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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

|                            |   |                      |
|----------------------------|---|----------------------|
| WASHINGTON UTILITIES AND   | ) |                      |
| TRANSPORTATION COMMISSION, | ) |                      |
| Complainant,               | ) |                      |
| vs.                        | ) | DOCKET NO. UE-090704 |
|                            | ) | UG-090705            |
| PUGET SOUND ENERGY, INC.,  | ) | Volume: III          |
| respondent.                | ) | Pages: 50 - 79       |

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A public hearing in the above matter was held on December 10, 2009 at 6:00 p.m. at Lake Washington Technical College, 11605 132nd Avenue Northeast, Kirkland, Washington, before Chairman JEFF GOLTZ, Commissioners PHILIP B. JONES and PATRICK J. OSHIE, and Administrative Law Judge DENNIS MOSS.

The parties were present as follows:

THE WASHINGTON UTILITIES AND COMMISSION STAFF, by MICHAEL FASSIO, Assistant Attorney General, 1400 South Evergreen Park Drive Southwest, Olympia, Washington 98504.

FOR PUBLIC COUNSEL, by SIMON FFITCH, Assistant Attorney General, 900 4th Avenue, Suite 2000, Seattle, Washington, 98164

PSE, by SHEREE STORM CARSON, Attorney at Law, Perkins and Coie, LLP, 10885 Northeast Fourth Street, Suite 700, Bellevue, Washington 98004.

Jennifer Cordner, CCR  
Court Reporter

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

2 CHAIRMAN GOLTZ: I'm going to call this meeting  
3 to order, my name is Jeff Goltz, Chair of the  
4 Commission. With me to my left is Commissioner Pat  
5 Oshie, and to my immediate right is Commissioner Philip  
6 Jones, and to his immediate right is Judge Dennis Moss,  
7 and Judge Moss will be handling this hearing this  
8 evening.

9 I just want to say a couple of quick things,  
10 one is to welcome you all the to this hearing, and thank  
11 you for coming. This is a very important part of the  
12 hearing process that we have in rate cases before the  
13 Commission.

14 In January there will be about four days of  
15 hearings, it may be a little more, it may be a little  
16 less, with Puget Sound Energy and all the parties to  
17 this rate proceeding, that will be held in Olympia.

18 In tonight's proceeding witnesses will be sworn  
19 as they come in, the court reporter taking down  
20 testimony, and it will be very much like a trial  
21 proceeding where we will get specific evidence from the  
22 Company, also from the Counsel, the Commission Staff,  
23 and other parties.

24 The purpose of tonight's hearing is to get an  
25 important and somewhat unique and different perspective

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1 and that's the perspective of the rate payers of Puget  
2 Sound energy, and any specific views.

3 I've only been on the Commission about 11  
4 months, but I've found it very, very useful and very  
5 important, I know my colleagues and my predecessor has  
6 said how important this aspect of the rate process is.  
7 Not only will you get good information, and good  
8 perspective, but also a good sense of how they impact  
9 consumers. But also, at least for me, to get ideas in  
10 lines of inquiry to ask the Company's witnesses during  
11 the evidentiary part of the hearing which will take  
12 place in January.

13 So like I said, during tonight will be run by  
14 Judge Moss, and he will explain more about what the  
15 process is and some background information for the other  
16 people here as well.

17 Judge Moss.

18 JUDGE MOSS: Thank you, I have my welcomes the  
19 same as that of Chairman Goltz. Just for the record  
20 I'll identify the WUTC tonight, this is the matter  
21 styled, WUTC against Puget Sound Energy, Inc., Docket  
22 UE-070704 and UG-090705.

23 My role, as Chairman Goltz said is to run our  
24 hearing this evening, and I'll have the role in January  
25 when we have the evidentiary hearing.

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1           During those proceedings, I will preside from  
2 the bench with these great Commissioners, and these are  
3 the great Commissioners of the WUTC. We will be sitting  
4 during that hearing as well as here tonight to hear your  
5 comments.

6           This is a formal proceeding, we will take  
7 evidence up until the end of the hearing in January, we  
8 will continue to take written comments from members of  
9 the public as part of the body of evidence through  
10 January 25, 2010. After those hearings, and all those  
11 comments are received, the parties will have two  
12 opportunities to file written briefs with us, February  
13 19th and March 2nd, and the Commissioners will reach a  
14 decision in the case, and the Commission will enter an  
15 order over their signatures sometime before April 7th,  
16 20010, is what we call the suspension date, or the date  
17 the statutes provide in this hearing.

