

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UE-090704

and

DOCKET NO. UG-090705  
(consolidated)

---

**INITIAL POST HEARING BRIEF OF THE NORTHWEST INDUSTRIAL GAS USERS**

February 19, 2010

**TABLE OF CONTENTS**

I. INTRODUCTION..... 1

II. ARGUMENT ..... 3

    A. The Multiparty Settlement Should Be Approved ..... 3

    B. Puget’s Authorized Return on Equity Should Be No More than 10.0 Percent  
    with a Hypothetical Capital Structure Containing 45 Percent Equity ..... 4

        1. The Commission should authorize an ROE of 10.0 percent ..... 5

        2. The Commission should authorize a capital structure that contains 45%  
        equity ..... 8

    C. The Commission Should Deny the Company’s Conservation Phase In  
    Adjustment ..... 10

III. CONCLUSION ..... 11

## TABLE OF AUTHORITIES

### Administrative Code

Washington Administrative Code (WAC) 480-07-395 ..... 1

### Administrative Orders

*In the Matter of the Joint Application of Puget Holdings LLC and Puget Sound Energy, Inc., for an Order Authorizing Proposed Transaction*, Docket No. U-072375, Order 8 (Dec. 30, 2008)....2

*Washington Utilities and Transportation Comm'n*, Docket No. UG-920840, Fourth Supplemental Order (September 27, 1993). ..... 6

*Washington Utilities and Transportation Comm'n v. Pacific Power & Light Co.*, Cause No. U-84-65, Fourth Supplemental Order, 68 P.U.R. 4th 396 (August 2, 1985)..... 4

### Cases

*Bluefield Water Works & Improvement Co. v. Public Service Comm'n of West Virginia*, 262 U.S. 679, 690, 43 S.Ct. 675, 67 L.Ed. 1176 (1923)..... 6

*Duquesne Light Co. v. Barash*, 488 U.S. 299, 307-08, 109 S.Ct. 609, 102 L.Ed.2d 646 (1989)..... 6

*Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 603, 64 S.Ct. 281, 88 L.Ed. 333 (1944)..... 6

*Washington Natural Gas Co.*, 1993 WL 500058 at 19-20 ..... 6

*WUTC v. Pacific Power & Light Co.*, Cause No. U-84-65, Fourth Supplemental Order, 68 P.U.R. 4th 396, 85 WL 514900, 20 (August 2, 1985)..... 4

## I. INTRODUCTION

1. Pursuant to Washington Administrative Code (WAC) 480-07-395, the Northwest Industrial Gas Users (“NWIGU”) file this Initial Post Hearing Brief in the above referenced consolidated dockets related to Puget Sound Energy, Inc.’s (“Puget” or “Company”) general rate case. While the Company acknowledges the tough economic times faced by its customers, the Company’s proposed natural gas rate increase of approximately \$28 million does not balance the interest of ratepayers and those of the Company and its owners. As discussed in this brief, NWIGU believes significant adjustments to Puget’s request are warranted before any rate increase can satisfy the fair, just and reasonable standard.
2. In this brief, NWIGU will address: (i) the natural gas rate spread and rate design settlement; (ii) the appropriate rate of return on equity (“ROE”); (iii) the appropriate capital structure; and (iv) the adjustment number 10.02 – 9.02 Revenues & Expenses (Conservation Phase-In Adjustment) (“Conservation Phase In”). While NWIGU will not address other Revenue Requirement Issues with specificity in this brief, NWIGU overall supports the adjustments proposed by Public Counsel and Staff, which lead to a \$2,105,652<sup>1</sup> and a \$9,233,330<sup>2</sup> increase in natural gas rates, respectively.
3. NWIGU is a signatory to the Multiparty Settlement Re: Natural Gas Rate Spread And Natural Gas Rate Design (“Multiparty Settlement”) pending before the Washington Utilities and Transportation Commission (“WUTC” or “Commission”) to resolve issues related to gas rate spread and rate design.<sup>3</sup> NWIGU urges the Commission to approve the Multiparty Settlement in its entirety.

---

<sup>1</sup> Exh. No. Refiled JRD-3C, p.3.

<sup>2</sup> Exh. No. KBH-3, p.3.1.

