July 14, 2000

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STATE AND TRANSP.

Ms. Carole J. Washburn, Secretary Washington Utilities and Transportation Commission P.O. Box 47250 Olympia, Washington 98504-7250

Re: Petition to Amend Order in Docket No. 991409 - Centralia Order

Dear Ms. Washburn:

In the Commission's Second Supplemental Order in Docket No. UE-991409 ("Centralia Order"), Puget Sound Energy, Inc. ("PSE" or "the Company") received authorization to sell its share of the Centralia facilities. The Centralia Order, among other things, directs the Company to defer the customer's share of the gain and to accumulate a carrying charge of 7.16% upon the deferred gain until the next rate filing.

The Company and Commission Staff discussed the timing of the credit and agreed it would be in the best interests of the Company and its customers to return the customer portion of the gain plus accrued interest to customers now, through a lump sum transaction credit ("Centralia Transaction Credit"), rather than awaiting PSE's next general rate filing. This would allow the Company's customers to receive their share of the gain immediately.

Through the enclosed petition, the Company requests that the Commission amend the Centralia Order to allow it to pass back the customer's portion of the gain plus accrued interest immediately. Through the petition, the Company also requests approval of the Centralia Transaction Credit.

If you have any questions regarding this filing, please contact me at (425) 456-2797.

Very truly yours,

Karl R. Karzmar

Manager, Revenue Requirements

Encl.

cc:

Docket No. 991409 Centralia Order Service List

Simon ffitch Mark Quehrn

## BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In re the Matter of the Application of PUGET SOUND ENERGY, INC.

For (1) Approval of the Proposed Sale of PSE's Share of the Centralia Power Plant and Associated Transmission Facilities, and (2) Authorization to Amortize Gain over a Five-Year Period DOCKET NO. UE-991409

PETITION TO AMEND ORDER

#### INTRODUCTION

In the Commission's Second Supplemental Order in Docket No. UE-991409 ("Centralia Order"), Puget Sound Energy, Inc. ("PSE" or "the Company") received authorization to sell its share of the Centralia facilities. The Centralia Order, among other things, requires most of the gain from the sale to be returned to PSE's customers. The Centralia Order further directs that "customers should receive the time-value of this money while they await its inclusion in rate calculations." (Centralia Order, p. 3) To accomplish this, a 7.16% carrying charge, to be accumulated upon the deferred gain until the next rate proceeding, was ordered.

In the Company's view, it would be in the best interests of the Company and its customers to return the customer portion of the gain to customers now, through a lump sum transaction credit ("Centralia Transaction Credit"), rather than awaiting PSE's next general rate filing. This would allow the Company's customers to receive their share of the gain immediately. By this Petition, the Company requests that the Commission:

- (1) amend the Centralia Order, as necessary, to accommodate the Company's proposed Centralia Transaction Credit, and
- (2) approve the Company's proposed Centralia Transaction Credit, as filed with the Commission in a separate tariff filing (a copy of which is included herewith as Appendix A).

#### **BACKGROUND**

- 1. The Company is in the business of furnishing electric and gas service within the State of Washington as a public service company, and is subject to the regulatory authority of the Commission as to its rates, service, facilities and practices.
- 2. As noted above, the Centralia Order requires that the customers' share of the gain from the Centralia sale be deferred until PSE's next general rate case. In particular, paragraph 145, Finding No. 24 states that:

Approval of PSE's sale should be conditioned on PSE's deferral of the gain until its next general-rate request proceeding. The deferral should accrue interest at a rate of 7.16%.

