

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

2 -----

3 PETITION OF PUGET SOUND POWER )  
& LIGHT COMPANY FOR AN ORDER )  
4 REGARDING THE ACCOUNTING ) DOCKET NO. UE-920433  
TREATMENT OF RESIDENTIAL )  
5 EXCHANGE BENEFITS )

6 ----- )  
WASHINGTON UTILITIES AND )  
TRANSPORTATION COMMISSION, )  
7 )  
Complainant, )

8 vs. ) DOCKET NO. UE-920499

9 )  
PUGET SOUND POWER & LIGHT )  
10 COMPANY, )  
Respondent. )

11 ----- )  
WASHINGTON UTILITIES AND )  
TRANSPORTATION COMMISSION, )  
12 )  
Complainant, )

13 vs. ) DOCKET NO. UE-921262

14 )  
PUGET SOUND POWER & LIGHT ) VOLUME 23  
15 COMPANY, ) PAGES 3891 - 3989  
Respondent. )

16 ----- )

17  
18  
19 A hearing in the above matter was held on  
20 June 24, 1993 at 4:40 p.m., at 200 Mill Avenue South,  
21 Renton, Washington, before Commissioners RICHARD  
22 CASAD and RICHARD HEMSTAD and Administrative Law  
23 Judge ALICE HAENLE.

24  
25 Cheryl Macdonald, RPR, CSR, Court Reporter

1 The parties were present as follows:

2 WASHINGTON UTILITIES AND TRANSPORTATION  
3 COMMISSION STAFF, by SALLY G. BROWN, Assistant  
4 Attorney General, 1300 South Evergreen Park Drive  
Southwest, Olympia, Washington 98504.

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

7 PUBLIC INTEREST, by CHARLES F. ADAMS,  
8 Attorney at Law, Suite 2000, 900 Fourth Avenue,  
Seattle, Washington 98164.

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

	I N D E X			
	WITNESS	DIRECT	COLLOQUY	CROSS EXAM
3	M. O'FARRELL	3899		
	A. MEUTER	3904		
4	C. TOWNSEND	3906		
	M. GRIGNON	3909		
5	W.B. MEYER	3911		3920
	J. WHITBECK	3920		3924
6	D. MARCHIONE	3925		
	S. ATKINS	3928		
7	S. MUSGRAVE	3932		3935
	C. KUBOTA	3936		
8	R. McDONALD	3940		
	E. McCARTHY	3940		
9	B. GREEN	3943		
	A. VAN CLEEF	3947		
10	V. VAUPEL	3950		
	S. DAVIS	3955		
11	D. POPP	3957		3960/3961
	M. MORRISSETTE	3961		
12	L. SOUTHWICK	3969		
	M. KEESLING	3973		
13	A. EKSTEDT		3979	
	R. SOUTH	3981		
14	F. CARSON	3985		
15	EXHIBITS	MARKED	ADMITTED	
	874	3988	3988	
16				
17				
18				
19				
20				
21				
22				
23				
24				

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 23rd day of hearing in the  
4 consolidated Puget cases. This hearing is taking  
5 place on June 24, 1993 at Renton, Washington. The  
6 hearing is being held before the Commissioners,  
7 Commissioner Richard Hemstad and Commissioner Richard  
8 Casad.

9 COMMISSIONER CASAD: Afternoon, ladies and  
10 gentlemen.

11 JUDGE HAENLE: My name is Alice Haenle and  
12 I am the administrative law judge assigned to the  
13 case. The purpose of the hearing today is to take  
14 testimony from members of the public about the  
15 consolidated filings. That's the rate design filing  
16 and the general rate increase filing.

17 We've asked you to print your name and  
18 address on the sign-in sheet at the front of the room  
19 if you do plan to testify. Looks like we do have a  
20 number of people who intend to, so the Commission, as  
21 I indicated earlier, has asked that you keep your oral  
22 statements to five minutes. If you've brought with  
23 you a written copy of your statement, when you're done

24 you can give that to me and we will include it with  
25 the exhibit that goes with this hearing. We'll ask

(COLLOQUY)

3895

1 you to probably summarize your statement, tell the  
2 Commission your recommendations and your positions and  
3 then we can -- and as I say, the statement will be  
4 entered into the record.

5           Also before we went on the record, I  
6 introduced to you those representatives of the parties  
7 that were here this afternoon. Steven Marshall on  
8 behalf of Puget, Sally Brown on behalf of the  
9 Commission and Charles Adams who is acting as public  
10 counsel. Mr. Adams is the one who wrote the letter  
11 which you may have received or picked up on the table  
12 when you came in.

13           Did you want to give a brief summary?

14           MR. ADAMS: Very brief, thank you. Again,  
15 I will not go into great detail. The letter has  
16 detailed some of these issues a little more, and I  
17 will assume that you have had an opportunity to look  
18 at them. Very briefly, this proceeding today involves  
19 a consolidation of two filings by the company, one of  
20 which is the general rate case which is the request  
21 for an increase of approximately \$117 million over  
22 current rates, and the other is what we call a rate  
23 design case which would change some of the rate design

24 for basically any and all of the classes of customers  
25 of the company, whether it be residential, commercial

(COLLOQUY)

3896

1 or industrial. And obviously both can have an impact  
2 in terms of your individual bill because obviously the  
3 amount of the increase could affect it but also any  
4 rate design element could also affect your bill.

5           The company general rate case filing of  
6 \$117 million also, just to clarify this, subsequent  
7 to that filing, in fact, I think beginning of this  
8 month there was another filing for an additional \$76  
9 million. That is separate from and in addition to the  
10 \$117 million we're talking about. That is what we  
11 call the PRAM 3 filing. That case has not yet been  
12 heard by the Commission and will be basically reviewed  
13 and there will be testimony in late July and August of  
14 this year. One of the basic elements contained in the  
15 company's rate filing deals with the issue of  
16 decoupling and resource recovery and just to give you  
17 a very brief background, the Commission several years  
18 ago adopted something called decoupling and a PRAM  
19 mechanism. A PRAM mechanism is an every year  
20 October 1 there is a rate adjustment which I am sure  
21 some of you have seen in your bills in the last couple  
22 of Octobers. The basic philosophy behind decoupling  
23 is to remove the company's direct link with profits

24 and sales so that the company does not have the  
25 incentive to sell more in order to raise its profits;

(COLLOQUY)

3897

1 and again, the theory behind this is that if that  
2 linkage, if you will, is broken, the company will be  
3 more likely to engage in efficiency improvements  
4 called demand side management improvements,  
5 conservation and so forth. In other words, it will no  
6 longer be hurt by reducing its sales by its  
7 conservation efforts. And the PRAM basically allows  
8 the company to remain neutral and catch up on the  
9 various costs that it may not recover during any given  
10 year.

11 Now, in addition to the decoupling it will  
12 also, however, pick up new resource costs and as you're  
13 probably aware in the last couple of years the weather  
14 has been a little bit warmer and certainly drier  
15 weather and so there has been substantial hydro costs  
16 and lost revenues due to weather coldness, if you  
17 will, that have occurred, and that's part of what this  
18 PRAM 3 is that the \$76 million is being considered  
19 later in the summer.

20 There have been a number of parties in this  
21 case. There are obviously three of them up here at  
22 the podium but there are also commercial customers,  
23 industrial customers and others who have been

24 participating in the proceedings.

25 The impact of the general rate increase if

(COLLOQUY)

3898

1 it was all put into effect in the first year is, just  
2 so you get a feel, is residential would be a 12.7  
3 percent increase; commercial customers, depending on  
4 the size of the commercial customer, would be anywhere  
5 from 8.4 to 6.6 percent; and for the high voltage  
6 industry customers it will be about 17 percent.  
7 That's the impact of the rate design part of the case.  
8 However, the company has requested that the \$117  
9 million be phased in over several years and so the  
10 actual amount experienced by customers would most  
11 likely be lower than that.

12 Now, there have been a number of issues  
13 discussed. Obviously, the issue of decoupling, PRAM,  
14 should it be modified, does it shift risk to customers  
15 from the company? These kinds of issues have been at  
16 issue in front of the Commission; the cost of capital  
17 or, if you will, the allowed profit margin for the  
18 company has been and is at issue. To give you an  
19 example, just the difference of the testimony of the  
20 staff, the Commission staff in this case, versus the  
21 company alone is about a \$35 million difference. So  
22 the profit level can make a big difference in terms of  
23 the increase granted.



24                   New resources, the company has brought on a  
25 group, a large amount of new resources primarily

(COLLOQUY)

3899

1 purchased power, cogeneration and these are  
2 approximately 684 megawatts that the company is also  
3 bringing into its rates, about 28 average megawatts of  
4 conservation savings. So there is part of the rate  
5 request is to pick up costs associated with those new  
6 resources. In the area of conservation one element,  
7 and this is discussed briefly in the letter, is the  
8 issue of advertising and whether that's an appropriate  
9 expense or the advertising levels are appropriate as  
10 part of those costs which are being charged to  
11 ratepayers. There are other issues but obviously --  
12 and obviously you may have your own concerns which I  
13 hope you will bring to bear with us today. So with  
14 that, your Honor, I would call off our witness list.

15                   JUDGE HAENLE: Thank you. Call the first  
16 name.

17                   MR. ADAMS: First witness is Mary  
18 O'Farrell.  
19 Whereupon,

20                                   MARY O'FARRELL,  
21 having been first duly sworn, was called as a witness  
22 herein and was examined and testified as follows:

23

24

DIRECT EXAMINATION

25 BY MR. ADAMS:

(O'FARRELL - DIRECT BY ADAMS)

3900

1 Q. Would you state your name, please, and  
2 spell your last name.

3 A. Yeah. My name is Mary O'Farrell,  
4 O apostrophe F A R R E L L.

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

6 A. My address is 23708 Northeast 70th Street,  
7 Redmond, Washington 98053.

8 Q. Can I ask, are you a residential or  
9 commercial customer of the company?

10 A. I am a residential customer.

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

13 A. I am speaking for myself and my neighbors  
14 who are not a formal organization.

15 Q. Go ahead.

16 A. Thank you for the opportunity to testify on  
17 Puget Power rate increase. Specifically docket No.  
18 UE-921262 regarding transmission system and principal  
19 substations. I am not being paid by anyone to be here  
20 today. I strongly support the UTC staff and the  
21 attorney general office's recommendations regarding  
22 this rate increase. I and many other ratepayers of  
23 east King County who are unable to testify here today

24 greatly appreciate the efforts of the staff who have  
25 worked diligently to analyze this proposal. We hope

(O'FARRELL - DIRECT BY ADAMS)

3901

1 that the Commission will concur with their  
2 recommendations in the face of withering political  
3 pressure. The only people in favor of this increase  
4 are those who will receive economic benefit at my and  
5 other ratepayer's expense, that is if the reports in  
6 the media are to be believed.

7           The area of my particular concern and focus  
8 is a relatively small percentage of the \$117 million  
9 request, namely the east Sammamish project estimated  
10 at \$29.2 million and the Novelty project estimated at  
11 \$9.6 million. They are outlined in WUTC document No.  
12 1149. The BPA already has an extensive network of  
13 transmission lines through these project areas of east  
14 Sammamish and Novelty Hill and the BPA and Puget Power  
15 have been able to jointly use these facilities in the  
16 past. I would urge you to require their continued  
17 cooperation in sharing these facilities. The problem  
18 is that Puget is now proposing to widen the existing  
19 corridors up to 220 feet wider in some areas so that  
20 they can run numerous additional transmission lines  
21 parallel to the BPA's lines and through other existing  
22 neighborhoods like my own. They propose to run their  
23 transmission line down the public right-of-way of my

24 street.

25 Not only will this expose new areas to the

(O'FARRELL - DIRECT BY ADAMS)

3902

1 risks of transmission lines such as EMF,  
2 electromagnetic field and falling lines and natural  
3 disasters, but the property owners are already  
4 suffering a great loss in property values as a result  
5 of the proposals. The proliferation of the  
6 substations in any area is also of great concern.

7 In its application on file at King County  
8 Department of Development and Environmental Services,  
9 the company states that it needs this project, the  
10 Novelty project, for service flexibility. Service  
11 flexibility seems to be a weak excuse for spending \$10  
12 million of the ratepayer's money. If any of these  
13 projects can be justified economically they should be  
14 funded completely by the shareholders.

15 In fact, Puget Power is working closely  
16 with Weyerhaeuser and Black Hawk/Port Blakely to  
17 convert forest production land into a 7,000 home  
18 housing development, 1 million square feet business  
19 park and shopping area.

20 The North Ridge and Blakely Ridge projects  
21 are currently on hold pending resolution of other  
22 issues and therefore I think it would be premature to  
23 grant funding by the ratepayers for the Novelty

24 project.

25 A few years ago the Novelty project started

(O'FARRELL - DIRECT BY ADAMS)

3903

1 out as a five-acre switching station. It has since  
2 mushroomed to a 38-acre major regional facility to be  
3 clear-cut except for the wetlands.

