

1 BEFORE THE WASHINGTON STATE
 UTILITIES AND TRANSPORTATION COMMISSION
 2 WASHINGTON UTILITIES AND)
 TRANSPORTATION COMMISSION,) DOCKETS UE-072300 and
 3) UG-072301 (Consolidated)
 Complainant,)
 4)
 vs.) Volume III
 5 PUGET SOUND ENERGY, INC.,) Pages 119 to 229
 6)
 Respondent.)

7
 8 In the Matter of the Joint)
 Application of) DOCKET U-072375
 9)
 10 PUGET HOLDINGS LLC AND)
 PUGET SOUND ENERGY, INC.)
) Volume III
 11 For an Order Authorizing) Pages 119 to 229
 Proposed Transaction)

12 A public hearing in the above matter was held
 13
 14 on May 20, 2008, from 6:30 p.m to 9:20 p.m., at 315
 15 Halleck Street, Bellingham, Washington, before
 16 Administrative Law Judge ANN RENDAHL and CHAIRMAN MARK
 17 H. SIDRAN and COMMISSIONER PATRICK J. OSHIE and
 18 COMMISSIONER PHILIP B. JONES.

19 The parties were present as follows:
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23
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 25 Court Reporter

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1 P R O C E E D I N G S

2 CHAIRMAN SIDRAN: Welcome to the Washington
3 Utilities and Transportation Commission public hearing
4 on two matters related to Puget Sound Energy, one
5 involving the merger or sale of the company and the
6 other related to the general rate increase which you
7 will hear about more in a moment. My name is Mark
8 Sidran, and I Chair the Commission, and I'm joined by my
9 colleagues, Commissioner Phil Jones on my right and
10 Commissioner Patrick Oshie who is on my far left, and by
11 our Administrative Law Judge who will be conducting this
12 evening's hearing, Ann Rendahl.

13 Before turning this proceeding over to Judge
14 Rendahl who will be conducting our hearing, I just want
15 to make a couple of preliminary comments. First, I want
16 to thank all of you for taking the time to come out on a
17 Tuesday evening to listen, to testify if you wish, and
18 to participate in this process. There are many
19 dimensions to the proceedings in these two matters, but
20 we take the public comment process seriously as an
21 important part of our consideration, and we understand
22 that you're taking time out of your lives to come here
23 and perhaps share your comments with us, and we
24 appreciate it.

25 The second point that I would make is this is

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1 part of a process, and Judge Rendahl will describe there
2 are more formal evidentiary hearings to come over the
3 next two or three months, but there are also continued
4 opportunities to submit comments to the Commission
5 during these proceedings. One additional opportunity,
6 not nearly as convenient as here in Bellingham for you,
7 is there is one more public hearing with respect to this
8 matter, and that will be in Olympia on June the 4th. We
9 had a similar hearing to the one we're having tonight in
10 Bellevue a week ago. But you can also submit written
11 comments to the Commission, and although these dates are
12 not yet firm, I will tell you that with respect to the
13 transfer or sale of Puget Sound Energy, that docket
14 number which you'll hear in a moment from Judge Rendahl,
15 that docket will be open for additional comments until
16 approximately July 31st, and you can submit comments on
17 line by visiting the Commission's web site, or you can
18 use the old fashioned way and submit written comments
19 through the mail. With respect to the general rate
20 case, that docket will remain open until approximately
21 August the 29th, and again you can submit additional
22 comments at any time up until approximately that date
23 with respect to the general rate case.

24 I'm going to now turn this proceeding over to
25 Judge Rendahl, who will explain our process, and then

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1 we'll turn as quickly as possible to hearing those who
2 wish to speak. Thank you.

3 JUDGE RENDAHL: Good evening, I'm Ann
4 Rendahl, I'm an Administrative Law Judge with the
5 Utilities Commission, and is that loud enough for those
6 of you in the back?

7 THE PUBLIC: No.

8 JUDGE RENDAHL: How about that?

9 Okay, so we are here to hear from you all in
10 a public hearing. We'll take your testimony down.
11 There is a court reporter here to take your testimony on
12 these two cases. The two cases we're going to hear
13 about, hear from you about are a rate case from Puget
14 Sound Energy, it's entitled Washington Utilities and
15 Transportation Commission versus Puget Sound Energy in
16 Dockets UE-072300 and UG-072301, and also the transfer
17 of property that Chairman Sidran mentioned which is
18 captioned In the Matter of the Joint Application of
19 Puget Holdings LLC and Puget Sound Energy Incorporated
20 For an Order Authorizing Proposed Transaction, and
21 that's Docket U-072375.

22 For the record we're here on Tuesday evening,
23 May the 20th, 2008, in Bellingham, Washington, and it is
24 approximately 6:40. This is a public comment hearing as
25 a part of the Commission's formal hearing process in

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1 these two cases. One is to consider PSE's request for
2 rate increases for both electric service and for gas
3 service, and we call this type of proceeding a general
4 rate case. The other proceeding is where we will
5 consider whether to approve the proposal by a group of
6 private investors to acquire all of PSE's outstanding
7 stock, and we call this type of proceeding a transfer of
8 property case, but sometimes people refer to it as a
9 merger.

10 We will be following statutory standards,
11 standards that the legislature has established for us to
12 evaluate and judge these requests, and the standards are
13 very different. I should let you know that these two
14 proceedings are not going to be considered together by
15 the Commission, we are holding this joint public hearing
16 on the cases, but they will be considered separately by
17 the commissioners.

18 In the general rate case, the Commission
19 determines whether rates are fair, just, reasonable, and
20 sufficient, and so we have to evaluate a significant
21 amount of accounting and financial data to determine how
22 much money the company will be allowed to recover in
23 rates so that the rates are fair to customers like you
24 while allowing PSE to recover all of its costs of
25 operation including a reasonable margin of profit. So

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1 that's the standard in the rate case.

2 In the transfer of property case, we
3 determine whether the transaction will do harm to the
4 public interest. It's a very different standard. If
5 and only if we're convinced by the evidence that the
6 public interest will be harmed are we authorized by law
7 to reject the transaction.

8 The nature of the process is what we call a
9 quasijudicial process. We have a hearing, the parties
10 in the case will file testimony and will be subject to
11 cross-examination by the other parties and questions by
12 the commissioners at the hearing. And your comments
13 tonight are considered testimony and will be given under
14 oath and taken in the transcript.

15 The parties to the proceeding are the
16 Commission's Regulatory Staff represented by the
17 Attorney General's Office, the Public Counsel section of
18 the Attorney General's Office, the Industrial Customers
19 of Northwest Utilities, the Northwest Industrial Gas
20 Users, a number of Federal Executive Agencies, the
21 Seattle Steam Company, the Cogeneration Coalition of
22 Washington, the Northwest Energy Coalition, the Kroger
23 company which includes Fred Meyer and Quality Foods, the
24 Energy Project, and Newport Steel Seattle.

25 Now a few of these parties are here tonight,

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1 and if you would come up to the podium and identify
2 yourselves for the record. We're not going to be -- if
3 you have questions for the parties that are here
4 tonight, Commission Staff and Public Counsel and the
5 Company, I suggest after the hearing is over that you
6 address questions to them. This is not unfortunately
7 for you a hearing for you to ask questions of us or the
8 parties, but to state your comments. If you do have
9 questions, I suggest you ask the parties who are seated
10 at this table after the hearing.

11 Starting with the company.

12 MS. CARSON: My name is Sheree Strom Carson,
13 I'm the attorney representing Puget Sound Energy in the
14 general rate case. I am also representing both Puget
15 Sound Energy and Puget Holdings in the acquisition or
16 merger proceeding.

17 MS. SHIFLEY: I'm Sara Shifley, I'm an
18 Assistant Attorney General with the Public Counsel
19 Office, and I along with a fellow attorney am
20 representing Public Counsel in both cases, the rate case
21 and the merger case.

22 MR. CEDARBAUM: Good evening, my name is
23 Robert Cedarbaum, I'm an Assistant Attorney General
24 representing the Commission Staff in the general rate
25 case. Not present tonight representing Commission Staff

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1 in the merger case is Donald T. Trotter, who is also an
2 Assistant Attorney General.

3 JUDGE RENDAHL: Thank you.

4 I just wanted to clarify that Commission
5 Staff is a separate party in these proceedings. They do
6 not advise the Commission -- they advise the
7 commissioners by stating their position in the case, but
8 they are a separate party, and they are not allowed to
9 communicate with the commissioners about the case
10 outside of the hearing room and in formal testimony. So
11 there's what we call an ex parte wall, and the
12 Commission Staff is represented by the Attorney
13 General's Office and has an advocacy role in this
14 proceeding.

15 So briefly in terms of what PSE is asking for
16 in its general rate case, they originally filed and
17 requested an increase of \$175 Million for their electric
18 service, which is a 9 1/2% increase. It was recently
19 supplemented to \$180 Million or 9.8%. On the gas side
20 for gas service they're requesting an increase of \$57
21 Million, which is a 5.3% increase, recently supplemented
22 to \$58 Million or 5.4% increase. PSE has said in its
23 case that power cost increases are the largest single
24 category that is placing upward pressure on their
25 electric rates, and the rising cost of natural gas for

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1 power generation and increased demand for power are the
2 main contributors to the higher cost of generating power
3 as well as the cost of purchasing power. Cost of new
4 generation facilities plus their storm cost recovery for
5 2006 and early 2007 as well as higher operations and
6 maintenance and higher depreciation expenses are other
7 contributing factors. These are issues that the company
8 identified when they filed their case with the
9 Commission. Their cost of facilities operations and
10 maintenance and depreciation are the drivers for
11 increased costs on the gas side. The two dockets that I
12 identified at the beginning, one is an electric filing
13 and the other is a gas filing.

14 In terms of what Puget Holdings LLC and what
15 PSE are asking for in the transaction case or the
16 transfer of property, they're asking for a Commission
17 order that would authorize the transfer of ownership and
18 control of Puget Energy and its wholly owned subsidiary
19 PSE to Puget Holdings. It's one step in a financial
20 transaction that would ultimately result in Puget Energy
21 no longer being a publicly traded company. Puget Energy
22 and PSE would be privately owned by an investors group
23 that is comprised of several private equity investment
24 companies in Australia and several pension funds in
25 Canada. The consortium is led by the Macquarie Group

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1 which is based in Australia.

2 So now for the part that you came for, which
3 is to make your comments. Because of the number of
4 folks that are here, we would like to ask you to limit
5 your comments to four minutes. You don't need to repeat
6 what others have said. If you agree with what someone
7 else has already said, you can simply state that. As I
8 mentioned before, it's not the time to ask questions of
9 the commissioners, because we are here to hear your
10 comments. If you have questions, you can ask them of
11 the company representatives, Commission Staff, or Public
12 Counsel at the very end of the hearing.

13 We will continue to take written comments
14 until the conclusion of our hearing process, which as
15 Chairman Sidran mentioned is later in the summer.

16 I have a list here of all of the folks who
17 have said they wish to make comments. For those of you
18 who indicated yes that you do wish to make comments or
19 if you've reconsidered your no, if you could please
20 stand up, and I'm going to give you an oath all together
21 that you will agree to tell the truth. If you would
22 stand up and raise your right hand, please.

23 (Witnesses sworn in.)

24 JUDGE RENDAHL: Thank you, you may be seated.

25 I'm going to ask each and every one of you to

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1 come up individually when I identify your name. I will
2 be asking you a few questions for the record such as
3 your name, where you live, and if you're a Puget Sound
4 customer for electric, gas, or both, and whether you're
5 testifying on your own behalf or on behalf of an
6 organization, and then I will have you make your
7 statement. Please speak slowly so the court reporter
8 can take down what you have to say. I wouldn't suggest
9 you read prepared comments. If you have something
10 written, you can give that to us at the hearing, and
11 those will go into the record. If you do choose to
12 read, please do so slowly.

13 Okay, the first person who indicated they
14 wished to speak is Ivan Buchbinder.

15 MR. BUCHBINDER: Correct.

16 (Discussion off the record.)

17

18 Whereupon,

19 IVAN BUCHBINDER,

20 having been first duly sworn, was called as a witness

21 herein and was examined and testified as follows:

22 JUDGE RENDAHL: Could you state your name and
23 spell your last name for the court reporter.

24 MR. BUCHBINDER: Okay, my name is Ivan

25 Buchbinder spelled B-U-C-H-B-I-N-D-E-R.

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1 JUDGE RENDAHL: And where do you live?

2 MR. BUCHBINDER: I live at 1658 Emerald Lake
3 Way, I am an electrical user from Puget Sound Energy.

4 JUDGE RENDAHL: And are you testifying on
5 your own behalf or on behalf of an organization?

6 MR. BUCHBINDER: I am testifying on my own
7 behalf.

8 JUDGE RENDAHL: Please go ahead, you have
9 four minutes.

10 MR. BUCHBINDER: Okay. Obviously I'm against
11 the rate increase in general, but that's not what I want
12 to speak about. I'm pretty outraged that the Commission
13 would even consider doing business with Macquarie given
14 its reputation. It took me a half hour to do due
15 diligence on this company, and what I found was pretty
16 disturbing. Risk Metrics, independent research company,
17 says that Macquarie has high debt levels, high fees,
18 paying distributions out of capital rather than cash
19 flow, overpaying for assets, related party transactions,
20 booking profits from reevaluations, poor disclosure, a
21 myriad of conflicts of interest, other conflicts, poor
22 corporate covenants, and it's been known to flip assets
23 to other entities funded by investors. Not just that,
24 they are being sued by 20 people for defamation. They
25 own, as you might gather being a big investment company,

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1 communications, and they're being sued. Their investors
2 are disturbed about this. I'm disturbed that it's even
3 being considered as an entity to buy Puget Sound Energy.
4 Being a private company, they don't have to have any
5 transparency. Now that's very disturbing. I hope you
6 consider this, and thank you for the opportunity to have
7 me speak.

8 JUDGE RENDAHL: Thank you. I just wanted to
9 let you know, all of you, that there is a tape recorder
10 here from KSVR, which is the Skagit Valley Community
11 Radio, if you do have concerns about being taped, then
12 the woman who has put the tape recorder here may want to
13 turn it off. So when you get up, if you have an issue
14 with being taped, please let us know.

