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1 BEFORE THE WASHINGTON UTILITIES AND
2 TRANSPORTATION COMMISSION
3 In the Matter of the Petition)
4 of PUGET SOUND ENERGY, INC.,) DOCKET NO. UE-031389
5 For Approval of 2003 Power)
6 Cost Adjustment Mechanism) Volume I
7 Report.) Pages 1 to 28
8 _____)

9 A hearing in the above matter was held on
10 September 29, 2003, from 2:05 p.m to 3:25 p.m., at 1300
11 South Evergreen Park Drive Southwest, Room 206, Olympia,
12 Washington, before Administrative Law Judge C. ROBERT
13 WALLIS.

14 The parties were present as follows:

15 THE COMMISSION, by ROBERT CEDARBAUM,
16 Assistant Attorney General, 1400 South Evergreen Park
17 Drive Southwest, Post Office Box 40128, Olympia,
18 Washington, 98504. Telephone (360) 664-1188, Fax (360)
19 586-5522, E-Mail bcedarba@wutc.wa.gov.

20 THE PUBLIC, via bridge line by SIMON FFITCH,
21 Assistant Attorney General, 900 Fourth Avenue, Suite
22 2000, Seattle, Washington, 98164-1012, Telephone (206)
23 389-2055, Fax (206) 389-2058, E-Mail simonf@atg.wa.gov.

24 PUGET SOUND ENERGY, by KIRSTIN S. DODGE,
25 Attorney at Law, Perkins Coie, LLP, 10885 Northeast
26 Fourth Street, Suite 700, Bellevue, Washington 98004,
27 Telephone (425) 635-1407, Fax (425) 635-2407, E-Mail
28 KSDodge@perkinscoie.com.

29 INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES,
30 via bridge line by IRION SANGER, Attorney at Law,
31 Davison Van Cleve, 1000 Southwest Broadway, Suite 2460,
32 Portland, Oregon, 97205, Telephone (503) 241-7242, Fax
33 (503) 241-8160, E-Mail mail@dvclaw.com.

34 Joan E. Kinn, CCR, RPR
35 Court Reporter

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1 MICROSOFT, via bridge line, by HARVARD
2 SPIEGAL, Attorney at Law, Preston Gates & Ellis, 222
3 Southwest Columbia Street, Suite 1400, Portland, Oregon
 97201-6632, Telephone (503) 226-5788, fax (503)
 248-9085, E-mail hspiegel@prestongates.com.

4 FEDERAL EXECUTIVE AGENCIES, via bridge line
5 by NORMAN J. FURUTA, Attorney at Law, Department of the
6 Navy, 2001 Junipero Serra Boulevard, Suite 600, Daly
 City, California 94014-1976, Telephone (650) 746-7312,
 Fax (650) 746-7372, E-Mail
 FurutaNJ@efawest.navfac.navy.mil.

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

2 JUDGE WALLIS: This is a pre-hearing
3 conference in the matter of Commission Docket Number
4 UE-031389, which involves a request by Puget Sound
5 Energy for approval of a report on the effect of a power
6 cost adjustment pursuant to the Commission Order in
7 Docket Number UE-011570. This conference is being held
8 in Olympia, Washington on September 29, 2003, before
9 Administrative Law Judge C. Robert Wallis.

10 I'm going to ask for appearances of the
11 parties at this time, and I will prompt the folks on the
12 bridge line.

13 For the, shall we call you an applicant?

14 MS. DODGE: Or petitioner.

15 JUDGE WALLIS: Petitioner, very well.

16 MS. DODGE: Kirstin Dodge with Perkins Coie.
17 I do have a new office address for anyone who is used to
18 sending things to my old address. It's 10885 Northeast
19 Fourth Street, Suite 700, Bellevue, Washington 98004. I
20 also have new phone and fax numbers. The phone is (425)
21 635-1407, and the fax is (425) 635-2407. E-mail is the
22 same, KSDodge@perkinscoie.com.