<sup>3</sup> Exh. No. JT-3.

4. On the ROE and capital structure issues, NWIGU supports the position of WUTC Staff. Specifically, NWIGU adopts the position of WUTC Staff's witness David C. Parcell and urges the Commission to authorize an ROE of no more than 10 percent with an overall equity component of 45 percent. NWIGU's position is based on a common-sense approach that reflects the current status of financial markets and the economy, as well as the fact that the Company is less risky and more stable as a result of its recent merger. Puget's requested 10.7 ROE coupled with a capital structure comprised of 48 percent equity asks too much from ratepayers in this troubled economic environment. NWIGU agrees with Mr. Parcell in that "there is no justification at this time for increasing the profit level of a regulated utility such as [Puget] at the same time that other enterprises are experiencing lower profits and lower cost of capital."<sup>4</sup> A 15 basis point reduction from the 10.15 percent cost of equity the Commission approved in the 2008 Puget rate case is appropriate, given changes in the capital markets since that case was decided.

5. With respect to the Conservation Phase In adjustment, NWIGU agrees with WUTC Staff witness Michael P. Parvinen and Public Counsel witness James Dittmer that Puget's proposal should be rejected by the Commission as it fails to meet the definition of a proper pro forma adjustment. Moreover for industrial gas consumers, NWIGU believes the proposal violates Condition 62 of the terms to which Puget agreed for its merger.<sup>5</sup> The Merger Order provides in relevant part: "PSE will not make any proposals regarding decoupling for gas industrial customers during the two-year period commencing as of the

---

<sup>4</sup> Exh. No. DCP-1T, p. 6, lines 20-22.

<sup>5</sup> *In the Matter of the Joint Application of Puget Holdings LLC and Puget Sound Energy, Inc., for an Order Authorizing Proposed Transaction*, Docket No. U-072375, Order 8 (Dec. 30, 2008) ("Merger Order").

date of closing of the Proposed Transaction.” As the Macquarie acquisition closed on February 6, 2009, Puget’s proposal is prohibited at this point in time.<sup>6</sup>

## II. ARGUMENT

6. NWIGU urges the Commission to carefully review any revenue requirement increase in the current economic environment. Many of Puget’s customers, residential, commercial and industrial alike, are struggling to make ends meet and to stretch already thin budgets. A utility rate hike in this economic environment should not be taken lightly. Puget should look to its own opportunities to cut costs to achieve its desired rate of return rather than to simply request more money from its customers in this economic climate.
7. Puget acknowledges that many non-regulated companies have had layoffs and have missed earning projections.<sup>7</sup> Further, Puget reluctantly agrees that cost cutting and budget reductions improve the Company’s bottom line.<sup>8</sup> However, Puget is not planning a reduction in its workforce to improve results of operation.<sup>9</sup> Before a rate increase is justified, the Company should be required to demonstrate that it has managed costs and made cuts where appropriate.

### A. The Multiparty Settlement Should Be Approved

8. The Multiparty Settlement resolves all natural gas rate spread and rate design issues in this proceeding. NWIGU believes the Multiparty Settlement is in the public interest and recommends the Commission approve the settlement because the best interests of Puget’s natural gas customers are served by the underlying fair compromise on rate spread

---

<sup>6</sup> Exh. No. DEG-1T, p.43, line 15.

<sup>7</sup> Markell, TR 326:3-7.

<sup>8</sup> Markell, TR 328:15-22.

<sup>9</sup> Markell, TR 326:3-20.

and rate design issues. Not only does the Multiparty Settlement propose a rate spread for the gas rate increase in a manner that is consistent and fair with the results of both the Company's cost of service analysis and the cost of service analysis performed by NWIGU,<sup>10</sup> the Multiparty Settlement also maintains the pricing relationships of the recently restructured large user tariffs. NWIGU requests that the Multiparty Settlement be approved as a fair and reasonable result for the rate spread and rate design issues.

