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 1 BEFORE THE WASHINGTON

 2 UTILITIES AND TRANSPORTATION COMMISSION

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 4 In the Matter of the )

 Petition of: )

 5 )

 King County, Washington; )

 6 BNSF Railway; Frontier ) Docket UE-141335

 Communications Northwest, )

 7 Inc.; Verizon Wireless; and )

 New Cingular Wireless PCS, )

 8 LLC )

 )

 9 For a Declaratory Order )

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 EVIDENTIARY HEARING - VOLUME II

11

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 ADMINISTRATIVE LAW JUDGE GREGORY J. KOPTA

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 9:29 A.M.

15 MAY 27, 2015

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 1 A P P E A R A N C E S (Continued)

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 6 JOT-1T -- 24 Joint Opening Testimony

 7 JOT-2 -- 24 Seattle Times article:

 "Cities push for King County

 8 levy to replace emergency

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 9 Beekman (December 14, 2014)

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15 Accounts, Federal Power Act,

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21 Extension of Electrical

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25 (effective Nov. 8, 1965)

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 2 EXHIBIT: OFD: AD: DESCRIPTION:

 3 LFL-6 -- 24 PSE Electric Tariff G

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 4 Rules and Provisions

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 5 May 2, 1985) and Schedule

 85, Line Extensions

 6 (effective June 6, 1991)

 7 LFL-7 -- 24 PSE Electric Tariff G

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 8 Rules and Provisions

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 9 Aug. 1, 2006) and

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11 2006)

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 8 JAB-9 -- 24 PSE Response to WUTC

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 3 DN-2 -- 24 PSE electric Tariff G,

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 5 (effective June 6, 1991)

 6 DN-3 -- 24 PSE Electric Tariff G,

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 7 Rules and Provisions,

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 8 No. 80-d (effective

 Aug. 1, 2006)

 9

 DN-4 -- 24 Cross Answering Testimony

10 of David Nightingale

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 1 OLYMPIA, WASHINGTON; MAY 27, 2015

 2 9:29 A.M.

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 4

 5 JUDGE KOPTA: Let's be on the record in

 6 Docket UE-141335 captioned "In the Matter of the

 7 Petition of King County Washington; BNSF Railway;

 8 Frontier Communications Northwest, Inc.; Verizon

 9 Wireless; and New Cingular Wireless PCS, LLC, For a

10 Declaratory Order." We are here today for the

11 evidentiary hearing in this proceeding. I am Gregory

12 Kopta, the administrative law judge who will be

13 presiding.

14 Let's begin by taking appearances, starting

15 with petitioners.

16 MR. STOKES: Good morning, Your Honor.

17 Chad Stokes for the petitioners, from the Cable Huston

18 law firm, representing King County BNSF Railway,

19 Frontier Communications, Verizon Wireless. And with

20 me is Tommy Brooks, from the same law firm.

21 MS. MANHEIM: Hi, Cindy Manheim with

22 AT&T.

23 JUDGE KOPTA: Thank you.

24 And for the Company?

25 MS. BARNETT: Donna Barnett with Perkins

0023

 1 Coie representing Puget Sound Energy.

 2 JUDGE KOPTA: And for Staff?

 3 MR. OSHIE: Patrick Oshie representing

 4 Commission Staff.

 5 JUDGE KOPTA: And does anyone else wish

 6 to make an appearance?

 7 Hearing none, we will proceed. In an

 8 off-the-record --

 9 MS. BROWN-BARRETT: -- Barrett, BNSF

10 Railway.

11 JUDGE KOPTA: Oh, okay. I'm sorry.

12 Would you repeat that, please?

13 MS. BROWN-BARRETT: LaRhonda

14 Brown-Barrett, BNSF Railway.

15 MR. MATHISEN: Mike Mathisen, Pacific

16 Northwest Real Estate Manager, Verizon Wireless.

17 JUDGE KOPTA: Okay. We are having a

18 little trouble hearing you over the phone. Can you

19 give those appearances one more time and get real

20 close to the mike and speak loudly and as clearly as

21 you can.

22 MS. BROWN-BARRETT: Sure. LaRhonda,

23 L-A-R-H-O-N-D-A, Brown-Barrett, B-A-R-R-E-T-T, for

24 BNSF Railway in Fort Worth, Texas.

25 JUDGE KOPTA: Okay. Mr. Mathisen?

0024

 1 MR. MATHISEN: Mike Mathisen,

 2 M-A-T-H-I-S-E-N. I'm the Pacific Northwest Real

 3 Estate Manager for Verizon Wireless.

 4 JUDGE KOPTA: All right. Thank you.

 5 All right. While we were off the record this

 6 morning, we discussed exhibits. The parties have

 7 stipulated to the admission of all prefiled testimony

 8 and exhibits, as well as the designated

 9 cross-examination exhibits, so they will be admitted.

10 I will list them now. They are Exhibit JOT-1T, JOT-2,

11 MPG-1T through MPG-6T, JMS-1T through JMS-9, LFL-1T

12 through LFL-15, KJB-1T through KJB-3, JAB-1T through

13 JAB-11, JLB-1T through JLB-4, and DN-1T through DN-4T.

14 So all of those exhibits are admitted into the record.

15 I understand that Puget Sound Energy has no

16 cross-examination for petitioners' witnesses, so they

17 have been excused from participating in the hearing.

18 We will move, then, to cross-examination of Puget

19 Sound Energy witnesses. I believe Mr. Logen is first

20 up; is that correct, Ms. Barrett?

21 MS. BARNETT: That's correct.

22 Barnett.

23 JUDGE KOPTA: Barnett. I'm sorry.

24 MS. BARNETT: Your Honor, would you like

25 to issue the oath?

0025

 1 JUDGE KOPTA: Yes, I will.

 2 Will you stand and raise your right hand,

 3 please.

 4

 5 LYNN F. LOGEN, witness herein, having been

 6 first duly sworn on oath, was

 7 examined and testified as follows:

 8

 9 JUDGE KOPTA: Ms. Barnett.

10 MS. BARNETT: Thank you.

11

12 D I R E C T E X A M I N A T I O N

13 BY MS. BARNETT:

14 Q Mr. Logen, please state your name and spell it

15 for the court reporter, please.

16 A Lynn F. Logen. That's L-Y-N-N, F., last name

17 is Logen, L-O-G-E-N.

18 Q And you heard that the testimony and exhibits

19 were already admitted. Do you have any corrections or

20 changes to those exhibits?

21 A Yes, I do. Those would be to Exhibit LFL-9T,

22 the footer on all pages should be changed from Exhibit

23 LFL-8T to Exhibit LFL-9T. Exhibit LFL-9T on Page 7,

24 Line 3 should be changed from 8.1 million to 5.3

25 million.

0026

 1 MR. MATHISEN: I'm sorry, is the

 2 witness's microphone on? We are having trouble

 3 hearing him over the phone.

 4 JUDGE KOPTA: I'm sorry.

 5 THE WITNESS: Now it is.

 6 JUDGE KOPTA: Okay. Good.

 7 THE WITNESS: Should I repeat any of

 8 those corrections?

 9 JUDGE KOPTA: I think just the last one.

10 A Exhibit LFL-9T, Page 7, Line 3 should be

11 changed from 8.1 million to 5.3 million. And then

12 Exhibit LFL-9T, Page 7, Line 10 should be changed from

13 8.12 million to 5.3 million. And in the same exhibit,

14 the same page, Line 14 should also be changed from 8.1

15 million to 5.3 million. Exhibit LFL-10 should be

16 based on 5.3 million rather than 8.1 million. And

17 Exhibit LFL-11 should also be based on 5.3 million

18 rather than 8.1 million.

19 These changes are all due to a correction in

20 the response to Staff Data Request No. 39. My

21 testimony should be read considering these changes.

22 Exhibits LFL-10 and LFL-11 have not been

23 revised, but the change in the amount is not expected

24 to have a significant impact on the findings supported

25 by these exhibits.

0027

 1 Q Thank you.

 2 MS. BARNETT: Your Honor, PSE offers

 3 Mr. Logen for cross-examination at this time.

 4 JUDGE KOPTA: All right. Mr. Stokes.

 5 MR. STOKES: Thank you.

 6

 7 C R O S S - E X A M I N A T I O N

 8 BY MR. STOKES:

 9 Q Good morning, Mr. Logen.

10 A Good morning.

11 Q So in your prefiled testimony, you opined on

12 the meaning of certain service agreements executed by

13 the Maloney Ridge customers after the original

14 agreement with GTE. Is it safe to assume that you

15 have reviewed those agreements?

16 A Yes, it is.

17 Q Were you involved in the negotiations of those

18 agreements?

19 A I handled the administrative end, as I recall,

20 but I didn't negotiate with the customers. That was

21 done by the -- at that time the division manager or

22 branch office manager. I can't remember.

23 Q As far as the drafting goes, you weren't

24 involved in that?

25 A My recollection is that they were drafted by

0028

 1 Perkins.

 2 Q Okay.

 3 A And I handled them, passed them on to the

 4 appropriate company people.

 5 Q Okay. Is your testimony, then, based on the

 6 text of the agreements?

 7 A Yes.

 8 Q Okay. Did you review any other documents that

 9 purport to interpret the meaning of the service

10 agreements?

11 A During this process I have reviewed our tariff

12 and discussed the meaning of the agreements.

13 Q Okay. Can you turn to Exhibit 21, which is

14 LFL-4.

15 A (Complies.)

16 Q Let me know when you get there.

17 A I'm there.

18 Q So what is this that you are looking at?

19 A It's a service agreement. There is --

20 actually, there are four service agreements between

21 the four customers that PSE serves on Maloney Ridge

22 and Sobieski.

23 Q Are they all the same? With exception of the

24 names, the terms are the same?

25 A Yes, and the dates signed.

0029

 1 Q Okay. I would like to ask you a question

 2 about Paragraph 10 of the service agreement. The way

 3 that I understand your testimony is that Schedules 80

 4 and 85 are the primary tariffs that cover the Maloney

 5 Ridge customers; is that correct, in addition to the

 6 service agreement?

 7 A In addition to the service agreement,

 8 Schedules 80 and 85 are -- Schedule 80 would apply;

 9 Schedule 85 applies in certain situations.

10 Q Okay. And Puget or its predecessor entered

11 into these agreements as a way to modify those tariffs

12 to cover the unique circumstances associated with this

13 line?

14 A Yes, that was the reason for entering into the

15 agreements, is the unique situation.

16 Q Okay. And does Paragraph 10 state what was to

17 occur in the event that there is a conflict between

18 the service agreement and the tariffs?

19 A Yes, it states that any conflict between this

20 agreement and Puget's Schedules 80 and 85 shall be

21 resolved in favor of such tariff provisions.

22 Q Okay. So in your testimony, which is

23 Exhibit 18, LFL-1T, you indicate that Puget interprets

24 the service agreements to include replacement costs;

25 is that correct?

0030

 1 A That's correct.

 2 Q Can you point out where in the service

 3 agreements the parties addressed what would happen in

 4 the event that the Maloney Ridge line needs to be

 5 replaced?

 6 A It's inferred in Paragraph 4, operating costs.

 7 The last sentence in there says, Operating costs shall

 8 include any repair and maintenance costs incurred by

 9 Puget pursuant to Section 3 above and costs in

10 connection with securing or maintaining operating

11 rights.

12 Q Does the agreement use the word "replace"

13 anywhere?

14 A Not to my knowledge, in the context that you

15 are describing.

16 Q Okay. Can you point to anything in the

17 agreement that references the useful life of the line?

18 A I don't believe that the useful life is

19 referred to.

20 Q I would like you to turn to Paragraph 8 of the

21 service agreement.

22 A (Complies.)

23 Q Does this paragraph allow Puget to terminate

24 service if the right to access a line terminates or is

25 not renewed?

0031

 1 A Yes, it does.

 2 Q Can you point to any other provision in the

 3 agreement that expressly allows Puget to terminate

 4 service under the agreement?

 5 A There is no specific provisions in the

 6 agreement, however, Schedule 80 is incorporated, which

 7 includes provisions on termination of service.

 8 Q Okay. We will address that later.

 9 Let me ask you a question about Paragraphs 2

10 and 3 of the service agreement. Under Paragraph 2,

11 does Puget own the line?

12 A Yes.

13 Q Under Paragraph 3, does Puget have the

14 responsibility to maintain the line?

15 A Yes.

16 Q Do customers perform any maintenance

17 activities on the line?

18 A No, they do not.

19 Q Referring to your testimony, Exhibit 18,

20 LFL-1T, you state, and I'll summarize, that the

21 customers are in a better position than Puget to

22 figure out when preventive maintenance is appropriate

23 and necessary.

24 That's at Page 6, Lines 17 through 20.

25 A I stated at that point that because the

0032

 1 customers on Maloney Ridge are responsible for the

 2 costs of operation, that PSE believes that the

 3 decision regarding preventive maintenance should best

 4 fall with those customers.

 5 Q Are they in a better position than Puget to

 6 determine when the maintenance is necessary and

 7 appropriate?

 8 A I don't think I know enough about the

 9 customers to respond to that, whether they're in a

10 better position or not. They are the one receiving

11 service, so they are the ones that experience the

12 outages. It would depend on a customer's toleration

13 of those outages. They all have generation in place,

14 so they are prepared for outages.

15 Q But between Puget, who is an electric

16 provider, electric service provider, and these

17 customers, who have facilities up there, who is in the

18 better position to determine when maintenance is

19 appropriate on that line?

20 A If we are speaking just preventive

21 maintenance, I believe that the customers are in the

22 best position.

23 Q Can you tell me anywhere in the service

24 agreement where customers agreed to take on that

25 responsibility?

0033

 1 A I don't believe it was -- it's stated in the

 2 service agreement. It was done from a customer

 3 service standpoint rather than PSE starting a program

 4 of replacement of the line at the customers' expense.

 5 They chose to approach those customers and started

 6 that process several years ago.

 7 Q But Puget has a responsibility to maintain

 8 that line, correct?

 9 A That's correct.

10 Q Okay.

11 A And Puget will continue maintaining the line.

12 Q Okay. Let's turn to Schedule 80 for a second.

13 So according to your testimony, Schedule 80 allows

14 Puget to refuse service if doing so is not

15 economically feasible, correct?

16 A You are referring to the version of Schedule

17 80 that was in effect in '94 and '95 or the present

18 version?

19 Q No, the present version. And right now I am

20 just referring to your testimony. In general, you

21 state that Schedule 80 allows Puget to refuse service

22 if not economically feasible, correct?

23 A That's correct.

24 Q Okay. And is it your testimony that Puget can

25 unilaterally make that decision?

0034

 1 A At one time that was the case. However, now

 2 there is -- the WAC rules provide that the customers

 3 have the right to discuss that with the Commission.

 4 Q Okay. And that provision of Schedule 80 is

 5 why Puget, in your view, can refuse to replace the

 6 line?

 7 A Well, first off, Puget isn't refusing to

 8 replace the line. We are discussing when it will be

 9 done and -- and that type of thing, rather than just

10 replacing it without discussing it with customers. If

11 we were to -- we will continue -- as I stated earlier,

12 we will continue to maintain that line and service

13 will continue for the foreseeable future. Now, the

14 cost of that maintenance may dramatically increase at

15 some point, we just don't know.

16 Q But this is a cost-driven issue, correct? You

17 either replace the line or not. In other words, it's

18 not because of a safety issue, correct?

19 A There's -- there's no safety considerations,

20 that is correct.

21 Q And there's no issue regarding the lack of

22 right-of-way, correct?

23 A To do any work there, we would have to get a

24 new permit from the Forest Service. The customers

25 there would also have to have permits. Without those

0035

 1 permits, I would think Puget wouldn't want to replace

 2 the line --

 3 Q At least some of the customers --

 4 A -- because we wouldn't be assured of having a

 5 customer there.

 6 Q But at least some of the customers have rights

 7 to be there through 2031, correct?

 8 A Not to my knowledge.

 9 Q I believe that you have attached to your

10 testimony...

11 (Pause in the proceedings.)

12 A That would be my Exhibit LFL-8, I believe you

13 are looking for.

14 Q Correct.

15 A And this was a data request to the

16 petitioners. The response is that King County is in

17 the process of renewing its permit and that Frontier

18 has -- the permit has not expired, but Frontier

19 anticipates a permit renewal by the end of 2014. The

20 other two customers in this response are silent as to

21 their permit status.

22 Q Well, the Maloney Ridge Users Association has

23 rights through 2031, correct?

24 A It does not state that in this response.

25 Q If you look at the bottom of the response.

0036

 1 A It says that Verizon, through the Maloney

 2 Ridge Users Association, has a lease for its

 3 facilities on Maloney Ridge. My understanding of that

 4 is that Verizon has an agreement with the Maloney

 5 Ridge Electronic Users Association to have their

 6 facilities on their tower and they are leasing space

 7 there. It has nothing to do with the permit.

 8 Q Okay. Moving on. You are not refusing

 9 service because a customer has a legally procured

10 service, correct? Meaning -- so back to my question

11 about whether or not this is economically-driven. So

12 Puget is not taking the position that they won't serve

13 these customers because they illegally procured

14 service, correct?

15 A That is correct.

16 Q Okay. Can you turn to Exhibit 29, which is

17 LFL-12? Let me know when you get there.

18 A Yes, I'm there.

19 Q Okay. So here you have identified Washington

20 Code Section 480-100-056 as a rule-based authority for

21 refusing service when it is economically unfeasible;

22 is that correct?

23 A That is correct. That rule is in effect until

24 January 3rd, 2002.

25 Q Okay. So is it your testimony that the rule

0037

 1 you cite here authorizes Puget to refuse service

 2 today?

 3 A 480-100-056 is not in effect today. There is

 4 a replacement rule that I didn't cite in this

 5 response.

 6 Q So turning back to your testimony, LFL-1T,

 7 Page 10, you cite 480-100-123. Is that the rule that

 8 you refer to?

 9 A I don't have the rules in front of me, but I

10 believe that's about the right number.

11 Q Okay. Let's turn to your testimony, LFL, Page

12 10 at Line 18. Let me know when you get there. Does

13 that look like the rule that you are referring to?

14 A Yes.

15 Q Does that give you the authority to refuse

16 service today?

17 A Yes, it does.

18 Q Okay. I would like to talk to you about the

19 economic feasibility analysis that you guys performed.

20 Is it correct that Puget has performed an analysis to

21 determine if replacement of the line is economically

22 feasible?

23 A Yes.

24 Q Okay. Did your analysis include any public

25 interest component in having 911 and other emergency

0038

 1 services provided by petitioners and available to

 2 Puget customers and Washington public in general?

 3 A It does not, and we haven't taken anything

 4 like that into account on service to --

 5 Q Okay.

 6 A -- hospitals or any other customer.

 7 Q Did that analysis include an assessment of the

 8 impacts on other ratepayers?

 9 A It did not.

10 Q Let's turn to LFL-9T, which is Exhibit -- it's

11 your cross-answering testimony. On Page 9 and Page

12 10, you talk about Mr. Gorman's analysis and you

13 didn't agree with his calculation of the impact to

14 Schedule 24 customers; is that correct?

15 A That's correct.

16 Q Okay. And so Mr. Gorman, using the

17 $8.1 million number came up with a .4 percent rate

18 impact for Schedule 24 customers, correct?

19 A That's correct.

20 Q And you came up with 1.2 percent rate impact?

21 A That's correct as well.

22 Q Okay. Let's turn to LFL-10, which is your

23 exhibit, on Page 4.

24 A Yes.

25 Q Okay. Is it correct to assume -- is it

0039

 1 correct that your analysis begins by identifying the

 2 revenue requirement for an $8 million capital

 3 investment and that you calculated the revenue

 4 requirement for such investment to be 1.8 million

 5 annually?

