

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

In the Matter of the Application of)	DOCKET UE-060169
)	
PUGET SOUND ENERGY, INC.,)	ORDER 01
)	
Applicant,)	
)	
For an Order Approving a Service Area)	
Agreement Between Puget Sound Energy)	
and Port of Seattle)	ORDER GRANTING APPLICATION
.....)	

BACKGROUND

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

- 2 The absence of any service territory agreement in the area of Port facilities and customers and the presence of intermingled service points in this area has caused duplicate investment, contrary to established statutory policy. The parties concurred that a service territory agreement was in their interest.

- 3 The proposed Service Area Agreement is attached to this order as Exhibit A and is incorporated by reference. The essence of the Service Area Agreement is as follows:

- 4 First, the boundary between the territory of PSE and the Port is the boundary of the Port's Industrial Development District (IDD). This boundary is fully described in the Service Area Agreement included as Exhibit A to this order. Second, no transfer or exchange of customers will occur. Third, no exchange or sale of property will occur. 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 in PSE territory and will be served by the Port if their meter is located in the Ports territory.

COMMISSION DISCUSSION

5 The Service Area Agreement 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 Service Area Agreement furthers the policy objectives established by the legislature in RCW 54.48.020. Staff states 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 Service Area Agreement meets the policy objectives of the statute.

FINDINGS AND 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 March 15, 2006.

10 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 territory agreements to prevent duplication of lines and facilities.

11 The Commission finds and concludes that PSE's participation in the Service Area Agreement should be approved.

ORDER

12 THE COMMISSION ORDERS:

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

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective March 15, 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary

EXHIBIT A