15 Okay, the next person who identified, I'm not
16 sure, does Betty Haworth wish to speak?

17 Okay, Roy or Betty Ely?

18 Peter Arkison.

19

20 Whereupon,

21 PETER ARKISON,
22 having been first duly sworn, was called as a witness
23 herein and was examined and testified as follows:

24 JUDGE RENDAHL: Could you state your name and
25 spell it for the court reporter.

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1 MR. ARKISON: For the record, Peter Arkison
2 A-R-K-I-S-O-N, I live at 3890 Yellow Loop, Bellingham.
3 I am here on my own behalf.

4 JUDGE RENDAHL: Thank you.

5 MR. ARKISON: I think I got all your
6 questions right.

7 JUDGE RENDAHL: You did, go ahead.

8 MR. ARKISON: I see this -- these two -- I
9 see the two cases as being in essence a failure of
10 process that took place or is taking place over a long
11 period of time, and it creates a number of problems that
12 are not going to be solved with a rate increase but need
13 to be addressed and looked at.

14 First, there is a tremendous amount of need
15 as we look around and as things go more and more
16 electric to be green and so forth to have more capacity,
17 more capital infrastructure. This has not been put in
18 at nearly the rate it should have been. The maintenance
19 on the existing system needs much more time and effort.
20 It takes money. And in a sense, yes, the rate increase
21 is necessary and probably a lot more to do the job and
22 do it effectively.

23 Secondly, it's a failure on the part of Puget
24 Sound Energy. They have for whatever reason decided to
25 sell the company. That inures to the benefit of the

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1 shareholders and the management that have the stock
2 options and get the golder parachutes and the buyouts.
3 Those people are well taken care of. But it does
4 nothing more than increase when a company goes to -- the
5 stock goes to the new outfit, it does nothing more but
6 increase the basis of capital investment in the company,
7 which then gets multiplied by a percentage return on
8 investment and so forth, and things start spiraling up
9 and up and up.

10 If the management of Puget Sound Energy does
11 not feel that it wants to continue to do the job, maybe
12 it's time for the management of Puget Sound Energy to be
13 replaced and for other people to step in and take over.
14 If Puget Sound Energy would put the matter properly
15 before the Commission, it should be able to get
16 sufficient money in fees and bonding with guaranteed
17 returns through fees that would provide for the
18 necessary capital investment to continue to be a locally
19 owned and responsible and contributing community member.

20 I would suggest that the proposed sale be
21 denied. I would request that the rate increase be
22 seriously looked at, not only in terms of how much is
23 going to be paid on the current use of electricity but
24 in terms of what is really needed to build and rebuild
25 the company and the infrastructure for the future.

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1 Thank you.

2 (Applause.)

3 JUDGE RENDAHL: Okay, let's remember this is
4 a public hearing, and so let's keep the decorum. It's
5 nice to applaud what people have to say, but let's keep
6 the decorum.

7 Okay, does Sharon Stewart wish to speak?

8 MS. STEWART: Not at this time.

9 JUDGE RENDAHL: Okay, Steve Van Luven.

10

11 Whereupon,

12 STEVE VAN LUVEN,

13 having been first duly sworn, was called as a witness
14 herein and was examined and testified as follows:

15 MR. VAN LUVEN: My name is Steve Van Luven,
16 last name capital V-A-N, capital L-U-V-E-N. I live on
17 Samish Island, Skagit County. I was born here in
18 Bellingham however. I rise in opposition to this
19 proposal of the foreign ownership of Puget Sound energy.
20 I'm speaking mainly on the transfer portion.

21 JUDGE RENDAHL: Are you speaking on your own
22 behalf?

23 MR. VAN LUVEN: I am speaking on my own
24 behalf.

25 For over 17 years I was a member of the

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1 Washington State House of Representatives, and I was a
2 legislator in Bellevue where Puget Sound Energy is
3 headquartered. I have worked with them, I have
4 supported them, and I have defended them. I am a big
5 fan of Puget Sound Energy. I have known several
6 presidents of Puget Sound Energy personally as friends
7 and have even traveled in China with some of them. For
8 many years Puget Sound Energy has been as good a
9 corporate neighbor as you could hope to find.

10 For many years I have been self employed in
11 import-export between the U.S. and Mexico and China and
12 Mexico, so I'm not opposed to foreigners coming into our
13 country and buying or investing in U.S.A. firms. I do
14 have my limits however. I don't like our airplanes or
15 parts being built outside of the U.S.A. I don't like
16 military guns, bullets, aircraft fighters or missiles
17 being built outside of the U.S.A. Last week I bought a
18 new American flag. I got it in the Ace Hardware down in
19 Mount Vernon. The label on the flag said made in the
20 U.S.A. Although the other parts were made in China, I
21 was okay with that. We should all have U.S. flags made
22 in the U.S.A.

23 How many of you have ever rented an apartment
24 or a house or an office space? Do you remember what it
25 was like when the owner lived down the street or nearby?

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1 He or she was sometimes available when you needed them,
2 and sometimes they were there to help you. I know that
3 there are a lot of bad landlords also however. Have you
4 ever rented and found out that the owner was a landlord
5 from out of state? They don't even care if you even
6 exist and have no personal interest in your welfare. If
7 you have to have a landlord, do you want someone across
8 town or someone across an ocean thousands of miles away?
9 We're now looking at a landlord that will be out of
10 state and will not care about us or our welfare.

11 Oh, yes, Puget Sound Energy has many
12 community representatives in our neighborhoods, and they
13 have always been very involved and active and truly
14 cared about us and our communities, and I have known
15 many of them. Some of them will probably be here today
16 defending their company even though their company also
17 has plans for them. I predict that those community
18 activist employees will be a thing of the past.

19 As I mentioned, many foreign firms already
20 own companies in the U.S.A. and in the state of
21 Washington. Many of those companies sell products that
22 we all want to use, but Puget Sound Energy is different.
23 They don't just sell a product that we want, but they
24 sell a product that we need and we have to have to
25 survive. I don't want my basic needs controlled by

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1 foreigners thousands of miles away. Down in Skagit
2 County we're considering that our local PUD might go
3 into the electric power business, and I support that.
4 That keeps the ownership local and out of foreign
5 control.

6 I'm a free market kind of guy, but when the
7 free market stands to threaten people's very ability to
8 exist, we will rebel. Does anyone in this room think
9 that with new ownership that the price of electricity is
10 going to go down, or will our rates go up to satisfy
11 foreign investors and stockholders? I have no problem
12 with the Chinese buying Hewlett Packard or the Mexicans
13 buying our cement plants or the Guatemalans buying up
14 Microsoft. Half of my cousins are Canadians across the
15 border, so I'm not adverse to any Canadian ownership of
16 U.S.A. companies, but I do not want any foreign entity
17 buying Boeing or the local water company or the local
18 electric company.

19 There are times that you as a government
20 regulatory agency must make decisions that we are not in
21 agreement -- that are not in agreement with public
22 opinion because you have all the facts and must decide
23 what is right and what is best for the populace as a
24 whole. Several years ago in the House of
25 Representatives I voted for the seat belt law because I

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1 thought it was the right thing to do even though most
2 citizens at the time were against the law. My own
3 mother is still mad at me over that vote. This decision
4 for Puget Sound Energy is not one of those issues. I
5 personally can not think of one good reason or advantage
6 as to why our local electric company should be owned by
7 foreigners thousands of miles away instead of local
8 ownership. Please turn down this merger proposal, you
9 can say no. Thank you.

10 (Applause.)

11 JUDGE RENDAHL: Ed Jenkins.

12

13 Whereupon,

14 ED JENKINS,

15 having been first duly sworn, was called as a witness
16 herein and was examined and testified as follows:

17 MR. JENKINS: My name is Ed Jenkins,
18 J-E-N-K-I-N-S, I live on Whidbey Island, 6319 Wilson
19 Place in Clinton, and I represent both myself as an
20 individual, Whidbey Island PUD, and Local Citizens for
21 Power on Whidbey Island.

22 JUDGE RENDAHL: Thank you.

23 MR. JENKINS: I'm here to speak for all three
24 entities for exactly the same issue. The problem with
25 the rate increase, I have only lived in the Northwest

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1 for slightly over three and a half years, but in looking
2 back on records with this rate increase, I see a company
3 that has been on an apparent bent to just this end of
4 selling the company. All the money has gone into
5 dividends to keep the stock price up and to keep it
6 high. The result of this has been outsourcing, poor
7 service in wind storms, power outages, and a bond rating
8 of B-, which is essentially a junk bond rating. So the
9 rate increase that they're asking for is basically
10 guarantying a rate of return on a company that does not
11 manage itself.

12 The fact that they're a monopoly to me is the
13 real issue here. If this was a competitive company
14 anywhere in the United States or in the world, they
15 would be bankrupt by now. It's only because of the way
16 our power structure is set up, which makes sense on the
17 surface, that only with diligent oversight does it work.
18 And it appears not to have worked, so we have a company
19 now that can not borrow money, that almost has to have
20 this sale on the surface.

21 Now we move over to the issue of the sale.
22 We have Macquarie and the structured partners who
23 tonight you're going to hear all the information that's
24 readily available on Google in just a few minutes
25 looking as to the problems this company has. Now we

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1 also have a company that wants to buy an asset that has
2 a terrible credit rating. Why? Why are you willing to
3 pay a 25% increase for this company?

4 The thing that I see that is the biggest
5 issue in this is the water rights that go along with
6 Baker Dam, the power generating capacities. They have
7 been shown over the years in their acquisitions all over
8 the world that they will take out the heart of a
9 company, split out the Baker Dam, all the other power
10 generating facilities, the solar, et cetera, and they
11 can form a separate company that will then sell us back
12 our power at whatever rate they want and leave PSE as
13 nothing more than a shell company to bill customers for
14 the power that they have to buy at whatever rates
15 Macquarie partners want to charge. This is a natural
16 resource, a national resource as well as a Washington
17 state resource that is absolutely invaluable. Baker Dam
18 comes with hundreds of millions of acre feeds water
19 rights as you all know. This is something that can not
20 be given away.

21 Macquarie is part of approximately four to
22 five huge conglomerates around the world like Violla,
23 Suez, RPW, that are buying up infrastructure, utilities,
24 water rights everywhere and gaining control over very
25 valuable rights. These are things that can not be sold

0145

1 out of the country. The other gentleman talked about
2 foreign ownership, foreign ownership is fine. Whether I
3 like it philosophically or not doesn't matter. But
4 we're not talking about a competitive company where
5 there may be dozens of other competitors that you can go
6 to if there's problems with it. You have granted a
7 monopoly to this company, to PSE. You have granted them
8 very valuable rights, and to send it out of the country
9 into the hands of somebody else who may have very
10 nefarious ideas about how to run it.

11 It concerns me enormously that a few weeks
12 ago our federal Attorney General revealed that there has
13 been an ongoing criminal investigation on groups that
14 are buying infrastructure properties. Now is Macquarie
15 part of this? I don't know. But what if they are?
16 What if they're part of this? It could be too late
17 after the horse is out of the barn. So I urge you to
18 look at the valuable natural assets that we have here in
19 Washington, and that is not only power generating
20 capacity but the water rights that go along with it. It
21 is very simple to find out what these companies have
22 done in the past with these sort of rights.

23 JUDGE RENDAHL: I'm sorry, time's up.

24 MR. JENKINS: Thank you.

25 JUDGE RENDAHL: Victor Armfield.

0146

1 And I'll put up my hand when you're nearing
2 the end of your time.

3

4 Whereupon,

5

VICTOR ARMFIELD,

6 having been first duly sworn, was called as a witness
7 herein and was examined and testified as follows:

8 JUDGE RENDAHL: Could you state your name.

9 MR. ARMFIELD: My name is Victor Armfield, I
10 live at 1210 Scenic Avenue, Lummi Island.

11 JUDGE RENDAHL: And are you testifying --

12 MR. ARMFIELD: I'm testifying on my own
13 behalf.

14 The impact this merger will have on consumer,
15 in the notice that was called -- to be called to this
16 meeting, we received three separate --

17 CHAIRMAN SIDRAN: Sir, you need to speak up,
18 they can't hear you.

19 MR. ARMFIELD: In the notice to the call to
20 this meeting, we received three separate notices, first
21 a split billing showing that we had just received a rate
22 increase, second a notice to request for additional rate
23 increase, and third a call to this meeting. The
24 approved merger was a consortium of North American
25 investors, which in itself is a little misleading, seems

0147

1 to all have been approved by the federal energy
2 regulators commission. The next government agency
3 needed to give its approval seems to be the Washington
4 Utilities and Transportation Commission. You must feel
5 rather certain that this approval since it -- I don't
6 know that you have ever refused a rate increase.

7 I would like to bring to Washington Utilities
8 and Transportation Commission's attention that this very
9 thing was done in California a number of years back,
10 their utilities with a disastrous effect I hope that no
11 one has forgotten. If so, I will remind you, it was
12 called Enron. The rates went out of sight, the
13 government had no control, and the companies ripped off
14 everyone before going out of business. I can see that
15 happening here.

16 Since March 2007 medical services have been
17 increased by 4.8%, hospital services 7.9%, food 4.7%,
18 and home energy 6.8% second only to hospital expenses.
19 This merger gives Australia a 51.4% control interest of
20 the company, Canada Pension Plan 28.1%, British Columbia
21 Investments 14.1%, Alberta --

22 JUDGE RENDAHL: You need to slow down so the
23 court reporter --

24 MR. ARMFIELD: Alberta Investments 6.3%,
25 Canada will control 48.5%. This means 100% of the

0148

1 company will be controlled by offshore ownership. By
2 pulling Puget Sound Energy off the New York Stock
3 Exchange, this eliminates one more governmental agency,
4 the Securities and Exchange Commission. I don't
5 personally put a lot of stock in government doing its
6 best for us, but in this case I believe the more
7 government control, the better. What is going to keep
8 this company from buying their power from another
9 country at a higher cost and passing that cost on to us?

10 When Puget Sound Energy subcontracted their
11 repair work out a number of years back, that directly
12 affected our services. The repair that previously took
13 2 hours to repair then took 23 hours or more to repair.
14 I have logged the outages and even checked to see where
15 the outage was and how that outage compared to similar
16 outages. After a couple of these long delays, I
17 complained to Puget Sound Energy. I can't see how this
18 government is going to control what offshore companies
19 do with our utilities. I feel that we have a legitimate
20 right to be concerned about what impact the services,
21 infrastructure investments, financial and operational
22 soundness, and customer rates will be. I also feel that
23 the UTC should take a long look at this, ultimately
24 disapproving this takeover.

25 JUDGE RENDAHL: Thank you. If you would like

0149

1 to give us your written comments, we would be happy to
2 take them.

