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1 BEFORE THE WASHINGTON STATE
 UTILITIES AND TRANSPORTATION COMMISSION
 2 WASHINGTON UTILITIES AND)
 TRANSPORTATION COMMISSION,) DOCKETS UE-072300 and
 3) UG-072301 (Consolidated)
 Complainant,)
 4)
 vs.) Volume IV
 5 PUGET SOUND ENERGY, INC.,) Pages 230 to 363
 6)
 Respondent.)
 7 _____))
)
 8 In the Matter of the Joint)
 Application of) DOCKET U-072375
 9)
 10 PUGET HOLDINGS LLC AND)
 PUGET SOUND ENERGY, INC.) Volume IV
 11 For an Order Authorizing) Pages 230 to 363
 Proposed Transaction)
 12 _____))

13 A public hearing in the above matter was held
 14 on June 4, 2008, from 6:30 p.m to 9:45 p.m., at 1300
 15 South Evergreen Park Drive Southwest, Room 206,
 16 Olympia, Washington, before Administrative Law Judge
 17 ADAM E. TOREM and CHAIRMAN MARK H. SIDRAN and
 18 COMMISSIONER PATRICK J. OSHIE and COMMISSIONER PHILIP B.
 19 JONES.

 The parties were present as follows:
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23
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 25 Court Reporter

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

2 CHAIRMAN SIDRAN: Welcome to a public hearing
3 at the Washington Utilities and Transportation
4 Commission on two matters that are before us, one that
5 relates to the sale or transfer or merger of Puget Sound
6 Energy and the other that relates to a general rate case
7 involving Puget Sound Energy. My name is Mark Sidran,
8 I'm Chair of the Commission, and I'm joined by my
9 colleagues on my right or your left, Commissioner Philip
10 Jones on my left, your right, at the far end
11 Commissioner Patrick Oshie, and between us is our
12 Administrative Law Judge, Adam Torem, who will be
13 presiding over this evening's hearing. Judge Torem will
14 in a moment explain to you the nature of this proceeding
15 and some of our ground rules.

16 I would just like to take this opportunity
17 first to thank you for coming out this evening on what
18 is allegedly a June evening, although you could not tell
19 by the weather, but nonetheless you've taken your time
20 to come and offer your opinions or to listen to this
21 proceeding. Both of these matters are important, and we
22 appreciate the fact that you've taken the time to appear
23 and perhaps to testify.

24 This is the third of three public hearings
25 that we've held with respect to these two matters.

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1 Judge Torem will explain in a moment something of the
2 nature of the process. I will only tell you that this
3 part of the process related to taking testimony from the
4 public is an important part of the process, and we will
5 listen carefully to what you have to say, but this is
6 not the end of the opportunity for the public to offer
7 comments with respect to these matters. Again as Judge
8 Torem will explain in a bit more detail, there will
9 continue to be opportunities for people to offer written
10 comments that will become part of the record in these
11 two matters, first with respect to the transfer or sale
12 of the company, comments will be accepted at the
13 Commission's web site or by mail up to approximately the
14 end of July, and with respect to the general rate case
15 until approximately the end of August. There will be a
16 formal hearing taking place over the course of the
17 summer during which we will hear from the parties to the
18 proceeding, which includes the company, Public Counsel,
19 and others as will be described for you in a moment, and
20 then we will take the matter under advisement and
21 hopefully render our decision sometime in the fall or
22 perhaps by the end of this year. So if you hear
23 something tonight that prompts you to want to offer an
24 additional comment or thought, you do have the
25 opportunity to do that in writing before the record

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1 closes with respect to public comment.

2 So with that, I would like to ask Judge Torem
3 to preside over this proceeding, and he will introduce
4 the parties or have them introduce themselves and
5 explain to you our process.

6 Judge Torem.

7 JUDGE TOREM: All right, thank you, Chairman
8 Sidran.

9 Are we okay on volume out there?

10 Great.

11 First let me formally identify these cases.
12 We do have two cases tonight but three docket numbers.
13 We have the PSE rate cases in which the company was
14 originally seeking a \$175 Million or average of 9 1/2%
15 increase to its electric rates and a \$57 Million or 5.3%
16 increase to its natural gas rates. PSE has since filed
17 some supplemental testimony in support of a slightly
18 higher revenue requirement. Those are now reflecting
19 \$180 Million or a 9.8% increase on the electric side and
20 a \$58 Million or 5.4% increase on the gas side. Those
21 rate cases are consolidated and have two docket numbers.
22 On the electric it's UE-072300, and on the gas side it's
23 UG-072301. In addition, we're also considering PSE's
24 so-called merger or sale application tonight. The
25 docket number there is U-072375.

1 Now we're convened tonight at the
2 Commission's headquarters in Olympia, Washington, it is
3 a public hearing, and it's Wednesday evening, June 4th,
4 2008, we got started at approximately 6:30 p.m. And as
5 Chairman Sidran pointed out, my role tonight is to
6 facilitate this public comment hearing, and the
7 Commissioners' role is going to be to listen to your
8 comments.

9 As you're going to be able to see when you
10 come up to the podium tonight, if you're in the back you
11 might not be able to see now, your comments will be
12 taken down by a court reporter. So you might think I'm
13 speaking a little bit slowly and deliberately, I should
14 probably be even slower, and I'm going to ask you to
15 reign in your normal rate of speaking when you come to
16 the microphone so that Joan can get everything down and
17 capture every word for our record.

18 This public hearing is held as part of the
19 Commission's formal hearing process as it considers the
20 company's proposed revisions to its tariffs, and those
21 proposed revisions were filed back on December the 3rd,
22 2007. PSE is proposing to have its requested increases
23 effective as of this past January 2008 if you read the
24 filing. However, the Commission previously suspended
25 these tariff revisions, and we have determined of

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1 course, as Chairman Sidran said, that it's necessary to
2 conduct some hearings into whether or not these proposed
3 rate increases are fair, just, and reasonable. The
4 hearings are going to be held in Olympia on the rate
5 cases starting on Monday, August 25th, 2008, in this
6 room. They will continue as long as necessary or for
7 the balance of that week which runs through Friday,
8 August 29th.

9 Now the Commission's hearing process in a
10 rate case is one where we take both technical testimony
11 from the parties who formally appear, they bring us
12 their expert witnesses, and we also take your public
13 testimony and evidence from folks like yourselves who
14 show up at these public sessions, and we may also take
15 that, as Chairman Sidran said, through your public
16 comments that come in in writing throughout the duration
17 of the process.

18 Now in the proposed transfer of property
19 case, also referred to as a sale or merger case, Puget
20 Energy and PSE would no longer be a publicly traded
21 company but become privately owned by Investors Group,
22 and that group is comprised of several private equity
23 investment companies in Australia and several pension
24 funds located in Canada. The consortium of the
25 Investors Group is led by what's called the Macquarie

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1 Group, which is based in Australia.

2 Now the purpose of tonight's public comment
3 hearing is to provide the Commissioners with information
4 that they can use to make a decision about whether the
5 proposed rate increases and whether the proposed merger
6 are in the public interest and as far as the rates go
7 provide fair, just, reasonable, and sufficient rates.

8 The comments this evening are going to be
9 given under oath, so I will swear all of you in that
10 wish to comment in a little bit. They're going to be
11 recorded, and tonight they're being recorded again as I
12 said not only by a court reporter but also for future
13 public broadcast on TVW, and your comments do become
14 part of the Commission's formal record in the case.

15 At this point I'm going to ask counsel that
16 are here for the various parties in the case to make
17 their appearances. It means they're going to now take
18 the microphone and introduce themselves and tell you who
19 they represent. As you follow along, you're going to
20 hear that there are two different assistant attorneys
21 general who have two very different jobs here when they
22 introduce themselves tonight. Each of them again has a
23 separate client and a separate purpose. So I'm going to
24 start to look around the room with the representative
25 for Puget Sound Energy, Ms. Carson.

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1 MS. CARSON: Good evening, my name is Sheree
2 Strom Carson, I'm an attorney with Perkins Coie, I
3 represent Puget Sound Energy in the general rate case,
4 and I represent both Puget Sound Energy and Puget
5 Holdings in the merger proceeding.

6 JUDGE TOREM: And we have Public Counsel as
7 well.

8 MR. FFITCH: Thank you, Your Honor, my name
9 is Simon ffitch, Assistant Attorney General with the
10 Public Counsel Office, and we are representing the
11 customers, small business and residential customers of
12 Puget Sound Energy in both cases.

13 JUDGE TOREM: And Commission Staff.

14 MR. CEDARBAUM: Thank you, Your Honor. Good
15 evening, my name is Robert Cedarbaum, I am an Assistant
16 Attorney General appearing for the Commission Staff in
17 the general rate case proceeding. I'm also entering an
18 appearance tonight for Donald Trotter who is an
19 Assistant Attorney General, he represents the Commission
20 Staff in the sales case.

21 JUDGE TOREM: Thank you.

22 At our other public hearings in Bellingham
23 and in Bellevue, we had some of the other parties
24 present, are there representatives from any of the
25 intervening parties present here tonight?

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1 I don't see any of the other attorneys here,
2 but let me tell you that there are about at least a half
3 dozen other interests represented as full parties in the
4 case. Some of them are major industrial customers of
5 Puget Sound Energy, some of them are environmental
6 related organizations interested in the sort of power
7 that's produced, but there are a variety of others, and
8 if you were to look at the third order in this case,
9 which our public involvement coordinators can direct you
10 to, you can see the listing in there of all the
11 different parties that are represented and will be
12 providing expert testimony later this summer.

13 All right, my experience in taking public
14 comment has taught me that each speaker generally gets
15 three minutes and that's plenty. But tonight as we did
16 in the previous two hearings, there are two different
17 issues that you might speak to, and some of you may be
18 speaking to both, so we're offering folks four minutes.
19 I'm asking that if you've done these public hearings
20 before you know generally three minutes is a lot of
21 time, four minutes should be more than sufficient for
22 most everybody concerned. So if some of you start to
23 run over four minutes, excuse me in advance if I
24 interrupt you and ask you to sum up. Also I want to
25 help you out especially if you're later on in tonight's

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1 agenda, if you agree with comments that you've already
2 heard tonight, you can identify the speaker and say you
3 agreed with Mr. or Mrs. Jones, Mr. or Mrs. Smith, and
4 then go on with your own specific comments. So again,
5 jot down the names if you recall someone that speaks or
6 if they're just ahead of you and you can say I agree or
7 I disagree, that helps sum things up quickly too.

8 Now if you have any written comments or
9 materials this evening, feel free to give a copy of
10 those to our public coordinating staff. They will also
11 become part of the record. Some of you will want to
12 come up and read your written comments, that's just
13 fine. As you can see, I'm doing that to make sure I
14 follow my agenda tonight as well. Your written comments
15 when you're done speaking can simply be turned in as
16 well, they'll also become part of the record. As the
17 Chairman said, we'll take your written comments in the
18 merger or sale case until the end of July, we'll take
19 written comments in the rate cases until the end of
20 August.

21 Commissioners, any other clarifying comments?

22 CHAIRMAN SIDRAN: I will just add one
23 comment, Judge Torem, and that is while this is a public
24 hearing, it is also as I think you can tell in the
25 nature of a quasijudicial proceeding. And because it is

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1 in the nature of a judicial proceeding, it is not
2 appropriate to express opinions about what a witness has
3 to say by clapping or booing or expressing an opinion.
4 So please refrain from expressing your opinion about
5 what someone has to say just as you would if you were in
6 a real courtroom. Thank you.

7 JUDGE TOREM: All right, thank you, Chairman
8 Sidran.

9 We are ready to take comments. I have a
10 number of comment sheets, and I'm being handed a few
11 more now, and some of you have indicated on here yes,
12 no, or maybe. I will call on those that have yes or
13 maybe. I will just use this as an attendance sheet for
14 those who have signed in and said no. At this time
15 though in the interest of efficiency so I won't be
16 repeating the oath for all, I'm going to ask anyone that
17 said yes or maybe and is listed on these sheets and
18 expects me to call their name, this is the time I'm
19 going to ask you to stand and please raise your right
20 hand, and we'll have a mass swearing in.

21 (Witnesses sworn in.)

22 JUDGE TOREM: Thank you all.

23 All right, when I call your name, I'm going
24 to ask you to come up to the podium. I'm going to ask
25 you a few preliminary questions to identify who you are

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1 and where you live, et cetera, if you're a customer, and
2 then you can begin your comments. Again the limit is 4
3 minutes. I'm got a couple of signs here to tell you
4 you've got 2 minutes remaining, 1 minute remaining, we
5 have the color coding for 30 seconds, and most of us
6 know the red means we need to stop. So as usual the
7 yellow just means speed up. All right, for the court
8 reporter's sake, pace yourselves, 4 minutes should be
9 more than sufficient.

10 I'm going to call the first couple of names,
11 I'm going to ask folks to know when one person is
12 wrapping up to please make your way up to the
13 microphone. I know it's a little bit congested in some
14 of the center aisles, so I'm going to ask our consumer
15 affairs folks to help direct people maybe to my right
16 here as a staging area, and then come over to the
17 microphone as soon as possible.

18 Also I note it's now a quarter to 7:00, by
19 about 8:00 or 8:15 I'm going to have to make a decision
20 as to whether we press on and finish or if we need to
21 take a break. So you be gauging along with me how fast
22 we go through these sheets and we'll see if we're going
23 to be done by 8:30, but from the looks of things tonight
24 and the number of people that have said yes, we're
25 probably going to have to take a break between 8:00 and

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1 8:15.

2 All right, our first maybe tonight gives me
3 the most challenging name I've seen in a while, Nikos
4 Panagiotopoulos, he'll be followed by Dianne Woody or
5 Wooly, and then Eugene Raddatz followed by Donald
6 Wittenberger. So Nikos Panagiotopoulos, you'll be our
7 first speaker.

8

9 Whereupon,

10 NIKOS PANAGIOTOPOULOS,
11 having been first duly sworn, was called as a witness
12 herein and was examined and testified as follows:

13 MR. PANAGIOTOPOULOS: Hi, thank you for
14 having me up here.

15 JUDGE TOREM: Let me ask you to state and
16 spell your name.

17 MR. PANAGIOTOPOULOS: Sure, it's Nikos
18 Panagiotopoulos, P-A-N-A-G-I-O-T-O-P-O-U-L-O-S.

19 JUDGE TOREM: And where do you live, sir?

20 MR. PANAGIOTOPOULOS: I live in New York and
21 Dallas actually.

22 JUDGE TOREM: And are you representing
23 yourself or a group tonight?

24 MR. PANAGIOTOPOULOS: I represent a company
25 and myself, and we're shareholders of Puget.

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1 JUDGE TOREM: Okay, and if you will speak
2 into the microphone so the other folks can hear you.

3 MR. PANAGIOTOPOULOS: Sure.

4 The point, I'm really here to just make a
5 very simple point, which is from a standpoint of an
6 investor. The way I see that I'm a generalist investor,
7 not just a utilities investor, there is going to be a
8 critical need for infrastructure in Europe and this
9 country which will not be provided for by domestic
10 capital. It's as you very well know utility commissions
11 give companies like Puget 9% to 11% rates of return.
12 For most U.S. based capital, that's not enough, and
13 that's why you have countries like Australia and Canada
14 that have tax advantage systems provide this pools of
15 capital. The pools of capital we estimate are we
16 estimate \$150 to \$100 Billion worth, are going to be
17 fought over by many different jurisdictions, states,
18 countries. And so the way I feel as a Puget shareholder
19 is that this is an opportunity to engage in an order
20 that's going to care that hopefully will not saddle the
21 company with too much debt, which is your job to ensure,
22 and that's going to be here for the long run as opposed
23 to potentially a U.S. based investor that really cares
24 about the next quarter and for whom a 10% pretax rate of
25 return is just not enough.

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1 So I think the company, a company like
2 Macquarie and certainly the Canadian pension funds have
3 the track record and the expertise to care for the asset
4 and be here for the long term. We don't think these are
5 investors that want to flip. And so I think it's a very
6 good choice of an owner. I think it's a certainly
7 better owner than the public and the public shareholders
8 that you see in most companies. So we're in support of
9 the merger.

10 And the rate case is I'm really not equipped
11 to talk about, but all I can say is that from somebody
12 that lives in New York and looks at utilities, this
13 Commission's reputation has been very robust and very
14 thorough in its work, and I'm sure they're going to do
15 the right thing for the people here. Having said that,
16 coal prices are up 40%, natural gas prices are up 20%,
17 so to me as an investor it's going to be hard to see how
18 some of these rate of return for these utility companies
19 are not going to come under pressure.

20 Thank you for your time.

21 JUDGE TOREM: Thank you, sir.

22 Dianne Woody.

23

24

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1 Whereupon,

2 DIANNE WOODY,

3 having been first duly sworn, was called as a witness

4 herein and was examined and testified as follows:

5 MS. WOODY: Thank you. My name is Dianne
6 Woody, I live at 1527 Bishop Road Southwest, Tumwater,
7 Washington. I'm a former state senator. I served on
8 the Senate Energy Committee for a time a long time ago,
9 but I remain interested in energy issues. And when this
10 issue came to my attention last week, I looked at it and
11 tried to decide who gets what and why.

12 JUDGE TOREM: Senator, which issue, the
13 merger or the rates?

14 MS. WOODY: The merger.

15 I'm going to read some comments, not all of
16 them, I don't have time, but I will leave a copy for
17 your records.

18 Any change in the ownership and operation of
19 Puget Sound Energy, PSE, is of vital importance to the
20 over 1.7 million PSE customers in the more than 100
21 cities and towns within 11 counties in Washington state.
22 Puget Sound Energy. In evaluating this transfer of
23 ownership proposal, the benefit to PSE stockholders is
24 readily apparent. The 25% increase in stock price from
25 \$24 per share when the merger was announced in November

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1 of 2007 to \$30 per share final transaction approval will
2 mean a profit to insiders alone of approximately \$76
3 Million, 12.7 million shares times \$6. Other benefits
4 of the proposed transfer of ownership of the stockholder
5 owned company to the Macquarie consortium of Macquarie
6 Bank, Macquarie Infrastructure Trust, Macquarie
7 Infrastructure Partners, British Columbia Investment
8 Management Corporation, Canada Pension Investment Board,
9 and Alberta Investment Management are more difficult to
10 determine.

