

EXHIBIT B

TO

APPLICATION OF PUGET SOUND ENERGY FOR AN ORDER APPROVING
AMENDMENT TO SERVICE AREA AGREEMENT WITH THE PORT OF SEATTLE

Order Granting Application (Proposed)

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

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

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 in the vicinity of SeaTac Airport.

- 2 On March 15, 2006, the Commission approved the Service Area Agreement between PSE and the Port. The Service Area Agreement has a 25-year term and terminates on its own terms in 2031.

- 3 The boundary between the territory of PSE and the Port is the boundary of the Port's Industrial Development District (IDD).

- 4 PSE and the Port will enter into a long-term ground lease ("Lease") whereby PSE will lease a portion of the Des Moines Creek Business Park site located at 24th Avenue S. and S. 216th Street in Des Moines (the "Property"). The Property is located within the IDD, is currently undeveloped and unoccupied, and the Port does not serve any customers at the Property. PSE intends to develop and use the Property for an emergency operations center and certain other uses more particularly described in the Lease. The initial term of the Lease ends in 2032 (after the Service Area Agreement is set to terminate).

- 5 In conjunction with PSE's leasing of the Property from the Port, PSE and the Port agreed to amend the Service Area Agreement so that PSE can provide electric service to the Property it is leasing.

- 6 Specifically, PSE and the Port agreed in a First Amendment to Service Area Agreement that Attachment 1 to Exhibit A of the SAA be amended to include the Property on the list of PSE's customers within the IDD.
- 7 On June 18, 2012, PSE filed with the Commission an Application for Approval of the First Amendment to the Service Area Agreement.
- 8 PSE is not seeking Commission approval of any transfers of utility property, and is not seeking Commission approval to discontinue service to any of its customers or to transfer any customers to the Port.

COMMISSION DISCUSSION

- 9 The First Amendment to 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.

- 10 According to the Commission's March 15, 2006 Order approving the Service Area Agreement, the Service Area Agreement furthers the policy objectives established by the legislature in RCW 54.48.020. According to Staff's analysis, the First Amendment to the Service Area Agreement is consistent with the policy objectives of the statute and is appropriate to address the new ground lease of the Property between PSE and the Port
- 11 The Commission agrees with Staff that the First Amendment meets the policy objectives of the statute and is appropriate to address the new ground lease of the Property between PSE and the Port.

FINDINGS AND CONCLUSIONS OF LAW

- 12 The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of this proceeding.
- 13 This matter was brought before the Commission at its regularly scheduled open meeting on _____.
- 14 The Commission has reviewed the terms of the proposed First Amendment to Service Area Agreement. Those terms are consistent with the Service Area Agreement approved by the Commission's March 15, 2006 Order and with the public interest and the public policy set forth in chapter 54.48 RCW encouraging the use of service territory agreements to prevent duplication of lines and facilities.
- 15 The Commission finds and concludes that PSE's participation in the First Amendment should be approved.

ORDER

WHEREFORE, THE COMMISSION HEREBY ORDERS:

- (1) Authorization is hereby given to PSE to participate in the First Amendment to Service Area Agreement pursuant to the provisions and requirements of chapter 54.48 RCW.
- (2) The Service Area Agreement originally approved by the Commission on March 15, 2006, is amended by the terms and conditions of the First Amendment.

- (3) Nothing herein shall be construed to waive or otherwise impair the jurisdiction of this Commission over the rates, services, accounts and practices of PSE.
- (4) The Commission retains jurisdiction over the subject matter and PSE to effect the provisions of the order.

DATED at Olympia, Washington, and effective this _____ day of _____, ____.

JEFFREY GOLTZ, Chairman

PATRICK OSHIE, Commissioner

PHILIP JONES, Commissioner