23 JUDGE WALLIS: Thank you.

24 For Commission Staff.

25 MR. CEDARBAUM: This is Robert Cedarbaum,

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1 Assistant Attorney General, appearing for Commission
2 Staff. My business address is the Heritage Plaza
3 Building, 1400 South Evergreen Park Drive Southwest,
4 Olympia, Washington 98504. My telephone is area code
5 (360) 664-1188. The fax is area code (360) 586-5522,
6 and the E-mail address is bcedarba@wutc.wa.gov.

7 JUDGE WALLIS: For Public Counsel.

8 MR. FFITCH: Simon ffitch, Assistant Attorney
9 General, Public Counsel Section, Washington Attorney
10 General, 900 Fourth Avenue, Suite 2000, Seattle,
11 Washington 98164. Phone number is (206) 389-2055, and
12 the fax number is (206) 389-2058. The E-mail address is
13 simonf@atg.wa.gov.

14 JUDGE WALLIS: Thank you.

15 For ICNU.

16 MR. SANGER: This is Irion Sanger with the
17 law firm of Davison Van Cleve on behalf of ICNU. The
18 address is 1000 Southwest Broadway, Suite 2460,
19 Portland, Oregon 97205, phone number (503) 241-7242, fax
20 number (503) 241-8160, E-mail is mail@dvclaw.com.

21 JUDGE WALLIS: And we also have two other
22 potential parties with us on the bridge line.

23 For the Department of the Navy.

24 MR. FURUTA: Yes, Department of the Navy, and
25 I would be appearing for all Federal Executive Agencies.

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1 My name is Norman, middle initial J, Furuta, spelled
2 F-U-R-U-T-A. Address is 2001 Junipero Serra, spelled
3 J-U-N-I-P-E-R-O, S-E-R-R-A, Boulevard, Suite 600, in
4 Daly City, spelled D-A-L-Y, California 94014-3890.
5 Phone number is area code (650) 746-7312, fax is (650)
6 746-7372, and the E-mail address is
7 furutanj@efawest.navfac.navy.mil.

8 JUDGE WALLIS: Thank you.

9 And for Microsoft, we earlier were informed
10 that Mr. Spiegel of Preston Gates would be representing
11 Microsoft. He was not on the line earlier.

12 MR. SPIEGAL: I am on.

13 JUDGE WALLIS: Mr. Spiegel, are you there?

14 MR. SPIEGAL: Yes, I am.

15 JUDGE WALLIS: Okay, let's have an appearance
16 then from you for your client.

17 MR. SPIEGAL: Harvard Spiegel, S-P-I-E-G-A-L,
18 Preston Gates & Ellis, 222 Southwest Columbia Street,
19 Suite 1400, Portland, Oregon 97201-6632. Telephone
20 number (503) 226-5788, fax number (503) 248-9085, E-mail
21 hspiegel@prestongates.com.

22 JUDGE WALLIS: Thank you.

23 Let me ask at this time if there is any
24 person in the hearing room that wishes to intervene in
25 this docket?

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1 Let the record show that there is no
2 response.

3 Let me now ask if there is any person on the
4 bridge line who wishes to intervene in this docket?

5 MR. SANGER: This is Irion Sanger with ICNU.

6 JUDGE WALLIS: I mean other than those people
7 who have already stated appearances.

8 MR. SANGER: Thank you.

9 JUDGE WALLIS: And let the record show that
10 there is no additional person indicating a desire to
11 participate by means of intervention.

12 We do have one to my knowledge petition for
13 intervention that's already been filed. Let me ask if
14 the company has received a copy of that petition.

15 MS. DODGE: Yes.

16 JUDGE WALLIS: Do you have any objections to
17 the intervention on the part of ICNU?

18 MS. DODGE: No, no objection.

19 JUDGE WALLIS: We have potential petitions
20 from the Department of the Navy and from Microsoft.

21 Mr. Furuta, would you like to go first, and
22 state briefly if you wish to intervene the nature of
23 your intervention.

