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November 15, 2004

VIA EMAIL & OVERNIGHT COURIER

Carole J. Washburn
Office of the Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

**Re: Puget Sound Energy, Inc.'s General Rate Case
Docket Nos. UG-040640 et al.**

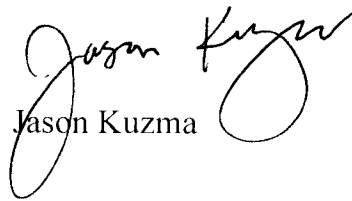
Dear Ms. Washburn:

In response to the Commission's letter dated November 9, 2004, Puget Sound Energy, Inc. ("PSE" or "the Company") does not object to the proposed appointment of Mr. Merton Lott as Accounting Advisor for this proceeding; however, PSE does express concern regarding Mr. Lott's extra-evidentiary familiarity with certain issues that remain contested in the instant proceeding. Absent certain precautions taken by both the Commission and Mr. Lott to ensure impartiality, it is difficult to see how he would be able to disregard information or opinions he may have formed outside the evidence that will be presented in this proceeding or through communications with other Staff members or parties that would be considered *ex parte* had Mr. Lott been a member of the Commission's policy staff at the time.

As noted in the letter of November 9, Mr. Lott participated as a party advocate for Commission Staff in two accounting petition proceedings consolidated into the current proceeding. With respect to one of those accounting petitions, related to attorneys' fees for the Power Cost Only Rate Case, Docket No. UE-031725, Mr. Lott was a member of Commission Staff at the time the case was litigated. Additionally, Mr. Lott was the lead Commission Staff member with respect to accounting issues and an advocate for Commission Staff in the Company's last general rate case, Docket Nos. UE-011570 *et al.* Several contested issues in the pending general rate case were addressed in or are related to issues that were litigated and settled in Docket Nos. UE-011570 *et al.*

The Company has great respect for Mr. Lott and believes that his participation will prove valuable to the Commission in considering important matters at issue in this proceeding. PSE's sole concern is one of timing given Mr. Lott's somewhat recent participation as an advocate regarding matters at issue in this proceeding. PSE trusts, however, that the Commission and Mr. Lott will take into account Mr. Lott's prior advocacy when weighing the evidence and considering the merits of the positions in this proceeding.

Very truly yours,


Jason Kuzma

cc: Service List in Docket Nos. UG-040640, et al.