18           There are a number of other people here present  
19 tonight who are involved in the case in one way or  
20 another, and I want to take the time to introduce those  
21 people to you, and you may be interested in talking with  
22 some of them. So when you came tonight at the door you  
23 probably had the brief encounter, at least, to visit  
24 with Mr. Dennis Shuttler, Ms. Gale Walls, and other  
25 members, these are members the Commission's Consumers

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1   Affairs Staff, and they are here tonight to assist us  
2   with this hearing, and also to answer questions that you  
3   may have at the end of the process, and they can also  
4   tell you how you can get more information about the  
5   case, and follow the case, and that sort of thing.

6               In addition, we have present tonight a  
7   representative of the Company, Mr. Tom Labore, sitting  
8   there at the front, the Company's lawyer, Ms. Sheree  
9   Strom Carson, is here sitting at the far right.  
10  Mr. Michael Fassio, is sitting in the middle here.

11              Mr. Fassio represents the Commission's  
12  regulatory staff. The Commission is really two entities  
13  in one, the Regulatory Staff is a party in this case  
14  just like any other party in the case, just as PSE is a  
15  party, and just as a group called Industrial Customers  
16  of Northwest is a party, and they are separated from the  
17  Commissioners by what we call an ex parte law, which  
18  means that we don't talk to the Staff, Regulatory Staff,  
19  except within the context of a formal hearing.

20              So just like any other party, they will present  
21  evidence, and they will present their briefs, and they  
22  will take into account the case they put on and public  
23  interest along with all of the others.

24              Next to my immediate right is Mr. Simon ffitich,  
25  Mr. ffitich is also a member of the Attorney General

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1 Staff, in that he represents an interest in what's known  
2 as the Public Counsel Section of the Attorney General's  
3 Office. The Public Counsel Section represents consumers  
4 and small business owners, so that's another participant  
5 in the proceeding.

6 All these individuals will be available to you  
7 this evening at the end of the proceeding, if you have  
8 questions for them, and they can also give you contact  
9 information so you can have additional followups later,  
10 if you wish.

11 I want to give you a brief overview of the  
12 case. PSE's request in this case currently is for an  
13 additional \$154 million a year from electric customers  
14 or a 7.7 percent increase in electric rates. PSE also  
15 requests an additional \$30 million annually from natural  
16 gas customers, or a 3.5 increase in natural gas rates,  
17 as you'll see depicted on your billing slips.

18 On February 17th the Commissioner's regulatory  
19 Staff, Public Counsel, and other parties to this case  
20 involved in response testimony, these parties represent  
21 much smaller increases in PSE's electric and natural gas  
22 rates, or in the case of Public Counsel, a decrease in  
23 the rates.

24 The PSE will have another opportunity to file  
25 evidence on December 17th, we call that testimony -- and

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1 that is the body of testimony that we will take into the  
2 hearing in January. After the parties file these, as I  
3 mentioned, the Commission will enter its orders.

4 Let me talk just a minute about how we will  
5 proceed here, and how we'll take the comments. In a  
6 moment I'm going to swear all of you who wish to comment  
7 tonight together, I think there's like seven people who  
8 are signed up to speak, and so I'll ask you all to rise,  
9 and I'll swear you in. I'll call you one at a time, and  
10 ask you if you can come to the podium. When you get to  
11 the podium, I'm going to ask you a few preliminary  
12 questions, so that we can some identification for  
13 purposes of our record. I'll just ask you your name,  
14 I'll ask you to spell your last name, ask you what  
15 community you're living in, and whether you're a  
16 customer of the Company, and if you're appearing for  
17 yourself, or some group. Once we get that information,  
18 I'll ask you to give your comments.

19 Experience of doing these things many, many  
20 times over the years has taught us that about three  
21 minutes per speaker is adequate, actually three minutes  
22 is quite a long time to speak, for those of you who have  
23 spoken in public before, you know that, and in part of  
24 keeping our proceeding orderly, we will hold you to the  
25 three minutes. So I will time you, and if I see you

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1 running out of time, we'll ask you sum up and we'll move  
2 on to the next speaker.

3 I'll ask that you not pose questions to me or  
4 to the Commissioners, and that's what these other folks  
5 are here for, to answer questions you may have. The  
6 Commissioners are here to listen to what you have to  
7 say, your comments, and that is their job this evening.

