

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PROOF OF SERVICE

DOCKET NO. UE-001952

KNOW ALL PERSONS BY THESE PRESENTS That the undersigned, an employee of the Washington Utilities and Transportation Commission at Olympia, Washington, hereby certifies that a copy of the document referred to below was served on the parties of record in said proceeding in the following manner:

On the 20TH day of APRIL, 2001, a true copy of TWELFTH SUPPLEMENTAL ORDER ACCEPTING SMALL CUSTOMER SPECIAL CONTRACT COMPLIANCE FILING

in the above-entitled cause now pending before the Commission was enclosed in an envelope addressed to each of the parties of record as set forth below. Each envelope was addressed to the address shown in the official files attached hereto, sealed with the required first-class postage thereon, and deposited on said date in the United States mail in the City of Olympia, County of Thurston, State of Washington.

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Docket No. UE-001952 et al

Date: April 20, 2001

Number of pages including cover sheet: 15
 12th Supp.

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| 13055 | Puget Sound Energy (E012); Rates & Regulations; PO Box 97034 (MS:OBC-O3W) | Portland | OR | 97201 |
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FORMAL UTILITY ORDERS & LETTERS

Date Served: 04/20/01

Docket No: UE-001952

Document: TWELFTH SUPPLEMENTAL ORDER ACCEPTING SMALL CUSTOMER SPECIAL CONTRACT COMPLIANCE FILING

— Cathy Kern (hand deliver 2 copies)
— Utility Industry Support Person
— water - 5 copies, telecom & energy
— 3 copies, water section
— Vicki Elliott
— ALJ assigned? if not, 1 copy ALD
— (**No** Open Meeting orders to ALD,
— unless the item is controversial
— see Lisa or Kathy, if questions)
— Penny Hansen
— Rachel Porter (**No Protective
— Orders and No Consent
— Open Meeting Orders**)
— Comm. AAG's (AG assigned -
— & one copy to Sally Johnston - **do
— not send copies of Open Meeting
— orders to the AG's**)
— Chairwoman Showalter
— Krista Linley (scheduling orders,
— notices, changes to schedules)
— Financial Svcs. (Instituting Invest.
— & penalty assessment)

— Policy staff assigned, if no, Policy
— Planning generic
— Paul Curl
— Final Util. Sub. File
— Public Affairs
— Team members - check in-house
— distribution list & RMS
— Dept of Health (Ethan Moseng &
— Gregg Grunenfelder) **Water
— Orders Only!**
— Mike Sommerville (Protective
— Orders Only)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

| | | |
|---|---|-----------------------|
| Air Liquide America Corporation, Air |) | |
| Products and Chemicals, Inc., The |) | |
| Boeing Company, CNC Containers, |) | |
| Equilon Enterprises, LLC, Georgia- |) | |
| Pacific West, Inc., Tesoro Northwest |) | |
| Company, The City of Anacortes, |) | |
| Washington, and Intel Corporation |) | DOCKET NO. UE-001952 |
| |) | (consolidated) |
| Complainants, |) | |
| |) | |
| v. |) | TWELFTH SUPPLEMENTAL |
| |) | ORDER ACCEPTING SMALL |
| Puget Sound Energy, Inc. |) | CUSTOMER SPECIAL |
| |) | CONTRACT COMPLIANCE |
| Respondent. |) | FILING |
| |) | |
| |) | |
| <i>In re:</i> Petition of Puget Sound Energy, |) | DOCKET NO. UE-001959 |
| Inc. for an Order Reallocating Lost |) | (consolidated) |
| Revenues Related to any Reduction in |) | |
| the Schedule 48 or G-P Special Contract |) | |
| Rates |) | |
| |) | |

MEMORANDUM

- 1 On April 5, 2001, the Commission entered its Eleventh Supplemental Order in Docket Nos. UE-001952 and UE-001959 (Consolidated) approving and adopting settlement agreement, subject to conditions; dismissing proceedings; and granting other relief. Among other things, the Commission's Order approves as a service option for certain customers a form of Small Customer Special Contract.
- 2 On April 19, 2001, Air Liquide America Corporation (Air Liquide) and Puget Sound Energy, Inc. (PSE), filed a Small Customer Special Contract in accordance with the settlement agreement. The Small Customer Special Contract proposed to be effective is attached as Appendix A to this Order, which is incorporated into and made a part of this Order.
- 3 Commission Staff has reviewed the subject Small Customer Special Contract and has conveyed to the Commission that it appears to comply in all respects with the Commission's Eleventh Supplemental Order. The Commission finds that the Small Customer Special Contract filed by Air Liquide and PSE on April 19, 2001, complies

SMALL CUSTOMER SPECIAL CONTRACT

This Small Customer Special Contract ("Special Contract"), dated as of this 6th day of April, 2001, is made by and between Air Liquide America Corporation ("Customer") and Puget Sound Energy, a Washington corporation ("PSE") (each a "Party" and collectively "Parties").