24 MR. FURUTA: We actually are primarily
25 interested in monitoring this proceeding. I am not

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1 certain if we will actually have a witness or would be
2 active to that extent, but if intervention is the
3 appropriate way of doing so, we would like to intervene
4 for that purpose.

5 JUDGE WALLIS: Do you want to just watch, or
6 do you want to talk every now and then?

7 MR. FURUTA: Probably watch, we may have
8 something to say occasionally.

9 JUDGE WALLIS: What I'm fishing for,
10 Mr. Furuta, is whether you really want to intervene or
11 whether you would be content merely to monitor.

12 MR. FURUTA: If I can have a monitoring
13 status where I would receive any documents that would go
14 to parties, I think that would be sufficient.

15 JUDGE WALLIS: By documents going to parties,
16 you mean anything from the Commission that would be sent
17 to parties?

18 MR. FURUTA: As well as from parties to other
19 parties.

20 JUDGE WALLIS: Do parties have a view on
21 that?

22 MR. CEDARBAUM: This is Robert Cedarbaum. I
23 guess because I'm not personally familiar with how that
24 has worked in the past, it seems like it could be a
25 little bit cumbersome when it came to the exchange of

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1 discovery materials, especially if there's just
2 voluminous material that might be exchanged or
3 confidential information that might be exchanged. If
4 Mr. Furuta is really intent on seeing all of that, or
5 maybe he doesn't want to see discovery materials, but if
6 all of it was his interest, then it seems to me like he
7 would want to ask to intervene as opposed to just being
8 an interested person, which is what I thought he was
9 getting at.

10 JUDGE WALLIS: Ms. Dodge.

11 MS. DODGE: I would agree with Mr. Cedarbaum.
12 Just the added note that the Commission makes it much
13 easier to monitor things than it used to be with the Web
14 site, so it's a question of I guess for Mr. Furuta
15 whether an after the fact look when things are posted
16 the day or two after they happen is sufficient or
17 whether it's trying to get potential data requests and
18 things on a little more immediate or hard copy basis.

19 MR. FURUTA: I think if, this is Norm Furuta,
20 if things are posted and they're accessible that way,
21 that's probably sufficient for our purposes. And if
22 it's determined later that we need to get into the
23 detail of seeing data requests, then perhaps we could
24 move to intervene at that point in time if necessary.
25 But I think having access to most of the documents by

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1 the Web site, that probably would be sufficient.

2 JUDGE WALLIS: Very well. I would call
3 attention to a point that Mr. Cedarbaum mentioned, and
4 that is that not being a party, you would not be a
5 signatory or potential signatory to the accessibility to
6 confidential information, and if that is a critical
7 matter for you, that may guide your actions.

8 MR. FURUTA: Okay, why don't we keep my role
9 as monitoring for now, and if it looks like we need to
10 get into an exchange of confidential information, then I
11 guess I would seek to intervene at that point in time.

12 JUDGE WALLIS: Very well, we will consider
13 you to be our bridge line monitor for today.

14 MR. FURUTA: Fine.

15 JUDGE WALLIS: Mr. Sanger, we have already
16 dealt with you.

17 Mr. Spiegel for Microsoft.

18 MR. SPIEGAL: Microsoft will intervene.

19 JUDGE WALLIS: What's the basis for your
20 intervention?

21 MR. SPIEGAL: Microsoft is a substantial
22 power customer of Puget, and the cost of power is a
23 substantial cost of Microsoft's production.

24 JUDGE WALLIS: Is there any objection to
25 Microsoft's intervention?

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1 MS. DODGE: No, no objection.

2 JUDGE WALLIS: Very well. It has been the
3 Commission's practice in such situations to grant
4 petitions for intervention, and for purposes of today we
5 will consider that Microsoft and ICNU will be full
6 participants.

