

**EXHIBIT NO. ___(EMM-19)
DOCKET NO. UE-072300/UG-072301
2007 PSE GENERAL RATE CASE
WITNESS: ERIC M. MARKELL**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-072300
Docket No. UG-072301**

**SIXTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
ERIC M. MARKELL
ON BEHALF OF PUGET SOUND ENERGY, INC.**

JULY 3, 2008

Congress of the United States
Washington, DC 20515

April 30, 2008

The Honorable Eric Solomon
Assistant Secretary for Tax Policy
United States Department of Treasury
1500 Pennsylvania Ave., NW, Room 3120
Washington, DC 20220

Dear Assistant Secretary Solomon:

We write to request that Treasury expeditiously issue guidance clarifying the unrelated person requirement in the Renewable Energy Production Tax Credit (REPTC), contained in section 45 of the Internal Revenue Code. We understand that a similar request for guidance was recently submitted by a coalition of regulated utilities.

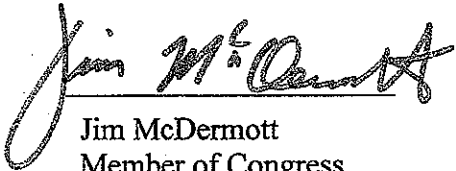
Currently, nearly half the states are requiring that utilities purchase renewable energy to serve their customers. These requirements spurred greater development of renewable resources around the nation, but also force many utilities to closely examine how they will acquire this power. In the past, many utilities purchased energy from renewable means from independent renewable project developers, but today utilities are interested in owning a portion of renewable energy projects that produce the energy consumed by their customers. In doing so, utilities seek partnerships arrangement that independent energy developers have utilized for many years. Unfortunately, utilities interested in forming these partnerships face uncertainty as to whether a renewable energy project owned by a partnership that sells the power to the participating utility will qualify for the section 45 credit due to the requirement in the law that the power be sold to an unrelated person.

When Congress adopted the Energy Policy Act of 1992 and created the REPTC, the intention was that utilities would be able to qualify for the REPTC if the power was ultimately sold to an unrelated party. This intention is made clear in the official documents that accompanied the legislation. The conference agreement says a utility, "which owns and operates a qualified facility would be able to claim the credit to the extent that the utility ultimately sells the electricity generated to unrelated parties." (Emphasis added)

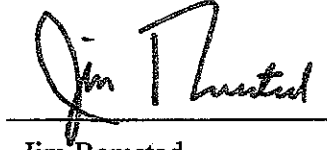
The sale of power to utility customers has since been interpreted as a qualifying sale to an unrelated person, as we are aware of an interpretation in guidance that the Department of Treasury and the Internal Revenue Service issued related to the nuclear production tax credit of section 45J.

We believe the situation addressed in IRS notice 2006-40 is directly analogous to the one faced by utilities seeking to participate in partnerships for renewable energy projects. We very much support Treasury issuance of similar guidance related to the REPTC.

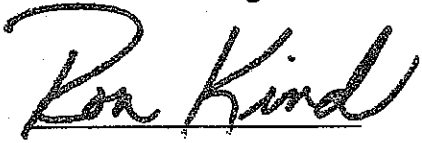
Sincerely,



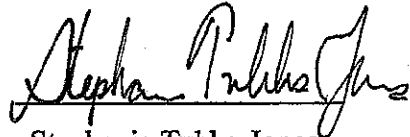
Jim McDermott
Member of Congress



Jim Ramstad
Member of Congress



Ron Kind
Member of Congress



Stephanie Tubbs-Jones
Member of Congress



Earl Blumenauer
Member of Congress



Earl Pomeroy
Member of Congress