

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	DOCKET NOS. UG-040640 and
)	UE-040641 (consolidated)
Complainant,)	
)	
v.)	
)	
PUGET SOUND ENERGY, INC.,)	
)	
Respondent.)	
.....)	
)	
In the Matter of the Petition of)	DOCKET NO. UE-031471
)	(consolidated)
PUGET SOUND ENERGY, INC.,)	
)	
For an Order Regarding the)	
Accounting Treatment For Certain)	
Costs of the Company's Power Cost)	
Only Rate Filing)	
.....)	
)	
In the Matter of the Petition of)	DOCKET NO. UE-032043
)	(consolidated)
PUGET SOUND ENERGY, INC.,)	
)	ORDER NO. 03
For an Accounting Order Authorizing)	
Deferral and Recovery of Investment)	
and Costs Related to the White River)	PREHEARING CONFERENCE
Hydroelectric Project)	ORDER
.....)	

1 **PROCEEDINGS:** On April 5, 2004, Puget Sound Energy, Inc (“PSE”) filed with the Commission revisions to its currently effective Tariff WN U-60, Tariff G, Electric Service, Advice No. 2004-09, and revisions to its currently effective Tariff WN U-2, Gas Service, Advice No. 2004-10. The stated effective date of the

proposed tariff revisions is May 6, 2004. The proposed revisions would implement a general rate increase of 6.5 percent for the electric tariffs and 6.29 percent for the gas tariffs. The Commission suspended the proposed tariff changes by entry of Order No. 01 on April 28, 2004, consolidated the two dockets, and set the matter for hearing.

- 2 On September 12, 2003, PSE filed in Docket No. UE-031471, a petition requesting that it be allowed to defer costs associated with outside services related to the Resource Only Rate filing in FERC Account 182.3, Other Regulatory Assets. In addition, the Company specifically asks that the deferred costs be included in working capital in future rate proceedings. The Petition also asks that these costs be reviewed and the amortization set in the next general rate proceeding.
- 3 On December 10, 2003, PSE filed in Docket No. UE-032043, a petition for an Accounting Order Authorizing Deferral and Recovery of Investment and Costs Related to the White River Hydroelectric Project. As in the case of Docket No. UE-031471, it is appropriate that the issues in Docket No. UE-032043 be considered in the context of a general rate case in which the potential results of granting or denying the petitions may be assessed.
- 4 On April 28, 2004, the Commission entered Order No. 02 in Docket Nos. UG-040640 and UE-040641, Order No. 01 in Docket No. UE-031471, and Order No. 01 in Docket No. UE-032043, consolidating the four dockets.¹
- 5 The Commission conducted a prehearing conference on May 17, 2004, before Administrative Law Judge Dennis J. Moss.

¹ Because the general rate filing proceedings are considered the lead dockets, subsequent orders will be captioned in the fashion of this Order, and numbered based on the sequence established in the lead dockets.

6 **PARTY REPRESENTATIVES:** Kirstin S. Dodge, Perkins Coie, Bellevue, Washington, represents PSE. Michael L. Kurtz and Kurt J. Boehm, Boehm, Kurtz & Lowry, Cincinnati, Ohio, represent the Kroger Co., on behalf of its Fred Meyer Stores and Quality Food Centers divisions (collectively “Kroger”). Elaine L. Spencer, Graham & Dunn PC, Seattle, Washington, represents Seattle Steam Company (“Seattle Steam”). S. Bradley Van Cleve and Matthew W. Perkins, Davison Van Cleve, Portland, Oregon, represent the Industrial Customers of Northwest Utilities (“ICNU”). Norman Furuta, Department of the Navy, represents the Federal Executive Agencies (“FEA”). John Cameron, Davis Wright Tremaine, LLP, Portland, Oregon, represents AT&T Wireless Services, Inc. (“AWS”) and Cost Management Services, Inc. (“CMS”). Edward A. Finklea and Chad M. Stokes, Cable Huston Benedict Haagensen & Lloyd LLP, Portland, Oregon, represent Northwest Industrial Gas Users (“NWIGU”). Danielle Dixon, Senior Policy Associate, NW Energy Coalition (“NVEC”), represents the NVEC. John O’Rourke, Director, Citizens’ Utility Alliance (“CUA”), represents the CUA. Ronald L. Roseman, Attorney At Law, Seattle, Washington, represents Energy Project and A World Institute for a Sustainable Humanity (“A W.I.S.H.”). Simon ffitich, Assistant Attorney General, Seattle, Washington, represents the Public Counsel Section of the Washington Office of Attorney General (“Public Counsel”). Robert C. Cedarbaum, Senior Assistant Attorney General, Olympia, Washington, represents the Commission’s regulatory staff (“Commission Staff or Staff”).²