7 Before we move on, I would like to state at
8 the outset that it is not my intention to preside at the
9 ensuing portions of this docket. I am here today
10 because of a limited staffing today, and we will be
11 making some reassignments in staff to handle the balance
12 of this docket and to cover some of the other pending
13 dockets. I have asked Judge Theodora Mace to sit in
14 today in the event that she may be taking the case over.

15 The next item on our proposed agenda relates
16 to discovery, and the question is whether the parties
17 want the discovery rule to be invoked. I don't recall
18 whether the initial notice of hearing did invoke that.
19 I see Mr. Cedarbaum nodding, I take it that it did, and
20 that seems to be a moot point at this juncture.

21 Mr. Cedarbaum.

22 MR. CEDARBAUM: Yes, Your Honor, Paragraph 8,
23 page 2, I'm sorry, Paragraph 9, page 2, indicated that
24 the data request procedures, WAC 480-09-480, may be used
25 from the date that the notice was issued. At least I

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1 took that to mean that the Commission was invoking the
2 discovery rule.

3 JUDGE WALLIS: Yes.

4 The next item is a protective order, and I
5 will note for the record that a protective order has
6 been entered. And, Ms. Dodge, you indicated that there
7 might be some discussion about the protective order.

8 MS. DODGE: Yes, Your Honor, and I will hand
9 you a piece of paper that shows in black line the
10 company's proposed amendments to the standard order.
11 Mr. Cedarbaum has this already, Mr. ffitch has it, and
12 ICNU counsel was provided with a copy as well on Friday.
13 I'm sorry, I didn't realize that others might be
14 interested, so Microsoft and FEA do not have a copy of
15 this at this time.

16 Puget is interested in having the standard
17 protective order modified slightly for purposes of this
18 proceeding. It has provided some confidential material
19 in its workpapers supporting the filing that in other
20 circumstances you might call highly confidential
21 material, but in another respect, we didn't believe that
22 there was much point to be served by layering a highly
23 protective confidential order on top of the standard
24 order in this proceeding for a couple of reasons.

25 One is that this proceeding is relatively

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1 narrow, and we have a very -- we know the kind of
2 information that was provided. It has to do with
3 individual trading information on wholesale gas and
4 electric markets, price, quantity, and counter party for
5 individual trades during each of the months that make up
6 the year that the annual report covers. There's
7 information regarding individual generating units, the
8 heat rates of various combustion turbines. There's
9 counterparty credit information, agreements with
10 counterparties, and then we may get into risk management
11 materials that would have credit studies of Puget as
12 well as credit studies of some of these counterparties.

13 And this all comes down to information that
14 if it were to be available to those who trade on the
15 wholesale gas and electric markets or who consult to
16 entities that trade on the gas or wholesale electricity
17 markets, could provide them insight into Puget's
18 negotiating position and increase the price that the
19 company has to pay for electricity and gas and
20 ultimately increasing the rates to its customers. So
21 that's the purpose of asking for some enhanced
22 protection.

23 The black lining in the proposed order shows
24 suggested changes to Paragraph 7 and 8 of the protective
25 order that has already been issued in this proceeding.

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1 It's meant to close a potential gap in that the existing
2 language doesn't include experts, although I think it's
3 intended to cover them, and it tries to be quite
4 specific saying that:

5 The confidential information should not
6 be made available to any person whose
7 duties include the marketing, purchase,
8 or sale of electric power or natural gas
9 at wholesale, the direct supervision of
10 any person whose duties include the
11 marketing, purchase, or sale of electric
12 power or natural gas at wholesale, or
13 the provision of consulting or expert
14 services regarding the marketing,
15 purchase, or sale of electric power or
16 natural gas at wholesale.

17 It also is, rather than the highly
18 confidential protective order approach, which says that:

19 Anyone who has access can not be
20 employed in this kind of position for
21 five years going forward, we tried to
22 take a more limited approach and say
23 that anyone who has access to this
24 material may not use that information to
25 design, develop, provide, or market any

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1 products or service that would compete
2 with the company or that would develop a
3 business strategy that would put the
4 company at a competitive disadvantage.

5 So we have tried to take as narrow an
6 approach as possible while still meeting the concern.

7 I should just point out as well that on the
8 standard Exhibit A, attorney agreement, and Exhibit B,
9 expert agreement, it adds a paragraph that simply has
10 the person who signs declare under oath that they are
11 not engaged in those activities.

12 JUDGE WALLIS: Very well.

13 Responses?

14 Commission Staff.

15 MR. CEDARBAUM: Thank you, Your Honor. I had
16 seen the language proposed by the company before and had
17 worked with Ms. Dodge to some extent to try to get it to
18 a point where I was comfortable with it. The issue
19 really is not Staff's anyway in the sense that no one on
20 Staff engages in this type of commercial behavior. But
21 my concern was just to try to make sure that the
22 language was workable and consistent with, to the
23 greatest extent we can be, to the Commission's desire to
24 try to keep these processes as open as possible. And
25 I'm satisfied that it does that with the most

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1 limitation, the least amount of amendment to the
2 standard protective order, so Staff does not object to
3 this language.

4 JUDGE WALLIS: Mr. ffitch.

5 MR. FFITCH: Thank you, Your Honor. First of
6 all, I want to thank Ms. Dodge for making this available
7 in advance and also apologize. I have been working on
8 another matter and was not able to get back with her and
9 respond prior to today with any feedback. We do have
10 some concerns, I'm hopeful that we can still work those
11 out with the company. I just haven't had a chance to
12 work with Ms. Dodge on that.

13 Briefly, we do not have a problem with the
14 suggested changes to Paragraph 7 which would limit the
15 use of the information. With regard to the changes to
16 Paragraph 8, however, at least on the face of the
17 document, it appears that we would not be able to use
18 any consultant in the field who advises anyone either
19 with regard to actual trading or someone who had some
20 knowledge of those issues that might be considered in
21 the regulatory context, and it does appear that it would
22 most likely exclude our use of Mr. Lazar, who has been
23 our witness and our consultant on the PCA issues to
24 date.

25 So I understand the concern, these highly

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1 confidential areas are difficult to work out. I guess I
2 would just ask that the Bench not approve these changes
3 today and give us a chance to talk a bit more with the
4 company and see if we can work out an acceptable
5 approach here.

6 JUDGE WALLIS: Mr. Sanger.

7 MR. SANGER: I appreciate that Kirstin Dodge
8 sent these out on Friday, I thank you for that.
9 However, I was out on Friday and didn't get a chance to
10 look at them until this morning. And I believe that we
11 have some concerns with both. The language in Paragraph
12 7 and in Paragraph 8. And I would hope that we could
13 work these out with Ms. Dodge first, and if that's
14 impossible, then the preferred route that I would like
15 to go is that Ms. Dodge file a motion for additional
16 protection and then we have an opportunity in writing to
17 respond.

18 The language in Paragraph 8, especially the
19 last part of that language regarding the consulting for
20 people that are participating in marketing or purchase
21 or sale of natural gas or electric power would
22 effectively prevent us from using any consultant that is
23 knowledgeable about these issues. And the language also
24 in Paragraph 7 also raises concerns for us, it puts the
25 burden of proof on experts to disprove something, which

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1 would be very difficult to do, and there's been language
2 similar to this that's been proposed in the past, and we
3 have had consultants refuse to sign similar language
4 because it would be too difficult for them to disprove
5 this and disprove that they had not used the
6 information, and it's essentially buying a lawsuit on
7 their path, which consultants are unwilling to do.

8 So I would prefer that we put off additional
9 discussion of use of these changes and allow us to
10 discuss with the company in order to come to a language
11 we can all agree on. And if not possible, then we can
12 resolve this issue through motions and responses to
13 motions.

