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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

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COMMISSION

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WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION)

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Complainant,) DOCKET NO. UE-100177

6

) Volume II

vs.) Pages 36 - 50

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PUGET SOUND ENERGY)

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Respondent.)

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A status Conference in the above matter was held

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on July 30, 2010, at 10:00 a.m., at 1300 South Evergreen.

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Park Drive Southwest, Olympia, Washington, before

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Administrative Law Judge MARGUERITE FRIEDLANDER.

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The parties were present as follows:

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WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION, by FRONDA WOODS, Assistant Attorney General,
1400 South Evergreen Park Drive Southwest, Post Office Box
40128, Olympia, Washington 98504; telephone (360) 664-1225.

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PUGET SOUND ENERGY, by SHERRIE STROM CARSON,
Attorney at Law, Perkins Coie, 10885 Northeast Fourth
Street, Suite 700, Bellevue, Washington 98004; telephone
(425) 635-1422.

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PUBLIC COUNSEL, by SIMON J. FITCH (via bridge),
Senior Assistant Attorney General, 800 Fifth Avenue, Suite
2000, Seattle, Washington 98104; telephone (206) 389-2055.

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NORTHWEST ENERGY COALITION, by Danielle Dixon (via
bridge), Senior Policy Associate, 811 First Avenue, Suite
305, Seattle, Washington 98104; telephone (206) 621-0094.

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Shaun Linse, CCR NO. 2029
Court Reporter

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

2 JUDGE FRIEDLANDER: Good morning. My name is
3 Judge Friedlander. I'm the Administrative Law Judge
4 presiding over this matter before the Washington Utilities
5 and Transportation Commission on July 30, 2010. We're here
6 for a status conference in Docket UE-100177, PSE's 10 Year
7 Achievable Conservation Potential and Biennial Conservation
8 Target.

9 My plan today is to take appearances and then
10 discuss with the parties concerns that have been raised by
11 some of the commenters regarding PSE's re-filed report. So
12 let's go ahead and take appearances and get those out of the
13 way. We'll just do short appearances. State your name,
14 spell the last, and let us know who you're representing, and
15 we'll go ahead with PSE.

16 MS. CARSON: Good morning. This is Sheree Strom
17 Carson, last name C-a-r-s-o-n. I'm with Perkins Coie
18 representing Puget Sound Energy, and also with me are Tom
19 DeBoer and Eric Englert with PSE.

20 JUDGE FRIEDLANDER: Great. Thank you.

21 And appearing on behalf of staff?

22 MS. WOODS: Good morning, Your Honor. I'm Fronda
23 Woods, Assistant Attorney General on behalf of Commission
24 Staff. My last name is spelled W-o-o-d-s.

25 JUDGE FRIEDLANDER: Thank you.

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1 Appearing on behalf of Public Counsel?

2 MR. FITCH: Good morning again, Judge. This is
3 Simon Fitch, Assistant Attorney General on behalf of the
4 Public Counsel Office.

5 JUDGE FRIEDLANDER: Appearing on behalf of the
6 Northwest Energy Coalition?

7 MS. DIXON: Good morning. This is Danielle Dixon
8 spelled D-i-x-o-n with the Northwest Energy Coalition.

9 JUDGE FRIEDLANDER: And appearing on behalf of the
10 Industrial Customers of Northwest Utilities?

11 Okay. Let the record reflect that no one has come
12 forward.

13 Is there anyone else on the conference bridge that
14 would like to state an appearance?

15 Hearing nothing, is there anybody else in the
16 hearing room who would like to state an appearance?

17 Let the record reflect that no one has come
18 forward.

19 So let's go ahead and get into the meat of what
20 we're here for today. On June 4, 2010, the Commission
21 entered Order 04 which in sum rejected PSE's report and
22 directed PSE to re-file the report based on the company's
23 integrated resource plan numbers. The company re-filed its
24 report with the Commission on June 18, and thereafter the
25 Commission sought comments from the parties as to whether

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1 the report complied with Order 04. So each of the
2 commenters agreed that the re-filed report was consistent
3 with Order 04. However, the commenters also stated that
4 there is some concern about the imposition of additional
5 conditions, and so the parties had not up to that point
6 agreed as to what those additional conditions would be, and
7 that's kind of what we're looking at.

