

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

2 PETITION OF PUGET SOUND POWER)
 & LIGHT COMPANY FOR AN ORDER)
 3 REGARDING THE ACCOUNTING) DOCKET NO. UE-920433
 TREATMENT OF RESIDENTIAL)
 4 EXCHANGE BENEFITS)
 -----)
 5 WASHINGTON UTILITIES AND)
 TRANSPORTATION COMMISSION,)
 6)
 Complainant,)
 7)
 vs.) DOCKET NO. UE-920499
 8)
 PUGET SOUND POWER & LIGHT)
 9 COMPANY,)
)
 10 Respondent.)
 -----)
 11 WASHINGTON UTILITIES AND)
 TRANSPORTATION COMMISSION,)
 12)
 Complainant,)
 13)
 vs.) DOCKET NO. UE-921262
 14)
 PUGET SOUND POWER & LIGHT) VOLUME 21
 15 COMPANY,) PAGES 3620 - 3735
)
 16 Respondent.)
 -----)
 17)

18 A hearing in the above matter was held on
 19 June 21, 1993 at 1:30 p.m., at 1000 Forest, Bellingham,
 20 Washington, before Commissioner RICHARD HEMSTAD, and
 21 Administrative Law Judge ALICE HAENLE.
 22
 23
 24 Cheryl A. Macdonald, RPR, CSR
 25 Court Reporter

1 The parties were present as follows:

2 WASHINGTON UTILITIES AND TRANSPORTATION
3 COMMISSION STAFF, by DONALD T. TROTTER, Assistant
4 Attorney General, 1400 South Evergreen Park Drive
5 Southwest, Olympia, Washington 98504.

6 PUGET SOUND POWER & LIGHT, by STEVEN C.
7 MARSHALL, Attorney at Law, 411 - 108th Avenue NE,
8 Bellevue, Washington 98004.

9 PUBLIC INTEREST, by CHARLES F. ADAMS,
10 Attorney at Law, Suite 2000, 900 Fourth Avenue,
11 Seattle, Washington 98164.
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I N D E X

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4 WITNESS: DIRECT CROSS REDIRECT RECROSS EXAM

5

6 A. DEARBORN 3629 3632

7 L. SMITH 3633 3639

8 C. ADRIANCE 3643

9 G. ROBERTSON 3647

10 J. YATES 3650

11 K. GANION 3655

12 J. PIAZZA 3659

13 G. JEFFERIS 3663

14 F. SHANE 3669

15 L. CHRISTOFERSEN 3671

16 M. DAWSON 3675

17 D. FRANKLIN 3679 3685 3686

18 B. BRENNER 3688

19 H. TOULGOAT 3694

20 L. WRIGHT 3699

21 T. MILLER 3702

22 D. PORTERFIELD 3706

23 P. MANN 3709

24 C. FOGELSONG 3714 3718

25 M. SPINALE 3719

3623

1 L. MOZELEWSKI 3723

2 WITNESS DIRECT CROSS REDIRECT RECROSS EXAM

3

4 J. MULLAN 3726

5 W. BROWN 3731

6 B. GORMAN 3733

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9 EXHIBIT MARKED ADMITTED

10 871 3735 3735

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

2 JUDGE HAENLE: The hearing will come to
3 order. This is a 21st day of hearings in the
4 consolidated Puget docket numbers, UE-920433,
5 UE-920499 and UE-921262. The purpose of the hearings
6 that are being held today is to take testimony from
7 members of the public about the rate design issues and
8 issues in the general rate filing.

9 The hearing is taking place at Bellingham,
10 Washington beginning at 1:30 in the afternoon. This
11 is June 21, 1993. The hearing is being held before
12 Commissioner Richard Hemstad. My name is Alice Haenle
13 and I'm the administrative law judge assigned to the
14 case. I introduced to you some of the people who have
15 participated thus far in the hearing. Representing
16 the company is Steven Marshall who is the gentleman in
17 the middle there. Representing the Commission is
18 Donald Trotter and representing public counsel is
19 Chuck Adams, the gentleman that you probably received
20 the letter from.

21 We have asked you to print your name and
22 address on a sign-in sheet at the front if you're
23 planning to give testimony. And we will be calling
24 names from that sign-in sheet. I will hand it to

25 Mr. Adams and he can call them now. When we call your

(COLLOQUY)

3625

1 name please come to the front. I will ask you to
2 swear or affirm that you will tell the truth and then
3 you will give your testimony from the witness stand up
4 in the front there. We've asked you to limit your
5 statements to five minutes each, please, because
6 there's a number of people to give testimony this
7 morning, as you can see. If you've brought a written
8 statement with you and you want to just summarize that
9 statement and then give me the written statement we
10 make an exhibit which goes into the record from that.
11 If it's a long statement obviously you're not going to
12 have enough time to read it. So if you want to hit
13 the high points and then give me the statement we
14 can put it with the group of statements.

15 FROM THE AUDIENCE: I have a question. I
16 have a statement from a friend of mine who can't be
17 here today. Is that appropriate?

18 JUDGE HAENLE: If you can answer questions
19 about it is the only problem. You can put it with
20 the record, you can do that. I don't know if you plan
21 to give testimony on your own behalf.

22 FROM THE AUDIENCE: I think I can answer a
23 couple of basic questions about this issue.

24 JUDGE HAENLE: All right. Did you sign up?

25 FROM THE AUDIENCE: Yes, I did.

(COLLOQUY)

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1 JUDGE HAENLE: Mr. Adams, did you want to
2 give a brief description of the case?

3 MR. ADAMS: Your Honor, given the number of
4 people here I think we probably ought to get into the
5 testimony as soon as possible. So I will just very
6 briefly indicate to you there may be some confusion
7 out there because there are several cases that have
8 been filed, several rate increase requests, one of
9 which, the primary ones we're dealing with here today
10 are what we call the rate design, that is dealing with
11 the rate structure of the company, and two, the
12 general rate case filing in which case they filed for
13 approximately \$117 million increase.

14 Now, subsequent to that and some of you may
15 have started to receive notices in your bill, they've
16 also requested what is called a PRAM 3 increase of
17 another \$76 million. The Commission and we all have
18 not had an opportunity to address that in hearings. I
19 assume there will be hearings later on on that, but
20 the primary issues that we're dealing with here today
21 will be general rate case and the rate design cases.
22 And I guess, your Honor, I'm sorry, I ended up at the
23 wrong courthouse and got here late but could I ask was
24 this letter circulated at the door? Many people who

25 have written to our office were sent a copy of a

(COLLOQUY)

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1 letter under the AG, attorney general, letterhead.

2 FROM THE AUDIENCE: No.

3 MR. ADAMS: If it is not perhaps I could
4 pass it out so those people could be looking at it who
5 plan to testify.

6 JUDGE HAENLE: I need a copy. If you just
7 want to circulate those.

8 MR. ADAMS: Give them also to the bench.

9 JUDGE HAENLE: Were you planning on
10 summarizing the high points of this, Mr. Adams?

11 MR. ADAMS: I will just indicate to those
12 of you here, there are a number of parties involved in
13 this proceeding. There have been hearings held so far
14 to date in which the company has made a presentation
15 to the Commission as well as other parties including
16 public counsel, but this obviously is your opportunity
17 to make comments on it. There are several issues.
18 When you get this letter if you look at page 4,
19 probably the biggest single issue because of driving
20 the cost request here is the addition of new
21 resources, both to some extent conservation but
22 primarily new co-generation and other purchased power
23 resources that the company has been bringing on line
24 in order to supply the growth that the company has

25 been experiencing over the last few years.

(COLLOQUY)

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1 There are a number of technical issues that
2 we've gotten into, one of which I think I should say
3 is a major issue and that is the cost of capital.
4 What kind of return should the company be allowed to
5 make. Just to give you an example, the difference
6 between the staff's presentation to the Commission and
7 the company's presentation, just on that one issue
8 there's a difference of approximately \$36 million. So
9 that it becomes a major element, if you will, in the
10 issues before the Commission. I really think that as
11 I say if this gets passed out to you, many of you
12 probably received it directly in the mail, but you
13 could take a look at it. The main reason we're here
14 today is to hear you speak, not so much to hear -- the
15 comments of other parties have already been made to
16 the Commission. Given the number of people here I
17 will start off on the list and L. Dearborn is the
18 first person who signed up. As we go along if others
19 have not signed up, feel free to sign up at the break.

20

21 Whereupon,

22

ALLISON LEE DEARBORN,

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

24 herein and was examined and testified as follows:

25

(DEARBORN - DIRECT BY ADAMS)

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1 DIRECT EXAMINATION

2 BY MR. ADAMS:

3 Q. Mr. Dearborn, I'm going to ask you a couple
4 of basic questions for the record and then allow you
5 to make your comments if you would. First off, would
6 you state your full name and spell your last name,
7 please?

8 A. My first name is Allison Lee Dearborn.

9 Q. Spell that?

10 A. Dearborn.

11 Q. Yes.

12 A. D E A R B O R N.

13 Q. Home address?

14 A. 4650-A Village Drive, Bellingham.

15 Q. Do you have a zip code?

16 A. 98126-8070.

17 Q. Speaking today individually or for any
18 group?

19 A. I'm speaking for the retirees Puget Power
20 in this area.

21 Q. That is, are you a former employee of the
22 company?

23 A. That is correct.

24 Q. Are you just speaking on their behalf

25 generally or do you have an organization of which

(DEARBORN - DIRECT BY ADAMS)

3630

1 you're an officer?

2 A. Just generally.

3 Q. Please, go ahead.

4 JUDGE HAENLE: Are you, sir, a residential
5 or commercial ratepayer?

6 THE WITNESS: Residential, bimonthly.

7 A. I am speaking to the rumor that I've heard,
8 and I don't know whether it's true or not, I haven't
9 seen anything in writing but I understand the staff
10 has recommended that Puget look into their support of
11 our medical benefits on retirees. And quite obviously
12 I am against any eroding on their payment in this.

13 Over the years, we've had contracts or
14 negotiations with the company and part of the
15 agreements have always been the benefits. It's been a
16 big part of our wages. And we have all looked forward
17 to the fact that this would carry on. The fact that
18 it now becomes very expensive is not really relevant
19 as far as I'm concerned. We are constantly increasing
20 our share of this cost and we can probably handle
21 that, but if we should lose the support of Puget Power
22 on our medical benefits it would be very devastating
23 to a lot of retirees. A lot of them don't have huge
24 retirements and they are getting by, and I would -- I

25 consider this agreement between the company and their

(DEARBORN - DIRECT BY ADAMS)

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1 employees, which is implicit -- it isn't necessarily
2 written anywhere, but I would think that this should
3 carry on. I would feel very bad if we were forced to
4 change.

5 JUDGE HAENLE: Do you have questions, Mr.
6 Adams?

7 Q. Are you finished, sir?

8 A. I was just looking at my watch. I think I
9 am.

10 Q. We don't need to cut you off.

11 A. My mouth went dry before my time ran out.

12 Q. Couple of general questions related --
13 first of all, do you have any comment on the overall
14 rate increase per se other than that issue?

15 A. Well, I am really not aware too much of it
16 except the fact that I see where it's going to cost me
17 another five dollars or something like that every two
18 months. I really don't have any knowledge of the
19 workings of it.

20 Q. Are the medical benefits that you referred
21 to a contractual right, if you will, of the employees
22 or is this something that is sort of continually at
23 the discretion of the company?

24 A. That is correct. It's not contractual.

25 Q. And what is its nature currently? Is there
(DEARBORN - DIRECT BY ADAMS) 3632

1 like a certain deductible?

2 A. They pay a portion and I can't tell you how
3 much it is. It's very helpful.

4 Q. Thank you. That's all I have.

5 JUDGE HAENLE: Counsel, any other
6 questions?

7 Commissioner, questions?

8

9 E X A M I N A T I O N

10 BY COMMISSIONER HEMSTAD:

11 Q. What amount do you pay now, do you remember
12 per month?

13 A. My own?

14 Q. Yes.

15 A. I pay \$63.

16 Q. And you said that you had been paying a
17 constantly increasing share of the costs. Is that
18 simply the dollar increase or are you paying a greater
19 percentage of the cost?

20 A. Both probably. I am not sure what the
21 costs are actually. We just get a notice each year of
22 what they want us to pay.

23 JUDGE HAENLE: Thank you, sir. You may
24 step down.

25 MR. ADAMS: I think it's Linnea Smith.

(DEARBORN - EXAM BY COMMISSIONER HEMSTAD)

3633

1 Whereupon,

2 LINNEA SMITH,

3 having been first duly sworn, was called as a

4 witness herein and was examined and testified as follows:

5

6 DIRECT EXAMINATION

7 BY MR. ADAMS:

8 Q. Would you state your full name and spell

9 your last name, please.

10 A. Linnea G. Smith, L I N N E A.

11 Q. Could you give us an address?

12 A. My home address is 2808 Leeward Way,

13 Bellingham, Washington 98226. I am here representing

14 Fee Landowner's Association of 177 Telegraph Road,

15 Suite 647, Bellingham, 98226.

16 Q. Could you please identify what that

17 organization is, please.

18 A. It's an organization that was formed for

19 the purpose of protecting our property rights within

20 the exterior boundaries of the Lummi Indian

21 reservation.

22 Q. So just so I understand, you're a landholder

23 if you will, within the reservation but you're not part

24 of the reservation?

25 A. Our lands are called fee lands. They're

(SMITH - DIRECT BY ADAMS)

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1 within the exterior boundaries of the Lummi
2 reservation but the lands have been removed from the
3 trust status and they're taxable and subject to the
4 laws of the state of Washington just like any other
5 alienated or fee land in the county or in the state.
6 They are not federally governed or overseen. They've
7 been removed from that status.

8 Q. Are you an officer of that organization?

9 A. I'm the vice-president.

10 Q. Go ahead, please.

11 JUDGE HAENLE: Are you a residential
12 ratepayer then?

13 THE WITNESS: Yes, I am.

14 JUDGE HAENLE: Is your organization made up
15 of generally residential or commercial or both?

16 THE WITNESS: Residential for the most
17 part. I am trying to think if there is any
18 commercial. I'm not sure.

19 JUDGE HAENLE: Go ahead.

20 A. In the case of this requested increase have
21 you set the real need? In industry management is not
22 rewarded for incorrect decisions. Revenues are not
23 guaranteed and stockholders are not automatically
24 guaranteed a dividend. We believe that Puget Power is

25 trying to make up for lost revenues because of an

(SMITH - DIRECT BY ADAMS)

3635

1 unanticipated drought last year. Why should we pay
2 for unanticipated weather. Puget Power should cut
3 spending instead. Ratepayers should not be an
4 unlimited money supply. We also believe that an
5 additional rate increase of 6.8 percent by Puget Power
6 upon fee landowners within the exterior boundaries of
7 the Lummi reservation is unwarranted. We believe that
8 the Utilities and Transportation Commission, the UTC,
9 has failed in its responsibility by allowing the Lummi
10 5 percent utility taxes to be passed through to fee
11 landowners who are 58 percent of the voting age
12 population, but who are excluded from voting in or
13 receiving benefits from the taxing tribal government
14 because of our race. We believe that by so doing the
15 UTC has legitimized the first tribally created
16 apartheid situation in the United States.

