

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
2 COMMISSION

3 PETITION OF PUGET SOUND )  
 POWER & LIGHT COMPANY FOR AN )  
 4 ORDER REGARDING THE ACCOUNTING ) DOCKET NO. UE-920433  
 TREATMENT OF RESIDENTIAL )  
 5 EXCHANGE BENEFITS )  
 -----)  
 6 WASHINGTON UTILITIES AND )  
 TRANSPORTATION COMMISSION, )  
 7 Complainant, ) DOCKET NO. UE-920499  
 vs. )  
 8 PUGET SOUND POWER & LIGHT )  
 COMPANY, )  
 9 Respondent. )  
 -----)  
 10 WASHINGTON UTILITIES AND )  
 TRANSPORTATION COMMISSION, )  
 11 Complainant, ) DOCKET NO. UE-921262  
 vs. ) Volume IV  
 12 PUGET SOUND POWER & LIGHT ) Pages 340 - 401  
 COMPANY, )  
 13 Respondent. )  
 -----)

14  
15 A hearing in the above matter was held on  
16 January 4, 1993 at 9:44 a.m. at 1300 South Evergreen  
17 Park Drive Southwest, Olympia, Washington before  
18 Administrative Law Judge ALICE L. HAENLE.

19  
20 The parties were present as follows:

21 PUGET SOUND POWER & LIGHT COMPANY by JAMES  
22 M. VAN NOSTRAND and STEVEN C. MARSHALL, Attorneys, 411  
108th Avenue Northeast, Bellevue, Washington 98004.

23 NORTHWEST CONSERVATION ACT COALITION by  
24 LINDA K. WILLIAMS, Attorney, 1744 Northeast Clackamas  
Street, Portland, Oregon 97232.

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1                   BONNEVILLE POWER ADMINISTRATION by BARRY  
2                   BENNETT, Attorney, P.O. Box 3621, 905  
3                   Northeast 11th, Portland, Oregon 97208-3621.

4                   BUILDING OWNERS AND MANAGERS ASSOCIATION by  
5                   ARTHUR A. BUTLER, Attorney, 1201 Third Avenue, Suite  
6                   2850, Seattle, Washington 98101.

7                   WASHINGTON INDUSTRIAL COMMITTEE FOR FAIR  
8                   UTILITY RATES by CRAIG GANNETT, Attorney, 1501 Fourth  
9                   Avenue, Seattle, Washington 98105.

10                  FEDERAL EXECUTIVE AGENCIES by NORMAN  
11                  FURUTA, Associate Counsel, 900 Commodore Drive (Code  
12                  09C), San Bruno, California 94066-2402.

13                  SKAGIT WHATCOM COUNTY AREA PROCESSORS by  
14                  ADAM GRAVLEY, Attorney, 701 Fifth Avenue, 5000  
15                  Columbia Center, Seattle, Washington 98104.

16                  PUBLIC by CHARLES F. ADAMS, Assistant  
17                  Attorney General, 900 Fourth Avenue, Suite 2000,  
18                  Seattle, Washington 98164.

19                  THE COMMISSION by DONALD T. TROTTER and  
20                  SALLY G. BROWN, Assistant Attorneys General, 1400  
21                  South Evergreen Park Drive Southwest, P.O. Box 40128,  
22                  Olympia, Washington 98504-0128.

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24

Lisa K. Nishikawa, CSR, RPR

Court Reporter

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1 I N D E X

2 WITNESS: DIRECT CROSS REDIRECT RECROSS EXAM

3 (None.)

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5 EXHIBIT MARKED ADMITTED

6 (None marked.)

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1 P R O C E E D I N G S

2 JUDGE HAENLE: The hearing will come to  
3 order. This is a hearing in consolidated Docket  
4 Numbers UE-920433, UE-920499 and UE-921262 which are  
5 filings of Puget Sound Power & Light Company. By  
6 order dated November 25, 1992 the Commission  
7 consolidated these matters for hearing and set this  
8 initial session for January 4, 1993.

9 The hearing is taking place before  
10 Administrative Law Judge Alice L. Haenle of the Office  
11 of Administrative Hearings on January 4 in the  
12 Commission's hearing room at Olympia.

13 I would like to take appearances please  
14 beginning with the representative for the company.

15 MR. MARSHALL: Steve Marshall, Jamie Van  
16 Nostrand for Puget Sound Power & Light Company.

17 JUDGE HAENLE: And your address, sir?

18 MR. MARSHALL: 411 108th Avenue Northeast,  
19 Bellevue.

20 JUDGE HAENLE: All right. And for the  
21 Commission.

22 MR. TROTTER: For the Commission, Donald T.  
23 Trotter and Sally G. Brown, both assistant attorneys  
24 general. Our address is 1400 South Evergreen Park

25 Drive Southwest, PO Box 40128, Olympia, Washington,

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1 98504-0128.

2 JUDGE HAENLE: And for the rest of the  
3 appearances I'm just going to go around the table. If  
4 you would indicate your name, your business address  
5 and your client's name. Please begin, sir.

6 MR. GRAVLEY: My name is Adam Gravley.  
7 I'm with the law firm Preston Thorgrimson Shidler  
8 Gates & Ellis located at 701 Fifth Avenue, 5000  
9 Columbia Center, Seattle, Washington, 98104. We  
10 represent Bellingham Cold Storage Company, Trident  
11 Seafoods, Versacold, Americold, National Frozen Foods  
12 and Bellingham Frozen Foods, collectively known as the  
13 Skagit Whatcom Area Processors, or SWAP.

14 JUDGE HAENLE: Thank you. Mr. Furuta.

15 MR. FURUTA: Thank you. Norman Furuta with  
16 the Department of the Navy. My address is 900  
17 Commodore Drive, Building 107, San Bruno, California  
18 94066. And I'm representing the consumer interest of  
19 the Federal Executive Agencies.

20 JUDGE HAENLE: Mr. Adams.

21 MR. ADAMS: Appearing as public counsel,  
22 Charles F. Adams. The address is 900 Fourth Avenue,  
23 Suite 2000, Seattle, 98164.

24 JUDGE HAENLE: Thank you. Mr. Gannett.

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MR. GANNETT: Your Honor, my name is Craig

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1 Gannett. I'm here on behalf of WICFUR, the Washington  
2 Industrial Committee for Fair Utility Rates, and I'm  
3 here on behalf of Grant E. Tanner from our Portland  
4 office -- that is, the Portland office of Davis Wright  
5 Tremaine -- who was concerned he might not be able to  
6 arrive because of the weather. His address is 2300  
7 First Interstate Tower, 1300 Southwest Fifth Avenue,  
8 Portland, Oregon 97201.

9 JUDGE HAENLE: Thank you. Mr. Butler.

10 MR. BUTLER: Arthur A. Butler appearing on  
11 behalf of The Building Owners and Managers Association  
12 of Seattle and King County, otherwise known as BOMA.  
13 That's in caps, B O M A. My address is 1201 Third  
14 Avenue, Suite 2850, Seattle, Washington, 98101.

15 JUDGE HAENLE: Thank you, sir.

16 MR. BENNETT: Barry Bennett representing  
17 BPA. My address is 905 Northeast 11th, PO Box 3621,  
18 Portland, Oregon 97208.

19 MS. WILLIAMS: I'm Linda Williams, an  
20 attorney from Portland, representing the Northwest  
21 Conservation Act Coalition. My Portland address is  
22 1744 Northeast Clackamas Street, Portland, Oregon,  
23 97232. The organization Northwest Conservation Act  
24 Coalition is at 6532 Phinney Avenue in Seattle,

25 Washington.

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1 JUDGE HAENLE: And you also brought with  
2 you another petition?

3 MS. WILLIAMS: That is true. I do not  
4 represent this other party and as a courtesy I brought  
5 this up for another attorney. I would certainly read  
6 the information into the record if that's your  
7 preference.

8 JUDGE HAENLE: That's all right. I just  
9 needed to know if you represent them. Is there anyone  
10 here representing SESCO, S E S C O, and the other two  
11 on the petition? All right, fine. Now is there  
12 anyone else in the hearing room that intends to  
13 petition or move to intervene this morning?

14 All right, as the first order of business  
15 we'll take the petitions and motions to intervene. I  
16 might note that we have already had three days of  
17 hearing in Docket Number UE-920499 which was the Puget  
18 rate design case. Some of you are already  
19 participants in that case which was consolidated into  
20 this group of cases, some of you are not. When you  
21 present your petition would you indicate whether or  
22 not you are a party to 0499. Why don't we just go  
23 around the table, is that all right?

24 MR. GRAVLEY: I'm going to pass for a

25 minute.

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1 JUDGE HAENLE: All right. Mr. Furuta, you  
2 have filed a written petition. Everyone please be  
3 sure you have it. Do you have anything to add to your  
4 written petition?