11 On November 9th, 2007, a letter to PSE
12 retirees, employees, and stockholders from PSE Chairman
13 President and CEO Stephen R. Reynolds said:

14 We do not anticipate that the merger
15 will impact the PSE retirement plan, the
16 supplemental retirement plan, or your
17 retiree medical coverage. Obviously we
18 can not guarantee that changes will
19 never be made to these programs,
20 however, none are currently expected to
21 occur as a result of the merger.

22 Would private ownership of PSE assets by an
23 international group of investors potentially increase
24 the likelihood of changes to the PSE retirement plans or
25 the retiree medical plan?

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1 The major benefit of this proposed sale of
2 PSE assets to the Macquarie consortium has been cited as
3 a \$500 Billion line of credit that would be available to
4 PSE. PSE has indicated that it would borrow that money
5 to accommodate the region's growing population, replace
6 and improve infrastructure, comply with renewable
7 resource laws, et cetera. In the Seattle Post
8 Intelligencer interview of October 26, 2007, Reynolds
9 said:

10 A lot of access to capital questions
11 will be gone. We won't have to worry
12 about every quarterly earning whether
13 we've made the target we set out as a
14 public company.

15 Current PSE debt is approximately \$2.96
16 Billion. What would be the effect to Puget Sound Energy
17 customers of an additional \$5 Billion debt? Sometimes a
18 little worry is a good thing.

19 I have a number of concerns as I looked at
20 Macquarie and the Macquarie consortium, and they were
21 brought to my attention primarily by the Would You Buy a
22 Bridge From This Man article written by a Fortune
23 magazine editor in CNNMoney.com. They raise a number of
24 concerns --

25 JUDGE TOREM: Ms. Woody, we're out of time.

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1 I know you have the written comments, and if you can
2 hand them to our public staff.

3 MS. WOODY: Right. And the concerns are
4 basically laid out in my memo and in the articles that I
5 have attached to the memo. Thank you very much.

6 JUDGE TOREM: Thank you, I appreciate that
7 you brought those in a written form so we have a chance
8 to review them later.

9 All right, Eugene Raddatz will be followed by
10 Donald Wittenberger and then Chris Stearns.

11

12 Whereupon,

13

EUGENE RADDATZ,

14 having been first duly sworn, was called as a witness
15 herein and was examined and testified as follows:

16 JUDGE TOREM: Mr. Raddatz, can you state and
17 spell your name for the court reporter.

18 MR. RADDATZ: My name is Eugene Raddatz,
19 that's E-U-G-E-N-E, R-A-D-D-A-T-Z, I live at 526 Titan
20 Court Southeast, Olympia, Washington 98503-1559.

21 JUDGE TOREM: All right, and are you
22 representing yourself or a group tonight?

23 MR. RADDATZ: I am representing myself.

24 JUDGE TOREM: And in which case or both?

25 MR. RADDATZ: In both.

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1 JUDGE TOREM: Go ahead, sir.

2 MR. RADDATZ: One, I do not object to the
3 increases in payment for gas and electricity. Right now
4 I'm paying \$209 a month on an annual basis, and I could
5 afford to put some more in.

6 On the stock part, I have over 1,100 shares
7 of stock in Puget Sound Energy, which I have been
8 looking at as a retirement base. And yeah, you can say,
9 okay, you're almost retired, I'm 79, but I plan on
10 living another 10 or 12 years. On the sale of the
11 company, I am totally opposed to it. I think it belongs
12 to the people here, and it should stay here. Thank you.

13 JUDGE TOREM: Thank you, sir.

14 Mr. Wittenberger.

15

16 Whereupon,

17 DONALD WITTENBERGER,
18 having been first duly sworn, was called as a witness
19 herein and was examined and testified as follows:

20 MR. WITTENBERGER: My name is Donald
21 Wittenberger, W-I-T-T-E-N-B-E-R-G-E-R, and I live in
22 Shoreline.

23 JUDGE TOREM: And are you representing
24 yourself tonight, sir?

25 MR. WITTENBERGER: Yes, I don't represent a

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1 group, I'm just one of the peasants with the pitchforks.

2 JUDGE TOREM: All right. Which of the cases
3 are you aiming the pitchfork at tonight, sir?

4 MR. WITTENBERGER: I'm a residential natural
5 gas customer, and my comments will be limited to that.
6 I do not intend to speak on the merger or the electric
7 side.

8 JUDGE TOREM: All right, sir, go ahead.

9 MR. WITTENBERGER: Okay, thank you.

10 As a customer, I feel the only obligation I
11 have to pay for infrastructure is to pay a reasonable
12 return on investment through the rates that I pay to the
13 company. It seems to me that providing capital for the
14 infrastructure investments that Puget Sound energy wants
15 to make is the responsibility of investors, not
16 customers. But if I'm going to be forced to provide the
17 company's capital, then I should get stock and dividends
18 in return for the rate increase if the rate increase
19 requires me to pay for capital investments.

20 Regarding the company's request for a higher
21 return on equity, I think my opinion of that is that if
22 they're having difficulty raising capital in the capital
23 markets to make necessary investments, then they may be
24 entitled to it, and I don't know whether they are or
25 not. It does seem to me that we are now currently in a

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1 low interest rate and low capital return environment, so
2 I am having some difficulty understanding the company's
3 request for a higher return on investment when everyone
4 else, savers, investors, and so forth, are receiving
5 lower returns on their savings and investments. I have
6 some concern about the large increase to the service
7 charge, and I wonder if that isn't an attempt to shift
8 some capital expenditures to customers from investors.
9 And that's all I have to say, thank you very much.

10 JUDGE TOREM: Thank you, sir.

11 Chris Stearns is the next speaker, the next
12 one I have with a yes is Paul O'Brien followed by
13 Douglas I think it's Ranh or Ranh.

14

15 Whereupon,

16 CHRISTOPHER STEARNS,

17 having been first duly sworn, was called as a witness
18 herein and was examined and testified as follows:

19 MR. STEARNS: My name is Christopher Stearns,
20 I live at 4045 - 36th Avenue Northwest, Olympia,
21 Washington.

22 JUDGE TOREM: Sir, can you spell your last
23 name.

24 MR. STEARNS: My last name is spelled
25 S-T-E-A-R-N-S like Bear Stearns.

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1 JUDGE TOREM: All right. Are you
2 representing yourself tonight or a group?

3 MR. STEARNS: Yes, I'm representing myself,
4 although I'm involved with neighborhood groups, which
5 would obviously be interested in this issue.

6 JUDGE TOREM: Okay. And if you will speak up
7 and a little bit more slowly.

8 MR. STEARNS: Yes, I will.

9 JUDGE TOREM: And tell us which cases you're
10 commenting on.

11 MR. STEARNS: I'm commenting today solely on
12 the merger issue, and I'm opposing the merger because of
13 the following, I don't think it addresses as yet the
14 following conditions as I see that need to be addressed
15 by the UTC since nobody else will. After witnessing the
16 Portland General Electric merger into Enron with the
17 loss of all employees' pension funds into the larger
18 Enron bankruptcy in Portland, I want to see that all of
19 PSE's current work force pension funds be kept separate
20 of this new ownership so that its funds will not be
21 raided by the larger speculative investment bank.

22 Currently PSE which has, and this is my
23 second condition, has an expanding rate payer base over
24 the last decade that has shown increasing capacity not
25 to be able to sufficiently respond to emergency power

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1 outages caused by weather and other natural disasters
2 which we commonly have in Western Washington. The
3 result has been that now it takes longer to restore
4 power to its customers within its service area. Decades
5 ago public power utilities with less management and
6 equipment were the least able to respond quickly to
7 power outages. Now they have the cooperative agreements
8 with other entities to respond faster to power outages.
9 Today PSE has gone in the opposite direction and hasn't
10 been able to improve its response time to restore
11 electricity to its larger customer base which it has
12 today. B in this issue, it has also chosen as a private
13 utility to reduce the number of linemen that its company
14 employees would be directly run by the company and would
15 be able to respond knowledgeably to where transformers
16 are and other infrastructure. Many of these tasks are
17 now contracted out by PSE with a consequence lack of
18 knowledge in the proper knowing of that infrastructure.

19 And finally I would just like to point out
20 that the purchase of PSE has raised concerns about stock
21 premiums, I'm sure other people will talk about this,
22 and large stock options maturities of the management
23 that is a direct conflict of interest in supporting this
24 merger. This has been brought up by many people.

25 And finally my own experience in New England

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1 is that foreign ownership of power production and
2 distribution in the northeast part of our country has
3 resulted in a monopolization of hydro power facilities
4 by Canadian owners who now control both sources of
5 electric production domestically in our country as well
6 as holding external sources of power production to the
7 detriment of our country's rate payers in that region,
8 let's not have it happen in this one.

9 Thank you.

10 JUDGE TOREM: Thank you, Mr. Stearns.

11 Mr. O'Brien.

12

13 Whereupon,

14 PAUL O'BRIEN,

15 having been first duly sworn, was called as a witness
16 herein and was examined and testified as follows:

17 JUDGE TOREM: If you will state and spell
18 your name.

19 MR. O'BRIEN: Paul O'Brien, O-B-R-I-E-N, I'm
20 representing myself tonight.

21 JUDGE TOREM: And you live?

22 MR. O'BRIEN: I live in P.O. Box 2951,
23 Silverdale, Washington.

24 JUDGE TOREM: Can't be too much of a
25 building.

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1 All right, so, Mr. O'Brien, are you
2 commenting on the rate case or the merger case?

3 MR. O'BRIEN: I would like to comment on the
4 merger case.

5 JUDGE TOREM: All right, fire away, sir.

6 MR. O'BRIEN: I believe that the hydrogen
7 economy is now on our horizon. Hydrogen that is
8 extracted from water by means of electricity generated
9 by hydro electric is the easiest, cleanest, and cheapest
10 way to fuel the next economy. Washington state is
11 uniquely poised to thrive on the new fuel. However, we
12 will not thrive if we are shackled to the price fixing
13 practices of the fossil fuel economy. In order to
14 thrive, we must make a clean break from the closed door
15 corporate structure and move energy manufacturing into
16 the clear light of public domain.

17 On May 23rd of this year, Dr. Robert Hersch,
18 one of our nation's premier energy analysts, stated that
19 the price of gas will be \$14 a gallon in 2013. He also
20 stated that biofuel will never be the answer in that it
21 takes fossil fuel to produce, it's too expensive to
22 produce, and it has an adverse effect on global food
23 prices. According to Dr. Hersch, a massive retooling
24 will take place that will allow our vehicles to run on
25 electricity and hydrogen.

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1 I personally believe that an open market
2 driven economy has brought this state and this country
3 many rewards. However, as great wealth and power has
4 consolidated in the past 35 years, we have seen the S&L
5 collapse, WorldCom, Enron, dot gone, and the false
6 rating of securitized mortgages causing yet another
7 collapse, not to mention a war in the oil fields of the
8 Middle East. Energy to America has become as vital as
9 food, shelter, and clothing. A closed door privately
10 held foreign conglomerate should never again be trusted
11 or given control of that which has become so vital to us
12 all.

13 I would like to tell PSE that water used in
14 45% of its energy production is a gift from all of us
15 that maintain its quality and clear path. It is not
16 yours to sell, nor is it for sale. The Macquarie Group
17 at this time is looking to refinance roughly \$8 Billion
18 in debt it already has acquired.

19 JUDGE TOREM: About 2 minutes to go.

20 MR. O'BRIEN: As I understand it, they will
21 borrow another \$4.2 Billion to finance this takeover
22 while in the same breath are promising a \$5 Billion
23 investment in infrastructure. At a time when experts
24 are saying that global financial markets are
25 treacherous, I do not believe the citizens of this state

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1 should ever get involved with an offshore company that
2 is already packing so much debt. I believe it will
3 bring us harm that can not be predicted or mitigated.

4 Thank you.

5 JUDGE TOREM: Thank you, sir.

6 Is it Douglas Rahn or Rahn?

7

8 Whereupon,

9 DOUGLAS RAUH,

10 having been first duly sworn, was called as a witness
11 herein and was examined and testified as follows:

12 MR. RAUH: Close. Douglas Rauh, it's
13 R-A-U-H, and I live at 12266 Kent Place, Bainbridge
14 Island, Washington.

15 JUDGE TOREM: All right, thank you, sir.

16 MR. RAUH: And I will be speaking to the
17 merger. I am a stockholder and have been for the last
18 30 years. I feel there's 13 things that this merger
19 does to actually harm the citizens and businesses of the
20 state of Washington. First one is there's 34,000
21 stockholders right now of Puget Sound Energy. Many of
22 the small stockholders like myself did not want to sell.
23 We like the company, we invested in the company for the
24 long term, we were not looking at it as quarter to
25 quarter, and we feel that the capital gains that we will

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1 have to pay and the brokerage fees we will have to pay
2 do not even come close to the price that they're
3 offering. I was very upset that they turned down, or
4 Puget Sound Energy management turned down a \$32 offer to
5 accept a \$30 offer after the management team accepted a
6 \$20 Million payout. That to me is right there they lost
7 their fiduciary responsibility, I would not trust that
8 management team, I would not trust them now or into the
9 future.

10 The next thing is we will also have to, if we
11 reinvest that stock, we will have to pay brokerage fees
12 to buy back into the stock market. They're also
13 eliminating the Puget Sound Energy stock purchase
14 program, which was a great investment tool for small
15 investors to put in a fixed amount per month and
16 reinvest the dividends. They're eliminating the
17 employee stock purchase plan. That was a great benefit
18 to the labor force. You take that away, they're going
19 to want something in return, our labor costs are going
20 up, our rates are going up.

21 Puget Sound Energy price may seem low right
22 now if you take a short-term view. Take a little longer
23 term view and look back at 1999, it was in the \$28
24 range, 2002 it was in the \$27 range, in 2002 we hired
25 Mr. Reynolds and it went down from there on. What you

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1 see is \$30 is not that great when you look at where it
2 has been, and about every 10 years it does that again.
3 A utility stock tends to go up and down with the
4 economy, it does just the reverse of what the economy is
5 doing.

6 Mr. Reynolds is receiving a special deal.
7 All the rest of the stockholders must pay their own
8 capital gains tax. He cut a deal with Macquarie to get
9 his tax paid. That is not representing the stockholders
10 or the customers as far as I'm concerned.

11 There are two cases pending right now against
12 Puget Sound Energy for violation of fiduciary
13 responsibility. One is Tensley versus Puget Sound
14 Energy, the other one is Alaska Iron Workers Pension
15 Trust versus Puget Sound Energy.

16 The other thing is in December Puget Sound
17 Energy management sold 12 1/2 million shares to
18 Macquarie. What that did was changed our charter which
19 said you needed 66 2/3% of votes, yes votes, in order to
20 pass. By selling 10%, it diluted our shares so that
21 they only needed roughly 56% to pass it.

22 I also like the idea of being able to get
23 information on Securities and Exchange 10-K's, not
24 10-Q's, I would like to see that maintained in the
25 future. If you go to the web sites of Macquarie, you

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1 will find they do not release information. You will not
2 find a whole lot of information. I was also concerned
3 that when I saw the Washington Utilities and
4 Transportation Commission hearing it said that there
5 would be 1.5 Billion invested over 5 years, but if you
6 go to the Puget Sound Energy merger news, it says \$5
7 Billion. That \$3 1/2 Billion should be explained at
8 some point. Also one of our biggest business is
9 computer software data centers, that is very dependent
10 on electrical costs. I think you need to really look at
11 if you spend \$5 1/2 Billion, I don't know. Thank you.

12 JUDGE TOREM: Thank you, sir, and if you want
13 to submit a copy of those, we'll take them.

14 Kimberly Fish is the next speaker. Then I
15 have one maybe and one that didn't give an indication,
16 Fran Moellman and Gordon Jenkins, if you intend to speak
17 be ready, please. After that it will be Mike Colasurdo.

18 Ms. Fish.

19

20 Whereupon,

21 KIMBERLY FISH,
22 having been first duly sworn, was called as a witness
23 herein and was examined and testified as follows:

24 MS. FISH: Yes, my name is Kimberly Fish, and
25 that is spelled F-I-S-H. My address is 22500 Southeast

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1 392nd Street, and that is in Enumclaw, Washington. I'm
2 here as director of a small social service agency in
3 Enumclaw and speaking for our clients.

4 JUDGE TOREM: As to which case?

5 MS. FISH: The rate increase.

6 JUDGE TOREM: Thank you, ma'am, go ahead.

7 MS. FISH: I have come today to talk with you
8 as I said about the rate increase. We are concerned
9 with the number of clients that we are seeing needing
10 help with their power bills. We do emergency financial
11 assistance in Enumclaw for low income families and
12 individuals, and we actually work two ways. One is we
13 work very hard getting our clients signed up for the
14 grants that are available, both for the funds that are
15 released for the legislature and also Puget Sound Energy
16 grants. We try and contact as many low income families
17 and individuals as we can throughout the winter months
18 as soon as those funds are released to get them signed
19 up.

20 I have contacted another agency, small grass
21 roots agency in our community, Helping Hand, and spoke
22 with the director of the Maple Valley Community Center
23 as well to get their figures of money that they have
24 provided on top of the grant moneys that we have our
25 clients using. And though we're speaking millions of

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1 dollars right now, I know for January, February, and
2 March of 2008, between our 3 agencies we have provided
3 \$22,841.67 in payments to Puget Sound Energy for clients
4 walking in to our office with shutoff notices. These
5 are people who are unable to make their ends meet when
6 it comes to their energy. And I can tell you that I
7 didn't get the figures for the other two agencies, but
8 we actually have seen more need in April than we did
9 January, February, or March. It doesn't seem to be
10 lightening up this year, when in the past it usually
11 does. We're just seeing people struggle.