 6 A The model is a model that I have used for a

 7 number of years, but I did not build. It was built by

 8 one of our experts in modeling. In 2013, it does show

 9 regulated revenues of 1.8 million.

10 Q Okay.

11 A Those regulated revenues declined over time as

12 the assets depreciate. This is just a tool to

13 determine the revenue needed to cover an investment.

14 Q Okay. So does that $1.8 million number -- so

15 starting off, is the $1.8 million number the number

16 that you used for your modeling, and not the 1.6

17 million or 1.5 million that shows up later on?

18 A The 1.8 million is a calculation performed by

19 the model based on the inputs, which the inputs

20 were -- the 1.8 million are allowed rate of return,

21 taxes --

22 Q Right.

23 A -- things like that.

24 Q But you used the $1.8 million number in your

25 other spreadsheet to determine the impact on

0040

 1 Schedule 24 customers and not --

 2 A If you are referring to my Exhibit --

 3 Q 11.

 4 A -- LFL-11 --

 5 Q Yes.

 6 A -- that was prepared at my direction to find

 7 the impacts, to see if Mr. Gorman was correct or not

 8 in his .4 percent. That was prepared by both our

 9 revenue requirements group and our cost of service

10 group, and they prepared that independently, based on

11 the 8.1 million investment.

12 Q But the -- okay. So looking at --

13 A In other words --

14 Q -- LFL-11, would you agree with me, if you

15 look at Page 2, that -- and in the grade-out column is

16 your corrected revenue requirement, right here. You

17 used the $1.8 million number, and that's the same

18 number that shows up in 2013?

19 A Yes.

20 Q Which would assume that you filed a rate case

21 that year and that those rates -- you are assuming by

22 this that that $1.8 million stays constant over the

23 life of this line?

24 A Yes.

25 Q And then Mr. Gorman used an average over the

0041

 1 life of the line, correct?

 2 A I don't recall.

 3 Q Okay. Subject to check, would you agree that

 4 that maybe could account for part of the disparity

 5 between your calculation and his?

 6 A I would like to defer that question to

 7 Ms. Barnard.

 8 Q Okay. Well, is the $1.8 million number the

 9 highest point? It goes down from there, correct?

10 A That's correct.

11 Q So if you use any other number on here, the

12 rate impact would go down to the other Schedule 24

13 customers, correct?

14 A Right.

15 Q Okay.

16 A But when rates are set, it's the investment at

17 the time and --

18 Q But that changes over time?

19 A Right, we would have subsequent rate cases.

20 Rates would change, yes.

21 Q So you looked at it at the absolute highest

22 point and that's how you calculated this number?

23 A Yes.

24 Q Okay. Let's move on. So let's turn to LFL-11

25 on Page 2 again. So in order to come up with the rate

0042

 1 impact to Schedule 24 customers, using your number,

 2 the $1.8 million number, if I'm correct here, you

 3 first subtract the O&M from the revenue requirement to

 4 get the 1.25 million; is that correct?

 5 A That's correct.

 6 Q And then you divide by the next line, which is

 7 $104 million?

 8 A That's correct.

 9 Q Now, what does that $104 million represent?

10 A It's labeled as Schedule 24 revenue

11 requirements. I believe that's the revenue

12 requirement for all Schedule 24 customers.

13 Q Okay. So let's turn to Page 4, the next page,

14 Page 4 of 8 on the same exhibit.

15 A (Complies.)

16 Q So if you look down at Line 33, the rate

17 scheduled revenue requirement, okay? LFL-11, Page 4

18 of 8.

19 A Yes.

20 Q Okay. So you used 104 million, do you see

21 that, in the fourth column, correct?

22 A Yes.

23 Q So does that -- is that number representative

24 of the Schedule 24 revenue requirement, or is that

25 only a component of the Schedule 24 revenue

0043

 1 requirement? In other words --

 2 A That's --

 3 Q I'm sorry.

 4 A That's the total revenue retirement.

 5 Q The 104- or the 245-? I believe the

 6 245,829,144 would be the total revenue requirement for

 7 Schedule 24.

 8 A This is a -- excuse me. It's in Column 4, so

 9 it's a distribution revenue requirement.

10 Q So you looked at the impact to only one

11 component of Schedule 24 rates, not the total rate.

12 If I asked you to compute the impact on the total 24

13 rates, would you divide it by the 104 million or the

14 245 million?

15 A The 245-.

16 Q And that's what Mr. Gorman did, correct?

17 A I don't know.

18 Q Well, you have it here in Exhibit 2. So

19 Exhibit 2 --

20 A Yes, he did use the 245-.

21 Q And he came up with the .4 percent?

22 A Yes.

23 Q Okay. And if you take -- and this was based

24 on the $8.1 million figure, correct?

25 A Yes.

0044

 1 Q So if I asked you to calculate this based on

 2 the revised 5.1 number, what would the rate impact for

 3 Schedule 24 customers be?

 4 A It would be somewhat less, but still higher

 5 than Mr. Gorman's.

 6 Q It would be somewhat less? Oh, I see. Okay.

 7 So assuming --

 8 A Somewhat less than the 1.2.

 9 Q Okay. Right.

10 So it would be five-eighths of your 1.2 -- I'm

11 sorry, no, it would be -- if we took your number, the

12 $1.8 million, and you subtract out the O&M, you get

13 the 1.252 number. You divide that by -- it would be

14 the 245 million, right?

15 A Yes.

16 Q And that would be approximately .75 percent,

17 does that sound about right, using your calculation?

18 A That seems within the range of what it would

19 be, yes.

20 Q Okay. And if you used Mr. Gorman's analysis,

21 his .4 percent would go to about a .23 percent,

22 correct, subject to check?

23 A Yes.

24 Q Okay. The other provision that you cite is --

25 it's Schedule 80, where a party requests a change to

0045

 1 electric facilities. You cite that as authority for

 2 charging the Maloney Ridge customers the cost of the

 3 line; is that correct?

 4 A I cite that as one of the options if the

 5 Commission decides the service agreements do not

 6 apply.

 7 Q And are the customers moving the location of

 8 their facilities?

 9 A No, they are not.

10 Q Okay. Would the customer load be the same

11 before and after the replacement of the line?

12 A To the best of my knowledge, yes.

13 Q Okay. And would the voltage be the same?

14 A Yes.

15 Q Okay. Can you turn to LFL-13.

16 A (Complies.)

17 Q So this response indicates that the Maloney

18 Ridge line was originally constructed as a line

19 extension; is that correct?

20 A That's correct.

21 Q So ignoring this proceeding, in general is

22 replacement of a distribution line on Puget's system

23 governed by your line extension policies?

24 A Yes, it is, absent any kind of an agreement

25 such as we have in this case.

0046

 1 Q I'm sorry, maybe I misunderstood you. So

 2 ignoring this case, in general, if you have to replace

 3 a distribution line that's been in service, that

 4 serves customers, is replacement of that line governed

 5 by your line extension policy?

 6 A Yes. To some extent it is, yes.

 7 Q "To some extent it is." What does that mean?

 8 A The timing and whether it is replaced or there

 9 is some other action taken, it is not dictated in the

10 tariff. The Schedule 85 simply says we will maintain

11 lines that are installed under Schedule 85.

12 Q So if you've got a group of residential

13 customers that have been served for 25 years and the

14 distribution lines need to be replaced, that's going

15 to be covered under your line extension policy, or is

16 that done just as a matter of replacing

17 infrastructure, which you do as a matter of course

18 under a capital improvement plan?

19 A There's the general obligation under our line

20 extension policy, but the timing and everything else

21 of those replacements and whether or not they are

22 replaced is decided by our engineering group, which

23 tracks outages, frequency and duration of outages, and

24 evaluates all distribution circuits on the system.

25 Q So your line extension policy applies to the

0047

 1 whole system at all times?

 2 A Yes, except when there is a special agreement.

 3 Q Okay. So is replacement of the Maloney Ridge

 4 line governed by Schedule 85?

 5 A It's governed by the special agreement.

 6 MR. STOKES: I have nothing further,

 7 Your Honor.

 8 JUDGE KOPTA: Thank you, Mr. Stokes.

 9 Mr. Oshie, do you have any questions?

10 MR. OSHIE: No, Your Honor.

11 JUDGE KOPTA: I have a couple.

12

13 E X A M I N A T I O N

14 BY JUDGE KOPTA:

15 Q Mr. Logen, would you turn to Exhibit LFL-10?

16 A (Complies.)

17 Q As I understand it, this is the model that you

18 used, or output of the model that you used to

19 determine how much of a revenue requirement you would

20 need to recover a particular investment?

21 A That's correct.

22 Q And you use this model by feeding into it, for

23 lack of a better term, the amount of the investment,

24 and the output is the calculation of the revenue

25 requirement?

0048

 1 A That's correct.

 2 Q Did you use the $8.1 million input in this

 3 exhibit or the 5.3?

 4 A I used the 8.1.

 5 Q So if you fed in 5.3, it would be different?

 6 A That's correct.

 7 Q Can you calculate -- can you use 5.3 as an

 8 input?

 9 A Yes.

10 Q Okay. As a bench request, I am asking you to

11 rerun this model using the $5.3 million figure that

12 you gave us this morning, as the actual investment

13 amount.

14 A All right.

15 Q Okay. And the other set of questions I have

16 are in your opening testimony, LFL-1T, Page 11,

17 specifically beginning with the text on Line 15, where

18 you are discussing a margin allowance. Would you

19 explain to me what a margin allowance is?

20 A A margin allowance is the amount under our

21 line extension policy. It is based on the estimated

22 kilowatt hours to be used by the customer to be

23 connected, or customers, and we subtract that amount

24 from the cost of the job. This is so that customers

25 in effect don't double-pay for their distribution

0049

 1 services.

 2 Q And the petitioners in this case, if you were

 3 to reconstruct the line, would they be entitled to

 4 this margin allowance?

