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 1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

 2 COMMISSION

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 3 WASHINGTON UTILITIES AND )

 TRANSPORTATION COMMISSION )

 4 )

 Complainant, )

 5 vs. ) No. UE-100177

 ) VOLUME III

 6 PUGET SOUND ENERGY ) PAGES 51 - 63

 )

 7 Respondent. )

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 8 A status conference in the above matter was held on

 9 August 16, 2010, at 10:00 a.m., at 1300 South Evergreen Park

10 Drive Southwest, Olympia, Washington, before Administrative

11 Law Judge MARGUERITE FRIEDLANDER.

12

13 The parties were present as follows:

14 WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, by

 Fronda Woods (via bridge), Assistant Attorney General, 1400

15 South Evergreen Park Drive Southwest, PO Box 40128, Olympia,

 Washington 98504; telephone 360-664-1225

16

 PUGET SOUND ENERGY, by Sherrie Strom Carson (via

17 bridge), Attorney at Law, PERKINS COIE, 10885 Northeast

 Fourth Street, Suite 700, Bellevue, Washington 98004;

18 telephone 425-635-1422

19 PUBLIC COUNSEL, by Simon J. Fitch (via bridge), Senior

 Assistant Attorney General, 800 Fifth Avenue, Suite 2000,

20 Seattle, Washington 98104; telephone 206-389-2055

21 NORTHWEST ENERGY COALITION, by Danielle Dixon (via

 bridge), Senior Policy Associate, 811 First Avenue, Suite

22 305, Seattle, Washington 98104; telephone 206-621-0094

23 WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, by

 Steve Johnson, Policy Analyst, 1300 South Evergreen Park

24 Drive Southwest, Olympia, Washington; telephone 360-664-1346

25 Tami Lynn Vondran, CCR No. 2157

 Court Reporter

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 1 (PROCEEDINGS went on the record at 10:00 a.m.)

 2 JUDGE FRIEDLANDER: We'll go on the record.

 3 Good morning. I'm Judge Friedlander, the

 4 Administrative Law Judge presiding today. We're here before

 5 the Washington Utilities & Transportation Commission on

 6 August 16th, 2010 for a status conference in Docket

 7 UE-100177, Puget Sound Energy's 10 Year Achievable

 8 Conservation Potential and Biennial Conservation Target.

 9 Let's go ahead and get appearances out of the way

10 first. And you could just, if you would, let me know who

11 you are and who you represent starting with PSE, Puget Sound

12 Energy.

13 MS. CARSON: This is Sherrie Strom Carson

14 representing Puget Sound Energy.

15 JUDGE FRIEDLANDER: Thank you. And appearing on

16 behalf of Staff?

17 MS. WOODS: Good morning, Your Honor, I'm Fronda

18 Woods, Assistant Attorney General for Commission Staff.

19 JUDGE FRIEDLANDER: Thank you. And appearing

20 today on behalf of the Public Counsel?

21 MR. FITCH: Good morning, Simon Fitch, Assistant

22 Attorney General for the Public Counsel Office.

23 JUDGE FRIEDLANDER: Great, thank you. And

24 appearing today on behalf of Northwest Energy Coalition?

25 MS. DIXON: Good morning, this is Danielle Dixon

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 1 for the Northwest Energy Coalition.

 2 JUDGE FRIEDLANDER: Great, thank you. And I did

 3 receive an e-mail from the industrial customers of Northwest

 4 Utilities indicating that they would not have a

 5 representative either here or telephonically today. And I

 6 would note that we have Steve Johnson, Policy Analyst for

 7 the Commission, on the line, as well. Is there anyone else

 8 on the conference bridge that would like to make an

 9 appearance today?

10 Hearing nothing. There is no one here in

11 Carson -- or in Olympia. Sorry, that was a throwback to

12 when I was in Nevada. There's no one here in the conference

13 here either, so we'll proceed.

14 And, again, just as a reminder, when speaking

15 please go ahead and let us know who you are before

16 proceeding.

17 So on July 30, 2010 the Commission convened a

18 status conference in this docket to discuss the various

19 parties' recommendations that the Commission accept with

20 conditions PSE's refiled report. The parties had indicated

21 that they reached a consensus on all but eight significant

22 issues and requested an additional amount of time for

23 negotiations. And that was over two weeks ago, so let's go

24 ahead and receive an update on the progress of negotiations

25 and find out how close we are to a resolution of the case.

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 1 Who would like to lead us through this?

 2 MS. CARSON: Your Honor, this is Sherrie Carson, I

 3 will take the lead.

 4 JUDGE FRIEDLANDER: Thank you.

 5 MS. CARSON: After our last status conference we

 6 had several meetings with the CRAG and with the parties of

 7 this docket, and I'm pleased to report that we've reached

 8 agreement in principle on all of the outstanding issues.

 9 As we mentioned at the last status conference,

10 this is complicated a little bit by the fact that there is a

11 settlement stipulation out there from the 2001 PSE rate case

12 that addresses conversation issues. And the parties are now

13 in the process of trying to incorporate these conditions

14 into one document, into that document. And there are, in

15 addition, a couple of dockets that are potentially triggered

16 as well that have conservation issues.

