to Ordering Paragraph No. 1 of this order supersedes and cancels the Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire, No. _____, amended and issued to Washington Natural Gas Company on November 8, 1995 in Docket No. UG-951090.
3. IT IS FURTHER ORDERED That the Certificate issued pursuant to Ordering Paragraph No. 1 of this order is subject to the terms, conditions and provisions of the Orders in Causes numbered U-8839; U-8923; U-8991; U-9230; U-9372; U-9386; U-9389; U-9412; U-9433; U-9478; U-9536; U-9597; U-9598; U-9648; U-9692; U-9713; U-9820; U-9836; U-9864; U-9860; U-9872; U-71-28; U-85-10; U-85-8; U-85-09; U-86-83; U-87-800-P; U-87-1236-G; U-89-3448-G; UG-900018; UG-900727; UG-900782; UG-901380; UG-911010; UG-910562; UG-910645; UG-910649; UG-910877; UG-911280; UG-911452; UG-920675; UG-920843, UG-931010, UG-950833, and UG-951090.
4. IT IS FURTHER ORDERED That jurisdiction over this Docket is retained to effectuate the provisions of this order.

Dated at Olympia, Washington, and effective this ____ day of _____, 1997.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION