

SERVICE DATE

MAY 24 2000

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 NATURAL)	TWENTY-FIFTH SUPPLEMENTAL
GAS COMPANY with and into PUGET)	ORDER WAIVING WAC 480-143-180;
SOUND POWER & LIGHT COMPANY,)	ALLOWING RECORDING OF SALE
and Authorizing the Issuance of)	PROCEEDS IN COMPANY BOOKS
Assumptions of Obligations, Adoption)	
of Tariffs, and Authorizations in)	
Connection Therewith)	
.)	

BACKGROUND

This is a 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.

MEMORANDUM

By letter dated January 12, 2000, Puget Sound Energy informed the Commission that it plans to transfer to Puget Western, Inc., a wholly-owned subsidiary of Puget Sound Energy, surplus land adjacent to the North Operating Base located at 13330 Stone Avenue N., Seattle, Washington. The company seeks permission to transfer the property to Puget Western, Inc., at net book value.

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 although this property was identified for disposal subsequent to earlier detailed lists of excess properties, it is the result of merger best practices. The realignment of personnel and equipment preclude the need for future expansion of the Stone Avenue facility. The Company considers the operating efficiencies were achieved as a direct result of the merger and invokes paragraph 4.d of the Merger Stipulation.

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.

The Commission Staff and Public Counsel express no objection to the waiver request.

The Commission will treat the January 12, 2000, letter as seeking an exemption from WAC 480-143-180, and will grant the exemption.

ORDER

THE COMMISSION ORDERS:

1. 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 surplus land adjacent to the North Operating Base located at 13330 Stone Avenue N., Seattle, Washington.

2. Puget Sound Energy may transfer its surplus property adjacent to its North Operating Base located at 13330 Stone Avenue N., Seattle, Washington to Puget Western, Inc., at net book value and may record any gain from its subsequent sale in current earnings on the Company's books.

DATED at Olympia, Washington, and effective this 24th day of May, 2000.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



CAROLE J. WASHBURN
Secretary