

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
2 COMMISSION

3 -----)

4 WASHINGTON UTILITIES AND )

5 TRANSPORTATION COMMISSION, )

6 )

7 Complainant, )

8 )

9 vs. )

10 )

11 PUGET SOUND POWER & )

12 LIGHT COMPANY, )

13 )

14 Respondent. )

15 -----)

DOCKET NO. UE-950618  
(VOLUME 4  
PAGES 157 - 193)

16 A hearing in the above matter was held on

17 September 8, 1995, at 1:30 p.m., at 1300 South

18 Evergreen Park Drive Southwest, before Administrative

19 Law Judge MARJORIE SCHAER, Chairman SHARON NELSON,

20 Commissioner RICHARD HEMSTAD and Commissioner WILLIAM

21 GILLIS. This hearing will be televised in the future

22 by Televised Washington Public Affairs.

23

24 The parties were present as follow:

25

1 PUGET SOUND POWER & LIGHT COMPANY, by JAMES

2 M. VAN NOSTRAND, Attorney at Law, 411 - 108th Avenue

3 Northeast, Bellevue, Washington 98004.

4

5 PUBLIC COUNSEL SECTION, OFFICE OF ATTORNEY

6 GENERAL, by DONALD T. TROTTER, Assistant Attorney

7 General, 900 Fourth Avenue, Suite 2000, Seattle,

8 Washington 98164.

9

10 WASHINGTON UTILITIES AND TRANSPORTATION

11 COMMISSION STAFF, by SALLY G. JOHNSTON, Assistant

12 Attorney General, 1400 South Evergreen Park Drive

13 Southwest, Olympia, Washington 98504.

14

15 Jennifer M. Hicok, CSR

16

17 Court Reporter

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00158

1

I N D E X

2 WITNESSES:

L. HADLEY

3 G. TYLER

R. JOHNSON

4 B. BANDARRA

D

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C

EXAM

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5 EXHIBITS:

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MARKED

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ADMITTED

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

2 JUDGE SCHAER: Let's be on the record.

3 This hearing will please come to order.

4 This is a hearing before the Utilities and  
5 Transportation Commission for the purpose of taking  
6 public testimony in Docket No. UE-950618, which is a  
7 filing by Puget Sound Power & Light Company for certain  
8 tariff revisions, and is also known as PRAM 5.

9 My name is Marjorie Schaer, I am the  
10 Administrative Law Judge assigned to this proceeding.  
11 To my right are the members of the Commission, Chairman  
12 Sharon Nelson, Commissioner Dick Hemstad and  
13 Commissioner Bill Gillis. Today's date is September  
14 8th, 1995, and we are convened in Olympia, Washington.

15 Let me take appearances briefly so that the  
16 members of the public who are here know who all the  
17 participants are.

18 Let's begin with the appearance of the  
19 company, please, Mr. Van Nostrand.

20 MR. VAN NOSTRAND: Thank you, Your Honor.  
21 On behalf of the respondent, Puget Sound Power & Light  
22 Company, James M. Van Nostrand.

23 JUDGE SCHAER: Next from Public Counsel.

24 MR. TROTTER: My name is Donald T. Trotter,  
25 Assistant Attorney General, for the Public Counsel

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1 Section of the Attorney General's office.

2 JUDGE SCHAER: And for the Commission Staff,  
3 please?

4 MS. JOHNSTON: Sally G. Johnston, Assistant  
5 Attorney General.

6 JUDGE SCHAER: Are there any other  
7 appearances today?

8 Just for the record, there were two  
9 intervenors involved in this proceeding, they did not  
10 have -- they were not, however, required to be at this  
11 hearing today. They did appear and participate during  
12 other stages of the proceeding.

13 Mr. Trotter, do you want to begin with  
14 making a summary statement?

15 MR. TROTTER: Sure.

16 Welcome to this public hearing for  
17 ratepayers to testify regarding the proposed rate  
18 increases that the company is asking for in this  
19 proceeding.

20 This proceeding is under a formula approved  
21 by the Commission about five years ago called PRAM, and  
22 that stands for Periodic Rate Adjustment Mechanism.  
23 Unlike it may sound, it's a formula where -- under which  
24 the company is allowed to recover certain of its  
25 resource costs and costs of its conservation program.

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1 And every year the company is required to file under  
2 this formula and we take a look at their projective  
3 costs from the previous period and true those up to what  
4 actually happened, and then project for the next period,  
5 and that's what's going on in this case.

6           So there's two parts to it, projecting costs  
7 for the next year and then truing up for the costs that  
8 were projected and then comparing them to actual.

9           The company in this case filed for \$62.8  
10 million in rate increases, that is approximately, for  
11 residential heating customers, about a 4.9 percent  
12 increase.