17 Every school child in America knows that
18 this is taxation without representation and knows that
19 it is against American democratic principles. Many of
20 our members are refusing to pay the Lummi tax to Puget
21 Power.

22 Now, the power company is coming back for a
23 rate increase of 6.8 percent. We believe that you
24 should look more carefully at this rate increase than

25 you did in the case of the Lummi tax. In the Lummi

(SMITH - DIRECT BY ADAMS)

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1 tax case you did not require a court verification of
2 the validity of the tax. You did not verify Lummi
3 claims. For example, the Lummis claim that they
4 provided services to all of us, including fire
5 service, emergency medical service, roads, et cetera,
6 when in fact it is our county taxes which are not paid
7 by tribal members living on trust lands which fund our
8 county fire departments, emergency medical services
9 and roads, which benefit all of us including the
10 tribal members who pay no taxes for them. It is our
11 federal taxes which provide the grants to run the
12 tribal government and the services which the tribe
13 provides to its members. In the case of the Lummi
14 taxes the following has happened since you made your
15 decision last year: In October the Lummi water task
16 force director stated that the Lummis refused to apply
17 for grants to extend the 10-inch water main from the
18 north end of the reservation to the south end because
19 if they used federal dollars they would have to allow
20 nonIndians to hook up on a nondiscriminatory first
21 come first served basis.

22 In December, the Lummi government published
23 the 1992 budget claiming to have given \$20,000 to a
24 fire department when only \$10,000 was given to one of

25 the two nonIndian fire departments within the

(SMITH - DIRECT BY ADAMS)

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1 reservation. Fee land county taxes support the fire
2 and emergency services with approximately \$90,000 per
3 year. The Lummis do not have a fire department.

4 According to the state governor's office of Indian
5 Affairs and the Lummi tribe, the Lummis are not subject
6 to the Freedom of Information Act nor the Federal
7 Privacy Act. Other allocations in their \$10,500,000
8 budget of which only \$1,300,000 is paid for by the
9 tribe are independently unverifiable.

10 The Lummis sued the 38 member Georgia Manor
11 Water Association claiming that they had impacted the
12 Lummi water supply in the drilling of their
13 replacement well. After tapes of proceedings which
14 had been in the Lummi possession turned up blank and
15 after the tribal judge ordered the Lummis to produce
16 documentation upon which their expert witnesses
17 relied which would have been damaging to the Lummis'
18 position, the Lummis dismissed the case in March
19 claiming that they were doing so with regard to the
20 Nooksack River Basin water negotiations coming up with
21 the state and the county. In April the Lummi
22 newspaper announced that the Lummis had asked the
23 federal government for \$700,000 for water litigation
24 money.

25 In May the Lummis broke off talks with the

(SMITH - DIRECT BY ADAMS)

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1 City of Bellingham over water because the city would
2 not reduce the rate the Lummis pay for water in the
3 10-inch line, the same rate that all other users
4 outside the city pay, and would not recognize the
5 Lummi as sole purveyor of water on the reservation.

6 As stated by the Georgia Manor president
7 Roger Leischner in a letter to the city council: The
8 preconditions were obviously designed to avoid
9 meaningful discussion with respect to the Nooksack
10 River Basin and was an obvious attempt to isolate the
11 nonIndian water users on the reservation.

12 If the 6.8 percent rate hike is approved by
13 your commission, we request that you require Puget
14 Power to increase rates upon nontribal members within
15 the Lummi reservation by only 1.8 percent in
16 compensation for the 5 percent Lummi tribal tax which
17 is already being charged by Puget Power.

18 JUDGE HAENLE: Did you want to leave a copy
19 of that statement with me? The record should reflect
20 that there are a number of people in the room who have
21 apparently come in in support of the same issue
22 carrying signs. I don't know how many of you. If you
23 want to raise your hands maybe. I would say 40
24 maybe, what do you think? Perhaps more than that.

25 I indicated earlier that if you want to

(SMITH - DIRECT BY ADAMS)

3639

1 choose persons among you to be spokespersons that
2 that might be an efficient way to do this. Obviously
3 you've chosen one at least very good spokesperson.

4 Did you have questions, Mr. Adams?

5 MR. ADAMS: Just a clarification question.

6 Q. I heard at the end where you said if the
7 increase of 6.8 percent is allowed you should offset
8 the tax, if you will, from the Lummi tribe but early
9 on I just wanted to make sure I understood it. I
10 think you were opposing the increase, were you not?

11 A. In general, yes.

12 JUDGE HAENLE: Other questions?

13 MR. MARSHALL: No questions.

14 JUDGE HAENLE: Commissioners, have you
15 questions?

16

17 E X A M I N A T I O N

18 BY COMMISSIONER HEMSTAD:

19 Q. I just want to understand. Did you say
20 that the aliented lands are subject to the tax but
21 trust lands are not?

22 A. On our power bills -- you're talking about
23 the Lummi tax now?

24 Q. Yes.

25 A. On our power bills it's my understanding

(SMITH - EXAM BY COMMISSIONER HEMSTAD)

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1 that everyone is being taxed the 5 percent rate
2 whether they're a fee land or whether they reside on
3 trust lands, everyone is being taxed if they live
4 within the exterior boundaries of the Lummi
5 reservation. The difference is that the trust land
6 tribal members have access to Indian health care, they
7 have tribal schools, they have health benefits that
8 are not extended to nonIndians. You must be a tribal
9 member to receive them.

10 Q. Well, is your group questioning the
11 legality or the authority of the tribe to assess the
12 tax against --

13 FROM THE AUDIENCE: Yes.

14 FROM THE AUDIENCE: Yes.

15 JUDGE HAENLE: I need to have you be quiet,
16 please. The witness will be speaking into the
17 microphone. I am sure she's capable of answering.

18 A. Yes. We feel that you should have
19 questioned the legality of it at the time that it came
20 up.

21 Q. That was my next question. You see that as
22 a responsibility of the Utilities and Transportation
23 Commission to determine the legality of that tax?

24 A. Pardon? You're asking me whether it is?

25 Q. Let me phrase it this way. Has your

(SMITH - EXAM BY COMMISSIONER HEMSTAD)

3641

1 organization challenged that tax in a judicial
2 proceeding?

3 A. We went through an administrative law
4 proceeding with the utilities and transportation
5 committee last year over the Lummi taxes.

6 Q. But you haven't challenged it in court?

7 A. Not at this point, no. We feel it's
8 between Puget Power, the utilities and the tribe. The
9 tax is not -- the tax is being passed through by the
10 utilities to us. It's not on us directly. The
11 utilities are passing it through. We believe the
12 utility should have taken it to court or the Utilities
13 and Transportation Commission, one of you guys should
14 have taken it to court before passing it through to
15 us. Originally there was a 5 percent utility tax on
16 the individuals charged out there. The tribal members
17 themselves voted that down. So now they're going
18 after the utilities, rather than the individuals. So
19 we feel the utilities should be challenging it or the
20 Utilities and Transportation Commission.

21 COMMISSIONER HEMSTAD: No further
22 questions.

23 JUDGE HAENLE: Thank you for your
24 testimony. You may step down.

25

MR. TROTTER: Your Honor, I would like to

(SMITH - EXAM BY COMMISSIONER HEMSTAD)

3642

1 ask for a ruling that people not applaud or boo or
2 hiss. Sometimes people feel self-conscious or might
3 feel intimidated by taking an adversary position, for
4 example, and we are here to hear all sides of the
5 issues. And I ask that there neither be applause or
6 the opposite of applause but treat this like a
7 courtroom because you're going to be treated fairly
8 and we want to make sure that each witness isn't in
9 any way feeling a chilling effect to come and testify
10 or the opposite of that.

11 JUDGE HAENLE: I think Mr. Trotter has a
12 good point. I have indicated how many of you raised
13 your hands in my answer to my question. I would like
14 to be sure that everybody gets a chance to give a
15 statement who wants to. So you can wave your sign if
16 you like but I would ask you not to applaud, not to
17 boo or hiss. Everyone gets to make their statement in
18 the same manner as everyone else.

19 Go ahead, Mr. Adams.

20 MR. ADAMS: The next person to sign up is
21 Clare Adriance, and by the way, I apologize if I
22 mispronounce. I am known to do that.

23 Whereupon,

24

CLARE ADRIANCE,

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

(ADRIANCE - DIRECT BY ADAMS)

3643

1 herein and was examined and testified as follows:

2

3

DIRECT EXAMINATION

4 BY MR. ADAMS:

5

Q. Mr. Adriance, would you state your full

6

name and spell your last name.

7

A. Clare, C L A R E, Adriance, A D R I A N C E

8

and I live at 4153 Patos, P A T O S, which is Ferndale

9

mailing address, but I live at the property at Sandy

10

Point which is out in the county.

11

Q. Could you give us a zip code also, please?

12

A. 98248.

13

Q. And are you a residential customer or

14

commercial --

15

A. Yes, I am.

16

Q. Residential. Are you speaking individually

17

today or for any group or organization?

18

A. I am speaking individually although the

19

points I want to make affect many of my neighbors.

20

Q. Go ahead, please.

21

A. I am 68 years old and my income was fixed

22

when I retired in 1986 so I am not interested in a

23

rate increase any more than anyone else since I have

24

no way of keeping up with this type of inflation, but

25 the point that I want to make or one point is that if

(ADRIANCE - DIRECT BY ADAMS)

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1 not allowing a rate increase to Puget Power means
2 cutting back on customer service then I think the
3 Commission should go slow in considering that point
4 and I will explain.

5 Another way to put it is -- well, let me
6 explain. We had a problem several years ago where we
7 live in having power failures when the power would be
8 interrupted intermittently, the power would come back
9 on, and I will call it a circuit breaker, would blow
10 on a pole and we had no power. And this doesn't sound
11 like much except when it occurred, which it did, and
12 the 80 mile nor'easter and the temperatures were chill
13 factors below zero and it took about three days to get
14 someone out to fix the problem because Puget Power had
15 hundreds of outages and this resulted in thousands of
16 dollars of damage to people's homes, people that were
17 not at home and could not drain the water pipes. We
18 talked to the line men. We had -- they tried to work
19 the problem, put in bigger breakers and this kind of
20 thing. Didn't solve the problem, it happened again
21 and again.

22 So I wrote on behalf of some of my
23 neighbors to the head of Puget Power in Whatcom County
24 and they did a complete engineering evaluation of the

25 problem. They determined that our distribution was

(ADRIANCE - DIRECT BY ADAMS)

3645

1 inadequate. They came out and replaced all of our
2 electrical distribution lines with three lines instead
3 of two line system and solved the problem. And it
4 meant a great deal to us. We haven't had a power
5 outage since, except for trees blowing over the lines
6 and then Puget Power came out and cleared trees back
7 to the edge of their easement all along Slater Road so
8 that it eliminated most of this problem.

9 So my point is that if -- you know, it
10 doesn't matter too much within reason what the rate
11 is if electrical power is your only source of heat and
12 you lose power for several days in the very harsh
13 environment. So I am not really for a rate increase
14 but I would like to ask the Commission to make sure
15 that they take into account customer service and what
16 impact it might have on customer service if they do
17 not allow the increase in rates.

18 The other point very quickly is to second
19 the comments of Linnea Smith who spoke just before me
20 and I will not repeat that because she spoke very
21 succinctly, but I am also affected by this
22 pass-through tax, and, again, just to summarize it to
23 the Commission, I feel and a lot of us feel that it is
24 the responsibility of the Commission, the UTC, and the

25 attorney general to determine the legality of this tax

(ADRIANCE - DIRECT BY ADAMS)

3646

1 because, simply stated, it is taxation without
2 representation. We have no say-so in the Lummi
3 business counsel. We cannot influence them in any
4 way. We don't know how the money is spent and they
5 can change the rate any time you folks will agree with
6 them. My understanding is that you agree that the
7 rate was reasonable based on other municipality taxes,
8 but this is not the case. They are a nonmunicipality
9 in which we don't have a say-so and vote. And I urge
10 you to get with the attorney general's office and
11 pursue this. We cannot pursue it as individuals. We
12 cannot sue the Lummi Indians. We can only sue the
13 Department of Interior and that's a massive task for a
14 few individuals who are being affected. That's my
15 statement.

16 JUDGE HAENLE: Questions, Counsel?

17 MR. ADAMS: No.

18 COMMISSIONER HEMSTAD: No questions.

19 MR. ADAMS: Glen Robertson.

20

21 Whereupon,

22 GLEN ROBERTSON,

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

24 herein and was examined and testified as follows:

25

(ROBERTSON - DIRECT BY ADAMS)

3647

1 DIRECT EXAMINATION

2 BY MR. ADAMS:

3 Q. State your full name and spell your last
4 name.

5 A. My name is Glen with one N, A. Robertson,
6 R O B E R T S O N. Mailing address is Post Office Box
7 43, Anacortes, 98221. I am a residential ratepayer
8 and appearing as a private individual.

9 Q. Are you a residential customer?

10 A. Yes.

11 Q. You have distributed a statement, as I
12 understand it, Mr. Robertson, but would you just sort
13 of briefly summarize that and then if you had any
14 other comments?

15 A. I think I can probably cover the whole
16 thing in about three minutes.

17 Q. Go ahead.

18 A. Normally I would argue against any raise in
19 utility rates whatever the utility. This time I ask,
20 however, that you approve the rate increase. Puget
21 Power has no control over the increasing numbers of
22 people moving into its service area and demanding that
23 they provide electricity. Every business deserves an
24 opportunity to recover its costs of providing goods

25 and services. Puget Power is an investor owned

(ROBERTSON - DIRECT BY ADAMS)

3648

1 utility that has earned the opportunity to recover
2 that money. Many of Puget Power's day-to-day
3 activities have impressed me as being more in the
4 interest of its customers than the company. The
5 gatekeeper program to look for signs that the customer
6 might need help is one; the well-promoted conservation
7 program is another. Of particular merit is the energy
8 assistance program for low income customers. Over
9 recent years the federal government has eliminated
10 funding, state legislatures have refused to pick up
11 the slack. Since 1982 the company has aided more than
12 66,000 people and 20,000 families. In 1992 alone the
13 company raised more than \$344,000 helping 3900
14 families and 12,500 individuals. None of this was
15 part of the company's rate base. While none of us
16 like to see our living expenses go up, I think Puget
17 Power has been very responsible in keeping customer
18 costs down. Also they have taken a lead in our area
19 in gathering customer input on its ways of doing
20 business. That lead program is Puget's consumer panel
21 where thousands of suggestions, most of them adapted
22 by the company, have served to keep those costs down.

23 The Commission will determine the amount
24 Puget can recover. The company's request, I think,

25 tells a bit about the way the company does business.

(ROBERTSON - DIRECT BY ADAMS)

3649

1 They asked only for part of the costs in the first
2 year with a balance to be recovered during normal
3 periodic rate adjustments.

4 My final statement is almost a repeat of
5 something I said earlier. Puget has earned the right
6 to recover the costs of providing service to its
7 customers by serving those customers so well. Thank
8 you.

9 JUDGE HAENLE: Have you questions?

10 Q. I don't know the source of the number you
11 gave for the energy assistance program, Mr. Robertson,
12 but that, I believe there is some company money but a
13 lot of it is voluntarily raised by customers?

