

EXHIBIT B

TO

APPLICATION OF PUGET SOUND ENERGY FOR AN ORDER APPROVING A  
SERVICE AGREEMENT WITH THE CITY OF CENTRALIA

Order Granting Application (Proposed)

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- \_\_\_\_\_  
ORDER GRANTING APPLICATION  
(PROPOSED)

**MEMORANDUM**

1. On July 8, 2004, Puget Sound Energy, Inc. (the "Company") requested an order from the Washington Utilities and Transportation Commission (the "Commission") that approves a certain Service Area Agreement between the Company and the City of Centralia, Washington ("Centralia").

2. 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.

3. 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.

4. In its Application, the Company stated that 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.

5. The Application stated that the Company and Centralia have negotiated a Service Area Agreement for the purpose of avoiding or eliminating duplication of the electric lines and service of the Company and Centralia. PSE attached a copy of the Agreement as Exhibit A to the Application.

6. Pursuant to Exhibit D to the Agreement, Centralia will provide for the transfer of distribution facilities and associated operating rights to the Company. Such facilities and associated operating rights relate to the transfer of service of twenty (20) customers from Centralia to the Company. 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 the Company's customers or to transfer any of those customers to Centralia.

#### **STANDARD FOR APPROVAL**

7. 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.

8. 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).

9. 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."

#### **FINDINGS AND CONCLUSIONS**

10. The Company is a public service company engaged in the generation, transmission, distribution and sale of electrical energy in various areas, including portions of Thurston County.

11. Centralia is a municipal corporation organized under the laws of the state of Washington and furnishes electric service to residents in Thurston and Lewis Counties who adjoin the Company's service area.

12. The Company and Centralia are "public utilities" as that term is defined in RCW 54.48.010(1).

13. On July 8, 2004, the Company filed with the Commission an application requesting an order to approve the Agreement.

14. The delineation of the Company's and Centralia's respective service area boundaries requested by the Company's Application is consistent with the legislative policy enunciated in chapter 54.48 RCW 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.

15. The Company's Application should be approved.

**ORDER**

WHEREFORE, THE COMMISSION HEREBY ORDERS:

(1) Authorization is hereby given to the Company to participate in the Agreement pursuant to the provisions and requirements of chapter 54.48 RCW.

(2) Nothing herein shall be construed to waive or otherwise impair the jurisdiction of this Commission over the rates, services, accounts and practices of the Company.

(3) The Commission retains jurisdiction over the subject matter and the Company to effect the provisions of the order.

DATED at Olympia, Washington, and effective this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

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MARILYN SHOWALTER, Chairwoman

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RICHARD HEMSTAD, Commissioner

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PATRICK J. OSHIE, Commissioner