14 JUDGE WALLIS: Mr. Spiegel.

15 MR. SPIEGAL: I'm in a little different
16 position, I haven't seen the proposal.

17 JUDGE WALLIS: Yes, we understand.

18 MR. SPIEGAL: But I would certainly like to
19 see it, and I am concerned about the description I heard
20 of the breadth of the order and who would be or the type
21 of commitment that would be required, and I too would
22 like to see the decision on this revised protective
23 order put off.

24 JUDGE WALLIS: Very well.

25 Let me ask, Ms. Dodge, what time frame do you

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1 perceive would be appropriate for review and
2 determination of this issue? Is this something that you
3 want done in a matter of days critical to your schedule
4 for this docket, or is it something that could proceed
5 at a more, I hate to use the word leisurely, but a more
6 protracted pace?

7 MS. DODGE: I think that's more a question
8 for the other parties. Staff has already seen the
9 workpapers, audit Staff, and those weren't documents
10 that were filed, but thus far no one else has seen the
11 workpapers. No one's been pushing us to provide them,
12 we haven't received any requests for them. I think
13 Simon ffitch indicated wanting to see them, but he has I
14 think been willing to kind of work through this issue
15 before we get to that point. So we're prepared to move
16 as quickly as people want to move in terms of getting
17 their hands on the paper they want to see.

18 JUDGE WALLIS: I'm wondering if it would be
19 acceptable to allow a period for negotiation among the
20 parties, and rather than having a motion come in, have
21 the -- well, thinking this through, perhaps a motion
22 would be appropriate in order to get the document
23 formally and appropriately under consideration, then
24 have the parties respond in relatively short order to
25 that. Would that work for folks?

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1 MR. SANGER: That would work for ICNU.

2 MR. FFITCH: Your Honor, you mean after an
3 effort to negotiate?

4 JUDGE WALLIS: If the negotiations are
5 unsuccessful, yes.

6 MR. FFITCH: That approach would be fine with
7 us.

8 JUDGE WALLIS: Very well, what time frame
9 would be sufficient, would the end of next week be
10 adequate?

11 MR. SPIEGAL: This is Microsoft, yes.

12 MR. FFITCH: Yes.

13 MR. SANGER: Yes, this is ICNU, yes.

14 JUDGE WALLIS: Very well, let's say that, if
15 I read my calendar correctly, that parties will have
16 until October 10th to consummate negotiations, and that
17 in the absence of that, then the company will file a
18 motion immediately expected on October 13th, and parties
19 will have until the 17th to respond to that motion.
20 Would that be adequate?

21 MR. SANGER: Is that the standard time for
22 responding to a motion?

23 JUDGE WALLIS: No, it's not. It's a
24 shortened time anticipating that the parties would have
25 the opportunity during the negotiation period to

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1 formulate their views on the matter and that expressing
2 them would be a mere matter of putting things down on
3 paper.

4 MR. SANGER: I would prefer to have a
5 standard amount of time to respond since we normally
6 would be the party that would be harmed by not having
7 the information.

8 JUDGE WALLIS: Is this Mr. Sanger?

9 MR. SANGER: Yes, this is Mr. Sanger, I
10 apologize. So I prefer to have the standard period of
11 time to be able to respond.

12 JUDGE WALLIS: I'm concerned that parties
13 have the opportunity to have access to the data
14 relatively quickly. Why don't we extend the due date
15 from the 17th to the 20th, which would give parties a
16 week to respond, which is still less than the total, but
17 it does provide a full week, and then have a response
18 from the company on the 24th, which is the Friday of
19 that week.

20 MS. DODGE: And, Your Honor, if I can just
21 suggest, it may be that within a couple of days we know
22 whether we can reach agreement or what the sticking
23 points are, and if we can file the motion sooner, I
24 would plan to do so. Could we have the understanding
25 that these time frames for response and reply would just

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1 be shifted if the motion is filed earlier?

