

**EXHIBIT NO. _____ (GRP-2T)
DOCKET NO. UE-011570 and UG-011571
WITNESS: GEORGE R. POHNDORF, JR.**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

**DIRECT TESTIMONY OF GEORGE R. POHNDORF, JR.
ON BEHALF OF PUGET SOUND ENERGY, INC.
REGARDING TIME-OF-USE SETTLEMENT**

JUNE 7, 2002

PUGET SOUND ENERGY, INC.

DIRECT TESTIMONY OF GEORGE R. POHNDORF, JR.

TIME-OF-USE SETTLEMENT

Q: Please state your name, business address and present position with Puget Sound Energy, Inc.

A: My name is George Pohndorf. My business address is One Bellevue Center, Suite 300, 411 – 108th Ave. N.E., Bellevue, Washington 98004. I am the Director, Rates and Regulation for Puget Sound Energy, Inc. ("PSE" or "the Company").

Q: What do your responsibilities as Director, Rates and Regulation include?

A: I am responsible for overall management of the Company's rates and regulation department, including the regulatory planning, regulatory compliance, revenue requirements, and cost of service functions. My job duties currently include providing support to Ms. Harris in her oversight of PSE's pending General Rate Case. I have participated on behalf of the Company in many of the collaboratives. I will testify about the settlement with respect to Rate Design, Rate Spread, Time of Use, Line Extension, Conservation, Low Income, Service Quality Indices, and Backup Distribution Service issues.

Q: Why is the Time-of-Use Pilot Program an important issue for the Company?

A: The Company believes Time-of-Use ("TOU") rates may lead to reducing total system peak demand, increasing total system load factor (both of which may reduce average costs), increasing total customer satisfaction, and possibly

other benefits for society. The Company's Time-of-Use Pilot Program ("Pilot Program") is providing data upon which robust, valid studies can be conducted to evaluate the merits of the program, including ultimate assessment of the program's cost effectiveness.

Q: What were the interests in the Time-of-Use Pilot Program that the Company considered in the context of the settlement?

A: The Company's primary interest was to continue the Pilot Program in a manner that allows full collaboration in addressing the merits of the program. Continued collection of necessary data will assist the collaborative evaluation of whether Time-of-Day rates will lead to the kinds of benefits noted above. Continuation of the Pilot Program will provide the data helpful in performing studies examining whether Time-of-Day benefits (quantifiable and non-quantifiable) exceed the incremental costs for different customer classes. Continuing the Pilot Program would also allow the evaluation of additional optional TOU products.

Q: How does the proposed settlement address the above-stated interests?

A: The proposed settlement addresses these interests. The settlement allows the Pilot Program to continue. This is important to provide data upon which adequate studies can be performed regarding customer behavior and whether the TOU programs are cost effective. The settlement also creates a specific TOU collaborative. This forum will provide all interested parties an opportunity to evaluate the existing TOU Pilot Program, explore alternative approaches, and explore other issues – such as whether the TOU programs are cost effective for all classes, the environmental impacts of customer responses to TOU programs, and customer notice and customer acceptance

issues. The conservation impact of the TOU program will also be evaluated by the Conservation Advisory Committee.

Q: Why is further work being conducted by the Time-of-Use Collaborative to evaluate the Pilot Program?

A: The Company has been continually monitoring customer response to the TOU program since its inception. Based upon that information, the Company has performed a number of analyses regarding whether the program is cost effective and presented them to the collaborative group. During the collaborative process, many important issues and perspectives were brought forth by interested parties. It became clear to the Company that further collaboration was necessary in order to appropriately address the ultimate cost-effectiveness of the program. Because TOU programs involve many important public policy issues, the best way to determine the appropriate methodology and assumptions for analysis of the validity of the program is through a collaborative process that would include all interested parties.

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