14 A. Yes, it is. Raised by the customers and
15 Puget's employees, if I understand correctly,
16 contribute a considerable amount out of their salaries
17 of their own volition for that program.

18 Q. So just to understand the \$344,000 figure,
19 is that the total both from the company and from
20 customers?

21 A. That's from the company and from customers
22 and it is a completely voluntary program which Puget
23 operates.

24 Q. Thank you.

25 MR. MARSHALL: No further questions.

(YATES - DIRECT BY ADAMS)

3650

1 COMMISSIONER HEMSTAD: No questions.

2 JUDGE HAENLE: Thank you, sir, you may step
3 down.

4 MR. ADAMS: Janet Yates.

5 Whereupon,

6 JANET YATES,

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

9

10 DIRECT EXAMINATION

11 BY MR. ADAMS:

12 Q. State your full name and spell your last.

13 A. Janet Lynn Yates. Y A T E S.

14 3401 E. Fir Street, Mount Vernon, Washington 98273.

15 Q. Are you a residential or business customer?

16 A. I'm both. I'm an owner of a moving company

17 which is also regulated by the Washington Utilities

18 and Transportation Commission at 1261 Bruce Log Road,

19 in Burlington, Washington 98233.

20 JUDGE HAENLE: You're going to need to

21 speak slowly enough so that the reporter can get it

22 all down.

23 THE WITNESS: I am just nervous.

24 JUDGE HAENLE: People do tend to speak more

25 quickly when they're nervous. So you are both a

(YATES - DIRECT BY ADAMS)

3651

1 residential and commercial ratepayer?

2 THE WITNESS: Yes, I am.

3 JUDGE HAENLE: Where is your residence
4 located?

5 THE WITNESS: Mount Vernon.

6 Q. Are you speaking individually or for a
7 group?

8 A. Both. Residential taxpayer and a
9 commercial taxpayer.

10 Q. And ratepayer I gather?

11 A. Yeah, ratepayers.

12 Q. Go ahead, please.

13 A. As with most situations I am presented
14 with, I have mixed emotions. These are given to you
15 as my own opinion and in comparisons with other
16 factors I deal with. I would support a rate increase
17 if a rate increase was necessary to continue the Puget
18 Power consumer panel. I have served on this panel for
19 four years and have had the opportunity to learn about
20 Puget Power. Puget has shown me its facilities and
21 explained to me and other panel members Puget's
22 resources, needs and has asked our opinions. I feel
23 this is a community service program that must be
24 sponsored if we, the consumer, are to be kept informed

25 on the reasons why Puget Power needs to make the

(YATES - DIRECT BY ADAMS)

3652

1 business decisions it does in order to keep power on
2 in our communities. I would support a rate increase
3 if Puget Power were no longer responsible to earn
4 funds for low income families. It's the employees
5 that they hire and pay to do this. I do not feel this
6 is a responsibility of Puget Power but feel it is a
7 responsibility of the state of Washington. Bills
8 incurred by people living within an income level
9 eligible for assistance should receive state-provided
10 training so they can get a job and not hide the fact
11 that they need more money by deferring our rates to
12 pay Puget employees to find this money. An alternative
13 to this was an energy stamp that was proposed by the
14 consumer panel. I would support a rate increase if
15 commercial and industrial power users and residential
16 customers were charged similar rates. The commercial
17 and industrial user can pass on their rate increase to
18 their customers and the person can make a decision based
19 on price if they want that product or service.
20 Residential customers on fixed income do not have that
21 option.

22 I would not support a rate increase if the
23 additional funds are used to help install power
24 utilities to new housing or business developments. I

25 feel the person financially capable to purchase the

(YATES - DIRECT BY ADAMS)

3653

1 property can afford to incur the cost of utility
2 installation. Builders already pass on their costs
3 such as subdivision, sidewalks and gutters and the new
4 owner will have to finance the entire package as a
5 single purchase.

6 Another reason I support my position on
7 this is because a rate increase that could be deferred
8 may very well push more fixed or low income families
9 into a position where they cannot afford to pay their
10 power bill.

11 I would not support a rate increase unless
12 Puget Power stops spending millions of dollars funding
13 give away or "let me fix this for you" programs and
14 subsidizing contractors for using electric and
15 conservative fixtures. The WUTC has granted rate
16 increases so Puget Power can cater to a minority of
17 our communities. I say educate all of us, put a
18 shopping list in with our power bills and give us
19 Puget's opinion on electrical gadgets from appliances
20 to light bulbs. Let us make choices based on what we
21 want, not what Puget pays people to have.

22 We all want to see our individual standards
23 of living increase. And we cannot do that by
24 continually paying out more money, especially when it

25 means the rich get to spend more money to look better

(YATES - DIRECT BY ADAMS)

3654

1 to the public. I believe we need to fund the purchase
2 of additional power sources and absorb the cost of
3 fluctuating power supply sources when we use power
4 during peak load periods. I am especially impressed
5 with cogeneration but we need to see more give and
6 take from Puget Power. From where I sit the WUTC is
7 riddled with double standards making it possible to be
8 a wealthy industry by rate increases or by I believe
9 making it practically a nonprofit industry through
10 discounts and taxation. Most private businesses as
11 well as those regulated by outside agencies have to
12 incur the cost of natural disasters, expansion and
13 stockholder dividends through budgeting, not through
14 rate increases. So what it boils down to is, yes,
15 increase our rates to acquire different power sources
16 but spending must be reduced.

17 JUDGE HAENLE: Questions, Counsel?

18 Q. I just wanted to ask you, you've indicated
19 you've been on consumer panels for four years. Could
20 you indicate which topics, if you will, or which
21 panels you've been on?

22 A. Usually it's futuring our power resources.

23 Q. So looking for new resources?

24 A. New resources.

25 JUDGE HAENLE: Counsel, questions?

(GANION - DIRECT BY ADAMS)

3655

1 Commissioner, have you questions?

2 COMMISSIONER HEMSTAD: No, I don't.

3 JUDGE HAENLE: Thank you for your testimony

4 you may step down.

5 Whereupon,

6 KAREN A. GANION,

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

8 herein and was examined and testified as follows:

9

10 DIRECT EXAMINATION

11 BY MR. ADAMS:

12 Q. Could you state your full name, please, and
13 spell your last name.

14 A. Karen A. Ganion, G A N I O N.

15 Q. Address, please.

16 A. Post Office Box 779, Concrete, Washington.

17 Q. Zip?

18 A. Zip 98237.

19 Q. By giving your zip code, your full
20 address, you then get on the mailing list so that's
21 the reason I ask. Are you a residential or business
22 customer of the company?

23 A. Both.

24 Q. Are you speaking individually or for any

25 group?

(GANION - DIRECT BY ADAMS)

3656

1 A. Individually.

2 Q. Go ahead.

3 A. Good afternoon. I operate the liquor
4 agency in Concrete, Washington and am an active member
5 in the Concrete Chamber of Commerce. And involved
6 in many of the activities up river. I personally
7 cringe --

8 JUDGE HAENLE: Need to speak both loudly
9 and slowly, please, to be sure she can follow it.

10 A. -- at any increases in any of our monthly
11 bills. Puget Power, I feel, is justified in seeking
12 their increase of 6.8 percent. In our community they
13 are good neighbors and corporate citizens. Concrete
14 is being hit very, very hard with the spotted owl old
15 growth timber legislation. Our town has survived from
16 the woods since the close of the cement plant back in
17 the 1980's. The phrase depressed area is common. In
18 working with our Chamber of Commerce and an offshoot
19 of that Concrete Economic and Development Resource
20 Group I was fortunate enough to work side by side with
21 Puget Power's Jim Loop. They were instrumental in
22 giving us -- when I say us I mean the community -- a
23 helping hand. In dollars, no, their goal was to help
24 us help ourselves.

25

A year ago we held a town meeting that

(GANION - DIRECT BY ADAMS)

3657

1 followed a survey sent out to 2500 homes and that's
2 probably -- that's everywhere from Newhalem down to
3 Lyman-Hamilton area. The meeting -- the town meeting
4 was held by Puget Power and it created a community
5 driven vision. It was coordinated by Marna Harwitz,
6 Puget Power's community and economic development
7 coordinator. It helped us focus on our community
8 needs and set priorities. All of this takes a
9 tremendous amount of work and dedication.

10 Puget again went the extra mile to suggest
11 we implement an investment in excellence seminar which
12 was Lou Tice and to date we have put 36 people through
13 this course and are scheduling two more for this fall.
14 We are facing the challenge for a change, big change
15 up there, and with their continued help we are able to
16 find new and creative solutions to our problems.
17 Puget Power has an extraordinary amount of dedication
18 to the people they serve, i.e. customer service not
19 only to the customers as individuals but to the
20 communities that they do serve. I know they have
21 earned the right to seek a rate increase because of
22 the good, strong, friendly business sense that they
23 use to run their company with.

24 JUDGE HAENLE: Counsel, questions?

25

MR. ADAMS: Yes.

(GANION - DIRECT BY ADAMS)

3658

1 Q. Let me ask you, could you elaborate more
2 about what Puget has done in terms of working with the
3 chamber?

4 A. With the committee. They came in and at
5 the very beginning of our meetings and said what can
6 we do, what do you want to do? Let us help you. I am
7 going to say we were basically incapable of doing
8 anything. We were saying oh, poor us, no, we can't.
9 They said yes, you can. Let's do it and they brought
10 us through -- just in revitalizing the town and still
11 are. With giving us the meetings, getting a community
12 effort going, getting us all going in one area.

13 Q. I guess I am still confused. They're not
14 obviously, from what you said, giving money to the
15 community. They're providing sort of leadership?

16 A. Resources, yes. I can pick up the phone
17 tomorrow. They are not going to give me the money,
18 they are going to give me an answer or give me
19 somewhere else, direct me where can I go. A helping
20 hand. Corporate citizen.

21 JUDGE HAENLE: Counsel?

22 Commissioner?

23 COMMISSIONER HEMSTAD: No questions.

24 MR. ADAMS: John Piazza.

25 Whereupon,

(PIAZZA - DIRECT BY ADAMS)

3659

1

JOHN PIAZZA,

2

having been first duly sworn, was called as a witness

3

herein and was examined and testified as follows:

4

5

DIRECT EXAMINATION

6

BY MR. ADAMS:

7

Q. State your full name and spell your last.

8

A. John Piazza. Located in Skagit County at

9

1460 Eagle Drive, Burlington, 98233.

10

Q. And are you a residential or business

11

customer, sir?

12

A. I am both. We do commercial and

13

residential construction.

14

Q. Are you speaking today individually?

15

A. I am speaking not only on my behalf but I

16

am also very involved with the state Builder's

17

Association and the current past president and I have

18

the power here today to speak on their behalf as well.

19

Q. Go ahead, please.

20

JUDGE HAENLE: What's the exact name of

21

your organization?

22

THE WITNESS: B I A W, Building Industry

23

Association of Washington.

24

JUDGE HAENLE: Thank you. Go ahead.

25 A. First of all, I want to start off by saying

(PIAZZA - DIRECT BY ADAMS)

3660

1 that we believe that definitely a rate increase is in
2 tune and we support a rate increase. We're not
3 privileged to knowing the ins and the outs of whether
4 the amount being asked for is a number that's correct
5 or not. However, we do know what Puget has been
6 doing. I've been privileged to see things on another
7 level that a lot of people don't often get to see.
8 Being involved not only within my own company of
9 building quite a few residential custom homes but
10 custom office buildings and also large apartment
11 complexes, I've had the opportunity of seeing things
12 on a lot of levels. The last ten years or so I've
13 been involved with the local builders association
14 going on to be its president and then later going on
15 to being the president of the state association as
16 well as being president of our Skagit County economic
17 development association. I think I see things on a
18 larger level, bigger picture than most people can
19 spot. Puget is in fact doing lots of cutting back of,
20 trying to save some money and we applaud that.

21 Some of the major concerns that we have as
22 an industry is that certain things get cut that should
23 not be cut. Looking forward and looking on with what
24 I've seen Puget trying to do, I've been on the

25 consumer panel for the last four years as well also

(PIAZZA - DIRECT BY ADAMS)

3661

1 looking long-range to seeing where Puget is going and
2 what's needed within the state. And I think they're
3 doing a long-range pretty good job of where they're
4 going. However, our industry, pretty much in the past
5 ten years, Puget's really the largest client. There's
6 been over 200,000 connections made to hooking people
7 up to Puget Power and in doing so our industry feels
8 like we need to work closer with you and not further
9 apart. Last thing in the world we want to see are
10 programs cut like the consumer panel and the fact
11 that Puget is involved with lots of professional
12 organizations like the economic development
13 association across the state and the builder's
14 association not only on a local basis but on a state
15 level.

16 The builders and developers basically we
17 didn't create the demand that's out there. We're just
18 responding to that demand. If you go back and you
19 remember not too long ago Governor Gardner started a
20 program called Team Washington and that basically --
21 that group was basically put into effect to go out and
22 bring businesses to Washington state. Well, guess
23 what, the team went out and the team did its job and
24 brought lots of businesses here. So we're responding

25 to a demand that's there. We didn't go out and create

(PIAZZA - DIRECT BY ADAMS)

3662

1 that demand. If the demand wasn't there you wouldn't
2 have the growth that you have going on within the
3 state.

4 Puget Power needs to be regulated. At the
5 same time Puget must be healthy and provide the client
6 with reliable services and to work towards affordable
7 housing. We believe that that's a common goal in
8 working together. To achieve this I think Puget needs
9 to look forward and extend itself as far as being
10 involved with these different groups and in fact don't
11 chop them from your budgets. We think that's a very
12 big mistake if in fact you jump out of some of these.
13 That's basically what I wanted to say was stay with
14 the public programs. You know, the communication is
15 your investment back to the public and just like we
16 have to invest for our future, I think communication
17 is your investment back to the public. You have lots
18 of good programs out there. Some of the problems is
19 the public don't know about them.

20 JUDGE HAENLE: Counsel, questions?

21 BY MR. ADAMS:

22 Q. Just a question, sir. Is it your
23 impression, as an example, that if the company does
24 not get this increase that it will cut its consumer

25 panels? I'm sort of hearing you want to that

(PIAZZA - DIRECT BY ADAMS)

3663

1 continue?

2 A. I already know that that's one of the
3 things being looked at as well as belonging to all the
4 different groups within the state, such as chamber of
5 commerces, economic development associations and in
6 fact the builder's association, not only on a local
7 level but on a state level and a national level.
8 We're very involved in building bonds together to work
9 to keep costs down and I think we've done a great job
10 in the last ten years of working with you that I've
11 been involved with Puget on a state level and cutting
12 those programs would in fact increase costs, not
13 decrease costs on your side.