3 One copy is fine.

4 Thomas Mead.

5 And I will remind you really if you could
6 keep your comments to four minutes. I'm going to start
7 cutting people off so that we can let all of you have
8 time to speak.

9

10 Whereupon,

11 THOMAS MEAD,

12 having been first duly sworn, was called as a witness
13 herein and was examined and testified as follows:

14 JUDGE RENDAHL: If you could identify your
15 name and spell it for the court reporter, please.

16 MR. MEAD: My name is Thomas Mead, M-E-A-D.

17 JUDGE RENDAHL: And your address?

18 MR. MEAD: 28027 Lake Cavanaugh Road, Mount
19 Vernon.

20 JUDGE RENDAHL: Thank you. And are you here
21 on your own behalf or on behalf of an organization?

22 MR. MEAD: I am speaking on my own behalf.

23 JUDGE RENDAHL: Okay, please go ahead.

24 MR. MEAD: The points that I came here to
25 make tonight have already been adequately made.

0150

1 However, I came to express my concern on a privately
2 held offshore corporation that does not have the
3 financial disclosure and reporting requirements that a
4 publicly held company does. I'm also very concerned
5 about the revenue stream going straight out of our
6 economy. And as a working stiff, I can't afford any
7 more rate hikes for a while.

8 So those are my comments, thank you.

9 JUDGE RENDAHL: Thank you very much.

10 Michael Murdock.

11

12 Whereupon,

13 MICHAEL MURDOCK,

14 having been first duly sworn, was called as a witness
15 herein and was examined and testified as follows:

16 MR. MURDOCK: My name is Michael Murdock,
17 M-U-R-D-O-C-K, I'm representing the Skagit County Green
18 Party. My address is 18435 Lincoln Street, Mount
19 Vernon, Washington. I'm submitting a resolution of the
20 Green Party of Skagit County supporting public ownership
21 of electrical energy infrastructure. I will skip all
22 the whereas and move to the therefores in order to save
23 time.

24 Whereas the Green Party has historically
25 supported public ownership of official public utility

0151

1 infrastructure for many of the reasons described above,
2 therefore be it resolved that the Green Party of Skagit
3 County supports a feasibility study to look at the
4 possibility of public state or local ownership of Puget
5 Sound Energy infrastructure. Therefore, be it further
6 resolved that Governor Christine Gregoire is urged to
7 stop the sale until the completion of the feasibility
8 study. This was submitted by Howard Pellet and passed
9 without opposition by the Green Party of Skagit County
10 general membership meeting, which was held May 5th,
11 2008.

12 JUDGE RENDAHL: Thank you. And if you have a
13 copy you would like to submit, I will take it right
14 here.

15 Thank you.

16 Joan Schaeffer.

17

18 Whereupon,

19 JOAN SCHAEFFER,

20 having been first duly sworn, was called as a witness
21 herein and was examined and testified as follows:

22 MS. SCHAEFFER: My name is Joan Schaeffer
23 S-C-H-A-E-F-F-E-R, I live at 688 Sitka Place in
24 LaConner, I represent Fidalgo Democrats. Now I have
25 with me a letter to Governor Gregoire which is signed by

0152

1 about 300 people in Skagit County, and I would like to
2 read briefly the contents of that letter. I will give
3 you a copy.

4 We at Skagit County are frightened by the
5 prospect of offshore carpet baggers taking over Puget
6 Sound Energy, our only source of electrical power. We
7 are particularly concerned about the Baker River dams
8 that play an important part in local flood control and
9 service electrical power to more than 1 Million people
10 in Western Washington. Moreover, our studies show that
11 Macquarie Enterprises are motivated by profit, not
12 service. And we have lost all confidence in PSE
13 executives whose management practices have been
14 compromised by lucrative personal rewards for promoting
15 the sale to Macquarie at all. This transaction is
16 definitely not in the public's best interest. If you,
17 this is to Governor Gregoire, if you don't do anything
18 else before the election, you simply must turn off this
19 takeover. Our research over the past several months
20 indicates that there is support on both sides of the
21 aisle for state and local public control of the utility.
22 We understand the sale to be finalized as early as mid
23 June, so we're urging you to move quickly. Another
24 comment is that the Skagit Democratic Party has passed a
25 resolution unanimously opposing this sale. And the

0153

1 final thing, I would urge interested parties to check
2 out our web site, which is SavePSE.org, and it has links
3 so you can quickly make a comment on it if you look up
4 the web site.

5 JUDGE RENDAHL: Is the letter being sent to
6 Governor Gregoire with the signatures?

7 MS. SCHAEFFER: Yes, it's here.

8 JUDGE RENDAHL: And you're not intending to
9 leave that with us, you're going to mail that yourself?

10 MS. SCHAEFFER: Yes.

11 JUDGE RENDAHL: Okay, thank you.

12 MS. SCHAEFFER: Here's a copy, do you want
13 it?

14 JUDGE RENDAHL: Yes, please.

15 Glen Robertson.

16

17 Whereupon,

18

GLEN ROBERTSON,

19 having been first duly sworn, was called as a witness
20 herein and was examined and testified as follows:

21 MR. ROBERTSON: I'm Glen Robertson,
22 R-O-B-E-R-T-S-O-N, I live at Anacortes.

23 JUDGE RENDAHL: And you're here to represent?

24 MR. ROBERTSON: I'm a Puget Sound Energy
25 customer.

0154

1 JUDGE RENDAHL: Are you here representing
2 yourself or an agency?

3 MR. ROBERTSON: I'm here representing myself.

4 JUDGE RENDAHL: Thank you.

5 MR. ROBERTSON: I will just take some things
6 from my material, but I have copies for all of you.

7 JUDGE RENDAHL: You need to speak right into
8 the microphone so everyone can hear you.

9 MR. ROBERTSON: Right.

10 I think the alleged merger is an event that
11 should never happen because merger is the wrong term.
12 It's a sale of the assets of the company to foreigners.

13 JUDGE RENDAHL: Could you speak louder, sir,
14 right into the mike.

15 MR. ROBERTSON: Using all of Puget Sound's or
16 Puget Power's numbers that were in the blowin,
17 Australian ownership will be 51.4%, Canadian ownership
18 will be 48.5%, and paraphrasing PSE's own words, U.S.
19 ownership will be less than 1/10 of 1%. That's not a
20 merger, that's a sale of the assets of the company,
21 assets which the residential rate payers have paid.

22 There are a lot of questions that I think
23 need to be answered, I just came up with a few. Will
24 foreign ownership preclude purchase of energy from the
25 Columbia River Basin at priority rates by a foreign

0155

1 company? What is Macquarie's interest in preserving
2 small hydro projects since they've recently pulled out
3 of their agreement to lease the Pennsylvania Turnpike,
4 they already own or lease the Chicago Skyway Bridge, a
5 toll road, and they operate airports in Singapore and
6 other places around the world? What is the Canada
7 Pension Plan role other than for ensuring that increased
8 money is generated for the benefit of Canadians?
9 Alberta Investment Management must be looking beyond the
10 Tarsans program for revenues to fund their social
11 programs in Alberta. The driver appears to be the
12 Macquarie Group. This is a mix of businesses which was
13 described in Economist Magazine as, quote, a bit like
14 overlapping shadows, it's hard to know where one begins
15 and the other ends.

16 The last question that I have regarding the
17 "merger" is has the Committee on Foreign Investment in
18 the United States, a part of the Treasury Department,
19 been invited to examine the sale? This was a committee
20 established last year I believe to examine all sales of
21 infrastructure which is sensitive to the United States
22 that exceeds 1%, or 10%, I'm sorry, of the companies
23 that are being sold to foreigners. This is a sale of
24 100% of a company that provides electrical service to
25 such places as Whidbey Naval Air Station, Banger

0156

1 Submarine Base, the Bremerton Naval Shipyard, the Ports
2 of Seattle and Bellingham, and residents in the
3 Northwest part of Washington state.

4 With regard to the rate increase, the
5 residential rate payer represents about 89% of Puget's
6 customers in electricity. They use about 47% of the
7 product, and they pay a large share of Puget's income.
8 11% of the customers use much more. The figure a few
9 years ago was -- they represent only 53% of the product,
10 but they don't pay 53% of Puget's income. But the last
11 statement that I would want to inject is if the merger
12 is allowed, perhaps the residential rate payer should be
13 paid something for the millions of dollars that have
14 been spent on building all of the infrastructure that
15 represents Puget Sound Energy. Thank you.

16 JUDGE RENDAHL: Thank you. If you have a
17 written statement you would like to submit, I would be
18 happy to take it.

19 Gordon Henderson.

20

21 Whereupon,

22 GORDON HENDERSON,
23 having been first duly sworn, was called as a witness
24 herein and was examined and testified as follows:

25 MR. HENDERSON: My name is Gordon Henderson,

0157

1 I live at 13814 Bayview Road in Mount Vernon. I speak
2 for myself alone.

3 JUDGE RENDAHL: Thank you. Please go ahead.

4 MR. HENDERSON: I'm concerned about the
5 business of Puget Sound Energy. It seems to me that
6 they raise the rates and they turn around and they go
7 buy another power company like Boston Power, and there's
8 a few others that I think went back a few years. I
9 didn't research it that much, I have forgotten a lot of
10 it. And now they want to sell it to Australia. This is
11 a game that they play back and forth. When this country
12 was started, it said under the constitution to be run by
13 our own country. In 1871 the corporations took over,
14 and ever since then everything has gone down to the
15 point where we have very little here, our money's worth
16 nothing, and this is just more to it.

17 And, let's see, the I would like to know why
18 California when they buy the power from us, I got a son
19 down there and they only pay about half of our rates,
20 there's something wrong here. As far as Canada goes,
21 they haven't done anything right in so many years their
22 whole -- in the province of British Columbia, they have
23 cut down the hospitals and everything, there's less and
24 less for the people and more cost to them. We can't
25 move this way. What we've got to do is come back to our

0158

1 original founding fathers' ideas and keep things the way
2 they should be and throw all these other people out that
3 want to take us over and buying up corporations. I'm
4 trying to remember, there's an act that was put up many,
5 many years ago by one person eventually buying all the
6 other companies around and then you've got no control
7 over prices. So I think that these are the biggest
8 things, and I do not want to see it sold to Australia,
9 and I do not want to see any more rates go up.

10 I think if we had some kind of an auditor
11 that was not tied in with anybody and maybe volunteers
12 to go through on this, I think they would probably cut
13 our rates in half of what was belonging fairly to the
14 people. I know I pay about \$250 to \$300 a month for my
15 power, and that's not right. It wasn't like that when I
16 bought this place. Thank you.

17 JUDGE RENDAHL: Thank you.

18 Myra Ramos.

19

20 Whereupon,

21 MYRA RAMOS,

22 having been first duly sworn, was called as a witness
23 herein and was examined and testified as follows:

24 MS. RAMOS: My name is Myra Ramos, R-A-M-O-S,
25 I live on Lummi Island, I am an electrical customer of

0159

1 PSE, and I am speaking for myself.

2 JUDGE RENDAHL: Thank you.

3 MS. RAMOS: A utility company has an enormous
4 impact on the safety and well-being of any community. A
5 property transfer such as we are contemplating here if
6 it is to protect the public interest has to involve a
7 company that is committed over the long term to
8 providing reliable service at reasonable rates. If we
9 are looking at the record and the reputation of
10 Macquarie, that is not what we can expect. A transfer
11 that will protect the public interest should inspire
12 confidence. If we look at this proposal, it inspires
13 alarm. Thank you.

14 JUDGE RENDAHL: Thank you.

15 (Applause.)

16 JUDGE RENDAHL: This is not a city council
17 meeting, this is a formal hearing where a transcript is
18 being taken, so please let's keep the applause down.

19 Is Dave McConnell here, and does he wish to
20 speak?

21

22 Whereupon,

23 DAVE MCCONNELL,

24 having been first duly sworn, was called as a witness

25 herein and was examined and testified as follows:

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1 MR. MCCONNELL: My name is Dave McConnell,
2 last name M-C-C-O-N-N-E-L-L, I live on Helmick Road in
3 Skagit County just east of Sedro Woolley. I guess I'm
4 speaking for myself, but the first thing I want to say
5 is I appreciate the fact that all you folks taking time
6 to come up and listen to what we have to say here, with
7 the proviso I wish you would do it a lot more places.

8 Because part of what I want to speak to is
9 the fact that a lot of the people literally can not
10 afford to be here tonight, especially people who have to
11 drive up from Skagit County like I do. I'm fortunate
12 enough to be here, and I want to share just a brief
13 story of a couple of those people which I think are
14 significant in terms of the kind of people that are
15 going to be affected most negatively if both of these
16 actions go through, because I don't think anyone here
17 believes that Macquarie's acquisition of PSE is going to
18 lower our electric rates. And certainly if the rates go
19 through, rate increase goes through that PSE is now
20 requesting, those are going to raise our rates by,
21 electric rates at least by 10%.

22 I am a PSE electric rate payer. The two
23 people I want to just share briefly about which I think
24 are the kind of people that are going to be most harmed
25 if these go through, one is my neighbor. Bill is a log

0161

1 truck driver. Most of the last four months he was
2 unable to work. He could not afford to be here tonight
3 because he has to work from dawn to dusk right now just
4 to make up for what he had. And a part of the reason he
5 is in financial dire straits is because his rates are
6 already among the highest in the state for home owners,
7 as I'm sure you most of you already know. The
8 information that I have received is that if this rate
9 increase goes through, PSE customers are going to be --
10 home owners are going to be paying the highest
11 electrical rates in the entire state.

12 The second person that I want to talk about
13 is an 80 year old woman who is living on a very narrow
14 financial basis and quite literally can not afford the
15 gasoline to come up here. Part of that of course, part
16 of her financial dire straits is because of her high
17 electrical rates like many of the other folks. I think
18 these two people are the kind of people that are going
19 to be harmed the most if these two actions are acted
20 upon positively, and I urge you strongly to say no to
21 both of these things. Thank you for your time.

22 JUDGE RENDAHL: Thank you.

23 Susan Kilgore.

24

25

0162

1 Whereupon,

2 SUSAN KILGORE,

3 having been first duly sworn, was called as a witness

4 herein and was examined and testified as follows:

5 MS. KILGORE: My name is Susan Kilgore, I'm
6 speaking for myself, I live at 2877 North Nugent Road on
7 Lummi Island.

8 JUDGE RENDAHL: And are you an electric or a
9 gas --

10 MS. KILGORE: I'm an electric rate payer, and
11 this will be short. I object to this purchase on the
12 basis of what has been said before me.

13 JUDGE RENDAHL: Thank you.

14 Gloria Hagberg.

15 Wilma Sells.

16 Diane Freethy.

17

18 Whereupon,

19 DIANE FREETHY,

20 having been first duly sworn, was called as a witness

21 herein and was examined and testified as follows:

22 JUDGE RENDAHL: Can you state your name and
23 spell it for the court reporter, please.

24 MS. FREETHY: My name is Diane Freethy,

25 F-R-E-E-T-H-Y, I am representing the Skagit Citizens

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1 Alliance for World Preservation, P.O. Box 762, Sedro
2 Woolley, Washington 98284.

3 Good evening. We believe the request of the
4 rate height is excessive. And we do believe that the
5 "merger" will cause irreparable harm to PSE customers.
6 Our biggest concern in addition to a reliable supply of
7 electricity is the safety and integrity of Puget Sound
8 Energy's Baker River Dam that also provides a means of
9 flood control in the Skagit Valley.

10 Second, Macquarie will have 51% control of
11 PSE if the sale is ratified. That basically leaves the
12 remaining shareholders, including any investors, without
13 a vote, and 1.7 Million PSE customers with little or no
14 control over a utility they depend on daily for almost
15 everything they do.

16 Then there's the secrecy of the so-called
17 merger. Since much of the sale agreement has been
18 classified confidential, how do we know that Macquarie
19 isn't just another corporate raider? Do they plan on
20 maximizing their profits by downsizing operations like
21 they do in Australia, or will they simply sell off PSE
22 assets to increase their cash flow?

23 Macquarie's overbearing presence in our state
24 is also cause for concern. With a foothold in the
25 Seattle Port System and 12 other corporate entities

0164

1 registered in Olympia, what's next, tolls on our
2 highways and bridges, foreign ownership of our ferry
3 system?

4 And last but not least is the strange
5 arrangement between Macquarie's infrastructure partners
6 with PSE purchasers and Casper Holdings, Inc. These two
7 corporations not only share the same address in New York
8 City, they share the same CEO. Should we be concerned
9 about a Macquarie connection to Casper's billion dollar
10 fleecing of Diamond Chrysler's Canada Pension Fund in
11 the 1990's?

12 We hope you will have answers to these
13 questions before making the critical decision in this
14 case. Thank you for taking the time to listen to our
15 prospectus this evening.

16 JUDGE RENDAHL: Thank you. If you have a
17 written statement you want me to take, I'm happy to take
18 it here.

19 Thank you.

20 Randolph Hathaway.

21

22 Whereupon,

23

RANDOLPH HATHAWAY,

24 having been first duly sworn, was called as a witness

25 herein and was examined and testified as follows:

0165

1 MR. HATHAWAY: Thank you, I'm Randolph
2 Hathaway, H-A-T-H-A-W-A-Y, 1634 South Nugent Road on
3 Lummi Island, I am a PSE electric user speaking
4 individually here. I had come prepared to ask a number
5 of questions, but I obviously was told this is not the
6 appropriate venue for that, and I appreciate that
7 clarification, so I will probably have an opportunity
8 afterwards to do that.

9 I am definitely opposed to this sale of PSE
10 to a foreign investment conglomerate. I want to say
11 that I have learned a lot from testimony this evening,
12 which has even made me more concerned about the
13 direction we would be going with a sale of this nature.
14 I encourage you folks to look seriously at this whole
15 issue, and I'm sure you are doing that, for the benefit
16 of PSE folks, but our nation. Because a lot is at
17 stake, every little step taken in every state makes a
18 difference about how we will be, this United States, 50
19 or 100 years from now. So I encourage you to look at
20 this and say is it really the right thing to do. Again,
21 I appreciate the testimony prior to mine, which has
22 given me much more encouragement to speak out in
23 opposition. Thank you.

24 JUDGE RENDAHL: Thank you.

25 Patrick Darling.

0166

1 Joline Bettendorf.

2

3 Whereupon,

4 JOLINE BETTENDORF,

5 having been first duly sworn, was called as a witness

6 herein and was examined and testified as follows:

7 MS. BETTENDORF: My name is Joline

8 Bettendorf, J-O-L-I-N-E, B-E-T-T-E-N-D-O-R-F, I live at

9 619 Geneva Alley in Mount Vernon. I'm a PSE electric

10 customer. And what's the last thing?

11 JUDGE RENDAHL: Are you speaking on your own

12 behalf?

13 MS. BETTENDORF: Oh, yes, I'm speaking just

14 for myself. I have written a letter to each of the

15 commissioners. You all have it someplace in your

16 in-basket. I won't repeat what was in that letter. I

17 simply want to support what many people have said here

18 objecting to the sale to Macquarie. Thank you very

19 much.

20 JUDGE RENDAHL: Thank you.

21 Ingeborg Paulus.

22

23 Whereupon,

24 INGEBORG PAULUS,

25 having been first duly sworn, was called as a witness

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1 herein and was examined and testified as follows:

2 MS. PAULUS: My name is Ingeborg Paulus,
3 P-A-U-L-U-S, I live in Bellingham at 285 Morey Avenue,
4 and I'm speaking on my own behalf.

5 JUDGE RENDAHL: You need to speak into the
6 microphone, nobody can hear you.

7 MS. PAULUS: Like this?

8 JUDGE RENDAHL: Very good.

9 MS. PAULUS: Okay, I just want to make some
10 general observations. Water and sewer services are
11 public utilities in many areas held by public utility
12 districts. In our area, electricity and gas, which are
13 also public utilities, are held by a publicly traded
14 company with shareholders whose interests the company
15 has to keep in mind in addition to serving its
16 customers. With regard to PE, the state has some
17 oversight over PE as well as does the WUTC. If PE
18 changes to privately held utility in order to raise
19 money for infrastructure development, some important
20 oversight will be lost. From experience we know what
21 can happen, and Macquarie does not have the best
22 reputation.

23 After what happened recently at the FCC with
24 regard to corporation, I don't trust the Federal Energy
25 Agency either to have had the best interests of

0168

1 consumers in mind when they gave their permission for
2 the Macquarie acquisition. What do we know about
3 Macquarie's business plans after this takeover? How do
4 they expect to make a profit other than by raising rates
5 or other means? Are there adequate safeguards to
6 protect the assets of PE required to serve its
7 customers? What can the public expect in additional
8 services to what we have now?

9 PE has managed to meet the energy needs of
10 its customers so far. Undoubtedly will do so in the
11 future. We need our public utilities to be overseen by
12 active state and zealous WUTC. I therefore strongly
13 urge against privatization of our public resources.

14 JUDGE RENDAHL: Thank you.

15 Franklin Eventoff.

16

17 Whereupon,

18 FRANKLIN EVENTOFF,

19 having been first duly sworn, was called as a witness
20 herein and was examined and testified as follows:

21 MR. EVENTOFF: I'm Franklin Eventoff, I live
22 at 16120 Park Place in Bow, Skagit, I'm speaking on my
23 own behalf. I actually just intuitively didn't feel
24 that it was correct to -- this so-called merger made any
25 sense, and after hearing what my neighbors and the

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1 communities are speaking of and the research that's been
2 done, I'm more -- I understand more about it, and I feel
3 more strongly in opposition to such a I would call it
4 scam that's about to happen.

5 And I think that this community can't afford
6 this kind of transaction, and I hope that this
7 committee, this board, this Commission sees through this
8 potential disaster that's going to be brought on. What
9 is a common -- this is what we all use, this is the
10 resources that we all are dependent upon, and to
11 outsource it in such a manner as we know from recent
12 history is a catastrophe. We don't have to look very
13 far, our neighbors in the community have spoken very
14 well about it, and I applaud their research, and thank
15 you very much.

16 JUDGE RENDAHL: Mr. Eventoff, are you a PSE
17 customer?

18 MR. EVENTOFF: I am, I use the power.

19 JUDGE RENDAHL: Gas or electric?

20 MR. EVENTOFF: I use the electric.

21 JUDGE RENDAHL: Thank you.

22 True Monahan.

23 Helene Hayes.

24 G. Marshall-Campbell.

25

0170

1 Whereupon,

2 GREG MARSHALL-CAMPBELL,

3 having been first duly sworn, was called as a witness

4 herein and was examined and testified as follows:

5 MR. MARSHALL-CAMPBELL: My name is Greg
6 Marshall-Campbell, M-A-R-S-H-A-L-L, -, C-A-M-P-B-E-L-L,
7 P.O. Box 2828, Bellingham, and I speak on my own behalf,
8 and I am a Puget Sound Energy customer, electric only.

9 JUDGE RENDAHL: Thank you.

10 MR. MARSHALL-CAMPBELL: Just a brief comment,
11 I may be the only one in the room that thinks my
12 electric rates are reasonable. I wish they were lower,
13 but I think they're reasonable. And I'm not too
14 concerned with the new rate increase should it come,
15 because I'm fairly confident that you will take the
16 evidence that you have and try to come to a just and a
17 fair rate increase. A decrease would be okay also.

18 My concern is for the next rate increase when
19 should this merger go through you won't have the
20 information that you have now to make the same kind of
21 good, sound judgment on my behalf. Should you
22 ultimately decide to approve this merger, I hope that
23 you will be able to answer my question, and that is,
24 what compelling reason did you have to give up my
25 ability to have a reasonable and fair interpretation of

0171

1 rate increases in the future? Thank you.

2 JUDGE RENDAHL: Thank you.

3 Ricardo Swiatly.

4 MR. SWIATLY: Close enough.

5

6 Whereupon,

7 RICARDO SWIATLY,

8 having been first duly sworn, was called as a witness

9 herein and was examined and testified as follows:

10 MR. SWIATLY: My name is Rick Swiatly,
11 S-W-I-A-T-L-Y, I live in Sumas, Washington, I'm an
12 electric customer.

13 JUDGE RENDAHL: And are you speaking on your
14 own behalf or on behalf of an organization?

15 MR. SWIATLY: On my own.

16 JUDGE RENDAHL: Okay, please go ahead.

17 MR. SWIATLY: I want to thank my fellow
18 citizens here, because I have learned quite a bit
19 tonight of stuff I didn't know, but I will keep mine
20 simple. When I was younger and had businesses, I
21 learned that use part of your profit to pay for repairs,
22 damages, and stuff like that, especially after my
23 insurance company started canceling me out because of
24 ripoffs and fires and stuff. This last winter I called
25 up the electric company because after four days of power

0172

1 going out, I can accept -- part of my house is solar
2 powered anyhow. I was curious on how things are going
3 so I could make adjustments to my food supply. The
4 reply I got from the lady who didn't even sound like she
5 was in this state said, we can't be responsible for an
6 act of God. Well, if that's the case, then why should
7 we have to pay more for an Act of God? Shouldn't that
8 be taken out of the profits? What else can I say. My
9 father's back in Wisconsin, he was telling me how he
10 kept passing out and doing this. I found out later on,
11 well, he had two choices, buy food or pay his electric
12 bill. He chose to pay his electric bill so he could
13 stay warm. So that's all I've got to say, thank you.

14 JUDGE RENDAHL: Thank you.

15 Does Bob Fodor wish to speak?

16 MR. FODOR: Yeah.

17

18 Whereupon,

19 BOB FODOR,

20 having been first duly sworn, was called as a witness
21 herein and was examined and testified as follows:

22 MR. FODOR: My name is Bob Fodor, F-O-D-O-R,
23 I live at 2343 North Nugent Road, Lummi Island, I'm an
24 electrical customer, and I'm speaking on my own behalf.

25 JUDGE RENDAHL: Thank you, please go ahead.

0173

1 MR. FODOR: The only reason why private
2 investors would be interested in PSE, that they would
3 hope to make more profit. As far as I'm concerned, the
4 only way you can make more profit is by increasing your
5 rates, by lowering your service, or reducing your costs.
6 I think you've got to engage in some awful tortured
7 reasoning to think that any of those events are in the
8 public interest. They definitely aren't.

9 In terms of the rate increase, you talked
10 about a complicated formula. Well, how about
11 simplifying that formula. When Uncle Sam gave me a
12 Social Security check notice this year, he said as a
13 result of inflation my Social Security check would go up
14 2.4%. Where is that standard for PSE? Where did they
15 come up with 12%, which is what the letter passed out
16 tonight said. Why is PSE entitled to a 12% cost of
17 living increase when mine is 2.4%? You've got to
18 simplify your formula. I think you can just apply what
19 the federal government gives us. Thank you.

20 JUDGE RENDAHL: Thank you.

21 Sheila Marshall.

22

23 Whereupon,

24 SHEILA MARSHALL,

25 having been first duly sworn, was called as a witness

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1 herein and was examined and testified as follows:

2 MS. MARSHALL: My name is Sheila Marshall,
3 M-A-R-S-H-A-L-L, I live at 2781 West Shore Drive, Lummi
4 Island, Whatcom County. Since this Macquarie buyout is
5 apparently a very complex structure, I'm asking you to
6 please, please do not let Puget Sound Power be acquired
7 by this bank. The things that I have read in the
8 Economist and the Wall Street Journal are just not good,
9 so please, please reject this proposal. Thank you.

10 JUDGE RENDAHL: Thank you.

11 Albert Marshall.

12

13 Whereupon,

14 ALBERT MARSHALL,
15 having been first duly sworn, was called as a witness
16 herein and was examined and testified as follows:

17 MR. MARSHALL: My name is Albert Marshall,
18 M-A-R-S-H-A-L-L. In case you're wondering, we are
19 connected. I live at 2781 West Shore Drive, Lummi
20 Island, and I'm an electrical power customer of Puget
21 Sound Energy.

22 JUDGE RENDAHL: And are you speaking on your
23 own --

24 MR. MARSHALL: And I'm speaking on my own
25 behalf.

0175

1 JUDGE RENDAHL: Thank you.

2 MR. MARSHALL: Okay, I will speak up.

3 I'm glad that I'm not sitting in one of the
4 commissioners' seats tonight, and I wouldn't want to be
5 caught by anybody in this crowd. But I would like to
6 say that Macquarie Bank has an incredibly complex
7 structure. The bank transfers ownership of its
8 purchases to one or more of its numerous trusts and
9 infrastructure funds, and that is hidden from you.
10 Financing is creative to say the least, and some very
11 knowledgeable people have called it a house of cards or
12 even a Ponzi scheme. Both investors and rate payers
13 need to be concerned about the risks that the
14 infrastructure fund will fail and that it will be unable
15 or unwilling to properly finance continued operation of
16 the power company. If the critics are right, this is
17 more than a remote possibility. Where will that leave
18 those of us who depend on Puget Power for our
19 electricity? Please do not expose us to the risk of
20 learning the answer to that question.

21 A few years ago Macquarie Bank offered to buy
22 the London Stock Exchange. The directors of the
23 Exchange rebuffed the bank saying that the proposal
24 lacks any strategic or commercial credibility. That
25 reply again seems to be appropriate.

0176

1 I have included with this some attachments
2 including an article from the Wall Street Journal which
3 is not very complimentary when it comes to Macquarie and
4 all of its tangled web of different pieces that it's
5 built up. Thank you.

6 JUDGE RENDAHL: Thank you, and I can take
7 those, thank you.

8 Robert Davis.

9

10 Whereupon,

11 ROBERT DAVIS,
12 having been first duly sworn, was called as a witness
13 herein and was examined and testified as follows:

14 MR. DAVIS: My name is Robert Davis, 202
15 Morey Avenue, Bellingham, I'm a Puget Sound Energy
16 electric customer, and I'm here representing myself.

17 JUDGE RENDAHL: Thank you. And if you could
18 remember to speak directly into the mike.

19 MR. DAVIS: I got particularly interested in
20 this item because of an article from Fortune entitled,
21 Would You Buy a Bridge From This Man, and with a picture
22 of a CEO of Macquarie. The article is quite factual I
23 think. I think Fortune is a relatively good magazine.

24 I'm particularly impressed with --

25 JUDGE RENDAHL: Sir, you need to speak into

0177

1 the microphone.

2 MR. DAVIS: I'm particularly impressed with
3 the Public Counsel's comments, in which the counsel
4 states that -- of the concern that happen to be --
5 coincide with mine is that this merger would cause the
6 excessive use of debt to finance the transaction. The
7 end result of heavy debt is that the funds, separate
8 funds which would control PSE would probably want to
9 sell off some of its assets to satisfy the debt load
10 that this kind of a merger takes on. I'm sort of
11 surprised that we pay this much attention to this kind
12 of highly leveraged transaction when in fact it's the
13 very kind of transaction that has gotten us into the
14 tremendous credit crunch that we're currently in and has
15 helped lead us into a recession. According to this
16 article, Macquarie has leveraged up 87% to make their
17 purchases. Now that to me is the kind of credit
18 leverage which has led to our current problems.

19 I would also be concerned that your access to
20 information in dealing with an investment banker or
21 investment funds like this would be extremely limited.
22 The financial machinations of this kind of an investment
23 group are horrendous and hidden, and I don't see how you
24 could possibly make a rational decision on increases.
25 Should you even contemplate this merger in a favored

0178

1 way, then I would think that you might also say that,
2 okay, let's determine what the current debt load of PSE
3 is, and that's all we'll allow the company to carry in
4 considering its charges for its customers. Thank you.

5 JUDGE RENDAHL: Thank you.

6 Gloria and Haines Fay.

7 MR. DAVIS: Oh, I can give you this.

8 JUDGE RENDAHL: Thank you.

9 Nancy Johnson.

10

11 Whereupon,

12 NANCY JOHNSON,

13 having been first duly sworn, was called as a witness
14 herein and was examined and testified as follows:

15 My name is Nancy B. Johnson, that's
16 J-O-H-N-S-O-N, and I live at 58062 State Route 20,
17 Rockport, Washington, and I'm going to read what I have
18 to say.

19 JUDGE RENDAHL: Okay, are you an electric
20 customer or --

21 MS. JOHNSON: I am an electric customer, and
22 I speak for myself.

23 JUDGE RENDAHL: Okay. And if you are
24 reading, please speak slowly and remember we'll take
25 what you have in writing just as if it were your

0179

1 testimony, so if it's very long --

2 MS. JOHNSON: It's not long.

3 JUDGE RENDAHL: Thank you.

4 MS. JOHNSON: Last fall not long after I
5 heard of the PSE sale, I was reading this book. It's
6 Thirst, Fighting Corporate Theft of our Water, and it's
7 by Alan Snitnow, Debora Coffman, and Michael Fox. I was
8 dismayed to see Macquarie listed as less than civic
9 minded with a reputation to hollow out what it holds and
10 walk away. In the early spring in a public meeting, I
11 had the opportunity to ask a member of PSE's upper
12 management what we as customers could do if our service
13 deteriorated. The response was, well, you could sue.
14 That's what this book Thirst is about. Cities across
15 the United States have had to take legal action against
16 multinational corporations to protect their basic
17 services and infrastructure. While it is the ownership
18 of our electricity and our natural gas provider now, I
19 leave you with this question, rhetorical of course, is
20 water next? I ask you, please keep Washington safe from
21 those whose motive is more profit than service. Thank
22 you.

23 JUDGE RENDAHL: Thank you, and I'm happy to
24 take a copy of what you just read, thank you.

25 Jennifer Roberts.

0180

1 Ginny Wolff.

2

3 Whereupon,

4 GINNY WOLFF,

5 having been first duly sworn, was called as a witness

6 herein and was examined and testified as follows:

7 MS. WOLFF: Good evening, my name is Ginny
8 Wolff, W-O-L-F-F, I live at 8639 Ershig Road, that's in
9 Bow, Washington, I'm a Puget Energy customer, and I'm
10 speaking for myself.

11 JUDGE RENDAHL: Thank you, please go ahead.

12 MS. WOLFF: Much of what I have to say has
13 been said, and I will try not to repeat that. You
14 confirmed at the opening that your role as Utilities
15 commissioners is to protect the public interest. Unlike
16 the competitive marketplace, we as electricity consumers
17 are a captive market. The industry needs a watchdog,
18 that's you I guess. Most of the concerns I have about
19 this proposed sale have mostly been voiced. There's
20 every reason that PSE should want this sale. They're in
21 financial trouble, that's been discussed. Apparently
22 some of the rate hikes that are already being passed off
23 to us are due to higher interest rates they have to pay
24 due to their bond rating, and I suspect you're under
25 considerable pressure to give your blessing to the sale.

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1 I was informed that as of a few days ago you
2 had received 1,500 written comments on the proposed
3 sale, 1,445 against, 20 in favor, 14 undecided, and that
4 an additional 3,200 written comments had arrived since
5 then. I don't know the total now. Perhaps this seems
6 like a weak public response given the number of homes
7 that will be affected, but considering that people
8 generally don't recognize a problem until they feel the
9 effects and that can't have happened yet, this seems
10 like a large response to me. People are worried. the
11 analogy to Enron has already been expressed. We have
12 seen people rob pension funds and gouge further rates.
13 We don't want the money we pay for our power shipped
14 overseas, and we don't like the idea of selling off
15 valuable energy resources of the Pacific Northwest to
16 foreign companies.

17 In the short period of time we have known
18 about this proposed sale, there has not been adequate
19 reassurance that the fears expressed tonight are
20 unfounded. You pointed out at the outset that you may
21 reject this kind of transaction only if you determine
22 the public interest would be harmed by it. I would hope
23 that you would deny the transaction unless you are
24 absolutely convinced that the transaction would not harm
25 the public interest and that the possibility of

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1 transferring management of energy services to local
2 public utility districts would not be compromised in the
3 future should that become feasible. I submit that it's
4 impossible to know that, and I urge you to deny the
5 sale. Thank you.

6 JUDGE RENDAHL: Thank you.

7 John Day.

8

9 Whereupon,

10 JOHN DAY,

11 having been first duly sworn, was called as a witness
12 herein and was examined and testified as follows:

13 MR. DAY: My name is John Day, my address is
14 6368 Erwin Lane, that's spelled capital E-R-W-I-N, Sedro
15 Woolley, and I am a Puget Sound Energy electric
16 customer, and I'm speaking in my capacity as coordinator
17 for low income weatherization and repair program for the
18 Housing Authority of Skagit County. And in that regard
19 I would like to harken back to Dave McConnell's comments
20 regarding the potential impact of particularly the rate
21 increase as it's proposed by Puget Sound Energy on our
22 low income members of or low income consumers of Puget
23 Sound Energy's products. And I'm deeply concerned that
24 the way that the current rate proposal is structured, it
25 will be sending the opposite message than what should be

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1 sent to consumers and will have a disproportionate and
2 unfair impact on low income consumers of electrical
3 power particularly, gas as well, but in our service area
4 it's entirely electric. The rate structure would
5 increase the flat rates for Puget Sound Energy services,
6 and it would decrease the rate per kilowatt hour. That
7 is a disincentive to conservation. And the flat rates,
8 increase in flat rates puts a disproportionate impact on
9 particularly on low income people, many of whom are very
10 low users by necessity. They often have to make the
11 choice between whether they pay their electric bill or
12 eat.

13 I also would like to comment that the current
14 proposal does not increase the overall funding for
15 energy conservation measures which benefit low income
16 people. Puget Sound Energy needs to be approved for its
17 increasing the amount they are now willing to pay for
18 individual measures, but without increasing the overall
19 amount that is available, we end up not being able to
20 provide service to the consumers that need it the most,
21 to the low income consumers who need it the most.

22 I think others have spoken very eloquently
23 regarding the potential impacts of the merger. I do
24 want to comment that I think that these impacts could be
25 much greater on the most vulnerable members of our

0184

1 public, the lower income. And so I want to thank you
2 for this opportunity.

3 JUDGE RENDAHL: Thank you.

4 Mary Pat Larsen.

5

6 Whereupon,

7 MARY PAT LARSEN,

8 having been first duly sworn, was called as a witness
9 herein and was examined and testified as follows:

10 MS. LARSEN: Hello.

11 JUDGE RENDAHL: Hello.

12 MS. LARSEN: I'm Mary Pat Larsen, my address
13 is P.O. Box 791, Concrete, I am here on behalf of
14 myself, and I'm an electric PSE electrical customer.

15 JUDGE RENDAHL: Please go ahead.

16 MS. LARSEN: I find it really surprising that
17 PSE would now demand a rate increase or would want a
18 rate increase now. Why are they asking for it?
19 Apparently they've been in debt about \$3 Billion, but
20 they never -- they may have asked for rate increases,
21 but somehow they ended up in debt nonetheless.
22 Macquarie also has debts, this is a double leveraged
23 buyout.

24 I'm a little worried about what people have
25 said about water, and the reason I'm upset is because a

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1 company like Macquarie that's interested in making
2 money, they will probably have to cut services or raise
3 rates, which PSE is asking for right now even before,
4 even before the supposed merger goes through. So if
5 they are not managing the dams or if they kind of turn
6 their backs on what's going on there, well, my house is
7 downstream of this, and I'm not the only one, and I'm
8 afraid if those dams broke or if they didn't manage them
9 properly that my house will go down the Skagit River,
10 and so will a lot of others. I don't want whether my
11 house stays put or whether it goes down the Skagit River
12 to depend on Macquarie.

13 So please, I recommend or ask you please to
14 deny both the rate change at this point and a so-called
15 merger. It's not in my interest, I don't know whose
16 interest it is, but not mine.

17 JUDGE RENDAHL: Thank you.

18 Keith Alesse.

19 MR. ALESSE: I'll pass, thanks.

20 JUDGE RENDAHL: You'll pass, okay.

21 Sean Bishop.

22 MS. BISHOP: Joan.

23 JUDGE RENDAHL: I'm sorry, Joan Bishop.

24

25

0186

1 Whereupon,

2 JOAN BISHOP,

3 having been first duly sworn, was called as a witness

4 herein and was examined and testified as follows:

5 MS. BISHOP: My name is Joan Bishop, my
6 address is 22 Lake Louise Drive, Bellingham, Washington,
7 I'm speaking for myself, and I am a PSE customer and
8 have been ever since I have lived out in Sudden Valley,
9 and I have seen my rates go up and up and up and up and
10 up and up until I'm having to make that choice. Because
11 I'm a senior citizen living on a limited income, which
12 is virtually my Social Security check, so my choice is
13 to buy groceries or to try to pay these horrendous
14 electric bills. I have a heat pump in my house, which
15 is supposed to be energy efficient, but unfortunately
16 it's fairly old. And right now I have an outstanding
17 bill with Puget Sound Energy that amounts close to
18 \$1,000, and that was for two months, two months of
19 service. So I'm totally sympathetic with everyone who
20 speaks here today, and I understand exactly why the rate
21 increases, neither the rate increases or the merger is
22 of benefit to the citizens of this state and this
23 county, and I urge the Commission to absolutely take a
24 very serious look at what your decision will mean to
25 thousands of people. Thank you.

0187

1 JUDGE RENDAHL: Thank you.

2 Gloria Hanson.

3 Elizabeth Gross.

4

5 Whereupon,

6 ELIZABETH GROSS,

7 having been first duly sworn, was called as a witness

8 herein and was examined and testified as follows:

9 MS. GROSS: Hello, my name is Elizabeth

10 Gross, G-R-O-S-S, I live at 1949 South Hills Place,

11 Bellingham. We do purchase electricity from PSE, and I

12 am speaking on behalf of myself.

13 JUDGE RENDAHL: Thank you, please go ahead.

14 MS. GROSS: I'm here to address the

15 acquisition issue, and I will be very brief because

16 there's not a person in this room that's spoken yet

17 that's not voiced strong opposition to the proposed

18 acquisition, and I agree with all of them, so I won't

19 repeat what you have already been told. I would like to

20 just add very briefly that I put this in as a therefore

21 in the category of bad decisions. Number one, it should

22 not be further advertised. Basic services do not belong

23 in the profit motive. The unfettered marketplace is not

24 for basic services. That's why we don't sell off our

25 police force, that's why we don't privatize our fire

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1 departments or our child welfare services. Basic
2 services should not be -- extend profit motives.

3 The second part of this is it's proposed to
4 be sold off to a foreign company, and you've heard many
5 reasons for why that's a bad idea, and I would just like
6 to add two. One is that the entity that delivers
7 utility basic services to this region needs to not only
8 be skilled at the -- have the knowledge and skills to
9 deliver these types of services to this region, but they
10 also have to have the knowledge and skills of the
11 diverse, complex, and specialized needs of this region.
12 You've heard many examples posed by many people here
13 tonight of what those are, and I would venture to say
14 that somebody who lives 10,000 miles away has no idea
15 about that. The other part of that is, as you know,
16 Governor Gregoire has committed our state to moving
17 forward to become a great war of the green state, to
18 green our economy, and a key player in that commitment
19 is green energy. To privatize this company to a foreign
20 entity just throws a cog in the wheel and makes -- takes
21 it on some weird tangent, some left turn, and makes it
22 harder for that goal to be met by this state.