5 MR. FURUTA: Nothing other than as I've  
6 been informed by your Honor. We have intervened for  
7 purposes of monitoring the rate design case that's  
8 been consolidated in this proceeding.

9 JUDGE HAENLE: All right, let's go off the  
10 record for a minute. I believe Ms. Williams has not  
11 received all of the petitions to intervene.

12 (Discussion off the record.)

13 JUDGE HAENLE: Let's be back on the record.  
14 During the time we were off the record copies of the  
15 petitions were given to Ms. Williams. Do you have  
16 anything to add to your petition, Mr. Furuta?

17 MR. FURUTA: No, I do not.

18 JUDGE HAENLE: Mr. Van Nostrand -- I'm  
19 sorry, will I be addressing Mr. Van Nostrand primarily  
20 or Mr. Marshall?

21 MR. MARSHALL: Mr. Van Nostrand.

22 JUDGE HAENLE: Mr. Van Nostrand, do you  
23 have any objection to this entity participating in the  
24 hearing?



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MR. VAN NOSTRAND: No, your Honor.

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JUDGE HAENLE: Does anyone else have an

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objection to this entity participating in the hearing?

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All right. I will grant the petition to intervene. I

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believe the entity has demonstrated an interest

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sufficient to allow it to intervene.

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All right, let's see, Mr. Adams, you're in

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already, so let's take the WICFUR petition. That was

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filed by Mr. Trincherro. Have you anything to add to

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the petition, Mr. Gannett?

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MR. GANNETT: No, your Honor, other than

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to reiterate what you said, which is that all

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documents should be sent to Grant Tanner in our

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Portland office.

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JUDGE HAENLE: That's right. And I should

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have done that with you, Mr. Furuta, also. Are you

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the contact person for the Federal Executive Agencies

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for purposes of this case?

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MR. FURUTA: Yes, I am, your Honor.

19

JUDGE HAENLE: All right, thank you. Mr.

20

Van Nostrand, have you any objection to WICFUR

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participating in this matter?

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MR. VAN NOSTRAND: No objection, your

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Honor.

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JUDGE HAENLE: Again, anyone else have an

25 objection or comment on WICFUR participating in this

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1 matter? Is WICFUR -- WICFUR is a party, is it not,  
2 to 0499?

3 MR. GANNETT: I believe so, yes.

4 JUDGE HAENLE: All right, I will grant the  
5 petition to intervene then. I believe this entity has  
6 demonstrated an interest sufficient to allow its  
7 participation as an intervenor.

8 All right, Mr. Butler, you filed a petition  
9 dated November 19. Have you anything to add to that  
10 petition?

11 MR. BUTLER: No, your Honor, other than the  
12 fact that I am the designated person for receipt of  
13 service and BOMA is a party to 0499.

14 JUDGE HAENLE: All right. Mr. Van  
15 Nostrand, have you any objection to the participation  
16 of this entity?

17 MR. VAN NOSTRAND: No, your Honor.

18 JUDGE HAENLE: Does anyone else have an  
19 objection or a comment? All right, I will grant this  
20 petition to intervene. I believe they have  
21 demonstrated an interest sufficient to allow their  
22 participation as an intervenor.

23 All right, let's see. BPA next.

24 MR. BENNETT: Yes, Barry Bennett. I am the

25 person to receive service. BPA is not a party to the

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1 rate design proceeding 920499. I have nothing to add  
2 to the petition and just will mention I -- this has  
3 been served previously but I do not have copies for  
4 the parties who are appearing to intervene today. If  
5 anyone wants to see the petition I can let them see it  
6 or state anything they want.

7 JUDGE HAENLE: Does anyone need to see a  
8 copy of the petition that does not have one? All  
9 right. Mr. Van Nostrand, have you any objection to  
10 this entity participating in this matter?

11 MR. VAN NOSTRAND: No, your Honor.

12 JUDGE HAENLE: Does anyone else have an  
13 objection or a comment?

14 MR. ADAMS: Your Honor, I would object.  
15 I recognize that BPA has intervened in prior Puget  
16 proceedings. I have objected prior in prior  
17 occasions. I will object again. I don't believe that  
18 they add to the record. I think they just use this  
19 opportunity as an opportunity to get discovery so they  
20 can then review Puget's average system cost. And  
21 historically they have disallowed various costs to the  
22 detriment of residential ratepayers on the residential  
23 exchange, so I would repeat my objection.

24 JUDGE HAENLE: Do you wish to respond?

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MR. BENNETT: Yes. I don't think Mr.

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1 Adams's objection goes to our interest in the  
2 proceeding. I didn't hear denial of our interest. We  
3 do have a direct interest in that our average system  
4 cost methodology depends first and foremost on the  
5 decisions of this Commission in the retail rate  
6 proceeding, and our interest is in monitoring the  
7 proceeding and in contributing to the record where  
8 appropriate. And we need this information in order to  
9 properly determine average system cost and make our  
10 decisions, and I think we've shown a direct and  
11 substantial interest. I might add, as Mr. Adams  
12 pointed out, this has been raised before and denied,  
13 and we have participated in all the PRAM proceedings  
14 and decoupling proceedings up to this point.

15 JUDGE HAENLE: Anyone else have a comment?

16 Okay, I'm going to grant the motion to intervene --  
17 the petition to intervene of the BPA. I believe they  
18 have demonstrated an interest sufficient to allow them  
19 to participate in this matter. You would be the  
20 contact person, Mr. Bennett?

21 MR. BENNETT: Yes.

22 JUDGE HAENLE: All right. See, the next in  
23 line is SWAP. No, the next -- we can come back to  
24 you. All right. Mr. Gravley, do you have anything to

25 add to the petition?

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1 MR. GRAVLEY: No. I do not have anything  
2 to add. As Mr. Butler noted, we have previously  
3 circulated this but I did not bring extra copies. I  
4 do have one copy here if someone who did not receive  
5 one would like to look at it.

6 JUDGE HAENLE: Anyone need one? All right,  
7 who would be the contact person for this entity, Mr.  
8 Gravley?

9 MR. GRAVLEY: The contact person is Carol  
10 S. Arnold, the attorney listed on the petition for  
11 intervention. She's also an attorney at the law firm  
12 Preston Thorgrimson Shidler Gates & Ellis, 701 Fifth  
13 Avenue, 5000 Columbia Center, Seattle, Washington,  
14 98104.

15 JUDGE HAENLE: And I believe that SWAP is a  
16 participant in 0499, isn't that correct, sir?

17 MR. GRAVLEY: Yes.

18 JUDGE HAENLE: Okay. Mr. Van Nostrand, do  
19 you have an objection to this entity participating?

20 MR. VAN NOSTRAND: No, your Honor.

21 JUDGE HAENLE: Anyone else have a comment  
22 or an objection? All right, I will grant the petition  
23 to intervene. I believe this entity has demonstrated  
24 -- I guess it's these entities, aren't they? Well, in

25 any case they have demonstrated interest sufficient to

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1 be allowed to participate as intervenors.

2 Let's see then, the Northwest Conservation  
3 Act Coalition. This petition was also brought in this  
4 morning. Ms. Williams, have you anything to add to  
5 your petition?

6 MS. WILLIAMS: No, other than the fact this  
7 was mailed previously to the hearing officer.  
8 Northwest Conservation Act Coalition has participated  
9 in the decoupling and the PRAM and the ongoing  
10 technical collaborative involving this utility. I do  
11 not believe it is a party to the docket denominated  
12 0499. We had requested that an additional attorney be  
13 served as a courtesy. However, in light of the  
14 hearing officer's instruction that one party -- one  
15 individual receive all copies, then I will be the  
16 individual who will receive all copies of filings,  
17 testimony, whatever.

18 JUDGE HAENLE: Okay, we appreciate that.  
19 If there's more than one per entity we find it does  
20 tend to get out of hand. And you are not a party  
21 in 0499, is that right?

22 MS. WILLIAMS: I don't believe so. That's  
23 the rate design case exclusively, right, not the  
24 decoupling collaborative technical?

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JUDGE HAENLE: Right. Have you an

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1 objection to the participation of this entity in this  
2 matter, Mr. Van Nostrand?

3 MR. VAN NOSTRAND: No, your Honor.

4 JUDGE HAENLE: Does anyone else have an  
5 objection or a comment?

6 MR. ADAMS: Your Honor, I have a comment,  
7 not an objection at all to the intervenors. I do note  
8 that John Wellinghoff is listed as the other attorney  
9 and I guess I have an inquiry to Ms. Williams. I'm  
10 familiar with Mr. Wellinghoff and he's often a witness  
11 in cases, and I just wanted to clarify, is he going to  
12 be an attorney in this case or a witness?