Paragraph 154, Conclusion of Law No. 8 states that:

- ... PSE must defer the gain from the sale until its next general rate proceeding. It must defer the gain with a return of 7.16%.
- 3. To the extent necessary to accommodate the Centralia Transasction Credit, PSE requests, pursuant to RCW 80.04.210 and WAC 480-09-815, that the Commission amend the Centralia Order to allow the customer share of the Centralia gain to be returned to customers through a one-time transaction credit rather than deferred until PSE's next general rate case. To provide notice to parties to the Centralia proceeding, PSE has served copies of this Petition on such parties.
- 4. The Company has previously received authorization for immediate return of funds over a one month time period. In Docket No. UE-950618, Sixth Supplemental Order Authorizing Refund (of PRAM overcollection), \$17.1 million was returned to PSE customers in a one month period.

#### THE COMPANY PROPOSAL

5. PSE requests authorization to immediately return, as of August 31, 2000, the customer share of the gain on the sale of Centralia facilities plus accumulated interest. The total gain net of taxes of approximately \$12.3 million, as calculated in Appendix B, plus accumulated interest, once grossed up for revenue sensitive items, will be allocated to classes of customers using the peak credit allocation methodology, and returned to customers within each class on a one-time lump sum dollar per customer basis. The attached Appendix C shows

the calculated Centralia Transaction Credit by class. PSE proposes that any remaining difference between the amount ultimately returned to the customers and the final gain as estimated in Appendix B shall be transferred to or from the conservation rider account. By this proposed treatment, any such difference will be refunded or collected to or from customers through the conservation tariff rider in 2001.

## REQUESTED APPROVAL

- 6. PSE respectfully requests that the Commission enter an order in the form attached as Appendix D which:
  - (a) amends the Centralia Order to allow the customer share of the Centralia gain to be returned to customers through the Centralia Transaction Credit rather than deferred until PSE's next general rate case, and
  - (b) authorizes PSE to immediately return, as of August 31, 2000, the customer share of the gain on the sale of Centralia facilities plus accumulated interest.

DATED: July <u>14</u>, 2000

PUGET SOUND ENERGY, INC.

Karl R. Karzmar

Manager, Revenue Requirements

#### **VERIFICATION**

KARL R. KARZMAR, being first duly sworn, on oath deposes and says:

That he is Manager, Revenue Requirements of Puget Sound Energy, Inc., that he has read the foregoing Petition for an Order Regarding the Accounting and Ratemaking Treatment of the Customer Share of the Gain on the Sale of the Centralia Facilities, that he knows the contents thereof, and that he believes the same to be true and the best of his knowledge and belief.

KARL R. KARZMAR

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_\_day of July, 2000.

day of July, 2000.

Print Name: <u>DENISE K SCHROEDS</u>
Notary Public in and for the State of

Washington, residing at <u>BELLEVUE</u> WA

My appointment expires: 8-/-200/

## LIST OF APPENDICES

Appendix A

Copy of tariff filing

Appendix B

Calculation of total gain net of taxes

Appendix C

Calculation of Transaction Credit, by class

Appendix D

Proposed Order

[Sea3051821]

# APPENDIX A

Copy of tariff filing



July 14, 2000

Ms. Carole J. Washburn, Secretary Washington Utilities and Transportation Commission P.O. Box 47250 Olympia, Washington 98504-7250

Re: Advice No. 2000-13 - Electric Tariff Filing

Dear Ms. Washburn:

Pursuant to RCW 80.28.060 and WAC 480-80-040 and WAC 480-80-050, enclosed are an original and three copies of the following proposed tariff sheets:

#### WN U-60, Tariff G - (Electric Tariff) Advice No. 2000-10:

Nineteenth Revised Sheet No. 2-a

Index To Rate Schedules (Continued)

Original Sheet No. 104

- Centralia Transaction Credit

Original Sheet No. 104-a

- Centralia Transaction Credit (Continued)

The purpose of the enclosed filing is to implement a Centralia Transaction Credit, which would return to PSE's electric customers the portion of the proceeds of the Centralia sale directed by the Commission to be returned to customers in its Second Supplemental Order in Docket No. UE-991409 ("Centralia Order"). Coincident with this filing the Company is also filing a Petition to Amend the Centralia Order. If the relief requested in the Petition is granted, this tariff filing would implement the proposed treatment of the customer share of the gain on the sale of the Centralia facilities.