**B. Puget's Authorized Return on Equity Should Be No More than 10.0 Percent with a Hypothetical Capital Structure Containing 45 Percent Equity**

9. In its first rate case since the merger was approved, Puget is seeking an ROE of 10.7 percent<sup>11</sup> with a hypothetical capital structure containing 48 percent equity.<sup>12</sup> The requested ROE is a significant increase over Puget's current authorized ROE of 10.15 percent, which was the ROE accepted by Puget and its owners through settlement.<sup>13</sup> Puget has the burden of showing by a preponderance of the evidence that an increase in its authorized ROE from 10.15 percent to 10.7 percent is needed for the Company to attract equity investors at reasonable terms in today's capital markets and to maintain its financial integrity.<sup>14</sup> Puget has failed to meet its burden.

10. Puget, WUTC Staff and Public Counsel have employed well-recognized experts in the field of cost of capital to address the issues raised by Puget's rate request. These expert witnesses have employed similar methods of analysis, but they offer widely divergent opinions on the appropriate ROE for Puget in today's capital markets. All three experts are

---

<sup>10</sup> Exh. No. DWS-6.

<sup>11</sup> Morin, TR 654:6-9.

<sup>12</sup> Exh. No. DEG-1T, p.12, lines 6-7.

<sup>13</sup> Morin, TR 668:23 to 669:1.

<sup>14</sup> *Washington Utilities and Transportation Comm'n v. Pacific Power & Light Co.*, Cause No. U-84-65, Fourth Supplemental Order, 68 P.U.R. 4th 396 (August 2, 1985).

highly respected in these fields and all have provided detailed, well-documented analyses to support their conclusions.

11. NWIGU urges the Commission to resolve the ROE and capital structure debate in this proceeding in a context reflective of the current state of the economy and capital markets and in a manner consistent with historic precedent of this Commission. A reasonable and common sense approach to resolving these issues argues for lowering Puget's authorized return from 10.15 percent to 10.0 percent with a hypothetical capital structure containing 45 percent equity.
12. At a time most businesses are struggling, Puget has asked for a 10.7 percent ROE with a hypothetical capital structure consisting of 48 percent equity. Balancing the need for a healthy utility with the interests of customers, WUTC Staff recommended Puget's ROE be set at 10.0 percent with a capital structure consisting of 45 percent equity. NWIGU supports WUTC Staff's proposal.

1. **The Commission should authorize an ROE of 10.0 percent**

13. With respect to ROE, Puget's witness, Dr. Morin, recommends an ROE of 10.7 percent and claims that his analysis of capital markets, investor expectations, and the risks facing Puget supports this result.<sup>15</sup> Stephen G. Hill, on behalf of Public Counsel, concludes that an ROE of 9.5 percent is appropriate.<sup>16</sup> WUTC Staff has employed the services of Mr. Parcell, who recommends an ROE of 10.0 percent.<sup>17</sup> NWIGU believes that Mr. Parcell's proposal properly balances "safety and economy."<sup>18</sup>

---

<sup>15</sup> Morin, TR 669-673.

<sup>16</sup> Exh. No. SGH-1T, p.5, lines 13-15.

<sup>17</sup> Exh. No. DCP-1T, p.4, lines 17-18.

<sup>18</sup> Exh. No. DCP-1T, p.25, lines 19-22; p. 26, lines 5-7.



14. Supreme Court precedent and prior decisions of this Commission establish that Puget is entitled to an opportunity to earn a return on equity that is sufficient to maintain its financial integrity and attract capital on reasonable terms.<sup>19</sup> The return should be comparable to other enterprises of corresponding risk.<sup>20</sup> An essential element of the regulatory compact is that rates should be set to allow the utility an opportunity to earn a reasonable return on its shareholders' equity investment. As the Supreme Court explained in *Duquesne Light Co. v. Barash*,<sup>21</sup> the constitutional standard is that the overall rates of a utility must provide the company with a reasonable opportunity to attract capital and earn a fair return on its investments. In *Duquesne Light Co.*, the Supreme Court clarified that the focus for constitutional analysis is not on any one decision within the process of establishing the utility's rates, but rather on whether the final result gives the company an opportunity to earn a reasonable return.<sup>22</sup> Staff's proposal meets this constitutional standard.