 5 A If the Commission found that the service

 6 agreements don't apply, and if Schedule 85 does apply

 7 specifically as a line extension, then, yes, it would

 8 be eligible for the margin allowance.

 9 Q And how is the margin allowance calculated?

10 A There is -- based on Schedule 24, in Schedule

11 85 there is a table. It says Schedule 24, so many

12 cents per kilowatt hour, based on your estimated

13 kilowatt hours for a year.

14 Q So this is not a calculation specific to this

15 particular line extension, but is one based on what

16 you have in the tariff?

17 A That's correct.

18 Q Have you done any calculation on what the cost

19 would be for this to be an economic project?

20 A I have not.

21 Q Is that something that could be done?

22 A Yes, I would think it could be.

23 Q I'm just interested in the delta between how

24 much it would cost and still be an economic project

25 versus what the actual cost is.

0050

 1 A Uh-huh.

 2 Q So as Bench Request No. 2, I would ask you to

 3 calculate that amount.

 4 A All right.

 5 JUDGE KOPTA: Those are all my

 6 questions.

 7 Ms. Barnett, do you have any redirect?

 8 MS. BARNETT: Yes, just a couple.

 9

10 R E D I R E C T E X A M I N A T I O N

11 BY MS. BARNETT:

12 Q Mr. Logen, has PSE refused service to

13 petitioners?

14 A No.

15 Q And regarding Mr. Gorman's economic analysis,

16 if PSE and all the parties in this case accepted

17 Mr. Gorman's analysis without any corrections, would

18 replacement of the -- would that make replacement of

19 the Maloney Ridge line economically feasible?

20 A No, it would not.

21 Q And regarding Mr. Stokes' questions on

22 Schedule 85, how, in your understanding, would

23 Schedule 85 apply to the petitioners if this line is

24 not a new line or a line extension per se, but a

25 replacement line? Why would Schedule 85 apply?

0051

 1 A Schedule 85 also applies to modifications to

 2 an existing line.

 3 MS. BARNETT: No further questions, Your

 4 Honor.

 5 JUDGE KOPTA: All right. Thank you,

 6 Mr. Logen. You are excused. We appreciate your

 7 testimony.

 8 Who is next?

 9 MR. BROOKS: I believe it will be

10 Mr. Sanders.

11 JUDGE KOPTA: All right.

12 You might as well stay standing. Raise your

13 right hand.

14

15 JASON M. SANDERS, witness herein, having been

16 first duly sworn on oath, was

17 examined and testified as follows:

18

19 JUDGE KOPTA: Thanks. You may be

20 seated.

21 Ms. Barnett.

22 D I R E C T E X A M I N A T I O N

23 BY MS. BARNETT:

24 Q Good morning, Mr. Sanders.

25 A Good morning.

0052

 1 Q Would you please state your name and spell

 2 your name for the court reporter, please?

 3 A Jason M. Sanders, J-A-S-O-N, M.,

 4 S-A-N-D-E-R-S.

 5 Q And you heard your testimony and exhibits were

 6 admitted. Do you have any changes or corrections to

 7 those?

 8 A I do. I have a correction to JMS-1T, Page 4,

 9 Line 4, in reference to $8.1 million for the estimate.

10 The correct value is $5.3 million.

11 Q Thank you.

12 Anything else?

13 A No.

14 MS. BARNETT: With that, Your Honor, PSE

15 offers Mr. Sanders for cross-examination.

16 JUDGE KOPTA: Mr. Brooks.

17

18 C R O S S - E X A M I N A T I O N

19 BY MR. BROOKS:

20 Q Good morning, Mr. Sanders.

21 A Good morning.

22 Q Your correction probably took care of a couple

23 of questions I had, just to establish that, so

24 thank you for making those.

25 Since you have that part of your testimony

0053

 1 open, on Page 4, where you had Line 4, you just

 2 indicated that, since the drafting of this testimony,

 3 the estimated cost of replacement went from 8.1 to

 4 5.3 million, correct?

 5 A Correct.

 6 Q What change reduced that estimated cost by

 7 more than 35 percent?

 8 A There are several factors that resulted in the

 9 correction. As we stated with the customers earlier

10 on, through all of our conversations, these are

11 conceptual estimates. We haven't had any

12 opportunities to actually go out and do what would --

13 in most cases we would have an engineering service

14 agreement, where we would actually get out into the

15 area and walk the site and do a number of studies.

16 These were all conceptual estimates.

17 There was -- there have been several folks who

18 were involved in the estimating over the two years

19 that we been meeting with the customers. We did find

20 that in the original estimate that there were some

21 errors in which -- rounding errors, they rounded up in

22 a number of occasions. They also, in the original

23 estimate, only took the high values for the

24 calculations. And also in the original estimate, we

25 used an overhead percentage of 20 percent, so when we

0054

 1 did the revised calculations, the overhead percent was

 2 reduced from 20 percent to 16 percent to reflect more

 3 accurately our overheads. Also in the revised

 4 estimates, we had both a high and a low cost and we

 5 took the average of those costs. That reflects for

 6 the majority of the errors.

 7 Q Thank you.

 8 Do you have Exhibit JMS-9 in front of you?

 9 A I do.

10 Q And this appears to be Puget's revised

11 estimates of those costs you just discussed; is that

12 correct?

13 A That's correct.

14 Q And are these numbers still accurate?

15 A Yes, they are.

16 Q Thank you.

17 Turning back to your testimony. Still on

18 Page 4, actually. Here you have indicated that Puget

19 has performed an economic feasibility study; is that

20 correct?

21 A That's correct.

22 Q What time period did you use to conduct that

23 analysis?

24 A So if I understand your question right, the

25 feasibility study was done in August 2013, as I

0055

 1 stated, and then on Line 19, that we base that on the

 2 2011 power consumption revenue.

 3 Q And what was the horizon for the analysis, how

 4 far out did you look at the economic impacts?

 5 A My understanding -- as a sponsor of this

 6 study, my understanding is they went out 28 years.

 7 Q And has that number changed at all in other

 8 analyses that Puget has done?

 9 A My understanding of that, these are the

10 numbers. That's the depreciable plant life that we --

11 we typically use.

12 Q Do you know how long the Maloney Ridge line

13 has been in service?

14 A Since 1971.

15 Q And would the materials used to replace the

16 existing line be expected to last longer than the

17 materials that were used in 1971?

18 A I'm really not an expert to be able to say how

19 long the cables would last for.

20 Q So the 28 years, then, was based purely just

21 on the depreciable life of those assets?

22 A For the study the 28 years was, yes.

23 Q Does your economic feasibility analysis

24 include any consideration of the importance of the

25 services that are provided by the petitioners, both to

0056

 1 Puget's customers and to the Washington public in

 2 general?

 3 A No, it does not.

 4 Q I want to turn to a different topic. Does the

 5 continued maintenance of the Maloney Ridge line pose

 6 safety concerns for Puget?

 7 A The safety -- I'm sorry. The safety concerns

 8 for both Puget and for our service provider, Potelco,

 9 are related to access of the mountainous terrain

10 during the wintertime. Those kinds of things are the

11 only -- are the only times that we have said that

12 there were safety concerns.

13 Q Could you turn to what has been labeled as

14 Exhibit JMS-7?

15 A Okay.

16 Q And this is a pretty long exhibit, so if I

17 could get you to turn to Page 38 of 73.

18 A Okay. I have that.

19 Q Is this an e-mail from you to the Maloney

20 Ridge customers that explains the concerns that you

21 just described here?

22 A Yes, it is.

23 Q Is it also Puget's position that, without

24 replacement of this line, that the cables will

25 ultimately fail and service will not be provided?

0057

 1 A Our position is -- as we talked to the

 2 customer as well, I don't think we have any way of --

 3 of saying for sure when that system will fail, that

 4 the number of faults on the system over time -- that

 5 we do believe that -- that there is a life expectancy

 6 on that, that we anticipate that it will probably

 7 continue to have more outages, more splices, and at

 8 that point will -- I think it would effectively fail.

 9 Q Could you -- in this same Exhibit, JMS-7,

10 could you turn to Page 64 of 73?

11 A Okay.

12 Q Can you describe what this document is?

13 A These are the meeting minutes from the

14 October 30th customer meeting.

15 Q And this is a meeting you were in attendance?

16 A Yes, this was. And I'm not -- I believe it's

17 2013.

18 Q I see that it doesn't have the year on it.

19 A Yeah.

20 Q Does this document reflect the concern that

21 you just acknowledged regarding the Maloney Ridge line

22 needing to be replaced and its ultimate failure?

23 A Yes, it does.

24 MR. BROOKS: Thank you. That's all the

25 questions we have for you.

0058

 1 JUDGE KOPTA: Mr. Oshie?

 2 MS. BARNETT: No questions, Your Honor.

 3 JUDGE KOPTA: I have none.

 4 Ms. Barnett, any redirect?

 5 MS. BARNETT: Just one, Your Honor.

 6

 7 R E D I R E C T E X A M I N A T I O N

 8 BY MS. BARNETT:

 9 Q Mr. Sanders, you said that the economic

10 analysis PSE performed did not consider the importance

11 of the service. Why didn't the economic analysis

12 consider the source -- or I mean the use of the power?

13 A My understanding, when we do any of the

14 feasibility studies and we are taking considerations

15 for all our customers, we don't look at what the use

16 of the system will be for them. I think to

17 Mr. Logen's point earlier, whether -- we are working

18 with everything from hospitals to refineries to any

19 number of customers and -- and that piece of the risk

20 does not play into a feasibility study.

21 MS. BARNETT: Thank you. No further

22 questions, Your Honor.

23 JUDGE KOPTA: Thank you, Mr. Sanders.

24 You are excused. We appreciate your testimony this

25 morning.

0059

 1 Who would you like to talk to next?

 2 MR. BROOKS: Ms. Barnard, please.

 3 JUDGE KOPTA: Before you sit down -- too

 4 late.

