

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

For an Order Approving a Service	)	DOCKET NO. UE-041234
Territory Agreement Between Puget	)	
Sound Energy and City of Centralia	)	ORDER NO. 01
	)	
	)	ORDER APPROVING PUGET
	)	SOUND ENERGY'S
	)	PARTICIPATION IN A SERVICE
	)	TERRITORY AGREEMENT
.....	)	

**SUMMARY**

- 1 On July 9, 2004, Puget Sound Energy, Inc., (PSE) filed with the Commission an application requesting approval of a Service Territory Agreement (STA) with the City of Centralia (Centralia). PSE is an investor-owned utility serving customers in western Washington, including parts of Thurston County. Centralia is a municipal electric utility serving customers in Thurston and Lewis County, Washington.
  
- 2 The absence of any service territory agreement in the area of Thurston County near the Thurston and Lewis County line, 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 territory agreement was in their interest.

**BACKGROUND**

**Terms of the Proposed Service Territory Agreement**

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

- 4 First, the boundary between the territory of PSE and Centralia is the Thurston-Lewis County line. Second, an orderly transfer of customers to PSE will occur. Third, PSE will replace the meters now owned by Centralia. Fourth, Centralia will transfer to PSE certain distribution equipment used to serve loads by Centralia north of the Thurston-Lewis County line. Fifth, in the future, any customer whose real property might straddle the boundary will be served by PSE if that customer's meter is located north of the boundary and will be served by Centralia if their meter is located south of the boundary.

### COMMISSION DISCUSSION

- 5 The STA 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 STA 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 STA 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 November 10, 2004. The Commission has reviewed the terms of the proposed Service Territory Agreement. Those terms are consistent with the public interest and the public policy set forth in RCW 54.48 encouraging the use of service territory agreements to prevent duplication of lines and facilities. PSE's participation in the Agreement should be approved.

**ORDER**

10 THE COMMISSION ORDERS:

Puget Sound Energy's participation in the proposed service territory agreement with Centralia City Light filed by Puget Sound Energy, Inc., on July 9, 2004, is approved as of the date of this Order.

DATED at Olympia, Washington, and effective this 10<sup>th</sup> day of November, 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARYLIN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner