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BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION

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WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	
	)	
Complainant,	)	
	)	
vs.	)	DOCKET NO. UG-101644
	)	
PUGET SOUND ENERGY, INC.,	)	VOLUME III
	)	
Respondent.	)	PAGES 59 - 71
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A public comment hearing in the above matter was held on Tuesday, March 1, 2011, at 1:30 p.m., at 1300 South Evergreen Park Drive Southwest, Olympia, Washington, before Administrative Law Judge DENNIS MOSS, Chairman JEFF GOLTZ, Commissioner PATRICK OSHIE and Commissioner PHILIP JONES.

The parties were present as follows:

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, by ROBERT D. CEDARBAUM, Assistant Attorney General, 1400 South Evergreen Park Drive Southwest, Olympia, Washington 98504; Telephone 360-664-1188

PUBLIC COUNSEL, by SIMON J. FFITCH, Senior Assistant Attorney General, 800 Fifth Avenue, Suite 2000, Seattle, Washington 98104; Telephone 206-389-2055

PUGET SOUND ENERGY, by SHEREE STROM CARSON, Attorney at Law, Perkins Coie, 10885 Northeast Fourth Street, Suite 700, Bellevue, Washington 98004; Telephone 425-635-1422

Tami Lynn Vondran, CCR No. 2157

Court Reporter

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

2 (Whereupon, the proceedings went on the  
3 record at 1:30 p.m.)

4 JUDGE MOSS: All right. I think we're ready to  
5 begin. It's the appointed hour of 1:30. My name is Dennis  
6 Moss. I'm an administrative law judge for the Washington  
7 Utilities & Transportation Commission.

8 We're here this afternoon to conduct a public  
9 comment hearing, which is the last hearing stage in a  
10 proceeding styled Washington Utilities & Transportation  
11 Commission against Puget Sound Energy, Inc., Docket  
12 UG-101644.

13 This is a rate case that Puget brought forward  
14 back in October of last year seeking to increase the natural  
15 gas rates charges through its tariffs in Washington state.  
16 I'll talk in a moment a little bit about the posture of the  
17 case. I turn first, however, to Chairman Goltz to greet  
18 those members of the public who have appeared today and wish  
19 to speak.

20 CHAIRMAN GOLTZ: Certainly. Thank you, Judge  
21 Moss.

22 I just want to thank you for taking time out of  
23 your day to come and participate in this. I'm sure Judge  
24 Moss will address this more, but there are two various  
25 aspects of a rate hearing.

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1           One aspect is an evidentiary hearing that's  
2 conducted pursuant to our Administrative Procedure Act where  
3 we have witnesses, expert witnesses, accountants, engineers,  
4 economists testifying as to the need or lack of need for a  
5 utility to increase its rates. Then we also have always had  
6 a public comment hearing.

7           And I have been on the Commission for two years.  
8 My colleagues, Pat Oshie and Phil Jones, have been on the  
9 Commission about ten years and six years respectively. And  
10 I'm sure I speak for them when I say that we always find  
11 these public hearings very, very useful and important  
12 because they give a perspective that, no offense to  
13 accountants, accountants don't always convey.

14           And I know that our predecessors in the Commission  
15 have always felt that these are very important aspects of  
16 the hearing as well. So we look forward to the comments.  
17 And, again, thank you.

18           And I'm sure also that Judge Moss will say it's  
19 also possible to submit comments in writing as well. And  
20 I'm sure that we have a number of written comments already  
21 in the record. So thank you for coming.

22           JUDGE MOSS: Thank you very much. We do have this  
23 afternoon, so far it's been indicated to me we have two  
24 people present in the hearing room who wish to make oral  
25 comment today. And I understand there's also at least one

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1 person on our telephone conference bridge line who wishes to  
2 make a comment. So we'll call on each of you in turn to do  
3 that.

4 First, let me say just a word about this case. I  
5 mentioned that it is a case filed by Puget Sound Energy  
6 seeking to increase rates for natural gas service in  
7 Washington state.

8 When the Company originally filed the case it was  
9 seeking an increase of approximately \$24 million in its  
10 revenue requirement. Which would represent, depending on  
11 your perspective, about a 2.3 percent increase in the  
12 overall gas rates including the gas cost component. Or if  
13 we look only at the non-gas cost about 4.9 percent.

14 The parties, as sometimes happens in these types  
15 of cases, got together and discussed the issues that were  
16 separating them in terms of Staff's review, our Commission  
17 staff's review of the case. And our Commission staff sits  
18 in this case as a party, just like any other party. Our  
19 interaction with them is here in the hearing room just as it  
20 is with the Company and the Public Counsel and others who  
21 participate in the process.

22 Those parties all got together and negotiated a  
23 settlement agreement among themselves. They all agreed to  
24 reduce what the Company had asked for by about \$5 million, a  
25 little more. So that today what is before us is a

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1 settlement agreement that would increase the rates or the  
2 revenue requirement by about \$19 million. Again, depending  
3 on whether you include the gas cost or not, that represents  
4 about a 1.8 percent increase overall, or about 4.6 on just  
5 the non-gas costs.

