

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of:)
)
WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
)
 Complainant,)
)
 v.)
)
PUGET SOUND ENERGY, INC.,)
)
 Respondent)

DOCKET NO. UE-031725

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 STATE OF WASH.
 UTIL. AND TRANSP.
 COMMISSION

**JOINT INTERVENTION PETITION OF
TRANSCANADA PIPELINES LIMITED AND
BP WEST COAST PRODUCTS**

TransCanada Pipelines Limited (“TransCanada”) and BP West Coast Products (“BP”) hereby petition the Washington Utilities and Transportation Commission (“WUTC” or “Commission”) for leave to intervene in this proceeding established to consider a rate application of Puget Sound Energy, Inc. (“PSE”). These “Petitioners” seek party status, as specified in WAC §480-09-430(3). In support thereof, Petitioners state the following.

Petitioners are authorized to state that PSE does not oppose this intervention.

1. The Petitioners

Petitioners’ names, business addresses and contact information are as follows:

Mr. Craig Martin
 TransCanada PipeLines Limited
 450 – 1st Street, S.W.
 Calgary, Alberta T2P 5H1
 Ph.: (403) 920-2068

Mr. Mark Moore
 BP West Coast Products
 4519 Grandview Road
 Blaine, Washington 98230
 Ph.: (360) 371-1200

BP is a major producer, refiner and marketer of petroleum products within PSE's service territory. BP has approximately 90 retail outlets that comprise part of PSE's commercial class of customers.

BP's Cherry Point Refinery is currently served under Schedule 449. As a non-core customer, BP is responsible for the refinery's bulk power requirements. BP has elected to satisfy these needs from the Cherry Point Cogeneration Project. The refinery will consume approximately 100 MW of the project's total output. BP will also be the project steam host. Incorporation of back-up boilers into the design makes the project fully dispatchable while allowing it to achieve greater thermal efficiency than a combined-cycle plant.¹

TransCanada, a major pipeline and power-resource developer active throughout North America, is the project developer. The Cherry Point Cogeneration Project is a Qualified Facility ("QF") under Section 201 of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), and the regulations of the Federal Energy Regulatory Commission.

2. Petitioners' Counsel

Documents in this proceeding should be served on petitioners' respective counsel:

Ms. Angela Avery
TransCanada PipeLines Limited
450 – 1st Street, S.W.
Calgary, Alberta T2P 5H1
Ph.: (403) 920-2171
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Mr. John Cameron
Davis Wright Tremaine, LLP
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3. Petitioners' interest in this proceeding

A. PSE proposes to increase rates to recover, *inter alia*, costs related to its proposed acquisition of a 49.9% interest in the Frederickson I combined-cycle power plant.

¹ A presentation about the Cherry Point Project was made to the Commission on March 12, 2003, and posted on the WUTC website.

BP's retail outlets are among the customers whose rates would increase. Commercial customers, such as BP, are typically underrepresented in retail rate cases.

B. The proposed Frederickson I acquisition results from an informal solicitation, conducted outside the all-source bidding process prescribed by WUTC regulations. This solicitation took place in late 2002, well before PSE had finalized or submitted its Least Cost Plan to the WUTC.

The Cherry Point Cogeneration Project was excluded from consideration in this informal process despite the fact that it is very likely the lowest-cost new gas-fired resource in the region. Cherry Point has economic features that should have made it the preferred choice for PSE and its ratepayers. Petitioners intend to demonstrate that the Cherry Point Project will have greater thermal efficiency and lower natural-gas transportation costs than Frederickson I. Petitioners will demonstrate that the economic benefits of this cogeneration resource come with all the dispatch flexibility of a combined-cycle unit. Petitioners will also demonstrate that the economic advantages of Cherry Point combine with significant project environmental advantages to make it the optimal resource choice. Petitioners will demonstrate that the financial strength of the Cherry Point Project developer should eliminate any doubt about whether this project can be financed.

It appears that all project developments in Whatcom and Skagit Counties were categorically excluded from consideration because of PSE's mistaken belief that such projects could not secure firm transmission service. To the contrary, Petitioners have been informed by Bonneville Power Administration that north-to-south transmission capacity is available within the Puget Sound area. Petitioners are in the BPA transmission queue, awaiting the offer of a transmission contract, just like PSE.

These points have a direct bearing on whether PSE's proposed acquisition is prudent as the least-cost resource available to it and its ratepayers. Petitioners intend to raise issues having a direct bearing on the prudence of PSE's proposed resource acquisition and on the level of resource costs that PSE should be allowed to recover in its retail rates.

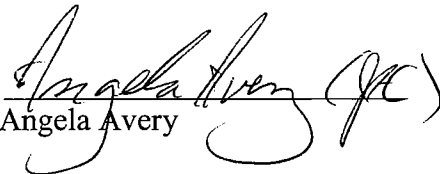
PSE's filing raises an additional ratemaking issue of concern to Petitioners. By designating Frederickson I as its incremental source of supply, ² PSE has necessarily made the cost of this resource its "avoided cost" for purposes of PURPA. Petitioners have a vital interest in the resolution of this issue, which will necessarily affect the QF rights of the Cherry Point Project under PURPA.

The Commission recognized in *WUTC v. PacifiCorp*, Docket Not. UE-001734, July 9, 2001, Second Supplemental Order at paragraph 33, that commercial proposals do not exist in isolation, but in the context of potential competition. As both a customer of PSE and as a QF with a direct and particular interest in the outcome of these proceedings, the Petitioners participation in this proceeding will be of material value to the WUTC.

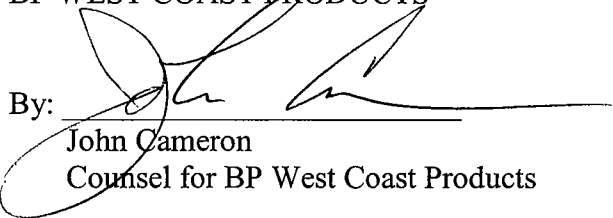
WHEREFORE, Petitioners respectfully request that they be allowed to intervene.

DATED this 6th day of November, 2003.

TRANSCANADA PIPELINES LIMITED

By: 
Angela Avery

BP WEST COAST PRODUCTS

By: 
John Cameron
Counsel for BP West Coast Products

² Although substantive information in the filing is sketchy, materials on EPCOR website indicate that the proposed Frederickson I acquisition is expected to close by the second quarter of 2004.

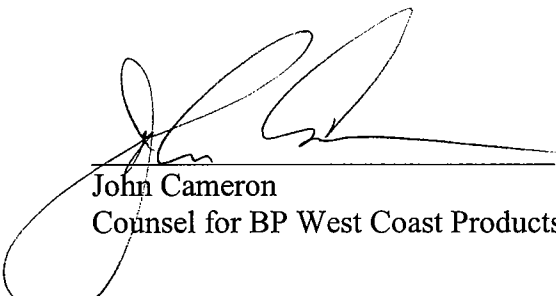
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the Petition to Intervene of TransCanada PipeLines Limited and BP Westcoast Products, upon all parties of record in this proceeding, as follows:

Puget Sound Energy, Inc. (via U.S. mail)
10885 N.E. 4th
Bellevue, WA 98004

Simon Ffitch (via U.S. mail)
Office of the Attorney General
900 Fourth Avenue, Suite 2000
Seattle, WA 98164-1012

DATED: November 6, 2003.



John Cameron
Counsel for BP West Coast Products