13           Since the company filed the case there has  
14 been a stipulation filed by the parties, subject to  
15 Commission approval, it has not been accepted yet,  
16 where the parties have agreed that -- to decrease that  
17 amount of revenue request to 50 -- excuse me, 62.8  
18 million, which for Schedule 24, 25, 26 and 29  
19 residential customers is about a 4 1/2 percent increase  
20 when you apply the Bonneville residential exchange  
21 credit. That's reduced to approximately 2 percent.

22           This is the fifth PRAM proceeding, that's  
23 why we call it PRAM 5, and also before the Commission  
24 today is a proposal by the parties, a stipulation again  
25 subject to Commission approval, it has not been acted

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1 upon yet, that the PRAM be eliminated. For many of us,  
2 but not all of us who have participated through this,  
3 the PRAM has generated many rate increases and that has  
4 caused some problems from our perspective and for --  
5 perspectives of various parties may differ on that point  
6 but we have all agreed to propose to the Commission that  
7 the PRAM be terminated, so that that is an issue in this  
8 proceeding. If it is terminated, there would be one  
9 more event next year to true up for the projections that  
10 we have made here. It's not a process that can be  
11 unwound instantly, so there would be some fallout in the  
12 next year.

13                   Also, you should know that the company will  
14 likely be filing a rate case this fall, probably  
15 sometime around November, no one knows what that will  
16 look like at this point, but that's in the offing.

17                   There is another event also that you should  
18 be aware of that has nothing to do with what the  
19 Commission can do in this proceeding, but it does have  
20 to do with that BPA residential exchange credit that I  
21 talked to you about just a moment ago. There is  
22 currently a rate filing before BPA, which if it's  
23 implemented in about a year, as they're processes go,  
24 the residential exchange credit that you see on your  
25 residential bill will either be substantially diminished



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1 witnesses today should know that they will be sworn in,  
2 which means that I will be placing you under oath, and  
3 in order to get everyone's comments today, I am going to  
4 ask you to limit your remarks to five minutes.

5                   We also have some letters here that  
6 Mr. Trotter is going to have marked as an exhibit and  
7 offered then as part of the record.

8                   Mr. Trotter will be calling witnesses from  
9 the names on the sign-in sheet at the back of the room.

10                   If you wish to testify and have not signed  
11 in, or if you decide during the hearing that you wish to  
12 testify, please sign in with Ms. Stanton at the back of  
13 the room. Ms. Stanton, will you please stand up and  
14 waive?

15                   Okay. If you hear another witness give  
16 essentially the testimony that you wish to give, please  
17 feel free to state when it's your turn that, I agree  
18 with Mr. or Ms. X's testimony. After you're sworn in,  
19 Mr. Trotter will ask you some preliminary questions.  
20 After your testimony, please wait a moment to see if any  
21 of the counsel, the Commissioners or I have any  
22 questions to ask you. Thanks.

23                   Go ahead and call your first witness,  
24 Mr. Trotter.

25                   MR. TROTTER: Yes, Your Honor.



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1                   Your Honor, I would offer at this point, and  
2 I have distributed to the parties, a copy of the  
3 ratepayer letter exhibit. These are the letters that we  
4 received regarding this docket received both by the  
5 Commission and by Public Counsel.

6                   JUDGE SCHAER: I am going to mark that as  
7 Exhibit 40.

8                   (Marked Exhibit 40.)

9                   JUDGE SCHAER: Are there any objections to  
10 enter that document?

11                   That's admitted into the record for  
12 illustrative purposes.

13                   (Admitted Exhibit 40.)

14                   MR. TROTTER: Thank you.

15                   The first name on our sheet is Lee C.  
16 Hadley.

17                   Where did you want the witness to --

18                   JUDGE SCHAER: Mr. Hadley, if you could come  
19 over to this chair, please, sir, or would it ...

20                   There is a small step up.

21                   MR. HADLEY: Right.

22                   JUDGE SCHAER: Would you raise your right  
23 hand, please?

24 Whereupon,

25   LEE C. HADLEY,

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

3

4 JUDGE SCHAER: Thank you.

5 Your witness is sworn, Mr. Trotter.

6 MR. TROTTER: Thank you.

7

8 DIRECT EXAMINATION

9 BY MR. TROTTER:

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

12 A. Lee C. Hadley, H-a-d-l-e-y.

13 Q. Your mailing address?

14 A. 7439 Kittiwake -- I'll spell that,  
15 K-i-t-t-i-w-a-k-e -- Drive, Southeast, Olympia, 98513.

16 Q. Are you a customer of Puget Power?

17 A. I sure am.

18 Q. And you're speaking on your own behalf  
19 today?

20 A. Right.

21 Q. Please proceed with your statement.

22 A. Okay.

23 I don't know whether I'm a minority or not,  
24 but I am retired military, I don't get much money. I  
25 built a house up here, which I'm still paying for, in

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1 Sunwood Lakes.