14 JUDGE HAENLE: Counsel, questions?

15 Commissioner?

16 COMMISSIONER HEMSTAD: No questions.

17 MR. ADAMS: Gary Jefferis.

18 Whereupon,

19 GARY JEFFERIS,

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

22

23 DIRECT EXAMINATION

24 BY MR. ADAMS:

25 Q. Please state your name and address.

(JEFFERIS - DIRECT BY ADAMS)

3664

1 A. Gary Jefferis, J E F F E R I S. I reside
2 at 1314 Birch Street, Bellingham, Washington.

3 Q. Could you give us the zip code?

4 A. 98226.

5 Q. Are you a residential and/or business
6 customer of the company?

7 A. Residential and indirectly commercial which
8 I will address in my remarks to the panel.

9 Q. Are you speaking individually today or for
10 any organization?

11 A. Individually.

12 Q. Go ahead, please.

13 A. Today I wish to speak to you as a homeowner,
14 as a facility manager for the school district and also
15 as a member of the consumer panel on integrated resource
16 planning. What I wish to address today are the programs
17 which Puget Power has to offer and our part of their
18 rate structure because they need the revenues to
19 continue the programs. We, in the Northwest, have a
20 quality of life we all enjoy and we wish to preserve
21 that and continue our lifestyle in the Northwest. In
22 doing this Puget Power has to search for new generation
23 of electricity, it leaves very little options for the
24 company as they look at the impact on the environment.

25 Three of the areas that they are searching and they do a

(JEFFERIS - DIRECT BY ADAMS)

3665

1 very, very good job at we found out serving on the panel
2 is one, conservation, generation by renewables, and high
3 efficiency cogeneration.

4 Both of these, though, however, have very
5 high costs of generation due to the cost of developing
6 the new technologies. For example, conservation,
7 Puget Power is very affective in it and the role I
8 serve as a government official Puget Power has helped
9 us in searching out ways to conserve energy uses in
10 our facilities and by doing this they also help the
11 taxpayer inadvertently on saving the tax money so we
12 can put it back into the classroom. Renewables is one
13 form of generation which is just coming on the scene.
14 And in our panel we talked a lot with Puget Power
15 about increasing the reliance upon generation by
16 renewables. However, as many know in the audience and
17 many on the board that that is a high cost to develop
18 the technology.

19 The high efficient cogeneration I list is
20 last, as we on the consumer panel felt that when you
21 burn a fuel to make an energy this isn't the highest
22 efficient rate of the initial fuel. Therefore, I come
23 today in hopes that through appropriate funding
24 granted by the Utility Commission Puget Power will be

25 able to continue their effort to meet the future

(JEFFERIS - DIRECT BY ADAMS)

3666

1 demands of development through conservation, using
2 renewables for generation and high efficiency
3 cogeneration. Thank you.

4 Q. One clarification. When you said "through
5 appropriate funding," do I assume that you're
6 supporting the increase?

7 A. Yes. And I can speak for the consumer
8 panel I served with. I was the chairperson of the
9 panel and they were all very much, as we did our
10 recommendations to Puget Power, were very much in
11 support. It was a seven person panel.

12 JUDGE HAENLE: Counsel?

13 MR. MARSHALL: No questions.

14 COMMISSIONER HEMSTAD: No questions.

15 MR. ADAMS: Dolores Gibbons.

16 Whereupon,

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

20

21 DIRECT EXAMINATION

22 BY MR. ADAMS:

23 Q. Would you state your full name and spell
24 your last name?

25 A. Dolores Gibbons, G I B B O N S. Post

(GIBBONS - DIRECT BY ADAMS)

3667

1 Office Box 2187, Mount Vernon 98273.

2 Q. Are you a residential and/or business
3 customer?

4 A. Residential. I am speaking individually
5 today.

6 Q. Go ahead, please.

7 A. Would like to bring before the Commission a
8 piece of information as my information really comes
9 through my position but I am not speaking on behalf of
10 my organization, which is the Mount Vernon School
11 District. I serve as superintendent of that school
12 district and would like to commend Puget Power for the
13 role that they played in creating a community summit
14 in the Mount Vernon area. Their technical assistance
15 and their support of bringing 25 people together for a
16 series of meetings throughout the year and follow-up
17 meetings. I think that Puget Power has been
18 instrumental in both the initial piece of that
19 community summit and the follow-up work that's been
20 done. I think as a corporate good neighbor they have
21 done an excellent job with that and I think that it is
22 their spirit and their motivation and their technical
23 assistance as much as anything that has made those
24 community issues come together and the follow-up

25 pieces of it have been very supportive in creating

(GIBBONS - DIRECT BY ADAMS)

3668

1 communities that are better able and better prepared

2 to move ahead on a wide variety of issues.

3 JUDGE HAENLE: Questions, Counsel?

4 BY MR. ADAMS:

5 Q. Could you explain a little bit what is this
6 community summit? I don't understand exactly what was
7 involved.

8 A. It involved organizing, as I said, a group
9 of 25 people done in conjunction with the chamber of
10 commerce and with the school district and with the
11 mayor of the city to discuss issues of concern to the
12 citizens in the area, issues such as futures, a future
13 statement was written, and six or seven different
14 areas having to do with economic development with
15 education, with growth in the community and ways to
16 manage all of those issues that will tend to increase
17 the quality of life and provide a community where
18 people are proud to be members, and the issues are
19 controlled and discussed as opposed to either being
20 ignored or not discussed. But they provided the
21 impetus for putting the group together essentially.

22 JUDGE HAENLE: Counsel?

23 MR. MARSHALL: No questions.

24 COMMISSIONER HEMSTAD: No questions.

25 JUDGE HAENLE: Thank you for your

(SHANE - DIRECT BY ADAMS)

3669

1 testimony.

2 MR. ADAMS: Fay Shane.

3 Whereupon,

4 FAY SHANE,

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

6 herein and was examined and testified as follows:

7

8 DIRECT EXAMINATION

9 BY MR. ADAMS:

10 Q. Would you state your full name please and
11 spell your last.

12 A. Name is Fay Shane, S H A N E. Address is
13 1803 Bradshaw Road, Mount Vernon, Washington 98273.

14 Q. Are you a residential or business?

15 A. Residential.

16 Q. On behalf of your yourself or group?

17 A. Speaking as an individual and to borrow on
18 behalf of Dr. Gibbons, speaking in my experience of
19 working with Puget Power which comes to me through my
20 job at Skagit Valley College in special projects. I
21 am here to reaffirm that Puget Power is one of the
22 best friends that our community has ever had. I have
23 lived my whole life in the community of Skagit Valley
24 and for 25 years been a volunteer in areas that

25 include orthopedics, YMCA's, foundations of different

(SHANE - DIRECT BY ADAMS)

3670

1 organizations. And each and every one of those
2 volunteer projects I've been involved in there has
3 always been someone from Puget Power also involved.
4 They bring a tremendous enhancement to the community,
5 as it relates to community becoming a family and
6 community life, and they have always been responsible
7 and responsive to the community needs.

8 I have to be honest about saying I haven't
9 really read the rate increase information specifically
10 enough to be here enough to specifically favor or
11 oppose it. If it is in the responsibility fashion
12 that I have seen Puget Power behaves in our community
13 then I would have to say I am pro the rate increase.

14 Q. Are you a member of either one of the
15 consumer panels or I guess the group?

16 A. I think I was years ago. I still am on the
17 Puget mailing list but am not an active member now.

18 MR. MARSHALL: No questions.

19 COMMISSIONER HEMSTAD: No questions.

20 MR. ADAMS: Lynn Christofersen.

21 Whereupon,

22 LYNN CHRISTOFERSEN,
23 having been first duly sworn, was called as a witness
24 herein and was examined and testified as follows:

25

(CHRISTOFERSEN - DIRECT BY ADAMS)

3671

1 DIRECT EXAMINATION

2 BY MR. ADAMS:

3 Q. Please state your name and address.

4 A. My name is Lynn Christofersen, C H R I S T
5 O F E R S E N. Residence address is 762 Padilla
6 Heights Road, Anacortes, 98221 and I am both a
7 residential and commercial ratepayer.

8 JUDGE HAENLE: Can you spell the name of
9 the road?

10 THE WITNESS: P A D I L L A.

11 Q. Are you speaking on behalf of an
12 organization or group?

13 A. I am here today representing Skagit County
14 Community Action Agency. And I am a community
15 services program manager at the community action
16 agency.

17 Q. Could you just briefly describe what the
18 functions of that agency is?

19 A. Skagit County Community Action Agency has
20 as its mission assisting low income people to achieve
21 self sufficiency and we do that through emergency
22 assistance and also long-range intervention.

23 Q. Go ahead.

24 A. I will just briefly kind of summarize my

25 written statement. In my duties as community services

(CHRISTOFERSEN - DIRECT BY ADAMS)

3672

1 program manager I administer the low income home
2 energy assistance program which is a federally
3 subsidized program that provides energy assistance
4 for low income households. And through that program I
5 have had the pleasure of working cooperatively with
6 Puget Power and other utilities in our community.
7 Puget Power has shown themselves to be a good
8 corporate ambassador to low income members of our
9 community. They have worked very hard to train their
10 front line service staff to be empathetic to the needs
11 of low income people. And they have given a great
12 deal of discretion to their front line service staff
13 in setting up payment plans to assist low income
14 people in managing to pay their power bills through
15 the winter.

16 As was mentioned earlier in our testimony,
17 Puget Power also provides services to the community
18 through their customer and employee-generated fuel
19 fund and that is administered directly to people
20 through the Salvation Army. That helps fill the gap
21 for people who are not eligible for federal assistance
22 and/or who need assistance after federal funds have
23 been exhausted. I have also had the pleasure to work
24 with Puget Power staff on a number of different

25 groups. One is the region one round table which is a

(CHRISTOFERSEN - DIRECT BY ADAMS)

3673

1 group that was formulated and it includes a number of
2 representatives from other utilities including Cascade
3 Natural Gas and Washington Natural Gas and the whole
4 intent of the round table is to discuss better delivery
5 of energy resources to low income households.

6 I would like to mention that Puget has taken
7 the lead in conservation and has also taken the lead in
8 providing services to low income households to lower
9 their energy costs. The consumer affairs department of
10 Puget Power has also sponsored ongoing discussions with
11 agencies such as ours that administer the low income
12 home energy assistance program and has worked real
13 cooperatively with setting up pilot programs to look at
14 better ways to assist low income families and hopefully
15 move them to a point of being self sufficient. I have
16 made as part of my written statement that on behalf of
17 the low income people that I work with I think it would
18 be challenging for them to accommodate a rate increase.

19 JUDGE HAENLE: Questions, Counsel.

20 BY MR. ADAMS:

21 Q. I haven't seen your written statement. I
22 think the judge has it but just to follow up your last
23 statement. It would be challenging -- does that mean
24 you're supporting the increase?

25 A. I would say that for people living on a low

(CHRISTOFERSEN - DIRECT BY ADAMS)

3674

1 income I think that any rate increase would be
2 difficult for them to accommodate but I would balance
3 that out by saying that many of the programs that
4 Puget is involved in are geared at -- benefit the
5 community and should be considered in evaluating a
6 rate increase.

7 Q. I gather you're not taking a position one
8 way or the other on the increase per se?

9 A. On behalf of the low income people that I
10 represent I would say that they could not accommodate
11 a rate increase.

12 JUDGE HAENLE: Counsel?

13 Commissioner?

14 Thank you for your testimony. You may step
15 down.

16 JUDGE HAENLE: I might say for those of you
17 still standing in the back there are some chairs
18 opening up in the audience. If you want to come up and
19 take some of those seats you're welcome to do so.

20

21 Whereupon,

22 MARLENE DAWSON,

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

24 herein and was examined and testified as follows:

25

(DAWSON - DIRECT BY ADAMS)

3675

1 DIRECT EXAMINATION

2 BY MR. ADAMS:

3 Q. Could you state your full name and spell
4 your last name, please.

5 A. Marlene Dawson, D A W S O N. And address is
6 4029 Salt Spring Drive, Ferndale, Washington. The zip
7 is 98248. And I am a private pay and I represent a
8 group Sandy Point Improvement Company. I am a
9 vice-president board member.

10 Q. Could you indicate briefly what that is?

11 A. It's an association of property owners that
12 live within the boundaries of the Lummi reservation.
13 It's our understanding that one of the criteria you use
14 in evaluating a rate increase or new tax is
15 consideration of its fairness. Any rate increase being
16 contemplated by Puget Power at this time or in the near
17 future would be unfair to the nonIndians who reside
18 within the political boundaries of the Lummi
19 reservation. An increase in the rate would over burden
20 the nonIndian residence in that the Lummi tribe
21 requested a 5 percent tax on all utilities within the
22 last six months. With the exception of the sewer which
23 we pay for directly and which we have representation on
24 there are no services rendered for nonIndians from the

25 taxes collected. I may add that the representation we

(DAWSON - DIRECT BY ADAMS)

3676

1 achieved through the sewer board didn't come cheaply.

2 It cost property owners thousands of dollars to

3 litigate. All Lummi utility taxes collected are taxes

4 that we are unable to hold a Lummi governing agent

5 accountable.

6 As commissioners, you have approved tribal

7 assessments that are unprecedented in the United

8 States. Your actions have left property owners not

9 only burdened with taxes but burdened with a legal

10 situation they are unable to defend themselves from

11 because of the financial costs to have it addressed

12 properly.

13 While I am addressing the issue of fairness,

14 may I ask if you have a scale or a weight that is given

15 to each factor taken under consideration. For example,

16 what weight did you apply when considering the Lummi

17 government deals with racial bias. It is a bias that

18 prevents nonIndians from ever voting or providing input

19 in the community in which they reside. It is evident

20 this was given absolutely no consideration.

21 No weight was given to the fact that we

22 receive no services. Instead we were told that many

23 people pay taxes for items for which they receive no

24 direct benefit and an example of a childless couple

25 paying school taxes has been provided. I feel compelled

(DAWSON - DIRECT BY ADAMS)

3677

1 to point out that being childless is a choice. While
2 this same couple may not have children that benefit from
3 education they may have a niece or a nephew that does.
4 Again, there is no court case to substantiate the
5 particular type of business taxes levied indirectly
6 against us. Was this legal factor given any weight?

7 While the tribe has taxing power it has
8 always been directed at their own people or to people
9 who receive a direct benefit. There is case study to
10 show that taxes have been collected from nonIndians or
11 businesses if they were leasing Indian land or involved
12 with a contractual agreement. Some may even be willing
13 to consider another factor and that involves a nonIndian
14 business operating in a closed area with largely native
15 customers. The closed area criteria was used in Yakima
16 Brendale's case but it is a situation involving zoning
17 not taxing.

18 Would tribes try to tax the customers of
19 companies doing business with people outside the
20 political boundaries of the reservation? Of course
21 not. So why are we being taxed? According to a 1990
22 letter received from the BIA once Indian land is sold
23 the land becomes subject to the laws of the state of
24 Washington and there is no further federal interest in

25 the property. It's true, this Commission is not a

(DAWSON - DIRECT BY ADAMS)

3678

1 legal decision making body. But fairness is required
2 from you. To promote ethical correctness and fairness,
3 individuals, companies and nations more times than not
4 take firm stands when racial bias is demonstrated.
5 This Commission blew it when they failed to draw
6 attention to the Lummi tax for what it is, taxation
7 without representation through discrimination.

8 We have tried to get the ACIU to help us but
9 they say nonIndians living within the political
10 boundaries of the reservation are foreigners or like
11 out of state residents. Foreigners can't vote and
12 often don't receive direct benefits from the taxes
13 they may pay. Again it has to be pointed out that
14 foreigners and out of staters have options or choices
15 available to them. Foreigners can take up residence
16 and gain voting rights and citizenship. People from
17 out of state can relocate and establish the right to
18 vote. With the exception of South Africa the local
19 Lummi tribal government is acting unlike any nation
20 worldwide. And the discrimination they practice
21 continues to be ignored by the groups that are being
22 publicly funded to prevent discrimination.