8 So with that, I'll ask that those of you wish  
9 to make a comment tonight, if you would please stand up,  
10 and raise your right hands.

11 Do each of you solemnly swear or affirm under  
12 penalty of perjury that the testimony you will give  
13 tonight will be the truth, the whole truth, and nothing  
14 but the truth? Please say I do.

15 GROUP: I do.

16 JUDGE MOSS: Please be seated.

17 CHAIRMAN GOLTZ: All right, the first person to  
18 sign up, and I'll just call you in the order you signed  
19 up tonight is Arlette Lamphere. Ms. Lamphere, welcome,  
20 and I'll remind you to speak directly into the  
21 microphone, I'm told that they don't pick up our voices  
22 as well to one side. Let me ask you, please, if you  
23 would state your name for the record and spell your last  
24 name?

25 MS. LAMPHERE: Yes, Arlette Lamphere,

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1 L-A-M-P-H-E-R-E.

2 CHAIRMAN GOLTZ: And you are a member of what  
3 community, Ms. Lamphere?

4 MS. LAMPHERE: Kirkland, Washington.

5 CHAIRMAN GOLTZ: You live in Kirkland, and are  
6 you a customer of PSE?

7 MS. LAMPHERE: Yes.

8 CHAIRMAN GOLTZ: Electric?

9 MS. LAMPHERE: Yes.

10 CHAIRMAN GOLTZ: Natural gas?

11 MS. LAMPHERE: No.

12 CHAIRMAN GOLTZ: All right, thank you very  
13 much, and are you appearing on your own behalf tonight?

14 MS. LAMPHERE: On behalf of myself and my son  
15 who is unable to come.

16 CHAIRMAN GOLTZ: All right very good. Well, go  
17 ahead and make your comments, please.

18 MS. LAMPHERE: I am finding it extremely  
19 difficult to pay all my bills. I work for a big  
20 company, I'm working in admin, but my raise this year  
21 was 1.9 percent, my expenses far exceed that. I'm  
22 living in a house that's too cool for me because in  
23 three years my electric has gone from 89 to 136, the  
24 last raise that just went up now is 7.7 percent.

25 I went to bed the last couple nights early

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1 because the warmest place is my bed, my condo fee is  
2 going up, everything is going up, and I'm just finding  
3 it very difficult. I need to sell my house, I'm 73, I  
4 can't afford to retire, I'm trying to put money away for  
5 retirement, and life happens. And so I'm at the point  
6 where I've got to make some really tough decisions, and  
7 it's been really hard, because I'd like to retire but I  
8 can't. I've got a good job, unfortunately I can't  
9 believe that you guys can ask people for another raise.

10 I've studied your 10K very well, and when I  
11 look at your figures and more than that, when I look at  
12 what you're planning to do in the future to expand in an  
13 economy where there's more people on the street hungry  
14 like food banks said yesterday on the radio, they've got  
15 families real impoverished out on the street trying to  
16 survive, that you go out and build mint farms or all  
17 these other things that you're planning to expand when  
18 even our company is really cutting down as much as they  
19 can, so they don't have to lay off people.

20 My story's tough, but my son's is worse, he's  
21 in retail, he was in the dotcom bust, he's only been  
22 working in retail, he doesn't have health care, he has a  
23 family he wonders about every day, can I pay my  
24 mortgage, can I put food on my table, and he went to the  
25 Salvation Army two weeks ago to put food on the table.

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1 And am I going to be able to put gas in my car to get to  
2 work, he's trying so hard but his hours have been cut so  
3 much this week because retail is just really tough this  
4 year. If things don't change, he's going to end up on  
5 the street, another casualty, and I am appealing to you  
6 with all my heart that you consider how we're living out  
7 here.

8 I'm not supposed to ask you questions, so I  
9 won't, but I want to give you a challenge. A few years  
10 ago a mayor in Chicago decided he needed to understand  
11 his people that were in his jurisdiction, and he and his  
12 family, his wife and two daughters moved into a home in  
13 a poor area, had to wear the same clothes, they're  
14 getting the same amount of money those people were  
15 given, they had to make it one month, and his summary  
16 was, he was heartbroken, he had no idea what it's like  
17 to live where you don't know if the next day you're  
18 going to have food, you don't know if you're still going  
19 to be in this poorhouse where it's hard to stand.

