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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

May 5, 2004

Ms. Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Re: Securities Application -Liquidity Facility

Dear Ms. Washburn:

Enclosed for filing are an original and three copies of the Puget Sound Energy's ("PSE's") Request for an Order Establishing Compliance with RCW 80.08.040 with respect to the establishment of a \$300 million multi-bank line of credit with a 3-year term. This \$300 million multi-bank line of credit also has the ability to increase to \$350 million prior to closing. Also enclosed, are Attachments including the terms of the facility, Proposed Resolutions of the Board and a Proposed Order granting PSE's request. Once the Proposed Resolutions of the Board have been finalized, the Company will provide an updated Attachment.

Attachments A and B are enclosed and have been marked confidential and are proprietary in nature. Accordingly, with regard to these items, the Company claims confidentiality and protection from inspection or copying under WAC 480-09-015. We further understand that, prior to any release of these materials, the Company will be notified in order to allow the Company to invoke any and all statutory procedures for securing a court order protecting the materials as proprietary and confidential.

As required by WAC 480-09-015(4), the Company identifies itself and its shareholders as the entities which might be directly affected by disclosure of the confidential information. Also, conforming with WAC 480-09-015(4), the confidential pages submitted herewith have been sealed in an envelope clearly marked "confidential", and each page of the filing containing confidential information has been so marked.

The Company requests that this matter is reviewed and addressed at the May 12, 2004, WUTC open meeting.

Thank you for your assistance.

Very truly yours,

PUGET SOUND ENERGY

By 
Karl R. Karzmar
Director Regulatory Relations

Enclosures
cc: Simon J. ffitich

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the matter of the request of)	Application
Puget Sound Energy, Inc.)	
for an order establishing compliance)	Docket No. _____
with Chapter 80.08 RCW)	

Puget Sound Energy, Inc. (hereinafter called "PSE" or "the Company") hereby requests the Washington Utilities and Transportation Commission to enter a written order establishing that the proposed liquidity facility (the "Facility") is in compliance with the requirements of Chapter 80.08 RCW.

Background

PSE's existing \$250 million 364-day line of credit became effective in December 2002. In 2003, its term was extended from December 2003 to June 15, 2004. The facility is typically undrawn and is used to back the issuance of commercial paper. PSE also has a \$150 million accounts receivable securitization facility that will expire in December 2005. The receivables facility will remain in place.

Proposed Replacement Liquidity Facility

PSE intends to replace its existing credit agreement with a \$300 million 3-year facility. The facility may be increased to \$350 million if, as is expected, banks commit substantially more than \$300 million.

PSE's strategy of acquiring resources to meet its customer's core energy demands and to hedge certain energy costs creates a need for a larger facility.

The Company is requesting an order establishing that the Facility is in compliance with RCW 80.08.

Request for Order Establishing Compliance

The following information is furnished in support of this application, in accordance with the requirements of RCW 80.08.040:

1) A Description of the Purposes for Which the Issuance is Made, Including a Certification By an Officer Authorized To Do So That the Proceeds From Any Such Securities Are For One Or More of the Purposes Allowed By Chapter 80.08 RCW.

PSE will use the funds from the liquidity facility for one or more of the following purposes: a) construction, completion, extension, or improvement of its facilities or the acquisition of property, or b) improvement or maintenance of service, or c) payment of interest and/or stock dividends, or d) discharge or refunding of its obligations, or e) reimbursement of moneys actually expended from income or from the treasury of the PSE to the extent permitted by RCW 80.08.030, or f) for other corporate purposes permitted by law.

2) A Description of the Proposed Issuance Including the Terms of Financing.

The terms of the Facility are described in essentially final form in the attached term sheet, which is provided as Attachment A. Pursuant to WAC 480-09-015, the Company is requesting that Attachment A, which is proprietary in nature, be afforded confidential treatment.

3) Statement As To Why The Transaction Is In the Public Interest.

The Company needs the Facility to provide working capital needs beyond those funded with internally generated funds. In addition, PSE's capital expenditure program may require a combination of internally generated cash and external financing. In order to reach and/or maintain PSE's capital structure goals, the Facility must be available to offset maturing or redeemable securities and to fund working capital needs and a portion of the PSE's capital expenditure program in a cost-effective manner. The proposed authority would allow PSE to better manage its cashflow, debt and capital in an efficient and cost-effective manner.