4 To handle the newly generated surface water  
5 runoff from this site and the adjacent Weyerhaeuser  
6 property when it is cleared, Puget Power plans to  
7 build a two-foot diameter, mile-long pipe to dump  
8 runoff water directly into the Snoqualmie River.

9 JUDGE HAENLE: Ms. O'Farrell?

10 THE WITNESS: Summarize?

11 JUDGE HAENLE: The remainder of your  
12 statement.

13 A. Not only will this affect the recharging of  
14 underlying aquifers but urban runoff will affect the  
15 fish runs in the Snoqualmie River basin. It's bad  
16 enough that they can legally get away with this but  
17 why should the ratepayers be asked to pay for the  
18 degradation of our own environment. In a few years  
19 the federal government will ask us to pay again to  
20 restore and clean it up like WPPSS.

21 Thank you Utility and Transportation  
22 Commissioners. You are our only help for protection  
23 from overzealous rapid growth advocates.

24 Q. 30-acre site, a substation site, is this  
25 Puget property or is this part of the Black Hawk

(O'FARRELL - DIRECT BY ADAMS)

3904

1 property?

2 A. It's 38 acres and it's Puget Power property  
3 that's directly adjacent to Weyerhaeuser property and  
4 Black Hawk or Blakely is just north of that property.

5 Q. But it is to be used for power supply for  
6 the new development, is that your concern?

7 A. There will be three more substations  
8 surrounding the development in addition to the Novelty  
9 substation.

10 JUDGE HAENLE: Counsel, other questions?

11 Thank you, ma'am. You may step down.

12 Whereupon,

13 AUDNEY MEUTER,

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

16

17 DIRECT EXAMINATION

18 BY MR. ADAMS:

19 Q. State your full name and spell your last  
20 name, please?

21 A. My last name is spelled M E U T E R,  
22 Meuter. My first name A U D N E Y, not Audrey.

23 Q. Pardon me.

24 A. It's spelled just like Audrey only

25 A U D N E Y.

(MEUTER - DIRECT BY ADAMS)

3905

1 Q. Could you give us your address, then,  
2 please?

3 A. Yes. 1420 Bellevue Way Southeast, Bellevue  
4 98004.

5 Q. Are you a residential customer of the  
6 company?

7 A. I am a residential customer.

8 Q. Speaking individually today or for any  
9 group or organization?

10 A. I am speaking for a group. I am a Puget  
11 Sound Power and Light retiree.

12 Q. Go ahead, please.

13 A. You want me to continue why I'm here?

14 Q. Yes, please.

15 A. Well, I understand the Utilities and  
16 Transportation Commission is considering reducing the  
17 retirees, the existing retiree's medical coverage. I  
18 think this is unacceptable. I don't know why you want  
19 to tamper with the retiree's medical coverage that we  
20 all worked for and the company promised that when we  
21 retired. And I can't understand why you wish to do  
22 this. It is not a free coverage. We do pay a certain  
23 amount. You have to understand, some of the retirees

24 who retired prior to 1980, the salaries were lower  
25 than today and the expenses not all that much plus we

(MEUTER - DIRECT BY ADAMS)

3906

1 don't get a cost of living increase like government  
2 employees. I always get the impression when I read  
3 nationally and also locally, I get the idea that  
4 people think because you work for a private sector  
5 that you're always wealthy. Well, that isn't true.  
6 Many of us are on a fixed income, including myself.  
7 And please don't mess around with our medical  
8 coverage. I happen to be very healthy and have never  
9 had any problems but that doesn't mean I won't.  
10 That's about all I have to say.

11 JUDGE HAENLE: Questions, Counsel?

12 Commissioners, questions?

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

15 MR. ADAMS: Clark Townsend.

16 Whereupon,

17 CLARK TOWNSEND,

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?

25 A. Clark Townsend, T O W N S E N D.

(TOWNSEND - DIRECT BY ADAMS)

3907

1 Q. Address?

2 A. 12401 Southeast 320th Street, Auburn,  
3 Washington 98002.

4 Q. What kind of customer are you?

5 A. Both. I am representing a community  
6 college and I am an individual customer as well.

7 Q. And you say you're representing a community  
8 college. Could you identify that?

9 A. Representing Green River Community College  
10 in Auburn.

11 Q. What is your position there?

12 A. Assistant to the president.

13 Q. Go ahead, please.

14 A. I wish to speak on behalf of Puget Power's  
15 request for an increase. In the face of a state  
16 budget being reduced, our budget was reduced  
17 approximately 4.4 percent and in that budget we  
18 anticipated an increase of rate on electrical utility  
19 of 3.4 in 1994 and anticipate to have an increase of  
20 3.4 in 1995.

21 Most importantly, I am here to speak in  
22 favor of one of our best corporate citizens. Puget  
23 Power is regularly involved in a number of community

24 projects that support the quality of life in our  
25 region, and in specific Green River Foundation has

(TOWNSEND - DIRECT BY ADAMS)

3908

1 received gifts that we recognize outstanding faculty.  
2 We've also received gifts that helped us build a  
3 matching program for endowment.

4 In addition, I participate in two Chambers  
5 and both Chambers Puget Power employees are very  
6 active in working on behalf of the business community  
7 as well as the community at large. In addition,  
8 several years ago Puget Power provided the staff and  
9 funding for a community planning effort in Auburn  
10 through the Auburn Chamber of Commerce. Again, I  
11 speak on behalf of Puget Power's request for an  
12 increase and thank you very much for my opportunity to  
13 speak.

14 JUDGE HAENLE: Questions, Counsel?

15 BY MR. ADAMS:

16 Q. Just a question. You say you budgeted, I  
17 gather, for a 3.4 percent?

18 A. Yes.

19 Q. What happens if the request is 8 or 9  
20 percent?

21 A. We have to go back and budget some more.

22 Q. But you're still supporting the request?

23 A. Yes.

24 JUDGE HAENLE: Commissioners, questions?

25 COMMISSIONER CASAD: No questions.

(GRIGNON - DIRECT BY ADAMS)

3909

1 COMMISSIONER HEMSTAD: No questions.

2 JUDGE HAENLE: Thank you.

3 MR. ADAMS: Mary Grignon.

4 Whereupon,

5 MARY GRIGNON,

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

7 herein and was examined and testified as follows:

8

9 DIRECT EXAMINATION

10 BY MR. ADAMS:

11 Q. Ask you to state your full name and spell  
12 your last.

13 A. Mary Grignon, G R I G N O N, 13828 - 183rd  
14 Avenue Southeast, Renton, Washington 98059. And I  
15 speak for myself.

16 Q. Are you a residential customer?

17 A. I am a residential user. I would like to  
18 remind Puget Power that there is a limit to the amount  
19 that people can pay. I have cooperated with the  
20 company inasmuch as I have reduced my use as much as I  
21 possibly can. There's no more room for me to reduce  
22 it more, and I feel that there is no place else for me  
23 to go. I am dealing with a monopoly. It's not -- I

24 just can't go out and buy power from someone else  
25 because they might offer me a lower rate and I feel

(GRIGNON - DIRECT BY ADAMS)

3910

1 that the company should look within itself and look  
2 for ways to decrease their costs of doing business  
3 before they increase rates more than once. I don't  
4 have any statistics with me but it seems like it's a  
5 couple of times every year.

6 Q. I just want to ask, are you a space heater  
7 customer?

8 A. No. I have baseboard, electric baseboard  
9 heat and I live in a house that was built when Puget  
10 Power was soliciting people to use electric heat.

11 Q. So called Gold Medallion?

12 A. It's a Gold Medallion house and a very cold  
13 one.

14 Q. Have you contacted the company concerning  
15 its conservation programs that might be of assistance?

16 A. Yes, I have.

17 Q. You basically, have you used those to the  
18 extent you can?

19 A. Yes, I have used them. Not completely but  
20 I will probably do that this year.

21 JUDGE HAENLE: Counsel, questions?

22 Commissioners, questions?

23 Thank you very much. You may step down.

24 MR. ADAMS: Bruce Meyer.

25 Whereupon,

(MEYER - DIRECT BY ADAMS)

3911

1 W. BRUCE MEYER,

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. Mr. Meyer, if you would state your name and  
8 spell it?

9 A. W. Bruce Meyer, M E Y E R, Box 957,  
10 Redmond, Washington 98073.

11 Q. And are you a residential, business or  
12 other customer?

13 A. I am both a residential and a commercial  
14 customer. I appear before the Commission this  
15 afternoon on behalf of my employer Nintendo of  
16 America.

17 Q. Go ahead, please.

18 A. Commissioners, my name is Bruce Meyer. I  
19 am director of development and construction for  
20 Nintendo of America, Inc. Nintendo has its  
21 headquarters in Redmond, Washington and has major  
22 property holdings in unincorporated King County, the  
23 city of Seattle and the city of North Bend. In 1990

24 we elected to build a highly automated shipping  
25 facility on a portion of our property in North Bend.

(MEYER - DIRECT BY ADAMS)

3912

1 From that distribution center we ship our products all  
2 over America. Our distribution center -- if our  
3 distribution center is interrupted or shut down at  
4 peak times in the fall and winter we can lose millions  
5 of dollars in a single day. Reliable electric power  
6 is far more important to us at this location than to  
7 most other users. For us, reliable electric service  
8 at this facility is essential.

9           The land we bought in North Bend was in the  
10 service areas of both Puget Power and Tanner Electric  
11 which is a small electric rural cooperative. We made  
12 very careful investigation into Tanner Electric's  
13 capabilities and reliability.

14           Simply put, Puget Power was far more  
15 reliable because Puget is an infinitely more  
16 sophisticated organization, has more distribution  
17 lines from two separate substations running right past  
18 our property to serve us. Tanner had one antiquated  
19 line from a leased power substation and no  
20 organization to speak of.

21           In addition Tanner Electric was regularly  
22 exceeding its contractual limits for power delivered  
23 to it at that Puget substation. Finally, it had never

24 served a customer of our size and lacked even a plan  
25 of service as to how it would address its many

(MEYER - DIRECT BY ADAMS)

3913

1 shortcomings and provide Nintendo the reliable power  
2 we needed. Based on our investigation we determined  
3 we had only one rational choice.

4           Therefore, we asked Puget Power to provide  
5 service to our facility and Puget agreed to provide  
6 service to a point of delivery on our property and in  
7 the Puget Power service territory. This choice did  
8 not result in any duplication of electric facilities  
9 in the area.

10           We tried to discuss our need for reliable  
11 power with the Commission staff in November 1990 when  
12 they queried us on this issue and again in July of  
13 1992 we met with staff to impress upon them the facts  
14 of the situation, but they were not interested in  
15 hearing the technical aspects of our needs or the  
16 decisions we made. Quite to the contrary, staff's  
17 message clearly indicated that they were not focused  
18 on issues of reliability.

19           Nintendo has also separately sent to  
20 Mr. Paul Curl a letter which outlines more fully  
21 the details of what I am talking about. A portion of  
22 the transcript of the testimony of Mr. Ken Elgin  
23 relating to this subject is attached to this letter.

24 I brought additional copies of this letter which I  
25 will distribute to you at the end of this statement.

(MEYER - DIRECT BY ADAMS)

3914

1 We were very disappointed that the staff  
2 sided with Tanner in the lawsuit on the service area  
3 agreement. In fact, we were incredulous that they  
4 would take such a position, any position on this  
5 matter.

6 We understand now that staff has proposed to  
7 financially punish Puget Power for serving us by not  
8 allowing Puget to recover its costs of service to our  
9 North Bend facility. We believe this is clearly an  
10 effort on the part of staff to force Puget to abandon  
11 us and make us take service from Tanner Electric  
12 service which Tanner is totally incapable of  
13 adequately providing.

14 Nintendo does not understand why the UTC  
15 staff is taking sides, why they were involved in this  
16 issue at all, and especially why they are siding with  
17 Tanner which the Commission does not regulate against  
18 Puget Power which it does regulate, and against  
19 Nintendo, a consumer of electricity and a ratepayer  
20 whose interests the UTC is supposed to protect.

21 The King County Superior Court ruled as of  
22 September 27th, 1991 Puget Power had a right to serve  
23 our facility in North Bend, although it did not have a



24 statutory obligation to do so. The staff's position  
25 seems to announce or at least promote a policy that a

(MEYER - DIRECT BY ADAMS)

3915

1 regulated utility should not provide service to any  
2 customer which it is not legally obligated to serve.  
3 This would be a radical policy serving no possible  
4 benefit; rather, it politicizes very complex issues  
5 which normally accompany an unusual circumstance such  
6 as the one we have in North Bend.

7           We believe this policy should be rejected  
8 outright or at the very least be subject to the  
9 rulemaking and due process proceedings that the  
10 Commission has. The decoupling --

11           JUDGE HAENLE: Can you summarize the  
12 remainder of your statement, please?

13         A.    -- decoupling concept, as I understand it,  
14 does not require abandonment of needy and legitimate  
15 customers. If Nintendo is forced to use Tanner we  
16 will not have the reliable power we need and our  
17 distribution operations will be seriously jeopardized.  
18 We will be forced against our will and, outside the  
19 supervision of UTC, to join a tiny anachronistic world  
20 cooperative in which we will have only one volt equal  
21 to 800 rural residences.