20 My challenge is tonight, you're going home to  
21 wonderful warm homes, and I don't take that away from  
22 you, that's okay. But some of us aren't, and we don't  
23 have anymore to give, so if you keep taking more and  
24 more for electricity, then something else has to give,  
25 for our survival, and so that's my story. Thank you for

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1 listening.

2 CHAIRMAN GOLTZ: Thank you, Ms. Lamphere, for  
3 your comments. Our next speaker is Jackie Swett.

4 MS. SWETT: Well, that's close enough.

5 CHAIRMAN GOLTZ: Okay, well, I'll give you a  
6 chance to pronounce your name. Will you state your name  
7 for the record and spell your last name, please?

8 MS. SWETT: Yes, Jackie Swett, S-W-E-T-T.

9 CHAIRMAN GOLTZ: All right, and where do you  
10 live, Ms. Swett?

11 MS. SWETT: Bellevue, Washington.

12 CHAIRMAN GOLTZ: And are you a customer of  
13 PSE?

14 MS. SWETT: I am.

15 CHAIRMAN GOLTZ: Gas and electric or one or the  
16 other?

17 MS. SWETT: Electric and gas, both.

18 CHAIRMAN GOLTZ: And are you appearing on  
19 behalf of your self tonight or not?

20 MS. SWETT: Yes.

21 CHAIRMAN GOLTZ: All right, thank you very  
22 much. Please proceed with your comments.

23 MS. SWETT: I live on Social Security  
24 disability, and as probably most of the people in this  
25 room know with Social Security we're not getting a cost

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1 of living increase this year. I'm fortunate in that I  
2 have a vary smell parttime income from a parttime  
3 position in a non-profit agency. However, in this  
4 economy, I don't even know if I'll have a job tomorrow.

5 The ex-president of our board who was hired  
6 from the president of our board last year, I found out  
7 lost his job this week, and he has a very high position  
8 in a pharmaceutical company. So I'm feeling very  
9 insecure about my job, and non-profits aren't making it  
10 as well as other companies. I haven't had an increase  
11 in my income for four years.

12 I know personally I know people are going  
13 hungry, and I know that where I'm living I choose to put  
14 my heat up -- I'm on a budget plan, but I'm having to go  
15 without other things. I'm having to budget my money,  
16 but I'm having to go with other expenses, I'm having to  
17 choose between paying this or that because my utilities  
18 are paying -- for paying huge utilities. So I'm cutting  
19 back on my food, and there's things I just can't do  
20 because my income is only a fixed income, and I don't  
21 have to remind anyone in this room that the temperature  
22 this week hasn't gone above freezing all week.

23 And the increase in the utility rates would put  
24 a further burden on me as well as people in my position  
25 who are on a fixed income and on Social Security

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1 disability. Those who are willing, seniors disabled and  
2 we have to choose between paying for heat, gas,  
3 medicine, food, et cetera, and I am on housing  
4 supplements, but my housing is only \$500, my rent, and  
5 that's on assistance. So I'm just saying in this  
6 economy people are losing their jobs, their homes,  
7 people are going homeless, they're going hungry, costs  
8 are going up, and this economy PSE asking for a rate  
9 increase, I don't know how -- we're not supposed to ask  
10 questions.

11 I just don't see how we can afford higher  
12 utility costs in the economy that's going south. And  
13 like I said, people are losing jobs, we can't afford to  
14 pay our bills as it is, and I just -- I don't know how  
15 we're going to do it. So from personal experience, I'm  
16 just saying my Social Security is not going up, like I  
17 said my income hasn't gone up in my job for four years,  
18 so my costs are going up by my income is not.

19 CHAIRMAN GOLTZ: Thank you for your time. Next  
20 speaker is Terry Wright. Mr. Wright, will you please  
21 state your name for the record and spell your last name?

22 MR. WRIGHT: Terry Wright, last name is,  
23 W-R-I-G-H-T.

24 CHAIRMAN GOLTZ: And in what community do you  
25 live?

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1 MR. WRIGHT: We live in the Auburn, south end.

2 CHAIRMAN GOLTZ: Are you a PSE customer?

3 MR. WRIGHT: Yes, both natural and electric.

4 CHAIRMAN GOLTZ: Are you here representing  
5 yourself tonight?

6 MR. WRIGHT: Yes, and my wife.

7 CHAIRMAN GOLTZ: All right, please go ahead and  
8 comment.

9 MR. WRIGHT: When Puget Sound Energy's  
10 explanation of where the increased revenues are going,  
11 they state that a good portion will be going to expand  
12 the Wild Horse Wind Generation facility in Kittitas  
13 County, I want to ask why PSE needs to expand in the  
14 Wild Horse Wind Generation facility in this county, or  
15 any county, during a downed economy. The current  
16 discussions at the federal level for increased revenue  
17 being distributed for alternative energy, I propose that  
18 PSE request federal assistance for expanding an  
19 exploratory energy production like wind farm power.

