

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

In the Matter of the Application of	)	
	)	
PUGET SOUND POWER & LIGHT	)	
COMPANY and WASHINGTON	)	DOCKET NO. UE-960195
NATURAL GAS COMPANY	)	
	)	
For an Order Authorizing Merger of	)	
WASHINGTON ENERGY	)	
COMPANY and WASHINGTON	)	TWENTY-NINTH
NATURAL GAS COMPANY with	)	SUPPLEMENTAL ORDER
and into PUGET SOUND POWER &	)	WAIVING WAC 480-143-180
LIGHT COMPANY, and Authorizing	)	ALLOWING RECORDING OF
the Issuance of Assumptions of	)	SALE PROCEEDS IN COMPANY
Obligations, Adoption of Tariffs, and	)	BOOKS
Authorization in Connection	)	
Therewith.	)	
	)	
.....	)	

**BACKGROUND**

- 1 This is a consolidated proceeding in which the Commission has approved the merger of Puget Sound Power & Light Company and Washington Natural Gas Company into Puget Sound Energy. A merger joint stipulation was approved in the Fourteenth Supplemental Order. Paragraph 4.d. of the terms of approval in the joint stipulation provides, in general, that gains or losses on property sales made by the merged company are to be deferred, in the same manner as sales governed by an earlier settlement agreement, and considered in the Company's next general rate case. One exception is allowed in Paragraph 4.d. If a property sale is a direct result of the merger, and if neither the Commission Staff nor Public Counsel objects to the sale, then Puget Sound Energy may directly record a gain or loss in the Company's books.
  
- 2 This matter was brought before the Commission at its regularly scheduled open meeting on September 12, 2001. The Commissioners, having been fully advised in the matter, and having determined the following order to be consistent with the public interest, directed the Secretary to issue the following order and related provisions.

**MEMORANDUM**

- 3 By letter dated August 3, 2001, Puget Sound Energy informed the Commission that it plans to transfer to Puget Western, Inc., a wholly-owned subsidiary of Puget Sound Energy, surplus property, including a building and land, known as the Totem Lake

Operating Base located at 12545 135<sup>th</sup> Avenue NE, Kirkland, Washington. The Company seeks permission to transfer the property to Puget Western, Inc., at net book value.

- 4 The Company notes that an exception in paragraph 4.d. of the terms of approval in the joint stipulation submitted and approved in the 14th Supplemental Order in this proceeding allows the Company to include the gains or losses from property sales that are a direct result of the merger in current earnings. The Company asserts that the consolidation and integration of certain operating functions which occurred after the merger preclude the need for the Totem Lake Operating Base. The Company considers the operating efficiencies were achieved as a direct result of the merger and invokes paragraph 4.d of the Merger Stipulation which allows the transfer of the property without Commission approval.
- 5 PSE seeks a waiver, in accordance with WAC 480-143-100, of the requirement to file an application for Commission determination that the property is not necessary or useful, prior to disposing of the property. WAC 480-143-180 requires such an application.
- 6 The Commission will treat the August 3, 2001, letter as seeking an exemption from WAC 480-143-180, and will grant the exemption.

### **ORDER**

#### THE COMMISSION ORDERS:

- 7 Puget Sound Energy is granted an exemption from the requirement in WAC 480-143-180 that it file an application for Commission determination that the property is not necessary or useful prior to disposing of the surplus property, including a building and land, known as the Totem Lake Operating Base located at 12545 135<sup>th</sup> Avenue NE, Kirkland, Washington.
- 8 Puget Sound Energy may transfer its surplus property known as the Totem Lake Operating Base located at 12545 135<sup>th</sup> Avenue NE, Kirkland, Washington to Puget Western, Inc., at net book value.

DATED at Olympia, Washington, and effective this        day of September, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary