

BEFORE THE WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

Petition of

PUGET SOUND ENERGY, INC.

For an order Regarding the Accounting
Treatment for Certain Costs of the
Company's Power Cost Only Rate Filing

Docket No. UE-_____

PETITION

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

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RECORDS MANAGEMENT

In accordance with WAC 480-09-420(7), Puget Sound Energy, Inc. ("PSE" or "the Company") respectfully petitions the Washington Utilities and Transportation Commission (the "Commission") for an order regarding the treatment of costs incurred by the Company associated with a Power Cost Only Rate filing that PSE intends to file in the fourth quarter of this year.

In the Commission's Twelfth Supplemental Order in Docket No. UE-011570, PSE received approval of the Settlement Stipulation ("Stipulation") that resolved all electric rate issues and common electric-natural gas issues in the consolidated proceeding, as well as some natural gas issues. Within the Stipulation, conditions under which a Power Cost Only Rate filing could be initiated are defined. Specifically, the Stipulation Terms for the Power Cost Adjustment Mechanism (PCA), as revised by the Commission's order, state: "In addition to the yearly adjustment for power cost variances, there could be a periodic proceeding specific to power costs that would true up the Power Cost Rate to all power costs, identified in the Power Cost Rate. The Company can also initiate a power cost only proceeding (where all power costs identified in the Power Cost Rate would be trued-up), to add new resources to the Power Cost Rate." (Emphasis in original.) The Stipulation goes on to identify certain filing requirements, which include testimony and exhibits. Consistent with these provisions, the Company is in the process of acquiring a new resource and is preparing a Power Cost Only Rate filing to effect recovery of the resource and true-up other power costs. For the Power Cost Only Rate filing, the Company expects to incur costs that are incremental to those included in general rates for outside services, legal and consultant services, similar in nature to those incurred when preparing for a general rate case.

The Company therefore requests that the Commission issue an order which authorizes the Company to record such costs in FERC Account 182.3, Other Regulatory Assets. Such costs so deferred would be subject to review by the Commission in the Company's next general rate proceeding. Amortization of the amount so deferred would be set at that time.

In support of this Petition, the Company states as follows:

BASIS FOR REQUESTING ORDER

1. The Company is engaged 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. Historically, the Company has been authorized to defer outside services, legal and consultant services, related to its general rate filings. Such costs have been reviewed and amortization has been set as authorized by the Commission in the rate setting process.
3. These costs are incremental to the legal and outside service costs that are built into rates through the general rate case process. These costs are the same type of outside services expenses normally deferred and amortized for general rate purposes.
4. The Company proposes, for accounting purposes, to defer the costs associated with the outside services related to the Resource Only Rate filing in FERC Account 182.3, Other Regulatory Assets. Any costs incurred through August 31, 2003 would be transferred to this account also. Amortization of costs so deferred will be determined in the Company's next general rate proceeding.
5. The Company proposes that the outside service costs related to the Power Cost Only Rate Filing be deferred pursuant to the requested accounting order subject to the following conditions:
 - (a) Deferred costs existing at the time of the Company's general rate proceedings would be subject to review.

(b) Any deferred costs will be included in the calculation of working capital in future rate proceedings.

REQUESTED ORDER

6. By this Petition, the Company requests that the Commission, with respect to outside service costs incurred in connection with the Power Cost Only Rate filing, approve the accounting treatment regarding deferral of such costs. Costs so deferred would be reviewed and amortization would be set in the Company's next general rate proceeding.

WHEREFORE, the Company respectfully requests that the Commission enter an order in the form attached as Exhibit A authorizing the Company to defer the outside services costs incurred in connection with the Company's Power Cost Only filing.

DATED: September __, 2003

PUGET SOUND ENERGY, INC.

By _____


John H. Story
Director, Cost & Regulation

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

STATE OF WASHINGTON)
)
COUNTY OF KING)

JOHN H. STORY, being first duly sworn, on oath deposes and says:

That he is Director, Cost and Regulation of Puget Sound Energy, Inc., that he has read the foregoing Petition for an Order Regarding the Accounting Treatment for Certain Costs of its Power Cost Only Rate filing, that he knows the contents thereof, and that he believes the same to be true and the best of his knowledge and belief.

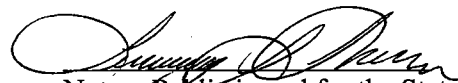


JOHN H. STORY

State of Washington
County of King

SUBSCRIBED AND SWORN to before me this 12 day of September, 2003.




Notary Public in and for the State of
Washington, residing at Arlington
My appointment expires 6-20-08