23 The third part of this therefore of bad ideas
24 is that it would be privatized to a bad company. You've
25 heard several examples of people who have taken the time

0189

1 to do some vetting of this company, it has a very bad
2 reputation. So I guess I can't think of any combination
3 of variables that could make this decision worse than it
4 already is, so I strongly encourage you to not support
5 it. Thank you.

6 JUDGE RENDAHL: Thank you.

7 Patricia Alesse.

8 Tom Carson.

9 Oh, I'm sorry.

10

11 Whereupon,

12 PATRICIA ALESSE,

13 having been first duly sworn, was called as a witness
14 herein and was examined and testified as follows:

15 MS. ALESSE: Patricia Alesse, I live at 4825
16 Alderson Road, Birch Bay, Washington, we're a Puget
17 Sound Energy electric customer, and I'm just speaking
18 for myself.

19 JUDGE RENDAHL: And how do you spell Alesse?

20 MS. ALESSE: A-L-E-S-S-E.

21 JUDGE RENDAHL: Thank you.

22 MS. ALESSE: Just I guess I didn't hear about
23 this all that long ago. Our son was the one who kind of
24 alerted us to the seriousness of it, and I just am mind
25 boggled by the idea that we would sell our public

0190

1 utility to a foreign company, people who live far away
2 and as many people have stated don't know or understand
3 the needs that are here and certainly aren't going to
4 care about people who live in the area. And so I guess
5 I can hardly even understand why that would be
6 considered as a possibility.

7 But given that you are considering it, I
8 would certainly hope that you would look at all of the
9 things that have been brought up tonight, because there
10 are, you know, there are just so many evidences that
11 this is not a good decision, that it would not be good
12 for the public, that it's a private company interested
13 in their private money making, and they're just -- I
14 would rather see it go more public than more private.
15 And that's one of the questions I was asking my husband,
16 I said, well, couldn't it become even -- it's gone to
17 the point where it's sort of part private now, can it go
18 back to being a public kind of company. He said, yeah,
19 that's a possibility, we can do that. Well, I would
20 much rather see that happen where we have a company that
21 is owned and operated as a public entity and it really
22 concentrates on the good of the public using that
23 service, not concerned at all about the investment of
24 the private owners.

25 So thank you for listening to us all, and I

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1 endorse everything that's been said tonight. Thank you.

2 JUDGE RENDAHL: Thank you.

3 Tom Carson.

4

5 Whereupon,

6 TOM CARSON,

7 having been first duly sworn, was called as a witness

8 herein and was examined and testified as follows:

9 MR. CARSON: Good evening.

10 JUDGE RENDAHL: Good evening.

11 MR. CARSON: I'm Tom Carson, 14188 Madrona

12 Drive, Anacortes, I am an electric utility consumer, I'm

13 largely speaking on my own behalf, although I sit on the

14 South Fidalgo Community Council which represents three

15 precincts in Skagit County, and I'm on the Board of

16 Directors for the Sunset Waters Association in

17 Anacortes. Both of those entities have this issue on

18 their agenda and the discussion of any action moving

19 forward.

20 Sitting on a water board, I have some

21 appreciation for the need to increase rates from time to

22 time. I can also appreciate what happens when you do

23 that, the phone calls are received. I also can

24 appreciate the need to find capital for infrastructure

25 improvements. But it seems to me that in a public

0192

1 utility, the emphasis is on public, and we need to find
2 ways to keep the utility both, keep it public, which
3 means making it both accessible and accountable.

4 A lot has been said tonight about the
5 questionable benefits economically of moving the
6 direction of a merger, so I won't spend time on that so
7 much because I tend to agree with the comments that have
8 been made. Instead I want to look at a slightly
9 different aspect that seems to me in the realm of
10 potential harm to the public, and that has to do with
11 the fact that with increasing demand and what appears to
12 be an increasing need for alternative sources of energy,
13 the need for a kind of imagination comes into play,
14 which means that we need to emphasize even more the
15 notion of access and accountability, which means forming
16 partnerships with local entities to look at options both
17 for financing as well as alternative sources of energy.
18 I can not in my wildest imagination think of a way in
19 which a multinational corporation would be forming a
20 partnership with local entities. It simply seems an
21 oxymoron.

22 So I urge you to vote against the merger,
23 because the harm to the public which seems to me will be
24 in the loss of access and accountability, both in terms
25 of finances as well as in terms of the kind of

0193

1 imagination and creativity that's going to be called for
2 in terms of alternative energy. Thank you.

3 JUDGE RENDAHL: Thank you.

4 Ray Minnerly.

5 Bill or Jane Freudenberger.

6 Dave and Linda White.

7 Nan Laney.

8 Oh, I'm sorry, I didn't see you get up.

9

10 Whereupon,

11 DON WHITE,

12 having been first duly sworn, was called as a witness

13 herein and was examined and testified as follows:

14 MR. WHITE: My name is Don White, W-H-I-T-E.

15 JUDGE RENDAHL: Thank you.

16 MR. WHITE: And I am a PSE customer, I live

17 at 4011 Humphrey Hill Road, Sedro Woolley, Washington.

18 JUDGE RENDAHL: Are you a PSE customer?

19 MR. WHITE: I am a PSE customer, and I'm

20 speaking on my own behalf.

21 JUDGE RENDAHL: Please go ahead.

22 MR. WHITE: I am a retired general manager of

23 Otis Power and Light Company, so I am a champion of

24 public power, whether it be a co-op or whether it be

25 municipal or whether it be a PUD. I am also opposed to

0194

1 the sale of PSE to foreign interests. I would rather
2 see Skagit County PUD acquire the holdings of PSE and
3 keep control of our power service locally.

4 I would like to speak on one issue, and that
5 was the issue about funds for new construction. And I
6 personally believe that in new construction that the new
7 consumers that are requiring the new construction should
8 pay for the new construction. Any system improvements
9 that are required to back up the system to provide that
10 new construction I believe should be either through the
11 sale of stock or whether it's a bond issued by PSE.
12 They should borrow the money for that portion of this.
13 I'm really opposed to requiring that the customers be
14 required to fund the new construction.

15 Take for an example what if you had a
16 developer that is building a \$1 Million house on a \$1
17 Million piece of property and it's going to require a
18 new extension into that property that's going to cost
19 \$100,000. Well, if the customers of PSE are required to
20 supply the \$100,000, there's nothing that would stop
21 that developer after the construction of the property to
22 turn around and sell that along with the added benefit
23 of that \$100,000 of line extension that would cost to go
24 in to serve that property, therefore he reaps the value
25 of the new construction, and we're stuck with the cost.

0195

1 So I still -- I just believe that new construction
2 should be funded not by the customers of PSE except
3 through long-term debt. Thank you.

4 JUDGE RENDAHL: Thank you.

5 Nan Laney.

6

7 Whereupon,

8 NAN LANEY,

9 having been first duly sworn, was called as a witness
10 herein and was examined and testified as follows:

11 MS. LANEY: My name is Nan Laney, the last
12 name is spelled L-A-N-E-Y, I live at 28671 Utopia Road
13 in Sedro Woolley, I'm a PSE customer, electrical
14 customer, and speaking only on behalf of myself. Thank
15 you for taking my comments. These are fairly simplistic
16 comments, but I'm going to stop at one point and sort of
17 flush out some of my concerns, because some of these
18 concerns haven't been addressed by others. So following
19 are some general comments regarding my concerns about
20 the potential takeover or sale of PSE to the Macquarie
21 Group. I'm also opposed to the 10% rate increase just
22 to share that piece.

23 So just some general comments, I do not
24 believe that it's in the public interest to have our
25 power company bought out by foreign investors. Although

0196

1 PSE is not currently publicly owned, it is perceived as
2 part of the public components, as it should be. I
3 support Skagit PUD and other local public entities in
4 the purchase of PSE. I think it's entirely
5 inappropriate to be selling something that we all
6 perceive as public common that we are all dependent on
7 to foreign investors. The Macquarie Group has a
8 horrific reputation. We all of us who have done any
9 sort of Google search know that, and I'm sure that you
10 all do as well. This is not who we want to own and run
11 our local power supplies.

12 And as someone who lives near the Skagit
13 River, I happen to live just barely above the 500 year
14 floodplain, I'm surrounded by 100 year floodplain and
15 floodway, we sort of live on a high water island where
16 we live, I have concerns regarding the maintenance and
17 repair of the Baker River Dams and Fidalgo Lake and Lake
18 Shannon, which are operated and maintained by PSE. We
19 have four dams on the Skagit River, the other two are
20 Fidalgo Lake and Ross Lake and are operated by Seattle
21 City Light. This is a particularly important issue to
22 me, because I'm really aware of how fragile and
23 sensitive Skagit County is. We're sort of a New Orleans
24 waiting to happen because of the flood risk because of
25 the Skagit River, we're at the base of Mount Baker which

0197

1 has been active for, you know, a number of years.
2 Everybody that lives in the floodway and certainly the
3 100 year floodplain and even maybe the 500 year
4 floodplain, I'm not exactly sure where the lahar zone
5 is, but the lahar off a Mount Baker volcano would impact
6 the Baker Lake and Lake Shannon dams, it would go right
7 down into those valleys. So I am particularly
8 interested in the maintenance of the dams on the Baker
9 River which flows into the Skagit.

10 I strongly suggest that you read the October
11 2007 issue of Fortune magazine. I don't know if there's
12 some way to enter that article that was mentioned
13 earlier into the hearing, but I would be very interested
14 in the article being entered in. I have included the
15 web site in my comments here. The full article's title
16 is, Would You Buy a Bridge From This Man, Macquarie Bank
17 has made infrastructure funds a smoking-hot investment
18 class; but the way it finances its deals has
19 short-sellers circling. The Fortune -- and I haven't
20 done a whole lot of research on Macquarie, I've got a
21 lot on my plate as most of us do, but the article
22 provides more than enough information that would lead
23 any sane person PSE customer to believe this is not a
24 company that we want controlling our local power
25 supplies.

0198

1 The Macquarie Group owns toll roads, parking
2 lots, water companies, and airports around the world,
3 and it uses debts of up to 85% to purchase assets, which
4 in my sort of non-economist mind essentially means to me
5 that this group is in itself unstable and extremely
6 volatile if they're using those sort of debt loads. The
7 infrastructure funds and investment schemes that
8 Macquarie Group focuses on are prone to a bubble burst
9 and crash. So even if the investment group doesn't
10 crash and burn, Macquarie has great potential for
11 gutting and running, that's their reputation, leaving
12 rate payers with the financial burden for putting the
13 pieces back together.

14 The Macquarie sale or the PSE sale to
15 Macquarie Group is a bad idea. You all have the power
16 to stop it, and we the rate payers are pretty much
17 unanimously tonight asking you to do so. Stopping the
18 Macquarie takeover is the only responsible decision I
19 think. I think that's pretty clear to everybody in the
20 audience, and I just want to thank you for taking our
21 comments.

22 JUDGE RENDAHL: Thank you. And Mr. Davis did
23 introduce that, did give us a copy of the article, and
24 that will be put into the record.

25 MS. LANEY: Okay, thank you.

0199

1 JUDGE RENDAHL: Mike Praetzel.

2

3 Whereupon,

4 MIKE PRAETZEL,

5 having been first duly sworn, was called as a witness

6 herein and was examined and testified as follows:

7 MR. PRAETZEL: My name is Mike Praetzel, and

8 I live at 3117 Sunset Way, Bellingham, the spelling of

9 the last name is P-R-A-E-T-Z-E-L, and I am a rate payer

10 for electric service utilities with Puget Sound Energy

11 and for electrical.

12 JUDGE RENDAHL: And are you --

13 MR. PRAETZEL: And I speak on my own behalf.

14 JUDGE RENDAHL: Thank you. Please go ahead.

15 MR. PRAETZEL: For all the reasons that have

16 been so clearly and passionately articulated this

17 evening opposing the takeover of or sale of Puget Sound

18 Energy by a foreign investment company or companies, I

19 am strongly opposed to that for the reasons that I

20 stated have already been articulated. We are seeing

21 nationally the loss of our natural resources, lumber

22 being sold overseas to overseas entities for their own

23 use and profit without there being -- with constant

24 losses of jobs for our people here. Our steel industry

25 is gone. It's now or we're now used as a resource for

0200

1 our natural resources by other countries who are making
2 a profit. Every dollar taken out of our economy is a
3 dollar that does not circulate and function here, and
4 it's a loss contributing to the deficit, contributing to
5 the downturn of our economy.

6 I realize that as members of the Commission
7 you are hearing unanimously it sounds like opposition to
8 this takeover, and, you know, at the same time I'm
9 hearing concerns about the operation as it has gone on
10 tonight, would like to second the -- something that was
11 said earlier about considering more of a public
12 ownership, whether that would involve some consortium
13 possibly of rate payers of public or workers. There are
14 models for this in other places. I know you're as far
15 ahead of us in not only the utilization of alternative
16 sources of energy but also in method of ownership and
17 the ways in which power is developed and distributed.
18 In Germany for instance there are solar panels on most
19 homes. They are able to feed electricity back into the
20 system. And in other countries, some of you I'm sure
21 are aware of this, but I would encourage an
22 investigation into something like that by those of you
23 who are in a position to take some steps or have some
24 oversight over utilities in this state.

25 And I certainly hope that as you make your

0201

1 decision that you will not see a repeat of what happened
2 earlier this year with the Federal Communications
3 Commission when they had testimony from all over the
4 country overwhelmingly against a position that they
5 later opted to choose, and I appreciate the opportunity
6 for speaking to you this evening.

7 JUDGE RENDAHL: Thank you.

8 Kevin Maas.

9 Marian Beddill.

10

11 Whereupon,

12 MARIAN BEDDILL,

13 having been first duly sworn, was called as a witness
14 herein and was examined and testified as follows:

15 BEDDILL: Good evening, my name is Marian
16 Beddill, B-E-D-D-I-L-L, I live at 3600 Seeley Street in
17 Bellingham, Washington. Our household is an electric
18 and gas utility customer, and I speak only for myself.
19 I speak in opposition of the acquisition by this foreign
20 company, and I ask you to deny the request.
21 Furthermore, I support public ownership and management
22 of essential public utilities, principally water and
23 power by utilities under elected management. Ownership
24 especially of water but also power by a foreign
25 corporation appears to me to diminish or deny the

0202

1 ability of the public to exercise their power of the
2 populace.

