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BEFORE THE WASHINGTON STATE

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UTILITIES AND TRANSPORTATION COMMISSION

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4 In the Matter of the Petition )  
5 of Puget Sound Energy, Inc. )  
6 For a Declaratory Order and )  
7 Accounting Order Regarding ) DOCKET U-111701  
8 the Reclassification of )  
9 Certain Facilities and )  
10 Accounting Treatment )

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PREHEARING CONFERENCE, VOLUME I

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Pages 1 - 13

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ADMINISTRATIVE LAW JUDGE DENNIS MOSS

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1:30 p.m.

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OCTOBER 17, 2011

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1 with me is Tom DeBoer and Jon Piliaris.

2 JUDGE MOSS: All right. Thank you very  
3 much.

4 For the Staff, Sally.

5 MS. BROWN: Sally Brown, Senior  
6 Assistant Attorney General, appearing on behalf of the  
7 Commission Staff.

8 JUDGE MOSS: All right.

9 MR. COWELL: And Jesse Cowell, appearing  
10 on behalf of ICNU.

11 JUDGE MOSS: Mr. Cowell, thank you very  
12 much.

13 That will complete the appearances in the  
14 room. I don't know if this thing is on. Is there  
15 anybody on the conference bridge line?

16 (Pause in the proceedings.)

17 JUDGE MOSS: Apparently not.

18 I have already mentioned why we are here  
19 today. I think I was the judge on this about ten  
20 years ago, if memory serves. In any event, I did go  
21 and look at the electronic records on the case, when  
22 we went through this exercise as the Commission, at  
23 least. And, frankly, it took me a little by surprise  
24 to realize that there was some process in that case as  
25 well. If memory serves, the situation was roughly

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1 similar to what it is today, in that there are quite a  
2 few facilities we are talking about reclassifying  
3 here. And while there may not be any major  
4 controversy concerning the idea of reclassification,  
5 there is at least some controversy, or some question,  
6 let me put it that way, with respect to some of the  
7 facilities, as pointed out by ICNU in its petition to  
8 intervene.

9           So I suppose I should turn to you, then,  
10 Mr. Cowell, and ask you if you could describe exactly  
11 what it is that ICNU is concerned about. And we may  
12 just go off the record here and let you all talk a  
13 little bit about what you think might promote the  
14 resolution of this quickly and without too much  
15 process.

16           MR. COWELL: Sure. Well, our  
17 consultant, Don Schoenbeck, in reviewing the initial  
18 petition, had some questions. At this point, there's  
19 not a certainty that ICNU would be opposed to it, but  
20 there are definitely some things that we wanted to  
21 take a closer look at.

22           JUDGE MOSS: Okay.

23           MR. COWELL: As we mentioned in our  
24 comments, one of those being the overall financial  
25 impact. Also, we had a question about some of the

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1 facilities, whether it was appropriate to reclassify  
2 them. So at this point, with PSE's permission, we  
3 have submitted some informal data requests, and we had  
4 what I thought was a productive initial phone  
5 conference last week. So at this point, there's  
6 parties that are working together to look into this.

7 JUDGE MOSS: Okay.

8 MR. COWELL: That's about as far as we  
9 stand right now. We have submitted the data request,  
10 but we are waiting on responses.

11 JUDGE MOSS: And are you satisfied with  
12 the informal approach to this? Is it working for you?

13 MR. COWELL: Yes. I think that our main  
14 concern is the ability to look into these things and  
15 have discovery.

16 JUDGE MOSS: Sure.

17 MR. COWELL: The hearing component is  
18 not necessarily a necessity, if we have the time to  
19 look into this and comment upon it.

20 JUDGE MOSS: That was sort of my  
21 impression. And I gather the Company is willing to be  
22 cooperative about this, as well, to avoid having to  
23 get too formal. We can do that, of course, we can  
24 invoke discovery and go down that path. My personal  
25 view is discovery is always available in a formal

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1 proceeding, anyway. Although the rules do define  
2 certain specific circumstances, but where needed.  
3 Certainly, this is sort of a broad category of  
4 circumstances.

5 But if the Company is prepared to cooperate to  
6 the extent of the exchange of information to satisfy  
7 ICNU's concerns in this regard, or at least identify  
8 any areas that might be in controversy, I am agreeable  
9 to that, if it's something that can be resolved  
10 informally in the next couple of weeks.

11 Mr. DeBoer, should I just turn to you? I  
12 didn't mean to skip over your counsel.

13 MS. BARNETT: That's okay.

14 JUDGE MOSS: I know he said he is sort  
15 of the point man on this.

16 MS. BARNETT: Yes.

17 MR. DeBOER: We do have some data  
18 requests, and we are perfectly happy to address them  
19 on an informal basis. At this point, we haven't seen  
20 anything that would invoke any confidentiality  
21 concerns or anything. I suppose it is always a  
22 possibility.