 5

 6 KATHERINE J. BARNARD, witness herein, having been

 7 first duly sworn on oath, was

 8 examined and testified as

 9 follows:

10

11 JUDGE KOPTA: Thank you.

12

13 D I R E C T E X A M I N A T I O N

14 BY MS. BARNETT:

15 Q Good morning, Ms. Barnard. Could you please

16 state your name and spell it for the court reporter?

17 A Yes. My name is Katherine, K-A-T-H-E-R-I-N-E,

18 Barnard, B-A-R-N-A-R-D.

19 Q Do you have any corrections to your already

20 accepted/admitted testimony or exhibits?

21 A There are no direct corrections, however, I do

22 have a reference on Page 2, Lines 11 through 13,

23 referencing Mr. Logen's. To the extent the costs were

24 reduced from 8.1 million to 5.3, there would be an

25 impact on that as well.

0060

 1 Q Thanks.

 2 Anything else?

 3 A No.

 4 MS. BARNETT: Your Honor, with that, PSE

 5 offers Ms. Barnett -- Ms. Barnard for

 6 cross-examination.

 7 JUDGE KOPTA: I'm glad I'm not the only

 8 one.

 9 MS. BARNETT: To make that clear,

10 Barnard.

11 JUDGE KOPTA: Mr. Brooks.

12

13 C R O S S - E X A M I N A T I O N

14 BY MR. BROOKS:

15 Q Good morning, Ms. Barnard.

16 A Good morning.

17 Q I would like to start with some questions

18 based on your prefiled cross-answering testimony,

19 which is Exhibit KJB-1T. Do you have that in front of

20 you?

21 A Yes, I do.

22 Q I would like to point you to Page 2 of that

23 testimony. It's the same page you just made the

24 correction on.

25 A Yes.

0061

 1 Q On Line 8 you make a statement that the

 2 Maloney Ridge line is not part of PSE's distribution

 3 system; is that correct?

 4 A I do.

 5 Q Does Puget own the facilities that make up the

 6 Maloney Ridge line?

 7 A I believe, according to Mr. Logen's testimony,

 8 they do.

 9 Q To your knowledge, has Puget agreed to deliver

10 electric service over those facilities?

11 A Via the service agreement, yes.

12 Q And is Puget responsible for the maintenance

13 of those facilities?

14 A We do provide the maintenance operation and

15 maintenance cost, however, that is fully reimbursed by

16 the customers on that line.

17 Q Are you familiar with Puget's Schedule 85

18 governing line extensions?

19 A Not really.

20 Q Are you familiar with the service agreements?

21 A I have not reviewed them in detail.

22 Q So your testimony on this page that speaks to

23 the customers' obligations under the service

24 agreements, what is that based on?

25 A It's based on a high level understanding of

0062

 1 the testimony of both Mr. Sanders and Mr. Logen.

 2 Q Based on the response of your earlier

 3 questions about the ownership and the operation of the

 4 line, what is the basis of your testimony that the

 5 line is not part of Puget's system?

 6 A The Schedule 24 customers -- the line

 7 extension for the Maloney Ridge is the eight and a

 8 half miles beyond our base system. The way that we

 9 look at this particular issue is that up to the -- the

10 basic distribution charge, or basic distribution

11 system is covering their Schedule 24. Anything beyond

12 that is -- that eight and a half mile line is beyond

13 our base system.

14 Q All right. So is it fair to say that the

15 basis of your conclusion that it is not part of your

16 system is that there is a service agreement and that

17 this was constructed by -- through the line extension

18 policy instead of something else?

19 A Yes.

20 Q Are you aware of any agreement by the

21 customers that would have acknowledged that fact, that

22 the line is not part of Puget's system?

23 A I believe that the line being built in the

24 first place and the customers fully reimbursing for

25 that, as discussed in Mr. Logen and Mr. Sanders'

0063

 1 testimony, was what supported that statement.

 2 Q Are you aware of any other lines that Puget

 3 serves that it considers not part of its system?

 4 A That would be a question better answered by

 5 one of the other witnesses. I'm not aware.

 6 Q I want to move to a different part of your

 7 testimony, and specifically on Page 3. In response to

 8 Mr. Gorman's testimony, the witness for the

 9 petitioners, you conclude on Line 7, and this is just

10 your conclusion, that there has not been a reduction

11 in Puget's net plant investment; is that correct?

12 A That is correct.

13 Q And is it correct that you base that

14 conclusion on the fact that some of the company's

15 investment, identified in its earlier rate cases, was

16 reclassified from distribution plant to transmission

17 plant?

18 A Could you repeat your question?

19 Q Your conclusion that there has not been a

20 reduction in Puget's net plant investment, is that

21 based on your assertion that some of the company's

22 investment and distribution, or plant investment and

23 distribution was reclassified as transmission?

24 A Correct. Mr. Gorman, his -- his exhibit only

25 looked at the distribution classification. That

0064

 1 amount had dropped significantly. However, it was

 2 because of that reclassification.

 3 Q Your testimony is based on an overall

 4 investment that adds both distribution and

 5 transmission together in a lump sum?

 6 A Correct.

 7 Q Can I get you to turn to Exhibit KJB-3?

 8 A Yes, I'm there.

 9 Q Am I correct that this is the table that you

10 used to illustrate those points that we just

11 discussed?

12 A Yes.

13 Q And just so I can follow along, the column

14 that is third from the right shows the net plant from

15 the years 2010 through 2013?

16 A Yes.

17 Q And if you are looking at just the

18 distribution amounts, it shows a reduction from

19 approximately 2.2 billion to 2.05 billion during that

20 time period?

21 A Correct.

22 Q But your testimony is that that row labeled

23 Combined has actually increased because of the

24 addition of transmission plant?

25 A Correct.

0065

 1 Q Are transmissions costs allocated to

 2 Schedule 24 customers on an identical basis that

 3 distributions costs are allocated to those customers?

 4 A That's really a cost of service question and

 5 that is not my area of expertise.

 6 Q Would you -- based on the testimony that you

 7 provided in this proceeding, would you expect low load

 8 customers, like Schedule 24 customers, to be allocated

 9 a lower percentage of transmission costs compared to

10 distribution costs?

11 A Would you repeat your question?

12 Q Sure. Would you expect customers, like those

13 on Schedule 24, who have relatively low loads, would

14 you expect them to have -- to be allocated a lower

15 portion of transmission costs than they are at

16 distributions costs?

17 A That's a cost of service question and that is

18 not my area of expertise.

19 Q So your testimony doesn't contain any analysis

20 of the difference between how those costs are

21 allocated among the customers?

22 A No, my -- my testimony is just looking at the

23 total plant investment and recognizing that

24 Schedule 24 includes more than just distribution or

25 transportation; that is, it includes production, it

0066

 1 includes all of the basic service to get to our

 2 general distribution system. And I mean that in its

 3 entirety, including the generation assets, the A and

 4 G, and all of those costs that are included in the

 5 revenue requirement.

 6 Q And just to clarify, though, your testimony

 7 does not take into account how those costs are

 8 actually allocated to the customer class -- the

 9 customers in that customer class?

10 A That is correct, it does not consider that.

11 Q Were you in the room earlier when Mr. Logen

12 graciously deferred a question to you regarding some

13 of the analysis?

14 A I was in the room, but I don't quite recall.

15 Q I don't know if you will have the exhibit, but

16 it's an exhibit that was attached to Mr. Logen's

17 testimony.

18 A I have grabbed his copy, but it has a lot of

19 writing. It's LFL-11, I believe.

20 Q So we were working with both LFL-10 and

21 LFL-11. If you could turn to LFL-11. The model that

22 Mr. Logen was describing, he used as an -- when he was

23 calculating his 1.2 percent, he indicated he was using

24 the 1.8 as an annual number. Is that your

25 understanding of how that works?

0067

 1 A Will you -- where?

 2 Q Oh, sorry. LFL-11. If you look in the gray

 3 column. It's Page -- sorry, it's Page 2 of 8.

 4 A Okay. And which line?

 5 Q If you look at Line 1.

 6 A Okay.

 7 Q My understanding was that 1.8 was the first

 8 year cost of the 8.1 million estimated to replace the

 9 line. Is that your understanding?

10 A I believe so.

11 Q And if you go back to LFL-10, and Page 4 of

12 that.

13 A Page 4.

14 Q There should be a table. If you look at the

15 second or third column it is labeled 2013. The 1.8,

16 the number appears in that column at the top, that's

17 based on 8.1 million input for the rate base?

18 A Yes.

19 Q All right. Sorry to bounce around. Back to

20 LFL-11, then, on Page 2 of that, in that gray column,

21 did Puget use the 1.8 number for every year during --

22 for the economic analysis, rather than, opposed to say

23 an average of those numbers that appear back on

24 LFL-10?

25 A It appears that LFL-11 is looking at the first

0068

 1 year's impact on revenue requirement -- or, yes.

 2 Q If you use a different number, say an average

 3 of those -- of the regulated revenues that appear in

 4 that column on Page 4 of LFL-10, so if you didn't use

 5 1.8 every year but you used an average over that

 6 entire time period, would that number be lower?

 7 A It would be lower, however, it would still be

 8 well over $1 million.

 9 Q Could that account for some of the discrepancy

10 between Puget's analysis and Mr. Gorman's analysis?

11 A It may.

12 Q And then one more question on LFL-11. We

13 heard Mr. Logen describe how the calculation in that

14 gray column works, starting with the 1.8, subtracting

15 out the 547,000 that's the O&M expense, and that

16 yields the 1.2 number. And then 1.2 was then divided

17 by the distribution-only number of 104, which yielded

18 the 1.2 percent. Was that your understanding of how

19 this table worked?

20 A State your question again.

21 Q Sure. In order to get the bottom number, the

22 1.2 percent, that number was derived by dividing

23 Line 4, which was the Schedule 24 revenue requirement,

24 by Line 5 of the previous column, the

25 distribution-only amount of 104, and that 1.2 divided

0069

 1 by 104 yielded 1.2 percent?