15. Ratepayers' interests are not properly protected, however, if a utility is authorized to earn a return that is higher than necessary to attract capital in today's equity markets. The Commission must employ its sound judgment and properly balance the shareholders' interests in being fairly compensated for their investments with the Commission's duty to protect ratepayers from excessive rates and charges.<sup>23</sup> In doing so, the WUTC should employ its common sense as well as weighing the highly technical arguments of expert witnesses.

---

<sup>19</sup> *Bluefield Water Works & Improvement Co. v. Public Service Comm'n of West Virginia*, 262 U.S. 679, 690, 43 S.Ct. 675, 67 L.Ed. 1176 (1923); *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 603, 64 S.Ct. 281, 88 L.Ed. 333 (1944).

<sup>20</sup> *Hope Natural Gas Co.*, 320 U.S. at 603.

<sup>21</sup> 488 U.S. 299, 307-08, 109 S.Ct. 609, 102 L.Ed.2d 646 (1989).

<sup>22</sup> 488 U.S. at 314.

<sup>23</sup> See *Washington Utilities and Transportation Comm'n*, Docket No. UG-920840, Fourth Supplemental Order, pp.19-20 (September 27, 1993).

16. WUTC Staff and Public Counsel experts have convincingly argued that Puget should have no more than 10.0 percent ROE. Moreover, common sense and historic precedent are strong rebuttals to Puget's request for an ROE of 10.7 percent in today's capital markets. Despite his outstanding credentials and the details contained in his analysis, the testimony from Puget's witness Dr. Morin fails to carry the Company's burden of showing that, in today's capital markets, an authorized ROE of 10.7 percent is reasonable for Puget or any other entity having corresponding risk. Instead, the record in this case and past precedent of this Commission supports a reduction in Puget's currently authorized ROE to 10.0 percent.

17. As explained by Mr. Parcell and Mr. Hill, there is no justification for allowing Puget to earn a 10.7 percent return in today's capital markets, especially in light of the lower risk the Company faces post merger. In his testimony, Mr. Hill cites a clear and objective indicator showing that Puget is less risky. Although the average bond yield for a utility is in the range of 6.1 percent, Puget's most recent bond issue was 5.75 percent.<sup>24</sup> Investors expect to be compensated for higher risk. Thus, the lower yield for Puget's most recent bond issue demonstrates that, from an investor's view, Puget is less risky than other utilities. Additionally, Puget's witness Dr. Morin acknowledges that aspects of the Company's structure make it less risky. Specifically, because the Company is no longer publicly traded, it is not subject to swings in market prices and other market volatility.<sup>25</sup>

18. It is also noteworthy that Puget's investors have already accepted an ROE closer to 10.0 percent as an acceptable ROE. As described in Mr. Hill's testimony, if an ROE of

---

<sup>24</sup> Hill, TR 726:8.

<sup>25</sup> Morin, TR 680:15-17.

10.15 was not acceptable, the merger would not have been consummated.<sup>26</sup> Puget has not provided a justification for departing so drastically from the current authorized ROE of 10.15 percent. A request for a 10.7 percent ROE with an equity-rich capital structure is especially egregious during a recession when investors across the board are expecting lower returns than normal.

19. This Commission should not artificially inflate Puget's ROE to help Puget actually earn its authorized return. To achieve its authorized ROE, the Company should be required to tighten its belt like other businesses have been required to do in this recession. The authorized ROE should be lower than the current authorized level of 10.15 percent. A generous but fair return would be in the range supported by WUTC Staff's witness. Anything higher would be excessive.

2. **The Commission should authorize a capital structure that contains 45% equity**

20. With respect to capital structure, Puget is requesting that the Commission approve a hypothetical capital structure with an equity component of 48 percent. Mr. Hill concludes that the appropriate capital structure should have an equity component of no more than 43 percent.<sup>27</sup> Mr. Parcell concludes that the appropriate equity component of the capital structure should be 45 percent.<sup>28</sup>

21. NWIGU supports Mr. Parcell's recommendation on behalf of WUTC Staff that the equity component of the Company's hypothetical capital structure should be 45 percent. First, a less risky utility is allowed to have more debt. As explained by Mr. Parcell and Mr. Hill, Puget is less risky post merger. Second, this level of equity (45 percent) is consistent

---

<sup>26</sup> Hill, TR 723:5.