23 JUDGE MOSS: Sure.

24 MR. DeBOER: We will work on answering  
25 those. We did have a call last week, and we will try

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1 to get -- the data they asked for is quite extensive,  
2 so it may take a little while.

3 JUDGE MOSS: Like I said, there's a lot  
4 of facilities. I looked through the appendix and I  
5 also looked at the old case. It's a long list.

6 MR. DeBOER: Yes.

7 JUDGE MOSS: But my sense of it was,  
8 that it is really a question of wanting to be sure of  
9 what's going on out there. Again, I have a sense that  
10 it can be resolved informally, as was the case a  
11 decade ago. That would suit me well, and it saves us  
12 all a lot of trouble and money.

13 And Staff, I gather, is copacetic with this  
14 sort of approach as well?

15 MS. BROWN: Yes, that's correct.

16 I just want to inquire as to whether or not  
17 the Company is still targeting a November 1 order?  
18 And then if that's the case, I have a question for  
19 Mr. Cowell.

20 And that is: This set of data requests that I  
21 have in my hand, the 15, does this constitute or  
22 represent the universe -- in other words, if they do  
23 receive satisfactory responses to these, is that the  
24 end of the inquiry?

25 MR. COWELL: You know, I sounded out our



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1 consultant about that, and he wasn't positive. I  
2 mean, this is to try to -- it could be, I guess, would  
3 be the short answer. But I guess we wanted to reserve  
4 judgment until we saw what the responses were.

5 JUDGE MOSS: And was that the case, you  
6 wanted it by November 1st? I am handling both of your  
7 declaratory judgment actions right now. So to be  
8 honest, I get them a little confused in my mind. In  
9 one case you had asked for something earlier than the  
10 other case, as I recall.

11 MR. DeBOER: Right. We asked on this  
12 one, November 1st.

13 JUDGE MOSS: Okay.

14 MR. DeBOER: And that was driven by --  
15 we need the -- well, we don't need. We would like to  
16 have a decision before we file the first rate case.

17 JUDGE MOSS: Right.

18 MR. DeBOER: In the absence of an order  
19 here, we will probably still file, it will just be  
20 contingent on an outcome here.

21 JUDGE MOSS: I see it now.

22 Well, if you can resolve -- what is today?  
23 Today is the 17th.

24 MR. COWELL: 17th.

25 JUDGE MOSS: My watch says the 15th, but

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1 I remember that's not right.

2 So that is a fairly short turnaround. As you  
3 know, I can turn an order out pretty quickly, if you  
4 all resolve everything and there is nothing that has  
5 to be done by way of further process. So that will  
6 put a little pressure on PSE, I suppose, to try to  
7 ferret through all of these 15 data requests you  
8 mentioned.

9 I realize it's a lot of information. But if  
10 you can both commit to working diligently on this, I  
11 can commit on the Commission's part that we will get  
12 you an order out very quickly, once I hear from you,  
13 if I hear from you, that -- maybe something in  
14 writing, if there is an agreement that everything is  
15 just fine. And it would certainly require something  
16 in writing if there is anything that I need to  
17 resolve, or the Commission needs to resolve. We'll  
18 see. If it is something I can do on paper, then we  
19 will do it. If it does require some sort of a  
20 process, then I will have to set that. That's just,  
21 as we all know, the way things work out around here.

22 So I can make this more formal right now, if  
23 you want me to.

24 MS. BROWN: No need.

25 JUDGE MOSS: I am really turning to the

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1 parties here.

2 MR. COWELL: We are not looking to  
3 prolong things, and we are hopeful that it could be  
4 resolved quickly.

5 JUDGE MOSS: Okay.

6 MR. COWELL: We just don't know at this  
7 point.

8 JUDGE MOSS: Well, let's proceed as we  
9 have been, then. And I apologize for bringing you all  
10 down here for a pretty short and uneventful gathering.  
11 But perhaps those are the best kind at the end of the  
12 day. If we need to talk in a conference call or  
13 something like that to move things along or whatever,  
14 we can do something even less formal than this, if it  
15 will help promote moving this towards a declaratory  
16 order instead of a more formal process.

17 MS. BROWN: And an accounting order.

18 JUDGE MOSS: Oh, and there is an  
19 accounting order that goes with it, yes.

20 MR. DeBOER: That certainly works for  
21 us.

22 JUDGE MOSS: Okay. Good.

23 Well, with that, then, I will just close the  
24 record. Thank you all very much for being here and  
25 letting us get together and clarify the situation

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1 among ourselves. Thank you very much.

2 (Prehearing conference concluded 1:40 p.m.)

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STATE OF WASHINGTON

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COUNTY OF KING

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I, Sherrilyn Smith, a Certified

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Shorthand Reporter and Notary Public in and for the

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State of Washington, do hereby certify that the

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foregoing transcript is true and accurate to the best

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of my knowledge, skill and ability.

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IN WITNESS WHEREOF, I have hereunto

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set my hand and seal this 24th day of October, 2011.

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SHERRILYN SMITH

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MY COMMISSION EXPIRES:

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JUNE 2012

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