2                   At the time I built the house eight years  
3 ago my electric rate was 20 to 30 some dollars a month.  
4 The last bill I got from -- not the last bill. The bill  
5 before last I got was 200 and some dollars. The one  
6 before that was 200 and some dollars, and I got several  
7 before that that were over \$100. I can't afford this.  
8 I have threatened to turn off all the electricity in the  
9 house and give my wife and daughters candles. I just  
10 can't afford the electricity. I have turned off  
11 everything I can. The only thing that's going now is my  
12 hot water heater, my washer and dryer, my electricity.  
13 I do not use electricity for heat, I have a wood stove I  
14 heat with. I have turned off the heaters in the house,  
15 I don't use them anyway. I had my meter checked by  
16 Puget Power and they said, well, everything seems to be  
17 going around; yeah, double-time.

18                   Anyway, I have cut down everything I know to  
19 cut down. I don't know how much my bill is going to be  
20 this next time. Pretty high, I imagine, compared to  
21 what I used to pay. I know everything is going up. I  
22 have even seen the prices go up in the commissary. So I  
23 mean, I know the price is going up.

24                   I had it easy when I was overseas working  
25 for the government. After I retired from the military,

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1 I spent 20 years in Korea. Over there our electricity  
2 cost us about \$5 a month or less. I am not trying to  
3 compare Korea with the United States, because there  
4 isn't any comparison, the United States is much better  
5 off all the way around.

6                   There are a lot of problems that a lot of  
7 people are facing, and I imagine there are a lot of  
8 people like me that are being strangled by the electric  
9 bills.

10                   That is what I have got to say.

11           Q.       Thank you.

12                   JUDGE SCHAER: Thank you, Mr. Hadley.

13                   Are there any questions from the attorneys  
14 for this witness?

15                   MR. VAN NOSTRAND: No.

16                   JUDGE SCHAER: From the Commissioners?

17

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

19 BY COMMISSIONER NELSON:

20           Q.       Mr. Hadley, have you ever been approached  
21 about trying to weatherwise your house, insulate it  
22 better --

23           A.       My --

24           Q.       -- by Puget Power or anybody else?

25           A.       My house? Yes, I was approached, but my

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1 house is 100 percent insulated. I have double-pane  
2 thermal glass. I have no cracks, no drafts in my house  
3 at all.

4 Q. So the 200 bill -- the last \$200 bill, do  
5 you know what time period that was for?

6 A. Well, I don't -- I can't see to read, my  
7 eyes are too bad.

8 Q. But it surely must have been summer or late  
9 spring, so do you have --

10 A. Yeah. It was the last -- let's see. July,  
11 maybe August. July and August.

12 Q. Okay. Thank you.

13 COMMISSIONER NELSON: That's all I have.

14 JUDGE SCHAER: Anything further?

15 COMMISSIONER HEMSTAD: I have no questions,  
16 sir.

17 COMMISSIONER GILLIS: I have no questions.

18 JUDGE SCHAER: Thank you for your testimony,  
19 Mr. Hadley.

20 THE WITNESS: I have one more question, if I  
21 can?

22 JUDGE SCHAER: Certainly.

23 THE WITNESS: Why is it, maybe this man can  
24 answer, that our bill, our electric bill goes up in the  
25 wintertime?

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1                   MR. VAN NOSTRAND:  There are seasonal rates  
2  -- there is a seasonal rate differential which is based  
3  on the underlying cost of service which is that power  
4  costs are higher in the wintertime than the summertime,  
5  there is a slight seasonal time differential from winter  
6  to summer.

7                   COMMISSIONER HEMSTAD:  And then also if  
8  you're using electricity for lighting, you will use more  
9  power in the wintertime than you --

10                  THE WITNESS:  Well, the only electricity  
11  that I use extensively in the wintertime is fluorescent  
12  tubes in my kitchen, because my daughter is out there  
13  studying.  She's a senior in high school this year, and  
14  she spends about four hours a night studying.  I don't  
15  use lights at all because I can't, it don't make any  
16  difference whether I have got lights or not, I feel my  
17  way through the house.

18                  My wife is working, and she goes to bed  
19  early and gets up early in the morning and goes to  
20  work.  My daughter leaves early for school and then she  
21  works after school so she gets in late at night.  We  
22  just don't use lighting that much, aside from TV, of  
23  course, and I can't see that, I just listen to it.

24                  JUDGE SCHAER:  Anything further for  
25  Mr. Hadley?

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1 Thank you for your testimony, sir.

