

SERVICE DATE

OCT 11 2000

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of	)	
	)	
PUGET SOUND POWER & LIGHT	)	
COMPANY and WASHINGTON NATURAL	)	DOCKET UE-960195
GAS COMPANY	)	
	)	
for an Order Authorizing Merger of	)	TWENTY-SEVENTH
WASHINGTON ENERGY COMPANY and	)	SUPPLEMENTAL ORDER
WASHINGTON NATURAL GAS COMPANY	)	WAIVING WAC 480-143-180;
with and into PUGET SOUND POWER &	)	ALLOWING RECORDING OF
LIGHT COMPANY, and Authorizing the	)	SALE PROCEEDS IN
Issuance of Assumptions of Obligations,	)	COMPANY BOOKS
Adoption of Tariffs, and Authorizations in	)	
Connection Therewith.	)	
.....	)	

BACKGROUND

- 1 This is a consolidated proceeding in which the Commission approved the merger of Puget Sound Power & Light Company and Washington Natural Gas Company into Puget Sound Energy, Inc., (PSE). 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, Inc., 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 October 11, 2000. 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 30, 2000, Puget Sound Energy, Inc., informed the Commission that it plans to transfer to Puget Western, Inc., a wholly owned subsidiary of PSE, surplus property, including a building and land, known as the Mercer Complex Building located at 815 Mercer Street, Seattle, 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 14<sup>th</sup> 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 elimination of duplicate administrative positions and consolidation of operating functions which occurred after the merger preclude the need for the Mercer Building. The Company states it currently has vacant space at its General Office Headquarters Building in Bellevue and at other existing Company facilities, including Everett and Tacoma locations which can accommodate the Mercer Building employees. 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 as application.
- 6 The Commission Staff and Public Counsel express no objection to the waiver request.
- 7 The Commission will treat the August 30, 2000, letter as seeking an exemption from WAC 480-143-180, and will grant the exemption.

ORDER

THE COMMISSION ORDERS:

- 8 Puget Sound Energy, Inc., 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 Mercer Complex Building located at 815 Mercer Street, Seattle, Washington.
- 9 Puget Sound Energy, Inc., may transfer its surplus property known as the Mercer Complex Building located at 815 Mercer Street, Seattle, Washington to Puget Western, Inc., at net book value.

Dated at Olympia, Washington, and effective this 11<sup>th</sup> day of October, 2000.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



CAROLE J. WASHBURN, Secretary