



May 19, 2004

Ms. Carole J. Washburn
Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

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STATE AND TRADING
UTIL. AND TRANSPORTATION
COMMISSION

Dear Ms. Washburn:

In accordance with WAC 480-143-120 Transfers of property and WAC 480-143-180 Disposal and determination of necessary or useful property, Puget Sound Energy ("the Company") is reporting an intended property transfer. Per WAC 480-143-120 and WAC 480-143-180 such transactions shall be reported to the Commission before they are completed. Puget Sound Energy is requesting an order authorizing the transfer of its Issaquah Operating Base to its subsidiary Puget Western, Inc. (PWI).

The Company plans to sell the Issaquah Operating Base located at 22405 SE 56th Street Issaquah, WA. The Issaquah Operating Base is no longer "used and useful" as a direct result of the Company's effort to consolidate the Issaquah and Factoria operations to Redmond.

Based on the October 22, 2003 property appraisal, the calculation of the estimated pre-tax loss is set forth below:

	<u>Land</u>	<u>Building</u>
Indicated Market Value	\$ 2,119,700	\$ 465,300
Less: Net Book Value	(3,824,320)	(2,022,393)
Estimated Environmental Remediation Costs	<u>(Unknown at this time)</u>	
Estimated Pre-Tax Loss	<u>\$(1,704,620)</u>	<u>\$(1,557,093)</u>

The company will defer the loss related to non-depreciable plant in FERC account 187; deferred losses from the disposition of Utility Plant are in accordance with the Property Transfer Settlement.

Please contact me in Bellevue at (425) 462-3885 if there are any questions.

Sincerely,

John H. Story
Director Cost and Regulation