



PUGET  
SOUND  
ENERGY

January 15, 2004

Ms. Carole J. Washburn  
Executive Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

**Re: Docket A-021178**

Dear Ms. Washburn,

This filing is to convey Puget Sound Energy's ("PSE" or "the Company") comments on the Commission Staff's revised proposed rules dated December 3, 2003, in the above noted Docket.

PSE appreciates the Staff's consideration of the Company's feedback on the prior draft of the proposed rules and the opportunity to comment on the revised draft. Please note that in making the specific comments below, PSE does not waive any objections or concerns stated in its prior comments.

***Subpart B: Financial Transaction Reporting Requirements***

***WAC 480-90/100-X03(1) and (2): Issuing securities***

The proposed rule would require a utility to file the requested information "[a]t least five business days before" issuing stocks, bonds, notes, or other evidences of indebtedness. If a utility is seeking a written order affirming that the utility has complied with the requirements of RCW 80.08.040, the proposed rule would require the utility to submit the request and completed filing "at least fifteen business days before the requested effective date."

These requirements could be problematic, in that speed and timing can be important in order to take advantage of financial market opportunities. It could result in missed opportunities and in higher costs of capital.

If a utility is not seeking an order from the Commission under RCW 80.08.040(4), there does not appear to be any reason to require anything more than filing information about an issuance "before such issuance," as required in RCW 80.08.040, since in any event no Commission action would be taken with respect to the filing prior to issuance.

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Even if a utility is seeking an order under RCW 80.08.040(4), fifteen business days seems to be far more time than should be required to ascertain that a utility has filed the information required by RCW 80.08.040(1) through (3). PSE recommends instead that the Commission's rules require a utility to file a draft proposed order along with the request in order to speed the Commission's issuance of the requested order. PSE also recommends that the rules not set any arbitrary advance filing deadline for such request.

***WAC 480-90/100-X04: Transferring cash or assuming obligation***

PSE believes that the two (2) percent of equity threshold for advance reporting of cash transfers to affiliates or subsidiaries is too low, and again recommends that a ten (10) percent threshold be set. The two (2) percent threshold is particularly low with respect to "[c]umulative transactions with all subsidiaries and affiliates...for the prior twelve months." In addition, this language should be revised to reflect that the rule is meant to capture cumulative transactions over a twelve month period with *a particular* subsidiary or affiliate, not *all* subsidiaries and affiliates.

***WAC 480-90/100-X10: Affiliated interest and subsidiary transactions report***

The draft proposed rules expand the annual affiliated interest transaction reporting requirement to subsidiaries. PSE continues to believe that this is an unnecessary and burdensome expansion of the reporting required by the affiliated interest statute, RCW Chapter 80.16. At a minimum, PSE recommends that there be some threshold to the requirement to report "all transactions" between the utility and its subsidiaries.

***WAC 480-90/100-X11: Essential utilities services contracts report***

PSE appreciates that the reporting threshold has been raised significantly over the prior draft of the proposed rules, but continues to be concerned that this proposed rule institutes an entirely new and expansive reporting requirement that will unnecessarily burden regulated companies and third parties who may wish to do business with regulated companies.

***Conclusion***

Thank you for the opportunity to file these comments. The Company hopes they are helpful to the Commission and other interested parties as we work together to advance the public interest. If you have any questions regarding these comments or if we can be of any other assistance, please contact me at 425-456-2797.

Sincerely,



Karl Karzmar  
Director, Regulatory Relations