20 Here's why wind power generation is  
21 exploratory, and this is because wind energy cannot be  
22 stored for use when the wind is not blowing. During  
23 peak energy use times, my experts have deemed that the  
24 most viable reliable source for energy in Washington  
25 State is hydroelectric power and non-renewable or

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1 non-green energy is incorrect and astonishing to me. I  
2 do not think PSE needs to be increasing the capacity of  
3 wind farms where there's no current available way to  
4 store wind energy and therefore, wind energy is still  
5 exploratory.

6 We already know that hydroelectric power has a  
7 natural, effective, reliable way of storing energy when  
8 water is stored behind a dam. I do believe the  
9 reasonable rate increase during tough economic times can  
10 occur, I am in agreement with the UTC Staff proposal of  
11 26 percent or a 7.1 million increase for natural gas and  
12 a .3 percent for a 5.8 million increase for  
13 electricity. I'm also in agreement that the basic  
14 electric rate should go up 2 cents to \$7.02 per month in  
15 natural gas basic rate, and \$10.19 for the \$10. Let's  
16 stay with hydroelectric green power, which is the most  
17 cost effective reliable way of producing energy in  
18 Washington State.

19 In either case I do not believe it is prudent  
20 in our current downed economy to raise rates to the  
21 level PSE has requested. I appreciate your time and  
22 energy on this.

23 CHAIRMAN GOLTZ: Thank you, Mr. Wright. Our  
24 next speaker is David Plummer. Mr. Plummer, would you  
25 please state your name for the record and spell your

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1 last name?

2 MR. PLUMMER: Yes, I'm David Plummer, I live in  
3 Bellevue, my last name is spelled, P-L-U-M-M-E-R.

4 CHAIRMAN GOLTZ: And are you a customer of  
5 PSE?

6 MR. PLUMMER: Yes, I am, electric and gas.

7 CHAIRMAN GOLTZ: And are you representing  
8 yourself tonight?

9 MR. PLUMMER: Yes, I am.

10 CHAIRMAN GOLTZ: Thank you, please go ahead  
11 with your comments.

12 MR. PLUMMER: I urge the Commission to reject  
13 PSE's proposed increases in gas and electric service  
14 rates because their proposed rate of return on equity  
15 capital is excessive, leading to unjustified increases  
16 in their annual revenues from electric and gas service.  
17 Contrary to testimonies submitted by a witness on behalf  
18 of the Commission, there is considerable research  
19 available in the public domain that confirms that long  
20 term geometric equity risk premiums are on the order of  
21 3.5 to 4 percent.

22 Indeed recent studies by researchers at New  
23 York University and Yale School of Management indicate  
24 that reasonable estimates at the present time period is  
25 approximately 4 percent for equity risk premium. If the

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1 economy continues to improve, the geometric risk  
2 premiums may again approach 3.5 percent in the near  
3 term. I've listed in my testimony, and I can either  
4 read them, or I can give it to you, a couple of examples  
5 of recent estimates of equity risk premiums.

6 CHAIRMAN GOLTZ: You're welcome to do that, you  
7 have time to read them in, if you wish, or if you want  
8 to hand them to us?

9 MR. PLUMMER: Well, there's two, one by a  
10 researcher at New York University School of Business  
11 entitled Equity Risk Premiums, Determinants,  
12 Estimations, and Implications of Post Crisis Update, and  
13 it's dated October 2009. Another one from Yale  
14 University is titled, History and the Equity Risk  
15 Premiums. I urge the Commission to obtain additional  
16 testimony and expert testimony on this particular issue,  
17 thank you.

18 CHAIRMAN GOLTZ: All right, thank you,  
19 Mr. Plummer.

20 MR. PLUMMER: Can you leave this --

21 CHAIRMAN GOLTZ: You can hand that to me and  
22 I'll make sure it becomes part of the record. Thank you  
23 very much.

24 Well, I just have one question, there's a  
25 number of public hearings and we very seldom have

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1 members of the public give us, the Commission, a list on  
2 equity list premiums. What's your background on this  
3 subject matter.