<sup>27</sup> Exh. No. SGH-1T, p.19, Table 5.

<sup>28</sup> Exh. No. DCP-1T, p.25, lines 11-12.

across the utility industry for combination gas and electric utilities.<sup>29</sup> In fact, as Mr. Hill stated in his testimony, “the average common equity ratio of the electric and combination gas and electric utility industry is 44 percent. . . . the capital structure requested by [Puget] would be considerably more expensive than average for a utility.”<sup>30</sup> Thus Mr. Parcell is arguing for an above-average equity component.

22. Puget’s proposed capital structure is too costly to ratepayers. As Mr. Hill described in his testimony, “when common equity replaces debt in the capital structure it is expensive for ratepayers – equity is the most expensive form of capital.”<sup>31</sup> Indeed, the cost of common equity to the ratepayers can be more than twice the cost of debt.<sup>32</sup>

23. NWIGU also believes it is noteworthy that Puget has requested capital structures in the past that contain a 45 percent equity component and that only recently, post merger, has the Company requested an increase to that component. As Mr. Hill explains in his testimony, the proposed shift in common equity also shifts the higher cost of equity onto ratepayers while lightening the burden on the Company’s new owners:

[Puget’s] common equity ratio in this case is supported with a substantial amount of debt capital and the cash flows it generates have to fund not only the debt that appears on its books, but also the debt that appears on the books of *all* if [sic] its parent companies as well. [Puget’s] owners are effectively requesting that ratepayers pay the higher cost of additional common equity while they enjoy the advantages of the lower-cost debt they have used to capitalize the [Puget] assets.”<sup>33</sup>

---

<sup>29</sup> Exh. No. DCP-1T, p.24, lines 12-21; Exh. No. DCP-9.

<sup>30</sup> Exh. No. SGH-1T, p.11, lines 11-17.

<sup>31</sup> Exh. No. SGH-1T, p.10, lines 3-9.

<sup>32</sup> *Id.*

<sup>33</sup> Exh. No. SGH-1T, p.17, line 21 to p.18, line 3 (emphasis in original).

24. Not only does the Company's proposal shift the burden to the ratepayer, the size of that burden is substantial. Mr. Hill illustrated the cost impact of the Company's capital structure proposal in comparison to Public Counsel's proposal:

When the difference between the overall return with 48 percent equity and the overall return with 42 percent equity is multiplied by the Company's requested \$4.9 billion rate base, the annual impact of the extra common equity is derived. Setting rates with a 48 percent common equity ratio rather than a 42 percent common equity ratio would cost Puget's Washington ratepayers approximately \$29 million every year, as shown on page 3 of Exhibit No. SGH-5. Said another way, each additional one percent of common equity in [Puget's] ratemaking capital structure will add approximately \$4.7 million every year to the rates customers have to provide for utility service.<sup>34</sup>

25. Because Puget is less risky than it was before the merger, and because the impact to ratepayers that results from a higher equity component is so large, the Company's proposal does not adequately balance safety with economy. Puget has not justified a 48 percent equity component.

**C. The Commission Should Deny the Company's Conservation Phase In Adjustment**

26. The Company has proposed a Conservation Phase In adjustment to recover the margin on energy it does not sell to customers as a result of conservation measures. NWIGU agrees with WUTC Staff witness Mr. Parvinen that elimination of this adjustment will increase the Company's net operating income by \$3,014,138 (combined electric and gas).<sup>35</sup> Puget argues that the Conservation Phase In "increases the Company's revenue deficiency by slightly more than \$4 million."<sup>36</sup>

---

<sup>34</sup> Exh. No. SGH-1T, p.10, line 21 to p.11, line 6.

<sup>35</sup> Exh. No. MPP-1T, p.17, line 17 to p.18, line 2.

<sup>36</sup> Exh. No. JAP-5T, p.2, lines 8-9.

27. The purpose of the Conservation Phase In adjustment is to address the Company's perception that it has a disincentive to implement conservation measures.<sup>37</sup> The Company acknowledges that it cannot pursue "decoupling" because that would be prohibited by the Merger Order.<sup>38</sup> At the same time, the Company's proposal is an attempt to do what decoupling does – provide for the payment of fixed costs by recovering from all ratepayers the lost revenue from pursuing conservation.<sup>39</sup> Although the Company's proposal may not have every element of a traditional decoupling proposal, it has the same purpose, i.e., to replace revenue which would be lost from sales declines (i.e. to "delink" revenue and sales) by adjusting throughput from the test year for alleged conservation impacts.