2 THE WITNESS: Yes, ma'am.

3 JUDGE SCHAER: Please watch the step.

4 MR. TROTTER: Our next witness is Mr. George  
5 F. Tyler.

6 JUDGE SCHAER: Good afternoon, Mr. Tyler.

7 Would you raise your right hand, please,  
8 sir?

9 Whereupon,

10 GEORGE F. TYLER,

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

13 JUDGE SCHAER: Thank you, sir.

14 You may proceed, Mr. Trotter.

15

16 DIRECT EXAMINATION

17 BY MR. TROTTER:

18 Q. Would you please state your name, and spell  
19 your last name?

20 A. My name is George F. Tyler, T-y-l-e-r.

21 Q. Your address?

22 A. 726 Oak Crest Court Southeast, Olympia,  
23 Washington 98503, I am in unincorporated Thurston  
24 County.

25 Q. You're a customer of Puget Power?

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1           A.       Yes, residential.  I'm a customer of Puget  
2 Power.

3           Q.       Are you speaking on your own behalf today or  
4 a group?

5           A.       I am speaking for myself only.

6           Q.       Proceed with your statement.

7           A.       I have been following Puget Power's rate  
8 increases, Bonneville's activities and several other  
9 utilities for several years since I retired out of the  
10 military.  I have lived out here where I do for the  
11 last 12, 13, years, I think now.

12                    In connection with that, I have been  
13 receiving various publications of the Northwest Power  
14 Planning Counsel, the Puget Power, the Bonneville Power  
15 Administration, and some others, and Puget is --  
16 Bonneville is in problem -- problems right now, and so  
17 in connection with a request made by the Northwest Power  
18 Planning Counsel for suggestions as to how to cut  
19 Puget's -- Bonneville's rates and affect bigger  
20 economies, I reviewed over various publications which I  
21 received from the Power Planning Counsel and Bonneville  
22 in the last year.  And included in that is this document  
23 here (indicating), Transcript of Bonneville's  
24 Competitiveness and Ways to Cut Bonneville's Cost, a  
25 Seattle Counsel meeting of the -- and the publication



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1 number is 95-9, and it is dated June 14th of this year.  
2 And in reading this over to review it, I was reading the  
3 testimony of a Mr. Al Anderson -- Ander -- A-l-e-x,  
4 A-n-d-e-r-s-o-n, who is a vice-president for regulation  
5 and marketing for Portland General Electric, which is an  
6 investor owned utility in the State of Oregon, and on  
7 Page 17 of this document in his testimony I find the  
8 following statement, when Puget was faced recently with  
9 the loss of Arco, which is the Atlantic Refining Company  
10 up at Anacortes, my understanding from the press reports  
11 is that Puget filed a stranded cost recovery tariff  
12 responding to the situation, and said, okay, there --  
13 there has to be an exit for continuing a fee for some  
14 kind. Puget granted the Atlantic Refining Company a  
15 reduced tariff. Now, how many more customers Puget has  
16 done this for, I have no way of knowing. I didn't know  
17 about it until I read it here. But the question arises  
18 in my mind, if they gave it to one, did they give it to  
19 more than one? And how does this fit into the rate  
20 increase that we as customers are being asked to give  
21 both as residential customers and commercial customers?  
22 And how is this going to affect us, because I don't  
23 know. I understood years ago when I studied physics in  
24 school that the reason this Commission was created and  
25 many similar ones was to safeguard customers from

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1 rebates and sweetheart deal tariffs that were granted by  
2 some utilities, and I certainly don't want to see that  
3 happen again.

4 I will make this document available to the  
5 Commission, and I request that it be entered in the  
6 record.

7 I myself believe that Puget is getting more  
8 than an adequate return for their investments. They  
9 have given us pretty descent service, subject to weather  
10 conditions, which those of us that live in the Pacific  
11 Northwest are well acquainted with. But I, like the  
12 gentleman that proceeded me, I am a retired military  
13 man, 30 percent disabled, and all I see is costs go up,  
14 up and up, and believe me, the cost of living allowance  
15 that the federal government gives retired military or  
16 the state or the federal government gives civil serve  
17 no way equals the way that these rate -- utility rates  
18 increases are going up.

19 Q. Does that complete your statement?

20 A. What?

21 Q. Does that complete your statement?

22 A. That completes my statement.

23 If anybody has any questions, I will be more  
24 than happy to try to answer them.

25 MR. TROTTER: Your Honor, I would be -- just

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1 so the record is complete on exactly the document that  
2 he is referring to, I have no problem, if he's willing  
3 to give it up, to have that marked as an exhibit or --

4 THE WITNESS: I brought it along for that  
5 purpose.

6 MR. TROTTER: -- or file it in the record  
7 with the ratepayer --

8 THE WITNESS: I underscored the area where I  
9 read the testimony. I think it's on Page 17.

10 JUDGE SCHAER: I would suggest that we make  
11 that part of Exhibit 40 and enter it into the record for  
12 illustrative purposes.

13 MR. TROTTER: That's fine.

14 JUDGE SCHAER: Is that acceptable to all  
15 counsel?

16 MR. VAN NOSTRAND: That's fine, Your Honor.

17 MS. JOHNSTON: That's fine.

18 JUDGE SCHAER: All right. Mr. Tyler, if you  
19 will hand that to me, I will see that that gets put into  
20 the record, sir.

