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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

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, 800 Fifth Avenue, Suite 2000, Seattle, Washington, 98104

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-090704 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 2010, 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 Shutler, Ms. Gail Griffin-Wallace, and
25 other members, these are members the Commission's

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1 Consumers Affairs Staff, and they are here tonight to
2 assist us with this hearing, and also to answer questions
3 that you may have at the end of the process, and they can
4 also 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 DeBoer, 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 JUDGE MOSS: 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 JUDGE MOSS: And you are a member of what
3 community, Ms. Lamphere?

4 MS. LAMPHERE: Kirkland, Washington.

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

7 MS. LAMPHERE: Yes.

8 JUDGE MOSS: Electric?

9 MS. LAMPHERE: Yes.

10 JUDGE MOSS: Natural gas?

11 MS. LAMPHERE: No.

12 JUDGE MOSS: 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 JUDGE MOSS: 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 JUDGE MOSS: Thank you, Ms. Lamphere, for
3 your comments. Our next speaker is Jackie Swett.

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

5 JUDGE MOSS: Okay, well, I'll give your 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 JUDGE MOSS: All right, and where do you
10 live, Ms. Swett?

11 MS. SWETT: Bellevue, Washington.

12 JUDGE MOSS: And are you a customer of
13 PSE?

14 MS. SWETT: I am.

15 JUDGE MOSS: Gas and electric or one or the
16 other?

17 MS. SWETT: Electric and gas, both.

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

20 MS. SWETT: Yes.

21 JUDGE MOSS: 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 very small 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 JUDGE MOSS: 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 JUDGE MOSS: And in what community do you
25 live?

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

2 JUDGE MOSS: Are you a PSE customer?

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

4 JUDGE MOSS: Are you here representing

5 yourself tonight?

6 MR. WRIGHT: Yes, and my wife.

7 JUDGE MOSS: 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 JUDGE MOSS: 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 JUDGE MOSS: And are you a customer of
5 PSE?

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

7 JUDGE MOSS: And are you representing
8 yourself tonight?

9 MR. PLUMMER: Yes, I am.

10 JUDGE MOSS: 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 JUDGE MOSS: 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 JUDGE MOSS: All right, thank you,
19 Mr. Plummer.

20 MR. PLUMMER: Can you leave this --

21 JUDGE MOSS: 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 JUDGE MOSS: Thank you very much.

11 MR. PLUMMER: Sure.

12 JUDGE MOSS: 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 JUDGE MOSS: And in what community do you
18 live?

19 MR. GILLIS: Bellevue.

20 JUDGE MOSS: And are you a customer of
21 PSE?

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

23 JUDGE MOSS: 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 JUDGE MOSS: 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 JUDGE MOSS: 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 JUDGE MOSS: 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 JUDGE MOSS: And in what community do you
5 reside?

6 MS. FOSTER: Gold Bar, Washington.

7 JUDGE MOSS: All right, and are you a
8 customer of PSE?

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

10 JUDGE MOSS: 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 JUDGE MOSS: 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 JUDGE MOSS: Thank you Ms. Foster, I

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1 appreciate your comments. Next speaker is Richard
2 Schultz. 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 JUDGE MOSS: And where do you reside?

6 MR. SCHULTZ: Bellevue, Washington.

7 JUDGE MOSS: Are you customer of PSE?

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

9 A group?

10 JUDGE MOSS: 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 --

0075

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 JUDGE MOSS: 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 JUDGE MOSS: 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 JUDGE MOSS: All right, thank you, and who
13 are you appearing for tonight?

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

15 JUDGE MOSS: 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 JUDGE MOSS: 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

0078

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 JUDGE MOSS: 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. I'll ask
14 if there are any closing remarks?

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