17 So while we're happy to report that we have

18 agreement in principle on the conditions we would like a

19 little bit more time to present to the Commission one

20 document that integrates these conditions into the existing

21 conservation program. And in talking with other counsel for

22 Commission Staff and Public Counsel we thought it would be

23 reasonable to try to present -- to file this document with

24 the Commission on September 3rd.

25 JUDGE FRIEDLANDER: So that would be approximately

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 1 three weeks from today?

 2 MS. CARSON: Yeah, a little less.

 3 JUDGE FRIEDLANDER: A little under three.

 4 MS. CARSON: And I guess we also will need a

 5 little direction in terms of what further process is

 6 appropriate going forward. As I mentioned there, we would

 7 probably need to amend the order in the 2001, have the

 8 Commission amend the order in the 2001 rate case, the

 9 settlement stipulation order. So we need to kind of work

10 out what all additional dockets need to be addressed that we

11 would hope to come to some -- to have a proposal on

12 September 3rd.

13 JUDGE FRIEDLANDER: Okay, thank you. And does

14 anyone else wish to comment on Ms. Carson's proposal?

15 MS. WOODS: Your Honor, this is Fronda Woods for

16 Commission Staff, I agree with Ms. Carson's proposal. I

17 would like to add that part of the complexity here is that

18 we have parties involved in other dockets that are not

19 involved in UE-100177. That does make this case a little

20 bit more complicated than the other two utilities.

21 JUDGE FRIEDLANDER: Understood, yeah. Is there

22 anyone else that would like to make a comment at this time?

23 MR. FITCH: This is Simon Fitch, Your Honor, with

24 Public Counsel. We are also supportive of the proposal put

25 forth by Ms. Carson. And I guess I want to, you know,

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 1 particularly underline the reference to complexity because

 2 we do have really it appears about four dockets to deal with

 3 here. We have this one in which we, you know, the core

 4 I-937 issues, but then we have the modification of the major

 5 sort of global 2002 conservation settlement stipulation,

 6 something that was not present with the other two companies.

 7 In addition, there's a '97 order on conservation

 8 programs, and as I understand it, also a '95 order. And

 9 then we have the issue of trying to -- jumping back to the

10 2002 settlement, that covers both electric and gas. So we

11 have to be careful in how we do this with respect to

12 electric in that we kind of don't disturb improperly the

13 existing gas conservation understanding. So for all those

14 reasons we're, you know, we're working hard with the other

15 parties, and we think we can get there, but it's just going

16 to take a little bit of time.

17 The other thing I wanted to concur with was the

18 request perhaps for a bit of guidance from the Bench on how

19 best to present the agreements to the Commission.

20 Your Honor indicated to us last -- in the last

21 status conference that this remains in an adjudicative mode,

22 and so we're trying to think about the best way to present

23 the sort of core I-937 conditions that we've agreed to in

24 the context of the 100177 docket. And is that a compliance

25 filing, sort of a stipulated compliance filing? Is it a --

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 1 or does it go with all the bells and whistles of an

 2 adjudicative settlement with a hearing and supportive

 3 statements or testimony? So we're hoping to get a little

 4 bit of a sense of what the Commission would prefer on that.

 5 JUDGE FRIEDLANDER: Thank you. Mr. Fitch, or

 6 really anyone at this point, I did have a question since you

 7 mentioned four dockets that are fairly interrelated and that

 8 are complicating the matter somewhat. Understanding that

 9 one of those dockets is the current docket, can you or

10 anyone give me the docket numbers of the remaining three?

11 MS. WOODS: This is Fronda Woods and I can do

12 that.

13 JUDGE FRIEDLANDER: Thank you.

14 MS. WOODS: The 2001 rate case which led to a

15 settlement agreement in 2002 is two consolidated dockets,

16 the first is UE-011570, second one is a gas docket,

17 UG-011571.

18 JUDGE FRIEDLANDER: Okay.

19 MS. WOODS: Another one that we're looking at is

20 UE-970686.

21 JUDGE FRIEDLANDER: Okay.

22 MS. WOODS: And finally there's a 1995 gas docket,

23 UG-950288.

24 JUDGE FRIEDLANDER: Okay, thank you. Well, in

25 response to Mr. Fitch's concern as to process and how a

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 1 settlement in this matter would proceed, I can tell you that

 2 I have anticipated, and I believe the commissioners have

 3 anticipated, that a settlement reached in this docket would

 4 proceed as the typical adjudicated settlement meaning that

 5 it would need to be filed with the requisite support, and if

 6 the Commission was satisfied reading the settlement

 7 agreement there would be no need for a hearing. If there

 8 were questions that needed to be asked, or clarification

 9 that was necessary, the Commission could hold a settlement

10 hearing at that time. Does that answer everyone's questions

11 regarding the process?