21 Do any of the attorneys have questions for  
22 Mr. Tyler?

23 Commissioners, do you have questions?

24 THE WITNESS: I would respect the -- or  
25 request that the Commission's Staff review Puget's

00176

1 accounting to be sure that there are no further similar  
2 type, and if they are, make a finding as to what the  
3 impact on the rest of we customers are.

4                   CHAIRMAN NELSON: Mr. Tyler, I just want to  
5 tell you, the Commission is still in the business to try  
6 and protect customers like you from sweetheart deals.  
7 And it's not -- that particular contract we are aware  
8 of, and probably will be looking at it in the upcoming  
9 rate case, but it's not part of the reason for the  
10 request for the rate increase here today.

11                   THE WITNESS: Well, I had no way of knowing  
12 for sure.

13                   CHAIRMAN NELSON: But thank you for your  
14 testimony.

15                   JUDGE SCHAER: Anything else?

16                   MR. HEMSTAD: No.

17                   JUDGE SCHAER: Thank you, Mr. Tyler.

18                   MR. TROTTER: Next, Rick Johnson.

19                   JUDGE SCHAER: Mr. Johnson, please raise  
20 your right hand?

21 Whereupon,

22                   RICHARD D. JOHNSON, JR.,  
23 having been first duly sworn, was called as a witness  
24 herein and was examined and testified as follows:

25                   JUDGE SCHAER: Thank you.

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1                   Your witness is sworn, Mr. Trotter.

2                   MR. TROTTER: Thank you.

3

4                                   DIRECT EXAMINATION

5 BY MR. TROTTER:

6           Q.       Please state your name, and spell your last  
7 name.

8           A.       Richard D. Johnson, Jr., J-o-h-n-s-o-n.

9           Q.       Your address?

10          A.       31012 - 230th Place Southeast, Kent, 98042.

11          Q.       Are you appearing before a -- are you  
12 appearing for an organization today?

13          A.       Well, I am a member of IBEW, Local 77,  
14 that represents the employees of Puget Power. I'm an  
15 employee of Puget Power, but I'm here on my own  
16 behalf --

17          Q.       And --

18          A.       -- as an individual.

19          Q.       Could you just tell us what IBEW stands for?

20          A.       International Brotherhood of Electrical  
21 Workers. We have a collective bargaining agreement with  
22 Puget Power to represent the employees.

23          Q.       And are you -- but you're speaking here on  
24 your own behalf?

25          A.       I have come as an individual, yeah. I am

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1 curious about the process, how the Commission rate  
2 hearings work, I want to educate myself to that process.

3 Q. Fine. Go ahead with your statement.

4 A. Okay. Well, I have several of them, several  
5 things to say.

6 I have been a member of the IBEW for 21  
7 years. My first job out of Local 77 was on Puget Power  
8 property out in the Duvall area on a tree-trimming crew,  
9 I worked as a groundman. I have worked my way up  
10 through an apprenticeship in line construction work, and  
11 many times on Puget's property, but for several  
12 utilities throughout the Northwest, mostly for  
13 contractors.

14 The last four and a half years I have been  
15 an employee of Puget Power in Renton and I'm currently  
16 out of the Kent headquarters. I have enjoyed my  
17 employment at Puget Power far more than I anticipated.  
18 I find the people are good to work with, my fellow  
19 employees are good, and at times management's  
20 interesting, if not helpful.

21 We have won several awards on a linesmen  
22 rodeo team, we have gone to the nationals and  
23 represented Puget Power there many times, our fourth  
24 time is coming up in a couple of weeks.

25 I have represented my union as a -- one of

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1 several negotiators on the last contract bargaining  
2 committee. We used a method call interest based  
3 bargaining, which is -- I -- it's popular throughout the  
4 industry now, the IBEW is sponsoring it throughout the  
5 United States. It's a technique where each sides try to  
6 develop their interests and look at them honestly and  
7 squarely and then tries to help each other out. I felt  
8 we did that throughout the last process. I think we  
9 came up with a fair contract that reflected about a 3  
10 percent wage increase for all of the employees over the  
11 life of the contract, three years.

12                   An issue of late shifts came up, it arreared  
13 its head prior to negotiations and the committee --  
14 myself, I can't speak for the full committee, but my  
15 impression was the full committee, and I know I did as  
16 an individual, feel that we had a commitment that the  
17 company wouldn't be looking for late shifts. There is  
18 an obscure clause in our contract that was negotiated in  
19 1984, within a month of concluding negotiations and a  
20 positive vote from the membership, the company  
21 instituted late shifts. These are straight time shifts  
22 that are after hours. We traditionally work between  
23 6:00 a.m. and 6:00 p.m. for straight time, shifts are  
24 set up. The company set up shifts from I think 1:30  
25 until 10:00 at night at straight time. Our local

00180

1 grieved it, as a union we grieved it, we lost a  
2 grievance -- the arbitration recently. My contention is  
3 that again the company twisted an obscure clause that  
4 now they contend gives them seven day a week, 24 hours  
5 straight time coverage by all the employees. I am  
6 outraged by this, and I would like to do whatever I can  
7 to turn it around. I think it's wrong. I would like  
8 the Commission to consider -- your first priority, I  
9 understand, must be the ratepayers, but the employees of  
10 the utilities in the Northwest, not only Puget Power,  
11 are the first ones that they come after when they want  
12 to reduce their costs.