12 The catalyst that actually brought me here
13 today was a client that I saw about four weeks ago. The
14 other part of our agency that we work and when we see
15 clients who are having a hard time is we ask them what
16 is it that has to change, what has to happen, what is
17 your plan for the next time this bill, whatever bill it
18 is, comes due you are able to meet that need yourself.
19 One of the clients that we had, I just want to read,
20 it's one sentence that she wrote here, she says, if my
21 health permits, I'm going to try and find a part-time
22 job. And what I wanted the Commission to know is that
23 this client is 71 years old, and this is not an
24 exception to the rule. We are seeing more and more
25 seniors and disabled who are on fixed incomes. They are

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1 not receiving 6% increases, they are not receiving 11%
2 increases, and they are unable to make ends meet.

3 The funding that's coming from the
4 legislation I'm hearing is going be to cut, Puget Sound
5 Energy funds are not enough, and our small agencies are
6 trying to help people with many other issues besides
7 just power, and we're not able to see an end to this.
8 So I'm asking that you please say no to Puget Sound
9 Energy. In this economy where we're at right now with
10 everything going up, our low income, our disabled,
11 people who are losing their jobs are not being able to
12 make ends meet. And I thank you for the opportunity to
13 be here in front of you tonight.

14 JUDGE TOREM: Thank you, Ms. Fish.

15 Our next speaker is Ms. Moellman.

16

17 Whereupon,

18 FRANCIS MOELLMAN,
19 having been first duly sworn, was called as a witness
20 herein and was examined and testified as follows:

21 JUDGE TOREM: If you can state and spell your
22 last name for the court reporter.

23 MS. MOELLMAN: Yes, it's Francis Moellman,
24 M-O-E-L-L-M-A-N, 12502 Moe Lar Lane Southeast in Tenino,
25 and I'm speaking for myself residential, and I speak

1 somewhat to the merger and also to the individual rates.

2 JUDGE TOREM: All right, go ahead, ma'am.

3 MS. MOELLMAN: I totally underscore the
4 comments of Paul O'Brien and other commenters who object
5 to the merger. I believe also that Washington utilities
6 should be owned by Washington residents and/or at least
7 stay in the country. My own personal rates have
8 increased \$100 in the last year. I've had -- we're
9 looking at another 10% for next year. I'm paying \$360
10 now a month on a budget plan. I've had the Sunset Air
11 people come out and check things, the fans are good, the
12 double window panes, I've done everything green that I
13 can do, I've got a new water heater.

14 But some of the problems that the utilities
15 have run across in the past is to my way of thinking it
16 just doesn't make any sense. When I don't -- when the
17 utilities go out every year at different -- at the same
18 locations, why can't there be a rule that power lines be
19 undergrounded instead of having to recreate the cutting
20 of the trees and cutting of the same old problems every
21 year. So I think there's things that can be done
22 especially with new developments and in rural areas to
23 start requiring undergrounding of lines so that they
24 don't get broken and interrupt. So thank you for your
25 attention.

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1 JUDGE TOREM: Thank you, ma'am.

2 Gordon Jenkins, did you intend to speak?

3

4 Whereupon,

5 GORDON JENKINS,

6 having been first duly sworn, was called as a witness

7 herein and was examined and testified as follows:

8 JUDGE TOREM: Sir, if you will state and
9 spell your name.

10 MR. JENKINS: Gordon Jenkins, J-E-N-K-I-N-S,
11 I live at 816 Avalon Court Southeast, I represent
12 myself, speaking on the merger thing only.

13 JUDGE TOREM: And the city was Lacey; is that
14 correct?

15 MR. JENKINS: Actually that's in the county
16 outside the city limits.

17 JUDGE TOREM: All right, go ahead, sir.

18 MR. JENKINS: I'm a customer of PSE. I would
19 like to know is there anything that would stop the
20 Canadians and Australians from selling out to communist
21 China. Maybe you can guess I'm completely against this.
22 I feel that too many American companies are selling out
23 to foreigners, which will destroy our national security.
24 Australian companies, I mean Australia as a nation and
25 Canada as a nation are pretty damn socialist.

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1 I would like to make a little analogy,
2 keeping it simple. Take the fact that I bought my house
3 say 10 years ago. If I wanted to rent it out, I could
4 rent it out for X number of dollars. But if I sell my
5 house to somebody right now, it's probably doubled in
6 value over the last 10 years, so the buyer would have to
7 charge a much higher rate of rent in order to break even
8 or make a profit. I feel that's the same thing here.
9 If PSE sells out, the new buyers will have to come back
10 before you every damn chance they get to ask for another
11 rate increase. And they'll use the excuse, well, we
12 paid too much, or whatever their excuse might be. So
13 I'm totally against that.

14 And as far as energy for producing the
15 electricity, United States has a coal supply of at least
16 200 years. There's plenty of coal here to make
17 electricity. I believe there's a big new natural gas
18 find, if I remember correctly it was somewhere in
19 Montana, so we've got lots of natural gas. Saw some man
20 on a Glenn Beck TV show the other day was quite
21 intelligent, he says that sunlight produces 10,000 times
22 more power than the earth needs, so if these people in
23 the utility business had any vision, they could make a
24 consortium and go down to our Southwest states where the
25 sun shines most of the time, and within a few years they

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1 could get probably 100% of all the electrical needs in
2 the United States. Now take the case of France. Most
3 people know that the French government is one of the
4 most screwed up governments in the world, yet they get
5 80% of their electricity from atomic power.

6 And I think that you should do all you can to
7 encourage various things and tell the Canadians and the
8 Australians to go stuff it. Thanks.

9 JUDGE TOREM: Our next speaker is Mike James
10 Colasurdo. He'll be followed by Scott Alan Anderson if
11 he chooses to speak and then by Sue Turner.

12

13 Whereupon,

14 MIKE JAMES COLASURDO,
15 having been first duly sworn, was called as a witness
16 herein and was examined and testified as follows:

17 JUDGE TOREM: Sir, if you can state and spell
18 your name.

19 MR. COLASURDO: My name is Mike Colasurdo,
20 C-O-L-A-S-U-R-D-O, I live at 7033 Deerfield Park Drive
21 Northeast, Olympia, Washington.

22 JUDGE TOREM: Sir, if you can direct your
23 comments into the microphone.

24 MR. COLASURDO: Yes.

25 JUDGE TOREM: And are you a customer of PSE?

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1 MR. COLASURDO: I'm a customer of Puget
2 Sound, and I'm going to testify on the merger.

3 JUDGE TOREM: All right, speak up, sir, go
4 ahead.

5 MR. COLASURDO: I was born and raised in
6 Seattle, and I remember when Puget Sound Energy and City
7 Light served outside the city limits of Seattle. And
8 after the war, they gave the franchise to Puget Sound on
9 one section, part of it to City Light. I think City
10 Light served some out to the airport area, and Puget
11 Sound went out longer. But they had a so-called
12 franchise, and I think it was a good thing. I think
13 it's been working for years.

14 And I think this merger is not what I see,
15 because it reminds me of an Enron. And the Wall Street
16 Journal had an article May 21st, 2008, it says,
17 Macquarie, flat earnings may signal slower growth, and I
18 think there's a red flag thrown here. And I'm going to
19 leave the article with you. Here's one of the
20 underlying things it says, uses investors' money
21 Macquarie buys heavily regulated stable assets such as
22 toll roads and bridges and uses debt or leverage, debt
23 or leverage, to boost returns. Lately shares of these
24 investments have gone walloped as investors grow
25 increasingly skeptical about the ability of these funds.

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1 So in other words, it's telling us something, the
2 Journal is telling us something about their type of
3 banking. This is investment banking, so we're not going
4 to get into a Bear Stearns here. And their chunky --
5 the ability of these funds to refinance their chunky
6 proportion of debt. Other criticisms have focused on
7 the high fees Macquarie levies on these funds for
8 performance as well as for investment banking and
9 advisory services the firm provides when the funds buy
10 or sell.

11 So what I see here is Macquarie is going to
12 have 51% if you put those packages together what Puget
13 Sound power put out, because they have a Capital 1
14 investment, but they're all Macquarie, and it adds up to
15 51% of that whole conglomerate. Pension fund has what
16 is 24% in Canadian Pension Funds. I don't think it's a
17 good thing for the customer in this state and for also
18 the employees. They give a minimum, Puget Sound says a
19 minimum of 5 years they will -- the Bellevue office or
20 the management team and somebody stated here or the
21 employees no guarantee.

22 So this is let's look out for our state,
23 let's look out for our employment here, the Utility
24 Commission, let's look out for the people of Washington
25 state. And I think there's technology coming down,

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1 there's a lot of investments in the next, they said they
2 need so many billion dollars, but the next 15 years, the
3 year 2025 they said they need this type of investment, I
4 think it's \$15 Billion, this will come along because
5 technology is coming fast, real fast in the utilities.
6 We have garbage areas that are making huge amounts of
7 electricity today. All kinds of things we never thought
8 about. The silicon is being improved where you can use
9 it in this type of climate. And the type of appliances
10 and everything else that's going to cut the electrical
11 use. They already have done this, improved it so far
12 with the utilities.

13 If this thing needs to be given to the -- I
14 think the people in the Puget Sound area, why not --
15 we're surrounded by PUD's, why not let the people form a
16 PUD and take this thing over. Let the people in the
17 state of Washington take it over or in the utility
18 district.

19 JUDGE TOREM: Thank you, sir, time's expired.

20 MR. COLASURDO: Thank you.

21 JUDGE TOREM: Scott Anderson, did you want to
22 speak?

23 All right, seeing not, Sue Turner, and then I
24 have another maybe from Gary Stockdill.

25

0275

1 Whereupon,

2 SCOTT ALAN ANDERSON,

3 having been first duly sworn, was called as a witness

4 herein and was examined and testified as follows:

5 MR. ANDERSON: Hello.

6 JUDGE TOREM: Sir, your name?

7 MR. ANDERSON: My name is Scott Alan

8 Anderson.

9 JUDGE TOREM: Okay, sir, where do you live?

10 MR. ANDERSON: Washington territory right

11 now.

12 JUDGE TOREM: And are you speaking to which

13 case?

14 MR. ANDERSON: I'm about the merger.

15 JUDGE TOREM: Okay, and can you speak into

16 the microphone, please, that would be helpful, thanks.

17 MR. ANDERSON: Sure. I would like to state

18 that I'm not opposed to mergers. I think that they're a

19 great idea for efficiency purposes. This nation needs

20 to proceed with some alternative energies. It's one of

21 the upmost concerns to look out for future generations.

22 If it was BPA or Pacific Energy and Power and PSE

23 merging together, that would be great. If it's merged

24 with foreign investors and we're looking at

25 unconstitutional issues such as suggested in Article 4

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1 Section 2. Although pursuant to U.S. Code Title 18
2 Section 7 specifics any corporation under the maritime
3 and territorial jurisdiction of the United States. At
4 this time we need to support our troops and to proceed
5 with alternative energies. To my opinion, it would be
6 foolish to sell out the powers, the energies you need to
7 be able to build alternative energies because you
8 wouldn't be able to prosper if they're under the control
9 of foreign services. In doing so, selling them out,
10 they're also selling the future of the children for them
11 to be able to prosper. At the same time if it's taken
12 out of the public hands, it's taking the power of the
13 people away from the form of democracy. With all the
14 efforts that's been established in the Middle East and
15 other nations, it would be a very hypocritical act. So
16 being state of Washington and U.S. Code, Puget Sound
17 Energy being under that maritime territorial
18 jurisdiction, for the record it would be a betrayal of
19 the country as specified in Section 23, 81, and 13
20 intent of treason to the United States. So I'm not
21 against them proceeding with this transaction as long as
22 national security and the U.S. military's right there to
23 obtain those assets for the people. Thank you.

24 JUDGE TOREM: Thank you, sir.

25 Sue Turner is the next speaker.

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1 Whereupon,

2 SUE TURNER,

3 having been first duly sworn, was called as a witness
4 herein and was examined and testified as follows:

5 MS. TURNER: I'm Sue Turner, I live at 6703
6 Shincke Road Northeast, Olympia, Washington, we're in
7 the county, and I have been a residential customer of
8 Puget Sound Energy under various names since 1974. And
9 we had an all electric home built because of course
10 there was a terrific savings when you built an all
11 electric home. My, how times have changed.

12 I have grave concerns about the sale/merger.
13 I don't feel as a matter of security or wisdom that it
14 is ever a good idea for a country to sell important
15 parts of its infrastructure to foreign companies. The
16 problem is that the consortium buying Puget Sound Energy
17 does have to borrow a major portion of the money
18 necessary. There have been a lot of promises as to
19 dollars, but, you know, as far as I'm concerned, if it's
20 not in a contract signed, sealed, and delivered and
21 witnessed by a whole herd of angels, I'm not really sure
22 that we're going to see the money. But be that as it
23 may, if you can enforce continued SEC filing for
24 information and you do obtain the information -- I get
25 nervous about this sort of thing because I just wonder

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1 how much control the Utilities Commission of Washington
2 has over foreign companies.

3 But be that as it may, one of the things I
4 really want to say is just because we can sell it to
5 foreign companies doesn't mean that we should do it,
6 that it's either wise or prudent. We talk about no harm
7 to customers, but the problem is that once something
8 like this is done, how easily can be it be undone, how
9 easily can the harm done to customers be remedied, or
10 can it ever be remedied. I think that it's something
11 you need to consider, and I really think that any part
12 of this country where infrastructure such as this, toll
13 roads and energy companies have been sold to foreign
14 companies, we need to take a good long look at it. I
15 don't think it's a success story that, you know, we've
16 been hearing about, and I request that you examine it
17 carefully and that you decide against the sale.

18 As far as the rate increase, gee, we would
19 all like to freeze the rates, but I don't think that's
20 going to happen.

21 Thank you.

22 JUDGE TOREM: Thank you, ma'am.

23 Gary Stockdill is the next speaker, and then
24 Fred Willis and Paul Pickett.

25 MR. STOCKDILL: My name is Gary Stockdill,

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1 and to conserve time, my wife will be speaking on both
2 our viewpoints.

3 JUDGE TOREM: Okay.

4 Fred Willis.

5

6 Whereupon,

7 FRED WILLIS,

8 having been first duly sworn, was called as a witness
9 herein and was examined and testified as follows:

10 MR. WILLIS: My name is Fred Willis, I'm a
11 citizen of Lakewood, and I'm a customer of both the gas
12 company and the electric company. I want to speak to
13 both issues, please. The first is I'm strongly opposed
14 to the merger. These offshore companies have a history
15 of purchasing infrastructure, canals, roadways, street
16 car lines, and public utilities. They skim the cream
17 off the top of these companies, take what they can
18 quickly, fail to promise what they have set out to
19 promise, and then return badly damaged assets to the
20 public. I don't see that this is an advantage to this
21 state or the people of this state.

22 Second, I would like to mention the increase
23 in rates. I'm not against paying what's necessary to
24 pay for. I am against paying dividends to stockholders
25 who experience very little peril in investing in a

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1 public utility. I have wondered down through the years
2 how this Commission has ever approved a dividend to
3 stockholders of a utility. So that portion of the study
4 that attorney ffitch has done over here for the state,
5 it's the number one item, and that is how much should
6 the dividends be increased, I don't think they should be
7 increased at all, I think they should be taken away.

8 Thank you.

9 JUDGE TOREM: Thank you, sir.

10 Paul Pickett followed by Walter Jorgensen,
11 and then Norman Morris.

12

13 Whereupon,

14

PAUL PICKETT,

15 having been first duly sworn, was called as a witness
16 herein and was examined and testified as follows:

17

MR. PICKETT: Thank you, my name is Paul

18 Pickett, it's spelled P-A-U-L, P-I-C-K-E-T-T, and I live
19 at 4040 Gull Harbor Road in Olympia, Washington,
20 unincorporated Thurston County. I'm speaking for myself
21 today. I am also a commissioner with the Thurston
22 Public Utility District. I was elected two years ago in
23 a countywide election, been serving now for almost eight
24 years. The Thurston Public Utility District has taken
25 no position on this sale except to state that we have no

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1 plans to take over Puget Sound Energy at this time. And
2 I will repeat that, Thurston Public Utility District has
3 no plans to take over Puget Sound Energy at this time.

4 So I'm speaking for myself, and I would like
5 to make a comment, and to illustrate my comment I
6 brought in this little thing here. It's a plug that you
7 can buy down at Lowe's or Home Depot or any of the
8 competitors. And the plug I just wanted to point out
9 illustrates something here. There's two sides to the
10 plug, and most people know this side. It's in your
11 home, you plug in your refrigerators, your washing
12 machines, dryers, some people plug in wheelchairs, their
13 stoves, it's your lights, it's your heat in some of our
14 homes, and anybody who has been through a blackout will
15 understand just what it means to not have that power.
16 So I think the point I'm trying to make here is that on
17 this side is our lives, the lives of everybody in this
18 room, the lives of the citizens of Washington who are
19 customers of Puget Sound Energy.

20 The back of this a lot of people don't see
21 unless you're a handyman who likes to get electrocuted,
22 and the back of this is the other side of the story.
23 Because from this plug it goes out to your box on the
24 house, out to the street, on out into the grid to the
25 power generation, to the owner of the company that does

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1 this, Puget Sound Energy.

2 And now we're talking about Macquarie and the
3 other Australian and Canadian investors who want to take
4 over Puget Sound Energy or merge or sell or whatever you
5 want to call it. They look at this a whole different
6 way. The words they use are it's an asset, it's a piece
7 of capital earnings, growth. For them electricity is a
8 commodity. They're selling it, they're getting a return
9 on their investment, they want profitability, they're
10 looking to quarterly earnings. For them it's business,
11 and for the rest of us it's our lives.