3 I would like for the record to show that I'm
4 wearing an old shirt wore and used a few years ago when
5 the people opposed the installation of an electric power
6 utility in the City of Sumas, the Sumas Energy Tube.
7 During that time the people spoke out, and jurisdictions
8 heard, the plant which we opposed was not built. The
9 permits were denied. That shows our power as the
10 people. You've heard from the sample tonight I believe
11 unanimous opposition to the sale of PSE to this foreign
12 corporation. And again I ask you to deny the request,
13 just say no.

14 JUDGE RENDAHL: Thank you.

15 Does Ms. Washburn wish to speak?

16 Don Ernest.

17

18 Whereupon,

19 DON ERNEST,

20 having been first duly sworn, was called as a witness
21 herein and was examined and testified as follows:

22 MR. ERNEST: My name is Don Ernest, I live at
23 2524 Racine Street, Post Office Box 30434 in Bellingham,
24 Washington, I'm a PSE electric customer, and I'm
25 speaking for myself. The proposed merger of Puget Sound

0203

1 Energy and Puget Energy with Puget Holdings raises many
2 questions. We presently have a reasonably good sound
3 public owned utility. I'm not referring to the debt,
4 but I'm referring to the basic structure that we have
5 here. We should do what we can to keep it that way.
6 It's locally operated and locally regulated.

7 Based upon the information I've received from
8 the mail, Puget Holdings appears to be a foreign
9 conglomerate about which I know nothing. We are told
10 that everything will remain the same in 5 years. Why is
11 that time specified, and what happens after 5 years?
12 Will we start seeing the consequences from this merger
13 10 or 15 years from now when it's too late to do
14 anything about it? This has many of the earmarks of the
15 typical corporate merger that has become so common over
16 the last 40 years. Where will corporate headquarters go
17 after 5 years, to Canada perhaps? How much downsizing
18 and job loss will occur? How many jobs will leave the
19 local region? Where will PSE assets eventually go? How
20 much renegeing will there be on employee pensions? What
21 will happen to quality and customer service? How much
22 local regulatory control will ultimately be lost? The
23 real answers to these questions will not become apparent
24 until several years from now.

25 The reasons given for this merger are

0204

1 basically financial. The responsible course to take is
2 to live within our means instead of looking for quick
3 fixes. If the PSE needs a rate increase, I personally
4 understand. Costs go up and equipment needs to be
5 replaced and upgraded. If it's reasonable, I'm willing
6 to give them the requested increase. If, however, the
7 merger is permitted, then let the new owners provide the
8 finances that are needed. We the customers should not
9 have to relinquish so much and still pay the bill. I
10 ask you not to allow this merger. Thank you for your
11 attention.

12 JUDGE RENDAHL: Thank you.

13 Dave Pros.

14 Sam Phillips.

15

16 Whereupon,

17 SANDY PHILLIPS,

18 having been first duly sworn, was called as a witness
19 herein and was examined and testified as follows:

20 MR. PHILLIPS: That's actually Sandy.

21 JUDGE RENDAHL: Sandy, I'm sorry, it's hard
22 to read the writing sometimes.

23 MR. PHILLIPS: I wish my banker would say
24 that.

25 I'm Sandy Phillips, P-H-I-L-L-I-P-S, I'm one

0205

1 of those Puget Sound Energy customers, and first off I
2 would like to say a few positive things tonight because
3 everything has been so negative. The electricity is on,
4 we can all see, the fans are turning so we're cool, and
5 I want to thank PSE as it exists today for that. Having
6 said that, I also have to agree with the overall
7 commitment tonight. I don't see anything positive about
8 this so-called merger. Unlike some of the folks who
9 have spoken, I may not be opposed to foreign ownership
10 of U.S. companies, or I'll put it this way, foreign
11 investment. I'm in the import-export business myself,
12 foreign investment is good. Foreign ownership I
13 question, especially anything that's going to be over
14 50%. We need for a utility which is a monopoly which we
15 haven't got the recourse of a free market to go to a
16 competitor, in that case we need public oversight
17 completely under U.S. laws and subject to everything in
18 this country not being able to be withdrawn to another
19 country in order to regulate our utilities. And public
20 ownership, yes, that's a marvelous thing, I would be in
21 favor of it. But I urge you, and I thank you for coming
22 out here by the way to hear this testimony, I urge you
23 to reject this deal by Macquarie.

24 JUDGE RENDAHL: Thank you.

25 Thom Fischer.

0206

1 Brian Benjamin.

2

3 Whereupon,

4 BRIAN BENJAMIN,

5 having been first duly sworn, was called as a witness

6 herein and was examined and testified as follows:

7 MR. BENJAMIN: Hello, I am Brian Benjamin, I

8 live at 1112 - 40th Street, that's in Bellingham,

9 Washington 98229, I'm here on my own behalf, and I am a

10 PSE electrical customer.

11 Can you hear me okay?

12 JUDGE RENDAHL: I can hear you just fine.

13 MR. BENJAMIN: Okay, great.

14 I would like to speak on three separate
15 issues. First off regarding the merger, I would urge
16 the Commission to perhaps postpone any decision they
17 have made about the merger. If I have my facts correct,
18 PSE back in March of this year proposed the merger, and
19 if my facts are correct perhaps by this fall there will
20 be a decision made about that merger, and I just find
21 that this decision could have such an impact on so many
22 people's lives, and I would encourage you to perhaps
23 just do nothing and think about this a little bit
24 further rather than make a decision within three or six
25 months, and perhaps more information will come out, and

0207

1 the public will have more than two weeks to comment at
2 three public hearings, and perhaps something better will
3 come out of it.

4 And secondly, I don't have an issue with a
5 rate increase per se, but what I have an issue with is
6 the basic monthly charge. The one for the electrical
7 customer is increasing almost 50% per month. For the
8 gas customer that basic monthly charge would be
9 increasing if I remember correctly about 150% more per
10 month from like about \$8 or \$9 up to \$18 if the proposal
11 is approved. And while I, you know, again I have no
12 issue with costs going up if they're necessary, I can
13 not do anything about the monthly increase. I can try
14 to control my basic use of electricity or gas to
15 minimize my daily or monthly cost, but I can not do
16 anything if I'm charged \$18 per month and I'm on a fixed
17 income, I'm paying over \$200 a year just to use your
18 services, and that's not including any of the costs of
19 those services that I would incur personally. Hopefully
20 that makes sense.

21 And third, I have been a customer of PSE for
22 17 years, and I enjoy working with them, I find them to
23 be a good company to deal with, and I really have had
24 very little or no problems with them, but until tonight
25 I did not know they had a significant debt issue or

0208

1 problem, and I believe there might be other alternatives
2 for us to help them to raise the moneys to get out of
3 this problem rather than sell our resources to a foreign
4 interest.

5 Thank you for your time.

6 JUDGE RENDAHL: Thank you.

7 Marcia Leister.

8 Joyce Siniscal.

9

10 Whereupon,

11 JOYCE SINISCAL,

12 having been first duly sworn, was called as a witness
13 herein and was examined and testified as follows:

14 MS. SINISCAL: My name is Joyce Siniscal, I
15 live at 429 Squaxin Place, La Conner, Washington, and
16 I'm here on behalf of myself, and I am a PSE energy
17 user, no gas. And I am against this merger, and I urge
18 you, or sale, it sounds like it's more like a sale, I'm
19 against it for reasons that I don't think a foreign
20 investment corporation should be controlling a public
21 utility. And I am just overwhelmed with all of the
22 information I've gained tonight, and I was glad I came
23 out because I didn't have all this information, and it
24 just seems overwhelming that it is not in the consumers'
25 best interests for this purchase to happen.

0209

1 And as far as the rates go, I appreciate the
2 comment about the -- that one person earlier made on his
3 cost of living increase for Social Security, and if the
4 cost of living increase for PSE, and what is the
5 difference. And perhaps maybe I need more information,
6 but I'm not against legitimate rate increases and just
7 would like to have an explanation for them.

8 And I thank you, you have a big decision to
9 make, and I hope you will hear all the testimony and I
10 think acting not just for this decision for us but as an
11 example of what might happen throughout the country as
12 someone else earlier said. I really think that was a
13 point well made. Anyhow this just has a profound effect
14 on our future as energy users, as utility users, and I
15 wish you luck in your decision.

16 JUDGE RENDAHL: Thank you. And if you do
17 have questions, you can ask the folks that are here
18 representing the Company and Staff.

19 Is there anyone else who wishes to make a
20 statement?

21 Okay, please come up and state your name,
22 address, if you're appearing on behalf of yourself or
23 others, and if you are an energy user.

24
25

0210

1 Whereupon,

2 JENNIFER ROBERTS,

3 having been first duly sworn, was called as a witness

4 herein and was examined and testified as follows:

5 MS. ROBERTS: My name is Jennifer Roberts, my
6 name was called earlier and I didn't jump up fast
7 enough.

8 JUDGE RENDAHL: Oh, I'm sorry.

9 MS. ROBERTS: That's okay, I was in the back.

10 Again my name is Jennifer Roberts, my address
11 is 2765 Nutmeg Road, Oak Harbor, and I'm a PSE customer,
12 and I'm here on my own behalf. I have a lot of things
13 going through my mind right now. I'm surprised there
14 aren't more people here from Oak Harbor, that concerns
15 me, I know there's some South Whidbey people here. I
16 receive my billing through my E-mail through the
17 E-statements, and I am guilty of not reading my
18 statement very carefully, because I just automatically
19 pay my bill. And what concerns me the most about the
20 situation is the lack of information in our newspapers,
21 our local newspapers, on our local news, and then for
22 other rate payers such as myself who may not read their
23 statements, the information just seems to not be getting
24 out to us.

25 I also work for a company that provides fuel

0211

1 logs, sells wood pellets, and the number already this
2 year of the energy assistance customers coming to us for
3 help is really increasing, and I worry about the people
4 on fixed incomes. So the legitimate increases I
5 support, but I am very opposed to the sale or merger,
6 and I really hope that more information gets out to the
7 public so that they can be aware of what is going on.
8 Thank you.

9 JUDGE RENDAHL: Thank you.

10 Please come on up.

11

12 Whereupon,

13 KEITH ALESSE,

14 having been first duly sworn, was called as a witness
15 herein and was examined and testified as follows:

16 MR. ALESSE: Hi, my name is Keith Alesse,
17 Alesse is spelled A-L-E-S-S-E, 8537 Arnold Lane,
18 concrete, Washington. I'm a PSE customer, and also my
19 house is, hm, gosh, about a mile away from the lower
20 Baker Dam just downstream, so it's important that to me
21 that it stays in good shape. That's one of the things
22 I'm kind of concerned about is that it seems very
23 important that we make sure that the infrastructure is
24 maintained by whatever entity is in control of it.

25 Also that given that we have, you know, your

0212

1 job is to decide whether or not this is in the -- not
2 going to hurt the public, it seems like it could also go
3 one notch further in that, you know, help the people of
4 our areas possibly take control of this utility,
5 bringing it into the PUD's in some variety. And that
6 could actually potential benefit to the people of --
7 that are served by the utility.

8 I -- in looking things over a little bit, we
9 have a number of public utilities here in Washington
10 state, and in general it seems like public utilities are
11 managing to provide services to their customers at
12 generally lower rates than PSE is currently. They're
13 also maintaining better bond ratings, which allows them
14 to invest in infrastructure more easily at lower rates,
15 passing less costs on to their customers. And so if you
16 can do anything, Commission, to help the citizens be
17 able to take control of the utility, I think that would
18 be something that could really benefit the area. Thank
19 you.

20 JUDGE RENDAHL: Thank you.

21 Sir, I think you wanted to come up.

22

23 Whereupon,

24 RON HAWORTH,

25 having been first duly sworn, was called as a witness

0213

1 herein and was examined and testified as follows:

2 MR. HAWORTH: My name Ron Haworth, I live at
3 17195 Sam Bell Road, Bow, I'm a customer, and I'm
4 speaking for myself. I have a prepared statement which
5 I won't read.

6 JUDGE RENDAHL: Thank you.

7 MR. HAWORTH: Macquarie is an international
8 financial bank. They changed their name so they didn't
9 have to comply with accounting and financial
10 regulations. Approving a merger would put our vital
11 facilities into the hands of a financial risktaker, and
12 I'm really concerned about that. Secondly, what
13 accounting regulations are they going to comply with.
14 If they're a private company, accounting rules are
15 optional. I'm really concerned about that, and I am a
16 CPA. Thank you.

17 JUDGE RENDAHL: Thank you.

18 Come on up, please.

19

20 Whereupon,

21 JAMES MCLEOD,

22 having been first duly sworn, was called as a witness
23 herein and was examined and testified as follows:

24 MR. MCLEOD: Thank you, my name is --

25 JUDGE RENDAHL: Can you speak a little

0214

1 closer.

2 MR. MCLEOD: Hello, I'm James McLeod, 2411
3 View Ridge Drive, Bellingham, family been customers of
4 Puget Sound Power and Light and successors since 1926,
5 and I am currently a customer. Retired electrical
6 engineer. I wanted to make just a couple of points. I
7 strongly disagree with any use of the term merger
8 relative to this proceeding. This is not in any way a
9 merger. It is a takeover. It's not a hostile takeover,
10 it's a friendly takeover. Friendly management of Puget
11 Sound Energy. And I think we should look at the
12 motivations here, and I really can not support the
13 acquisition. Thank you.

14 JUDGE RENDAHL: Thank you.

15 Please come on up.

16

17 Whereupon,

18 PATRICK ALESSE,
19 having been first duly sworn, was called as a witness
20 herein and was examined and testified as follows:

21 MR. ALESSE: Patrick Alesse, 4825 Alderson
22 Road.

23 JUDGE RENDAHL: And if you could speak
24 directly into the mike, then everybody can hear you.

25 MR. ALESSE: Yes, I'm a Puget Sound Energy

0215

1 customer, and what I'm going to do is I'm warning you I
2 will go this way with a statement, and then I'll come
3 back. I will state a principle, and then I will come
4 over to talking about why I feel like I want to have
5 this company be taken over by foreigners.

6 JUDGE RENDAHL: And if you can do that in
7 four minutes.

8 MR. ALESSE: I will see what I can do.

9 JUDGE RENDAHL: Okay.

10 MR. ALESSE: You know, one of the best things
11 about this country is that we do have businesses that
12 actually provide services and supplies to people.
13 That's one of the highest ideals. And, you know, when
14 you talk about increasing their rates, yes, I guess, you
15 know, 10% is high though, but really, you know, I
16 understand that every bit of infrastructure you put in,
17 they will get a percentage of it that they will be able
18 to generate for profits. A few years ago we read about
19 a utility company that had a big beautiful piece of very
20 expensive art on the wall and had designer furniture,
21 and the president pointed out that he was making money
22 from all this stuff for his company because it was part
23 of the infrastructure. I don't want to see
24 infrastructure like that. I want to see lines,
25 transmission areas, good dams, things like that.