2 JUDGE WALLIS: Seven days for an answer and
3 four days for a reply.

4 Now I would ask again that all of our bridge
5 line participants E-mail or fax and E-mail preferable
6 the matrix information so that we have that, and we'll
7 get that around to the parties as soon as we can, and
8 that will facilitate communication.

9 Is there anything else relating to the
10 protective order?

11 Are we anticipating any other motions such as
12 a schedule might be appropriate?

13 Let the record show that we hear no response,
14 and we would ask the parties to expound briefly but
15 thoroughly as to their views of the issues that are
16 presented in the docket and how they will be presented
17 and argued. Let's begin with counsel for the company,
18 Ms. Dodge.

19 MS. DODGE: Thank you, Your Honor. The
20 company believes that this filing is very
21 straightforward, that it ought not take much time to
22 review, and hopefully that everyone can become
23 comfortable that the filing is in compliance with the
24 Commission's order on the PCA settlement. The PCA
25 settlement does provide that the Commission shall have

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1 an opportunity to review the prudence of power costs
2 that are of less than two years duration, and in this
3 particular filing there is really nothing new and
4 nothing we think very exciting in terms of the power
5 costs that were incurred. They're pretty much exactly
6 what they were at the time of the PCA. Of course,
7 there's wholesale trading that goes on in the interim,
8 but that's just kind of an hour by hour thing. So we
9 don't think that this ought to be too interesting or
10 take too much time. We're obviously glad to work with
11 everybody to make sure they have a complete
12 understanding of the filing and answer any questions.

13 JUDGE WALLIS: Very well.

14 Commission Staff.

15 MR. CEDARBAUM: Thank you, Your Honor. I
16 think that the issues fall generally into two different
17 categories. The first is that in the company's last
18 general rate case, which was dockets UE-011570 and
19 UG-011571, where the Commission approved the PCA in the
20 12th Supplemental Order and the 15th Supplemental Order,
21 in that docket the Commission established certain
22 calculations to be used for purposes of the accounting
23 requirements in the PCA, so one category of issue would
24 be whether or not the requirements of those two orders
25 have been satisfied by the PCA filing in this

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1 proceeding. And that might be more of a technical
2 matter than anything else, but we would be looking into
3 that.

4 The second category of expenses Ms. Dodge
5 referenced, and that is the prudence issue. This is the
6 opportunity for the Commission to review the prudence of
7 power costs that are under two years in duration. That
8 would be purchases and sales, and so we would be looking
9 into that issue as well.

10 I hope the company is right that this is not
11 going to be controversial and that everything will go
12 smoothly. That's what we're hoping to find, but we
13 haven't been able to -- we haven't put in the time yet
14 to confirm whether that's true or not. So Staff will be
15 taking on that examination and looking into those
16 prudence issues as well as the calculation technical
17 issues that I referenced earlier. So that's basically
18 the road map that we're looking at right now.

19 JUDGE WALLIS: Very well.

20 As we proceed through other counsel, I would
21 like you to respond as to whether you agree with the
22 statements that have been made, if you have anything to
23 add, or if you have anything that you disagree with.

24 So Mr. ffitch.

25 MR. FFITCH: We would actually agree with the

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1 general description provided by both Ms. Dodge and
2 Mr. Cedarbaum. As far as any specific issues at a more
3 granular level, we're still reviewing that. We think
4 there's probably a couple of things we're going to focus
5 on, but I'm not in a position to identify those today.

6 And as to the level of excitement, you know,
7 we always look forward to an exciting proceeding when
8 Puget is involved. I suppose it's best to hope for
9 smooth sailing however, so I don't really have anything
10 to add to the previous comments.

11 JUDGE WALLIS: Mr. Sanger.

12 MR. SANGER: This is Irion Sanger. I would
13 like to agree with what Staff, Public Counsel, and the
14 company have said. I look forward to this being a
15 straightforward filing. We have not had an opportunity
16 to review it in detail, so I don't have any specific
17 issues to raise at this particular time, but I do hope
18 that it's a smooth, straightforward filing that we can
19 all get through rather quickly, but we have not reviewed
20 it yet, so I wouldn't want to pre-judge any of the
21 issues.