23 In addition, our elected officials who
24 receive thousands of dollars in political contributions

25 from tribes continue to dance around the issue. To sum

(DAWSON - DIRECT BY ADAMS)

3679

1 it up, we are taxed to the max. We don't appreciate
2 that you place no value or weight on tribal racial bias
3 and our lack of representation in the tribal government.
4 For you now to even consider having a Puget Power rate
5 increase against the nonIndian resident is adding insult
6 to injury.

7 JUDGE HAENLE: Questions, Counsel?

8 MR. ADAMS: No, thanks. You do have a copy
9 of the statement there.

10 JUDGE HAENLE: Commissioner, questions?

11 The record can reflect that a number of
12 people were in support of the last speaker, definitely.

13 David Franklin.

14 Whereupon,

15 DAVID FRANKLIN,

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

18

19 DIRECT EXAMINATION

20 BY MR. ADAMS:

21 Q. Mr. Franklin, state your full name and spell
22 your last.

23 A. David H. Franklin spelled F R A N K L I N.

24 Q. Give us your address?

25 A. I live at 115 Sea Pines Lane, Bellingham,

(FRANKLIN - DIRECT BY ADAMS)

3680

1 Washington 98226.

2 Q. And are you a residential and/or business
3 customer of the company?

4 A. I am speaking on behalf of my corporation.
5 I am the general manager of Georgia Pacific's
6 Bellingham operations here in Bellingham, Washington.

7 Q. Go ahead, please.

8 A. I don't really have a prepared statement.
9 I have been the general manager at Bellingham for a
10 little over four years, and this is the seventh pulp
11 and paper mill that I've worked in in my career. Our
12 operating budget, to give you an example, is \$190
13 million a year in this facility. The first year that I
14 was the general manager was 1989. Our utility costs,
15 just Puget Power rates, were approximately \$10 million.
16 Last year, our utility costs were approximately \$12
17 million on a comparable usage of electricity. The new
18 rate increases, not just the ones being debated today
19 but the total increases that are being proffered over
20 the next two years, would raise our rates another \$1.2
21 million to about \$13.2 million.

22 My corporation in 1989 and 1990 and into
23 1991 we suffered through a period of declining quality
24 of service reliability reaching a nadir in 1991 where

25 we had 39 power interruptions. Those 39 power

(FRANKLIN - DIRECT BY ADAMS)

3681

1 interruptions resulted in literally hundreds of
2 thousands of dollars of lost productivity, damaged
3 equipment and in some instances even environmental
4 upsets, because we have a continuous flow process and
5 where a slight power bump might affect the homeowner
6 by having to reprogram their VCR it affects Georgia
7 Pacific by knocking down equipment and seriously
8 damaging it in many cases.

9 So I must say the first two or three years
10 of my experience as general manager at Georgia Pacific
11 in dealing with Puget Power were ones of great
12 frustration and to a degree a fair amount of
13 confrontation.

14 I am pleased to say that 1992 that trend
15 had been turned around and turned around completely.
16 We had a year of sustained service reliability, of
17 power quality that this mill probably has not seen in
18 the last decade. Much of that is because Puget Power
19 did become very responsive to what we felt were some
20 very, very legitimate concerns. One of the main
21 things that Puget Power did is they reinstated the
22 tree trimming efforts along their rights-of-way. That
23 had been let go for several years. I realize that one
24 of the staff recommendations to the Commission to

25 reduce costs with regard to this current proposed rate

(FRANKLIN - DIRECT BY ADAMS)

3682

1 increase is that tree trimming be curtailed. I think
2 that would probably be one of the most short-sighted
3 things that the Commission could allow.

4 I guess in summary what our position on the
5 matter is that we realize there are no free lunches.
6 We realize that costs are going to continue to rise.
7 We realize that there's a tremendous amount of growth
8 in this area. And we believe on the strength of Puget
9 Power's performance over the last year to year and a
10 half that they have in fact earned the right to a rate
11 increase. I have some ideological differences with
12 the concept of them having a guaranteed return on the
13 rate of capital they employ. No other business enjoys
14 that sort of a guarantee. But with that as the only
15 disclaimer I would strongly encourage the Commission
16 to recognize what Puget Power has done in terms of
17 improving the quality and reliability of their service
18 and I believe a rate increase is justifiable.

19 JUDGE HAENLE: Counsel, questions?

20 BY MR. ADAMS:

21 Q. Sir, if I might just clarify your last
22 comment. When you say a rate increase is justifiable,
23 I don't mean to pick words, but are you supporting the
24 increase or supporting an increase if justified and I

25 just want to understand your position?

(FRANKLIN - DIRECT BY ADAMS)

3683

1 A. I am supporting an increase over time, and I
2 think that that's what the Commission is elected for
3 is to make a determination on what is a justifiable
4 rate increase. My only disclaimer would be justifying
5 a rate increase on the "right" to have a certain rate
6 of return on capital employed. I am not so sure that
7 that's a valid reason. All other reasons that they
8 state I think are well founded.

9 Q. You've indicated approximately \$1.2 million
10 would be sort of what you're at risk for with this
11 increase; is that correct?

12 A. Not just this increase. I believe there
13 are two separate filings that are in the process right
14 now. And the effect, the full weight of those two
15 separate filings over the next two years, according to
16 the calculations that have been presented to me by
17 Puget Power, would be that assuming our utilization
18 was the same in terms of kilowatt hours that it would
19 be a \$1.2 million increase.

20 Q. So that's proceeding in I think what's
21 probably called the PRAM 3 filing?

22 A. Yes, includes the PRAM.

23 Q. Question I had, is your plant one of those
24 that is working in conjunction with either an

25 independent producer or whatever to cogenerate?

(FRANKLIN - DIRECT BY ADAMS)

3684

1 A. Georgia Pacific has contractually agreed to
2 be one of the or the cohost for steam for the EBASCO
3 165 megawatt co-gen plant that is being installed right
4 next to our facility. We're by far the largest user of
5 steam in Whatcom County and we're a natural cohost.
6 It's a good business decision for all involved to
7 include Georgia Pacific. So we agreed to sell the
8 land and become a steam hose.

9 Q. The reason I asked, I wondered if that will
10 not actually have the impact of reducing the effect of
11 the rate increase because obviously you get benefits
12 by that steam production?

13 A. It will not reduce the effects of the rate
14 increase on us. If anything, Puget Power is going to
15 have to pay more for that power through the federal
16 regulations affecting cogeneration. Where Georgia
17 Pacific gains is it improves the reliability of the
18 quality of our power source because it goes into the
19 downtown grid, stiffens the grid, if you will. Also
20 allows us to do capital avoidance because we will not
21 be burning the natural gas that we had burned to create
22 steam and therefore we will not have to do work on
23 natural gas boilers that we would have had to do, and
24 that natural gas is going to be put to a higher use

25 which is going to be creating electricity with steam as

(FRANKLIN - DIRECT BY ADAMS)

3685

1 a by-product. So there are benefits to us but not in
2 terms of the cost of electricity.

3 Q. Is it fair to say that it would reduce some
4 of your other energy costs, that is, not electricity
5 but gas costs?

6 A. It will reduce -- it will allow us to avoid
7 capital because we will not have to upgrade or replace
8 existing natural gas boilers. The gas turbines that
9 are being installed at the co-generation plant will
10 also be more efficient than our older gas boilers so
11 therefore they will produce steam at a lower cost and
12 we will enjoy that benefit.

13

14 CROSS-EXAMINATION

15 BY MR. TROTTER:

16 Q. What was the source of your information
17 that the staff's recommendation was that tree trimming
18 costs would be eliminated?

19 A. That impeccable source the Bellingham
20 Herald.

21 Q. The Herald did not report that the staff was
22 recommending an expense level the same as what the
23 company was budgeting for the next year?

24 A. The staff had a fairly -- the Bellingham

25 Herald had a fairly detailed report. I honed in on one

(FRANKLIN - EXAM BY HEMSTAD)

3686

1 of the recommendations being that tree trimming be
2 curtailed to some degree to reduce expense and I
3 shouldered that and perhaps did not read all the other
4 detail.

5 Q. But you don't recall reading that the
6 recommendation was to reduce it to the level that the
7 company was budgeting for the next year, the company
8 itself was budgeting for the next year? You don't
9 recall reading that?

10 A. I do not recall reading that but that would
11 still concern me because I'm not so sure that what they
12 had budgeted is sufficient to address the issue.

13 JUDGE HAENLE: Commissioner Hemstad?

14

15 E X A M I N A T I O N

16 BY COMMISSIONER HEMSTAD:

17 Q. In addition to the tree trimming program,
18 how would you characterize Puget's efforts that you
19 described as the substantial improvement over what
20 they were in 1989? What did they do that was
21 different or better?

22 A. Well, I think several things happened.
23 Certainly the tree trimming was a major area. They
24 also came down and worked very closely with us, brought

25 a bunch of their engineering expertise in. Have worked

(FRANKLIN - EXAM BY HEMSTAD)

3687

1 with us in redistributing loads throughout the mill.

2 Worked with us in developing or working with the

3 company that is trying to develop a surge capacity

4 capability to take drops in load so we did some trial

5 work with the equipment vendor that was fully funded by

6 Puget Power.

7 We have also enjoyed some of the energy

8 conservation projects whereby we would put in more

9 efficient equipment that would help us reduce our

10 operating costs.

11 They have been very zealous on substation

12 maintenance, I think more so in the last two years than

13 they were perhaps the two or three years before that.

14 They have been very, very responsive to any question or

15 issue or concern that we've had and also I think the

16 addition of the co-generation plants down at Texaco,

17 the one that is started up in Sumas and ours are also

18 certainly going to get more reliable power into this

19 industry.

20 JUDGE HAENLE: Thank you, sir, you may step

21 down.

22 MR. ADAMS: Barbara Brenner.

23 FROM THE AUDIENCE: Could you scratch Ron

24 Larson off of there?

25 JUDGE HAENLE: If any of the rest of

(BRENNER - DIRECT BY ADAMS)

3688

1 you --

2 FROM THE AUDIENCE: I wasn't finished
3 talking. You as an American, it really upsets me --

4 JUDGE HAENLE: Go off the record.

5 (Discussion off the record.)

6 Whereupon,

7 BARBARA BRENNER,

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

10

11 DIRECT EXAMINATION

12 BY MR. ADAMS:

13 Q. State and spell your last name.

14 A. Barbara Brenner, B R E N N E R. Address is
15 567 Northwest Road, Bellingham, Washington 98226.

16 Q. And are you appearing as an individual
17 customer of the company or on behalf of an
18 organization?

19 A. I am appearing as an individual customer,
20 but I would like to state for the record that as a
21 local representative, member of the Whatcom County
22 Council, I received a number of calls since this
23 article was published.

24 Q. When you say this article was published,

25 was this the recent article in the paper?

(BRENNER - DIRECT BY ADAMS)

3689

1 A. Yes.

2 JUDGE HAENLE: I don't understand. Are you
3 testifying on your own behalf now as ratepayer, on
4 behalf of some group or --

5 A. I am going to share with you some of the
6 phone calls I've received but I am speaking on my
7 behalf.

8 Q. Go ahead.

9 A. If this was an award for public relations I
10 have no doubt that Puget Power would receive it.
11 We're not here today to discuss this corporation's good
12 neighbor policies and they have them. I've had nothing
13 but good experiences from Puget Power. We are here to
14 discuss whether or not this rate request is fair and
15 just. And as other people have stated we expect the
16 Commission and the attorney general's office to present
17 us neutral objective third party information to
18 determine whether these requests are fair. This in no
19 way reflects negatively toward Puget Power. As a
20 person who ran my own business I can't always be
21 objective in things that concern me. And I would
22 expect the same from Puget Power or any other company.
23 We have a lot of concern that the UTC give us the
24 public protection that we need. I don't know if anyone

25 else read this documentation but I totally support the

(BRENNER - DIRECT BY ADAMS)

3690

1 Commission and attorney general's recommendations on
2 what should and shouldn't be allowed. I don't believe
3 in any way we should be paying one cent for Puget
4 Power's advertising in their own behalf. I am concerned
5 that any utility is promoting itself if they're
6 guaranteed a profit that should be fine. I don't think
7 they should be out there being a commercial enterprise
8 promoting itself when they're being subsidized by the
9 public. That may be a corporate decision on their part
10 but I don't agree with it.

11 I also don't believe that the public should
12 be paying for any problems the UTC has in its
13 negotiations with the IRS. I really believe that
14 those of us who have run our own businesses we have to
15 be responsible and I can tell you Puget Power can hire
16 a much more high powered accountant than I ever could.

17 JUDGE HAENLE: I assume you mean Puget
18 concerns with the IRS, not the Commission?

19 THE WITNESS: I -- oh, yeah, excuse me.

20 A. Puget Power has been a very good corporate
21 neighbor. I didn't like them cutting my trees either
22 but they were very good about it and I wouldn't want
23 to see that program curtailed. I think it's unfair
24 that the programs people are concerned about are not

25 the high cost programs that are detailed in here, but

(BRENNER - DIRECT BY ADAMS)

3691

1 they are the programs that personally affect us, and I
2 wouldn't want to see that happen, but I don't believe
3 -- I believe this is a very realistic conclusion on the
4 part of staff and I don't think it should affect those
5 kinds of programs.

6 I would like to end with a footnote that we
7 need the UTC to adequately represent public interest,
8 and as a footnote I would like to say that we do seem
9 to be getting different kinds of decisions from UTC at
10 different times. I am going to leave for your
11 consideration a letter that I have sent to the UTC
12 commissioners, the governor and our legislators. I
13 have spent years with the UTC, you're a new
14 commissioner so you don't know me but I certainly know
15 those before you and Sharon Nelson I know very well.
16 And I am extremely disappointed -- and this is why
17 there may not be a lot of public trust in what's going
18 on.

19 We were told we would be getting extended
20 area phone service for this community, way overdue,
21 and the UTC held the hearings and determined what kind
22 of scheduling is appropriate. I spoke to UTC
23 representatives about this specifically and they told
24 me as a representative of this area that it would be

25 mid year this year, July. Now I am told that by an

(BRENNER - DIRECT BY ADAMS)

3692

1 internal decision by one of our utilities, GTE, that
2 they have internally decided to not do this at this
3 point and wait until next year.

4 My comment to the UTC is if we can't count
5 on you to protect the public interest I don't believe
6 we need a Utilities and Transportation Commission. I
7 believe what we need is more public getting down in
8 the face of the legislators who make the decisions,
9 but we have a UTC to keep us from having to make all
10 those expensive trips and decisions. And I think a
11 lot of what you heard today from some of the people
12 speaking is that we seem to be getting different
13 conclusions based on who is in charge and who shakes
14 the biggest stick, and I don't think that those
15 conclusions should be made that way. They should only
16 be in the public's interest.