6           There are, as I mentioned, a number of  
7 participants who negotiated the settlement who were active  
8 in this proceeding, some of whom are present here today, I  
9 might say the key players in a sense.

10           The Company is here represented by counsel,  
11 Ms. Carson here at the front table. Our Commission staff is  
12 represented by counsel from the Attorney General's Office,  
13 Mr. Cedarbaum, is here at the front of the room. The Public  
14 Counsel section of the Attorney General's Office represented  
15 by Mr. ffitch here, also at the front table, represents the  
16 interests of the public, specifically including the  
17 residential and small business customers who are served by  
18 Puget Sound Energy. And so he has participated actively  
19 throughout the proceeding.

20           As I mentioned, we have other parties--they are  
21 not present here today--who represent various large  
22 consumers such as Nucor Steel and the Industrial Customers  
23 of the Northwest Utilities and certain public interest  
24 groups such as The Energy Project, which represents the  
25 interests of the low-income customers of Puget and others.

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1           With that we're ready to move to the stage of the  
2 proceeding, which is really why we're here, which is to take  
3 your comments orally, if you wish to give them.

4           And also as Chairman Goltz mentioned, we do accept  
5 written comments. We have received some already.  
6 Mr. ffitch will present those later in the proceeding in the  
7 way of an exhibit, which I have already included on our  
8 exhibit list. And we'll accept written comments through the  
9 end of this week. If you wish to file written comments, and  
10 they're postmarked by March 4th, then we will receive those  
11 as part of the record early next week.

12           As I said, there are two here in the hearing room.  
13 Is there someone on the telephone conference bridge line who  
14 wishes to make an oral comment today? If so please identify  
15 yourself.

16           Apparently not.

17           Okay. And let me just get a confirmation by show  
18 of hands. I have a Mr. Ormsby and a Mr. Ice, do you both  
19 wish to comment today? (Both nod their heads.) You do.

20           All right. What I'll do then is I'll just swear  
21 both of you in at the same time, which will save a moment.  
22 I'll ask Mr. Ormsby then--after I swear you in--if you can  
23 come up here and sit by the microphone so that we can have a  
24 good record of your comments.

25           If you would both just rise at this time.

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1 (Mr. Ice & Mr. Ormsby both sworn on  
2 oath.)

3 JUDGE MOSS: Thank you very much. Mr. Ormsby, why  
4 don't you come forward first, and we'll hear your comments.  
5 I'll ask you a couple of preliminary questions.

6 MR. ORMSBY: Okay.

7 JUDGE MOSS: All right.

8 MR. ORMSBY: I get the easy chair.

9 JUDGE MOSS: There you go. These are more  
10 comfortable than the ones back there.

11 All right. Mr. Ormsby, would you please state  
12 your full name for the record and spell your last name?

13 MR. ORMSBY: Okay. My name is Clyde Robert  
14 Ormsby, Jr. My last name, O-r-m-s-b-y.

15 JUDGE MOSS: Thank you. Mr. Ormsby, are you a  
16 customer of Puget Sound Energy's natural gas service?

17 MR. ORMSBY: Right.

18 JUDGE MOSS: And it goes without saying then you  
19 live in the PSE service territory. Are you appearing for  
20 yourself today or for others?

21 MR. ORMSBY: Basically I could say it could be for  
22 myself as well as others because we're both on fixed income.

23 JUDGE MOSS: Okay. Very well. All right. Then  
24 if you would pull that microphone very close to you then we  
25 would be happy to hear your comments today.

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1 MR. ORMSBY: Is it already on?

2 JUDGE MOSS: Is the red light on?

3 MR. ORMSBY: No.

4 JUDGE MOSS: Push the button and then the red  
5 light should illuminate.

6 MR. ORMSBY: Oh.

7 JUDGE MOSS: We're set, we can hear you now  
8 through the speakers. Thank you very much.

9

10 CLYDE ROBERT ORMSBY,  
11 having been first duly sworn on oath  
12 testified as follows:

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14 TESTIMONY OF CLYDE ROBERT ORMSBY

15 MR. ORMSBY: The reason I -- I have a couple of  
16 questions to ask Puget Sound. What did they earn and pay  
17 out in basic dividends? And how many pay increases did they  
18 have over the last three years?

19 JUDGE MOSS: Okay. I should have said this as a  
20 preliminary matter. We are not here to answer questions  
21 today but to listen. But there are representatives of the  
22 Company present, and once you have delivered whatever  
23 comments you wish to make then you can talk to the  
24 representatives of the Company. And I'm sure they will be  
25 happy to answer questions such as the one you just posed.



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1 Mr. DeBoer is in the back of the room there. And as I  
2 mentioned, Ms. Carson is sitting here at the front of the  
3 room representing the Company.

4 So they will be able to answer your questions  
5 along with our Staff members who are sitting in the back of  
6 the room there. But in the meantime if you have other  
7 comments you would like to make we would like to hear them.

8 MR. ORMSBY: Okay. Being as in the last three  
9 years there's been no cost of living according to government  
10 because none of us on Social Security have gotten a pay  
11 raise whatsoever and everything. And this here is something  
12 that is -- we can't hardly afford to pay for an increase in  
13 gas when there hasn't been an increase in cost of living.  
14 And that's the way I look at the overall picture. If they  
15 paid out dividends and what have you during the year or last  
16 three years, pay raises, that means they have plenty of  
17 money to throw around for no reason at all.

18 JUDGE MOSS: All right. Does that complete your  
19 comments, Mr. Ormsby?

20 MR. ORMSBY: That would be it.

21 JUDGE MOSS: All right. Thank you very much. We  
22 appreciate hearing from you today. Again, the  
23 representatives of the Company and our Staff are present.  
24 And perhaps after we finish here with Mr. Ice you'll be able  
25 to have a chance to talk to them.

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1           Mr. Ice, please come forward. And as you just  
2 observed, I'll have a couple of preliminary questions.

3           Ask you to state your full name for the record and  
4 spell your last name?

5           MR. ICE: Donald Allen Ice, I-c-e.

6           JUDGE MOSS: All right, thank you. And you're a  
7 customer for Puget Sound Energy's natural gas service?

8           MR. ICE: I am.

9           JUDGE MOSS: All right, very well. Are you here  
10 today representing yourself or others?

11          MR. ICE: I own a little industrial park, and I'm  
12 representing that as a general partner.

13          JUDGE MOSS: All right, very well. Thank you very  
14 much. Please proceed with your comments.

15

16                                 DONALD ALLEN ICE,  
17                                 having been first duly sworn on oath  
18                                 testified as follows:

19

20                                 TESTIMONY OF DONALD ALLEN ICE

21          MR. ICE: First of all, I don't have any problem  
22 with the rate increase. Rate increase is fine with me if  
23 they need it to cover their costs.

24                 But what I have been wanting to say to you is that  
25 this ready-to-serve charge, I have a real problem with that.

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1 It's like 30 bucks a month on my tenants. And some of them  
2 are small businesses that are struggling right now. They've  
3 only got 1,000, 1,500 square feet, and they get hit with  
4 this \$30 a month ready-to-serve charge whether they use the  
5 gas or not. Frankly, six months out of the year they leave  
6 the gas shut off. They only use it for freeze protection in  
7 the dead of winter. So use it or not here's this  
8 ready-to-serve charge.

9           And I think it's, you know, whether you're  
10 operating a Wal-Mart or a Costco or a little 1,500 square  
11 foot space, here comes this ready to serve charge. I think  
12 it's detrimental to small businesses. These people don't  
13 have any problem paying for the gas, but this ready-to-serve  
14 charge is onerous.

15           JUDGE MOSS: All right, thank you. Is there  
16 anything else you would like to say today?

17           MR. ICE: That's it.

18           JUDGE MOSS: All right. Mr. Ice, we appreciate  
19 you being here today and giving your comments.

20           Is there anyone else present in the hearing room  
21 who wishes to offer an oral comment today?

22           I'll ask again if there's anyone on the telephone  
23 conference bridge line who wishes to make a comment today?

24           Apparently there is not. That then would conclude  
25 our purpose for being here this afternoon.

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1           And with that I'll, again, turn to Chairman Goltz  
2 to offer closing comments. And I'll say my thank you all  
3 for being here today.

4           CHAIRMAN GOLTZ: I'll just echo that. And I might  
5 add, Mr. Ormsby, after you discuss if you get some  
6 information out of the Company's representatives that then  
7 triggers some further comments, please feel free to contact  
8 our Public Affairs staff in the back and they can give you  
9 the method by which you can file an extra written comment.  
10 You may get some useful information from the Company.

11           But, again, thank you very much for taking the  
12 time to come. And for those of you that didn't testify but  
13 came, thank you for your interest as well.

14           JUDGE MOSS: All right. With that we will be off  
15 the record.

16                               (Whereupon, the proceedings went off  
17 the record at 1:45 p.m.)

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C E R T I F I C A T E

I, TAMI LYNN VONDRAN, a Certified Court Reporter,  
do hereby certify that I reported in machine shorthand the  
foregoing proceedings in the above-entitled cause; that the  
foregoing transcript was prepared under my personal  
supervision and constitutes a true record of the testimony  
of the said witness.

I further certify that I am not an attorney or  
counsel of any parties, nor a relative or employee of any  
attorney or counsel connected with the action, nor  
financially interested in the action.

DATED at Edgewood, Washington this 14th day of  
March, 2011.

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Tami Lynn Vondran, CCR  
Certified Court Reporter  
License No. 2157