12 And so when I look at I think there's been a
13 lot of really excellent comments here so I'm not going
14 to get into the details, I really want to make kind of a
15 high level comment, I think the objections to the merger
16 have been well stated, and, you know, I think there's a
17 lot of questions about what's happening here. We've
18 heard billions of dollars in debt, how many billions,
19 value for the stock. I know that the joint public
20 counsel and staff motion to consolidate mentioned 25%
21 share of premiums, a lot of money going into this.
22 Who's going to pay for all that? It's going to be the
23 customers in the long run. It's going to be the people
24 on this side of the plug. And I think what we'll see in
25 a metaphorical way is money going from this side of the

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1 plug back to these investors, and we'll probably see
2 increased rate increases over and over over the years to
3 pay for this investment.

4 So I'm asking you to reject this agreement.
5 I hope that you can reject it based on what you've heard
6 so far. If you have any questions, I think I heard a
7 proposal, I believe the King County Democrats made it,
8 to set this aside and do additional study. I think it's
9 very difficult for the public to understand the details
10 of this, and I believe there's a number of issues that
11 are not clear. I hope you will reject it, but if it
12 takes more time, take what's necessary. I heard at
13 recent hearings you had less than 100 people, I think I
14 read 20 people were in favor of this merger, over 1,000
15 were opposed. And so I'm just asking you to look at the
16 two sides of this, the side that's the corporate
17 business decision, the side that is the lives of the
18 citizens, and I just ask you to remember whose side
19 you're on and choose the side of the citizens of
20 Washington. Thank you.

21 JUDGE TOREM: Thank you, sir. And again, I
22 know many of you agree, but let's not have any applause.
23 This, as Chairman Sidran said, should be treated like a
24 courtroom.

25 Walter Jorgensen.

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1 Whereupon,

2 WALTER JORGENSEN,

3 having been first duly sworn, was called as a witness

4 herein and was examined and testified as follows:

5 MR. JORGENSEN: Thank you. In that light,
6 good evening, Your Honor and Commissioners. My name is
7 Walter Jorgensen, J-O-R-G-E-N-S-E-N. I live at 3439 -
8 14th Avenue Northwest in Olympia 98502. I'm speaking
9 for myself to both issues. As a rental owner, I'm a
10 multiple customer, and I think I'm also still a
11 stockholder, but I would have to check.

12 We can let the rest of the world, I suppose
13 that would be China and Taiwan in this case, sell us
14 junk that we don't really need at dollar stores and
15 Wal-Marts, but we need to keep control of the resources
16 and services that are essential to our lives. Electric
17 power from my opinion is on the same list as water and
18 oxygen. I own an all electric powered vehicle, range
19 permitting I hope to be driving it exclusively, as
20 exclusively as possible. While I'm trying to do my part
21 in eliminating the internal combustion emissions and
22 saving petroleum for other uses, I don't want my
23 electric utility shunning green sources of energy just
24 to feed the bottom line. I want them partnering with me
25 as a fellow member of the community. A for profit

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1 foreign investor consortium does not fit that
2 definition. If the utility is purchased by any entity,
3 and, Paul, I think you should buy it, it should be a
4 consortium of public utility districts that will
5 continue to protect the interests of the voters and tax
6 payers who elect those commissioners.

7 Several years ago at a public forum sponsored
8 by our local economic development council, I had the
9 opportunity to ask PSE representatives directly how much
10 of my power bill went to pay for new facilities or new
11 customers. They were very candid in answering that 1/3
12 of my monthly bill was allocated for power lines and
13 generating capacity intended to serve new developments.
14 Instead connection fees, and there's over 41 million
15 involved in this case, should be increased to capture
16 all costs, those are the costs for new facilities from
17 new customers. I see that ratio is down considerably
18 today down to 14% excluding the increased return on
19 shareholder investment. Not so much the result of
20 decreased subsidies to new development as a result of
21 huge increases in electric power costs.

22 I began by noting that electric power
23 belonged to the same list of essentials as water and
24 oxygen. I just returned from Turkey where many of the
25 local people drink bottled water. And by the way, their

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1 gasoline is up to \$12.50 a gallon, and their roads are
2 full of vehicles. The huge Nestle Corporation would
3 like to tap into Enumclaw's pristine water supply, pull
4 3 1/2 million gallons from the natural spring each week,
5 and bottle the natural beverage in a facility on the
6 city's east side. My question is what's next? Will I
7 wake up one fine fresh air morning to the sound of a
8 giant vacuum cleaner sucking oxygen from above my house?
9 We need to retain local control of as essential an
10 element in our lives as electricity. Please reject both
11 the proposed merger and the rate hike.

12 Thank you for listening.

13 JUDGE TOREM: Thank you, Mr. Jorgensen.

14 Norman Morris, and he will be followed by
15 Terry Raudenbush and then I believe Marv Cypert and then
16 Dorothy Jean Mykland.

17

18 Whereupon,

19 NORMAN MORRIS,

20 having been first duly sworn, was called as a witness
21 herein and was examined and testified as follows:

22 MR. MORRIS: Thank you. I would like to talk
23 first about the merger. I'm fascinated by these things,
24 I've been in the -- my name is Norman Morris,
25 M-O-R-R-I-S, and I've been in the community since 1963.

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1 I own an accounting practice here in town since 1977.

2 JUDGE TOREM: All right, sir, if you will
3 speak into the microphone.

4 MR. MORRIS: Sorry.

5 I read on here that 7.4 Billion that the
6 monthly payment would be \$61 Million or about \$74
7 Million, \$740 Million a year just to finance the 7.4,
8 not counting the fact you're investing \$1 Billion a year
9 in capital. And by the very nature of the information I
10 read tonight, it says the infrastructure investment
11 philosophy of the consortium is to invest in high
12 quality infrastructure and other essential assets over a
13 long period. I assume they want to make a profit, so if
14 they got these millions of dollars later on that
15 somebody else can buy and Puget Sound is able to pay it
16 back. Plus in the stuff I picked up tonight they're
17 asking for a rate increase of 237.8, and I didn't figure
18 any return on the billion dollars, and my return on rate
19 of return on the monthly payment was 5.7, which one of
20 the gentlemen argued that 10% or 12% ought to be a fair
21 rate. So if they've got that kind of money to spend to
22 buy a company, why don't they spend that in improving
23 the service for the community. Because they're going to
24 spend millions of dollars to finance the purchase, so I
25 -- the magic of the numbers amazes me, and I heard

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1 nobody and I read no article in the newspaper -- I
2 picked up one tonight that says they're going to do
3 \$14.4 Billion, the one previous article said \$12
4 Billion. The numbers are not consistent. They're not
5 telling the public all about what's going to happen
6 here. I wish I'd have got this stuff and could make
7 more comments, but I've looked at the numbers, and I
8 can't see how they're going to pay that kind of thing
9 off and still have a rate increase, and my reaction
10 really is to the article in the daily I think last week
11 that said the customer is not going to notice this or
12 any difference at all. And if they can afford \$74
13 Million to pay off the debt, I'm sure that we're going
14 to notice it.

15 Thank you for allowing me to talk.

16 JUDGE TOREM: Thank you, sir.

17 Terry Raudenbush, and again he will be
18 followed by Marv Cypert and then Dorothy Jean Mykland.

19
20 Whereupon,

21 TERRY RAUDENBUSH,
22 having been first duly sworn, was called as a witness
23 herein and was examined and testified as follows:

24 MR. RAUDENBUSH: Good evening, Terry
25 Raudenbush, R-A-U-D-E-N-B-U-S-H, 7115 Bayview Drive

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1 Northeast, Olympia. I would like to speak for myself
2 and on both issues. And since it's been done very well
3 with the financial outlook, I will go into the
4 reliability and the structure of Puget's electrical
5 system. As a former employee for both Puget Sound
6 Energy and private contractors, I'm a journeyman
7 lineman, worked in many different positions, quite aware
8 of their system, and it isn't the best system. As you
9 know on May 1st they ran out of maintenance money, so
10 there's no more maintenance being done. This is quite
11 common. They don't have -- this utility doesn't have a
12 genuine maintenance program where you start to front of
13 -- you start at substation and go all the way to the
14 end, you just periodically dial your system. Puget
15 Energy's system maintenance program was car, pole, or
16 storm, that was how we repaired things. There just
17 isn't a system or a regular policy to on a monthly basis
18 X amount of money companywide.

19 And that's my concern, that you get the
20 foreigner that's going to take over the company. As we
21 all know, Puget went to a private contractor, they laid
22 off all the crews in 2002, they started that program
23 initially in 1999. What they did to the crew is said we
24 weren't responding enough. You can work 24-7 forever
25 with the outages, and so naturally you would have a

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1 problem getting the crews, so you needed a little sleep.
2 Well, in Olympia it took 17 to 19 minutes to pick up the
3 phone in the middle of the night and get a crew
4 committed to come to work within a half an hour and go
5 to work. That wasn't good enough, so companywide
6 everybody was laid off. We weren't laid off, we
7 couldn't work any overtime, they hired private
8 contractors. So they were bringing people from all over
9 the country to do this outage, the outages. I mean,
10 okay, so that was -- that's a real problem, and that
11 hasn't improved.

12 They only have one contractor. They started
13 with 11, they interviewed 11, they got that 11 down to
14 6, they got that down to 3, Patelco which is Quanta,
15 Wilson, and Superior. The only problem they had there
16 when they get down to the final nitty-gritty on what it
17 was going to cost unit pricing what it costs to do each
18 part of it, they forgot the sales tax in the bid. So
19 Wilson and Superior, I know Donny Wilson personally,
20 Wilson and Superior said we can't operate on that much,
21 you know, that, the profit. So Patelco Quanta made the
22 deal, and they're the private -- they're the contractor.

23 This last winter in December they got 80 guys
24 on the books now, they're laid off all their crews in
25 the winter because they don't do any maintenance, Puget

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1 has their subcontractors. 2 crews in Olympia this last
2 storm they had in this winter, so they bring in crews
3 from Canada and California. When I was here in 2002 we
4 had 6 to 8 crews on just in our headquarters.

5 So the maintenance and the reliability of the
6 system is my concern. The finances everyone else has
7 done an excellent job on it. But I think it needs to be
8 addressed they just -- they've got to do something about
9 the system. You can't just call up California all the
10 time, you should have a maintenance crew here.

11 Thank you for your time.

12 JUDGE TOREM: Thank you, sir.

13 Marv Cypert, did you want to speak?

14

15 Whereupon,

16

MARV CYPERT,

17 having been first duly sworn, was called as a witness
18 herein and was examined and testified as follows:

19 MR. CYPERT: I didn't put a mark on the
20 sheet, I'm just going to say everybody is saying no, and
21 that's what I would say. Thank you very much.

22 JUDGE TOREM: Thank you, Mr. Cypert. For the
23 record, you said you're opposed to both cases.

24 Dorothy Jean Mykland, and she'll be followed
25 next by Marsha Stockdill, and then I'm not sure if

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1 Mr. Eugene Forrester wanted to speak from the mark he
2 made on this sheet.

3

4 Whereupon,

5

DOROTHY JEAN MYKLAND,

6 having been first duly sworn, was called as a witness
7 herein and was examined and testified as follows:

8

MS. MYKLAND: My name is Dorothy Jean

9 Mykland, and I live at 1113 Fourth Avenue West, Olympia,
10 Washington 98502.

11

JUDGE TOREM: Ma'am, can you spell your last

12

name.

13

MS. MYKLAND: Mykland, M-Y-K-L-A-N-D.

14

JUDGE TOREM: Thank you, go ahead.

15

MS. MYKLAND: I'm here tonight to encourage

16 the Washington Utilities and Transportation Commission
17 to oppose the merger of Puget Sound Energy as well as
18 the proposed rate increase. Neither of these are
19 appropriate or justified.

20

In regards to the merger, I feel that putting

21

control of our vitally important electric and gas

22

services to foreign entities is not in the best

23

interests of the people. The control of the utility by

24

Canada and Australia would only be in the interests of

25

those stockholders. The resources of our utilities are

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1 valuable, and we should not be giving them away.

2 Why hasn't Puget Sound Energy built problems
3 like storm damage costs, depreciation, and shareholder
4 rates into their existing rates? This company has been
5 around for a long, long time in Washington state, and
6 they know that we have storms and other emergencies from
7 time to time. I'm disturbed how life-long residents
8 like myself continue to have to pay for new residents
9 moving here. Let them and the builders do it. We've
10 given too much leeway to out of state companies.

11 And I just want to make a few comments about
12 the merger first of all and then about the increased
13 rates. About the merger I feel that we will have --
14 we'll lose control, local control, that Puget Sound
15 Energy should not be private, this is not in the
16 public's interest. The sale or merger of any company
17 vital to our survival or well being should not be made
18 to companies outside our country's borders. A Thurston
19 County Public Utility District commissioner was quoted
20 in the Olympian:

21 Personally, I'm deeply concerned about
22 Puget Sound Energy being bought out by a
23 consortium of foreign corporations.

24 And something I came across in the bill that
25 I got last month was stating, and it has been mentioned

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1 by one other person, about how the headquarters in
2 Bellevue would be there for a minimum of 5 years with
3 the current management team and employees, but what
4 happens after that? Does the headquarters move to a
5 foreign country too? We need the Securities and
6 Exchange Commission's oversight on these matters.

7 As for the increased rates, there have been 9
8 increases since 2001. Why should our increases go to
9 pay for shareholders? This causes harm to the Puget
10 Sound Energy customers like me. The UTC must use this
11 standard is showing harm. If the charge is approved, if
12 the change is approved, it seems only fair that areas
13 could bow out from Puget Sound Energy and find their own
14 public utilities. Puget Sound Energy should not be able
15 to stop that, as was stated that they would do if
16 somebody tried.

17 And I just wanted to mention that there was a
18 number of people that spoke tonight that I am also in
19 agreement with, and that was Stearns, O'Brien, Rauh,
20 R-A-U-H, Jorgensen, and Pickett.

21 JUDGE TOREM: Thank you, ma'am.

22 MS. MYKLAND: Thank you very much for
23 allowing us to come and make comment.

24 JUDGE TOREM: Next speaker is Marsha
25 Stockdill, and if Eugene Forrester wishes to speak he'll

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1 follow, and then Kathleen Downey and perhaps Jean Drozd.

2

3 Whereupon,

4 MARSHA STOCKDILL,

5 having been first duly sworn, was called as a witness

6 herein and was examined and testified as follows:

7 MS. STOCKDILL: My name is Marsha Stockdill,
8 that's S-T-O-C-K-D-I-L-L, and I live at 4403 - 62nd
9 Avenue Southeast, Olympia 98513, and I would like to
10 speak to both the merger and the rate increase. And for
11 the sake of brevity, I would like to say that I agree
12 with all of the speakers that have spoken in opposition
13 to the merger, and I would like to underscore that I do
14 not believe it's in the best interests of this locale,
15 our region, or our country. And the people who
16 commented earlier on that were Stearns, Rauh, Jorgensen,
17 Willis, and Turner in particular are the ones I agree
18 with the most.

19 On the rate increase, I've been a Puget or I
20 mean I've been a resident of this state all my life and
21 recently in the last 10 years moved to Thurston County,
22 so I have some history, and my comments are going to be
23 right down where the river meets the road. Because when
24 I pay our bills, I really do pay attention to our usage,
25 and I would like to compliment Puget Sound Energy that

1 over the last 3 or 4 years they did a fine job in
2 educating the public about conservation. And if you
3 recall, they did even have a pilot program for a portion
4 of people who were using energy on off peak hours to
5 see, you know, what the savings would be. And so my
6 husband and I have been very careful about conserving
7 energy, but we're using less and we're paying more and
8 more and more. And for the two of us, I don't know what
9 more we can do except spend a lot of money replacing all
10 of our windows, and it's not cost effective for us.

11 But when I got out my last 2 bills and looked
12 at the tariffs on those bills, the customer charge on
13 the natural gas, the distribution charge for the cost of
14 the gas coming through the pipes and the conservation
15 charge, that is 46% of my total bill for gas. That's
16 huge. And so I can not fathom what it's going to be
17 like to keep having rate increases.

18 And I know that other -- I'm a stockholder,
19 not in this Puget Sound Energy but other ones, I know
20 what that means. But I also know that other
21 corporations have to streamline their operations, and
22 they have to downsize, they have to shift
23 responsibilities around. And I hear a lot tonight about
24 other sources of energy, and I think the Utility
25 Commission needs to hold Puget Sound Energy's feet to

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1 the fire to come up with other ways of dealing with
2 energy.

3 And I thank you very much for letting us all
4 come tonight and speak.

5 JUDGE TOREM: Thank you, Ms. Stockdill.

6 We certainly thank you all for coming
7 tonight, it is getting on toward 8:00, I just wanted to
8 give you a heads up that at about 8:15 we'll take a
9 break for 10 or 15 minutes and come back at 8:30, we're
10 going to press on until 8:15.

11 Mr. Forrester.

12

13 Whereupon,

14 EUGENE FORRESTER,

15 having been first duly sworn, was called as a witness
16 herein and was examined and testified as follows:

17 JUDGE TOREM: If you will state and spell
18 your name.

19 MR. FORRESTER: My name is Eugene Forrester
20 spelled F-O-R-R-E-S-T-E-R, I live at 2936 Central Street
21 Southeast, Olympia 98501. I have been a customer of
22 Puget Sound Energy for 55 years. I give my age away.
23 But what I really want to do is equate this proposed
24 merger to the recent proposal on deregulation of
25 electricity, which was trying to be sold throughout the

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1 United States including the Northwest on the basis that
2 it would increase competition and be a significant
3 benefit in reduced rates to customers. Enron took care
4 of that. There was not a single customer in the United
5 States that benefited from the deregulation basis.

6 And I had the advantage of being an AARP
7 National Policy Council for 8 years and on the consumer
8 relations committee, and we spent a lot of time studying
9 the deregulation issue, attended 3 of the national
10 meetings of NARUC, and so I had a lot of background on
11 it. It looks to me like the proposed merger has similar
12 possibilities. You turn the assets over to a foreign
13 consortium, it gives me real concern. I don't see how
14 it can benefit the customer. And those of us in the
15 state of Washington have to be -- that is a major
16 concern. So I am definitely opposed to the merger. I
17 do not -- look up and read the articles in Forbes and
18 others on Macquarie, it's not that encouraging. And so
19 I would urge you to vote against the merger. Thank you.