The Centralia Transaction Credit, which is calculated to be approximately \$20.5 million, is proposed to be allocated to classes of customers using the peak credit allocation methodology, and returned to customers within each class on a one-time lump sum dollar per customer basis. All customers receiving service as of the date the Centralia Transaction Credit is applied, anticipated to be August 31, 2000, will receive the Centralia Transaction Credit. Enclosed as Attachment A is the calculation of the Centralia Transaction Credit amounts in this filing. Supporting workpapers are also enclosed.

<sup>&</sup>lt;sup>1</sup> The Centralia Transaction Credit amounts are calculated by billing schedule based upon the average energy usage by customer class as included in the Commission Basis Report filed by the Company on April 28, 2000, covering the usage from January through December 1999.

Ms. Carole J. Washburn July 14, 2000 Page 2

The tariff sheets described herein reflect issue dates of July 14, 2000, and effective dates of August 31, 2000. As these changes represent a decrease in rates for all customers, the Company is forgoing posting of the notice relative to these proposed tariff changes in accordance with WAC 480-80-120(5).

If you have any other questions please contact me at (425) 456-2797.

Very truly yours,

Karl R. Karzmar

Manager, Revenue Requirements

Enclosure

cc:

Simon J. ffitch Mark Quehrn

## PUGET SOUND ENERGY Electric Tariff G

## **INDEX TO RATE SCHEDULES**

(Continued)

(Continued)		
Sheet		
Title of Sheet Schedule Nur	nber	
AND OF LANGUIG		
MISCELLANEOUS Conversion to Underground Service in Residential Areas Conversion to Underground Service in Commercial Areas General Rules and Provisions Municipal Tax Adjustment Electricity Conservation Service Limited Conservation Water Heater Rental Service Line Extensions	70 71 80 81 83 84 85 86	
Service Lines	- 87 	
Cogeneration and Small Power Production	91	
Voluntary Interruption of Electric Service	93	
Residential & Farm Energy Exchange	94	
Agricultural Irrigation & Drainage Pumping Discount	97	
Agricultural impation of Drainage Fulliping Discount		(N)
Centralia Transaction Credit	120	(14)
Customer Consider Validit Service Rider	130	
Customer Service Guarantee  Net Metering Services for Customer-Generator Systems	150	
Net Metering Services for Customer-Generator Systems	130	
Residential Energy Efficiency Services Residential Low-Income Retrofit In Concert With the Environment Residential Duct Systems Pilot Compact Fluorescent Lighting Conservation Program High Efficiency Clothes Washers Conservation Program Residential Duplex/Triplex Retrofit Pilot Bulk Refrigerator Purchase. Residential Low Income Customers Commercial and Industrial Retrofit Program Commercial and Industrial New Construction Efficiency Services Commercial and Industrial Motor System Efficiency Drive Power Market Transformation Program Resource Conservation Manager (RCM) Program Northwest Energy Efficiency Alliance (NEEA) Program Small Business Energy Efficiency Program Building Commissioning Program	201 202 203 205 206 207 208 209 250 251 252 253 254 255	
Building Commissioning Program	256 257	
LED Traffic Signals High Voltage or Optional Large Power Sales Customer Efficiency Pilot	258	
Electricity Home Comfort Control Test Program	259	
Local Infrastructure and Market Transformation Support		
Local Illiabilitation and Market Market Capper		
Issued: July 14, 2000 Effective: August 31, 2000 Advice No. 2000-13  Issued By Puget Sound Energy		
ADDRESS DE L'ACTURE DI L'ACTUR		
By: Director, Rates & Regulation		