28. While Puget's Conservation Phase In adjustment may be flawed from a decoupling perspective, it is also impermissible at this time under the merger conditions to which Puget agreed. Condition 62 of the Merger Order states that Puget "will not make any proposals regarding decoupling for gas industrial customers during the two-year period commencing as of the date of closing of the Proposed Transaction." As the Macquarie acquisition closed on February 6, 2009, Puget's proposal is prohibited at this point in time, and the Commission should reject this adjustment.

### III. CONCLUSION

29. NWIGU supports the positions of Staff and Public Counsel on the revenue increases sought by Puget. NWIGU also asks that the Commission approve the Multiparty Settlement in its entirety as a fair result on all gas rate spread and rate design issues. On cost of capital issues, NWIGU supports the position of WUTC Staff and urges the Commission to

---

<sup>37</sup> Piliaris, TR 559:5.

<sup>38</sup> Piliaris, TR 565:6.

authorize an ROE at 10.0 percent with a hypothetical capital structure containing a 45 percent equity component. Finally, NWIGU asks the Commission to reject Puget's Conservation Phase-In adjustment.

Dated in Portland, Oregon, this 19<sup>th</sup> day of February, 2010.

Respectfully submitted,



---

Chad M. Stokes, WSBA 37499, OSB 00400  
✓Tommy A. Brooks, WSBA 40237, OSB 076071  
Cable Huston  
1001 SW Fifth Avenue, Suite 2000  
Portland, OR 97204-1136  
Telephone: (503) 224-3092  
Facsimile: (503) 224-3176  
E-mail: [cstokes@cablehuston.com](mailto:cstokes@cablehuston.com)  
[tbrooks@cablehuston.com](mailto:tbrooks@cablehuston.com)

---

<sup>39</sup> Piliaris, TR 564:18.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing document upon all parties of record (listed below) in this proceeding by mailing a copy properly addressed with first class postage prepaid.

<p>Tom Deboer Director, Rates &amp; Regulatory Affairs Puget Sound Energy (E012) P.O. Box 97034, PSE-08N Bellevue, WA 98009-9734 (425) 462-3272 (Telephone) (425) 462-3414 (Fax) <a href="mailto:tom.deboer@pse.com">tom.deboer@pse.com</a></p>	<p>Donna Barnett Sheree Carson Representing Puget Sound Energy, Inc. 10885 NE Fourth Street, Ste. 700 Bellevue, WA 98004 (425) 635-1400 (Telephone) (425) 635-2400 (Fax) <a href="mailto:dbarnett@perkinscoie.com">dbarnett@perkinscoie.com</a> <a href="mailto:scarson@perkinscoie.com">scarson@perkinscoie.com</a></p>
<p>Robert D. Cedarbaum, AAG Michael Fassio, AAG WUTC Attorney General Office State Mail Stop 40128 Olympia, WA 87504-0128 (360) 664-1188 (Telephone) (360) 586-5522 (Fax) <a href="mailto:bcedarba@wutc.wa.gov">bcedarba@wutc.wa.gov</a> <a href="mailto:MFassio@utc.wa.gov">MFassio@utc.wa.gov</a></p>	<p>Simon J. Ffitch Assistant Attorney General Office of the Attorney General Public Counsel 800 Fifth Avenue, Ste. 2000 Seattle, WA 98104-3188 (206) 389-2055 (Telephone) (206) 464-6451 (Fax) <a href="mailto:simonf@atg.wa.gov">simonf@atg.wa.gov</a></p>