RECITALS

A. PSE is a public service company engaged in the sale and distribution of electric energy.

B. Customer currently receives electric service from PSE under the rates and terms contained in Schedule 48, and a Service Agreement to Schedule 48 ("Schedule 48 Service Agreement").

C. PSE, Customer, and other parties entered into a Stipulation of Settlement dated March 9, 2001 ("Stipulation"), the terms and conditions of which are incorporated herein by this reference.

D. The Stipulation provides that Customer will terminate service under Schedule 48 and the Schedule 48 Service Agreement.

E. In exchange for the good and valuable consideration, PSE and Customer agree to terminate the Schedule 48 Service Agreement and agree that PSE should provide electric service to Customer in accordance with the terms and conditions set forth in this Special Contract.

SPECIAL CONTRACT

1. **Provision of Service.** PSE agrees to provide, and Customer agrees to accept, electric service under the rates and terms stated in this Special Contract. In the event of an inconsistency between this Special Contract and any Exhibit to this Special Contract, the terms of the Exhibit shall control.
2. **Term.** The term of this Special Contract will begin on the date that the Washington Utilities and Transportation Commission ("Commission") approves this Special Contract and the Stipulation ("Effective Date") and Customer makes an election pursuant to Section 5.1. The term will conclude upon the Final Termination Date, which, unless this Special Contract is terminated earlier as provided herein, will be the earlier of: (a) completion of PSE's next general rate case before the Commission; or (b) December 31, 2005. For purposes of this Section 2 and this Special Contract, PSE's next general rate case shall be considered completed when the Commission has issued a final order to change its rates of general applicability.

maintaining such metering necessary for self-generation. In addition, Customer may receive credits for load curtailments when requested by PSE pursuant to the provisions of Schedule 93.

4. **Termination due to Load Growth.** This Special Contract is premised on the commitment of Customer to maintain aggregate peak electric demand at no higher than levels in the years specified in Exhibit A. If prior to the date that Customer becomes a core customer as provided in Sections 7 and 11, Customer's aggregate energy usage at all of its Locations served under this Special Contract in any billing period increases by more than 25% from the aggregate energy usage in the billing period with the highest aggregate energy usage in the years specified for each facility in Exhibit A to this Special Contract, or if Customer's aggregated demand at all such Locations integrated over any thirty-minute period is more than 50% higher than Customer's non-coincident aggregated peak demand in the years specified for each facility in Exhibit A to this Special Contract, then Customer will be required to switch its electric service to Schedule 448 or 449 within 30 calendar days. This obligation will terminate once Customer begins taking core service as provided in Sections 7 and 11.
5. **Rates.** Customer shall pay PSE the charges that are listed in the attached Exhibit A. The charges include a rate for energy, which rate is referred to in this Special Contract as the "Special Contract Energy Rate":
 - 5.1. Energy Rates through October 31, 2001. From the Effective Date through October 31, 2001, if Customer does not elect to take service under PSE's Schedule 448 or 449 as provided in Section 10, and if Customer is not required to switch service to Schedule 448 or 449 as provided in Section 4, then, except as provided in subsection 5.2, the Special Contract Energy Rate will be one of the following at Customer's election (as provided in Section 6):
 - 5.1.1. \$225 per MWh; or
 - 5.1.2. A rate equal to the hourly Index price, less \$100/MWh, with a floor of \$48/MWh. *See Rate Volatility, Section 9 (below).*
 - 5.1.3. Schedule 48 shall apply until Customer notifies PSE in writing of its election of a Special Contract Energy Rate under either Section 5.1.1 or 5.1.2.
 - 5.2. Energy Rates after October 31, 2001 until Termination. After October 31, 2001, the Special Contract Rate will be \$110 per MWh until PSE completes its next general rate case. If PSE does not complete its next general rate case

its business, and even if such pricing or availability endangers the public health, safety, and welfare, that will not constitute a grounds for return to core status, will not entitle Customer to service from PSE generation resources, and will not entitle Customer to service based on PSE cost of generation.

- 9.3. A determination that actions by market participants were in violation of federal, state, or local law will not impact the obligations of PSE and Customer under this Special Contract.
- 9.4. PSE may use resources to supply Customer with power in certain circumstances, and the costs of that power may be significantly different from the market price. Such difference will not constitute a grounds for return to core status, will not entitle Customer to service from PSE generation resources, and will not entitle Customer to service based on PSE cost of generation.
- 9.5. Customer has employed energy experts and counsel with experience in energy issues to provide advice and assistance in making the decision to accept service as a non-core customer that is never entitled to return to core service under any circumstances, except as expressly provided in Sections 7 and 11 of this Special Contract. Customer fully understands all of the risks of that choice, and has considered and accepted those risks in accepting service as a non-core customer under this Special Contract.
- 9.6. Customer further acknowledges that it has considered all risks inherent in this Special Contract. Customer has sought advice of energy experts and counsel experienced with energy issues and fully understand the costs and risks of that agreement. To the extent Customer elects the Index minus \$100/MWh option (Section 5.1.2 above), Customer understands that the Index is subject to all the risks discussed above, and Customer knowingly accepts such risk and waives all right to challenge the resulting rate level. To the extent Customer elects the \$225/MWh option (Section 5.1.1 above), Customer has evaluated the costs of that option and accepts the resulting impact on its business and operations as a result of the resulting rate level. Customer waives any and all claims to seek relief because the rate option that Customer elects is or may become different from the cost of PSE generation, or to challenge the resulting rate level for any other reason.
- 9.7. The provisions, agreements, and acknowledgments by Customer under this Section 9 ("Special Contract Understandings") apply only for such time as Customer is a non-core customer of PSE under this Special Contract, Schedule 449 or 448, or otherwise. If Customer becomes a core customer of PSE under