#### PUGET SOUND ENERGY Electric Tariff G

### SCHEDULE 104 CENTRALIA TRANSACTION CREDIT

	<b>32</b>		
transaction credit 2. Transaction creding after approval of 3. Transaction creding receives service. 4. Transaction credit	is issued. It will be a one-t Ithis schedule. Its will be based Its are for all sch	Customers receiving service on the date the time credit made as soon as reasonably possible I upon each schedule under which a Customer hedules contained in this tariff and all retail contracts explicitly exempted.	(N)
ONE TIME TRANSA	CTION CREDIT	FRATE:	
Schedule 7	\$ 12.09		į
Schedule 24	\$ 21.81		
Schedule 25	\$ 356.06		İ
Schedule 26	\$ 2,304.48		į
Schedule 29	\$ 20.99		
Schedule 31	\$ 2,968.92		İ
Schedule 35	\$ 3,422.03		İ
Schedule 43	\$ 969.41		
Schedule 46	\$73,381.94		
Schedule 48 Primary Volta High Voltage		\$ 2,968.92 \$73,381.94	
Schedule 49	\$73,381.94		j (N)

Issued: July 14, 2000 Effective: August 31, 2000 Advice No. 2000-13

**Issued By Puget Sound Energy** 

By: Director, Rates & Regulation

#### PUGET SOUND ENERGY Electric Tariff G

# SCHEDULE 104 CENTRALIA TRANSACTION CREDIT (Continued)

(N) **Special Contracts:** Primary Voltage High Voltage \$ 2,968.92 \$73,381.94 \$0.62 per lamp Schedule 50 \$0.62 per lamp Schedule 52 Schedule 53 \$0.62 per lamp \$0.62 per lamp Schedule 54 \$0.62 per lamp Schedule 55 Schedule 57 \$80.35 \$0.62 per lamp Schedule 58 **EXPIRATION:** This schedule shall expire upon completion of the one time transaction credit. ADJUSTMENTS: Rates in this schedule are subject to adjustment by such other schedules in this tariff as may apply.

GENERAL RULES AND PROVISIONS:

Service under this schedule is subject to the General Rules and Provisions contained in this tariff.

(N)

Issued:	July $\overline{14}$ ,	2000		Effective:	August 31, 2000
Advice No.	2000-13		acram four control	Seri Assalia	
			Issued By Puget So	und Energy	
		20	-		

By: Director, Rates & Regulation

Centralia Transaction Credit By Class Based on Peak Credit Allocation (Energy, Demand and Peak Credit Allocators from UE-980181 COS)

Customer Class	Energy Allocator	81% Energy	Demand Allocator	19% Demand	Weighted T	Weighted Transaction Credit	kWh 1/99 to 12/99	\$ Transaction Credit per kWh	Customer Count (# Lamps for Lights) 12/99	Average kWh per Customer	Lump Sum Transaction Credit per Customer	E 0 2 2
Residential (Schedule 7) Sec Gen Svc - Small (Schedule 24) Sec Gen Svc - Medium (Schedule 25) Sec Gen Svc - Large (Schedule 26) Sec Irrigation Svc (Schedule 29) Pri Gen Svc (Schedule 31 & 48) Pri Irrigation Svc (Schedule 35) Pri Interruptible Svc (Schedule 43) HV (Schedules 46, 48, and 49) Lights (Schedules 50, 52, 53, 54, 55, 57 & 58)	10,061,961,013 2,400,401,648 2,764,243,706 1,659,418,626 11,786,238 1,696,403,161 4,575,551 211,490,792 3,086,950,866 74,349,553	0.370942 0.088493 0.101906 0.061176 0.000435 0.062539 0.000169 0.007797 0.113803	2,228,578 390,941 384,076 221,686 222,799 10 51,773 9,602	0.109976 0.019292 0.018953 0.010940 0.000017 0.010995 0.000000 0.002555 0.016797	0.480919 9 0.107785 9 0.120860 9 0.072116 9 0.000451 9 0.000169 9 0.010352 9 0.130600 9 0.003215 9	9,727,918 2,180,251 2,444,720 1,458,739 1,487,430 3,422 209,392 2,641,750 65,028	9,861,791,423 2,359,618,431 2,727,574,749 1,681,600,710 10,656,753 1,644,729,822 4,585,800 213,622,760 2,872,229,300 70,647,801	\$ 0.000986 \$ 0.000924 \$ 0.000896 \$ 0.000867 \$ 0.000904 \$ 0.000920 \$ 0.000920 \$ 0.000920	804,389 99,982 6,866 633 435 501 216 36 89,820	12,260 23,600 397,258 2,656,557 24,498 3,282,894 4,585,800 988,994 79,784,147	12.09 21.81 356.06 2,304.48 20.5 2.968.94 3,422.03 969.41 5 73,381.94	12.09 21.81 56.06 04.48 20.0 22.03 68.94 69.41 81.94
Total	21,971,581,154 0.810000 3,850,189	0.810000	3,850,189	0.190000	1.000000	3 20,227,782	21,447,057,549	\$ 0.000943	1,002,879	21,385	20	20.17