4 MR. PLUMMER: I'm a retired engineer, I've  
5 testified in rate proceedings before, previous  
6 Commissions before. But I've worked in the area of  
7 utilities and electric generation and worked on PSE --  
8 or formerly Puget Power's rate advisory council, and  
9 things like that sort.

10 CHAIRMAN GOLTZ: Thank you very much.

11 MR. PLUMMER: Sure.

12 CHAIRMAN GOLTZ: Our next speaker is Harvey  
13 Gillis. Welcome, Mr. Gillis, will you please state your  
14 name for the record and spell your last name?

15 MR. GILLIS: Harvey Gillis, and my last name  
16 is, G-I-L-L-I-S.

17 CHAIRMAN GOLTZ: And in what community do you  
18 live?

19 MR. GILLIS: Bellevue.

20 CHAIRMAN GOLTZ: And are you a customer of  
21 PSE?

22 MR. GILLIS: Yes, both electric and gas.

23 CHAIRMAN GOLTZ: All right, and are you  
24 appearing on behalf of yourself tonight or a group?

25 MR. GILLIS: I'm appearing for my wife and

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1 myself.

2 CHAIRMAN GOLTZ: All right, great, please go  
3 ahead.

4 MR. GILLIS: Before I make my comment, can I  
5 say as a retired corporate executive, I am -- I've been  
6 never been in a UTC hearing before, but I've been  
7 involved in a lot of litigation, and things of that  
8 nature. I really commend you on your attendance here  
9 tonight --

10 UNIDENTIFIED SPEAKER: We can't hear you.

11 MR. GILLIS: I just appreciate the fact the  
12 Commissioners for attending this, it takes up your  
13 dinner hours for something like this, and I appreciate  
14 it, it's serious nature.

15 And now I'll make my comments. There are four  
16 reasons why I believe that Puget Sound's energy requests  
17 are excessive.

18 Number one, I just want to make sure that there  
19 isn't a factor in that PSE's owners invested Canadian  
20 and Australian dollars in PSE, and assume the foreign  
21 exchange risk of U.S. dollars, so that is their problem,  
22 any foreign exchange losses for the last few years  
23 should not be factor.

24 Number two, a utility company is a quasi-public  
25 company, and that's why this is a Utilities Commission.

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1 And the Commission has two masters, the shareholder and  
2 its regions customers, that's why they are allowed a  
3 virtual monopoly to protect it from the risk of losing  
4 money if they get into irresponsible care. A sure and  
5 acceptable rate of return through rate regulations, they  
6 are essentially a capital incentive distributor with a  
7 monopoly of the capital market.

8           Number three, capital structure and rates of  
9 return for any company are determined by assets,  
10 structure, and reliability of terms of agreement. And  
11 the utility companies with long term fixed rate debt are  
12 generally assigned to debt payments and are in a lower  
13 risk agreed on the capital. Generally we expect return  
14 on equities with risky companies but with 10 percent  
15 getting the premiums with prior fellow stock analysis.  
16 And utilities are generally expected to earn a lower  
17 return on equities under 10 percent. I believe that PSE  
18 is trying to achieve too high a return in capital on  
19 American dollars.

20           Number four, in my opinion Puget Sound  
21 customers of PSE and the Commission are being gated.  
22 First there was a swinging gate of selling our peak and  
23 renewable energy sources to California, after pocketing  
24 the profit, PSE owners are now circling back for a rate  
25 increase of our peak energy were replaced at more

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1 expensive market rates. Also there are ample supplies  
2 of natural gas. The prices were lower over the past  
3 years, the recent cold snap, I don't understand why rate  
4 proposals would go up when the cost of natural gas is  
5 down.

6           Budgets of gas and electric customers  
7 throughout Puget Sound quit making ends meet for the  
8 investors thousands of miles away. One member of the  
9 Commission recommended against regulatory approval, and  
10 I believe was correct. The Commission, I believe,  
11 should have denied this acquisition in 2007. It is  
12 imperative the Commission now deny these rate increases,  
13 and establish the profit of return on capital below 10  
14 percent for PSE. PSE should have its owners first work  
15 on their profit margins, as I did as a corporate  
16 executive, to the benefit of their large diversified  
17 utility conglomerate, shared efficiency, technology  
18 advancements, economic scale, and integration  
19 effectiveness rather than at the expense of utility  
20 fares, thank you.

21           CHAIRMAN GOLTZ: Thank you, Mr. Gillis, and  
22 thank you for your input this evening. Our next speaker  
23 is Trisha Ann Foster.