13                 I have seen my income reduced as a result  
14 of these late shifts straight times -- straight time  
15 hour late shifts. The company in a document from July  
16 17th contends that they're going to expand the use of  
17 straight time late shifts and they'll save over \$2  
18 million by doing so. I just want to draw that to your  
19 attention and think it ought to be factored into any  
20 rate increase. I -- I don't know. I -- I -- the threat  
21 of deregulation that's surrounded us in this country  
22 over the last 10, 15 years seems to be whatever we can  
23 do to help big business at the cost of individuals. And  
24 as the previous testimony said, I would like the  
25 Commission to look at the little people who are



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1 affected, myself included.

2 We do our best to survive in a difficult  
3 world, as everybody does. We're not as well organized  
4 or well financed as our employer.

5 So thank you.

6 Q. Thank you.

7 JUDGE SCHAER: Any questions from the  
8 attorneys?

9 MR. VAN NOSTRAND: No.

10 MS. JOHNSTON: No.

11 JUDGE SCHAER: Any questions from the  
12 Commissioners?

13 CHAIRMAN NELSON: No.

14 MR. HEMSTAD: I appreciate your statement,  
15 but I don't have any questions.

16 THE WITNESS: Thanks.

17 MR. GILLIS: I don't have any questions  
18 either.

19 JUDGE SCHAER: Thank you for your testimony,  
20 Mr. Johnson.

21 MR. TROTTER: Next is Bob Bandarra.

22 JUDGE SCHAER: Please, raise your right  
23 hand?

24 Whereupon,

25 ROBERT BANDARRA,

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

3 JUDGE SCHAER: Thank you, sir.

4

5 DIRECT EXAMINATION

6 BY MR. TROTTER:

7 Q. Would you please state your name, and spell  
8 your last name?

9 A. My name is Robert Bandarra, B-a-n-d-a-r-r-a.

10 Q. What is your address?

11 A. 17238 Woodinville-Duvall Road, in  
12 Woodinville, Washington 98072-1390, and we have a  
13 mailbox PO, the box is 1390.

14 Q. And you're appearing for the Woodinville  
15 Water District?

16 A. That's correct. I'm the general manager of  
17 the Woodinville Water District. Also the president  
18 of the board is in the audience and finance director,  
19 Mr. Harold and Mr. White.

20 Q. Okay. Could you just give a brief  
21 description of what that organization is?

22 A. Okay. The Woodinville Water District is a  
23 special purpose district that operates under Chapters 56  
24 and 57, and primarily our mission is to provide water  
25 and sewer services to a specific designated service area

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1 of about 12,000 customers.

2 Q. And is the District a customer of Puget  
3 Power?

4 A. Yes, the District is a customer of Puget  
5 Power.

6 Q. And that's why you're here today?

7 A. That's correct.

8 Q. Okay. Please proceed with your statement.

9 A. Okay. Thank you.

10 I first have a couple of documents that I  
11 would like to enter into -- for the record. One is a  
12 letter of my key points that I will discuss, and then  
13 also I would like to enter in too a copy of our most  
14 recent news letter. I have some extra copies, if you  
15 need them, because there is an article with regard to  
16 Puget Power on the second page.

17 JUDGE SCHAER: Would you like those included  
18 in Exhibit 40, Mr. Trotter?

19 MR. TROTTER: We would make that request.

20 JUDGE SCHAER: All right.

21 Any objection?

22 Those documents will be included in Exhibit  
23 40.

24 A. Okay. Thank you.

25 I have four major points that I would like

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1 to express to the Commission this afternoon.

2                   The -- as I indicated earlier, the  
3 Woodinville Water District is a special purpose  
4 district, we operated under Chapters 56 and 57. And the  
5 District is interested in the rate hearing is kind of  
6 unique in that it -- it's a -- it's regarding the  
7 restrictions that were imposed by Tariff G, Schedule 53,  
8 rather than a discussion with regard to the financial  
9 impacts associated with the proposed increase. Tariff  
10 G, Section -- Schedule 53 must be amended to allow  
11 Puget Sound Power & Light the ability to direct bill for  
12 streetlighting. Providing power for their customers is  
13 clearly their mission.