13 MS. WILLIAMS: Good question, Mr. Adams.  
14 At present Mr. Wellinghoff will be helping assist the  
15 strategy and the development of the case and will  
16 probably do cross-examination where his expertise will  
17 assist the proceedings in that manner. At the time I  
18 filed this I was not familiar with the Washington  
19 state rule about attorney/witnesses. It's different  
20 in Oregon than it is from California, and until I  
21 could clarify that, I felt that Mr. Wellinghoff's  
22 expertise would best be served as an attorney, and  
23 that's how he appears. If there is a change in his  
24 status we will certainly inform the parties, and

25 inform them as soon as we determine -- which would be

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1 sometime this week -- what the nature of his testimony  
2 would be, but it was our intent to have him give his  
3 able assistance as counsel.

4 MR. ADAMS: Thank you for the  
5 clarification.

6 JUDGE HAENLE: Anyone else? Okay. I will  
7 grant the petition to intervene of this entity. I  
8 believe it has demonstrated an interest sufficient to  
9 allow it to participate as an intervenor. And finally  
10 there is a written petition that was brought this  
11 morning by Ms. Williams on behalf of SESCO, S E S C O,  
12 Inc., Lakeland Utility Conservation Inc., and Free,  
13 F R E E, Lighting Corporation. Has everyone received  
14 a copy of this petition? All right. Have you any  
15 objection to the participation of these entities in  
16 this matter, Mr. Van Nostrand?

17 MR. VAN NOSTRAND: Yes, your Honor, the  
18 company objects.

19 JUDGE HAENLE: On what basis, sir?

20 MR. VAN NOSTRAND: The issues raised in the  
21 petition seem to go toward the cost effectiveness test  
22 for conservation investments which is going to be  
23 determined in connection with the company's schedule  
24 83 filing, which will happen prior to January 31. The



25 issues they are talking about have to do with that

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1 particular matter and that seems to be the proceeding  
2 in which they want to intervene and raise the issues  
3 in terms of their interest generally. They are not a  
4 customer of the company, they are a potential supplier  
5 of services to the company, and whether or not they  
6 are a supplier will be determined if a contract is  
7 ultimately entered into. All they state is their bid  
8 was selected in a competitive bid. There has been no  
9 contract entered into with any of these entities.

10 JUDGE HAENLE: One of my questions later on  
11 in this session, Mr. Van Nostrand, was going to be how  
12 you intended the company's schedule 83 filing -- how  
13 that would fit in with this, if at all, knowing that  
14 it's coming by January 31. I think that what I will  
15 do is set this aside for the time being. If they are  
16 not here they won't have any comment. I will address  
17 it before the end of the initial session, but some of  
18 the questions we're going to be taking up a bit later  
19 do touch on that, so I think I'm going to set that  
20 aside for a minute and not act on it quite yet. I  
21 will act on it today.

22 Is there anyone else in the hearing room  
23 that intended to intervene in this matter? The record  
24 will reflect there is no response.

25

I note that the BPA and the NCAC and

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1 potentially this other group of three entities are not  
2 in the rate design case. The Commission has  
3 consolidated these matters. And we need to discuss  
4 first of all how this general filing and the rate  
5 design filing fit together, and then we need to  
6 determine whether there is something we need to do on  
7 behalf of these entities to get these entities up to  
8 speed in the rate design case if that is indeed  
9 consolidated -- since that is indeed consolidated with  
10 this. How did you see them fitting together, Mr. Van  
11 Nostrand?

12 MR. TROTTER: Your Honor, do you want  
13 to take this discussion off the record? It might be  
14 more freely flowing.

15 JUDGE HAENLE: All right. What I told you  
16 we would do is take these pieces a piece at a time,  
17 discuss them off the record first and try to summarize  
18 when we get back on the record. What I want to avoid  
19 doing is losing anything, so be prepared to repeat  
20 your bottom line, your 25 words or less, truly concise  
21 summary of your position when we go back on the  
22 record. Let's go off the record for purposes of  
23 discussing this issue.

24 (Discussion off the record.)

25

JUDGE HAENLE: Let's be back on the record

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1 after an extensive off the record discussion about the  
2 structure of this case and the scheduling of this  
3 case. My initial question to the parties was how do  
4 you see this general case and the rate design filing  
5 that we've already heard some on fitting together. We  
6 noted during our discussion that when we talk about  
7 the rate design part of it we're talking generally  
8 about the filing in 0499. When we're talking about  
9 the general case we're talking mostly about the  
10 petition regarding the accounting treatment of  
11 residential exchange benefits which is 920433 and the  
12 general filing which is 921262. I believe the  
13 consensus we came to was that although these will  
14 remain consolidated for purposes of order and for  
15 purposes of the information in the record, that we  
16 would set a hearing schedule for the general case and  
17 that we would set a separate schedule for the rate  
18 design portion so that the rate design portion did not  
19 get buried in the general filing.

20 During the course of that discussion we  
21 also discussed specific dates and a specific schedule.  
22 Before we get to the specific schedule and the  
23 requests that were made in connection with that  
24 specific schedule, did anyone have any comment that

25 they wanted put on the record regarding the first part

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1 of our discussion? Mr. Marshall?

2 MR. MARSHALL: Yes. During the discussion  
3 we raised the concern that the rate design case we  
4 submitted was based on a continuation of decoupling.  
5 If decoupling is substantially modified or abandoned  
6 as a result of the general rate case, that would have  
7 an impact on the rate design, thus we had suggested  
8 that there be some flexibility in the scheduling of  
9 the two so that in the event the substantial  
10 difference in prefiled staff and intervenor testimony  
11 on May 3rd away from decoupling we could have an  
12 opportunity to address that in the rate design  
13 context.

14 We noted that the rate design hearing was  
15 scheduled for April 26 to the 30 and we were hopeful  
16 that that hearing could be postponed to a date that  
17 would allow consideration of the prefiled staff and  
18 intervenor testimony and the general case regarding  
19 decoupling. So again our concern is to try to provide  
20 for flexibility in this consolidated case between rate  
21 design and general case issues. The primary issue  
22 that we need flexibility on is of course concerning  
23 the future of the decoupling mechanism.

24 JUDGE HAENLE: Mr. Trotter.

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MR. TROTTER: Yes, our -- it's our position

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1 that the primary driver on rate design is revenue  
2 requirement, not how it's recovered, although there  
3 are some unique rate design issues related to  
4 decoupling, but we don't think those are central. We  
5 would not object to a process to -- having the company  
6 reserve the right to file supplemental testimony or  
7 ask for other procedures in which to address impact of  
8 May 3rd filings on rate design after the cross of the  
9 rate design testimony of the parties.

10

JUDGE HAENLE: Anyone else have a comment

11 on that?

12

MR. ADAMS: Your Honor, I guess I simply

13 would just interject the issue that I have no  
14 objection to the company having an opportunity to see  
15 the close filings and determining -- suggesting  
16 whether it wants to request some kind of additional  
17 hearing so that it can reconsider some of the rate  
18 design issues. But I think at this point it should be  
19 left general so that other parties can do the same  
20 once they have seen the various proposals of the  
21 parties as well. I'm willing to leave that open ended  
22 at this point but I don't think it should be reserved  
23 simply for the company.

24

JUDGE HAENLE: I don't recall that being

25 part of the discussion, Mr. Adams.

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1 MR. ADAMS: I specifically raised that  
2 concern, your Honor, that other parties might also  
3 have a concern similar to those of the company. And I  
4 don't think the Commission or the bench needs to make  
5 a ruling on that at this point, but I don't think that  
6 some procedure should be set up just for the company.  
7 Other parties should be able to avail themselves of it  
8 as well.

9 JUDGE HAENLE: Other thoughts, Mr.  
10 Marshall?

11 MR. MARSHALL: No other thoughts other than  
12 I think the parties are in agreement that there should  
13 be that flexibility to comment after the prefiled  
14 staff and intervenors' testimony of the general rate  
15 case to add anything further in the rate design case,  
16 particularly in response to what may occur with  
17 decoupling.

18 JUDGE HAENLE: Okay. My response in  
19 general was that I think that the way we had talked  
20 about setting up the rate design schedule, it would  
21 end early enough before the suspension date, that  
22 there would be time for such additional steps if those  
23 steps were required. I would like to set a time for  
24 parties to notify each other of that if that's going

25 to happen. I think we had looked at for the -- the

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1 company I recall talking about a week after the May  
2 3rd predistribution of staff and intervenor testimony,  
3 that would be -- just a second -- May 10. Let me  
4 double check that that's a date. That's a Monday.  
5 Let's make that a deadline for everybody to notify  
6 everyone if you feel that there is a necessity to  
7 address the filing of someone else in the rate design  
8 case -- I'm sorry -- an issue that might have been  
9 raised by the materials in the general case as it  
10 applies to the rate design case. Did I say that  
11 right? Okay. So those requests would be due May 10.