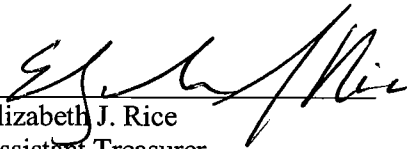
4) Text of a Draft Order Granting PSE's Request for an Order, Including A Disk Containing the Proposed Language in a Format Acceptable to the Commission.

See Attachment C.

CERTIFICATION

The undersigned certifies under penalty of perjury under the laws of the State of Washington that she has read the foregoing and knows the contents thereof and that the same are true to the best of her own knowledge or belief.

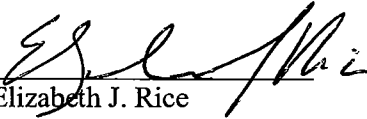
Done at Bellevue, Washington this 5th day of May 2004.

By: 
Elizabeth J. Rice
Assistant Treasurer

CERTIFICATION

I, Elizabeth J. Rice, certify under penalty of perjury under the laws of the State of Washington that I am Assistant Treasurer of Puget Sound Energy, Inc., that I have read the foregoing Application, that I know the contents thereof, that the proceeds of the transactions described therein are for one or more of the purposes allowed by RCW 80.08.040, and that I believe the information contained in the Application to be true and correct to my information and belief.

Executed at Bellevue, Washington this 5th day of May, 2004.


Elizabeth J. Rice

**In the matter of the application of Puget Sound Energy For an Order Establishing Compliance with
RCW 80.08.040, with Respect to its Proposal to enter into a liquidity facility**

Attachment A

CONFIDENTIAL

**In the matter of the application of Puget Sound Energy For an Order Establishing Compliance with
RCW 80.08.040, with Respect to its Proposal to enter into a liquidity facility**

Attachment B

CONFIDENTIAL

**In the matter of the application of Puget Sound Energy For an Order Establishing Compliance with
RCW 80.08.040, with Respect to its Proposal to enter into a liquidity facility**

Attachment C

ATTACHMENT C

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of)	
)	DOCKET NO. _____
Puget Sound Energy, Inc.,)	
)	
Petitioner,)	
)	ORDER ESTABLISHING
For an Order Establishing)	COMPLIANCE WITH RCW
Compliance with RCW 80.08.040,)	80.08.040; APPLICATION TO
with Respect to its Proposal to enter)	ENTER INTO A LIQUIDITY
into a liquidity facility.)	FACILITY.
.....)	

BACKGROUND

- 1 On May [], 2004, Puget Sound Energy Inc. (PSE) filed the required statement of a planned securities issuance with the Washington Utilities and Transportation Commission (Commission). The Company requested an order affirming that the Company has complied with the requirements of RCW 80.08.040. In its application the Company proposes to enter into a liquidity facility. The application is filed pursuant to Chapter 80.08 RCW and the requirements of WAC 480-146-290.

- 2 According to the application and supporting materials filed by the Company, it asserts the proceeds of the financing are for one or more of the purposes allowed by RCW 80.08.030.

FINDINGS AND CONCLUSIONS

- 3 (1) PSE is engaged in the business of providing electric and natural gas service within the state of Washington. As a public service company, it is

subject to the jurisdiction of the Commission under the provisions of Chapter 80.08 RCW.

- 4 (2) As to form, the application herein meets the requirements of Chapter 80.08 RCW and the rules and regulations of the Commission adopted pursuant thereto *Chapter 480-146 WAC*.
- 5 (3) The Company's application in this Docket contains: (a) a certification by an authorized officer that the proceeds will be used for one or more purposes allowed by RCW 80.08.030; (b) a description of the proposed issuance, including the terms of financing, and (c) a statement as to why the proposed transaction[s] is[are] in the public interest.
- 6 (4) The proceeds from the proposed liquidity facility are to be used for one or more of the purposes set forth in RCW 80.08.030.

ORDER

- 7 (1) Puget Sound Energy, Inc. has complied with the requirements of RCW 80.08.040 with respect to the proposals set forth in its application to enter into the liquidity facility.
- 8 (2) The Company is directed to file a Report of Securities Issued as required by WAC 480-146-340. The Company is also directed to file verified copies of any agreement entered into in connection with any transaction pursuant to this Order. Finally, the Company shall file a verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to this Order.
- 9 (3) This Order shall in no way affect the authority of this Commission over rates, services, accounts, valuations, estimates, or determination of costs,

or any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.

- 10 (4) This matter was brought before the Commission at its regularly scheduled open meeting on May [], 2004. The Commissioners, having determined this filing to meet the requirements of Chapter 80.08 RCW, directed the Secretary to enter this order.

DATED at Olympia, Washington, and effective this ____ day of May, 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary