



Rob McKenna

ATTORNEY GENERAL OF WASHINGTON

Utilities and Transportation Division

1400 S Evergreen Park Drive SW • PO Box 40128 • Olympia WA 98504-0128 • (360) 664-1183

January 10, 2007

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

Re: *Puget Sound Energy General Rate Case*
Docket Nos. UE-060266 and UG-060267 Consolidated

Dear Ms. Washburn:

Enclosed for filing in the above-referenced docket are the original and 16 copies of a Motion of Commission Staff for Clarification of Order 08, and Certificate of Service.

Sincerely,

ROBERT D. CEDARBAUM
Senior Counsel

Enclosures
RDC:klg
cc: Parties



BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UE-060266

DOCKET NO. UG-060267

MOTION OF COMMISSION
STAFF FOR CLARIFICATION OF
ORDER 08

1 The Staff of the Washington Utilities and Transportation Commission requests
clarification of the Commission's Order 08 in this proceeding. Staff's motion is filed
pursuant to WAC 480-07-835 and is limited to the following three items:

1. Gas Low Income Assistance

2 Staff, Public Counsel and the Northwest Industrial Gas Users proposed an increase in
the natural gas low income bill assistance program of \$525,000 (net of taxes and revenue
sensitive items) above the current level of \$2.8 million. The \$525,000 increase would be
allocated across classes on an equal percent of margin basis, which is consistent with
existing Schedule 129.¹

3 The Company does not oppose the proposal.² However, while the Commission's
Order 08 approves expressly an increase in the *electric* low income assistance program,³ it
does not approve expressly the increase proposed for the *natural gas* low income assistance
program.

¹ Exhibit No. 581 at 14:16-15:6 (Joint Parties).

² Tr. 98:22-25 (Harris).

³ Order 08 at ¶ 144.

4 Therefore, we ask the Commission to clarify its Order 08 by expressly approving the
natural gas low income assistance proposal of Staff, Public Counsel and the NWIGU.⁴

2. Line of Credit for Hedging Transactions

5 The Company proposed to include in the Power Cost Adjustment mechanism the
cost associated with a new line of credit to support wholesale power hedging transactions.
All parties weighing in on that issue supported the proposal, which the Commission
approved in its Order 08.⁵

6 The Company also proposed to include in the Purchased Gas Adjustment mechanism
the cost associated with the new line of credit to support its core gas portfolio hedging
transactions.⁶ That proposal is not approved expressly in the Commission's Order 08.

7 Staff does not object to the proposal and asks the Commission to clarify its Order 08
accordingly.

3. Demand-related Gas Costs

8 The Company proposes to change the demand-related gas costs reflected on
Schedules 101 and 106 through a cost of service methodology that uses a design-day peak
allocator.⁷

9 The Commission's Order 08 does not expressly decide the issue regarding the
allocation of demand-related gas costs. However, the Commission did state that:

The record in this proceeding is not adequate for purposes of evaluating
PSE's use of the design day as a peak allocator in its COS study. We
express no opinion on the subject.⁸

⁴ The Company's compliance filing in this case does reflect the natural gas low income assistance proposal. See, Advice No. 2007-02, Natural Gas Tariff Filing (January 9, 2007). Thus, the clarification we request may not be necessary, but will insure that there are no future misunderstandings regarding the Commission's directive on this matter.

⁵ Order 08 at ¶ 34.

⁶ Exhibit No. 131C at 25:18-26:2 (Gaines) and Exhibit No. 421 at 51:15-52:6 (Story).

⁷ Exhibit No. 31 at 32:14-16 (Amen).

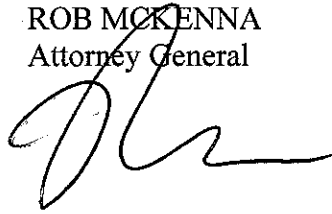
⁸ Order 08 at ¶ 133.

Therefore, we ask the Commission to clarify its Order 08 to reject the Company's allocation of demand-related gas costs in Schedules 101 and 106. That clarification would be consistent with the latest Commission precedent that resolved that issue on its merits.⁹

Dated this 10th day of January, 2007.

Respectfully submitted,

ROB MCKENNA
Attorney General



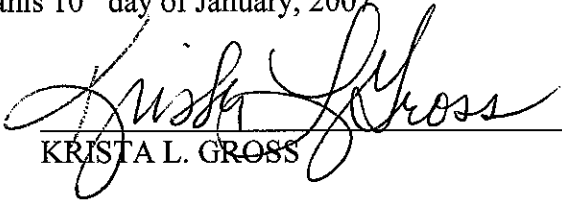
ROBERT D. CEDARBAUM
Senior Counsel
Counsel for Washington Utilities and
Transportation Commission Staff

⁹ *WUTC v. Washington Natural Gas Co.*, 5th Suppl. Order at 7-9, Docket Nos. UG-940034, *et al.*, (April 11, 1995).

Docket Nos. UE-060266/UG-060267
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Initial Brief of Commission Staff, upon the persons and entities listed on the Service List via e-mail and Federal Express, addressed as shown on said Service List, with first class postage prepaid.

DATED at Olympia, Washington this 10th day of January, 2007


KRISTA L. GROSS

For Puget Sound Energy:

Kirstin S. Dodge
Jason Kuzma
Perkins Coie LLP
10885 NE Fourth St, Suite 700
Bellevue, WA 98004-5579
Fax: (425) 635-2400
Phone: (425) 635-1400
E-mail: kdodge@perkinscoie.com
jkuzma@perkinscoie.com

For Public Counsel:

Simon ffitch
Public Counsel Section
Office of the Attorney General
800 Fifth Ave, Suite 2000
Seattle, WA 98104-3188
Fax: (206) 389-2085
Phone: (206) 464-7744
E-mail: simonf@atg.wa.gov

For ICNU:

S. Bradley Van Cleve
Matthew W. Perkins
Irion Sanger
Davison Van Cleve PC
333 SW Taylor, Suite 400
Portland, OR 97204
Fax: (503) 241-8160
Phone: (503) 241-7242
E-mail: mail@dvclaw.com

For The Kroger Co.:

Michael L. Kurtz
Boehm Kurtz & Lowry
36 E Seventh St, Suite 1510
Cincinnati, OH 45202
Phone: (513) 421-2255
Fax: (513) 421-2764
E-mail: mkurtzlaw@bkllawfirm.com

For Cogeneration Coalition of Wash.:

Michael P. Alcantar
Donald Brookhyser
Alcantar & Kahl LLP
1300 SW Fifth, Suite 1750
Portland, OR 97201
Fax: (503) 402-8882
Phone: (503) 402-9900
E-mail: mpa@a-klaw.com
deb@a-klaw.com

For Northwest Energy Coalition:

Nancy Hirsch
Danielle Dixon
219 1st Ave S, Suite 100
Seattle, WA 98104
Fax: (206) 621-0097
Phone: (206) 621-0094
Email: nancy@nwenergy.org
danielle@nwenergy.org

For The Energy Project:

Ronald L. Roseman
Attorney at Law
2011 14th Ave E
Seattle, WA 98112
Fax: (206) 568-0138
Phone: (206) 324-8792
E-mail: ronalroseman@comcast.net

For NWIGU:

Edward Finklea
Chad M. Stokes
Cable Houston Benedict
Haagensen & Lloyd LLP
1001 SW Fifth Ave, Suite 2000
Portland, OR 97204-1136
Fax: (503) 224-3176
Phone: (503) 224-3092
E-mail: efinklea@chbh.com
cstokes@chbh.com

For Federal Executive Agencies:

Norman Furuta
Federal Executive Agencies
333 Market St., 10th Floor MS 1021A
San Francisco, CA 94105-2195
Fax: (415) 977-8760
Phone: (415) 977-8808
E-mail: norman.furuta@navy.mil

For Seattle Steam Company:

Elaine L. Spencer
Graham & Dunn PC
Pier 70
2801 Alaskan Way, Suite 300
Seattle, WA 98121
Fax: ()
Phone: (206) 624-8300
E-mail: espencer@grahamdunn.com