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STATE OF WASH.  
UTIL. AND TRANSP.  
COMMISSION

June 10, 1999

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

Dear Ms. Washburn:

In accordance with paragraph 4.d. of the Terms of Approval in the joint Stipulation submitted by Puget Sound Power & Light Company, Washington Natural Gas Company, Commission Staff, and Public Counsel, approved by the Commission in its Fourteenth Supplemental Order Accepting Stipulation: Approving Merger, Docket No. UE-960195, dated February 5, 1997, Puget Sound Energy ("the Company") is reporting an intended property sale that is a direct result of the merger. Per paragraph 4.d. such transactions shall be reported to the Commission and Public Counsel before they are formally recorded as a gain or loss in the Company's books. The gain associated with this transaction shall be included in current earnings of Puget Sound Energy.

This property was identified for disposal as a direct result of the merger in the Deloitte & Touche study, identified as exhibit T-13 to staff in Docket No. UE-960195 and in a letter pertaining to gains from transfers of real property dated September 10, 1997. Accordingly, pursuant to WAC 480-143-100 the Company requests a waiver of the requirement to file an application for commission determination that the property is not necessary or useful, prior to disposing of such property, as required by WAC 480-143-180. Upon written request, WAC 480-143-100 provides for the waiver or modification by the commission of the application of any rule to a public service company except when such provisions are fixed by statute.

The Company plans to sell its Auburn Stores and Operating Base located at 1400 West Main Street, Auburn, Washington, no later than June 15, 1999. The natural gas construction and maintenance crews that resided at this facility were relocated and integrated into our South King and Puyallup Service Centers in 1998. Likewise, the natural gas related stores material was consolidated into the company's Central Stores, which is located at our South King Facility in Kent, in 1998. The terms of the purchase and sales agreement are as follows:

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Sales Price:	\$2,491,000
Net Book Value (May, 1999):	1,452,909
Estimated Selling Costs	174,658
Outstanding Work Orders	25,292
Reserve for Environmental Monitoring	<u>20,000</u>
Estimated Pre-Tax Profit:	<u>\$ 818,141</u>

Please contact me in Bellevue at (425) 456-2797 if there are any questions.

Sincerely,



Karl R. Karzmar  
Manager, Revenue Requirements

cc Simon J. Fitch  
Assistant Attorney General  
Public Counsel Section  
900 4<sup>th</sup> Ave., Suite 2000  
Seattle, WA 98164-1012

Doug Kilpatrick      WUTC Electric Industry Coordinator  
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