 2 A I believe that's correct.

 3 Q And on Page 4 of LFL-11, the same exhibit, the

 4 104 million number comes from the distribution column,

 5 which has a 4 in parentheses under it, down at the

 6 bottom?

 7 A Yes.

 8 Q So this 1.2 percent is based on the revenue

 9 requirement of only a component of Schedule 24's rates

10 and not full revenue requirement that appears on

11 Page 4 of LFL-11; is that correct?

12 A It would appear that it is utilizing the

13 information from the distribution column, which is, I

14 believe, a function from the cost of service study.

15 MR. BROOKS: Thank you. No further

16 questions.

17 JUDGE KOPTA: Mr. Oshie?

18 MS. BARNETT: No questions, Your Honor.

19 JUDGE KOPTA: I have none.

20 Ms. Barnett?

21 MS. BARNETT: No, Your Honor.

22 JUDGE KOPTA: Ms. Barnard, you are

23 excused. Thank you for your testimony this morning.

24 It is now 20 minutes to 11:00, so let's take a

25 break and be back at 5 minutes until 11:00, and we

0070

 1 will hopefully finish with our last two witnesses.

 2 MR. STOKES: Thank you, Your Honor.

 3 JUDGE KOPTA: Thank you.

 4 (A brief recess.)

 5 JUDGE KOPTA: All right. We are back on

 6 the record after our morning break. As I understand

 7 it, that concludes the cross-examination of Puget

 8 Sound Energy's witnesses, which brings us to Staff. I

 9 believe the only questions are for Mr. Nightingale, so

10 I would ask you to stand and raise your right hand.

11

12 DAVID NIGHTINGALE, witness herein, having been

13 first duly sworn on oath, was

14 examined and testified as follows:

15

16 JUDGE KOPTA: Thank you.

17 Mr. Oshie?

18 MR. OSHIE: Thank you, Your Honor.

19

20 D I R E C T E X A M I N A T I O N

21 BY MR. OSHIE:

22 Q Mr. Nightingale, would you please spell your

23 name and state -- spell your last name, state your

24 name?

25 A David Nightingale. Nightingale is

0071

 1 N-I-G-H-T-I-N-G-A-L-E.

 2 Q And you are the same Mr. Nightingale that has

 3 testified in prefiled testimony, I believe the

 4 exhibits are DN-1T through DN-4; is that correct?

 5 A Correct.

 6 Q Do you have any changes that you would like to

 7 make, or modifications or clarifications that you

 8 would like to make in your testimony, as to the

 9 prefiled testimony?

10 A Yes, I have one small correction. On DN-1T,

11 Page 6, Line 1, currently it says Mr. Baker Snoqualmie

12 National Forest. It probably should say Mt. Baker

13 Snoqualmie National Forest. I'm not sure who

14 Mr. Baker is.

15 MR. OSHIE: Thank you, Mr. Nightingale.

16 The witness is tendered for cross-examination,

17 Your Honor.

18 JUDGE KOPTA: All right. Thank you.

19 Mr. Stokes?

20

21 C R O S S - E X A M I N A T I O N

22 BY MR. STOKES:

23 Q Good morning, Mr. Nightingale.

24 A Good morning.

25 Q So in your prefiled testimony you opined on

0072

 1 the meaning of certain service agreements executed by

 2 the Maloney Ridge customers after the original

 3 agreement with PSE. Is it safe to assume that you

 4 reviewed these agreements thoroughly?

 5 A Yes.

 6 Q Okay. If you can turn to Exhibit 21, LFL-4.

 7 I believe that's a copy of the service agreements.

 8 A Okay. That's the -- is that the current

 9 agreement?

10 Q I'm sorry, is that -- it is the current.

11 A Okay.

12 Q So I would like to ask you a question about

13 Paragraph 10 of the agreement. The way that I

14 understand your testimony, and correct me if I'm

15 wrong, Schedule 80 and 85 apply to the Maloney Ridge

16 customers because they are mentioned in the service

17 agreements; is that correct?

18 A Yes, they -- they are referenced in the

19 agreement.

20 Q Okay. And is that why they apply to the

21 customers?

22 A I need to back up and conceptualize what the

23 application is, and that is that in normal

24 circumstances, 80 and 85 both apply to a line

25 extension. However, in this situation, this agreement

0073

 1 effectively substitutes for the line extension part of

 2 that because it is uneconomic. So not all of it,

 3 especially the line extension, does apply because the

 4 agreement supersedes it.

 5 Q Schedule 85, doesn't the agreement incorporate

 6 Schedule 85?

 7 A It does, yes. And in Schedule 85 it actually

 8 says, you know, things apply, and specifically in the

 9 line extension context, unless there is a contract,

10 and this is the contract that then takes precedence,

11 so for that part of the Schedule 85.

12 Q So is it safe to assume that -- and I think

13 this is actually what Paragraph 10 says, that the

14 service agreement applies, except to the extent -- I'm

15 sorry, is it safe to assume that the service agreement

16 applies unless there is a conflict with Schedule 80

17 and 85?

18 A Yeah. It's what the contract says, yes.

19 Q Okay. I would like to ask you a question

20 about the recital in Paragraph B of the agreement.

21 A The current agreement?

22 Q Yes, the current agreement.

23 A Okay.

24 Q In your testimony, I think you said reference

25 to the recitals was telling and that it specifically

0074

 1 notes the economic feasibility requirement for

 2 service; is that correct?

 3 A Yes.

 4 Q Would you agree that reading this provision,

 5 that this talks about how the line was originally

 6 constructed?

 7 A Yes, it does describe the line and where it

 8 was constructed.

 9 Q So it is written in the past tense, so this

10 refers to how it was originally constructed?

11 A Correct.

12 Q Okay. And that was done under Schedule 85?

13 A This agreement wasn't done under Schedule 85,

14 no.

15 Q What does pursuant to the economic feasibility

16 provisions of Electric Tariff G Schedule 85 mean?

17 A Okay. The -- there -- if you have a -- I mean

18 Schedule -- it refers to that section of Schedule 85

19 that talks about economic unfeasibility. That

20 reference is for situations like this, where a line to

21 be constructed is not economically feasible, in

22 case -- then you can have an exception to the normal

23 application of Schedule 85.

24 Q So is it your testimony that this line was not

25 constructed under Schedule 85, even though it says

0075

 1 pursuant to?

 2 A It is -- it is actually pursuant to that part

 3 of Schedule 85.

 4 Q Okay. So it was constructed under Schedule

 5 85?

 6 A Yes. In that specific paragraph, yes.

 7 Q Okay. So at the time it was constructed,

 8 Schedule 85 applied to this line. That was the line

 9 extension policy?

10 A Parts of it did, yes.

11 Q Right. The line extension policy is a big

12 policy. It talks about residential line extensions,

13 nonresidential --

14 A Correct.

15 Q -- line extensions for mobile home parks, so

16 the whole thing doesn't apply. So parts of it apply?

17 A Yes.

18 Q Okay. Let's turn to your cross-answering

19 testimony, which is DN-4T, and go to Page 2 and 3.

20 A Which page, excuse me?

21 Q 2 and 3.

22 A 2 and 3.

23 Q Start with the question, your first question.

24 You respond to Mr. Gorman's testimony, where he states

25 that the electric facilities were installed under this

0076

 1 schedule and including replacement of such facilities

 2 is necessary so long as such replacement is not

 3 inconsistent with this schedule or a contract

 4 governing such facilities.

 5 So in your answer, you state that Maloney

 6 Ridge was not installed under this schedule, referring

 7 to Schedule 85. So I would like to ask you, which is

 8 it? Was the line constructed under Schedule 85, as

 9 recitals in your opening testimony appear to state,

10 and that you rely on to incorporate the economic

11 feasibility test, or was it installed outside of

12 Schedule 85, as you state here in your testimony?

13 A My testimony says I do not agree that this

14 part of Schedule 85 applies. Not in whole.

15 Q You say, However, the language in this

16 section, including replacement, only apply when a

17 distribution line was installed under this schedule.

18 A Correct.

19 Q That Maloney Ridge line was not installed

20 under this schedule. So you're saying it wasn't

21 installed under Schedule 85?

22 A Correct.

23 Q Even though the contract says, Pursuant to

24 this provision of Schedule 85, we are entering this

25 agreement?

0077

 1 A My understanding of the contract reference was

 2 to specifically site a provision in Schedule 85 that

 3 allowed lines to be constructed that were not

 4 economic. That's -- and then beyond that, then,

 5 everything else regarding maintenance, operation, what

 6 have you, is in the contract.

 7 Q So --

 8 A Essentially, you are pointing to the

 9 appropriate schedule, and in citing an exception of

10 where you allow yourself to have that contract, for

11 the parties to -- to actually build the line that they

12 needed to be built.

13 Q Right. And in a schedule such as Schedule 80

14 or 85, there is a lot of provisions and sometimes

15 provisions apply and sometimes they don't, correct?

16 A Yes.

17 Q Okay. So in your testimony, in your opening

18 testimony, DN-1T, you indicate that you interpret the

19 service agreements to require the Maloney Ridge

20 customers to be responsible for replacement cost; is

21 that correct?

22 A Yes.

23 Q Flipping back to LFL-4, can you point anywhere

24 in the service agreement that states the customers

25 have that responsibility?

0078

 1 A No. However, it's I believe clear in the

 2 intent of both the original contract in '71, as well

 3 as the subsequent contract in '94, that the

 4 responsibility for maintaining, installing, and

 5 similar actions is the responsibility of the

 6 petitioners. This is a normal lifecycle, where at the

 7 beginning of it you've got a new need, as identified,

 8 in 1971 there was specific requirements to install a

 9 new line, and then maintain it. And then in 1994,

10 when the contract was then renewed, the installation

11 part of the language was missing, only the maintenance

12 and operation is continuing on in the contract. And

13 now we are to the last phase of this project, and the

14 question is are you going to remove that line or are

15 you going to replace that line.

