

SERVICE DATE
APR 10 1996

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Proposal by)
)
PUGET SOUND POWER & LIGHT) DOCKET NO. UE-951270
COMPANY)
)
to Transfer Revenues from PRAM)
Rates to General Rates.)
.....)
In the Matter of the Application of)
)
PUGET SOUND POWER & LIGHT) DOCKET NO. UE-960195
and)
WASHINGTON NATURAL GAS)
COMPANY)
)
For an Order Authorizing the Merger)
of WASHINGTON ENERGY COMPANY)
and WASHINGTON NATURAL GAS)
COMPANY with and into PUGET)
SOUND POWER & LIGHT COMPANY,)
and Authorizing the Issuance of)
Securities, Assumption of Obligations,)
Adoption of Tariffs, and)
Authorizations in Connection)
Therewith.)
.....)

ORDER INSTITUTING INVESTIGATION,
ORDER OF CONSOLIDATION,
AND
NOTICE OF PREHEARING CONFERENCE

(April 30, 1996)

On November 1, 1995, Puget Sound Power & Light Company (Puget) filed its restated and proforma statement of operations for the year ended June 30, 1995, in compliance with paragraph 2 of the Joint Proposal adopted by the Commission in Docket Nos. UE-901183-T, UE-901184-P, and UE-950618. Puget is seeking review

Docket No. UE-951270

Docket No. UE-960195

2

and analysis to determine whether the currently collected revenue of approximately \$165.5 million authorized in the PRAM under Schedule 100 is fully supported by cost data and should be transferred to Puget's permanent rate schedules.

On February 20, 1996, Puget jointly applied with Washington Natural Gas Company (WNG) for an order of this Commission approving the merger of Washington Natural Gas Company, a Washington corporation, and its parent company, Washington Energy Company, into the surviving company of Puget Sound Power & Light Company. The surviving corporation will be renamed, but is referred to in the joint application as "NewCo," with principal executive offices in Bellevue, Washington.

Puget and WNG seek authority to (1) merge the assets of these companies into the surviving company; (2) issue common and preferred stock; (3) assume all obligations outstanding at the effective date of the merger and to continue and create liens in connection therewith; (4) adopt all tariff schedules and service contracts of WNG in effect at the time of merger; (5) transfer to NewCo all WNG certificates of public convenience and necessity; (6) implement a proposed rate stability plan; (7) implement certain accounting treatment for regulatory and ratemaking purposes for conservation expenditures, environmental remediation costs, and proceeds from property transfers; (8) implement a proposed method for allocating costs between electric and gas operations; and (9) defer and amortize for regulatory and ratemaking purposes over the rate stability period of the merger transaction any transition costs associated therewith.

The Commission believes it necessary, in order to carry out the duties imposed upon it by law, to investigate the companies' books, accounts, practices, and activities to make a valuation or appraisal of property, and to investigate and appraise various phases of their operations.

Inasmuch as the aforementioned Joint Proposal stated that Puget's restated and proforma results of operations filed November 1, 1995, would be among the issues noticed in, presented in, and relevant to the merger filing, it has been determined that the foregoing matters should be consolidated for hearing and determination.

ORDER

IT IS HEREBY ORDERED That an investigation shall be, and the same is hereby instituted by the Commission as specified above; and

IT IS FURTHER ORDERED That the companies shall pay the expenses reasonably attributable and allocable to such investigations to the extent required pursuant to the provisions of chapter 80.20 RCW; and

IT IS FURTHER ORDERED That each of the above-entitled causes be and the same is consolidated for hearing and determination, with the Commission reserving the right to hold such separate hearings and to issue separate orders in individual causes as it may deem appropriate.

NOTICE OF HEARING

Hearing in this matter is being held pursuant to Part IV of chapter 34.05 RCW pertaining to Adjudicative Proceedings, including but not limited to RCW 34.05.413, RCW 34.05.422, RCW 34.05.440, RCW 34.05.449, and RCW 34.05.452. The Commission has jurisdiction over this matter under Title 80 RCW, having legal authority to regulate the rates, services, and practices of electric and natural gas utilities pursuant to 80.28 RCW; and to regulate transfers of property through merger or otherwise, and the securities or evidence of indebtedness of utility companies pursuant to chapters 80.08 and 80.12 RCW. Statutes involved, in addition to those previously cited, include those within chapter 80.04 RCW and RCW 80.01.040, RCW 80.08.040, and RCW 80.12.020 through .040. Rules involved include those within chapter 480-143, WAC relating to transfers of property, chapter 480-146 WAC relating to securities, chapter 480-150 WAC and chapter 480-09 WAC.

In Docket No. UE-951270, the ultimate issue is whether the currently collected revenue authorized in the PRAM under Schedule 100 is fully supported by cost data and should be transferred to the company's permanent rate schedules and would result in rates that are fair, just, reasonable, and sufficient. In Docket No. UE-960195, the ultimate issue involved is whether the proposed merger and financial activities required to effectuate it are consistent with the public interest. The burden

Docket No. UE-951270

Docket No. UE-960195

4

of proof to show the justness and reasonableness of the transfer and the merger shall be upon the companies.

NOTICE IS HEREBY GIVEN That a prehearing conference will be held commencing at the hour of 9:30 a.m., Tuesday, April 30, 1996, in the Commission's Hearing Room, Second Floor, Chandler Plaza Building, 1300 S. Evergreen Park Drive SW, Olympia, Washington. The time and place for the evidentiary hearing will be set at the prehearing conference or by later written notice. The purpose of the prehearing conference is to consider formulating the issues in the proceeding and determining other matters to aid in its disposition, as specified in WAC 480-09-460. Petitions to intervene should be made in writing prior to that date or made orally at that time.