12 MR. ADAMS: Your Honor, is that the date  
13 for the request or the date for filing? Is that a  
14 request for a procedure or is that a filing date of  
15 any rate design testimony?

16 JUDGE HAENLE: I was looking at it as a  
17 date for a request for the procedure. Do you think  
18 you could get that filed within the week?

19 MR. ADAMS: All I was asking for was  
20 clarification. I just want to make sure I understand.

21 JUDGE HAENLE: I don't know what the next  
22 step would be after that so I can't really say what  
23 pre-filing might be set up or anything. All we had  
24 talked about, if I recall correctly, at this point

25 anyway, was a notification that something else would

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1 be required in that party's opinion. I guess that  
2 would be in the form of a motion to the Commission or  
3 something like that -- I don't know what the form  
4 would be exactly -- but a notification to everyone  
5 anyway that that party would want an additional step  
6 in the rate design case to address issues. Be sure  
7 that you specify what those issues are.

8 MR. ADAMS: Your Honor --

9 JUDGE HAENLE: Yes.

10 MR. ADAMS: I was just going to ask, maybe  
11 I missed it, but did you put the dates of that rate  
12 design hearing on the record?

13 JUDGE HAENLE: Not yet. That was going to  
14 be the next step. We had talked generally about how  
15 the two cases would integrate with each other and that  
16 was what I was asking for now. If nobody else has a  
17 comment on that general issue from our off the record  
18 discussion I can go on to those specific dates. What  
19 I told you about the specific dates that we discussed  
20 was that I had some dates that were tentative dates  
21 that were given to me by the Commission. I can't bind  
22 the Commission on doing anything in terms of moving  
23 dates because I don't know what their availability is.  
24 What I can do is take your requests, the reasons for



25 those requests, take them to the Commission and have

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1 the Commission respond to you. I don't know the  
2 answers at this point because I don't know what the  
3 commissioners' schedules are.

4 Let me first give you the dates that I  
5 understand to be the tentative dates that we  
6 discussed. Then I need to take -- their have been a  
7 couple of requests for modification of those dates in  
8 various ways. I would like to take those requests and  
9 the reasons for them. Everybody ready? I think you  
10 probably already wrote these down.

11 In the general case opening on January 4,  
12 depositions February -- the week of February 16 and  
13 the week of March 1 if necessary.

14 MR. TROTTER: Your Honor, were those going  
15 to be set on the record or were those going to be  
16 dealt with through accommodation of the parties on  
17 their own?

18 JUDGE HAENLE: I would prefer to have the  
19 parties do that on their own. What I was trying to do  
20 was repeat what we had discussed off the record and I  
21 believe I had done that off the record.

22 MR. TROTTER: I don't recall discussing a  
23 deposition schedule off the record specifically, but  
24 okay.

25

JUDGE HAENLE: Those were the suggestions

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1 as I understood them from the Commission. That was  
2 not an attempt to set deposition dates for you folks.  
3 I tell you what, once we go off the record after this,  
4 if you want deposition dates set for some reason on  
5 the record we can do that.

6 Cross-examination of the company March  
7 16 through March 19. Predistribution of staff,  
8 intervenor and public counsel expert testimony May 3.  
9 May 10 would be the date by which anyone would notify  
10 the other parties, as we discussed a few minutes ago, if  
11 this were something in the prefiled material in the  
12 general case that would need to be followed up in the  
13 rate case -- I'm sorry, in the rate design case. Be  
14 sure you specify those issues.

15 May 24 through 28, cross-examination of  
16 staff, intervenors' and public counsel experts. June  
17 18, predistribution of company rebuttal testimony.  
18 July 12 and 13, cross-examination of company rebuttal.  
19 August 13, briefs due.

20 In the rate design case I asked the parties  
21 what they felt the next step should be. There was  
22 some discussion about setting a date for cross of  
23 additional company witnesses, but I believe the  
24 agreement that we came to was that the parties would

25 set depositions of the company witnesses having to do

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1 with the updated rate design testimony -- and you  
2 said, Mr. Marshall, that those were which two?

3 MR. MARSHALL: Lynch and Hoff.

4 JUDGE HAENLE: -- that the parties would  
5 participate in those depositions, that those  
6 depositions would be offered as part of the rate  
7 design record but that witnesses Lynch and Hoff would  
8 be made available for the commissioners to ask  
9 questions if they had questions. I would ask also  
10 that if you do -- if we do it in that manner I think  
11 we need to have those depositions prefiled so the  
12 commissioners and I have a chance to look at them  
13 before the hearing dates to look them over. We'll  
14 need to go off the record and talk more about -- in  
15 order to set a prefiling date we need to set a  
16 deposition date, or perhaps we could say -- could  
17 those be filed, say, ten days after the deposition?

18 MR. TROTTER: Or how about no later than  
19 February 24?

20 JUDGE HAENLE: Well, that's -- okay. I  
21 see that's predistribution of staff and intervenor.  
22 All right, why don't we make that the same day then,  
23 that as a part of the staff and intervenor -- I'm  
24 sorry, at the same time as the staff and intervenor

25 testimony is provided that the company would prefile

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1 those depositions -- I believe those are company

2 witnesses and are company testimony, is it not, Mr.

3 Marshall?

4 MR. MARSHALL: Yes, it is.

5 JUDGE HAENLE: -- that the company would

6 prefile those depositions at the same time that the

7 staff and intervenor testimony is prefiled on February

8 24. March 29, predistribute company rebuttal. The

9 week of April 26, cross-examination of staff,

10 intervenor, public counsel expert. And company

11 rebuttal and briefs due July 2.

12 Now, there were several comments about each

13 of these schedules. There were some requests that

14 dates be adjusted. What I indicated to you I would do

15 is take your requests to the Commission and get an

16 answer for you after the -- I don't have any way of

17 doing it before the hearing today is over but the

18 Commission would notify you whether it feels it's

19 appropriate to make the adjustments that you request.

20 Let's see, you requested some, Mr. Marshall, Ms.

21 Williams requested some. I will take your comments in

22 whatever order you want to. Mr. Marshall?

23 MR. MARSHALL: The comment we made off the

24 record in the discussion was regarding the prefiling

25 of company rebuttal in the general rate case which is

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1 now scheduled for June 18th. We had asked that that  
2 be moved to June 23rd or alternatively Monday the 21st  
3 in order to give us additional time. If we had that  
4 time it would be the same amount of time as the time  
5 between the staff and intervenors' prefiled expert  
6 testimony and our cross-examination of the staff which  
7 is a three-week period. The staff and intervenors  
8 would have three weeks to prepare for company  
9 cross-examination. And we also noted, however, that  
10 that cross-examination could also be moved by the  
11 Commission to a later date other than July 12th to the  
12 13th to again permit some additional time. What we  
13 would want to do is to make sure that given the number  
14 of issues we anticipate may come up from the various  
15 parties, staff and intervenors which won't be, I think  
16 it's fair to say, consistent or uniform. I think that  
17 various intervenors will take positions that are at  
18 odds with other intervenors and we needed this  
19 additional time. We needed more than three weeks to  
20 prepare.

21 JUDGE HAENLE: I did not indicate as I gave  
22 the dates that the date that I had originally read to  
23 you for predistribution of company rebuttal was June  
24 16th. I have moved that prefiling date up two days to

25 the 18th. Your original request had been to move it

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1 from the 16th to the 23rd, if I recall.

2 MR. MARSHALL: That's correct.

3 JUDGE HAENLE: Go ahead, sir. Anything  
4 else?

5 MR. MARSHALL: No, again the additional  
6 time is what we would like. I think it could be  
7 accomplished by moving the rebuttal -- prefiled  
8 company rebuttal testimony to the 23rd or moving the  
9 cross-examination time back so that we had that  
10 additional time.

11 JUDGE HAENLE: Let's see, I had asked you  
12 how that would impact you, Mr. Trotter.

13 MR. TROTTER: Yes. First of all I think  
14 that the focal point should be -- company's  
15 preparation time really starts from May 3rd when they  
16 get the predistribution of staff and intervenors, and  
17 we are, after all, dealing with their results of  
18 operations, not ours. If there is accommodation  
19 beyond the 18th then certainly the cross dates should  
20 be set back also because of the substantial case that  
21 this company in particular tends to file on rebuttal.

22 MR. MARSHALL: There is one additional  
23 point I would like to add. The PRAM 3 filing date  
24 occurs in the same period of time, on June 1st. In

25 other words, we have our hands quite full in the

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1 period of time that we're preparing our rebuttal to be  
2 submitted. So I -- again that's an additional reason  
3 to allow us that same kind of flexibility that the  
4 staff and intervenors have.

5 JUDGE HAENLE: Anyone else have a thought  
6 on that issue before we go on to the request by Ms.  
7 Williams?

8 MR. ADAMS: Your Honor, I would second Mr.  
9 Trotter's comments and indicate in response to Mr.  
10 Marshall's comments that we all have our hands full in  
11 that time frame and that we're going to be hard  
12 pressed, all of us, I think, so I would object to  
13 further extensions of rebuttal from prefiling times.

14 JUDGE HAENLE: Anything else? All right,  
15 Ms. Williams, did you want to put the microphone in  
16 front of you, please. And you had requested that the  
17 schedule be set so that intervenors and others would  
18 have the opportunity to file rebuttal to other  
19 intervenors' testimony should they choose to do that.  
20 Do you want to repeat that argument, please.

21 MS. WILLIAMS: Yes, your Honor. My  
22 principal concern was, as you have stated, to allow a  
23 brief and necessarily limited rebuttal specifically  
24 directed to testimony filed at the same time by staff

25 and others on May 3rd in the general proceeding.

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1           While we were off the record Mr. Trotter  
2 and Mr. Adams offered some helpful suggestions about  
3 the rules of procedure and the practices of the  
4 Commission. And I've tried to incorporate that into a  
5 single suggestion, that again I request that NCAC and  
6 others be allowed to offer brief and limited rebuttal  
7 on May 12 in the form of a both a motion and prefiled  
8 testimony, that the accompanying motion state the  
9 cause why the testimony could not have been filed  
10 earlier, that the length not exceed ten pages, that it  
11 be specifically directed to matters either raised in  
12 the prefiled or which for other unforeseen  
13 circumstances could not have been addressed earlier,  
14 that the witness -- the testifying witness be subject  
15 of course to discovery in the subsequent period of  
16 time, that the testimony be subject to stricken for  
17 any failure to conform to requests for discovery, and  
18 that anyone who offers such testimony be subject to  
19 cross-examination during the week of May 24 through 28  
20 at the convenience of the parties. And I think that  
21 incorporates the suggestions and the spirit of the  
22 rule and of the original proposal.

23           JUDGE HAENLE: I would note that there was  
24 -- the other parties did not support -- not all of the



25 other parties supported your request. What we were

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1 trying to do was refine the request to make it fit  
2 within the schedule if the request were acted on  
3 positively by the Commission.

4 MS. WILLIAMS: Yes, I only was  
5 acknowledging other people's input into my thought  
6 process in proposing as such, not claiming their  
7 support.

8 JUDGE HAENLE: All right. Mr. Marshall,  
9 you want to repeat your comments?

10 MR. MARSHALL: Yes. In our discussion we  
11 had expressed concern that in that period of time  
12 between the prefiled staff and intervenor testimony  
13 and the cross-examination of the same that would  
14 happen May 3rd and May 24, that was only a three-week  
15 period. If in that same three-week period we then set  
16 a May 12 date to have further prefiled testimony from  
17 intervenors and staff, that would permit us an  
18 adequate opportunity to do what we need to on  
19 cross-examination and to prepare comments. We were  
20 very concerned that that added another step in a  
21 period of time that didn't lend itself to it.

22 JUDGE HAENLE: During the discussion at  
23 some point, I don't recall when, I did indicate that I  
24 felt the request to set the schedule up if it were

25 going to be thought about should be discussed at this

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1 point, because if you get too far along in the  
2 process, it's not possible to work that in. I don't  
3 know whether the Commission would approve it or not  
4 but I had urged the parties if they thought there was  
5 going to be a need for this to discuss it at this  
6 point so that we still had the ability to set it up if  
7 the Commission wanted to do that. Anything else, Mr.  
8 Marshall?

9 MR. MARSHALL: Correct. The only thing I  
10 should add is that I think all of the parties who  
11 spoke to the issue during our conversation off the  
12 record supported the notion that the company should  
13 have the opportunity to have the last word on these  
14 issues, and I don't know how that proposal would work  
15 and take that principle into account.

16 JUDGE HAENLE: I believe that the way it's  
17 been proposed after we discussed it, that would mean  
18 that all of the other parties' rebuttal testimony  
19 would be cross-examined at the same time the direct  
20 testimony is cross-examined, which means that you  
21 would have heard everything they have to say by the  
22 time it's time for you to prepare your prefiled  
23 rebuttal. The way it's set up now is that I don't  
24 think that should still be a concern for you, should

25 it?

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1 MS. WILLIAMS: I suppose that --

2 JUDGE HAENLE: I'm sorry, I would like to  
3 hear from Mr. Marshall.

4 MR. MARSHALL: Again, if our prefiled  
5 rebuttal is moved back in time, as we suggested, that  
6 might be a problem, but it's already compressed with  
7 the PRAM filing due on June 1st and creates a  
8 significant problem for the company.

9 JUDGE HAENLE: So your concern is the  
10 amount of time you would have to prepare, not the  
11 actual opportunity for the last word which I think is  
12 provided by this?

13 MR. MARSHALL: Right. I think in order to  
14 have an adequate last word the time has to be  
15 permitted for it. And again we're concerned with the  
16 time even before this additional step would be  
17 proposed to be asserted. This makes us even more  
18 concerned if that additional time is needed. That's  
19 all we have to add.

20 JUDGE HAENLE: All right. You had  
21 something else, Ms. Williams?

22 MS. WILLIAMS: No, your Honor.

23 JUDGE HAENLE: Okay, other -- Mr. Trotter.

24 MR. TROTTER: Yes, we're sensitive to both

25 comments of NCAC's counsel and the company counsel. I

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1 think they are valid. This is a problem we face in  
2 all cases. We have always heretofore dealt with it in  
3 the context of discovery and cross-examination and we  
4 were anticipating doing that at this time. Given the  
5 time constraints I think that's reasonable, but let  
6 the Commission make their own decision on that point.

7 JUDGE HAENLE: Proposal as I understand it  
8 now is that only those pieces which could not have  
9 been specifically prefiled earlier be included in this  
10 rebuttal, and with a statement about why they could  
11 not have been prefiled earlier I think that may take  
12 care of some portion of that concern, although not  
13 all of it obviously. Anything else, Mr. Trotter?

14 MR. TROTTER: No.

15 JUDGE HAENLE: Mr. Adams, did you have  
16 anything?

17 MR. ADAMS: I would support Ms. Williams's  
18 suggestion. I believe as it's evolved it has become  
19 workable and reasonable considering the fact there may  
20 be a whole variety of testimony filed by various  
21 parties, and I think it's actually in the Commission's  
22 best interest to be able to have the various parties  
23 respond to other parties so they can make an  
24 intelligent decision.

25 JUDGE HAENLE: Anyone else have a thought?

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1 MR. BUTLER: Your Honor, I have a narrow  
2 concern about her proposal, parts of which I didn't  
3 recall having heard in our previous discussion, and  
4 that had to do with the discovery aspects and the  
5 sanctions of not responding in one party's opinion to  
6 a request for discovery. It doesn't seem to me that  
7 this schedule permits an adequate opportunity to even  
8 get material distributed, reviewed, anything responded  
9 to in the times that are allowed here. My concern is  
10 that we're talking about a very short period of time  
11 to respond to this supplemental rebuttal testimony.

12 JUDGE HAENLE: So your concern is the  
13 schedule for discovery of that rebuttal testimony if  
14 it were filed?

15 MR. BUTLER: If we're talking about  
16 prefiling supplemental discovery -- supplemental  
17 rebuttal testimony on May the 12th and the  
18 cross-examination being held on the 24th, you're  
19 talking about a total of twelve days in which to get  
20 that testimony, distribute it, frame discovery  
21 requests, submit those and get them responded to.  
22 That seems to me to be in an extraordinarily short  
23 period of time.

24 JUDGE HAENLE: I don't recall that being

25 discussed during our off the record discussion either.

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1 Maybe we can go off the record and see if we can set  
2 up some response deadlines or something to help  
3 alleviate Mr. Butler's concern.

4 (Discussion off the record.)

5 JUDGE HAENLE: Let's be back on the record.  
6 During the time we were off the record we determined  
7 that we would discuss discovery cutoffs, things like  
8 that more generally a little later on, and then I  
9 asked Mr. Butler if his concerns were alleviated by  
10 that later discussion that he so indicate. Did that  
11 finish your comments, Mr. Butler?

12 MR. BUTLER: Yes.

13 JUDGE HAENLE: All right. Do you have  
14 something else, Mr. Marshall?

15 MR. MARSHALL: Yes, in regard to this  
16 proposed rebuttal by intervenors and staff to other  
17 intervenors' prefiled testimony, one consideration,  
18 since this hasn't been done before, that also concerns  
19 us is that the testimony be true rebuttal, in other  
20 words, it not be just a, gosh, we agree with So-and-So  
21 and we agree with this and add and extend comments to  
22 what had been previously filed. In other words, if  
23 there is an issue that they wish to dispute that one  
24 intervenor has made, that's in the nature of rebuttal,

25 and on things that are mere echoing or supporting on

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1 other grounds that may not have occurred to the parties  
2 before, shouldn't be allowed, that it be, in effect,  
3 true rebuttal. That's all.