22           The Commission does not regulate Tanner.  
23 Tanner has said it will make two-and-a-half million

24 dollars in profits from us, an incredible notion given  
25 that Tanner is supposed to be a nonprofit co-op.

(MEYER - DIRECT BY ADAMS)

3916

1 There is nothing to prevent it from putting our  
2 facility in a special class and charge whatever rate  
3 they want. Nintendo's important to the local economy  
4 and we need reliable power. We ask the Commission to  
5 disregard the staff's recommendations which appear to  
6 calculate -- appear to be calculated to be a punitive  
7 measure against Puget. In fact they would constitute  
8 a punitive measure against Nintendo who ultimately  
9 would have to attempt to operate its facility with  
10 unreliable and unregulated service.

11 JUDGE HAENLE: Counsel, questions?

12 Q. Aside from the Tanner issue, Mr. Meyer, are  
13 you supporting the rate increase?

14 A. Yes, we do.

15 MS. BROWN: Your Honor, I would like to  
16 move to strike the entirety of Mr. Meyer's testimony.

17 JUDGE HAENLE: What reason?

18 MS. BROWN: I believe he has testified on  
19 an issue that is substantively in the general rate  
20 case. It's an issue to be decided by the Commission  
21 as a part of the general rate case. Clearly,  
22 Mr. Meyer's correct, the staff has made the  
23 recommendation to the Commission that the legal

24 expenses incurred in the Puget/Tanner/Nintendo  
25 litigation in Superior Court not be recovered by the

(COLLOQUY)

3917

1 company. Mr. Meyer, I do not know whether or not he's  
2 an attorney but he neglected to mention an important  
3 fact that I think the Commissioners are aware of and  
4 that is that there was a jury verdict against Puget  
5 Power in the case.

6 I am concerned that Mr. Meyer is not  
7 testifying on behalf of Puget Power perhaps in its  
8 rebuttal case where all of the intervenors are  
9 represented by counsel would have the opportunity to  
10 question Mr. Meyer's expertise both on legal matters  
11 and on the Commission's regulations. For those  
12 reasons I would ask that his testimony be stricken.

13 JUDGE HAENLE: Mr. Marshall, do you want to  
14 respond?

15 MR. MARSHALL: Sure. It seems to me that  
16 this is part of the staff's proposal to charge the  
17 incremental costs from this point forward that Puget  
18 has to serve Nintendo at a rate unlike it is allowed  
19 to charge anybody else. In other words, there is a  
20 Koma Kulshan adjuster that has been proposed by staff  
21 that would essentially penalize the company for  
22 continuing to serve Nintendo. I think this is  
23 perfectly within the issues as presented by the staff

24 following May 3. If you want my opinion, it is an  
25 effort by staff to get the company not to serve

(COLLOQUY)

3918

1 Nintendo. Nintendo then would only have one source of  
2 power which would be Tanner. I think this is an  
3 appropriate comment to make in a public hearing.

4 JUDGE HAENLE: Mr. Adams?

5 MR. ADAMS: I guess my feeling is that it  
6 is appropriate that Nintendo be able to address the  
7 issue, but I do question whether it might be more  
8 appropriately in the rebuttal phase. I just wonder if  
9 there isn't a simpler way to do that than to have the  
10 witness available if requested by counsel at the time  
11 of rebuttal testimony so he could be asked in more  
12 detail questions. I certainly -- Nintendo is of  
13 appropriate ability to address the issue. I think  
14 it's a question of how and where.

15 MS. BROWN: I agree. The witness has  
16 already indicated that he intends to attach to his  
17 prefiled direct testimony excerpts of Mr. Elgin's  
18 testimony in Superior Court civil action. I think  
19 it's wholly inappropriate. I think it's inappropriate  
20 for Mr. Meyer to be here testifying on behalf of  
21 Nintendo about the merits of the lawsuit.

22 JUDGE HAENLE: Mr. Marshall, is the company  
23 going to put on some witness from Nintendo in its

24 rebuttal case?

25 MR. MARSHALL: No, we're not. We don't

(COLLOQUY)

3919

1 have any intentions to. The issue that I believe was  
2 addressed was an issue raised on May 3 by the staff.  
3 It doesn't have anything to do with the outcome of  
4 what happened in Superior Court. It has to do with a  
5 proposal that would increase the financial penalties  
6 to the company if they continue to serve Nintendo.  
7 That will leave Nintendo with whatever option it has,  
8 namely Tanner Electric Co-op. I think again this is  
9 an appropriate thing for a customer such as Nintendo  
10 to address. I don't know whether staff advised  
11 Nintendo that they would be making this proposed  
12 adjustment before May 3. I have no idea whether they  
13 had any ability to talk to staff about that at that  
14 time or not, but that was a staff proposal. We were  
15 surprised when that came on May 3.

16 JUDGE HAENLE: I am going to deny the  
17 motion to strike. I believe the witness can properly  
18 testify in this forum although anything he gives us  
19 would be in an illustrative capacity only. The  
20 Commission would not be able to give it the same  
21 weight that it would give as if the witness had been  
22 subject to cross-examination in the usual manner.

23 JUDGE HAENLE: Commissioners, questions?

24 COMMISSIONER CASAD: No questions.

25 MS. BROWN: One question.

(MEYER - CROSS BY BROWN)

3920

1

2

CROSS-EXAMINATION

3 BY MS. BROWN:

4 Q. Mr. Meyer, were you invited to testify here  
5 this afternoon?

6 A. By the UTC. I believe it was a public  
7 notice.

8 Q. And that's the way that you found out about  
9 this?

10 A. Yes.

11 Q. Are you an attorney?

12 A. No, I am not.

13 Q. Thank you. I have no further questions.

14 MR. ADAMS: Jim Whitbeck.

15 Whereupon,

16 JIM WHITBECK,

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

18 herein and was examined and testified as follows:

19

20

DIRECT EXAMINATION

21 BY MR. ADAMS:

22 Q. Mr. Whitbeck, state your full name and  
23 spell the last.

24 A. My name is Jim A. Whitbeck, W H I T B E C K.

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

(WHITBECK - DIRECT BY ADAMS)

3921

1 A. Mailing address is P.O. Box 58268, Seattle,  
2 Washington 98138.

3 Q. Are you a residential or business customer  
4 of the company?

5 A. I am a residential customer of the company.  
6 However, I do wish to mention to the Commissioners  
7 that I have served on Puget Power consumer panels for  
8 three years now. In 1991 the least cost plan panel;  
9 in 1992, the reliability panel; and in 1993 the  
10 integrated resource plan panel.

11 JUDGE HAENLE: Are you representing  
12 yourself today or a group?

13 THE WITNESS: I represent myself, ma'am.

14 JUDGE HAENLE: Thank you. Go ahead.

15 A. I wish to make some general comments about  
16 the information that I have received from the public  
17 counsel's office, from Puget Power and what I read in  
18 the newspaper that your staff recommended.

19 First, capital spending. I wish to  
20 recommend to the Commission that the capital spending  
21 plan for Puget Power be allowed to go forward.  
22 According to the information we received in our panel  
23 there is a regional power problem. Puget Power is

24 kind of running on the ragged edge with not a lot of  
25 reserve but they do have a plan to keep up to the

(WHITBECK - DIRECT BY ADAMS)

3922

1 line. However, they seem to be currently trending  
2 towards natural gas-fired turbine generation,  
3 realizing that a lot of this is subcontracted  
4 generation in addition to a facility or two that they  
5 own or will be building.

6           However, the panel that I was on did  
7 strongly recommend that Puget get off into renewable  
8 resources, do their transmission inter-ties, et  
9 cetera, all requiring substantial capital investment.  
10 So to kind of repeat myself, I recommend that their  
11 capital costs and their rate proposal absolutely be  
12 allowed.

13           Now, from the newspaper I saw a comment  
14 which I hope is still pertinent that the staff  
15 recommended, I believe, that the vegetation budget be  
16 cut. This should not be done. The single most  
17 destructive problem that Puget Power has to their  
18 system is, of course, vegetation during -- high  
19 vegetation breaking off and hitting their lines during  
20 their winds. Notwithstanding the Inauguration Day  
21 storm which no one could have really helped, on a  
22 day-to-day basis, though, we have little winds come up  
23 sometimes that in thunderstorms, et cetera, and they



24 do take out a lot of people such as just happened the  
25 other evening. So I recommend the vegetation process

(WHITBECK - DIRECT BY ADAMS)

3923

1 continue and the funding for that be allowed.

2 I would like to comment on the redesign  
3 also and the so-called rate blocks. This has nothing  
4 to do with the panels that I served on. I would much  
5 rather see the lower end of a rate block be a higher  
6 number of kilowatt hours and even if it costs a little  
7 more than it does today. For example, 12, 1,400 hours  
8 rather than what it is today or what's being proposed.

9 And that's really all I have to say on  
10 that. It just seems that most households use a basic  
11 amount in the 12, 14, 1,500 area and it seems like  
12 there ought to be a simple rate for that to simplify  
13 things.

14 Lastly, on Puget Power's profits, I am  
15 always in a bit -- it's always a bit of a dichotomy  
16 when people talk about profits but with the trouble  
17 today with much lower interest rates, prime rates,  
18 personal savings account rates, et cetera, et cetera,  
19 lower cost of money it does seem reasonable that Puget  
20 Power's profit rate, rate of return on equity, overall  
21 rate of return could come down a little bit. With  
22 that, that concludes my comments.

23 BY MR. ADAMS:

24 Q. I just wanted to ask you a question  
25 concerning the rate block you just described. Puget

(WHITBECK - DIRECT BY ADAMS)

3924

1 is proposing a two block system first having 800 KWH  
2 in the first block and then all other above that. I  
3 think you're proposing a little larger size to a  
4 1,000, 1,200?

5 A. 12, 1,400 in the first block.

6 Q. Do you agree with the idea that the first  
7 block be priced lower than the tail block?

8 A. Yes, sir. Yes, sir, I do.

9 Q. So it's not the pricing relationship but  
10 the size of the blocks?

11 A. The size of the blocks.

12 JUDGE HAENLE: Counsel?

13 Commissioners, questions?

14 COMMISSIONER HEMSTAD: Just one.

15

16 EXAMINATION

17 BY COMMISSIONER HEMSTAD:

18 Q. What is your occupational and business  
19 background?

20 A. I am a retired Boeing employee and I worked  
21 in test engineering and various places around the  
22 country for many years for Boeing.

23 JUDGE HAENLE: Thank you, sir. You may

24 step down.

25 MR. ADAMS: Doreen Marchione.

(MARCHIONE - DIRECT BY ADAMS)

3925

1 Whereupon,

2 DOREEN MARCHIONE,

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

4 herein and was examined and testified as follows:

5

6 DIRECT EXAMINATION

7 BY MR. ADAMS:

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

9 A. Doreen Marchione, D O R E E N,  
10 M A R C H I O N E.

11 Q. Address?

12 A. Post Office Box 3577, Redmond, Washington  
13 98073.

14 Q. What type of customer?

15 A. Residential.

16 Q. Speaking individually or for any  
17 organization?

18 A. Speaking individually but also relate to my  
19 job a general category that I will speak about also.

20 I was reminded by the last person that I, too, served  
21 on a Puget consumer panel in 1980 when they were first  
22 started. And I chaired a committee on conservation  
23 before it was the popular thing to be doing. And I

24 would I guess comment on Puget's leadership in  
25 starting those consumer panels and having consumers

(MARCHIONE - DIRECT BY ADAMS)

3926

1 whether they be residential or commercial through the  
2 years have input into what the company was doing and  
3 the operations. And I can tell you this, those early  
4 days everybody was suspicious of what was Puget Power  
5 up to, would they try and lead us down some garden  
6 path. And much to our surprise, found out we had a  
7 lot of input into the operations and came up with  
8 ideas for conservation programs and other things.

9 I also had the opportunity, for six years  
10 in fact, to work with a number of Puget employees on  
11 the creation of and the operations of the Economic  
12 Development Council of Seattle-King County where we  
13 were helping the economy of this region to create  
14 jobs, retain the jobs that were here and attract the  
15 companies that we have in this area today.

16 Also again have seen Puget's commitment to  
17 children with special needs, both in the Gordon Houck  
18 School, Lake Washington school district and other  
19 events that they sponsor. Also familiar with their  
20 gatekeeper program, and when I was with the city of  
21 Redmond used their training materials with city  
22 employees so that people that were out with the public  
23 would be trained or see the training films that Puget

24 employees see in order to keep tabs on elderly or  
25 homebound citizens in the community so that at the

(MARCHIONE - DIRECT BY ADAMS)

3927

1 first sign of something being wrong it can be reported  
2 or they can contact that person.

