



Puget Sound Energy, Inc.
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Bellevue, WA 98009-9734

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U.S. DEPARTMENT OF
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July 9, 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,

Enclosed is the Company's response to the Commission's Small Business Economic Impact Statement (SBEIS) Survey Questions for the Proposed Rules in Docket A-021178.

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,

A handwritten signature in black ink, appearing to read 'Karl Karzmar', with a long horizontal line extending to the right.

Karl Karzmar
Director, Regulatory Relations

W A S H I N G T O N



UTILITIES AND TRANSPORTATION
COMMISSION

1300 S. Evergreen Park Drive SW

Olympia, WA 98504-7250

Phone: (360) 664-1160 FAX: (360) 586-1150

Small Business Economic Impact Statement (SBEIS) Survey Questions for the Proposed Rules in Docket A-021178 and TO-030288

We are conducting this survey to assess the incremental costs and benefits of the draft rules that require reporting of transactions between a regulated company and its affiliates and subsidiaries, securities filing, and essential electric and gas service contracts. The results of the survey will allow Commission Staff to propose strategies that may mitigate the impact these rules may have on regulated companies. Your response will be most useful if submitted by **July 16, 2004**.

Staff has identified certain areas of the draft rules that appear to have the potential for additional or incremental costs or benefits. If you believe not all impacts of the draft rules are addressed by the following, you are encouraged to provide additional comments.

Comments that attempt to provide measurements or quantities for the expected cost or benefit will be most useful.

SBEIS SURVEY QUESTIONS

1. Company Name Puget Sound Energy Company Contact Karl R. Karzmar
Telephone Number (425) 456-2797
E-mail Address Karl.Karzmar@pse.com

2. How many full time employees do you have:

Total Company	4,078
Subsidiaries _____	
Affiliated Interests _____	
Non-Regulated	1,492

3. List your gross operating revenue

2003 \$ _____	2,149,736,000
2002 \$ _____	2,072,793,000
2001 \$ _____	2,712,774,000

4. Based on the draft rules posted on July 2, 2004, please complete the following.

Rule	Approximate Cost	
	Current Rule	Draft Rule
Issuing Securities	\$	\$
Transferring Cash	\$	\$
Affiliated Interest/Subsidiary Report	\$	\$
Essential Utility Services Report (Energy)	\$	\$

The Company does not track or measure the costs associated with the preparation of reports required under the existing rules. The Company believes these costs to be modest for both the existing and proposed rules. The Company continues to believe, however, that there could be other significant impacts as described in the answer to question No. 5 below.

5. Please clearly identify, describe and substantiate the types of incremental or additional costs due to the implementation of the draft rules.

Small Business Economic Impact Statement (SBEIS) Survey
Docket A-021178 and TO-030288

- 1) **WAC 480-90/100-272: Issuing securities** The requirements under the proposed rules could be problematic, in that speed and timing can be important in order to take advantage of financial market opportunities. As pointed out in filed comments, the pre-filing requirements could result in missed opportunities and in higher costs of capital. It is impossible to predict what that cost might be, but, a 50 basis point loss on a \$100 million transaction, for example, could cost \$500,000 a year.
- 2) **WAC 480-90/100-268: Essential utilities services contracts report** The Company is concerned that some third parties may not want to be exposed to such disclosure and elect not to do business with the Company as a result. This could significantly weaken the Company's competitive bid process. The Company is not able to predict the impact, but believes it could easily be substantial, in terms of millions of dollars, and would result in higher costs to its customers

6. Please clearly identify, describe and substantiate the types of incremental or additional benefits due to the implementation of the draft rules.

None identified

7. Please identify and discuss, **if any**, non monetary costs or benefits that might result from the implementation of the draft rules.

None identified

8. What kind of measures would you like to propose so that the financial burdens, **if any**, due to the implementation of the draft rules would be minimized? Please provide a justification for the choice of the measure.

WAC 480-90/100-272: Issuing securities Eliminate the five day pre-filing requirements.

WAC 480-90/100-268: Essential utilities services contracts report This rule is not necessary.

9. If you believe other economic impacts of the draft rules need to be addressed, you are encouraged to include additional comments. Please cite the specific subsection that concerns you in your comments.

Thank you for your participation. If you have any questions please contact Fred Ottavelli at (360) 664-1297 or Sharyn Bate at (360) 664-1295. You may FAX your response to (360) 586-1150.

PLEASE RETURN BY JULY 16, 2004 TO:

**Records Center
Washington Utilities &
Transportation Commission
P. O. Box 47250
Olympia, Washington 98504-7250**