12 MR. FITCH: Thank you, Your Honor. As far as

13 we're concerned I think it does with respect to the 100177

14 docket. And I think as we've indicated we may have to also

15 procedurally deal with those other dockets if we're amending

16 orders or taking other action that affects those other

17 dockets. But the way -- you know, I don't want to speak for

18 the other -- counsel can also address this, but I think

19 that's one of the things that I would anticipate we will be

20 talking about as we work through this. We can present a

21 plan for the Commission on those other dockets.

22 JUDGE FRIEDLANDER: Okay, thank you, that sounds

23 reasonable.

24 Unless anyone else has anything further, I'd like

25 to go off the record and discuss, Ms. Carson, and the

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 1 remaining parties, the proposal with Mr. Johnson and then

 2 come back on the record maybe within 10 minutes?

 3 MS. CARSON: Would you like us to disconnect and

 4 call back in?

 5 JUDGE FRIEDLANDER: I think that that would be the

 6 best solution and we'll have you call back at 10:25. And,

 7 Steve, I'll just go ahead and dial you up from my office.

 8 MR. JOHNSON: Sound great, thank you.

 9 JUDGE FRIEDLANDER: So if nobody has anything else

10 that they wish to add before we break then we are off the

11 record. We will, as I said, convene back at 10:25.

12 (Break taken off the record from 10:12

13 to 10:38 a.m.)

14 JUDGE FRIEDLANDER: Let's go back on the record.

15 We just took a break to -- prior to the break I

16 should say we had a proposal from the parties for a proposed

17 settlement that has been agreed to in principle to be

18 submitted on September 3rd, and I have considered the

19 proposal.

20 Before I say anything further on the proposal

21 though I would like to have all of the parties affirm to me

22 that there is a settlement in principle, that this is

23 something that isn't -- it doesn't have to be in writing

24 obviously, but it is something that is tangible at this

25 point. That the issues have been discussed and resolution

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 1 has been reached, especially given that one of the parties

 2 is not in attendance today. So if I could have each of the

 3 parties affirm that you do have a settlement agreement in

 4 principle including with ICNU, that would be ICNU, that

 5 would be great.

 6 MS. WOODS: This is Fronda Woods for Commission

 7 Staff. The industrial customers of Northwest Utilities did

 8 have a representative who participated in the Puget Sound

 9 Energy CRAG meetings and conference calls that have occurred

10 since the last status conference, and at least it appears to

11 me that, and it is the position of the Commission Staff that

12 I was with during those meetings, that we do have agreement

13 in principle.

14 JUDGE FRIEDLANDER: Okay, thank you. And PSE?

15 MS. CARSON: Yes, this is Sherrie Carson for PSE.

16 I would reiterate that ICNU was represented in these

17 meetings. And in the last meeting that we held last week we

18 stated that it was our plan at this status conference to say

19 that we had an agreement in principle and there was no

20 objection from the ICNU representative who was there.

21 JUDGE FRIEDLANDER: Thank you. And Public

22 Counsel?

23 MR. FITCH: Yes, Your Honor. It's also our

24 understanding that there is an agreement in principle. I've

25 been in contact with our staff, or who have been

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 1 participating in these meetings, and that is their report to

 2 me.

 3 JUDGE FRIEDLANDER: Thank you. And, Ms. Dixon,

 4 with the Coalition?

 5 MS. DIXON: Yes, this is Danielle Dixon with the

 6 Northwest Energy Coalition. And we did indeed reach

 7 agreement in principle during our Friday conference call on

 8 the final issues.

 9 JUDGE FRIEDLANDER: Okay, thank you. All right

10 then, I will go ahead and expect to see a settlement, not in

11 principle but in fact by September 3rd. And as Mr. Fitch

12 had wondered, and I had reiterated, since this is an

13 adjudicated proceeding I will expect the typical settlement

14 narrative and supporting documents to come in with the

15 settlement at that time.

16 And also I will just give you a heads up that

17 dealing with these other three related dockets that have

18 complicated whatever settlement negotiations have taken

19 place, if the parties wish to put forth a proposal on how to

20 address these dockets they should do so with the settlement

21 either in supporting statements or the settlement itself.

22 But if the parties have a proposal on how to address the

23 complications these other three dockets raise that would be

24 the point in which to address that matter.

25 So I believe that's it for today. Do any of the

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 1 parties wish to have anything -- or have anything else to

 2 add or wish to address anything further?

 3 Okay, hearing nothing. This conference is

 4 adjourned. Thank you.

 5 (Proceeding ending at 10:44 a.m.)

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 3 I, TAMI LYNN VONDRAN, a Certified Court Reporter,

 4 do hereby certify that I reported in machine shorthand the

 5 foregoing proceedings in the above-entitled cause; that the

 6 foregoing transcript was prepared under my personal

 7 supervision and constitutes a true record of the

 8 proceedings.

 9 I further certify that I am not an attorney or

10 counsel of any parties, nor a relative or employee of any

11 attorney or counsel connected with the action, nor

12 financially interested in the action.

13 DATED at Edgewood, Washington this 23rd day of

14 August, 2010.

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 Tami Lynn Vondran, CCR

19 Official Court Reporter

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