3 My job today, I am the executive director  
4 of a community action agency that serves northeast  
5 King County. We have sites in Bellevue, Redmond,  
6 Kirkland, Bothell and Carnation, and we manage the  
7 LIHEAP program or Low Income Household Energy  
8 Assistance Program. So we work directly with Puget in  
9 that program and find that they really are intent on  
10 helping low income families in our community both  
11 through their energy conservation video that we're  
12 able to use in training our clients in how to keep  
13 their costs down; in getting people on a budget  
14 program; and they also, through their work with the  
15 Salvation Army, make funds available to us when the  
16 federal funds run out in order to help people during  
17 the winter months make their payments.

18 And so I guess, in general, I am commenting  
19 on it concerns me that when we're talking about  
20 cutbacks and things in their budget that the things  
21 that some people might think of as frills or extras,  
22 the things that demonstrate their corporate  
23 responsibility, the work with the low income clients,

24 with senior citizens and special need children might  
25 be the things that would need to go in order to keep

(MARCHIONE - DIRECT BY ADAMS)

3928

1 their other services going. So those are my comments.

2 JUDGE HAENLE: What is the name of your  
3 organization?

4 THE WITNESS: The Multiservice Centers of  
5 North and East King County.

6 BY MR. ADAMS:

7 Q. Just again as a bottom line, are you  
8 supporting the rate increase?

9 A. Yes, I am.

10 JUDGE HAENLE: Counsel, questions?  
11 Commissioners?

12 Thank you very much. You may step down.

13 MR. ADAMS: Sharon Atkins.

14 Whereupon,

15 SHARON ATKINS,

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. Would you state your full name and spell  
22 your last name?

23 A. Sharon Atkins, last name is A T K I N S.

24 Q. Could you give us the address, please?

25 A. 1200 South 336th Federal Way, 98003.

(ATKINS - DIRECT BY ADAMS)

3929

1 Q. Are you a customer of the company and if so  
2 what kind?

3 A. I am a residential customer but I also  
4 represent an agency which is a commercial customer.

5 Q. Could you identify that agency?

6 A. South King County Multiservice Center.

7 Q. And very briefly indicate what kind of  
8 service you are providing?

9 A. Social service agency.

10 Q. Similar to the last speaker?

11 A. Yes.

12 Q. And am I correct you're authorized to speak  
13 on their behalf?

14 A. Yes.

15 Q. Go ahead, please.

16 A. I guess I also want to speak towards the  
17 corporate support that we have received from Puget  
18 Power. They've served on our board of directors.  
19 They have been on our energy advisory board. One of  
20 the services that we offer the same as the last woman  
21 who spoke is the Low Income Energy Assistance Program  
22 in south King County. We served over 5,000 low income  
23 households each year and we have an advisory board on

24 how to best run this program and managers from the  
25 Federal Way/Auburn area have served on that advisory

(ATKINS - DIRECT BY ADAMS)

3930

1 board. Puget Power has made available to us materials  
2 that we have used with our low income customers.  
3 There have been videotapes in several different  
4 languages on energy conservation. They have provided  
5 written materials in several languages, again on  
6 energy conservation, and they've also provided such  
7 things as shower heads and flow restrictors and that  
8 type of energy conservation material that we were able  
9 to give to our clients. When working with our  
10 clients, not only do we attempt to help them with  
11 their energy needs but we also do conservation  
12 education so these materials are very important to us.  
13 Being able to have materials to give to a client  
14 sometimes I think gets their attention more than just  
15 words.

16 We're also at this time working with Puget  
17 Power with our staff and their staff to better  
18 understand and serving the low income clients and we  
19 will be doing training and exchanging. Our staff will  
20 be working with the Puget Power staff to understand  
21 the low income client better and the Puget Power staff  
22 will be working with our staff in training them to  
23 understand how we better can serve the client from the



24 Puget Power perspective and get them through the  
25 system. And also, Puget Power has some wonderful

(ATKINS - DIRECT BY ADAMS)

3931

1 training materials on customer relations that will be  
2 good for our staff to have access to.

3 I think one of the unique services that  
4 we've used from Puget Power is from their language  
5 bank and in particular I think of one outreach that we  
6 did to a community of eastern Europeans and Puget  
7 Power was able to provide a Russian interpreter for  
8 us. Without that interpreter I'm not sure we could  
9 have made it through that session of about 120  
10 households. Communication was very, very limited with  
11 this group of people and the services that Puget Power  
12 provided was invaluable.

13 Puget Power has been very cooperative in  
14 working with our energy education program and our low  
15 income program and I think the bottom line is that the  
16 clients, both ours, and Puget Power, are winners when  
17 we can work together like that. And I would certainly  
18 hope that if any budget cuts become necessary that the  
19 area that provides that community support will be left  
20 intact. I think it's very, very important,  
21 particularly as we look at the economic times that are  
22 hitting here in this area, as a social service agency  
23 our resources are very, very limited and it is

24 becoming more and more necessary that we look towards  
25 the business community for additional resources and

(ATKINS - DIRECT BY ADAMS)

3932

1 support.

2 JUDGE HAENLE: Questions, Counsel?

3 BY MR. ADAMS:

4 Q. Other than the fundings associated with  
5 your programs, are you in support of the rate increase  
6 or do you take a position?

7 A. We're in support.

8 Q. How are your customers going to pay those  
9 increased rates?

10 A. Part of it will come with some of the  
11 energy education that we continue to work with the  
12 customers on in doing some conservation measures.  
13 So that they will be able to do some conservation  
14 that their bills will not increase as high.

15 JUDGE HAENLE: Counsel?

16 Commissioners, questions?

17 Thank you very much.

18 MR. ADAMS: Steve Musgrave.

19 Whereupon,

20 STEVE MUSGRAVE,

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

22 herein and was examined and testified as follows:

23

24

DIRECT EXAMINATION

25 BY MR. ADAMS:

(MUSGRAVE - DIRECT BY ADAMS)

3933

1 Q. Please state your name and spell your last.

2 A. Steve Musgrave, M U S G R A V E.

3 Q. Address?

4 A. 1000 - 124th northeast, Bellevue, 98005.

5 JUDGE HAENLE: Move up a little closer to  
6 the microphone.

7 A. I am here to speak on the conservation  
8 program.

9 Q. Before you get started, are you a  
10 residential or business or both?

11 A. Commercial and residential but I am here on  
12 the commercial side.

13 Q. Go ahead, please.

14 A. On the conservation programs, I have given  
15 Puget about an average megawatt over the last year.

16 Q. Can you speak into that mike?

17 A. That's enough to supply energy to about 625  
18 homes. Without their program we would have done very  
19 little conservation. The grant helps our payback,  
20 brings it within a few years to where we're really  
21 looking forward to doing more. The program on my side  
22 has been very smooth. I kind of browbeat some of the  
23 other utilities that Puget does this for me and Puget

24 does that for me and it gets them moving. Embarrasses  
25 some of them.

(MUSGRAVE - DIRECT BY ADAMS)

3934

1           It's hard to agree with rate hikes but when  
2 you lose power for three days and you lose thousands  
3 of dollars in product because lines went down, it's  
4 hard to argue against capital improvements. That's  
5 all I have to say.

6           Q.     Could you identify a little bit more your  
7 business and how you've used, I gather, the  
8 conservation program in your business?

9           A.     We've relighted about 40 stores. I work  
10 for Safeway Stores and we've relighted about 40  
11 stores with energy efficient lamps.

12          Q.     And as part of that, would I be correct  
13 that you've worked with Puget personnel to look at  
14 your specific needs?

15          A.     Yes.

16          Q.     And adopt whatever lighting is best for  
17 your purposes?

18          A.     Right. I pretty much come up with the  
19 program. They review it and say it's feasible and we  
20 do it.

21          Q.     Do you have any idea how many more of your  
22 stores might qualify under Puget's programs?

23          A.     In lighting, very few. We've done most of

24 them here and the ones we haven't done are up for  
25 replacement or major remodel and major remodels will

(MUSGRAVE - DIRECT BY ADAMS)

3935

1 be done at the time.

2 Q. So is it a fair statement to say as far as  
3 Safeway, at least the Safeway Stores in Puget's  
4 territory, that at least as to lighting you've done  
5 the majority of the retrofits that you're going to be  
6 doing?

7 A. Yes. Next will be refrigeration and HVAC  
8 systems.

9 Q. So there are other programs that you can  
10 also take advantage of?

11 A. Yes.

12 JUDGE HAENLE: Counsel, questions?

13 Commissioners?

14

15 EXAMINATION

16 BY COMMISSIONER CASAD:

17 Q. You indicated that you have saved a  
18 megawatt; is that correct?

19 A. Yes.

20 Q. Could you translate that to dollars, what  
21 the dollar savings is involved with that megawatt of  
22 power?

23 A. I don't have that here. It's enough to

24 power 625 homes all electric.

25 COMMISSIONER CASAD: Thank you, sir.

(MUSGRAVE - EXAM BY COMMISSIONER CASAD) 3936

1 COMMISSIONER HEMSTAD: I have no questions.

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

4 MR. ADAMS: Carol Kubota.

5 Whereupon,

6 CAROLE KUBOTA,

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. Please state your full name and spell your  
13 last.

14 A. Carole Kubota. Spell the last name

15 K U B O T A.

16 Q. Could we have an address, please?

17 A. 7459 South 128th Seattle, 98178.

18 Q. Are you a residential or business customer?

19 A. Neither.

20 Q. Are you representing an organization?

21 A. No.

22 Q. You're just speaking on your own behalf?

23 A. I am speaking on behalf of teachers and

24 educators.

25 Q. Okay. Could you identify what organization

(KUBOTA - DIRECT BY ADAMS)

3937

1 that is?

2 A. I am speaking as a private citizen and as a  
3 teacher.

4 Q. Fine, go ahead.

5 A. First, I want to thank you for this  
6 opportunity to provide testimony regarding Puget  
7 Power's rate increase. I am here to speak on behalf  
8 of the increase and to commend Puget Power's past  
9 support of education.

10 My name is Carole Kubota and I teach  
11 undergraduate science methods classes and graduate  
12 classes on teacher leadership at the University of  
13 Washington. I do not represent the represent the  
14 university but speak as a private citizen and educator  
15 and I speak only to Puget Power's past support of  
16 education programs with which I am familiar.

17 Puget Power's excellent education staff has  
18 kept current with the latest information on best  
19 practices regarding the teaching and learning of  
20 science, mathematics and technology education. Its  
21 education staff is active locally through the Puget  
22 Sound Teacher's Association.

23 JUDGE HAENLE: Speak more slowly or she's

24 not going to be able to -- slow down.

25 THE WITNESS: I am speaking in half speed,

(KUBOTA - DIRECT BY ADAMS)

3938

1 too.

2 A. And the staff is also active regionally  
3 through the Washington Science Teacher's Association.  
4 Puget Power has supported with time and resources  
5 our Washington Science Teachers Annual Conference  
6 attended by approximately 700 teachers annually.  
7 Puget Power provides printed and video resources for  
8 preservice teachers who need curricular materials with  
9 high quality science and math activities as well as on  
10 such issues as safety and energy conservation as these  
11 young teachers begin their teaching careers.

12 One assignment for my own student teachers  
13 involves contacting other utility providers for  
14 information and materials and many of my students use  
15 Puget Power as a resource for classroom activities.  
16 Puget Power's Fall Teacher's Workshop has been a great  
17 resource for in-service teachers. The teacher  
18 workshop provides a forum for teacher/colleague  
19 interaction and an opportunity for teachers to be  
20 inspired by a nationally recognized educator. I  
21 cancel my classes for an evening so that teachers can  
22 attend this event, I deem it so important for their  
23 own professional growth.



24                   These are just a few ways that I, as an  
25 educator, use the resources provided by Puget Power.

(KUBOTA - DIRECT BY ADAMS)

3939

1 I believe that they've been good corporate citizens  
2 and supporters of our teachers and our students and  
3 ask you to consider this as you make your decisions.

4                   JUDGE HAENLE: Counsel, questions?

5 BY MR. ADAMS:

6           Q. Did I hear a qualifier early on in your  
7 conversation, are you taking a position on the rate  
8 hike itself?

9           A. I speak on behalf of the rate hike as long  
10 as they keep their education program intact.

11                   MR. ADAMS: Okay.

12                   JUDGE HAENLE: Counsel?

13                   Commissioners, questions?

14                   Thank you. You may step down.

15                   MR. ADAMS: Roberta McDonald.

16                   FROM THE AUDIENCE: I would like to make a  
17 brief statement, no swearing.

18                   JUDGE HAENLE: You will need to come up  
19 here, ma'am.

20 Whereupon,

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

24 THE WITNESS: My name is Roberta  
25 McDonald, M C D O N A L D and I live at 216 Northwest  
(McDONALD - DIRECT BY ADAMS) 3940  
1 5th Street, Renton, 98055.

2

3 DIRECT EXAMINATION

4 BY MR. ADAMS:

5 Q. Are you a residential?

6 A. Residential user and I speak for myself.

7 Q. Go ahead.

8 A. There has been a parade of witness here  
9 praising Puget Power for all the good things they do.  
10 Not one word of thanks to the customers who apparently  
11 pay for it. And I am here to strongly object to  
12 paying for Puget Power's charities through increased  
13 rates. That is the extent of my statement.