4 JUDGE HAENLE: Anyone else have a thought?

5 MR. ADAMS: Maybe I will speak for myself  
6 but others might endorse this feeling. If the company  
7 will restrain itself to the same form of rebuttal we  
8 can all live with that very easily.

9 JUDGE HAENLE: Anything else about the  
10 scheduling? All right. Let's go off the record to  
11 finish our discussion.

12 (Discussion off the record.)

13 JUDGE HAENLE: Let's be back on the record.  
14 During the time we were off the record we discussed  
15 the exhibits and the marking of those exhibits. There  
16 are extensive exhibits in 1262, and rather than trying  
17 to go through them individually through the record,  
18 the parties have agreed that I would take the list of  
19 those exhibits that the company has provided, give  
20 them numbers, and in the 1262 case we will begin with  
21 Exhibit Number 501. Because the first document is  
22 testimony it will be called T-501, and all documents  
23 that have testimony in them will start with a T. I'll  
24 attach that as an appendix to my prehearing conference

25 order so we don't need to waste time on the record.

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1 Note also that I asked the company to  
2 include the annual report that it included with its  
3 filing as an exhibit, so add that to your list as the  
4 next exhibit in order after the company's prefiled.  
5 The company also provided supplemental testimony and  
6 those have been integrated into the numbering list  
7 with the witness to which they apply. Was that  
8 supplemental testimony that was predistributed today,  
9 Mr. Van Nostrand, in response to the instructions of  
10 the Commission at the open meeting?

11 MR. VAN NOSTRAND: And in response to the  
12 letter from Paul Curl dated November 19.

13 JUDGE HAENLE: Okay. In addition to that  
14 we briefly discussed the five bench requests that  
15 responses have come in in connection with the rate  
16 design case, and I marked them exhibits for  
17 identification 26 through 30. Those are responses to  
18 Bench Requests 1, 2, 3, 4, and 5. They were received  
19 by the Commission on October 9. I did note to the  
20 company that it seemed to me that for sure responses  
21 to Bench Requests 1 and 5 needed to be updated to  
22 include the new numbers, and if any of the others  
23 need to be updated as well I would like to have those  
24 updated. Mr. Van Nostrand, you indicated you could



25 have those updates by January, is that correct?

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1 MR. VAN NOSTRAND: Yes, your Honor.

2 JUDGE HAENLE: I would suggest that we mark  
3 those when they come in as 26 A and 30 A and whatever  
4 ones may come in as well. I also indicated to you, Mr.  
5 Van Nostrand, that I had not -- that you did not send  
6 to the Commission the actual computer model and the  
7 backup to the computer model which is the response to  
8 Bench Request Number 2. And you indicated that -- I  
9 would like an original plus three copies so that I can  
10 put the original in the file and distribute the three  
11 copies. You have indicated that you will provide  
12 those to me by the end of the week. Now, the other  
13 parties probably have already received those. If you  
14 have not received a copy of that because you may not  
15 have been on the list already, then you need to see  
16 Mr. Van Nostrand. That is the computer model that the  
17 company has used in its rate design case.

18 We've run into a problem also, Mr. Van  
19 Nostrand, in that the -- there was training set up for  
20 the computer model and the person from the Commission  
21 that took it is going to be leaving the Commission.  
22 So we need to ask the company's indulgence and have  
23 another training session for how to use that computer  
24 model, if we can. I don't know if any of the other

25 parties did not participate and want to participate in

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1 that training, but I would request it be set up in the  
2 same manner that we did last time, that is, with the  
3 parties agreeing that -- because only procedural  
4 things, how to use the model, would be discussed, that  
5 the case itself would absolutely not be discussed at  
6 the time the training on this model is given, that  
7 they would waive any objections they might have under  
8 the APA to this training being given just about the  
9 model.

10 I want to stress, stress, stress that the  
11 case itself should not be discussed, that anyone is  
12 welcome to participate in that training that's a  
13 party, but that the case itself should not be  
14 discussed at that time, only the running of the model  
15 and how to do it. Can you set that up and let us  
16 know when that could be done, Mr. Van Nostrand?

17 MR. VAN NOSTRAND: Yes, we'll provide  
18 another training time.

19 JUDGE HAENLE: We appreciate it. How long  
20 would it be before we could know when that would be?

21 MR. VAN NOSTRAND: We'll know by the end of  
22 the week, I think. It's just a matter of coordinating  
23 with whoever wants to participate from the Commission.

24 JUDGE HAENLE: If you want to participate

25 in that please see Mr. Van Nostrand and let him know

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1 when we're done here today so you know whose schedules  
2 we need to coordinate with. Thank you. Is that  
3 all right with the parties that we do it in that  
4 manner? We need training on it. It's a rather  
5 complex model, as I understand, and with the  
6 understanding that the case itself won't be discussed,  
7 only the running of the model, does anyone have an  
8 objection to that? Okay. Thank you. Mr. Van  
9 Nostrand, if you could -- once you've set that date if  
10 you could, like, by letter let everybody know when it  
11 is in case somebody wants to participate that has not  
12 told you, that would be very kind.

13 I indicated also while we were off the  
14 record that the response to Bench Request Number 1 I  
15 was not sure responded to my entire request, that is,  
16 I wanted the parity ratios on the proposed blocks, not  
17 the existing blocks. I wasn't sure I had gotten that,  
18 so please be sure that you respond to the proposals  
19 the company is making with both the updated figures  
20 and the proposal for blocks. I think that's as much  
21 as we discussed while we were off the record. Let's  
22 go off the record to complete our discussion.

23 (Discussion off the record.)

24 JUDGE HAENLE: All right. Let's be back on

25 the record, please. During the time we were off the

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1 record we discussed a few more issues. Mr. Bennett  
2 requested that the company specify which portions of  
3 the prefiled and supplemental testimony of -- it's Ms.  
4 Lynch, isn't it?

5 MR. VAN NOSTRAND: Yes.

6 JUDGE HAENLE: -- and Mr. Hoff pertains to  
7 rate design so that he could be sure he was appearing  
8 at the cross-examination of -- the correct  
9 cross-examination hearing. The company has agreed to  
10 do that after we go off the record today. What we did  
11 was mark that testimony in the general case, but we  
12 understand that the cross-examination of the rate  
13 design portions are going to take place in the  
14 parallel rate design schedule.

15 There was also a request from Mr. Adams  
16 that when the 1992 annual report is issued that the  
17 company provide that as an update. I think that's a  
18 good idea and I believe you've indicated that that  
19 would be done, Mr. Van Nostrand. Did you?

20 MR. VAN NOSTRAND: I didn't, but I will.

21 JUDGE HAENLE: Thank you, that's very kind.  
22 My suggestion was when we get that we just make that  
23 -- put an A after the designation, the number  
24 designation, of the 1991 annual report and make the

25 two of them two parts of the same exhibit so they

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1 wouldn't get lost.

2 We also discussed -- I asked the company  
3 where in the company's prefiled testimony did the  
4 company describe how the -- I'm sorry, how the PRAM 3  
5 filing would fit into this case. Do you want to  
6 repeat your response to that Mr. Van Nostrand or Mr.  
7 Marshall, whoever is going to address it?

8 MR. MARSHALL: We understand that the PRAM  
9 3 would proceed as the prior PRAM implementation  
10 proceedings had proceeded and would be unaffected by  
11 the schedule here. PRAM 3 would be filed on June 1,  
12 1993.

13 JUDGE HAENLE: And where in the prefiled  
14 testimony does the company describe how this would fit  
15 in?

16 MR. MARSHALL: That would be described in  
17 Mr. Story's testimony.

18 JUDGE HAENLE: All right. Anyone else have  
19 any thoughts on that?

20 MR. TROTTER: We agree that the schedule 83  
21 is not under suspension of this case and therefore its  
22 merits or demerits are at issue, although there may be  
23 issues regarding the conservation proceeding and it  
24 won't rise or fall based on the -- based on schedule

25 83 being before the Commission or not.

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1 JUDGE HAENLE: I had asked the company that  
2 looking through the PRAM 2 and the agreement by the  
3 parties that the company would be filing its new  
4 schedule 83 by January 31, 1993. And I had asked the  
5 company how the parties contemplate that any revenue  
6 requirement changes resulting from that filing would  
7 be recognized in this proceeding. Did you want to  
8 repeat your response, Mr. Marshall?

9 MR. MARSHALL: Certainly. Schedule 83,  
10 there wouldn't be any revenue requirements effects as  
11 the schedule 83 would operate prospectively and just  
12 establish a test for what conservation investments  
13 wouldn't be acceptable with the expenditure of monies.  
14 So as we contemplate it, it shouldn't have an impact  
15 on the general rate case.

