

May 1, 2002

**NOTICE OF HEARING ON SETTLEMENT
(Monday, May 6, 2002)**

RE: *WUTC v. Puget Sound Energy*
Docket Nos. UE-011570/UG-011571

TO ALL PARTIES OF RECORD:

On April 19, 2002, Puget Sound Energy and King County filed a Stipulation of Settlement. There is a provision in the Stipulation that calls for Commission approval, without material condition, by May 3, 2002. Absent approval on the parties' schedule and terms, the Stipulation is, by its terms, "null and void."

On April 23, 2002, the Commission issued a Notice that, among other things, alerted the parties to the fact that it might prove to be impossible to conduct all necessary legal process and enter an order by May 3, 2002. Specifically, we stated in our Notice as follows:

Considering the short time-frame in which Commission action is requested and the significant amount of other pressing business currently on the Commission's calendar during the indicated period, it may be impossible to accommodate the parties' request [for action by May 3, 2002]. Nevertheless, the Commission will do what it can, consistent with due process requirements, to expedite consideration of this matter.

Consistent with that commitment, the Commission established April 26, 2002, as the deadline for comments on the proposed Stipulation. PSE filed its comments in support of the Stipulation on April 23, 2002. King County filed its comments in support of the Stipulation on April 26, 2002. Staff filed comments on April 26, 2002, that are generally supportive of the Stipulation, but which assert that certain legal and factual issues are present that require material conditions be imposed, if the Stipulation is to be approved at all.

After considering the comments, the Commission determined that it was necessary to make certain factual inquiries and to learn more about the parties' positions on the legal challenges raised by Staff. Accordingly, the Commission issued Bench Requests on April 29, 2002. Responses were required to be provided by 12:00 noon on May 1, 2002. King County, PSE, and Staff filed timely responses. The Commission has undertaken preliminary analysis of the responses, but will require additional time to examine them more thoroughly. Moreover, the Commission has serious concerns about the merits of the proposed settlement both as to matters of fact and law. Accordingly, it is necessary for there to be hearing proceedings concerning the proposed Stipulation.

PLEASE TAKE NOTICE that a hearing on the parties' proposed settlement will be held on Monday, May 6, 2002, beginning at 9:00 a.m. in Room 206, Chandler Plaza Building, 1300 S. Evergreen Park Drive SW, Olympia, Washington. PSE, King County, and Staff each should make available for examination one or more witnesses familiar with the Stipulation and its factual underpinnings. Counsel will be expected to respond to the Commission's inquiries concerning legal issues raised by the Stipulation.

As discussed above, it has proven to be administratively impossible, despite the Commission's best efforts, to process and give due consideration to the significant factual and legal issues raised by the Stipulation's terms on the schedule unilaterally established by the parties. This means the Stipulation will become "null and void" by its terms one business day before the earliest date the Commission can hear this matter. Accordingly, PSE and King County are required to inform the Commission by return correspondence filed at the Commission no later than noon on May 2, 2002, whether they wish to proceed with the hearing noticed above, or wish to have the Commission cancel that hearing and cease devoting resources to consideration of the Stipulation.

Sincerely,

CAROLE J. WASHBURN
Secretary