0216

1 Now we're going to go to talk about the
2 acquisition. You know, infrastructure is so important
3 to a society, we build roads, we build hospitals, we
4 have power lines, train tracks, airports, and it's all
5 driven by energy, oil, which is now offshore,
6 electrical, which we don't want to see go offshore. And
7 that infrastructure has to be matched by the level of
8 education that people have. I'm impressed with
9 everybody's comments here tonight. That's driven by
10 knowledge and skill. If your infrastructure costs go
11 too high, then you can't use that infrastructure, the
12 knowledge and skill goes someplace else. We'll wind up
13 with the knowledge and skill that will match the lower
14 level infrastructure.

15 I don't want to see this company being taken
16 over by somebody that we don't know, that we can't look
17 in the eye and say what are you charging for us for
18 this. What we're doing is we're giving it to an outfit
19 or letting it be sold to an outfit that's going to be --
20 you know the art I'm talking about earlier, coming back
21 to that, it increases in value. The pipes and the
22 transmission lines decrease in value. I don't want to
23 be dealing with a company that looks at the profit area
24 as being something other than trying to serve us. I
25 would rather see it go to a public utility. Thank you.

0217

1 JUDGE RENDAHL: Thank you.

2 Ma'am, come on up.

3

4 Whereupon,

5 HILLARY HOFSTRAND,

6 having been first duly sworn, was called as a witness

7 herein and was examined and testified as follows:

8 MS. HOFSTRAND: My name is Hillary Hofstrand,

9 H-O-F-S-T-R-A-N-D, I live at 3450 Pinehurst Court in

10 Bellingham.

11 JUDGE RENDAHL: Can you speak closer in,

12 please.

13 MS. HOFSTRAND: I don't like to touch it.

14 I'm here speaking for myself, and I'm very

15 grateful after spending the time here hearing so many

16 well informed articulate people. I have to say that I

17 am concerned that there were only three hearings and

18 that for such a very large geographical area and for so

19 many millions of people that are involved. And I am

20 concerned also that with diminished newspaper coverage.

21 Prior to this hearing we just really weren't educated as

22 to the possible consequences. And I guess what I would

23 like to say is if you could extrapolate the number of

24 people that are in this hearing from as far away as they

25 have expressed and how many of them were negative in

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1 regard to the takeover, merger, sale, whatever you're
2 calling it, then you might just imagine that this hall
3 would be filled ten times more if the people really
4 understood what was at stake. And I don't think anybody
5 in my neighborhood even knew about it or even recognized
6 the seriousness of it.

7 JUDGE RENDAHL: Thank you.

8 Please come on down.

9

10 Whereupon,

11 BOB HELTON,

12 having been first duly sworn, was called as a witness
13 herein and was examined and testified as follows:

14 MR. HELTON: My name is Bob Helton, I live at
15 21032 Little Mountain Road in Mount Vernon, I am a PSE
16 customer, and I am speaking strictly for myself.

17 JUDGE RENDAHL: Please go ahead.

18 MR. HELTON: Back in November 1935, my baby
19 bottles started being warmed by Puget Power, so I've
20 been a long-term customer of the energy industry in this
21 state. Beginning in 1999 I became more informed about
22 the relicensing process of the Baker River Dams in
23 Skagit County, and I am not concerned about a dam
24 failure or a first oversight in the licensing process,
25 but I must admit that based on all the comments made

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1 tonight this is a diamond in the rough with at least a
2 million facets in terms of all the things that could go
3 wrong unless you three commissioners do one heck of a
4 good job in protecting the power interests of all the
5 customers. And I sincerely hope that you have a
6 sufficient staff to look into all these questions plus
7 other variations to make sure that the existing
8 customers don't get left in the wayside due to any
9 default, any operational problems due to Macquarie
10 management.

11 And I want to preface that by saying that I
12 heard and I believe that nothing at Puget Sound Energy
13 is going to change, they're just going to have a kind of
14 hands off foreign manager, and supposedly PSE gets
15 enough money to provide the infrastructure for the
16 growing Puget Sound area. If you folks come up with a
17 good enough checklist and publish it for all the things
18 that you have considered that could go wrong and go
19 right, I would be a lot happier. I must admit that as
20 an investor for many years, from what I heard about
21 Macquarie I wouldn't give them a dime, but that's just
22 my professional investment opinion. Just do the best,
23 very best job you can to make sure we don't get screwed.
24 That's all I'm asking. Thank you very much.

25 JUDGE RENDAHL: Thank you.

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1 Whereupon,

2 B. ADKINSON,

3 having been first duly sworn, was called as a witness

4 herein and was examined and testified as follows:

5 MS. ADKINSON: My name is Adkinson,
6 A-D-K-I-N-S-O-N, I live in Maple Falls, 7625 Shady Reach
7 Road, Maple Falls, and I am a PSE customer. I grew up
8 in Sweden in the north of Europe, and in the '70's,
9 '80's, and '90's we used to think of Americans as people
10 who are amazing in the way they can create, innovate,
11 invent, and we thought of Americans as leading the way
12 in universities and research and inventions. And I been
13 here now for seven years. I really, really wanted to
14 come here because of the American people, wonderful
15 people. And today I'm wondering are you all paralyzed,
16 or are you in a state of shock or apathy or what is
17 happening. How come that you haven't conceded to wind
18 generators, solar panels, all kinds of exciting things
19 that are happening everywhere else in the world. And I
20 still want to believe that you who are here and you are
21 in a position to act still have in you that which I so
22 much admire in the American people, innovation,
23 imagination, and I believe in you that you can find
24 exciting solutions, and I encourage you to find great
25 solutions. And I completely totally oppose the idea to

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1 sell off public utilities. It would never happen in
2 Sweden, and it shouldn't happen here either. You guys
3 are just too great for that. Thank you.

4 JUDGE RENDAHL: Thank you.

5 (Applause.)

6

7 Whereupon,

8 GREG MARSHALL,

9 having been first duly sworn, was called as a witness
10 herein and was examined and testified as follows:

11 MR. MARSHALL: Hello, my name is Greg
12 Marshall, M-A-R-S-H-A-L-L. I live at 4114 Oriental
13 Lane, that's Bellingham, and I'm a Puget Power electric
14 customer.

15 Talking first about the rate increase. I do
16 not believe in this rate increase with the exception is
17 that if power prices have gone up and there's truly a
18 need to raise rates to support an increase in power
19 expense, I do not think Puget Power as a company
20 deserves rate increases to support, I notice in the
21 literature, to support a higher percentage of guaranteed
22 income or to support whatever increases they believe
23 they have in running the company. For many years now
24 companies all over the country and in the government
25 sector now have all had to learn to be leaner and better

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1 at what we do. It's time for Puget Energy company to
2 learn to do that as well. And until they do that, they
3 need to take that out of their profits and learn to do
4 that.

5 The other comment on the rate increases is
6 the base monthly charge should not be changed. If we
7 have to have an increase, let it be in the sliding scale
8 that we pay per kilowatt hour or for the whatever we pay
9 for our gasoline and electric customer. And the reason
10 for that is if changing the base rate as we're trying to
11 become green and that does not -- that just does not
12 support our environmental and conservation issues
13 raising that base rate. A lot of people can stay pretty
14 close to that if they're really doing a good job. That
15 should be as low as possible. That has the worse effect
16 on low income people is raising base rates of anything,
17 and we should keep the base rate the same. If we have
18 to have a rate increase, add that to the kilowatt hour.

19 As far as the merger, I like everyone else
20 that's been before you tonight am against that merger.
21 I focus more on the keeping the safety and that of the
22 public and what's good for the public. And Puget Sound
23 Energy is a fairly stable company that has some
24 financial issues, and it doesn't make a lot of sense to
25 take and match that up with another holding company that

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1 has even worse financial issues and put that together.
2 It doesn't make a financially strong institution. It
3 has nothing to do with foreign ownership or anything.
4 If you want to make a stronger Puget Sound Energy, you
5 have to have a stronger player come in and purchase that
6 company. Not to mention the track record, you've heard
7 all that, and the idea of having a company that owns
8 other things and other investments that's not focused on
9 energy doesn't do anything for us. I don't see the
10 connection between our financial well being and our
11 energy market and our energy source, I don't see any
12 connection with that in this deal. I don't see what's
13 in it for us as a community. So thank you.

14 JUDGE RENDAHL: Thank you.

15 Anyone else who wishes to speak?

16

17 Whereupon,

18 POLLY HANSON,

19 having been first duly sworn, was called as a witness
20 herein and was examined and testified as follows:

21 MS. HANSON: I'm Polly Hanson, I live at 2781
22 West Shore Drive, Lummi Island. What else, I'm a Puget
23 Sound customer, and I'm speaking on my own. It bothers
24 me that no one has yet addressed the problems faced by
25 the handicapped people, and there are people whose lives

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1 literally depend from moment to moment on very good
2 electric supply. And when the electricity is
3 interrupted, they die. We're not talking about a minor
4 inconvenience here. And I have learned this, I have
5 worked through public service in past years and became
6 acquainted with the needs of many people, and many of
7 these people that are in such bad physical condition and
8 absolutely depend on steady supplies of electricity also
9 are people that don't have a lot of money. They're not
10 people who are so wealthy that they can just go out and
11 get something else. They have very narrow access to
12 survival. So what you will be doing if you put this in
13 the hands of a foreign company who gives not a rip about
14 these people, you will lower the population all right,
15 but it won't be in a very acceptable manner.

16 And I really think that we need to stop and
17 think about all of these people who are in no way able
18 to come to a hearing like this. Many of them are unable
19 to in any way communicate with you, and I finally
20 decided that somebody had to speak up for these people.
21 And so I would like to have you consider people that
22 can't, can't really represent themselves and their
23 needs, but their needs are often not minor, they're
24 often life and death. And I do want to have you think
25 about that, and if you take a little bit of your time if

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1 -- it's not that hard to find out who they are. You can
2 go through the social service agencies, you can go
3 through hospitals, you can go through various things
4 like that, but it's really a bad scene. And for someone
5 to just come in and sell off the company to a foreign
6 interest that is even more removed from these people's
7 lives, you know, it's a death sentence for these people.

8 And these people don't live alone, they're
9 members of families, they're members of communities,
10 they're members of people that care about them, they're
11 trying their best to help them survive, et cetera. It
12 means a lot to a lot of people to treat these people
13 properly, and I just think we have a moral consideration
14 here as well as a financial one. And certainly we have
15 financial considerations, and people that are on limited
16 incomes are in desperate straits, and they should only
17 raise rates when it's absolutely necessary. And I would
18 like to see that presidents of a lot of companies come
19 down and let me show them around a little bit so they --
20 they're so removed from everyday life that they don't
21 even know, they have no access even to know what it's
22 like for people who are living down here on the real
23 earth, they're just totally removed. And I think that's
24 a gap that we should all think about how to get across.

25 There are other considerations too, but I

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1 won't take up any more of your time, but I do want you
2 to consider some of these things that other people have
3 not talked about. Thank you.

4 JUDGE RENDAHL: Thank you.

5 Anyone else?

6 Please come up, sir.

7

8 Whereupon,

9 PAUL O'BRIEN,

10 having been first duly sworn, was called as a witness
11 herein and was examined and testified as follows:

12 MR. O'BRIEN: My name is a Paul O'Brien, P.O.
13 Box 2951, Silverdale, Washington, and I'm a Puget Power
14 customer, and I'm here speaking for myself.

15 JUDGE RENDAHL: Thank you, please go ahead.

16 MR. O'BRIEN: Yeah, I would like to just
17 state that I believe that the hydrogen economy is on the
18 horizon, and we have General Motors, Mercedes Benz, BMW,
19 and they're all locked and loaded with vehicles ready to
20 run on hydrogen. And what the problem is right now is
21 the right people don't control the hydrogen. If you
22 control electricity, if you control natural gas, you
23 control hydrogen. I do not believe that these people
24 that are buying out Puget Power are being honest with
25 their motives. I think there's a lot more at stake

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1 here. And if they buy it, they can sell it, and I don't
2 want Saudi Arabia controlling the future any more than
3 it already has. So I would be careful because it is the
4 future. And that's all I have, thank you.

5 JUDGE RENDAHL: Thank you.

6 Is there anyone else who wishes to speak
7 tonight?

8 I want to thank everyone for coming out, all
9 the statements that you all have made on the record, and
10 for the letters and documents that you've given us which
11 will go into the public record in this proceeding, in
12 these two proceedings. And I'm going to hand the mike
13 over to Chairman Sidran for closing remarks if he
14 wishes.

15 CHAIRMAN SIDRAN: I will just echo the
16 thanks. Obviously people feel strongly about it. I
17 think I can say without hesitation that the meeting in
18 Bellevue, this meeting, and I will predict the meeting
19 in Olympia will be among the best attended public
20 hearings related to any matter that has come before the
21 Commission in quite some time, and so we will take to
22 heart the comments that have been offered.

23 I will just remind you of what I said at the
24 beginning, which is this is an early phase of the
25 process. There are additional opportunities to comment

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1 outside the public hearing process. You can continue to
2 submit comments to the Commission until approximately
3 the end of July with respect to the acquisition case and
4 until the end of August with respect to the general rate
5 matter.

6 I will just offer a couple of comments in
7 response to some of the testimony that's been heard for
8 purposes of clarification. And again, as Judge Rendahl
9 said, to remind you there are people here who represent
10 the company and represent Public Counsel from the
11 Attorney General's Office and Commission Staff who can
12 answer specific questions that you may still have.

13 And the only observation I will make is
14 first, we will make a decision sometime in the fall by
15 the end of the year with respect to both of these
16 matters because, among other things, state law requires
17 us to make decisions within 11 months of a company
18 filing a petition with the Commission. Second, the
19 existing laws of our state and regulations apply to
20 these investor owned utilities like Puget Sound Energy
21 regardless of who owns them. So what is not before us
22 is any change in state law or state regulations that
23 apply to today's ownership of Puget Sound Energy, and in
24 the event of a change in ownership those same laws and
25 regulations would apply to any future owner of Puget

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1 Sound Energy.

2 And with that, unless my colleagues have
3 something they wish to offer, I believe we are
4 adjourning this hearing, and thank you very much for
5 turning out tonight.

6 (Hearing adjourned at 9:20 p.m.)

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