16 The basis of the costs for all of those

17 things, the installation, the maintenance, and now,

18 the final phase, there's never been any variance in

19 the contracts or any of the evidence provided that

20 anybody except the petitioners should be responsible,

21 with the caveat that as long as the line remains

22 uneconomic.

23 Q Does the agreement use the word "replace"

24 anywhere?

25 A It does not.

0079

 1 Q Okay.

 2 A None of the agreements did.

 3 Q Do you believe that the Maloney Ridge line has

 4 exceeded its useful life and should be replaced?

 5 A It is right at that point now, yes. It's -- I

 6 would agree with the testimony that says it's -- it's

 7 maybe a couple more years, but it's getting dangerous

 8 to maintain that line and something needs to be done

 9 differently.

10 Q Okay.

11 A And let me also add that replacing the Maloney

12 Ridge line is not the only option available to the

13 petitioners. They can, as they did in the recitals in

14 the very first 1971 agreement, identified that General

15 Telephone Company was already operating a microwave

16 site there. They were powering it somehow, with

17 probably a diesel generator that was already there.

18 So they could revert back to that. They could --

19 exploration in -- in this case looked at alternative

20 energy. So there's other options for the company.

21 They don't have to rely and they don't have to

22 continue with PSE.

23 Q Okay. So you don't consider them customers?

24 A Excuse me?

25 Q Do you consider them customers?

0080

 1 A They are customers under Schedule 24, which is

 2 a separate -- it's a separate piece from the line

 3 extension piece, and they are normal customers in that

 4 sense.

 5 Q Okay. So in addition to Schedule 85 that we

 6 just talked about, your testimony indicates, I think,

 7 that Schedule 80 applies to this line.

 8 A Yes.

 9 Q Would you agree with that?

10 A Yes.

11 Q So Schedule 80 applies?

12 A Uh-huh.

13 Q So looking back at your testimony, your

14 opening testimony, which is DN-1T, Page 9 -- actually,

15 I'm sorry. So Exhibit 51, Page 9, you quote language

16 that says, PSE shall not be required to provide

17 service if not economically feasible.

18 A Excuse me, I'm not at your location.

19 Q You state --

20 A What's the page?

21 Q On Page 9.

22 A 9. Which lines?

23 Q Well, you state the -- you state the

24 economically -- economic feasibility provisions of

25 Schedule 85 on Page 18 and 19.

0081

 1 A Lines 18 and 19?

 2 Q Yes.

 3 A Okay.

 4 Q That's 85. But I think we heard previously

 5 that the language that used to be in 85 regarding

 6 economically feasible, that's been taken out, and

 7 that's now included in the broader language in

 8 Schedule 80?

 9 A That's correct.

10 Q So looking at that language, does Schedule 80

11 apply to all customers?

12 A Yes.

13 Q Okay. And would the economic feasibility test

14 apply to current customers?

15 A Yes.

16 Q So assuming that there is no service agreement

17 in place, can Puget refuse service to current

18 customers in a rural area if a substation serving them

19 needs to be replaced, and the load is too small to pay

20 for that replacement, therefore resulting in the

21 remaining ratepayers of that class incurring costs to

22 replace that substation? Can Puget say we're not

23 going to replace that substation, and let those

24 customers go, just wait until it fails and say you are

25 no longer customers, absent a service agreement?

0082

 1 A Absent a service agreement, I would -- I mean

 2 that's not the case before us, but I would -- I would

 3 be surprised if that was normally their practice. I

 4 mean once you have established as -- you know, your

 5 distribution system, absent a special agreement like

 6 we have here, that typically there is no incentive for

 7 people to, you know, not maintain the system it

 8 needs -- you know, as necessary.

 9 Q Well, that language applies to all customers,

10 right?

11 A Yes.

12 Q So theoretically Puget can say this -- these

13 residential customers over here are imposing costs on

14 all the other residential customers, that's not

15 economic to serve them, and we can no longer serve

16 them.

17 A Well, that's not the way the systems work and

18 get maintained. I mean there's -- PSE has a process

19 by which they evaluate all their distribution lines

20 and -- and -- for what needs to be updated when, and

21 they have a ranking system, and they invest every year

22 in capital replacements, upgrades, what have you, so

23 that that would not become an issue if they are doing

24 their job appropriately.

25 Q But that language either applies to all

0083

 1 customers or it doesn't. Does it apply to all

 2 customers?

 3 A Maybe I'm not understanding your question.

 4 Q Can Puget refuse service to current customers

 5 if it is not economically feasible?

 6 A The economic feasibility I believe applies

 7 only to new customers. I don't think it applies to

 8 existing customers, but I don't know for sure about

 9 that.

10 Q So it only applies to new customers?

11 A I believe so.

12 Q So is a customer that's been served for 40

13 years a new customer?

14 A Now you are outside of what -- then the

15 special agreement comes into play in this case, so it

16 is not that situation.

17 Q So let's turn to your exhibit -- let's turn to

18 Exhibit LFL-15, which is the advice filing 2012-029.

19 A Yes.

20 Q Sorry, I'm getting there.

21 (Pause in the proceedings.)

22 Q And then you can also reference your

23 testimony, DN-1T at Page 13. So here you quote

24 language from Schedule 80 that -- and this, in your

25 view, I think justifies imposing these charges on the

0084

 1 Maloney Ridge customers. It states that when a change

 2 in electric facilities is requested by a requesting

 3 entity, that the cost of that change is imposed on

 4 that customer. I'm not reading the language verbatim,

 5 but that's in general what it says, right?

 6 A Yes.

 7 Q And you think that that applies here?

 8 A Yes.

 9 Q And this is an alternative to --

10 A Yes.

11 Q -- refusal of service under --

12 A Correct. Yes, exactly.

13 Q Okay. So if a customer wants to change the

14 location of Puget's facilities, let's say to

15 accommodate a new building, would that kind of a

16 request fall under this schedule?

17 A What part of Schedule 80 are you referring to?

18 Q 34, Section 34.

19 A But a subsection there?

20 Q Well, it's the one that you quote in your

21 testimony on DN-1T, Section 34. It's in the advice

22 filing that I referenced. That's the whole provision,

23 if you would like to look at it.

24 A What's germane to this proceeding is in the

25 34, Subsection D, which is -- let's see here, in the

0085

 1 advice it's the tariff sheet -- one, two -- it's the

 2 third tariff sheet in, and it is 80NN, and little --

 3 double "i" there, and the second to the last sentence.

 4 Where a requesting entity requests a project that

 5 replaces an existing facility or facilities, the

 6 requesting entity shall pay the company for all its

 7 costs. And then it goes on.

 8 Q Okay.

 9 A That's on target for this particular case.

10 Q Okay. So let's go back to the question I

11 asked you. So if a customer wants to change the

12 location of Puget's facilities, let's say to

13 accommodate a new building, would that kind of request

14 fall under this provision?

15 A I didn't look at -- at this and analyze it for

16 that particular case. I would have to take some time

17 and look through to see if that was something that was

18 allowed or not.

19 Q Did you review this tariff?

20 A Yes.

21 Q Thoroughly?

22 A Yes, I did.

23 Q Okay.

24 A Not in the last few days. I was focusing on

25 parts that would apply to this case.

0086

 1 Q Okay. So you don't know the answer. If a

 2 customer wants a change in a -- in the location of

 3 Puget's lines that served them, to accommodate a new

 4 building, you don't -- you don't know whether or not

 5 that falls under this requesting entity language that

 6 you quoted in your testimony?

 7 A It may also -- it may also -- I mean this is a

 8 hypothetical, so, you know, it doesn't really apply

 9 here. But in a hypothetical sense I would also look

10 at the service drops, and if it -- you know, if it was

11 just a service drop change of location, it may not

12 even fall into this whole area.

13 Q So let's look at DN-1T, the language you have

14 in your testimony, quoted and underlined. Can you

15 read that first sentence for me?

16 A Where a change in the existing electric

17 facility is required -- required by a requesting

18 entity, the requesting entity shall pay the company

19 for the cost due to such change.

20 That's the end of the underlined part.

21 Q So it's fair to say if the company is asking

22 for a change in the location, that that would probably

23 fall under this provision?

24 A It could.

25 Q Okay. And if a customer wants to add capacity

0087

 1 or increase the voltage of the line, reasonable to

 2 assume that that would fall under this provision?

 3 A It could.

 4 Q Okay. If I'm a ship manufacturer and I want

 5 to ensure continued service, and I want to make sure

 6 that the plant never goes down, and I ask for

 7 redundant facilities to serve my plant, would that be

 8 covered by this provision?

 9 A I believe so because it also in -- in this

10 paragraph speaks about reliability.

11 Q Right.

12 A That would be a reliability issue, as you

13 described just now.

14 Q In fact, you state in your testimony that --

15 if you look at Page 15, that this provision would

16 apply to these customers because they are asking to

17 enhance the reliability.

18 A Correct.

19 Q Okay. So can you turn to Exhibit -- let's

20 see, can you go to JMS-7, please.

21 A I don't have all the other testimony here with

22 me.

23 (Pause in the proceedings.)

24 A Okay. Where?

25 Q On Page 64.

0088

 1 A Okay.

 2 Q Can you read for me the -- this summary

 3 contained in that first paragraph there, under Maloney

 4 Ridge Sobieski outage history?

 5 A Yes. Mary and Jenny shared PSE and Potelco's

 6 safety concerns, especially with accessing the site.

 7 The number of outages has been increasing over the

 8 years, and it is anticipated the frequency and

 9 duration will continue to increase. Weather,

10 environmental conditions, age and cable splices

11 degrade system reliability and without a replacement

12 of the system, the cables will ultimately fail and

13 service will not be provided. Weather and snow make

14 it increasingly difficult to respond to outages. A

15 system map showing outages to date has been

16 distributed to the group.

17 Q So in that provision that you just read, PSE

18 is telling the parties that the line will fail; is

19 that correct?

20 A Yes.

21 Q So is that how you view increase in

22 reliability? If Puget is telling the customers the

23 line is going to fail, is that an increase in

24 reliability?