7 **PETITIONS TO INTERVENE; REQUEST FOR INTERESTED PERSON**

STATUS: The following persons filed petitions to intervene or petitioned orally at the prehearing conference for intervenor status:³

² In formal proceedings, such as this case, the Commission’s regulatory staff functions as an independent party with the same rights, privileges, and responsibilities as any other party to the proceeding. There is an “*ex parte* wall” separating the Commissioners, the presiding ALJ, and the Commissioners’ policy and accounting advisors from all parties, including Staff. *RCW 34.05.455*.

³ Cogeneration Coalition of Washington filed with the Commission a withdrawal of petition to intervene on May 14, 2004.

1. Kroger Co., on behalf of its Fred Meyer Stores and Quality Food Centers divisions
2. Seattle Steam Company
3. Industrial Customers of Northwest Utilities
4. Federal Executive Agencies
5. AT&T Wireless Services, Inc.
6. Cost Management Services, Inc.
7. Northwest Industrial Gas Users
8. NW Energy Coalition
9. Citizens Utility Alliance
10. Energy Project and A World Institute for a Sustainable Humanity (“A W.I.S.H.”)

8 No objection was heard to any of these petitions. The Commission finds that each of these petitioners has established a substantial interest in this proceeding and that their participation will be in the public interest. These petitions to intervene are granted.

9 **DISCOVERY; PROTECTIVE ORDER:** The parties initiated informal discovery prior to the prehearing conference. Discovery will continue pursuant to the Commission’s discovery rules, WAC 480-07-400—425. The Commission urges the parties to work cooperatively together to avoid having to bring discovery matters forward for formal resolution.

10 The Commission will enter a Protective Order in this proceeding to facilitate the filing and exchange among parties, during discovery and otherwise, of information that is deemed confidential by the party in whose custody and control the information is held.

- 11 **PROCEDURAL SCHEDULE:** The Commission establishes the procedural schedule that is attached to this Order as Appendix 1, which is incorporated into the body of this Order by this reference.
- 12 **FILING; COPIES OF MATERIALS:** Parties must submit an original and 19 copies of all documents filed. All paper copies of filed documents must be mailed to the Commission Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, 1300 S. Evergreen Park Drive, S.W. Olympia, Washington 98504-7250, or delivered by hand to the Commission's Records Center at the agency's physical address. Both the post office box and street address are required to expedite deliveries by U.S. Postal Service.
- 13 Paper copies of filed materials are required to conform to the format and publication guidelines set forth in WAC 480-07-395 and 480-07-460, and must be three-hole punched with *oversized* holes to allow easy handling. The Commission may require a party to refile any document that fails to conform to these standards.
- 14 An electronic copy of all filings is required. Electronic copies may be provided by e-mail delivery to <records@wutc.wa.gov>. Alternatively, Parties may furnish an electronic copy by delivering with each filing a 3.5-inch IBM-formatted high-density diskette including the filed document(s).
- 15 The Commission prefers that parties furnish electronic copies of all filings that do not include confidential information and unredacted versions of documents that do include confidential information in .pdf (Adobe Acrobat) format, supplemented by a separate file in MS Word 6.0 (or later), or WordPerfect 5.1 (or later) format. **Electronic documents that are redacted versions that mask confidential information, should be filed exclusively in "read-only" .pdf format.** Parties are required to organize and identify electronic files as specified in WAC 480-07-140(5).