14 JUDGE HAENLE: Thank you. Questions,  
15 counsel?

16 Commissioners?

17 Thank you very much.

18 MR. ADAMS: Elli McCarthy.

19 Whereupon,

20 ELLI McCARTHY,

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

23

24

DIRECT EXAMINATION

25 BY MR. ADAMS:

(McCARTHY - DIRECT BY ADAMS)

3941

1 Q. Could I get you to state your full name and  
2 spell your last name for us?

3 A. McCarthy, M c C A R T H Y. My first name  
4 is Elli, E L L I.

5 Q. Give us your address.

6 A. 14244 - 143rd Avenue Southeast, Renton,  
7 98059.

8 Q. Are you a residential customer of the  
9 company?

10 A. Yes, I am.

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

13 A. No, I am speaking for myself.

14 Q. Go ahead, please.

15 A. I'm sure that many other residential  
16 customers feel the same way. In the first place I  
17 have really not come here to praise Caesar and this is  
18 all I've heard so far. No one has spoken to the rate  
19 increase. I hear all these lovely things that Puget  
20 Power has done. Well, that's very commendable and I  
21 love them for it but how about the rate increase? Is  
22 it justified or not? That seems to be the question  
23 before the Commission and no one has addressed it at

24 all. All I have heard they've done all these  
25 wonderful things and I appreciate that very much

(McCARTHY - DIRECT BY ADAMS)

3942

1 indeed, but I do think that one should address the  
2 question whether the rate hike is justified or not.  
3 Let's face it, I mean, Puget Power has a monopoly. I  
4 can't go down the street and tell Joe Blow I don't  
5 like you Puget Power, any more than Mr. Nintendo who  
6 is here speaking so eloquently for whatever his needs  
7 are.

8           So, they do have a monopoly and a certain  
9 return or profit is them guaranteed and it seems to me  
10 that a 10 percent profit should be sufficient for a  
11 business that is a monopoly. They don't have to go  
12 out and advertise because there's not much we can do  
13 about it so I don't see any need for them to  
14 advertise.

15           And furthermore, usually when a business  
16 needs money it either goes to a bank and tries to  
17 borrow it or it issues shares. Now, if I am supposed  
18 to help Puget Power expand then I would like to have a  
19 piece of the pie, so to speak, you know. Because if I  
20 support any business at all, if I support any other  
21 business and buy shares then I usually get some return  
22 on my investment.

23           And so I am very much opposed to any rate

24 hike and in conclusion I want to congratulate the  
25 staff of the Commission for having done an excellent

(McCARTHY - DIRECT BY ADAMS)

3943

1 job. Thank you.

2 JUDGE HAENLE: Counsel, questions?

3 Commissioners?

4 Thank you for your testimony.

5 MR. ADAMS: Greg Prothman.

6 (No response.)

7 MR. ADAMS: Bob Green.

8 Whereupon,

9 BOB GREEN,

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. Please state your full name and spell your  
16 last.

17 A. Name is Bob Green, just like the color,  
18 G R E E N. I'm here as a private citizen as well as  
19 representing the greater Federal Way Chamber of  
20 Commerce.

21 Q. Give us a business or residential address.

22 A. Business address is 3400 Pacific Highway  
23 South, Suite 1, Federal Way, 98003.

24 Q. And what is your position with the Chamber  
25 of Commerce?

(GREEN - DIRECT BY ADAMS)

3944

1 A. I am the president and CEO of the Chamber.

2 Q. Fine, go ahead.

3 A. Like I said, I am a customer of Puget Power  
4 and I have lived in their service area for 39 years.

5 JUDGE HAENLE: Going to need to speak  
6 slowly or she won't get it down.

7 A. I am also, as I said, a Chamber of Commerce  
8 professional working for both the Enumclaw Chamber  
9 once and now the last five years as a president for  
10 the Federal Way Chamber of Commerce. Prior to that I  
11 was a small business owner. Although the chamber has  
12 not taken an official position on the rate hike  
13 executive committee has asked me to come down here and  
14 express to you in regards to Puget's commitment to the  
15 Federal Way community.

16 I've had the opportunity to work with Puget  
17 Power firsthand and have seen the many contributions  
18 Puget makes to their communities not only through  
19 great service with a product but as a result of the  
20 contributions to the various community organizations  
21 and that doesn't include the countless man and woman  
22 hours, volunteerism that Puget gives to each  
23 community.

24 I have also personally served on Puget's  
25 consumer panels and was very impressed by their

(GREEN - DIRECT BY ADAMS)

3945

1 openness, their professionalism, their organization,  
2 to enlist the opinions and thoughts of those that  
3 served on that panel. There's not too many companies  
4 that I have seen around that you have such a structure  
5 and provide the opportunity for the customers, both  
6 residential and commercial, to participate in the  
7 development of the company.

8 Puget brings more than just power to the  
9 community. They bring a commitment. Their corporate  
10 culture can only be fostered by being able to access a  
11 fair return for their product and service and if  
12 they're unable to do so we're concerned about their  
13 ability to provide more than just energy could be  
14 jeopardized.

15 In Federal Way's case, Puget sponsored  
16 first an economic development summit and then a  
17 community summit. Federal Way, if you haven't heard,  
18 incorporated about three years ago, overnight becoming  
19 the sixth largest city in the state of Washington. A  
20 lot of problems, a lot of challenge. We had a lot of  
21 folks coming from different angles. As a result of  
22 the community summit which Puget sponsored, provided  
23 resources, time, energy, manpower, came a vision for

24 that community and a working together that I don't  
25 think would have happened had they not been there.

(GREEN - DIRECT BY ADAMS)

3946

1           And I wonder how many dollars that type of  
2 activity saved the Federal Way ratepayers and the  
3 community as a result of them being able to come and  
4 get the community moving forward in a direction it  
5 should and basically help all of those folks that  
6 reside in the community of Federal Way.

7           Like I said, we're concerned about the fact  
8 that if they're not able to get the return that much  
9 of this is going to have to be cut back and I think  
10 that would be a tragic loss, especially now in today's  
11 market where many businesses are doing exactly that,  
12 and as a result, organizations like the Chambers of  
13 Commerce and other civic groups being faced with  
14 terrible strains and stresses on their organization.  
15 Puget has a culture that needs to be supported and we  
16 urge you to consider the numerous benefits Puget  
17 provides to their service communities in considering  
18 their application for a rate change. Thank you very  
19 much.

20           JUDGE HAENLE: Counsel, questions?

21 BY MR. ADAMS:

22           Q.     Just a clarification. I think you said the  
23 executive committee has not taken a position?



24 A. Not taken an official position, correct.

25 Q. So your testimony is not taking a position

(GREEN - DIRECT BY ADAMS)

3947

1 on the rate hike?

2 A. That is correct.

3 JUDGE HAENLE: Commissioners, questions?

4 Thank you, sir. Do you want to leave that  
5 statement?

6 THE WITNESS: Not really.

7 JUDGE HAENLE: Does help the reporter to  
8 get it down accurately as well.

9 MR. ADAMS: Lieutenant Colonel Al Van Cleef.

10 Whereupon,

11 AL VAN CLEEF,

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

14

15 DIRECT EXAMINATION

16 BY MR. ADAMS:

17 Q. Would you state your full name, please?

18 A. Full name is Alfred R. Van Cleef, V A N  
19 capital C L E E F, 233 First Avenue West, Seattle  
20 98109.

21 Q. From that address, are you a Puget  
22 customer?

23 A. I am representing the relationships with

24 the Energy Fund that is with the Salvation Army and  
25 Puget Power.

(VAN CLEEF - DIRECT BY ADAMS)

3948

1 Q. Is that for basically all of Puget's  
2 service territory or your region?

3 A. I represent all of the state of Washington.

4 Q. Go ahead.

5 JUDGE HAENLE: What is your position, if  
6 you would, with the Salvation Army?

7 THE WITNESS: Divisional commander for the  
8 Northwest area.

9 A. The Puget Power Energy Fund program and  
10 partnership with the Salvation Army began in 1982 and  
11 it just so happens that I was here then and that  
12 program started with a handshake between the Salvation  
13 Army and Puget Power. It was their way of helping us  
14 assist customers who were having financial difficulty  
15 paying their winter heating bills. The program funded  
16 by contributions from Puget Power customers, employees,  
17 and corporate shareholders made this possible.

18 In 1992, over \$350,000 was raised and  
19 distributed to nearly 4,000 households served by Puget  
20 Power. Since the program's inception over \$2.1 million  
21 has been raised and allocated to over 22,000 families  
22 who were in need of assistance, this being facilitated  
23 by the Salvation Army. Demand for Energy Fund dollars

24 has always outstripped supply almost ten to one.

25 With this in mind each year Puget Power

(VAN CLEEF - DIRECT BY ADAMS)

3949

1 attempts to raise more money than before. Coupled with  
2 the certainty of further cuts in state and federal  
3 services reliance on programs like the Puget Power  
4 Salvation Army Energy Fund will become even more  
5 critical than they are right now.

6 The Salvation Army would like to commend  
7 Puget Power for their efforts to increase the  
8 communication and working relationship between all  
9 social agencies during these difficult economic times.  
10 For the past eight months they have been routinely  
11 organizing and facilitating meetings with the goal being  
12 to improve the quality of customer service provided to  
13 at risk customers, those people that we deal with day in  
14 and day out. The Salvation Army is one of those many  
15 organizations that participate in these valuable  
16 meetings in trying to join in partnership with Puget  
17 Power to alleviate human need in a very practical way  
18 throughout the greater Puget Sound area.

19 BY MR. ADAMS:

20 Q. Just a question as to whether the  
21 organization is supporting the rate increase?

22 A. As difficult as it is in these economic  
23 times, yes.

24 JUDGE HAENLE: Commissioners, questions?

25 COMMISSIONER HEMSTAD: No questions.

(VAUPEL - DIRECT BY ADAMS)

3950

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

3 MR. ADAMS: Versie Vaupel.

4 Whereupon,

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

8

9 DIRECT EXAMINATION

10 BY MR. ADAMS:

11 Q. Would you state your full name and spell  
12 your last name?

13 A. Versie, V E R S I E, Vaupel, V A U P E L.

14 Q. Address?

15 A. Post Box 775, Renton. I live in North  
16 Renton. My primary address is 1210 North Second  
17 Street.

18 Q. Are you a residential or commercial  
19 customer?

20 A. I am now residential only. Former business  
21 owner.

22 Q. And are you speaking individually today or  
23 for any organization or group?

24           A.     Individually but I wish I had known I could  
25 get permission for a number. We have an organization

(VAUPEL - DIRECT BY ADAMS)

3951

1 called Rate Equity Action League and that has  
2 encompassed the various ratepayers but we are  
3 primarily focused on the city of Renton utility rates.

4           Q.     Go ahead, please.

5           A.     I am a long time ratepayer and I am also a  
6 stockholder. As a ratepayer I would -- the proposed  
7 rate would be opposed by me and as a stockholder I  
8 would likewise oppose it because I have principles  
9 that override benefits even in this area of greed. I  
10 resent any rate increase to Puget Power partially  
11 based on the following, but I would interrupt to say  
12 that I, too, have been in the position of some of the  
13 former speakers as being into the mill of service  
14 centers and that sort of thing. And I think the view  
15 down in the trenches gives a truer picture of what is  
16 happening out here. As I say, I live in north Renton  
17 and have property there. One of my properties is near  
18 a property owned by a true slumlord.

19                     This owner owns a nonconforming 15 to 16  
20 unit apartment with very small units built as either  
21 wartime housing or early factory workers housing, but  
22 he also has 17 or 18 other properties according to the  
23 tax assessor's computers. I have these here if

24 anybody wants to look at them. Through the aegis of  
25 the King County Housing Authority and Puget Power some

(VAUPEL - DIRECT BY ADAMS)

3952

1 reconstruction and energy conservation methods of the  
2 apartment has been done and may still be continuing.

3           Because this property and the owner's other  
4 properties have been degrading the neighborhood by the  
5 type of tenants the owner takes in, some of us  
6 neighbors made inquiries of the Housing Authority and  
7 I, as a stockholder, made inquiries of Puget Power as  
8 to what tax money and Puget Power dollars were being  
9 spent on this type of a project where an obviously  
10 outside, well-off, owner-speculated contribute so much  
11 to the decline of our neighborhood. And in general  
12 made a vulgar ruckus, fighting, drinking,  
13 drug-infested animal dens next to family residences  
14 disturbing people's rest or sleep at all hours of the  
15 day and night. So bad has it been my husband and I  
16 had to rent an apartment away from there in order to  
17 keep my outside working schedule because of the  
18 conditions there.

19           These conditions are not hearsay. My  
20 husband and I experienced them personally. Many of us  
21 have photos and the police department has a very long  
22 record of the disturbances and arrests made there. In  
23 fact, there was a raid in April or May which may have

24 precipitated a threat of abatement condemnation  
25 procedures. Even a Puget Power employee had to move

(VAUPEL - DIRECT BY ADAMS)

3953

1 his family away because of the terror of that  
2 apartment, and I will be glad to give the officers of  
3 the company the name of that employee because he was  
4 so disturbed with what was going on around his family.