25 A Can you rephrase that? I'm not understanding

0089

 1 what you are asking.

 2 Q Well, you testified that the petitioners are

 3 requesting entities, requesting to enhance the

 4 reliability beyond the existing level of reliability.

 5 You state that at --

 6 A Yes.

 7 Q -- DN-1T, Page 15 and 16.

 8 A Yes.

 9 Q So is that a fair analysis to -- does that

10 provision apply to a customer that's being told that

11 the line is going to fail and service will no longer

12 be provided?

13 A Yes.

14 Q Okay. So if the line goes down completely and

15 cannot be repaired --

16 A Yes.

17 Q -- reliability is at zero?

18 A Correct.

19 Q That this would apply --

20 A Yes.

21 Q -- because they are asking to enhance

22 reliability of the system?

23 A Yes.

24 Q Okay. Can you turn to the cover letter of

25 the -- let's see, Exhibit 32, I believe, the advice

0090

 1 filing. That's LFL --

 2 A I've got it.

 3 Q You have got it?

 4 A It's October 24th, 2012?

 5 Q Yes.

 6 A Yes.

 7 JUDGE KOPTA: Just for the record,

 8 that's LFL-15, correct?

 9 MR. STOKES: LFL-15, yes. Thank you.

10 BY MR. STOKES:

11 Q So would you agree that this is a cover letter

12 that the company -- Puget's advice filing that added

13 Section 34 that we are talking about?

14 A Yes.

15 Q Okay. Do you know if this line is above

16 50,000 volts or below 50,000 volts?

17 A Yes, it is below.

18 Q Okay. So this was a letter that Puget filed

19 to explain the reasoning behind its advice filing. It

20 says that for facilities operating below 50,000 volts,

21 that are requested to be located or changed, that this

22 tariff would apply. Are the customers asking for the

23 facilities to be relocated?

24 A No.

25 Q Okay. Is it your view that they are asking

0091

 1 for the facilities to be changed?

 2 A Yes.

 3 Q Okay. So you view that -- you view

 4 replacement of distribution lines as a change in

 5 service?

 6 A No, it's not a change. I mean there's the

 7 electrical service, which is provided under 24.

 8 That's not the change we are talking about. We are

 9 talking about physical change to the facilities. That

10 is -- I would -- I would -- I would call a replacement

11 of a line removal or removal of a line a change in the

12 facilities.

13 Q So in your view, can Puget use Paragraph 34 of

14 Schedule 80 to allocate the cost of failing electric

15 facilities to only the residential, commercial or

16 industrial customers and take service from those

17 facilities?

18 A First you would have to go over the hurdle of

19 the fact that there's a contract in place.

20 Q Ignore the contract --

21 A Okay.

22 Q -- for the sake of this --

23 A So this hypothetical, if the contract didn't

24 exist, then I don't -- I don't -- then -- if the

25 contract didn't exist, then this line would not exist,

0092

 1 so your hypothetical doesn't make any sense. You

 2 can't get there. The line wouldn't exist then.

 3 Q My hypothetical had nothing to do with this

 4 line.

 5 A Oh, I'm sorry.

 6 Q My hypothetical was -- or my question to you

 7 was can Puget use Paragraph 34 of Schedule 80 to

 8 allocate the cost of failing electric facilities to

 9 only the residential, commercial or industrial

10 customers served by those facilities?

11 A Let me see if I understand your question. Are

12 you asking if, without the contract, just looking at

13 this Schedule 80, these provisions in 34, could Puget

14 reasonably allocate the cost of changing the Maloney

15 line --

16 Q I'm not talking about --

17 A -- to those --

18 Q -- this line. I'm talking about -- my

19 question has nothing to do with the Maloney Ridge

20 line.

21 A Okay.

22 Q So I'm talking about Puget's system in

23 general.

24 A Okay.

25 Q Ignore the --

0093

 1 A In that case, they would not be allocated to

 2 those specific customers.

 3 Q And why is that?

 4 A Well, now -- now I was thinking of it in the

 5 general -- in the regular schedule. If they made a

 6 request under here, as in this part of Schedule 34,

 7 then the customers would pay for it.

 8 Q So if I pick up the phone and say, This

 9 line -- I've been told by Puget that this line is

10 going down, and I pick up the phone and say, Hey, I

11 would really like to have this replaced, I'm deemed a

12 requesting entity under this tariff, and if I stay

13 silent then -- and Puget replaces it, then the costs

14 don't come to me?

15 A You could look at it that way. I mean

16 there's -- there's an initiative here that -- the

17 point where a customer -- under this section of

18 Schedule 80, the customer requests a change, an

19 increase in service, reliability, whatever, then they

20 are on the hook to pay for that. If the company

21 determined, through their own methods, part of the

22 regular system, not part of a special contract, they

23 would probably get to it, but that might not be on the

24 customer's schedule to do that, and then it would be

25 part of the system cost.

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 1 But a special request -- to have, for

 2 instance, a higher level of quality, like you said

 3 earlier, for a ship manufacturer, that would be a

 4 customer request. It would be not on the regular

 5 schedule of how Puget maintains their distribution

 6 system, and so it would be a customer obligation to

 7 pay for that, whatever customer it was that was

 8 requesting that.

 9 Q Okay. Can you turn to Page 18 of your opening

10 testimony?

11 A 19?

12 Q Paragraph 18 of your opening testimony.

13 A Which page?

14 Q 18. I'm sorry. Yeah.

15 A Page 18?

16 Q Yes, Page 18.

17 A Okay. And where?

18 Q Line 10.

19 So you recommended that the Commission, as

20 part of this proceeding, order modifications to the

21 service agreements; is that correct?

22 A Yes.

23 Q Could you read Lines 12 through 15 out loud?

24 A Yes. Yes, I recommend that the Commission

25 order the parties to amend the successor contract to

0095

 1 incorporate a condition stating that any costs for

 2 replacement of any or all sections of Maloney Ridge

 3 distribution line shall be paid for by the customers

 4 served on that line, so long as the Maloney Ridge line

 5 remains economically unfeasible.

 6 Q Thank you.

 7 A Uh-huh.

 8 MR. STOKES: I have nothing further,

 9 Your Honor.

10 JUDGE KOPTA: Ms. Barnett, anything from

11 you?

12 MS. BARNETT: No.

13 JUDGE KOPTA: I have do one question.

14 I'm not quite sure how to frame it.

15

16 E X A M I N A T I O N

17 BY JUDGE KOPTA:

18 Q Is it your understanding that in Puget's

19 system there is a distinction between its general

20 distribution system and any line extension customers?

21 A In general, no. Most line extensions are done

22 within the distribution system, if there's a

23 distribution extension required to get there.

24 Q And in this case?

25 A In this case it's different because there's a

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 1 contract in place that covers historically the

 2 installation and now the ongoing maintenance and

 3 operation of that line. That's outside of the normal

 4 distribution system.

 5 Q So the company's approach in terms of

 6 replacing facilities within the distribution system is

 7 different than replacing facilities that are outside

 8 that distribution system?

 9 A Correct.

10 JUDGE KOPTA: Okay. Thank you.

11 Any redirect?

12 MR. OSHIE: Yes, Your Honor.

13

14 R E D I R E C T E X A M I N A T I O N

15 BY MR. OSHIE:

16 Q Mr. Nightingale, Mr. Stokes was asking you a

17 number of questions about Schedule 80 and its

18 applicability. Just a follow-up question. I would

19 like you to answer, if you know, whether or not the

20 provisions, the economic feasibility provisions that

21 are contained in Schedule 85, supersede the provisions

22 Mr. Stokes was referring to in Schedule 80?

23 A Well, the current construction of the

24 schedules is -- an economic provision resides in

25 Schedule 80, not in 85. Schedule 85 explicitly refers

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 1 to Schedule 80 and therefore the provisions in

 2 Schedule 80 also are incorporated into 85.

 3 MR. OSHIE: Thank you.

 4 No further questions.

 5 JUDGE KOPTA: All right. Thank you,

 6 Mr. Nightingale. We appreciate your testimony.

 7 And that I believe concludes our witness

 8 examination.

 9 Let's go off the record for a moment and

10 discuss deadlines.

11 (A brief recess.)

12 JUDGE KOPTA: All right. Let's be back

13 on the record.

14 While we were off the record, we had a

15 discussion of some procedural issues. First the

16 responses to the bench requests will be due on

17 June 8th. With respect to the Bench Request No. 1, it

18 is directed to all parties, or at least all parties

19 may respond. It was directed originally to Mr. Logen

20 for Puget Sound Energy, but all parties may respond by

21 June 8th.

22 Simultaneous posthearing briefs will be due on

23 June 30th. We will not schedule a reply at this time,

24 but parties may move for permission to file a reply if

25 they feel strongly. We will deal with that issue if

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 1 and when it arises.

 2 And I believe Ms. Barnett had a clarification

 3 that she wanted to make.

 4 MS. BARNETT: Thank you. Just a minor

 5 change to Exhibit JAB-2, which is Jennifer Boyer's

 6 professional qualifications. On Page 1 there is a

 7 reference to her undergraduate work at

 8 Seattle University. It should be Seattle Pacific

 9 University. That's the only change.

10 JUDGE KOPTA: Okay. We don't want any

11 resume tampering.

12 MS. BARNETT: No.

13 JUDGE KOPTA: And I assume there is no

14 objection to that clarification?

15 MR. STOKES: No, Your Honor.

16 JUDGE KOPTA: Good.

17 All right. Is there anything else that we

18 need to deal with this morning?

19 Hearing nothing, we are adjourned. Thank you.

20 (Evidentiary hearing concluded 11:41 a.m.)

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 1 C E R T I F I C A T E

 2

 3 STATE OF WASHINGTON

 4 COUNTY OF KING

 5

 6 I, Sherrilyn Smith, a Certified

 7 Shorthand Reporter in and for the State of Washington,

 8 do hereby certify that the foregoing transcript is

 9 true and accurate to the best of my knowledge, skill

10 and ability.

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17 SHERRILYN SMITH

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