

BOEHM, KURTZ & LOWRY

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**VIA ELECTRONIC MAIL AND
OVERNIGHT MAIL**

September 26, 2008

Commission Secretary
Washington Utilities and Transportation Commission,
P.O. Box 47250
1300 S. Evergreen Park Drive, S.W.
Olympia, Washington 98504-7250

Re: Docket No. UE-072300, et. al.

Dear Ms. Washburn:

Please find enclosed the original and twelve (12) copies of the BRIEF OF THE KROGER CO., ON BEHALF OF ITS FRED MEYER STORES AND QUALITY FOOD CENTERS in the above-referenced matter. Please note that we also filed the above via electronic mail on same date.

By copy of this letter, all parties listed on the Certificate of Service have been electronically served. Please place this document of file.

Very Truly Yours,

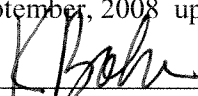


Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
BOEHM, KURTZ & LOWRY

MLKkew
Enclosures
cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing on all parties by regular U.S. mail and electronic mail (when available) this 26th day of September, 2008 upon the parties listed on the attached Certificate of Service.



Kurt J. Boehm, Esq.

MASTER SERVICE LIST

As of: 09/26/08 Docket: UE-072300 Page: 1
 Name: Puget Sound Energy (E012)
 Comments: General rate increase to recover increased electric cost. Annual
 revenue impact is approximately \$174.5 Million (9.50 percent).
 Original MSL Date: 12/27/07

Status	Name and Address.....	Phone & Fax.....	Added....	By.
R	TOM DEBOER DIRECTOR, RATES & REGULATORY AFFAIRS PUGET SOUND ENERGY (E012) PO BOX 97034, PSE-08N BELLEVUE WA 98009-9734 E-mail: tom.deboer@pse.com	PH: (425) 462-3272 FX: (425) 462-3414	12/12/07	JC
RC	SHEREE CARSON PERKINS COIE Representing Puget Sound Energy, Inc. 10885 N.E. FOURTH STREET STE 700 BELLEVUE WA 98004-5579 E-mail: scarson@perkinscoie.com	PH: (425) 635-1400 FX: (425) 635-2400	12/12/07	JC
RC	JASON KUZMA PERKINS COIE L.L.P. Representing Puget Sound Energy, Inc. 10885 N.E. FOURTH ST. STE 700 BELLEVUE WA 98004-5579 E-mail: JKuzma@perkinscoie.com	PH: (425) 635-1400 FX: (425) 635-2400	12/12/07	JC
I	QUALITY FOOD CENTERS, INC. 10116 N.E. 8TH STREET BELLEVUE WA 98004	PH: FX:	12/27/07	LW
I	SEATTLE STEAM COMPANY 1325 FOURTH AVE. STE 1440 SEATTLE WA 98101	PH: FX:	01/02/08	JC
I	THE KROGER CO. ATTN: CORPORATE ENERGY MANAGER (G09) 1014 VINE STREET CINCINNATI OH 45202 E-mail: dgeorge@kroger.com	PH: (513) 762-4538 FX: (513) 762-4012	12/27/07	LW
I	KAY DAVOODI NAVAL FACILITIES ENGINEERING COMMAND-HQ ACQ-UTILITIES RATES AND STUDIES OFFICE 1322 PATTERSON AVENUE, SE BUILDING # 33 WASHINGTON NAVY YARD DC 20374-5018 E-mail: khojasteh.davoodi@navy.mil	PH: (202) 685-3319 FX: (202) 433-7159	12/28/07	LW
I	MICHAEL EARLY EXECUTIVE DIRECTOR INDUSTRIAL CUSTOMERS OF NORTHWEST UTILIT 333 SW TAYLOR ST. STE 400	PH: (503) 239-9169 FX: (503) 241-8160	01/04/08	JC

MASTER SERVICE LIST

As of: 09/26/08 Docket: UE-072300 Page: 3
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Status Name and Address..... Phone & Fax..... Added.... By.

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IC ELAINE SPENCER PH: (206) 624-8300 01/02/08 JC
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 GRAHAM & DUNN
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MASTER SERVICE LIST

As of: 09/26/08 Docket: UE-072300 Page: 5
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Status Name and Address..... Phone & Fax..... Added.... By.

IP	CRAIG GANNETT DAVIS WRIGHT TREMAINE 1201 THIRD AVENUE STE 2200 SEATTLE WA 98101-3045 E-mail: craiggannett@dwt.com	PH: (206) 757-8048 FX: (206) 757-7048	01/15/08 SE
IP	DMITRI IGLITZIN ATTORNEY AT LAW SCHWERIN CAMPBELL BARNARD & IGLITZEN Representing Council of Laborers 18 W MERCER STREET STE 400 SEATTLE WA 98119 E-mail: iglitzin@workerlaw.com	PH: (800) 238-4231 FX: (206) 378-4132	01/10/08 LW
IP	MARILYN SHOWALTER 2601 CAPITOL WAY OLYMPIA WA 98501 E-mail: marilyn.showalter@gmail.com	PH: (360) 259-1700 FX:	04/29/08 SE

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent

**DOCKET UE-072300
DOCKET UG-072301
(consolidated)**

BRIEF OF THE KROGER CO.

Kroger fully supports the Revenue Requirement and Rate Spread and Rate Design Settlement Agreements. The Settlement Agreements strike a fair balance between the interests of the Company and its customers.

The Revenue Requirement Settlement recommends an increase in electric and natural gas revenue requirements of \$130.2 million and \$49.2 million, respectively and are based on a return on equity (10.15 percent). The Settlement also includes agreements related to new depreciation rates, the amortization of storm damage costs, the prudence of new resource acquisitions and purchased power agreements, the timing of PSE's next general rate case, and the ability of PSE to further update its power costs for changes in the cost of natural gas. All parties either participated or were invited to participate in settlement discussions. The resulting Settlement Agreement represents a fair compromise between the Company and its customers.

Kroger likewise believes the Rate Spread Settlement is equitable because it appropriately balances considerations of cost causation and gradualism, producing a result that is in the public interest. Kroger believes the rate design in the Settlement reasonably aligns rate components with customer-related, demand-related, and

energy-related costs for the rate schedules under which Kroger takes service. Kroger fully supports adoption of this Settlement.

Respectfully submitted,



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Kurt J. Boehm, Esq.

BOEHM, KURTZ & LOWRY

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Dated this 26th day of September, 2008.