



JASON KUZMA
Direct: (425) 635-1416
Internet: jkuzma@perkinscoie.com

The PSE Building
10885 N.E. Fourth Street, Suite 700
Bellevue, WA 98004-5579
PHONE: 425.635.1400
FAX: 425.635.2400
www.perkinscoie.com

VIA EMAIL AND OVERNIGHT COURIER

October 21, 2005

Ms. Carole J. Washburn
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504

**Re: Petition of Puget Sound Energy, Inc. for an Accounting Order
Docket Nos. UE-051527 and UG-051528**

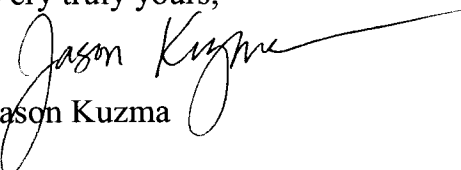
Dear Ms. Washburn:

On October 19, 2005, Puget Sound Energy, Inc. ("PSE") filed in the above-referenced dockets a petition for an accounting order. PSE subsequently discovered that the petition and proposed order (attached as Exhibit D to the petition) each contained an identical error. The last sentence of both (i) paragraph 20 on page 9 of the petition and (ii) paragraph 19 on page 8 of the proposed order states that the "net impact of these entries is the \$74,871 . . ." Those numbers should have been \$139,045, not \$74,871.

Enclosed are an original and nineteen (19) copies of (i) a revised page 9 of the petition and (ii) a revised page 8 of the proposed order. Please substitute these pages for those filed on October 19, 2005.

Thank you for your assistance.

Very truly yours,


Jason Kuzma

JK:jk

Enclosures

cc: Service List in WUTC Docket Nos. UG-040640, *et al.*

[00000-0000/BA052940.027]

make a tax entry on the income statement to account for the tax effect of the income booked of \$213,916. The net impact of these entries is the ~~\$74,871~~\$139,045 capital recovery amount required to make the Company whole for its increased capital costs.

21. In addition to the entry for December 2005 described in paragraph 20 of this Petition, the Company would also book the carrying costs associated with the total of the capital deferrals for the previous month(s). In December 2005, this would require a credit to the income statement of \$329 and a debit to the balance sheet of \$329, as shown on line 54. In addition, the Company would make a tax entry on the income statement to account for the tax effect of the income booked of \$329. The net impact of these entries is the \$214 capital recovery amount required to make the Company whole for its increased capital costs.

22. As also shown on Exhibit C, the total amount to be deferred through calendar year 2006 pursuant to this Petition and the proposed order is the sum of the two monthly deferral columns, as shown on row 37, which is \$6,203,655 (\$6,020,144 + \$183,511).

23. The Company also requests that the Commission permit the Company to continue booking the carrying costs of the capital deferrals until such time that the Company has fully recovered such costs from customers. For example, if the recovery were to be done over one year, the Company would continue to accrue carrying costs of the capital deferrals in calendar year 2007 based on the declining balance in the deferral account as the customers reimburse the Company for these costs.

24. PSE submits that the foregoing accounting and ratemaking treatment is reasonable and in the public interest and should be approved. Due to the manner in which rates are

\$55,293. The net impact of these entries is the \$35,941 capital recovery amount required to make the Company whole for its increased capital costs.

18. Rows 19 and 20 of Exhibit C show the calculation for December 2005. In that month, the Company would calculate the recovery of capital costs at its currently-authorized net of tax rate of return multiplied by the already-paid \$6,237,916 remittance to the IRS. In addition, the Company would calculate the capital cost recovery of the remittance of \$33,163,369 that will be made on December 15, 2005. This calculation provides a capital deferral amount of \$139,045 (the sum in the capital deferral column of rows 19 and 20). This capital deferral amount is then divided by the conversion factor for federal income taxes, which results in a monthly deferral of \$213,916 (the sum in the monthly deferral column of rows 19 and 20) for December 2005.

19. The accounting entries associated with the December 2005 deferrals are shown on rows 46 through 56 of Exhibit C. As shown on line 49, the Company would credit the income statement \$213,916 and debit the regulatory asset \$213,916. In addition, the Company would make a tax entry on the income statement to account for the tax effect of the income booked of \$213,916. The net impact of these entries is the ~~\$74,871~~\$139,045 capital recovery amount required to make the Company whole for its increased capital costs.