24           MS. FOSTER: Hello.

25           CHAIRMAN GOLTZ: Could you please state your

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1 name for the record and spell your last name?

2 MS. FOSTER: Trisha Ann, and Foster,  
3 F-O-S-T-E-R.

4 CHAIRMAN GOLTZ: And in what community do you  
5 reside?

6 MS. FOSTER: Gold Bar, Washington.

7 CHAIRMAN GOLTZ: All right, and are you a  
8 customer of PSE?

9 MS. FOSTER: I am a customer of PSE.

10 CHAIRMAN GOLTZ: All right, and are you here  
11 representing yourself tonight?

12 MS. FOSTER: I am representing myself, and also  
13 I am representing some with the Homeowners Association.  
14 I did ask a neighbor, and I did get approval from one  
15 household saying I could speak for them.

16 CHAIRMAN GOLTZ: All right, very good, please  
17 go ahead with your remarks.

18 MS. FOSTER: All right, first of all, I'm  
19 really grateful for the electric, and we strive to  
20 always pay on time. I brought four years of bills with  
21 me that have been paid, and I did add up each year, the  
22 highest was 912. So in Summertime, it's not a burden to  
23 pay, we only have a burden when it's rates that we  
24 currently ask. I understand you need to recover some of  
25 the costs in from the storms in 2007, I believe it was

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1 in 2007, and that was a really rough year on all homes  
2 and businesses.

3 And at home with my family we're tight, my  
4 husband works fulltime the last week of the month, we  
5 have a mandatory week off, so no income for that week.  
6 I understand our water has gone up twice in a year, the  
7 telephone has gone up, and we're just recovering from  
8 the gas sting maintained with the gas prices going up.

9 We're striving to get out of debt, and we pay  
10 more than minimum payment on our credit cards, our  
11 credit card interest rates have gone up, and credit  
12 lines have gone down. But I'm only stating the facts we  
13 need more time to get out of debt before we raise these  
14 rates, and please reconsider the amount that will be  
15 raised. My determination is to get out of debt in one  
16 year 30 percent -- 30 percent debt, but we're doing it,  
17 and we're making our plan work. We're not behind on  
18 bills, but I know that there are people that are behind,  
19 and I understand Bank of America is negotiating 300  
20 applications of people behind in their mortgages.

21 So lastly, please consider raising residential  
22 rates add more burden to my bills. Thank you for  
23 considering those of us that are trying to stay afloat  
24 in this issue.

25 CHAIRMAN GOLTZ: Thank you Ms. Foster, I

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1 appreciate your comments. Next speaker is Richard  
2 Shcultz. And Mr. Schultz, can you state your name and  
3 spell your last name for the record?

4 MR. SCHULTZ: Richard Schultz, S-C-H-U-L-T-Z.

5 CHAIRMAN GOLTZ: And where do you reside?

6 MR. SCHULTZ: Bellevue, Washington.

7 CHAIRMAN GOLTZ: Are you customer of PSE?

8 MR. SCHULTZ: Yes, sir, both gas and electric.

9 A group?

10 CHAIRMAN GOLTZ: And are you here for yourself,  
11 a group?

12 MR. SCHULTZ: Just myself. Okay, and I'll  
13 start in here in my five minutes, I won't talk that  
14 long. One of the points or interest in the rate  
15 increase is the increase of the minimum bill. They had  
16 some -- they call it a basic charge, the basic charge to  
17 my bill is, like many others, is 45 percent of the bill  
18 in the Summertime, and in the Wintertime about 20  
19 percent, and I don't know what that covers, but it seems  
20 like it probably covers their billing me, and that's  
21 because they're covering their distribution system, and  
22 their other things. I have to look at the bill to  
23 see -- it's on the gas side, cost of delivery there, and  
24 they wanted money to increase their farms in Eastern  
25 Washington on that electric site. I didn't know --

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1 whether how that whole thing played out. It seems like  
2 if they got -- like on the gas side, if they got -- if  
3 they can change the gas into electric power by the power  
4 plant that they're proposing, and then charged for the  
5 electricity, so they get it -- seemed how could you  
6 track the charges very easily with that kind of system.  
7 They had a very good monopoly.

8 Well, I just didn't think that the charges  
9 should exceed one percent when it sounds like the  
10 Commission was asking for three-tenths of a point  
11 percent, so it would be more in line with inflation, and  
12 it wouldn't seem like they would have to dig for a lot  
13 more rates, I doubt if it would be based or so on. I  
14 have no idea -- I'd have to look at their books to see  
15 if I can figure it out.