14                   Point two: Woodinville Water District's  
15 mission is to provide water and sewer services, not  
16 power. The District is not a public utility district,  
17 and has not acquired, nor constructed, maintained or  
18 operated any streetlighting system as the defined by RCW  
19 56.08.075 and 57.08.060 (5).

20                   The District currently does -- all the  
21 District currently is doing for streetlighting is  
22 billing our customers. In this particular case, we  
23 believe that we are nothing more than just Puget Sound  
24 Power & Light's billing agent.

25                   Point 3: Perhaps the Commission is not

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1 aware that when a customer fails to pay their  
2 streetlight bill, their water is turned off for  
3 nonpayment, not the power for the streetlight. When a  
4 customer needs a credit because the streetlight has not  
5 been repaired by Puget Sound Power & Light, the District  
6 must write a letter to Puget Power for approval.

7                   My point is, is that the District has not  
8 authority to grant the credit, even if the District  
9 believes that a credit is appropriate.

10                   My final point is that the District believes  
11 that a portion of the rate assessed the streetlighting  
12 must carry some portion of Puget Sound Power & Light  
13 administrative overheads. We do not know how that  
14 overhead rate is allocated to Puget Sound Power &  
15 Light's various customers. In other words, we as a  
16 wholesale customer for the streetlighting section  
17 receive an assessment or a fee for reaching every  
18 streetlight based on the lotage. There must be some  
19 component of the overhead rate for administrative  
20 incorporated into that rate. We don't know what that  
21 is, we would like to get additional information to find  
22 out what that is.

23                   In addition, we charge the administrative  
24 rate because -- an administrative overhead charge  
25 because we have to provide postage, account handling,

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1 and doing everything else. We think customers may be  
2 billing -- may be being billed twice for administrative  
3 functions.

4                   Again, I would like to leave the Commission  
5 with that thought that we believe that Tariff G,  
6 Schedule 53 must be amended in order to allow Puget  
7 Power to move to direct billing and allow those  
8 utilities or other government agencies that desire not  
9 to be the sole biller the opportunity to not do that.

10                   That concludes my statement.

11                   JUDGE SCHAER: Do any of the attorneys have  
12 questions for this witness?

13                   MR. TROTTER: I just have a follow-up on  
14 that.

15           Q.       Did the Woodinville Water District -- are  
16 these city lights, I think you indicated in your news  
17 letter, that they -- the city lights are -- excuse me,  
18 the streetlights are the property of Puget, is that  
19 your understanding?

20           A.       That's correct.

21           Q.       And are they on land owned by the Water  
22 District or --

23           A.       They're located in public right-of-way,  
24 basically, and there are generally five customers per  
25 streetlight. And what -- what we do is collect for

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1 those five allocations and we in turn turn it over to  
2 Puget Power, and so all we do here is do collecting.

3 Q. I don't have Tariff G in front of me,  
4 obviously you're familiar with it, does it require that  
5 an organization, such as yours, be billed for these type  
6 of services, or what is the requirement --

7 A. What Tariff -- what Tariff G --

8 Q. -- as you understand it?

9 A. What Tariff G is silent on it does not allow  
10 Puget Power to bill directly to the customer, which I  
11 think is interesting, because every one of those  
12 customers that we bill they also bill.

13 Q. So --

14 A. And it -- and it's -- it's -- it's a snafu,  
15 I would call it, for lack of a better choice of words,  
16 in how the tariff is written and the schedule is put  
17 together.

18 Q. And I have just one last question. Does  
19 Tariff G say that entities, such as yours, will be  
20 billed, or what is your understanding of who is billed  
21 under Tariff G?

22 A. Well, who is billed are either homeowners  
23 associations, road improvements districts or special  
24 purpose districts or cities that get involved.

25 See, the RCWs allow entities, such as

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1 ourselves, to go ahead and provide service, if we so  
2 choose; but the statute also talks about the fact that  
3 we should be owning, operating and maintaining and  
4 taking care of these facilities. These are not assets  
5 of the Woodinville Water District.

6 Q. At some point in time, did the Woodinville  
7 Water District seek Puget to provide power for lights  
8 in the area?

9 A. Absolutely. Positively. And what we have  
10 been trying to do is change that process in working with  
11 Puget Power. And in trying to change that process in  
12 the beginning of the year, Puget Power said very clearly  
13 they were unable to accommodate our request because the  
14 Tariff G schedules did not allow for that to occur.

15 Q. I see. Thank you.

16 A. And so that's why we're here to try to  
17 change -- change that section of the tariff.

18 Q. I think I understand it a little better.  
19 Thank you.

20 JUDGE SCHAER: Questions from other counsel?

21 Questions from the Commissioners?

22

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

24 BY COMMISSIONER NELSON:

25 Q. Mr. Bandarra, do you have any opinion on the



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1 rate increase that's in front of us today, or is your  
2 purpose here to do to bring this "snafu," as you called  
3 it, in the tariff to our attention?