22 JUDGE WALLIS: Mr. Spiegel.

23 MR. SPIEGAL: I'm in agreement with
24 Mr. Cedarbaum, Mr. ffitch, Mr. Sanger.

25 JUDGE WALLIS: Very well.

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1 In terms of hearing schedule, I would like to
2 hear what parties believe would be an appropriate
3 schedule for this docket, and I'm going to suggest that
4 we go off the record to engage in that discussion and
5 then return to the record to state to the extent we have
6 consensus the agreements that parties have, so let's be
7 off the record please.

8 (Discussion off the record.)

9 JUDGE WALLIS: Let's return to the record
10 following the opportunity for discussions regarding
11 schedule. Before we do that, let me say that the
12 Federal Executive Agencies have moved for intervention,
13 and no objection to that intervention has been stated;
14 is that correct?

15 MR. FURUTA: That's correct, Your Honor.

16 MS. DODGE: That's correct.

17 JUDGE WALLIS: Very well, and that is noted
18 for the record now.

19 The parties did discuss the process and
20 schedule for potential hearings in this docket, and the
21 consensus is that the parties will proceed with
22 independent negotiations during an interim period, and
23 the Commission will schedule a pre-hearing conference
24 for the 11th of December with the understanding that if
25 the parties are unable to reach an agreement, that date,

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1 that conference, would be for the purpose of setting a
2 schedule for the remaining portions of the hearing with
3 consideration of such factors as filing of testimony and
4 exhibits and briefing and scheduling of a date for a
5 hearing.

6 If the parties do achieve consensus by that
7 time, then it is anticipated that during the week,
8 during the early portion of the week of December 1st,
9 the parties would notify the Commission and ask that the
10 time set aside on December 11th be used for the review
11 of a settlement in this docket and the presentation of a
12 settlement to the Commission.

13 In that regard, let me ask that if the
14 parties are considering a settlement that it be filed no
15 later than -- let's be off the record for just a minute.

16 (Discussion off the record.)

17 JUDGE WALLIS: Following discussion among
18 parties, it has been agreed that there will be a notice
19 issued for pre-hearing conference on December 11, 2003.
20 The parties are going to be pursuing informal
21 discussions aimed at achieving settlement in the docket.
22 If a settlement is achieved, then the parties must file
23 an agreement no later than Friday, December 5, 2003, for
24 the Commission to be able to consider it at the time and
25 place set for the pre-hearing conference on the 11th.

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1 It is also going to be necessary for scheduling purposes
2 that parties advise the Commission no later than
3 Wednesday, December 3rd, that it is either certain or
4 very likely that a settlement will be filed so that the
5 appropriate arrangements may be made for commissioner
6 attendance. That is not a commitment on the parties'
7 part, but an alert that the preparations should be
8 undertaken to accomplish a review of a settlement, and
9 that will allow those arrangements to be made.

10 So returning to our checklist, we will see
11 that a notice is issued in conjunction with the
12 pre-hearing conference order for a pre-hearing to be
13 held on December 11th consistent with the discussion
14 earlier on this record. We will provide to the parties
15 a document that identifies document preparation and
16 process issues that must be followed in submissions to
17 the Commission in this docket, including the number of
18 copies that must be filed with the Commission of any
19 documents.

20 And finally, we merely wish to call the
21 parties' attention to the fact that alternate dispute
22 resolution is often available depending on resource
23 availability, and if parties seek such assistance, they
24 may merely ask.

25 So is there anything further to come before

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1 the Commission at this time?

2 Let the record show that there is no
3 response, and this conference is concluded. Thank you
4 all very much.

5 (Hearing adjourned at 3:25 p.m.)

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