5           And I don't remember all of the excuses  
6 given by Puget Power for these grants to questionable  
7 beneficiaries, but I do remember hearing that the  
8 reconstruction or power conservation grants are made  
9 to owners in order to benefit the poor people living  
10 in those quarters and purely as a way of conserving  
11 power usage and that the money doesn't really come  
12 from power rates. But do realize that the basic major  
13 bottomline benefits of all that groovey rehabbing and  
14 insulating go to the owner.

15           You can ask if he benefits from that. Of  
16 course he does. Besides his other property, 16 or  
17 17, as I mentioned, and from what I hear his gross  
18 income can and does on this one property alone exceed  
19 \$6,000 a month.

20           JUDGE HAENLE: Ma'am, can you summarize the  
21 remainder of your statement to give us your opinion on  
22 the rate increase request?

23           A. My opinion is that Puget Power should not

24 be granted any kind of a rate increase until they  
25 clean up their act to try to get rid of giving grants

(VAUPEL - DIRECT BY ADAMS)

3954

1 to owners of property who benefit from those grants  
2 and who helped to support the drinking, drugging,  
3 cursing, brawling, fighting people that are in those  
4 units.

5           And so my bottomline to the Commission,  
6 that should not be granted because of the lack of  
7 merits generally speaking and certainly not until they  
8 start investigating the merits of their donations to  
9 questionable sources that help to destroy  
10 neighborhoods.

11           And I would say the same darn thing to  
12 these people here who are urging the rate increases at  
13 the expense of everybody concerned, but I would be  
14 quick to add that the area appreciates the civic  
15 mindness of the regional manager Dennis Linsgrave and  
16 we hope he will investigate local situations and if  
17 he's in north Renton, we will be glad to help him find  
18 some worthy causes.

19           JUDGE HAENLE: Counsel, questions?

20           Commissioners, questions?

21           Thank you, ma'am. You may step down.

22           MR. ADAMS: Sarah Davis.

23 Whereupon,



24

SARAH DAVIS,

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

(DAVIS - DIRECT BY ADAMS)

3955

1 herein and was examined and testified as follows:

2

3

DIRECT EXAMINATION

4 BY MR. ADAMS:

5 Q. Please state your full name and spell your  
6 last.

7 A. Yes. Sarah Davis. Sarah with an H and my  
8 address is 24810 Southeast 14th Street, Issaquah,  
9 Washington 98027.

10 Q. Are you a residential or commercial?

11 A. I am speaking as a residential customer of  
12 22 years.

13 Q. Speaking individually?

14 A. Yes. I support the Commissioner's decision  
15 to deny the general rate increase for the following  
16 reasons: People who fall through the cracks and who  
17 live on marginal and fixed incomes and cannot afford  
18 these increases, particularly the elderly, a growing  
19 segment of our population, who do not qualify for  
20 special programs. Further exploration of  
21 conservation, continuing educational and promotional  
22 incentives for people to conserve. I see very few of  
23 my neighbors truly practicing electrical conservation.

24 And I feel that there's need for more education there.

25 Making sure that when new substations on the land

(DAVIS - DIRECT BY ADAMS)

3956

1 belonging to -- excuse me. Making sure that new  
2 substations are sited on the land belonging to the  
3 developers to whom these substations will serve who  
4 will benefit and profit from these new substations  
5 rather than placing these substations in existing  
6 older neighborhoods near the development. And I have  
7 some specific examples of that that I would like to  
8 submit as evidence today. And using prudent avoidance  
9 to avoid litigation in siting of transmission lines  
10 which can be passed on to a ratepayer, and there are  
11 many examples of this also, which I have not  
12 submitted. That's all.

13 JUDGE HAENLE: Questions, Counsel?

14 MR. ADAMS: If you will provide those to  
15 the judge, we would appreciate it.

16 JUDGE HAENLE: Commissioners, questions?

17 COMMISSIONER HEMSTAD: No questions.

18 COMMISSIONER CASAD: No.

19 JUDGE HAENLE: How many more people do you  
20 have on your list, Mr. Adams?

21 MR. ADAMS: I think about nine people.

22 JUDGE HAENLE: I am going to suggest we  
23 take maybe five or ten minutes to give anyone a

24 chance who might want to sign up. By the clock on the  
25 wall it's 6:00. Let's come back at ten minutes after

(DAVIS - DIRECT BY ADAMS)

3957

1 6:00 and we will continue with the witnesses.

2 (Recess.)

3 JUDGE HAENLE: Let's go back on the record  
4 after a brief recess.

5 MR. ADAMS: Dennis Popp.

6 Whereupon,

7 DENNIS POPP,

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. Please state your full name and spell your  
14 last name.

15 A. I'm Dennis Popp, P O P P.

16 Q. Give us an address, please.

17 A. 2125 C Street, Enumclaw.

18 Q. And are you a residence or business  
19 customer of the company?

20 A. I am both a residential customer but I am  
21 here today as a commercial customer as representing  
22 Community Memorial Hospital in Enumclaw and I am the  
23 administrator.

24 Q. Go ahead, please.

25 A. Probably one set of rates that people are  
(POPP - DIRECT BY ADAMS)

3958

1 more concerned with than power rates may be hospital  
2 rates. I want to let you know that Puget Power has  
3 enabled us to keep our prices the lowest in King and  
4 Pierce County through their assistance on a number of  
5 programs.

6 Like to tell you about one very briefly.  
7 In addition we have compared our costs for operating  
8 our hospital compared to other small hospitals in the  
9 state and the nation. And we find that our costs for  
10 electrical power to be very reasonable and therefore I  
11 endorse the rate increase. Last year we built a new  
12 emergency center to better serve the community, and as  
13 we prepared to construct the 10,000 square foot  
14 building and additional remodeling in our facility,  
15 the entire project was going to affect one-third of  
16 the facility square footage. We were very concerned  
17 on the cost impact, the additional costs for operating  
18 the building.

19 As we went through the design process we  
20 made contact with Puget Power and requested assistance  
21 to help finance an additional investment for more  
22 energy conservation equipment, equipment that would  
23 have been an additional expense that we were not in a

24 position to pay for. Puget Power responded very  
25 quickly to guide our hospital conceptually on the

(POPP - DIRECT BY ADAMS)

3959

1 process and with the additional design effort from our  
2 architect engineering firm we applied for a grant to  
3 offset the additional costs for the more expensive  
4 energy efficient heating, ventilating, air  
5 conditioning system and the low energy use lighting  
6 inside and outside the hospital. Following our  
7 request in writing Puget Power approved our grant  
8 request for approximately \$45,000.

9           Now that we've taken on that additional  
10 building operating -- providing the emergency service  
11 in the new building we've been able to maintain the  
12 lowest operating costs in the Puget Sound area and  
13 still remain with the lowest prices in King and Pierce  
14 County for hospital care. We're very appreciative of  
15 the support and the assistance we've received from  
16 Puget Power.

17           JUDGE HAENLE: Questions, Counsel?

18           MR. ADAMS: Just a couple.

19 BY MR. ADAM:

20           Q. It sounds like it's a pretty new facility.  
21 Do you have any idea of the current operating costs  
22 for energy, electrical energy, versus what it might  
23 have been as originally planned, in other words,

24 without the assistance?

25 A. I don't have the specifics with me, no.

(POPP - DIRECT BY ADAMS)

3960

1 Our general building is a very old facility compared  
2 to other hospitals, and very concerned with the energy  
3 usage. Much of our building is up to 45 years old so  
4 taking on this new building, we want it as energy  
5 efficient as possible.

6 Q. I gather it's your opinion, though, that  
7 the changes that were made substantially reduced your  
8 energy costs?

9 A. Yes. I have to sign the check monthly and  
10 it's gone up very little considering the remodeling  
11 and the addition of about one-third of the square  
12 footage.

13 JUDGE HAENLE: Questions, commissioners?

14

15 EXAMINATION

16 BY COMMISSIONER CASAD:

17 Q. Were you able to -- you indicated that you  
18 noticed when you signed the check that there hasn't  
19 been that great an increase for the increase in space.  
20 Were you able to quantify either monetarily or in  
21 kilowatt hours saved the amount of energy which you  
22 actually saved?

23 A. I don't have those figures in hand but we

24 added 22 percent to the building. Our electrical bill  
25 has only gone up by about 5 percent.

(POPP - EXAM BY COMMISSIONER CASAD)

3961

1

2

EXAMINATION

3

BY COMMISSIONER HEMSTAD:

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

Q. If your operating costs were to be measurably reduced by the energy saving devices, why wouldn't you have done it in any event?

A. We were not able to afford the additional cost of the equipment. The construction remodeling project was taking us to our limits financially. We did not have the additional dollars to pay for the additional investment in equipment.

COMMISSIONER HEMSTAD: No further questions.

MR. ADAMS: Mike Morrisette.

Whereupon,

MIKE MORRISETTE,

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

DIRECT EXAMINATION

BY MR. ADAMS:

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

24           A.     My name is Michael Morrisette. Last name  
25 is spelled M O R R I S E T T E.

(MORRISETTE - DIRECT BY ADAMS)

3962

1           Q.     Address?

2           A.     Address is 6210 South 249th in Kent, 98002.

3           Q.     Are you a commercial and/or residential  
4 customer?

5           A.     I would have to say that I am a residential  
6 customer, also a commercial customer, but I am here  
7 primarily to speak on behalf of the Auburn area  
8 Chamber of Commerce in the capacity of the executive  
9 manager for the Chamber.

10          Q.     Go ahead, please.

11          A.     Thank you. I am certainly no expert in  
12 electrical power or how utilities are run, but I have  
13 spent ten years in the Chamber business and during  
14 that time I've learned a lot about what it takes to  
15 plan, develop and to build things. When this issue  
16 first came up and we learned of Puget Power's  
17 application for the rate increase we had a lot of  
18 discussions among our board of directors, our  
19 executive committee and a lot of our members about  
20 this issue. It was interesting to note that the  
21 overriding concern wasn't so much the great increase  
22 as it was a concern about the availability of power  
23 now and in the future.



24 I think that we've all watched and seen  
25 some of the things that have happened in other parts

(MORRISETTE - DIRECT BY ADAMS)

3963

1 of the country and have felt very fortunate that in  
2 the Northwest that we have the power sources that we  
3 do that's available and reasonable and I think very  
4 competitive.

5 But there's a growing concern about the  
6 future. I think that concern has its basis in some  
7 lessons that we've learned as a Chamber and being  
8 involved in the development of large projects around  
9 the King County area.

10 Specifically, you're probably aware that in  
11 Auburn we recently went through the plan review  
12 process for a large supermall and we're looking at a  
13 race track and a number of other things. It's been a  
14 very hectic year for our Chamber but doing that we  
15 found that it takes a lot longer to get through the  
16 review process from the point where you issue the  
17 scoping notice to the point where you submit your  
18 plans and pick up your permits and start building.

19 And I am relating that to this application  
20 because our concern is that Puget Power be enabled by  
21 having capital reserves and monies available to do the  
22 planning and development necessary to access new  
23 sources of power for the future now, way into the

24 future now, and because you cannot just go out and  
25 throw up some power lines or dig some trenches any

(MORRISETTE - DIRECT BY ADAMS)

3964

1 more.

2           We are becoming more, much more, aware of  
3 our environment and becoming much more concerned  
4 about environmental concerns. The time it takes to do  
5 this has been extremely expanded and so we're  
6 concerned that this company that provides us with our  
7 power will have the means and you will enable them to  
8 have the mean to invest the kind of dollars necessary  
9 to do that. It's taking longer and it's costing a lot  
10 more to do even the minor projects out there.

11           The second reason that I am here and that  
12 our organization has decided to speak on behalf of  
13 Puget Power in this application is that we, too, have  
14 been the benefit of the Puget Power's community  
15 efforts. We find them to be an excellent corporate  
16 citizen and, like Federal Way, they sponsored our  
17 community summit which provided us with an opportunity  
18 to do a visioning exercise to determine our  
19 community's values and where we want to go as a  
20 community. We could not have done this without their  
21 support. We just would not have had the means.

22           The second or I should say a third thing  
23 that we're concerned about when we look at the

24 company, as we looked at the performance as a company  
25 in managing their resources -- and I asked them point

(MORRISETTE - DIRECT BY ADAMS)

3965

1 blank to give me a comparison. I asked them how many  
2 employees they had ten years ago and how many  
3 employees they have now. And I asked them how many  
4 customers they had ten years ago and how many  
5 customers they had now. And that's sort of a criteria  
6 that we use to determine if a company is managing  
7 their affairs efficiently.

8 I learned that -- and these figures are  
9 approximate and aren't absolutely the exact figures  
10 but I learned that ten years ago they had about 600  
11 customers and today that they have about 790. What  
12 was amazing was that their employee count, the number  
13 of people they employ, stayed approximately the same.  
14 That suggests that they have managed their resources  
15 very effectively and suggests they will do so in the  
16 future.