16 I should amend my prior answer that I gave.  
17 In addition to Mr. Story's testimony on how PRAM 3  
18 would fit in with this filing, Mr. Lauckhart's  
19 testimony also discusses that subject.

20 JUDGE HAENLE: Part of my question was with  
21 regard to the schedule 83 filing, that that is not  
22 under suspension in this case, is it?

23 MR. MARSHALL: No, it is not and it may not  
24 be suspended at all. It may be adopted by the

25 Commission as it would be developed by the parties and

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1 submitted to the Commission at the end of the month.

2 JUDGE HAENLE: In this case, then, if some  
3 party proposed an adjustment to something to do with  
4 conservation it could not be implemented in the  
5 general filing, could it?

6 MR. MARSHALL: I don't know if I could say  
7 that particularly. I know that anything that would  
8 affect schedule 83 would be done in that schedule 83  
9 filing. I believe that the expenditures made prior to  
10 any changes in schedule 83 have been agreed by the  
11 Commission and the various parties to not be affected  
12 by any new test that would be developed. Is that your  
13 understanding?

14 MR. TROTTER: There's a lot of issues  
15 involved here. It's not just necessarily the cost  
16 standard that could be in prudence for other reasons  
17 that schedule 83 simply doesn't address. But I think  
18 as to the cost standard I believe the agreement was  
19 that that standard -- that a --

20 MR. MARSHALL: Any new standard would not  
21 be applied retroactively to invalidate any  
22 expenditures made prior because they don't fit with  
23 the new cost.

24 MR. ADAMS: That's a fair statement, but it

25 may be some of those costs are still challenged but

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1 not because of an application of a new schedule 83.

2 MR. MARSHALL: In other words, I don't  
3 think a schedule 83 would have an impact on the  
4 general rate case. I'm not sure I agree with whatever  
5 other issues might be raised in addition to schedule  
6 83 concerns with respect to conservation, but at least  
7 insofar as a new test for cost effectiveness, that  
8 wouldn't be implicated in this general rate case.

9 MR. ADAMS: I think all parties consider  
10 schedule 83 on a separate track to be reviewed  
11 separately by the Commission.

12 MR. MARSHALL: Right.

13 JUDGE HAENLE: Any other thoughts on that?  
14 All right, I also had asked the company while we  
15 were off the record, I referred to Mr. Weaver's  
16 testimony in the PRAM 2 that the company had hired an  
17 outside firm to study the company's operations in  
18 terms of efficiencies. My understanding was that Mr.  
19 Weaver had said the results of that study were  
20 expected in late September 1992 and I asked where in  
21 the company's testimony does the company describe the  
22 results of this study. Do you want to repeat your  
23 response?

24 MR. MARSHALL: Yes. I indicated that I'm



25 not sure what Mr. Weaver testified to but I understood

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1 what he meant was that a study design had been  
2 initiated in September of '92 and that we would be  
3 working with people doing that study. Mr. Sonstelie  
4 and Mr. Weaver had been working with the people  
5 performing that, would be available for discussion of  
6 that in their deposition testimony later. But a  
7 further question was asked whether a report had been  
8 made, and at this date no report has been made on  
9 results of any inquiry into those areas. I also  
10 mentioned that that was a topic generally discussed in  
11 Mr. Sonstelie's testimony and more particularly  
12 discussed in Mr. Knutsen's testimony.

13 JUDGE HAENLE: Okay. Has the company  
14 proposed any adjustments to lower expenses based on  
15 anything that's come out of the study so far?

16 MR. MARSHALL: No.

17 JUDGE HAENLE: And I had asked you where  
18 specifically in the company's testimony did the  
19 company address any increased emphasis on providing  
20 efficient service, and I understood your response to  
21 be generally in Mr. Sonstelie's testimony and in an  
22 introductory fashion and primarily in Mr. Knutsen's  
23 testimony, was that correct?

24 MR. MARSHALL: Right. With efficiencies

25 those are addressed in Mr. Sonstelie's and Mr.

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1 Knutsen's testimony. But cost control -- in general  
2 there are three main areas of cost control, of course.  
3 The power supply area which Mr. Lauckhart addresses  
4 constitutes a significant portion of the expenditures  
5 of the company each year. The interest area also  
6 constitutes another significant area of expense, and  
7 Mr. Russ Olson has addressed cost control issues in  
8 that respect. And then of course with other general  
9 administrative expense issues, those were discussed by  
10 Mr. Knutsen as described.

11 JUDGE HAENLE: All right. Anything else on  
12 that subject? Also while we were off the record we  
13 had -- parties had requested that the discovery rule  
14 WAC 480-09-480 be invoked with all of its  
15 possibilities. Mr. Trotter had suggested that  
16 discovery cutoffs and a discovery schedule agreed to  
17 be set up, and I believe the parties were going to  
18 discuss that next among themselves and we would put  
19 that on the record once the decisions had been  
20 reached.

21 It was my understanding again from last  
22 time that the company providing its cost model as the  
23 response to Bench Request Number 2 did not require a  
24 protective order, Mr. Van Nostrand. Is that still

25 correct, I assume?

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1 MR. VAN NOSTRAND: Yes, your Honor.

2 JUDGE HAENLE: No one else has requested a  
3 protective order in this matter, had they? Is there  
4 anything else we need to discuss other than the  
5 discovery cutoffs?

6 MS. WILLIAMS: Your Honor, I believe that  
7 there was a pending motion to intervene that had been  
8 sidetracked or postponed.

9 JUDGE HAENLE: Good. Thank you. Your  
10 objection to the petition to intervene was that you  
11 felt the petition was more directed toward --

12 MR. VAN NOSTRAND: Just reading paragraph  
13 five on page 3 it talks about this proceeding  
14 addressing cost effectiveness test for conservation  
15 investments, and as illustrated by this discussion we  
16 had as far as the handling of schedule 83, that issue  
17 is really going to be addressed in the context of the  
18 company's filing of schedule 83. And we don't  
19 anticipate that the cost effectiveness test will be an  
20 issue in this proceeding, so this petition or any  
21 comments that these parties would have on that issue  
22 would be more properly addressed when the company  
23 makes its schedule 83 tariff filing.

24 JUDGE HAENLE: Anyone else have a comment

25 on this petition?

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1 MR. TROTTER: Just one. It does appear  
2 that the bulk of this motion does relate to schedule  
3 83 issues. In paragraph six it does state that SESCO  
4 expects to raise issues pertaining to the cost  
5 effectiveness of Puget resource acquisitions,  
6 including conservation. Seems like it may be broader  
7 than that. Perhaps the more prudent course would be  
8 to ask for -- I mean, obviously if Mr. Meek were here  
9 he could be more precise, but he's not, and that's his  
10 problem, but perhaps SESCO ought to be given an  
11 opportunity to identify what specific issues they do  
12 intend to raise other than design of tariffs to  
13 implement conservation programs. By that, that is a  
14 broad issue but I agree it's -- the thrust of it  
15 appears to be irrelevant. But there is something  
16 there that could arguably be relevant and I don't know  
17 if SESCO believes that to be the focus of their  
18 intervention or not. It's not clear from this  
19 petition.

20 JUDGE HAENLE: Anyone else have a comment?

21 MS. WILLIAMS: Your Honor, I would point  
22 out that it did take some discussion here today to  
23 clarify for the parties, persons in the room, the  
24 difference between the issues that are contemplated to

25 be handled in the schedule 83 proceeding, and so some

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1 confusion on the part of other potential intervenors  
2 is understandable and, therefore, the request may not  
3 have been framed by prioritizing issues in the most  
4 efficient way. I guess I would suggest that the  
5 petition be granted and the company have leave to  
6 strike the testimony if it's irrelevant.

7 JUDGE HAENLE: What I see in there,  
8 primarily they do talk about the cost effectiveness  
9 test for conservation investment, but it seems to me  
10 that the cost effectiveness of Puget resource  
11 acquisitions is one of the issues we're going to be  
12 talking about here, design of tariffs implementing  
13 conservation programs not particularly -- except in  
14 the rate design portion if it's discussed in that  
15 portion at all. The Commission does not want  
16 intervenors to broaden the issues and this intervenor  
17 would not be allowed to broaden the issues, but I'm  
18 going to grant the petition to intervene to the extent  
19 that it applies to the issues that we've got in this  
20 case.

21 I believe that they have listed at least  
22 one issue that is fair game for this case. They will  
23 not be allowed to bring into this filing issues that  
24 are not relevant to this filing, but I hope that some

25 discussion between this intervenor and the company and

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1 perhaps the other parties will help them to focus on  
2 the issues that they have an interest in. So I will  
3 grant the motion to intervene.

4 Let's go off the record to allow the  
5 parties to discuss discovery and cutoff dates and  
6 we'll go back on the record once we have those two  
7 firmed up.

