

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-SIXTH 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 13, 2000, Puget Sound Energy ("PSE") informed the Commission that it sold its Dexter facility located at 530 Dexter Avenue N., Seattle, Washington, on July 30, 1999. The company seeks permission to record the gain associated with this sale in current earnings of Puget Sound Energy.

PSE points to the 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, which 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 Dexter Avenue property falls within the exception for the following reasons:

(1) this property was identified for disposal as a direct result of the merger in exhibit T-13; (2) this property was identified in a letter to Commission Staff dated September 10, 1997; and (3) the PSE staff that worked at this facility were relocated and integrated into other company facilities.

Neither the Commission Staff nor Public Counsel has objected to inclusion of the gain in current earnings.

PSE also 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.

Commission:

PSE should be allowed to record the gain from the sale to the company's books, and include the gain in current earnings. The Commission will treat the January 13, 2000, letter as seeking an exemption from WAC 480-143-180, and will grant the exemption.

ORDER

THE COMMISSION ORDERS:

1. Puget Sound Energy may sell its Dexter facility located at 530 Dexter Ave. N., Seattle, Washington, and may record the gain from the sale in the Company's books.
2. 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 its Dexter facility.

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

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



CAROLE J. WASHBURN
Secretary