8 So it's my understanding that there are two other
9 I-937 dockets, Avista's and PacifiCorp's, and both of those
10 have included additional conditions and they are nearly
11 identical to each other. To my knowledge those were reached
12 by consensus. I remember PacifiCorp was.

13 So I guess my first question to all of you is have
14 you got some additional conditions to propose and have you
15 reached a consensus on any of that?

16 MS. CARSON: Your Honor, the parties have had
17 discussions about additional conditions. In fact, there was
18 a PSE CRAG meeting that had previously been scheduled for
19 earlier this week on Tuesday, and the parties, the CRAG
20 members met, and that included the parties to this docket as
21 well as others. And that meeting, the time in that meeting
22 we spent going through the conditions that were in the
23 Avista order, PacifiCorp order, as well as conditions that
24 PSE is already under relating to energy efficiency in the
25 2001 settlement stipulation from its 2001 general rate case.

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1 It seems there's consensus on quite a few conditions, but
2 there are still several that require more discussion, and so
3 the parties agreed to a schedule to meet six more times over
4 the next couple of months with the goal of reaching
5 resolution on conditions by the September 16 open meeting
6 and present it at the September 16 open meeting.

7 Now I think from PSE's perspective agreement can
8 be reached on many of these, but it is possible that there
9 will ultimately be one or two or more conditions where
10 there's not agreement. So I guess one question PSE has for
11 you and for the other parties is, is the open meeting -- if
12 there is not consensus and agreement is the open meeting an
13 appropriate venue to try to resolve those, or is it better
14 to have a hearing or some other process to deal with those?

15 JUDGE FRIEDLANDER: Right. I guess I would like
16 to say at the beginning that it's my understanding that
17 we're in an adjudicative proceeding and we will stay in an
18 adjudicative proceeding. The prior two dockets were decided
19 by the Commission at an open meeting; however, those were
20 not in an adjudicative type of proceeding.

21 So that being said, the way this will work is if
22 you all can reach a consensus, if we can get some kind of
23 joint statement of conditions, then you can bring those to
24 the Commission, and the Commission will issue an order based
25 on that.

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1 If you cannot, what I can have you do, and it
2 depends on how many conditions are left outstanding that
3 have not been agreed to, you can bring a list of the
4 conditions that have been agreed to and we can resolve those
5 posthaste. The rest of them will need to be decided at
6 hearing, and so that will involve preparation on behalf of
7 the parties in presenting their perspective at hearing. So
8 that being said, can anybody tell me the outstanding
9 conditions we're talking about?

10 MS. DIXON: This is Danielle Dixon with the
11 Northwest Energy Coalition. I would say there's probably
12 eight kind of significant conditions still to be discussed,
13 and as we mentioned earlier we have several meetings set up
14 already with the CRAG to go through those.

15 JUDGE FRIEDLANDER: Okay. Thank you.

16 Ms. Carson, you had indicated that the plan was to
17 have this go over several months, to continue discussions
18 over several months until the September 16 open meeting; is
19 that correct.

20 MS. CARSON: Not several months. I think the
21 final meeting is scheduled for September 9. So several
22 weeks would be a better characterization.

23 JUDGE FRIEDLANDER: Right. Okay. So what I'd
24 like to know right now is as far as PSE is concerned is this
25 delay going to impact any of the conservation programs?

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1 Because we're already in the biennium; we're over halfway
2 through. So we're about a quarter of the way through
3 biennium already. If we're talking September is this
4 preventing PSE from going forward with any of the
5 conservation plans?

6 MR. DeBOER: This is Tom DeBoer with PSE. No, I
7 mean we're continuing on with other programs with the
8 targets that have already been approved. The conditions as
9 Ms. Carson indicated, most of the conditions are modeled
10 under our stipulation anyway so we're essentially operating
11 under most of those conditions. There's a few of the
12 conditions that have been proposed that we ultimately may
13 not reach agreement on, but those won't have any impact in
14 the near term.