17 I think the Commission also has recognized  
18 that conservation is vital as a resource and it's  
19 easier to get the customer to conserve than to obtain  
20 these new resources. And I've heard that the company  
21 had been criticized somewhat for the amount of money  
22 they're spending on advertising and we looked at the  
23 advertising and saw that it was directed at conservation

24 and there's very few companies in my Chamber that spend  
25 dollars in advertising to convince consumers to spend

(MORRISETTE - DIRECT BY ADAMS)

3966

1 less instead of more on their product and we applaud  
2 that.

3 I guess I would just summarize by saying  
4 that we think we have a well-managed company here.  
5 They're a private company, not a PUD. They do pay  
6 taxes and contribute to our tax base. They have a  
7 good management record. We want to be sure they are  
8 able to continue to supply us with electricity to  
9 light our offices and empower our assembly lines and  
10 we believe that they should be given the room to do  
11 that financially.

12 JUDGE HAENLE: Questions, Counsel?

13 BY MR. ADAMS:

14 Q. Again, just a clarification,  
15 Mr. Morrisette. Is the Chamber then supporting the  
16 rate increase? Just want to know if that's your  
17 position or whether you've taken a position?

18 A. I would have to say that we've not taken an  
19 official position because it takes us longer to go  
20 through our procedure but the executive committee did  
21 ask me to come here and speak in support of the  
22 application.

23 Q. One other thing but since you referred to

24 what you have in your hand --

25 A. This is on the community summit and its

(MORRISETTE - DIRECT BY ADAMS)

3967

1 participants report and it was prepared by the  
2 Community on Economic Development Department of Puget  
3 Power. The people that did this were some civic  
4 leaders, representatives of various agencies and  
5 interest groups, people from our city government,  
6 Chamber and the Downtown Association. We got together  
7 and prepared a statement, I guess, of purpose for our  
8 community and Puget Power sponsored the day and also  
9 sponsored the publication. I can leave it if you  
10 would like.

11 Q. That's what I was wondering since you  
12 referred to it and I haven't seen it before. Perhaps  
13 you could leave us a copy?

14 A. All I have here are some notes.  
15 You'll never figure this out.

16 JUDGE HAENLE: You convinced me. Other  
17 counsel, questions?

18 MS. BROWN: Just a couple of questions.

19

20 CROSS-EXAMINATION

21 BY MS. BROWN:

22 Q. Yesterday in public hearing in Olympia we  
23 learn that several of the members of the various

24 Chambers of Commerce were sent a letter by Puget Power  
25 or otherwise invited to come to testify at the public

(MORRISETTE - CROSS BY BROWN)

3968

1 hearings. Were you one of those?

2 A. No. We just read about it in the paper and  
3 word of mouth at the Chamber. We pretty much know  
4 what's going on in the community and talked it over  
5 and I was tasked to get some information which this is  
6 the information that I got. So I made calls to Puget  
7 Power but I did initiate those calls and told them  
8 that we would come down and testify but they didn't  
9 ask us to, if that's --

10 Q. So it was your decision or someone, another  
11 member of the Chamber of Commerce's decision to  
12 address the issues of conservation advertising and  
13 Puget's current employee levels?

14 A. Yeah. They asked me to ask some questions  
15 and I thought these were good questions. And then we  
16 got back and we talked about it and decided that we  
17 wanted to support the application for these reasons.

18 Q. I just have one more question. When you  
19 were addressing the issue of Puget's current employee  
20 levels, did you consider contract employees also in  
21 that?

22 A. I can't say that we did. We just asked for  
23 a total.

24 MS. BROWN: Thank you.

25 JUDGE HAENLE: Counsel?

(SOUTHWICK - DIRECT BY ADAMS)

3969

1 MR. MARSHALL: No questions.

2 JUDGE HAENLE: Commissioners, questions?

3 Thank you, sir. You may step down.

4 MR. ADAMS: Larry Southwick.

5 Whereupon,

6 LARRY SOUTHWICK,

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 I get you to state your name and  
13 spell your last name.

14 A. My name is Larry Southwick, S O U T H W I C K.

15 Q. Business or residential?

16 A. I am speaking on behalf, as the letter

17 indicates, the municipal -- Metropolitan Water

18 Pollution Abatement Advisory Committee. We know it as

19 MWPAAC, its initials. It is an advisory committee to

20 the metropolitan council of Metro and the address is

21 Metro, 821 Second Avenue, Mail Stop 82, Seattle,

22 98104. I am myself an employee of the city of

23 Bellevue but I am chair of MWPAAC.

24 Q. And I am looking at the document, it says  
25 it's an advisory committee to whom, the city of

(SOUTHWICK - DIRECT BY ADAMS)

3970

1 Bellevue?

2 A. To the Metro council. To the existing and  
3 future Metro council and we are empowered through  
4 state law, RCW, as an advisory commission to the  
5 Metropolitan council.

6 Q. Are you also, in a sense a customer, then,  
7 of the company or not?

8 A. We are, but I am not speaking directly as a  
9 customer.

10 Q. Go ahead, please. Make your comments.

11 A. Yes, thank you, your Honor and Commissioners  
12 and counsel. Appreciate the opportunity to briefly  
13 speak before you today. Our membership has not taken a  
14 position on the rate increase proposal. I am not here  
15 to speak about its merits. I want to speak about Puget  
16 Power's Energy Fund program. We, the members of MWPAAC,  
17 have followed Puget Power's example in their energy  
18 assistance program and used it as a model for others in  
19 the public utility business as a means of mitigating  
20 impacts on our low income customers. Colonel Van Cleef  
21 of the Salvation Army previously described the program  
22 in much more detail than I am going to address. I want  
23 to clarify or emphasize several matters with the



24 program. One is that the funds raised are provided by  
25 donations from Puget Power customers. They are not

(SOUTHWICK - DIRECT BY ADAMS)

3971

1 provided by Puget Power funds or through their rates.  
2 However, these funds would not be collected were it not  
3 for Puget Power's effective program. That is,  
4 soliciting and encouraging those donations from the  
5 customers and making it simple for them to provide those  
6 donations through the billing mechanism. The customer,  
7 as you will see in the material, can simply check a box  
8 on the bill and provide an additional donation on their  
9 check when they submit it for payment. Makes a very  
10 simple and effective way to collect additional funds for  
11 these needs. Those funds, then, assist low income  
12 customers pay their power bills which would otherwise  
13 result in a shutoff of service. The actual services  
14 provided to the low income customers are provided by the  
15 Salvation Army, not Puget Power customers so that  
16 people in the social service business are the actual  
17 service providers. Puget is a vehicle to provide the  
18 funds.

19 As a utility administrator, and I work for  
20 the city of Bellevue, I share a deep concern for the  
21 impacts of rising utility rates and other taxes on the  
22 low income and needy customers. However, I also have  
23 the responsibility to recommend rate increases as

24 difficult as that is in order to provide the essential  
25 public services that we are required to and to do so

(SOUTHWICK - DIRECT BY ADAMS)

3972

1 in an effective manner. That means we have to find  
2 other alternatives or develop other solutions to  
3 resolve the impacts on the low income and needy.  
4 Puget Power has provided an excellent example for us  
5 to follow and we are doing that to the extent that we  
6 can and I want to express our appreciation to Puget  
7 for their leadership and their community service with  
8 this program. That concludes my comments.

9 JUDGE HAENLE: Thank you. Counsel,  
10 questions?

11 BY MR. ADAMS:

12 Q. In terms of usage for your sewer rates, do  
13 you then have a similar check-off program? Is that  
14 what you're suggesting for your sewer rates?

15 A. Some of the utilities have adopted a  
16 program very similar to this. They've entered  
17 agreements with the Salvation Army to solicit  
18 donations and again have Salvation Army provide the  
19 service. We, in the city of Bellevue, have an  
20 entirely different program and that's not what I am  
21 here to speak about. We have a different city funded  
22 program -- not city funded but it's a different  
23 program for the city.

24 JUDGE HAENLE: Counsel, questions?  
25 Commissioners?

(SOUTHWICK - DIRECT BY ADAMS)

3973

1 Thank you, sir. You may step down.

2 MR. ADAMS: Barbara Medgard.

3 (No response.)

4 MR. ADAMS: Maxine Keesling.

5 Whereupon,

6 MAXINE KEESLING,  
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. Would you state your full name and spell  
13 your last name, please.

14 A. Maxine Keesling, K E E S L I N G, 15241  
15 Northeast 153rd Street, Woodinville, Washington 98072.  
16 I am both a residential and business consumer of Puget  
17 Power. And I am speaking for myself.

18 Q. Go ahead, please.

19 JUDGE HAENLE: What kind of business,  
20 please, ma'am?

21 THE WITNESS: One woman real estate  
22 brokerage.

23 JUDGE HAENLE: Proceed, please.

24           A.     Today's Journal American indicated that at  
25 yesterday's Olympia hearing Puget Power was highly

(KEESLING - DIRECT BY ADAMS)

3974

1     praised as a good corporate neighbor and as an  
2     important player in community volunteer programs. I  
3     am sure this is true but I agree with the quote from  
4     Assistant Attorney General Charles Adams, who pays for  
5     it?

6                   As I understand it, Puget Power is now  
7     operating on a cost-plus basis with a guaranteed  
8     profit figured on that basis. If I'm wrong, please  
9     tell me. I tried to pin the facts down at the  
10    hearings when the new method was approved a few years  
11    ago but there was never an understandable explanation.  
12    Since fish preservation has already cost billions and  
13    will cost billions more, rate increases will be  
14    mandatory for that as well as for concessions to  
15    Indian tribes such as the Snoqualmie who object to  
16    relicensing hydro projects including Snoqualmie Falls.

17                   Consequently, Puget Power should cut out  
18    all nonessential expense, including newspaper  
19    advertising. As a major conservation step, it should  
20    urge new customers to use gas, as does Washington  
21    Water Power in Spokane. It should continue to include  
22    with its bills the operating costs of various  
23    appliances and similar useful information. Since it's

24 Puget Power customers who are paying for the civic  
25 good works and for the thermal windows, insulation,

(KEESLING - DIRECT BY ADAMS)

3975

1 et cetera, available to all electric customers either  
2 free or very low cost, rate increases should be  
3 granted only when absolutely necessary after base  
4 costs have been reduced to rock bottom. An example of  
5 the inclusion in bills is the best piece of  
6 information I have seen from Puget Power which  
7 compared the costs of various electrical appliances  
8 such as refrigerator/freezer with automatic defrost  
9 costs \$8.25 a month to operate while a refrigerator/  
10 freezer with manual defrost costs \$5.50 a month to  
11 operate. Things like that are informational to the  
12 customers and they will read them, and it's cheaper  
13 and more effective than the newspaper ads.

14 One insert, however, offered additional  
15 information upon request. I mailed in the request  
16 form, but there was never any response. What I put on  
17 the request form was questions about the rate increase  
18 that was being publicized at the time. I forgot to  
19 write the date on this. But I put down here I got a  
20 folder on nonresidential rates which increased, how  
21 about residential, is there an increase there, too?  
22 Please send me a breakdown of conservation costs to be  
23 recovered from the ratepayers for the following

24 categories: Advertising your conservation measures  
25 for print, radio, TV, other; freebies to customers

(KEESLING - DIRECT BY ADAMS)

3976

1 including but not limited to energy savings items; no  
2 interest loans for buttoning up homes, et cetera;  
3 additional resource costs, how much are they and what  
4 do they cover; additional overhead administrative  
5 costs for various programs.

6 I never did get a response to that. Now,  
7 here is a collection of just one advertisement that  
8 Puget Power ran. They ran it -- I subscribe to seven  
9 different papers. It was in every paper I subscribed  
10 to so I suspect it was in every paper in Puget Power's  
11 territory. Here is one that ran on November 21st,  
12 1991. The same one ran again on February 2, 1992.  
13 The same one ran again on May 7, 1992. And this  
14 was not one of their more interesting informative ads  
15 as far as the people who read the newspapers are  
16 concerned. I think I am probably one of the few who  
17 read it. And then here are some different ones. I  
18 will read the headings: "Why conservation costs more  
19 or less." Down below it talks about all told last  
20 year residential energy conservation measures -- it  
21 names them -- including thermal windows, ducts and  
22 insulation for floors, walls and ceilings, cost Puget  
23 and its customers about \$23 million. What did we get

24 for that \$23 million and then it says that they saved  
25 electricity to serve 10,010. That came out without

(KEESLING - DIRECT BY ADAMS)

3977

1 having to build any more generating plants than we  
2 absolutely have to. That came out to \$2,300 per home.  
3 That's awfully expensive and I object to paying for  
4 freebies that average \$2,300 per home, especially when  
5 I don't heat -- I don't have all electric. I have all  
6 electric appliance, including water heater and kitchen  
7 range, but I heat with oil. My other relatives heat  
8 with gas and none of us are eligible for these  
9 freebies so we really object to paying for them for  
10 those people who like one of the former testifiers  
11 said they were encouraged under the Gold Medallion to  
12 put in electricity.

