

**BEFORE THE WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UG-040640

Docket No. UE-040641

**STATEMENT IN LIEU OF BRIEF BY  
COST MANAGEMENT SERVICES,  
INC., REGARDING THE RATE-  
SPREAD AND RATE-DESIGN  
SETTLEMENT AGREEMENT**

Cost Management Services, Inc. (“CMS”) has participated as a party in this proceeding on issues relating to Puget Sound Energy Company’s (“PSE”) Schedule No. 57, “Distribution System Transportation Service (Firm and Interruptible),” and in the relationship between Schedule No. 57 and natural-gas, bundled-service Schedule Nos. 85 and 87. CMS is an independent marketer that sells natural gas at retail to industrial and commercial customers that utilize Schedule No. 57 for transportation-only service from PSE. CMS sponsored the testimony of Theodore Lehmann and, with the Northwest Industrial Gas Users, co-sponsored testimony of Donald Schoenbeck. CMS also supports the joint testimony of witnesses Steward, Schoenbeck, Higgins, Heidell and Lazar in support of the rate-spread and rate-design settlement in this case.

CMS raised two issues relating to Schedule No. 57. First, PSE’s proposed rates for Schedule No. 57 were seriously excessive, yielding a disproportionately high parity ratio. Second, the design of this Schedule was far from customer-friendly. PSE had included in Schedule No. 57 unreasonable impediments that made it impractical for many customers to choose between bundled gas service, under Schedule Nos. 85 and 87, and unbundled, transportation-only service under Schedule No. 57.

The rate-spread and rate-design settlement addresses both of CMS' concerns about Schedule No. 57. Although not a complete solution to our concerns about the relative level of Schedule No. 57 rates, the settlement provides a reasonable compromise for the present. Our rate-design concerns have also been addressed by the settlement, which will provide consumers with a much more practical mechanism for choosing between bundled and competitive gas-supply alternatives. Accordingly, CMS supports the rate-spread and rate-design settlement and urges the Commission to accept it as filed.

CMS has not participated in the contested portion of these proceedings regarding PSE's capital structure and its revenue requirement relating to gas service. However, CMS does not oppose the positions advanced by PSE regarding those contested issues.

RESPECTFULLY SUBMITTED this 18<sup>th</sup> day of January, 2005.

DAVIS WRIGHT TREMAINE LLP  
Attorneys for Cost Management Services, Inc.

By:   
John A. Cameron  
DAVIS WRIGHT TREMAINE LLP

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have this 18<sup>th</sup> day of January, 2005, served the foregoing **STATEMENT IN LIEU OF BRIEF BY COST MANAGEMENT SERVICES, INC., REGARDING THE RATE-SPREAD AND RATE-DESIGN SETTLEMENT AGREEMENT** upon parties of record in this proceeding via UPS Overnight Delivery and E-Mail, as follows:

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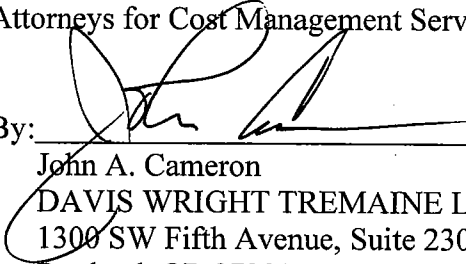
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