4 A. My intent is basically to ask that the  
5 tariff be amended to allow for direct billing by Puget  
6 Power and not the rates.

7 Q. Thank you. I for sure wasn't aware of this,  
8 so perhaps our staff will look into this for the next  
9 proceeding.

10 A. I appreciate it. Thank you.

11 COMMISSIONER HEMSTAD: Just a comment.

12

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

14 BY COMMISSIONER HEMSTAD:

15 Q. The tariff may not allow it, but I assume  
16 you're aware that the company has the authority to  
17 request that the tariff be modified?

18 A. That's correct. We asked -- we asked them  
19 to do that in previous correspondence, and we thought it  
20 was interesting that they came forward at this rate  
21 hearing and did not make that request or that change,  
22 which is why we decided to come forward to testify.

23 Q. Okay. Have you had a discussion with them  
24 about their modifying the tariff?

25 A. Ongoing discussion. We've also asked them

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1 for their allocation overhead rates, and we're still --  
2 we're still waiting to receive that -- that  
3 documentation.

4 COMMISSIONER HEMSTAD: That's all I have.

5 THE WITNESS: Thank you.

6 COMMISSIONER GILLIS: I have no additional  
7 questions.

8 JUDGE SCHAER: Mr. Bandarra, just another  
9 comment, this is kind of a limited purpose proceeding to  
10 follow a formula, as Mr. Trotter described, to pass  
11 through certain increases, and if a tariff isn't  
12 suspended in this proceeding, then we and the Commission  
13 aren't able to do anything with that tariff in this  
14 hearing. Just as a heads-up to you, it may be more  
15 likely that this tariff would be suspended if the  
16 company does file a general rate increase request in  
17 November, so you may have to send your letter in  
18 again --

19 THE WITNESS: That's fine.

20 JUDGE SCHAER: -- in the proceeding where we  
21 would have some authority to do something.

22 THE WITNESS: In -- in reading the  
23 documentation, though, under UE-0618 (sic.), it appeared  
24 that there was a schedule and an increase. There is an  
25 increase for streetlighting as part -- as part of that

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1 package, and so it seemed to me that it was appropriate  
2 that the comments would be applicable to that, because I  
3 challenge in some instances with regard to the  
4 administrative overhead, in which case it could reduce  
5 that portion of the rate, if you see what I'm saying.

6 JUDGE SCHAER: I understand what you're  
7 saying. I'm just trying to let you know that usually  
8 what's happening in a PRAM proceeding is spreading an  
9 increase due to the periodic rate adjustment through the  
10 several schedules, but we don't look at the design of  
11 the different schedules at this point.

12 THE WITNESS: Okay.

13 JUDGE SCHAER: We probably will be doing  
14 that within the next year in the next proceeding. And  
15 if you're not able to work something out with the  
16 company between now and November, it might be in your  
17 best interest to again raise this question there, sir.

18 THE WITNESS: I appreciate that, that  
19 information. I wasn't aware of that. You'll see me  
20 again in November then.

21 JUDGE SCHAER: It will be a little bit later  
22 than that, but we'll be glad to see you again. Perhaps  
23 you can work something out before then.

24 THE WITNESS: I hope so.

25 JUDGE SCHAER: All right. Thank you, sir.

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1 THE WITNESS: Thank you.

2 MR. TROTTER: We have two other  
3 representatives of the Water District here, I don't know  
4 if they wish to testify.

5 A VOICE: He said everything already.

6 MR. TROTTER: Okay. Let me just check the  
7 back room to see if anyone else has signed up.

8 A VOICE: No.

9 MR. TROTTER: Then, Your Honor, I would just  
10 ask if anyone present who has not testified who wishes  
11 to testify, if they wish to do so, that then just come  
12 up.

13 JUDGE SCHAER: Is there anyone else in the  
14 hearing room that like to give testimony this afternoon?

15 I hear no response, so I again thank the  
16 witnesses that have testified, and we will, as I have  
17 stated, include the materials provided this afternoon in  
18 Exhibit 40.

19 That concludes the public hearing portion of  
20 this afternoon's hearing. I would like to go off the  
21 record for a moment for a brief discussion with the  
22 Commissioners and then the hearing will resume in a few  
23 moments.

24 We're off the record.

25 (Discussion off the record.)

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1 JUDGE SCHAER: Let's be back on record.

2 I would like to indicate to the members of  
3 the public who are here to testify that if you have any  
4 additional follow-up questions for the Commission Staff,  
5 you can check with Ms. Stanton, who is the woman in the  
6 yellow jacket at the table in the back of the room, and  
7 she can help put you in touch with the appropriate  
8 members of the Commission Staff who might be able to  
9 assist you.

10 Is there anything further to come before us  
11 today?

12 If not, then thank you for attending, and  
13 we'll stand adjourned.

14 (Hearing adjourned at 2:15 p.m.)

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