

EXHIBIT B

TO

APPLICATION OF PUGET SOUND ENERGY FOR AN ORDER APPROVING A
SERVICE AREA AGREEMENT WITH THE PORT OF SEATTLE

Order Granting Application (Proposed)

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

For an Order Approving a Service Area) DOCKET NO. UE-_____
Agreement Between Puget Sound Energy)
and Port of Seattle) ORDER NO. 01
)
) ORDER APPROVING PUGET
) SOUND ENERGY'S
) PARTICIPATION IN A SERVICE
) AREA AGREEMENT
.....) (PROPOSED)

SUMMARY

- 1 On January 27, 2006, Puget Sound Energy, Inc., (PSE) filed with the Commission an application requesting approval of a Service Area Agreement (SAA) with the Port of Seattle (Port). PSE is an investor-owned utility serving customers in western Washington, including parts of King County. Port is a municipal electric utility serving customers in King County, Washington.

- 2 The absence of any service area agreement in the area of King County near Port's industrial development district, and the presence of intermingled service points in this same area has caused duplicate investment, contrary to established statutory policy. The parties concurred that a service area agreement was in their interest.

BACKGROUND

Terms of the Proposed Service Area Agreement

- 3 The proposed SAA is attached to this order as Appendix A and is incorporated by reference. The essence of the SAA is as follows:

- 4 First, the boundary between the service area of PSE and Port is the boundary of Port's industrial development district which is fully described in the SAA. Second, no transfer of customers will occur. Third, since there is no transfer of customers, there is no transfer of distribution equipment. Fourth, in the future, any customer whose real property might straddle the boundary will be served by PSE if that customer's meter is located on the PSE side of the boundary and will be served by Port if their meter is located on the Port side of the boundary. Fifth, in the future, should any parcel that straddles the boundary be subdivided resulting in one or more parcels that straddle the boundary the parcel(s) will be served in the same manner as Fourth above. Sixth, in the

future, should any parcel the straddles the boundary be subdivided resulting in one or more parcels that are entirely within PSE's or Port's service area, the parcel(s) will be served by PSE if within PSE's service area, or by the Port if within the Port's service area. Seventh, in the event that PSE and Port are unable to agree upon who shall provide electric service, the SAA provides for binding arbitration.

COMMISSION DISCUSSION

5 The SAA is filed pursuant to RCW 54.48.020 and 54.48.030. Those statutes provide:

RCW 54.48.020:

The legislature hereby declares that the duplication of the electric lines and service of public utilities and cooperatives is uneconomical, may create unnecessary hazards to the public safety, discourages investment in permanent underground facilities, and is unattractive, and thus is contrary to the public interest and further declares that it is in the public interest for public utilities and cooperatives to enter into agreements for the purpose of avoiding or eliminating such duplication.

RCW 54.48.030:

In aid of the foregoing declaration of policy, any public utility and any cooperative is hereby authorized to enter into agreements ... for the designation of the boundaries of adjoining service areas for which each such public utility or each such cooperative shall observe, for the establishment of procedures for an orderly extension of service in adjoining areas not currently served by any such public utility or any such cooperative PROVIDED, That the participation in such agreement of any public utility which is an electrical company under RCW 80.04.010, excepting cities and towns, shall be approved by the Washington utilities and transportation commission.

6 According to Staff's analysis, the SAA furthers the policy objectives established by the legislature in RCW 54.48.020. Staff argues the area of service is clearly defined and a rule is provided for determining the service provider if a customer's premise straddles the boundary line. This effectively prevents duplicative investment in distribution property.

7 The Commission agrees with Staff that the SAA meets the policy objectives of the statute.

CONCLUSIONS OF LAW

- 8 The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of this proceeding.
- 9 This matter was brought before the Commission at its regularly scheduled open meeting on _____, 2006. The Commission has reviewed the terms of the proposed Service Area Agreement. Those terms are consistent with the public interest and the public policy set forth in RCW 54.48 encouraging the use of service area agreements to prevent duplication of lines and facilities. PSE's participation in the SAA should be approved.

ORDER

10 THE COMMISSION ORDERS:

Puget Sound Energy's participation in the proposed service area agreement with the Port of Seattle filed by Puget Sound Energy, Inc., on January 27, 2006, is approved as of the date of this Order.

DATED at Olympia, Washington, and effective this ____ day of _____, 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner

PHILLIP JONES, Commissioner