Please see the form attached to this notice which should be filled out and returned if any party or witness needs an interpreter or other assistance.

NOTICE IS FURTHER GIVEN THAT ANY PARTY WHO FAILS TO ATTEND OR PARTICIPATE IN THE HEARING SET HEREIN, OR OTHER STAGE OF THIS PROCEEDING, MAY BE HELD IN DEFAULT IN ACCORDANCE WITH THE TERMS OF RCW 34.05.440.

An Administrative Law Judge from the Utilities and Transportation Commission, (360) 753-6513, will be designated to preside at the hearing.

The names and mailing addresses of all parties and their known representatives are as follows:

Applicant: Puget Sound Power & Light Company
P. O. Box 97034
Bellevue, WA 98009-9734

Representative: James M. Van Nostrand
Perkins Coie
Suite 1800
411 - 108th Avenue NE
Bellevue, WA 98004
(206) 453-7323

Docket No. UE-951270
Docket No. UE-960195

5

Applicant: Washington Natural Gas Company
815 Mercer Street
Seattle, WA 98109

Representative: David S. Johnson
Senior Staff Attorney
815 Mercer Street
Seattle, WA 98109
(206) 224-2316

Commission: Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive SW
P. O. Box 47250
Olympia, WA 98504-7250
(360) 753-6423

Representative: Robert D. Cedarbaum
Assistant Attorney General
1400 S. Evergreen Park Drive SW
P. O. Box 40128
Olympia, WA 98504-0128
(360) 753-2282

**People of the
State of Washington:** Public Counsel Section
Office of Attorney General
Suite 2000
900 Fourth Avenue, TB-14
Seattle, WA 98164-1012
(206) 464-6253

Docket No. UE-951270
Docket No. UE-960195

6

Representative of
Bonneville Power
Administration:

Barry Bennett
Office of General Counsel, APR
Bonneville Power Administration
95 NE 11th Avenue
P. O. Box 3621
Portland, OR 97208-3621

Representative of
Building Owners and
Managers Association:

John A. Cameron, Jr.
Attorney at Law
2300 First Interstate Tower
1300 SW Fifth Avenue
Portland, OR 97201-5682

Representative of
Federal Executive
Agencies:

Norman J. Furata
Associate Counsel
Naval Facilities Engineering Command
Western Division
900 Commodore Drive
P. O. Box 727
San Bruno, CA 94066

Representative of
Skagit-Whatcom
Area Processors:

Carol S. Arnold
Preston Gates & Ellis
5000 Columbia Center
701 Fifth Avenue
Seattle, WA 98104-7078

Docket No. UE-951270
Docket No. UE-960195

7

Representative of
Northwest Conservation
Act Coalition:

Deborah S. Smith
401 North Last Chance Gulch
Helena, MT 59601

Representative of
Industrial Customers
of Northwest Utilities:

Clyde MacIver
Miller, Nash, Wiener, Hager & Carlsen
Attorneys at Law
4400 Two Union Square
601 Union Street
Seattle, WA 98101

Thereafter proper notices will be given as to the time and place for public hearings on applicant's filing.

It is planned that specially designated hearing sessions for the purpose of receiving the testimony of members of the public will be held at a time and place to be set later. The Commission will provide at its offices in Olympia, Washington, current records of the hearing for the use of those who may wish to review them. The Public Counsel Section of the Office of Attorney General has been designated to represent the public. The address of the Commission, shown below, may be used for inquiries of public counsel, or public counsel may be contacted directly by writing or calling the address or telephone number listed below. Public counsel will be able to help members of the public prepare their testimony if assistance is desired.

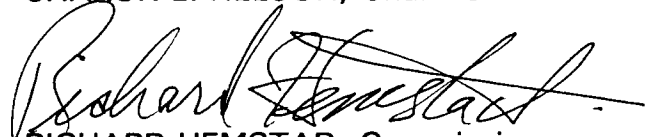
Docket No. UE-951270
Docket No. UE-960195

8

DATED at Olympia, Washington, and effective this 10th day of April, 1996.



SHARON L. NELSON, Chairman



RICHARD HEMSTAD, Commissioner



WILLIAM R. GILLIS, Commissioner

Inquiries should be addressed to:

The Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive SW
P. O. Box 47250
Olympia, WA 98504-2489
(360) 753-6423

-or-

Public Counsel Section
Office of Attorney General
Suite 2000
900 Fourth Avenue, TB-14
Seattle, WA 98164-1012
(206) 464-6253

NOTICE

PLEASE BE ADVISED that the hearing facilities are accessible to interested people with disabilities; that smoking is prohibited; and that if limited English-speaking or hearing impaired parties or witnesses are involved in a hearing and need an interpreter, a qualified interpreter will be appointed at no cost to the party or witness.

The information needed to provide an appropriate interpreter or other assistance should be designated below and returned to Washington Utilities and Transportation Commission, Attention: Steve McLellan, 1300 S. Evergreen Park Drive SW, P. O. Box 47250, Olympia, WA 98504-7250. (SUPPLY ALL REQUESTED INFORMATION)

Docket No.: _____

Case Name: _____

Your Name: _____

Hearing Date: _____ Hearing Location: _____

Primary Language: _____

Hearing Impaired (Yes) _____ (No) _____

Do you need a certified sign language interpreter:

Visual _____ Tactile _____

Other type of assistance needed: _____

English-speaking person who can be contacted if there are questions:

Name: _____

Address: _____

Phone No.: () _____