16 **NOTICE TO PARTIES: Any objection to the provisions of this Order must be filed within ten (10) days after the service date of this Order, pursuant to WAC 480-07-430 and WAC 480-07-810. Absent such objection, this Order will control further proceedings in this matter, subject to Commission review.**

DATED at Olympia, Washington, and effective this 19th day of May, 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DENNIS J. MOSS
Administrative Law Judge

APPENDIX 1

PROCEDURAL SCHEDULE
DOCKET NOS. UG-040640, UE-040641, UE-031471, and UE-032043

EVENT	DATE	INTERVAL
PSE's Prefiled Direct Testimony	April 28, 2004	
Staff, Public Counsel, and Intervenor Response Testimony	September 23, 2004	148 days
PSE Rebuttal Testimony and Cross-Answering Testimony	November 3, 2004	41 days
Evidentiary Hearing	December 13-23, 27-30, 2004	40 days
Simultaneous Initial Briefs	January 24, 2005 (electronic submission by noon)	24 days
Simultaneous Reply Briefs	February 2, 2005 (electronic submission by noon)	9 days
Suspension Date	March 5, 2005	31 days

APPENDIX 2

PARTIES' REPRESENTATIVES **DOCKET NOS. UG-040640, UE-040641, UE-031471, and UE-032043 (consolidated)**

PARTY	REPRESENTATIVE	PHONE	FACSIMILE	E-MAIL
Puget Sound Energy	Kirstin S. Dodge Jason Kuzma Perkins Coie 10885 N.E. Fourth Street, Suite 700 Bellevue, WA 98004-5579	425-635-1407	425-635-2407	ksdodge@perkinscoie.com jkuzma@perkinscoie.com
Kroger	Mike Kurtz Kurt Boehm Boehm, Kurtz and Lowry 2110 CBLD Center 36 East Seventh St. Cincinnati, OH 45202	513-421-2255	513-421-2764	Mkurtzlaw@aol.com Kboehmlaw@aol.com
Seattle Steam	Elaine Spencer Graham & Dunn Pier 70 2801 Alaskan Way, Suite 300 Seattle, WA 98121-1128	206-340-9638	206-340-9599	espencer@grahamdunn.com
Industrial Customers of Northwest Utilities	S. Bradley Van Cleve Matthew W. Perkins Davison Van Cleve, P.C. 1000 SW Broadway, Ste. 2460 Portland, OR 97205	503-241-7242	503-241-8160	mail@dvclaw.com
Federal Executive Agencies	Norman J. Furuta Department of the Navy 2001 Junipero Serra Boulevard Suite 600 Daly City, CA 94014	650-746-7312	650-746-7372	norman.furuta@navy.mil
AT&T Wireless Services, Inc. Cost Management Services, Inc.	John A. Cameron Davis Wright Tremaine LLP 1300 SW Fifth Avenue, Suite 2300 Portland, Oregon 97201	503-241-2300	503-778-5299	johncameron@dwt.com

PARTY	REPRESENTATIVE	PHONE	FACSIMILE	E-MAIL
Northwest Industrial Gas Users	Edward A. Finklea Chad M. Stokes Cable Huston Benedict Haagensen & Lloyd LLP 1001 SW 5 th Avenue Suite 2000 Portland, OR 97204-1136	503-224-3092	503-224-3176	efinklea@chbh.com cstokes@chbh.com
Citizens' Utility Alliance ("CUA")	John O'Rourke, Director Citizens' Utility Alliance 212 W. 2 nd Ave. Suite 100 Spokane, WA 99201	509-744-3370, Ext 247	509-744-3374	orourke@snapwa.org
NW Energy Coalition	Danielle Dixon NW Energy Coalition 219 First Ave. South Suite 100 Seattle, WA 98104	206-621-0094	206-621-0097	danielle@nwenergy.org
The Energy Project and A W.I.S.H.	Ronald L. Roseman Attorney At Law 2011 14 th Avenue East Seattle, Washington 98112	206-324-8792	206 568-0138	ronaldroseman@comcast.net
Public Counsel	Simon J. ffitc Public Counsel Section Office of Attorney General 900 Fourth Avenue, Suite 2000 Seattle, WA 98164-1012	206-464-7744	206-389-2058	simonf@atg.wa.gov
Commission Regulatory Staff	Robert D. Cedarbaum Senior Counsel 1400 S. Evergreen Park Dr. S.W. P.O. Box 40128 Olympia, WA 98504-0128	360-664-1160	360-586-5522	bcedarba@wutc.wa.gov