16 But those are the -- the basic charges are one  
17 of the things that I thought was one of the things that  
18 hasn't been looked at for a long time. That it  
19 originally initiated many years ago when they gave a lot  
20 of service, they gave free service to service the  
21 furnace, and the stoves and everything else, and then it  
22 got so you had to pay for that to get done, and not have  
23 serviceman come out and pay 125 an hour to have that guy  
24 come out. Just to tune it up and look at the furnace  
25 and all whereas it was free quite a few years ago.

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1           So the basic service, it seems like it was a  
2 fair shake. Thank you very much.

3           CHAIRMAN GOLTZ: Thank you Mr. Schultz. Our  
4 next speaker is Ken Mirly. Thank you, Mr. Mirly, please  
5 state your name and spell you last name for the record.

6           MR. MIRLY: Yes, it's Ken Mirly, it's,  
7 M-I-R-L-Y.

8           CHAIRMAN GOLTZ: Where do you, live Mr. Mirly?

9           MR. MIRLY: I have houses in Issaquah and  
10 Ellensburg, and in Issaquah I have gas and electric, and  
11 in Ellensburg, it's just electric.

12          CHAIRMAN GOLTZ: All right, thank you, and who  
13 are you appearing for tonight?

14          MR. MIRLY: I'm appearing for myself.

15          CHAIRMAN GOLTZ: Please go ahead with your  
16 comments.

17          MR. MIRLY: Well, I came tonight to pick up  
18 some information and see what was happening. The only  
19 information that I have is what I read that came in my  
20 bill, I thought to be totally inaccurate to justify any  
21 kind of an increase. There have been some good comments  
22 preceding my comments about greater return, which is one  
23 of the important things, which made one thing bubble up  
24 in my mind, what, we're asking for a rate increase is  
25 why, and then I'm sure something that's available, but

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1 it's not in the mailing we can get on inside, and I  
2 haven't had the time to sort it.

3 CHAIRMAN GOLTZ: And I'll remind you that  
4 representative of the Company, and Commission Staff, and  
5 Public Staff are here, and you may have some questions  
6 for them, you can talk to them later.

7 MR. MIRLY: Thank you very much. But the one  
8 point that I would like to bring up that hasn't been  
9 touched on yet, which might add to our discussion that  
10 was covered in documentation here, is the list of the  
11 various customers and their sharing of the cost increase  
12 that's being asked, requested. And the thing that  
13 sounds out to me would be on the natural gas side,  
14 they're asking a 2 and a half increase in natural gas  
15 revenue, and so they're proposing increases for  
16 residential rates by 3.2 percent. So that's a little  
17 frustrating taking the burden and then it doesn't seem  
18 to be fair. Same thing repeated in a different case  
19 when they were looking for a 7.7 increase in revenue, so  
20 they're proposing that residential rates will go up  
21 9.4.

22 So where's the fairness in that? I mean  
23 there's lots of other customers there, and on the  
24 surface why not just pay whatever rate they get, why not  
25 just spread it evenly among all the customers. Tonight

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1 we have demonstrated residential customers that are  
2 struggling because of the environment that we're living  
3 in today. Why not load up some other customer with the  
4 lion's share of the rate increase, whatever it turns out  
5 to be.

6 So I guess I would request that the Commission  
7 look at the fairness issue and pull that into their  
8 consideration as well, how the money were to be granted  
9 if it was spread across the State.

10 CHAIRMAN GOLTZ: All right, thank you very  
11 much, I appreciate it. That's the Last speaker I have  
12 signed up this evening, let me ask if there is anyone  
13 else present who wishes to speak tonight? No.

14 I'll ask if there are any closing remarks? I  
15 wish to say thank you again for coming out, and thank  
16 you, we didn't really miss our dinner hour, we ate  
17 before we came. We don't know how long these things  
18 usually last, but we do appreciate your thoughtful  
19 comments, and coming a long ways away, and also very  
20 moving comments which are all very helpful, as well as  
21 things we should pursue further as we approach the entry  
22 days in the beginning in January, thank you.

23 JUDGE MOSS: Thank you very much, I'll add  
24 thanks to that of Chairman Goltz, and with that, our  
25 proceedings this evening are closed.

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(Hearing concluded at 6:41 p.m.)

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