7/13/2000

## Puget Sound Energy Centralia Power Plant Sale

## Calculation and Allocation of Gain as Clarified in the Fourth Supplemental Order in Docket No. UE-991409

		_	Total	 Customer (b)	(c)
			(a)	(6)	(c)
1	Sales Proceeds	\$	32,705,958.40		
2	Allocation:				
3	Net book value of plant	\$	7,911,879.71	\$ -	\$ 7,911,879.71
4	Book value of fuel and material inventory		1,669,727.75	-	1,669,727.75
5	Accumulated depreciation		19,146,135.34	19,146,135.34	-
6	Appreciation (Note 1)		3,978,215.60	1,989,107.80	1,989,107.80
7	Proceeds		32,705,958.40	21,135,243.14	11,570,715.26
. 8	Less net book value		(8,935,978.11)	-	(8,935,978.11)
9	Gain before taxes and transaction costs		23,769,980.29	21,135,243.14	2,634,737.15
10	Less cost of transaction (Notes 2 and 3)		(1,561,696.96)	(780,848.48)	(780,848.48)
11	Total pre-tax gain		22,208,283.33	20,354,394.66	1,853,888.67
12	Total federal taxes due (Note 4)		(9,425,803.47)	(8,776,942.44)	(648,861.03)
13	Total state taxes due		-	-	-
14	Existing deferred taxes (Note 4)		700,701.00	700,701.00	_
15	Net Book Gain	\$	13,483,180.86	\$ 12,278,153.22	\$ 1,205,027.63

Note 1 Proceeds of \$32,705,958 less original cost of \$27,058,015 and fuel and material inventory of \$1,669,728.

Note 2 Scrubber cost overruns (\$420,000), costs related to sale (\$496,068), and loss on fuel and inventory (645,629).

Note 3 Transaction costs, including costs of seeking a ruling from the Internal Revenue Service on excess deferred taxes, allocated equally between the Company and ratepayer.

Note 4 Reversal of deferred income taxes due to accelerated depreciation assigned to accumulated depreciation component of gain and remaining taxes spread proportionately to remaining gain.

# APPENDIX C

Calculation of Transaction Credit, by class

Centralia Transaction Credit By Class
Based on Peak Credit Allocation
(Energy, Demand and Peak Credit Allocators from UE-980181 COS)