13 JUDGE HAENLE: Can you summarize the  
14 remainder of your statement, please.

15 THE WITNESS: Yes, I can.

16 A. I won't read the rest of those but this  
17 last one talks about what they're going to use next.  
18 They talk about wind, geothermal, solar power and  
19 small hydro and all I can say is that when the  
20 environmentalists hear the first windmill farms and  
21 see them they're going to object to them just as much  
22 as hydro power and I suggest that Puget Power's  
23 advertising funding, publicity funding go to

24 countering what the environmentalists and the Indians  
25 and the Council of Churches are saying against such

(KEESLING - DIRECT BY ADAMS)

3978

1 projects as the Snoqualmie Falls relicensing. They  
2 are quoted all the time against the project, but Puget  
3 Power just doesn't come out and support it and hydro  
4 power is one of the best things we have and we should  
5 be doing whatever we can to keep what we have.

6 JUDGE HAENLE: Counsel, questions?

7 MR. ADAMS: I have no questions but I  
8 wondered if you would be willing to part with these  
9 materials, give them to the judge.

10 JUDGE HAENLE: I think that would be rather  
11 difficult to get into the record. She read, too, a  
12 good portion of it.

13 MR. ADAMS: She referred to several  
14 advertisements which I don't think any of us can see  
15 from here and I simply want to see that the one that  
16 in seven times or whatever it was, you could put that  
17 in the record. Perhaps you could just give us that  
18 one since you referred to it. I have no idea what it  
19 looks like.

20 JUDGE HAENLE: Commissioners, questions?

21 COMMISSIONER HEMSTAD: No questions.

22 COMMISSIONER CASAD: No questions.

23 MR. ADAMS: Almeda Ekstedt.



24 THE WITNESS: My name is Almeda Ekstedt.

25 JUDGE HAENLE: Need to have you swear or

(EKSTEDT - DIRECT BY ADAMS)

3979

1 affirm first.

2 Whereupon,

3 ALMEDA EKSTEDT,

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

5 herein and was examined and testified as follows:

6 JUDGE HAENLE: Would you spell both of your

7 names?

8 THE WITNESS: First name is Almeda,

9 A L M E D A. Second name is Ekstedt, E K S T E D T.

10 Good Swedish name.

11 JUDGE HAENLE: Address?

12 THE WITNESS: 14246 Southeast 22nd Street,

13 Bellevue, Washington.

14 JUDGE HAENLE: Are you a residential or

15 commercial ratepayer?

16 THE WITNESS: Residential.

17 JUDGE HAENLE: Are you speaking on your own

18 behalf or for a group?

19 THE WITNESS: I am speaking on my own

20 behalf plus a few neighbors plus a really good friend,

21 Mrs. Akyama who alerted me to the post and has sent in

22 a petition of 98 people against raising the rates.

23 JUDGE HAENLE: Go ahead.

24 THE WITNESS: I am just speaking off the  
25 cuff here, I don't have anything prepared, about a

(EKSTEDT - DIRECT BY ADAMS)

3980

1 raise to people who are on an income that does not  
2 raise, who are retired or who are in disability, do  
3 not want to have to pay an extra \$5 a month for their  
4 electricity, because once we start paying it for the  
5 electrical company next thing we're going to get a  
6 notice from the gas company, well, we like to raise  
7 our rates. Next thing we're going to have is Bellevue  
8 Utilities is going to come in with a letter to me  
9 saying it's time to raise your rates again. We've  
10 done so well for this long a time and all of a sudden  
11 we're faced with a crisis and we have to have more  
12 money from you for our utilities also. And I think  
13 that if we can ask you to please curb yours first the  
14 others won't take the step forward to request more  
15 rates to be raised by the other utility companies  
16 also.

17 JUDGE HAENLE: Counsel, questions?

18 MR. ADAMS: I just might indicate, you  
19 referred to Dorothy Akyama and for the record  
20 Ms. Akyama sent in 198 signatures. I think we will  
21 put into the file the letters and so forth.

22 JUDGE HAENLE: Commissioners, questions?

23 Thank you very much.

24 MR. ADAMS: Tom Lindquist.

25 (No response.)

(SOUTH - DIRECT BY ADAMS)

3981

1 Randy South.

2 Whereupon,

3 RANDY SOUTH,

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

5 herein and was examined and testified as follows:

6

7 DIRECT EXAMINATION

8 BY MR. ADAMS:

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

11 A. I'm Randall South. I live in Renton. I'm  
12 at 518 Williams Avenue North. I am strongly opposed  
13 to the Puget Power proposed increase for a number of  
14 reasons. I share the sentiments of some of the earlier  
15 people here today who testified that they had some  
16 concerns about the energy conservation programs.

17 I support energy conservation but I feel  
18 that Puget Power is being wasteful, and the reason why  
19 is because of some of these appliances that are  
20 considered to be energy efficient aren't really  
21 any more efficient -- less or I should say more  
22 efficient than appliances that were here 20 years ago.  
23 And I speak of ranges, certain stoves and particularly

24 when you're in a situation where you have a commercial  
25 apartment building where you're subsidizing large

(SOUTH - DIRECT BY ADAMS)

3982

1 numbers of appliances, I think it's unjustified, and I  
2 think it's excessive, and I gathered some signatures.

3 I represent myself but there were other  
4 people in my neighborhood, predominantly residences, a  
5 few small businesses and also -- that also are  
6 strongly opposed to the rate increase. I believe we  
7 have one that I dropped off today and another one that  
8 I believe is going to be entered into the record.  
9 We're concerned also about the new projects that Puget  
10 Power is saying that they want additional revenues  
11 for.

12 We're kind of wondering why is it that  
13 we're paying for new consumption rather than Puget  
14 Power simply charging much higher fees for people who  
15 have never purchased power in this state. It seems  
16 like a more reasonable approach. I kind of feel that  
17 I'm subsidizing the world rather than simply  
18 maintenance for what we're using now. So I think  
19 these new projects are too aggressive and if they need  
20 new power perhaps they should charge a higher hookup  
21 fee to people who have never had power in the area  
22 before.

23 Another thing we would support also is a

24 significantly less revenue for the shareholders. I  
25 think we're in a time where profits are down, interest

(SOUTH - DIRECT BY ADAMS)

3983

1 rates are down, everything is down. That is  
2 everything but your power bill. And I can't  
3 understand why the rate of return on utilities is  
4 higher than other industries. Historically, looking  
5 over the past century, utilities because they are  
6 regulated are considered a more secure investment and  
7 it's generally recognized that the rate of return is a  
8 little bit less than other industrial indexes and this  
9 has been historical measure that has been I think well  
10 recognized and established. And we can't understand  
11 why, in this state, that such outrageous profits in a  
12 time when other indexes are not quite so profitable.

13 So I hope the Commission will take that  
14 into consideration. I believe that's all I have to  
15 say now. If these things are entered into the record  
16 I am strongly opposed and I think Puget needs to go  
17 back and find some better ways -- support some of the  
18 earlier testimony. They say they want to build new  
19 plants, why don't they simply help pay some of that  
20 conservation money so people can buy new gas. It just  
21 doesn't make any sense.

22 JUDGE HAENLE: Are you a residential  
23 ratepayer?

24 THE WITNESS: I am a residential ratepayer  
25 and I live in north Renton and we think that this rate

(SOUTH - DIRECT BY ADAMS)

3984

1 increase will very adversely affect the community at  
2 large. It's inflationary in its nature and it just  
3 doesn't come at a time when -- power as grass roots  
4 part of the economy. When you raise your power, it  
5 puts inflationary pressures on everything else in the  
6 community and I think right now it's in Puget Power's  
7 best interests to find ways to reduce operating costs  
8 rare than to make the public pay for the burden of all  
9 these extravagant investments.

10 JUDGE HAENLE: Counsel, questions?

11 BY MR. ADAMS:

12 Q. Just to comment. You supported hookup  
13 fees or higher hookup fees is basically the thrust of  
14 what you're saying is a you think growth should pay  
15 for growth?

16 A. I would like to qualify that. I think it  
17 would be fair that people who have never purchased  
18 power in this region before pay for a higher hookup  
19 fee. Somebody who moves from one utility to another  
20 or has lived in the state or is a Washington state  
21 resident, I think it's fair if somebody which is here  
22 from southern California or maybe from another area of  
23 the country and if Puget Power is providing new

24 capacity it would seem reasonable that these people  
25 should pay a one time higher hookup fee, in other

(SOUTH - DIRECT BY ADAMS)

3985

1 words, if they've never purchased power here before  
2 they pay a higher fee. It seems a more equitable,  
3 especially since my understanding is that some of this  
4 is for new capacity. So it would seem reasonable to  
5 me that new people moving to the area pay a higher  
6 fee. I don't know. It just doesn't seem equitable to  
7 they're paying for more than just maintenance for  
8 those of us who have been here for such a long  
9 tile.

10 JUDGE HAENLE: Counsel, other questions?  
11 Commissioners, questions?

12 Thank you, sir. Did you want to leave  
13 that?

14 THE WITNESS: I believe I left a copy with  
15 counsel. This is my copy.

16 MR. ADAMS: Frank Carson.  
17 Whereupon,

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

21

22 DIRECT EXAMINATION

23 BY MR. ADAMS:

24 Q. Mr. Carson, state your name and spell it?

25 A. Frank Carson, C A R S O N. Address 1737

(CARSON - DIRECT BY ADAMS)

3986

1 Lake Avenue South, Renton, Washington 98055.

2 Q. Are you a residential or business customer?

3 A. Residential customer.

4 Q. Speaking individually tonight?

5 A. Yes, and myself and friends and neighbors.

6 Q. Go ahead.

7 A. I would like first to thank you for giving  
8 me this opportunity to speak. I would like to voice  
9 my strong opposition to the unnecessary, ludicrous  
10 rate increase being proposed by Puget Power. I  
11 believe that Puget Power should be required to operate  
12 similar to any large business by living well within  
13 their means without having to burden, constantly  
14 burden, the ratepayer. This is not the time to burden  
15 the public with outlandish rate increases.

16 As you are well aware, we are still in a  
17 major recession and there's excessive unemployment  
18 rates going on such as Boeing right now cutting back  
19 20 to 25 percent which will have the ripple effect of  
20 3.8 people for every one Boeing employee. We're also  
21 threatened with excessive state and federal tax  
22 increases which won't help the residential customer  
23 one bit.



24 Puget Power has requested and been granted  
25 every rate increase requested over the past eight

(CARSON - DIRECT BY ADAMS)

3987

1 years what I believe an average of 8 percent which  
2 equates out to 64 percent total in eight years. This  
3 is considerably higher than the annual cost of living  
4 factor and when compared to neighboring companies such  
5 as Seattle City Light, Snohomish Power and Tacoma  
6 Light.

7 And as you well know, Seattle City Light  
8 just took a rate increase of 12 percent. That was the  
9 first increase they had taken in about eight years, I  
10 believe. I don't believe that Puget needs to enjoy a  
11 profit margin of what I've heard being 12 to 15  
12 percent while procuring new vehicles every two years,  
13 paying their meals to senior management, overinflated,  
14 six-digit salaries and enjoying a handsome bonus  
15 package every year at the ratepayer's expense. They  
16 can cut back on some of these luxuries as well as  
17 refinancing any loan they may have into current low  
18 interest rates and start spending their money in a  
19 conservative manner rather than investing it into  
20 loser projects such as the Montana coal mine  
21 boondoggle.

22 I would also like to paraphrase other  
23 residential customers in objecting to the average

24 ratepayer being forced to pay increased rates so that  
25 the businesses and other organizations receive

(CARSON - DIRECT BY ADAMS)

3988

1 overinflated contributions. Also like to take this  
2 opportunity to commend and thank the Commission staff  
3 in looking out for the public's best interests by  
4 recommending that Puget Power either reduce that rate  
5 increase or take no rate increase at all. Thank you.

6 JUDGE HAENLE: Counsel, questions?

7 Commissioners, questions?

8 Thank you, sir.

9 MR. ADAMS: Anyone else in the room who has  
10 not signed up who wants to testify? I am now at the  
11 end of the list that I have. Anyone back there?  
12 Raise your hand if there is anyone.

13 JUDGE HAENLE: Seeing no indication that  
14 there is anyone else that needs to testify, the  
15 documents that I've gathered this afternoon plus the  
16 one that you have, Mr. Adams, I will mark them as 874  
17 for identification. Any objection to the entry of the  
18 documents for illustrative purposes, Mr. Marshall?

19 MR. MARSHALL: No.

20 MS. BROWN: No.

21 MR. ADAMS: No.

22 JUDGE HAENLE: I will enter then 874 which  
23 are the documents from this hearing.

24 (Marked and Admitted Exhibit 874.)

25 JUDGE HAENLE: Anything else we need to

(CARSON - DIRECT BY ADAMS)

3989

1 discuss?

2 We'll be in recess. Thank you all for  
3 coming.

4 (Hearing adjourned at 6:50 p.m.)

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25