20. In addition to the entry for December 2005 described in Paragraph 19 above (and in paragraph 20 of the Petition), the Company would also book the carrying costs associated with the total of the capital deferrals for the previous month(s). In December 2005, this would require a credit to the income statement of \$329 and a debit to the balance sheet of \$329, as shown on

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing letter and revised petition and proposed order by (i) delivering to a commercial parcel delivery company and making or arranging payment of the pertinent fee and (ii) by electronic mail, in accordance with WAC 480-07-150(6)(c) and WAC 480-07-150(6)(e), respectively.

Robert D. Cedarbaum, Senior Counsel
1400 S. Evergreen Park Dr. S.W.
P.O. Box 40128
Olympia, WA 98504-0128
Phone: (360) 664-1188
Fax: (360) 586-5522
e-mail: BCEDARBA@WUTC.WA.GOV

Simon J. ffitc
Public Counsel Section
Office of Attorney General
900 Fourth Avenue, Suite 2000
Seattle, WA 98164-1012
Phone: (206) 389-2055
Fax: (206) 389-2058
e-mail: SIMONF@ATG.WA.GOV

Mike Kurtz
Kurt Boehm
Boehm, Kurtz and Lowry
2110 CBLD Center
36 East Seventh St.
Cincinnati, OH 45202
Phone: (513) 421-2255
Fax: (513) 421-2764
email: MKURTZLAW@AOL.COM
KBOEHMLAW@AOL.COM

Elaine Spencer
Graham & Dunn
Pier 70
2801 Alaskan Way, Suite 300
Seattle, WA 98121-1128
Phone: (206) 340-9638
Fax: (206) 340-9599
EMAIL: ESPENCER@GRAHAMDUNN.COM

Danielle Dixon
Policy Associate
NW Energy Coalition
219 First Avenue, Suite 100
Seattle, WA 98104
Phone: (206) 621-0094
Fax: (206) 621-0097
e-mail: DANIELLE@NWENERGY.ORG

Edward A. Finklea
Chad Stokes
Cable Huston Benedict Haagensen & Lloyd LLP
1001 SW Fifth Avenue, Suite 2000
Portland, OR 97204
Phone: (503) 224-3092
Fax: (503) 224-3176
e-mail: EFINKLEA@CHBH.COM
CSTOKES@CHBH.COM

Paula E. Pyron
Executive Director
Northwest Industrial Gas Users
4113 Wolf Berry Court
Lake Oswego, OR 97035-1827
Phone: (503) 636-2580
Fax: (503) 636-0703
e-mail: PPYRON@NYIGU.ORG

Ronald L. Roseman
2011 – 14th Avenue East
Seattle, WA 98112
Phone: (206) 324-8792
Fax: (206) 568-0138
e-mail: RONALDROSEMAN@COMCAST.NET

S. Bradley Van Cleve
Davison Van Cleve PC
333 S.W. Taylor, Suite 400
Portland, OR 97204
Tel.: 503.241.7242
Fax.: 503.241.8160
mail@dvclaw.com

Robert B. Sheppard
30 Glacier Key
Bellevue, WA 98006

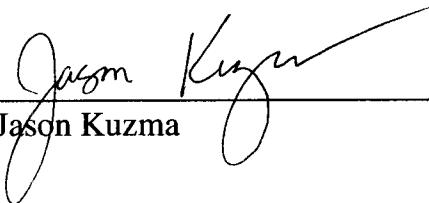
John A. Cameron
Davis Wright Tremaine LLP
1300 SW Fifth Avenue, Suite 2300
Portland, OR 97201
Phone: (503) 778-5206
Fax: (503) 778-5299
e-mail: JOHNCAMERON@DWT.COM

Donald W. Schoenbeck
Regulatory & Cogeneration Services, Inc.
900 Washington Street, Suite 780
Vancouver, WA 98660
e-mail: DWS@R-C-S-INC.COM

John O'Rourke
Citizens' Utility Alliance of Washington
212 W Second Avenue, Suite 100
Spokane, WA 99201
Phone: (509) 744-3379, ext. 247
Fax: (509) 744-3374
e-mail: OROURKE@SNAPWA.ORG

Norman Furuta
Department of the Navy
2001 Junipero Serra Blvd., Suite 600
Daly City, CA 94014
Phone: (650) 746-7312
Fax: (650) 746-7372
email: NORMAN.FURUTA@NAVY.MIL

Dated at Bellevue, Washington, this 21st day of October, 2005.



Jason Kuzma