<p>S. Bradley Van Cleve  Irion Sanger  Davison Van Cleve, P.C.  333 S.W. Taylor, Suite 400  Portland, OR 97204  (503) 241-7242 (Telephone)  (503) 241-8160 (Fax)  <a href="mailto:mail@dvclaw.com">mail@dvclaw.com</a></p>	<p>Michael Early  Executive Director  Industrial Customers of Northwest  Utilities  333 S.W. Taylor, Suite 400  Portland, OR 97204  (503) 239-9169 (Telephone)  (503) 241-8160 (Fax)  <a href="mailto:mearly@icnu.org">mearly@icnu.org</a></p>
<p>Seattle Steam Company  1325 Fourth Avenue, Ste 1440  Seattle, WA 98101</p>	<p>Paula E. Pyron  Executive Director  Northwest Industrial Gas Users  4113 Wolf Berry Court  Lake Oswego, OR 97035-1827  (503) 636-2580 (Telephone)  (503) 636-0703 (Fax)  <a href="mailto:ppyron@nwigu.org">ppyron@nwigu.org</a></p>
<p>P. Douglas Betzold  Cost Management Services, Inc.  2737 78<sup>th</sup> Ave. SE Ste 101  Mercer Island, WA 98040  <a href="mailto:cms@cmsnaturalgas.com">cms@cmsnaturalgas.com</a></p>	<p>Kurt J. Boehm  Michael L. Kurtz  Boehm, Kurtz &amp; Lowry  36 E. Seventh St. Ste 1510  Cincinnati, OH 45202  <a href="mailto:mkurtz@bkllawfirm.com">mkurtz@bkllawfirm.com</a></p>
<p>John Cameron  Davis Wright Tremaine  1300 SW Fifth Ave STE 2300  Portland, OR 97201  <a href="mailto:johncameron@dwt.com">johncameron@dwt.com</a></p>	<p>Danielle Dixon  David Johnson  NW Energy Coalition  811 1<sup>st</sup> Avenue, Ste 305  Seattle, WA 98104  <a href="mailto:danielle@nwenergy.org">danielle@nwenergy.org</a>  <a href="mailto:david@nwenergy.org">david@nwenergy.org</a></p>
<p>Charles Eberdt  The Energy Project  1322 N. State Street  Bellingham, WA 98225  <a href="mailto:CHUCK_EBERDT@oppco.org">CHUCK_EBERDT@oppco.org</a></p>	<p>Norman Furuta  Department of the Navy  1455 Market Street, Ste 1744  San Francisco, CA 94103-1399  <a href="mailto:norman.furuta@navy.mil">norman.furuta@navy.mil</a></p>
<p>Robert Sheppard  Seattle Steam Company  30 Glacier Key  Bellevue, WA 98006</p>	<p>Ronald Roseman  2011 – 14<sup>th</sup> Avenue East  Seattle, WA 98112  <a href="mailto:ronaldroseman@comcast.net">ronaldroseman@comcast.net</a></p>

<p>Peter G. Haller  Shaun C. Mohler  Damon E. Xenopoulos  Brickfield, Burchette, Ritts &amp; Stone  1025 Thomas Jefferson St. NW  Eighth Floor – West Tower  Washington, D.C. 2007  <a href="mailto:peter.haller@bbrslaw.com">peter.haller@bbrslaw.com</a>  <a href="mailto:shaun.mohler@bbrslaw.com">shaun.mohler@bbrslaw.com</a>  <a href="mailto:dex@bbrslaw.com">dex@bbrslaw.com</a></p>	<p>Elaine Spencer  Graham &amp; Dunn  Pier 70, Ste 300  2801 Alaskan Way  Seattle, WA 98121-1128  <a href="mailto:espencer@grahamdunn.com">espencer@grahamdunn.com</a></p>
<p>Nucor Steel Seattle, Inc.  2424 SW Andover  Seattle, WA 98106-1100</p>	

Dated in Portland, Oregon this 19th day of, 2010.

---

Chad M. Stokes, WSBA 37499, OSB 00400  
✓ Tommy A. Brooks, WSBA 40237, OSB 076071  
Cable Huston  
1001 SW Fifth Avenue, Suite 2000  
Portland, OR 97204-1136  
Telephone: (503) 224-3092  
Facsimile: (503) 224-3176  
E-mail: [cstokes@cablehuston.com](mailto:cstokes@cablehuston.com)  
[tbrooks@cablehuston.com](mailto:tbrooks@cablehuston.com)

Of Attorneys for the  
Northwest Industrial Gas Users