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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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C E R T I F I C A T E

I, TAMI LYNN VONDRAN, a Certified Court Reporter,
do hereby certify that I reported in machine shorthand the
foregoing proceedings in the above-entitled cause; that the
foregoing transcript was prepared under my personal
supervision and constitutes a true record of the
proceedings.

I further certify that I am not an attorney or
counsel of any parties, nor a relative or employee of any
attorney or counsel connected with the action, nor
financially interested in the action.

DATED at Edgewood, Washington this 23rd day of
August, 2010.

Tami Lynn Vondran, CCR
Official Court Reporter
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