15 JUDGE FRIEDLANDER: Okay. Thank you.

16 Would anybody else like to speak on this issue of
17 the meetings that you all have had and whether or not you
18 have a different plan to suggest as far as resolution of the
19 remaining outstanding issues?

20 MS. WOODS: This is Fronda Woods for Commission
21 Staff, and I agree with Ms. Carson's characterization of
22 what's happened.

23 JUDGE FRIEDLANDER: Okay. Thank you.

24 MR. FITCH: Your Honor, this is Simon Fitch with
25 the Public Counsel Office. We would also agree with the

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1 description of the process presented by Ms. Carson. We are
2 committed to a timely resolution of this, and we are hopeful
3 and optimistic that we can reach consensus through this
4 process. And there has been a reference to the 2001
5 settlement stipulation which was a comprehensive framework
6 for Puget's conservation programs that we and a number of
7 other parties entered into with Puget back in 2001, and that
8 is a factor which was not present for the other two
9 companies. It's a complicating factor in the sense in that
10 we all are trying to sync up the conditions in the new I-937
11 world with the existing stipulation framework. So it's just
12 going to take some time to work through those issues, but we
13 think this is a good plan.

14 JUDGE FRIEDLANDER: Okay. Thank you. I
15 appreciate the reference to the complications that may be
16 arising due to the 2001 stipulation.

17 Ms. Dixon, did you have anything to else add?

18 MS. DIXON: I would say ditto, and the only other
19 complicating factor in setting the schedule was in part
20 people's vacations. So we did the best we could to come up
21 with a schedule where everybody could attend and participate
22 actively.

23 JUDGE FRIEDLANDER: Okay. Thank you. My last
24 question before I let you know what I'm thinking on this is
25 did Mr. Sanger participate in any of those meetings or

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1 discussions?

2 MS. DIXON: This is Danielle Dixon with the Energy
3 Coalition. Michael Early with ICNU was present at the CRAG
4 meeting all day on Tuesday.

5 JUDGE FRIEDLANDER: Okay. Thank you.

6 MS. WOODS: Your Honor, there is one thing I might
7 add is in the conditions that are being discussed there's a
8 possibility that other orders supplied to Puget Sound Energy
9 might need to be modified, but we anticipate addressing that
10 at another time once we've gotten things set up under this
11 docket.

12 JUDGE FRIEDLANDER: Okay. Great. Thank you for
13 the information.

14 My thoughts on this, and I can tell you that I've
15 been looking at some options before us, and I don't mind
16 giving the parties additional time to work on negotiating
17 the outstanding conditions because I do think it would be in
18 everyone's best interest if we could reach consensus on this
19 rather than going to hearing and having to utilize a lot of
20 resources both with the company, the parties, and with the
21 Commission. So I don't mind giving you another two weeks,
22 but at that point we're going to have a telephonic status
23 call, and the status conference will let me know whether or
24 not we need to go to hearing.

25 I know people have vacations scheduled that have

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1 probably been set in place for a while, but as I said
2 before, I really think that this needs to get done. And it
3 sounds to me all the conditions that were addressed in the
4 Avista and PacifiCorp case, if there are only eight
5 outstanding conditions that are significant at this point
6 that the parties are working to resolve, I'm hoping that you
7 all can do so cooperatively in the next two weeks. And at
8 that time we'll go ahead, and I will go ahead and convene a
9 status conference telephonically at that point and we can
10 discuss possible hearing and testimony dates.

11 Does anybody have any -- I am sure you all have a
12 lot to say. You're just kind of biting your tongue at this
13 point.

14 MR. FITCH: Your Honor, this is Simon Fitch. I
15 would just add that the scheduling of this matter is not
16 entirely and perhaps not even primarily due to vacations.
17 It's due for many of the participating parties with the
18 significant amount of other work on other energy and
19 telecommunication cases in our case. Other parties are
20 heavily involved in the Avista general rate case and other
21 matters before the Commission.