20 JUDGE TOREM: Thank you, sir.

21 Kathleen Downey, did you intend to speak?

22 MS. DOWNEY: I'll pass.

23 JUDGE TOREM: Thank you, ma'am.

24 Jean Drozd, she'll be followed by I think
25 it's Judith Ritchie and then Terry Turner.

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1 Whereupon,

2 JEAN DROZD,

3 having been first duly sworn, was called as a witness
4 herein and was examined and testified as follows:

5 MS. DROZD: Hello, my name is Jean Drozd,
6 that's spelled D-R-O-Z-D, and I live at 2615 - 144th
7 Street Court East in Tacoma, and I am a Puget Sound
8 Energy customer, and I would like to speak for myself.
9 I don't believe that on the rate increase that Puget
10 Sound Energy should be authorized to have any more rate
11 increases at this time. And part of that is coming from
12 my own experience, but also I'm a volunteer with the
13 Insurance Commissioner's Office, and I have people that
14 call in about their insurance needs for health care, but
15 I hear a lot of people that are on fixed income that are
16 having a lot of difficulties paying for their electrical
17 and gas expenses. And most of them tell me that they
18 can only get help once a year, and so, you know, where
19 is this money supposed to be coming from. So yes, I
20 understand that Puget Sound Energy has money set aside
21 for people that are on fixed incomes, but I don't think
22 that it's enough. And so that's all I have to say about
23 that.

24 JUDGE TOREM: Thank you, ma'am.

25 Judith Ritchie and then Terry Turner, and I'm

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1 not sure if Vivian Forrester or Marilyn Green-Penton or
2 Preston wants to speak.

3

4 Whereupon,

5 JUDITH RITCHIE,

6 having been first duly sworn, was called as a witness
7 herein and was examined and testified as follows:

8 MS. RITCHIE: Hi, I wasn't really going to
9 speak, I think you read the wrong thing, but I think I
10 will now.

11 JUDGE TOREM: All right.

12 MS. RITCHIE: Judith Ritchie, R-I-T-C-H-I-E,
13 P.O. Box 419, East Olympia, Washington 98540. My
14 personal opinion is that there should not be a merger,
15 but I'm going to address the rates. I'm a small
16 business owner, and the rates increase even though we
17 doubled our insulation in the walls of our commercial
18 building, are still going way up. So we've done
19 everything possible, and all we can say is we have a
20 bigger and bigger burden whenever it's cold.

21 From a point of view of what I have
22 monitored, I happen to look at Craig's List a lot, and I
23 look under the wanted section, and what was absolutely
24 astounding to me this winter was how many people were
25 asking for help with their utility bill. And they said,

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1 we can't pay it, we are in danger of shutoff, we have
2 small children, if anybody could possibly pay towards
3 our bill, here's our account number, and they put their
4 account number in the Craig's List ad. That is very
5 telling. So from a point of view of people who are
6 really suffering from how much it costs to keep your
7 refrigerator on and have some central heat, I really
8 think the general population needs to know that many of
9 us who can afford to pay it have no concept of the
10 people who are low income, who are paying more and more
11 for gasoline, and they can't afford their power bill.

12 JUDGE TOREM: Thank you, ma'am.

13 Terry Turner.

14

15 Whereupon,

16 TERRY TURNER,

17 having been first duly sworn, was called as a witness
18 herein and was examined and testified as follows:

19 MR. TURNER: Good evening, my name is Terry
20 Turner, and it's T-E-R-R-Y, T-U-R-N-E-R, I'm speaking
21 for myself.

22 JUDGE TOREM: You're a resident of Olympia,
23 sir?

24 MR. TURNER: Yes, sir, I live at 6703 Shincke
25 Road Northeast, Olympia 98506. I'm against both of

0302

1 these proposals. I highly encourage the Commission here
2 to revoke both of these. I live on a fixed income, and
3 I have no control over my income because it's fixed.
4 However, the rate increase that has occurred over the
5 last 5 years has tripled my utility bills, my electric
6 bill. I have electric heat is our main source of heat.
7 I have redone all the windows to the tune of \$8,000, and
8 it still increases. And I realize that the cost of
9 everything keeps going up mainly driven by the increase
10 in the price of gas. We're all going to pay that, not
11 only at the pump and in our products we buy and
12 electricity too. But a 12% increase in rate increase
13 for the utility to me is way out of hand. It's way
14 above the national inflation, and we just can't continue
15 to go there.

16 As far as the merger is concerned, we see it
17 all the time with companies ownership or products being
18 made out of the country. And when it's locally owned,
19 these people live here, they have the needs of and we
20 have control over and the company can understand the
21 needs that we have here because they live here. And to
22 lose that control to a foreign company is just the
23 absolute wrong direction in my mind. The moneys that
24 are generated locally owned remains here in this state,
25 and we need that economic base here.

0303

1 So I highly encourage you to oppose both of
2 these as they appear. Thank you very much.

3 JUDGE TOREM: Thank you, sir.

4 I've got a section of the name list here
5 where folks have put a question mark, so I'm going to
6 look for a show of hands quickly from these folks,
7 Vivian Forrester, did you intend to speak?

8 MS. FORRESTER: I think I will.

9 JUDGE TOREM: All right, and while you're
10 coming up, Marilyn Green-Penton, are you here, did you
11 intend to speak, ma'am?

12 MS. GREEN-PENTON: My husband was going to
13 speak.

14 JUDGE TOREM: All right, and then Janet Witt,
15 do you intend to speak?

16 MS. WITT: Yes.

17 JUDGE TOREM: Okay, so Ms. Forrester, go
18 ahead.

19

20 Whereupon,

21 VIVIAN FORRESTER,
22 having been first duly sworn, was called as a witness
23 herein and was examined and testified as follows:

24 MS. FORRESTER: I'm Vivian Forrester,
25 V-I-V-I-A-N, F-O-R-R-E-S-T-E-R, and I live at 2936

0304

1 Central Street Southeast, Olympia. And I will first
2 speak to the merger, which I hope that you will say no
3 to. I looked up Macquarie. Actually coincidentally I
4 had just read an article in Forbes, and it had to do
5 with roads and toll roads, and it had to do with I think
6 it was the CEO, a manager of Macquarie, who was very
7 successful who was stepping down, and it told of the
8 many toll roads and how they're actually building roads
9 and charging things. So since it was the same thing as
10 came up with the utilities, I pay more attention to
11 this. And so I would highly recommend this article. It
12 was in I believe last week's Forbes Magazine, and roads
13 was part of the title, and so kind of read into that the
14 very seriousness of having this particular conglomerate
15 or any conglomerate having control over our
16 infrastructure, something so important as our utilities,
17 natural gas as well.

18 I didn't have time to do a lot of research.
19 I did go on line to their company, their corporation,
20 found out a great deal about their background, but it's
21 taking a lot of digging and digging and digging and
22 digging. I did click on natural gas, I found out that
23 they are major controllers of how we get our natural
24 gas. Someone mentioned something a little bit about the
25 distribution taxes, well, I can't say this for sure

0305

1 because there's so much information negatively to me,
2 but the Macquarie seems to be and their -- all of their
3 investors seem to be wanting to acquire infrastructure.
4 They have a great deal of infrastructure in our country.
5 And part of this infrastructure does have to do with
6 roads and we're talking utilities, but we're also being
7 promoted about having toll roads and paying for the
8 roads. This is Macquarie's business, maybe there are
9 others as well.

10 So I really urge you to keep something like
11 our utilities. We have a tremendous -- we probably have
12 the best electrical system. I don't know of any other
13 country that has as consistent electricity as we have in
14 our country. Sure, we've had some power outage, but
15 they get them fixed. And it's something that is very
16 important to me that we keep this American, we keep it
17 with our citizens, and I strongly urge you again to not
18 allow this to take place.

19 As far as the rates, I think that they're
20 very high, yes, they keep going up, we also conserve.
21 But if we think things are bad now, what will they be
22 when someone else making money on our utilities. You
23 might think about Enron, if anyone's forgotten about
24 Enron, and what happened in California and some other
25 places, the rates that were charged, I mean the people

0306

1 were just bled.

2 And so therefore I would urge you to say at
3 least no to the merger. And as the rates, I'm just
4 rather neutral. And thank you for allowing me to
5 hopefully give some information.

6 JUDGE TOREM: Thank you, ma'am.

7 Sir, you were going to speak.

8

9 Whereupon,

10 ROBERT PENTON,

11 having been first duly sworn, was called as a witness
12 herein and was examined and testified as follows:

13 MR. PENTON: My name is Robert Penton, and I
14 live at 14501 Fourth Avenue Court East in Parkland,
15 Washington.

16 JUDGE TOREM: Sir, can you spell your last
17 name.

18 MR. PENTON: Yes, P-E-N-T-O-N.

19 I want to go on record tonight certainly
20 opposing both the sale as well as the rate increase, but
21 I want to talk specifically about the rate increase. I
22 have worked in the state of Washington or certainly as a
23 resident since 1967. I'm one of the first Vista
24 volunteers in the state of Washington working
25 particularly in the east side area of Tacoma and the

0307

1 Salishan area Tacoma housing area, and I have had a
2 wealth of experience in working with low income people,
3 the elderly, and the like. And I also worked for the
4 State of Washington as a social worker and now as a
5 pastor here in the Tacoma area. And I see and serve
6 perhaps the most vulnerable people in our community or
7 in our society, and that's the poor, the unemployed and
8 the underemployed, as well as the elderly. And I think
9 quite often even though we're talking about the impact,
10 you know, in terms of a subtle way in some cases, but
11 I'm going to talk about the major impact that I see on
12 the back side, and that's families, you know, that have
13 to make a decision about whether or not they will eat
14 tonight or whether or not they will be able to heat
15 their home, you know, their home for, you know, for a
16 reasonable period of time.

17 I remember a story, well, not a story, but
18 when I started one of the first drug programs over on
19 the east side of Tacoma, and I remember kids who was
20 referred to our agency or in the version of going to a
21 hall, and many of those kids was referred to from
22 shoplifting. And many of those kids who had overheard
23 their parents talk about the store that used to be there
24 on Portland Avenue called Piggly Wiggly, and they would
25 say, the parents would that say that that store is

0308

1 ripping me off, and you can hear the kid in the
2 background, you know, taking in all of this. And, you
3 know, the parents say this is a justification of why I
4 can't buy you a certain pair of sneakers or whatever,
5 and the kids say why not go and take back that was
6 stolen from me.

7 I guess what I'm saying in short is that in
8 some cases, you know, people will survive, and I really
9 believe this type of stress will add or precipitate
10 other kinds of emotional problems upon families. I
11 think we will see an increase, you know, in neglect, in
12 child neglect, which would be, you know, referred over
13 to CPS. I think all those things have the ramification
14 when we talk about, you know, stretching the family
15 budget. You can't stretch it any more, and I think it's
16 at the point where that's really come apart. And me as
17 a pastor, I'm always in counsel with many of those
18 people who, you know, who have made in some cases
19 survivor choices but what we would call inappropriate
20 choices, and I don't want to put that burden on families
21 that I feel have already have stretched to their limit.
22 Thank you very much.

23 JUDGE TOREM: Thank you, Pastor.

24 Janet Witt. We'll take Janet Witt's
25 comments, and then we're going to keep the break down to

0309

1 10 minutes, so when she's done, I'll give you a time,
2 we'll be back 10 minutes after that.

3

4 Whereupon,

5

JANET WITT,

6 having been first duly sworn, was called as a witness
7 herein and was examined and testified as follows:

8

JUDGE TOREM: Ms. Witt.

9

MS. WITT: My name is Jan Witt, and I live at
10 3012 Fir Street Southeast in Olympia. I'm opposed to
11 the proposed sale of Puget Sound Energy to a private
12 foreign investor consortium, and I seriously question
13 why the Federal Energy Regulatory Commission approved
14 this merger. I believe that the merger would ultimately
15 adversely impact the over 1 million citizens of
16 Washington state who rely on electricity and natural gas
17 currently provided by PSE. In this modern world, gas
18 and electricity are needs, not wants.

19

I believe merger would result in increased
20 rates at a time when many in this state are already
21 struggling to make ends meet. Those in lower income
22 brackets would be most adversely affected. For some,
23 rate increases would be the straw that breaks the
24 camel's back, literally shoving people out of house and
25 home and into the streets.

0310

1 There seems to be a social justice issue or
2 component here, and in listening to some of the
3 testimony tonight, I'm having difficulty understanding
4 how we can even be discussing increases of dividends to
5 stockholders given the testimony of some of the people
6 who have spoken here tonight, people being unable to pay
7 electricity bills.

8 As a citizen of Washington state and a PSE
9 consumer, I'm also concerned that foreign ownership of
10 utilities would result in reduction of oversight and
11 local control of management decisions. We need more
12 access to information upon which decisions that affect
13 our lives are based, not less. PSE should have offered
14 the public the first opportunity to buy the utility, and
15 I would support public buyout of the utility as an
16 investment in the future of our state. I ask the
17 Commission to deny this merger, and I also ask that the
18 Commission reject electricity and natural gas rate
19 increases as requested. Thank you.

20 JUDGE TOREM: Thank you, ma'am.

21 It's now a little bit after 8:15, a little
22 bit after 8:25 we will be back on the record and resume.
23 The first speakers at that point may be Ludwig Schauer
24 if he intends to speak, and if not, Mark Gardens will be
25 the speaker. Thank you, we will be back in 10 minutes.

0311

1 (Recess taken.)

2 JUDGE TOREM: Thank you all who have stayed.

3 It has been our 10 minute break, my watch says it's
4 between 8:25 and 8:30, we still have a ways to go on
5 those that are willing to stay, and I appreciate that,
6 for public comments before the Utilities and
7 Transportation Commission.

8 Ludwig Schauer, did you intend to offer any
9 comment?

10 All right, if not, Mark Gardens and then
11 Harvey Rotman are next on the list. Are any of those
12 folks present still?

13 Come on up, sir.

14

15 Whereupon,

16 HARVEY ROTMAN,

17 having been first duly sworn, was called as a witness
18 herein and was examined and testified as follows:

19 JUDGE TOREM: Sir, if you can use the
20 microphone, please, and state your name and spell your
21 last name.

22 MR. ROTMAN: My name is Harvey Rotman, that's
23 spelled R-O-T-M-A-N, I live at 1129 Carmel Court
24 Southeast, Olympia 98503. I am a Puget Sound Energy
25 customer for both electric and gas.

0312

1 JUDGE TOREM: Sir, if you will pull that
2 microphone down a little bit, we can all hear you
3 better.

4 MR. ROTMAN: Can you hear me now?

5 JUDGE TOREM: A little bit better.

6 MR. ROTMAN: Good.

7 Well, I want to say first that I do oppose
8 the merger or the sale of this company to a foreign
9 investor. I think that Puget Sound Energy should remain
10 here in the state of Washington controlled by the state
11 of Washington. Now I realize that there are many
12 controls that are in place for this system to be
13 regulated in the future, but I would hate to have to go
14 abroad to enforce anything for this area. I think that
15 it has probably been well said and I adopt all of the
16 positions that reject this merger.

17 And I will speak now for the rest of the time
18 on a particular personal problem having to do with rate
19 increase, and I oppose in this regard I oppose the rate
20 increase. I feel that there is not necessarily a need
21 for a rate increase. I feel that it's a situation that
22 the money is being spent poorly, and I don't believe
23 that the people that are running the company actually
24 know what they're doing. In this regard, I received a
25 letter May 21st stating that, this is in reference to

0313

1 gas service only, and writing about a recent bill
2 correction made to the account referenced above, and
3 I've been unable to reach you by phone. Well, I called
4 and said, we're retired, and we're here every day. And
5 they said, oh, gee, I'm sorry, we had the wrong phone
6 number. Well, I've been a customer there for three
7 years, and they have my mailing address, and I mail our
8 bill every month, and they have my phone number wrong.

9 They speak about a recent bill inspection of
10 meter equipment reveal that the consumption was not
11 registering correctly from 5/2/07 to 4/24/08 at the
12 above referenced address. To correct this issue, meter
13 number 237152 was repaired on 4/24/08. Well, it wasn't
14 repaired. They came out, and I happened to be there
15 when the "repair" was made. I was informed that, gee,
16 we're just going to give you a new meter. Oh, well, how
17 come? Because the old one wasn't working. Well, in
18 this regard they say now they want \$1,016.05, and they
19 want it based on a correction of the amount due in their
20 estimate for that period of time, which is like from
21 5/2/07 to 4/24/08. They're saying that this is based on
22 an estimate, not an actual billing.

23 JUDGE TOREM: Mr. Rotman, your time tonight
24 is expired, but I think this is something that our
25 consumer affairs division can assist you with if it's an

0314

1 ongoing problem, and I would recommend you see one of
2 the representatives tonight on your way out.

3 MR. ROTMAN: Your consumer affairs division?

4 JUDGE TOREM: Yes, sir. Our public folks in
5 the back, she's raising her hand to you, she will make
6 sure you have the right contact information.

7 MR. ROTMAN: Thank you very much.

8 JUDGE TOREM: Thank you, sir.

9 The next name on here is Richard Daniels if
10 I'm making it out correctly, is that person still hear?

11 MR. DANIELS: Yes.

12 JUDGE TOREM: All right, and while he's
13 coming up on further review I'm looking for a
14 representative also from Market Gardens Northwest, is
15 there a representative here?

16 All right, I don't see one.

17

18 Whereupon,

19 RICHARD DANIELS,

20 having been first duly sworn, was called as a witness
21 herein and was examined and testified as follows:

22 JUDGE TOREM: Mr. Daniels, if you will state
23 and spell your name.

24 MR. DANIELS: Hello, my name is Richard
25 Daniels, D-A-N-I-E-L-S, 1408 Bridle Court, Olympia,

0315

1 Washington, that's actually in the county. I am a Puget
2 Sound customer I guess. I guess one statement I did
3 want to say is that I hope you do have the right to say
4 no, because I don't know if this Commission has said no
5 to any rates from Puget Sound Energy in the last several
6 years. So keep in mind that you apparently have that
7 power.

8 Also I was under the impression that the
9 Puget Sound Energy review, the increase was already
10 decided because in the announcements that were provided
11 they said that that hearing was done previously. But I
12 would like to say that, you know, Puget Sound Energy is
13 asking for a 12% increase in electric rates and 6% gas
14 rate increase for residential customers. They are
15 seeking this at the same time they are seeking approval
16 from you to be sold to a non U.S. interest. Even though
17 the rate issue may have already been decided and may be
18 justified in some ways, you should consider that these
19 rates are being considered by the company that's buying
20 the corporation. In other words, it's sweetening the
21 pot for the foreign investor for you to approve such a
22 large rate increase just prior to a merger or a
23 purchase.

24 The question has to be asked would this
25 purchase occur without such a large rate being in the

0316

1 pipeline. Or stated in another way, are the current
2 rate increases justified based on expenses and
3 infrastructure needs, or are these increases being
4 siphoned off and used to line the pockets of the Puget
5 Sound Energy board as they abandon their responsibility
6 to their country and to this state and to its customers.

7 I hope you consider the fundamental question
8 of legal jurisdiction also. For example, how can we
9 enforce Washington law or any legal findings or
10 injunctions that you may find in Australia or Canada.

11 I guess lastly, and I think Mr. Pickett made
12 a good point, is that all that infrastructure for that
13 corporation or company is built infrastructure in the
14 country. If they go out of business tomorrow, the power
15 will not turn off. Yes, it will be a big mess, but
16 somebody would take over that corporation. So it's not
17 a financial emergency where we need to sell out our
18 country to a foreign investor. Thank you.

19 JUDGE TOREM: Thank you, sir.

20 The next speakers are Eran Ben-Sira and I
21 think it's Warren and I can't make out your last name,
22 sir.

23 MR. LEITCH: Leitch.

24 JUDGE TOREM: From Port Townsend?

25 MR. LEITCH: Correct.

0317

1 JUDGE TOREM: Excellent.

2 Bruce Bowden has indicated he's here but
3 hasn't indicated he wishes to speak, so I will see if
4 Mr. Bowden is third up next.

5

6 Whereupon,

7 ERAN BEN-SIRA,

8 having been first duly sworn, was called as a witness
9 herein and was examined and testified as follows:

10 MR. BEN-SIRA: My name is Eran Ben-Sira, last
11 name is B-E-N - S-I-R-A, I live in Yelm, the address is
12 P.O. Box 2630. I want to speak a little bit about the
13 price. If you can say no, say no. But if you see that
14 they have a justified reason, then condition the rate
15 increase if it is certain percentage of it that will put
16 into renewable energies, because they have to, and it
17 will be cheaper on the long run if they invest more into
18 wind or hydro plants or something like that.

19 About the merger, I think none of the public
20 services should be sold to foreign interest investors,
21 because investors they owe their loyalty to their
22 shareholders or the clients who give them the money, and
23 they don't care about public, they don't care about
24 customers, they just care about the bottom line. If
25 there are storms or floods, they will only fix where

0318

1 there are central cities, but for people like us who
2 live in the county, we will have to wait because we
3 don't have enough buying power to keep crews 24/7.

4 So I think also it's you have to think if you
5 think about the public, it's also about the people that
6 live outside that didn't come here tonight, and they
7 need to be served. Foreign investors will not serve
8 them, plus it's also a fact of morale. I'm tired of
9 selling out on everything, I think it's our country,
10 it's our state, it needs to stay here. And you are
11 elected by the people here, you need to help them. And
12 I hope you make the right decisions and by the end of
13 the year you're not going to tell your grandchildren
14 that this year you gave away the public utilities to
15 somebody else. Thank you.

16 JUDGE TOREM: Is Bruce Bowden speaking, are
17 you intending to speak, sir?

18 MR. BOWDEN: Yes.

19 JUDGE TOREM: All right, sir, and following
20 him will be Holly Graham.

21

22 Whereupon,

23

WARREN LEITCH,

24 having been first duly sworn, was called as a witness
25 herein and was examined and testified as follows:

0319

1 JUDGE TOREM: Sir, if you will state and
2 spell your name.

3 MR. LEITCH: My name is Warren Leitch,
4 L-E-I-T-C-H, I live in Port Townsend, Washington, my
5 Post Office Box is 1371 for mail, the specified address
6 is 436 Lincoln Street. I am a Puget Sound Energy
7 customer. I came here tonight to basically talk about
8 giving something back to we rate payers. We are hearing
9 all the good stuff that is going for corporate mergers
10 and the opposition. I sincerely agree with the comments
11 made in opposition, but I haven't heard anything for the
12 rate payers, residential rate payers in particular.

13 We're talking about costs going up. Puget
14 Power has had the ability to put in time of use
15 residential metering and to utilize off peak on the bell
16 curve rates for over 30 years. They have actively
17 opposed it, and they have chosen not to do anything
18 about it whenever it has been presented to them, which
19 it was from the late '70's on. It is something that I
20 think if any merger is occurring or anything on a rate
21 increase is actually going to be approved, that they
22 should be required to put in a time of use off peak hour
23 rate structure for residential customers.

24 It is available for commercial customers, it
25 is available for multifamily buildings, it is available

0320

1 for high rises, but why not for residential customers.
2 That can cut immediately the costs of the heat for the
3 people in their homes that we've heard tonight about the
4 inability to pay. I don't think that Puget has done
5 anything that has allowed the residential customer to
6 have any wiggle room at all. Their backing of other
7 associations to do certain things on solar power and et
8 cetera was actually created by Puget Power to kind of
9 move the customer questions off and out of the corporate
10 departments.

11 I have with me several articles that I want
12 to leave on controlling electric rates with time of use
13 meter capabilities. Puget has the ability to do this.
14 Patel Northwest just finished a study, a practical study
15 in Clallam County PUD area, Sequim, and other areas
16 utilizing time of use rates. They found absolute
17 acclimation acceptance of it, and the people were very
18 sorry to see that the federal money that was used to
19 carry and monitor it was going to end, and they wished
20 they still had the ability to have time of use rates.

21 In our city of Port Townsend, the franchise
22 is up for renewal again, and there is a movement afoot
23 to have a PUD take over the franchise lines of Puget
24 Sound Energy. Coupled with that, it's nice to know that
25 Puget Sound Energy finally decided they better come back

0321

1 into town and open up a nice little office and talk to
2 us, which they're just now doing, and hiring some local
3 people to be nice to us and make sure that we don't move
4 Puget Sound Energy out of town.

5 Gentlemen, I thank you for your time, I think
6 this is the start, this is not the finish, the issue
7 will not go away, I just think it has been given a new
8 birth. Thank you.

9 JUDGE TOREM: Thank you, Mr. Leitch.

10 Mr. Bowden and then Holly Graham and then Ted
11 Nash.

12

13 Whereupon,

14 BRUCE BOWDEN,

15 having been first duly sworn, was called as a witness
16 herein and was examined and testified as follows:

17 MR. BOWDEN: I'm Bruce Bowden, B-O-W-D-E-N,
18 10225 May Ranch Lane Southwest, Port Orchard. I'm an
19 electrical customer, and I'm here to oppose the
20 acquisition. Like many here, I've found the
21 announcement of this process unsettling, and after
22 considerable research I found it alarming, but finally I
23 found some confidence that it may come out okay. I
24 looked at four questions: Are the anticipated
25 expenditures and debt appropriate, is the need for it

0322

1 compelling, who is Macquarie, and finally the basis on
2 which the Commission has to decide will this acquisition
3 harm customers.

4 So first, are the anticipated expenditures
5 and debt appropriate. It's been recorded that Puget
6 Sound Energy CEO Reynolds will be paid between \$10 and
7 \$20 Million if this acquisition is successful. Other
8 Puget Sound executives will also profit. \$5 Million has
9 been promised to be contributed to the Puget Sound
10 Energy Foundation. So that's a total of about \$25
11 Million, which is about the equivalent of \$25 for each
12 PSE electric customer. That's not too bad. But then
13 there's the question of the debt required. Evidently
14 it's going to be \$5 Billion in the next 5 years added to
15 the, I don't know, I've seen so many figures now, \$2.56
16 Billion they owe or 3.2 or 4.2, in any case let's take
17 4.2 coming to a total of \$9.2 Billion in debt. The \$5
18 Billion is more than Puget Sound Energy was worth, the
19 entire company, just a few months ago. I don't know for
20 sure if these debt numbers include interest, but
21 assuming it doesn't, the actual total with interest
22 could be 3 times that amount or \$27.6 Billion. And
23 that's just for the next 5 years, I don't know what they
24 expect between then. But the bottom line is that works
25 out to about \$77 a month for each present electric

0323

1 customer, so now we're talking about real money.
2 Where's Tim Iman when you need him. So debt and
3 expenses seem excessive.

4 On the other hand, we have reassurances from
5 Puget Sound Energy, Macquarie has a lot of expertise in
6 this area, state regulation stays the same they say,
7 federal regulation stays the same they say, transparency
8 continues, it's business as usual they say. About
9 federal regulation, this acquisition would have been
10 impossible 3 years ago. The federal legislation which
11 would have prevented it was repealed in a deregulation
12 frenzy of the time. Many opposed deregulation including
13 bond agency ratings, bond rating agencies, and many
14 state utility regulators. Transparency continues they
15 say, but that's simply misleading. Public Counsel has
16 said, "our analysis is that there will be significantly
17 less of that type of information available". That's not
18 business as usual.

19 Who is Macquarie. It's from Australia, it's
20 well thought of, the Australians have a lot of pride and
21 respect for it, but they do have their critics in the
22 investment community. The most notable is the man who
23 blew the whistle on Enron, Jim Chanos. I'm just going
24 to -- we're running out of time, so I just wanted to
25 give you a flavor of a few characterizations made by

0324

1 investment professionals. The house that debt built, a
2 black box, a Ponzi scheme, a house of cards, Enron like
3 business model. What they do is legal but not in the
4 long-term interests of their investors or the companies
5 and assets they hold.

6 JUDGE TOREM: Mr. Bowden, I hope you have a
7 copy of that to leave with our staff so we can review
8 the entirety of it.

9 MR. BOWDEN: I will extend it and send it in.
10 I want to thank the Commission though, I do have a lot
11 of faith in what you folks, and Simon especially --

12 JUDGE TOREM: Thank you, sir.

13 MR. BOWDEN: -- and that gave me some
14 confidence this may come out okay. Thank you.

15 JUDGE TOREM: Thank you.

16 Holly Graham is next.

17

18 Whereupon,

19 HOLLY GRAHAM,

20 having been first duly sworn, was called as a witness
21 herein and was examined and testified as follows:

22 MS. GRAHAM: Good evening, my name is Holly
23 Gwinn Graham, I live at 5900 Brenner Road Northwest here
24 in Olympia. I am opposed both to the merger and to the
25 rate increases. I first moved to this state in 1977,

0325

1 but I became involved in Skagit Valley's fight when
2 Puget Power wanted to build a nuclear power plant on the
3 wild and scenic Skagit River on an earthquake site in
4 the heart of farmland. And the people of Skagit Valley
5 threw a music festival for about 10 years to pay the
6 lawyers, several lawyers, to fight. But we had access
7 to people in Puget Power at the time, and we joined with
8 community groups who spoke with the people from Puget
9 Power, and we had a say. And it took us 10 years, but
10 we defeated because we had a public referendum. We
11 defeated a very bad idea of building a nuclear power
12 plant on a wild and scenic river in the heart of
13 farmland close to many communities on an earthquake
14 site. And on the day that the public said no, there was
15 an earthquake on the site on Baucus Hill. It sounds
16 like urban legend, but I swear it's true. We had input.

17 I don't know the Macquaries, I don't know the
18 Canadian Retirement Fund, I can't write to them or call
19 them up on the phone, I can't say we have a problem
20 here, if you people think that nuclear is an option or
21 an alternative, you're so wrong.

22 I want to tell you that in an age when we've
23 been lied to, deceived, and our country is bankrupt, we
24 can not sell our public utility, especially you people
25 who know how important it is that your children grow up

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1 to inherit something worth having instead of the debt
2 that we're leaving them. We have oil companies lying to
3 us through their noses and making humongous profits, but
4 on the multinational media we do not hear a thing about
5 it. We live in a community where our power should be
6 ours. And I have communicated with PSE often and said,
7 good job offering us green power. I have my little
8 decal in the back of my anonymous looking car. I tell
9 you it's important that we have a say.

10 I hope, I pray that the Utilities Commission
11 right here in front of me actually has, actually will
12 and can say no to this. I am so cynical that it makes
13 me sad. To think that justice might not be served these
14 days is almost a fait accompli. To think that we will
15 be lied to and told something and said that we've --
16 told that we have a voice and then to find that
17 thousands and thousands of voices are still because of
18 the bottom line is almost to be expected.

19 So I come here saying we should buy our
20 public power. Our people should own the public power.
21 Our people should have control of our water forever. A
22 public buyout is yes, and a sale to these multinational
23 investment companies is absolutely criminal and would
24 just put us there in the ranks of the criminals who are
25 running things these days, and I do not count you people

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1 among those. But I will tell you this, as a teacher and
2 an entertainer, I will write some songs if I am not
3 heard. Thank you.

4 JUDGE TOREM: Thank you, Ms. Graham.
5 Ted Nash.

6

7 Whereupon,

8

TED NASH,

9 having been first duly sworn, was called as a witness
10 herein and was examined and testified as follows:

11 MR. NASH: My name is Ted Nash, the last name
12 is N-A-S-H, I live at 2823 Foster Court in Tumwater.
13 Before I moved to the Olympia area, I lived in Pacific
14 County where I found a new meaning or an old meaning for
15 the word whoops, and we paid for that thing long after
16 it died. They might still be paying for it for all I
17 know.

18 I am opposed to the sale of PSE to foreign
19 investors. Actually I am opposed to the sale of PSE to
20 any private company which puts profit before people. I
21 Google'd Macquarie yesterday on the Internet, and they
22 had about 10 pages on the Google site. One of them that
23 I picked out was a Fortune magazine article from 2007
24 that's been referred to a couple times already. I would
25 like to read a couple of items out of it. In 2004

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1 Macquarie with another company bought the Chicago
2 Skyway, a 7.8 mile toll road to a private operator for
3 \$1.8 Billion they paid for this 7.8 mile stretch of
4 road, which was almost \$1 Billion more than the next
5 highest bid. And right after they bought it, the toll
6 went to \$2.50 from \$2 on the day that Macquarie and
7 Cintra, the other company, took over, and it will
8 continue to increase. That's a 25% increase right off
9 the bat the very first day that they had that toll road.

10 And then there's another piece in this
11 article that refers Jim Chanos who was already mentioned
12 by a previous witness here, he calls it an old fashioned
13 Ponzi scheme, and he makes the point, he says, the firm
14 he said had a perverse incentive to serially overpay for
15 assets. What kind of company is in business that
16 overpays for its assets. If I was running this company
17 and money was my main objective, first thing I would do
18 would be break the union, because PSE is unionized and I
19 believe that Patelco is also unionized, so if you break
20 the union, you're going to save a lot of money right
21 there.

22 Also if they can't break the union and we
23 have say a power outage on a Saturday afternoon, I used
24 to be a member of the IBEW, and at the time I was a
25 member any overtime was doubletime, and if you worked on

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1 a holiday or a Sunday it was triplete. Well, if they
2 can't break the union and we have a power outage on
3 Saturday afternoon and I'm running the company, I will
4 say wait until Monday morning to fix it. I don't think
5 that these people have our best interests at heart, and
6 the further away that the control is from the people
7 that it serves, I think the less that the people have to
8 -- input the people have, and I'm asking you to reject
9 this buyout. Thank you.

10 JUDGE TOREM: Thank you, Mr. Nash.

11 Next speakers are Bernie Meyer, Michael Cade,
12 and Sherry Martin.

13

14 Whereupon,

15 BERNIE MEYER,

16 having been first duly sworn, was called as a witness
17 herein and was examined and testified as follows:

18 MR. MEYER: Good evening, I'm Bernie Meyer,
19 M-E-Y-E-R, I live at 402 Pattison Street Northeast,
20 Olympia 98506, and I'm here speaking for myself in
21 opposition to the rate increase as well as the merger.
22 The rate increase has been spoken to by a number of
23 people, Ms. Ritchie, Ms. Drozd, Ms. Fish, Reverend
24 Penton, and Ms. Witt among others, so I go along with
25 their testimony, concern for lower income people in

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1 particular.

2 In terms of the merger, I'm against it in
3 principle, principle being local control, local input,
4 democracy, and voice being heard, and many people here
5 have given good reasons about voices being heard from
6 local persons and effectively listened to.

7 I want to bring up a broader context than
8 financial and business as usual. Many people have
9 spoken very well to the way to run a company and to
10 manage finances, and some people have touched upon but I
11 don't think deeply enough, the question I have about the
12 merger is around the issues of climate change, fossil
13 fuel, and the effects on our lives. Climate change is
14 in the works. More people are becoming conscious of it.
15 I've been working on it for a number of years. And I
16 will just simply say that Bill McGibbon who has been
17 waving the flag about it since 1988 says, the tipping
18 point is 350 ppm's, parts per million, of CO2. Once you
19 go beyond that point, it's practically impossible to
20 reverse, and we're now at 385, so it's a huge issue. In
21 terms of fossil fuel and so forth, Robert Hersch was
22 mentioned earlier, and he did a study for the Department
23 of Energy nationally, and he says, in terms of liquid
24 fuel, liquid fossil fuel, if we don't do all we can now,
25 he said this a couple years ago, we will have a problem

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1 that humanity has not had an opportunity to face, a
2 problem unlike others. And finally, a person like
3 Lester Brown who's with the Earth Policy Institute, and
4 you can read his book Plan B3 and others like it, he
5 says right now we've got to get past business as usual.