17 JUDGE HAENLE: Counsel, questions?

18 MR. ADAMS: No, I do not except I might
19 ask, do you have a copy of the article, the Bellingham
20 paper article?

21 A. No, but the report is here.

22 Q. Perhaps, since there have been
23 references --

24 A. I should add it wasn't just the article. I

25 think we got some information in our bills. I can't

(BRENNER - DIRECT BY ADAMS)

3693

1 remember. Some of the people that called expressed
2 concern from bill information. I don't know if I read
3 mine.

4 JUDGE HAENLE: Commissioner, questions?

5 COMMISSIONER HEMSTAD: No questions.

6 FROM THE AUDIENCE: Can I make a comment?

7 She can support us because she's our
8 commissioner. So make it on the record that she has
9 support here.

10 JUDGE HAENLE: Thank you very much.

11 MR. ADAMS: Skip Richards.

12 JUDGE HAENLE: Let's take a few minutes.

13 The reporter needs to change her paper.

14 (Recess.)

15 JUDGE HAENLE: Let's be back on the record
16 after a brief recess. May we have your next witness,
17 please.

18 MR. ADAMS: Yes, your Honor, before the
19 break I called Skip Richards and I don't believe he is
20 here but might indicate for the record that he did
21 leave a statement in which case we'll put that in all
22 the other materials presented by witnesses.

23 Next person is Harry Toulgoat.

24 Whereupon,

25

HARRY J. TOULGOAT,

(TOULGOAT - DIRECT BY ADAMS)

3694

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

3

4

DIRECT EXAMINATION

5

BY MR. ADAMS:

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Q. I will give you a chance to correct the
pronunciation and the spelling. Would you state your
full name and spell your last.

A. My name is Harry J. Toulgoat. The name is
spelled T O U L G O A T. 1975 South Pine Crest,
Coopville, 98239.

Q. Are you a residential customer or
commercial?

A. Yes, I am.

Q. Are you speaking on your own behalf?

A. Yes, I am.

Q. Go ahead, please.

A. I am a high school teacher, special
education Oak Harbor High School. I wanted to speak a
little bit about the benefits and values of public
utilities and their corporate good neighborliness. I
don't want to pay any more for rate increases either
but everything is costing more, both resources and
equipment both. They've done very well in promoting

25 energy conservation. I think they provide an

(TOULGOAT - DIRECT BY ADAMS)

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1 intelligent corporate view in our conservation
2 education programs and also with their conservation
3 power package. As far as service goes, like many of
4 us we don't think about it as long as the lights are
5 on and everything works when we flip a switch. As
6 soon as that power goes off in the winter I have a
7 great deal of concern about the quality of service.
8 I've never been disappointed.

9 During the wintertime the storms on Whidbey
10 time the trees came out, a fair amount of lines are
11 down each year, and what I have noticed is that Puget
12 Power is out there in full force and when they're
13 overloaded they're quick to utilize other utilities
14 in their line manning.

15 JUDGE HAENLE: Please slow down. The
16 problem is if she doesn't get it all down then it
17 doesn't officially exist and it doesn't matter that
18 you said it.

19 A. I am very pleased with the quality of
20 service they provided during the winter outages. They
21 come out in full force, they provide quality service.

22 I would also like to speak about their
23 supporting my efforts in the classroom. I do a
24 variety of things with youth at risk, as well as

25 learning disabled students, and I have to do a lot of

(TOULGOAT - DIRECT BY ADAMS)

3696

1 hands-on type of modification of curriculum. They've
2 provided everything in terms of resources, great deal
3 of corporate spirit and a lot of support in the
4 projects that I do. I passed out some information on
5 these totem poles and the environmental things, things
6 like this. You can look at them at your leisure.
7 This has been a few years now I've been involved with
8 them and always these people have come through.

9 We also do a ROPES course on Whidbey
10 Island, expanding youth limits in physical environment
11 and they've been very supportive in resources and
12 equipment, getting the course up and going. I would
13 like to close in saying that not only these people are
14 good corporate neighbors, but they are my friends and
15 my neighbors. I support a rate increase.

16 JUDGE HAENLE: What was a ROPES course?
17 What does it stand for?

18 THE WITNESS: An often-asked question.
19 Obstacles in an outdoor environment that provide a
20 situation where people can learn to work in groups as
21 well as trust and expand their own self-imposed
22 limits. We can say raising their self-esteem but that
23 seems trite in response to what really develops the
24 dynamics on the course with the group and the positive

25 confidence building that goes on in an outdoor

(TOULGOAT - DIRECT BY ADAMS)

3697

1 setting.

2 JUDGE HAENLE: Thank you. Counsel,
3 questions?

4 BY MR. ADAMS:

5 Q. I wanted to ask, is this the document that
6 you --

7 A. Yes, it is. There's a few pieces of
8 information in there. I thought it would speak more
9 clearly than what we could talk about here.

10 Q. I haven't had a chance to look at the
11 documents but I saw some underlinings and circles.

12 A. References to Puget Power specifically.

13 Q. And it sounded at least like a few of the
14 things that I had seen like if it appeared they're out
15 cutting the tree and you needed some timber for the
16 class --

17 A. The pole replacement project that they do
18 throughout the year, their fir and cedar poles and
19 their construction supervisor, Lou Dragge, he's always
20 on the lookout for a nice piece of cedar and so he
21 sticks it in the backyard because he knows I'm going to
22 call him in the spring time. We're talking about
23 corporate neighbors and I think we've established that
24 exists, but these guys don't just say, yeah, it's in

25 our yard, go get a truck. On the way out to the job

(TOULGOAT - DIRECT BY ADAMS)

3698

1 site they drop the pole off. When it comes time to dig
2 the hole for these totem poles, for instance, they
3 stop at the high school on the way back to the yard,
4 dig the hole. We have an arrangement where not only
5 is it nice corporate policy but I bake some biscotti
6 and I trade them some homemade Italian cookies and
7 they give me cedar poles and we're all happy. But I
8 also get a real sense of human connection here. Not
9 only are these people doing a corporate good deed but
10 I have a real sense that these guys support me
11 philosophically in what I'm trying to do with the
12 student. So that goes a long way.

13 Q. Let me ask you a more service-oriented
14 question. Obviously, Whidbey is somewhat an extended
15 arm of the system and it has many outages over the
16 years, and at many hearings for a number of years we
17 had a number of complaints about the outages. Can you
18 comment on what your perception is of the number of
19 outages? Has it been reduced or you're just speaking
20 good prompt action when they go out?

21 A. As always there's been good prompt action.
22 I've been on the island for the past ten years. The
23 past few years with increased right-of-way has been
24 excellent service. That in itself has improved quite

25 a bit the downtime with our winter storms and they've

(WRIGHT - DIRECT BY ADAMS)

3699

1 increased the width of the corridors. It's an
2 excellent situation and I think it's a wonderful idea.

3 COMMISSIONER HEMSTAD: No questions.

4 MR. ADAMS: Linda Wright.

5 Whereupon,

6 LINDA WRIGHT,

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

9

10 DIRECT EXAMINATION

11 BY MR. ADAMS:

12 Q. Could you state your name, spell your last
13 name and give us your address?

14 A. My name is Linda Wright. My last name is
15 spelled with a W, W R I G H T. I live at 1978 North
16 Ridgeway Drive, Oak Harbor on Whidbey Island. I am a
17 residential and a commercial ratepayer but I am here
18 today to speak as an individual.

19 Q. Could you give us your zip code?

20 A. Sure. 98277.

21 Q. Go ahead.

22 A. I have heard a lot of testimony here today
23 concerning Puget Power and it reminds me that I would
24 like to start with a small parable and those who know

25 me know that I do this all the time so they will have

(WRIGHT - DIRECT BY ADAMS)

3700

1 to forgive me, but there is a parable that says that if
2 one gives a person a fish you can feed them for a day.
3 If you teach a person how to fish you can feed them for
4 a lifetime. And I think that that describes the new
5 policy of Puget Power over the last number of years
6 that talks about the advertising that they've been
7 doing and their other types of campaigns where it's
8 unfortunate that a corporation needs to teach people
9 how to do things that they should be able to do for
10 themselves, i.e. conservation and other types of
11 issues, but that's clearly what Puget Power has been
12 doing.

13 More personally, in our community Puget
14 Power has been spending a lot of time helping our
15 community learn how to help itself. We have been
16 military dependent for all of our years. Recently had
17 the threat of base closure which still hangs over our
18 head and Puget Power has stepped in to teach our
19 community how to help itself through a community
20 summit. They have always been there. They have been a
21 wonderful community partner. They work very hard to
22 help our community in any means or manner that they can
23 but they have not been there in a free capacity. They
24 have been there to help us so that we can learn how to

25 help ourselves. And I see that as the wave of the

(WRIGHT - DIRECT BY ADAMS)

3701

1 future. Something that all of us who were doing all
2 of our rallying in the 60's were looking for, and I
3 think it's finally coming to fruition now.

4 I think that in order for Puget Power to
5 continue the type of work that it needs to be done,
6 particularly on our island we have a lot of outages.
7 The outage is caused by equipment that's gotten old in
8 the undergrounds, overhead that keeps being taken down
9 by our beautiful trees. Part of me is a tree hugger;
10 the other part of me is a Chamber of Commerce executive
11 director. The two conflict constantly, but Puget Power
12 is doing a great job and it can only continue to do a
13 good job if it has the dollars it needs to work. So as
14 an individual I support a rate increase.

15 JUDGE HAENLE: Counsel, questions?

16 Commissioner?

17 COMMISSIONER HEMSTAD: No questions.

18 JUDGE HAENLE: Thank you for your

19 testimony. You may step down.

20 MR. ADAMS: Tom Miller.

21 Whereupon,

22 TOM MILLER,

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

24 herein and was examined and testified as follows:

25

(MILLER - DIRECT BY ADAMS)

3702

1 DIRECT EXAMINATION

2 BY MR. ADAMS:

3 Q. State your name and spell your last name.

4 A. Thomas A. Miller, M I L L E R.

5 Q. Could you give us your address, please?

6 A. 3084 - 300th Avenue West, Oak Harbor.

7 Q. Zip code?

8 A. 98277.

9 Q. Are you a residential customer or business
10 customer?

11 A. I am a residential customer. However, I am
12 here as chief of police for the City of Oak Harbor and
13 would like to testify in that capacity.

14 Q. Fine, go ahead, please.

15 A. It's difficult to follow up on Linda Wright
16 and some of these other people that have spoken.

17 JUDGE HAENLE: But you will need to do it
18 slowly.

19 A. It occurs to me that any time a utility is
20 under public scrutiny like Puget Power is, and I can
21 empathize with that as a member of a public agency,
22 that it's important to look at the quality of services
23 that are provided to the community, and I wanted to
24 highlight just a couple of experiences I've had with

25 Puget Power in the last three years to underscore the

(MILLER - DIRECT BY ADAMS)

3703

1 need for you to closely examine that and I will try to
2 remain apolitical in terms of support or lack of
3 support on the issue of a rate hike. However, a number
4 of issues come to mind and the first one that's been
5 spoken to already this afternoon has been the issue of
6 tree trimming management. Three years ago when I first
7 came aboard Oak Harbor as chief of police we had a
8 major power outage in subzero temperatures at the end
9 of December of 1990 that lasted three days and
10 significantly affected the people in our community to
11 the extent that we had an emergency Red Cross center
12 set up at the high school.

13 In addition to the resources by Red Cross
14 and the rest of our community I spent \$8,000 in
15 overtime in three days for my officers to be out there
16 providing services that were necessary and managing
17 the intersections that were blacked out during that
18 particular power outage. The following year and hence
19 the Puget Power subdivision in the Oak Harbor area
20 implemented the tree trimming management program and
21 the one commissioner asked someone else previously
22 about have we noticed any changes in power outages and
23 I can speak to that and there has been a significant
24 decrease in power outages in the Whidbey Island or

25 North Whidbey Island area. There are a lot of

(MILLER - DIRECT BY ADAMS)

3704

1 indirect costs associated with power outages that I
2 would like you to consider, not only in terms of human
3 consternation as I mentioned but also in terms of
4 traffic accidents and the concerns that I have for my
5 people when they're out there in the middle of an
6 intersection that's completely backed at 2:00 in the
7 morning but also in terms of some of the other factors
8 that are considered, car accidents as I mentioned and
9 so forth.

10 And also like to point out and it's been
11 mentioned earlier that Puget Power is a great
12 corporate neighbor. I've had the opportunity to work
13 with them in a challenge soapbox series. I've also
14 had the opportunity to participate in the community
15 summit. As mentioned our community was on the 1991
16 base closure hit list for closing a Navy base. And
17 overall I think the quality of management is superior
18 from what I've seen, both working with some of the
19 managers in that particular area but also in terms of
20 what they've done to promote conservation of their
21 product and at the same time reduce power outages and
22 other concerns that ratepayers would have.

23 I think in summary I would say that they're
24 a terrific corporate neighbor. They are extremely well

25 managed and they're involved in the economic growth of

(MILLER - DIRECT BY ADAMS)

3705

1 the communities that they serve and that should be
2 considered by the Commission.

3 JUDGE HAENLE: Thank you. Counsel,
4 questions?

5 BY MR. ADAMS:

6 Q. Just have to follow up and ask you what did
7 you say about a soapbox challenge?

8 A. Challenge soapbox series I believe was the
9 name of it and what it involves is actually a soapbox
10 race, soapbox cars that are propelled by gravity and
11 we set up a race contest on a weekend during some
12 other festivities in our community for mentally
13 challenged children and we started at the top of a
14 hill, went about four blocks and we had hay bales set
15 up on either side of 300th Avenue is where we actually
16 did it. I say we because I was in the organizing
17 community but it was actually Puget Power's project and
18 our police department just helped a little bit in terms
19 of traffic and crowd control. It was a tremendous
20 opportunity for the children that live in that area to
21 ride on the soapbox cars with people that would be
22 their copilot, so to speak, and race down the hills and
23 they would get trophies of first, second or third
24 place.

25 JUDGE HAENLE: Commissioner, question?

(PORTERFIELD - DIRECT BY ADAMS)

3706

1 COMMISSIONER HEMSTAD: No questions.

2 JUDGE HAENLE: Thank you, sir. You may
3 step down.

4 MR. ADAMS: Don Porterfield.

5 Whereupon,

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

9 THE WITNESS: I like to say for the record
10 first of all, I have never bribed any Puget Power
11 people with cookies or anything else.

12 JUDGE HAENLE: Let's get your name.

13 THE WITNESS: Don Porterfield, P O R T E R
14 F I E L D.

15

16 DIRECT EXAMINATION

17 BY MR. ADAMS:

18 Q. Address?

19 A. 3219 Pinewood, all one word, Apartment A-8,
20 Bellingham, 98225.

21 Q. Are you a residential customer?

22 A. Residential and I speak as a private
23 citizen.

24 Q. Go ahead, please.

25 A. I've lived in many places in two languages,

(PORTERFIELD - DIRECT BY ADAMS)

3707

1 and I've been involved with lots of utility companies.
2 I would say without any hesitation Puget Power is by
3 far the best neighbor I've ever had as far as any type
4 of utility. There are a couple of things that I would
5 like to point out. I am very much in favor of
6 congeneration. I traveled in 24 states last year in
7 two-and-a-half or so months and I notice a lot of solar
8 power. I notice a lot of windmills. And I haven't
9 really seen that many around here. I know Puget Power
10 is working on all of these things but I feel that we
11 definitely should try to get these things. I know
12 Puget Power buys power, at least they did, from nuclear
13 power companies and I am very much against nuclear
14 power. I don't feel it's safe.

15 I think there's been examples in Russia and
16 in the east, Pennsylvania, recently there was a loss
17 of fluid in one of the plants and I just say by the
18 grace of the good Lord it was not a major catastrophe
19 and that's what I worry from these. And particularly
20 the much older ones. I understand the newer ones are
21 much safer but I am not endorsing nuclear power at
22 all. I think we should try to get away from this.

23 I recently visited a couple that just had a
24 newborn child living in a rental and just a few blocks

25 from here and that rental, it's an old, old house.

(PORTERFIELD - DIRECT BY ADAMS)

3708

1 They were paying, I believe, \$600 a month for that and
2 I asked why on earth do you live here because with
3 all the holes in the wall and so forth. I was assured
4 that they could only afford that. And I think -- I am
5 not sure how this works in the weatherization program,
6 I know Puget Power gives that, and I had a house that
7 I lived in recently on the peninsula several years
8 ago. But I would like the Commission both and Puget
9 Power to do whatever they can to force landlords to do
10 what is necessary to save because when they told me
11 their electrical bill it was unbelievable. And I
12 think this is wrong.

13 And also I would like Puget Power and this
14 Commission to do whatever they can in this rate
15 increase which I approve of but I believe that lower
16 income people are going to be hit awfully hard. They
17 already are and I would suggest to you, ladies and
18 gentlemen, to do whatever you can to make their rate
19 increase not at all an increase but even to decrease
20 this because some of these people --

21 I'm involved in the ministry and I talk to
22 many people that are just barely making a living and
23 going more in debt every month. And as someone said
24 about your committee, I am very much in favor of your

25 Commission because as an individual I found out many

(PORTERFIELD - DIRECT BY ADAMS)

3709

1 times both federal-wise, state-wise, city-wise,
2 county-wise an individual doesn't have any political
3 clout. I've talked to lots of people who are supposed
4 to be representing us but we can come here and we can
5 talk to your people. You're our sounding board. And
6 I would ask you to continue it, not to even consider
7 to discontinue it.

8 I very much support this rate because I
9 think Puget Power is a fine neighbor and I think I
10 have experience of the places I've lived and the two
11 languages I've lived in. So that's my statement.

12 JUDGE HAENLE: Thank you. Counsel,
13 questions?

14 Commissioner, question?

15 COMMISSIONER HEMSTAD: No questions.

16 JUDGE HAENLE: Thank you, sir. You may step
17 down.

18 MR. ADAMS: Phyllis Mann.

19 MS. MANN: M A N N.

20 Whereupon,

21 PHYLLIS MANN,

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

23 herein and was examined and testified as follows:

24

25

DIRECT EXAMINATION

(MANN - DIRECT BY ADAMS)

3710

1 BY MR. ADAMS:

2 Q. Could you state your name and spell your
3 last name.

4 A. My name is Phyllis, P H Y L L I S, A., Mann,
5 M A N N. I am the assistant director of the Department
6 of Emergency Management, Kitsap County, Bremerton,
7 Washington, 98310.

8 Q. And are you speaking on their behalf?

9 A. I am speaking on their behalf, sir.

10 Q. Go ahead, please.

11 A. I am here as a friend, as a partner in an
12 emergency preparedness with Puget Power. 20 short
13 months ago my staff and I developed a comprehensive
14 community emergency preparedness program called K PREP.
15 Kitsap Practices Responsible Emergency Preparedness.
16 This emergency preparedness program is a direct result
17 of the 1990 winter storm that found our community
18 devastated by the worst storm that ever hit the Puget
19 Sound area. We, too, were without power up to ten days
20 in some areas of our county.

21 What happened in our county is similar to
22 what happened up here and every other county in the
23 Puget Sound area. Our customers, our clients did not
24 know how to take care of themselves for a minimum of 72

25 hours, to be prepared for any disaster that they need

(MANN - DIRECT BY ADAMS)

3711

1 to be prepared for. Our government cannot help anybody
2 for the first 72 hours after such a devastating effect
3 on the community. Our program in Kitsap County is a
4 three prong approach to emergency preparedness. One
5 through our school system, which I am happy to say
6 today we have 100 percent participation of every school
7 in the Kitsap County emergency preparedness; one
8 through our neighborhood program; and now one starting
9 in October through our business community.

10 Puget Power this past 18 months became a
11 partner in our neighborhood preparedness program.
12 Without their assistance we today would not have this
13 program. What we have been able to successfully do in
14 our community is go neighborhood by neighborhood and by
15 far we are not done today. This is just a start of a
16 program. Teaching neighbors how to prepare and be
17 self-reliant for 72 hours. Learning how to do search
18 and rescue, first aid, sheltering of the special needs
19 of the community because we are here to tell you that
20 the fire trucks, the law enforcement agencies may not
21 be there to help you.

22 This past year in January Puget Power
23 unbeknownst to most of you was invited back to the
24 National Family Protection Program by the Federal

25 Emergency Management Agency and I together with Tony

(MANN - DIRECT BY ADAMS)

3712

1 Bossman of their agency presented our preparedness
2 program to the nation. It is the first time our
3 government has seen the utility company join hands in
4 partnership with the local government to provide
5 preparedness to that community.

6 I am also here today to say proudly that on
7 August 20, Puget Power will take this program
8 statewide so those of you who live in Skagit Valley
9 will be able to have the same program that we have in
10 Kitsap County. I took have found that Puget Power
11 does not hold out the almighty dollar and just let
12 you drink from the trough. They certainly made us
13 work for our contribution which we gladly make, but
14 what Puget Power has done is funded the printing of
15 our neighborhood preparedness program materials. I
16 would have brought you one today but since you don't
17 belong to the neighborhood program you can't have it.
18 Maybe Puget Power will be generous and share one with
19 you. My supplies are limited.

20 And with that if it takes a raise or
21 whatever it takes to bring this type of preparedness
22 to a community we are in favor of it, because we
23 cannot do it alone. We started our -- when I started
24 the office of Emergency Management Kitsap County two

25 years ago my budget was 150,000 for a prepared

(MANN - DIRECT BY ADAMS)

3713

1 community, 180,000 for preparedness of emergencies
2 of all natures. We do have nuclear energy in our
3 community because we house the Trident submarines. We
4 have the earthquake threat just like you do and we do
5 have those nasty storms that seem to affect us. Our
6 community whines just like the rest of everybody else
7 just when the power goes out. The very least we can
8 do is show them how to take care of themselves because
9 you cannot stop Mother Nature's full course.

10 I am here to say we are one of the agencies
11 that does feed Puget Power cookies. It is the only
12 thing that we have figured out to do to thank them
13 when they print those wonderful materials as we, my
14 staff bakes when we know we're getting a supply of
15 booklets. I must say that it is appreciated by all.
16 I am here to say we do support Puget Power in its
17 endeavors. We do not find in any way, shape or form
18 that they mismanage their company. I wish we would
19 all learn to manage our businesses the way they do.

20 JUDGE HAENLE: Counsel?

21 Commissioner?

22 COMMISSIONER HEMSTAD: No questions.

23 JUDGE HAENLE: Thank you for your

24 testimony.

25 FROM THE AUDIENCE: If you have to leave

(MANN - DIRECT BY ADAMS)

3714

1 can you still submit or is the record going to be
2 closed?

3 JUDGE HAENLE: You can still submit if you
4 want to make arrangements with Mr. Adams.

5 FROM THE AUDIENCE: How much time do you
6 have to do that?

7 JUDGE HAENLE: Off the record.

8 (Discussion off the record.)

9 JUDGE HAENLE: Let's be back on the record.
10 During the time we were off the record I indicated to
11 the people here that if they did have to leave, if
12 they wanted to submit a letter it should be done
13 pretty quickly. Should be done probably within a week
14 to be sure it gets into the record. Mr. Adams is
15 giving them the address to write to now.

16 Whereupon,

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

20

21 DIRECT EXAMINATION

22 BY MR. ADAMS:

23 Q. State your name.

24 A. My name is Clare Fogelsong, C L A R E,

25 F O G E L S O N G. Live at 5824 Noon Road,

(FOGELSONG - DIRECT BY ADAMS)

3715

1 Bellingham, Washington 98225. I am a residential
2 customer.

3 Q. Are you speaking on your own behalf today?

4 A. Yes, I am.

5 Q. Go ahead, please.

6 A. My connection with Puget Power goes back a
7 couple of years. I was the spokesperson for NOPLA,
8 Neighbors Opposing Power Line Encroachment, a Whatcom
9 County-based group that was opposed to the siting of
10 new transmission lines through Whatcom County. I was
11 -- in addition to being spokesperson for the group I
12 was liaison from the group to Puget Power and
13 Bonneville Power. As an outcome of that effort we
14 formed a utility planning committee that was
15 sanctioned by the Growth Management Act. It was --
16 that was an outcome actually of a conversation I had
17 with Russ Van Buren of Puget Power who said, Clare, if
18 you would have put as much work into working with us
19 as you did into the initiative we probably could have
20 accomplished something. And so I took that to heart.
21 And formed this utility task force.

22 Puget Power has been a major player in that
23 task force from the beginning. They've been one of the
24 more conscientious participants of all the utilities

25 that were involved in the county. I am now on a

(FOGELSONG - DIRECT BY ADAMS)

3716

1 national board of community activists that deal with

2 power line issues called the National EMR Alliance.

3 I have followed the rate issues from a distance and I

4 don't pretend to be an expert on them. I was

5 enthusiastically in support of the change that

6 occurred, I guess a couple of years ago where the base

7 -- the rate base was changed from a kilowatt hour to a

8 service base, that briefly describes it. I continue to

9 support that and if within the context of this rate

10 increase some of that rate increase would go to meeting

11 some of the conditions of that original agreement, I

12 support that rate increase.

13 Through my contact with other activists

14 nationally I have been led to believe from their

15 comments that Puget Power has one of the better

16 conservation programs that there is in the nation. I

17 think as much as -- if the rate increase is meant to

18 continue those efforts that I would support that. I

19 also support the siting of new generation capacities,

20 or capabilities, locally. I think that the local

21 users should have some responsibility for producing

22 that power locally. That does not include a dam on

23 the Nooksack River but as far as cogeneration plants

24 and small hydro plants projects and any other solar or

25 wind-generated or whatever other capabilities can be

(FOGELSONG - DIRECT BY ADAMS)

3717

1 determined to be efficient, I support those. And if
2 the rate increase will go to expediting that kind of
3 locally generated capacity I support the rate increase
4 for that.

5 I still don't support shuttling power
6 between here and California, between B. C. and
7 California markets, and I am not convinced that that's
8 a good use of our technology and it's environmentally
9 damaging on both ends, and so if you're going to tailor
10 this or craft this to meet some of the conditions --
11 some of the concerns that have been met today I would
12 like you to consider that the rate increase, inasmuch
13 as it might support that effort, I don't support.

14 I also don't support shielding stockholders
15 from the market conditions. This is a bit confusing
16 because I do support -- I do support the company being
17 able to regain some of its costs from conditions that
18 they can't predict and they can't influence, such as
19 weather and with this new rate structure I understand
20 that they need some flexibility with regaining their
21 costs from those kinds of conditions, and so I don't
22 know how you're going to tailor it. I haven't looked
23 into it enough but if you can put the stockholders at
24 risk at the same time that you allow some flexibility

25 in putting some of that burden on the ratepayers, I

(FOGELSONG - DIRECT BY ADAMS)

3718

1 would support that kind of an agreement. Like I said,
2 I don't have the expertise or the desire to even gain
3 the expertise to figure out how to do that.

4 JUDGE HAENLE: Could I get you to
5 summarize?

6 THE WITNESS: Yes. Well, that's it.
7 Good timing on your part.

8 JUDGE HAENLE: Counsel, questions?

9 MR. ADAMS: No questions.

10 MR. MARSHALL: One question.

11

12 CROSS-EXAMINATION

13 BY MR. MARSHALL:

14 Q. For the record, the initiative you
15 mentioned could you spell out the initiative that you
16 referred to?

17 A. Spell out -- you want to know what it did?

18 Q. Just briefly indicate what that was.

19 A. We were opposed to Puget siting new power
20 lines in the county. There was an existing corridor
21 that we felt was sufficient and as it turned out
22 Bonneville and Puget came to an agreement to site
23 their new lines on that corridor. Our initiative
24 limited the new transmission lines to industrial areas

25 to under 150 KV lines.

(FOGELSONG - CROSS BY MARSHALL)

3719

1 Q. Thank you. You had made that reference and
2 I just wanted to make sure that part was on the
3 record.

4 JUDGE HAENLE: Additional questions?
5 Commissioner?

6 Thank you, sir, you may step down.

7 MR. ADAMS: I believe it's Michael Spinale.

8 Whereupon,

9 MICHAEL SPINALE,

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

12

13 DIRECT EXAMINATION

14 BY MR. ADAMS:

15 Q. State your full name and spell your last
16 name, please?

17 A. Michael Spinale, S P I N A L E. Reside
18 at 1020 - 11th, Apartment No. 6, Bellingham, 98225.

19 And what's the other question you ask everybody?

20 JUDGE HAENLE: Are you a commercial or
21 residential?

22 A. Residential.

23 Q. Speaking on your own behalf?

24 A. Speaking on behalf of a very close friend of

25 mine, a letter that he's written concerning property

(SPINALE - DIRECT BY ADAMS)

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1 that he has here. So I am reading his letter. His
2 name is David O'Connell, and his address is Post Office
3 Box 1834, Shelton, Washington, phone number
4 206-426-9434 June 20, 1993.

5 JUDGE HAENLE: If that's lengthy, perhaps
6 you would want to just leave it and summarize it.

7 THE WITNESS: I would like to read it since
8 I waited all this time if that's okay with you.

9 JUDGE HAENLE: Well, as long as you take
10 the five minutes.

11 A. It will take less than five minutes. June
12 20, 1993. To the Washington utilities. My name is
13 David O'Connell and I would like to comment on the
14 proposed rate increase to Puget Power. Since 1975 we
15 have owned a house at 2303 C Street in Bellingham.
16 Just an old house in an established neighborhood
17 near downtown Bellingham. We made it our home and
18 raised our family until 1992 when it came time to move
19 on. Our house is up for sale now and we felt
20 confident that a buyer would be found. It's not easy
21 to sell a 94 year-old house. There are a lot of needs
22 but it does have character. A good share of that
23 comes from the exterior where the appearance is
24 enhanced by several very impressive locust trees.

25 Last week a representative of Puget Power told me that

(SPINALE - DIRECT BY ADAMS)

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1 the trees would have to be removed. When I asked why
2 they couldn't be trimmed as they had been done in the
3 past, he offered to turn them into ugly stumps. The
4 loss of these trees not only will affect the sale of
5 our house but will impact the entire neighborhood.
6 The lettered streets is stark and bare in comparison
7 to other areas of town. Those existing mature trees
8 need to be protected and new trees should be
9 cultivated. One block from our house is the majestic
10 redwood on Jenkins and E Street. What is Puget's
11 clear-cut plans for it? I recognize the need to turn
12 -- to trim trees out of power lines. Maybe Puget
13 Power can understand that a compromise needs to be
14 developed that is better than ugly stumps.

15 Neighborhoods such as the lettered streets
16 want to see more than power lines overhead. Unlike
17 areas such as Edgemoore where power lines lie under the
18 ground our concern is with maintenance. A share of the
19 costs charged to customers is for system maintenance.
20 The requested rate increase should reflect a component
21 for a careful tree pruning similar to what has always
22 been done in the past. Thank you.

23 JUDGE HAENLE: Questions, Counsel?

24 Q. Just wanted to ask you if you had any

25 comment of your own concerning the increase request?

(SPINALE - DIRECT BY ADAMS)

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1 A. Well, I believe that the concern here is
2 valid in the fact that if rates are going to be
3 increased that the individual needs of people who pay
4 these -- to Puget Power for a service should have
5 their needs met. I think it's a valid request.

6 Q. Perhaps we could do this informally after
7 you finish your testimony but you may be able to get --
8 I think there's a local manager here and perhaps you
9 could forward that name to your friend in Shelton so
10 that they could perhaps see if they can work something
11 out?

12 A. Sounds good.

13 MR. ADAMS: Dave Williams.

14 Gordon Cervo.

15 John Miller.

16 -- Tom Miller.

17 MR. TROTTER: He already testified.

18 MR. ADAMS: Laura Mozelewski.

19

20

21 Whereupon,

22 LAURA MOZELEWSKI,

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

24 herein and was examined and testified as follows:

25

(MOZELEWSKI - DIRECT BY ADAMS)

3723

1 DIRECT EXAMINATION

2 BY MR. ADAMS:

3 Q. Would you state your full name?

4 A. My name is Laura Mozelewski. Last name is
5 M O Z E L E W S K I. I live at 5325 Bell Fern Drive in
6 Bellingham. I am here representing the Opportunity
7 Council.

8 Q. Could you briefly indicate what the
9 Opportunity Council does?

10 A. It's a community action agency located here
11 in Bellingham. We serve Whatcom, San Juan and Island
12 counties. We operate and administer low income
13 programs. I work with the housing division and we run
14 the weatherization program and energy assistance
15 program.

16 Q. I believe that there's been past --
17 testimony of past proceedings that you have a fairly
18 active group in this county?

19 A. We have a very active group in this county.
20 That's part of why I am here today is to bring up three
21 issues. We've been very involved in the collaborative
22 process with Puget Power and working on the decoupling
23 issue. I would like to encourage that process to
24 continue and to keep the focus on conservation and the

25 least cost resources. I understand that this gets to

(MOZELEWSKI - DIRECT BY ADAMS)

3724

1 be quite involved, complicated issue and it's not
2 something that I have the expertise on to make
3 recommendations. There are people -- my co-workers who
4 do and have been highly involved with this process. I
5 am hoping that they will have an opportunity to get
6 some written comments in before this time is out.

7 Second point I would like to make is that
8 any rate increase will severely impact low income
9 ratepayers. This is the bulk of our clientele and it's
10 frustrating and discouraging to work with these folks
11 and to recognize that their resources simply don't
12 match their obligations. And as federal programs are
13 cut deeper and deeper programs like Puget's fuel fund
14 can't possibly provide enough resources to meet the
15 need that's out there.

16 The third point that I would like to make is
17 that we, like which Chuck said, we are very affected in
18 these kinds of proceedings and we just received this
19 letter on Friday afternoon. I missed the Herald's
20 article and it's very difficult to mobilize people with
21 such a short notice, and that's the main reason I am
22 here is that people from my office weren't able to
23 adjust their schedules to be here to provide full
24 testimony. We weren't able to mobilize the community

25 like we usually are able to do with such a short

(MOZELEWSKI - DIRECT BY ADAMS)

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1 notice.

2 JUDGE HAENLE: Questions, Counsel?

3 Q. Just on the notice thing. Aside from the
4 newspaper article, was there any other news coverage
5 that you're aware of here in the community?

6 A. That I am aware of? No. Oh, there was on
7 the radio station this morning. There was some
8 discussion of this hearing this morning on the radio
9 station. It's difficult to cover all the issues in
10 such a complicated proceeding and especially this one
11 that involves so much. It's very, very difficult to
12 get all the issues out to get people to come to.

13 Q. Thank you.

14 JUDGE HAENLE: Commissioner, questions.

15 COMMISSIONER HEMSTAD: No questions.

16 JUDGE HAENLE: Thank you for your testimony.

17 You may step down.

18 MR. ADAMS: Jerry Mullan.

19

20

21 Whereupon,

22 JERRY MULLAN,

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

24 herein and was examined and testified as follows:

25

(MULLAN - DIRECT BY ADAMS)

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1 DIRECT EXAMINATION

2 BY MR. ADAMS:

3 Q. Mr. Mullen, would you state your full name
4 and spell your last?

5 A. Name is Jerry Mullan and last name is
6 spelled M U L L A N and I live at 3966 Salt Spring
7 Drive, Ferndale, 98248, Washington.

8 Q. Are you a residential customer or
9 commercial customer?

10 A. I am a residential customer.

11 Q. Are you speaking individually today or for
12 any group?

13 A. Yes.

14 Q. Go ahead.

15 A. I do not represent the skinhead
16 organization, I am a retired marine. I cut my own
17 hair. I cut it this short because I can't see what I'm
18 doing in back so I set the razor down and I go up. And
19 I don't like protesters. I have never in my life
20 participated in a protest. Those little signs you see
21 are my first effort and hopefully my last. I love
22 Puget Power. I think they do a great job of providing
23 service. They do a great job of customer relations.
24 They do so in their own interest but they're to be

25 commended nonetheless. They do provide a very reliable

(MULLAN - DIRECT BY ADAMS)

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1 service. I say that because I have lived in Europe. I
2 have lived all over the United States and I have lived
3 in Asia. Puget Power is a heck of a decent
4 organization.

5 I cannot support this pay rate increase, and
6 I wish that I could because I think they probably
7 deserve it. I trust Puget Power. I trust Bell-Tel. I
8 trust this commission in spite of the fact that you've
9 stuck me in this damn position. When you raise my
10 electric bill you are also raising my taxes to the
11 Lummi Indians because they charge me 5 percent of my
12 electric bill, and 5 percent of my water bill and 5
13 percent of my cable and 5 percent of my garbage bill
14 and et cetera, and telephone. I want you to carefully
15 consider that you're not just raising the rate on my
16 electricity. You're raising the taxes that I pay to
17 the Lummis.

18 Earlier Marlene Dawson said that with the
19 exception of South Africa people are allowed to vote.
20 Time magazine could be full of beans, I am not sure,
21 but I believe that even in South Africa they're now
22 going to allow the blacks to vote. But I live in a
23 place where I can't run for office, for this quote,
24 "government organization" or whatever you want to call

25 it. Not only can I not run for office, I can't

(MULLAN - DIRECT BY ADAMS)

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1 nominate someone to run for office to represent me and
2 those people who do run for office run on the basis
3 that they are a Lummi Indian. Since I am not a Lummi
4 Indian I am not allowed to and even then I can't vote
5 for them, and if I go and try to say that I think this
6 tax is unfair I can't get in. I say I trust you guys
7 but I really wonder how you can raise my taxes because
8 that's what you're doing. You're not just raising my
9 electric rate, you're raising my taxes.

10 The tax is basically unfair. I think
11 almost anyone would agree if you are taxed and you're
12 not allowed to participate in the government that
13 that's not American. That's not the country that I
14 went to Nam for. That's not the country my buddies
15 got their ass shot off for. There's just something
16 wrong with that. I don't like protesters. I've stood
17 with bayonets in front of protesters. I don't like
18 protesters and I don't like whiners. And I don't like
19 being here. But this tax is wrong and if you raise my
20 electric rates you're also raising my taxes.

21 I bought that property when they first put
22 it on the market, not because I was smart. My wife
23 was smart. We got two lots and we got a father-in-law
24 to build me a house. I couldn't afford to live out

25 there if I had to do it on my Marine Corps pay. My

(MULLAN - DIRECT BY ADAMS)

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1 taxes eat me up. You're raising my taxes not just my
2 electric rate. I would really like you to think about
3 it. Is the tax fair in the first place? Should you
4 have made that decision? Can you reverse it? And if
5 you can't think about when you raise my electric rate
6 you're raising my taxes and you don't let me vote.
7 Not fair. Thanks much.

8 JUDGE HAENLE: Counsel, Commissioner?

9 COMMISSIONER HEMSTAD: I will just make the
10 comment that it's not a protest to come and express
11 your views at a public viewing.

12 THE WITNESS: Well, it sounds too much like
13 whining and the guys out there wanted me to make some
14 signs and I had the time.

15 JUDGE HAENLE: You will need to come back if
16 you're going to give anything else.

17 THE WITNESS: One last point. The
18 bald-headed guy, Ron Larson, is living on a fixed
19 income and having trouble and his kid is going to
20 college, and he and I talk and Ron doesn't ordinarily
21 lose his temper like that, and I know that he feels
22 bad about the way that he left. He wanted to stay and
23 speak but he ran out of time. That's not the normal
24 -- that's not the way he normally handles himself and

25 he feels bad about it. He would apologize if he was

(MULLAN - DIRECT BY ADAMS)

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1 here. I will apologize for him.

2 JUDGE HAENLE: We do our best to
3 accommodate everyone's schedules. As you can imagine
4 that's difficult sometimes.

5 THE WITNESS: Thanks.

6 MR. ADAMS: Angie Fairbanks?

7 Willard Brown?

8 Whereupon,

9 WILLARD BROWN,

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

12 THE WITNESS: Willard Brown at 445 Highland
13 Drive, Bellingham 98225. Testifying on my own account
14 as a customer.

15 JUDGE HAENLE: You're a residential
16 ratepayer?

17 THE WITNESS: Yes.

18 JUDGE HAENLE: You did hit all the other
19 points. Please continue, sir.

20 THE WITNESS: I was a member of a rate
21 design committee for Puget Power and I just wanted to
22 comment on the process there that Puget listens to
23 another one of their mottos. They have several. When
24 we started out and they were quite opposed to some of

25 our tentative ideas, by the end of the process they had

(BROWN - COLLOQUY)

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1 accepted many of them. Modified, sure, but we got
2 across points and they got across points. It needs to
3 be understood that though they always made themselves
4 available they bent over backwards to avoid leading us,
5 at least that's my perception of it. Though Puget is
6 guaranteed a certain profit it needs to be recognized
7 that they are not allowed to raise rates in the supply
8 and demand model. So, yes, they're guaranteed a profit
9 but it's guaranteed that they can't make more than that
10 either. So that's part of the whole process. As for
11 rate adjustments, in terms of adjusted dollars we pay
12 today far less than when I was a child.

13 JUDGE HAENLE: Counsel?

14

15 DIRECT EXAMINATION

16 BY MR. ADAMS:

17 Q. I know you said you had a meeting that's
18 starting, it's close to 4:00.

19 JUDGE HAENLE: You keep your questions down
20 to five minutes, too.

21 Q. I wonder if you would identify the
22 collaborative group that you participated with on the
23 rate design issues of Puget.

24 A. Well, it's composed of citizens from around

25 the Puget Sound basin and we met sometimes a couple of

(BROWN - DIRECT BY ADAMS)

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1 times a month for about a year's time and it was a free
2 flowing attempt at making a rate design that would
3 better reflect today's rates and part of that -- one
4 of the amazing things that occurred was that a group
5 of consumers, residential consumers, actually were
6 able to say, hey, the small business people are paying
7 too big a share. That's the kind of group it was.

8 Q. Do you know offhand whether your group will
9 be making formal recommendations at any of the
10 hearings?

11 A. No, I don't know that. I presumed it has
12 been done.

13 Q. Well, they certainly were part of the
14 process that reflected itself in the rate design
15 process but I didn't know if there would be a formal
16 presentation.

17 A. No. I assumed it had been done already.
18 Thank you.

19 JUDGE HAENLE: Counsel.

20 Commissioner, questions?

21 COMMISSIONER HEMSTAD: No.

22 JUDGE HAENLE: Thank you, sir, you may step
23 down.

24 MR. ADAMS: Bill Gorman.

25 Whereupon,

(GORMAN - DIRECT BY ADAMS)

3733

1 BILL GORMAN,

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

3 herein and was examined and testified as follows:

4

5 DIRECT EXAMINATION

6 BY MR. ADAMS:

7 Q. State your full name.

8 A. Name is Bill Gorman, G O R M A N. 2515
9 Pacific Street here in Bellingham and I'm representing
10 myself as a residential customer.

11 JUDGE HAENLE: Speak much more slowly.

12 Q. Go ahead.

13 A. About four years ago I got to know Puget
14 Power intimately as more than just a utility provider
15 when I became involved in a group here in Whatcom
16 County referred to as NOPE, Neighbors Opposed to Power
17 Encroachment. And we got involved over a power line
18 issue, the proposed inter-tie project with Canada.
19 And of course went its course and we got to know each
20 other pretty well. Subsequently after our initiative
21 campaign we became involved with the utility planning
22 committee hearings in Whatcom County as part of the
23 Growth Management Act and have worked together with
24 Puget Power and the other utilities for more than a

25 year working on a utility plan for Whatcom County.

(GORMAN - DIRECT BY ADAMS)

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1 Throughout that period we've all become a lot more
2 educated about the process and we've become -- myself,
3 I've become very respectful of Puget Power's efforts.
4 And I am here today to speak in support of this rate
5 increase.

6 As part of our effort in opposing power
7 line development that encroaches with electromagnetic
8 fields we got to work with many other community groups
9 across America, and through those individuals and
10 groups we got to know a lot about the other utilities
11 across America. And we're in pretty good shape here
12 in the Northwest. We have a pretty sensitive and
13 intelligent utility that's doing a good job and
14 particularly in the last two or three years have
15 really made an enormous effort in the areas of
16 conservation and sensitivity to the community and to
17 the ratepayers. They've got a ways to go yet but
18 they're doing a very good job and so I would like to
19 support the rate increase because I think it fosters
20 the kind of behavior that we want to see from this
21 company. Thank you.

22 JUDGE HAENLE: Counsel?

23 Commissioners?

24 Thank you, sir. You may step down.

25

MR. ADAMS: That's the last name I have on

(GORMAN - DIRECT BY ADAMS)

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1 the list but I will ask if there's anyone else in the
2 audience who has not testified?

3 JUDGE HAENLE: Anyone else, would you
4 signify by raising your hand?

5 I see no responses, then. We have the
6 group of documents from the hearing that people have
7 given me. 871 is the next document in line. I
8 suggest we make this Exhibit 871. Any objection to
9 its entry, Counsel?

10 MR. MARSHALL: No.

11 MR. ADAMS: Do you envision having a
12 separate exhibit for each hearing?

13 (Marked and admitted Exhibit 871.)

14 JUDGE HAENLE: I think that's easier.
15 Anything else we need to discuss?

16 We will be in recess then until 1:30 on
17 Wednesday at Olympia for the next public hearing.
18 Thank you all for waiting as long as you did.

19 (Hearing adjourned at 4:15 p.m.)

20

21

22

23

24

