



Puget Sound Energy, Inc.  
P.O. Box 97034  
Bellevue, WA 98009-9734

March 15, 2005

VIA ELECTRONIC E-mail and US MAIL

Washington Utilities and Transportation Commission  
Attention: Tim Sweeney  
P.O. Box 47250  
Olympia, WA 98504-7250

RE: Docket P-041344 – Written Comments

Dear Mr. Sweeney,

Puget Sound Energy, Inc. ("PSE") appreciates the opportunity to provide comments in response to the Notice Of Opportunity To File Written Comments dated February 18, 2005, in the Pipeline Fee Methodology Rulemaking to Review WAC 480-93-240 and WAC 480-75-240 in the above-noted docket. PSE offers the following comments.

In general the Commission Staff's approach seems reasonable and the calculation is easily understood. While additional complexity may have resulted in a more accurate allocation of costs this method has the advantages of predictability due to the use of historical hours by company and gradual change due to the use of a two-year average of hours and the stop-loss mechanism.

This proposal clearly meets the requirements of RCW 80.24.060(2)(a) and (2)(b) by directly assigning costs and by the use of actual time spent for estimating and allocating costs to each company based on the prior two year's inspection activities directly attributable to the company. As seen in the number of different proposals considered, this proposal appears to be the most "uniform and equitable".

Nevertheless, PSE continues to believe that using a methodology that spreads a portion of costs on the basis of pipeline miles, while the draft proposal's use of this allocation method has a reduced impact from some earlier proposals, has the effect of not encouraging the operation of a safe pipeline. In addition, while being "uniform" the issue of how "equitable" the results of this method are, is in question. However, as mentioned earlier, this proposal is easily understood and strikes a balance of the various viewpoints offered in writing and the workshops and should be adopted by the Commission.

PSE is grateful for the opportunity to comment and hopes that the comments will be of assistance to the Commission. If you have any questions regarding these comments or if we can be of any additional assistance, please contact Lynn Logen at (425) 462-3872.

Very truly yours,

A handwritten signature in black ink, appearing to read "Karl R. Karzmar", with a long horizontal line extending to the right.

Karl R. Karzmar  
Director, Regulatory Relations