6 So I think this discussion and this merger
7 should be dealt with in that context up front. And
8 rather than \$20 Million bonus or whatever it is that the
9 CEO gets for a merger, we should be saying how is this
10 merger going to deal with these issues. Thank you.

11 JUDGE TOREM: Thank you, Mr. Meyer.

12 Michael Cade, is Michael Cade here?

13 Moving on the list then, Sherry Martin, are
14 you here?

15 MS. MARTIN: Yes.

16 JUDGE TOREM: As Ms. Martin makes her way to
17 the microphone, the next speaker will be Matt Grate I
18 believe it is, then John Newman.

19

20 Whereupon,

21 SHERRY MARTIN,
22 having been first duly sworn, was called as a witness
23 herein and was examined and testified as follows:

24 MS. MARTIN: My name is Sherry Martin, and I
25 am the Energy Coordinator for Pierce County with the

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1 federal programs. I have actually left some statistics
2 with your staff, but what I wanted to say is that
3 currently our programs serve about 47% of the eligible
4 population in Pierce County. With the rate increases,
5 we will be helping about 37% of the population.
6 Currently we get funding from Puget Sound Energy for a
7 low income program, we also get weatherization money, I
8 am very concerned that with the merger that money will
9 go away, and it serves a few thousand families in Pierce
10 County with additional funding that is much needed to
11 try to keep their bills down and keep the lights on.
12 The other thing is in Pierce County we have 13 electric
13 utilities. Currently Puget Sound Energy gets 60% of our
14 money. With the rate increase, they will get about 70%
15 of our money. That leaves 30% to go to the other 12
16 electric utilities and their customers. So I really
17 urge you to think about what the rate increase is doing
18 to the low income population and what the merger could
19 do to the money that we do get and whether or not it
20 would go away. Thank you.

21 JUDGE TOREM: Thank you, Ms. Martin.

22 Matt Grate, are you here, Matt Grate of
23 Delphi Road? All right, going once, going twice.

24 John Newman and Joy Dunham are the next
25 speakers and then Roberta or Bonnie Zens.

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1 Whereupon,

2 JOHN NEWMAN,

3 having been first duly sworn, was called as a witness
4 herein and was examined and testified as follows:

5 MR. NEWMAN: Good evening, my name is John
6 Newman, I live at 2103 Harrison Avenue in Olympia 98502,
7 and I wish to speak against the merger and the rate
8 increase. I don't believe that the merger is in the
9 public interest of the people of Washington. Puget
10 Sound Energy needs to remain owned by stockholders in
11 the United States.

12 The Energy Efficiency Program that Puget
13 Sound Energy has had for the last several years needs to
14 be continued and expanded as well. Alternative energy
15 programs need to be expanded so that future capacity for
16 our region can be met more efficiently. There have been
17 many good suggestions tonight of peak pricing, one of
18 the suggestions was peak/off peak pricing for
19 residential customers and with in-home metering that
20 Puget Sound Energy uses now, I don't see any problem at
21 all in being able to attain that.

22 I wanted to thank the Utilities Commission
23 for their facts and information sheet. I want to point
24 out that a lot of us have taken your suggestions to
25 heart, we wear sweaters and we turn our thermostats

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1 down, we have lowered our water heater thermostats, and
2 we limit our use of appliances. If you look at your
3 facts and information sheets and casually gaze to the
4 higher part of it, there's a pirate and somebody has
5 written Macquarie by the pirate there, so I'm assuming
6 that's the company from Australia.

7 Puget Sound Energy has a monopoly of gas and
8 electric service to its customers. This Commission
9 regulates the monopoly and the control of monopoly
10 service. I'm afraid that the State will lose its
11 ability to control the foreign investors' policies that
12 offset the citizens -- that affect the citizens of
13 Washington. I join 95% to 100% of the speakers that are
14 against the merger and have spoken up in the hearings
15 that you had, and I strongly believe that control of our
16 power company should remain here in the Northwest. And
17 I especially like to thank the members of the IBEW that
18 have spoken up tonight and given us some insight into
19 Puget Sound Energy's operations, so thank you.

20 JUDGE TOREM: Thank you, sir.

21 Joy Dunham.

22 MR. DUNHAM: Joy is my wife, and she said she
23 did not sign to talk, but I did.

24 JUDGE TOREM: All right, and your name, sir?

25 MR. DUNHAM: Gwinn Dunham.

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1 JUDGE TOREM: Sir, let's take you now, and if
2 I find your name later on the sheet we'll skip over it.

3 MR. DUNHAM: What's fair is fair.

4

5 Whereupon,

6 GWINN DUNHAM,

7 having been first duly sworn, was called as a witness
8 herein and was examined and testified as follows:

9 JUDGE TOREM: All right, state and spell your
10 name, please.

11 MR. DUNHAM: My name is Gwinn Dunham,
12 D-U-N-H-A-M, I'm from Port Ludlow, Washington, 784
13 Olympus Boulevard. We get our electricity from Puget
14 Power, and that's our only choice that we have. I guess
15 when I received my bill several weeks back and the
16 inserts that were enclosed with it telling about the
17 merger, I think the color that I saw was the same as my
18 shirt. And I guess I'm so livid about selling an
19 interest where we're locked in, we don't have another
20 choice for electricity, and to sell it to foreign
21 interests is just beyond my scope of understanding. And
22 I just kind of wonder about our government leaders and
23 decisionmakers and CEO's, the big dollar that's the
24 thing that counts and everything else is overlooked.

25 And I know my dad if he was still alive would

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1 be 113 two days ago. I'm nervous, I'm angry. My dad
2 used to say that a dollar should stay locally, and every
3 time it turns over, somebody is making part of a living,
4 and it's generating taxes. But too many of our dollars
5 are going out of our country, too many billions of
6 dollars, and those dollars come back to buy our
7 structures, to buy our corporations, and it's wrong,
8 somebody else ends up making decisions for us.

9 I think one comparison might be the Seattle
10 Super Sonics, it was sold to somebody from Oklahoma, now
11 decisions are made there and everybody wonders what
12 happened, what went wrong, we supported you players and
13 sports group for years and now it may be going.

14 I sent an E-mail to my brother in Spokane
15 telling about the sale, and of course he's not part of
16 Puget Power use, on a Saturday night. Sunday morning he
17 called me and said, whatever you do, stop it. He said
18 that in Spokane he and his wife live on one water
19 system, in Spokane there's another one, and he had
20 bought a rental and had a renter in there, and that
21 water system was sold to a French corporation, and the
22 monthly bills went from \$10 to \$110. His renter moved
23 out. He couldn't get other renters. Other owners could
24 not sell their homes. He took a loss. He was lucky to
25 be able to sell it. When somebody else makes decisions,

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1 we suffer the consequences. I want the decisionmaking
2 here in our country.

3 JUDGE TOREM: Thank you, sir.

4 Is Roberta or Bonnie Zens here or wish to
5 speak?

6 Kim Dobson signed in but didn't indicate if
7 she wanted to speak.

8 MR. DOBSON: That's me.

9 JUDGE TOREM: And following Mr. Dobson would
10 be Ron Lawson and Lynn Reed.

11

12 Whereupon,

13 KIM DOBSON,

14 having been first duly sworn, was called as a witness
15 herein and was examined and testified as follows:

16 MR. DOBSON: My name is Kim Dobson, and I
17 live in Olympia at 6330 Elizan Street Northwest on the
18 edge of the county. Listening to all this testimony, I
19 don't think I can say anything better than what anybody
20 else has said, but I believe that it is in the rate
21 payers best interests to oppose this merger. As for the
22 rate increase, if it could be -- if we could guarantee
23 that it was going to renewables, wind power, solar
24 power, and other things that don't involve building new
25 coal fired plants and that the existing rate payers

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1 don't get stuck with a huge bill for CEO's expensive
2 yachts or anything, so that's my thing with the rates.
3 I can't really afford the high electric rates myself,
4 I'm low income. I'm here reporting for KAOS radio
5 actually as a matter of course, so I'm doing a public
6 affairs piece on this for the record.

7 I oppose the merger because I believe that
8 just like a lot of people have said here I think that
9 local businesses should stay local and the dollars get
10 spent here and returns to the community, so I just don't
11 want to see an exodus of dollars from this community
12 worse than it already is. I can believe that our rates
13 are going to go up even further, and you will be seeing
14 PSE coming to your auspices here and asking for further
15 rate increases to finance the bonds that made the sale
16 possible to Macquarie. I guess that's all I've got to
17 say.

18 JUDGE TOREM: Thank you, sir.

19 MR. DOBSON: Thank you.

20 JUDGE TOREM: All right, Ron Lawson and then
21 Lynn Reed and then Lisa I think it's Riener.

22

23

24

25

1 Whereupon,

2 RON LAWSON,

3 having been first duly sworn, was called as a witness
4 herein and was examined and testified as follows:

5 MR. LAWSON: My name is Ron Lawson,
6 L-A-W-S-O-N, I live at 4425 - 22nd Avenue Southeast in
7 Lacey, and I'm speaking mostly for myself, although for
8 all of my neighbors who also are Puget Sound Energy
9 customers. My wife and I use both Puget Sound Energy
10 gas and Puget Sound Energy electricity for our home.
11 We've done everything possible to insulate and improve
12 the energy efficiency of our home since we bought it
13 back in 1988, with some help from PSE along the way, I
14 appreciate that. I'm also a stockholder in PSE, and
15 basically that's the approach that I want to take to
16 this problem.

17 I haven't -- going by a quarterly statement
18 from PSE but what I get an indication that they would
19 like me to go ahead and invest in some more stock, and
20 whenever I have the assets available I have done that.
21 I will note also that I'm a minor stockholder, I don't
22 have a big bundle of stock. But the idea of Puget Sound
23 Energy being held locally by the people who use the
24 services is much more appealing than having us pay
25 Australians and Canadians. And I don't have anything

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1 against the Aussies or the Canooks, they're fine folks,
2 but we should own this utility ourselves. I haven't
3 seen anything from Puget Sound Energy asking the public
4 who uses their services to invest and become
5 stockholders and raise capital that way, and yet you see
6 IPO's on a regular, very regular basis throughout the
7 stock market where companies that are looking to raise
8 some capital so that they can move to the next level.
9 My wife and I own stock in some of them as well, so it's
10 a system whereby the people who own the company are the
11 users of the commodity that the company provides.

12 And since Puget Sound is a service provider
13 and their service is derived from commodities, I'm going
14 to speak briefly also about something that truly annoys
15 me, and that's the fact that our commodities are traded
16 on the stock market and not with the kind of regulation
17 I might add that I see utilities like Puget Sound Energy
18 and others receive from people like yourselves. The
19 commodities market is currently under investigation by
20 our U.S. Congress for the kind of insane profit taking
21 that I think is probably going to result from, if you
22 approve this sale, is going to result from this sale.
23 There's no way that a company can come in and assume the
24 kind of debt burden that they're going to have from
25 buying out the burden that Puget Sound Energy already

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1 has and then adding more to it without raising our
2 rates. There's not that many people moving in here so
3 that they're going to be able to do it from new
4 customers. That's what I have to say, thank you for
5 listening.

6 JUDGE TOREM: Thank you, Mr. Lawson.

7 Lynn Reed. She'll be followed, if she's
8 here, by Lisa Riener of 2103 Harrison, any of those
9 folks here?

10 MS. RIENER: I am, I'm not Lynn Reed, but I'm
11 Lisa Riener.

12 JUDGE TOREM: Okay, thank you, ma'am, go
13 ahead.

14

15 Whereupon,

16

LISA RIENER,

17 having been first duly sworn, was called as a witness
18 herein and was examined and testified as follows:

19 MS. RIENER: Thank you, my name is Lisa
20 Riener, and my address is 2103 Harrison, Olympia,
21 Washington 98502, the spelling of my last name is
22 R-I-E-N-E-R. I am against this rate increase, and I am
23 against this merger. We need a public utility district,
24 not a privately traded foreign owned utility here in the
25 Pacific Northwest. Foreign ownership of our local

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1 utility is unacceptable. This is a homeland security
2 issue. This is a monopoly. We the rate payers don't
3 have many options here. Our United States dollar has
4 been deflated or lowered by this current presidential
5 administration because of his war and other gross
6 mismanagement. Now because our United States dollar is
7 worth very little, our utilities are being bought
8 wholesale on the international market. This affects our
9 homeland security.

10 Will these foreign investors empathize with
11 rate payers here who lose their power because of natural
12 disasters involved in climate change? I've been
13 involved with Western climate initiatives, climate
14 change issues here in the Pacific Northwest, states of
15 California, Oregon, and Washington and other states
16 working with others because the Feds are not doing
17 anything on climate change. We realize that climate
18 change disasters, episodic events are going to become
19 more and more frequent. Will these foreign investors
20 work with us here in the Pacific Northwest to make sure
21 that we have our power? I don't think so.

22 Will these foreign investors help local
23 alternative energy options here in the Pacific
24 Northwest? I don't think so. Will they push for
25 locally owned and built green energy such as wind,

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1 solar, and other local alternative energy? I don't
2 think they will. Will they continue to support the
3 dirty coal fired power plants that currently emit high
4 levels of the toxic mercury? I think they will, I think
5 they're going to go the easy way and keep supporting
6 dirty utilities instead of supporting alternative green
7 energy here in the Pacific Northwest.

8 Will these foreign investors care about the
9 poorest of the poor here in the Pacific Northwest? I
10 don't think so. I work with the poorest of the poor
11 here in the Pacific Northwest. I work with children who
12 have their electricity turned off, and then they come to
13 school and they have dealt all night long with a house
14 that has no power, no heat in it. When they get to the
15 school room, they're exhausted trying to stay warm all
16 night long, and essentially when they come into a warm
17 building they are exhausted and they essentially go to
18 sleep, so this is the future generations.

19 Do you think foreign investors really care
20 about these issues here in the Pacific Northwest? I
21 don't think so. Will these foreign investors buy Puget
22 Sound Energy and then flip it or sell Puget Sound
23 Energy? We do not know that. This is one of the big
24 questions. Will they sell it to China or Saudi Arabia?
25 Will they flip our utility? We need to have a publicly

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1 owned utility here in the Pacific Northwest. This is a
2 homeland security issue. This issue is profit before
3 people, profit before our Northwest homeland security.
4 Thank you.

5 JUDGE TOREM: Thank you, ma'am.

6 The next three speakers that I have are Kyle
7 Lucas and I think it's Bryant Adams, Patricia
8 DiFrancesca on Legion Way indicated she might want to
9 speak if she's still here.

10 MS. DIFRANCESCA: Yes, please.

11

12 Whereupon,

13 KYLE TAYLOR LUCAS,

14 having been first duly sworn, was called as a witness
15 herein and was examined and testified as follows:

16 MS. LUCAS: Good evening, Commissioners,
17 thank you so much for allowing us to speak with you
18 tonight. My name is Kyle Taylor Lucas, K-Y-L-E,
19 T-A-Y-L-O-R, L-U-C-A-S, I reside at 1841 Trosper Road
20 Southwest in Tumwater, and I'm here to speak with you on
21 both the merger and the rate hike, actually to speak in
22 opposition to both. I have several points that I would
23 like to make. First, I'm absolutely opposed to the sale
24 of our local utility to foreign investors who I believe
25 will have no commitment to us locally, and others have

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1 spoken very eloquently to that so I won't belabor it.
2 I'm also a local justice, peace and justice activist,
3 and I work with a lot of homeless people. I believe the
4 Olympia Movement for Justice and Peace will be sending
5 its own comment separately, so I'm only speaking on
6 behalf of myself as a citizen, as a customer. But I
7 myself living on the margins this year after a terrible
8 accident last year struggle as many to pay my utility
9 bills, and I don't necessarily see Puget Sound Energy
10 stepping forward to support those who are struggling,
11 and so I wonder at the ability of foreign investors and
12 what their commitment will be to those of us who
13 struggle.

14 I have special concerns about the myriad
15 policy implications with utilities management by private
16 foreign investors who are not subject to the same public
17 scrutiny and management transparency as is required by
18 our current publicly traded utility. I also have no
19 confidence that the foreign investors will have
20 long-term commitment to policy direction relative to the
21 environment and to addressing policy climate change. I
22 think that the process is going too quickly.

23 I talked with the UTC staff and asked them
24 about the FERC approval and whether or not you would
25 consider that. They said you would if we asked you to,

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1 so I'm asking you to consider how it was that that moved
2 along so quickly. I think the whole process is moving
3 along too fast, and I would ask you to please delay this
4 proceeding, allow further time for public education and
5 public input.

6 In terms of the rate hike, I wanted to say
7 that I am very gratified by the Public Counsel's
8 recommendations and the assessment that the request was
9 unjustified. There are a number of points that I'm
10 going to make, and I will do them in writing, but I
11 think it was absolutely outrageous, and I think it's
12 demonstrated how outrageous this request was when the
13 Puget Sound Energy asked us to pay \$500,000 for a
14 private jet and to subsidize the executive parking at
15 Seatac Airport and Safeco Field. I think as the Public
16 Counsel has stated that the Puget Sound Energy request
17 for rate hike is much larger than evidence supports, and
18 I would ask you please to actually go further, go beyond
19 the Public Counsel recommendations and actually oppose
20 the rate hike. Thank you so much for hearing us.

21 JUDGE TOREM: Thank you, ma'am.

22 Bryant Adams.

23 Patricia DiFrancesca, I'm sure I'm butchering
24 it, ma'am, but please come on up.

25 MS. DIFRANCESCA: I think Mr. Stahl is ahead

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1 of me.