22 So scheduling I think we've actually done a pretty
23 good job of finding a way to have five meetings in the next
24 little while, and folks really I think are interested in
25 bringing this to resolution. But the total amount of time

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1 involved in trying to work out conditions for Puget is
2 actually looking like comparable or even less than the
3 Avista or the PacifiCorp matters. It's just that we got a
4 later start because of the early round of issues that were
5 resolved. So I think that hopefully it will provide a
6 little more perspective on where we're at right now.

7 JUDGE FRIEDLANDER: Thank you. I appreciate that
8 and believe me I'm not unmoved by the amount of work that
9 we're dealing with; however, the parties have to understand
10 the Commission has a lot going on as well and is involved in
11 all the cases plus many more. So keep that in mind and the
12 fact that we have had this docket open for quite a while
13 now, and six weeks is what I'm counting with the goal of
14 five meetings to resolve eight outstanding conditions just
15 seems to be a bit much, and I certainly don't want to add to
16 anyone's work load or stress anyone out, but I said we're
17 also dealing with the Avista rate case and so resolution of
18 this docket with a consensus would be beneficial to everyone
19 involved.

20 Ms. Carson, you look like you wanted to say
21 something.

22 MS. CARSON: Yes, Your Honor. I wonder if we
23 could get one more week before this status conference just
24 because within three weeks we would have four of the
25 meetings; three being conference calls and the fourth one on

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1 August 19 being a face-to-face meeting all day. And if we
2 could have that extra week and that extra meeting, it might
3 be a more productive status conference. So I don't know if
4 that's possible, but it would be nice to get that extra all
5 day meeting in.

6 MS. WOODS: This is Fronda Woods. I agree with
7 that it might be helpful to describe the schedule that the
8 CRAG has laid out. There are conference calls set for
9 August 3, 10, and 13. One of those is an hour and a half,
10 the others are two hours, and topics for discussion during
11 those conference calls have been tentatively identified.
12 And as Ms. Carson said there is an all day meeting set for
13 August 19 with topics tentatively identified for discussion
14 on that day, and so I think it would be most productive to
15 have a status conference after those discussions have
16 occurred.

17 JUDGE FRIEDLANDER: Okay. Does anyone else wish
18 to comment on Ms. Carson's proposal?

19 MS. DIXON: This is Danielle Dixon with the Energy
20 Coalition, and I would certainly support that. It would
21 give the parties a little bit of extra opportunity, and
22 especially the face to face is always a good way to finalize
23 negotiations.

24 JUDGE FRIEDLANDER: Okay.

25 MR. FITCH: Public Counsel concurs.

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1 JUDGE FRIEDLANDER: Okay. Great. Thank you. Why
2 don't we do this. We'll have a status conference in two
3 weeks, but that doesn't necessary mean that at the status
4 conference we'll set a date for hearing. We'll see how
5 things are going, and if I'm satisfied we're progressing
6 along and it looks like another week will help out, then
7 I'll definitely consider granting you that extra week. If
8 it looks like things are stymied and stalled, I think we'll
9 go ahead with the hearing at that point, at least go ahead
10 and schedule for testimony and hearings. You all can work
11 out possible settlements at that time.

12 So why don't we schedule a conference call for the
13 16th of August, and let's go ahead and do that at
14 ten o'clock, and I will be sending out a notice to the
15 parties as well detailing what the procedure will be for
16 calling in or if we're calling you because honestly I have
17 no idea of the technical aspects of that. Then as I said
18 before, if things look like they're progressing swiftly, and
19 this looks like something that is going to help the case
20 move along, then I will give you that extra week and perhaps
21 we can get this all resolved.

22 So is there anything else the parties wish to
23 discuss at this point?

24 Okay. I will be issuing the notice today and
25 letting you know the details of the conference call;

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1 otherwise, I think we're adjourned.

2 (Status conference adjourned at 10:23 a.m.)

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1 In re: WUTC vs. PSE, Docket No. UE-100177

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I, Shaun Linse, CCR, do hereby certify that the
foregoing transcript prepared under my direction is a
full and complete transcript of proceedings held on
July 30, 2010, in Olympia, Washington.

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Shaun Linse, CCR 2029

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