													Γ
Customer Class	Energy Allocator	81% Energy	Demand Allocator	19% Demand	Weighted Allocation	Transa \$ Al	Transaction Credit \$ Allocation	kWh 1/99 to 12/99	\$ Transaction Credit per KWh	Customer Count (# Lamps for Lights) 12/99	Average kWh per Customer	Lump Sum Transactior Credit per Customer	Lump Sum Fransaction Credit per Customer
Residential (Schedule 7) Sec Gen Svc - Small (Schedule 24) Sec Gen Svc - Medium (Schedule 25) Sec Gen Svc - Large (Schedule 26) Sec Irrigation Svc (Schedule 29) Pri Gen Svc (Schedule 31 & 48) Pri Irrigation Svc (Schedule 35) Pri Interruptible Svc (Schedule 43) HV (Schedules 46, 48, and 49) Lights (Schedules 50, 52, 53, 54, 55, 57 & 58)	10,061,961,013 2,400,401,648 2,764,243,706 1,659,418,626 11,786,238 1,696,403,161 4,575,551 211,490,792 3,086,950,866 74,349,553	0.370942 0.088493 0.101906 0.0061176 0.0062539 0.0007797 0.113803	2,228,578 390,941 384,076 221,686 344 222,799 51,773 340,380 9,602	0.109976 0.019292 0.018953 0.010940 0.000017 0.0000000 0.002555 0.016797	0.480919 0.107785 0.120860 0.072116 0.000451 0.073534 0.000169 0.010352 0.130600 0.003215	<b>66 69 69 69 69 69 69</b> 69 69 69 69 69 69 69 69 69 69 69 69 69	9,727,918 2,180,251 2,444,720 1,458,739 9,133 1,487,430 3,422 209,392 2,641,750 65,028	9,861,791,423 2,359,618,431 2,727,574,749 1,681,600,710 10,656,753 1,644,729,822 4,585,800 213,622,760 2,872,229,300 70,647,801	\$ 0.000986 \$ 0.000924 \$ 0.000896 \$ 0.000867 \$ 0.000904 \$ 0.000908 \$ 0.000980 \$ 0.000920 \$ 0.000920	804,389 99,982 6,866 633 435 701 216 36 89,820	12,260 23,600 397,258 2,656,557 24,498 3,282,894 4,585,800 988,994 79,784,147	8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	12.09 21.81 356.06 2,304.48 \$,2,96 3,422.03 969.41 73,381.94
Total	21,971,581,154 0.810000	0.810000	3,850,189	0.190000	1.000000 (a)	€9	20,227,782	21,447,057,549	\$ 0.000943	1,002,879	21,385	<del>9</del>	20.17

Credit:	
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Transaction	
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12,278,153 285,713	\$ 12,563,866	0.6211193	it \$ 20,227,782
Credit before Gross-up Gain Share \$ Interest \$		Conversion Factor	Total Transaction Credit

(a)

#### BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In re the Matter of the Application of

PUGET SOUND ENERGY, INC.

For (1) Approval of the Proposed Sale of PSE's Share of the Centralia Power Plant and Associated Transmission Facilities, and (2) Authorization to Amortize Gain over a Five-Year Period Docket No. UE-991409

ORDER (Proposed)

On July \_\_\_, 2000, Puget Sound Energy, Inc. ("PSE" or the "Company") filed a Petition to (1) amend the Second Supplemental Order in this proceeding ("Centralia Order"), as necessary, to accommodate the Company's proposal to return to customers as a one-time transaction credit ("Centralia Transaction Credit") the customer share of the gain on the sale of PSE's interest in the Centralia facilities, and (2) approve the Company's proposed Centralia Transaction Credit, as filed with the Commission in a separate tariff filing.

In the Centralia Order, we authorized PSE to sell its share of the Centralia facilities. The Centralia Order, among other things, required most of the gain from the sale to be returned to PSE's customers. The Centralia Order contemplated that PSE's customers would receive their share of the gain in PSE's next general rate case. According to PSE's Petition, however, the Company and its customers would be better served by returning the customer portion of the gain to customers now, through the Centralia Transaction Credit, rather than awaiting PSE's next general rate filing. This would allow the Company's customers to receive their share of the gain immediately. Through a separate tariff filing submitted contemporaneously with PSE's Petition, the Company set forth the specific Centralia Transaction Credit amounts that would be flowed through to its customers on their next monthly electric bill.