To Customer:

David Schwab, Attorney
Air Liquide America Corporation
2700 S. Post Oak Boulevard
Houston, TX 77056

13. Delivery Service

13.1. Service Quality Standards and Distribution System Connection. PSE shall be obligated to maintain its distribution facilities consistent with applicable standards including service quality standards required by the Commission. Regardless of the voltage at which its distribution service is provided, Customer shall be deemed to be connected to the PSE's Distribution System during the Term of this Special Contract.

13.2. Service Voltages. Unless otherwise specified in this Special Contract, high voltage service is defined as three-phase delivery voltage of at least 50 kV. Primary voltage service is defined as three-phase delivery voltage of at least 600 Volts but less than 50 kV.

13.3. Customer's Facilities. Customer is responsible for procuring, installing and maintaining all necessary wiring, transformers, switches, cut-outs and protection equipment beyond the Distribution Point(s) of Delivery, and such service facilities and equipment shall be of types and characteristics reasonably acceptable to PSE. The entire service installation, protection coordination, and the balance of the load between phases shall be subject to approval by PSE which shall not be unreasonably refused.

13.4. Dedicated Facilities. Any new or existing facilities owned by PSE and dedicated to use by Customer shall be specified in Exhibit A and covered by a separate Dedicated Facility lease. Charges to Customer over and above the charges specified in Exhibit A shall be as specified in the lease.

14. Metering And Billing

14.1. Metering. Customer's load served under this Special Contract shall be separately metered by meters capable of measuring and recording kW demands (and kVAR demands) on a fifteen (15) or thirty (30) minute integrated basis and measuring energy on a kWh basis. Metering equipment shall be furnished, installed, read, maintained and owned by PSE.

AIR LIQUIDE AMERICA CORPORATION

By: 

Title: Senior Vice President

04/06/01

INDEX selected as provided below. For purposes of this Exhibit A " Firm On-Peak," " Firm Off-Peak" and "Sunday & NERC Holidays 24 Hour Firm" have the respective meanings ascribed to such terms by Dow Jones in connection with the Dow Jones Mid-Columbia Electricity Index. If Dow Jones reports none of the indices at Mid-Columbia referenced above in this definition of INDEX for any given period, or if any permanent replacement index established pursuant to the following sentence is not reported for any given period, then the INDEX for each hour of such unreported period shall be equal to the quantity-weighted average of the prices of energy delivered or received by PSE during such hour under short-term (twenty-four (24) hours or less) wholesale sales and purchases by PSE. If Dow Jones permanently ceases to report any of the indices at Mid-Columbia referenced in the definition of INDEX , or if the methodology used to determine any of said reported indices is materially modified or changed, Customer and PSE shall select a mutually agreeable permanent replacement, reported by a reputable third party, that reflects actual same day non-firm transactions at the Mid-Columbia. If, after thirty (30) days, Customer and PSE are at impasse, the determination of the replacement index that best replicates the INDEX as described above in this definition based on Mid-Columbia energy prices as they were reported for such INDEX on the effective date of this Schedule, shall be made consistent with the Dispute Resolution provisions of this Small Customer Special Contract.

- (b) For purposes of calculating the Distribution Service Charge, the billing demand is the highest average 30 minute demand recorded in the billing period.
- (c) Based upon historic demands; subject to adjustment in accordance with Table DSM below, with adjustments effective as of the date identified in Table DSM.

Table DSM. Schedule of DSM (Conservation) Charges for Existing DSM

| Date | High Voltage | Primary Voltage |
|----------------------|----------------------|----------------------|
| Jan. 1, 2001 | \$0.74 / kVa – Month | \$0.61 / kVa – Month |
| Oct. 2001 | \$0.57 / kVa – Month | \$0.46 / kVa – Month |
| Oct. 2002 | \$0.39 / kVa – Month | \$0.27 / kVa – Month |
| Oct. 2003 | \$0.15 / kVa – Month | \$0.12 / kVa – Month |
| Oct. 2004 and beyond | \$0.00 / kVa – Month | \$0.00 / kVa – Month |

- (d) As such rider or charge may be modified from time to time pursuant to modifications to Schedule 120.