2 JUDGE TOREM: He's actually right after you,
3 but if you would like to defer, that's fine.

4 MS. DIFRANCESCA: Defer.

5 JUDGE TOREM: Stanley Stahl then.

6

7 Whereupon,

8 STANLEY STAHL,

9 having been first duly sworn, was called as a witness
10 herein and was examined and testified as follows:

11 MR. STAHL: Stanley Stahl, S-T-A-H-L, my
12 residence is 120 State Avenue Northeast, Olympia 98501,
13 and I'm speaking for myself and for Patricia
14 DiFrancesca, that's D-I-F-R-A-N-C-E-S-C-A, and she lives
15 at 110 Legion Way, Olympia, Washington 98501. I'm a
16 rate payer, residential gas and electric, and as is
17 Patricia. I'm also a -- I have income property, so I
18 have commercial use of gas and electric both in Olympia
19 and in Ocean Shores, Grays Harbor.

20 We oppose the approval of this buyout by a
21 foreign banking consortium as it dilutes the amount of
22 control we have over our own utility ownership and
23 management. We believe it should be offered to the
24 local municipalities and PUD's. We understand that
25 while Macquarie wants to get a 10% return on their

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1 investment, the PUD's and munies could finance the
2 acquisition with tax exempt bonds of 6% or so and just
3 as easily since the income from rate payers is
4 guaranteed, and this is the safest investment possible.
5 This translates into higher rates for us as utility
6 users and is totally unnecessary when the funding is
7 available locally.

8 Other downsides of foreign ownership are also
9 a concern, one being Macquarie will have no access to
10 the cheaper and cleaner BPA power, and we implore the
11 Commission to deny the proposed purchase and sale.
12 There's absolutely no downside to denying this purchase
13 and sale. There is a major upside to keeping ownership
14 local. Jefferson, Kitsap, and Skagit PUD's along with
15 Thurston PUD are all interested in taking over PSE. I'm
16 assuming that if we have a hearing this evening, the
17 Commissioners have the power to deny this. And if there
18 is no political or economic vested interest by the
19 Commissioners, I have no idea why in the world you would
20 not turn this merger down. Thank you.

21 JUDGE TOREM: Thank you, sir.

22 Next person is John it's H-O-E-R-R.

23 MR. HOERR: John Hoerr.

24 JUDGE TOREM: John Hoerr, thank you, sir, and
25 then Ellen Pratt if she wishes to speak and then Jeffrey

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1 Jaksich.

2

3 Whereupon,

4

JOHN HOERR,

5 having been first duly sworn, was called as a witness

6 herein and was examined and testified as follows:

7

MR. HOERR: My name is John Hoerr, I reside

8

at West 1108 Partridge Drive in unincorporated Thurston

9

County 98502. I'm here to speak in opposition to both

10

measures. Utilities are beneficiaries of the public

11

trust and should not be considered profit centers. I

12

think that both of these measures harm the public

13

interest, and I think that public ownership is the only

14

viable option. They don't call them corporate raiders

15

for nothing.

16

The FIRE sector, finance, insurance, and real

17

estate, in 2007 represented 20% of the GNP of the United

18

States. These are the people standing around with their

19

hands in each others pockets producing nothing, and yet

20

they have gotten 20% of our total wealth in this

21

country. They don't do this by looking out for our

22

interests. These are the same hedge funds that have

23

gamed out our entire home ownership. That is the

24

corporation that hopes to buy our public utility. I

25

don't think they really have our interests at stake at

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1 all.

2 As a customer I speak against this rate hike
3 because I have not yet heard someone who has come here
4 before you tonight and said I lived without heat, but I
5 have lived without heat for the past two winters, and
6 I'm here to tell you it was not a choice. Thank you.

7 JUDGE TOREM: Thank you.

8 Ellen Pratt, Jeffrey Jaksich, Richard Fellows
9 indicated maybe you want to speak.

10 MR. FELLOWS: I'll speak.

11 JUDGE TOREM: And then I'm down to the last
12 sheet of names, so I will ask if there's anyone else
13 here that failed to sign in, but David Thomsen, I can't
14 make out the next name but it's someone from Federal
15 Way, and then Bob Jacobs will be the last listed
16 speaker.

17

18 Whereupon,

19 RICHARD FELLOWS,

20 having been first duly sworn, was called as a witness
21 herein and was examined and testified as follows:

22 MR. FELLOWS: Hi, Rick Fellows, 1325 - 10th
23 Avenue Southeast. I wanted to thank all the people that
24 came to speak out. I sometimes drive in my car past
25 feed lots, and I wonder if people are a little bit like

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1 cows, and it's things like this that make me feel a
2 little bit better about people around me. I think that
3 -- I'm going to go back. I came to these sorts of
4 issues with an interest in alternative energy back in
5 the 1970's. I felt like we were doomed and that there
6 wasn't a lot of hope. I started studying alternative
7 energy, but what I came to was that it's public policy
8 issues that stop alternative energy from happening.
9 We're taught economics as a science when they are really
10 a little bit but I believe it's a religion that's taught in
11 public schools. If you believe -- you can believe that
12 profit makers and perfect competitive models are ways to
13 structure a society, I think it's preposterous and that
14 it's ultimately people look at an economic system like a
15 farmer looks at a milking machine, they're looking at a
16 way they can set something in place that constantly
17 gives them money.

18 And so I want to thank the people that are
19 here for not being cowlike, but I think that, you know,
20 that people have been getting dumped on by corporate
21 media for a lot of years and they don't really realize
22 the kind of things that corporations are doing, but
23 there's people rising up against corporations coming in
24 and buying up the systems, the infrastructure systems
25 that deliver public needs worldwide. And there's been,

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1 you know, major changes in countries like Bolivia when
2 Bechtel tries to own their water and things that are
3 happening, there's companies coming in and buying up
4 water systems in the United States for profit, and it's
5 to the detriment of people's ability to have water
6 supply, affordable water, you know, et cetera.

7 So, you know, the World Trade Organization
8 and all this other alphabet soup of bodies that have
9 come about that are super governmental, they're trying
10 to create a situation of global corporate power that can
11 supersede the power of local and even national
12 government, and I think that everybody should see that
13 happening and see the dangers implicit in it. I think
14 that when everyone showed up in Seattle in 1999, it was
15 part of that realization, people who were coming from
16 all different perspectives showed up whether it's the
17 dolphins or whether it's any other number of issues the
18 people showed up for, they were aghast at how many
19 people were showing up facing other issues. They had no
20 idea they were going to see so many other people along
21 the streets of Seattle.

22 But I think that all the different things
23 going on, all the different issues people are facing
24 have to do with corporate globalization and this
25 incredible rise of power worldwide of what they call the

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1 neocons and people that believe that Milton Friedman was
2 a person to follow like Pinochet followed Milton
3 Freedman and the world bank has been following some of
4 those policies with structural adjustment programs
5 worldwide, and it all has to do with corporations
6 milking people, and they want to do it in bigger and
7 better ways, and we should all oppose it.

8 JUDGE TOREM: David Thomsen.

9 MR. THOMSEN: I think it's her turn, she
10 wanted to speak.

11 JUDGE TOREM: Oh, I'm sorry, ma'am, he said
12 he was speaking for both of you, did you want to speak
13 still?

14 MS. DIFRANCESCA: Yes, please.

15 JUDGE TOREM: Now is the time.

16 MS. DIFRANCESCA: Thank you.

17 JUDGE TOREM: I apologize, Ms. DiFrancesca.

18 MS. DIFRANCESCA: It's okay, I used the wrong
19 term, defer.

20

21 Whereupon,

22 PATRICIA DIFRANCESCA,

23 having been first duly sworn, was called as a witness

24 herein and was examined and testified as follows:

25 MS. DIFRANCESCA: I'm Patricia DiFrancesca,

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1 D-I-F-R-A-N-C-E-S-C-A, 110 Legion Way, Olympia,
2 Washington, and I'm here to speak on behalf of myself.
3 There have been several wonderful speakers tonight that
4 I would really like you to consider their testimony,
5 among them were Mr. Rauh, Mr. Jorgensen, Mr. Pickett,
6 Mr. Stearns, Mr. Forrester, Mr. Penton, Mr. Bowden,
7 Mr. Meyer, Mr. Jacobs will follow me, and Rick who just
8 spoke, and Ms. Mykland, Ms. Witt, Ms. Graham, Ms. Lucas,
9 and Lisa Riener.

10 In another recent public forum one of the
11 commissioners from that agency laughingly said, the
12 Golden Rule, oh, yes, the Golden Rule, that means he
13 who's got the gold gets to make the rules. Gentlemen,
14 as more than a dozen of the previous commenters have
15 underscored, Macquarie and Associates does not have the
16 gold. Rather they will be indebted to the tune of more
17 than \$10 Billion over the next 5 years. Actually he
18 who's got the gold are your customers, and your
19 customers if you look at the demographics, the coming
20 demographics are largely going to be retiring baby
21 boomers. And retiring baby boomers, large percentages
22 of them depend on Social Security. And if you compare
23 the wants and needs of the 2 opposing forces here,
24 Macquarie wants a 10% increase in their investment.
25 Social Security is predicated on every year their annual

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1 increase is predicated on the CPI, and I can assure you
2 it is nowhere near 10%. I would ask you to Google that
3 and find that out because that will impact our community
4 and the ability of our rate payers to pay their electric
5 bill.

6 So I oppose the merger, and I oppose the
7 increase. Thank you very much.

8 JUDGE TOREM: Thank you.

9 David Thomsen, he'll be followed, I have now
10 sorted out the name, by Arnie Heinecy and then Bob
11 Jacobs.

12

13 Whereupon,

14

DAVID THOMSEN,

15 having been first duly sworn, was called as a witness
16 herein and was examined and testified as follows:

17

MR. THOMSEN: I'm David Thomsen, that's

18

T-H-O-M-S-E-N, at 316 East D Street, Tacoma, Washington

19

98421, and I came down here tonight to set things a

20

little bit straight here on the -- Puget Sound Energy

21

was the name of the company before the WPPSS bankruptcy.

22

My mother had a gold mine in Skagway, I talked to some

23

of you people before down here. I paid -- I refused

24

them to allow or refused to allow them to use my name.

25

I bought the bonds from the WPPSS bankruptcy at the tune

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1 of \$247 1/2 Billion. I became the owner of Seattle City
2 Light, Tacoma City Light, and all the other city lights
3 and water districts in the entire state except for four,
4 like Spokane was one that was wise enough not to put up
5 their water and light company, and there are three
6 others. And I've had all of those things just took from
7 me. I changed the name of Puget Sound Energy to Puget
8 Power, and it was Puget Power all over. And I rebuilt
9 the power grids, the local power grids, I rebuilt the
10 national power grids too, put in aluminum wires and so
11 forth as a donation.

12 I was involved and funded 50% of Satsop
13 nuclear plants as donation, and the workers wouldn't
14 produce. They kept wanting another \$10 Million every
15 week. I told them they don't get the dome on the next
16 couple of weeks then I'm going to cut you off, which I
17 did, and that's what caused the bankruptcy. And nobody
18 lost any money in that bankruptcy unless they're kind of
19 stupid because I had lawyers for months paying off
20 anybody that made a claim. People put up their house in
21 bondage, they didn't make a profit but they got their
22 money back. Everybody got all the money back that they
23 put up there. There was no losses except for me. I
24 lost everything I put up. I haven't got a penny back
25 from any of it.

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1 I had Vulcan Enterprises holding company,
2 corporate licensing dissolved that while they had me in
3 Western State 7 times until I got a supreme court -- I
4 won a supreme court ruling that they can't take you to a
5 mental institution without showing due cause, and I've
6 never been taken there since 2001.

7 And like today I bought the bank or the
8 railroads out of bankruptcy in the '70's, mid '70's,
9 they all filed bankruptcies all over the country, so I
10 bought them up and rebuilt the railroads with the
11 agreement with the federal government and you people
12 that all the railroad right of ways that were excess
13 would be turned over to my personal ownership for the
14 fact that I put billions of dollars into the railroads
15 and the gold mine funds. I had some railroad equipment
16 out at McKenna behind the tax shop there in town, and I
17 went out today to check and see if anybody was scrapping
18 because scrap price is sky high.

19 JUDGE TOREM: You have to sum up,
20 Mr. Thomsen.

21 MR. THOMSEN: Anyway the police wouldn't even
22 take a burglary report from me when I caught them taking
23 the stuff out on a lowboy.

24 JUDGE TOREM: Thank you, sir.

25 Arnie Heinecy.

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1 MS. HEINECY: We're going to pass.

2 JUDGE TOREM: All right, thank you.

3 And Bob Jacobs.

4

5 Whereupon,

6 BOB JACOBS,

7 having been first duly sworn, was called as a witness

8 herein and was examined and testified as follows:

9 MR. JACOBS: Good evening and congratulations

10 on your stamina. I'm Bob Jacobs, and I live at 720

11 Governor Stevens in Olympia, I am here as a PSE customer

12 myself and for my rentals. On the first issue of the

13 rate increase, I oppose it for two reasons. First of

14 all, I believe the allowed rate of return that they

15 receive is too high, something in excess of 10% is too

16 high for this stable an investment. Secondly, I believe

17 that gross subsidies are included in the rates and

18 believe they should not be. What I understand from

19 sources close to this issue is that the developers are

20 paying for the increased distribution facilities that

21 are serving new growth, but they are not paying the full

22 cost of the facilities' power supply, that is

23 transmission and generation. They ought to be paying

24 all of it. We should not be subsidizing growth, which

25 is developers and land speculators.

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1 On the second issue of the merger, I think
2 utilities ought to serve only one state and be stand
3 alone companies, preferably publicly owned such as
4 municipal and PUD, so I oppose this merger. Here are
5 some of the problems I see with the proposed merger.
6 Macquarie owns everything from toll roads to power
7 companies in other areas. If something goes seriously
8 wrong with one of those other investments, the
9 incentives to strip maintenance from PSE will be
10 irresistible. That's what happened with Enron and
11 Portland General Electric. When Enron got in trouble,
12 electricity service in Portland deteriorated. When PGE
13 closed Trojan and sold its share of the Centralia coal
14 mine, they did not buy resources to replace it because
15 the parent was in financial difficulty. Even assuming
16 PSE remains a private utility, do we really want it
17 married to out of state, out of area, and out of country
18 economic whims? I think not.

19 Next is the argument that we need this in
20 order to raise capital that we need in the future. This
21 argument is specious. PSE is a very stable electric
22 utility and can raise capital very easily. You have
23 given them an artificially high equity ratio in recent
24 rate cases to let them rebuild their capital structure
25 after it was depleted by mismanagement from 1996 to

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1 2001. They can issue stock and bonds to finance
2 everything they need. They have issued a couple billion
3 dollars in bonds and stock in the last 5 years. It
4 might be a little cheaper to borrow directly from the
5 pension funds involved in this proposal. Just by
6 eliminating the issuance costs to pay commissions to
7 bond brokers would be a small savings, something in the
8 order of 2%. But in exchange, we give up market
9 transparency of having the bonds priced in the public
10 offering markets. It's not worth it.

11 Perhaps most interesting is that PSE did not
12 offer its system to the local municipalities and PUD's
13 in its service territory at the same price that they
14 offered the system to Macquarie. This is important.
15 The biggest cause of PSE rate increases is their
16 inability to access power from the Bonneville Power
17 Administration. Macquarie will not have access to BPA
18 power either. Only public bodies and cooperatives have
19 priority access to BPA. If PSE really cared about its
20 customers and its shareholders, it would offer the
21 system first to the local public utilities. Why didn't
22 they? I think there's an obvious reason. The
23 executives maintain their salaries this way. Private
24 companies pay between \$300,000 and \$1 Million to the top
25 executives, and the public utilities, though pay very

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1 well, don't make that kind of money.

2 In summary, the proposed merger would provide
3 no benefits to Washington citizens, and it would expose
4 us to additional risk. Please disapprove it. Thank
5 you.

6 JUDGE TOREM: Thank you, Mr. Jacobs.

7 We've had an extensive list spread out onto
8 14 different sign-up sheets tonight, and I want to make
9 sure before we close the public comment and I give you
10 the wrap-up comments of my own if there's anyone else
11 here that still wants to speak that did not sign up.

12 All right, thank you, seeing none it's now
13 about a quarter to 10:00, and I join in what Mr. Jacobs
14 said and thank all of you that came for your stamina and
15 your dedication. Commissioners have heard passionate,
16 informed voices tonight, and they do listen to them. As
17 I said earlier, there will be opportunity for further
18 written comment to be submitted.

19 All right, looking to see what else, the
20 dates involved, for those interested in the merger case
21 the deadline will be approximately July 31st, 2008.
22 That's the week at the end of the week when the merger
23 hearing will be occurring here in Olympia. As for the
24 rate cases, they follow a month after, that Friday,
25 August 29th, is projected to be the last day of hearing

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1 in the rate cases. If you want to mail your comments,
2 the address to send them to the Commission is P.O. Box
3 47250, Olympia, Washington 98504. If at all possible,
4 please put the docket number for which the case goes on
5 that. The PSE sales or merger case again is Docket
6 U-072375. The rate cases are UE-072300 and UG-072301.

7 In closing again I want to thank everyone for
8 participating, encourage those of you who are interested
9 in any further information about the proceeding to make
10 sure you are signed up on the mailing list with our
11 consumer services staff standing by the door. They have
12 had their materials out, I encourage you to make sure
13 you take that information with you if you haven't
14 already picked it up tonight.

15 Some of you approached me at the break and
16 wanted to know if you could have private meetings with
17 the commissioners or other decisionmakers in the case,
18 and under the rules that we have that's not allowed.
19 These public meetings are for the public, the only other
20 meetings that go on are in the hearing rooms, that's
21 when the parties to the case are present, and due to the
22 rules of what they call ex parte communication, this is
23 the public forum, this is the way our system works,
24 comments are delivered on the record, there are no back
25 smoky rooms, and so we do it all in front of you. If

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1 you want to see how the Commission does its business in
2 July and August, I invite you to come back then and take
3 seats again in the same room.

4 Thank you again for coming, it's now 9:45,
5 and this meeting is adjourned.

6 (Hearing adjourned at 9:45 p.m.)

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