8 (Discussion off the record.)

9 (Recess.)

10 JUDGE HAENLE: All right, let's be back on  
11 the record. During the time we were off the record  
12 the parties discussed the discovery schedule. Mr.  
13 Trotter, do you want to describe it, please?

14 MR. TROTTER: Yes. I'll start with the  
15 rate design case, and this would be data requests to  
16 Puget would be issued by February 14 of this year.  
17 Data requests --

18 MR. VAN NOSTRAND: Excuse me. And the  
19 scope of those requests is unlimited?

20 MR. TROTTER: Well, it's limited to the  
21 rate design case and certainly will focus on the Lynch  
22 and Hoff testimony, but there may be other issues.  
23 And if there's a relevancy issue the company can  
24 assert it, but I was not intending to limit that.

25

MR. VAN NOSTRAND: I would ask that the

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1 company not be required to respond to data requests  
2 from parties who have been in the rate design  
3 proceeding from testimony that was filed last April,  
4 that they have until February 14 to do that, if we  
5 want to have issues raised by the new testimony or  
6 issues as to the old testimony from old parties.

7 MR. TROTTER: The only response I have is  
8 that for the first time today I heard that the company  
9 believes that its rate design proposal is the linchpin  
10 -- one of the linchpins is decoupling. I did not  
11 understand that as part of the prior case, so I think  
12 there ought to be a basis for discovery of that issue  
13 and that's why I did not see fit to see it limited.  
14 Let me get the note, the proposal out and then take  
15 comments. Is that appropriate, your Honor?

16 JUDGE HAENLE: I thought this had already  
17 been discussed and agreed on. If it has not we need  
18 to so indicate. Okay, so you're going to take  
19 comments later, okay.

20 MR. TROTTER: Data requests to staff,  
21 public counsel and intervenors on rate design would be  
22 issued between February 24 and March 19. Data requests  
23 of Puget's rebuttal case would be between March 29 and  
24 April 16. All of those dates are inclusive.

25 Depositions to be announced on the rate design case.

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1 On the rate case and the BPA-related petition data  
2 requests would be sent to Puget by March 6 regarding  
3 their rate filing. Data requests to staff, public  
4 counsel and intervenors could be issued between May  
5 3rd and May 19th with a five working day response  
6 time. Data requests of Puget rebuttal case could be  
7 issued between June 18 and July 7 with a five-working  
8 day response time. This does not encompass legitimate  
9 record requisitions, and again the deposition schedule  
10 will be by later agreement of the parties. That is  
11 the proposal that takes into account certain but  
12 perhaps not all of the comments of the parties.

13 JUDGE HAENLE: Parties have comments? Sir?

14 MR. FURUTA: Your Honor, regarding the  
15 five working day response time, that could be  
16 problematical for FEA in particular since we are  
17 proposing to have witnesses scattered and they would  
18 be located in different parts of the country. Does  
19 that refer to the date when the individual responsible  
20 for responding receives the data request or is it when  
21 it's served on counsel?

22 MR. TROTTER: My response would be when it  
23 is served on counsel, but there's nothing -- I believe  
24 NCAC counsel mentioned that parties should talk to



25 each other and if responses should be directed to a

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1 specific witness that they provide the -- provide  
2 counsel with that number so that can be faxed to them  
3 directly, a way of short-cutting the request process.

4 MR. BUTLER: Also request that that be a  
5 receipt date not service by putting something in the  
6 mail.

7 MR. TROTTER: Right.

8 MR. FURUTA: I also note the cutoff for  
9 data requests to Puget falls on a Sunday and the next  
10 following day is a federal holiday, I believe.

11 JUDGE HAENLE: Which date is that?

12 MR. FURUTA: February 14 I believe is a  
13 Sunday.

14 JUDGE HAENLE: February 14 is a Sunday and  
15 February 15 is Washington's birthday as I understand.

16 MR. ADAMS: Maybe that should be February  
17 16.

18 MR. VAN NOSTRAND: Or the 12th. It does  
19 work both ways.

20 MR. ADAMS: Average it back to the 14th.

21 MR. FURUTA: I believe depositions are  
22 scheduled that February 24, is that correct?

23 MR. TROTTER: January 27, but that has not  
24 been firmed up yet so I did not state it.

25

JUDGE HAENLE: Let's make that February 16

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1 then instead of the 14th. I'm sure all of you will be  
2 working through the weekends and holidays as it is.  
3 Other comments?

4 MR. GANNETT: Your Honor, the May 19 date  
5 in the general rate case is not five days before the  
6 May 24 scheduled hearing date. In that case, it's, I  
7 think, three working days, so I would suggest moving  
8 it from -- that cutoff date from the 19th to the 17th.

9 MR. TROTTER: All that means is that you  
10 have five days to respond. If the company gets it  
11 late I guess they can still use it when they  
12 predistribute their rebuttal.

13 MR. VAN NOSTRAND: I thought the idea was  
14 that we wouldn't want the company or the other parties  
15 in the process of responding to data requests while  
16 they are also establishing cross. We want to move the  
17 company's from the 12th of July back to the 7th for  
18 the same reason, that we have five working days prior  
19 to the start of hearing so that cutoff would be the  
20 7th. We wouldn't object to having that 5/19 moved to  
21 5/17 for the same reason.

22 MR. ADAMS: Could you state the dates?

23 JUDGE HAENLE: Which case are we in?

24 MR. VAN NOSTRAND: From July 7 to July 2,

25 that cutoff for data requests of Puget rebuttal.

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1 JUDGE HAENLE: On the rate case?

2 MR. VAN NOSTRAND: On the rate case.

3 JUDGE HAENLE: To July 2, and down below,  
4 data requests to staff, public counsel, intervenors in  
5 the rate design case to the 17th of March?

6 MR. TROTTER: No, still data requests in  
7 the rate case from May 3rd to May 17th.

8 JUDGE HAENLE: That's March. You're right,  
9 I'm sorry.

10 MR. GANNETT: Actually, your Honor, the --  
11 to make the cutoff for staff -- or for the company on  
12 its rebuttal correspond to the cutoff for staff and  
13 intervenors on their testimony, it would be July 5th,  
14 not July 2nd.

15 MR. VAN NOSTRAND: July 5th is a holiday.

16 MR. GANNETT: July 5th? Didn't tell me  
17 that.

18 JUDGE HAENLE: Anything else?

19 MR. VAN NOSTRAND: No.

20 JUDGE HAENLE: Okay, I'll set this out then  
21 and also in my prehearing conference order. I  
22 indicated to you that I would have trouble putting  
23 this order together properly without the transcript so  
24 it may it may take a little longer than it ordinarily

25 would take to do my prehearing conference order.

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1 Anything further we need to discuss? Sir?

2 MR. BENNETT: On the issue I raised earlier  
3 I did want to get this briefly on the record. While  
4 we were off the record I discussed with the company  
5 regarding the designation of a certain portion of Mr.  
6 Hoff's testimony for cross-examination in the rate  
7 design case. I also discussed this with Mr. Trotter  
8 but I think the company has agreed it would be  
9 appropriate to designate on the first ten pages of Mr.  
10 Hoff's testimony which is a discrete portion of it  
11 for cross-examination in the rate design case and the  
12 last five pages would remain then in the general rate  
13 case.

14 JUDGE HAENLE: And which exhibits does that  
15 encompass, if any?

16 MR. BENNETT: I don't think we numbered  
17 them yet, did we?

18 JUDGE HAENLE: You can use the number.

19 MR. BENNETT: T-DWH-1. I actually have not  
20 checked his exhibits that go with his testimony.

21 JUDGE HAENLE: That was my question.

22 MR. BENNETT: I understood they would be  
23 entered in both and the issue was only where the  
24 cross-examination would take place.

25

JUDGE HAENLE: That's true.

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MR. BENNETT: So I didn't see that as a  
2 problem which exhibits that was.

3

JUDGE HAENLE: Generally you cross-examine  
4 on exhibits as well.

5

MR. BENNETT: Perhaps the company is  
6 familiar with which --

7

MR. VAN NOSTRAND: Those exhibits relate to  
8 the first ten pages of Mr. Hoff's testimony.

9

JUDGE HAENLE: All of the exhibits?

10

MR. VAN NOSTRAND: Right.

11

12

JUDGE HAENLE: Anything else we need to  
12 discuss? Okay, everybody cooperate on discovery and  
13 we'll do fine. This marathon session of an initial  
14 session will be adjourned. And the next time we meet  
15 will be for -- I don't know when the next time is but  
16 we'll get you the answers from the Commission about  
17 those requests for changing dates and I'll issue a  
18 prehearing conference order. So the hearing will be  
19 adjourned.

20

(Hearing adjourned at 1:20 p.m.)

21

22

23

24