As noted above, the Centralia Order requires that the customers' share of the gain from the Centralia sale be deferred until PSE's next general rate case. In particular, paragraph 145, Finding No. 24 states that:

Approval of PSE's sale should be conditioned on PSE's deferral of the gain until its next general-rate request proceeding. The deferral should accrue interest at a rate of 7.16%.

Paragraph 154, Conclusion of Law No. 8 states that:

... PSE must defer the gain from the sale until its next general rate proceeding. It must defer the gain with a return of 7.16%.

By its Petition, PSE requested pursuant to RCW 80.04.210 and WAC 480-09-815 that the Commission amend the Centralia Order to allow the customer share of the Centralia gain to be returned to customers through the Centralia Transaction Credit rather than deferred until PSE's next general rate case. To provide notice to parties to the Centralia proceeding, PSE served copies of this Petition on such parties.

The Petition further notes that the Company has previously received authorization for immediate return of funds over a one month time period. In Docket No. UE-950618, Sixth Supplemental Order Authorizing Refund (of PRAM overcollection), \$17.1 million was returned to PSE customers in a one month period.

#### The Company's Proposal

PSE's Petition requests authorization to immediately return, as of August 31, 2000, the customer share of the gain on the sale of Centralia facilities plus accumulated interest. PSE proposes to allocate the total gain, net of taxes and grossed up for revenue sensitive items, to classes of customers using the peak credit allocation methodology, and return the allocated amounts to customers within each class on a one-time lump sum dollar per customer basis. PSE further proposes that any remaining difference between the amount ultimately returned to the customers and the final gain be transferred to or from the conservation rider account. By this proposed treatment, any such difference would be refunded or collected to or from customers through the conservation tariff rider in 2001.

#### **FINDINGS**

#### THE COMMISSION FINDS:

- 1. The Company is in the business of furnishing electric and gas service within the State of Washington as a public service company, and is subject to the regulatory authority of the Commission as to its rates, service, facilities and practices.
- 2. On July \_\_\_, 2000, PSE filed a Petition to Amend the Second Supplemental Order in this proceeding and for approval of its proposal to return to customers as a one-time transaction credit the customer share of the gain on the sale of PSE's interests in the Centralia facilities.
- 3. The Company's proposal is reasonable, and will allow the Company's customers to receive their share of the gain immediately rather than await PSE's next general rate filing.

#### ORDER

#### THE COMMISSION ORDERS:

- 1. Approval is hereby given for the Company's proposal to return to customers as a one-time transaction credit the customer share of the gain on the sale of PSE's interests in the Centralia facilities. The Company is authorized to immediately return, as of August 31, 2000, the customer share of the gain on the sale of Centralia facilities plus accumulated interest.
- 2. The Commission's Second Supplemental Order in Docket No. UE-991409 is amended to allow the customer share of the Centralia gain to be returned to customers through the Centralia Transaction Credit rather than deferred until PSE's next general rate case. Paragraph 145, Finding No. 24 of the Centralia Order is amended to state that:

Approval of PSE's sale should be conditioned on PSE's deferral of the gain until its next general-rate request proceeding or, at PSE's option and subject to Commission approval, returned to customers as a credit to their bills prior to such proceeding. The deferral should accrue interest at a rate of 7.16%.

Paragraph 154, Conclusion of Law No. 8 of the Centralia Order is amended to state that:

- ... PSE must defer the gain from the sale until its next general rate proceeding or, at PSE's option and subject to Commission approval, PSE may return such gain to customers as a credit to their bills prior to such general rate proceeding. It must defer the gain with a return of 7.16%.
- 3. The Commission retains jurisdiction to effectuate the provisions of this order.

DATED at Olympia, Washington this \_\_\_\_ day of August, 2000.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

WILLIAM R. GILLIS, Commissioner