

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of
PUGET SOUND ENERGY, INC.
For An Order Approving a
Service Agreement with the
CITY OF CENTRALIA

DOCKET NO. UE-_____
APPLICATION

1. Puget Sound Energy, Inc. (the "Company") hereby requests an order from the Washington Utilities and Transportation Commission (the "Commission") that approves the following service area agreement between the Company and the City of Centralia, Washington ("Centralia") relating to service areas (the "Agreement"):

The Service Area Agreement between Puget Sound Energy, Inc. and the City of Centralia dated as of June 23, 2004, attached hereto as Exhibit A.

In accordance with WAC 480-07-395(c)(ii), the name and address of the Company is shown below. Please direct all correspondence related to this Application as follows:

Karl R. Karzmar
Director, Regulatory Relations
Puget Sound Energy, Inc.
10885 NE 4th Street
P.O. Box 97034
Bellevue WA 98009-9734
Telephone: (425) 456-2797
Facsimile: (425) 462-3414

2. This Application may bring into issue the following statutes and rules: RCW 80.04.010, RCW 54.48.010, RCW 54.48.020 and RCW 54.48.030.

I. BACKGROUND

3. The Company is a “public service company” and an “electrical company” as those terms are defined in RCW 80.04.010, and as those terms otherwise may be used in Title 80 RCW. The Company is engaged in Washington State in the business of supplying utility services and commodities to the public for compensation. The Company currently furnishes electric service to approximately 970,000 customers located in certain areas of the Puget Sound region of the State of Washington (including, but not limited to, Thurston County). The Company is subject to the regulatory authority of the Commission as to its rates, services, facilities, accounting and practices.

4. Centralia is a municipal corporation organized under the laws of the State of Washington. Centralia owns and operates an electric distribution system and distributes and sells electricity to the public located in certain areas of Lewis and Thurston Counties, State of Washington, in the vicinity of Centralia.

5. The current service areas of the Company and Centralia are contiguous and overlapping at certain locations, and extension of service by the parties in these locations can result in costly duplication of electric facilities and unnecessary hazards to public safety, discourage investment in permanent underground facilities, be unattractive and otherwise inconsistent with sound and efficient utility operation and therefore contrary to the public interest.

6. The Company and Centralia have entered into the Agreement, the purpose of which is to establish a boundary between their contiguous service areas in Thurston and Lewis Counties.

II. REQUEST FOR APPROVAL OF THE AGREEMENT

7. Chapter 54.48 RCW authorizes public utilities to enter into agreements for the designation of boundaries of adjoining service areas. RCW 54.48.010(1) defines the term "public utility" as "any privately owned public utility company engaged in rendering electric service to the public for hire . . . and any city or town engaged in the electric business." The Company and Centralia are "public utilities" within the meaning of RCW 54.48.010(1).

8. RCW 54.48.030 provides that participation in such agreement by "any public utility which is an electrical company under RCW 80.04.010, excepting cities and towns, shall be approved by the [Commission]." RCW 80.04.010 defines an "electrical company" as "any corporation . . . owning, operating or managing any electric plant for hire within this state." The Company is an "electrical company" under RCW 80.04.010.

9. In enacting Chapter 54.48 RCW, the legislature declared that it is in the public interest for public utilities to enter into service area agreements for the purpose of avoiding or eliminating duplication of the electric lines and service of such public utilities. See RCW 54.48.020.

10. The Agreement is consistent with, and fulfills the policies embodied in, Chapter 54.48 RCW, and its approval by the Commission is in the public interest.

11. The Company is not seeking Commission approval of any transfers of utility property, and is not seeking Commission approval to discontinue service to any of its customers or to transfer any of those customers to Centralia. This Application is limited solely to seeking approval of the Commission pursuant to Chapter 54.48 RCW for the Company's participation in the Agreement.


12. Exhibit D to the Agreement is the Agreement for Transfer of Distribution Facilities which provides for the transfer from Centralia to the Company of distribution facilities and associated operating rights related to the twenty (20) customers whose service is to be transferred from Centralia to the Company as a result of the Agreement. Centralia is not an "electrical company" under RCW 80.04.010.

III. PRAYER FOR RELIEF

The Company respectfully requests that the Commission enter an Order in the form attached as Exhibit B approving the Agreement.

DATED this 8th day of July, 2004.

PUGET SOUND ENERGY


By  _____
Karl R. Karzmar
Director, Regulatory Relations

VERIFICATION

STATE OF WASHINGTON)
)
COUNTY OF KING) ss.

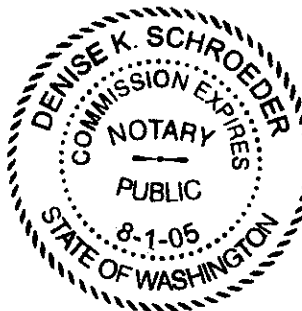
Karl R. Karzmar, being first duly sworn, on oath deposes and says:

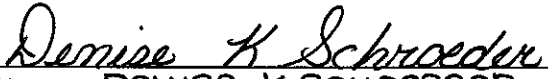
That he is the Director, Regulatory Relations for Puget Sound Energy, Inc.; that he has read the foregoing Application of Puget Sound Energy, Inc. for an Order Approving a Service Area Agreement with the City of Centralia, Washington; that he knows the contents thereof and hereby certifies that the information set forth in the foregoing Application is true and correct to the best of the signer's information and belief under penalty of perjury as set forth in RCW 9A.72.085.



Karl R. Karzmar
Director, Regulatory Relations
Puget Sound Energy, Inc.
10885 NE 4th Street
P.O. Box 97034
Bellevue WA 98009-9734

SUBSCRIBED and SWORN to before me this 8th day of July 2004.





Print Name: DENISE K SCHROEDER
Notary Public in and for the State of
Washington, residing at SNOQUALMIE, WA
My commission expires: 8-1-05