

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of)	DOCKET UE-060822
)	
Puget Sound Energy, Inc.)	ORDER 01
)	
Petitioner,)	
)	
For an Order Establishing Compliance)	
with RCW 80.08.040, with Respect to its)	ORDER ESTABLISHING
Proposal to issue a Demand Promissory)	COMPLIANCE WITH RCW
Note)	80.08.040
.....)	

BACKGROUND

- 1 On May 22, 2006, Puget Sound Energy (“PSE”) filed with the Washington Utilities and Transportation Commission (Commission) a statement of its proposal to issue a Promissory Note to secure loans from the Company’s parent, Puget Energy. The application is filed pursuant to Chapter 80.08 RCW and the requirements of WAC 480-90-242 (1) (a) and WAC 480-100-242 (1) (a). The Company requested an order affirming it is in compliance with the requirements of RCW 80.08.040.
- 2 In its application the Company states that the aggregate amount that it will borrow from its parent is \$30,000,000. The interest rate on the amount it will borrow from Puget Energy will be at the lowest of the weighted average per annum interest rate paid (a) by PSE on its outstanding commercial paper, (b) by PSE on its senior unsecured revolving credit facility or (c) by PSE Funding, Inc., on its outstanding loans pursuant to its Loan and Servicing agreement.
- 3 According to the application and supporting materials filed by the Company, the proceeds of the facility will be used to repay short-term debt.
- 4 The Company asserts that the proposal is in the public interest since it will enable it to maintain a cost effective capital structure and obtain funds necessary to carry out its public service obligations on reasonable terms.

FINDINGS AND CONCLUSIONS

- 5 (1) Puget Sound Energy's business is 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.
- 6 (2) As to form, the application herein meets the requirements of Chapter 80.08 RCW and the Commission's rules governing security applications: Chapter 480-90-242 (1) (a) and 480-100-242 (1) (a) WAC.
- 7 (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 proposal to issue additional debt is in the public interest.
- 8 (4) This application was presented to the Commission at its regularly scheduled open meeting, May 31, 2006.

ORDER

THE COMMISSION ORDERS:

- 9 (1) Puget Sound Energy's proposal, as set forth in its application to issue a Demand Promissory Note to its parent Puget Energy, is in compliance with the notice requirements of RCW 80.08.040.
- 10 (2) The Company is ordered to file a Report of Securities Issued as required by WAC 480-100-242 (6) and WAC 480-90-242(6). The Company shall 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 final terms and conditions of the securities issued, and verify that the use of the proceeds of each offering are as specified in this application.
- 11 (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.

The Commission determined this filing complies with the requirements of Chapter 80.08 RCW, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective May 31, 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary